



# Press Release

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## **Why is your health insurance premium going up this year?**

The Federal Budget is an opportunity to redistribute Big MedTech's supernormal profits to Australian hospitals, doctors, and importantly consumers through lower health insurance premiums.

Private Healthcare Australia CEO Dr Rachel David said that while this year's average premium increase (2.74%) was lowest increase in twenty years, "it is disappointing that there has to be an increase in a year when so many Australians are doing it tough".

Dr David has called on the Morrison Government to fast track much needed reform of medical device pricing to reduce pressure on premiums and keep Australia's health system sustainable.

Medical device prices are the largest driver of the 1 April premium increase. Prices are set by a Government committee that oversees the Prostheses List. More than 11,000 medical devices are on the list and must be paid for by health funds, at the price set by the Government.

The current system which is antiquated and grossly unfair has been described by the Grattan Institute's Professor Stephen Duckett as "part Soviet-era price control and part Monty Python sketch".

Government price setting means that prices for medical devices in Australia are around 30% higher than in comparable countries such as New Zealand, the United Kingdom, France and South Africa. In some cases, Australians with private health insurance are paying up to five times more for the same medical device.

There is no reason for medical devices in Australia to be more expensive than in these other countries. Approximately \$5.5 million is spent on medical devices in Australia every day. Around \$2 million every day is shipped offshore in supernormal profits for Big MedTech companies.

Last financial year – a year affected by COVID-19 – slightly fewer people sought health care funded by private health insurance. Profits by insurers decreased significantly. Payments to health professionals by private health insurers went down. Payments to private hospitals went down. The only major category of expenditure that increased from 2018-19 to 2019-20 was medical devices.

Australia's quality of health care is excellent, our doctors are outstanding, and our private hospitals are world-class. Private health insurance businesses are highly efficient, with much lower expense ratios than other types of insurance. Unfortunately, it is outdated government regulation that is keeping premiums higher than they need to be.

The Morrison Government has an opportunity to fix this and support consumers with private health insurance by making changes to a medical device funding system that delivers millions to Wall Street at the expense of Australians.

*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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