

EXPLANATORY STATEMENT

Issued by the Authority of the Minister for Health

Private Health Insurance Act 2007

Private Health Insurance (Health Insurance Business) Rules 2015

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

The *Private Health Insurance (Health Insurance Business) Rules 2015* (the Rules) revoke and remake the *Private Health Insurance (Health Insurance Business) Rules 2013* (the previous Rules). The Rules update the kinds of statistical information to be provided by hospitals to private health insurers and by private hospitals to the Department of Health (the Department).

Section 121-5 of the Act enables the Minister to grant or revoke a declaration that a facility is a public or private hospital for the purposes of the Act. The Act specifies a number of matters to which the Minister must have regard in granting or revoking a hospital declaration, including whether the facility has entered into or complied with undertakings to provide private health insurers with the kinds of information specified in the Rules relating to the treatment of insured persons (paragraph 121-5(7)(e)).

The Rules specify that for paragraph 121-5(7)(e) of the Act, the kinds of information are those specified in the **HCP Data from Hospitals to Insurers** document (HCP document) approved on 25th April 2015 by the First Assistant Secretary of the Acute Care Division of the Department (see rule 4).

Section 121-7 of the Act provides that hospital declarations are subject to conditions specified in the Rules. Rule 7 of the Rules provides that private hospital declarations are subject to the condition that the hospital provide the Department with the kinds of information specified in the **PHDB Data from Private Hospitals to the Department** document (PHDB document) approved on 25th April 2015 by the First Assistant Secretary of the Acute Care Division of the Department. This information must be provided within 6 weeks from the time the insured person is discharged from hospital.

The HCP and PHDB documents replace the documents that were referred to in the previous Rules, and can be found on the Department of Health website at:

<http://www.health.gov.au/internet/main/publishing.nsf/Content/health-casemix-data-collections-about-HCP>.

The changes consist of minor housekeeping type changes. They are as follows:

1. Adding support for ICD-10-AM version 9
2. Adding support for AR-DRG version 8
3. Raising ICU Charge Threshold (a warning is currently generated when the charges exceed \$5000; inflation has made this unrealistic and the threshold is being raised to \$8000)

4. Change to Prosthesis charge check in edit rule EW204 (This is to correct an issue of this error flagging episodes with no Theatre or Bundled charge where the member is having chemo in Hospital in the Home and the prosthesis charge is for an infuser device)
5. Remove ICU hours from edit rule EE203 (ICU Hours is listed as an optional field and as an optional field it should not be included in an edit rule check)
6. Remove provider number check from edit rule EE065 when mode of separation is “discharge/transfer to other health care accommodation” (some health care accommodation facilities are not declared and do not have provider numbers, ie some aged care facilities).

There are no other changes from the previous Rules.

Consultation

The Department has consulted with the private health insurance and private hospital industry through existing Working Group arrangements regarding the amendments required to the HCP and PHDB specifications. Private health insurance and private hospital stakeholder representatives interested in developing the amendments participated in the process. Industry is of the view that it is appropriate for minor amendments to be managed by this Working Group. Previous minor amendments have been managed in this way. The amended data specifications are distributed to industry via Private Health Insurance Circulars.

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

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

The Rules commence on 1 July 2015.

Statement of Compatibility with Human Rights

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

Private Health Insurance (Health Insurance Business) Rules 2015

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 (Health Insurance Business) Rules* provide for matters required or permitted by Part 4-2 of the *Private Health Insurance Act 2007* (the Act), or necessary or convenient in order to carry out or give effect to Part 4-2 of the Act.

The *Private Health Insurance (Health Insurance Business) Rules 2015* (the Rules) revoke and remake the *Private Health Insurance (Health Insurance Business) Rules 2013* (the previous Rules) to update the kinds of statistical information to be provided by hospitals to insurers and by private hospitals to the Department of Health (the Department).

Under paragraph 121-5(7)(e) of the Act, when making or revoking a hospital declaration the Minister must have regard to whether the facility has entered into or complied with undertakings to provide private health insurers with information specified in the Rules relating to the treatment of insured persons.

The Rules specify that for paragraph 121-5(7)(e) of the Act, the kinds of information are those specified in the **HCP Data from Hospitals to Insurers** document (HCP document) approved on 25th April 2015 by the First Assistant Secretary of the Acute Care Division of the Department (see rule 4).

Section 121-7 of the Act provides that hospital declarations are subject to any conditions specified in the Rules. Rule 7 of the Rules provides that private hospital declarations are subject to the condition that the hospital provide the Department with the kinds of information specified in the **PHDB Data from Private Hospitals to the Department** document (PHDB document) approved on 25th April 2015 by the First Assistant Secretary of the Acute Care Division of the Department.

The revised documents can be found on the Department of Health website at: <http://www.health.gov.au/internet/main/publishing.nsf/Content/health-casemix-data-collections-about-HCP>.

The changes consist of minor housekeeping type changes. They are as follows:

1. Adding support for ICD-10-AM version 9
2. Adding support for AR-DRG version 8
3. Raising ICU Charge Threshold (a warning is currently generated when the charges exceed \$5000; inflation has made this unrealistic and the threshold is being raised to \$8000)
4. Change to Prosthesis charge check in edit rule EW204 (This is to correct an issue of this error flagging episodes with no Theatre or Bundled charge where the member is having chemo in Hospital in the Home and the prosthesis charge is for an infuser device)
5. Remove ICU hours from edit rule EE203 (ICU Hours is listed as an optional field and as an optional field it should not be included in an edit rule check)
6. Remove provider number check from edit rule EE065 when mode of separation is "discharge/transfer to other health care accommodation" (some health care accommodation facilities are not declared and do not have provider numbers, ie some aged care facilities).

The Rules also:

- provide for inclusions and exclusions to the definitions of 'hospital treatment' and 'general treatment' in the Act; and
- specify certain treatment that is to be excluded from being 'health insurance business' - only registered private health insurers may carry on health insurance business and an insurer may only offer insurance as part of its health insurance business in the form of a complying health insurance product.

However, no changes to these provisions have been made from the previous Rules.

Human rights implications

The Rules will engage the human right to privacy but will not result in any limitation of that right.

Supply of the **HCP Data from Hospitals to Insurers** involves the disclosure of sensitive personal information, including health information, from hospitals to private health insurers. However the information supplied is provided by hospitals with the patient's consent as part of the patient's contractual relationship with their hospital and private health insurer. There are protections for the information provided to insurers under the *Privacy Act 1988* and/or State or Territory privacy laws.

Supply of the **PHDB Data from Private Hospitals to the Department** involves the disclosure of de-identified statistical information about the treatment of insured persons, from private hospitals to the Department. The information supplied could not reasonably be used by the Department to identify a patient. Further, Part 6-8 of the Act creates an offence for the unauthorised disclosure of information obtained by any person in the course of performing duties or powers, or exercising functions, under the Act.

The revisions to the documents are essentially mechanical in nature, and do not substantively alter any legislative requirements.

Conclusion

This Legislative Instrument is compatible with human rights as although it engages the right of privacy in relation to personal information, it will not result in any limitation of that right.

Janet Anderson

First Assistant Secretary, Acute Care Division

Department of Health