

MEDIA RELEASE:

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Over 14 million Australians with private health cover paying \$956 million too much for medical devices

New data shows that outdated government regulation is forcing Australians to pay far too much for medically implantable devices or prostheses.

Data from the Independent Hospital Pricing Authority and Commonwealth Department of Health shows that for some devices in 2019/20, manufacturers charged patients with private health cover up to 85% more than those in public hospitals.

If the same average price for medical devices were applied in private hospitals as public, the more than 14 million Australians with private health insurance would have saved a staggering \$956 million. This represents a massive increase of over \$21 million on the preceding year.

The Government data reveals that a cardiac defibrillator (AICD) can cost \$27,276 more for private patients. A spinal fusion can come in at over \$15,000 more. A pacemaker can cost \$7,651 more. Those paying for a hip replacement can be stung up for over \$3,200 more than public patients.

“The data points to a regulatory system in total and absolute crisis and in need of urgent action,” said Matthew Koce, CEO of Members Health, the peak body for 26 of Australia’s not-for-profit or member-owned health insurers.

“The current system is a tragic long standing public policy embarrassment. It suggests brazen exploitation by big overseas dominated med-tech conglomerates out to fatten their bottom line.”

“There can be no legitimate justification for Australian families having to pay up to 85% more for some medical devices, just because they are a private patient. It is both unfair and it is discriminatory.”

“It is pleasing to see that there is some light at the end of the tunnel with the Albanese Government putting forward new draft legislation intended to help fix medical device regulation. As part of those legislative efforts, we call on the Government to mandate price disclosure, consistent with the highly successful Pharmaceutical Benefits Scheme (PBS).”

“A more transparent medical device industry would benefit everyone and go a long way towards restoring public confidence. In particular, mandated price disclosure would help put to bed any possible suggestion of secretive financial incentives being shared between medical device companies and hospitals.” Mr Koce said.

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“Policyholders can be assured that any savings flowing from prostheses reform will be passed on by the 26 Members Health funds, who always put consumers first, not profits.”

Members Health is the peak industry body for an alliance of 26 health funds that are not-for-profit or part of a member-owned group, regional or community based. They all share the common ethic of putting their members’ health before profit. Our funds represent the interests of more than 5 million Australians.

