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**Public Summary Document**

# **Report to the Medical Services Advisory Committee on Application No. 1180r – Review of Medicare Benefits Schedule (MBS) items for the surgical treatment of obesity**

**MBS items considered: 31569, 31572, 31575, 31578, 31581, 31584, 31587 and 31590.**

**Date of MSAC consideration: 28-29 March 2018**

Context for decision: MSAC makes its advice in accordance with its Terms of Reference, see the [MSAC Website](http://www.msac.gov.au/).

# Purpose

The purpose of the report presented to the Medical Services Advisory Committee (MSAC) was to inform members of the real world impacts on the outcomes of Application 1180r. The MSAC uses this information to ensure that the new and amended items resulting from this application are being used as intended.

# MSAC’s advice

After consideration of various MBS data for the surgical treatment of obesity (MBS items 31569, 31572, 31575, 31578, 31581, 31584, 31587 and 31590) - MSAC Application 1180r, MSAC recommended a comprehensive review of the management of obesity and obesity-related MBS items. MSAC suggested that such a review take into consideration surgical interventions, dietary and physical activity programmes, psychological therapies, psychiatric therapies, allied health and pharmacotherapies.

MSAC recommended the development and implementation of a nationally recognised pathway for patients to access bariatric surgery and the review of clinical practice guidelines for obesity.

MSAC also recommended collaboration between the private and public health systems to achieve solutions that can improve accessibility to bariatric surgery services.

MSAC advised that the MBS items for bariatric surgery be modified to entail restrictions that prevent the co-claiming of laparoscopic items with bariatric surgery items.

**3. Summary of consideration and rationale for MSAC’s advice**

MSAC considered the impacts of the outcome of MSAC Application 1180r for the surgical treatment of obesity by examining various MBS data. This included MBS items 31569, 31572, 31575, 31578, 31581, 31584, 31587 and 31590, which are all bariatric surgery services (hereafter described as all bariatric MBS items).

MSAC recalled that these items had undergone a review for the 54th MSAC meeting in November 2011 and that MSAC recommended these items be amended to remove ambiguity and rectify co-claiming issues. After thorough stakeholder engagement, the amended items were implemented on the MBS on 1 July 2013.

Six of the bariatric MBS items (items 31569, 31572, 31575, 31578, 31581 and 31584) cover primary bariatric surgery services (including restrictive procedures such as adjustable gastric band, sleeve gastrectomy and gastroplasty without plication, and malabsorptive procedures such as Roux-en-Y gastric bypass and biliopancreatic diversion). The other two items, 31587 and 31590, relate to the adjustment or maintenance of the gastric band used in laparoscopic gastric banding procedures.

MSAC noted that 116,748 bariatric surgery services (all bariatric MBS items) were provided in the financial year 2013–14 and 91,136 services in the financial year 2016–17. The utilisation of primary bariatric surgery services in the financial year 2013-14 was 17,762 and in 2016–17, 20,139 services were claimed. MSAC noted that the volume of primary bariatric surgery services had experienced linear upward growth in utilisation over the review period. MSAC noted that the cost in benefits paid for the financial year 2016–17 was $22 million for all bariatric MBS items, and over $86 million in total benefits were paid for all bariatric MBS items for financial years 2013-17.

MSAC noted that the majority of services were claimed in Queensland, Victoria and New South Wales (NSW), with these three states accounting for more than 90% of the total services. However, MSAC noted that Queensland and Western Australia had the highest rate of bariatric surgery services per capita.

MSAC noted that for item 31575 (sleeve gastrectomy), the most commonly claimed primary bariatric surgical item, service volumes are highest in NSW, followed by Queensland, with 16,486 and 15,262 services performed since implementation, respectively.

MSAC noted that although obesity prevalence is higher in men, the majority of bariatric surgery services were for females. MSAC noted the majority of gastric bypass Roux-en-Y services (item 31572), removal/replacement of gastric band services (item 31584) and adjustment of gastric band services (item 31587), were for females ages 45–54. MSAC noted that the majority of sleeve gastrectomy services (item 31575) were for females aged 35–44.

MSAC considered that there were noticeable variations between the 25th and 95th percentiles of fees charged for bariatric surgery services. MSAC noted that there was a top 95th percentile charge of $6000 for sleeve gastrectomy (item 31575, schedule fee $849.55).

MSAC noted that bulk billing rates for all bariatric MBS items were low at 9% in the financial year 2016–17; and in 2014-15 it was estimated that significantly less than 10% of bariatric services were performed on public patients in public hospitals. MSAC noted that for uninsured patients, there may be an out-of-pocket cost of up to $20,000 for bariatric surgery (including costs of associated care such as anaesthetists’ fees, theatre costs and hospitals stays).

MSAC noted that in the financial year 2016–17, 310 practitioners provided primary bariatric surgery services (all bariatric MBS items except 31587 and 31590) and 226 practitioners provided MBS item 31575 (sleeve gastrectomy). 50% of these 226 practitioners provided over 94% of the total services rendered under item 31575 in 2016-17.

MSAC noted that MBS items 105 (consultation) and 30393 (laparoscopic division of adhesions) were the most commonly co-claimed items with bariatric surgery services (all bariatric MBS items). MSAC also noted that there were incidences of co-claiming with MBS item 30390 (diagnostic laparoscopy) and MBS item 30391 (laparoscopy with biopsy). MSAC considered that the current MBS items for bariatric surgeries inherently include the use of laparoscopic procedures in the fee and considered the co-claiming of laparoscopic items with bariatric surgery items to be inappropriate. MSAC noted that as of 1 November 2017, MBS items 105, 116 and 119 can no longer be claimed on the same day as a group T8 item with a schedule fee of $300 or more.

MSAC acknowledged that there were barriers to accessing bariatric surgery services. These barriers included long wait times for elective surgery for public patients in public hospitals and high out-of-pocket costs in the private sector. MSAC noted an emerging trend of patients accessing their superannuation benefits early to pay for medical services including bariatric surgery, and acknowledged the Department of Health’s report that the relevant legislation was currently under review by the Treasury.

