

Submission to Senate Inquiry into Rural, Regional and Remote Medicare Access and Funding

3 March 2026

The Royal College of Pathologists of Australasia (RCPA) welcomes the Senate Inquiry into Rural, Regional and Remote Medicare Access and Funding, and supports the overarching policy objectives of improving access to primary care, strengthening preventive health, and reducing avoidable emergency department presentations and preventable hospital admissions.

Pathology services are integral to almost every aspect of modern primary care, with tests underpinning 70% of all diagnoses and almost all cancer diagnoses. Pathology enables:

- Early diagnosis and risk stratification,
- Monitoring and management of chronic disease,
- Safe prescribing and treatment escalation, and
- Infection detection and public health surveillance.

In rural, regional and remote settings, pathology often determines whether care can be delivered locally or must be escalated to hospital. As such, pathology is not ancillary to primary care reform, it is enabling infrastructure.

For this reason, pathology is not ancillary to primary care reform. It is enabling infrastructure. Policies that expand preventive care, strengthen multidisciplinary models or shift activity from hospitals into the community inevitably increase reliance on accessible, high-quality diagnostic services delivered outside hospital settings.

Recent Medicare reforms have focused primarily on primary care delivery. However, their impact cannot be assessed in isolation from the diagnostic services that support early intervention and safe substitution of care. Community-based pathology is a foundational component of effective rural health systems.

This submission highlights that as policy settings shift care towards primary care and prevention, static or under-resourced Medicare pathology arrangements risk constraining delivery, particularly in rural, regional and remote communities. Without sustainable, adequately funded community diagnostics, efforts to reduce hospital demand will simply shift pressure elsewhere, rather than relieve it.

Summary of Recommendations

1. Recognise community-based pathology as essential infrastructure underpinning rural primary care, prevention and hospital avoidance.
2. Review Medicare pathology rebate settings to ensure they reflect rural delivery costs and protect service sustainability.
3. Ensure that shifts from hospital to community care are matched by commensurate investment in MBS-funded diagnostics.
4. Embed diagnostic sustainability within mixed-team and telehealth reform settings.

5. Invest in interoperable digital pathology infrastructure to support rural integration.
6. Re-establish a dedicated Pathology Clinical Committee to provide expert advice on pathology funding and rural impacts.

Medicare Rebate Settings and Sustainability of Pathology Services

Medicare settings play a central role in determining whether pathology services remain accessible and viable in rural, regional and remote communities. Unlike metropolitan laboratories, rural services function see lower test volumes while carrying higher per-unit costs for transport, workforce and infrastructure. They serve smaller populations. They manage extended specimen transport routes. They often rely on a limited workforce pool. These structural factors significantly narrow operating margins. As a result, even relatively small changes to Medicare rebates can have an outsized effect on service viability in rural and remote settings.

Recent rebate adjustments for common tests, including vitamin B12 and certain urine examinations, illustrate the sensitivity of the system. These tests are frequently requested in primary care to investigate fatigue, anaemia, renal disease and infection. In rural settings, they are often essential to avoid unnecessary patient travel or referral to hospital. Where rebates fall below the true cost of delivery, laboratories are left with limited and often undesirable options. They may attempt to cross-subsidise rural services from higher-volume metropolitan operations, reduce collection centre hours, consolidate sites across wider geographic areas, or in some cases withdraw services altogether. Each of these responses diminishes local access to timely testing and shifts additional burden onto general practice and hospital services, undermining continuity of care in communities that already face significant health system constraints.

The Committee should consider whether current rebate arrangements appropriately account for rural delivery costs and service sustainability. Options may include rural loading mechanisms, targeted support for low-volume services, or a review of recent rebate changes to assess unintended impacts on access. Without deliberate policy attention, Medicare reform risks unintentionally weakening the diagnostic foundations of rural health care.

RCPA recommendation: Medicare pathology rebates should be reviewed to ensure they reflect rural cost structures and protect sustainable access.

System Impact of Shifting Care from Hospital to Community Settings

A central theme of the Inquiry is the extent to which current Medicare settings contribute to avoidable emergency presentations and preventable hospital admissions in rural, regional and remote areas. The RCPA supports efforts to address these challenges.

However, it is important to recognise a structural funding asymmetry:

- Hospital-based diagnostics are funded through state and territory hospital budgets (supported by the Commonwealth through the National Health Reform Agreement).
- Community-based diagnostics are funded primarily through the Medicare Benefits Schedule (MBS).

Where policy intent is to shift care from hospital to pre-hospital settings, the diagnostic workload also shifts, but the funding pressure falls disproportionately on MBS-funded pathology services. When community pathology capacity is constrained, the health system risks:

- Delayed diagnosis,

- Increased downstream hospital presentations,
- Duplication of testing in acute settings, and
- Reduced continuity of care.

These risks are most acute in rural, regional and remote communities, where services operate with thin margins, high fixed costs, and fragile workforces.

RCPA recommendation: Any policy that shifts care from hospital to community settings should be accompanied by commensurate investment in MBS-funded diagnostics.

Rural Sustainability and the Limits of Unchanged Pathology Settings

Rural, regional and remote pathology services operate within structural conditions that differ from major metropolitan centres, including smaller and more variable volumes, extended transport routes and workforce constraints. In response, the sector has developed highly integrated hub-and-spoke and centralised testing models that connect regional collection networks with metropolitan laboratories. Far from being peripheral, these central laboratories are essential to rural health care. A substantial proportion of complex, specialised and low-volume testing from regional Australia is processed in metropolitan centres, including advanced molecular diagnostics, specialised haematology, genetic testing and certain anatomical pathology services.

