



# Press Release

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## **BIG MEDTECH SHIPS SUPERNORMAL PROFITS OFFSHORE AT EXPENSE OF AUSTRALIAN CONSUMERS**

Australian health funds will be forced to pay more than \$10 billion for medical devices over the next five years under the current unfair and outdated regulatory regime, the Prostheses List.

The Prostheses List sets the price for 11,000 individual items with policy settings that the Grattan Institute's Prof Stephen Duckett described as "[part Soviet-era price control and part Monty Python sketch](#)". The list is prone to error and rorting as it sets prices with no transparency, market mechanisms or consideration for the impact of high prices on consumers.

If Australians paid the same prices as consumers in New Zealand and South Africa, the same devices would cost between \$6-7 billion, and even less in France or the UK. Prices for medical devices are increasingly the main threat to the affordability of private health insurance.

The supernormal profit being skimmed by Big MedTech multinationals and shipped off to Wall Street at the expense of Australian consumers is a sure thing year after year.

The Australian Government has an obligation to reform the Prostheses List before its agreement with Big MedTech expires in January 2022. This reform is urgent and necessary to make healthcare affordable for Australian consumers and to ensure the future of our world class health system.

The costs of doing nothing are huge. On average every day, Australians pay \$5.5 million for medical devices. On average every day, around \$2 million in supernormal profits are shipped offshore.

Private Healthcare Australia has produced a blueprint that would increase transparency, reduce rorting and most importantly shift some of the extraordinary profits from Big MedTech to Australian consumers, Australian doctors and Australian hospitals.

The blueprint, "[Surgically Replacing the List: A Roadmap for PL Reform](#)", is modest, achievable and protects vital elements of Australia's system:

- Doctors and patients will have access to a full range of medical devices and there will be no co-payments.
- Where patients have need for more expensive devices than the average, doctors will be able to access more funding through a simple declaration form.

The Private Healthcare Australia blueprint would still leave Australian consumers paying some of the highest prices in the world, yet still deliver premium relief for customers and more than \$200 million per annum to the private hospital sector. Health funds would return any savings to consumers through reduced premiums. In addition, the Government would save more than \$100 million per annum through reduced spending on the Private Health Insurance Rebate.

*Private Healthcare Australia is the peak representative body for Australia's private health insurance industry. PHA represents 24 Australian health funds with a combined membership of over 13 million Australians, or 97% of the sector on membership.*

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