

Issued by the Authority of the Minister for Health and Aged Care

Private Health Insurance Act 2007

Private Health Insurance Legislation Amendment Rules (No. 3) 2025

Authority

Subsection 333-20(1) of the *Private Health Insurance Act 2007* (the Act) authorises the Minister to, by legislative instrument, make specified Private Health Insurance Rules providing for matters required or permitted by the corresponding Chapter, Part, or section to be provided; or necessary or convenient to be provided in order to carry out or give effect to that Chapter, Part or section.

The *Private Health Insurance Legislation Amendment Rules (No.3) 2025* (the Amendment Rules) amends the:

- *Private Health Insurance (Benefit Requirements) Rules 2011* (the *Benefit Requirements Rules*); and,
- *Private Health Insurance (Complying Product) Rules 2015* (the *Complying Product Rules*).

Subsection 33(3) of the *Acts Interpretation Act 1901* provides that where an Act confers a power to make, grant or issue any instrument of a legislative or administrative character (including rules, regulations or by-laws), the power shall be construed as including a power exercisable in the like manner and subject to the like conditions (if any) to repeal, rescind, revoke, amend, or vary any such instrument.

Purpose

The Amendment Rules make consequential amendments to the Benefit Requirements Rules to implement changes to the private health insurance (PHI) clinical categories and procedure type classification of items of the Medicare Benefits Schedule (MBS) to reflect changes to MBS items commencing 1 March 2025.

Changes to the procedure type classification of MBS items are achieved by amending:

- Schedules 5, 6 and 7 of the Complying Product Rules for the purpose of describing hospital treatment(s) that must be covered under insurance policies, to assign new and reviewed MBS items a clinical category and remove deleted items, as appropriate. Note that new MBS Pathology Services Table (PST) items, Diagnostic Imaging Services Table (DIST) items and items made by reason of a determination under section 3C of the *Health Insurance Act 1973* are automatically categorised as Support treatments as per Schedule 7, clause 1(b) of the Complying Product Rules and are not listed in the Support treatments Table.
- Schedules 1 and 3 of the Benefit Requirements Rules for the purpose of specifying minimum hospital accommodation benefit requirements, to classify new and reviewed items.
- MBS items against procedure type classifications, and removing deleted items, as appropriate.

The MBS item changes relevant to these Amendment Rules, and also reflected in the associated PHI technical document, are given effect by, and detailed in, the following legislative instruments commencing 1 March 2025 and can be viewed on the Australian Government Federal Register of Legislation (FRL) website (www.legislation.gov.au) by title or Unique ID:

- *Health Insurance Legislation Amendment (Hospital-Only Services and Other Measures) Regulations 2025*
- *Health Insurance Legislative Amendment (Hospital Only Services) Determination 2025*
- *Health Insurance Legislative Amendment (2025 Measures No.1) Determination 2025*
- *Health Insurance (Section 3C General Medical Services – Optometric Services) Amendment Determination 2025*
- *Health Insurance (Section 3C Participating Nurse Practitioner and Midwife Services – Attendances and Other Changes) Amendment Determination 2025*
- *Health Insurance (Section 3C Pathology Services – Respiratory Pathogen Testing) Repeal Determination 2025*

The above instruments will make changes to reflect Government policy to MBS items in the General Medical Services Table (GMST), Diagnostic Imaging Services Table (DIST) and Pathology Services Table (PST).

Many of these MBS changes relate to measures announced in the 2024-25 Budget under *Strengthening Medicare* and *A Modern and Clinically Appropriate Medicare Benefits Schedule* measure, the 2024-25 Mid-Year Economic and Fiscal Outlook (MYEFO) under the *An Effective and Clinically Appropriate Medicare* measure, the 2024-25 Budget and the Strengthening Medicare Taskforce recommendations.

Commencing 1 March 2025, over 800 items in the MBS will be amended to remove the 85% out of hospital benefit. This change means that benefits will only be payable when the service is provided in a hospital setting. These amendments align the MBS with contemporary clinical practice and ensure that services are rendered in the appropriate clinical location.

Clarification of the definition of ‘telehealth’ will amend all items currently specified as ‘telehealth attendances’ to instead use ‘video attendance’.

