



# Private Health Insurance (Incentives) Rules 2012 (No. 2)

**as amended**

made under item 1 of the table in section 333-20 of the *Private Health Insurance Act 2007*.

**Compilation start date:** 9 April 2014

**Includes amendments up to:** *Private Health Insurance (Incentives)  
Amendment Rules 2014 (No. 1)*

Prepared by the Department of Health, Canberra.

## About this compilation

### The compiled instrument

This is a compilation of the *Private Health Insurance (Incentives) Rules 2012 (No. 2)* amended and in force on 9 April 2014. It includes any amendment affecting the compiled instrument to that date.

This compilation was prepared on 14 April 2014.

The notes at the end of this compilation (the *endnotes*) include information about amending Acts and instruments and the amendment history of each amended provision.

### Uncommenced provisions and amendments

If a provision of the compiled instrument is affected by an uncommenced amendment, the text of the uncommenced amendment is set out in the endnotes.

### Application, saving and transitional provisions for amendments

If the operation of an amendment is affected by an application, saving or transitional provision, the provision is identified in the endnotes.

### Modifications

If a provision of the compiled instrument is affected by a textual modification that is in force, the text of the modifying provision is set out in the endnotes.

### Provisions ceasing to have effect

If a provision of the compiled instrument has expired or otherwise ceased to have effect in accordance with a provision of the instrument, details of the provision are set out in the endnotes.

## Contents

<b>Part 1</b>	<b>Preliminary</b>	<b>4</b>
1.	Name of Rules	4
2.	Commencement	4
3.	Revocation	4
4.	Definitions	4
<b>Part 2</b>	<b>Premiums reduction scheme</b>	<b>5</b>
5.	Application	5
5A.	Weighted Average Ratio	5
6.	Registration as a participant	5
7.	Entitlement to incentive payment	6
8.	Conditions of participation	6
9.	Requirements for statements to participants	7
10.	Rebate logo	7
<b>Endnotes</b>		<b>9</b>

## Part 1 Preliminary

### 1. Name of Rules

These Rules are the *Private Health Insurance (Incentives) Rules 2012* (No. 2).

### 2. Commencement

These Rules commence on the day after registration.

### 3. Revocation

These Rules revoke and replace the *Private Health Insurance (Incentives) Rules 2012*.

### 4. Definitions

Note: Terms used in these Rules have the same meaning as in the Act—see section 13 of the *Legislative Instruments Act 2003*. These terms include:

adjustment factor  
adjustment year  
complying health insurance policy  
incentive payments scheme  
participant  
participating insurer  
premiums reduction scheme  
private health insurer  
standard information statement

In these rules:

**30% Rebate logo** means the logo that insurers were required to use under the *Private Health Insurance (Incentives) Rules 2007*.

**Act** means the *Private Health Insurance Act 2007*.

**Australian Government Rebate on private health insurance** means:

- (a) the incentive payments scheme; or
- (b) the premiums reduction scheme; or
- (c) the private health insurance tax offset.

**eligible person** has the same meaning as in subsection 3 (1) of the *Health Insurance Act 1973* and includes a person who is treated as an eligible person under sections 6, 6A or 7 of that Act.

**private health insurance tax offset** means a tax offset, under the *Income Tax Assessment Act 1997*, for a premium, or in respect of a premium, paid under a complying health insurance policy.

**rebate adjustment factor** means adjustment factor.

**Rebate logo** means the logo described in rule 10.

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## Part 2 Premiums reduction scheme

### 5. Application

This Part applies in relation to financial years beginning on or after 1 July 2007.

#### 5A. Rebate Adjustment Factor

For the purposes of paragraph 22-15(5E) of the Act the rebate adjustment factor is determined according to the following formula:

$$RAF = \frac{\text{CPI factor for the relevant adjustment year}}$$

$$1 + \text{Average premium increase for the relevant adjustment year}$$

Where:

*RAF* = rebate adjustment factor expressed as a factor to 3 decimal places (rounding up where the fourth decimal place is 5 or more).

*CPI factor for the relevant adjustment year* is the number worked out by dividing the CPI index number for the December quarter immediately preceding that year by the CPI index number for the December quarter preceding the first mentioned December quarter expressed as a factor to 4 decimal places (rounding up where the fifth decimal place is 5 or more).

*CPI index number* for a quarter is the All Groups Consumer Price Index number, being the weighted average of the 8 capital cities, published by the Australian Statistician in respect of that quarter.

