



Medical Technology
Association of Australia

Department of the Treasury
Federal Budget 2010-11

Submission by
Medical Technology Association of Australia

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Medical Technology for a Healthier Australia

1. Executive Summary

The primary proposal from the Medical Technology Association of Australia (MTAA) for consideration in the setting of the federal Budget for 2010-11 is the establishment of a national scheme to provide subsidized patient access to essential consumable items for sub-acute care in the community (Essential Care Scheme). The proposed national scheme combines existing State and Federal schemes into a federally funded and administered scheme and includes a small number of other medical items not currently subsidized but essential to patient care. There would be a consequential adjustment in funding between the Commonwealth and the States to take account of the establishment of a Commonwealth scheme.

MTAA estimates the amount at in a range of \$216,768,507 to \$667,468,391 per annum. This amount does not take into account any savings attributable to the extraction of administrative costs from the current multiplicity of arrangements across Commonwealth and State health budgets, nor does it take into account the contribution made to the economy through earlier return to work or the benefits of patients remaining in their homes rather than requiring hospital admission.

The proposed national scheme is modeled on a simplified form of the Pharmaceutical Benefits Scheme, with subsidized access to specific products following assessment of need by a healthcare professional.

2. About the Medical Technology Association of Australia and the medical technology industry

The Medical Technology Association of Australia (MTAA) represents the manufacturers, exporters, importers and distributors of medical technology products in Australia. Medical technologies are products used in the diagnosis, prevention, treatment and management of disease and disability. Products range from commonplace, everyday items such as hospital gowns and syringes, to high technology items such as cochlear implants and cardiac defibrillators, in vitro diagnostic products and diagnostic imaging equipment. Products also include consumable items used in sub-acute care such as woundcare dressings and compression bandages, insulin and pain relief pumps, glucose monitors, and many others.

The medical technology industry in Australia has a turnover of \$6 billion, with exports of \$1.3 billion, in 2007-08. The industry employs more than 17,000 Australians and invests heavily in research and development, often working closely with the clinical users of products, to improve the quality and usability for patients.

3. Establishment of a national essential care scheme

The scheme for an Essential Care List scheme will enable subsidised access to essential care medical technologies that provide necessities to chronically ill or incapacitated patients in the community setting. The items intended for inclusion in the scheme are consumable, single use, non-implantable medical products, together with the hardware that the consumables are used with, essential to maintain an acceptable quality of life of afflicted patients who without government subsidy would not have adequate access to life supporting medical technology.

At present many of these essential care items are either unfunded or, if funded, vary in availability and subsidy depending on the place where the patient lives. Some assistance is available from the Federal Government, other support is from State Governments. Some products are provided ex gratia by healthcare practitioners who understand the need of the patient for the benefit that can be gained from use of a particular product.

The National Health and Hospitals Reform Commission in its *Final Report*¹ recognized the deficiencies in this area of patient care. The Commission initially examined sub-acute care in its *Interim Report*², where it stated that the patchwork of safety nets, including different eligibility rules and requirements for different services, is not compatible with a high-performance, productive health system, where the right services are provided to the right person at the right time³. While many of the products used in sub-acute care are essential to maintain the dignity and quality of a patient's life, there are also examples of where appropriate use of products can work to reduce cost and burden in the healthcare system.

In the *Final Report*, the Commission states that sub-acute services may help people avoid unnecessary visits to hospitals or premature admission to a residential aged care service⁴. The Commission recommended a substantial investment in, and expansion of, sub-acute services which can be provided outside acute hospitals⁵. The investment already approved by the Council of Australian Governments in December 2008, needs to be increased, both through the provision of additional funding for capital infrastructure but also by "expanded access to independent living aids and equipment that allows people to better manage their health conditions while living at home"⁶.

MTAA acknowledges the need to provide a robust framework to ensure that the proposed system does not become too complex or expensive. There are several key issues to consider in scoping the scheme. There are also some useful lessons that can be learned from the review by the Department of Health in the United Kingdom of Part IX of the Drug Tariff.⁷ MTAA's conception of an Australian scheme is that it will operate similarly to a very simplified Pharmaceutical Benefit Scheme. While many of the products likely to be included in the scheme do not require a health technology assessment, there are some products which lend themselves to differential pricing based on additional patient benefit to attract an uplift on the base level or benchmark price.

