

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



Prescribed List: Shoulder humeral components post-listing review

July 2026

Contact:

Ben Harris, Director Policy and Research

0418 110 863

ben.harris@pha.org.au

About Private Healthcare Australia (PHA)

Private Healthcare Australia (PHA) is the Australian private health insurance industry's peak representative body. We have more 20 registered health funds throughout Australia as members and collectively represent 99% of people covered by private health insurance. PHA member funds provide healthcare benefits for 15 million Australians.

Introduction

A fundamental principle outlined in the Prescribed List listing guide says that: "Within categories, products are grouped according to similar clinical effectiveness. Each grouping of products on the Prostheses List (now Prescribed List) has a single group benefit."

While there are two methods used for shoulder replacements, this consultation is focused on reverse shoulder reconstruction where the natural ball and socket positions are reversed. The ball is placed on the shoulder blade, and the socket on the arm bone. This construct is used for severe cuff tear arthritis, complex fractures, and failed prior surgeries. The age profile varies for the two methodologies, with the population receiving a reverse shoulder being older on average.

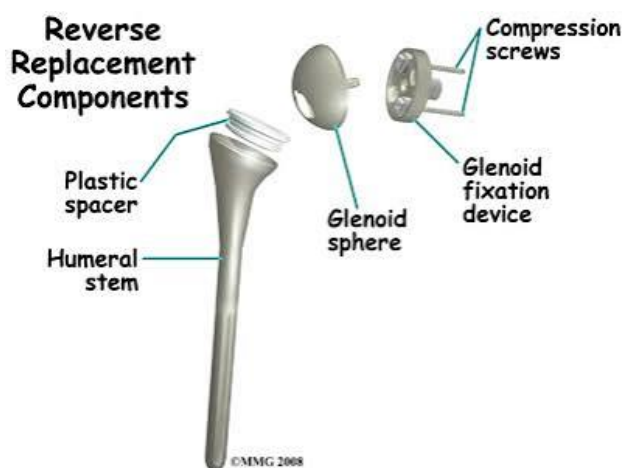
Shoulder replacements are a common procedure which use systems consisting of a common group of components, which vary by manufacturer. However, within these systems, components are not mixed and matched. Each system is consistent, and each is used for the same purpose and same clinical effectiveness.

Given this founding principle and consistent to the way device funding is delivered globally, the appropriate way to set a benefit is via a procedural benefit for the construct of \$9058.

Reverse shoulder constructs

Reverse shoulders constructs have four component groups, the humeral component (which can be modular or monoblock including device specific sub-components i.e. modular bodies/connector plates/torque defining screws), the Humeral CoCr/XLPE insert, the glenoid tray including screws/pegs, and the Glenosphere.

Regardless of the sponsor's preferred construct, the reimbursement should be the same. If one supplier has a single monoblock component that integrates its humeral stem/body/tray, while a second company has multiple modular components to build up the same construct, then the sub part components of the latter cannot be matched directly to existing benefits that the monoblock unit carries within a group. However, collectively those benefits should add to the same amount when used to perform the same surgery.



The PL listing guide notes that a Billing Code can be a single product, a product with variations – multiple cat numbers, or a kit or system consisting of two or more parts designed to work together.

This allows the PL to list a single item for each sponsor's constructs with a single, consistent benefit of \$9058 for a new grouping titled "shoulder replacement systems."

This approach is recommended due to consistency, simplicity, and to allow sponsors to bring new versions of components to market without delay. It works because the HCP1 data shows clearly that surgeons do not mix and match sponsors' products, and within sponsors' groupings, there is consistent use of each of the main components. This procedure-based approach will radically simplify billing, and save administrative costs for sponsors, hospitals, doctors and insurers.

