

Committee Secretary
Senate Standing Committees on Community Affairs
PO Box 6100
Parliament House
Canberra ACT 2600

4th October 2017

Dear Committee Secretary,

Submission from Synergy Medical Imaging Pty Ltd to the Senate Standing Committee on Community Affairs for “**The availability and accessibility of diagnostic imaging equipment around Australia**”.

Synergy Medical Imaging Pty Ltd is an independent private radiology practice in Cessnock NSW. This submission will address the terms of reference:

- a. geographic and other disparities in access to diagnostic imaging equipment;
- b. arrangements for Commonwealth subsidy of diagnostic imaging equipment and services;
- c. out-of-pocket costs for services that are not subsidised by the Commonwealth and the impact of these on patients

In summary, using Cessnock Local Government Area (LGA), the Commonwealth electorate of Hunter (NSW) and the Hunter, New England and Central Coast Primary Health Network (PHN) as a practice example, the submission aims to:

- Illustrate the disparities in the availability of diagnostic imaging under the current system, in particular Magnetic Resonance Imaging (MRI)
- Demonstrate inequities and impact on communities of current Commonwealth subsidies for diagnostic imaging equipment, in particular (MRI)
- Raise awareness of the potential impact corporatisation of the diagnostic imaging sector has on out-of-pocket expenses and provider competition
- Recommend that the current limitation on Medicare eligible MRI units be reviewed, and
- Encourage the development of a process that allows for provision of Medicare eligible MRI units with a view to providing communities equitable access to affordable services

“The Australian Government believes all Australians should have access to an affordable, quality health care system regardless of whether they live in the city or in regional areas. This includes ensuring patients have continued access to affordable and convenient diagnostic imaging services such as Medicare-eligible MRI services”.

- *The Department of Health 2017*

Population data and current availability of MRI services

Cessnock could be considered as the geographical centre of the Commonwealth Hunter electorate, with a population of 56,762 (density 28.9 persons/km²)¹ and an Aboriginal and/or Torres Strait Islander population of 7.2%, over twice the National Average (2.8%)² in the local government area (LGA). Zoned “Inner Regional” on the Australian Statistical Geographic Classification (ASGC), it is located with transport routes to the growth corridors of the region; from the south-western suburbs of Lake Macquarie incorporating Cooranbong, Wyee and Morisset, to the expanding areas of the lower Hunter including Huntlee, Singleton, Muswellbrook and into the Upper Hunter and beyond. In addition, the Cessnock LGA has experienced 19.5% growth in the 10 years to 2016¹, one of the five highest growth areas in NSW outside of the Sydney inner and outer metropolitan regions.

Despite the rapid growth, the region ranks poorly on the Australian Bureau of Statistics (ABS) Socio-Economic Indexes for Areas (SEIFA 2011), only the 21st percentile within Australia (19th NSW) and with median weekly household incomes 20% below the national average in the 2016 census data². An increase in local General Practitioner (GP) rates in the region under the government’s Rural Health Workforce Strategy (RHWS) has not combated the higher than national average rates of diabetes, obesity, long-term health conditions, cancer and potentially avoidable deaths as demonstrated in Table 1. In addition, there remains continuing limited access to essential complementary allied health services such as diagnostic imaging and affordable specialist care.

Table 1 – Incidence of disease and lifestyle indicators Cessnock and Hunter, New England & Central Coast to National Average. Data from My Health Communities: Australian Institute of Health and Welfare 2017³

Disease and/or lifestyle indicators (year)	Cessnock LGA and/or Hunter, New England & Central Coast PHN (% or Pop. Rates per 100,000)	National Average (% or Pop. Rates per 100,000)
Obesity (2014-15)	36.6% - PHN	27.9%
Long-term health condition (2015-16)	56.0% - PHN	50.2%
All cancers (2006-10)	523 - LGA / 523 - PHN	498
Potentially avoidable deaths (2011-13)	136 – LGA / 128 - PHN	110

Access to Medicare eligible MRI services in NSW by Commonwealth Electorates 2017

In 2015-2016, 3.4% of the Australian population (3.6% in NSW)⁴ received a Medicare subsidised MRI service. In the Hunter electorate, with a population of 179,656⁵ this equates to approximately 6,500 people who do not have readily available MRI services within their region. In addition, unquantified burden is experienced for those who are forced to travel exceptional distances to available services or seek private non-subsidised or gap fee MRI services as a part of their healthcare.

