

Health Insurance (1998-99 Diagnostic Imaging Services Table) Amendment Regulations 1999 (No. 3) 1999 No. 219

EXPLANATORY STATEMENT

STATUTORY RULES 1999 NO. 219

Issued by the Authority of the Minister for Health and Aged Care

Health Insurance Act 1973

Health Insurance (1998-99 Diagnostic Imaging Services Table) Amendment Regulations 1999 (No. 3)

Section 133 of the *Health Insurance Act 1973* (the Act) provides that the Governor-General may make regulations prescribing matters for the purposes of the Act.

The Act provides for payments to eligible persons for professional service by way of Medicare Benefits.

Section 4AA of the Act provides that the table of diagnostic imaging services may be prescribed by the Regulation. The Health Insurance (1998-99 Diagnostic Imaging Services Table) Regulations 1998 (the Regulations) prescribe such a table.

Section 9 of the Act provides that Medicare benefits shall be calculated by reference to the fees for medical services (including diagnostic imaging services) set out in a table which included the Diagnostic Imaging Services Table (the Table).

The Regulations insert subrule 20(4A) after subrule 20(4). The amendment provides that a statutory declaration in respect of Magnetic Resonance Imaging equipment (for which it is intended to claim Medicare Benefits) must be provided to the Health Insurance Commission by 2.00pm 11 October 1999. The statutory declaration must be provided in accordance with subrules 19(2) or (3).

Under subrule 19(2) the declaration must state:

- * the location of the proposed equipment;
- * the kinds of diagnostic procedures offered at the site;
- * if the equipment has been installed at the location and the installation date; and
- * if the equipment was installed on 12 May 1998, the time at which the equipment was installed.

Subrule 19(3) specifies that if the equipment has not been installed before 7.30pm on 12 May 1998, Eastern Standard Time, a copy of the contract for the purchase or lease of the equipment must be provided with the statutory declaration.

Details of the Regulations are set out in the Attachment.

A Regulation Impact Statement is also attached.

The Regulations came into effect from 23 September 1999.

ATTACHMENT

Details of the Health Insurance (1998-99 Diagnostic Imaging Services Table) Amendment Regulations 1999 (No. 3)

Regulation 1 provides that the name of the regulations will be the Health Insurance (1998-99 Diagnostic Imaging Services Table) Amendment Regulations 1999 (No. 3).

Regulation 2 provides for the regulations to commence on 23 September 1999.

Regulation 3, provides that Schedule 1 amends the Health Insurance (1998-99 Diagnostic Imaging Services Table) Regulations 1998.

Item 1 of Schedule 1, amends subrule 20(4) of the Health Insurance (1998-99 Diagnostic Imaging Services Table) Regulations. The amendment provides that a statutory declaration in respect of MRI equipment (for which it is intended to claim Medicare Benefits) must be provided to the Health Insurance Commission by 2.00pm 11 October 1999. The statutory declaration must be provided in accordance with subrules 19(2) or (3).

HEALTH INSURANCE (1998-99 DIAGNOSTIC IMAGING SERVICES TABLE) AMENDMENT REGULATIONS 1999 (NO. 3)

REGULATION IMPACT STATEMENT

Background

New arrangements for the Commonwealth funding of Magnetic Resonance Imaging (MRI) services were introduced on 1 September 1998 when Medicare benefits were extended to include a range of MRI services. The new arrangements significantly expanded the provision of publicly funded MRI services in Australia.

To provide Medicare eligible services, MRI providers must comply with the Health Insurance (1998-99 Diagnostic Services Table) Regulations 1998 (the Regulations).

These Regulations provide, in part, that in order for Medicare benefits to be payable for AM services, the equipment must:

- * have been installed in a medical practice or hospital before 7.30pm on 12 May 1998 (EST);
or
- * although uninstalled, have been purchased or leased before that time on that day under a contract, in writing, that did not contain an option to cancel the contract; or
- * be replacement equipment for equipment that has been installed or has been purchased
or
leased under a written contract as specified.

MRI providers wishing to be eligible for Medicare Benefit purposes must satisfy the Health Insurance Commission (HIC) of eligibility and lodge a statutory declaration.

Problem

Almost 12 months after the new arrangements for MRI were introduced, the Health Insurance Commission is continuing to receive applications from MRI providers seeking eligibility for MRI equipment under the Medicare Benefit arrangements. This is occurring despite the fact that applications seeking eligibility must be for equipment that was installed or under written contract to purchase or lease prior to 12 May 1998.

The Government has announced that a review of the MRI arrangements is to be conducted at the end of 1999. The aim of this review is to examine how the market has adjusted to the expansion of MRI funding and to inform subsequent decisions about Commonwealth funding for MRI services.

The introduction of a cut off date for MRI equipment eligibility will enable the Health Insurance Commission to finalise applications for MRI equipment eligibility. The amendment will also clarify the number, type and location of MRI equipment in receipt of Medicare Benefits in advance of the MRI review.

Objective

To introduce a cut off date (of 11 October 1999) for MRI equipment eligibility under the Medicare Benefit arrangements.

The cut off date will enable the Health Insurance Commission to finalise outstanding applications for MRI equipment eligibility. It will also provide necessary information about eligible MRI equipment in advance of the MRI review.

Alternatives

Two options were considered:

Option 1 - maintain the current MRI equipment eligibility requirements;

Option 2 - introduce a requirement that to be able to provide Medicare eligible MRI services, all Medicare eligible MRI equipment must be notified to the HIC, by statutory declaration, by 2.00pm 11 October 1999.

Impact Analysis

Option 1 would allow MRI providers to continue to submit applications to the HIC seeking eligibility for MRI equipment under the Medicare Benefit arrangements indefinitely.

Option 2 would require MRI providers to lodge a statutory declaration identifying MRI equipment to be considered for eligibility under the Medicare benefit arrangements by 2.00pm on 11 October 1999.

The proposed closing date for statutory declarations will provide a reasonable period of time for any further MRI providers to seek eligibility for MRI equipment. MRI providers have been able to seek eligibility for MRI equipment since 1 September 1998.

Impact on providers of MRI services

The proposal would require MRI providers to lodge a statutory declaration with the Health Insurance Commission by 2.00pm on 11 October 1999 identifying MRI equipment to be considered for eligibility under the Medicare benefit arrangements.

This proposed measure specifically focuses on the eligibility of MRI equipment and will not impact on the eligibility of new MRI providers.

Impact on patients

There will be no impact on patients

Impact on Government

There will be no significant impact on the Commonwealth.

Consultation

The proposed changes have been developed in consultation with the Australian and New Zealand College of Radiologists, and the Australian and New Zealand Association of Physicians.

Implementation, Monitoring and Review

The closing date for statutory declarations will be 2.00pm. on 11 October 1999 via regulations amending the Health Insurance (1998-99 Diagnostic Imaging Services Table) Regulations.

The Regulations have been developed by the Department of Health and Aged Care and will be administered by the Health Insurance Commission.

The Regulations form part of the Diagnostic Imaging Services Table regulations that are required to be renewed annually.

Information strategy

An information strategy has been developed in order to ensure that MRI providers seeking eligibility for MRI equipment under the Medicare Benefit arrangements will be made aware of the closing date for statutory declarations. The strategy includes:

- * A notice placed in all major metropolitan newspapers on September 1999;
- * Advice to the Royal Australian and New Zealand College of Radiologists, the State Health Departments and the Royal Australian College of General Practitioners;
- * An enquires number located at the Department of Health and Aged Care;
- * A reference to the new arrangements in the 1 November 1999 reprint of the Medicare Benefits Schedule; and
- * A notice on the Departmental Website.