Public Pathology
AUSTRALIA

Position Paper on COVID MBS Items

Putting patients first

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Executive Summary

The purpose of this paper is to put forward recommendations to Government relating to COVID testing items under the Medicare Benefits Schedule (MBS).

Public Pathology Australia is seeking a change to COVID-19 laboratory testing funding arrangements so that it is more sustainable and facilitates timely localised testing.

Arrangements under the Medicare Benefits Schedule (MBS) and National Partnership for COVID-19 Response (NPA) mean that both Federal and State/Territory Governments pay private pathology providers well above COVID-19 test costs since March 2020 and that State/Territories have had to subsidise MBS tests conducted by public laboratories which have traditionally been the responsibility of the Commonwealth.

Private pathology providers are remunerated $93.50 for each MBS-eligible COVID test (at 85% of the MBS fee). Public pathology providers are paid $45.95 under the MBS for the same test. The public pathology fee does not reflect the cost of conducting the test in metropolitan laboratories let alone the higher cost of testing in regional laboratories which improves reporting times in rural areas. In addition, public pathology providers do not have access to MBS items for interstate driver testing and do not receive the same fees for COVID-19 collections in other settings such as Residential Aged Care Facilities.

To ensure the sustainability of testing, remove funding anomalies and improve timely COVID-19 test reporting, we are seeking: a realignment of the COVID-19 testing MBS items in line with actual cost, a Rural Incentive Item for specimens tested in regional, rural and remote areas, access to the interstate transport worker testing item for public pathology providers and an appropriate pathology episode fee for general collections and aged care and domiciliary collections.

Importantly, changing arrangements so that the public and private pathology providers have access to the same MBS Items and fees will reduce any incentive to cost-shift between Medicare and non-Medicare funding sources.

Public Pathology Australia recommends that the Australian Government:

- Remove the distinction between pathology provider types, i.e. same fee for the same test regardless of private or public pathology provider (prescribed laboratory).
- Realign the SARS-CoV-2 NAT fee closer to the test cost base.
- Recognise the higher cost of testing in rural Australia by implementing a Rural Incentive Item.
- Remove the distinction with Items specific to Victoria as outbreaks have occurred throughout Australia and outbreaks may decrease or be easier to manage when vaccination rates improve.

- Provide access to public pathology providers to the Item for interstate driver/rail worker testing.
- Remove the item for COVID testing in aged care settings as this is better accommodated by having an appropriate PEI for all providers in aged care settings.
- Remove the Bulk Billing Incentive for COVID Items if the correct fee is set for the test and episodic items.
- Ensure that COVID testing required for asymptomatic people, COVID antibody testing and COVID genomic sequencing is conducted under public health funding arrangements under the National Health Reform Agreement (NHRA) once the NPA ceases.

Item	Current Fee 100%	Current Fee 85%	Proposed Fee 100%	Proposed Fee 85%
SARS-CoV-2 nucleic acid test	$100.00	$85.00	$60.00	$51.00
Rural Incentive Payment for specimens collected and tested in rural areas as defined by Modified Monash areas 2 to 7	$0.00	$0.00	$50.00	-
Detection of a SARS-CoV-2 nucleic acid in interstate road and rail workers with results within 24 hours of receipt in laboratory	$110.00	$93.50	$110.00	$93.50
Detection of a SARS-CoV-2 nucleic acid in aged care workers in Victoria with results within 24 hours of receipt in laboratory.	$110.00	$93.50	$0.00	$0.00
Patient Episode Initiation (PEI) in Approved Collection Centres	Private $5.95 Public $2.40	Private $5.10 Public $2.05	$15.00	$12.75

PEI aged care collection	Private $17.60 Public $2.40	Private $15.00 Public $2.05	$25.00	$21.25
PEI domiciliary collection	Private $10.25 Public $2.40	Private $8.75 Public $2.05	$25.00	$15.00
Bulk Billing Incentive	Private $4.00 - $3.30 Public $1.60	Private $3.40 - $2.85 Public $1.40	$0.00	$0.00

Overview

Public Pathology Australia is the national peak body for public pathology in Australia.

