



MEDIA RELEASE
29 October 2022

MTAA CALLS FOR INVESTIGATION INTO PRIVATE HEALTH INSURER PROFITEERING

The Medical Technology Association of Australia (MTAA) has joined calls for the Federal Government to investigate corporate health insurers' executive salaries and perks following reports of profiteering during the pandemic.

The Australian newspaper has revealed corporate health insurers have been paying themselves increased 'management fees', stockpiling excessive cash reserves and hoarding unclaimed funds since the pandemic.

The revelations in The Australian indicating that corporate insurers have been increasingly spending their policyholders' money on management fees, overheads, dividends and executives' compensations – at a rate triple to what they're spending on their policyholders – shows the need for an urgent redress if private health insurance is to remain as a sustainable option for Australian families.

MTAA CEO, Ian Burgess, said scheduled surgeries in private hospitals – which are the main component of claims against insurers – were put on hold between 2020 and 2022, leaving Australian families with private health insurance unable to use it.

"We saw over the duration of the pandemic, corporate health insurers, with limited exception other than short term deferrals of premium increases, refuse to return the benefits to policyholders," Mr Burgess said.

"Over the last two years, the amount corporate health insurers withheld totals more than \$1.8 billion of policyholders' money. Rather than return those funds, insurers will convert them into either profits or additional capital – directly profiting from the pandemic at the cost of Australian families struggling with the devastating impacts of the cost-of-living crisis."

Revelations show corporate health insurers' management expense ratio (MER) has grown by \$389 million over the pandemic period, with listed insurers increasing dividend returns to shareholders and benefiting from skyrocketing 'management fees'.

The medical technology (MedTech) community has already delivered more than \$1.6 billion of cuts to corporate health insurers since 2017, through lower medical devices prices and has committed an additional \$900 million over the period of 2022-2025, however insurers have refused to provide a solid and measurable commitment to pass those savings on to Australian families in full.

APRA data has shown that corporate health insurers are now spending more on themselves than they are on life-saving medical devices for patients.

MTAA has written to the Hon Stephen Jones MP, Assistant Treasurer and Minister for Financial Services calling on him 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.

“During a period of such economic uncertainty, it’s time for the corporate insurance industry to be held accountable for the money they’ve taken from policyholders – it’s time for people, not profits to be put at the centre of policy and decision-making,” Mr Burgess said.

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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.