

1991

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

SENATE

HEALTH INSURANCE (PATHOLOGY) AMENDMENT (NO. 2) BILL 1991

SUPPLEMENTARY EXPLANATORY MEMORANDUM

Amendments and New Clauses  
to be moved on behalf of the Government

(Circulated by authority of the Minister for Health, Housing  
and Community Services, the Honourable Brian Howe MP)





# HEALTH INSURANCE (PATHOLOGY) AMENDMENT (NO. 2) BILL 1991

## SUPPLEMENTARY EXPLANATORY MEMORANDUM

### GENERAL OUTLINE

The purpose of these amendments is to modify the Health Insurance (Pathology) Amendment (No.2) Bill in order to:

(a) extend the conditions governing the collection of a pathology specimen which allow Medicare benefits to be paid, and

(b) make explicit the exclusion of public sector approved pathology authorities from the licensing scheme.

The following amendment relates to the proposed subsection 16(5AA) of the Principal Act to be inserted by clause 4 of the Bill:

Amendment 1 enables the payment of a medicare benefit where a specimen is collected from an inpatient of a private hospital or day hospital facility by an employee of that hospital or facility.

This amendment also provides for payment of a medicare benefit where a specimen is collected by the treating practitioner, or a person acting on behalf of the treating practitioner. The existing Bill excludes a medicare payment where a patient is too ill to attend a surgery and the treating practitioner collects a specimen in the course of a home visit.

This amendment allows payment of a medicare benefit where a specimen is referred by one approved pathology provider to another approved pathology provider. This occurs when a request for pathology services is sent to a laboratory which does not perform one or more of the tests and refers the test(s) to another laboratory.

Amendments 2 and 3 relate to strengthening the intent of the legislation by explicitly excluding public sector approved pathology authorities from applying for licenses for pathology specimen collection centres. This will in turn ensure that public sector pathology providers will not be eligible to claim medicare benefits for transaction fees.

### FINANCIAL IMPACT STATEMENT

There is unlikely to be an identifiable financial impact from these amendments. The savings from pathology restructuring are still estimated to be \$38 million in 1991-92 increasing to \$100 million in 1994-95.

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## NOTES ON NEW CLAUSES AND AMENDMENTS

**Amendment 1** substitutes a new paragraph 4(2)(a) in the Amendment Bill to amend the new subsection 16(5AA) proposed for the Principal Act. The new paragraph contains three changes to the new subsection 16A(5AA) in the Amendment Bill:

The first change in new paragraphs 16A(5AA)(a) and (b) allows for the payment of a medicare benefit where in response to a request from the treating practitioner or an approved pathology practitioner (the referring pathologist) another approved pathology practitioner (the rendering pathologist) provides a pathology service. This situation may occur when a request for pathology services is sent to a laboratory in which one or more of the tests cannot be performed and is referred to another laboratory.

The second change in new paragraph 16A(5AA)(c) provides for payment of a medicare benefit where a specimen is collected by a treating practitioner, or a person acting on behalf of a treating practitioner. The Amendment Bill at present excludes from medicare benefits a pathology service rendered on a specimen collected from a patient, too ill to attend a surgery, by a treating practitioner in the course of a home visit.

The third change, in new paragraph 16A(5AA)(e) and also reflected in new subparagraph 16A(5AA)(d)(iv), enables the payment of a medicare benefit where a specimen is collected from an inpatient of a private hospital or day hospital facility by an employee of that hospital or facility.

Amendment 1 also inserts a new paragraph 4(2)(b) into the Amendment Bill to make a consequential amendment to subsection 16A(8) of the Principal Act, as a result of the provision in new subsection 16A(5AA), referred to in the first subparagraph above, for a request for a pathology service to be referred by one approved pathology practitioner to another approved pathology practitioner.

**Amendment 2** amends clause 6 of the Amendment Bill to insert a new section 23DNAA into the Principal Act. New section 23DNAA defines 'approved pathology authority' to exclude public sector approved pathology authorities from the definition for the purposes of the Division of the Act which is to deal with specimen collection centres. This provision will prevent public sector approved pathology authorities from applying for licenses for pathology specimen collection centres.

**Amendment 3** also amends clause 6 of the Amendment Bill to include a consequential amendment in new section 23DNL proposed for the Principal Act, to exclude public sector approved pathology authorities from that provision, which makes it an offence to operate unlicensed specimen collection centres.