



## Press Release

### Prostheses Pricing Needs Reform

10 December 2015

The Private Health Insurance Industry has renewed calls for the Australian Government to reform prostheses pricing rules.

The key plank of Private Healthcare Australia's submission to the Government's PHI Review focuses on reforming prostheses pricing so that Australians pay no more than international consumers.

Private Health Australia's Acting CEO, Steven Fanner, said the reforms would alleviate pressure on the public health system and save \$800 million in annual healthcare expenditure.

"Prostheses benefits payments comprise 14 percent of total reimbursements by private health insurers and current pricing mechanisms for prostheses have led to benefit levels that are often twice as high as prices in comparable systems, both domestically and overseas", said Mr Fanner.

"In addition to saving \$800 million in annual healthcare expenditure, pricing reforms will contribute to a more efficient health system, leading to better safety and quality in healthcare and improved patient outcomes.

"Furthermore, lower premiums are estimated to encourage an extra 300,000 Australians into private health cover, significantly reducing the burden on the public health system.

"Historical regulatory conditions have driven and then entrenched highly inflated prices in Australia's private prostheses market, and the current governance model in place to regulate these prices is flawed.

"International and domestic price benchmarks suggest that, on average, the Australian private health system is paying nearly twice the efficient benefit level for prostheses.

"There is an imbalance between who benefits and who pays with the value tilted heavily towards the multinational manufacturers at the expense of Australian consumers and taxpayers," he said.

Mr Fanner said three principles should guide prostheses reform:

- **Improve or maintain clinical outcomes** – quality of care is the paramount objective of the entire prosthesis field, and any reforms undertaken should not compromise patient welfare;
- **Make healthcare more affordable and accessible for Australians** –by eliminating excess expenditure, reform can reduce private insurance premiums and alleviate the burden on the health system;
- **Align incentives towards financial sustainability** – the government can increase transparency into true costs and value to promote competition and set a sustainable course for prostheses expenditure in the future.

Further information: 02 62021000; Jen Eddy 0439240755

PHA's submission to the PHI Review is available at <http://pha.org.au/prostheses-reform/>