Should the department reject this proposal and keep the existing PL structure for these systems, reverse shoulder benefits should be broken into the four grouped components required for a reverse shoulder, with a single grouped common benefit (no matter how many subparts/accessories/style of design are required to create a functional complete implant):

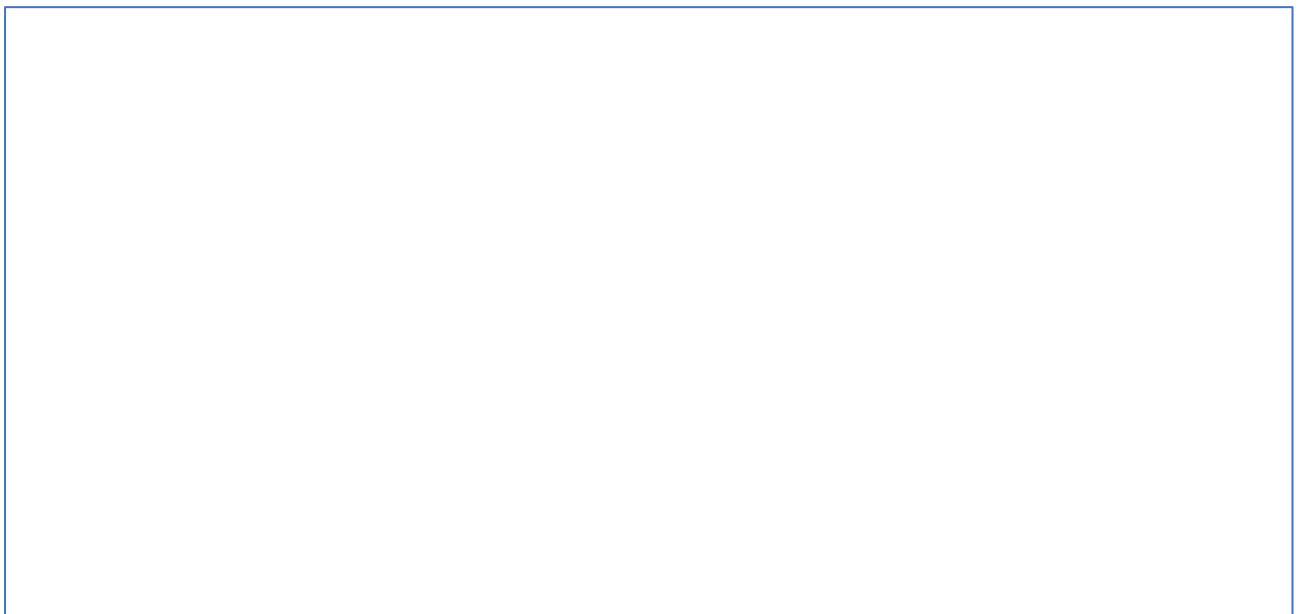
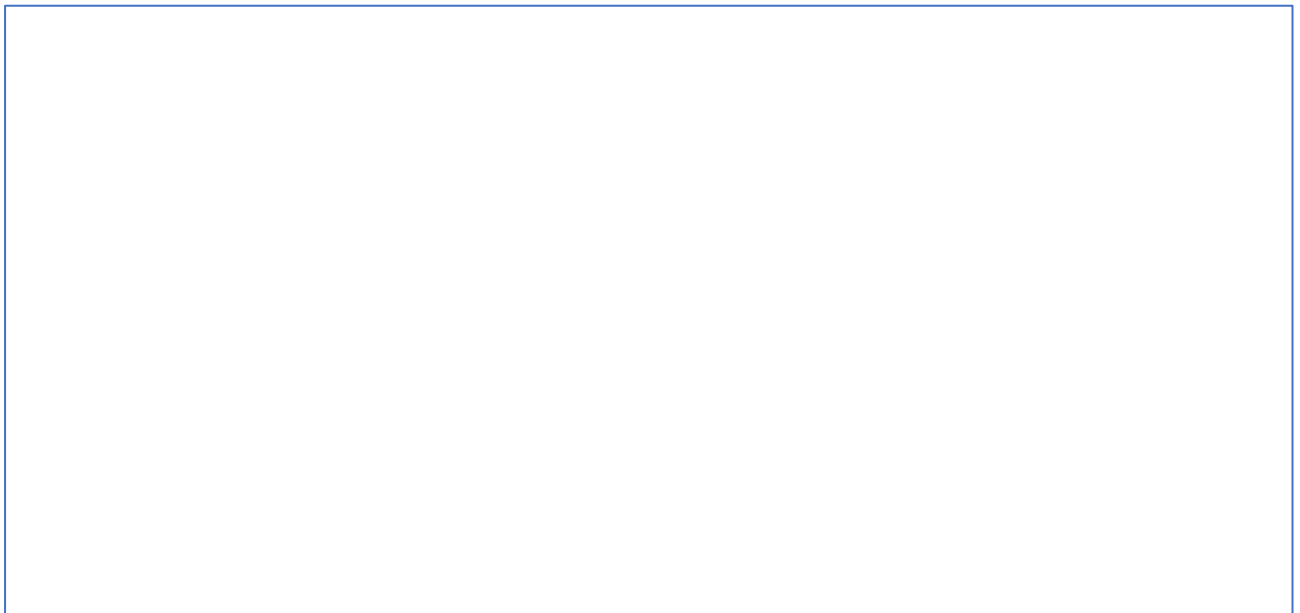
- Humeral stem, body & tray combined (including augments/adaptors/screws) – single benefit
- Humeral Insert (all types CoCr/XLPE including constrained/various sizes) – single benefit
- Glenoid baseplate (including all screws/bolts/pegs) – single benefit
- Glenosphere (all materials, sizes & centricity) – single benefit

