

**Senate Community Affairs Committee**

**ANSWERS TO ESTIMATES QUESTIONS ON NOTICE**

**HEALTH PORTFOLIO**

**Additional Estimates 2015 - 2016, 10 February 2016**

**Ref No:** SQ16-000088

**OUTCOME:** 3 - Access to Medical and Dental Services

**Topic:** Prostheses

**Type of Question:** Written Question on Notice

**Senator:** Gallagher, Katy

**Question:**

- a) I refer to the Ministers press release on 5th Feb “Prostheses reform a priority for cheaper health premiums” and the establishment of an industry working group, what is the timeline for the work of the committee and report back to Government?
- b) If the industry working group doesn’t reach an agreement on Prostheses List reform, will the Government mandate price cuts for the Prostheses List?
- c) The Private Health Insurance industry and most recently the CEO of Private Healthcare Australia in a press release on 5 Feb 16 “Private patients paying too much for medical implants and surgical supplies” stated that there is \$800m in savings per annum to be made from reforming the Prostheses List. In regards to the \$800m claimed saving, does the Government agree with the private health insurance industry that there are \$800m in savings to be had?
- d) Depending on what savings may or may not exist from reform to the Prostheses List, will the Government guarantee that any savings that may exist will all flow through to consumers via lower health insurance premiums and not to the profits of private health insurers?

**Answer:**

- a) The Terms of Reference for the Industry Working Group on Private Health Insurance Prostheses Reform state that the Working Group will provide advice to the Department as soon as possible and that the recommendations of the Group will be considered by Government as part of a private health insurance reform package, with a view to commence implementation as part of the August 2016 Prostheses List. The Terms of Reference of the Working Group can be found on the Department of Health website at:  
<http://www.health.gov.au/internet/main/publishing.nsf/Content/phi-prostheses-tor>
- b) The Prostheses List does not establish prices, but rather the minimum, and if appropriate maximum, benefits for prostheses. The Working Group will provide advice to the Minister on appropriate benefits for prostheses. The Minister will make the Prostheses List as per the usual processes set out in Section 72-10 of the *Private Health Insurance Act 2007*.

c) The Terms of Reference for the Industry Working Group on Private Health Insurance Prostheses Reform states that the group will provide advice to the Department on specific products or categories of products which may present opportunities for immediate benefit rationalisation. The Terms of Reference do not set a savings target for the Working Group.

d) The Terms of Reference for the Industry Working Group on Private Health Insurance Prostheses Reform state that the Working Group will examine opportunities for reform to ensure opportunities for competition across the supply chain are maximised for the benefit of consumers and taxpayers.