



More access to MRIs	
Party:	Australian Labor Party
Summary of proposal: The proposal would grant full Medicare eligibility to 3 Magnetic Resonance Imaging (MRI) units in public hospitals from 1 July 2022.	

Costing overview

The options in this proposal would be expected to decrease the fiscal and underlying cash balances over the 2022-23 Budget forward estimates period.

The proposal would have an ongoing impact beyond the 2022-23 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2032-33 is provided at Attachment A.

Departmental expenses reflect the cost of delivering the proposal and processing the additional number of MRI services, which increases as the number of eligible MRI units increase.

The proposal has slightly different impacts on the fiscal and underlying cash balances which reflect differences between when appointments are held and subsidies are paid.

The financial implications of this proposal are sensitive to the level and composition of services provided by the newly eligible machines and the Medicare rebates paid for MRI items. Historical data indicate that the average level of MBS rebates per MRI unit is higher for units in metropolitan areas than rural areas, and higher for units in private hospitals than public hospitals.

The financial implications in 2022-23 are sensitive to the assumption that newly eligible machines can be identified reasonably quickly and therefore rebates would be paid from the commencement of the proposal.

Table 1: Financial implications (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	Total to 2025-26
Fiscal balance	-3.6	-3.5	-3.4	-3.4	-13.9
Underlying cash balance	-3.5	-3.5	-3.5	-3.4	-13.9

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

- Indicates nil.

Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

- Newly eligible units would become eligible in time to pay rebates on or shortly after the proposal's start date.
 - The Department of Health recently ran an invitation-to-apply process and received a large number of applications, including from operators of existing MRI units, so additional units from these or a subsequent process could be selected reasonably quickly.
- The average Medicare benefits payable per newly eligible MRI unit would be similar to the average benefits payable per currently eligible unit of the same type and projected to increase in line with historical trends.
- The shares of total administered expenses between the Department of Health and the Department of Veterans' Affairs would be constant over the period to 2032-33, and equal to their shares from the 2019-20 Budget measure *Guaranteeing Medicare – improved access to diagnostic imaging*.

Methodology

Total administered expenses under the proposal are the sum of administered expenses by single unit type.

Expenses by unit type were calculated by multiplying the numbers of units by the average annual Medicare benefits payable per current eligible unit of that type. Costs were not indexed as Medicare MRI items are not currently indexed.

- The average Medicare benefits payable per newly eligible MRI unit was estimated based on historical trend on the number of services per single unit and cost per service of the same type.

Departmental expenses for Services Australia to administer the additional MBS services have been calculated based on the 2019-20 Budget measure. Consistent with the 2019-20 Budget measure, departmental expenses for the Department of Health to administer the proposal are not expected to be significant and have not been included.

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.¹

Data sources

The Department of Health provided information on historical average Medicare benefits payable by the different types of MRI units and provided the costing models for the 2018-19 Mid-Year Economic and Fiscal Outlook measure *Guaranteeing Medicare – expansion of Medicare eligibility for magnetic resonance imaging* and the 2019-20 Budget measure *Guaranteeing Medicare – improved access to diagnostic imaging*.

The Department of Health, 2019. *Expansion of Medicare-eligible magnetic resonance imaging (MRI) MRI – ITA – 2018* [Online] Available at: <http://www.health.gov.au/internet/main/publishing.nsf/Content/diagnosticimaging-expansion-of-medicare-eligible-magnetic-resonance-imaging> [Accessed: 13.04.2022].

Commonwealth of Australia, 2022. *Budget 2022-23*, Australian Government.

¹ https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information

Attachment A – More access to MRIs – financial implications

Table A1: More access to MRIs – Fiscal balance (\$m)^(a)

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Expenses													
<i>Administered cost</i>	-3.6	-3.5	-3.4	-3.4	-3.4	-3.4	-3.4	-3.3	-3.3	-3.3	-3.3	-13.9	-37.3
<i>Departmental cost</i>	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.04	-0.1
Total (excluding PDI)	-3.6	-3.5	-3.4	-3.4	-3.4	-3.4	-3.4	-3.3	-3.3	-3.3	-3.3	-13.9	-37.4

(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 negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.

- Indicates nil.

Table A2: More access to MRIs – Underlying cash balance (\$m)^(a)

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Payments													
<i>Administered cost</i>	-3.5	-3.5	-3.5	-3.4	-3.4	-3.4	-3.4	-3.3	-3.3	-3.3	-3.3	-13.9	-37.3
<i>Departmental cost</i>	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.01	-0.04	-0.1
Total (excluding PDI)	-3.5	-3.5	-3.5	-3.4	-3.4	-3.4	-3.4	-3.3	-3.3	-3.3	-3.3	-13.9	-37.4

(a) A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

- Indicates nil.

Table A3: More access to MRIs – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Fiscal balance	..	-0.1	-0.2	-0.3	-0.4	-0.5	-0.6	-0.7	-0.8	-1.0	-1.1	-0.6	-5.7
Underlying cash balance	..	-0.1	-0.2	-0.3	-0.4	-0.5	-0.6	-0.7	-0.8	-0.9	-1.1	-0.6	-5.6

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the table above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary².
- (b) 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 negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.
- Indicates nil.

² [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au)