Pathology is the medical specialty that focuses on determining the cause and nature of disease. By examining and testing body tissues (e.g. biopsies) and fluids (e.g. blood, urine) pathology helps doctors diagnose and treat patients correctly. 70 per cent of all medical diagnoses and 100 per cent of all cancer diagnoses require pathology.

Public pathology is the foundation of pathology in Australia. Public pathology represents a core part of Australia's public hospital and health care services. Unlike other pathology providers, public pathology providers operate for the benefit of the public health system and its patients.

Public Pathology Australia members are the major government owned and operated pathology services in each State and Territory in Australia. They provide the vast majority of pathology services in Australia's public hospitals and service several private hospitals. Public pathology also provides community-based collection services for patients upon referral from GPs and Specialists under the Medicare Benefits Schedule (MBS).

In addition to diagnostic services, our members conduct research and teaching in the areas of new and existing diseases, tests and treatments, and collaborate closely with colleagues in all areas of patient care, with many pathologists also performing clinical roles. Their laboratory testing and medical consultation services play a crucial role in timely clinical diagnosis, in monitoring therapy and in prevention of disease in individuals and the community.

Public Pathology:

Provides comprehensive access for all patients

Provides high quality, integrated care

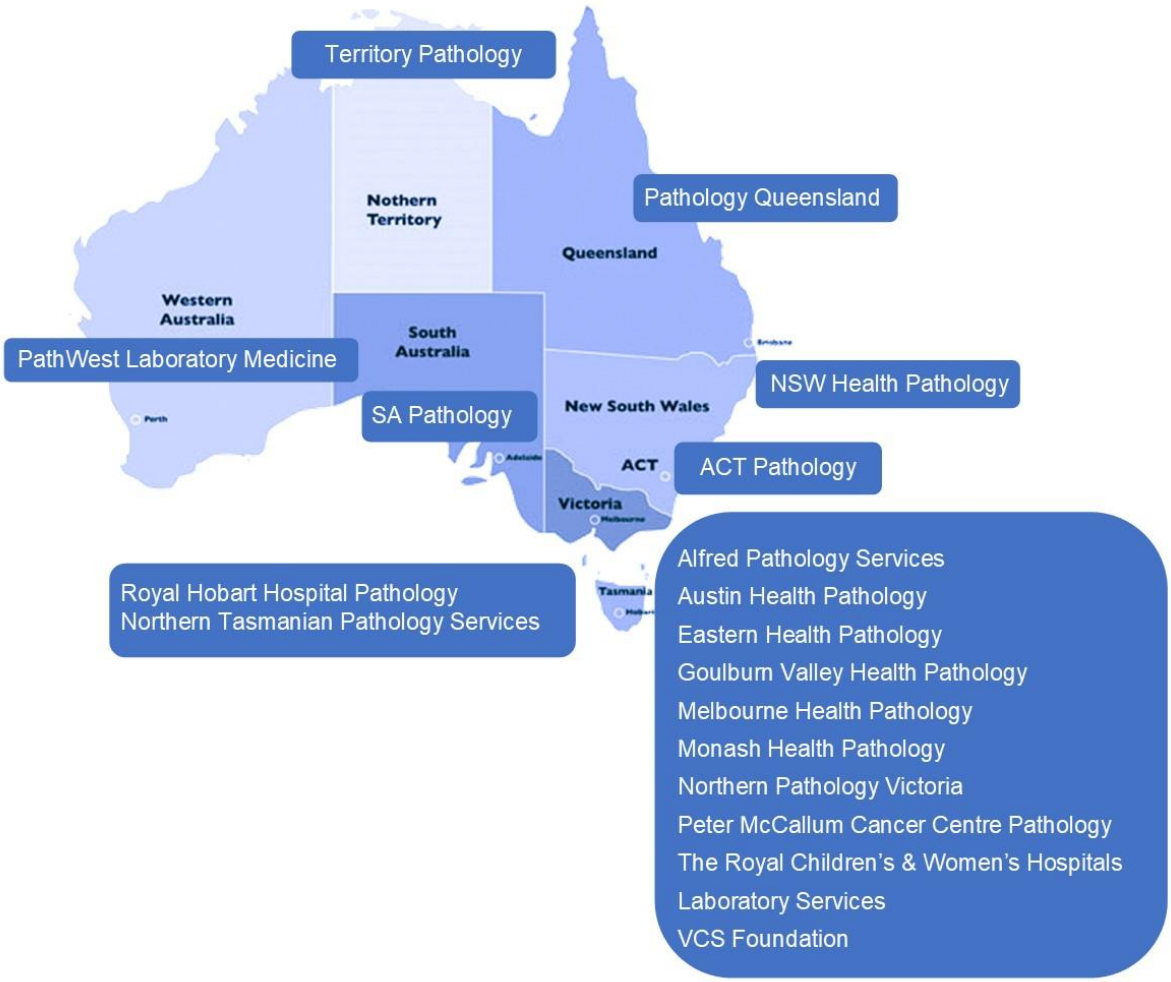
Provides expertise in complex medicine

Helps protect our communities

Undertakes research, education and training

Operates for the benefit of the public health system and its patients

Public Pathology Australia Members



Background

Funding for COVID-19 testing under the Medicare Benefits Schedule (MBS) and National Partnership for COVID-19 Response (NPA) was extended by the Australian Government until 31 December 2021. This paper considers key issues associated with testing for the SARS-CoV-2 virus that causes COVID-19 and arrangements under the MBS, NPA and National Health Reform Agreement (NHRA) as we adjust to living with the virus.

The relevant MBS item numbers are in the Pathology Services Table Group P3 – Microbiology (Appendix A).

The standard MBS claim for a public laboratory SARS-CoV-2 test in the community is:	$45.95
The standard MBS claim for a private laboratory SARS-CoV-2 test in the community is:	$93.50
