

Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH AND AGEING PORTFOLIO

Budget Estimates 2012-2013, 30 & 31 May and 1 June 2012

Question: E12-256

OUTCOME 3: Access to Medical Services

Topic: Medicare Benefits - Reviews

Type of Question: Written Question on Notice

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Senator: Senator Di Natale

Question:

The Medical Services Advisory Committee (MSAC) report on colorectal cancer published in 2008 found that PET could produce net cost savings to Australian healthcare system of between \$6 and 10 million. However the MSAC review of PET appears to have overestimated the cost of PET by over 40% (using a cost of \$1265 when the MBS payment at the time for PET was \$881, a difference of \$384).

- a) Can the Department explain this apparent discrepancy?
- b) Does the Department agree that this discrepancy would have materially underestimated the net savings to the healthcare system from using PET?

Answer:

- a) MSAC decisions are underpinned by a rigorous analysis of the best available evidence at the time and against the relevant questions for public funding of the service. When MSAC assesses a service, it considers the comparative cost-effectiveness of the services, as well as effectiveness and safety. The economic evaluation is conducted from the societal perspective, which requires consideration of all relevant costs and benefits incurred by society in respect of the intervention.

As outlined in the MSAC report, cost data for PET was based on data from the Australia and New Zealand Association of Physicians in Nuclear Medicine. Total costs for a standard whole body PET scan (appropriate for suspected recurrent colorectal cancer) ranged between \$761 and \$2,067, with an average cost (i.e. mean) estimated at \$1,265.

- b) The methodology underpinning this MSAC advice involved a cost-consequence analysis, in which an assessment of the costs and consequences of PET for each patient scenario was considered. The MSAC report used an estimate of the actual fees charged for PET services, reflective of the economic perspective that MSAC takes. Given the role and

expertise of MSAC, the methodology and process that underpins the estimated net savings is sound.