

MEDIA RELEASE

Consumers stand to benefit from big savings to prostheses

hirmaa, the peak body organisation for 21 not-for-profit, member owned and community based private health funds, has welcomed today's commitment by Health Minister Greg Hunt MP to deliver further savings through reform of prostheses pricing.

Matthew Koce, CEO of hirmaa said, "According to official data for 2014-15, the difference between what consumers were forced to pay for medically implantable devices in private hospitals was \$729 million more than would have been the case if public hospital prices were applied. When adding procedures in day hospitals as well as private patients in public hospitals, this figure is projected to approach \$1 billion in 2017-18."

"Consumers stood to benefit by around \$130 per hospital policy premium if the same prices for medical devices in public hospitals were applied in the private setting during 2014-15. With the difference expected to approach \$1 billion dollars by 2017-18, premiums could be reduced by as much as \$180 per hospital policy."

"The inflated prices being charged by device manufacturers is reprehensible and completely unjustifiable."

"All the data points to the need for urgent reform of the regulation of medical devices. We need to put an end to this appalling situation where consumers in the private hospital setting are being forced to pay outrageous prices for medical devices such as artificial hips, knees and pacemakers."

"Prostheses prices are strictly regulated by government and can cost a staggering 300% more in the Australian private hospital setting than in comparable overseas countries."

"Reform of prostheses is long overdue and we welcome the Minister's commitment to achieving substantive cuts, which will flow on directly to consumers through lower health insurance premiums."

"The excessive prices being charged for prostheses by some of the big multinationals is deplorable, verging on the exploitative and we are very pleased to see the Health Minister take such a strong and decisive stand in favour of consumers."

"We regularly hear some of the big foreign headquartered device companies describe the regulation of prostheses in Australia as a license to print money. The profits they make here are so large that they call Australia 'Treasure Island'."

"Today's announcement recognises that the Australian health system cannot continue prioritising the significant profits of large multinational corporations over everyday Australian consumers."

"Affordability and fairness are key concerns for consumers and the facts are clear, the exorbitant cost of prostheses has been having a major impact on health insurance premiums and has been unfairly hurting consumers. Today's announcement by Minister Hunt will help address that."

"What today's announcement shows is that the Turnbull Government and Health Minister Hunt are listening and are making fair and sensible decisions that put consumers first."

"Today's announcement acknowledges that health insurance policyholders have been forced to pay excessive prices for prostheses and that the government is serious about reform."

"hirmaa is committed to working with the government and other stakeholders to achieve a more sustainable health system. All our health insurance funds are not-for-profit, member owned and

community based so any savings delivered through prostheses reform will be passed directly on to consumers through lower premiums.”

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

4 May 2017

Further enquiries:

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Prostheses/ Medically Implantable Devices by Private Sector Charge

ARDRGv8	Description	Private Hospital (PHDB data 2014-15)		Public Hospital (NHDC – public sector data 2014-15)		Total private charge	Private charge if public cost	Potential saving	Reduction in private charge if public cost
		Number of private sector separations (procedures)	Average private sector prostheses charge	Number of public sector separations (procedures)	Average public sector prostheses cost				
A12Z	Insertion of Neurostimulator Device	2,698	\$23,188	311	\$14,366	\$62,562,249	\$38,760,803	\$23,801,446	38.04%
C16Z	Lens Procedures	68,373	\$5,28	65,269	\$262	\$36,110,516	\$17,901,001	\$18,209,516	50.43%
F01B	Implantation and Replacement of AICD, Total System, Minor Complexity	2,326	\$54,316	2,284	\$15572	\$127,733,941	\$36,219,778	\$91,514,164	71.64%
F12A	Implantation and Replacement of Pacemaker, Total System, Major Complexity	1,460	\$14,638	2,260	\$817	\$21,372,137	\$6,611,454	\$14,760,683	69.07%
F12B	Implantation and Replacement of Pacemaker, Total System, Minor Complexity	5,933	\$13,422	4,487	\$4,100	\$79,633,616	\$24,327,514	\$55,306,102	69.45%
F15B	Interventional Coronary Procs, Not Adm for AMI, W Stent Implant, Minor Comp	10,540	\$5,155	6,657	\$1,913	\$54,337,600	\$20,159,505	\$34,178,094	62.90%
F17B	Insertion and Replacement of Pacemaker Generator, Minor Complexity	1,734	\$11,813	1,512	\$3,652	\$20,483,118	\$6,333,145	\$14,149,973	69.08%
I01A	Bilateral and Multiple Major Joint Procedures of Lower Limb, Major Complexity	1,260	\$17,125	447	\$13,475	\$21,576,883	\$16,977,935	\$4,598,947	21.31%
I01B	Bilateral and Multiple Major Joint Procedures of Lower Limb, Minor Complexity	1,548	\$15,855	416	\$13,899	\$24,526,326	\$21,515,304	\$3,011,023	12.28%
I03A	Hip Replacement, Major Complexity	2,037	\$10,234	2,462	\$5,825	\$20,846,862	\$11,866,153	\$8,980,709	43.08%
I03B	Hip Replacement, Minor Complexity	19,429	\$10,370	12,331	\$6,238	\$201,472,901	\$121,198,901	\$80,274,001	39.84%
I04A	Knee Replacement, Major Complexity	2,752	\$8,389	1,842	\$6,746	\$23,085,455	\$18,565,361	\$4,520,094	19.58%
I04B	Knee Replacement, Minor Complexity	27,653	\$7,993	11,789	\$6,756	\$221,037,342	\$186,828,208	\$34,209,134	15.48%
I05B	Other Joint Replacement, Minor Complexity	3,080	\$10,031	1,248	\$1,006	\$30,895,572	\$24,659,264	\$6,236,308	20.19%
I06Z	Spinal Fusion for Deformity	824	\$31,078	481	\$21,774	\$25,607,942	\$17,942,049	\$7,665,894	29.94%
I09B	Spinal Fusion, Intermediate Complexity	3,353	\$18,478	1,156	\$11,129	\$61,957,874	\$37,314,807	\$24,643,067	39.77%
I09C	Spinal Fusion, Minor Complexity	6,183	\$14,084	1,650	\$8,698	\$87,079,888	\$53,778,119	\$33,301,769	38.24%
I16Z	Other Shoulder Procedures	34,184	\$1,014	6,678	\$898	\$34,679,326	\$30,686,188	\$3,993,138	11.51%
K11A	Major Laparoscopic Bariatric Procedures, Major Complexity	5,380	\$4,381	541	\$1,697	\$23,568,543	\$9,131,855	\$14,436,687	61.25%
K11B	Major Laparoscopic Bariatric Procedures, Minor Complexity	6,561	\$3,836	394	\$1,464	\$25,168,783	\$9,607,259	\$15,561,524	61.83%
	Top 20 private sector charge	207,308		124,215		\$1,203,736,875	\$710,384,602	\$493,352,273	40.99%
	All cases regardless quantum prostheses charge	2,570,742		3,605,017		\$1,785,766,643	\$1,056,660,866	\$729,105,777	40.83%
	All cases in DRGs where average private prostheses cost over \$100	721,280		802,459		\$1,759,471,831	\$1,032,275,639	\$727,196,192	41.33%

PHDB = Private Hospital Data Bureau (Department of Health) <http://www.health.gov.au/internet/main/publishing.nsf/Content/health-casemix-data-collections-publications-PHDBAnnualReports>

NHDC = National Hospital Cost Data Collection (Independent Hospital Pricing Authority) <https://www.ihpa.gov.au/publications/national-hospital-cost-data-collection-public-hospitals-cost-report-round-19-financial>