Some referrals may also request Influenza A & B & RSV entailing an additional claim for	$43.05.

Key Issues

The higher private pathology SARS-CoV-2 test fees compared to public pathology SARS-CoV-2 test fees are an anomaly with the rest of the MBS and are contrary to the aim of the MBS to deliver affordable and universal access to healthcare, best practice health services, value for the patient and value for the health system. Both public and private pathology providers incur the same type of costs for the same clinical service.

All pathology providers claim under Medicare for MBS-eligible patients and both public and private pathology providers have received funds ultimately under the NPA for SARS-CoV-2 testing in non-MBS patients. Therefore there should not be funding disparity between provider types. All pathology providers should have access to the same MBS fee for COVID-19 testing. A higher payment for private pathology providers which is well above test costs is not the best use of taxpayer funds.

1.1 Costs

The current public pathology SARS-CoV-2 reimbursement arrangements under the MBS do not cover test costs. The States and Territories subsidise public pathology to conduct SARS-CoV-2 tests in MBS-eligible patients before seeking a funding adjustment under the NPA. Before the pandemic, all MBS-eligible tests irrespective of pathology provider have been funded through the Commonwealth.

MBS Item fees should reflect the cost of performing the test. Unit pricing is highly dependent on volumes which can vary dramatically against a fixed staffing cost. Reagent costs alone vary amongst suppliers. Consumables and overheads must also be included.

Regional laboratory costs are considerably higher than metropolitan laboratory costs due to operating more expensive platforms which run at lower volumes against a Commonwealth mandated supervisory framework.

Episodic costs include specimen collection and reception costs, IT costs including Laboratory Information System, SMS reporting and billing costs.

PPA received costings from its public pathology members and this is reflected in the recommended fees below.

1.2 Multiplex testing

Most providers have the ability to run more than just SARS-CoV-2 on a molecular panel. For example, Influenza A and B and RSV may also be performed. Multiplex respiratory virus testing may be more cost effective than running multiple assays on the same specimen due to savings in workflows. However it may not be clinically necessary to run co-tests in addition to SARS-CoV-2, for example if the patient is asymptomatic but has frequented a COVID hot spot. As such, having a stand-alone SARS-CoV-2 item is strongly recommended.