MTAA has consulted widely on the possible structure and operation of the scheme. Bodies consulted are listed at Annex D. In addition MTAA has consulted with a wide range of companies which supply consumable products in the sub-acute area.

3.1 Issues for consideration

There are several key issues for consideration in shaping the scheme:

- Entry point into scheme
- Product range
- Current Australian Government funded schemes
- Pricing
- Delivery mechanisms.

3.2 Entry point into the scheme

Assessment by a healthcare professional is an essential element to ensure that the correct product is identified for the patient need. There is also an ongoing need to correctly assess patient demand from the wider perspective of related health needs.

¹ National Health and Hospital Reform Commission, *A Healthier Future for all Australians: Final Report June 2009*

² National Health and Hospital Reform Commission, *A Healthier Future for all Australians: Interim Report December 2008*

³ *Interim Report* at page 308

⁴ *Final Report* at page 105

⁵ *Final Report* at page 106

⁶ *Ibid*

⁷ UK Drug Tariff Part IX established under Section 41 of the NHS Act 1977

Listing of products on the Essential Care List (ECL) will allow appropriately authorised, qualified and credentialed healthcare professionals to prescribe or establish an entitlement to ECL items for all clinically eligible Australian patients in the community setting. It is not proposed to limit patient access according to status (whether privately insured or not), income, age or any other discriminator but neither is it proposed to exclude co-payments. It may be that a means test is appropriate to determine the level of co-payment. The eligibility of patients should be based on clinical criteria, developed in consultation with the broader community of healthcare stakeholders.

Products listed on the ECL may also be available through other pathways without assessment, but in these circumstances they would not be funded under the scheme. The patient's entitlement to a product with a subsidy would require at least an initial assessment by a healthcare professional followed with appropriate subsequent assessment. The subsequent assessment ensures that the healthcare professional can determine appropriateness of treatment and familiarise a patient with any new product.

The following criteria are proposed for products to be listed on the ECL:

- products are essential to the patient's quality of life or survival, in all settings outside hospitals including the community setting and residential care
- products should be capable of self administration or administration with the help of a carer or, if required, by a relevant healthcare professional (which would include home visiting nurses)
- products must be safe and efficacious and, where regulated, included on the Australian Register of Therapeutic Goods (ARTG)
- products are appropriate for prescribing in the community setting
- products are clinically effective – required levels of clinical evidence will be higher where similar products have not been listed before or where a manufacturer or supplier seeks a higher price than for similar products already listed
- the cost of the product is relative to its clinical effectiveness.

Entry of products into the scheme will need to be determined by an appropriate assessment body, in particular if the product is a new category of product, or is at the margin of existing listed products. In assessing quality of life, there are many potential measures including the social outcomes such as whether the patient is able to remain in their own home, and have the capacity to engage socially. The current review of Health Technology Assessment, commissioned by Ministers Roxon and Tanner, should result in an improved process for assessment and listing of products.

Many of the products will have limited clinical data. The assessment body should issue guidelines to ensure that an application is appropriately supported.

3.3 Product range

In general the products contemplated by the scheme can be characterised as aids for daily living that are for the critical care of a patient or that improve the quality of a patient's life. These will often be consumable items that are low technology. In some cases however they may be durable products, and may involve much higher levels of technology sophistication. The product range will also include the hardware that is supported by the consumables.

The scheme requires flexibility and redundancy to ensure that the range is not limiting but also that it does not grow to a disproportionate size. The scheme requires a methodology by which other items can be added. There also needs to be a mechanism by which products can be removed from the ECL. There is some natural redundancy in that suppliers will withdraw products that are out of date or superseded. However there are some circumstances where patients continue to use products long after they have been superseded because of familiarity

and confidence in the older product. To this extent there may need to be capacity to maintain availability of small numbers of otherwise redundant products.

