

EXPLANATORY STATEMENT

Issued by the Authority of the Minister for Health

Private Health Insurance Act 2007

Private Health Insurance (Complying Product) Amendment Rules 2015 (No. 3)

Authority

Section 333-20 of the *Private Health Insurance Act 2007* (the Act) provides that the Minister may make Private Health Insurance (Complying Product) Rules providing for matters required or permitted by Chapter 3 and/or section 188-1 of the Act, or necessary or convenient in order to carry out or give effect to Chapter 3 and/or section 188-1 of the Act.

The *Private Health Insurance (Complying Product) Amendment Rules 2015 (No. 3)* (the Amendment Rules) amend Rule 8A of the *Private Health Insurance (Complying Product) Rules 2015* (the Principal Rules) which commenced on 1 July 2015.

Purpose

The purpose of the amendments to Rule 8A is to change the patient contribution payable per night for nursing-home type patients (NHTP) at public hospitals in each State and Territory.

Background

Rule 8A of the Principal Rules sets the patient contribution for privately insured NHTPs by restricting the amount of benefit that private health insurers pay for each day of NHTP hospital treatment at a hospital. The amount of benefit is restricted to the hospital's charge less the patient contribution amount.

The Schedule to the Amendment Rules makes minor changes to Paragraph 8A(3)(a) of the Principal Rules by amending the NHTP contribution rate at public hospitals in each State and Territory. Changes to the NHTP contribution rate reflect increases in the Adult Pension Basic Rate and the Maximum Daily Rate of Rental Assistance (Pension and Rental Assistance Rates), which took effect on 20 September 2015.

Details

Details of the Amendment Rules are set out in the **Attachment**.

Consultation

On 27 August 2015, States and Territories were asked whether they would be increasing the NHTP contribution and accommodation rates in their jurisdiction in line with increases in the Pension and Rental Assistance Rates. Queensland, New South Wales, Tasmania, Victoria, South Australia, Western Australia and the Northern Territory have advised that they will increase the NHTP contribution rates in their public hospitals from 20 September 2015.

On 27 August 2015 the Australian Government Department of Health (the Department) advised States and Territories of its intention to increase minimum private health insurance benefits for private hospital accommodation as a consequence of CPI movements for the period September 2014-September 2015.

The Amendment Rules commence on 20 September 2015.

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

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

MEDICAL BENEFITS DIVISION
DEPARTMENT OF HEALTH
SEPTEMBER 2015

ATTACHMENT

DETAILS OF THE *PRIVATE HEALTH INSURANCE (COMPLYING PRODUCT) AMENDMENT RULES 2015 (No. 3)*

Section 1 Name of Rules

Section 1 provides that the title of the Rules is the *Private Health Insurance (Complying Product) Amendment Rules 2015 (No. 3)* (the Amendment Rules).

Section 2 Commencement

Section 2 provides that the Amendment Rules are to commence on 20 September 2015.

Section 3 Amendment of *Private Health Insurance (Complying Product) Rules 2015*

Section 3 provides that the Schedule to the Amendment Rules amends the *Private Health Insurance (Complying Product) Rules 2015* (the Principal Rules) which commenced on 1 July 2015.

Schedule – Amendments

Item 1 – Part 2, Paragraph 8A(3)(a)

Paragraph 8A(3)(a) of the Principal Rules set out the patient contribution for privately insured NHTPs at public hospitals.

Item 1 of the Schedule of the Amendment Rules amends Part 2, Paragraph 8A(3)(a) of the Principal Rules by increasing the NHTP contribution at public hospitals in each State and Territory.

Statement of Compatibility with Human Rights

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

Private Health Insurance (Complying Product) Amendment Rules 2015 (No. 3)

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 (Complying Product) Amendment Rules 2015 (No. 3)* amends Rule 8A of the *Private Health Insurance (Complying Product) Rules 2015* to change the patient contribution payable per night for Nursing-Home Type Patients at public hospitals in each State and Territory.

Human rights implications

This legislative instrument engages Articles 2 and 12 of the International Covenant on Economic, Social and Cultural Rights by assisting with the progressive realisation by all appropriate means of the right of everyone to the enjoyment of the highest attainable standard of physical and mental health.

Private health insurance regulation assists with the advancement of these human rights by improving the governing framework for private health insurance in the interests of consumers. Private health insurance regulation aims to encourage insurers and providers of private health goods and services to provide better value for money to consumers, to improve information provided to consumers of private health services to allow consumers to make more informed choices when purchasing services and requires insurers not to differentiate the premiums they charge according to individual health characteristics such as poor health.

Conclusion

This legislative instrument is compatible with human rights because it advances the protection of human rights.

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