A ladder of Nucleic Acid Amplification Test (NAAT) items and fees based on number of targets is appropriate. Agreement needs to be reached on number of targets in each item (e.g. series of 3 or 4 targets), upper limit on the number of targets and scale of fees. The Royal College of Pathologists of Australasia (RCPA) is reviewing this aspect and PPA reserves the opportunity to comment on the outcomes of this body of work.

1.3 Pooling

Pooling batches of specimens in a single test run reduces cost but importantly it also reduces sensitivity. When a sample reads positive in a pooled batch, this is rerun and entered manually into the Laboratory Information System. Pooling is a business decision which may indicate attempts to maximise reagent usage, limit wastage of scare supplies and increase testing capacity in the setting of low infection positivity rates.

1.4 Saliva testing

Saliva testing is more convenient and comfortable than a nasal/pharyngeal swab. However a saliva test may have lower sensitivity. Pooling of saliva specimens should not be conducted due to high risk and low sensitivity. Saliva tests are more often used for screening rather than diagnostic purposes. The workflow for a saliva specimen is the same as a nasal/pharyngeal specimen and the distinction may not be captured in Laboratory Information Systems. Saliva testing does not need to be referred to in MBS Item descriptors.

1.5 Rapid antigen testing

Rapid Antigen Test (RAT) kits vary markedly and have significantly inferior analytical performance compared to Reverse Transcription Polymerase Chain Reaction (RT-PCR) NAAT (PHLN, RCPA). Positive RAT results still have to be confirmed by SARS-CoV-2 NAAT which is reported on by a pathologist. As such, it is inappropriate to have MBS Items for RATs.

1.6 Episodic costs

The public Patient Episode Initiation (PEI) of $2.40 does not cover the costs of a pathology episode. Beyond phlebotomist time and courier costs, ongoing IT support is required to maintain reporting to patients and public health and for resource management purposes. This should be addressed by increasing the PEI fee.

As it is a business decision to pay rent for traditional collection space or rent space for a drive through, the PEI does not need to be adjusted to reflect the manner of collection. Adherence to Medicare requirements for collection centres to be registered with Services Australia should be enforced. This is particularly important in order to safeguard quality in pathology once the national pandemic emergency response status has been lifted.

Specimen collection in Residential Aged Care Facilities (RACFs) have traditionally had a higher PEI of $17.60 for private pathology providers. The higher cost of RACF collections should be recognised in the PEI rather than the test cost as the test cost remains the same as other SARS-CoV-2 tests. Given the additional time taken to manage these collections and additional courier costs, a higher PEI must be implemented as soon as possible. Public pathology needs to be able to claim a higher RACF PEI. This would improve accessibility to testing for this high risk cohort. Limiting aged care COVID-19 testing to one provider nationally or private pathology providers in Victoria has been high risk when those providers have not been able to meet expected turnaround times.

The number of cases and deaths in aged care reflects the elevated risks of the current arrangements. This was found in the Independent Review into St Basil's RACF, where it was stated that "managing outbreaks was often complicated by delayed results from over extended…laboratory testing services" (Gilbert & Lilly).

1.7 Impact of vaccination

The COVID-19 vaccination program will impact test profiles including volumes, testing for variants and testing for vaccine effectiveness and side-effects.

Vaccine rollout will change test seeking behaviour. Test numbers may drop as people who are vaccinated or in the same household of the vaccinated individual may be less likely to get tested. Further evidence of transmission rates and the duration of protection offered by vaccines is required.

Governments are striving to achieve vaccination rates in the order of 70-80% of the eligible population based on the Doherty modelling. Testing volumes remain high with outbreaks in NSW, VIC and ACT and a fully vaccinated rate of 34.2% (Aust Dept Health). We anticipate the need for testing will continue into the foreseeable future.

