



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



**Medicare Benefits Schedule Review Advisory
Committee - Vascular Interventional Radiology
(VIR) Draft Report**

October 2025

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About Private Healthcare Australia (PHA)

Private Healthcare Australia (PHA) is the Australian private health insurance industry's peak representative body. We have 24 registered health funds throughout Australia as members and collectively represent 98% of people covered by private health insurance. PHA member funds provide healthcare benefits to 15 million Australians.

Response

The Draft Report makes two recommendations with significant implications for consumer costs – namely, changes to clinical categories for private health insurance and the addition of devices to the Prescribed List of Medical Devices and Human Tissue (PL).

However, neither proposal includes modelling of the potential additional costs to consumers. It is unclear whether such modelling has been undertaken or considered by the review.

Changes to Clinical Categories

Changing the clinical category of Vascular Interventional Radiology (VIR) to be covered by lower levels of private health insurance has substantial consequences that do not appear to have been fully assessed.

- **Increases the cost of health insurance:** Expanding coverage to lower tiers increases the overall cost of private health insurance across the market.
- **Reduced coverage:** As premiums rise, consumers are likely to downgrade or drop out of private health insurance.
- **Adverse system-wide impacts:** A decline in private health insurance coverage places greater financial pressure on remaining policyholders and will result in further strain on the struggling public health system.

It is also unclear why this review recommends a single category change when other areas of the Department are already undertaking broader reviews of clinical categories. A consistent and coordinated approach would be more appropriate.

Recommendation for additional items on the Prescribed List (PL)

The recommendation to add additional items on the PL also carries significant cost implications for consumers, potentially exceeding the impacts of comparable changes to the Medicare Benefits Schedule (MBS).

The Draft Report does not appear to consider these cost impacts, despite the established process for evaluating new devices. Under current arrangements, the Medical Services Advisory Committee (MSAC) undertakes a Health Technology Assessment (HTA) for items with substantial projected expenditure. Departing from this process risks undermining existing safeguards designed to ensure value for money and affordability for consumers, as well as important safety considerations.

PHA would welcome the opportunity to discuss any cost modelling undertaken by the review that has not been disclosed in the Draft Report. In the absence of such modelling and detailed consideration of cost impacts, these recommendations should be rejected.