Budget 2008/09 DVA Portfolio Outcome 2 for the Department of Veterans Affairs refers to entitled individuals having “access to health and other care services that promote and maintain self sufficiency, well-being and quality of life”. The Repatriation Pharmaceutical Benefits Scheme (RPBS)⁸ and the Rehabilitation Appliance Program (RAP)⁹ are instructive for the range of products accessed by entitled individuals to meet the aims of support in the community to be as independent and self-reliant as possible in their own home. Product ranges covered by the schemes are comprehensive and fall into the major categories of: pharmaceuticals and wound dressings (RPBS); continence, diabetes, oxygen and continuous positive airways pressure (CPAP), mobility and functional support (MFS), and personal response systems (through the RAP). It is not proposed that non-medical products be available through the ECL, however DVA objectives, entitlement and prescribing guidelines are informative in the development of ECL parameters.

Products identified in an initial scope of the scheme include:

- Oxygen supplies/consumables
- Compression hosiery, bandages and garments for lymphoedema
- Continence products
- Modern wound care devices (including wound dressings)
- Breast prosthetics (non-implantable)
- Pumps and consumables for insulin delivery, and continuous flow pumps for drug delivery, together with consumables
- CPAP/sleep apnoea devices
- Laryngitic products
- Diabetes consumables (pens, strips, pump consumables)
- Home dialysis devices, consumables and set-up costs

As many patients will have their first exposure to a product as a consequence of hospitalisation, there may need to be a mechanism to ensure a broader availability of products in the hospital system, as well as ongoing access to products introduced to the patient in hospital where these are judged most appropriate.

3.4 Current Australian Government funded schemes

Of the products identified above, continence and diabetes consumables are funded through schemes established by the Australian Government. Ostomy products are also funded by the Australian Government but have not been scoped within this Budget proposal.

Approximately 862,200 persons benefited from services and consumables provided under the National Diabetes Services Scheme (NDSS) in 2007/2008¹⁰. The products are provided to people registered with NDSS through Diabetes Australia offices, by mail order and through accredited sub-agents such as pharmacies, hospital clinics and other outlets. Diabetes Australia also provides a range of educational and information services to assist in the best use of

⁸ The Repatriation Pharmaceutical Benefits Scheme (RPBS) provides a wide range of pharmaceuticals and dressings at a concessional rate for the treatment of eligible veterans, war widows/widowers, and their dependants. - DVA FACTS - HSV92
<http://www.dva.gov.au/factsheets/documents/HSV92%20Repatriation%20Pharmaceutical%20Benefits%20Scheme.htm?ID=1080276318040>

⁹ “The Rehabilitation Appliances Program (RAP) assists veterans, war widows and widowers and dependants to be as independent and self-reliant as possible in their own home.” RAP National Schedule of Equipment, 1 September 2008

¹⁰ Department of Health and Ageing Annual Report 2007-2008 page 63

products and the effective self management of diabetes.

Products available through the NDSS include:

- pen needles and syringes
- special injection system needles
- blood and urine glucose testing strips
- insulin infusion pump consumables.

The Australian Government also provides a subsidy to eligible people through the Continence Aids Assistance Scheme (CAAS)¹¹. CAAS assists eligible people who have permanent and severe incontinence to meet some of the costs of continence products. CAAS is administered on behalf of the Australian Government by Intouch, the commercial arm of the Spinal Injuries Association Incorporated. CAAS clients receive a subsidy of up to \$479.40 per year on continence products ordered through Intouch.

From 1 July 2010 CAAS will be replaced by a new scheme, the Continence Aids Payment Scheme, which will provide a direct payment to patients enabling them to shop around and identify the best value product for their needs. The level of subsidy will remain unchanged, subject only to the existing indexation which applies. Some states also provide top-up funding.

The total cost of the aids and appliances schemes funded by the Commonwealth in 2007/2008 was \$187,442,000¹². The scope of products included in this figure is not disclosed but is assumed to include the three funded areas discussed above.

A list of States' schemes is at Annex B.

