

Pre-Budget Submission  
2020-21  
Health Technology  
Opportunities for Australia



31 January 2020

# Health Technology Opportunities for Australia

## Pre-budget Submission

### Introduction

BIOTRONIK Australia Pty Ltd thanks the Treasury for the opportunity to provide a submission supporting the ongoing funding of Health Technology (HT) in delivering Value to the Australian population in a way that is sustainable for current and future governments. It is important to continue to point out the value of the Health Technology industry to Australia and the direct sacrifice we have made through reduced private market reimbursement to ensure the ongoing affordability of health services. It is also important to set aside ongoing pressures by other interest groups to statutorily reduce health technology costs even and for treasury to undertake considered financial and market analysis and consultation of such potential policy changes. We would seek the government be receptive to turning the tide of disinvestment in medical device technology to one of active policy engagement and financial encouragement.

### Company Profile

BIOTRONIK Australia Pty Ltd is the wholly owned subsidiary of BIOTRONIK SE & Co. KG. , a private company headquartered in Berlin with key manufacturing facilities in the advanced economies of Germany, Switzerland, Singapore and USA.

Founded in 1963, BIOTRONIK is a global player operating in 110 countries. The Health Technology manufactured and marketed by BIOTRONIK includes both Active Implantable Devices and Passive Implanted Devices supporting Cardiac Applications and Combination Therapy Technologies (Drug/Devices) that support the cardiac and peripheral vasculature. Common recognisable terminology for the devices marketed includes pacemakers, defibrillators, cardiac and peripheral stents. BIOTRONIK devices are designed to support the beating of a person's heart and the circulation of the blood around their body.

BIOTRONIK pioneered the Home Monitoring technology for implantable pacemakers and defibrillators and worked with the industry and the Department of Health in submitting the evidence to support payment of home monitoring on the MBS and Prostheses List in 2015/16.

## Local research activities including Value-based Healthcare

BIOTRONIK continues to be one of the highest investing companies in undertaking medical device clinical studies in Australia, the benefits of which are felt worldwide. We currently are directly funding 15 global studies in Australia New Zealand of which 5 are First in Human studies. This activity supports the value research undertaken by the ANZ clinical community and something which has significant multiplier effects to the Australian economy. We would point out that this investment historically has been supported by a local market that rewards marketing efforts fairly. These conditions are changing through policy instrument changes that are significantly putting in question this ongoing investment.

As reported in 2019/20, BIOTRONIK Australia Pty Ltd is active in current digital health innovation in Australia, collaborating with clinicians on world-leading research and development initiatives around cardiac device and digital solutions. BIOTRONIK was successful in attracting a Department of Industry, Innovation & Science “Innovation Connections” grant together with a large public health delivery partner. The purpose of the grant is to support research into achieving improved outcomes for Heart Failure patients using novel digital and care delivery solutions. BIOTRONIK is also actively working with specialist care providers in exploring digitally supported care systems that deliver health care value which can be easily scaled across health delivery environments.

BIOTRONIK is investing strongly in the Australian health system employing over 110 specialist technical, clinical research and procedure support staff. We would seek government policy development that encourages us to continue on this investment path.

## Comments for consideration of the 2020/21 Budget process:

- PHI Reform Agenda:** BIOTRONIK understands the unique value that a private health care provider market offers to the Australian Health delivery system. BIOTRONIK note the steps taken by the Health Minister in attempting to make Private Health Insurance (PHI) affordable. BIOTRONIK has made considerable financial sacrifices in the PHI achieving affordability as evidenced by Prostheses List reimbursement benefit reductions of 10% in 2017, 20% in 2018 and 7.5% in 2020. Such reductions have been pushed by one stakeholder group, but the stated rationale is based on erroneous data comparisons. The multiplier effect of these cuts is disastrous to an industry that provides both products and clinical services to patients with life-threatening conditions. As such we would seek a more comprehensive and objective review and approach to PHI Reform.  
The issue of insurance affordability is primarily driven by an ageing population demand. Continually targeting cost without considering the overall value proposition

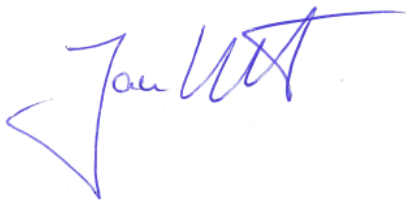
is short sighted. Therefore BIOTRONIK would support a Productivity Commission Review of the Private Health industry in Australia where it is compared and contrasted to public health, recognizing the different drivers, but informed by an HTA review in accessing innovative and strategic investment changes. We would suggest that Reform not continue to happen at the edges, as the PHI with its greater political influence picks off other stakeholders' value arguing affordability and relevance of their product offer.

An immediate ask is that government considers reinvesting in Cardiac device technology as the current reimbursement environment is impacting on service delivery decisions.

2. **Value Based Health Care:** BIOTRONIK would request that the government budget for an investigation into value-based healthcare approaches that drive health outcomes in Australia. The scope of current pricing instruments which should be covered as a minimum in such a review is the PBS, MBS, Prostheses List and PHI Rebates. Such an investigation should inform a structural review of health into 2020's.
  
3. **Health Technology Assessment:** The last global review of the industry was completed in 2009/10 and one key recommendation from that review was that the industry and the report of the time be reviewed in three years. BIOTRONIK consider it well past the time for such a review as HT is a very dynamic and innovative industry that has moved well on from 2009. When cost pressures are increasing on all segments of health and special interest groups (especially non-provider stakeholders) seek to disassemble instruments that are used to invest in the industry, we would suggest now is a critical period to fund such a review. The intent is to ensure that current investments are achieving value at a clinical, economic and societal level. Based on current and future health industry practices, it could then be determined how to improve ways to engage and drive all HT stakeholders to deliver on innovation that will ensure Australia has a vibrant future as HT leader.
  
4. **Regulatory Investment:** Australia has one of the five leading HT regulatory resources in the world. However, it appears from our dealings with the Competent Authority that some key functions within the Department of Health are under-resourced. As a result, valuable corporate knowledge disappears when people move on. This directly impacts on BIOTRONIK through lengthy assessment and access times when bringing new technologies to market. Hence we would encourage investment back into the Department of Health in seeking closer informed engagement with the HT industry.

5. **Digital Investment in Health:** BIOTRONIK encourages ongoing investment in digital resources for health as it can be a productive powerful enabler for any future health delivery system. Our special interests in this space are around the ongoing funding of
  - a. Cardiac procedures and devices registry
  - b. Design of fit-for-purpose regulatory system for Medical Software as a Service,
  - c. Ongoing translational research investment for cardiac care patients
  - d. investment in the Australian Digital Health Agency in developing and maintaining software language standards
  - e. Ongoing Support for MyHealth Record.
  
6. **Value Based Health Care:** BIOTRONIK would request that the government budget for an investigation into value-based healthcare approaches that drive health outcomes in Australia. The scope of current pricing instruments which should be covered as a minimum in such a review is the PBS, MBS, Prostheses List and PHI Rebates. Such an investigation should inform a structural review of health into 2020's.
  
7. **Medical Technology Association of Australia** is the industry organisation which BIOTRONIK actively works with in achieving policy consensus across the market and we would seek the Treasury's ongoing engagement with the MTAA where consultation be considered appropriate.

We thank you for your consideration of this submission.



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