

EXPLANATORY STATEMENT

Issued by Authority of the Minister for Health and Ageing

Private Health Insurance Act 2007

Private Health Insurance (Benefit Requirements) Rules 2008 (No. 1)

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 to be provided 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 2008 (No. 1)* (these Rules) commence on 20 March 2008. These Rules revoke and remake the *Private Health Insurance (Benefit Requirements) Rules 2007(No. 4)* (the Current Rules) as amended by the *Private Health Insurance (Benefit Requirements) Amendment Rules 2007(No. 4)* and the *Private Health Insurance (Benefit Requirements) Amendment Rules 2007 (No.5)*.

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

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 Tasmania from \$93.72 to \$95.25 and New South Wales from \$95.30 to \$97.60. Schedule 4 also amends the minimum NHTP benefit per night for private hospitals in all States and Territories from \$72.05 to \$71.40.

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 one new facility to be entitled to second tier default benefits.
The new facility is:

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| 1. | Surry Hills Day Hospital | Surry Hills | NSW |
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Consultation

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 March 2008.

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 March 2008. 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
MARCH 2008