There is inconsistent funding across Australia for modern wound care devices (MWCD). While most states do not fund MWCD some do, but to a limited extent (in South Australia and Western Australia dressings are provided to a limited degree by home nursing services). In NSW the NSCCAHS has subsidised MWCD on a trial basis in the Central Coast. Other products have varying levels of funding or subsidy. Where a product is not funded, patient access is limited to those with the capacity to pay, or at times, through the good graces of treating healthcare professionals.

In the 2009 Federal Budget the Government made a small but significant contribution to assist patients suffering from Epidermolysis Bullosa with a national dressing scheme worth \$16.4 million over four years from January 2010. The Department of Health and Ageing will be seeking an appropriate service delivery organisation to supply products to eligible patients.

3.5 Pricing

The scheme is not intended to be fully-funded. As at present with the identified products, there is a degree of patient co-contribution. The scope of the co-contribution will be dependent on the funding model adopted. For example, under current arrangements the co-payment by an ostomate is the fee to be a member of an ostomy patient association. The patient associations are run on a voluntary basis so the service provided by the associations has a cost equivalence.

One concern in imposing significant levels of patient co-payment for some products is an increase in patient non-compliance with the possibility that patients will reuse consumable products rather than replace them, with consequential health implications.

¹¹ <http://www.health.gov.au/internet/main/publishing.nsf/Content/continence-caas.htm> accessed 10.02.09

¹² Department of Health and Ageing Annual Report 2007-2008 page 66

There needs to be a mechanism by which products can be reviewed and reassessed as they date and no longer provide the additional patient benefit in comparison with competing products in the same group. Price review also needs to take account of longevity of product life cycles which means the development costs may be amortised over long periods of time.

The cost effectiveness assessment needs to be kept simple. However the analysis needs to be sufficiently robust to take account of societal factors, including both patient benefit and broader benefits to the Australian economy such as the capacity of a patient to engage in the workforce, remain in their home, or reduce dependence on a carer.

A reasonable approach is to have one level of funding for 'entry level' which is a generic price applied to all products within a product band within the scheme. Additional reimbursement may be appropriate for a premium product which provides improved product effectiveness on an evidence-based assessment. Any health technology assessment should be by a professional independent body with the capacity to conduct the clinical assessment of the claims made. A price review mechanism should be incorporated to allow for changing circumstances (e.g. cost of raw materials and oil) and consideration of CPI effects.

3.6 Delivery mechanisms

There are multiple delivery mechanisms for the products currently supplied under the various schemes funded by the federal and State Governments. These include consumer groups, pharmacists, healthcare professionals, contractors and manufacturers/suppliers.

There are particular reasons why a 'one size fits all' solution may not be appropriate. Consumer or patient groups provide more than simple product supply by offering a support network and social connection that would not be available through traditional supply routes such as pharmacies. The delivery of some products may be more critical in certain circumstances and varied performance criteria for delivery may be appropriate.

One option would be to consider multiple supply routes, with pharmacies as the default in the absence of other appropriate supply mechanisms. The reimbursement of the supply should be fixed to ensure that the scheme remains manageable – an example is the scheme operated under Part IX of the Drug Tariff in the UK (see Annex C for a more detailed discussion). Supply costs should be an integral component of the scheme to ensure that the cost to the consumer remains constant and predictable regardless of location of the consumer and method of supply.

Other delivery options include by post, by relevant healthcare professionals (such as home visiting nurses), through community pharmacies, or through appliance contractors (as in the UK). Under the NDSS the same price point applies regardless of whether the products are supplied by a pharmacy or by Australia Post. One issue that may arise is the capacity of pharmacies to ensure an adequate stock of products with low demand.

There are other schemes on which to draw for design of an effective scheme in Australia. A discussion of these schemes is included at Annex C.

4. Cost-benefit of proposed scheme

MTAA has developed its funding estimate by assessing:

- Current federal expenditure as reported by Department of Health and Ageing in its Annual Report 2007-08
- Analysis of State expenditure on relevant products within aids and appliances schemes
- Analysis of data sourced from relevant patient groups
- Health research bodies.