MSAC acknowledged that the treatment of obesity requires a complex multidisciplinary team approach that incorporates physical, psychological, psychiatric, social, lifestyle and pharmacological care. MSAC acknowledged that there may be a lack of follow-up care for bariatric surgical patients. MSAC recognised that general practitioners (GPs) are likely to end up being responsible for the care of these patients due to this lack of co-ordinated follow-up care and they may need to be upskilled to provide appropriate long-term support.

MSAC recommended a comprehensive review of obesity management services currently available in Australia, including obesity-related MBS items. MSAC acknowledged that obesity is a complex condition where alterations in policy could potentially have unintended flow-on effects and thus a holistic approach should be undertaken. MSAC suggested that the scope of this review should encompass surgical interventions, dietary and physical activity programmes, psychological therapies, psychiatric therapies, allied health and pharmaco therapies. MSAC noted that there are currently no listed pharmacological agents for obesity on the PBS. MSAC also recommended to include into the scope of the review the possibility of GP-led care, which would include medical and psychological care, referral to bariatric surgery, and follow-up care post-bariatric surgery.

MSAC also advised the development and implementation of a nationally recognised pathway to:

* improve patient access to bariatric surgery services;
* ensure that patients would receive comprehensive care (including adequate follow-up support); and
* ensure bariatric surgery is clinically appropriate for the patient.

MSAC suggested identifying any existing pathways of care that would assist in developing a model of care. MSAC acknowledged that a tertiary facility in Victoria that specialises in the management of obesity was mentioned as a potential source of information for clinical care and clinical patient pathways.

MSAC also recommended the development and implementation of a quality assurance program for practitioners to ensure consistency in the standards of bariatric surgeries.

MSAC noted that the Australian Government currently funds the Bariatric Surgery Registry that collects data from patients who have received bariatric surgery and that the registry is now running into its fifth year. MSAC advised that more information from this data set will be available as the registry matures. MSAC requested that the registry also collect meaningful information on outcomes (such as prevalence in cardiovascular diseases and metabolic diseases) and complications associated with bariatric surgery.

MSAC suggested that the Australian Commission on Safety and Quality Health Care may be able to conduct an analysis and review on regional variations in the uptake and utilisation of bariatric surgery services.

MSAC acknowledged the need to improve accessibility to bariatric surgery services, particularly for disadvantaged patients who may be from lower socioeconomic backgrounds and may not have the access to funds to cover out-of-pocket expenses.

MSAC advised that a systematic approach, across the public and private health systems, may assist to improve accessibility to bariatric surgery services for eligible patients in a cost-effective manner.

# Methodology

An application is selected for consideration if the resulting new item(s) and/or item amendment(s) have been on the MBS for approximately 24 months or longer or if there were particular concerns about utilisation such that MSAC requested to consider it earlier. The specific applications for each MSAC meeting are selected by the MSAC Executive which is composed of the chairs of MSAC and its sub-committees.

A report on the utilisation is developed by the department with information on a number of metrics including; state variation, patient demographics, services per patient, practitioner’s providing the service, data on fees and co-claiming of services. The number of metrics included in a report is dependent on the annual service volume for the MBS item(s) under consideration i.e. an item with very low utilisation will have less data to analyse. Where service volumes are too low, information is suppressed to protect patient privacy.

Where possible, the report compares data on real world utilisation to the assumptions made during the MSAC assessment. Most of these assumptions are drawn from the assessment report.

Relevant stakeholders are provided an opportunity to comment on the findings in the report before it is presented to the MSAC. It is intended that stakeholders are given at least three weeks to consider the reports.

The stakeholder version of the report does not contain information on assumptions from the MSAC consideration if this information is not already publicly available. This is to protect the commercial in confidence of the original applicants. The same principle is applied to this document.

Once MSAC has considered the report, its advice is made available online at the [MSAC Website](http://www.msac.gov.au/).

# Surgical treatment of obesity in Australia’s health system

The National Health and Medical Research Council’s Clinical Practice Guidelines for the Management of Overweight and Obesity in Adults, Adolescents and Children in Australia (2013) recommend that bariatric surgery, in combination with appropriate follow-up, is the most effective treatment for patients with type III obesity (BMI 40.00 or more). Bariatric surgery is also recommended for patients with a BMI of 35 or more (type II obesity), with other medical co-morbidities. Bariatric patients often present with a multitude of co-morbidities, such as type-2 diabetes and cardiovascular disease. Bariatric surgery is the only current treatment that has been shown to achieve major and durable weight loss, which, as evidence suggests, can lead to total or partial control of related co-morbidities[[1]](#footnote-1). In 2008 it was estimated that the total financial costs of obesity, including obesity related expenditure in Australia was $8.3 billion[[2]](#footnote-2)

At its 54th meeting in November 2011, the MSAC agreed there is high clinical need for bariatric surgery to address obesity as a growing public health concern, but that long term data was lacking. It was noted at this meeting the need for a register for patients who have undergone bariatric surgery. The bariatric surgery registry (BSR) was established in 2009 and a pilot registry rolled out in 2012. The BSR is managed by Monash University with support from the Australian and New Zealand Metabolic and Obesity Surgery Society. In June 2017 the BSR released their fifth annual report. For the past four years the BSR has been funded predominantly by the Commonwealth Government and the aim of the registry is to measure safety and quality outcomes for patients undergoing bariatric surgery across public and private hospitals in Australia and New Zealand. Through ongoing patient follow-up, the registry collects information on patient weight loss, change in diabetes status and problems related to the surgery, both in the short and long term. It is not possible yet to draw an accurate picture of the outcomes for bariatric patients from the registry, as a longer period is required to analyse the long term effects on patients.

According to the Australian Bureau of Statistics, in 2014-15 almost two thirds of adult Australians were overweight or obese (36% overweight, 28% obese). Of the 28% of obese Australians a potential 9% would qualify for bariatric surgery (class II and III obesity). This represents approximately 1.5 million people. Table 1 represents the total bariatric separations performed in 2014-15, the total primary (items 31569-31584) MBS listed bariatric surgical services claimed and the total publicly funded bariatric separations within the same year.

