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Prescribed List usage 2023-2024: High growth report

Product groups with the highest single-year volume growth across Australia

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Introduction

This report outlines the highest growing areas of the Prescribed List of Medical Devices and Human Tissue between 2022-23 and 2023-24.

The use of medical devices is vital aspect of modern medicine, providing significant consumer benefit. However, many medical devices in Australia are overpriced, overused, and for some, there is little or no evidence of patient benefit.

Medical device use has been the fastest growing area of private health fund expenditure in recent years. Health insurers currently spend more than $2.4 billion on medical devices per annum.

The Australian Government sets the price on more than 10,000 individual items on the Prescribed List, determined by reference pricing rather than any market mechanism. Health funds must pay a set price regardless of its quality, efficacy, efficiency or even safety.

Insurers are required to pay for items on the Prescribed List from a limited pool of members' funds. The growth in medical device funding puts pressure on other areas of expenditure, such as hospital and medical costs, and can cause premiums to increase. If premiums rise too much, more people will opt out of private health insurance, reducing the funding available to pay for healthcare, putting additional pressure on the already stretched public health system.

Medical practitioners and their professional associations often have little visibility of the use of medical devices or the cost. Private Healthcare Australia intends to take a more active role in providing this data so they can better understand and/or can provide necessary or useful information to their members. Hospitals and medical device companies may also find this data of use.

Private Healthcare Australia supports choice for medical practitioners and their patients when choosing medical devices. This choice should be informed with data around indications for use, cost-benefit, safety and effectiveness all playing a part in ensuring medical practitioners offer the best options for their patients and the communities they serve.

Context

The number of episodes covered by private health insurers increased by 242,689 (5.1%) between 2022-23 and 2023-24.

The number of medical devices on the Prescribed List covered by private health insurers increased by 208,581 (6.0%) between 2022-23 and 2023-24.

This increase in volume offset modest price cuts to many devices. Overall, annual expenditure on medical devices increased by 4.8%.

Aligning the cost of medical devices to the public system and international benchmarks will help bend this cost curve, while reducing cost-of-living pressures for private health consumers due to rising interest rates and inflation.

In that context, this report highlights the areas of the Prescribed List that have grown significantly over the relevant period, but it provides limited commentary. Professional medical associations will be better placed to assess the data.

Methodology

There were 474 unique product groups on the Prescribed List in financial year 2023-24. Prescribed List utilisation and benefits data has been sourced from unpublished Hospital Casemix Protocol (HCP) data. The HCP data collection includes all patient separations for which private health insurers have paid benefits. The data is collected by public and private hospitals, including day facilities, and then supplied to private health insurers who in turn submit the data to the Department of Health.

At the time of analysis, the data set for 2022-23 was 92.9% complete, and the data set for 2023-24 was 89.4% complete.

As the data is incomplete, a generous interpretation of growth was applied. Product groups were only considered growth areas where the extrapolated year-on-year growth in volume and expenditure growth both exceeded 15%. The prices of several items decreased between the two financial years, which has affected the results (see Appendix 1).

As smaller numbers are often more subject to variations, product groups with small volumes for 2023-24 (<100) were excluded, as were product groups expenditure in 2023-24 under $100,000.

Results

Of the 474 unique product groups on the Prescribed List in 2023-24, 263 met the volume criteria more than 100 items and in excess of $100,000 in expenditure.

A total of 44 of these product groups had an estimated increase in usage from 2022-23 to 2023-24 equal to or greater than 15%. (Appendix 2 shows that 13 products groups had a 15% decline.)

Of the high-volume growth groups, seven product groups had expenditure increase by less than 15% (at Appendix 1).

A total of 37 product groups met each of the criteria and are outlined below.

Discussion

A wide variety of product groups are represented in the high growth product groups. Much of the growth can be explained with reference to the uptake of new products or corresponding increases in services, while the volume growth in other product groups do not have clear explanations.

To aid the professions' consideration, this year's report highlights subgroups within the category that are contributing to high growth.

Ophthalmic

No product groups met the criteria.

Ear, nose and throat

No product groups met the criteria.

The use of one product subgroup, 02.01.02.02 – Replacement speech processors, increased by an estimated 94%.

General and miscellaneous

General and miscellaneous items can be used across many types of surgeries and are significant drivers of growth of costs for the Prescribed List. Items in this category have rarely been assessed for cost-effectiveness.

Four general and miscellaneous product groups met the criteria:

- 03.01.01 – Brachytherapy, Hepatic, Yttrium 90, Standard Dose (est. 19% growth)
- 03.02.01 - Infusion Ports (est. 27% growth)
- 03.05.02 - Haemostatic devices – powders (est. 16% growth)
- 03.06.07 - Nerve Repair Stents (est. 151% growth)

The growth in infusion ports follows a fall in use in 2022-23, the current usage rate is consistent with the long-term trend.