The estimate is within a range of \$216,768,507 to \$667,468,391, depending on the degree to which relevant hardware associated with the consumables, is included. It should be noted that available data are very limited and that MTAA has made numerous assumptions in order to produce each estimate. The estimates do not take account of reimbursement available to privately insured patients for items listed on the Prostheses List although very few of the items discussed in this submission in fact are eligible for reimbursement. The assumptions on which the estimates are based are at Annex A.

The funding estimate assumes the integration of funding currently sourced from a mixture of Commonwealth and State schemes into one scheme centrally funded and administered by the Commonwealth. MTAA has not taken into account, and does not have access to data to quantify, the administrative savings achieved through integration of the current State and Commonwealth schemes into one centrally-administered scheme. There would be a consequential financial adjustment between the Commonwealth and States.

The scheme cost also does not take account of the savings generated as a result of interventions and treatments which enable a patient to live independently in his/her own home. There may also be benefit to the taxation system through return to work by patients who can manage their independence and contribute as productive members of the tax-paying workforce.

5. Conclusion

MTAA submits that the proposed scheme be given serious consideration in the context of the 2010-11 Budget. We are cognizant of the fact that the Budget this year will not have much capacity for investment in new programs. However as many of the products referred to in this submission already receive some form of funding, and are subject to multiple administrative arrangements across the Commonwealth and the States, we believe that the scheme, when established, will in fact deliver savings to the healthcare system. In addition there are numerous benefits, such as one central scheme which enables patients more easily to navigate entitlements to support for medical products at a time when they are often least able to do so.

Patients will be assisted to live a more independent life, with less reliance on hospital care, and more able to return to the workforce in many cases.

Annex A
Assumptions of costing for items proposed for
Inclusion on Essential Care List

ECL Category	ECL least conservative cost (may include device)	ECL most conservative cost (consumables/rental only)
Oxygen supplies/consumables	13,766 x \$3,945 (average cost of concentrator and \$200 consumables) = \$54,306,870	13,766 x \$1,700 = \$23,402,200
Compression hosiery, bandages and garments for lymphodaema	300,000 (assumes funding for patients with all forms of primary and secondary lymphodaema) x \$300 = \$90,000,000	10,000 (this number assumes funding for chronic patients only) x \$300 = 3,000,000
Continence products	18,000 x \$610 ¹³ (this is the average of the subsidies for each state/territory, incorporating the \$490 from CAAS = \$10,980,000	18,000 x \$490 = \$8,820,000
Modern wound care devices (including wound dressings)	200,000 (chronic wounds), includes venous leg ulcers x \$259 ¹⁴ = \$51,800,000	Chronic ulcers: 200,000 x \$154 ¹⁵ = \$30,800,000
Breast prosthetics (non-implantable)	\$6,200,000 (allocated pa)	\$6,200,000 (allocated pa)
Insulin pumps and continuous flow pumps, and consumables (pens, strips, pump consumables)	~\$8,444,233 per year allocated for IPCs ¹⁶ . The cost of covering additional IPCs for pump users is: batteries (\$84 pa) + lancets (\$24 pa) + skin adhesives and swabs (\$335 pa) [5,000 x \$443 =	~\$8,444,233 per year allocated for IPCs ¹⁸ . The cost of covering additional IPCs for pump users is: batteries (\$84 pa) + lancets (\$24 pa) + skin adhesives and swabs (\$335 pa) [5,000 x \$443 = \$2, 215,000]. Total: \$10,659,233

¹³ Moore et al. (2006). Development of a Framework for Economic and Cost Evaluation for Continence Conditions. Australian Government Department of Health and Ageing.

¹⁴ Gross, P. & Graves, N. (2006). The cost-effectiveness of modern wound care devices in the treatment of venous leg ulcers. Health Group Strategies Pty. Limited and Institute of Health Economics and Technology Assessment.

¹⁵ Approximated cost taken from funding per person for 2010-2011 Epidermolysis Bullosa Dressing Scheme.

¹⁶ NDSS statistics.

