

ASX Release

19 October 2016

Response to Prosthesis List Announcement

LifeHealthcare Group Limited (LifeHealthcare) (ASX: LHC) refers to today's announcement on cuts to pricing on the Prosthesis List as part of the Prosthesis List reform.

Minister Sussan Ley has today confirmed a price cut to select areas of the Prosthesis List with a 10% cut for Cardiac Devices and Intra-ocular Lenses and a 7.5% cut to Hips and Knees. These cuts will likely take effect from 20 February 2017 resulting in \$86 million in savings per annum to private health insurers that is expected to be passed on to consumers.

As previously disclosed, LifeHealthcare does not provide products in these categories on a material basis and reaffirms a 3% variation in pricing for Prosthesis Listed products supplied by LifeHealthcare across private and public markets on a weighted average basis.

Matt Muscio, Managing Director and CEO of LifeHealthcare, said following the announcement "LifeHealthcare will continue to actively engage the government to ensure they have an understanding of our business model and to support any future pricing reform to be on an objective and data driven basis."

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