



MEDIA RELEASE
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INSURERS GIFT STRUGGLING AUSSIES A CHRISTMAS PREMIUM HIKE

The Medical Technology Association of Australia (MTAA) has slammed the corporate insurance industry for slugging Australians with another premium hike, while they continue to rake in record profits.

It was announced today that the insurance industry will be increasing health insurance premiums on Australians in 2022 by an average of 2.27%. The hike comes on the back of insurers' \$1.8 billion of pandemic profits which adds up to a whopping 212% increase on their previous years' profits.

MTAA CEO, Ian Burgess, commended the Minister for Health for rightly pushing back on insurers' previous pre-Christmas premium cash grab, but said the fact remains that Australians should not have to pay one extra cent for their health insurance until insurance companies hand back to consumers 100% of their mega-COVID profits.

"Throughout the year insurance behemoths have continued to cry poor by blaming doctors, hospitals and the MedTech community for the rising cost of health insurance despite insurers being handed more than \$1.2 billion in savings since 2017 by MedTech companies to pass on to consumers," Mr Burgess said.

"Unlike insurers, the MedTech community has committed to price reductions in order to support the long-term sustainability of private healthcare by putting on the table approximately \$750 million in savings, over four years."

Insurance companies have done so well in recent years that, according to the Australian Prudential Regulation Authority (APRA), between 2014-15 and 2020-21 they made enough money to pay themselves increased 'management expenses' of \$2.5 billion – an increase of more than \$800 million over that period.

Insurers have been put on notice by ACCC's Deputy Chair, Delia Rickard, who said:

"We expect insurers to return all benefits from procedures that were not performed... We will continue to monitor the actions of insurers to return all the profits they made due to COVID-19 to policy holders..."

MTAA is calling on the insurance industry to do the right thing and put people before profits – and if they won't then lawmakers should step in to ensure consumers funds are returned in full.

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FACT-CHECKING INSURERS' MISINFORMATION:

- Unlike most other areas of health care, medical devices prices have actually decreased over the past five years.
- While the cost per medical device is falling, the number of Australians needing devices is growing, due to population ageing, increased rates of chronic health conditions and the introduction of new technology.
- Medical devices make just over 10 per cent of private health insurance costs and are not responsible for high private health insurance premiums.
- The medical technology sector has delivered over \$1.2 billion in savings on the Protheses List over the last 4 years.
- The medical device industry has been the sole contributor to reducing the pressure on private health insurance premium increases.
- Devices are the only part of our health system that have not been steadily increasing in price over the past two decades. Since 2005, on average, benefits for devices have decreased.
- In contrast to the MedTech sector, insurers costs are rising at a faster rate than CPI, AWE and general health inflation.
- Insurers made record profits in 2020 due to the COVID pause in elective surgery.
- Recent data from the Australian Prudential Regulation Authority (APRA), shows that insurers made their highest ever profits of \$1.8 billion in the last twelve months – a 212% increase on their previous years' profits.
- APRA data also shows that between 2014-15 and 2020-21, corporate insurers increased their 'management expenses' from \$1.7 billion to \$2.5 billion – an increase of over \$800 million¹,
- Devices save lives every day in Australian hospitals and are an extremely cost-effective component of the Australian health system.

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.

¹ <https://www.apra.gov.au/sites/default/files/2021-11/Quarterly%20private%20health%20insurance%20statistics%20highlights%20September%202021.pdf>