Table 2 (Appendix A) is a summary of Australian Bureau of Statistics (ABS) 2016 population data on Commonwealth electorates⁵ against current Medicare eligible MRI units⁶. It demonstrates that on average Australia wide the availability of services is approximately one full eligible MRI unit per 143,259 persons and 1 per 69,973 for full and partial eligible units combined. In NSW, the Hunter electorate covers an area of 10,640km² (population density 16.88 persons/km²)⁵ and is the only remaining rural electorate without an eligible MRI unit. Eligible MRI units per capita within regional and rural electorates across the NSW range from 1:177,530 in Parkes (pop density 0.45 persons/km²) to 1:30,570 in Cowper. People living in the NSW electorates most similar to Hunter in terms of geographical area and population density, Cowper (7296km², 20.95 persons/km²) and Gilmore (6342km², 25.5 persons/km²) have access within their electorate to five and one eligible MRI units respectively.

The impact of the inequity in availability of MRI resources on the community is extensive. Public transport and healthcare services within the Hunter electorate remain substandard to those in neighboring electorates. Travel to the nearest corporate owned MRI unit in East Maitland (over 30km) requires two buses and an hour and a half travel time, before encountering gap fees for service. Access to a public MRI unit at the John Hunter Hospital, where there is 100% bulk-billing is four buses and a minimum of four hours return trip (43km). Poor access to affordable and appropriate healthcare services may be considered as contributing to the rise in chronic health issues within the Cessnock and Hunter region.

Since its inception in 2013, Synergy Medical Imaging trading as Valley Imaging has provided Cessnock and the Hunter electorate with services which had been absent from the area for over a decade, such as CT and specialist ultrasound (US) services. Bulk-billing rates for these services are over 95%, significantly above the national average of 77.4% for diagnostic imaging 2016-17⁷. The facility currently services to over 500 residents every week from Cessnock and Hunter, with a proven ability to provide prompt imaging services and timely reports to expedite and enhance the quality of patient care provided by over 100 regular referring GPs and Specialists in the region. Integration of service delivery with large community based GP clinics such as Cessnock Community Healthcare and nearby Cessnock District Hospital has demonstrated significant

improvement in patient outcomes and reinforced the need for such services in the region.

There have been no further significant improvements in availability of MRI services since the 2012 ITA DOHA 309/1112 tender process, "*Medicare eligibility for MRI based on potential areas of need*". Since 2012 there has been a shift in the demographics of our regions, increased demand resulting in investment within our communities for access to high quality healthcare services, and advancements in technology providing measureable improvements in patient management, treatment options and outcomes. Currently there is no application process open for providers to obtain Medicare eligibility and Synergy Medical Imaging continues to be denied the opportunity to provide Medicare eligible MRI services to the Hunter electorate.

Corporatisation of Diagnostic Imaging providers, competition and out-of-pocket expenses

There has been an increasing level of corporatisation of the diagnostic imaging sector over the past two decades. Under the Health Insurance Amendment (Diagnostic Imaging, Radiation oncology and other measures) Bill 2002 the Government highlighted this trend with concerns regarding the potential for professional and clinically rigorous practice to be compromised in favour of corporate profits. Within the Newcastle and Hunter region there are several diagnostic imaging providers, however only few are equipped with Medicare eligible MRI units. Table 3 (Appendix B) summarises the MRI units within Newcastle and the Hunter Valley and their respective Medicare eligibility and ownership structure. Over 60% of Medicare eligible MRI units are held outside the public system, all of these are held by large corporate entities.

