STRENGTHENING HEALTH SYSTEM SUSTAINABILITY AND PATIENT OUTCOMES

2026 PRE-BUDGET SUBMISSION

Medical Technology Association of Australia (MTAA)

30 January 2026

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About the Medical Technology Association of Australia (MTAA)

MTAA is the peak association representing companies in the medical technology industry. MTAA aims to ensure the benefits of modern, innovative and reliable medical technology (MedTech) are delivered effectively to provide better health outcomes to the Australian community.

MTAA's membership spans Australian start-ups through to global MedTech leaders. Our members develop, manufacture and supply MedTech used in the diagnosis, prevention, treatment and management of disease and disability. The range of MedTech is diverse, with products ranging from high technology implantable devices such as pacemakers, defibrillators and orthopaedic implants to familiar items such as syringes and wound dressings. Products also include hospital and diagnostic imaging equipment such as ultrasounds and magnetic resonance imaging machines, as well as digital health technologies such as remote monitoring devices and digital therapeutics.

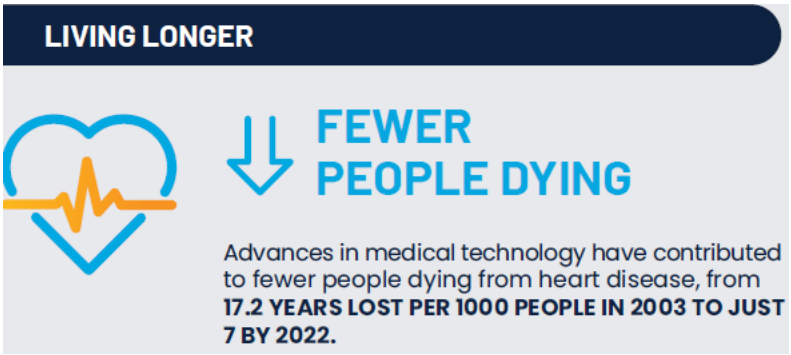
MTAA members distribute the majority of non-pharmaceutical products used in the diagnosis and treatment of disease and disability in Australia. Our member companies also play a vital role in providing healthcare professionals with essential education and training to ensure the safe and effective use of medical technology.

About MedTech in Australia

The MedTech industry is one of the most dynamic advanced manufacturing industries in Australia and provides substantial health improvements and high-level employment opportunities to Australians and grows Australia's technology exports. Through innovation, this industry will continue to expand and share its discoveries with the world.

Over 2.5 million patients per year are served with lifesaving and improving medical technologies.

MedTech not only saves lives but – as demonstrated in the treatment and management of type 1 diabetes by insulin pumps and continuous glucose monitoring – its use can also significantly improve patients' quality of life.



MedTech plays a crucial role in treating the five most burdensome disease groups which account for close to two-thirds of the Australia's disease burden.[i] This shows MedTech's

significant contribution to not only making Australians healthier, but also to decreasing stress on the wider health system.

The MedTech industry contributes significantly to the broader Australian economy, adding $5.4 billion to Australia's GDP and supporting over 17,000 direct and 51,000 total jobs. Australian MedTech exports $1.95 billion overseas, contributes to over 4,000 manufacturing jobs, and has been experiencing revenue and employment growth, which is projected to continue.[ii]

Despite representing a relatively small market globally, Australia ranks as a prominent developer of MedTech worldwide. From the smallest sutures and neurosurgical coils to the largest linear accelerators, MedTech provides the platform from which healthcare is delivered.

Executive Summary and Recommendations

Australia's health system is facing significant challenges. MedTech is a critical part of the solution, but current policy and funding gaps are holding it back.

The Medical Technology Association of Australia's (MTAA) 2026 Pre-Budget Submission outlines targeted, high-impact actions to protect patient access to life-saving and life-changing medical technology, stabilise the private health system and unlock productivity gains across healthcare.

Despite MedTech delivering billions in savings to insurers and the health system, key mechanisms that support access, innovation and regulatory efficiency have been weakened or removed.

