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\$862 million rip-off: People with private health still paying on average far more for medical devices such as artificial hips, knees and pacemakers

Members Health urges all sides of politics to ramp up efforts to eradicate profiteering in the medical devices market, as new data reveals people with private cover are still paying hundreds of millions dollars more for medically implantable devices, also known as prostheses.

The latest official data from the Independent Hospital Pricing Authority and Commonwealth Department of Health 2016/17 shows consumers paid about \$862 million more for medically implantable devices in private hospitals than what they would have in a public setting.

“It is incomprehensible that private health consumers are forced to pay many times more for identical medical devices than those in the public hospital system,” Members Health CEO Matthew Koce said.

In 2018, the Coalition Government delivered modest cuts to the price of prostheses totaling \$188 million, but the data shows that was a drop in the ocean and much more needs to be done.

“We commend Greg Hunt for being the first Health Minister to tackle such entrenched and blatant profiteering, but the situation is far greater than initially thought.

“Minister Hunt has an exceptional record of delivering tangible outcomes in the health portfolio, chief among them being his determination to improve affordability for Australians by trying to combat inflated prices of medical devices.

“But clearly, much more needs to be done to make sure all Australians get a fair go. That \$862 million is money that would contribute enormously to helping reduce private health insurance premiums for consumers.”

“The data shows the average cost of a pacemaker in the public system is \$3,759 while in the private system it is \$14,286 – three times more expensive. A hip replacement in a public setting costs an average of \$6,169, but more than \$10,100 in private. But the biggest offender of them all is the implanted heart defibrillator (AICD) pacemaker (DRGF01B), which costs \$14,022 in the public system but \$53,196 in the private system – an outrageous 280 per cent price increase.”

“While there have been some positive steps to reform prostheses pricing, all the data points to the need for more urgent reform of the regulation of medical devices.

“We need to immediately put an end to this appalling situation where consumers in a private hospital setting are being forced to pay outrageous prices for medical devices such as artificial hips, knees and pacemakers.

“Clearly the big multinational device companies see the regulatory environment in Australia as a license to print money. Australia is so profitable that they regularly describe it as ‘Treasure Island’.”

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“The publically available data provides yet further proof that the current regulatory system is broken and being exploited to fatten the pockets of big multinational companies. This comes at the direct expense of consumers and Australian taxpayers who are being ripped off.”

“The 25 not-for-profit, member owned, community based and regional health funds represented by Members Health will pass on to policyholders all savings made through reform of the pricing of medical devices as they always put the consumer first, not profits.

“We cannot continue to put the profits of large multinational corporations above the health and wellbeing of everyday Australians. Members Health urges the Government to slash the regulated price set for prostheses in the private sector to bring it in line with the public hospital system.”

Members Health is the peak industry body for 25 private health insurers, which are member-owned and not-for-profit. In all, the Members Health funds provide private health insurance for over two million Australians.

