Australian
Private Hospitals
Association

MBS Review: Report from the Colorectal Surgery Clinical Committee 2018

8 March 2019

Australian Private Hospitals Association ABN 82 008 623 809

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Introduction

The Australian Private Hospitals Association (APHA) is appreciative of the opportunity to make a submission to the Medicare Benefits Schedule (MBS) Review in response to the recommendations in the report from the Colorectal Surgery Clinical Committee.

In this response, the APHA has focused on issues that could arise for private hospitals if these recommendations were adopted. Some of these issues lie outside the scope of the terms of reference for the MBS Review, for example they pertain to potential implications for the regulations governing private health insurance.

The Private Health Insurance (Benefit Requirements) Rules 2011 (Compilation No. 52, as of 2 November 2018: "the Rules") make detailed reference to relevant MBS items, and it is therefore essential to consider whether recommendations from the MBS Review will give rise to the need for changes to private health insurance regulation.

The issues in this submission are raised with the intention of informing implementation of the proposed recommendations should they be adopted by the Australian Government.

The APHA also advocates there should be sufficient time allocated by the Department of Health for the implementation of the flow-on changes when changes are made to the MBS, such as the Rules (above) and the National Procedure Banding Committee processes, especially when there are changes to a large number of MBS items simultaneously.

Overall comments

The APHA respects the Colorectal Surgery Clinical Committee has made recommendations to better reflect the clinical service provided and promote best clinical practice. However, some of these recommendations will create cost pressures in the private sector making them difficult for private hospitals to implement as they will not be reflected in current contracts between hospitals and insurers. Recommendations of specific concern to hospitals are outlined below:

- Recommendations to merge existing MBS items (recommendations 4, 16, 18, 21, 22, 28, 29 and 32); and
- Recommendations to amend existing item descriptors which potentially increase the complexity of the procedure (recommendations 5, 6, 8, 9, 18, 33 and 37).

It is the view of the APHA that if the recommendations listed above are accepted by the Australian Government, they should be deferred to allow the industry adequate lead time to negotiate contract changes.

Reforms to private health insurance (PHI)

As a result of Government reforms, commencing 1 April 2019, private health insurance hospital products will be classified as gold, silver, bronze or basic. Existing MBS items will need to be mapped to these new classifications and clinical definitions in order to ensure the Reforms are workable.

Any changes to MBS items arising from the MBS Review, including this Committee's recommendations, will also need to be mapped against the new hospital product classifications and clinical definitions.

Explanatory Notes

The APHA is supportive of the Clinical Committee's recommendation to include Explanatory Notes for existing and new MBS items (recommendations 4 and 10) to support clinical best practice. However, the wording of the Explanatory Notes may have unintended consequences if the provisions in the text are mandatory rather than advisory.

For example, in recommendation 4, the proposed Explanatory Note for MBS items reads:

*"These procedures **should** be performed with the following **requirements**:*

- *In an appropriate setting with ICU availability;*
- *Include multidisciplinary team discussion of patient;*
- *Have patient managed using Enhanced Recovery After Surgery principles;*
- *In a setting with adequate access to stomal therapy nurse services."*

The inclusion of the words ‘should ‘ and ‘requirements’ in the same sentence make it unclear whether the Explanatory Note is an indicator of best practice of whether these are absolute requirements

Ascertaining the text that is mandatory will assist in understanding the impact of the Explanatory Note on access to treatment and the administrative burden on hospitals and clinicians to demonstrate compliance and receive payment. For example, if the text is intended to be mandatory, the Explanatory Note could result in the following:

- reducing patient access to surgery as not all private hospitals currently performing these procedures are likely to have intensive care unit (ICU) facilities;
- reducing patient access to surgery as not all hospitals will have ‘adequate’ access to stomal therapy nurses (noting that the extent to which access is impacted is influenced by the definition of ‘adequate’); and
- increasing administrative, data storage requirements for hospitals and clinicians as they attempt to demonstrate compliance with requirements. For example, including a requirement that a patient is managed using Enhanced Recovery After Surgery (ERAS) principles will require compliance activities which can range from certification by a clinician this has occurred or something more specific to state which ERAS principles were applied; and
- interpretation issues about what is meant by the terms ‘adequate’ and ‘appropriate’ for compliance purposes as these are subjective terms.

Whilst the APHA appreciates the necessity to review and audit certain aspects of the MBS, the Department of Health should remain mindful of administrative and storage burdens these kinds of requirements place on clinicians and private hospitals. The APHA is concerned these requirements must not lead to more complex certification processes than those already required under the Rules.

The above issues could be avoided if the Explanatory Note is re-worded to make it a recommendation for best practice rather than a requirement (which is implied under the current wording).

In making these comments, APHA remains fully supportive of the objectives of the MBS Review and recommendations intended to promote sound, evidence-based clinical practice.

The APHA is largely supportive of the recommendations made in these reports and will therefore not address all recommendations separately. Below are the APHA comments for a select number of recommendations.

Synchronous surgeries recommendations

Recommendation 10: The APHA notes this recommendation creates 10 new MBS items. All new MBS items from the recommendations should be added to the Rules, where appropriate, if adopted by the Australian Government. This may require further consultation by the Department of Health on the appropriate classification. The APHA reserves its view on the classification of these items.

Abdominoperineal resection recommendations – single surgeon

Recommendation 13: The APHA notes this recommendation proposes item 32060 be reworded to:

"Restorative proctectomy involving rectal resection with formation of ileal reservoir and ileoanal anastomosis including ileostomy mobilisation, with or without mucosectomy or temporary loop ileostomy, 1 surgeon (Anaes.) (Assist.)"