Without intervention:

- Patients will face reduced access to the best MedTech for their clinical needs and higher out-of-pocket costs.
- Proven digital health solutions will remain unfunded despite strong evidence.
- Regulatory efficiency will decline, delaying access to innovation.
- Australian MedTech companies will continue to be forced to take innovation offshore.

MTAA's recommendations focus on four priorities:

1. **Retain and strengthen the Prescribed List** to guarantee patient access and clinical choice of MedTech while supporting private hospital sustainability and value for private health insurance.

2. **Fund fit-for-purpose pathways for digital health technologies** to improve outcomes, prevent avoidable hospitalisations and lift workforce and system productivity.
3. **Continue TGA Public Good Funding** to maintain efficient regulation and timely patient access to new technologies.
4. **Map and close early-stage MedTech funding gaps** to retain Australian innovation, protect public research investment and grow high-value jobs.

These are targeted, evidence-based investments that will improve patient outcomes, reduce avoidable health system costs and ensure Australia's health system remains sustainable, innovative and globally competitive.

MTAA stands ready to work with Government to deliver these reforms through the 2026–27 Budget.

Recommendations Summary

MTAA invites government to consider the below summarised recommendations which are further detailed in the body of this submission.

Recommendation 1: Strengthen the Prescribed List (PL) and Private Hospital Sustainability

1(a) **Retain and invest $2.1 million p.a. ongoing funding** to support the **modernisation and improved administration of a robust and high-performing PL** (as stated in Budget 2021-22).

1(b) **Establish an independent body to oversee insurer practices** threatening the system's viability and the value of private health insurance.

1(c) **Introduce caps on capital requirements** to **compel insurers to release excessive reserves** to support the struggling health system.

1(d) **Include rising care delivery costs** and factors such as **insurer profits and management expenses** in **future premium round processes**.

Recommendation 2: Fund Digital Health Technologies

2 **Allocate $20M to fund patient access to** DTx and RPM **digital health technologies** through a 3-phase implementation approach.

Recommendation 3: Continue Therapeutic Goods Administration (TGA) Public Good Funding

3 **Continue TGA Public Good Funding** providing faster patient access to MedTech and important regulatory efficiency through higher-quality applications.

Recommendation 4: Map and Fill Early-Stage MedTech Funding Gaps

4 Invest approximately $0.3M to map and fill critical funding gaps for early-stage MedTech companies.

Recommendation 1 – Strengthen the Prescribed List (PL) and Private Hospital Sustainability

Challenge – Prescribed List (PL) Modernisation and Improved Administration

$2.1 million p.a. ongoing government funding to support modernisation and improved administration of the PL (as stated in Budget 2021-22) was discontinued in the 2024-25 Budget.

As a result, the Department remains under-resourced to maintain a robust, price-stable and efficiently administered PL, resulting in access delays, insurer payment delays, insufficient communication and improvements, increased administrative burden, and uncertainty for MedTech companies, private healthcare providers and funders.

This has flow-on impacts for productivity and patient access, with delays or errors in updating the PL contributing to patients waiting longer to benefit from the latest proven MedTech innovations.

These pressures compound existing sustainability challenges facing private hospitals especially due to insufficient oversight and enforcement where insurers arbitrarily withhold payment for PL devices.

Further funding by the government will underscore its necessary commitment to maintaining the PL as a cost-effective and essential scheme to ensure patient access to MedTech. Industry has already experienced an 84% increase in cost recovery in the last 3 years (excluding increases in the National Joint Replacement Registry) and further funding is needed from government as outlined originally in the 2021-22 Budget when cuts to PL benefits affecting industry were announced.

Challenge – Private Hospital Sustainability

The above pressures are occurring within a context of broader and intensifying sustainability challenges facing Australia's private hospital sector and related reform deliberations.

As reforms to the private health system are considered, it is essential that the Prescribed List is retained to guarantee patient access and clinical choice of life-saving and life-changing MedTech.

At the same time, a retained PL must continue to be modernised and efficiently administered as a robust, high-performing framework, which would address many of the concerns raised by a small number of stakeholders about its operation.