**Table 1:Total hospital bariatric surgery separations and total primary MBS bariatric surgical services 2014-15**

| Total separations | 22,713  |
| --- | --- |
| Total MBS services for primary (items 31569-31584) bariatric surgical procedures | 19,154 |

*Source: Australian Institute of Health and Welfare – Weight loss surgery in Australia 2014-15, Medicare Statistics, 2017.*

The Australian Institute of Health and Welfare (AIHW) report on Weight loss surgery in Australia 2014-15 reports that during this year 2,700 bariatric separations were performed in public hospitals, representing approximately 10% of total bariatric separations. However, this figure includes both public and private patients who have received care in public hospitals and therefore the true figure of how many public patients in public hospitals who received bariatric surgery in 2014-15 would likely be much lower than 10%. The department is aware that wait times for publicly funded bariatric surgery in Australia can be significant with some patients reporting waiting over 7 years. This reflects that access is extremely limited in the public hospital system and that the distribution of bariatric surgery is not evenly associated with clinical need. This is a broader policy dilemma beyond the scope of this paper.

According to anecdotal evidence, out of pocket costs for uninsured private patients undergoing bariatric surgery can be more than $20,000. According to Hospital Casemix Protocol 1, in 2015-16, the average insured bariatric surgical patient was covered for roughly $10,400 by their private health insurer, resulting in a significant out of pocket gap fee. The Department of Health has increasingly become aware of patients opting to access their superannuation to pay for the out of pocket costs associated with medical services. These patients are applying to either cover the gap between the total fee and their health insurance benefits, as well as for uninsured patients who must pay the total costs (>$20,000) associated with their procedure. The Department of the Treasury are currently reviewing the rules around the early access to superannuation scheme on compassionate grounds.

# Results

## Utilisation

The utilisation data of bariatric surgery items 31569-31590 (8) reports 116,748 services rendered in year 1, and 91,136 services in year 4 (Table 2). However, for primary bariatric surgical services 31569-31584 (6), the utilisation was 17,762 services for year 1 and 23,828 in year 4 (Table 3). The increase in service volumes for primary items is largely due to the significant increase in the utilisation of item 31575 (sleeve gastrectomy). Further, of note is the decrease in claiming of item 31587 (adjustment of a gastric band).

MBS expenditure on subsidising bariatric surgery continues to grow. In 2005 MBS expenditure on bariatric surgery was $6.3 million and $19.3 million in 2009. These figures are based on MBS bariatric surgery items pre-implementation of new and amended items in 2013. The total benefits paid for MBS items 31569-31590 (8) from 2013-14 to 2016-17 was over $86 million. The most recent financial year (2016-17) saw over $22 million paid in MBS benefits for bariatric services.

Tables 4-9 represent state and territory service volumes for bariatric surgical items 31569, 31572, 31575, 31584, 31587 and 31590. This is both primary and secondary bariatric procedures, excluding items 31578 and 31581. These two items have been excluded as service numbers are too low to conceal patient confidentiality. Item 31578 is for gastroplasty, primarily vertical banded gastroplasty (otherwise known as stomach stapling) and item 31581 is for gastric bypass by biliopancreatic diversion. The low utilisation of these items is likely a reflection of providers preferring surgical techniques such as sleeve gastrectomy and adjustable gastric band over these items. Gastric plication is specifically excluded under item 31578 which has also likely kept utilisation low. The department is aware of an increasing number of providers in Australia offering endoscopic sleeve gastroplasty. The department has communicated to the profession that these surgical techniques require an MSAC assessment to inform whether or not they should also attract MBS rebates.

For some items, service volume data for the Northern Territory, Tasmania and the Australian Capital Territory has been combined with Queensland, Victoria and New South Wales, respectively. In all of these instances, the data in Queensland, Victoria and New South Wales accounts for at least 90% of the total for that combined states column.

For item 31575 (sleeve gastrectomy), the most commonly claimed primary bariatric surgical item, service volumes are highest in New South Wales, followed by Queensland, with 16,486 and 15,262 services performed since implementation, respectively.

Service volumes across all items are significantly lower in the Australian Capital Territory and the Northern Territory.

**Table 2: Service volumes for bariatric surgery items, 2013-14 – 2016-17**

| **Item no.** | **Year 1****2013-14** | **Year 2****2014-15** | **Year 3****2015-16** | **Year 4****2016-17** | **Total** |
| --- | --- | --- | --- | --- | --- |
| **31569** | 4097 | 2,830 | 2,181 | 1,512 | **10,620** |
| **31572** | 882 | 1,323 | 2,029 | 2,424 | **6,658** |
| **31575** | 9,177 | 11,326 | 13,617 | 15,980 | **50,100** |
| **31578** | 55 | 39 | 58 | 122 | **274** |
| **31581** | 26 | 24 | 59 | 101 | **210** |
| **31584** | 3,525 | 3,612 | 3,592 | 3,689 | **14,418** |
| **31587** | 98,266 | 88,027 | 79,495 | 66,899 | **332,687** |
| **31590** | 720 | 704 | 506 | 409 | **2,339** |
| **Total** | **116,748** | **107,885** | **101,537** | **91,136** | **417,306** |

*Source: Department of Health, Medical Benefits Division, Primary Care and Diagnostics Branch, MBS Analytics Section, Reference no.: Q20863, July 2017*

**Table 3: Service volumes for *primary* bariatric surgical items, 2013-14 – 2016-17**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Item no.** | **Year 1****2013-14** | **Year 2****2014-15** | **Year 3****2015-16** | **Year 4****2016-17** | **Total** |
| **31569** | 4097 | 2,830 | 2,181 | 1,512 | **10,620** |
| **31572** | 882 | 1,323 | 2,029 | 2,424 | **6,658** |
| **31575** | 9,177 | 11,326 | 13,617 | 15,980 | **50,100** |
| **31578** | 55 | 39 | 58 | 122 | **274** |
| **31581** | 26 | 24 | 59 | 101 | **210** |
| **31584** | 3,525 | 3,612 | 3,592 | 3,689 | **14,418** |
| **Total** | **17,762** | **19,154** | **21,536** | **23,828** | **82,280** |

*Source: Department of Health, Medical Benefits Division, Primary Care and Diagnostics Branch, MBS Analytics Section, Reference no.: Q20863, July 2017*