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AR-DRG v9		PHDB 19/20				NHCDC Pub 19/20		NHCDC Priv 19/20		Results				
AR-DRG code	AR-DRG description	Cases (Separations)	Cases with Prosthesis charge reported	Average Prosthesis charge per case	Cases with Prosthesis Charge	Cases	Average Public Prosthesis Charge	Prosthesis Cost Weight	Derived Average Private Prosthesis Charge	Reduction in Private Charge if Public Cost	Total PHDB Private Charge	Private Charge if Public Cost	Potential Saving	Reduction in Private Charge if Public Cost
I04B	Knee Replacement, Minor Complexity	32,046	31,412	\$7,322	98.0%	11,765	5,636	1.7433	\$9,301	\$1,686	\$234,653,951	\$180,610,841	\$54,043,109	23%
I33B	Hip Replacement for Non-Trauma, Minor Complexity	21,529	21,110	\$9,397	98.1%	8,093	6,147	2.2537	\$12,023	\$3,250	\$202,301,339	\$132,342,076	\$69,959,263	35%
I09C	Spinal Fusion, Minor Complexity	7,553	7,440	\$15,195	98.5%	1,770	7,899	3.4049	\$18,165	\$7,296	\$114,770,932	\$59,664,591	\$55,106,341	48%
F24B	Interventional Coronary Procs, Not Adm for AMI, Minor Comp	22,005	18,223	\$4,288	82.8%	12,182	1,824	0.8329	\$4,444	\$2,465	\$94,367,562	\$40,129,959	\$54,237,604	57%
F01B	Implantation and Replacement of AICD, Total System, Minor Complexity	2,057	2,003	\$40,076	97.4%	2,113	12,800	9.1302	\$48,710	\$27,276	\$82,437,073	\$26,329,857	\$56,107,216	68%
F12B	Implantation and Replacement of Pacemaker, Total System, Minor Complexity	7,113	6,942	\$11,265	97.6%	5,316	3,614	2.5350	\$13,524	\$7,651	\$80,127,376	\$25,705,079	\$54,422,297	68%
K11Z	Major Laparoscopic Bariatric Procedures	20,379	19,916	\$3,723	97.7%	1,148	2,069	0.8565	\$4,569	\$1,655	\$75,877,946	\$42,157,187	\$33,720,759	44%
I10B	Other Back and Neck Procedures, Minor Complexity	16,442	14,329	\$4,514	87.1%	3,311	696	0.7444	\$3,971	\$3,818	\$74,226,587	\$11,444,165	\$62,782,421	85%
I09B	Spinal Fusion, Intermediate Complexity	3,443	3,409	\$20,159	99.0%	1,080	9,517	4.5472	\$24,259	\$10,642	\$69,408,470	\$32,768,311	\$36,640,159	53%
I16Z	Other Shoulder Procedures	29,388	22,317	\$1,749	75.9%	5,518	1,167	0.3008	\$1,605	\$582	\$51,402,551	\$34,309,008	\$17,093,543	33%
I05B	Other Joint Replacement, Minor Complexity	5,100	5,008	\$9,612	98.2%	1,726	7,614	2.2330	\$11,913	\$1,998	\$49,021,353	\$38,830,950	\$10,190,403	21%
I01B	Bilateral and Multiple Major Joint Procedures of Lower Limb, Minor Complexity	3,170	3,132	\$14,768	98.8%	724	11,288	3.4311	\$18,305	\$3,481	\$46,815,923	\$35,781,677	\$11,034,246	24%
C16Z	Lens Procedures	73,135	58,706	\$600	80.3%	59,826	342	0.1258	\$671	\$258	\$43,885,388	\$24,990,162	\$18,895,226	43%
F04C	Cardiac Valve Procedures W CPB Pump W/O Invasive Cardiac Invest, Minor Comp	2,724	2,682	\$14,095	98.5%	1,743	10,440	3.0946	\$16,510	\$3,655	\$38,394,862	\$28,438,042	\$9,956,820	26%
B03C	Spinal Procedures, Minor Complexity	3,538	3,133	\$8,734	88.6%	1,398	1,895	1.6227	\$8,657	\$6,838	\$30,899,512	\$6,705,317	\$24,194,195	78%
I13C	Humerus, Tibia, Fibula and Ankle Procedures, Minor Complexity	12,897	10,066	\$2,291	78.0%	11,536	1,095	0.4099	\$2,187	\$1,196	\$29,540,965	\$14,121,478	\$15,419,487	52%
I06Z	Spinal Fusion for Deformity	778	768	\$33,971	98.7%	518	21,545	7.1267	\$38,021	\$12,426	\$26,429,391	\$16,762,105	\$9,667,287	37%
I20B	Other Foot Procedures, Minor Complexity	14,116	10,813	\$1,785	76.6%	5,733	784	0.3434	\$1,832	\$1,001	\$25,199,319	\$11,063,440	\$14,135,878	56%
F17B	Insertion and Replacement of Pacemaker Generator, Minor Complexity	2,342	2,323	\$10,260	99.2%	1,715	3,030	2.3983	\$12,795	\$7,229	\$24,028,264	\$7,097,292	\$16,930,973	70%
F14C	Vascular Procedures, Except Major Reconstruction, W/O CPB Pump, Minor Complexity	8,032	5,708	\$2,890	71.1%	7,726	1,023	0.4998	\$2,666	\$1,867	\$23,208,625	\$8,214,170	\$14,994,454	65%
J06B	Major Procedures for Breast Disorders, Minor Complexity	16,853	9,346	\$1,366	55.5%	6,046	478	0.1879	\$1,002	\$888	\$23,021,029	\$8,060,333	\$14,960,696	65%
I32B	Revision of Knee Replacement, Minor Complexity	2,198	2,175	\$10,206	99.0%	631	8,950	2.4515	\$13,079	\$1,256	\$22,432,129	\$19,671,379	\$2,760,750	12%
G10B	Hernia Procedures, Minor Complexity	31,854	26,627	\$676	83.6%	23,042	353	0.1333	\$711	\$323	\$21,547,957	\$11,249,762	\$10,298,194	48%
I19B	Other Elbow and Forearm Procedures, Minor Complexity	8,014	6,700	\$2,567	83.6%	13,122	1,542	0.4955	\$2,643	\$1,025	\$20,569,935	\$12,355,821	\$8,214,113	40%
F04B	Cardiac Valve Procedures W CPB Pump W/O Invasive Cardiac Invest, Interm Comp	1,472	1,453	\$13,490	98.7%	1,697	8,960	2.9589	\$15,786	\$4,530	\$19,856,735	\$13,189,169	\$6,667,566	34%
I09A	Spinal Fusion, Major Complexity	670	661	\$28,237	98.7%	505	12,463	6.0967	\$32,526	\$15,774	\$18,918,924	\$8,350,489	\$10,568,435	56%
I29Z	Knee Reconstructions, and Revisions of Reconstructions	10,313	9,592	\$1,762	93.0%	4,472	1,437	0.3728	\$1,989	\$326	\$18,172,847	\$14,815,566	\$3,357,281	18%
D01Z	Cochlear Implant	724	711	\$24,958	98.2%	544	24,781	6.1753	\$32,945	\$177	\$18,069,389	\$17,941,520	\$127,870	1%
I33A	Hip Replacement for Non-Trauma, Major Complexity	1,837	1,813	\$9,438	98.7%	1,529	6,214	2.2388	\$11,944	\$3,224	\$17,337,330	\$11,415,080	\$5,922,250	34%
F12A	Implantation and Replacement of Pacemaker, Total System, Major Complexity	1,397	1,385	\$12,156	99.1%	2,775	4,515	2.7060	\$14,437	\$7,641	\$16,981,904	\$6,307,378	\$10,674,526	63%
	Top30	363,119	309,903	\$321,551		199,304	180,118	71	\$381,191		\$1,613,905,567	\$900,822,204	\$713,083,364	44%
	All Included DRGs	586127	481413	\$1,087,765		523,912	532,849	218	\$1,160,720		\$2,086,212,623	\$1,129,648,581	\$956,564,042	46%

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