



Budget Cuts will have a Devastating Impact on the IVD Sector

The government's Mid-Year Economic and Fiscal Outlook announcement on December 15, 2015, included significant cuts to health, most notably to pathology – without consideration, forewarning or consultation.

Following this, the Health Minister's interview, on December 17, reiterated that the government expects the cuts to be absorbed by the competitive sector, implying that the laboratories are in a position to absorb the cuts without change to service coverage or quality of patient outcomes.

These cuts to pathology, will have long-lasting effects on the IVD sector, and are indicative of total disengagement with industry; and a lack of understanding of the cost-saving measures and productivity dividends our industry has already facilitated pathology laboratories to implement. Consumers, Pathology Stakeholders and other Healthcare Professionals have vocalised a unanimous condemnation of these cuts to health spending, and there is a very real fear of collection centre closures, particularly in rural areas where the incentives paid by government are higher and that there is also anticipated further laboratory consolidation resulting in reduced competition in the pathology sector.

It is expected that pathology practices will be unable to absorb the impact of the budget cuts and therefore many patients may face a co-payment; a measure that has already been put to, and refused by, consumers. Most concerning is that this will result in an increased number of patients not presenting for their pathology tests, delaying the diagnosis of disease and the resultant impact on disease management and the associated increase costs and worsening healthcare outcomes.

Finally, the IVD industry is concerned that the government is relying on laboratories to absorb this lost income, citing competition as the reason consumers will not be affected. But what has been forgotten is the more likely consequence is that the flow-on cost pressures will be placed on suppliers such as the IVD industry. Notwithstanding the government's investment in innovation, this will result in reducing the industry's ability to invest in and supply innovative technologies and allow companies to sustain a position that positively impacts on the future of Australians healthcare and the associated costs.

IVD Australia is calling on the Australian Government to consider the ongoing sustainability of the pathology sector when considering these budget cuts.

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About IVD Australia: IVD Australia is the peak body representing sponsors and manufacturers of in vitro diagnostics based in Australia. About IVD Australia: IVD Australia is the peak body representing the IVD Industry, including companies who manufacture and supply in vitro-diagnostics in Australia. In vitro, literally "in glass" diagnostics (IVDs) comprise the instruments and reagents that are used to perform pathology tests requested by General Practitioners, specialist Physicians and other healthcare practitioners. These tests are generally performed in accredited Public and Private pathology laboratories across Australia, but IVDs also include point-of-care tests such as HIV test kits, blood glucose meters for diabetes testing and home pregnancy test kits.