Importantly, the MedTech industry has already played its part in supporting the viability of the private hospital system. The MedTech industry has already delivered over $3.2 billion in savings to private health insurers since 2017.[iii] The average cost of medical devices has fallen by around 15 per cent — it's one of the few areas in healthcare where costs are going down, not up.[iv] The PL Interim Evaluation Report by Nous reports that savings in the first two years alone from the most current round of reforms were $302 million.

While insurers have benefited from billions in savings from PL benefit reductions delivered directly by the MedTech industry, their management expenses have increased by around 40 per cent in the past five years.[v] Insurers' profits hit $2.1 billion in 2024-25, the highest in the last 12 years,[vi] yet many private hospitals are struggling.

Ultimately, the challenge is not the PL, but instead how insurers are choosing to use the savings they've been delivered directly by the MedTech industry and increasing inefficiencies in the private health insurance sector. If all insurers had the same management expense ratio as Medibank, annual savings for consumers in FY25 would be $1.02 billion.[vii] There is also no authority or mechanism to compel insurers to pass on appropriate benefits or release excessive capital reserves.

Recommendations 1(a) – 1(d) Funding and Complementary Policy Actions

To maximise the impact of targeted Budget investment in the Prescribed List, and to support the sustainability of Australia's private hospital system and the value of private health insurance, the following funding and complementary policy actions are recommended:

- **1(a) - Invest $2.1 million p.a. ongoing funding** to support the **modernisation and improved administration of a robust and high-performing PL** (as stated in Budget 2021-22).
- **1(b)** - **Establish an independent body to oversee insurer practices** threatening the system's viability and the value of private health insurance.
- **1(c)** - **Introduce caps on capital requirements** to **compel insurers to release excessive reserves** to support the struggling health system.
- **1(d)** - **Include rising care delivery costs** and factors such as **insurer profits and management expenses** in **future premium round processes**.

Impact

Implementation of recommendation 1(a)-(d) would:

- **Guarantee and improve patient access to and clinical choice of MedTech**, reducing delays for patients to benefit from proven, life-saving and life-changing MedTech innovations.

- **Support private hospital sustainability**, ensuring hospitals can continue to deliver high-quality care to privately insured Australians.
- **Protect the value of private health insurance**, through improved transparency, oversight and alignment of insurer practices with system sustainability.
- **Lift system productivity**, by reducing administrative burden and inefficiencies across MedTech companies, private hospitals and funders.

Recommendation 2 – Fund Patient Access to Digital Health Technologies Through A 3-Phase Implementation Approach

Challenge – No Fit-For-Purpose Funding Pathway for Digital Health Technologies

MTAA's recently released Report, '*Enabling Remote Care: Funding Pathways for Digital Therapeutics and Remote Patient Monitoring*' shows **Australian patients are missing out on the latest life-saving and life-changing digital health technologies**, such as digital therapeutics (DTx) and remote patient monitoring (RPM).

Examples of DTx and RPM Technologies

- Cardiac monitoring devices that enable cardiologists to manage patients remotely.
- Remote cancer treatment toxicity and protocol monitoring and adjustment.
- At-home peritoneal dialysis treatment and monitoring.
- Post-hospital remote rehabilitation.

Australian patients are missing out on digital health technologies because **there is no fit-for-purpose funding pathway,** unlike traditional MedTech (such as hip joints and pacemakers) or pharmaceuticals.

Furthermore, clinicians often receive no Medicare funding for using DTx and RPM, disincentivising the use of technologies that are proven to improve patient outcomes.

The consequences of not having a fit-for-purpose funding pathway for digital health technologies include:[viii]

- **Patients miss out on life-saving and life-changing care** – facing preventable deterioration, hospitalisations and out-of-pocket costs, with rural Australians facing the greatest inequity.

- **Higher health system costs** – through avoidable acute care and hospital admissions. Australian evidence shows these technologies deliver significant benefits, including reduced bed days, emergency presentations and readmissions, delivering net savings over time.[ix]

- **Productivity is lost –** for patients, the health system and workforce more broadly.

- **Australian digital health companies are taking their innovations offshore** - to pursue sustainable, faster market access, contributing to a significant loss of early-stage high-value Australian innovation.

