



**MEDIA RELEASE**  
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## **Medical device industry disappointed by cuts to Prostheses List**

The Medical Technology Association of Australia (MTAA) is disappointed by the announcement today by the Health Minister, Sussan Ley MP to cut 7.5% off hips and knees and 10% to cardiac and ophthalmic on the Prostheses List (PL).

This announcement means the benefits paid by private health insurers for around 2,500 implantable medical devices will be reduced.

It is extremely disappointing this decision has been taken ahead of the Government's recently announced, evidence-based process.

The sense of urgency generated through Private Health Insurance (PHI) aggressive media campaign seems to be in stark contrast to the recently announced record profits being enjoyed by several of the health funds.

MTAA believes these significant cuts will have a seriously adverse impact on jobs and services provided by the industry.

Nevertheless, the MTAA looks forward to continuing discussions on reforms to build a long-term sustainable model that ensures the Prostheses List is fit for purpose and addresses patient needs through its participation in the new expanded Prostheses Listing Advisory Committee (PLAC).

### **Andrea Kunca, co-lead of the Medical Technology Association of Australia said:**

"The MTAA regretfully acknowledges the decision to cut \$86 million from the benefit arrangements to the PL for implantable medical devices in the cardiac, ophthalmic, knee and hip categories.

"It's a decision to satisfy the PHI industry's ever increasing voracious demands for unjustifiable premium increases with the premium round due to begin in November.

"And we expect the PHI industry will pass on every dollar of this cut to consumers through reduced premiums as this has been the reason for the cuts.

"We've been, and remain, fully supportive of the Government's efforts to achieve lasting and meaningful fact based reform of medical device benefits.

"But 70% of our members with products on the PL are Australian small-to-medium size companies and a cut of this size will mean job losses, reduced R&D and loss of manufacturing to overseas.

"It will also mean an increase to patient out of pocket costs and cost shifting to other parts of the private health sector, neither of which will benefit privately insured patients.

"Benefit arrangements are complex and this cut to medical device benefits is not a patient focused decision.

“The MTAA believes the expanded PLAC and new Private Health Ministerial Advisory Committee is the right vehicle to delivering long-term evidence based reform, as well as ensuring that Australians have access to the latest medical technologies.”

“Our industry accounts for 14 cents in every dollar paid in reimbursements by private health insurers under their hospital cover policies.

“If we’re going to be serious about helping deliver a sustainable and transparent healthcare system it is critical that the reform process examines the other 86 cents that’s driving up premiums, and more importantly, the risk model PHI industry utilises.”

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**Did you know?**

1. The medical technology industry currently employs more than 19,000 people and generates approximately \$11 billion in revenue.
2. The industry is highly skilled with over 52% of employees having a tertiary qualification, and 25% having a postgraduate qualification.
3. More than half of Australian medical device companies have grown from start-ups. 40% of all medical device businesses have been established since 2000.
4. In 2013-14, Australia exported medical devices to 167 different countries around the world for a total value of \$2.1 billion.
5. Medical technology (7.76%) is second only to Civil Engineering (8.5%) and pharmaceuticals in third (6.3%) when it comes to filing patents for innovative technology.

**About MTAA**

The Medical Technology Association of Australia (MTAA) is the national association representing companies in the medical technology industry. MTAA aims to ensure the benefits of modern, innovative and reliable medical technology are delivered effectively to provide better health outcomes to the Australian community.

MTAA represents manufacturers and suppliers of medical technology used in the diagnosis, prevention, treatment and management of disease and disability. The range of medical technology is diverse with products ranging from familiar items such as syringes and wound dressings, through to high-technology implanted devices such as pacemakers, defibrillators, hip and other orthopaedic implants. Products also include hospital and diagnostic imaging equipment such as ultrasounds and magnetic resonance imaging machines.

MTAA members distribute the majority of the non-pharmaceutical products used in the diagnosis and treatment of disease and disability in Australia. Our member companies also play a vital role in providing healthcare professionals with essential education and training to ensure safe and effective use of medical technology.