The establishment of a comprehensive Diagnostic Imaging Practice requires a substantial investment of infrastructure. Even the most conservative Practice requires a \$4-5million capital investment. In addition, the commercial advantage gained by providers with eligible MRI units serves as a considerable challenge to new practices entering the market. The inability of new providers to qualify for Medicare eligible MRI examinations substantially hinders the likelihood of attracting the support of loyal specialist referrals and subsequently Australian Medical Association (AMA) gazette workers compensation cases and other essential income streams, rendering the Practice commercially unviable.

Concern regarding anti-competitive practices and monopolies over Medicare eligible MRI units by corporate companies has been an ongoing issue in Newcastle and the Hunter. John Hunter Hospital and Calvary Mater public units both have outpatient waiting lists of several weeks to months. Patient out-of-pocket fees are incurred at the corporate providers which hold the remaining 60% of eligible units. The ability for

patients and referrers to choose their preferred imaging provider for MRI examinations is compromised by the current system which restricts access to Medicare eligible services.

This disparity in ownership of Medicare eligible MRI units biased towards large corporate organisations is not isolated to Newcastle and the Hunter. The Government recognises that current health reform must meet long-term challenges such as access to services, the growing burden of chronic disease, population ageing, cost inefficiencies, safety and quality, and the cost of new health technologies. A competitive market is proven to stimulate innovation and efficiency, increasing productivity at a lower cost base and providing consumers with wider choice and improved quality of service. Indeed the Diagnostic imaging sector is not exempt to the economic pressures of competition and previous policies to manage budget restrictions based on limiting access to Medicare funding such as MRI eligibility should be reviewed in favour of promoting competition, innovation and support of regionally based medium size enterprise.

Conclusion and Recommendations

Cessnock and Hunter region is not unique, however serves to epitomize the inequity in access to diagnostic imaging, in particular Medicare eligible MRI services. The impact of unsubsidised essential healthcare services such as MRI for a low socio-economic population suffering chronic illness, obesity, cancer and potentially avoidable death rates well exceeding the national average is devastating. The Senate Committee has a vital opportunity to address the geographic disparity, inequity in choice of providers and the detrimental impact on patient and community health and welfare when affordable access to essential diagnostic imaging equipment such as MRI is restricted and anti-competitive.

It is essential and timely that a more equitable, transparent and future proof approach to granting Medicare eligibility for MRI units be developed. To achieve this I would ask that the Committee

- Recommend that the current limitation on Medicare eligible MRI units be removed; and
- Encourage the development of an ongoing process that allows for provision of Medicare eligible MRI units with a view to empowering the patient with choice of service providers thereby delivering communities equitable access to affordable services

A Government review which promotes equitable access to services across a competitive range of providers will work towards achieving the governments' key objectives of affordable access to diagnostic imaging and MRI services in line with the

needs of the patients and referrers, allowing for the provision of high quality safe and cost effective healthcare which in turn provides improved health outcomes for patients.

Yours Faithfully,

Leesa Gibbs
Clinical Manager
Synergy Medical Imaging Pty Ltd

References and Statistical Data

- 1- Australian Bureau of Statistics. 3218.0 Regional Population Growth, Australia Data Cube: Estimate Resident Population, Local Government Areas, New South Wales. (ASGS 2016) 2006-2016 Release 11:30am (Canberra time) 28 July 2017
- 2- Australian Bureau of Statistics. 2016 Census QuickStats: NSW LGA Cessnock (C) Code LGA11720(LGA)
- 3- Australian Government. Australian Institute of Health and Welfare. My Healthy Communities. Primary Health Network: Hunter New England & Central Coast
- 4- Medicare Statistics - Diagnostic Imaging. Table 1. Statistics by MBS Group, Requesting Provider's Derived Major Specialty, from Financial Year 2004-05 to 2016-16. National/ State/ Territory
- 5- Australian Bureau of Statistics. 3218.0 Regional Population Growth, Australia Data Cube: Estimated Resident Population, Commonwealth Electoral Divisions, Australia (ASGS 2016) 2006 to 2016 Release 11:30am (Canberra time) 28 July 2017
- 6- Australian Government .The Department of Health. MRI (Magnetic Resonance Imaging) units. How to access specific MRI services and MRI unit locations nationally. Last updates 26 July 2016.
- 7- Australian Government .The Department of Health Annual Medicare Statistics Public Release of Medicare Statistics: 2016-17 Financial Year Bulk Billing Rates

