

Media Release

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

Morrison Government's inflationary medical device deal must be reviewed

The Australian Government must urgently review medical device reform to reduce cost of living pressure and keep private health insurance affordable for 14.5 million Australians.

A new report by Mandala ***Australia's surgical surcharge: How Australians are paying too much for medical devices through the prescribed list of medical devices***, shows the damaging impact overpricing of generic medical devices has on Australia's health system and private health insurance premiums.

The Mandala report found that:

- Australians are paying some of the highest prices in the world for medical devices through the Protheses List (PL). This does not result in better patient care.
- For a selection of 46 frequently used devices, Australia pays much more compared UK, New Zealand, France and Germany. The UK pays 71 per cent of what Australia does. New Zealand pays two thirds of what we pay, France pays less than half of what we pay, and Germany pays one fifth of what we pay.
- Australia pays 70 per cent more through the PL than New Zealand for a hip replacement stem, for example, and 30 per cent more for a drug eluting stent.
- The total cost of the PL in 2024 will be around \$1.89 billion which is \$967 million more than what we would pay if we had the average prices of peer countries. Of that \$967 million, \$271 million will be paid by taxpayers through the PHI rebate, Veterans' Affairs care, and Workers Compensation. The rest is paid by health fund members.

Private Healthcare Australia CEO Dr Rachel David said, "repeated attempts to reform medical device pricing in Australia have been thwarted by the lobbying power of a handful of big multinational medtech companies who see Australia as their most profitable market. Australians are still pay 30-100 per cent more for the exact same medical devices being used in peer countries."

"Cost of living pressure is escalating, and Australian families are struggling with 12 consecutive interest rate hikes and surging inflation. Keeping private health insurance affordable has never been more important.

"Prior to the 2022 election, the former Health Minister signed a last-minute MOU with the multinational medtech that put a surcharge of 7-20 per cent on medical devices for private patients, flying in the face of advice provided by his own Department. This deal cannot be taken seriously given it was agreed behind closed doors and excluded any other stakeholders, including the people that are actually paying. In light of the recent Australian National Audit Office report into the Morrison Government's Community Health and Hospitals Program, the MOU should be immediately reviewed."

"Since the beginning of COVID in 2020, 865,000 Australians have taken out private health cover to avoid long public hospital waiting lists. The majority of health fund members are not wealthy – 42 per cent have a taxable income of \$50,000 per year or less and for 10 per cent of these the aged pension is their only income. These people are finding themselves caught between the rising cost of living and health inflation, and public hospital waiting lists for surgery of up to 6-8 years."

“Australian health funds have done everything in their power to keep premiums down and relieve cost of living pressure, including giving back \$3.1 billion to customers since the beginning of the pandemic, delaying approved premium increases and keeping a lid on future premium increases through tough negotiations with hospitals and other providers. The funds cannot squeeze hospitals any further without impacting patient care. We have now hit the wall in terms of what can be delivered without the Government pulling in the same direction.

“Health funds have committed to return all savings from medical device pricing reform to consumers by way of lower premiums,” said Dr David.

View Mandala’s report ***Australia’s surgical surcharge: How Australians are paying too much for medical devices through the prescribed list of medical devices*** [here](#).

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Private Healthcare Australia is the peak representative body for Australia’s private health insurance industry. PHA represents 21 Australian health funds with a combined membership of over 14 million Australians, or 98% of the sector on membership.

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