

Close

THE CONVERSATION

Academic rigour, journalistic flair



Was Labor's shadow health minister Catherine King, pictured here with shadow attorney-general Mark Dreyfus, right about cuts to bulk-billing payments? Dan Himbrechts/AAP

Election FactCheck: has the Coalition cut bulk-billing for pathology and scans 'to make patients pay more'?

June 28, 2016 9.53am AEST

Author



Helen Dickinson

Associate Professor, Public Governance,
The University of Melbourne

Reviewer



Bruce Baer Arnold

Assistant Professor, School of Law,
University of Canberra

*In their first term in office the Liberals ... cut bulk-billing payments for pathology and diagnostic imaging to make patients pay more. – **Shadow health minister Catherine King, media release, June 20, 2016.***

The opposition has released political ads accusing the government of planning to privatise Medicare and warning of higher health costs in future – a campaign Prime Minister Malcolm Turnbull has called “extraordinarily dishonest.”

As part of Labor’s Medicare campaign, shadow health minister Catherine King said that the government has “cut bulk-billing payments for pathology and diagnostic imaging to make patients pay more”. Incentives worth between \$1.40 to \$3.40 are paid direct to pathology service providers to encourage them to bulk-bill.

Is King right?

Checking the source

The Conversation asked Labor campaign media for sources to support Catherine King’s statement but did not hear back before deadline.

Health Minister Sussan Ley has argued that bulk-billing incentives are not meant to be used to cross-subsidise other costs of doing business for large companies – some of which are owned by private equity firms – at a time when health care costs are growing.

From ‘Don’t Kill Bulk Bill’ to a deal on rent

In its December 2015 Mid-Year Economic Fiscal Outlook, the Coalition government announced a suite of bulk-billing changes aimed at saving \$650 million over four years. It proposed removing bulk-billing incentives for pathology and diagnostic imaging services.

Medicare Benefits Schedule — changes to diagnostic imaging and pathology services bulk-billing incentives

Expense (\$m)	2014-15	2015-16	2016-17	2017-18	2018-19
Department of Human Services	-	4.6	7.9	7.0	5.7
Department of Health	-	-	-215.8	-225.2	-234.6
Total — Expense	-	4.6	-207.9	-218.2	-228.9

The Government will achieve savings of \$650.4 million over four years from 2015-16 by: removing bulk-billing incentives for pathology services; aligning bulk-billing incentives for diagnostic imaging services with those that apply to General Practitioner services; and, reducing the bulk-billing incentive for Magnetic Resonance Imaging (MRI) services from 15 per cent to 10 per cent of the Medicare Benefits Schedule fee, aligning it with other diagnostic imaging services. Bulk-billing incentives for diagnostic imaging services will continue to apply for patients with concession cards and children under 16 years of age.

These changes to pathology and diagnostic imaging bulk-billing incentives will be effective from 1 July 2016.

The savings from this measure will be redirected by the Government to repair the Budget and fund policy priorities.

MYEFO 2015-16

Pathology Australia, which includes big players such as Genea and Sonic Healthcare Group among its members, has been central to how this issue has unfolded. Pathology Australia says its member organisations perform a majority of pathology testing within the private sector.

Pathology Australia collected nearly 600,000 signatures for its “Don’t Kill Bulk Bill” campaign, which warned that patients would face expensive pap smears and other costly tests due to government’s removal of the bulk-billing incentive for pathology services.

In May, Pathology Australia closed its Don’t Kill Bulk Bill campaign after striking a deal with the government, aimed at ensuring pathology service providers who co-located their collection rooms inside a GP’s building were charged “fair market value” rents.

The bulk-bill incentive removal is still going ahead, but the idea is that many pathology service providers may now be better able to absorb the cost if they’re getting a cheaper deal on rent – instead of passing the extra cost onto patients.

Nick Musgrave, president of Pathology Australia, told The Conversation that:

Decisions regarding billing practices are made by individual pathology providers ... The regulatory changes announced by the Coalition to control excessive rents for pathology collection rooms will enable providers to more readily maintain current billing practices as would the maintenance of current funding. In the absence of either of these measures,

providers had indicated they would not have been able to maintain current high levels of bulk-billing.

