

From: [Minister Hunt DLO](#)
To: [MGC](#)
Cc: [Minister Hunt DLO](#)
Subject: FW: Letter for Minister Hunt [SEC=OFFICIAL]
Date: Monday, 16 September 2019 1:18:09 PM
Attachments: [image001.png](#)
[ATT00001.htm](#)
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[Minister Hunt re PLAC final.pdf](#)
[ATT00004.htm](#)
[~WRD000.jpg](#)
[image003.jpg](#)
[image004.jpg](#)

M response – TAAD – 10 days

From: s 22

Sent: Monday, 16 September 2019 1:02 PM

To: Minister Hunt DLO

Cc: Shakespeare, Penny

Subject: FW: Letter for Minister Hunt [SEC=OFFICIAL]

Hi DLO's can we please have a response drafted for this one?

Thanks

s 22

From: s 47F

Sent: Monday, 16 September 2019 11:00 AM

To: s 22

Subject: Letter for Minister Hunt [SEC=No Protective Marking]

s 22

Please see the attached letter to the Minister in relation to Friday's PLAC

Cheers & thanks

s 47F

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Begin forwarded message:

From: s 47F

Date: 16 September 2019 at 10:57:23 GMT+10

To: s 47F

Subject: Here is the letter for Minister Hunt - thanks Lisa

s 47F

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16 September 2019

s 47F

CONFIDENTIAL

The Hon Greg Hunt
Minister for Health
Parliament House
Canberra ACT 2600

PROSTHESES LIST REFORM

Dear Minister,

I write following the Prosthesis List Advisory Committee (PLAC) meeting on Friday 13 September, which considered a late paper, 'Advice on potential removal of high volume, general use prostheses from the Prosthesis List.'

Private Healthcare Australia welcomes this paper and commends you and your department for seeking to address the problems caused by overuse of some products on the prostheses list. We are happy to work with you and your department on a data-driven, evidence-based approach to policy reform.

I am disappointed the PLAC was unable to provide clear and concise advice to your department on the direction for reform. Following a heated meeting, the Chair reflected that the issue was split along party lines. This concurs with our assessment – many parties with vested financial interests were unwilling to engage in the substance of reform; either unwilling or unable to recognise the costs to the community of the current approach, or unwilling to consider any alternative. As you are aware, health funds are significantly outnumbered on the committee, having only two representatives, out of around 19 attendees at the meeting (excluding Department of Health officers).

Notable in the discussion was what was not said. Despite invitation, no participant was willing to argue that the substantial growth in volume of items the prostheses list contributed to improved clinical outcomes. No participant was prepared to assert that a fee for service approach to funding low unit cost items, general items or consumables was economically sensible or appropriate.

Like you, we are disappointed the agreement between the Australian Government and the Medical Technology Association of Australia (MTAA) has not yielded the results expected by the Government or the private health insurance industry, although we note the MTAA asserts that they

have met the terms of the agreement. The MTAA agreement was supposed to deliver at least \$250m in savings in year one. In good faith health funds passed this notional saving on to customers in its entirety and in advance to deliver the lowest premium increase in 17 years. The failure of the agreement to deliver the expected savings means further action is necessary to keep pressure down on premiums.

Private Healthcare Australia and the industry will work quickly and collaboratively with hospitals to negotiate any necessary changes in procedure banding and other payment arrangements that provide subsidy for consumables and general use devices used in hospital and hospital-substitute care.

The proposed approach outlined in your department's paper to remove high volume, general use items from the prostheses list is a moderate and necessary step to delivering the government's intention to reduce the inappropriate use of these items. As we have done previously, all savings realised through this approach will be passed on to the 13.6 million Australians relying on private health insurance in the premium round.

Yours sincerely,

s 47F

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