



Private Health Insurance (Incentives) Amendment Rules 2013 (No. 1)

I, RICHARD BARTLETT, delegate of the Minister for Health, make these Rules under item 1 of the table in section 333-20 of the *Private Health Insurance Act 2007*.

Dated 20 December 2013

RICHARD BARTLETT
Medical Benefits Division
Department of Health

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Part 1 Preliminary

1. Name of Rules

These Rules are the *Private Health Insurance (Incentives) Amendment Rules 2013 (No. 1)*.

2. Commencement

These Rules commence on 1 April 2014.

3. Amendment of the *Private Health Insurance (Incentives) Rules 2012 (No.2)*

The Schedule to these Rules amends the *Private Health Insurance (Incentives) Rules 2012 (No.2)*.

Schedule - Amendments

[1] Rule 4 Definition

In the ‘Note:’ after the term “standard information statement” include the term “weighted average ratio.”

[2] After rule 5

Insert the following:

5A. Weighted Average Ratio

(1) For the purposes of paragraph 22-50(5) of the Act the weighted average ratio is determined according to the following formula:

$$WAR = \frac{\text{CPI factor for the relevant incentive year}}{1 + \text{Average premium increase for the relevant incentive year}}$$

Where:

WAR = Weighted Average Ratio expressed as a factor to 3 decimal places (rounding up where the fourth decimal place is 5 or more).

CPI factor for the relevant incentive year is the number worked out by dividing the *CPI index number* for the December quarter immediately preceding that year by the *CPI index number* for the December quarter preceding the first-mentioned December quarter expressed as a factor to 4 decimal places (rounding up where the fifth decimal place is 5 or more).

CPI index number for a quarter is the All Groups Consumer Price Index number, being the weighted average of the 8 capital cities, published by the Australian Statistician in respect of that quarter.

Average premium increase for the relevant incentive year means the figure published by the Department of Health during the course of an incentive year that represents the industry average premium increase being the average change in premiums payable for each product subgroup offered by every private health insurer, weighted according to the number of people covered under complying health insurance policies in each product subgroup, expressed as a factor to 4 decimal places (rounding up where the fifth decimal place is 5 or more).

Incentive year means any period of twelve months commencing on 1 April of a year.

(2) For any incentive year if the *WAR* is greater than 1, the *WAR* for that incentive year is taken to be 1.