



Australian Government

Department of Health

<Date>

<Title> <Name> <Surname>
<Address Line 1>
<Practice Name>
<SUBURB> <STATE> <Postcode>

**Request for
Information**

Dear <Title> <Surname>

Strengthening Compliance - Pathology Approved Collection Centres

The Department of Health has previously engaged with **[relevant APA] OR [pathology industry participants, including Australian Pathology and Public Pathology Australia]** regarding its commitment to strengthen compliance under the prohibited practices provisions set out in Part IIBA of the *Health Insurance Act 1973* (Cth) (the Act), as they relate to Pathology Approved Collection Centres (ACC).

As outlined in the Pathology Rents Compliance and Enforcement Strategy¹, the Department will focus on rents that represent the greatest risk to the integrity of Medicare benefits claims. In this regard, the Department will work with both providers and requesters of pathology services to encourage voluntary compliance with the Act.

What do I need to know?

The Department has recently undertaken an analysis of rents asked for, offered, accepted or provided in relation to ACC premises. During its review of ACC rental data, the Department identified the rent payable at **[number]** of **[relevant APA]** ACC premises to be much higher than a range of comparable benchmarks regarding size, location and ACC type. Attachment A outlines the details of the relevant ACC premises.

A high rent may, in certain circumstances, be a "prohibited benefit" for the purposes of the Act, and put **[relevant APA]** at risk of contravening the prohibited practices provisions of the Act.

If ACC non-claiming

The Department has also identified **[number]** of **[relevant APA]** ACC premises which do not appear to have collected pathology specimens for any pathology services for which Medicare benefits have been claimed. Attachment B outlines the details of the relevant ACC premises.

Rent for an ACC premises that does not collect any specimens for pathology services for which Medicare benefits are claimed may, in certain circumstances, be a "prohibited benefit" for the purposes of the Act, and put **[relevant APA]** at risk of contravening the prohibited practices provisions of the Act.

¹ The Pathology Rents Compliance and Enforcement Strategy is provided in Appendix A of the Red Book, which can be accessed from the following link: <http://www.health.gov.au/internet/main/publishing.nsf/Content/pathology-rents>

What do I need to do?

Confirmation of lease details

To ensure that our records are accurate and up to date, the Department requests that you confirm whether the lessor name, annual rental amount (including GST) and net floor area figures for each ACC specified in Attachment A and Attachment B, are correct and still current. We would appreciate if **[relevant APA]** could confirm these details by close of business **[insert date 10 business days after date of letter]**.

This information will enable the Department to send targeted request for information letters to relevant lessors.

Information about lease arrangements

The Department also requests **[relevant APA]** to provide a copy of the signed lease agreement by both parties (including any variations) for each of the ACC's specified or other documentation which identifies the correct figures, as well as any additional information and documentation that may assist in understanding the circumstances surrounding the individual lease arrangements and conditions of each of the ACC's specified in Attachment A and Attachment B.

In particular, the Department would be interested in material relating to:

- the process used and decisions made to determine the annual rental amount (for example, correspondence and other records relating to the negotiation of the lease);
- any information and supporting documentation you consider may be relevant to determining market value rent for each ACC; and
- the reasons why certain ACCs have not collected any specimens for pathology services for which Medicare benefits have been claimed.

It would be appreciated if you could provide copies of signed lease agreements and any other supporting information or documents by close of business **[insert date 20 business days after date of letter]**.

Giving false or misleading information is a serious offence.

Your response should be emailed to pathology.rents.section@health.gov.au.

The Department will review your responses to determine what further steps are required (if any) to ensure compliance with the Act.

It is important to note that the Department has initially identified the ACC's specified in Attachments A and B as warranting a request for further information. Further analysis may identify other **[relevant APA]** ACC's which may also warrant further requests for information.

More information about the Department's compliance and enforcement activities in relation to ACCs can be found at <http://www.health.gov.au/internet/main/publishing.nsf/Content/pathology-rents>.

If you have questions about this request or require additional information, please contact pathology.rents.section@health.gov.au.

Yours sincerely

Ann Smith
Assistant Secretary
Compliance Operation Branch
Provider Benefits Integrity Division
Department of Health

Attachment A – concerning high rental arrangements

ACC name	ACC number	Lessor name	Annual Rental Amount (inc GST)	Net floor area (m ²)

EXAMINER ONLY

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Attachment B – non-claiming ACCs

ACC name	ACC number	Lessor name	Annual Rental Amount (inc GST)	Net floor area (m²)

EXHIBIT ONLY

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