

Health insurers' promises of quick premium relief 'are fantasy'

It has been a clever and well-funded campaign by the private health insurers. They've turned the focus of the government private health insurance consultations — initially to investigate the high cost of premiums — towards an attack on the medical device industry.

Why would the health funds choose to focus on medical device reimbursement, given it represents only 14c in every dollar that private health insurers pay out under hospital cover policies?

The medical technology industry delivers life-changing and lifesaving medical devices through its innovative technology. And the Australian public agrees.

Four in five Australians support clinician choice for medical technology. We support this.

Seventy-five per cent of Australians don't believe a private health insurance company should have the right to refuse to fund a treatment a doctor has recommended. We support this sentiment. Of those with private health insurance, almost one in two believes this provides better quality healthcare. We support a healthcare system involving public and private sectors.

About 79 per cent of Australians want to receive the best device available for their individual circumstances. We support this.

It is almost universally acknowledged within Australia that medical devices are important in promoting better health and quality of life. So why compromise that?

The Prostheses List is a list of more than 10,000 medical devices that private health insurers must cover when provided to a patient with appropriate coverage under their hospital policy.

It was implemented in 2005 to address market failures in earlier models. The list effectively stopped growth in costs for medical devices and has seen declines in cost per item for nearly 10 years.

It is not a price list for device suppliers but a benefit list for private health insurance members.

The Medical Technology Association of Australia has 47 member companies with products on the list and 34 are small to medium-size enterprises.

Many Australian-owned small businesses are well represented on the board.

Member companies support a wide range of clinical education, research and development initiatives that improve our healthcare system, as well as providing a lifetime of support for those products. Significant benefit cuts could see many of our small companies unable to remain in the market or forced to reduce the level of service that manufacturers provide to private hospitals. Patients could be left out-of-pocket.

This could lead to patients dropping private cover and moving to the public system, increasing the costs to the commonwealth and increasing waiting times in our state public hospitals.

Towards the end of last year, the MTAA committed to reform of the Prostheses List to gain better outcomes for all stakeholders, and to working collaboratively with government and stakeholders through the private health insurance review process.

The MTAA worked collaboratively with government throughout the process to build a consensus of Prostheses List benefit reform. We remain concerned that a blunt cut ahead of the expanded Prostheses List advisory committee would be contrary to delivering long-term evidence-based reform in an attempt to appease the private health funds.

The MTAA believes the expanded Prostheses List advisory committee and new private health ministerial advisory committee announced by the government working with all stakeholders is the right vehicle to delivering long-term evidence-based reform, as well as ensuring that Australians have access to the latest medical technologies.

Reform must not come at the cost of improving patient outcomes or to investing where it matters — at the frontline of healthcare — in clinicians, and research and development.

The MTAA has put forward constructive models for reform and has engaged with government to be a part of the solution.

That can't happen without talking with government and the Department of Health as all other stakeholders do, including private health insurers, consumer groups and private hospitals.

Recent polling found 69.2 per cent have considered downgrading or dropping their policy in the past 12 months because it does not represent good value for money. Eroding the value proposition further will hardly see things improve.

As Shaun Gath, the former chief executive of the disbanded Private Health Insurance Administration Council, said to *The Australian*, the claims put forward by the private health insurance industry around savings and the prospect of immediate premium relief is “just a private health insurance fund fantasy”.

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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.