

Medtronic

SENATE COMMUNITY AFFAIRS LEGISLATION COMMITTEE INQUIRY INTO THE PRIVATE HEALTH LEGISLATION AMENDMENT BILL 2018 AND RELATED BILLS

Submission by Medtronic Australasia Pty Ltd - July 2018

EXECUTIVE SUMMARY

Medtronic supports efforts to improve the value and affordability of Private Health Insurance and particularly the transparency and clarity for consumers. We believe that the proposed categorisations of products go some way to improving clarity but remain concerned that the result may have unintended impacts on access to treatment and participation rates in Private Health Insurance.

ABOUT MEDTRONIC

As a global leader in medical technology, services and solutions, Medtronic improves the health and lives of millions of people each year. We believe our deep clinical, therapeutic and health economic expertise can help address the complex challenges — such as rising costs, aging populations, and the burden of chronic disease — faced by families and healthcare systems today. But, we can't do it alone. That's why we're committed to partnering in new ways and developing powerful solutions that deliver better patient outcomes.

Medtronic provides a wide range of products, therapies and services with the emphasis on providing a complete continuum of care to diagnose, prevent, treat and monitor chronic and acute conditions. Our technologies encompass several areas, including:

- Cardiac Rhythm Disease Management [pacemakers, defibrillators];
- CardioVascular [heart valves, surgical ablation, coronary & endovascular stents];
- Neurovascular [revascularisation and embolisation technologies];
- Venous [endovenous therapy];
- Diabetes [insulin pumps & continuous glucose monitoring];
- Neuromodulation [neurostimulation including brain, spine & sacral, intrathecal baclofen pumps];
- Spine & Biologics [fixation & stabilisation plates, rods & screws];
- Surgical Technologies [ear, nose & throat and surgical navigation equipment];
- Surgical Innovations [technologies that moves patients from open surgery to minimally invasive surgery];
- Early Technologies [diagnostics and interventions before a patient needs to undergo surgery]; and,
- Patient Monitoring and Recovery [technologies that monitor patients to enhance patient outcomes].

Founded in 1949 as a medical repair company, Medtronic is now among the world's largest medical technology, services and solutions companies, employing more than 85,000 people worldwide, serving HCPs, hospitals and patients in more than 160 countries.

Our commitment in Australia started more than 40 years ago and now includes an employee base of 900 people in Australia and New Zealand [ANZ]. We dedicate significant resources to the continuing professional education and training of local HCPs and undertake many clinical trials across the region. We are an active member of the MTAA and support the Medical Technology Industry Code of Practice.

RESPONSE AND COMMENTS

Medtronic supports the intent of reforms announced in October 2017 to simplify private health insurance by requiring insurers to categorise products as gold/silver/bronze/basic and use standardised definitions for treatments to make it clear what is and isn't covered in their policies. Consumers find choosing appropriate health insurance policies for their needs difficult and comparing policies even more so.

Medtronic is aware that when patients receive our products during an episode of hospitalisation and discover that their hospital cover they have held, often for multiple years, doesn't cover them for the procedure they need, this is distressing both emotionally and financially.

Providing for standard clinical definitions to allow coverage comparison between policies we believe is very useful for consumers. Likewise, the idea that policies could be grouped under a set of ratings such as Basic, Bronze, Silver, Gold is, in concept, an attractive proposition to help consumers make choices and comparisons.

Medtronic believes the work to develop the basis for categorisation under these headings is well underway. The exposure draft released by the department of health (fig. 1) indicates that the basis of the categorisation is on health conditions or treatments for health conditions. This raises both specific concerns and broader policy implication concerns.

If the categorisations were to proceed in accordance with the publicly available document, to access coverage for some surgical interventions that consumers commonly rely on such as spinal fusion, hip and knee replacements, insulin pumps for which there is no public hospital alternative, pain therapies such as spinal cord stimulation and drug pumps and intra ocular lenses, would require the highest and presumably most expensive level of cover. Although the categories represent the minimum coverage requirements, it is likely that insurers will choose not to offer these services on the lower categories due to their concern with adverse selection. This could lead to a further retraction in the numbers of people with private health insurance in total, or a reduction in the number of people covered by effective health insurance which covers them for their needs. In either case there is a risk that further burden would be placed upon public health services for elective surgery and increased waiting lists for common procedures such as joint replacements.

From the broader policy perspective, private health insurance based on health condition covered potentially erodes community rating and moves towards a risk rating system. While health insurance policies have identified specific services for restricted and excluded services as part of their hospital policies for many years now, the services have been limited to a select few procedures / health conditions. The current reform activity related to the new categorisation system is greatly increasing the awareness of the number of services identified for inclusion/exclusion from hospital policies. If this new categorisation system is indeed considered a move away from community rating it would represent a significant shift in the fundamental structure of the private health insurance system that has served Australia well for many years. It is our view that making such a fundamental change warrants a significant public debate.



Australian Government
Department of Health

Hospital Treatment Product Tiers – Gold, Silver, Bronze and Basic

Hospital treatments by clinical category	Basic	Bronze	Silver	Gold
Rehabilitation	✓R	✓R	✓R	✓
Hospital psychiatric services	✓R	✓R	✓R	✓
Palliative care	✓R	✓R	✓R	✓
Brain	RCP	✓	✓	✓
Eye	RCP	✓	✓	✓
Ear, nose and throat	RCP	✓	✓	✓
Tonsils, adenoids and grommets	RCP	✓	✓	✓
Bone, joint and muscle	RCP	✓	✓	✓
Joint reconstructions	RCP	✓	✓	✓
Kidney and bladder	RCP	✓	✓	✓
Male reproductive system	RCP	✓	✓	✓
Digestive system	RCP	✓	✓	✓
Hernia and appendix	RCP	✓	✓	✓
Gastrointestinal endoscopy	RCP	✓	✓	✓
Gynaecology	RCP	✓	✓	✓
Miscarriage and termination of pregnancy	RCP	✓	✓	✓
Chemotherapy, radiotherapy and immunotherapy for cancer	RCP	✓	✓	✓
Skin	RCP	✓	✓	✓
Breast surgery (medically necessary)	RCP	✓	✓	✓
Diabetes	RCP	✓	✓	✓
Heart, lung and vascular system	RCP		✓	✓
Blood	RCP		✓	✓
Back, neck and spine	RCP		✓	✓
Plastic and reconstructive surgery (medically necessary)	RCP		✓	✓
Dental surgery	RCP		✓	✓
Podiatric surgery (provided by an accredited podiatric surgeon)	RCP		✓	✓
Implantation of hearing devices	RCP		✓	✓
Cataracts	RCP			✓
Joint replacements and spinal fusion	RCP			✓
Dialysis for chronic kidney disease	RCP			✓
Pregnancy, birth and neonates	RCP			✓
Assisted reproductive services	RCP			✓
Weight loss surgery	RCP			✓
Insulin pumps	RCP			✓
Chronic pain	RCP			✓
Sleep studies	RCP			✓

✓ Indicates the treatment/service is a minimum requirement of the product category. The service must be covered on an unrestricted basis.

RCP *Restricted cover permitted:* indicates the treatment/service is not a minimum requirement of the product category. Insurers may choose to offer these as additional services on a restricted or unrestricted basis.

✓R Indicates the treatment/service is a minimum requirement of the product category. The service may be offered on a restricted cover basis.

□ Indicates the treatment/service is not a minimum requirement of the product category. Insurers may choose to offer these as additional services; however, where offered these must be on an unrestricted basis.