

IVD Australia Calls for Pathology Test Reimbursement Overhaul

In its recent submission to Treasury, IVD Australia has called on the Australian Government to consider the ongoing sustainability of the reimbursement system for pathology tests.

In-vitro diagnostic (IVD) tests are a key contributor to the Australian health care system, powering medical discoveries and transforming patient care. The industry – both in Australia and internationally – is vibrant, innovative, and rapidly evolving to keep up with demand for better and faster testing. The IVD industry is the R&D of pathology and drives both efficiency and diagnostic tests that are relevant and impactful on healthcare outcomes in Australia.

From the genetic tests that inform personalised cancer treatment to the blood analysis that identifies the right antibiotic to fight an infection, diagnostic tests provide critical insights at every stage of medical care – pre-disposition, prevention, detection, diagnosis, treatment and successful management of health conditions.

Dr Morrow, CEO of IVD Australia says “The IVD Industry wants to bring new developments to patients that will lower the cost of healthcare whilst improving treatment outcomes. However, the increasing market restraint of unclear and inconsistent reimbursement practices and decisions, is having a detrimental effect on the industry and its sustainability.”

The underlying problems with reimbursement remain the lack of:

- statistics that reflect the true use of pathology tests in Australia;
- a straightforward methodology to price new tests;
- a mechanism to correct longstanding, historical anomalies in reimbursement-setting; and
- improved processes that reflect the dynamic nature of the industry.

Pathology has also been subject to marked fee restraint. The schedule fee for an average pathology item of service is 4% lower in 2008 than it was in 1988 – during this time CPI and AWE have increased by over 180%.

Dr Morrow acknowledges that there is a lack of global and Australian data that provides legitimate detail on the impact that Pathology has on healthcare expenditure; but is concerned that the benefits of IVD-driven diagnosis in keeping patients out of hospital are not recognised by the MBS system. She describes the inability of the system to provide a mechanism to move funds from areas where savings could be made to those areas, such as pathology, where the savings can be generated as a “key failing of the Australian Healthcare System”. The IVD Australia Pre-Budget Submission to Treasury can be found [here](#).

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About IVD Australia: IVD Australia is the peak body representing sponsors and manufacturers of in vitro diagnostics based in Australia.

IVD Australia was formed in July 2009 and represents Australian manufacturers, multi-national and local distributors of IVDs, as well as regulatory consultants working in the IVD sector. Our members currently supply products valued at over \$800,000,000 per annum and they employ over 2500 staff in multinationals, local distributors, local manufacturers and exporters and regulatory consultant companies; the majority of which are SME's.

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