Recommendation 2 Implementation: A 3-Phase Funding Approach

Allocate approximately $20M[xi] to fund patient access to DTx and RPM **digital health technologies** through a 3-phase implementation approach as detailed below and summarised in Appendix C.

Further details on the 3-phase approach can be found in MTAA's recently released digital health funding report, '*Enabling Remote Care: Funding Pathways for Digital Therapeutics and Remote Patient Monitoring*'.

Phase 1 - Provide targeted, national coordinated support to bridge the gap between pilots and adoption:

Create a Commonwealth-led authority National Virtual Care Coordination body, provide targeted grants to bridge pilots into practice and develop a searchable national library of TGA-approved DTx and RPM technologies.

Phase 2 - Introduce tailored funding pathways for each care delivery sector that provide provisional access to technologies:

- Public hospitals - Introduce new IHACPA classifications for bundled service pathways including technology costs.
- Primary and specialist care - Establish an open access pathway that includes — a new HTA framework, MBS funding for additional clinical services, separate technology funding and provisional listing. In parallel, expand targeted commissioning.
- Private sector - Enhance legislative and policy framework for bundled payments covering services and technology for hospital-substitute care.

Phase 3 - Embed permanent funding arrangements to provide stability for clinicians, patients, and industry to ensure DTx and PRM become part of routine care:

Establish permanent MBS items and technology funding streams, transition provisional listings to permanent reimbursement and create joint funding arrangements across all levels of government.

Impact

Funding DTx and RPM through the proposed 3-phase approach would:

- **Improve patient outcomes** and quality of care by increasing access to real-time health information, supporting better diagnosis, treatment and ongoing care.
- **Reduce pressure on the health system** by preventing avoidable acute care, hospital admissions and readmissions. Australian evidence demonstrates that digital health technologies deliver significant benefits, reduce bed days and emergency presentations, delivering net savings over time.
- **Boost productivity across the economy** by enabling patients to remain healthier for longer, supporting workforce participation, and improving efficiency across the health system.
- **Retain and grow Australian digital health innovation** by providing sustainable, timely domestic market access—encouraging companies to commercialise locally, scale globally from Australia, and create high-value jobs.

Recommendation 3 - Continue Therapeutic Goods Administration (TGA) Public Good Funding

Challenge – Erosion of Patient Access to MedTech and Regulatory Efficiency Without Ongoing Public Good Funding

Funding for structured regulatory engagement meetings supported through TGA Public Good funding is due to cease in 2026 without further government commitment.

Structured regulatory engagement meetings supported through TGA Public Good funding are an important enabler of an efficient, high-quality medical technology regulatory system. These meetings allow early direct and constructive engagement between application sponsors and TGA assessors, improving clarity around regulatory expectations and lifting the quality of applications submitted for assessment. This, in turn, supports a more efficient and effective regulatory review process and faster access to medical technology for Australian patients.

In practice, the loss of these engagement meetings would lead to delayed patient access to the latest innovative medical technologies, lower-quality applications, slower regulatory assessments, and undermining both system efficiency and Australia's attractiveness as a destination for MedTech investment.

The absence of effective regulatory engagement would also disproportionately impact small and medium enterprises and early-stage innovators, which rely on early guidance to align product development and ensure regulatory compliance.

Recommendation 3: Continue Therapeutic Goods Administration (TGA) Public Good Funding

Continue ongoing TGA Public Good Funding, totaling the current funding amount of $13.9 million or more, throughout the forward estimates to provide faster patient access to MedTech and important regulatory efficiency through higher-quality applications.

Impact

Continuing TGA Public Good Funding Would:

- **Support timely patient access** to the latest innovative medical technologies.
- **Maintain regulatory efficiency** by lifting application quality and reducing avoidable rework for both sponsors and the TGA.
- **Support Australian innovation** by providing certainty and important early guidance for SMEs and early-stage innovators.

Recommendation 4 – Map and Fill Early-Stage MedTech Funding Gaps

Challenge – Early-Stage Capital and Grant Funding ('Valley of Death') for MedTech

Australia has a strong pipeline of MedTech research and early innovation, supported by significant public investment in health and medical research. However, there remains a critical gap in early-stage venture capital and translational funding required to progress MedTech innovations from proof-of-concept through clinical trials, regulatory approval and commercialisation — commonly referred to as the "Valley of Death".