Vaccine escape variants may arise from areas with high viral circulation and ongoing vaccine rollout. Also, people who have been vaccinated can have breakthrough infections with the same strains the vaccine is supposed to protect. These people can have lower viral loads or shorter viral shedding durations which will have implications on detection by molecular assay, especially if using pooled testing and/or saliva testing. Laboratories will therefore continue to monitor their assay performances closely and have high vigilance against false negatives.

In relation to vaccine side effects, the mRNA vaccines may be associated with myocarditis/pericarditis while the viral vector vaccines may be associated with Vaccine Induced Thrombocytopenia/Thrombosis & Thrombocytopenia Syndrome (TTS). TTS screening tests include FBC, D-dimers and fibrinogen levels. These are covered by the MBS if performed outside the hospital setting. Public pathology conducts TTS confirmatory testing by antigen-based HIT immune assay (ELISA), functional antibody testing, functional testing for platelet activating bodies (THANZ).

Some providers are conducting IgG antibody tests and claiming MBS under item 69384. It is arguable whether there a real clinical need to perform the item as vaccines have been TGA approved. This could be claimed under the NPA (and NHRA post-NPA) when required by Public Health Departments rather than included on the MBS.

1.8 Genomic sequencing

There is still a need for genomic sequencing of SARS-CoV-2 to assist in identifying variant lineages, identify outbreak sources, especially when epidemiological linkage is absent, and contract tracing. After the NPA ceases, this should be covered by the NHRA. If an MBS item was used for this purpose, the flood gates may open to testing outside Public Health Department requests.

1.9 Regional, rural and remote testing

Local testing for SARS-CoV-2 is better for the community and medical services principally due to faster turnaround times with the elimination of courier time to a metropolitan laboratory. Rapid NAAT for SARS-CoV-2 is conducted in regional areas across Australia e.g. predominantly on the Cephid GeneXpert or Roche Liat devices. Tests on these platforms are more expensive than those run on larger analysers typically found in central metropolitan laboratories. The current MBS items do not factor in the higher cost of testing in regional, rural or remote Australia or on rapid NAAT devices.

Precedents exist in other specialities for alternate MBS rebate arrangements for services in rural Australia. GPs receive an additional fee for treating regional, rural and remote patients under the Rural Bulk Billing Incentive. Pathology Item 74991 is included in these rural incentive arrangements.

Options are to have an incentive for quick turnaround of results; factoring in the higher costs in the same test fee; having a higher rural PEI; or a separate item for rural pathology collection and testing – either a mirrored item with a higher fee or an incentive fee for rural testing.

In terms of an incentive for rapid testing, a precedent exists for descriptors to require reporting within 24 hours upon receipt in laboratory (Item 69501). However this would disadvantage collections in remote areas which incur high courier costs to transport tests to a rural laboratory unless there was a significantly higher rural PEI.

If a loading were incorporated into the fee, it would benefit all providers even those who do not perform rural testing.

If there was a higher PEI for rural pathology collection this could cover the cost of couriering tests to metropolitan labs but not incentivise local testing.

A separate similar item for SARS-CoV-2 specimens collected and tested in rural areas with a higher fee to cover higher costs would be a viable option given the lower volumes of rural testing. This is not common practice in the Pathology Services Table. The preferred option would be to have a Rural Testing Incentive item to remunerate local testing in rural areas. There is a precent for this in the MBS, and there needs to be a fee appropriate to the cost of performing the test in rural areas.

2.0 Item and Fee Disparity

There should not be a differential fee between public and private pathology items as outlined above. Both sectors have received payments for COVID-19 testing under the NPA and MBS. All providers have established molecular testing capability.

There remains a need to improve accessibility for testing of interstate road and rail workers, with recent cases of infectious truck drivers traversing state borders. Public providers do not have access to the MBS Item which covers the costs of additional set up and courier runs to cater for truck driver testing. Public providers cannot claim MBS for testing interstate drivers as they present without a referral. Public pathology providers need access to Item 69501.

