

EXPLANATORY STATEMENT

Issued by Authority of the Minister for Health and Ageing

Private Health Insurance Act 2007

Private Health Insurance (Benefit Requirements) Rules 2007 (No. 3)

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

The Rules provide for the minimum benefit requirements for psychiatric, rehabilitation and palliative care and other hospital treatment. Schedules 1 to 6 to the Rules set out the minimum levels of benefit which are payable for hospital treatment, namely benefits for overnight accommodation (Schedules 1 and 2), same day accommodation (Schedule 3), nursing-home type patients (Schedule 4), second-tier default benefits (Schedule 5), and outreach services (Schedule 6).

The *Private Health Insurance (Benefit Requirements) Rules 2007 (No. 3)* (these Rules) commence on 20 September 2007. These Rules revoke and remake the *Private Health Insurance (Benefit Requirements) Rules 2007 (No. 2)* (the Current Rules) as amended by the *Private Health Insurance (Benefit Requirements) Amendment Rules (No. 1) 2007 (No. 2)* and the *Private Health Insurance (Benefit Requirements) Amendment Rules 2007 (No.3)*.

These Rules make minor changes to Schedules 1, 4 and 5 to the Current Rules.

Schedule 1 has been amended to include Medicare Benefits Schedule (MBS) item number 50950 in the surgical patient list at subclause 6(3).

Schedule 4 sets out the minimum benefit payable for patients who are classified as nursing home type patients (NHTP) in particular States and Territories and private hospitals within Australia.

These Rules amend the minimum NHTP benefit per night for Victoria from \$92.15 to \$95.15, Tasmania from \$91.68 to \$93.72 and the Northern Territory from \$56.85 to \$58.11. Schedule 4 also amends the minimum NHTP benefit per night for private hospitals in all States and Territories from \$72.90 to \$72.05.

Schedule 5 requires a health insurer to pay second-tier default benefits for most episodes of hospital treatment provided in private hospital facilities that are specified in Schedule 5 with which the health insurer does not have a negotiated agreement with the hospital. Schedule 5 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, 3 and 6 of the Rules.

These Rules specify nineteen new facilities to be entitled to second-tier default benefits.
The new facilities are:

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|-----|--|--------------|-----|
| 1. | Avenue Plastic Surgery | WINDSOR | VIC |
| 2. | Calvary Healthcare (St Luke's Campus) | LAUNCESTON | TAS |
| 3. | Calvary Healthcare (St Vincent's Campus) | LAUNCESTON | TAS |
| 4. | Calvary Hospital – (St John's Campus) | SOUTH HOBART | TAS |
| 5. | Calvary Hospital –(Lenah Valley Campus) | LENAH VALLEY | TAS |
| 6. | Elsternwick Private Hospital | ELSTERNWICK | VIC |
| 7. | Epping Surgery Centre | EPPING | NSW |
| 8. | Longueville Private Hospital | LONGUEVILLE | NSW |
| 9. | Marie Stopes International Caboolture | CABOOLTURE | QLD |
| 10. | Marie Stopes International Canberra | CANBERRA | ACT |
| 11. | Marie Stopes International Salisbury | SALISBURY | QLD |
| 12. | Marie Stopes International Westmead | WESTMEAD | NSW |
| 13. | Minchinbury Community Hospital | MOUNT DRUITT | NSW |
| 14. | Ngala Family Resource Centre | KENSINGTON | WA |
| 15. | Pioneer Valley Private Hospital | NORTH MACKAY | QLD |
| 16. | South Perth Endoscopy | SOUTH PERTH | WA |
| 17. | Southern Respiratory & Sleep Disorder Centre | CARINGBAH | NSW |
| 18. | St Kilda Day Hospital | ELWOOD | VIC |
| 19. | Waikiki Private Hospital | WAIKIKI | WA |

Consultation

The amendment made to Schedule 1 inserts MBS item number 50950 (which is a group T8 surgical operations item in the MBS) into the surgical patient list at subclause 6(3). No specific consultation was undertaken as the change is of a minor nature that does not substantially alter existing arrangements.

Each State and Territory Health Authority was consulted with regard to increasing the NHTP minimum benefits in Schedule 4 for their State or Territory. The increases to the NHTP minimum benefits have been calculated in accordance with the biannual change to the pension increase which will occur on 20 September 2007.

The amendment to the NHTP rate for private hospitals is mechanical in nature. This amendment is also linked to the biannual change to the pension which will occur on 20 September 2007. The amendment does not substantially alter existing arrangements for the private hospital sector.

Consultation for changes to Schedule 5 occurred with industry through the Second Tier Advisory Committee, which includes equal representation from both the private hospital and health insurer sectors.

PRIVATE HEALTH INSURANCE BRANCH
DEPARTMENT OF HEALTH AND AGEING
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