

EXPLANATORY STATEMENT

Issued by Authority of the Minister for Health and Ageing

Private Health Insurance Act 2007

Private Health Insurance (Benefit Requirements) Rules 2007 (No. 2)

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

The current Rules, dated 30 March 2007 (amended on 26 April 2007), provide for the minimum benefit requirements for psychiatric, rehabilitation and palliative care and other hospital treatment which prior to 1 April 2007 were covered by provisions in Schedule 1, paragraph (1)(bj) of the *National Health Act 1953*. Schedules 1 to 6 to the Rules set out the minimum levels of benefit which are payable for hospital treatment. Namely, benefits for overnight accommodation (Schedules 1 and 2), same day accommodation (Schedule 3), nursing-home type patients (Schedule 4), second-tier default benefits (Schedule 5), and outreach services (Schedule 6).

The *Private Health Insurance (Benefit Requirements) Rules 2007 (No. 2)* (these Rules) commence on 1 July 2007. These Rules revoke and remake the *Private Health Insurance (Benefit Requirements) Rules 2007*, as amended.

The Rules make minor changes to all the Schedules to the Rules as set out below.

Amendments to Schedule 1, 2, 3 and 6

Schedules 1, 2, 3, and 6 set out amended minimum benefit levels in regard to overnight accommodation, overnight shared ward accommodation, same day accommodation and outreach services. These accommodation components are subject to annual review and are amended with reference to Consumer Price Index (CPI) movements from March to March each year. In the year from March 2006 to March 2007 there was an increase of 2.4% in the CPI. These Rules reflect this increase in the CPI, and will be effective for the financial year 2007-2008. Queensland has based its increase on the December to December CPI movement. For the December 2005 to December 2006 there was an increase of 3.3%, this is reflected in Schedule 2.

Schedule 1 has also been amended to correct a numbering sequence error in Subsection 4(3) for item numbers 35009 and 35307. This edit has no impact on the benefit level paid.

Schedule 3 has also been amended to include MBS item 81115 in the Type C List, Category 8 – services provided by nurses, allied and dental health professionals items provided, at clause 8 of Part 3 of Schedule 3 of the Rules.

Amendments to Schedule 4

Schedule 4 sets out the minimum benefit payable for patients that are classified as nursing home type patients (NHTP) in particular State/Territories and private hospitals within Australia. These Rules amend the minimum benefit per night for Queensland, Tasmania and the Australian Capital Territory public hospitals.

Amendments to Schedule 5

Schedule 5 requires a health insurer to pay second tier default benefits for most episodes of hospital treatment provided in private hospital facilities that are specified in Schedule 5 with which the health insurer does not have a negotiated agreement with the hospital. Schedule 5 sets a higher minimum level of benefit (for overnight treatment and day only treatment provided in specified facilities) than the minimum benefit set for such treatment by Schedules 1, 2, 3 and 6 of the Rules.

Changes to Facilities Specified as Eligible for Second Tier Default Benefits

These Rules specifies 57 new facilities to be entitled to second tier default benefits. The new facilities are:

1. Adelaide Community Healthcare Alliance Inc – Ashford Campus	Ashford	NSW
2. Adelaide Community Healthcare Alliance Inc- Flinders Private Hospital Campus	Bedford	NSW
3. Adelaide Community Healthcare Alliance Inc - The Memorial Hospital Campus	North Adelaide	SA
4. Adelaide Eye & Laser Centre	Eastwood	SA
5. Allamanda Private Hospital	Southport	QLD
6. Allamanda Surgicentre	Southport	QLD
7. Bellbird Private Hospital	Blackburn	VIC
8. Brisbane Waters Private Hospital	Woy Woy	NSW
9. Campbelltown Private Hospital	Campbelltown	NSW
10. Cliveden Hill Private Hospital	East Melbourne	VIC
11. Como Private Hospital	Parkdale	VIC
12. Cotham Private Hospital	Kew	VIC
13. Darwin Private Hospital	Tiwi	NT
14. Dorset Rehabilitation Hospital	Pascoe Vale	VIC
15. Epworth Eastern Hospital	Box Hill	VIC
16. Epworth Freemasons	East Melbourne	VIC
17. Epworth Hospital	Richmond	VIC
18. Epworth Rehabilitation Brighton	Brighton	VIC
19. Essendon Day Procedure Centre	Moonee Ponds	VIC
20. Essendon Private Hospital	Essendon	VIC
21. Frankston Private Day Surgery	Frankston	VIC
22. Geelong Private Hospital	Geelong	VIC
23. GI Clinic Perth	Myaree	WA
24. Griffith Rehabilitation Hospital	Hove	SA
25. Hastings Day Surgery	Port Macquarie	NSW
26. Hills Private Hospital	Baulkham Hills	NSW
27. Hobart Private Hospital	Hobart	TAS
28. Ivanhoe Private Rehabilitation Hospital	Ivanhoe	VIC
29. John Fawkner Private Hospital	Coburg	VIC
30. Knox Private Hospital	Wantirna	VIC
31. Lady Davidson Private Hospital	Turramurra	NSW
32. Manningham Day Procedure Centre	Lower Templestowe	VIC
33. Metropolitan Rehabilitation Hospital	Petersham	NSW
34. Mount Hospital	Perth	WA
35. National Capital Private Hospital	Garran	ACT
36. Nepean Private Hospital	Penrith	NSW
37. Newcastle Private Hospital	New Lambton	NSW
38. Northpark Private Hospital	Bundoora	VIC

