



PRE-BUDGET SUBMISSION

Australia Federal Budget 2022/23

"We pioneer innovative solutions that treat and keep people out of the hospital, empowering them to live healthier, higher-quality lives. By enabling better care, we improve quality of life, reduce the impact of chronic disease, and lower costs for consumers and healthcare systems in more than 140 countries."



3 February 2022

Budget Policy Division
Department of the Treasury
Langton Crescent
PARKES ACT 2600

Via email: prebudgetsubs@treasury.gov.au

RE: 2022/23 Pre-Budget Submission

On behalf of ResMed, I am delighted to provide you with our 2022/23 Pre-Budget Submission.

ResMed is proudly an Australian-born healthcare company now listed on the Australian and New York stock exchanges. We are a global leader in sleep technology, sleep medicine and invasive and non-invasive ventilation.

ResMed is proud of our strong local roots in Australia, employing about 1,400 people, including over 300 in Research and Development, and approximately 450 people in our advanced manufacturing operations at Bella Vista in Sydney's Northwest.

We are committed to Australia flourishing as one of the best places in the world to do business. Therefore, we were delighted by the Federal Government's announcement on 11 May 2021 to introduce a patent box for eligible corporate income associated with new patents in the medical and biotechnology sectors. We have been working constructively with the Federal Government and Treasury on the policy design of this important initiative.

We seek to continue this partnership on economic and healthcare policy reform across connected medical devices and digital health, ensuring that advanced technology and manufacturing remain and grow in Australia.

To this end, we recommend the following policy settings:

- Implement the patent box to incentivize local companies to develop and commercialize novel technology in Australia;
- Expand access to digital health and telemedicine for patients post-COVID and into the future; and

- Review the *Privacy Act 1988* in a manner that encourages data-driven innovation through responsible and ethical practices while promoting fairness, clarity, transparency, protection and accountability around personal information stewardship.

Our Submission below provides further context on the social and economic benefits of these proposals.

Should you have any further questions regarding our Pre-Budget Submission, please do not hesitate to contact Amanda von Leer, Director, Government Affairs and Chief of Staff, Medical Affairs, via email at Amanda.VonLeer@resmed.com.

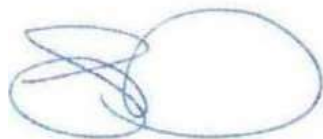
We thank you for your consideration of our Submission.

Kind regards,



Nupur Bhushan

Vice President & General Manager, Australia
ResMed



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Vice President, Government Affairs & Market Access
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ResMed: A Global Leader in Digital Health

ResMed was founded in Australia in 1989 and today employs over 8,000 employees with a presence in over 140 countries. As a pioneer of innovative digital solutions that treat and keep people out of hospital and empower them to live healthier, higher-quality lives, our digital health technologies and cloud-connected medical devices transform care for people with sleep apnea, chronic obstructive pulmonary disease (COPD), and other chronic diseases. ResMed's comprehensive out-of-hospital software platforms support the professionals and caregivers who help people stay healthy in the home or care setting of their choice. By enabling better care, we improve quality of life, reduce the impact of chronic disease, and lower costs for consumers and healthcare systems.

We enable remote and self-monitoring via our therapy devices to improve patients' experiences and health outcomes and provide efficiency in patient management. More than 15 million patients worldwide are remotely monitored at home with ResMed's cloud-connectable devices, with more than 126 million patient lives changed in the last 12 months.

Our 2025 strategy is to improve 250 million lives in out-of-hospital care by helping people breathe better, sleep better, and live better lives.

ResMed: Our Presence in the Australian Community

ResMed is a global leader in sleep technology that has its origins right here in Australia. ResMed is proud of its Australian roots and privileged to be part of the local community. A significant portion of our advanced manufacturing is based here, with Australia being home to one of ResMed's four global innovation hubs.

We employ approximately 1,400 people in Australia – including over 300 in Research and Development (R&D) activities and approximately 450 in our advanced manufacturing operations. We remain one of Australia's largest exporters of medical devices.

