

EXPLANATORY STATEMENT

Issued by the Authority of the Minister for Health

Private Health Insurance Act 2007

Private Health Insurance (Incentives) Rules 2012

Authority

Section 333-20 of the *Private Health Insurance Act 2007* (the Act) provides that the Minister may make *Private Health Insurance (Incentives) Rules* (the Rules) providing for matters required or permitted by Parts 2-2, 6-4 or section 206-1 of the Act, or necessary or convenient in order to carry out or give effect to Parts 2-2, 6-4 or section 206-1 of the Act.

Part 2-2 of the Act deals with private health insurance rebates in the form of premium reductions and incentive payments. Part 6-4 of the Act provides for administrative matters relating to private health insurance rebates. Section 206-1 of the Act deals with the revocation of the status of a private health insurer as an insurer who is able to participate in offering a private health insurance rebate as a premium reduction.

The *Private Health Insurance (Incentives) Rules 2012* (the Rules) commence on the day after the Rules are registered and revoke the *Private Health Insurance (Incentives) Rules 2007*.

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

Purpose

The Rules differ from the previous rules by replacing the term 'Federal Government 30% Rebate on private health insurance' and substituting 'Australian Government Rebate on private health insurance'. Accordingly, the Rebate logo was also updated.

The insertion of these new changes is consistent with, and as a consequence of, the *Fairer Private Health Insurance Incentives Act 2012*, *Fairer Private Health Insurance Incentives (Medicare Levy Surcharge) Act 2012* and *Fairer Private Health Insurance Incentives (Medicare Levy Surcharge – Fringe Benefits) Act 2012*. These Acts commence on 1 July 2012 and provide for three new 'Private Health Insurance Incentives Tiers'.

Details

Details of the Rules are set out in the Attachment.

Consultation

Consultation was not necessary with respect to these amendments as the amendments are of a minor nature and do not substantially alter existing arrangements.

The Office of Best Practice Regulation has advised that a Regulatory Impact Statement was not required as the amendment is machinery in nature.

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

The Rules commence the day after registration.

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

ATTACHMENT**DETAILS OF THE *PRIVATE HEALTH INSURANCE (INCENTIVES) RULES 2012*****1. Name of Rules**

Rule 1 provides that the title of the Rules is the *Private Health Insurance (Incentives) Rules 2012*.

2. Commencement

Rule 2 provides the Rules commence on the day after registration.

3. Revocation

Rule 3 provides that these Rules revoke and replace the *Private Health Insurance (Incentives) Rules 2007*.

4. Definitions

Rule 4 provides definitions of terms used in the rules including the phrase ‘Australian Government Rebate on private health insurance’.

5. Application

Rule 5 provides that Part 2 of the Rules applies in relation to financial years beginning on or after 1 July 2007.

6. Registration as a participant

Rule 6 provides that all persons covered by a complying health insurance policy must be eligible for Medicare in order to apply to become a participant to receive the rebate through the premiums reduction scheme.

7. Entitlement to incentive payment

Rule 7 provides that all persons covered by a complying health insurance policy must be eligible for Medicare to receive the rebate under the incentives payments scheme.

8. Conditions of participation

Rule 8 sets out conditions of participation by private health insurers in the premiums reduction scheme.

Subrule 8(1) paragraph (a) provides that on or before 15 July of each year after the commencement of the *Private Health Insurance Act 2007*, private health insurers must issue a written statement to each participant who held a complying health insurance policy. The statement must show the amount of premiums paid and the premium reductions made for the previous financial year.

Subrule 8(1) paragraph (b) provides that before increasing a premium, an insurer must have provided written notice to each participant affected by the increase. The notice must include details of the amount of the premium, the date when the increase takes effect, the fact that the dollar value of the reduction under the Rebate has increased, the amount of the reduction and the new amount of the premium.

Subrules 8(1) paragraph (c) provides that the insurer must use the phrase ‘Australian Government Rebate on private health insurance’ or the Rebate logo in annual statements, written notices, forms and correspondence relating to the Australian Government Rebate on private health insurance.

Subrule 8(1) paragraph (d) provides that notwithstanding paragraph (c), for any items listed under subparagraphs (i) to (v), an insurer may use any material containing the term ‘Federal Government 30% Rebate’ or the 30% Rebate logo until one year after the date of commencement of these Rules.

9. Requirements for statements to participants

Subrule 9(1) provides that an insurer, when issuing participants with a statement under subrule 8(1)(a), must not include any other material except for that provided in subrule 8(1)(b) and subrule 9(2).

The information permitted by subrule 9(2) includes that related directly to the Australian Government Rebate on private health insurance; certain information about lifetime health cover, certain information about the medicare levy surcharge; a standard information statement; information about private health insurance provided by the Department; and, any other information required by the Act or the Rules.

10. Rebate logo

Rule 10 describes the Rebate logo.

PRIVATE HEALTH INSURANCE BRANCH
DEPARTMENT OF HEALTH AND AGEING
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Statement of Compatibility with Human Rights

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

Private Health Insurance (Incentives) Rules 2012

This Legislative 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 Legislative Instrument

The *Private Health Insurance (Incentives) Rules 2012* revoke and replace the *Private Health Insurance (Incentives) Rules 2007*.

The difference between the two rules is that the term ‘Federal Government 30% Rebate on private health insurance’ was replaced by the ‘Australian Government Rebate on private health insurance’ to reflect the new Fairer Private Health Insurance Acts. The ‘30% Rebate logo’ was also replaced by the ‘Rebate logo’.

Human rights implications

This Legislative Instrument does not engage any of the applicable rights or freedoms.

Conclusion

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.

Richard Magor

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Department of Health and Ageing