Recommendations

The following recommendations should be given effect to by the Commonwealth Government:

- Remove the distinction between pathology provider types, i.e. same fee for the same test regardless of private or public pathology provider (prescribed laboratory).
- Realign the SARS-CoV-2 NAT fee closer to the test cost base.
- Recognise the higher cost of testing in rural Australia by implementing a Rural Incentive Item.
- Remove the distinction with Items specific to Victoria as outbreaks have occurred throughout Australia and outbreaks may decrease or be easier to manage when vaccination rates improve.
- Provide access to public pathology providers to the Item for interstate driver/rail worker testing.
- Remove the item for COVID testing in aged care settings as this is better accommodated by having an appropriate PEI for all providers in aged care settings.
- Remove access to the Bulk Billing Incentive for COVID testing if the correct fee is set for the test and episodic Items.
- Ensure that testing for asymptomatic people, COVID antibody testing and COVID genomic testing continues under the public health provisions of the National Health Reform Agreement (NHRA) once the NPA ceases.

Realignment of the SARS-CoV-2 items in line with metropolitan cost base, a Rural Incentive Item for specimens collected and tested in Modified Monash areas 2 to 7, access to the interstate testing item, and an appropriate PEI is recommended as follows.

Item	Fee 100%	Fee 85%	Notes
SARS-CoV-2 nucleic acid test	$60.00	$51.00	For metropolitan and rural collections referred to metropolitan laboratories. Savings from adjustment in test fee allocated to Rural Incentive Payment.
Rural Incentive Payment for specimens collected and tested in rural areas as defined by Modified Monash areas 2 to 7.	$50.00	-	To cover higher cost of smaller platforms and incentivise local testing.
Detection of a SARS-CoV-2 nucleic acid in interstate road and rail workers with results within 24 hours of receipt in laboratory	$110.00	$93.50	For public and private pathology providers
Patient Episode Initiation (PEI)	$15.00	$12.75	To cover episodic costs including the required PPE, SMS reporting, couriers. For all public and private providers.
PEI aged care or domiciliary (home) collection	$25.00	$21.25	To cover additional travel costs. For all public and private providers.
Bulk Billing Incentive (BBI)	$0.00		This item is unnecessary. Whether items are bulk billed is a business decision post-pandemic. Funding reallocated to items above.

In the event that the Commonwealth does move forward with the preferred position, funding parity is required across the sector. Both public and private pathology have established molecular testing capacity and both receive funding from the Commonwealth and States/Territories for COVID-19 testing. Higher payments to private pathology providers compared to public pathology providers limits access to pathology testing and this can have disastrous consequences as evidenced in the aged care sector during the COVID-19 pandemic.

Item	Fee 100%	Fee 85%	Notes
SARS-CoV-2 nucleic acid test	$100.00	$85.00	For public and private pathology providers
Detection of a SARS-CoV-2 nucleic acid 1 or more tests in interstate road and rail workers with results within 24 hours of receipt in lab	$110.00	$93.50	For public and private pathology providers
Patient Episode Initiation (PEI)	$5.95	$5.10	As per Item 73928
PEI domiciliary (home collect)	$10.25	$8.75	As per Item 73932
PEI aged care collection	$17.60	$15.00	As per Item 73934
Bulk Billing Incentive	$4.00	$3.40	As per Item 74995 by way of example. Would apply across all BBI items which range from $4.00-1.60.

Appendix A Relevant Current MBS Items

Item	Descriptor	Fee	Benefit 75%	Benefit 85%
69479	Detection of a SARS-CoV-2 nucleic acid 1 or more tests if private inpatient or by public laboratory and bulk billed	$50.00	$37.50	$42.50
69480	Detection of a SARS-CoV-2 nucleic acid 1 or more tests if by private lab and bulk billed	$100.00	$75.00	$85.00
69501	Detection of a SARS-CoV-2 nucleic acid 1 or more tests in aged care workers in Victoria, or interstate road and rail workers by private lab with results within 24 hours of receipt in lab	$110.00	-	$93.50
69494	Detection of a virus or microbial antigen or microbial nucleic acid 1 test	$28.65	$21.50	$24.40
69495	Detection of a virus or microbial antigen or microbial nucleic acid 2 tests	$35.85	$26.90	$30.50
69496	Detection of a virus or microbial antigen or microbial nucleic acid 3 tests	$43.05	$32.30	$36.60
69384	Quantitation of 1 antibody to microbial antigens	$15.65	$11.75	$13.35
69387	2 tests immediately above	$29.00	$21.75	$24.65
69390	3 tests immediately above	$42.35	$31.80	$36.00
69393	4 tests immediately above	$55.70	$41.80	$47.35
69396	5 or more tests immediately above	$69.10	$51.85	$58.75