ResMed employs a highly-skilled Australian workforce, including engineers, clinical research experts, product designers, manufacturing staff, and business support professionals. We invest heavily in research and development in Australia through our own world-class team efforts and in partnership with key external research organizations that help broaden our impact. Additionally, we provide training across various trades and practice areas with a strong and recognized graduate and intern intake program.

ResMed supports the Australian community by:

- **Reinforcing** Australia's position as a world leader in innovation by promoting and building an entire technology ecosystem from our global patent portfolio to local staff and support of home-grown industry and suppliers.
- **Investing** in the growth and education of Australia's future talent through longstanding engineering graduate and internship programs.
- **Promoting** Australia's national brand as a cutting-edge global MedTech manufacturer and as one of Australia's largest exporters of medical devices.
- **Encouraging** employees to contribute to the community. Over the past two years, under ResMed's Community Service Policy, ResMed employees have donated over 900 hours of their time to social causes.

Recommendation 1: Expansion of Digital Health

ResMed offers fully integrated cloud-based technologies that capture real-time physiological data, enabling physicians to provide targeted patient care and improve coordination of care. The use of ResMed's remote monitoring services with CPAP therapy drives patient engagement, improves adherence and health outcomes, and reduces the use of healthcare resources.^{1,2,3}

The COVID-19 pandemic has proven to be a catalyst for accelerated investment in digital health technologies and effective public-private partnerships in Australia. ResMed's leadership in the digital health space is inextricably linked to our innovation and development performed in Australia. One of our newer technologies, the myNight™ mobile application, is a regulated non-contact medical device that analyses and records a person's night-time breathing and respiratory pattern during sleep to detect sleep quality and breathing disorders.

As the pandemic subsides, we expect consumers and patients to look to virtual care services more frequently to receive in-home care. We believe this will help improve access for Australians, especially those who are remote or unable to access usual healthcare means, resulting in cost savings, reduced hospital pressures and improved patient outcomes.

ResMed appreciates the Australian Government recognizing the tremendous need for telehealth during the COVID-19 pandemic and lifting reimbursement restrictions on telehealth services, allowing its Medicare program to subsidize at both the primary and specialty care levels. Recognizing more than 91 million telehealth services delivered to over 16 million

¹ Chang J *Et al.* Impact of Interactive Web-based Education and Automated Feedback Program on CPAP Adherence for the Treatment of Obstructive Sleep Apnea (Tele OSA). SLEEP Meeting 2016, 17 Rapport d'activité le Comité économique des produits de santé (CEPS). 2016

² Malholtra *et al.* Patient Engagement Using New Technology to Improve Adherence to Positive Airway Pressure Therapy. UCSD, La Jolla, California; ResMed Science Ctr. 2017

³ Rapport d'activité le Comité économique des produits de santé (CEPS). 2018

patients since the start of the pandemic is quite an accomplishment worth noting, and building upon.⁴ We also appreciate the increased investment of A\$106 million over four years to support permanent telehealth services, ensuring greater flexibility to patients and physicians for healthcare delivery.

These expanded policies have been transformational to Australia's healthcare system, further improving access for people living in rural and remote Australia, together with those from socio-disadvantaged backgrounds.

In a post-COVID healthcare world, telehealth is just the beginning of a global movement towards adopting digital health solutions. Digital health technologies like ResMed's myNight™ and similar applications for screening and diagnostics, will continue to transform both the industry and healthcare system as they grow at a much faster rate to play an integral role in meeting Australia's health challenges well beyond the pandemic.

The cost savings, reduced pressures, and improved patient outcomes from the implementation of telehealth are already significant. *Digital health solutions should be expanded and reimbursed to enable care to transition from the hospital to the home and provide Australians with a technology-driven, efficient, and world-class healthcare system.*

Although there is an overwhelming opportunity to expand digital health, ResMed recognizes the key challenge in Australia's digital health industry remains the funding and financial ability to drive the commercialization of innovations. The COVID-19 pandemic has driven expedient change and the adoption of innovative healthcare solutions, including reimbursement for virtual care and telemedicine.