Musgrave said the deal to regulate rents for collection rooms will “more readily enable pathologists to maintain current billing practices” whether or not they are members of Pathology Australia. (You can read his full response [here](#).)

But some other pathology service providers have said the deal with the government doesn’t take them into account.

Not all pathologists

Pathology is no longer a small industry, with the Sonic group reporting annual revenue of about \$4 billion – but not all businesses are on this scale.

Catholic Health Australia is one of the service providers that says the deal doesn’t take them into account. This group also represents pathology service providers, including many in regional and rural areas.

According to its spokesman:

Independent and not-for-profit pathology providers may have to adopt co-payments simply in order for their services to remain viable ... Turnbull’s deal with ‘the pathology sector’ was made without taking not-for-profit providers into account.

The group said that the rents deal will:

disproportionately assist the larger corporate providers and will not be sufficient to adequately offset the cuts imposed on smaller providers by removing the bulk-billing incentives.

You can read Catholic Health Australia’s full comment [here](#).

So, whether or not you’ll pay more for pathology tests after July 1 depends mostly on who owns that practice or pathology service provider, and whether they can afford to absorb the cost of the changes themselves or choose to pass on these costs to patients.

Labor has **pledged** to reverse cuts to the Medicare Benefits Schedule pathology bulk-billing incentives – which it believes will improve access to bulk-billed pathology services, but would also drive up the cost to taxpayers.

Others, such as the Grattan Institute, **argue that** there are ways save money in pathology, saying that:

patient co-payments for tests should be abolished. Patients aren't the real consumers of pathology tests – the doctors who order and use them are.

What about scans?

The rents deal struck between the government and Pathology Australia doesn't cover scans.

Australian Diagnostic Imaging Association (ADIA), which represents private providers of radiology services, said the rents deal was “cold comfort for the millions of patients needing vital radiology services”.

The government plans to remove bulk-billing incentive payments for radiology services in January 2017. However, ADIA has secured a commitment from the government to “work with the diagnostic imaging sector on structural reforms to provide patients with certainty on affordable access to services”.

The review will happen before January 2017.

ADIA has also said that patient rebates for diagnostic imaging have been frozen since 1998, with patient gaps now averaging \$100, and has voiced concern that Labor's pledge to reverse the decision to remove the bulk-billing incentive does not go far enough. Labor has said it will restore indexation in January 2017 to all services provided by GPs, allied health and other health practitioners and medical specialists – but that scans are not included.

ADIA has called on Labor to expand its indexation election promise to include diagnostic imaging service providers too.

Verdict

Catherine King was right to say that in its first term of office, the Coalition government cut bulk-billing payments for pathology and diagnostic imaging. That is scheduled to come into effect on July 1, 2016, for pathology services and in January 2017 for radiology services.

But the second part of her statement – “to make patients pay more” – didn't tell the whole story. Pathology Australia's deal with the government on rent regulation means some pathologists may be able to keep bulk-billing. Others, however, may not.

Whether or not patients will pay more as a result of the bulk-billing incentive removal depends on whether your pathology or radiology service provider passes on the cost to customers. – **Helen**

Dickinson

Review

This is a sound FactCheck. I would further note that the Grattan Institute reports that almost 99% of pathology tests for out-of-hospital patients are bulk-billed, an increase from 93% a decade ago.

St John of God, a large not-for-profit health group, is selling its pathology operations to Clinical Labs. The removal of the bulk-billing incentive payment may have put them in a position where they would have passed increased costs onto patients.

The unmentioned driver behind the rising cost to the health budget of pathology bulk-billing is clinicians practising defensive medicine – GPs and specialists reasonably ordering tests “to be sure” or “safe”, even where it may not be needed.– **Bruce Baer Arnold**

Have you ever seen a “fact” worth checking? The Conversation’s FactCheck asks academic experts to test claims and see how true they are. We then ask a second academic to review an anonymous copy of the article. You can request a check at checkit@theconversation.edu.au. Please include the statement you would like us to check, the date it was made, and a link if possible.

 [Health policy](#) [Medicare](#) [Pathology](#) [pap smear](#) [Blood test](#) [Medical scanners](#) [FactCheck](#) [bulk-billing](#)
[Diagnostic tests](#) [Election FactCheck 2016](#) [Catherine King](#)