



MB17-000951

Date sent to MO: 17/03/17

To: Greg Hunt

Greg Hunt	Date: 19.3.17
Comments: <i>Please prepare a Brief on the process for licensing new private MRI's. I am interested</i>	

Subject: PHONE CALL WITH DR BRENDAN ADLER - ENVISION MEDICAL IMAGING

Date / Time: Sunday, 19 March 2017, 18.00 – 18.30

Location: 0431 271 811

Key Attendee: Dr Brendan Adler, Envision Medical Imaging, CEO and radiologist.

Purpose: Request full magnetic resonance imaging (MRI) Medicare eligibility for Envision Medical Imaging, Wembley, WA

Key Issues:

1. There have been no formal processes to obtain magnetic resonance imaging (MRI) Medicare eligibility since 2012; however, there have been numerous requests from providers seeking eligibility.
2. Providers with MRI Medicare eligibility regularly request permanent and temporary transfers for the Department's consideration.
3. There are currently 13 full MRI Medicare eligible units in metropolitan Perth, nine are private entities and four are public entities. Western Australia has 32 MRI Medicare eligible units (16 full and 16 partial).
4. Envision Medical Imaging (Envision) has contacted the Minister and their local member on at least six occasions since August 2015 seeking Medicare eligibility for their Wembley practice.

Contact Officer:	Jack Quinane	A/g Assis Primary Branch
Clearance Officer:	Maria Jolly	First Ass Medical

Sunday 19 March

6.00PM - 6.30PM

PHONE CALL / 0431 271 811

Dr Brendan Adler, CEO

Envision Medical Imaging



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21 MAR 2017

Parliamentary Section

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 3. There are currently 13 full MRI Medicare eligible units in metropolitan Perth, nine are private entities and four are public entities. Western Australia has 32 MRI Medicare eligible units (26 full and 16 partial).
- Envision Medical Imaging (Envision) has contacted the Minister and their local member on at least six occasions since August 2015 seeking full MRI Medicare eligibility for its Wembley practice.

Contact Officer:	Jack Quinane	A/g Assistant Secretary Primary Care and Diagnostics Branch	Ph: (02) 6289 8430 Mobile: s22(1)(a)(ii)
Clearance Officer:	Maria Jolly	First Assistant Secretary Medical Benefits Division	Ph: (02) 6289 1016 Mobile: s22(1)(a)(ii)

Suggested talking points:

- MRI is a sophisticated and expensive technology. Successive governments have had to ensure that the provision of public funding for MRI is both fair and financially responsible.
- Accordingly, since its introduction on the Medicare Benefits Schedule (MBS), MRI has been carefully managed through a series of targeted application processes as well as provider, requester and item level restriction. These controls help to support the provision of high quality, safe and cost-effective health care for all Australians both as patients and taxpayers.
- The 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.
- The Government is also committed to ensuring the long-term viability of Medicare. Policy priorities will be considered within this context and additional expenditure will be considered when it is responsible to do so. This would include any consideration of expanding Medicare eligibility for MRI units.
- Should an opportunity arise to apply for MRI Medicare eligibility, my Department will notify relevant radiology industry groups.

Attachments:

<u>Attachment A</u>	Key discussion points
<u>Attachment B</u>	Biographical details
<u>Attachment C</u>	Dr Adler, Envision CEO email and submission
<u>Attachment D</u>	Departmental reply to Envision 27 May 2016

1. MRI Medicare eligibility

Funding of additional MRI Medicare eligible units requires formal approval through budgetary processes. Each additional full MRI Medicare eligible unit will cost the MBS in the order of \$1.8 million per year.

MBS expenditure for MRI services/MRI Medicare eligible units 2006 – 2016:

Financial Year	Number of MBS MRI Services	Benefit Paid (\$) million	TOTAL Number of Medicare eligible MRI Units
2006-07	393,519	135.95	100
2007-08	423,749	146.59	110
2008-09	459,259	159.16	125
2009-10	510,510	184.99	125
2010-11	538,058	200.82	125
2011-12	590,936	222.30	125
2012-13	638,064	248.50	349
2013-14	828,719	322.96	349
2014-15	974,302	332.21	351
2015-16	1,025,566	400.86	351

Source: MBS data extracted via Cognos, using date of payment, Feb 2017

MRI Medicare eligibility has been granted to 353 providers:

MRI Eligibility Type	Number of Operational Medicare-eligible MRI Units as of Feb 2017	Number of Non-Operational Medicare-eligible MRI Units as of Feb 2017	Total
FULL	174	1	175
PARTIAL	17	4	178
	48	5	353

Full Medicare-eligible MRI units are able to perform all MRI services listed on the (Medicare Benefit Schedule) MBS with a Medicare rebate for the patient.