MedTech, unlike many other sectors, requires substantial upfront investment over long timeframes before any commercial return is realised. Early-stage companies require patient capital to refine product design, generate clinical evidence, scale manufacturing and meet regulatory requirements. Without sufficient access to this capital, promising Australian innovations stall or relocate offshore.

Evidence shows Australia already faces a material shortfall in early-stage MedTech venture funding, with investment disproportionately concentrated in later-stage opportunities and a significant share of capital flowing to companies headquartered overseas.

Australia overinvests in upstream research relative to downstream commercialisation. Government, higher education, not for profits and businesses spend billions each year on health and medical research, yet only a small pool is available for commercialisation. The result is a bottleneck between prototype and proof at scale, which slows clinical translation and increases the risk of IP and teams moving offshore.

While a range of funding programs exist, they are not always fit-for-purpose for MedTech, with inconsistent eligibility criteria, thresholds and risk settings creating gaps across the development pathway. As a result, funding support is often misaligned with where capital is most needed, reinforcing the "Valley of Death" rather than bridging it.

Recommendation 4 – Map and Address the Early-Stage MedTech Funding Gap ("Valley of Death")

Invest approximately $0.3M to undertake a **targeted funding gap mapping exercise** to identify and address structural shortfalls in early-stage capital and grant funding for MedTech.

The mapping exercise could be undertaken utilising existing resources. The exercise would inform targeted adjustments to existing grant and co-investment programs, and the scale and design of any future Budget investment, ensuring funding is evidence-based and directed to areas of demonstrated need, including by:

- Mapping existing **Commonwealth, state and private funding mechanisms** across the MedTech development pathway, from proof-of-concept through to clinical trials, regulatory approval and commercialisation.
- Identifying **gaps in early-stage and patient capital**, particularly at seed and pre-revenue stages where MedTech companies face long development timelines and high regulatory costs.
- Assessing whether current **eligibility thresholds, program settings and co-investment requirements** unintentionally exclude MedTech companies or exacerbate the "Valley of Death".
- Using the findings to inform **targeted adjustments to existing grant and co-investment programs**.

Impact

A funding gap mapping exercise would:

- **Ensures existing government investment** in health and medical research and commercialisation **delivers tangible outcomes** for patients, industry and the economy.
- **Provide an evidence base for targeted Budget investment**, ensuring funding is directed where market failure is greatest.
- **Reduce the risk of Australian MedTech innovations stalling or relocating offshore**, protecting the return on existing public investment in research.

- **Support patient access**, by accelerating the translation of Australian MedTech innovations into clinical use.
- **Strengthen sovereign capability and high-value job creation**, by enabling more MedTech companies to scale domestically.

Conclusion

MTAA thanks the Government for the opportunity to contribute to the 2026-27 Budget and looks forward to further collaboration regarding MTAA's recommendations.

