



## Private Health Insurance – Modernising and improving the private health insurance Prosthesis List

The Australian Government is investing \$22 million over 4 years to reduce the cost of medical devices used in the private health sector and streamline access to new medical devices, which will improve the affordability and value of private health insurance for Australians.

This measure will modernise and improve the Prosthesis List (PL). This will better align the price set for medical devices on the PL for private providers with those paid for in competitive markets such as those in the public hospital system.

This will be implemented by the Department of Health in conjunction with the Independent Hospital Pricing Authority, and in consultation with key stakeholders.

### Why is this important?

There is broad support among stakeholders including the Australian Medical Association, medical device companies, private health insurers and private hospitals for reform to the PL to ensure it remains sustainable and private health insurance remains affordable.

The prices charged for medical devices in the private health care system, mandated by the current PL in most cases, far outweigh the costs of the same items in other competitive markets including the public hospital system. In 2019–20, some costs were up to 145% higher.

The PL has grown over time in both size and complexity to include more than 11,600 items. This initiative will also better define the purpose and scope of the PL to provide greater clarity and certainty about which items are eligible for inclusion, consolidate the grouping scheme, and streamline the administration of the PL to ensure faster patient access to high tech new medical devices.

### Who will benefit?

This reform will benefit private health insurers and their customers by lowering the prices paid by insurers for medical devices. This benefit will flow to Australians with private health insurance by keeping downward pressure on premiums.

Medical device companies will also benefit from streamlined administration of the PL with new pathways for listing devices on the PL. Doctors, private hospitals and privately insured patients will benefit through continued access to a comprehensive range of medical devices and certainty about their reimbursement.

### How much will this cost?

The Australian Government is investing \$22 million over 4 years, from 2021–22, with changes to be introduced progressively and in a staged manner from February 2022.