

EXPLANATORY STATEMENT

Issued by the Authority of the Minister for Health and Ageing

Private Health Insurance Act 2007

Private Health Insurance Legislation Amendment Rules (No. 6) 2025

Authority

Subsection 333-20(1) of the *Private Health Insurance Act 2007* (the Act) authorises the Minister to, by legislative instrument, make specified Private Health Insurance Rules providing for matters required or permitted by the corresponding Chapter, Part or section to be provided; or necessary or convenient to be provided in order to carry out or give effect to that Chapter, Part or section.

Under subsection 33(3) of the *Acts Interpretation Act 1901*, where an Act confers a power to make, grant or issue any instrument of a legislative or administrative character (including rules, regulations or by-laws), the power shall be construed as including a power exercisable in the like manner and subject to the like conditions (if any) to repeal, rescind, revoke, amend, or vary any such instrument.

Purpose

The *Private Health Insurance Legislation Amendment Rules (No. 6) 2025* (the Amendment Rules) amends the:

- *Private Health Insurance (Benefit Requirements) Rules 2011* (the Benefit Requirements Rules), to:
 - update the minimum benefits payable by private health insurers for private patients' overnight and same-day accommodation in private hospitals in all States and Territories, and public hospitals in all States and Territories, by amending Schedules 1 and 2;
 - update the minimum benefits payable by private health insurers for NHTPs accommodated at public hospitals in the Australian Capital Territory (ACT) and South Australia (SA) by amending Schedule 4.
- *Private Health Insurance (Complying Product) Rules 2015* (the Complying Product Rules) to make minor changes to the definition of "patient contribution" in subsection 8A(3) of the Complying Product Rules to update the daily patient contribution payable by nursing-home type patients (NHTPs) for hospital accommodation in public hospitals in the ACT.
- *Private Health Insurance (Health Insurance Business) Rules 2018* (the Business Rules) effecting an \$25 increase (GST not in scope) in the second-tier application fee from \$985 to \$1,010, following a review and update of cost-recovery models and the application of indexation, by amending rule 7B.

Amendments to overnight and same-day accommodation reflect indexation by the percentage change in Consumer Price Index (CPI) weighted average of eight capital cities for the twelve months to the March Quarter 2025 of 2.4 per cent, which could, in 2025, be viewed on the Australian Bureau of Statistics (ABS) website (<https://www.abs.gov.au/>).

Changes to the NHTP rates and benefits take account of increases applied to the Adult Pension Basic Rate and the Maximum Daily Rate of Rental Assistance (Pension and Rental Assistance Rates), which took effect on 20 March 2025. Amendments to the NHTP patient contribution amount applicable for all jurisdictions except the ACT commenced 20 March 2025. Amendments to the NHTP benefit amounts payable were implemented from 20 March 2025 in New South Wales (NSW), Tasmania (Tas), Victoria (Vic) and Western Australia (WA). These changes are reflected in the *Private Health Insurance Legislation Amendment Rules (No. 4) 2025*, which could, in 2025, be viewed on the Federal Register of Legislation (FRL) website (<https://www.legislation.gov.au>).

Further information on the fee change for applications for second-tier benefits eligibility can be found in twice yearly updates to the Cost Recovery Implementation Statement for Administration of Private Health Insurance Second-Tier Benefits which could, in 2025, be viewed on the Australian Government Department of Health, Disability and Ageing website (<https://www.health.gov.au/>).

The amendments in the Amendment Rules are administrative in nature and do not substantively alter existing arrangements established under the Act.

Background

Benefit Requirements Rules

The Benefit Requirements Rules provide for minimum benefit requirements for psychiatric care, rehabilitation, palliative care, and other hospital treatments. Schedules 1 to 5 of the Benefit Requirements Rules set out the minimum levels of accommodation benefits payable by private health insurers associated with private patients' hospital treatment for: overnight accommodation (Schedules 1 and 2); same-day accommodation (Schedule 3); Nursing-Home Type Patients (NHTP) (Schedule 4) and second-tier default benefits (Schedule 5).

Schedule 1 of the Benefit Requirements Rules also sets benefits for different patient categories by categorising MBS item numbers into patient classifications for accommodation benefits. Procedures requiring hospital treatment that includes part of an overnight stay ('Type A procedures') comprise 'Advanced surgical patient', 'Obstetric patient', 'Surgical patient', 'Psychiatric patient', 'Rehabilitation patient' and 'Other patients.'

Against these patient classifications, Schedule 1 sets out the minimum accommodation benefit payable by insurers per night for overnight accommodation for private patients at private hospitals in all States and Territories, and for private patients in overnight shared ward accommodation at public hospitals in Vic and Tas.

Schedule 2 of the Benefit Requirements Rules states the minimum accommodation benefit payable by insurers per night, for private patients in overnight shared ward accommodation at all other State and Territory public hospitals. For each jurisdiction listed in Schedule 2, the minimum benefit payable by insurers per night is averaged across all patients, rather than being specific to patient classification as for Schedule 1.

