



MEDIA RELEASE
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Revealed: Private Health Insurers Profiteering From COVID-19

Private health insurers have continued to rake in profits off the backs of Australian families struggling through the global health and economic crisis caused by COVID-19, according to quarterly private health insurance statistics released by APRA today.

The data shows that during COVID-19 private health profiteers have raked in gross mega-COVID-profits of \$1.03 billion, while cutting the actual benefits paid to policy holders to \$20.3 billion, down \$600 million from 2019.

Clever accounting to shift \$1.4 billion worth of benefit payouts from the distant future into the June quarter does not change the facts.

Private health profiteers have also increased their management expenses by 15.8% on the latest quarter, a total of more than \$650 million – far exceeding the \$500 million in savings insurers claim to have returned to members.

The APRA data also showed that total benefits paid for prostheses decreased by 14.7% in the June 2020 quarter compared with March 2020, despite only a 12.9% decline in hospital benefits paid.

The APRA June quarter statistics on Private Health Insurance highlight once again the savings that have been delivered by MTAA's Agreement with the Commonwealth, despite the enormous financial pressures being faced by the industry as a result of the COVID-19 pandemic.

Despite the continued reduction in the cost of medical devices for patients – a direct result of the \$1.1 billion in cuts that MedTech innovators delivered through MTAA's 2017 Agreement with the Government to help make healthcare more affordable – the APRA data has shown a significant spike in insurer profits, which are expected to continue to rise, year on year.

Medical Technology Association of Australia (MTAA) CEO, Ian Burgess, has called on private health insurers to reverse their premium increases and return windfall profits to their customers as Australian families continue to struggle with COVID-19.

"As MedTech innovators, doctors, nurses and essential works have pulled together to reduce costs and support the Government's fight against COVID-19, struggling Australian families are rightly asking why private health profiteers are still raking in windfall profits at the expense of everyone else," Mr Burgess said.

"If private health insurers in Ireland, and even car insurers in Australia, can return premiums to their customers in this time of national unity, why can't these private health profiteers give back some of their windfall profits to struggling Australian families? Why can't they put people before profits?"

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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.

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.