

Media Release

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Independent modelling warns more investment needed to prevent pathology closures

New independent modelling has warned Australia's pathology sector is under significant cost pressure, threatening the viability of collection centres in regional and remote areas.

The report, *Protecting Pathology Services and Jobs*, from the independent Pragmatic Policy Group, reveals the sector is grappling with an immense cost burden as Medicare rebates for pathology have been frozen for 24 years.

Pathology services are also providing many tests for free due to an outdated Medicare reimbursement system which only pays providers for the three most expensive tests ordered.

Commissioned by pathology company Healius Limited (Healius) (ASX: HLS), the report found around a third of pathology collection centres - and thousands of pathology workers - are located in regional, remote and Indigenous communities.

The report found many of these collection centres are currently unprofitable and at risk of closure without additional government funding.

With 70 per cent of all medical decisions relying on pathology, the report highlights the need for additional investment to support this critical part of the nation's healthcare system.

The cost of providing pathology services has increased rapidly due to high inflation and fewer GP-referrals to pathology services due to fewer GP visits.

The report estimates:

- The 24-year freeze on Medicare rebates for pathology has cost the sector \$13.8 billion.
- The Federal Government investment required over the next four years is \$890 million.
- The cost of this investment could be funded from any available underspend of the \$3.5 billion that the Australian Government originally earmarked for increasing bulk billing of GP services.

Quotes attributable to Healius Chief Executive Officer Paul Anderson:

"Pathology is a critical part of the nation's health infrastructure and both patients and GPs depend on it to make vital health care decisions every day.

Over the next few years, pathology providers will be forced to provide billions of dollars more in free tests, due to an outdated Medicare reimbursement system.

"This will inevitably result in more closures of pathology collection centers, particularly in remote, rural, regional and Indigenous communities.

"We need to keep pathology bulk billed, so everyone can benefit from it.

"We don't want pathology to become like bulk billing for GPs, which is becoming harder to access and making healthcare more expensive."

The report comes at a time when the broader pathology industry is running a [Keep Pathology Bulk Billed](#) campaign.

Please find the PPG report attached.

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