



# Changes to MBS items and rules for diagnostic imaging services fact sheet - capital sensitivity

- Capital sensitivity refers to the provisions whereby diagnostic imaging services rendered on equipment that has exceeded its effective life age or maximum extended life age attract a lower Medicare benefit through the use of items annotated with 'NK' in the MBS.
- From 1 May 2020, the capital sensitivity provisions for diagnostic imaging services are being changed.
- These changes are relevant for all health professionals delivering and claiming diagnostic imaging services, consumer receiving and claiming the services, private health insurers and hospitals.
- Provider billing arrangements from 1 May 2020 will need to be adjusted to reflect these changes.

---

## What are the changes?

From 1 May 2020, the NK items will be deleted from the Medicare Benefits Schedule (MBS). This will mean that Medicare benefits will no longer be payable for diagnostic imaging services rendered on equipment that has exceeded its effective life age or maximum extended life age unless the practice has an exemption.

There are two existing exemptions categories:

1. practices located in outer regional, remote and very remote areas are automatically exempt from the capital sensitivity provisions; and
2. for practices located in inner regional areas that are also classified as Rural Zone 4 or 5 under the Rural Regional and Remote Area (RRMA) classification system of 1991, the regulations provide that an exemption may be granted, on application, where the equipment:
  - is operated on a rare and sporadic basis; and
  - provides crucial patient access to diagnostic imaging services.

Medicare rebates for services rendered by practices currently exempt under one of the above categories will continue to be payable. New practices established in outer regional, remote and very remote areas on or after 1 May 2020 will continue to be automatically exempt. Practices located in inner regional areas that are also RRMA 4 or 5 may continue to apply for an exemption.

From 1 May 2020, a further exemption category is being introduced. Under this new exemption, proprietors of practices will be able to apply to the Department of Health to allow Medicare benefits to continue to be paid on equipment that will reach its effective life age or maximum extended life age where:



- the equipment has not yet reached its effective life age or maximum effective life age; and
- due to circumstances beyond the control of the practice, the practice will be unable to replace or upgrade the equipment before it has reached its effective life age or maximum effective life age.

Circumstances when an exemption under this new provision may be considered include unforeseen delays to building works or unforeseen delays in equipment deliveries. An application form for this exemption is available on the Department's website.

## Why are the changes being made?

These changes are a result of a review by the MBS Review Taskforce, which was informed by the Diagnostic Imaging Clinical Committee (DICC). The DICC felt that removing the 'NK' items would encourage providers of diagnostic imaging services to upgrade their equipment to help ensure that patients have access to the highest quality services available at the time.

More information about the Taskforce and associated Committees is available in [Medicare Benefits Schedule Review](#) in the consumer section of the Department of Health website ([www.health.gov.au](http://www.health.gov.au)).

A full copy of the final reports can be found in the DICC section of the Department of Health website ([www.health.gov.au](http://www.health.gov.au)).

## What does this mean for providers and requesters of diagnostic imaging services?

Providers of diagnostic imaging services will need to update or replace their equipment before it reaches its effective life age or maximum extended life age in order for patients to have access Medicare benefits for the services they provide.

Under the principles of informed financial consent, providers should advise patients that no Medicare benefits are payable if the service will be rendered on out-of-date equipment.

## How will these changes affect patients?

The changes will ensure that patients have access to high quality diagnostic imaging services using up-to-date equipment.

## Who was consulted on the changes?

The MBS Review included a targeted consultation process on the DICC report between 14 September and 23 November 2018. The Breast Imaging Working Group and Nuclear Medicine Imaging Working Group reports were released for consultation on 22 August 2018.

Feedback on the reports was received from the following organisations:

- Royal Australian and New Zealand College of Radiologists (RANZCR)
- Australian Diagnostic Imaging Association (ADIA)
- Royal Australian College of General Practitioners (RACGP)
- Royal Australasian College of Physicians (RACP)



- Royal Australian College of Obstetricians and Gynaecologists (RANZCOG)
- South Australia Medical Imaging (SAMI)
- Cancer Nurses Society of Australia (CNSA)
- Australian Private Hospitals Association (APHA)
- Australasian Association of Nuclear Medicine Specialists (AANMS)
- Australian Radiation Protection and Nuclear Safety Agency (ARPANSA)
- The Australasian Society for Ultrasound in Medicine (ASUM)
- Australian Rheumatology Association (ARA)
- Australian Sonographers Association (ASA)
- BreastSurgANZ
- Cancer Voices Australia (CVA)
- Endocrine Society of Australia (ESA)
- Northern Sydney Local Health District (NSLHD)

The submissions were considered by the DICC prior to making its final recommendations to the Taskforce.

Implementation of the recommendations was informed by an Implementation Liaison Group, consisting of representatives from RANZCR, ADIA, RACGP, AANMS and RANZCOG and a consumer representative nominated by the Consumers Health Forum and with input from the Australian Medical Association.

## How will the changes be monitored and reviewed?

The changes will be monitored and reviewed through analysis of MBS utilisation figures.

## Where can I find more information?

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](http://www.mbsonline.gov.au). You can also subscribe to future MBS updates by visiting [MBS Online](#) and clicking 'Subscribe'.

The Department of Health 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](mailto: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 Services Australia on the Provider Enquiry Line – 13 21 50.

The data file for software vendors is expected to become available in late March 2020 and can be accessed via the MBS Online website under 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.*