



## **Medical Services Advisory Committee**

### **Public Summary Document**

#### ***Application No. 1113 – Endovenous Laser Therapy for Varicose Veins***

**Sponsor:** Sole Health Care Products Pty Ltd  
**Date of MSAC consideration:** 47<sup>th</sup> MSAC meeting, 4 December 2009

#### **1. Purpose of Application**

Endovenous Laser Therapy (ELT) is a minimally invasive treatment for varicose veins, typically administered in the outpatient setting. Application 1113 requesting subsidy of ELT under the Medicare Benefits Schedule (MBS) was submitted to MSAC in October 2006 and considered at its 7 March 2008 meeting.

An MSAC assessment report was prepared comparing ELT to surgical stripping of the veins (the comparator), a procedure conducted in hospital. On the basis of the cost analysis presented in the MSAC Assessment Report, it was concluded that ELT was associated with cost-savings compared with surgical vein stripping. Cost offsets accrued because ELT was considered not to require hospitalisation, general anaesthesia, or a surgical assistant. On this basis, MSAC supported public funding of the procedure under the MBS in its advice to the Minister. The Minister noted MSAC's advice on 21 May 2008.

#### **2. Background**

After noting MSAC's advice in May 2008, the Minister requested further information from the Department of Health and Ageing (DoHA) on financial implications associated with listing ELT on the MBS. Analysis undertaken by the department's Costing Information Analysis (CIA) Section noted that there were substantial discrepancies between the estimates of the financial impact on expenditures under the MBS presented in the MSAC Assessment Report and those prepared by the CIA Section.

Ultimately, the discrepancies resulted in different conclusions being drawn as to whether ELT is cost-saving compared with the surgical procedure. In contrast to the analysis presented in the MSAC Evaluator's assessment report, the analysis conducted by the CIA Section of DoHA found that ELT is likely to be more expensive than the surgical procedure. The major difference between these analyses related to the estimation of the actual cost of ELT as a consequence of the Extended Medicare Safety Net. Since there is no constraint on the fee charged by a provider for an MBS service there is no constraint on the amount the government may be liable. In the case of ELT the patient may reach the Extended Medicare Safety Net threshold with the supply of this service alone.

#### **3. Comparator**

Members acknowledged that in many cases MSAC does not know the market price that may be charged for a new service, but for comparator items already on the MBS, cost-effectiveness should generally be assumed to have already been considered and accepted for the purposes of the evaluation.

#### **4. Safety**

MSAC noted but did not review the previous advice to the Minister in 2008 that ELT is at least as safe as saphenous junction ligation and vein stripping for the treatment of varicose veins.

#### **5. Clinical effectiveness**

MSAC noted but did not review the previous advice to the Minister in 2008 that ELT is as effective as saphenous junction ligation and vein stripping for the treatment of varicose veins.

#### **6. Cost-effectiveness**

Recognising the difficulty in determining an accurate market price for a new service, members agreed that MSAC could provide advice on the effect of a range of possible fees on the cost-effectiveness of the service.

#### **7. Financial/budgetary impacts**

MSAC noted the importance of considering the impact of funding recommendations on the Medicare Safety Net, and that this would require co-operation between the Evaluators and the CIA Section of the Department when framing the economic evaluation of a report. MSAC also cautioned about specifying an upper fee threshold for cost-effectiveness, due to potential moral hazard in relation to subsequent fee-setting.

#### **8. Summary of consideration and rationale for MSAC's advice**

MSAC noted the overview from the Economics Sub-Committee (ESC) and the issues raised in the report commissioned from Deakin University concerning the implications of different scenarios presented in the different costing methodologies.

MSAC discussed whether it should confirm, modify or withdraw its previous advice on public funding of ELT.

MSAC agreed that future health technology assessments should consider the perspective of the whole of health system but should also document the financial implications for the MBS. MSAC requested that reports should disaggregate the costs to show who is bearing the costs (MBS out-of-pocket cost to patients, the state or commonwealth). The reports should also capture the implications of the Medicare Safety Net (gap and extended) to potential payers.

MSAC noted there may be policy implications and sensitivities associated with presenting data on the cost to payers – particularly in relation to the Medicare Safety Net. It was agreed that further work needed to be completed to develop a format for presenting advice on this issue to the Minister for Health and Ageing. MSAC agreed this exercise will also provide considerable insight for a planned review of MSAC's current Economic Guidelines. The review should define the additional information needed in the application form, the benefits that can be derived from greater and earlier inclusion of DoHA expertise (especially in the areas of MBS item utilisation patterns, implementation negotiation, MBS modelling and impact of the Medicare Safety Net and the Extended Medicare Safety Net).

MSAC voted to advise the Minister that:

- MSAC's previous advice be confirmed on the proviso that the MBS fee for ELT be held at the same level as the current MBS fee for the comparator and be exempt from the Extended Medicare Safety Net. The rationale for this advice is that although ELT is as effective as the comparator, ELT would be more costly than the comparator if a higher price were charged and government bore this additional cost as a consequence of the Medicare Safety Net; and
- if ELT were reimbursed through the MBS, data should be collected on the actual fees charged for ELT, and reported to MSAC after 18 months, to assess the impact of this procedure on out-of-pocket costs borne by the consumer:

## **9. MSAC's advice to the Minister**

MSAC accepted previous advice on Endovenous Laser Therapy (ELT) that ELT is at least as safe and effective as surgical vein stripping for the treatment of varicose veins. ELT is cost-effective at the fee proposed in the MSAC Application 1113 Report (\$606).

MSAC supports public funding for ELT, provided that the MBS fee is held at the current MBS fee of the comparator and is exempt from the Medicare Safety Net for this item.

Should the Minister ultimately agree to list ELT on the MBS, MSAC requests the Department of Health and Ageing to report to MSAC after 18 months on the actual fees charged for this procedure in order to consider the extent to which consumers are bearing out-of-pocket costs.

## **10. Context for Decision**

This advice was made under the MSAC Terms of Reference:

- Advise the Minister for Health and Ageing on the strength of evidence pertaining to new and emerging medical technologies and procedures in relation to their safety, effectiveness and cost-effectiveness and under what circumstances public funding should be supported.
- Advise the Minister for Health and Ageing on which new medical technologies and procedures should be funded on an interim basis to allow data to be assembled to determine their safety, effectiveness and cost-effectiveness.
- Advise the Minister for Health and Ageing on references related either to new and/or existing medical technologies and procedures.
- Undertake health technology assessment work referred by the Australian Health Ministers' Advisory Council (AHMAC) and report its findings to the AHMAC.

## **11. Linkages to Other Documents**

MSAC's processes are detailed on the MSAC Website at:

<http://www.msac.gov.au/internet/msac/publishing.nsf/Content/evaluation-cycle-1>

The MSAC Assessment Report is available

at:<http://www.msac.gov.au/internet/msac/publishing.nsf/Content/MSACCompletedAssessments1101-1119>