Schedule 3 of the Benefit Requirements Rules sets out minimum same-day accommodation benefits payable by insurers for procedures requiring hospital treatment that does not include part of an overnight stay at a hospital ('Type B procedures'). Type B procedures are further classified into four separate treatment bands (1 to 4) based on anaesthesia type and/or theatre time. Part 2 of Schedule 3 identifies MBS items against Type B procedure Band 1, or the

Type B non-band specific classification which are Band 1 to 4 depending on how treatment is delivered to an individual patient. The Benefit Requirements Rules also sets out circumstances in which benefits for accommodation including part of an overnight stay may be payable for patients receiving a Certified Type B Procedure (at Part 3 of Schedule 1).

Schedule 3 of the Benefit Requirements Rules also identifies by MBS item those services that do not normally require hospital treatment ('Type C procedures'). The Benefit Requirements Rules, together with the Business Rules, establish that Type C procedures do not normally qualify as hospital treatment eligible for minimum benefits, including for accommodation, except in circumstances where a patient may receive as hospital treatment a Certified Type C Procedure (at Part 2 of Schedule 3).

Schedule 4 of the Benefit Requirements Rules (at clause 2) classifies a patient remaining in hospital after a continuous 35-day period and receiving accommodation and nursing care as an end in itself, as a NHTP.

The minimum benefits payable by insurers per night for hospital treatment provided to NHTPs in Schedule 4 of the Benefit Requirements Rules is subject to review and change, twice annually in March and September to reflect the indexation applied to the Adult Pension Basic Rate and Maximum Daily Rate of Rental Assistance. Some jurisdictions reserve the implementation of changes to NHTP rates until July or September, annually.

Schedule 5 of the Benefit Requirements Rules requires a health insurer to pay second tier default benefits for most episodes of hospital treatment provided in private hospital facilities that are specified as eligible in Schedule 5, if the health insurer does not have a negotiated agreement with the hospital for that type of hospital treatment. Schedule 5 generally 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 and 3 of the Benefit Requirements Rules.

Complying Product Rules

The Complying Product Rules sets the patient contribution for privately insured NHTPs at public and private hospitals.

Business Rules

The Business Rules set the application fee for a hospital seeking to be included in the second-tier eligible hospitals class.

The Amendment Rules

The consequential amendments in these Amendment Rules are administrative in nature and do not substantively alter existing arrangements established under the Act.

Commencement

The Amendment Rules commence 1 July 2025.

Details

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

Consultation

From 9 May 2025 to 18 June 2025, the Australian Government Department of Health, Disability and Ageing consulted with all States and Territories regarding their intention to proceed with routinely applied adjustments to fees for private patients in public hospitals in their jurisdiction from 1 July 2025. NSW, the ACT, the Northern Territory (NT), Queensland (Qld), SA, Vic, Tas and WA advised they intend to increase their accommodation fees in their public hospitals in line with proposed indexation increases in minimum accommodation benefits, effective 1 July 2025.

The ACT and SA also advised they intend to increase total fees charged to NHTP in their public hospitals implementing adjustments made by other jurisdictions from 20 March 2025. This increases the minimum accommodation benefit payable by private health insurers for private NHTPs in public hospitals in the ACT and SA, effective 1 July 2025.

The ACT also advised it would implement the 20 March 2025 increase in the NHTP contribution rate in their public hospitals from 1 July 2025.

Consultation on the proposed fee increase for applications for second-tier benefits eligibility took place with stakeholders from 24 April to 22 May 2025, no responses were received for this routine fee indexation. Further information could, in 2025, be viewed in the Cost Recovery Implementation Statement for Administration of Private Health Insurance Second-Tier Benefits 1 July 2025 to 30 June 2026 on the Australian Government Department of Health, Disability and Ageing website (<https://www.health.gov.au/>).

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

Details

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

Details of the *Private Health Insurance Legislation Amendment Rules (No. 6) 2025*

Section 1 Name

Section 1 provides that the name of the instrument is the *Private Health Insurance Legislation Amendment Rules (No. 6) 2025* (the Amendment Rules).

Section 2 Commencement

Section 2 provides that the instrument commences on 1 July 2025.

Section 3 Authority

Section 3 provides that the Amendment Rules are made under subsection 333-20(1) of the *Private Health Insurance Act 2007*.

Section 4 Schedules

Section 4 provides that each instrument that is specified in a Schedule to the instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to the instrument has effect according to its terms.

All Schedule changes commence 1 July 2025.

