



Private Healthcare Australia
Better Cover. Better Access. Better Care.

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Julianne Quaine
Assistant Secretary
Office of Health Technology Assessment
Department of Health
Sirius Building
Furzer St
WODEN ACT 2606

cc: s 47F

RE: TERMS OF REFERENCE (PURPOSE AND SCOPE OF PROSTHESES LIST)

Dear Julianne,

Thank you for the opportunity to comment on the terms of reference for the Review of the General Miscellaneous Category of the Prostheses List being undertaken by the Department of Health.

Private Healthcare Australia endorses the terms of reference, and offer some comments and suggestions below.

There are a few initial comments we would like the department to consider as you begin this review:

- Devices added to the Prostheses List should be able to demonstrate clinical and cost effectiveness.
- Other funding mechanisms do exist, which have previously funded items that are currently on the Prostheses List (such as skin glues, where the entire group [03.08.02] displays traditional hallmarks of Prostheses List expansion where one listing generates a flood of comparators based on the precedent of the first).
- The existence or current use of a product should not guarantee its funding through the Prostheses List, hospital payments or any other process. The application of health technology assessments is critical.
- The current reimbursement mechanisms lead to perverse incentives, including with devices and the location of services.

It is worth re-visiting the recommendation of Professor Graeme Samuel AC who was clear that fixed price mechanisms created market failure and that greater direct negotiation between payers and suppliers was required, not less. Maintaining the current arrangements benefits private hospitals and device suppliers, and penalise millions of Australians paying private health insurance premiums.

Private Healthcare Australia looks forward to providing detailed comment to the review. In the first instance, we are likely to recommend that:

- All Prostheses List devices to aligned to a specific MBS item. A review of current items would have highlighted errors such as the revision suffix being charged on items used in primary procedures. This could be started via high cost/utility groups as a priority.



- Any items requesting use across multiple MBS indications should be exposed to either a Medical Services Advisory Committee (MSAC) or focused health technology assessment pathway. This would address the issue of a product being listed via one claimed usage situation (volume indication) then being deployed into other procedures.
- Limits be imposed for usage per patient (surgical indication). Driven by health technology assessment modeling, this most likely would impact items such as *Infuse* where funds have seen significant discrepancies in usage within spinal surgery.
- All manufacturers' product codes and product names that sit behind a billing code should be made publicly available under the principles of transparency.
- Retrospective simplified health technology assessments be undertaken where quality register data exists in Australia or overseas (such as joint replacements or stents). The Prostheses List process offers a unique opportunity to provide an abbreviated health technology assessment at group level.
- Items with \$500,000 or more utilisation in their first year revert to provisional registration and referred automatically to MSAC for a more significant health technology assessment.
- Applications for the Prostheses List identify if the item is still replacing a bodily function, pathological or physiological process 24 months after implantation. In this way long term absorbable suture anchors would be covered, but disposable haemostats that last for a brief time would not be included on the Prostheses List.
- Where a new item (such as glues) request addition to the Prostheses List, the applicant should be required to identify what technology is being replaced (i.e. if a \$15 suture foil) and irrespective of whether the supplier claims there are comparators on the List then an assessment of the health inflationary aspect must be made (including a possible referral to MSAC).

We look forward to working with the department to improve the operation of the Prostheses List. We expect that the outcomes of this review will reduce pressure on premiums for more than 13 million Australians with private health insurance.

Yours sincerely

s 47F

Private Healthcare Australia