

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. 4)

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 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. 4)* (the Amendment Rules) amend the *Private Health Insurance (Complying Product) Rules 2010 (No. 2)* (the Rules) which commenced on 14 January 2011.

Purpose

The purpose of the Amendment Rules is to update the information required to be contained in Standard Information Statements (SISs) in line with the introduction of means testing for the private health insurance rebate.

Background

Under Division 93 of the Act, health insurers are required to make standard product information, known as a SIS, for all of their active complying health insurance products available to consumers. This requirement was included to ensure that consumers can easily compare health insurance policies and understand their entitlements under health insurance policies.

Details

The Amendment Rules delete and insert new Schedules 1-3 and Part 1 of Schedule 4 of the Rules.

Further details about the amendments to the SISs are provided in the Attachment of this explanatory statement.

Consultation

Consultation was not necessary with respect to these amendments as the amendments are of a minor nature and do not substantially alter existing arrangements.

The Office of Best Practice Regulation has advised that a Regulatory Impact Statement was not required as the amendments do not substantially increase business compliance costs for private health insurers.

The Amendment Rules commence on 1 July 2012.

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

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

ATTACHMENT

DETAILS OF THE *PRIVATE HEALTH INSURANCE (COMPLYING PRODUCT) AMENDMENT RULES 2012 (No. 4)*

Part 1 Preliminary

Section 1 Name of Rules

Section 1 provides that the title of the Rules is the *Private Health Insurance (Complying Product) Amendment Rules 2012 (No. 4)* (the Amendment Rules).

Section 2 Commencement

Section 2 provides the Rules commence on 1 July 2012.

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

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

Schedule – Amendments

Item 1 – Schedule 1- Standard information statements: hospital treatment

Schedule 1 of the Rules is replaced with new Schedule 1- Standard information statements: hospital treatment.

The differences between the old Schedule 1 and the new Schedule 1 are as follows:

- Under the heading ‘Monthly Premium’ two premium prices must be displayed. The SIS will continue to show the 30% rebated price, and more prominently, the full premium price; and
- An additional explanation is to be included regarding the tiered rebates. The SISs must now include the text: Your actual premium may include a Lifetime Health Cover loading or insurer discounts. Australian Government Rebates also range from 0% to 40% and depend on age and income levels. The most common rebate of 30% is shown above. Check with your insurer for more details.

Item 2 – Schedule 2- Standard information statements: general treatment

Schedule 2 of the Rules is replaced with new Schedule 2- Standard information statements: general treatment.

The differences between the old Schedule 2 and the new Schedule 2 are as follows:

- Under the heading ‘Monthly Premium’ two premium prices must be displayed. The SIS will continue to show the 30% rebated price, and more prominently, the full premium price; and

- An additional explanation is to be included regarding the tiered rebates. The SISs must now include the text: Australian Government Rebates range from 0% to 40% and depend on age and income levels. The most common rebate of 30% is shown above. It does not include any discounts that may be available. Check with your insurer for more details.

Item 3 – Schedule 3- Standard information statements: combined products

Schedule 3 of the Rules is replaced with new Schedule 3 – Standard information statements: combined products.

The differences between the old Schedule 3 and the new Schedule 3 are as follows:

- Under the heading ‘Monthly Premium’ two premium prices must be displayed. The SIS will continue to show the 30% rebated price, and more prominently, the full premium price; and
- An additional explanation is to be included regarding the tiered rebates. The SISs must now include the text: Your actual premium may include a Lifetime Health Cover loading or insurer discounts. Australian Government Rebates also range from 0% to 40% and depend on age and income levels. The most common rebate of 30% is shown above. Check with your insurer for more details.

Item 4 – Schedule 4, Part 1- Standard information statements: permitted content

Part 1, Schedule 4 of the Rules is replaced with new Part 1 – all statements.

The differences between the old Part 1 and new Part 1 are as follows:

- Under the heading ‘Monthly Premium’ two premium prices must be displayed. The SIS will continue to show the 30% rebated price, and now more prominently, the full premium price.

PRIVATE HEALTH INSURANCE BRANCH
DEPARTMENT OF HEALTH AND AGEING
MAY 2012

Statement of Compatibility with Human Rights

Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011

Private Health Insurance (Complying Product) Amendment Rules 2012 (No. 4)

This Legislative Instrument is 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*.

Overview of the Legislative Instrument

The *Private Health Insurance (Complying Product) Amendment Rules 2012 (No. 4)* (the Amendment Rules) amend schedules 1-4 of the *Private Health Insurance (Complying Product) Rules 2010 (No. 2)* (the Principal Rules) which commenced on 14 January 2011.

The purpose of the amendment is to update the permitted content of the Standard Information Statements templates, in line with the introduction of means testing for the private health insurance rebate.

Human rights implications

This Legislative Instrument does not engage any of the applicable rights or freedoms.

Conclusion

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.

Richard Magor

Assistant Secretary, Private Health Insurance Branch

Medical Benefits Division

Department of Health and Ageing