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AR-DRGv8	Description	PHDB 16/17		NHCDC 16/17		Total Private Charge	Private Charge if Public Cost	Potential Saving	Reduction in Private Charge if Public Cost
		No. Private Sector Separations	Avg Private sector prostheses charge	No. Public Sector Separations	Avg Public sector prostheses charge				
A12Z	Insertion of Neurostimulator Device	3,500	\$24,678	453	\$12,701	\$86,374,225	\$44,453,020	\$41,921,205	48.53%
C16Z	Lens Procedures	76,553	\$535	70,539	\$314	\$40,988,773	\$24,055,989	\$16,932,783	41.31%
D01Z	Cochlear Implant	843	\$23,990	627	\$23,424	\$20,223,882	\$19,746,393	\$477,489	2.36%
F01A	Implantation and Replacement of AICD, Total System, Major Complexity	266	\$58,991	759	\$18,322	\$15,691,550	\$4,873,654	\$10,817,896	68.94%
F01B	Implantation and Replacement of AICD, Total System, Minor Complexity	2,448	\$53,196	2,224	\$14,022	\$130,223,269	\$34,325,652	\$95,897,617	73.64%
F12A	Implantation and Replacement of Pacemaker, Total System, Major Complexity	1,394	\$15,532	2,680	\$4,454	\$21,651,692	\$6,209,268	\$15,442,424	71.32%
F12B	Implantation and Replacement of Pacemaker, Total System, Minor Complexity	6,714	\$14,286	4,849	\$3,759	\$95,913,183	\$25,236,617	\$70,676,565	73.69%
F14C	Vascular Procedures, Except Major Reconstruction, W/O CPB Pump, Minor Complexity	7,860	\$2,228	7,042	\$994	\$17,510,822	\$7,814,129	\$9,696,693	55.38%
F15B	Interventional Coronary Procs, Not Adm for AMI, W Stent Implant, Minor Comp	12,414	\$4,927	7,330	\$1,760	\$61,167,875	\$21,843,981	\$39,323,893	64.29%
F17B	Insertion and Replacement of Pacemaker Generator, Minor Complexity	1,652	\$12,940	1,577	\$3,520	\$21,376,384	\$5,815,505	\$15,560,880	72.79%
G10B	Hernia Procedures, Minor Complexity	34,542	\$566	25,520	\$299	\$19,558,717	\$10,320,864	\$9,237,853	47.23%
I01A	Bilateral and Multiple Major Joint Procedures of Lower Limb, Major Complexity	1,412	\$16,294	590	\$12,387	\$23,007,227	\$17,490,883	\$5,516,343	23.98%
I01B	Bilateral and Multiple Major Joint Procedures of Lower Limb, Minor Complexity	2,131	\$15,332	401	\$13,083	\$32,673,238	\$27,878,996	\$4,794,242	14.67%
I03A	Hip Replacement, Major Complexity	1,808	\$9,833	3,158	\$5,382	\$17,777,594	\$9,730,158	\$8,047,436	45.27%
I03B	Hip Replacement, Minor Complexity	22,466	\$10,101	13,728	\$6,169	\$226,934,458	\$138,593,658	\$88,340,800	38.93%
I04A	Knee Replacement, Major Complexity	2,425	\$8,155	2,353	\$6,252	\$19,776,966	\$15,162,046	\$4,614,920	23.33%
I04B	Knee Replacement, Minor Complexity	32,146	\$7,782	13,572	\$6,317	\$250,150,850	\$203,071,252	\$47,079,598	18.82%
I05B	Other Joint Replacement, Minor Complexity	4,109	\$9,669	1,477	\$7,824	\$39,730,578	\$32,147,050	\$7,583,528	19.09%
I06Z	Spinal Fusion for Deformity	870	\$31,222	567	\$24,093	\$27,163,392	\$20,960,642	\$6,202,750	22.83%
I09B	Spinal Fusion, Intermediate Complexity	3,222	\$19,160	1,179	\$9,643	\$61,734,036	\$31,069,555	\$30,664,481	49.67%
I09C	Spinal Fusion, Minor Complexity	6,651	\$14,390	1,657	\$7,853	\$95,707,757	\$52,231,875	\$43,475,882	45.43%
I10B	Other Back and Neck Procedures, Minor Complexity	15,076	\$1,267	3,082	\$406	\$19,101,141	\$6,119,653	\$12,981,489	67.96%
I13B	Humerus, Tibia, Fibula and Ankle Procedures, Minor Complexity	14,537	\$1,536	14,836	\$1,006	\$22,333,338	\$14,628,691	\$7,704,647	34.50%
I16Z	Other Shoulder Procedures	33,240	\$1,084	7,095	\$942	\$36,033,822	\$31,319,203	\$4,714,619	13.08%
I19B	Other Elbow and Forearm Procedures, Minor Complexity	7,617	\$2,033	11,811	\$1,359	\$15,483,990	\$10,349,270	\$5,134,720	33.16%
I20B	Other Foot Procedures, Minor Complexity	15,258	\$1,180	6,277	\$767	\$18,007,797	\$11,705,298	\$6,302,499	35.00%
I29Z	Knee Reconstructions, and Revisions of Reconstructions	13,157	\$1,380	5,216	\$1,279	\$18,159,028	\$16,831,687	\$1,327,342	7.31%
I32B	Revision of Knee Replacement, Minor Complexity	1,866	\$9,984	535	\$7,832	\$18,630,797	\$14,614,679	\$4,016,118	21.56%
K11A	Major Laparoscopic Bariatric Procedures, Major Complexity	7,493	\$4,437	751	\$1,571	\$33,243,219	\$11,771,975	\$21,471,244	64.59%
K11B	Major Laparoscopic Bariatric Procedures, Minor Complexity	11,969	\$3,617	490	\$1,914	\$43,287,923	\$22,905,410	\$20,382,513	47.09%
	Top 30 Private Sector Charge	345,639		212,375		\$1,549,617,523	\$893,277,054	\$656,340,469	42.35%
	TOTAL (Included DRGs)	3,037,103		3,912,656		\$2,038,117,704	\$1,175,351,843	\$862,765,861	42.33%
	Total where AVG Pros Cost >\$100	836,547		884,980		\$2,000,221,194	\$1,141,456,976	\$858,764,218	42.93%

Source: Prosthesis analysis comparing PHDB and NHCDC, 2016/17

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