



Private Health Insurance (Incentives) Amendment Rules 2014 (No. 1)

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

Peter Dutton
Minister for Health
9 April 2014

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Part 1 Preliminary

1. Name of Rules

These Rules are the *Private Health Insurance (Incentives) Amendment Rules 2014 (No. 1)*.

2. Commencement

These Rules commence immediately upon the commencement of the *Private Health Insurance Legislation Amendment Act 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)* as amended.

Schedule – Amendments

[1] – Rule 4 Definition

In the ‘Note.’ delete the term ‘weighted average ratio’ and insert the term ‘adjustment factor’ and ‘adjustment year’ before the term ‘complying health insurance policy’.

[2] – Rule 4 Definition, after definition of *private health insurance tax offset*

Insert

rebate adjustment factor means adjustment factor

[3] – Rule 5A

Delete Rule 5A and replace with the following:

5A. Rebate Adjustment Factor

For the purposes of paragraph 22-15(5E) of the Act the rebate adjustment factor is determined according to the following formula:

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

$$1 + \text{Average premium increase for the relevant adjustment year}$$

Where:

RAF = rebate adjustment factor expressed as a factor to 3 decimal places (rounding up where the fourth decimal place is 5 or more).

CPI factor for the relevant adjustment 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 adjustment year means the figure published by the Department of Health during the course of an adjustment year that represents the industry average premium increase being the average change in premiums 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).