

From: [BEHM_Alex](#)
To: [FLYNN_Elizabeth](#)
Cc: §22
Subject: RE: cost estimates [SEC=OFFICIAL]
Date: Thursday, 3 March 2022 6:34:50 PM
Attachments: [image006.png](#)
[image007.jpg](#)
[image011.png](#)
[image012.png](#)
[image013.png](#)
[image014.png](#)
[image015.jpg](#)
[image016.jpg](#)
[image017.jpg](#)
[image018.png](#)
[image019.png](#)
[MTAA MOU final draft 3Mar22.docx](#)

Thanks Elizabeth

§47C

Alex

From: FLYNN, Elizabeth <Elizabeth.Flynn@health.gov.au>
Sent: Thursday, 3 March 2022 4:36 PM
To: BEHM, Alex <Alex.Behm@health.gov.au>
Cc: §22 <§22@health.gov.au>
Subject: cost estimates [SEC=OFFICIAL]

Hi Alex

§47C

Elizabeth Flynn

Assistant Secretary, Prostheses List Reform Taskforce

Technology Assessment and Access Division

Australian Government Department of Health
 T: 02 6289 §22 | §22
 E: elizabeth.flynn@health.gov.au
 Location: Sirius Building §22
 PO Box 9848, Canberra ACT 2601, Australia

The Department of Health acknowledges the traditional owners of country throughout Australia, and their continuing connection to land, sea and community. We pay our respects to them and their cultures, and to elders both past and present.

100 years signature block

From: §47F <§47F@ihpa.gov.au>
Sent: Thursday, 3 March 2022 11:14 AM
To: FLYNN, Elizabeth <Elizabeth.Flynn@health.gov.au>; DOWNIE, James <James.Downie@ihpa.gov.au>
Cc: §22 <§22@health.gov.au>; §22 <§22@health.gov.au>
Subject: RE: Draft PL MOU [SEC=OFFICIAL]

Hi Elizabeth

All costings to date have assumed *no* 7% floor for general use items.

Applying the 7% floor to general use reduces the total (4 year) savings by around \$30m.

Here are the corresponding estimates with 7% floor applied to all items:

Assumptions:

- 7% floor on all items
- 0/40/20/20 on CIEDs
- 60/40 on general use
- 40/20/20 on everything else