Partial Medicare-eligible MRI units are currently able to perform 44 MRI items listed on the MBS. These items include:

- GP requested items for children under the age of 16 years;
- GP requested items for patients 16 years and over;
- a range of cancer staging services such as breast MRI and rectal MRI;
- Poly Implant Protheses (PIP) breast items that are currently approved; and
- approved Crohns disease MRI items.

Non-Operational Medicare-eligible MRI Units refers to units that were planned at the time of application, yet installation has been delayed, for example planning approvals delayed or negotiations between providers and third parties are not resolved.

There has been no formal process to apply for MRI eligibility since 2012. After the closure of the last application round in December 2013, the Department has received over 160 requests for MRI Medicare eligibility from providers. On this basis, the Department estimates that potentially there are 160 machines operating in Australia without access to Medicare rebates.

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Outside the formal application process the Government has approved four additional MRI Medicare eligible units:

MRI approvals 2016-2017	Commencement date	MRI eligibility
Mt Gambier Hospital, NSW	27/04/2015	Full
Epworth Hospital Richmond, VIC	25/09/2015	Full
Maroondah Public Hospital, VIC	1/01/2017	Full
Frankston Public Hospital, VIC	1/01/2017	Full

Medicare eligibility for MRI is currently granted via the *Health Insurance (Diagnostic Imaging Services Table) Regulations* through a Deed of Undertaking between the MRI provider and the Commonwealth. Medicare eligibility is granted to a specific provider, in a specified location, for a specific piece of "eligible equipment".

2. MRI eligibility transfers

MRI deed holders can apply to the Department to transfer their eligibility to another site. This can either be on a temporary or permanent basis. Temporary transfers are usually short term and requested for reasons such as equipment or building maintenance. Permanent transfers are requested in situations such as the sale or relocation of a business. When assessing requests from MRI providers to transfer MRI Medicare eligibility, the Department takes into account a range of factors including:

- Patient outcomes - whether the transfer will improve patient access and contribute to better health outcomes for the identified patient population.
- Access to Medicare-eligible MRI services, including factors such as current waiting times for access to existing Medicare-eligible MRI services in the area.
- Service population, for example, if the relocated equipment will service substantially the same patient population.

The Australian diagnostic imaging market is not as concentrated as the pathology sector, with no provider holding more than 17.7%¹ market share. Anecdotal evidence suggests that some corporate providers may factor in existing MBS MRI deeds into their acquisition strategies.

The first permanent long distance MRI deed transfer approved by the Department was in October 2015 (Rockhampton to the Sunshine Coast, QLD). However, due to industry concerns expressed after this transfer approval, the Department reviewed its processes. Transfer requests that include a move of substantial distance are now only granted on a temporary basis for 12 months, and Ministerial direction is sought. This provides the Department with the opportunity to reverse its decision, if necessary.

On 24 November 2016, the Minister of Health approved the temporary swap for a period of 12 months of full and partial Medicare eligibility between Capital Radiology's practices: Lime Avenue Radiology in Mildura (full eligibility) and Imaging @ Olympic Park (partial eligibility), Victoria.

¹ IBIS World Industry Report Q8522 Diagnostic Imaging Services in Australia December 2016

3. Full MRI Medicare eligible units in metropolitan Perth

There are currently 13 full MRI Medicare eligible in metropolitan Perth, nine are private entities and four are public entities. The matter of large corporations controlling the MRI market in Perth has been raised before by ^{s38}

MRI Medicare eligible practices in metropolitan Perth

Eligibility	Metro Perth Location	Registered business entity
FULL	Perth South	^{s38}
FULL	Perth North	
FULL	Perth North	
FULL	Perth North	
FULL	Perth South	
FULL	Perth North	
FULL	Perth North	
FULL	Perth North	
FULL	Perth North	
FULL	Perth North	
FULL	Perth North	
FULL	Perth South	
FULL	Perth South	

Number of MRI Medicare eligible units in Western Australia

Registered business entity	Full	Partial	Total
Envision ^{s38}		1	1

4. Envision Medical Imaging

Envision, like many other diagnostic imaging providers, are seeking full MRI Medicare eligibility.