**Tables 4-9: State and Territory service volumes for MBS listed bariatric services 31569, 31572, 31575, 31584, 31587 and 31590; 2013-14 to 2016-17 (date of service)**

**Table 4: Item 31569, State/Territory**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **NSW & ACT** | **VIC** | **QLD** | **SA** | **WA** | **TAS** | **NT** | **Total** |
| **2013/2014** | 630 | 1,387 | 527 | 320 | 807 | 348 | 78 | **4097** |
| **2014/2015** | 393 | 1,124 | 356 | 152 | 448 | 287 | 70 | **2830** |
| **2015/2016** | 327 | 893 | 241 | 99 | 315 | 253 | 53 | **2181** |
| **2016/2017** | 167 | 652 | 177 | 50 | 264 | 172 | 30 | **1512** |
| **Total** | **1,517** | **4,056** | **1,301** | **621** | **1,834** | **1,060** | **231** | **10,620** |

*Source: Department of Health, Medical Benefits Division, Primary Care and Diagnostics Branch, MBS Analytics Section, Reference no.: Q20863, July 2017*

**Table 5: Item 31572, State/Territory**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **NSW & ACT** | **VIC & TAS** | **QLD & NT** | **SA** | **WA** | **Total** |
| **2013/14** | 170 | 233 | 309 | 137 | 33 | **882** |
| **2014/2015** | 269 | 340 | 391 | 200 | 123 | **1,323** |
| **2015/2016** | 400 | 495 | 556 | 265 | 313 | **2,029** |
| **2016/2017** | 507 | 556 | 744 | 286 | 330 | **2,423** |
| **Total** | **1,346** | **1,624** | **2,000** | **888** | **799** | **6,657** |

*Source: Department of Health, Medical Benefits Division, Primary Care and Diagnostics Branch, MBS Analytics Section, Reference no.: Q20863, July 2017*

**Table 6: Item 31575, State/Territory**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **NSW** | **VIC & TAS** | **QLD & NT** | **SA** | **WA** | **ACT** | **Total** |
| **2013/14** | 3,109 | 1,119 | 2,476 | 460 | 1,860 | 153 | **9,177** |
| **2014/2015** | 3,721 | 1,398 | 3,159 | 497 | 2,399 | 156 | **11,330** |
| **2015/2016** | 4,602 | 1,590 | 4,195 | 464 | 2,608 | 154 | **13,613** |
| **2016/2017** | 5,054 | 2,049 | 5,534 | 540 | 2,628 | 175 | **15,980** |
| **Total** | **16,486** | **6,156** | **15,364** | **1,961** | **9,495** | **638** | **50,100** |

*Source: Department of Health, Medical Benefits Division, Primary Care and Diagnostics Branch, MBS Analytics Section, Reference no.: Q20863, July 2017*

**Table 7: Item 31584, State/Territory**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **NSW** | **VIC** | **QLD** | **SA** | **WA** | **TAS** | **NT** | **ACT** | **Total** |
| **2013/14** | 710 | 866 | 815 | 281 | 691 | 127 | 15 | 20 | **3,525** |
| **2014/2015** | 736 | 885 | 728 | 345 | 773 | 110 | 17 | 18 | **3,612** |
| **2015/2016** | 739 | 806 | 809 | 293 | 792 | 123 | 11 | 19 | **3,592** |
| **2016/2017** | 762 | 810 | 830 | 305 | 803 | 141 | 22 | 16 | **3,689** |
| **Total** | **2,947** | **3,367** | **3,182** | **1,224** | **3,059** | **501** | **65** | **73** | **14,418** |

*Source: Department of Health, Medical Benefits Division, Primary Care and Diagnostics Branch, MBS Analytics Section, Reference no.: Q20863, July 2017*

**Table 8: Item 31587, State/Territory**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **NSW** | **VIC** | **QLD** | **SA** | **WA** | **TAS** | **NT** | **ACT** | **Total** |
| **2013/14** | 12,466 | 32,944 | 16,059 | 7,998 | 17,216 | 9,627 | 1,152 | 902 | **98,364** |
| **2014/2015** | 10,369 | 31,483 | 13,736 | 6,678 | 14,586 | 9,370 | 1,149 | 657 | **88,028** |
| **2015/2016** | 9,161 | 28,854 | 11,980 | 5,720 | 11,673 | 10,354 | 1,075 | 604 | **79,421** |
| **2016/2017** | 6,533 | 26,501 | 9,246 | 4,611 | 9,541 | 8,283 | 1,006 | 525 | **66,246** |
| **Total** | **38,529** | **119,782** | **51,021** | **25,007** | **53,016** | **37,634** | **4,382** | **2,688** | **332,059** |

*Source: Department of Health, Medical Benefits Division, Primary Care and Diagnostics Branch, MBS Analytics Section, Reference no.: Q20863, July 2017*

**Table 9: Item 31590, State/Territory**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|   |  **NSW & ACT** | **VIC** | **QLD & NT** | **SA** | **WA** | **TAS** | **Total** |
| **2013/14** | 96 | 254 | 116 | 50 | 109 | 95 | **720** |
| **2014/2015** | 103 | 277 | 81 | 70 | 89 | 84 | **704** |
| **2015/2016** | 64 | 217 | 56 | 46 | 56 | 67 | **506** |
| **2016/2017** | 46 | 169 | 50 | 20 | 47 | 77 | **409** |
| **Total** | **309** | **917** | **303** | **186** | **301** | **323** | **2,339** |

*Source: Department of Health, Medical Benefits Division, Primary Care and Diagnostics Branch, MBS Analytics Section, Reference no.: Q20863, July 2017*

## Data on fee charged

The information provided on fees in Table 10 below is a snapshot of how the items are being claimed in practice for all six primary bariatric surgery items 31569, 31572, 31575, 31578, 31581 and 31584.

Sleeve gastrectomy item, 31575, has a schedule fee of $849.55. The average fee charged for this item in 2013-14 was $2,331.66. This increased only slightly to $2,342.64 in the most recent financial year.

