

4 May 2012

Dr Richard Chadwick
General Manager
Adjudication Branch
Australian Competition and Consumer Commission
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Melbourne VIC 3000
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FILE NO
DOC: D12/68669
MARS/PRISM:



Dear Dr Chadwick

RE: Application for Authorisation - A91295, A91296, A91297

The Royal College of Pathologists of Australasia (the College) welcomes the opportunity to comment on the above application. The College is the peak organisation relating to professional standards in the practice of pathology in Australia.

It is unclear from the details provided in the application if the provision of Pathology services by the applicants, to hospitals owned by the applicants, would be covered by this application and whether there would be any restrictions as to which Pathology service or doctor could use? If this is the case, the College has concerns in relation to the application.

In principle, the College does not support this type of vertical integration of medical practice (attached is the College's Policy on "Vertical Integration in Medical Practice"). The College is clear in placing the highest importance on clinical independence whereby requesting medical practitioners, in consultation with their patients and with other experts where necessary, determine the type, number, frequency and provider of investigations in accordance with good medical practice. As stated in our Policy, the College supports the requirements of the Health Insurance Act regarding inducements as they apply to referring medical practitioners and medical providers of investigation services and totally opposes any situation whereby instructions by any related parties direct a practitioner to refer to specific pathology providers.

The process whereby pathology is performed is described and defined is known as the Request-Test-Report Cycle. Key elements include the clinical request for specialist pathology service, the informed co-operation of the patient, the assessment of the request by the pathologist, the performance of the requested service by a pathologist and/or pathology provider, and the reporting of the test results and/or professional opinions back to the requester. The requesting doctor-patient relationship is central to this Cycle and must be based on clinical grounds in which the patient can have absolute confidence. In this sense vertical integration of pathology into other medical services is not in the public interest.

I trust this information is of assistance. If you have any further queries, please feel free to contact Dr Debra Graves, CEO, on 02 8356 5858 or debrag@rcpa.edu.au.

Yours sincerely



Professor T Yee Khong
President

Att.

Policy

Subject: Vertical Integration in Medical Practice
Approval Date: March 2001, August 2006, August 2007, November 2009
Review Date: November 2013
Review By: PPAC
Number: 1/2001

Vertical integration occurs in a variety of medical practices and may take different forms and structures.

The College's position on vertical integration applies to the practice of pathology in both the private and public sectors, and is as follows:

1. The College places the highest importance on the maintenance of professional and ethical standards in Pathology and for Pathologists.
2. The College is adamant that the clinical independence of medical practitioners must be maintained when requesting other clinical services, such as pathology, for their patients. The requesting medical practitioner alone after taking expert advice where relevant, should form a decision in consultation with the patient to determine the need, the type, the number, the frequency and the provider of investigations in accordance with good medical practice. This clinical independence must not be affected in any way by the vertical integration arrangements.
3. The College fully supports the existing requirements in the Health Insurance Act in relation to over-requesting, inducements and bribes as they apply to referring medical practitioners and medical providers of investigation services, e.g. pathology. These principles must be applied when operating in a vertically integrated environment.
4. The College supports the view that all medical practitioners should disclose to patients any commercial links or financial interests they may have in products or services they recommend or provide.
5. The College is totally opposed to any situation whereby instructions by any related parties direct a practitioner to refer to specific pathology providers.