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## LODGMET OF PRIVATE HEALTH INSURANCE INFORMATION IN ACCORDANCE WITH THE *PRIVATE HEALTH INSURANCE ACT 2007*

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# Explanatory Statement

### General Outline of Instrument

1. This instrument is made under section 282-30 of the *Private Health Insurance Act 2007*.
2. This instrument details the information required to be reported to the Commissioner by the Chief Executive Medicare about persons who were members of complying private health insurance funds each financial year.
3. The instrument is a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.
4. This instrument revokes the *Lodgment of Private Health Insurance Information in Accordance with the Private Health Insurance Act 2007* instrument (F2013L01587) registered 19 August 2013. This explanatory statement details changes required to the legislative instrument as a result of recent law changes to the *Private Health Insurance Act 2007* to remove the Australian Government rebate on private health insurance from the Lifetime Health Cover loading from 1 July 2013, the introduction of income testing the Australian Government rebate on private health insurance and annual adjustment of rebate percentages from 1 April 2014.

### Date of effect

5. The instrument commences on 01 July 2014.
6. Under section 12(2) of the *Legislative Instruments Act 2003* this instrument does not adversely affect the rights or liabilities of any person other than the Commonwealth.

### What is this instrument about

7. This instrument details what private health insurance information is to be reported to the Commissioner of Taxation for private health insurance rebate and/or Medicare Levy Surcharge purposes.

### What is the effect of this instrument

8. An assessment of the compliance cost impact indicates that the impact will be minimal for implementation and on-going compliance costs. The instrument is routine in nature.

## Background

9. This instrument has been developed to ensure that information in regard to persons, who were insured under a complying health insurance policy during a financial year, is reported to the Commissioner of Taxation by the Chief Executive Medicare within a predetermined period.

## Consultation

10. Section 282-30 of the *Private Health Insurance Act 2007* instructs that the Chief Executive Medicare must provide (report) private health insurance information (data) to the Commissioner of Taxation. In order that the Chief Executive Medicare can report data to the Commissioner of Taxation, each of the thirty-five registered private health insurers must first report their relevant data to Medicare. To this end, the Australian Taxation Office (ATO) instructs Medicare what data must be reported and in turn, Medicare instructs the private health insurers of the data requirements. Therefore, the ATO developed the data requirements included in this instrument by consulting with Medicare, registered private health insurers and software providers between April 2012 and May 2014. During this period, changes were made to the data reported to reflect introduction of income testing the Australian Government rebate on private health insurance, removal of the rebate from the Lifetime Health Cover loading and annual adjustment of rebate percentages.
11. The consultation involved stakeholders participating in meetings and workshops with direct access to ATO staff. Stakeholders were given adequate opportunities to provide advice, seek clarification, and comment on proposals. The opinions of the software providers were especially sought because of their expertise as to the capabilities of the various systems to extract and include data in a reporting file.
12. The comments received throughout the consultation period were crucial to the formation of the final reporting specifications, which detailed the format and the data to be reported. Health Insurers and their software providers were able to articulate the abilities of their respective systems in relation to a report that could be submitted in accordance with ATO requirements. Where feedback was received that indicated a reporting proposal would be problematic, alternative options were sought to ensure the information needs of the ATO would be met while not creating an unreasonable burden on industry.

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**Stephen Vesperman**  
**Deputy Commissioner of Taxation**  
24 June 2014

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### Legislative references:

*Private Health Insurance Act 2007*

## **Statement of Compatibility with Human Rights**

This Statement is prepared in accordance with Part 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

### **Lodgment of Private Health Insurance information in accordance with the *Private Health Insurance Act 2007***

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**

This instrument details the information requirements to be reported to the Commissioner by the Chief Executive Medicare in regard to persons who were members of complying private health insurance funds each financial year.

This instrument takes effect on 1 July 2014 and revokes the *Lodgment of Private Health Insurance Information in Accordance with the Private Health Insurance Act 2007* instrument (F2013L01587) registered 19 August 2013. This instrument applies to data reported on and from 1 July 2014 in accordance with section 282-30 of the *Private Health Insurance Act 2007*.

#### **Human rights implications**

This legislative instrument does not engage any of the applicable rights or freedoms. It simply provides guidance on the private health insurance information required to be reported to the ATO and the period within which it must be lodged.

#### **Conclusion**

This legislative instrument is compatible with human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

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**Stephen Vesperman**  
**Deputy Commissioner of Taxation**  
24 June 2014

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