PHI minimum benefits for these MBS item changes are reflected in benefit classifications assigned in these Amendment Rules including:

- General medical services
- Pathology services
- Diagnostic Imaging services
- Other administrative and machinery changes.

Detailed information on MBS items, including fact sheets and quick reference guides, can be viewed on the Department of Health and Aged Care’s (department) MBS Online website (www.mbsonline.gov.au) and in the Explanatory Statement that accompanies each set of regulatory changes. These statements also outline consultation that took place on the MBS changes.

The private health insurance classification and categorisation changes commencing 1 March 2025 are detailed in the Attachment to this Explanatory Statement. Further PHI clinical category and procedure type information, including announcement of changes through PHI ‘Circulars’ and the ‘Private Health Insurance Classification of MBS items’ technical document (PHI technical document) can be viewed on the Department’s website (www.health.gov.au).

Consultation

Private Health Insurance Rules classifications for MBS items

Medical officers within the department provide expert clinical advice to assist in determining the appropriate PHI clinical category and procedure type for accommodation benefits for MBS items in private health insurance rules.

The department’s weekly email to private health sector stakeholders, including peak insurer and hospital representative associations, private health insurers and private hospitals, includes information on anticipated changes to MBS items and consultation processes.

Feedback received from stakeholders was considered when determining the final amendments.

MBS item related consultation

The Amendment Rules relating to the clinical categories and procedure type classifications are consequential to MBS items changes. Detail on the MBS items and consultations undertaken, including by the Taskforce, MSAC and with medical professional organisations can be found in the Explanatory Statements to the MBS Regulations that can be viewed on the FRL website (www.legislation.gov.au), and the Department’s ‘MBS Online’ website (www.mbsonline.gov.au).

Implementation liaison groups involving professional bodies and clinical experts also inform development of MBS items. Consultation encompasses private hospital and private health sector representation.

Background

MBS items with the potential to be provided to privately insured patients as hospital treatment are allocated to hospital accommodation procedure type classifications under the Benefit Requirements Rules to provide clarity in the administration of treatments across policy tiers by insurers and facilitate claims and minimum benefit payments.

Benefit Requirements Rules

The Benefit Requirements Rules provide for the minimum benefit requirements for psychiatric care, rehabilitation, palliative care, and other hospital treatments. Schedules 1 to 5 of the Benefit Requirements Rules set out the minimum levels of accommodation benefits payable by private health insurers associated with private patients’ hospital treatment: benefits for overnight accommodation (Schedules 1 and 2); same-day accommodation (Schedule 3); Nursing-Home Type Patients (NHTP) (Schedule 4) and second-tier default benefits (Schedule 5).

Schedule 1 and 2— Type A procedures

Schedule 1 of the Benefit Requirements Rules provides for benefits for different patient categories by categorising MBS item numbers into patient classifications for accommodation benefits. Procedures requiring hospital treatment that includes part of an overnight stay (Type A procedures) comprise ‘Advanced surgical patient’, ‘Obstetric patient’, ‘Surgical patient’, ‘Psychiatric patient’, ‘Rehabilitation patient’ and ‘Other patients.’

Against these patient classifications, Schedule 1 sets out the minimum accommodation benefit payable by insurers per night for overnight accommodation for private patients at private hospitals in all states and territories, and for private patients in overnight shared ward accommodation at public hospitals in Victoria and Tasmania.

Schedule 2 of the Benefit Requirements Rules states the minimum accommodation benefit payable by insurers per night, for private patients in overnight shared ward accommodation at all other State and Territory public hospitals. For each jurisdiction listed in Schedule 2, the minimum benefit payable by insurers per night is averaged across all patients, rather than being specific to patient classification as for Schedule 1.

Schedule 3— Type B procedures

Schedule 3 of the Benefit Requirements Rules sets out minimum same-day hospital accommodation benefits payable by insurers for procedures that normally require hospital treatment that does not include part of an overnight stay (Type B procedures).

Part 2 of Schedule 3 identifies MBS items against Type B procedure Band 1, or the Non-band specific Type B day procedure classification. Treatment Bands 1 to 4 are described based on anaesthesia and/or theatre time.

The treatment band applicable to a Non-band specific Type B day procedure item is relevant to the circumstances of the hospital treatment provided to a patient.