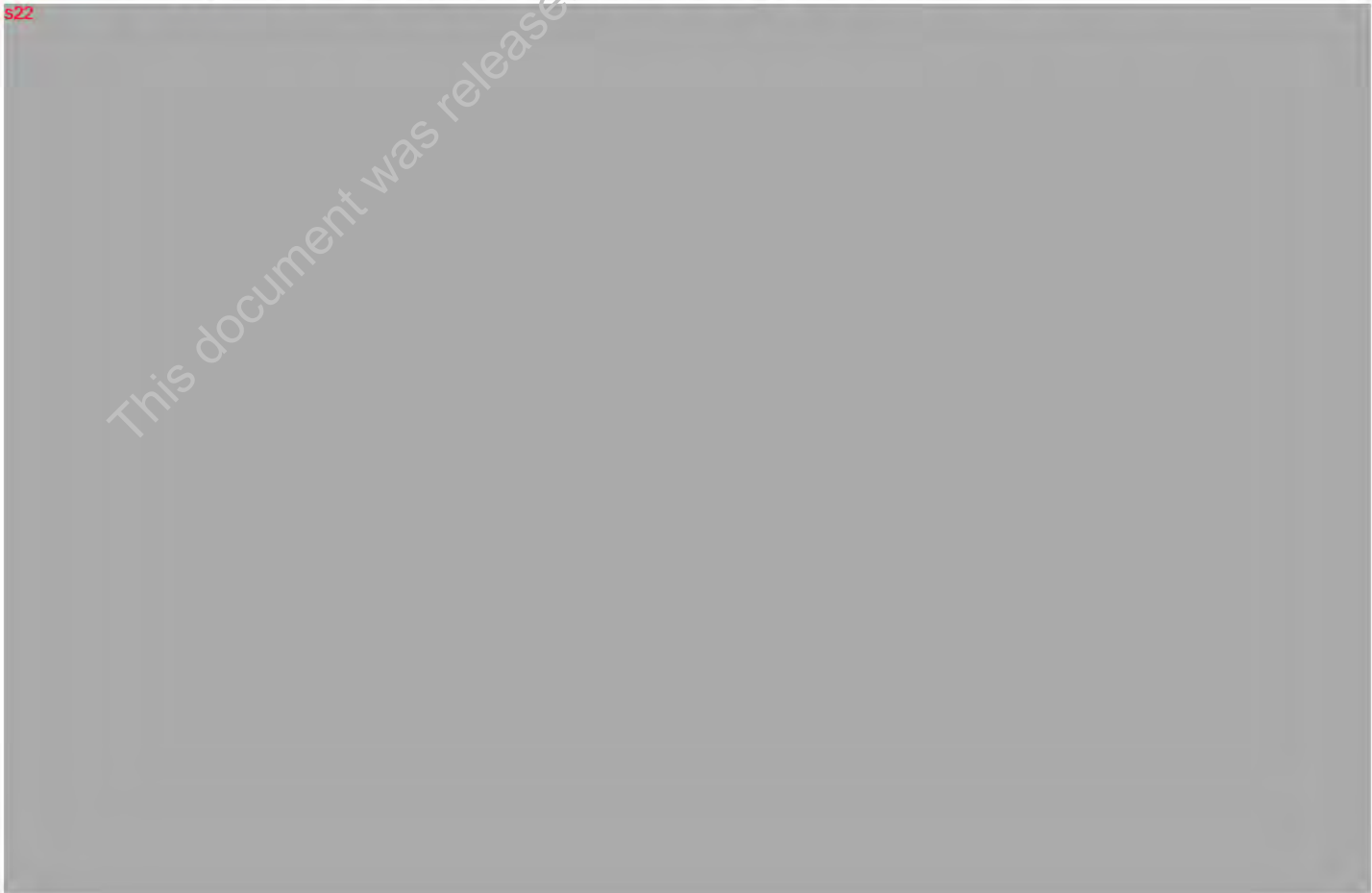


s47F • Senior Data Scientist
Independent Hospital Pricing Authority
e. **s47F** p. **s47F**
w. www.inpa.gov.au
Eora Nation, Level 12, 1 Oxford Street, Sydney NSW 2000
PO Box 483, Darlinghurst NSW 1300



I respect and acknowledge the Traditional Owners of the many countries throughout Australia and recognise their continuing connection to land, sky, waters and culture. I pay my respect to elders today and those who walk in spirit.

This transmission is intended only for the use of the addressee and may contain confidential, legally privileged or information that is protected by offence provisions in the *National Health Reform Act 2011*. If you are not the intended recipient, you are notified that any use or dissemination of this communication is strictly prohibited. If you have received this transmission in error, please notify us immediately by telephone on 61-2-8215-1100 and delete all copies of this transmission together with any attachments.



s47C

From: BEHM, Alex <Alex.Behm@health.gov.au>
Sent: Friday, 4 March 2022 10:04 AM
To: FLYNN, Elizabeth <Elizabeth.Flynn@health.gov.au>
Subject: FW: cost estimates [SEC=OFFICIAL]

Hi Elizabeth

As discussed MTAAs may accept the position the 7% floor does not apply to general use items, if the highlighted text below is included in the schedule:

Schedule 1 – Methodology for calculation of public price referencing under Prostheses List reform 1 July 2022 to 30 June 2026

The Weighted Average Price will be calculated by the Independent Hospital Pricing Authority using the most appropriate data, including sponsor-supplied data for financial year ended 30 June 2021 as the primary data source.

The Weighted Average Price will be calculated based on existing Benefit Groups on the Prosthesis List (**PL**) defined as:

- All billing codes sharing the same category, sub-category, product group, sub-group, suffix and benefit level on the PL

The Weighted Average Price for a Benefit Group is calculated as follows:

- Average public price for all devices included under the billing codes in the Benefit Group weighted by private volumes

New listings of products joining an existing Benefit Group will receive the same benefit level as the other billing codes in that Benefit Group regardless of the stage of reductions phasing, and incorporating the 7% floor.

Examples of application of the 7% floor and the 40:20:20 phasing and no 20% reduction in year 4:

Weighted average public price = 100					
	Current	1 July 2022	1 July 2023	1 July 2024	1 July 2025
EG 1:					
PL	105	105	105	105	105
Differential	5%	5%	5%	5%	5%
EG 2:					
PL	115	109	107	107	107
Differential	15%	9%	7%	7%	7%
EG 3:					
PL	200	160	140	120	120
Differential	100%	60%	40%	20%	20%

MTAA also request the MOU is between the Commonwealth and MTAAs.

The Honourable Greg Hunt MP, Minister for Health and Aged Care The Commonwealth of Australia

and

Medical Technology Association of Australia Limited

With the parties as:

Name	The Honourable Greg Hunt MP, Minister for Health and Aged Care on behalf of the Commonwealth of Australia
------	--

Short name	Minister
------------	----------

Name	Medical Technology Association of Australia Limited
------	--

Short name	MTAA
------------	------

Advice on this would be appreciated.

Alex

522

This document was released under the Freedom of Information Act 1982