Private Health Insurance (Incentives) Amendment Rules (No. 1) 2019

I, Alastair Wilson, delegate of the Minister for Health, make the following rules.

Dated 6 December 2019

Alastair Wilson
A/g Assistant Secretary
Private Health Insurance Branch
Medical Benefits Division
Department of Health

Contents

1 Name

This instrument is the *Private Health Insurance (Incentives) Amendment Rules (No. 1) 2019*.

2 Commencement

(1) Each provision of this instrument specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

Commencement information		
Column 1	**Column 2**	**Column 3**
Provisions	**Commencement**	**Date/Details**
1. The whole of this instrument	10 January 2020	10 January 2020

Note: This table relates only to the provisions of this instrument as originally made. It will not be amended to deal with any later amendments of this instrument.

(2) Any information in column 3 of the table is not part of this instrument. Information may be inserted in this column, or information in it may be edited, in any published version of this instrument.

3 Authority

This instrument is made under section 333-20 of the *Private Health Insurance Act 2007*.

4 Schedules

Each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

Schedule 1—Amendments

Private Health Insurance (Incentives) Rules 2012 (No. 2)

[1] Rule 5A

Repeal the rule, substitute:

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:

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

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 (including rate protection and the age-based discount factor) 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).