



MEDIA RELEASE
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PRIVATE HEALTH PREMIUMS LIKELY TO RISE ANOTHER \$200 IN 2018

As reported in the Herald Sun (*'GPs' fees up \$1 as health funds ask for \$200 premium rise'*) today families are facing a further \$200 increase next year in their health insurance premiums.

The Medical Technology of Australia (MTAA) again calls on the Australian National Audit Office (ANAO) to be given the power to audit the books of insurers to ensure the \$1.5 billion in medical device price savings are passed onto consumers.

Yesterday, Australian Prudential Regulation Authority released the 2016-2017 annual report into the private health insurance sector, which showed a record \$1.39 billion in net profit across the industry, an increase of 11.55% from the previous year.

The Insurers retained \$7.75 billion in capital assets in excess of their liabilities. This is an increase of \$611 million or 8.6% in the past 12 months. Surely, there is scope to pass some of that back to customers through reduced premiums, rather than seeking a \$200 premium increase?

The Private Health Insurance industry is the beneficiary of \$6 billion dollars in taxpayer subsidies every year and this spending is the 17th largest Government spending program in the Federal budget.

This year, premiums increased by an average of 4.8% and with the recent cuts provided by our industry, Private Health Insurance industry estimates every \$200m in cuts to medical devices should shave 1% off next year's premium rises.

But this was immediately rejected by the big health fund CEO's, with BUPA questioning a 3.9% increase as *"maybe a bit of a stretch..."* This was seconded by NIB chief executive who said price cuts to the Prostheses List would drive down the average annual premium increase to the *"low end of 4%"*.

The evidence of increasing profits of Private Health Insurers would indicate they should do some belt tightening of their own to keep premium growth at the current inflation rate of 1.9% or below.

Ian Burgess, Chief Executive Officer of the Medical Technology Association of Australia said:

"MTAA strongly supports the need for a healthy and viable private Health Insurance sector in Australia, and by any measure it is extremely healthy.

"Unfortunately, it seems the Private Health Insurance Industry is asking every other sector to reduce their costs to fund reduction in premium growth but are reluctant to look to their own books for savings.

“We believe the Australian National Audit Office should be given the power to audit the books of insurers to ensure medical device price savings are passed onto consumers.

“It’s critically important every cent of savings is directly passed through to their 13.5 million customers.

“This is an industry that receives \$6 billion in taxpayer handouts, equivalent to 26% of their total revenue. Independent review by the Australian National Audit Office would be entirely appropriate and would ensure full transparency by private health insurers.

“Under the recently announced Agreement between MTAA and the Government, and following on from cuts announced earlier this year, private health insurers will save \$1.5 billion in payments for medical devices over the next four years.

“Given the scale of the savings they are receiving we think no more than a CPI increase next year is reasonable.”

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MedTech, did you know?

1. The medical technology industry currently employs more than 19,000 people.
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.

PHI, did you know?

1. PHI industry which is the only industry in Australia that receives over \$6 billion in taxpayer funded subsidies every year.
2. Australian Prudential Regulation Authority recent figures showed that before tax profit growth was 11.55% compared to previous financial year.
3. Some of its CEOs have seen their salaries soar by as much as 51% in five years.
4. PHI premiums have increased on average by 54.6% since 2009.
5. Recent Senate Committee a major PHI player confirmed that its return on equity was 29% which is nearly double that of the banks.

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.