

EXPLANATORY STATEMENT

Issued by the Authority of the Private Health Insurance Administration Council

Private Health Insurance Act 2007

Private Health Insurance (Risk Equalisation Administration) Amendment Rules 2011 **(No. 1)**

Authority for the Rules

The *Private Health Insurance (Risk Equalisation Administration) Amendment Rules 2007* (the **Rules**) are made by the Private Health Insurance Administration Council (the **Council**) under item 3 of the table in section 333-25, for the purposes of Part 6-7 of the *Private Health Insurance Act 2007* (the **Act**).

Section 333-25 of the Act provides that the Council may make rules providing for:

- (a) matters required or permitted by the corresponding Chapter, Part or section of the Act to be provided; or
- (b) necessary or convenient to be provided in order to carry out or give effect to that Chapter, Part or section.

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

All legal and other requirements for making the Rules have been met.

Purpose of the Amendment

The purpose of this amendment is:

- to remove from the *Private Health Insurance (Risk Equalisation Administration) Rules 2007* the Schedule – Quarterly Return. The removal of the Quarterly Return provides for PHIAC and the industry to be more responsive and adaptable to government and industry data requirements. The requirement to lodge a paper copy is also removed, taking a burden off private health insurers. PHIAC has the power to request the information required for the purpose of Risk Equalisation under Section 264-10 of the *Private Health Insurance Act 2007* and data will continue to be collected under this power.

An explanation of the rules is set out in the **Attachment**.

Consultation

Consultation was undertaken in relation to the Amending Rules with private health insurers. Insurers initiated the amendment and the Private Health Insurance Administration Council agreed to the amendment after considering the benefits to the industry.

ATTACHMENT**DETAILS OF THE *PRIVATE HEALTH INSURANCE (RISK EQUALISATION ADMINISTRATION) AMENDMENT RULES 2011 (No. 1)*****1. Name of Rules**

Rule 1 provides that the title of the Rules is the *Private Health Insurance (Risk Equalisation Administration) Amendment Rules 2011 (No. 1)*.

2. Commencement

Rule 2 provides that the Amending Rules are to commence the day after they are registered.

3. Amendment of the Private Health Insurance (Risk Equalisation Administration) Rules 2007

Rule 3 provides that the Schedule of the Amending Rules amends the *Private Health Insurance (Risk Equalisation Administration) Rules 2007*.

Schedule 1 Amendments

Paragraphs [1] to [6] provide clarification of the rules. Paragraphs [7] to [12] provide details of the removal from the Rules of the Quarterly Return and the requirements of private health insurers to complete the electronic Quarterly Return in the form provided on PHIAC's web site.

[1] Subrule 3 (3)

omit

[2] Paragraph 4 (b)

substitute

(b) which of the following the policy covers:

- (i) hospital treatment;
- (ii) hospital-substitute treatment;
- (iii) chronic disease management programs;
- (iv) ambulance service;
- (v) other general treatment; and

[3] Subparagraph 4 (e) (iii)

substitute

(iii) whether the benefit was paid for:

- (A) hospital treatment; or
- (B) hospital-substitute treatment; or
- (C) chronic disease management program treatment; or
- (D) ambulance services; or
- (E) other general treatment; and

[4] Rule 5

omit everything before paragraph (a), insert

(1) This rule applies if the insurer includes in a quarterly return a gross benefit for the high cost claimants pool.

Note Part 3 sets out the requirements for providing quarterly returns.

(2) In addition to the information to be kept in accordance with rule 4, the insurer must keep a record that contains the following information in respect of the insured person to whom the gross benefit relates:

[5] Subrule 6 (1)

omit

Council for each fund that it conducts

insert

Council, for each fund that it conducts,

[6] After subrule 6 (4)

insert

(4A) For the purpose of quarterly returns, a benefit is regarded as being paid during the quarter in which the benefit is recorded and liability for it is accepted.

[7] Subrule 7 (1)

substitute

(1) Quarterly returns must be:

(a) given to the Council as electronic data in the form approved by the Council; and

(b) accompanied by a signed copy of the certification mentioned in subrule (3) as a PDF file.

Note for paragraph (a) The approved form for paragraph (a) is available at <http://www.phiac.gov.au>.

[8] Subrule 7 (2)

omit

electronic form of the quarterly return

insert

data mentioned in paragraph 1 (a) Schedule 1 Amendments 4

[9] Subrule 7 (3), except the note

substitute

(3) For paragraph 7 (1) (b), an officer of the insurer must certify that the information in the quarterly return is true and correct.

[10] Subrule 7 (4)

substitute

(4) If an officer is unable to give the certification mentioned in subrule (3), the quarterly return must be accompanied by a statement by an officer of the insurer stating why the certification cannot be provided.

[11] Rule 9

omit

[12] Schedule — Quarterly return

omit

The Schedule – Quarterly return has been removed from the Rules.

The removal of the Quarterly Return provides for PHIAC and the industry to be more responsive and adaptable to government and industry data requirements. PHIAC has the power to request the information required for the purpose of Risk Equalisation under Section 264-10 of the *Private Health Insurance Act 2007* and data will continue to be collected under this power.