The average fee charged across all six primary items has generally remained stable, with only slight increases each year. Item 31578 (gastroplasty) however, saw a drastic increase in average fee charged in 2016-15 to $2,483.02. This is an increase of more than double the average fee charged from the year prior. The average fee charged for item 31578 then decreased significantly in 2016-17 to $1,552.28.

The average fee charged for item 31581 has gradually decreased since implementation, from $2,691.65 to $2,278.47.

Figure 1 depicts the average fee charged by providers, as well as the variation in fees charged between the 25th and 95th percentile of providers. It is evident that the highest fee charged was for item 31575 (sleeve gastrectomy), where providers at the 95th percentile charged $6,000 for this service.

It is important to note that for uninsured patients receiving bariatric surgery from a privately practicing physician, these patients can be out-of-pocket by more than $20,000. This is inclusive of expenses on top of surgeons’ fees, such as anaesthetists’ fees, theatre costs and hospital accommodation.

**Table 10: Statistics on fees charged for primary bariatric surgical items (31569-31584) from 2013-14 to 2016-17 (date of service).**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|   | **31569** | **31572** | **31575** | **31578** | **31581** | **31584** |
| **2013/14** | **Average Fee Charged** | $1,646.62 | $1,668.02 | $2,331.66 | $972.23 | $2,691.65 | $2,133.57 |
| **Standard****Deviation** | $1,201.76 | $1,230.58 | $1,731.13 | $943.98 | $1,443.37 | $417.96 |
| **Median** | $1,163.45 | $1,400.00 | $1,240.35 | $586.28 | $2,090.60 | $2,107.90 |
| **25th Percentile** | $849.55 | $1,045.40  | $1,122.90 | $424.80  | $1,162.20 $1,403.00  | $2,034.35  |
| **95th Percentile[[3]](#footnote-3)** | $2,400.00 | $4,800.00 | $5,600.00 | $3,849.55 | $4,920.00 | $2,800.00 |
| **Bulk Billed** | 3.7% | 1.20% | 3.30% | np | np | 0.60% |
| **2014/15** | **Average Fee Charged** | $1,694.92 | $1,899.49 | $2,286.06 | $1,162.46 | $2,364.03 | $2,190.01 |
| **Standard****Deviation** | $1,286.18 | $1,453.98 | $1,778.25 | $1,426.08 | $1,832.42 | $439.80 |
| **Median** | $1,163.45 | $1,431.80 | $1,206.35 | $424.80  | np | $2,107.90 |
| **25th Percentile** | $849.55 | $1,045.40  | $1,061.90  | $424.80  | np | $2,095.80  |
| **95th Percentile** | $4,450.00 | $5,163.75 | $5,600.00 | $4,892.00 | np | $2,820.95 |
| **Bulk Billed****Rate** | 5.4% | 2.30% | 4.60% | 2.6% | np | 0.80% |
| **2015/16** | **Average Fee Charged** | $1,926.84 | $1,936.24 | $2,301.35 | $2,483.02 | $2,197.46 | $2,196.40 |
| **Standard****Deviation** | $1,570.01 | $1,505.26 | $1,808.09 | $2,050.45 | $1,418.43 | $473.93 |
| **Median** | $1,210.63 | $1,431.80 | $1,211.35 | $1,219.05 | $1,531.95 | $2,107.90 |
| **25th Percentile** | $849.55 | $1,045.40  | $1,139.55  | $749.45  | $1,431.80  | $2,102.00  |
| **95th Percentile** | $4,620.00 | $5,545.40 | $5,825.00 | $5,400.00 | $4,640.15 | $3,100.00 |
| **Bulk Billed Rate** | 5.5% | 2.20% | 6.20% | 6.9% | np | 1.00% |
| **2016/17** | **Average Fee Charged** | $1,866.38 | $1,936.09 | $2,342.64 | $1,552.28 | $2,278.47 | $2,223.31 |
| **Standard****Deviation** | $1,585.05 | $1,511.58 | $1,879.25 | $1,215.78 | $1,567.79 | $531.43 |
| **Median** | $1,163.45 | $1,431.80 | $1,211.35 | $1,181.45 | $1,490.60 | $2,107.90 |
| **25th Percentile** | $849.55 | $1,045.40  | $1,148.25 | $1,162.20  | $1,412.95  | $2,102.00 |
| **95th Percentile** | $5,050.00 | $5,597.75 | $6,000.00 | $4,892.00 | $4,900.00 | $3,550.00 |
| **Bulk Billed Rate** | 7.8% | 2.90% | 8.70% | 16.5% | 4.0% | 1.60% |

*Source: Department of Health, Medical Benefits Division, Primary Care and Diagnostics Branch, MBS Analytics Section, Reference no.: Q20863, July 2017*

*NP = not printed*

 **Figure 1: Average fee charged and the variation in fees charged from the 25th to the 95th percentiles for primary bariatric surgery items between 2013-14 and 2016-17.**

*Source: Department of Health, Medical Benefits Division, Primary Care and Diagnostics Branch, MBS Analytics Section, Reference no.: Q20863, July 2017*

## Patient breakdown

There were 48,097 patients who claimed bariatric services in 2016-17. 21,411 of these patients received a primary bariatric surgical service (31569-31584). This discrepancy in patient numbers is due to patients claiming multiple ongoing adjustment items (item 31587) after receiving gastric banding surgery.

Figures 2-5 represent patient demographics of those claiming bariatric items 31572, 31575, 31584 and 31587. These four items represent over 96% of total bariatric services rendered from 2013-14 to 2016-17.

The most common primary bariatric procedure, the sleeve gastrectomy (31575), is claimed predominantly by females aged 35-54. The most common of all the items, adjustment of a gastric band (31587), is claimed predominantly by females aged 45-54.

