

MEDIA RELEASE

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Private Health Premiums Must Go Below Zero Next Round

The Medical Technology Association of Australia has welcomed Health Minister Greg Hunt listening to its calls to keep premium increases under 3 per cent and force the big corporate insurers to pay for it out of their own \$1 billion in profits, not everyone else's pockets.

MTAA CEO Ian Burgess said today's announcement confirmed that insurer claims that medical device prices would force them to raise premiums over 3.5 per cent – twice inflation – next year were nothing but a "sham and a scam".

"No matter how you spin it, this is an embarrassing capitulation for Australia's 'Big 3' corporate insurers," he said.

"Minister Hunt has not only stood firm and called their bluff, but also forced the 'Big 3' – Bupa, Medibank and NIB – to admit that they can afford to dip into their pockets and profits to lower their prices.

"The 'Big 3' insurers must therefore be forced to submit price cuts below zero per cent the next few premium rounds to ensure no more Australians are priced out of their health fund while the Minister undertakes further reform.

"Over the past decade we saw private health premiums increase at a faster rate than national house prices – as a country we can't afford to allow the 'Big 3' corporate insurers to get away with that again.

"It's time to save private health from itself."

Minister Hunt's decision comes on the back of recent evidenced-based campaigning from MTAA to ensure he could deliver on his promise to bring premium increases in under 3 per cent next year, including analysis showing:

- *Private health insurers have not paid one extra cent for medical devices over the past two premium years, despite raising their prices twice-inflation and banking over \$1 billion in profits between them.*
- *Private health premiums had grown at a faster rate than national house prices over the past decade, leaving customers out of pocket as much as \$4000 over 10 years.*
- *The avg price of medical devices in Australia fell 12 per cent over the same 10-year period.*
- *Three quarters of Australians wanted Minister Hunt to force health funds to keep their price increases under 3 per cent next year, and use their \$1 billion in profits to fund it (YouGov poll of over 1000 Australians).*
- *Two thirds of Australians did not believe a premium increase over 3 per cent next year was in the "public interest" – the key test allowing the Minister to push back on private health insurer price increase requests.*
- *The MTAA's Agreement with the Minister has already saved insurers a total of \$390 million off the cost of medical devices and is on track to exceed the \$1.1 billion in total expected savings.*
- *A further \$1 billion worth of efficiencies that could reduce private health prices by up to 20 per cent within 3 years if adopted now (AlphaBeta Report – August 2019).*

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