

EXPLANATORY STATEMENT

Issued by the Authority of the Minister for Health and Ageing

Private Health Insurance Act 2007

Private Health Insurance (Council) Rules 2007

Section 333-20 of the *Private Health Insurance Act 2007* (the Act) provides that the Minister may make *Private Health Insurance (Council) Rules* (the Rules) providing for matters required or permitted by Part 6-3 of the Act, or necessary or convenient in order to carry out or give effect to Part 6-3 of the Act.

As part of reforms to private health insurance announced by the Australian Government on 26 April 2006, regulation of private health insurance was moved from the *National Health Act 1953* (NHA) (and regulations under the NHA) into the new *Private Health Insurance Act 2007* (PHI) (and Private Health Insurance Rules made under the PHI).

Part 6-3 of the Act deals with the Private Health Insurance Administration Council (the Council). The Council, which was established under section 82B of the NHA, is continued in existence, with functions and powers relating largely to the administration of Chapter 4 (Private health insurers) and Part 5-3 (Enforcement of health benefits fund requirements) of the Act.

These Rules relate to the public information functions of the Council, and the periods of appointment for the Commissioner of Private Health Insurance Administration, Deputy Commissioner and members of the Council.

The Act does not specify any conditions that need to be met before the power to make the Rules may be exercised.

Private health insurers were extensively consulted and provided with opportunities to comment upon the new Private Health Insurance legislative package. Consultations were attended by representatives from individual private health insurers and peak industry bodies (the Australian Health Insurance Association and Health Insurance Restricted Membership Association members funds), private hospitals and their industry representatives (Australian Private Hospitals Association and Catholic Health Australia), the Australian Medical Association, the Private Health Insurance Administration Council, the Private Health Insurance Ombudsman, Consumers' Health Forum of Australia and central agencies. All of the industry representatives have expressed strong support for the proposed legislative framework including the Private Health Insurance Rules.

The Office of Best Practice Regulation has advised that no additional Regulation Impact Statement (RIS) is required. A RIS that was prepared for the Private Health Insurance Bill 2006 (PHI Bill) which analysed the options associated with the Australian Government's recent initiatives to improve the attractiveness of and participation in private health insurance for consumers. The measures include those under the *Private Health Insurance Act 2007* and associated legislative instruments.

Details of the Rules are set out in the Attachment.

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

The Rules commence at the same time as the Act commences if they are registered before the Act commences; or, if the Rules are registered on or after the Act commences, the Rules commence on the day they are registered.

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

DETAILS OF THE *PRIVATE HEALTH INSURANCE (COUNCIL) RULES 2007***1. Name of Rules**

Rule 1 provides that the title of the Rules is the *Private Health Insurance (Council) Rules 2007*.

2. Commencement

Rule 2 provides for the Rules to commence at the same time as the Act commences if they are registered before the Act commences; or, if the Rules are registered on or after the Act commences, the Rules commence on the day they are registered.

3. Definitions

Rule 3 notes the Definitions of these Rules. The terms used in these Rules have the same meaning as in the Act.

4. Public Information functions

Paragraph 264-10(5)(a) of the Act provides that one of the public information functions of the Council is to make statistics, and other financial information, relating to a private health insurer or private health insurers, publicly available in accordance with the Rules.

Rule 4 (1) provides, for the purpose of paragraph 264-10(5)(a) of the Act that the Council may make available to the public statistics and other benefit information provided to it in returns lodged by private health insurers under section 310-1 of the Act.

Subrule 4 (2) requires that this information must be in aggregate form, so as not to identify individual private health insurers.

Subrule 4 (3) provides that in Rule 4 *make available to the public* means to provide the information to a person upon request or to publicise in any way.

5. Periods of appointment for Commissioner, Deputy Commissioner and members

Rule 5 provides that the Commissioner, Deputy Commissioner and members of the Council are to be appointed for terms not exceeding three years, but are eligible for reappointment.