



**MEDIA RELEASE**  
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## **Private health insurers increase premiums to support profit**

Yesterday marked the beginning of yet another round of private health insurance premium increases. Australia's official inflation rate is 1.43%, yet insurers have jacked up their premiums by 2.92%. Corporate health insurers are increasing their premiums, not to increase patient outcomes, but rather to line their own pockets.

APRA's mandatory private health insurance reporting data shows in the three months to June corporate health insurers raked in gross mega-COVID-profits of \$1.03 billion, and this is after they brought forward \$1.4 billion in distant future claims and a 15.8% rise in their Management expenses. Management expenses, which include employee bonuses, are now at a record high of \$650.1 million every three months.

The Federal Government and the MedTech innovators are doing all they can to play their part in trying to reduce the rise of insurance premiums. MTAA and Minister for Health, Greg Hunt, signed an agreement in October 2017 that is saving private health policy holders \$1.1 billion in payments for medical devices over the next four years.

Unfortunately, despite Private Healthcare Australia (PHA), the private health insurance lobby group, claiming a reduction in device prices would lead to a decrease insurance costs, corporate health insurers have continued to jack up their prices and squeeze struggling Aussie families. It is now clear that savings need to be made within the insurer's internal processes - nothing else will reduce premiums.

Professor of Health Economics at the University of Melbourne, Yuting Zhang, recently wrote "the reasons insurance companies are using to justify this price rise don't stack up."<sup>1</sup>

It is important to note that not all insurers have jumped on the PHA profit plan. HBF and some smaller funds have done the right thing; they have abandoned their proposed premium increases. They know, during COVID it is not the time to profiteer off the backs of Aussie families.

Medical Technology Association of Australia (MTAA) CEO, Ian Burgess, has called on corporate health insurers to ditch their premium increases and return the money to families who need it the most.

"MTAA and the Government delivered \$1.1 Billion in savings, now is the time to pass this on in full: insurers must forgo their premium increase, give money back to Aussie Mums and Dads – it's time they put people before profits."

**ENDS**

Media contact: Edward Strong | 0437629884 | [estrong@mtaa.org.au](mailto:estrong@mtaa.org.au)

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<sup>1</sup> <https://theconversation.com/private-health-insurance-premiums-are-going-up-this-week-but-the-reasons-why-just-dont-stack-up-146480>

### **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.