	\$2, 215,000]. The cost of covering 2,500 ¹⁷ pumps at \$8,000 each = \$20,000,000 Total: \$30,659,233	
CPAP/sleep apnoea devices	16,000 ¹⁹ x \$1,800 (machine) + \$350 (consumables) (\$2,150) = \$34,400,0	16,000 x \$350 (consumables only) = \$5,600,000
Laryngitic products	500 x \$5,000 (speech generating devices and accessories) = \$2,500,000	500 x \$1200 (basic artificial larynx and accessories inc batteries) = \$600,000 Or 500 x \$450 (voice prosthesis) = \$225,000 Consumables ²⁰ only; shower protector (\$60), stoma cover (n=50, \$65), laryngectomy tubes (n=4, \$265), cleaning kit (\$66) = 500 x \$456 = \$228,000
Home dialysis devices, consumables and set-up costs	10,062 x \$38,424 = \$386,622,288	10,062 x \$12,727 = 128,059,074
TOTALS	\$667,468,391	\$216,768,507

Note:

Australian Government – Department of Health and Ageing (DoHA). Annual Report 2008-2009. The 2009-2010 budget for Program 2.4 is \$203,735 ('000).

The total cost of the aids and appliances schemes funded by the Commonwealth in 2007/2008 was \$187,442,000²¹. The scope of products included is assumed to include the NDSS, SAS and the CAAS.

¹⁷ Approximate number of new users of insulin pumps per year.

¹⁸ NDSS statistics.

¹⁹ In 2004 there were 68,000 full PSGS performed in Australia. If you assume 66% were diagnostic and half of these went onto CPAP and most (70%) stayed on it, the CPAP figure would be 16,000.

²⁰ www.trachs.com

²¹ Department of Health and Ageing Annual Report 2007-2008 page 66.

ANNEX B
Summary Information on State and Territory aids and appliance (including equipment) programs

State/ Name of program	Aids covered	Program Administration and Eligibility.	Website
QLD – Medical Aids Subsidy Scheme (MASS).	<ul style="list-style-type: none"> • Communication aids (eg electro larynxes) • Continence aids • Daily living aids (eg. bathroom aids) • Medical grade footwear • Mobility aids (including wheelchairs) • Orthoses • Oxygen cylinders and concentrators 	<ul style="list-style-type: none"> • Eligible patients are those with a disability that are permanent residents of QLD and hold a QLD Seniors Card or a relevant Commonwealth Concession Card. 	http://www.health.qld.gov.au/mass/
VIC – Victorian Aids and Equipment Program (AEP)	<ul style="list-style-type: none"> • Non-disposable continence aids • Electrolarynxes and voice prostheses • Electronic communication aids • Environmental control units • Equipment for personal use • Basic home modifications • Lymphoedema compression garments • Mobility aids • Orthoses • Oxygen • Pressure care equipment • Ramps (permanent and portable) • Wheelchairs (manual / electric) • Wigs 	<ul style="list-style-type: none"> • Eligible applicants have a long term disability and: <ul style="list-style-type: none"> ○ are not residents of Govt. funded residential aged care facilities or DVA Gold Card holder; and ○ are not receiving support under Victorian Workcover or Transport Accident Commission. 	http://nps718.dhs.vic.gov.au/ds/disabilitysite.nsf/sectionhree/aids_equipment?open Further information on programs can be found at: http://www.wvda.org.au/portaid.htm#gvt

