

EXPLANATORY STATEMENT

Issued by the Authority of the Minister for Health and Ageing

Private Health Insurance Act 2007

Private Health Insurance (Registration) Rules 2007

Section 333-20 of the *Private Health Insurance Act 2007* (the Act) provides that the Minister may make *Private Health Insurance (Registration) Rules* (the Rules) providing for matters required or permitted by Part 4-3 of the Act, or necessary or convenient in order to carry out or give effect to Part 4-3 of the Act.

As part of reforms to private health insurance announced by the Australian Government on 26 April 2006, regulation of private health insurance moved from the *National Health Act 1953* (NHA) (and regulations under the NHA), into the new *Private Health Insurance Act 2007* (PHI) (and Private Health Insurance Rules made under the PHI).

Part 4-3 of the Act contains provisions relating to the power of the Private Health Insurance Administration Council (the Council) to register private health insurers.

Subsection 126-20(2) of the Act provides that in deciding an application to be registered as a private health insurer the Council must consider:

- whether the applicant will be able to comply with the obligations imposed by or under the Act on private health insurers; and
- such other matters as the Rules require the Council to consider.

The purpose of these Rules is to specify certain matters that the Council is required to consider.

These Rules provide that, when deciding an application, the Council must consider the likely management expense ratio, the likely number of contributors to the fund, the proposed amount of premiums, and any information provided in writing by, or on behalf of, the Secretary of the Department regarding the application.

The Act does not specify any conditions that need to be met before the power to make the Rules may be exercised.

Private health insurers were extensively consulted and provided with opportunities to comment upon the new Private Health Insurance legislative package. Draft Rules were published on the Departmental website for comment, and information sessions were held to provide industry stakeholders with the opportunity to be consulted on the making of the Rules.

Consultations were attended by representatives from individual private health insurers and peak industry bodies (the Australian Health Insurance Association and Health Insurance Restricted Membership Association members funds), private hospitals and their industry representatives (Australian Private Hospitals Association and Catholic Health Australia), the Australian Medical Association, the Private Health Insurance Administration Council, the

Private Health Insurance Ombudsman, Consumer Health Forum and central agencies. All of the industry representatives have expressed strong support for the proposed legislative framework including the Private Health Insurance Rules.

The Office of Best Practice Regulation has advised that no additional Regulation Impact Statement (RIS) is required. A RIS that was prepared for the Private Health Insurance Bill 2006 (PHI Bill) which analysed the options associated with the Australian Government's recent initiatives to improve the attractiveness of and participation in private health insurance for consumers. The measures include those under the *Private Health Insurance Act 2007* and associated legislative instruments.

Details of the Rules are set out in the Attachment.

These Rules are a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

The Rules commence at the same time as the Act commences if they are registered before the Act commences; or, if the Rules are registered on or after the Act commences, the Rules commence on the day they are registered.

Authority: Section 333-20 of the
 Private Health Insurance
 Act 2007

ATTACHMENT**DETAILS OF THE *PRIVATE HEALTH INSURANCE (REGISTRATION) RULES 2007*****1. Name of Rules**

Rule 1 provides that the title of the Rules is the *Private Health Insurance (Registration) Rules 2007*.

2. Commencement

Rule 2 provides for the Rules to commence at the same time as the Act commences if they are registered before the Act commences; or, if the Rules are registered on or after the Act commences, the Rules commence on the day they are registered.

3. Definitions

Rule 3 notes that the terms used in these rules have the same meaning as in the Act. The *Act* means the *Private Health Insurance Act 2007*.

4. Deciding the application

Rule 4 provides that the Council is required to consider certain matters when deciding an application to be registered as a private health insurer.

Subrule 4 (1) provides that these are the likely ratio of management and administration expenses in respect of the funds to the likely amount of premiums of each fund; the likely number of persons who will contribute to the fund and the proposed premiums; and information on the application provided in writing by, or on behalf of, the Secretary of the Department. This may include information as to whether the body is likely to be able to comply with the obligations imposed by or under the Act on private health insurers.