**Table 11: Number of patients who received MBS listed bariatric services (31569-31590) from 2013-14 to 2016-17**

|  |  |
| --- | --- |
| **Financial****Year** | **Item no.**  |
| **31569** | **31572** | **31575** | **31578** | **31581** | **31584** | **31587** | **31590** | **Total** |
| **2013-14** | 4,082 | 877 | 9,169 | 55 | 26 | 3,450 | 33,322 | 666 | **51,647** |
| **2014-15** | 2,819 | 1,315 | 11,311 | 39 | 24 | 3,525 | 30,164 | 638 | **49,835** |
| **2015-16** | 2,169 | 2,026 | 13,591 | 58 | 59 | 3,508 | 27,517 | 472 | **49,400** |
| **2016-17** | 1,504 | 2,422 | 15,950 | 122 | 101 | 3,635 | 23,974 | 389 | **48,097** |
| **Total** | **10,574** | **6,640** | **50,021** | **274** | **210** | **14,118** | **114,977** | **2,165** | **198,979** |

*Source: Department of Health, Medical Benefits Division, Primary Care and Diagnostics Branch, MBS Analytics Section, Reference no.: Q20863, July 2017*

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**Figure 2: Demographic profile for MBS item 31572 processed from July 2015 to June 2016**

*Source: Medicare Statistics Online*

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**Figure 3: Demographic profile for MBS item 31575 processed from July 2015 to June 2016**

*Source: Medicare Statistics Online*

****

**Figure 4: Demographic profile for MBS item 31584 processed from July 2015 to June 2016**

*Source: Medicare Statistics Online*

****

**Figure 5: Demographic profile for MBS item 31587 processed from July 2015 to June 2016**

*Source: Medicare Statistics Online*

## Provider breakdown

Across the four years from implementation to present it is apparent that as service volumes increased so too did the number of providers for each procedure type (Tables 12-17). The decrease in gastric banding (31569) over the last four years has resulted in a decrease in the number of providers performing this surgery, with bariatric surgeons performing only 15.9 gastric banding procedures on average per year, compared with surgeons performing 163.7 sleeve gastrectomy (31575) procedures on average per year.

Of the six primary surgical bariatric items, 310 practitioners provided these services in 2016-17. 226 providers claimed item 31575 (sleeve gastrectomy) in 2016-17 and 10% of these practitioners provided over 50% of the total services. 50% of these 226 practitioners provided over 94% of the total services rendered under item 31575 in 2016-17 (Table 18).

**Table 12: Number of practitioners providing services under item 31569 from 2013-14 to 2016-17**

|  |  |  |  |
| --- | --- | --- | --- |
| **Fin Year** | **Providers** | **Services** | **Average** |
| **2013-14** | 144 | 4,097 | 28.5 |
| **2014-15** | 137 | 2,830 | 20.7 |
| **2015-16** | 123 | 2,181 | 17.7 |
| **2016-17** | 95 | 1,512 | 15.9 |
| **All Years** | **206** | **10,620** | **51.6** |

**Table 13: Number of practitioners providing services under item 31572 from 2013-14 to 2016-17**

| **Fin Year** | **Providers** | **Services** | **Average** |
| --- | --- | --- | --- |
| **2013-14** | 81 | 882 | 10.9 |
| **2014-15** | 99 | 1,323 | 13.4 |
| **2015-16** | 97 | 2,029 | 20.9 |
| **2016-17** | 129 | 2,424 | 18.8 |
| **All Years** | **155** | **6,658** | **43.0** |

**Table 14: Number of practitioners providing services under item 31575 from 2013-14 to 2016-17**

|  |  |  |  |
| --- | --- | --- | --- |
| **Fin Year** | **Providers** | **Services** | **Average** |
| **2013-14** | 164 | 9,177 | 56.0 |
| **2014-15** | 174 | 11,326 | 65.1 |
| **2015-16** | 207 | 13,617 | 65.8 |
| **2016-17** | 226 | 15,980 | 70.7 |
| **All Years** | **306** | **50,100** | **163.7** |

**Table 15: Number of practitioners providing services under item 31578 from 2013-14 to 2016-17**

|  |  |  |  |
| --- | --- | --- | --- |
| **Fin Year** | **Providers** | **Services** | **Average** |
| **2013-14** | 17 | 55 | 3.2 |
| **2014-15** | 14 | 39 | 2.8 |
| **2015-16** | 16 | 58 | 3.6 |
| **2016-17** | 21 | 127 | 6.0 |
| **All Years** | **46** | **279** | **6.1** |

**Table 16: Number of practitioners providing services under item 31581 from 2013-14 to 2016-17**

|  |  |  |  |
| --- | --- | --- | --- |
| **Fin Year** | **Providers** | **Services** | **Average** |
| **2013-14** | 12 | 26 | 2.2 |
| **2014-15** | 8 | 24 | 3.0 |
| **2015-16** | 10 | 59 | 5.9 |
| **2016-17** | 17 | 101 | 5.9 |
| **All Years** | **30** | **210** | **7.0** |

**Table 17: Number of practitioners providing services under item 31584 from 2013-14 to 2016-17**

|  |  |  |  |
| --- | --- | --- | --- |
| **Fin Year** | **Providers** | **Services** | **Average** |
| **2013-14** | 213 | 3,525 | 16.5 |
| **2014-15** | 228 | 3,612 | 15.8 |
| **2015-16** | 224 | 3,592 | 16.0 |
| **2016-17** | 248 | 3,689 | 14.9 |
| **All Years** | **341** | **14,418** | **42.3** |

*Source (tables 12-17): Department of Health, Medical Benefits Division, Primary Care and Diagnostics Branch, MBS Analytics Section, Reference no.: Q20863, July 2017*

*Note: Providers will have rendered services in more than one financial year, therefore provider counts for the combined period will be less than the sum of provider counts for each financial year*

**Table 18: Cumulative percentage of medical practitioners providing item 31575 and number of services accounted for at each percentile, 2013-14 to 2016-17**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Provider cumulative** | **2013-14** | **2014-15** | **2015-16** | **2016-17** | **All Years** |
| 1 | 6.1 | 5.5 | 9.8 | 14.1 | 11.8 |
| 5 | 23.2 | 23.3 | 29.9 | 34.6 | 37.2 |
| 10 | 40.0 | 38.7 | 45.7 | 50.2 | 56.3 |
| 20 | 62.2 | 61.6 | 66.7 | 69.8 | 79.8 |
| 25 | 70.2 | 70.5 | 74.3 | 76.6 | 86.5 |
| 30 | 77.3 | 77.4 | 80.3 | 81.7 | 91.4 |
| 40 | 87.1 | 87.0 | 89.5 | 89.2 | 96.9 |
| 50 | 93.5 | 92.9 | 94.8 | 94.4 | 99.0 |
| 60 | 97.2 | 96.7 | 97.6 | 97.5 | 99.7 |
| 70 | 99.0 | 98.7 | 99.2 | 99.0 | 99.8 |
| 75 | 99.5 | 99.3 | 99.5 | 99.4 | 99.8 |
| 80 | 99.6 | 99.6 | 99.7 | 99.7 | 99.9 |
| 90 | 99.8 | 99.8 | 99.8 | 99.9 | 99.9 |
| 95 | 99.9 | 99.9 | 99.9 | 99.9 | 100.0 |
| 99 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

