



Australian Government

Department of Finance

The Treasury

## PUBLIC RELEASE OF 2016 ELECTION COMMITMENT COSTING

<b>Name of proposal costed: The Coalition's Plan for Access to Affordable Diagnostic Imaging for all Australians</b>	
<b>Costing Identifier:</b>	COA 021
<b>Summary of costing:</b>	This proposal would delay the introduction of the Diagnostic Imaging component of the 2015-16 MYEFO measure <i>Medicare benefits Schedule – changes to diagnostic imaging and pathology services bulk-billing incentives</i> until 1 January 2017, and commit to an independent evaluation of the commercial pressures facing diagnostic imaging providers.
<b>Person making the request:</b>	Prime Minister
<b>Date costing request received:</b>	17/06/2016
<b>Date of public release of policy:</b>	05/06/2016
<b>Date costing completed:</b>	24/06/2016
<b>Additional information requested (including date):</b>	Not applicable.
<b>Additional information received (including date):</b>	Not applicable.

### Financial implications (outturn prices)<sup>(a)</sup>

Impact on	2016-17	2017-18	2018-19	2019-20
Underlying Cash Balance (\$m)	-53.4	0.0	0.0	0.0
Fiscal Balance (\$m)	-53.4	0.0	0.0	0.0

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.

**Where relevant, state that the proposal has been costed as a defined or specified amount.**

Not applicable.

**Where relevant, include separate identification of revenue and expense components.**

Not applicable.



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**Where appropriate, include a range for the costing or sensitivity analysis.**

Not applicable.

**Qualifications to the costing (including reasons for the costing not being comprehensive).**

The Agreement with the Diagnostic Imaging sector also includes the indexation of scheduled fees after the current Medicare Benefit Schedule indexation freeze concludes in 2019-20. The impact of resuming indexation has not been costed as this would occur beyond the forward estimates.

**Where relevant, explain effects of departmental expenses.**

\$20.9 million dollars over four years in departmental funding was provided to the Department of Human Services for the Diagnostic Imaging component of the 2015-16 MYEFO measure. It is assumed that a six month delay in the implementation of this component would not generate a material change in departmental funding as the same level of departmental work would still be required to implement the measure.

**Where relevant, explain the reason for any significant differences between the assumptions specified in a party costing request and those used in a Treasury or Finance costing.**

Not applicable.

**Other comments (including reasons for significant differences between the estimated impact on the fiscal and underlying cash balances).**

Not applicable.

**Background information**

**Costing methodology used:**

- **Costing techniques.**
  - Costs were calculated by adjusting the start date of the original savings measure by six months.
  - It is assumed that the costs of undertaking the independent evaluation of the commercial pressures facing diagnostic imaging providers will be met from within the existing resources of the Department of Health.

**Behavioural assumptions used (as appropriate).**

The costing only impacts on bulk billing incentives paid directly to the service provider, and no change in service volumes for diagnostic imaging services is assumed in the costing.