Envision claims:

- All full MRI Medicare eligibility has been granted to private practices in metropolitan Perth that are owned by two large corporates and this has curtailed competition and resulted in poor patient access.
- In 2012, all regional centres with compliant MRI units were granted full MRI Medicare eligibility and none were granted to metropolitan Perth.
- Capital Radiology was granted permission to swap its full and partial MRI eligibility between its practices in Mildura, Victoria and Olympic Park, Melbourne.
- The applications for cardiac and prostate MRI currently under consideration by Medical Services Advisory Committee (MSAC), if recommended for a Medicare rebate, should be conducted on the most appropriate technology with the most experienced diagnostic imaging professionals.

Envision's email and submission are at **Attachment C**.

The Department's most recent reply to Envision's request for eligibility is at **Attachment D**.

This document has been released under the Freedom of Information Act 1982 by the Department of Health

Dr Brendan Adler

Dr Brendan Adler is the CEO and radiologist at Envision Medical Imaging. Dr Adler has completed three fellowships in radiology including thoracic radiology focusing on interstitial lung disease, musculoskeletal radiology and intervention. In 2008 Brendan completed a cardiovascular imaging fellowship with particular interest in Cardiac MRI and Coronary CTA.



This document has been released under the Freedom of Information Act 1982 by the Department of Health

Burgess, Lisa (G. Hunt, MP)

From: Brendan Adler <badler@envisionmi.com.au>
Sent: Monday, 13 March 2017 1:32 PM
To: s22(1)(a)(ii)
Subject: Meeting Request to discuss specialist MRI licensing [SEC=No Protective Marking]
Attachments: Envision MRI.docx

Hi s22(1)(a)(ii)

Thank you for your letter to Jane who is on leave this week.
I greatly appreciate the opportunity to speak to the Minister given his evidently busy schedule.

I assume the Minister has access to earlier correspondence to the previous Minister Ley.

However, I would like to provide the attached summary which incorporates more recent events.

Kind Regards,
Brendan.

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Achieving improved patient outcomes in the provision of MRI rebates

MRI represents one of the most important radiological techniques that does not use potentially cancer-causing ionising radiation. Since MRI rebates were introduced in 1998, the Perth population has risen from 1.3 to 2 million. All eight private practice full licenses in the metropolitan area have been granted to the two large corporate practices creating a longstanding duopoly which has curtailed competition and resulted in poor patient access to expert MRI services in Perth.

Envision is a medium sized, low volume, quality driven radiology practice primarily catering to specialist referral. We are the preferred provider for multiple elite sporting teams due to the quality of our service. Almost all specialist referred prostate and cardiac imaging is currently performed at Envision due to the complexity of this work.

In 2012, all regional centres with compliant MRIs were granted full licenses. None were granted in the Perth metropolitan area. Feedback from the Department at the time was that despite an excellent submission, Envision's application was rejected due to us being too close to existing licence holders.

Notwithstanding this, the department has allowed Capitol Radiology to swap a full licence from Mildura to Melbourne originally granted for its regional location. Additionally in Perth, a partial license that had not been used since 2012 was allowed to be transferred to another suburb 20 km closer to the CBD.

It is worth noting that Envision has been located as close to our referring specialists as possible. Patients referred to us from specialists will commonly drive to outer metropolitan suburbs to have their scan on an MRI machine which attracts a rebate given closer existing licensed MRIs are full. They will typically be imaged on older 1.5T MRI units rather than our recently acquired high end 3T MRI machine given there is no incentive for existing full licence MRIs to be upgraded in the absence of any real competition.

MSAC is currently considering rebates for prostate and cardiac MR imaging. Were these granted exclusively to full licensed MRI units, there would be little doubt that as with other studies, patients would be forced to be imaged on a rebated scanner. This would be despite these older units not being optimised for these kinds of studies and being performed by technical staff without years of experience. In addition, the studies would be interpreted by radiologists who have not been routinely interpreting these studies.

Envision is of the opinion that:-

1. The granting of a full licence to Envision would likely change where patients have their studies with little or no budgetary impact given these patients are having their scans rebated on other machines elsewhere.
2. By granting us a full license and levelling the playing field with the two big corporate practices, the government would increase the choice available for patients and their doctors. The Commonwealth would benefit because patients would receive a better service for their rebate as their scans would be performed on a newer, better MRI machine and would be reported by more experienced and skilled radiologists.
3. We are confident that Envision would have been granted a full license if licensing was based on the MRI service quality a practice provided and that granting us a license would be helpful to the people of Perth and their care.

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