

## **EXPLANATORY STATEMENT**

Issued by the Authority of the Minister for Health and Ageing

*Private Health Insurance Act 2007*

*Private Health Insurance (Levy Administration) Rules 2010*

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

Part 6-6 of the Act deals with the collection of private health insurance levies and other matters relating to their administration. A private health insurance levy is imposed under one of the following levy Acts:

- *Private Health Insurance (Collapsed Insurer Levy) Act 2003*;
- *Private Health Insurance (Complaints Levy) Act 1995*;
- *Private Health Insurance (Council Administration Levy) Act 2003*;
- *Private Health Insurance (National Joint Replacement Register Levy) Act 2009*;
- and
- *Private Health Insurance (Risk Equalisation Levy) Act 2003*.

The *Private Health Insurance (Levy Administration) Rules 2010* (the Rules) commence on the day after the Rules are registered and revoke the *Private Health Insurance (Levy Administration) Rules 2007* (the Previous Rules). The Previous Rules specified the payment day for complaints levy, Council administration levy and risk equalisation levy. The Rules also set the rate of late payment penalty at 15% per year, to be imposed if a private health insurance levy remains wholly or partly unpaid after it has become due and payable on the payment day.

The Rules differ from the Previous Rules by the addition of a new rule 8. No other changes have been made. The insertion of new rule 8 is consistent with, and as a consequence of, the *Private Health Insurance (National Joint Replacement Register Levy) Act 2009* and the *Private Health Insurance Legislation Amendment Act 2009*. These Acts commenced on 1 July 2009 and provide for the imposition and the collection of the National Joint Replacement Register Levy which funds the National Joint Replacement Registry.

The new rule 8 is necessary because it sets out the payment day for the purpose of collecting the national joint replacement register levy. The payment day is 21 days after the imposition day. There are two imposition days during each financial year, 30 April and 31 October. The imposition days are set out in the *Private Health Insurance (National Joint Replacement Register Levy) Rules*.

**Consultation**

Joint replacement prostheses sponsors, private health insurers and the National Joint Replacement Registry were consulted regarding the development of arrangements for the administration and collection of the national joint replacement register levy.

**Regulation Impact Statement**

The Office of Best Practice Regulation has advised that no Regulatory Impact Statement is required.

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*.

**DETAILS OF THE *PRIVATE HEALTH INSURANCE (LEVY ADMINISTRATION) RULES 2010***

**1. Name of Rules**

Rule 1 provides that the title of the Rules is the Private Health Insurance (Levy Administration) Rules 2010.

**2. Commencement and Revocation**

Subrule 2(1) provides for the Rules to commence on the day after the Rules are registered.

Subrule 2(2) also provides for the *Private Health Insurance (Levy Administration) Rules 2007* to be revoked.

**3. Definitions**

Rule 3 notes that terms used in these Rules have the same meaning as in the *Private Health Insurance Act 2007*.

**4. Council administration levy**

Rule 4 provides that the payment day for the Council administration levy is 14 days after an imposition day. An imposition day for the Council administration levy is the 28th day of the second month of each quarter ending on the last day of March, June, September or December in a financial year.

**5. Complaints levy**

Rule 5 provides that the payment day for the complaints levy is 31 December of each year.

**6. Risk equalisation levy**

Rule 6 provides that the payment day for the risk equalisation levy is 14 days after an imposition day. An imposition day for the risk equalization levy is the 21<sup>st</sup> day of the second month of each quarter ending on the last day of March, June, September and December in a financial year.

**7. Rate of late payment penalty**

Rule 7 specifies, for the purposes of paragraph 307-5(2)(a) of the Act, the rate of late payment penalty as 15% per year.

**8. National joint replacement register levy**

Rule 8 provides that the payment day for the national joint replacement register levy is 21 days after an imposition day. The imposition days for the national joint replacement register levy are 31 October and 30 April of each financial year.