PEI P10	Patient Episode Initiation (PEI) fee - varies upon location for private pathology, remains $2.40 for public providers irrespective of location. E.g. ACC $5.95, Aged Care $17.60. Exception $2.40 ACC/lab in same premises.	Private $5.95 to $17.60. Public $2.40	Private $4.50 to $13.20 Public $1.80	Private $5.10 to $15.00 Public $2.05
BBI P13	Bulk Billing Incentive (BBI) tied to PEI. Fees vary, starting from $1.60 for ACC/lab collection. Remains $2.00 for public providers.	Private $1.60 to $4.00 Public $2.00	Private $1.20 to $3.00 Public $1.20	Private $1.40 to $3.40 Public $1.40

References

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Australian Department of Health Vaccination: https://www.health.gov.au/initiatives-and-programs/covid-19-vaccines/australias-covid-19-vaccine-rollout and for vaccination rates at 29 August 2021: https://www.health.gov.au/sites/default/files/documents/2021/08/covid-19-vaccine-rollout-update-29-august-2021_1.pdf

ATAGI Statement: https://www.health.gov.au/news/atagi-statement-on-revised-recommendations-on-the-use-of-covid-19-vaccine-astrazeneca-17-june-2021

Gilbert, L & Lilly, A, 2020 Independent Review of COVID Outbreaks at St Basils Home for the Aged in Fawkner, Victoria and Heritage Care Epping Gardens in Epping, Victoria: https://www.health.gov.au/sites/default/files/documents/2020/12/coronavirus-covid-19-independent-review-of-covid-19-outbreaks-at-st-basil-s-and-epping-gardens-aged-care-facilities.pdf

Doherty Institute Modelling: https://www.doherty.edu.au/uploads/content_doc/DohertyModelling_NationalPlan_and_Addendum_20210810.pdf

PHLN Publications (all): https://www1.health.gov.au/internet/main/publishing.nsf/Content/Publications-13

PHLN Rapid Antigen Testing: https://www.health.gov.au/sites/default/files/documents/2020/10/phln-and-cdna-joint-statement-on-sars-cov-2-rapid-antigen-tests_0.pdf

PHLN Asymptomatic Testing: https://www.health.gov.au/sites/default/files/documents/2020/08/phln-statement-on-asymptomatic-testing-for-sars-cov-2.pdf

PHLN Serological Testing: https://www.health.gov.au/sites/default/files/documents/2020/09/phln-guidance-for-serological-testing-in-covid-19-phln-guidance-on-serological-testing-in-covid-19.pdf

PHLN Saliva Testing: https://www.health.gov.au/sites/default/files/documents/2021/06/phln-statement-on-using-saliva-as-a-respiratory-specimen-for-sars-cov-2-testing.pdf

RCPA Rapid Antigen Testing: https://www.rcpa.edu.au/getattachment/f7af7c7f-e81c-426b-973f-8b627113eb3a/RCPA-updates-advice-surrounding-rapid-antigen-test.aspx

RCPA RAT (superseded): https://www.rcpa.edu.au/getattachment/ffc9ca75-ffdc-4ddf-adc5-35ff32e42104/Emerging-real-world-evidence-highlights-risk-of-mi.aspx

THANZ: https://www.thanz.org.au/news/suspected-vaccine-induced-prothrombotic-immune-thrombocytopenia-vipit-thanz-advisory-statement-check-for-weekly-updates

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