At the same time, regional laboratories continue to provide critical on-the-ground services, including urgent biochemistry, blood transfusion support, microbiology for acute infections and close clinical liaison with local practitioners and hospitals. The strength of rural pathology lies in this combined model: local responsiveness supported by metropolitan depth and subspecialty expertise.

For this reason, the sustainability of rural diagnostics cannot be viewed narrowly as a local issue. Where community-based care is expected to prevent avoidable emergency presentations and admissions, timely access to diagnostics must be sustained across the full pathway: collection, transport, processing, interpretation and communication of results. If this pathway is weakened, patients are more likely to present to hospital for conditions that could otherwise be managed earlier and locally.

In considering reform, the Government could examine options that recognise and sustain this integrated model. These may include rural loadings linked to the originating postcode of tests, rather than solely the laboratory location, to reflect transport and coordination costs across the full pathway. Consideration could also be given to targeted support for long-distance courier networks and time-critical testing in remote areas. Medicare rebates for low-volume, high-complexity services processed in metropolitan laboratories should be assessed to ensure they remain viable for regional patients. Finally, formal rural impact assessments prior to significant pathology rebate changes would help identify unintended consequences for access, turnaround times and hospital demand.

RCPA recommendation: Rural Medicare settings should explicitly account for the full diagnostic pathway required to sustain local care.

Mixed-Team Models of Care and Diagnostic Dependence

The Terms of Reference appropriately highlights the importance of mixed-team models of care in rural and remote communities, including the roles of general practitioners, nurse practitioners, nurses, allied health professionals and visiting specialists.

These models are inherently diagnostics-dependent. Effective multidisciplinary care isn't possible without reliable pathology to support shared decision-making, clinical escalation, and continuity across providers and settings. Medicare settings that support team-based care must therefore be matched by pathology settings that enable diagnostics to be delivered sustainably in the same environments.

In strengthening mixed-team models, the Government could ensure that Medicare policy settings explicitly recognise the diagnostic foundation on which these models rely. This may include aligning new multidisciplinary care items or blended funding models with sustainable access to community-based pathology services, particularly in rural and remote areas. Consideration could also be given to mechanisms that support shared access to results across providers, reduce duplication of testing, and enable appropriate clinical escalation without hospital referral. Embedding diagnostic sustainability within team-based reform will help ensure that expanded scopes of practice and collaborative models translate into safe, coordinated and locally deliverable care.

RCPA recommendation: Medicare reforms supporting multidisciplinary care should be aligned with sustainable community pathology settings.

Telehealth and Pathology Integration

Digital reform in rural health must extend beyond GP telehealth consultations to include the diagnostic systems that underpin safe clinical decision-making. Pathology is central to diagnosis, prescribing and monitoring, yet digital integration between laboratories, general practice, hospitals and My Health Record remains variable, particularly outside metropolitan areas. Interoperability gaps can delay access to results, contribute to duplicate testing and fragment continuity of care.

In rural communities, patients frequently move between small hospitals, outreach services and telehealth appointments. Timely electronic transmission of pathology results is therefore essential. Standardised reporting formats, structured data and real-time access support clinical governance and patient safety. Without robust diagnostic integration, telehealth risks becoming a consultation without adequate clinical context.

There is also significant potential to extend specialist expertise through digital models. Telepathology, virtual multidisciplinary meetings and remote review of complex cases allow rural clinicians to access subspecialty input without transferring patients long distances. Digital image sharing in anatomical pathology and remote consultation on complex haematology or microbiology results can strengthen quality and equity of care.

However, infrastructure limitations, inconsistent software standards and fragmented funding arrangements continue to constrain progress. Investment in interoperable systems and secure data exchange should be recognised as core health infrastructure. If Medicare reforms aim to strengthen rural primary care and mixed-team models, diagnostic integration must form part of that agenda. Strengthening pathology interoperability and telepathology capability will support better utilisation, reduce unnecessary duplication and enable more informed clinical decisions across rural and remote Australia.

RCPA recommendation: Investment in interoperable digital pathology infrastructure should be recognised as core rural health reform.

Governance and the Need for Expert Diagnostic Advice

RCPA strongly recommends the re-establishment of a dedicated Pathology Clinical Committee to provide expert, evidence-based advice on pathology funding and MBS settings.

A standing committee would:

- Support transparent and clinically informed funding decisions.
- Ensure pathology settings remain aligned with clinical need and scientific advancement.
- Enable rural and regional impacts to be explicitly considered before changes are implemented.
- Reduce the risk of unintended downstream consequences for access and hospital demand.

In the context of this Inquiry, such governance arrangements would strengthen the capacity of Medicare to be fair, workable and sustainable for rural, regional and remote Australians.

RCPA recommendation: The Government should re-establish a dedicated Pathology Clinical Committee to support evidence-based Medicare decision-making.

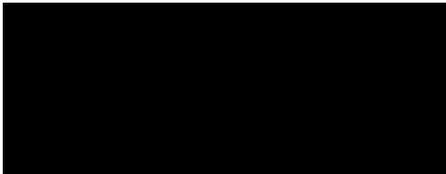
Conclusion

The RCPA supports the objectives of recent Medicare reforms and the focus of this inquiry on improving access, sustainability and outcomes in rural, regional and remote Australia.

To achieve these objectives, reform must account not only for changes to primary care delivery, but also for the diagnostic infrastructure that enables prevention, early intervention and community-based care. Where demand on primary care increases, pathology capacity must be sustainably supported.

The RCPA urges the Committee to recognise pathology as essential health system infrastructure, and ensure Medicare settings support its long-term sustainability in rural and regional communities.

Yours sincerely,



Anastasia Glushko
Head of Policy and Advocacy