*Source: Department of Health, Medical Benefits Division, Primary Care and Diagnostics Branch, MBS Analytics Section, Reference no.: Q20863, July 2017*

## Co-claiming

The following co-claiming data represents the top 10 instances of co-claiming for items 31569, 31572, 31575 and 31584 in 2016-17. These items represent over 99% of total in-hospital bariatric procedures performed during this financial year.

In approximately 30%-47% of episodes, the four items depicted in Tables 19-22 were claimed alone. The remaining 53%-70% of episodes across these four items were co-claimed with another item. The most popular co-claimed items are subsequent consultation item 105, and item 30393 (LAPAROSCOPIC DIVISION OF ADHESIONS in association with another intra-abdominal procedure where the time taken to divide the adhesions exceeds 45 minutes).

As of 1 November 2017, medical practitioners are no longer be able to claim MBS benefits for subsequent attendance items 105, 116, and 119 if they are claiming any Group T8 items with a schedule fee of equal to or greater than $300 on the same day. Three new consultation items have been implemented (111, 117 and 120). These do not replace any current MBS items. They are additional items to be used in extenuating circumstances whereby a consultation takes place and is followed by a T8 surgical procedure on the same day, with a schedule fee $300 or more. The procedure must be unscheduled and otherwise unpredicted prior to the consultation. Future MBS data should not portray any co-claiming of subsequent consultation items with a primary bariatric procedure. Medical practitioners who are not claiming subsequent attendance items with Group T8 items will not be affected.

**Table 19: Top 10 instances of co-claiming with MBS item 31569 in 2016-17**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **#** | **Items** | **Episodes** | **Services** | **Schedule Fee for combination** | **Number of providers** | **Number of patients** | **% of episodes** |
| 1 | **31569** | 711 | 711 | $604,030 | 65 | 710 | 47.02% |
| 2 | **31569**, 105 | 164 | 328 | $146,378 | 19 | 164 | 10.85% |
| 3 | **31569**, 104 | 120 | 240 | $112,212 | 2 | 120 | 7.94% |
| 4 | **31569**, 31584 | 89 | 178 | $174,787 | 13 | 88 | 5.89% |
| 5 | **31569**, 30393, 31584 | 68 | 204 | $144,085 | 16 | 68 | 4.50% |
| 6 | **31569**, 30393 | 32 | 64 | $35,565 | 18 | 32 | 2.12% |
| 7 | **31569**, 104, 30393 | 30 | 90 | $35,909 | 3 | 30 | 1.98% |
| 8 | **31569**, 105, 31468. | 30 | 90 | $57,110 | 2 | 30 | 1.98% |
| 9 | **31569**, 30473 | 29 | 58 | $27,205 | 3 | 29 | 1.92% |
| 10 | **31569**, 51303 | 28 | 56 | $28,545 | 11 | 28 | 1.85% |

*Source: Department of Health, Medical Benefits Division, Primary Care and Diagnostics Branch, MBS Analytics Section, Reference no.: Q20863, July 2017*

**Table 20: Top 10 instances of co-claiming with MBS item 31572 in 2016-17**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **#** | **Items** | **Episodes** | **Services** | **Schedule Fee for combination** | **Number of providers** | **Number of patients** | **% of episodes** |
| 1 | **31572** | 852 | 852 | $890,681 | 73 | 852 | 35.16% |
| 2 | **31572**, 30393 | 327 | 654 | $427,471 | 57 | 327 | 13.50% |
| 3 | **31572**, 30393, 31584 | 232 | 696 | $508,718 | 27 | 232 | 9.57% |
| 4 | **31572**, 30473 | 123 | 246 | $139,564 | 16 | 123 | 5.08% |
| 5 | **31572**, 105 | 72 | 144 | $78,365 | 17 | 72 | 2.97% |
| 6 | **31572**, 31584 | 57 | 114 | $117,523 | 15 | 57 | 2.35% |
| 7 | **31572**, 105, 30393 | 50 | 150 | $67,513 | 21 | 50 | 2.06% |
| 8 | **31572**, 31468 | 37 | 74 | $72,466 | 15 | 37 | 1.53% |
| 9 | **31572**, 105, 30473 | 36 | 108 | $42,370 | 3 | 36 | 1.49% |
| 10 | **31572**, 30393, 30473 | 36 | 108 | $48,656 | 13 | 36 | 1.49% |

*Source: Department of Health, Medical Benefits Division, Primary Care and Diagnostics Branch, MBS Analytics Section, Reference no.: Q20863, July 2017*

**Table 21: Top 10 instances of co-claiming with MBS item 31575 in 2016-17**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **#** | **Items** | **Episodes** | **Services** | **Schedule Fee for combination** | **Number of providers** | **Number of patients** | **% of episodes** |
| 1 | **31575** | 7,040 | 7,040 | $5,980,407 | 164 | 7,031 | 44.06% |
| 2 | **31575**, 105 | 2,859 | 5,720 | $2,551,886 | 62 | 2,856 | 17.89% |
| 3 | **31575**, 51303 | 875 | 1,750 | $892,185 | 52 | 875 | 5.48% |
| 4 | **31575**, 30393 | 797 | 1,594 | $885,786 | 91 | 794 | 4.99% |
| 5 | **31575**, 31468 | 441 | 882 | $820,971 | 48 | 441 | 2.76% |
| 6 | **31575**, 105, 30393 | 434 | 1,302 | $501,271 | 39 | 434 | 2.72% |
| 7 | **31575**, 30390 | 322 | 644 | $308,975 | 13 | 320 | 2.02% |
| 8 | **31575**, 104 | 302 | 604 | $282,400 | 8 | 301 | 1.89% |
| 9 | **31575**, 30473 | 280 | 560 | $262,757 | 25 | 280 | 1.75% |
| 10 | **31575**, 30391 | 188 | 376 | $186,449 | 8 | 188 | 1.18% |

