



The Secretariat
Senate Community Affairs Legislation Committee
By email

Thursday 4 June 2009

Dear Sir/Madam,

I write as a sponsor of medical devices in Australia, regarding the Private Health Insurance (National Joint Replacement Register Levy) Bill 2009 under consideration at present. I would request the Bill be delayed to allow discussion with key stakeholders prior to consideration in Parliament.

There are a few points I would like to raise for your consideration:

- I am the sponsor of the device with the highest reimbursement level (2 listings). The device is a growing prosthesis that is used in cancer patients (mostly children) for bone cancer. Thankfully current utilization per annum is low. While I can appreciate the cost of the device seems high, alternative forms of treatment may cost as high as \$250,000 to the health sector as numerous surgeries are avoided by using this device. This does not take into account the reduction in pain, anxiety and rehabilitation costs for the patient (and family) and the health system in general.

Assuming this device was taxed at the highest rate ie \$5000 due to its cost, I would most likely make the device unavailable. We would be reticent to pay \$10,000 in tax without any surety the product would be used per annum.

- The decision to impose the tax on sponsors only is ill considered. While industry supports the ideals of the NJRR and indeed donated funds to help its inception, we are but one stakeholder in the process. It could be argued that the NJRR serves us least as certainly orthopaedic surgeons (through the AOA) and the Private Health funds utilize the data far more intensely than suppliers. Indeed the public sector is the primary beneficiary from the NJRR, hence Government's decision since its inception to fund the Registry.

The Australian Service Company

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- Any tax imposed on suppliers would further erode our product margins and act as a barrier to introducing new technology, or even maintaining current products. Prostheses List benefits have reduced greatly over the last 3 years - minus 8% growth when adjusted for CPI. We have had to absorb business cost increases (eg wages, freight etc) well into double digits over the same period.
- Removal of products from the Prostheses List, while remaining available in the Public Hospital system, may lead to an increase in privately insured patients being treated in Public Hospitals with an on cost to Government.

Industry supports the NJRR. We should not be the sole recipient of a tax relating to the Registry. We would appreciate the opportunity to enter into meaningful dialogue with DoHA before Passage of the Bill to ensure an equitable outcome for all interested stakeholders.

Yours sincerely,

Pat Callanan
Managing Director

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