

EXPLANATORY STATEMENT

Issued by the Authority of the Minister for Health

Private Health Insurance Act 2007

Private Health Insurance (Complying Product) Amendment Rules 2012 (No. 1)

Authority

Section 333-20 of the *Private Health Insurance Act 2007* (the Act) provides that the Minister may make *Private Health Insurance (Complying Product) Rules* providing for matters required or permitted by Chapter 3 and/or section 188-1 of the Act, or necessary or convenient in order to carry out or give effect to the Act.

The *Private Health Insurance (Complying Product) Amendment Rules 2012 (No. 1)* (the Amendment Rules) amend Rule 8A of the *Private Health Insurance (Complying Product) Rules 2010 (No. 2)* (the Principal Rules) which commenced on 14 January 2011.

Purpose

The purpose of the amendments to Rule 8A is to change the patient contribution payable per night for nursing-home type patients (NHTPs) at public hospitals in some States and Territories and at private hospitals nationally.

Background

Rule 8A of the Principal Rules sets the patient contribution for privately insured NHTPs by restricting the amount of benefit that private health insurers pay for each day of NHTP hospital treatment at a hospital. The amount of benefit is restricted to the hospital's charge less the patient contribution amount.

The Amendment Rules make minor changes to paragraph 8A(3)(a) of the Principal Rules by amending the NHTP contribution rate at public hospitals in New South Wales, the Northern Territory, Queensland, South Australia and Tasmania. The Amendment Rules also make changes to paragraph 8A(3)(b) of the Principal Rules by amending the NHTP contribution rate at private hospitals nationally. Changes to the NHTP contribution rate reflect increases in the Adult Pension Basic Rate (Pension Rate) and the Maximum Daily Rate of Rental Assistance (Rental Assistance Rate), which take effect on 20 March 2012.

Details

Details of the Amendment Rules are set out in the Attachment.

Statement of Compatibility

The Rules are compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Consultation

On 28 February 2012, States and Territories were asked whether they would be increasing the NHTP contribution and accommodation rates in their jurisdiction in line with increases in the Pension Rate and Rental Assistance Rate. New South Wales, the Northern Territory, Queensland, South Australia and Tasmania advised that they will increase the NHTP

contribution rates in their public hospitals from 20 March 2012. Australian Capital Territory advised that it is not increasing its NHTP contribution and accommodation rates at this time. Western Australia advised of its intention to increase its NHTP contribution and accommodation rates at a later date yet to be determined. No advice was received from Victoria.

No specific consultation was undertaken in relation to the amendment to paragraph 8A(3)(b) of the Principal Rules regarding private hospitals because the change was machinery in nature and linked to the twice annual pension increase. The change does not substantially alter existing arrangements.

The Amendment Rules commence on 20 March 2012 or, if registered after 20 March 2012, the day after registration.

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

<u>Authority:</u>	Section 333-20 of the <i>Private Health Insurance Act 2007</i>
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**DETAILS OF THE *PRIVATE HEALTH INSURANCE (COMPLYING PRODUCT)*
AMENDMENT RULES 2012 (No. 1)**

1. Name of Rules

Rule 1 provides that the title of the Rules is the *Private Health Insurance (Complying Product) Amendment Rules 2012 (No. 1)* (the Amendment Rules).

2. Commencement

Rule 2 provides that the Amendment Rules are to commence on 20 March 2012, or if registered on a later date, the day after registration.

3. Amendment of *Private Health Insurance (Complying Product) Rules 2010 (No. 2)*

Rule 3 provides that the Schedule to the Amendment Rules amends the *Private Health Insurance (Complying Product) Rules 2010 (No. 2)* (the Principal Rules) which commenced on 14 January 2011.

Schedule – Amendments

Item 1 – Part 2, Paragraph 8A(3)(a)

Paragraph 8A(3)(a) of the Principal Rules set out the patient contribution for privately insured NHTPs at public hospitals.

Item 1 of the Schedule of the Amendment Rules amends Part 2 paragraph 8A(3)(a) of the Principal Rules by increasing the NHTP contribution at public hospitals:

- New South Wales from \$50.55 to \$50.95;
- Northern Territory from \$50.55 to \$50.95;
- Queensland from \$50.55 to \$50.95;
- South Australia from \$50.55 to \$50.95; and
- Tasmania from \$50.55 to \$50.95.

Item 2 – Part 2, Paragraph 8A(3)(b)

Paragraph 8A(3)(b) of the Principal Rules set out the patient contribution for privately insured NHTPs at private hospitals.

Item 2 of the Schedule of the Amendment Rules amends Part 2 subparagraph 8A(3)(b) of the Principal Rules by increasing the NHTP contribution at private hospitals from \$50.55 to \$50.95.

PRIVATE HEALTH INSURANCE BRANCH
DEPARTMENT OF HEALTH AND AGEING
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