



MEDIA RELEASE

hirmaa welcomes opening of Senate Inquiry into prostheses pricing

hirmaa welcomes the opening of the Australian Senate inquiry into the pricing of prostheses and medical devices noting that meaningful reform has the potential to save holders of private health insurance \$171.50 next year.

The inquiry, initiated by Senator Xenophon and Senator Griff of the Nick Xenophon Team, will explore why long standing regulation has resulted in private health insurers being forced to pay significantly more for prostheses devices than what is paid in public settings.

hirmaa CEO, Matthew Koce who will present to the inquiry on the second day of hearings, said the evidence was in and that the need for reform was now.

“We know that existing regulation is forcing private health insurers to pay much more for prostheses than is being paid in the public hospital systems, which is not subject to the same regulation.

“Available data shows that there are differences of more than 200% for some prostheses categories and that this difference is placing upwards pressure on premiums.

Analysis of publicly available data formed part of hirmaa’s written submission to the inquiry. This analysis found that in the year 2013-14 the difference between the cost of prostheses in public versus private settings was \$718,256,536, representing an average direct cost impact to premiums of approximately \$130.

The analysis further found that this gap was projected to grow to \$882,743,38 next year representing an average direct cost impact to premiums of approximately \$171.50 and to a staggering \$1,012,260,123 in 2018-19 representing an average direct cost impact to premiums of approximately \$181.

Mr Koce noted that with cost pressure being the number one concern of policy holders the current trend was unsustainable.

“It is clear that we have to tackle cost pressures which directly impact the cost of premiums. Those 21 not-for-profit, member owned and community based funds will not ‘pocket’ savings made to prostheses as they do not have shareholders. All savings will be passed to consumers.

“We cannot continue prioritising the significant profits of large multinational corporations and private hospital operators over Australian consumers.

“With the percentage of Australian with private health insurance declining for the first time in 15 years, it is critical that our policy leaders heed the call for sensible reform that puts the consumer first.

Impact of price difference for prostheses between public and private settings

| Cost differential for prostheses public vs private | Total difference | Impact on hospital policy premium* |
|--|------------------|------------------------------------|
| 2013-14 | \$718,256,536 | \$130 |

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|---------------------|-----------------|----------|
| 2014-15 (projected) | \$782,433,107 | \$142 |
| 2015-16 (projected) | \$824,338,607 | \$149.50 |
| 2016-17 (projected) | \$882,743,381 | \$160 |
| 2017-18 (projected) | \$945,286,159 | \$171.50 |
| 2018-19 (projected) | \$1,012,260,123 | \$181 |

*based on the current number of hospital cover policies

hirmaa's submission to the Senate Inquiry can be found [here](#).

hirmaa is the peak industry body for 21 private health insurers which are member-owned and not-for-profit. In all, the hirmaa funds provide private health insurance for over one million Australians.

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