*Average premium increase for the relevant adjustment year* means the figure published by the Department of Health during the course of an adjustment year that represents the industry average premium increase being the average change in premiums for each product subgroup offered by every private health insurer, weighted according to the number of people covered under complying health insurance policies in each product subgroup, expressed as a factor to 4 decimal places (rounding up where the fifth decimal place is 5 or more).

### 6. Registration as a participant

For the purposes of paragraph 23-15 (1) (c) of the Act, the requirements for a person applying to a private health insurer to become a participant in the premiums reduction scheme are:

- (a) the person is an individual; and
- (b) the person is applying in respect of a complying health insurance policy under which each person covered by the policy is an eligible person.

Note: Division 23 provides for reductions in premiums paid by a person to an insurer. The insurer may claim reimbursement of such reductions under Division 279.

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## 7. Entitlement to incentive payment

For the purposes of paragraph 26-1 (1) (c) of the Act, the requirements for a person to be entitled to a payment are:

- (a) the person is an individual; and
- (b) the person is applying in respect of a complying health insurance policy under which each person covered by the policy is an eligible person.

Note: Division 26 provides for a payment to the person if the person's premium has not been reduced under Division 23.

## 8. Conditions of participation

- (1) For the purposes of paragraph 206-1 (1) (b) of the Act, the following conditions are specified as conditions of participation in the premiums reduction scheme:
  - (a) on or before 15 July of each year after the commencement of the Act, the participating insurer must issue to each person who was a participant in respect of a complying health insurance policy on issue from the insurer during any time in the previous financial year, a written statement in accordance with rule 9, setting out:
    - (i) the amount of the premium paid for the policy during that financial year; and
    - (ii) the amount of the reduction, under the premiums reduction scheme, for the premium; and
  - (b) before the participating insurer increases the amount of the premium, the insurer must issue to each participant affected by the increase written notice of:
    - (i) the amount of the premium; and
    - (ii) the increase in the amount of the premium; and
    - (iii) the date when the increase takes effect; and
    - (iv) the fact that the dollar value of the reduction under the Australian Government Rebate on private health insurance has increased; and
    - (v) the new amount of the reduction; and
    - (vi) the new amount of the premium; and
  - (c) the insurer must use the phrase “Australian Government Rebate on private health insurance” or the Rebate logo in:
    - (i) advertisements for the Australian Government Rebate on private health insurance; and
    - (ii) annual statements under paragraph (a); and
    - (iii) written notices under paragraph (b); and
    - (iv) forms that are given in relation to the premiums reduction scheme; and
    - (v) correspondence relating to the premiums reduction scheme.
  - (d) notwithstanding paragraph (c), for any items listed under subparagraphs (i) to (v), an insurer may use any material containing

the phrase ‘Federal Government 30% Rebate’ or the 30% Rebate logo until one year after the date of commencement of these Rules.

Note: Rule 10 sets out the details of the Rebate logo.

## 9. Requirements for statements to participants

- (1) A statement under paragraph 8 (1) (a) must not include, be included with or accompany:
  - (a) information, other than information permitted under subrule 9 (2); or
  - (b) a written notice of increase of premium under paragraph 8 (1) (b).
- (2) For paragraph 1 (a), information which is permitted to be included in a statement under paragraph 8 (1) (a) is all or any of the following:
  - (a) information that relates directly to the Australian Government Rebate on private health insurance;
  - (b) information provided in accordance with rule 6 of the *Private Health Insurance (Lifetime Health Cover) Rules 2007*;
  - (c) information about the medicare levy surcharge imposed under the *Medicare Levy Act 1986* or the *A New Tax System (Medicare Levy Surcharge — Fringe Benefits) Act 1999*;
  - (d) a standard information statement;
  - (e) information that the Department:
    - (i) has provided to a participating insurer; and
    - (ii) has identified as being available to be included with, or to accompany, a statement under paragraph 8 (1) (a);
  - (f) information required to be provided by the Act or any of the Rules made under the Act.

## 10. Rebate logo

- (1) The logo for the Australian Government Rebate on private health insurance is:



- (2) In any reproduction of the logo:
- (a) the portions other than the shaded areas of the umbrella must be black and white, as shown in subrule (1); and
  - (b) the shaded areas of the umbrella must be:
    - (i) in the case of monochrome reproduction — 60% black; and
    - (ii) in any other case — red (PMS 032).

