



PHI 34/22 – Private Health Insurance (Prostheses) Rules (No. 2) 2022

The Private Health Insurance (Prostheses) Rules (No. 1) 2022 will commence on 1 July 2022.

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Health sector

This circular provides information for stakeholders about the July 2022 Prostheses List.

The delegate of the Minister for Health and Aged Care has made the *Private Health Insurance (Prostheses) Rules (No. 2) 2022*, to replace the *Private Health Insurance (Prostheses) Rules (No. 1) 2022*.

The *Private Health Insurance (Prostheses) Rules (No. 2) 2022* were registered on the Federal Register of Legislation on 17 June 2022 and commence on 1 July 2022.

The Prostheses List (Part A, Part B and Part C) and reports on changes from the March 2022 Prostheses List are provided in Excel and Portable Document Format (PDF) at [Prostheses List](#).

In addition to the changes resulting from completion of the Prostheses List applications (new, amendment, compression, expansion, duplication, sponsors' transfer, and deletion), the *Private Health Insurance (Prostheses) Rules (No. 2) 2022* have changes related to the Prostheses List reforms announced in the 2021-22 Budget.

The aim of the Prostheses List reforms includes improving sustainability of the private health insurance, and measures include better aligning the Prostheses List benefits with the prices paid in the public hospital system, better defining the scope of the Prostheses List, and clarifying that the general use items are not eligible for listing on the Prostheses List.

The Clinical Implementation Reference Group (CIRG) has assisted in defining which products are general use items and should be removed from the Prostheses List.

These reforms will be implemented over a number of years with transitional arrangements. For further information on the Prostheses List reforms refer the Department of Health [website](#).

Reducing the gap between the public and private sectors

Aligning the Prostheses List benefits with the public hospital prices has been supported by benchmark pricing developed by the Independent Hospital Pricing Authority (IHPA). The IHPA consulted extensively with the relevant stakeholders prior to publishing the Methodology for Determining the Benchmark Price

for Prostheses in Australian Public Hospitals outlining the process IHPA used to determine the benchmark price for prostheses in the public sector.

The Prostheses List benefits reductions will occur in three instalments (in 2022, 2023, and 2024), with the first reduction occurring in this July 2022 Prostheses List update. The reduction is 60 percent for the general use items and 40 percent for the remaining products listed in Part A of the difference between the Prostheses List benefit and the Weighted Average Price, as calculated by the IHPA, for those billing codes for which the Prostheses List benefit is more than 7 percent above the Weighted Average Price.

As a result of this, about half of the billing codes on Part A have their benefits reduced in Schedule 1 of the *Private Health Insurance (Prostheses) Rules (No. 2) 2022*.

Further amendments concerning general use items

The advice has been sought from the CIRG on the general use items and more than 400 billing codes have been identified for removal from the Prostheses List in July 2023.

In order to provide clarity for the stakeholders regarding the products identified as general use items, it was decided that a new Part D should be created on the Prostheses List and the general use billing codes should be moved from Part A to a newly created Part D until these billing codes will be removed from the Prostheses List in July 2023.

The Department has commenced the changes in the Prostheses List Management System (PLMS) required for implementation of the above-mentioned amendments, however there are still some developments in the PLMS required to be completed. Therefore the introduction of the Prostheses List Part D is delayed but it is anticipated this amendment will be implemented in the near future.

Until Part D is created, those general use items identified for removal and subject to the 60% reduction in the gap between the weighted average price and the current Prostheses List benefit will remain listed in Part A.