*Source: Department of Health, Medical Benefits Division, Primary Care and Diagnostics Branch, MBS Analytics Section, Reference no.: Q20863, July 2017*

**Table 22: Top 10 instances of co-claiming with MBS item 31584 in 2016-17**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **#** | **Items** | **Episodes** | **Services** | **Schedule Fee for combination** | **Number of providers** | **Number of patients** | **% of episodes** |
| 1 | **31584** | 1,083  | 1,083  | $1,666,845  | 124  | 1,078  | 29.36%  |
| 2 | **31584**, 30393 | 426  | 852  | $767,728  | 87  | 426  | 11.55%  |
| 3 | **31584**, 105 | 253  | 508  | $400,357  | 39  | 253  | 6.86%  |
| 4 | **31584**, 30393, 31572 | 232  | 696  | $508,718  | 27  | 232  | 6.29%  |
| 5 | **31584**, 105, 30393 | 165  | 496  | $304,295  | 45  | 164  | 4.47%  |
| 6 | **31584**, 104, 30393 | 114  | 342  | $215,323  | 14  | 114  | 3.09%  |
| 7 | **31584**, 31569 | 89  | 178  | $174,787  | 13  | 88  | 2.41%  |
| 8 | **31584**, 31575 | 78  | 156  | $153,184  | 14  | 78  | 2.11%  |
| 9 | **31584**, 104 | 75  | 150  | $121,849  | 18  | 75  | 2.03%  |
| 10 | **31584**, 30939, 31569 | 68  | 204  | $144,085  | 16  | 68  | 1.84%  |

*Source: Department of Health, Medical Benefits Division, Primary Care and Diagnostics Branch, MBS Analytics Section, Reference no.: Q20863, July 2017*

# Background

In mid-2010 the Department contracted Deloitte Access Economics to conduct a review of MBS bariatric services and their findings were presented to MSAC under application 1180r at the 54th MSAC meeting from 29-30 November 2011. Based on the findings of the report, MSAC recommended that the services be retained but the items restructured to eliminate ambiguity and co-claiming issues. It was recommended the term ‘morbid obesity’ be changed to ‘clinically severe obesity’, and that a registry be created to collect long term data to improve quality and safety of bariatric surgery in Australia.

On 1 July 2013, after extensive stakeholder consultation, including the Department working closely with the Obesity Surgical Society of Australia and New Zealand to agree on the best way forward, eight new and amended MBS items for bariatric surgery were implemented (31569-31590). The Commonwealth Government also commenced funding of the Bariatric Surgery Registry from May 2014.

At the MSAC Executive’s 27 July 2017 meeting, the Department noted a range of issues around bariatric surgery, including patient access and high out of pocket costs. The MSAC Executive agreed that a PvA review of these items is warranted and the Department agreed to undertake this as soon as possible.

# Item Descriptors

**31569** Adjustable gastric band, placement of, with or without crural repair taking 45 minutes or less, for a patient with clinically severe obesity (Anaes.) (Assist.)

**Fee:** $849.55 **Benefit:** 75% = $637.20

**31572** Gastric bypass by Roux-en-Y including associated anastomoses, with or without crural repair taking 45 minutes or less, for a patient with clinically severe obesity not being associated with a services to which item 30515 applies (Anaes.) (Assist.)

**Fee:** $1,045.40 **Benefit:** 75% = $784.05

**31575** Sleeve gastrectomy, with or without crural repair taking 45 minutes or less, for a patient with clinically severe obesity (Anaes.) (Assist.)

**Fee:** $849.55 **Benefit:** 75% = $637.20

**31578** Gastroplasty (excluding by gastric plication), with or without crural repair taking 45 minutes or less, for a patient with clinically severe obesity

(Anaes.) (Assist.)

**Fee:** $849.55 **Benefit:** 75% = $637.20

**31581** Gastric bypass by biliopancreatic diversion with or without duodenal switch including gastric resection and anastomoses, with or without crural repair taking 45 minutes or less, for a patient with clinically severe obesity (Anaes.) (Assist.)

**Fee:** $1,045.40 **Benefit:** 75% = $784.05

**31584** Surgical reversal of adjustable gastric banding (removal or replacement of gastric band), gastric bypass, gastroplasty (excluding by gastric plication) or billiopancreatic diversion being services to which items 31569 to 31581 apply (Anaes.) (Assist.)

**Fee:** $1,539.10 **Benefit:** 75% = $1,154.35

**31587** Adjustment of a gastric band as an independent procedure including any associated consultation

**Fee:** $97.95 **Benefit:** 75% = $73.50 85% = $83.30

**31590** Adjustable gastric band reservoir, repair, revision or replacement of (Anaes.) (Assist.)

**Fee:** $251.70 **Benefit:** 75% = $188.80 85% = $213.95

# Further information on MSAC

MSAC Terms of Reference and other information are available on the MSAC Website at: [www.msac.gov.au](file:///D%3A%5CUsers%5Cmccraj%5CAppData%5CLocal%5CMicrosoft%5CWindows%5CTemporary%20Internet%20Files%5CContent.Outlook%5C7M4OPGPH%5Cwww.msac.gov.au).

1. O’Brien P, Brown W and Dixon J. 2005. Obesity, weight loss and bariatric surgery. *Medical Journal of Australia.* 183(6): 310-314. [↑](#footnote-ref-1)
2. Australian Bureau of Statistics. 2004–05. National Health Survey: summary of results, Australia. 2006. *Australian Bureau of Statistics*: Canberra. [↑](#footnote-ref-2)
3. The 95th percentile fee charged represents that 95% of the time the fee is below this amount but in 5% of cases, the fee is higher than this. [↑](#footnote-ref-3)