



Private Healthcare Australia
Better Cover. Better Access. Better Care.



Response to the legislative amendments to the Private Health Insurance legislation

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Private Healthcare Australia (PHA) welcomes the new legislation to provide a framework for the operation of medical device and human tissue reimbursement.

The existing Prostheses List entrenches low value care, by requiring Australians to pay much more for medical devices than paid by people in other countries. The former Minister's agreement with the international MedTech companies further disadvantages private health insurance customers by requiring a significant premium over the public reference price, costing consumers \$563-700 million over the next four years. This will inevitably be passed on to consumers in the premium.

Reducing the high prices set by government would provide significant relief for over 14 million Australians with private health insurance.

Both the existing legislation and the proposed legislation do not govern price, quality or safety for medical devices; these issues are covered in subordinate legislation, and currently, guidelines.

The Minister will keep significant powers to set conditions and prices for the reimbursement of medical devices and human tissue products, and we will continue to urge the Minister to exercise these powers with transparency and to improve public value.

The exposure drafts do, however, provide a significant improvement on the existing framework. PHA offers nil comment on the provisions contained in the exposure drafts.

PHA remains surprised the government has chosen not to legislate any penalties for false and misleading statements made by sponsors in this first tranche of legislation. Regulatory theory is clear that the existence of penalties in and of themselves improves behaviour, and the evidence before the government is that health funds and therefore their members, have paid and continue to pay millions of dollars in benefits each year to companies based on incorrect submissions to government, with no sanction and no penalty for sponsors.

We note the government has stated an intention to legislate to support a compliance framework at a future date and note that consumers will continue to incur financial harm until this is implemented. This will impact premiums, and therefore cost of living for millions of Australians.

PHA recommends the Minister's second reading speech for the legislation firmly commits to legislating a compliance framework before the end of 2023, to be implemented on or before 1 July 2024.

Should this commitment be made, PHA will recommend to Members of Parliament that this legislation be passed without amendment.