



Fact Sheet on changes to capital sensitivity exemptions

Last updated: 26 September 2022

- Currently, Medicare benefits are not payable for services performed on diagnostic imaging equipment that is older than its effective life age (referred to as capital sensitivity).
- The existing capital sensitivity arrangements allow providers to seek an exemption if there have been unforeseen delays in updating or replacing equipment but only if they can update or replace the equipment within three months.
- From 17 September 2022, amendments have been made to the [Health Insurance \(Diagnostic Imaging Services Table\) Regulations \(No. 2\) 2020](#) to enable new arrangements to be considered in granting an exemption.

What are the changes?

An exemption will be granted where the proprietor can satisfy the Department that either:

The existing arrangements - due to circumstances beyond the control of the proprietor, the proprietor is unable to replace the equipment (or upgrade the equipment, if it has not already been upgraded) before the end of its applicable life age; and the proprietor will be able to replace the equipment (or upgrade the equipment, if it has not already been upgraded) before the end of the exemption period (a maximum of three months); or

The new arrangements - due to circumstances beyond the control of the proprietor, the proprietor is unable to replace the equipment (or upgrade the equipment, if it has not already been upgraded) before the end of its applicable life age; and the proprietor will not be able to replace the equipment (or upgrade the equipment, if it has not already been upgraded) before the end of the exemption period (a maximum of three months) but has taken reasonable steps to replace the equipment within that timeframe.

Services provided by equipment granted an exemption will continue to be covered by Medicare during the exemption period.

Why are the changes being made?

The capital sensitivity arrangements have been amended to recognise current international and local supply issues while still requiring providers to commit to replacing equipment within reasonable timeframes in accordance with capital sensitivity requirements. The amendments will allow for the consideration of unusual circumstances such as manufacturing delays or delivery date changes.

What does this mean for diagnostic imaging proprietors?

The new provisions have been incorporated into new capital sensitivity exemption application forms developed by the Department of Health and Aged Care. The maximum exemption period is still three months.

If the machine cannot be replaced within three months (the maximum exemption period), the proprietor may request an extension (which will also have a three-month maximum exemption period). The same criterion will be used to evaluate subsequent exemptions (including what reasonable steps have been taken).

How will these changes affect patients?

This will mean less patients will be affected by Medicare not being payable for services provided on equipment affected by these circumstances.

How will the changes be monitored and reviewed?

The Department of Health and Aged Care will monitor the use of the new arrangements and review the new arrangements in 12 months.

Where can I find more information?

An amendment regulation, the [Health Insurance \(Diagnostic Imaging Services Table\) Amendment \(Equipment Capital Sensitivity\) Regulations 2022](#), was registered on 16 September 2022 and is available to view on the Federal Register of Legislation at www.legislation.gov.au.

New capital sensitivity exemption application forms can be located on the Department of Health and Aged Care's website at www.health.gov.au by entering the search term 'capital sensitivity exemption application'.

The full item descriptor(s) and information on other changes to the MBS can be found on the MBS Online website at www.mbsonline.gov.au. You can also subscribe to future MBS updates by visiting [MBS Online](#) and clicking 'Subscribe'.

The Department of Health and Aged Care provides an email advice service for providers seeking advice on interpretation of the MBS items and rules and the Health Insurance Act and associated regulations. If you have a query relating exclusively to interpretation of the Schedule, you should email askMBS@health.gov.au.

Subscribe to '[News for Health Professionals](#)' on the Services Australia website and you will receive regular news highlights.

If you are seeking advice in relation to Medicare billing, claiming, payments, or obtaining a provider number, please go to the Health Professionals page on the Services Australia website or contact the Services Australia on the Provider Enquiry Line – 13 21 50.

The data file for software vendors when available can be accessed via the [Downloads](#) page.

Please note that the information provided is a general guide only. It is ultimately the responsibility of treating practitioners to use their professional judgment to determine the most clinically appropriate services to provide, and then to ensure that any services billed to Medicare fully meet the eligibility requirements outlined in the legislation.

This sheet is current as of the Last updated date shown above and does not account for MBS changes since that date.