



Private Healthcare Australia
Better Cover. Better Access. Better Care.

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The Hon Mark Butler
Minister for Health and Aged Care
Via email minister.butler@health.gov.au

Dear Minister

I have been speaking with health funds around very short term measures the government could consider, which could be agreed by the CEO forum and announced in coming days.

As per yesterday's letter, health funds will not agree to any proposal that does not put the interests of our customers first.

However, health funds would agree to an immediate increase in payments to hospitals where there are clear offsets. One point of agreement between health funds and hospitals is that the price of medical devices is too high. In a 2021 letter to the then Minister, hospital groups called for the prices of medical devices to be lowered to the public reference price (attached). This is also a long-standing position of PHA and our member funds, as a first step in reducing prices to international standards.

Where there is currently a 7-20% surcharge on private patients for medical devices, a short-term approach could be for this surcharge to be provided to hospitals rather than device companies. This would transfer around \$84-120 million per annum to private hospitals, starting on 1 July 2025.

PHA will continue to work with your office and your department on medium-term options.

At all times, the interests of people with private health insurance must be the priority. I look forward to working with you and your department more closely to address consumers' concerns with cost of living and access to private hospital services.

Please do not hesitate to contact me on 0401 775 779 or email rachel.david@pha.org.au.

Yours sincerely,

Dr Rachel David
Chief Executive Officer