Senate Community Affairs Committee

ANSWERS TO ESTIMATES QUESTIONS ON NOTICE

HEALTH PORTFOLIO

Supplementary Budget Estimates 2015 - 2016, 21 October 2015

Ref No: SQ15-000854

OUTCOME: 3 - Access to Medical and Dental Services

Topic: MBS Review

Type of Question: Written Question on Notice

Senator: McLucas, Jan

Questions:

a) The head of the MBS Review Professor Robinson has suggested as much as 30% of MBS expenditure is "not necessary, wasteful, sometimes even harmful for patients". The Minister has on a number of occasions referred to this quote in both media releases and in interviews. Has the Department provided information to the minister on a more accurate figure for Australian MBS expenditure?

b) What is the basis of the claim by the head of the MBS Review Professor Robinson that as much as 30% of MBS expenditure is "not necessary, wasteful, sometimes even harmful for patients".

c) Did the draft media release prepared by the Department on the latest stage of the MBS review include the quote from Professor Robinson suggesting as much as 30% of MBS expenditure "not necessary, wasteful, sometimes even harmful for patients".

d) Prior to the announcement of the latest stage of the MBS Review the Minister's Office distributed to a number of media outlets, in confidence, a document of cases studies which were alleged to be examples of MBS Expenditure that was "not necessary, wasteful, sometimes even harmful for patients". What involvement did the Department have in the preparation of this document?

Answers:

a) No.

b) On 6 October 2015, The Australian Financial Review, *Medicare review will be a delicate operation,* reported Professor Bruce Robinson saying "The oft-quoted 30 per cent figure is a ballpark figure that we think might apply. There is no Australian data (to support this figure). It is an extrapolation between a figure of 40 per cent in the United States and 20 per cent in the United Kingdom. I don't think the systems are grossly dissimilar. One of the things we hope to address in the review is what the figure might be in Australia".

Dr Norman Swan in the ABC 4 Corners program *Wasted*, first broadcast on 28 September 2015, said: 'We as a nation spend about $155 billion a year on health. And about a third of that, $46 billion, each year is being squandered.'

In 'Can Australian Healthcare be Saved?' (ABC Radio National Big Ideas:

http://www.abc.net.au/radionational/programs/bigideas/can-australian-health-care-be-saved/6969426) Dr Norman Swan quotes Associate Professor Adam Elshaug, associate professor of healthcare policy at the Menzies Centre for Health Policy:

The 30 per cent waste figure in healthcare has been bandied about quite a lot, and that work actually comes out of the United States and the Institute of Medicine. That 30 per cent waste figure is actually broken down into multiple categories—everything from fraud to administrative complexity, inappropriate care, low-value care. We simply don't know what that number is in Australia. We suspect it's somewhere in the order of 20 to 30 per cent, but the metrics need to be worked through.

Scott and Duckett, in their article 'In search of professional consensus in defining and reducing low-value care' (Med J Aust 2015; 203 (4): 179-181) make the following points, which are consistent with the view expressed by Professor Robinson:

It has been claimed that at least 20% of health care expenditure in the United States is wasted on activities that add no value. Studies using US Medicare claims data suggest that almost half of beneficiaries receive some form of low-value care. While comparable statistics for Australian health care are not available, reviews of Medicare Benefits Schedule (MBS) items have suggested that at least 150 commonly used tests and procedures are associated with little high-quality evidence of benefit, and that for some there is evidence of harm for their assigned indications. To date, fewer than 5% of MBS items have been closely scrutinised for their evidence-based worth. Operations such as arthroscopic debridement for uncomplicated knee osteoarthritis are frequently performed despite randomised trials showing no benefit. Investigation requests — such as those for vitamin B12, folate and vitamin D assays, and for computed tomography scans for back pain and chest diseases — have surged in recent years despite considerable doubt as to their usefulness to patient care. Screening and diagnostic tests and procedures predominate over therapeutic agents in most studies of overuse. Some are of high value in high-risk populations (such as screening colonoscopy in patients younger than 60 years of age with premalignant colon conditions or family history of bowel cancer) but assume much lower value when extended to low-risk populations (patients older than 75 years of age with no risk factors). Overuse may also partly explain the marked geographical variation in age- and sex-standardised rates of cardiac catheterisation (7.4-fold variation) and hysterectomies (4.0-fold variation). In 2006, the Productivity Commission estimated that the efficiency of Australian health care could be improved by up to 20% by aligning performance with best practice across a range of service areas. (footnotes omitted)

c) Please refer to the answer provided to Question on Notice SQ15-000921.

d) This question has been answered; please see pages 29 and 30 of the Proof Committee Hansard dated 21 October 2015.