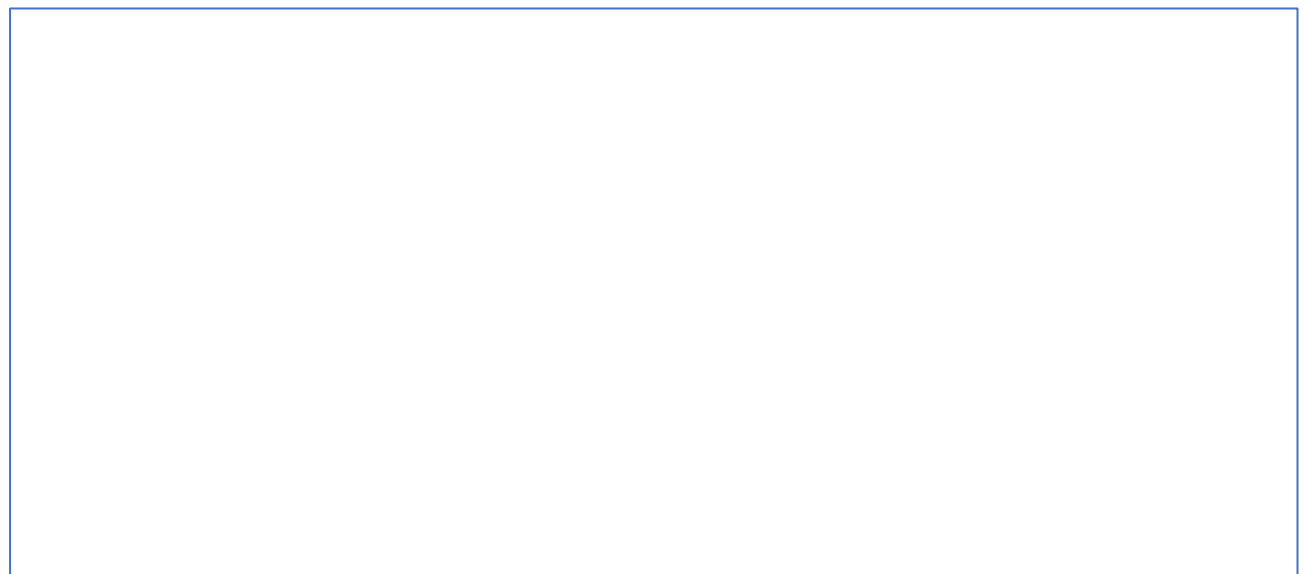
Just looking at the five subgroups selected for this consultation may or may not address the equity desired between sponsors. The only way to get this right is to compare single PL billing codes with multiple from others, some of which may sit outside the groups selected, or the preferred option of a single benefit for the construct.