We implore policymakers to continue this work and consider the importance of reimbursement of digital health solutions that will allow Australia to build a world-class digital health system. The investment in near term adoption driven by the pandemic has established a strong foundation for the longer-term pathways for broader digital health adoption. These solutions will play a key role in coordinated and value-based care, empowered by data-driven solutions for the entire healthcare system. Proper adoption, coverage, and reimbursement – and collaboration with industry – is key to this success.

Recommendation 2: Data Privacy Innovation

ResMed believes privacy is a fundamental human right. In an age where connected devices have become ubiquitous, and our lives are increasingly reliant on interconnected digital technologies, we support better regulation and safeguards that will create an environment for better technological solutions and innovation that protect, enhance and preserve people's

⁴ <https://www.pm.gov.au/media/address-national-press-club-0>

privacy rights with respect to their data. We also recognize that Australia's future prosperity will depend on innovation and sound data-driven decisions. For emerging technologies to fulfil their promise to drive prosperity and improve our lives, it is essential to balance robust privacy protections with how we use the data to benefit patients, providers and all the participants in the healthcare ecosystem.

In January 2022, ResMed provided comments to the Attorney-General's Department on its review of the *Privacy Act 1988*. Our comments focused on creating a legal framework for data protection that encourages, on the one hand, data-driven innovation through responsible and ethical practices, and on the other, provides safeguards that promote fairness, clarity, transparency, protection and accountability around personal information stewardship.

ResMed believes that individual choices about data implicate collective interests. We agree that the objectives in the *Privacy Act* should clarify that the protection of an individual's privacy should also be balanced against the protection of other public interests, such as public health, safety and research.

ResMed encourages thinking towards an Australia-wide data strategy that aims to make Australia an influential player in a data-driven society. We believe that data should flow freely across sectors for the benefit of businesses and researchers. People, businesses and organizations should be empowered to make better decisions based on insights from de-identified data.

Recommendation 3: Patent Box and the Economic Landscape

Over the years, ResMed has made a significant investment in Australia and its people, including the manufacturing and innovation centre at the Bella Vista campus in Sydney's Northwest. As a company proud of its Australian roots, ResMed hopes to continue investing in Australia in the long term. We want to continue this investment by creating jobs and maintaining a local innovation ecosystem, and we welcomed the Australian Government's announcement of a patent box in May 2021.

The patent box will make Australia more competitive by improving return on investment (ROI) for businesses and encouraging local product commercialization. This policy will make companies like ResMed more likely to choose Australia for new, incremental innovation investment over other jurisdictions.

In August 2021, ResMed provided comments to Treasury on its development of the patent box. Our key recommendations were to design the patent box in a way that is simple and easy to administer, OECD-compliant, and without unnecessary distortions or carve-outs. A simple policy structure will provide businesses with the certainty and confidence they need for investment.

ResMed remains committed to working with Government and Treasury to ensure the patent box legislation is enacted as quickly as possible.

Conclusion

We believe the above policy recommendations are vital in ensuring Australia's domestic sovereign capability. We strongly support the Australian Government's efforts to further develop and maintain a world-leading culture of innovation and competitiveness.

We believe this can be strengthened through the policy settings outlined above, namely:

- Expansion and reimbursement of digital health for patients and providers well into the future;
- The development of a data privacy framework that balances the protection of personal information with enabling data-driven innovation; and
- Execution and implementation of the patent box incentive.

At ResMed we recognize talent development, belonging, inclusion, and diversity in the workplace are essential and bring enormous value to every aspect of our business and the people within it. Our roots in Australia are a key thread in the fabric of this culture and we believe the investment in these policies and opportunities allows companies like ResMed to continue to invest in our local community, and ensure we can nurture and grow highly technical skill sets and employees. Australia's unique multicultural makeup has consistently been reflected in government policies, building a strong tradition of driving inclusion in the community and business. ResMed believes home grown innovation and technology development in Australia can continue to grow this diverse workforce

The partnership forged between the Australian Government and ResMed is a strong example of government and industry working together through close collaboration. As ResMed continues to grow, we look forward to continuing our partnership with the Australian Government, particularly in the critical areas of digital health, innovation, R&D and advanced manufacturing operations.

For further information, or to arrange a briefing, please contact Amanda von Leer, Director of Government Affairs at Amanda.VonLeer@resmed.com.



ResMed