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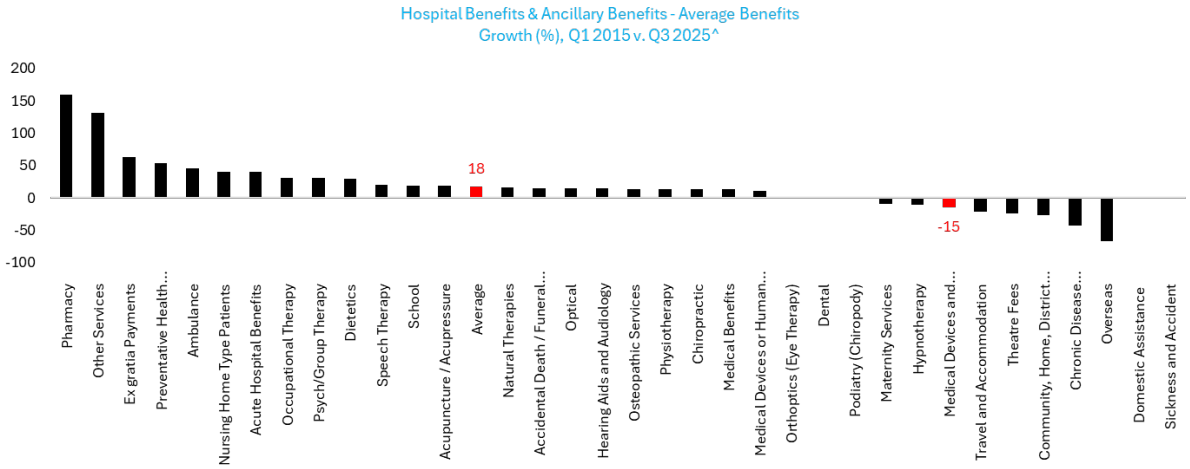
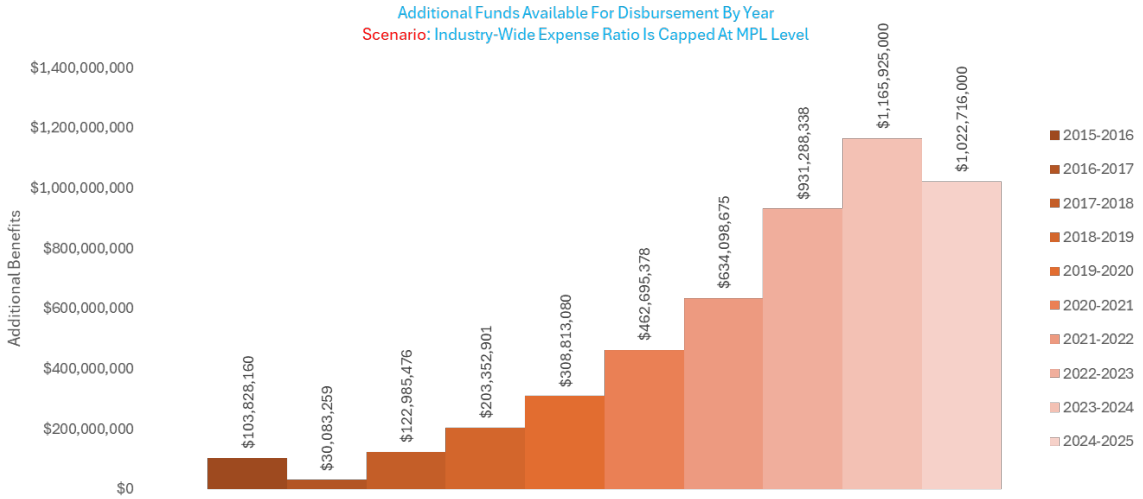
Appendices:

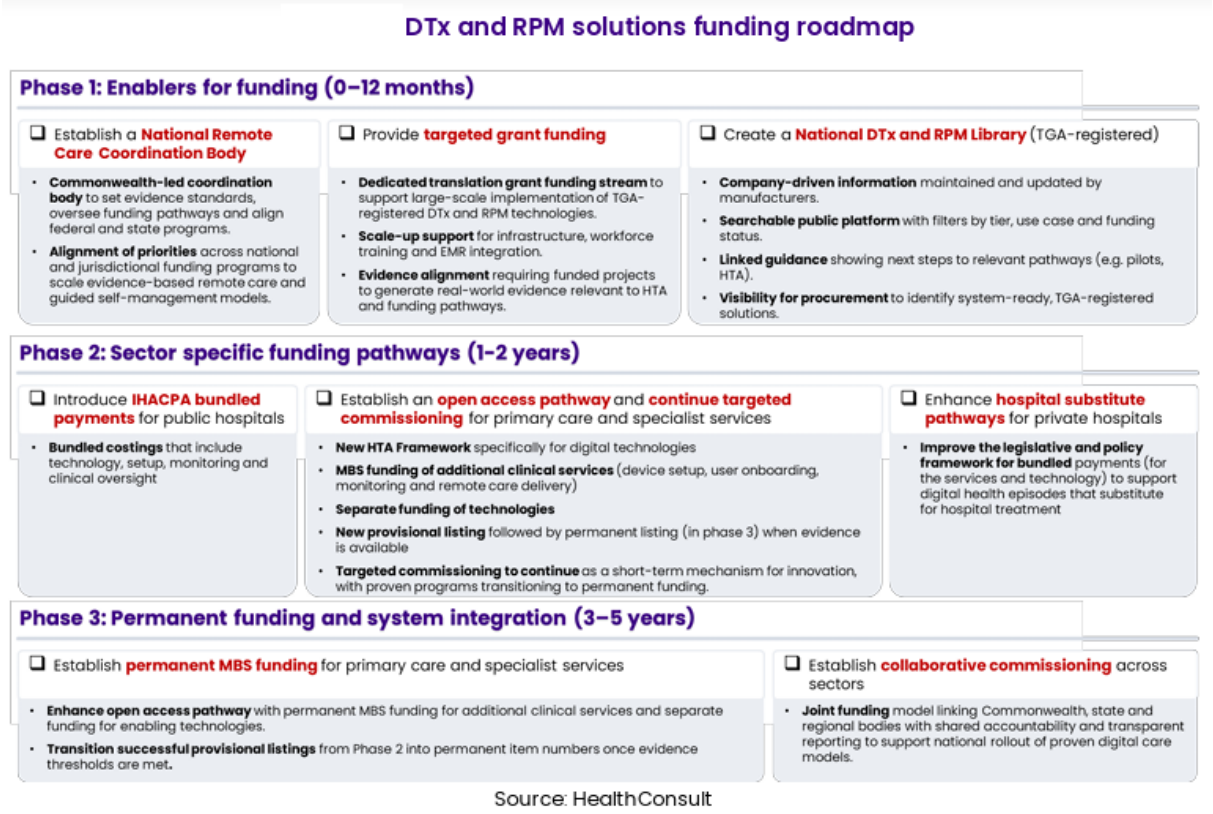
Appendix A - Chart 1 Hospital Benefits & Ancillary Benefits - Average Benefits Growth (%), Q1 2015 v. Q3 2025



Appendix B - Chart 2 Additional Funds Available For Disbursement By Year Scenario: Industry-Wide Expense Ratio Is Capped At Medibank Private (MPL) Level



Appendix C - 3-phase DTx and RPM Solutions Funding Roadmap:[xi]



Source: HealthConsult

Endnotes:

[i] Australian Burden of Disease Study 2022: https://www.aihw.gov.au/reports/burden-of-disease/australian-burden-of-disease-study-2022/contents/about

[ii] The Value of MedTech Report 2023: https://www.mtaa.org.au/sites/default/files/uploaded-content/field_f_content_file/the_value_of_medtech_report.pdf pg. 68.

[iii] MTAA Analysis, based on figures published by the Australian Prudential Regulation Authority, *Private Health Insurance Benefits Trends*, November 2025.

[iv] See Appendix A, Chart 1. Australian Prudential Regulation Authority, *Private Health Insurance Benefits Trends*, November 2025.

[v] https://www.ama.com.au/sites/default/files/2025-02/AMA_Private_Health_Insurance_Report_Card_2024_1.pdfAustralian Prudential Regulation Authority, *Quarterly Private Health Insurance Performance Statistics*, November 2025.

[vi] Australian Prudential Regulation Authority, *Quarterly Private Health Insurance Performance Statistics*, November 2025.

[vii] See Appendix B, Chart 2. MTAA Analysis, based on figures published by the Australian Prudential Regulation Authority, *Quarterly Private Health Insurance Performance Statistics*, November 2025.

[viii] See '*Enabling Remote Care: Funding Pathways for Digital Therapeutics and Remote Patient Monitoring*'.

[ix] See '*Enabling Remote Care: Funding Pathways for Digital Therapeutics and Remote Patient Monitoring*', Table 1: Australian solutions delivering benefits, pages 12-13.

[x] Approximation based on costs to establish a similar funding mechanism in Germany.

[xi] See '*Enabling Remote Care: Funding Pathways for Digital Therapeutics and Remote Patient Monitoring*', Figure 4: DTx and RPM solutions funding roadmap, page 9.