Clarification of whether the procedure is 'with or without' temporary loop ileostomy may be required to avoid confusion. This would also be consistent with the amendments to the MBS descriptors to items 32026 and 32028.

Rectal tumour recommendations

Recommendation 16: The APHA notes this recommendation proposes the combination of MBS items 32099 and 32102. As both MBS items are classified as Type A surgical patient procedures under the Rules, the merged MBS item should also be a Type A surgical patient procedure.

Recommendation 18: The APHA notes this recommendation proposes the combination of MBS items 32103 and 32104.

Both items are classified differently under the Rules with item 32103 being classified as a Type A surgical patient procedure and item 32104 being classified as a Type A advanced surgical patient procedure. Consequently, the resultant MBS item number should be a Type A advanced surgical patient procedure to ensure none of the complexity of the latter procedure is lost in the combination of the two items.

Rectal prolapse recommendations

Recommendation 21: The APHA notes this recommendation proposes the combination of MBS items 32111 and 32112. As both items are classified as Type A surgical patient procedures under the Rules, the resultant MBS item should also be classified as such.

Recommendation 22: The APHA notes this recommendation proposes the combination of MBS items 32114 and 32115. As only item 32115 is listed under the Rules (as a Type C Category 3 item), the resultant MBS item number also be classified as a Type C Category 3 item.

Recommendation 25: The APHA notes this recommendation proposes a new MBS item number, which is associated with the use of a prosthesis which is fixed to the rectum.

In order for insurers to cover the cost of the prosthesis associated with this new MBS item, the prosthesis needs to be listed on the Prostheses List. If this is not the case, hospitals would be disadvantaged and be required to absorb the costs of the prosthesis, as their health fund contract arrangements may prohibit this cost being passed on to the consumer.

Furthermore, all new items from the recommendations should be added to the Rules, where appropriate, if adopted by the Australian Government. This may require further consultation by the Department of Health on the appropriate classification. The APHA reserves its view on the classification of these items.

Haemorrhoid, fistula and abscess recommendations

Recommendation 28: The APHA notes this recommendation proposes MBS items 32142 and 32145 be combined into one item.

However, under the Rules, item 32142 is a Type C Category 3 procedure and item 32145 is a Type B non-band specific procedure. Consequently, the resultant MBS item should be a Type B non-band specific procedure to ensure none of the complexity of the latter procedure is lost in the combination of the two items.

Recommendation 29: The APHA notes this recommendation proposes MBS items 32177 and 32180 be combined into one item. As under the Rules both items are Type B non-band specific procedures, the resultant MBS item should be classified the same.

Sacral nerve lead recommendations

Recommendation 32: The APHA notes this recommendation proposes MBS items 32210, 32214 and 32217 be combined into one item.

Under the Rules, items 32210 and 32214 are classified as Type A surgical patient and item 32217 is a Type B non-band specific procedure. Consequently, the resultant MBS item number should be classified as a Type A surgical patient procedure under the Rules to ensure none of the complexity of the Type A procedures are lost in the combination of the three items.

Recommendation 33: The APHA notes this recommendation proposes the wording changes for items 32213, 32215 and 32216.

In relation to the amendments to item 32213, it is not clear whether an MBS payment will be allowable for patients under 18 years of age or those who are older but are pregnant or have perianal sepsis or malignancy. The wording simply states this is contraindicated. This will need clarification for avoidance of doubt in claiming payments.

In relation to MBS item 32215, the descriptor clearly states MBS treatment excludes patients under 18 years of age or over 18 years of age who are pregnant or have perianal sepsis or malignancy. It should be noted age restrictions are difficult to administer and create an administrative burden for hospitals.

Peritonectomy recommendations

Recommendation 38: The APHA notes this recommendation proposes the creation of two new MBS items.

All new items from the recommendations should be added to the Rules, where appropriate, if adopted by the Australian Government. This may require further consultation by the Department of Health on the appropriate classification. The APHA reserves its view on the classification of these items.

Pelvic exenteration recommendations

Recommendation 39: The APHA notes this recommendation proposes the creation of three new MBS items. All new items from the recommendations should be added to the Rules, where appropriate, if adopted by the Australian Government. This may require further consultation by the Department of Health on the appropriate classification. The APHA reserves its view on the classification of these items.

Consumer health literacy recommendations

The APHA supports the promotion of patient health literacy in the context of surgical procedures, including colorectal procedures.

Private hospitals in Australia

The private hospital sector makes a significant contribution to health care in Australia, providing a large number of services and taking the pressure off the already stretched public hospital system.

According to the most recent data available, the private hospital sector treats:

- 4.4 million separations a year.

In 2016–17, it delivered:

- More than a third of chemotherapy
- 60% of all surgery
- 79% of rehabilitation
- 73% of eye procedures
- Almost half of all heart procedures
- 73% of procedures on the brain, spine and nerves.

Australian private hospitals by numbers:

- Half (49%) of Australian hospitals are private
- 657 private hospitals made up of:
    - 300 overnight hospitals
    - 357 day hospitals
- 34,339 beds and chairs
    - 31,029 in overnight hospitals
    - 3,310 in day surgeries
- 69,299 full-time equivalent staff (AIHW 2018, ABS 2018).

The Australian Private Hospitals Association

The APHA is the peak industry body representing the private hospital and day surgery sector. About 70% of overnight hospitals and half of all day surgeries in Australia are APHA members.