The increased use of haemostatic powders follows a growth trend over many years. The use of these items has more than tripled over the past five years.

The substantial growth in nerve repair stents has been evident for many years. Their use is up five-fold over the past five years.

Neurosurgical

No neurosurgical product groups met the criteria.

Urogenital

Three devices in this category met the criteria:

- 05.01.01 - Inflatable incontinence devices (est. 21% growth)
- 05.07.02 - External components for sacral neuromodulation (est. 27% growth)
- 05.07.05 – Rechargeable Pulse Generator (est. 349% growth)

While there has been significant growth in rechargeable pulse generators, this has been partially offset by a drop in the use of non-rechargeable units. Across the two groups, there has been approximately 15% growth.

The growth in external components significantly exceeds the growth in generators.

Specialist orthopaedic

Specialist orthopaedic is the largest category by volume and expenditure on the Prescribed List.

These groups met the criteria:

- 06.01.01 - Ankle joint component (est. 18% growth)
- 06.01.03 - Ankle joint (est. 17% growth)
- 06.02.01 – Wrist (est. 65% growth)
- Part B human tissue (est. 16% growth)

There has been strong growth in ankle joint replacements over recent years, with a 229% increase in ankle joints used over five years and corresponding growth in components.

Wrist devices are a small category with significant variation year to year.

The use of Part B orthopaedic human tissue has more than doubled over the past five years, as commercial operators have entered the market. While spinal surgery is the most common usage, there has been significant increases in other orthopaedic indications.

Plastic and reconstructive

The growth in utilisation and expenditure for plastic and reconstructive surgery items on the Prescribed List has been amongst the highest of any product group. The number of items used for complex procedures has not fundamentally changed, but there has been massive growth in biomodels, surgical guides and artificial skin over the past five years.

Three product groups in this category experienced high growth:

- 07.03.02 - Zygomatic Bone Implant (est. 144% growth)
- 07.05.03 Artificial Skin (est. 58% growth)
- 07.06.02 - Gel filled mammary implants (est. 17% growth)

The zygomatic bone implants is a small volume category, only qualifying this year in terms of units used.

Artificial skin products have increased significantly for many years in a row, and there has been a seven-fold increase in the past five years.

Cardiac

The only high growth product group in the cardiac product category, 08.17.02 - Mitral Valve Repair, is new to the Prescribed List, and the high growth is most likely the result of accelerated implementation. The increase was an estimated 17% in 2023-24.

Cardiothoracic

Several cardiothoracic devices increased in usage and expenditure by over 15% in the year to 2023-24.

- 09.01.01 - Bi-Leaflet, rotatable mechanical valves (est. 23% growth)
- 09.03.02 - Tissue valve, stented anatomical valve conduits (est. 79% growth)
- 09.08.02 - Surgical closure devices (atrial appendage) (est. 60% growth)
- 09.09.01 - Modified tube (end modified e.g. valsalva) aorta and side branch grafts (est. 24% growth)
- 09.12.02 – Stabilisers for pectus bar (est. 85% growth)
- 09.14.02 – Cryoablation (est. 22% growth)

The use of tissue valve, stented anatomical valve conduits has grown dramatically over the past five years, with a more than 40-fold increase.

The growth in stabilisers for pectus bar (85% increase) is significantly more than the growth of pectus bars (14%).

Vascular

10.08.05 – Liquid occlusion devices experienced an estimated 18% growth. This has contributed to a three-fold increase (232%) over the past five years.

Hip

There has been significant increases for two groups of devices for hip replacements:

- 11.03.02 Uncemented shells (est. 20% growth)
- 11.04.01 Neck adaptor (est. 22% growth)

Knee

There has been a significant increase in accessories for knee reconstructions, and a four-fold increase in the use of uncemented, polyethylene, metal backed patella components.

Six product groups experienced high growth:

- 12.01.05 Uncemented alloy, HA coating femoral components (est. 20% growth)
- 12.03.05 Uncemented alloy, HA coating tibial tray components (est. 20% growth)
- 12.08.03 Uncemented, polyethylene, metal backed patella components (est. 369% growth)
- 12.11.03 Knee accessories – augments (est. 21% growth)
- 12.11.03 Knee accessories – bolts (est. 24% growth)
- 12.11.03 Knee accessories – Connectors for hinged prostheses (est. 32% growth)

The four-fold increase in the use of uncemented, polyethylene, metal backed patella components has contributed to a ten-fold increase over the past five years.

