

**From:** COTTERELL, Simon  
**Sent:** Tuesday, 14 August 2018 14:02  
**To:** s 22(1)(a)(ii)  
**Cc:** Smith, Ann; s 22(1)(a)(ii) STREET, Celia; s 22(1)(a)(ii)  
SHAKESPEARE, Penny  
**Subject:** Pathology Approved Collection Centres: Enhanced Compliance  
[SEC=UNCLASSIFIED]

Dear colleagues

### **Pathology Approved Collection Centres: Enhanced Compliance**

In the 2017-18 Budget, the Government announced that it would be strengthening compliance activities for pathology Approved Collection Centres (ACCs). This was to include enhancing data analytics capabilities and increasing targeted compliance activities to ensure that the arrangements between doctors and approved collection centres are in accordance with the existing provisions of the *Health Insurance Act 1973* (the Act) and associated regulations.

In the second half of 2017, the Department of Health (the Department) undertook consultations to update The Red Book which provides guidance on the prohibited practices provisions of the Act. The updated Red Book is available at: <http://www.health.gov.au/internet/main/publishing.nsf/Content/pathology-rents>

In the first half of 2018, the Department has been working to ensure that all stakeholders are aware of the laws and the Department's approach to enforcement.

The Department has also commissioned data analytics work on the rents being paid for pathology ACCs and associated patterns of requests for MBS-funded pathology services. The Department has identified a number of patterns of concern in the data, which may be indicative of potential breaches of the prohibited practices provisions of the Act. The patterns of concern to the department include:

- Payment of rents for ACCs which are not collecting any specimens, or where the MBS payments for the number of specimens collected are significantly lower than the rent paid.
- Requesters switching all or a very high proportion of their requests for pathology on practitioner-collected specimens to a new Approved Pathology Authority (APA) after that APA enters into a new, higher-paying rental agreement for an ACC associated with the requester.
- Payment of concerning high rents, much higher than a range of comparable benchmarks regarding size, location and ACC type.

In coming weeks, the Department will be issuing request for information letters regarding approximately 450 ACC lease arrangements, seeking detailed information to assist us in assessing whether further investigation is required. These letters will include more urgent initial requests to lessees of ACCs seeking to confirm contact information for lessors.

The Department has briefed pathology and general practice stakeholder groups about this process. We are happy for you to share this information with your members.

### **Further information**

For any questions relating to the content of this email, please contact [pathology.rents.section@health.gov.au](mailto:pathology.rents.section@health.gov.au)

Best regards

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s 22(1)(a)(ii)

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