



Media Release

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PRIVATE HEALTH FUNDS STILL COMPARING BANANAS WITH APPLES

The Australian carries a story today in which the private health insurance industry yet again shifts the blame on to others.

The Medical Technology Association of Australia (MTAA) fully supports reform that sees patients come first, based on evidence.

The Turnbull Government has announced a pathway forward to ensure Prostheses List and Private Health Insurance reform can be achieved in a considered and well thought out way.

MTAA is committed to that process and working constructively with the Minister and stakeholders to get the best outcome for patients. If private health insurers are really serious about being part of the process, why are they still looking for erroneous data rather than working with everyone that delivers an aspect of private health care for patients as part of the review?

Key facts regarding international price comparisons:

- Comparing one country against another on price alone isn't comparing apples with apples.
- Currency fluctuations alone can add to the challenge of comparing like for like between markets.
- Australia has differences even within our jurisdiction, both between states and between private hospitals.
- For example, the UK supply of a joint does not include support within theatre, which is provided by the Australian supplier at no additional cost.
- Australia is a much smaller market and medical device companies are required to send in and collect loan instruments and often vast array of implants for each operation. This is not common in larger overseas markets.
- There are different Labour cost structures between Australia and overseas
- And the tyranny of distance has not gone away – transport and logistics plays a factor.

Susi Tegen, Chief Executive of the Medical Technology Association of Australia (MTAA) said:

"Comparing one country against another on price alone is misleading. You could ask the same question why does it cost \$37,490 for a new Volkswagen Golf 2.0 TDI in Australia but in Ireland you pay \$48,720 but in Singapore you pay \$173,220?"

"Rather than blame everybody else the private health insurance industry needs to take a good look at itself first."

"If the private health insurance industry had their way they would be quite happy to see the Americanisation of our health care system.

"As Dr Michael Gannon President of the AMA said last week at the National Press Club:

"If the actions of the funds continue unchecked and uncontested – especially their aggressive negotiations with hospitals and their attacks on the professionalism of doctors – we will inevitably see US-style managed care arrangements in place in Australia,"

"We have a situation where the ACCC is taking Australia's biggest health insurer Medibank to the Federal Court for alleged misleading conduct, making false or misleading representations and engaging in unconscionable conduct, a very serious claim.

"Also, Australian customers have made a record 4408 complaints against all health funds up by 29 per cent on the 2013-14 figures. Earlier this year public consultation on private health insurance policies received 40,000 submissions with many complaints, particularly about so-called "junk policies".

"And last week APRA data shows private health funds managed to boost premium revenues by 6.4 per cent and profit before tax by 8.9 per cent in the year to June. But reimbursements to their members rose by just 5.3 per cent.

"The community reads of massive profits by private health insurers but no additional services to patients.

"The medical device industry is not responsible for rising health insurance premiums that have seen a 35 per cent increase in premiums since 2010.

"In contrast the average benefit paid for medical devices has not increased – it has been zero.

"It's time for the private health insurance industry to be honest and deal in facts and not fiction.

"Medical device reimbursements only cost private health insurer's 14c in every dollar they pay out under their hospital cover policies.

"If there is a problem with costs faced by private health insurers, why not examine the other 86c in costs per dollar paid in reimbursements, surely they need to be examined as well?"

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Did you know?

1. The medical technology industry currently employs more than 19,000 people and generates approximately \$12 billion in revenue.
2. The industry is highly skilled with over 52% of employees having a tertiary qualification, and 25% having a postgraduate qualification.
3. More than half of Australian medical device companies have grown from start-ups. 40% of all medical device businesses have been established since 2000.
4. In 2013-14, Australia exported medical devices to 167 different countries around the world for a total value of \$2.1 billion.

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.