39. Olympia Private Rehabilitation Hospital	Thornbury	VIC
40. Pacific Private Hospital	Southport	QLD
41. Parkwynd Private Hospital	Adelaide	SA
42. Pine Rivers Private Hospital	Strathpine	QLD
43. Prince of Wales Private Hospital	Randwick	NSW
44. Ringwood Private Hospital	Ringwood	VIC
45. St Helens Private Hospital	Hobart	TAS
46. St John of God Health Care (Burwood)	Burwood	NSW
47. St John of God Hospital (Richmond)	North Richmond	NSW
48. Strathfield Private Hospital	Strathfield	NSW
49. Sunnybank Private Hospital	Sunnybank	QLD
50. Sydney Southwest Private Hospital	Sydney	NSW
51. The Geelong Clinic	St Albans Park	VIC
52. The Melbourne Clinic	Richmond	VIC
53. The Melbourne Private Hospital	Parkville	VIC
54. The Sydney Clinic	Waverley	NSW
55. The Victoria Clinic	Prahran	VIC
56. Tweed Day Surgery	Tweed Heads	NSW
57. Victorian Rehabilitation Centre	Glen Waverly	VIC

These Rules remove the following facilities from Schedule 5 as they no longer meet the criteria to be eligible to receive second tier default benefits:

1. Bega Valley Private Hospital	Bega	NSW
2. Blackwood Hospital Group	Belair	SA
3. Calvary Health Care Tasmania - Hobart (Lenah Valley Campus)	Lenah Valley	TAS
4. Calvary Health Care Tasmania - Hobart (St John's Campus)	South Hobart	TAS
5. Calvary Health Care Tasmania - Launceston (St Luke's Campus)	Launceston	TAS
6. Calvary Health Care Tasmania - Launceston (St Vincent's Campus)	Launceston	TAS
7. Coastal Private Hospital	Waikiki	WA
8. (Calvary) College Grove Rehabilitation Hospital	Walkerville	SA
9. Delmont Private Hospital	Glen Iris	VIC
10. Epping Surgery Centre	Epping	NSW
11. Minchinbury Community Private Hospital	Mount Druitt	NSW
12. Ngala Family Resource Centre	Kensington	WA
13. Peninsula Eye Centre	Redcliffe	QLD
14. QFD Day Theatres	Spring Hill	QLD
15. Shellharbour Private Hospital	Barrack Heights	NSW
16. St. Kilda Day Hospital	Elwood	VIC
17. Sydney Eastern Eye Centre	Woollahra	NSW
18. Sydney Eye Specialist Centre	Kingsford	NSW
19. The Valley Private Hospital	Mulgrave	VIC
20. Wakefield Hospital	Adelaide	SA

Consultation

The amendments made to Schedules 1, 2, 3 and 6 of the Rules reflect the increase in default benefits due to the CPI change from the March 2006 to March 2007. The increases to the minimum benefits in public hospitals were made with the agreement of the relevant State or Territory Health Authority. Queensland Health advised its increase is 3.3% due to the CPI change from December 2005 to December 2006, on which their rates have been based.

The amendments made to Schedule 4 relate to default benefits for Nursing Home Type Patients in public hospitals in Queensland, Western Australia and the Australian Capital Territory. Increases to the minimum benefits for public hospitals were made with the agreement of the relevant State or Territory Health Authority.

Consultation for changes to Schedule 5 occurred with industry through the Second Tier Advisory Committee, which includes equal representation from both the private hospital and health fund sectors.

PRIVATE HEALTH INSURANCE BRANCH
DEPARTMENT OF HEALTH AND AGEING
JUNE 2007