



MEDIA RELEASE
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\$2,000,000,000 PROFIT SHOWS PRIVATE HEALTH INSURANCE REFORM NEEDED TO TACKLE COST-OF-LIVING CRISIS

The Medical Technology Association of Australia (MTAA) has pointed to the record profits for insurance companies as another clear example of the need for private health insurance reform to address the cost-of-living crisis in Australia.

Quarterly data released by the Australian Prudential Regulation Authority (APRA) has revealed private health insurance companies have raked in their highest ever profits at \$2 billion, an astounding 107.8% increase on last year.

The data also showed that the 'deferred claims liability' (unpaid premiums) insurance companies have been hoarding since the start of the pandemic also increased to \$1.6 billion.

The record profits come while expenditure on medical devices, via the Prostheses List, plummeted by 17.9% in the March quarter compared to the previous quarter.

MTAA CEO, Ian Burgess, said the data shows the real and urgent need for reform to private health insurance which is adding a significant burden to Australia's cost-of-living crisis.

"The fact that we're seeing corporate health insurers now spending more on themselves through 'management expenses' than they are on life-saving medical devices, while also making record profits, shows we need to see urgent and real reform to private health insurance," Mr Burgess said.

"The Prime Minister is right to focus on the cost-of-living crisis in Australia, and making private health insurance more accessible, affordable and fair is what's needed right now to help working families."

The APRA data shows that while working families are struggling to afford to put fuel in their cars or save for a home, private health insurers are splurging on themselves to the sum of \$2.6 billion for 'management expenses', an increase of 7.3% on the previous year.

MTAA has put forward a '7 Point Plan' to address the inequities of private health insurance, force insurers to payback what's fair to consumers, and ensure the system puts patients and not profits at the heart of its focus.

MTAA's '7 Point Plan' recommends the government adopt the following:

1. Force insurers to return 100% of COVID-19 profits to members,
2. Require insurers to pay out a minimum of 90 percent of their revenue to members,
3. Establish a Private Health System regulator to develop a reform agenda to increase sustainability and protect patients,
4. Refuse premium increases for insurers whose claims ratio is below the industry average,
5. Prevent insurers from providing rebates for unproven treatments,
6. Standardise rebates for services across insurers to streamline administration and provide for certainty for consumers, and
7. Hold an inquiry into the corporate and tax structures of insurers to identify opportunities to reduce management expenses.

"These reforms address the drivers of ongoing premium increases, supports the sustainability of Australia's private health sector, and will stop private health insurance from driving Australia's cost of living crisis. They will break the cycle of ongoing above-inflation premium increases and ensure the affordability of private health insurance for all Australians," Mr Burgess said.

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Did you know?

1. During COVID-19 the medical technology industry provided 7,500 ventilators, tens of millions of COVID-19 testing kits, and countless items of PPE including masks and gowns.
2. The medical technology industry currently employs more than 19,000 people.
3. The industry is highly skilled with over 52% of employees having a tertiary qualification, and 25% having a postgraduate qualification.
4. More than half of Australian medical device companies have grown from start-ups. 40% of all medical device businesses have been established since 2000.
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.