

Media Release

Aug 8 2016

DÉJÀ VU, PRIVATE HEALTH INSURANCE PLAYING WITH FACTS...AGAIN

Today *The Australian* carries comments from Andrew Wilson, Medibank's executive general manager claiming Australia's healthcare system "is not competitive compared to many countries" citing a 2013 report produced by the International Federation of Health Plans (IFHP).

Medibank has been caught out by the Australian Private Hospital Association misrepresenting the facts to the Australian public, again. They failed to disclose a more recent 2015 report showing a very different story.

But it reinforces a pattern of behavior by the Private Health Insurance (PHI) industry:

- The ACCC investigate Medibank for misleading customers by failing to notify them of slashed coverage for common hospital tests as part of its attempt to boost profits ahead of the \$5.7 billion public float.
- Complaints against Private Health Insurance Ombudsman have skyrocketed in the past three years, a record 4408 complaints against all health funds were made in 2015-16, up by 29 per cent on the 2013-14 figures.
- 1545 of the complaints were lodged by Medibank customers, up by 148 per cent over the same period.

The real "market failure" is one that see's tens of thousands of difference polices and expects customers to know what they are getting.

Susi Tegen, Chief Executive of the Medical Technology Association of Australia:

"Yet again the Private Health Insurance industry has been caught playing fast and loose with the facts.

"The biggest market failure is an industry that has created tens of thousands of difference policies, many of them "junk", which do not provide the cover consumers expect.

"Instead of putting patient outcomes at the forefront of any reform, private funds are driven by only one thing – increasing their profits.

"In fact the country's biggest funds announced a combined \$1.1 billion profit last year, a 6.8 per cent improvement on 2014. Just last week UBS analyst James Coghill was quoted saying: *"we believe the level of profitability earned by the industry is a relevant consideration for policymakers,"*

"Despite record low inflation and wage growth they saw fit to slug the Australian people with a minimum 5.6 per cent, and some with a 10 per cent.

"Unlike the PHI industry that's increased premiums by 35 per cent since 2010, the medical device industry has kept costs down to zero over the same period.

“MTAA has actively been working in partnership with stakeholders and Government to reform our healthcare system.

“All we ask is that any reform change is done on the basis of full knowledge of the facts.”

ENDS

Media contact:

Polo Guilbert-Wright | 0409 631 828 | polo@mtaa.org.au

Key Facts

- Medical devices account for only 14 cents in every dollar paid in reimbursements by private health insurers.
- Unlike the private health insurance industry that has increased premiums by 35% since 2010, the medical device industry has kept costs down.
- The medical device industry is highly skilled and employs over 19,000 people, with over 50% of employees having a tertiary qualification, and 21% having a postgraduate qualification.
- The medical technology industry is a significant potential growth industry for Australia and currently employs more than 19,000 people and generates approximately \$12 billion in revenue.
- More than half of Australian medical device companies have grown from start-ups. The industry has experienced rapid growth in recent years, with 40% of all medical device businesses established since 2000.
- The medical technology industry is a highly skilled innovative industry and active participant in the Government Innovation Agenda.

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.