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**Note**

1. All legislative instruments and compilations are registered on the Federal Register of Legislative Instruments kept under the *Legislative Instruments Act 2003*. See [www.frli.gov.au](http://www.frli.gov.au)

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## Endnotes

### Endnote 1—About the endnotes

The endnotes provide details of the history of this legislation and its provisions. The following endnotes are included in each compilation:

- Endnote 1—About the endnotes
- Endnote 2—Abbreviation key
- Endnote 3—Legislation history
- Endnote 4—Amendment history
- Endnote 5—Uncommenced amendments
- Endnote 6—Modifications
- Endnote 7—Misdescribed amendments
- Endnote 8—Miscellaneous

### Abbreviation key—Endnote 2

The abbreviation key in this endnote sets out abbreviations that may be used in the endnotes.

### Legislation history and amendment history—Endnotes 3 and 4

Amending laws are annotated in the legislation history and amendment history.

The legislation history in endnote 3 provides information about each law that has amended the compiled law. The information includes commencement information for amending laws and details of application, saving or transitional provisions that are not included in this compilation.

The amendment history in endnote 4 provides information about amendments at the provision level. It also includes information about any provisions that have expired or otherwise ceased to have effect in accordance with a provision of the compiled law.

### Uncommenced amendments—Endnote 5

The effect of uncommenced amendments is not reflected in the text of the compiled law, but the text of the amendments is included in endnote 5.

### Modifications—Endnote 6

If the compiled law is affected by a modification that is in force, details of the modification are included in endnote 6.

### Misdescribed amendments—Endnote 7

An amendment is a misdescribed amendment if the effect of the amendment cannot be incorporated into the text of the compilation. Any misdescribed amendment is included in endnote 7.

### Miscellaneous—Endnote 8

Endnote 8 includes any additional information that may be helpful for a reader of the compilation.

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**Endnote 2—Abbreviation key**

ad = added or inserted	pres = present
am = amended	prev = previous
c = clause(s)	(prev) = previously
Ch = Chapter(s)	Pt = Part(s)
def = definition(s)	r = regulation(s)/rule(s)
Dict = Dictionary	Reg = Regulation/Regulations
disallowed = disallowed by Parliament	reloc = relocated
Div = Division(s)	renum = renumbered
exp = expired or ceased to have effect	rep = repealed
hdg = heading(s)	rs = repealed and substituted
LI = legislative instrument	s = section(s)
LIA = <i>Legislative Instruments Act 2003</i>	Sch = Schedule(s)
mod = modified/modification	Sdiv = Subdivision(s)
No = Number(s)	SLI = Select Legislative Instrument
o = order(s)	SR = Statutory Rules
Ord = Ordinance	Sub-Ch = Sub-Chapter(s)
orig = original	SubPt = Subpart(s)
par = paragraph(s)/subparagraph(s)	
/sub-subparagraph(s)	

### Endnote 3—Legislation history

This endnote sets out details of the legislation history of the *Private Health Insurance (Incentives) Rules 2012 (No. 2)*.

#### Table of Instruments

Title	FRLI registration date	Commencement date	Application, saving and transitional provisions
<i>Private Health Insurance (Incentives) Rules 2012 (No. 2)</i>	03 July 2012 (see F2012L01498)	04 July 2012	—
<i>Private Health Insurance (Incentives) Amendment Rules 2013 (No. 1)</i>	02 January 2014 (see F2014L00019)	01 April 2014	—
<i>Private Health Insurance (Incentives) Rules 2014 (No. 1)</i>	10 April 2014 (see F2014L00397)	09 April 2014	—

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**Endnote 4—Amendment history**

This endnote sets out the amendment history of the *Private Health Insurance (Incentives) Rules 2012 (No. 2)*.

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ad. = added or inserted   am. = amended   rep. = repealed   rs. = repealed and substituted   exp. = expired  
or ceased to have effect

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**Provision affected****How affected**

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**Part 1, Preliminary**

Paragraph 4

am. F2014L00019; F2014L00397

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**Part 2, Premiums reduction  
scheme**

Paragraph 5A

am. F2014L00019

rs. F2014L00397

**Endnote 5 – Uncommenced amendments [none]**

**Endnote 6 – Modifications [none]**

**Endnote 7 – Misdescribed amendments [none]**

**Endnote 8 – Miscellaneous [none]**