



MEDIA RELEASE
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CONSUMERS LEFT WANTING AS INSURERS 'MANAGEMENT FEES' BLOAT

The Medical Technology Association of Australia has called on the corporate health insurance lobby to end its attacks on the private health sector as data reveals insurers have continued to spend consumers' money on bloated 'management fees'.

Despite the effects of the cost-of-living crisis, insurers are continuing to spend more on themselves through **management fees to the sum of \$2.6 billion and were up 17.5%** on the last quarter.

Australian Prudential Regulation Authority (APRA), data has also show that **insurers spent 4.2% less for medical devices** compared to this time last year, despite procedure numbers recovering.

According to quarterly data released by the APRA corporate insurers have continued to benefit from increased revenue from private health insurance consumers to the sum of **\$900 million, an increase of 3.5%** over the year to June 2022.

Despite publicly stating their intention to return the COVID windfalls (deferred claims liabilities), APRA data has revealed that insurers have actually increased their COVID windfalls by an astonishing \$685 million, now **totalling more than \$1.9 billion**.

MTAA CEO, Ian Burgess, said it didn't pass the 'pub test' that while Australian families are being forced to tighten their own belts, insurers are now spending half a billion more on themselves, through management fees, than they are on life-saving medical devices for patients.

"It's just not acceptable for insurers to continue to advocate to abolish clinical autonomy and patient access to medical devices in Australia, all the while expanding their bloated management expenses budget," Mr Burgess said.

"MTAA and other health stakeholders are shocked that insurers continue to falsely claim they're not profiting from COVID-19, while hoarding their COVID profits rather than returning it to consumers.

"Insurers are doing this all the while making blatantly false representations to Members of Parliament about the impact on Prostheses List benefits on premiums, which any doctor, hospital or consumer advocate can tell you is not only not a contributing factor, but that prices of medical devices are continuing to fall."

MTAA has called for wide-ranging reforms to the private health insurance industry, releasing its '7 Point Plan' for Government's consideration to bring down premiums, protect patients' rights and hold insurance companies to account with how they spend consumers' money.

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.

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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.