

The Hon Sussan Ley MP
Minister for Health
PO Box 6022
Parliament House
CANBERRA ACT 2600

17 March, 2015

Dear Minister,

Further to recent advice from your advisors and meetings with the Federal Department of Health (DoH) over the past nine months, I am writing to bring to your attention our significant concerns with the proposed 'Simplified Medicare Safety Net' (SMSN) Policy and the negative impact it will have on access to essential cancer care for ~20,000 patients p.a. In its current form the SMSN Policy will result in; rationing of essential cancer care, dramatic increase in out-of-pocket costs, higher costs to Government and closure of treatment centres.

As such we request a delay in implementation of the SMSN Policy as it relates to radiation oncology until such time as the Government has thoroughly consulted with patients and service providers and is satisfied that the Policy will not materially impact patient access to essential cancer care.

Key challenges with the SMSN Policy include:

1. **The effective MBS Benefit Cap being applied to many radiation oncology MBS item numbers is 128% of the MBS vs. 150% for all other MBS services.** Unlike all other Medicare services, radiotherapy MBS item numbers exclude the cost of capital equipment, which is separately funded through Health Program Grants. As a result implementation of a 150% MBS Benefit Cap on radiation oncology without recognition of federal capital funding represents inequitable implementation.
2. **The implementation of a MSN Benefit Cap will further increase the barriers to utilisation of modern treatment techniques and will increase the perverse incentive to utilise inferior techniques.** The MBS Schedule for radiation oncology is out of date (last reviewed more than 25 years ago) and is not reflective of modern practice and clinical guidelines. The current MBS structure incentivises use of older and less efficient treatment techniques.

Patient impact: █████ a 62 year old indigenous Australian elder, is currently accessing state of the art radiotherapy for his prostate cancer in Albury Wodonga. Under the SMSN his out-of-pocket costs will increase from \$3,000 to \$11,000, which he notes would make his treatment unaffordable. The increase in █████ out- of-pocket costs is substantially due to the current under-funding for a modern, but increasingly common treatment technique called Volumetric Modulated Arc Therapy.

This challenge is recognised by the DoH and in response we understand that they are recommending a radiation oncology MBS review. However, the DoH has confirmed that this review will not be completed prior to implementation of the SMSN Policy in January 2016.

3. **In its current form the SMSN Policy will on average more than double patient out-of-pocket costs for cancer patients:** The out-of-pocket cost for a full fee paying private patient would increase from ~\$2,000 to \$5,000 per course. We do not believe that out of pocket increases of this magnitude are achievable and as such the viability of many centres is in doubt.



4. **The Policy will lead to radiotherapy centre closures and rationing of services as private centres are forced to refocus on a smaller “Private” patient cohort.** More than 50% of patients treated in private centres are treated at deep discounts to the full Private fee (including bulk bill and schedule fee). This reflects the commitment of the private sector to service the entire community. This service model relies on a high degree of cross-subsidisation between full fee paying Private patients and discounted patients. This model will be difficult to sustain under the proposed new MSN structure as revenue from full fee paying Private patients will not offset the cost of service delivery to discounted patients. The impact of these changes would be widespread and could be particularly acute in regional and outer suburban areas where there are no other nearby treatment options.

Patient impact: [REDACTED] [REDACTED] is a pensioner currently undergoing treatment for Breast Cancer in a Private facility in [REDACTED] [REDACTED] treatment is being provided at a deep discount to the Private fee (only \$490 out-of-pocket for the full course of treatment). [REDACTED] treatment was made possible through cross-subsidisation from patients paying the full Private rate. As a pensioner she would not be able to afford Private treatment and would need to travel over 80km each day for 4 weeks to access care in a Public Hospital. [REDACTED] does not drive and would need to rely on her family to make the journey which she believes would not be possible.

In its current proposed form the ‘Simplified Medicare Safety Net’ is a significant challenge to the Private radiotherapy industry. We are required to make significant investment decisions in replacement and expansion of essential health care infrastructure without certainty of a sustainable funding model. As a result of the proposed policy change, equity of access for patients requiring essential cancer treatment is expected to be heavily eroded.

We acknowledge the budget imperative and the need for all service providers to contribute towards a more sustainable healthcare system. As such we are supportive of the implementation of the SMSN Policy subject to addressing the challenge above (specifically points 1 and 2). Over nine months of engagement with the DoH and Ministry, we have provided a range of pragmatic and cost neutral suggestions to support sustainable implementation of the SMSN Policy, however, we understand that these measures cannot be implemented prior to January 2016. As such we request a delay in implementation of the SMSN Policy as it relates to radiation oncology until the Government is satisfied that the Policy will not materially impact patient access to essential cancer care.

We request the opportunity to meet at your earliest convenience to discuss patient and industry concerns, together with practical solutions that meet the government’s objectives.

Yours faithfully,

[REDACTED]

Dan Collins
Managing Director
GenesisCare

cc:

Sally Crossing AM, Cancer Voices Australia

Associate Professor Anthony Lowe, CEO Prostate Cancer Foundation of Australia

Christine Nolan, CEO Breast Cancer Network Australia

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Dr Dion Forstner, Dean Faculty of Radiation Oncology, The Royal Australian and New Zealand College of Radiologists

Dr Chris Harper, Chairman Australian Association of Private Radiation Oncology Practices (AAPROP)

Dr Bernie Ng, Head of Social Policy, Office of the Prime Minister

James McAdam, Senior Advisor to Hon Sussan Ley MP, Minister for Health & Sport

Dr Megan Kearney, Assistant Secretary and Medical Adviser, Medical Specialist Services Branch, Medical Benefits Division

Australian Government Department of Health

