

## **EXPLANATORY STATEMENT**

### **Select Legislative Instrument 2006 No. 223**

Minute No. 20 of 2006 – Minister for Health and Ageing

Subject: *Health Insurance Act 1973*

*Health Insurance (Diagnostic Imaging Services Table) Amendment  
Regulations 2006 (No. 3)*

Subsection 133(1) of the *Health Insurance Act 1973* (the Act) provides that the Governor-General may make regulations, not inconsistent with the Act, prescribing all matters required or permitted by the Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to the Act.

The Act provides, in part, for payments of Medicare benefits in respect of professional services rendered to eligible persons. Section 9 of the Act provides that Medicare benefits shall be calculated by reference to the fees for medical services, including diagnostic imaging services, set out in prescribed tables.

Subsection 4AA(1) of the Act provides that the regulations may prescribe a table of diagnostic imaging services, the amount of fees applicable in respect of each item and the rules for interpretation of the table. Schedule 1 to the *Health Insurance (Diagnostic Imaging Services Table) Regulations 2005* (the Principal Regulations) prescribes such a table.

The purpose of the Regulations is to amend the fee for cardiac ultrasound items 55113, 55114 and 55115 by applying a two percent reduction.

Medicare funding for diagnostic imaging services specified in the table is managed between the Australian Government (as represented by the Department of Health and Ageing) and relevant bodies representing the diagnostic imaging professions. This is facilitated through four Quality and Outlays Memoranda of Understanding (MoUs) covering radiology, cardiac imaging, nuclear medicine imaging and obstetric and gynaecological ultrasound.

The Regulations amend services specified under the Cardiac Imaging MoU. These amendments have been recommended by the Cardiac Imaging Management Committee to address a projected overspend in outlays under the MoU. The Cardiac Society of Australia and New Zealand, through the Cardiac Imaging Management Committee, have been consulted about the amendments.

Details of the Regulations are provided in the Attachment.

The Act specifies no conditions that need to be met before the power to make the Regulations may be exercised.

The Regulations are a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

The Regulations commence on 1 September 2006.

The Minute recommends that Regulations be made in the form proposed.

Authority:

Subsection 133(1) of the *Health Insurance Act 1973*

**DETAILS OF THE HEALTH INSURANCE (DIAGNOSTIC IMAGING SERVICES TABLE) AMENDMENT REGULATIONS 2006 (No. 3)**

Regulation 1 – Name of Regulations

This regulation provides that the title of the Regulations is the Health Insurance (Diagnostic Imaging Services Table) Amendment Regulations 2006 (No. 3).

Regulation 2 - Commencement

This regulation provides for the Regulations to commence on 1 September 2006.

Regulation 3 – Amendments

This regulation provides that the Health Insurance (Diagnostic Imaging Services Table) Regulations 2005 (the Principal Regulations) are amended as set out in the attached Schedule.

**Schedule – Amendments**

**Schedule 1, Part 3 - Services and Fees**

Item [1]

This item reduces the fee for cardiac ultrasound items 55113, 55114 and 55115 from \$230.65 to \$226.05.

Modelling based on current growth rates shows a projected overspend of at least \$12 million by the end of the Cardiac Imaging Memorandum of Understanding (MoU) on 30 June 2008, if action is not taken to reduce expenditure.

Echocardiography services are the main driver of the growth in benefits under the MoU. In the 12 months to March 2006, the number of echocardiography services (items 55113, 55114 and 55115) increased by 12.4% and accounted for 72.5% of total benefits paid under the MoU. To address the projected overspend, the Cardiac Imaging (MoU) Management Committee (CIMC) recommended that from 1 August 2006, the fee for items 55113, 55114 and 55115 be reduced by two percent, from \$230.65 to 226.05.