NSW – Program of appliances for disabled people. (PADP)	<ul style="list-style-type: none"> • Communications aids • Aids to nutrition • Alarms • Beds and sleeping equipment • Mobility aids • Pain management aids • Pressure garments, • Orthoses • Toileting and showering aids • Transfer aids • Continence aids • Continuous Positive Airways Pressure (CPAP) devices 	<ul style="list-style-type: none"> • Eligible applicants have a long term disability: <ul style="list-style-type: none"> ○ and be unable to obtain equipment from any other government program. ○ and have been discharged from hospital for at least one month and not be eligible for equipment under a loan arrangement. 	http://www.health.nsw.gov.au/policies/pd/2005/PD2005_563.html
SA- Independent Living Equipment Program (ILEP)	<ul style="list-style-type: none"> • Mobility aids • Communications aids • Medical grade footwear • Transfer aids • Personal care aids • Prostheses 	<ul style="list-style-type: none"> • Eligible persons have access to the Independent Living Centre. 	http://www.familiesandcommunities.sa.gov.au/Default.aspx?tabid=924
WA- Community Aids and Equipment program (CAEP)	<p>Loan of:</p> <ul style="list-style-type: none"> • Mobility aids • Seating equipment • Walking aids • Orthoses • Transfer aids • Bed equipment • Personal care aids • Prostheses 	<ul style="list-style-type: none"> • Eligible patients: <ul style="list-style-type: none"> ○ have a permanent disability; and ○ hold a pensioner concession card, Health care card or Commonwealth Seniors card. 	http://www.disability.wa.gov.au/DSC:STANDARD::pc=PC_90385
TAS – Community Equipment Scheme (CES)	<p>Loan of:</p> <ul style="list-style-type: none"> • Mobility aids • Transfer devices • Self-care aids • Seating and sleeping aids • Surgical footwear • Continence aids 	<ul style="list-style-type: none"> • Eligible patients: <ul style="list-style-type: none"> ○ have a disability of long term or indefinite duration: or ○ require equipment as part of discharge from a hospital or residential care; ○ hold a health care card, pensioner 	http://www.dhhs.tas.gov.au/services/view.php?id=352

	<ul style="list-style-type: none"> • Communication devices • Home modifications • Respiratory aids • Lymphoedema compression bandages f 	concession card or health benefit card or Interim Concession Card Entitlement	
ACT – ACT Equipment Scheme (ACTES)	<ul style="list-style-type: none"> • Continence aids • Wheelchairs and scooters • Prosthesis • Walking aids • Wigs • Personal aids • Home modifications 	<ul style="list-style-type: none"> • Adults holding a Pensioner Concession Card or a Commonwealth health care card 	http://www.health.act.gov.au/c/health?a=sp&pid=1059610195
NT – Territory Independence and Mobility Equipment (TIME) Scheme	<p>Loan of:</p> <ul style="list-style-type: none"> • Mobility aids • Incontinence aids • Personal care aids • Home modifications • Respiratory or breathing aids • Other-such as feeding equipment 	<ul style="list-style-type: none"> • Eligible patients: <ul style="list-style-type: none"> ○ Have a long term disability ○ Receive a Centrelink aged pension, Centrelink disability support pension or be a person under the age of 16 for whom a family member receives the Centrelink carer allowance 	http://www.nt.gov.au/health/comm_svs/aged_dis_ccs/time/index.shtml

ANNEX C

A review of other schemes

1. Part IX Drug Tariff (United Kingdom)

Progressively over the past three or four years the Department of Health in the UK has been undertaking a series of consultations as it reviews the structure and funding arrangements under Part IX of the Drug Tariff which covers reimbursement for wound dressings, incontinence appliances, stoma appliances and chemical reagents. Part IX had not been reviewed for 20 years. To the extent that the scheme addresses inclusion and reimbursement for several of the product groups proposed for inclusion on the Essential Care List, there is some valuable experience from which Australia can draw.

While the Drug Tariff is addressed to items in both primary and secondary care, the larger part of the expenditure is in primary care which is the focus of the Essential Care List. In the primary care setting the items are prescribed by GPs and dispensed to the patient through contractors such as pharmacy contractors and appliance contractors.

Items are provided by manufacturers and wholesalers to the contractors. Services to patients in primary care, such as telephone assistance, home visits and product customization are provided mainly through appliance contractors and funded through the reimbursement of items. In addition to services, some manufacturers, and in particular those that are vertically integrated, sponsor nursing posts and patient groups.

Attached is a diagrammatical representation of the supply chain in the UK.