Schedule 1—Amendments – minimum accommodation benefits

Private Health Insurance (Benefit Requirements) Rules 2011

Item 1, Item 2 and Item 3 – Clause 2 of Schedule 1 (tables 1, 2 and 3)

Items 1, 2 and 3 amend the *Private Health Insurance (Benefit Requirements) Rules 2011* (the Benefit Requirements Rules) to repeal Tables 1, 2 and 3 and substitute new tables that set out the minimum benefits payable per night by private health insurers for specified classes of private patients applicable from 1 July 2025 for:

- Overnight accommodation for private patients at private hospitals in all States/Territories (Table 1);
- Victoria: overnight shared ward accommodation for private patients at public hospitals (Table 2); and
- Tasmania: overnight shared ward accommodation for private patients at public hospitals (Table 3).

The new minimum benefits have been increased by the rate of increase in the Consumer Price Index (CPI) from March quarter 2024 to March quarter 2025, which is 2.4 per cent.

Item 4 – Clause 2 of Schedule 2 (table 1)

Item 4 repeals the table and substitutes a new table that sets out the new minimum benefits payable by insurers for hospital treatment provided to private patients in the circumstances set out in Schedule 2. The minimum benefits apply to overnight accommodation provided in shared wards for private patients in public hospitals in the Australian Capital Territory, New South Wales, Northern Territory, Queensland, South Australia and Western Australia.

The new minimum benefits have been increased by the rate of increase in the CPI from March quarter 2024 to March quarter 2025, which is 2.4 per cent.

Item 5 and Item 6 – Clause 2 of Schedule 3 (table 1 and 2)

Items 5 and 6 repeal Tables 1 and 2 respectively and substitute them with new tables that set out the new minimum benefits payable by private health insurers for same-day accommodation hospital treatment provided in the circumstances set out in Schedule 3. The minimum benefits apply to same-day accommodation in:

- all State and Territory public hospitals (Table 1); and
- all private hospitals (Table 2).

The new minimum benefits have been increased by the rate of increase in the CPI from March quarter 2024 to March quarter 2025, which is 2.4 per cent.

Item 7 – Clause 6 of Schedule 4 (table 1, table item dealing with the Australian Capital Territory)

Item 7 amends clause 6 of Schedule 4 to increase the minimum benefits payable by private health insurers for hospital treatment provided to nursing-home type patients in public hospitals in the Australian Capital Territory from \$147.45 to \$152.25.

Item 8 – Clause 6 of Schedule 4 (table 1, table item dealing with South Australia)

Item 8 amends clause 6 of Schedule 4 to increase the minimum benefits payable by private health insurers for hospital treatment provided to nursing-home type patients in public hospitals in South Australia from \$146.00 to \$150.00.

Schedule 2—Amendments - Nursing-home type patient contribution

Private Health Insurance (Complying Product) Rules 2015

Item 1 – Subrule 8A(3) (paragraph (a)(i) of the definition of *patient contribution*)

Item 1 repeals the paragraph and substitutes a new paragraph that updates the daily patient contribution rate (towards fees for their hospital stay) to \$78.95 payable by nursing-home type patients in public hospitals in the ACT.

The rise in this rate reflects the Australian Government’s indexation of aged pensions plus rent assistance implemented by other jurisdictions from 20 March 2025 under the *Private Health Insurance Legislation Amendment Rules (No. 4) 2025*. The increase by the ACT brings the patient contribution in the ACT into alignment with adjustments already applied by all other States and Territories.

Schedule 3—Amendments – Second-tier application fee

Private Health Insurance (Health Insurance Business) Rules 2018

Item 1 – Rule 7B

Item 1 sets the second-tier application fee at \$1,010, a \$25 increase, from 1 July 2025.

Statement of Compatibility with Human Rights

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

Private Health Insurance Legislation Amendment Rules (No. 6) 2025

This 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 instrument

The purpose of the *Private Health Insurance Legislation Amendment Rules (No. 6) 2025* (the Amendment Rules) is to amend the following instruments:

- *Private Health Insurance (Benefit Requirements) Rules 2011*
- *Private Health Insurance (Complying Product) Rules 2015*
- *Private Health Insurance (Health Insurance Business) Rules 2018*

Human rights implications

The Amendment Rules engage Article 12 of the International Covenant on Economic, Social and Cultural Rights, specifically the right to health, by assisting with the progressive realisation by all appropriate means of the right of everyone to the enjoyment of the highest attainable standard of physical and mental health.

Private health insurance regulation assists with the advancement of these human rights by improving the governing framework for private health insurance in the interests of consumers. Private health insurance regulation aims to encourage insurers and providers of private health goods and services to provide better value for money to consumers, and to improve information provided to consumers of private health services to allow consumers to make more informed choices when purchasing services. Private health insurance regulation also requires insurers to not differentiate the premiums they charge according to individual health characteristics such as poor health.

Analysis

Amendments relating to the Benefit Rules, the Complying Product Rules and the Business Rules are as a consequence of routine indexation.

Conclusion

This instrument only engages human rights to the extent that it maintains current arrangements with respect to the regulation of private health insurance. Therefore, this instrument is compatible with human rights because these changes continue to ensure that existing arrangements advancing the protection of human rights are maintained.

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