There has been a four-fold increase in the use of uncemented alloy, HA coating femoral components over the past five years.

While most knee replacements use four key components, some sponsors add a bolt to the construct. This increases the cost of a knee replacement to the consumer based on the construct of the device rather than any clinical improvement. There has been an 84% increase in knee bolts used in the past five years.

Spinal

There are five product groups in the spinal category with high growth between 2022-23 and 2022-23 which met the criteria:

- 13.02.04 Accessories: Cap/cover plate, complex (est. 27% growth)
- 13.02.08 Accessories: Sublaminar cable (est. 43% growth)
- 13.05.02 - No integral fixation plate (est. 24% growth)
- 13.10.01 - Interbody, integral fixation fusion cage (est. 24% growth)
- 13.13.01 - Interspinous Fixation Device (est. 66% growth)

Over the five-year period, there has been a 240% increase in the use of complex cap/cover plates.

In addition to these high growth product groups in the spinal category, spinal surgery is the most common MBS item used with orthopaedic human tissue. The use of allograft in spinal surgery has more than doubled over the past five years.

Conclusion

Changes to MBS service levels are the most common reason for a Prescribed List product group to experience high growth, as expected. However, there are several product groups where the correlation between the number of surgical episodes and the increasing use of medical devices is weak. These are the areas where individual doctors and their clinical societies may wish to consider

reasons for the changes in practice to ensure patients' needs are being met. There is a role for hospitals, funders and regulators to consider the feedback from the medical profession and adjust settings as required. This may include amending rules of service, adjusting prices for devices to modify the incentives, or promulgating and promoting best practice standards.

We all have a responsibility to ensure our health system is safe, high quality, effective and efficient. The data in this report should help inform the decisions of clinicians, hospitals, funders and regulators on the use of medical devices on the Prescribed List.

Appendix one

Product groups increasing by over 15% in volume in 2023-24 but not increasing in expenditure by more than 15%

Only showing groups with over 100 items and over $100,000 in expenditure.

01 - Ophthalmic	01.02 - POSTERIOR CHAMBER INTRAOCULAR LENSES	01.02.03 - Pseudo-phakic, piggy-back
03 - General Miscellaneous	03.05 - HAEMOSTATIC DEVICES	03.05.06 - Foam
08 - Cardiac	08.02 - DUAL CHAMBER ICDS	08.02.02 - Features of 8.2.1 plus auto test sensing parameters, auto capture threshold test, lead impedance test, wireless remote analysis
08 - Cardiac	08.08 - PACEMAKER LEADS	08.08.01 - Non-transvenous, Bi-Polar, Steroid
08 - Cardiac	08.08 - PACEMAKER LEADS	08.08.08 - Transvenous, Bi-Polar, Passive, Steroid, Right Ventricular/Atrial
13 - Spinal	13.12 - VERTEBRAL BODY REPLACEMENT	13.12.01 - Telescoping Cage

Appendix two

Product groups decreasing by over 15% in volume and expenditure in 2023-24

Only showing groups with over 100 items and over $100,000 in expenditure.

02 - Ear, Nose & Throat	02.01 - EAR	02.01.04 - Implantable Bone Conduction Hearing System
03 - General Miscellaneous	03.02 - DRUG DELIVERY DEVICES	03.02.03 - Infusion Pumps, Battery Powered
03 - General Miscellaneous	03.04 - GASTRIC BANDS	03.04.02 - Gastric Band without Port
04 - Neurosurgical	04.02 - DURA DEFECT REPAIR	04.02.05 - Repair, Liquid Sealant (0 to 3ml)
04 - Neurosurgical	04.02 - DURA DEFECT REPAIR	04.02.06 - Repair, Liquid Sealant (>3 to 6ml)
04 - Neurosurgical	04.08 - NEURO INTERVENTION	04.08.03 - Assist Devices
05 - Urogenital	05.08 - TUBAL OBSTRUCTION DEVICES	05.08.01 - Extraluminal
08 - Cardiac	08.18 - CARDIAC ABLATION	08.18.02 - Cryoablation
09 - Cardiothoracic	09.02 - TISSUE VALVES	09.02.04 - Rapid deployment aortic valve with dedicated single use tools
09 - Cardiothoracic	09.10 - SKELETAL FIXATION DEVICES	09.10.01 - Skeletal fixation, sternum
11 - Hip	11.01 - FEMORAL COMPONENTS - PRIMARY AND REVISION	11.01.03 - Uncemented
11 - Hip	11.03 - ACETABULAR COMPONENTS	11.03.01 - Cups, Cemented
11 - Hip	11.03 - ACETABULAR COMPONENTS	11.03.05 - Bonded Shell/Liner