The Department's stated objectives in undertaking a review of the reimbursement arrangements were to:

- maintain, and where applicable improve, the current quality of care to patients
- secure value for money for the NHS
- ensure equitable payment for equivalent services and transparent reimbursement pricing
- work in partnership to deliver fair prices for the NHS and reasonable returns for suppliers and contractors
- facilitate the introduction of innovative solutions
- maintain local choice in the provision of services; and
- keep administration arrangements to the necessary minimum.

These objectives (contextualised for Australia) all appear relevant and appropriate.

In subsequent consultations focused on stoma products and continence products further findings emerged. These include the fact that many users of incontinence appliances as well as stoma appliances rely on home delivery. Similarly patients who use catheters also require a home visit. As a consequence, the pricing was

revised to take account of the additional services supplied by way of home visits and customisation of stoma appliance flanges.

In addition to a revised payment structure for items and services, the UK Department of Health also proposes establishing a code of practice for suppliers in partnership with patient groups. This is intended to address issues such as patient service specification, sponsorship of nurses and patient groups and the direct marketing of items to patients.

This objective would also be supported by MTAA as consistent with the MTAA Code of Practice.

The June 2008 Consultation Document addressed the proposed arrangements for products listed in Part IXA (catheter, tracheotomy, laryngectomy items), Part IXB (incontinence appliances) and Part IXC (stoma appliances). The proposed arrangements attempt to differentiate between payment for services and reimbursement for items. Dispensing Appliance Contractors (DACs) and pharmacy contractors are required to provide a specified set of services for items they supply in the normal course of their business:

- a dispensing service
- a home delivery service for catheters, laryngectomy and tracheotomy prescription items listed in Part IXA of the Drug Tariff and for all items listed in Parts IXB and IXC prescription items, if so requested by the user
- complementary supplies of wipes and disposal bags with some prescription items; and
- dispensing both elastic hosiery that requires measurement and/or fitting and trusses requiring measurement and/or fitting.

In addition, DACs and pharmacy contractors may choose to provide advanced services:

- the customisation of stoma appliances and/or
- appliance use reviews (AURs) which are intended to improve the patient's knowledge and use of the appliance. The reviews will be conducted with the consent of the patient and are intended to complement the care provided by the healthcare professionals.

2. Repatriation Pharmaceutical Benefit Scheme

The Australian Repatriation system is based primarily on the principle of compensation to veterans and eligible dependants for injury or death related to war service.

Through the *Veterans' Entitlements Act 1986* the Department of Veterans' Affairs provides amongst other things, treatment for eligible veterans and their dependants. One of the defined benefits for eligible veterans is the Repatriation Pharmaceutical Benefits Scheme. A comprehensive range of medications and wound dressings is available through the Pharmaceutical Benefits Scheme.

Unless otherwise stated, Repatriation Pharmaceutical Benefits Scheme (RPBS) prescriptions must conform with the requirements of Pharmaceutical Benefits Scheme (PBS) prescriptions. Users of the RPBS pay a co-payment considerably lower than users of the PBS. Eligible veterans receiving Special Pharmaceutical Benefits under the RPBS are required to pay only the concessional patient contribution and any applicable brand premium.

3. Rehabilitation Appliance Program (RAP)

The Rehabilitation Appliance Program is an Australian Government program, administered by the Department of Veterans' Affairs, which provides aids and appliances to eligible members of the veteran community to help them maintain their independence as they grow older. The program provides safe and appropriate equipment:

- According to assessed clinical need;
- In an effective and timely manner; and
- As part of the overall management of an individual's health care.

Equipment provided should be:

- Appropriate for its purpose
- Safe for the entitled person; and
- Designed for persons with an illness or disability, and not widely used by persons without an illness or disability.

ANNEX D
Bodies consulted by MTAA

Aged Care Association Australia
Australian Council of Stoma Associations
Australian Medical Association
Australian Nursing Federation
Australian Practice Nurses Association
Australian Wound Management Association
Consumer Health Forum
Continence Foundation
Continence Nurses
Kidney Health Australia
Pharmacy Guild of Australia
Royal District Nursing Service (Vic)
Royal Australian College of Surgeons