Appendix A: Table 2 - ABS 2016 population data for Commonwealth electorates and current Medicare eligible MRI units.

NSW Electorate	Area km ²	Demographic rating	Population (2016)	MRI Location	MRI Units Full	MRI Units Partial	Persons per unit-Full	Persons per unit - Total	pop density - persons/km ²																																																																																																																																																																						
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NSW Electorate	Area km ²	Demographic rating	Population (2016)	MRI Location	MRI Units Full	MRI Units Partial	Persons per unit - Full	Persons per unit - Total	pop density - persons/km ²
Paterson	1123	Provincial	150242	East Maitland	1		150242	150242	133.79
Richmond	2148	Rural	152255	Tweed Heads		1		152255	70.88
Riverina	48988	Rural	166072	Wagga Wagga	2		83036	83036	3.39
Robertson	980	Provincial	149717	Gosford	1	2	149717	49906	152.77
Shortland	265	Provincial	143419	Cardiff	1		143419	47806	541.20
Shortland				Charlestown		2			
Whitlam	1331	Provincial	164442	Bowral	2		82221	54814	123.55
Whitlam				Dapto		1			
Australia Wide Medicare eligible MRI units per population									
State/Territory			Population		MRI Units - Full	MRI Units Partial	Persons per unit - Full	Persons per unit - Total	
NSW			7739274		58	66	133436	62414	
Victoria			6179249		37	42	167007	78218	
ACT			405627		2	7	202814	45070	
NT			248189		2	0	124095	124095	
QLD			4848877		37	34	131051	68294	
SA			1713054		11	12	155732	74481	
TAS			517588		6	0	86265	86265	
WA			2558951		16	16	159934	79967	
Australia			24210809		169	177	143259	69973	

Appendix B: Table 3 – MRI Units in Newcastle and the Hunter Valley

Location – Suburb and LSPN	Medicare Eligibility	Practice Name	Ownership structure	Bulk Billing (BB) versus out-of-pocket expense
John Hunter Hospital New Lambton Heights	One Full One Partial	Public Hospital – Hunter New England LHD	Public – NSW Health	100% BB
Calvary Mater Newcastle Waratah	One Partial	Public – Hunter New England LHD	Public Private Partnership (PPP) - NSW Health	100% BB
Cardiff	One Full	Hunter Imaging Group (HIG) - Sonic Health	Corporate Entity	BB and Out-of-pocket expense
Charlestown	One Partial	HIG- Sonic Health	Corporate Entity	BB and Out-of-pocket expense
Charlestown	One Partial	PRP Diagnostic Imaging – Hengkang Medical Group	Corporate Entity	BB and Out-of-pocket expense
Glendale	None	Hunter Radiology	Private enterprise	100% Out-of-pocket
Merewether – Lingard Private Hospital	None	Healthcare Imaging Services - Primary Health Care	Corporate Entity	100% Out-of –pocket
Gateshead – Private Hospital	None	HIG – Sonic Health	Corporate entity	100% Out-of-pocket
Greenhills – East Maitland	One Full	HIG- Sonic Health	Corporate Entity	BB and Out-of-pocket expense
Maitland	One Partial	PRP – Hengkang Medical Group	Corporate Entity	BB and Out-of-pocket expense