



MEDIA RELEASE
23 November 2022

MEDTECH DELIVERS CUTS, WHILE INSURERS POCKET BONUSES

The Medical Technology Association of Australia (MTAA) has called out the corporate health insurance industry for continuing its practice of splurging policyholders' money on 'management expenses'.

Quarterly data released today by the Australian Prudential Regulation Authority (APRA) revealed the benefits insurers paid for medical devices on the Protheses List dropped by 4.5% over the last quarter.

In contrast, insurers' premium revenue increased by \$629 million in the year to September 2022, and, of that, insurers spent \$212 million (one third) on increased management expenses. This was while their spending on medical devices fell by \$122 million for the year. Insurers management fees reached an all-time high of \$2.6 billion.

APRA's data also found corporate insurers have been holding onto \$2.1 billion of policyholders' money, instead of returning those funds, in full, as they promised.

MTAA CEO, Ian Burgess, said the fact corporate insurers have been spending their policyholders' money on things like management fees, overheads and executive compensation shows the need for an urgent redress if private health insurance is to remain as a sustainable option for Australian families.

"We agree with the Government: the recent reforms which forced cuts on life-saving medical technologies have seemed to only serve to boost insurers' bottom-line – insurance companies are simply not passing those savings along to their policyholders," Mr Burgess said.

"Despite corporate insurers benefiting from \$1.6 billion in cuts to medical devices since 2017, with another \$900 million in cuts to be delivered over the next four years, they have failed to pass on these savings to customers.

"MTAA has called on the Assistant Treasurer and Minister for Financial Services, the Hon Stephen Jones MP, to instruct regulators under his ministerial authority to:

1. undertake an immediate investigation into the level and extent to which Australian private health insurers have found themselves with excessive cash reserves due to significant delays for elective surgery throughout the COVID-19 pandemic,

2. investigate how these unclaimed funds have been directed to management expenses rather than being returned to policyholders through lower health insurance premiums, and
3. work with health regulators to ensure that savings realised through Prostheses List reform are directly passed on to consumers in the form of lower health insurance premiums as part of the 2023 PHI premium round.

“The APRA data shows that policyholders should not see any increase in health insurance premiums. In fact, they should expect insurers to be returning money back to policyholders, no if, but or maybes. It’s time corporate insurers started putting patients before profits, and its time regulators made sure of it,”

ENDS

Media contact: (02) 9900 0600 | media@mtaa.org.au

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.