JOINT STATEMENT ON PROSTHESES LIST REFORM

The Australian Medical Association (AMA), Australian Private Hospitals Association (APHA), Consumer Health Forum (CHF), and the Medical Technology Association of Australia (MTAA) recognise the critical need for further reform of private health insurance in Australia to ensure its ongoing sustainability, including improvements to the Prostheses List.

Reforms to the Prostheses List must focus on the needs of patients, including the preservation of access to the most clinically appropriate care.

The Prostheses List (PL) consists of medical devices (such as hips and knees, pacemakers and heart valves, and ophthalmic lenses), which private health insurers are required to fund under the Private Health Insurance Act 2007 (if the policyholder has the relevant coverage).

The PL protects patient access to the medical devices best suited to their needs as determined by their surgeon in consultation with the patient. We have come together to share our concerns and work towards a solution to the areas of the system not performing as intended. These reforms include:

1. A robust, evidence-based and fit-for-purpose mechanism to underpin the listing and pricing of products, including provision for regular review to achieve savings,
2. A clear definition of included products on the list,
3. A simplified and more transparent list,
4. Processes to review and promote evidence-based utilisation,
5. More efficient access pathways, without compromising the rigour of appropriate and fit-for-purpose assessment processes, and
6. Enhanced Department capabilities for list management.

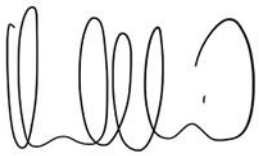
The Department's proposal to abolish the PL and replace it with the private health insurance lobby's preference of an AR-DRGs (Australia Revised – Diagnostic Reference Groups) based schedule of benefits, presents serious concern. This will mean hospitals are only funded to cover the cost of medical technology(s) used in an average case; i.e. the costs of devices in an average eye procedure, the cost of a knee joint and associated components in an average knee replacement.

This ignores the fact each patient and their health care needs are different – despite a similar diagnosis. The cost of the medical technologies required can vary significantly from patient to patient; even when they are undergoing the same procedure. This will leave patients and hospitals to pick up the cost for the difference, or simply miss out on accessing the necessary medical device/s.

By abolishing the PL and replacing it with an AR-DRG system, the Department would discourage Australians from continuing with their private health insurance, instead forcing them to rely on the public health system. This will place further strain on public hospitals and massively increase waiting times for procedures required by many elderly Australians, such as hip and knee replacements and lens replacements for cataract treatment.

The Department should be prioritising quality of outcomes for patients; preserving clinical choice; ensuring sustainability of the private health system and guaranteeing no out-of-pocket costs for their prosthesis. This can only happen by undertaking practical reform of the PL. The Department's preferred approach of abolishing the PL and replacing it with a system unproven anywhere in the world will have detrimental impacts across both the public and private health systems.

Signed



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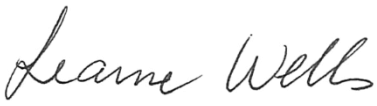

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