



The Hon. Greg Hunt MP
Minister for Health and Aged Care

MEDIA RELEASE

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Prostheses agreement to deliver lower prices for medical devices and further reduce pressures on insurance premiums

The Morrison Government's plan to keep private health insurance costs affordable for all Australians is continuing to move ahead through landmark reform of the Prostheses List.

To support this, I have completed a landmark structural Memorandum of Understanding with the Medical Technology Association of Australia (MTAA) providing once in a generation reforms to help make devices more affordable and more easily available and to further reduce cost pressures on private health insurance.

The multi-year reforms are anticipated to reduce the difference between private and public hospital prices paid for the same medical devices by up to 80 per cent, as well as deliver structural reforms that better focus the Prostheses List for the future on high-cost and innovative medical devices.

The List, established in 1985, sets the minimum price insurers must pay hospitals for a surgically implanted prosthesis received by a private patient in a privately insured episode of hospital treatment. Examples of prostheses are replacement hips and knees, cardiac implantable electronic devices, such as pacemakers, and human tissue.

Since 1985, the Prostheses List has grown in both size and complexity, now including more than 11,600 items.

In 2019-20, more than 3.1 million prostheses on the list were supplied at a cost – to private health insurers – of approximately \$2.1 billion. This was up to 145% higher than the cost of the same items in the public health system.

The Government is reforming the list to better align prices in the private system with those paid in public hospitals, and comparable international markets.

This will improve the affordability and value of private health insurance for Australians by keeping downward pressure on premiums, while still maintaining access to high quality medical devices.

The MoU with the MTAA sets out a process to ensure a more seamless implementation of the reform arrangements and to ensure the commitment of the medical technology industry to the success of the reforms.

In particular, the MoU provides clarity to industry about how items on the List will be costed, setting in place a process to reduce the gap between the cost of medical devices in the public and private health sectors over three years.

Authorised by Greg Hunt MP, Liberal Party of Australia, Somerville, Victoria.

The MoU also clarifies the process for removing general use consumable items from the Protheses List that do not meet the criteria for listing.

I thank the MTAA and all stakeholders – including consumers, private hospital networks, private health insurers, clinics and the broader medical technology industry – for their continued commitment to these reforms and for engaging constructively with the Government for the benefit of Australians with private health insurance.

Further detail regarding the reforms is available at <https://www.health.gov.au/health-topics/private-health-insurance/the-protheses-list/protheses-list-reforms-and-reviews>

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