



# Capital Sensitivity exemption changes to diagnostic imaging services

Last updated: 6 June 2024

- From 1 July 2024, the [Health Insurance \(Diagnostic Imaging Services Table\) Regulations \(No. 2\) 2020](#) will have new arrangements for consideration of granting an exemption to capital sensitivity arrangements.
- 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).
- These changes will broadly continue the prior arrangements while reducing the associated administrative burden involved in applying for capital sensitivity exemptions.

## What are the changes?

The existing capital sensitivity arrangements allow providers to seek an exemption if there have been unforeseen delays in updating or replacing equipment, including when the equipment changes will not be completed by the end of the exemption period. Applicants must currently apply under one of two pathways, which have slightly different criteria.

From 1 July 2024, the two pathways will be consolidated into a single pathway where exemptions can only be granted when applicants satisfy both of the following elements:

- (i) 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
- (ii) the proprietor is taking reasonable steps to replace the equipment (or upgrade the equipment, if it has not already been upgraded) before the end of the exemption period specified.

These criteria will be used to evaluate both initial and subsequent exemption applications.

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

## Why are the changes being made?

The amended capital sensitivity arrangements recognise the continued international and local supply issues while reducing the associated administrative burden currently involved in applying for capital sensitivity exemptions.

## What does this mean for diagnostic imaging proprietors?

This means continuation of the ability to grant exemptions where, due to unforeseen circumstances, the equipment cannot be replaced by the end of the exemption period, but only where reasonable steps have been taken to replace the equipment.

The new provisions are incorporated into a single new capital sensitivity exemption application form developed by the Department of Health and Aged Care. The form covers both initial and subsequent exemption applications.

The maximum exemption periods:

- increase to 6 months for the initial exemption; and
- remain at 3 months for subsequent or further additional exemptions that follow an initial exemption.

These changes reduce the administrative burden associated with exemption applications while still requiring providers to commit to replacing equipment within reasonable timeframes. They do not change the continued requirement that an exemption application must be submitted before the equipment reaches its life age.

## How will the changes be monitored and reviewed?

The Department of Health and Aged Care will monitor the use of the new arrangements and any changes to equipment supply chains.

## Where can I find more information?

An amendment regulation, the [Health Insurance Legislation Amendment \(2024 Measures No. 2\) Regulations 2024](#), was registered on 23 May 2024 and is available to view on the Federal Register of Legislation at [www.legislation.gov.au](http://www.legislation.gov.au).

From 1 July 2024, a new capital sensitivity exemption application form can be located on the Department of Health and Aged Care's website at [www.health.gov.au](http://www.health.gov.au) by entering the search term 'capital sensitivity exemption application'.

Full item descriptors and information on other changes to the Medicare Benefits Schedule (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 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 1973* 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).

Private health insurance information on the product tier arrangements is available at [www.privatehealth.gov.au](http://www.privatehealth.gov.au). Detailed information on the MBS item listing within clinical categories is available on the [Department's website](#). Private health insurance minimum accommodation benefits information, including MBS item accommodation classification, is available in the latest version of the *Private Health Insurance (Benefit Requirements) Rules 2011* found on the [Federal Register of Legislation](#). If you have a query in relation to private health insurance, you should email [PHI@health.gov.au](mailto:PHI@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 factsheet is current as of the Last updated date shown above and does not account for MBS changes since that date.**