Private health insurance reforms:
Prostheses List benefit reductions

Reductions in minimum benefits for prostheses paid by private health insurers commenced on 1 February 2018 saving consumers $1.1 billion over 4 years

- Minimum benefits payable for almost all medical devices listed on the Prostheses List were reduced on 1 February 2018 (reductions vary by category).
- The 2018 round of benefit reductions has saved private health insurers $188 million on prostheses expenditure in the 2018 premium year.
- Further reductions to some device benefits will also occur on 1 February 2019 and 1 February 2020.
- Total estimated savings to private health insurers over the next four premium years (2018 to 2021) are estimated to be $1.1 billion dollars.

Why is this important?

- Expenditure on prostheses accounts for 14 per cent of private health insurance hospital benefits paid annually.
- Evidence suggests that Prostheses List benefits are generally inflated when compared to the equivalent prices paid for devices in the public sector.
- Reducing prostheses expenditure places downward pressure on premium increases.

Who will benefit?

- Consumers will benefit from lower private health insurance premium changes.
- Private health insurers will benefit from reduced expenditure on prostheses, passing these savings onto consumers.

What impact will this change have on private health insurance?

These benefit reductions are flowing to consumers in reduced private health insurance premium increases. Private health insurers have publicly stated that every $200 million in prostheses benefits reductions will decrease private health insurance premiums by one per cent.