Matching items forming reverse shoulder constructs

The grouping for the humeral insert (\$774), glenoid baseplate (\$1991) and glenosphere (\$2139) is consistent and accurate. It is the humeral stem/body/tray where benefits are not equivalent between suppliers. Seeking suppliers to list all items used in a standard construct (as PHA have done with HCP1 evidence) would allow these to be combined under a single common benefit which should be set at \$4154 based on two leading systems (Zimmer Biomet-Comprehensive and Stryker-Aequalis). On this basis, the cost for the systems should be set as a total of \$9058.

Below is a visual representation of differences between constructs on the humeral side. We use only the four leading systems, although others in the market follow one of the construct designs below.





By looking at diagrams and photographs of the designs, it is clear why the current grouping systems and billing codes are not correctly aligned. This is because the way companies develop the construct varies, some requiring additional parts (such as locking bolts) that have been provided until now via additional PL billing codes (often in accessories, which they are not) which have served to increase the construct price for these sponsors, without providing any improved clinical results to patients.

Currently, the PL facilitates low value care by adding each incremental product item including screws as separate items, encouraging sponsors wherever possible to deconstruct their shoulder constructs to maximise the number of billable product codes. No additional groupings for accessories and other custom titled components should be allowed to add to the cost and complexity of billing.

The current reimbursement approach means consumers pay considerably more for the LIMA SMR like Exactech Equinox than constructs from other suppliers.

An example of the inconsistency is billing code EX064, which was erroneously listed in Shoulder Accessories over a decade ago. The rebate for this billing code was adjusted from \$2096 to \$873 and

then at a later date returned to a higher benefit (currently \$1840). The EX064 and EX062/EX065 torque screw (benefit \$1132) are also unique to the Equinox system, and similar components are not required with other sponsors' designs. All the Equinox Humeral metaphyseal components, including the body/stem, should be combined to set a single benefit level consistent to other sponsors' systems.

The table below highlights the billing inconsistencies between the four leading systems on the market.

It is clear when comparing systems and matching constructs by HCP1 evidence to determine what items must be included to deliver a complete and functioning reverse shoulder, that while two stem and tray components are required for both Zimmer and Stryker systems, three are required for the humeral stem/body/cup for Lima and Exactech. The confusion may come as some systems record these items in 06.02.04 Shoulder Humeral, others in 06.02.06 Shoulder Accessories.

The collected parts that make up a shoulder replacement system should be reimbursed at the same benefit. So, in the two examples provided here, assuming the stem is to remain at \$3325 (FA007 or equivalents), EX064 and EX062 need to have their combined benefits reduced by \$2143 or simply be combined and under a new single billing code. For Lima, the reimbursement for the three components needs to be reduced by \$1948.

Given the clunkiness associated with adjusting the rebates for individual billing codes, PHA recommends a simple, universal benefit for the entire reverse construct (\$9058).

Conclusion

With the different constructs in the market, the only way the intended equity between sponsors' products can be achieved is either a DRG-based approach (recommended) or dividing the reverse shoulder into its four key components and establishing a single benefit for the four component categories whether they are achieved with a single component or requiring multiple parts.

Recommendation

A single benefit of \$9058 for all components to deliver a reverse shoulder replacement (a DRG approach), set against the common systems from Zimmer and Stryker.

To implement this recommendation, the department would ask each sponsor to come forward with the billing codes/product codes that are used in their reverse shoulder constructs, and create one new grouping that pulls all humeral components used in reverse into a single group benefit for each sponsor. This will dramatically simplify the PL for this grouping.

Alternate recommendation

Should the department insist on keeping the existing groups, the three Exactech codes would need to have benefits adjusted down until they equalled the two Zimmer/Stryker codes at a combined value of \$4154.

This would leave four groupings which make up the shoulder replacement:

- Humeral stem, body & tray combined – single benefit (once per patient) \$4154
- Humeral Insert – single benefit (once per patient) \$774
- Glenoid baseplate – single benefit (once per patient) \$2109
- Glenosphere – single benefit (once per patient) \$2139

Any accessories would be removed from the PL and incorporated into the four groups above.

To implement this recommendation, the Department needs to adjust components across all groupings including accessories until equity is delivered for the construct. The latter approach creates undue complexity for the Department and for sponsors.