The Benefit Requirements Rules also sets out circumstances in which benefits for accommodation, including part of an overnight stay, may be payable for patients receiving a Certified Type B Procedure (at Part 3 Schedule 1).

Schedule 3— Type C procedures

Type C procedures are those services that do not normally require hospital treatment. Schedule 3 Part 3 of the Benefit Requirements Rules identifies Type C procedures by MBS item.

The Benefit Requirements Rules, together with the *Private Health Insurance (Health Insurance Business) Rules 2018*, establish that Type C procedures do not normally qualify for minimum benefits for hospital treatment, including for accommodation, except in circumstances where a patient may receive as hospital treatment a Certified Type C Procedure (at Part 2 Schedule 3) or a Certified Overnight Type C procedure (at Part 3 of Schedule 1).

The Amendment Rules

The consequential amendments in these Amendment Rules are administrative in nature and do not substantively alter existing arrangements established under the Act.

Details

Details of the Amendment Rules are set out in **Attachment A**. The Amendment Rules are a legislative instrument for the purposes of the *Legislation Act 2003*.

Details of the *Private Health Insurance Legislation Amendment Rules (No.3) 2025*

Section 1 – Name

Section 1 provides that the name of the instrument is the *Private Health Insurance Legislation Amendment Rules (No. 3) 2025* (the Amendment Rules).

Section 2 – Commencement

Section 2 provides that the instrument commences on 1 March 2025.

Section 3 – Authority

Section 3 provides that the Amendment Rules are made under subsection 333-20(1) of the *Private Health Insurance Act 2007*.

Section 4 – Schedules

Section 4 provides that each instrument that is specified in a Schedule to the instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to the instrument has effect according to its terms.

All Schedule changes commence 1 March 2025.

Schedule 1—Amendments—Clinical Categories, Common treatments and Support treatments

Private Health Insurance (Complying Product) Rules 2015 (Complying Product Rules)

Schedule 1 of the Amendment Rules repeals the existing MBS items in the Clinical categories, Common treatments and Support treatments tables of MBS items in the Complying Product Rules, and substitutes amended tables.

Items added to the table may be new MBS items, or due to recategorisation following item amendments. Similarly, MBS items deleted may be due to deletion from the MBS, or recategorisation.

Changes are detailed in the private health insurance clinical category and procedure type information and PHI technical document that can be viewed on the Department's website (www.health.gov.au).

Item 1 provides for an amended list of MBS items categorised against Clinical category (Schedule 5) to include new items and remove items deleted from the MBS from 1 March 2025. The amended list reflects the amendments made to the following categories:

- Heart and Vascular system
- Pregnancy and Birth

Item 2 provides for an amended list of MBS items categorised in the Common treatments list (Schedule 6), from 1 March 2025.

The amended Common treatments list reflects the following amendments:

Addition = 1 (82104)

Deletions: number = 10 (10913, 10914, 10916, 10918, 10921, 10924, 10926, 10927, 10928, 10929)

Item 3 provides for an amended list of MBS items categorised in the Support treatments list (Schedule 7), from 1 March 2025.

MBS items of the DIST, PST and 3C Determination items are automatically categorised as Support treatments under Schedule 7 of the Complying Product Rules, so are not individually listed in the Rules. Support list PST and DIST items are listed in PHI technical document.

The amended Support treatments list in the Amendment Rules reflects the following amendments:

Addition = 1 (22032)

Deletions: number = 6 (10931, 10940, 10941, 10942, 10943, 13851)

Schedule 2—Amendments—Procedure types

Private Health Insurance (Benefit Requirements) Rules 2011 (Benefit Requirements Rules)

Schedule 2 of the Amendment Rules repeals the existing MBS items listed as a Type A Advanced Surgical, Type A Surgical, Type B non-band specific day procedures, and Type C procedures in the Benefit Requirements Rules, and substitutes amended tables.

- Type A procedures normally involve hospital treatment that includes part of an overnight stay.
- Type B procedures normally involve hospital treatment that does not include any part of an overnight stay.
- Type C procedures normally do not require hospital treatment.

Items added to the lists of procedure types may be new MBS items, extended or renumbered items or due to procedure type reclassification. Similarly, MBS items deleted from lists may be due to deletion from the MBS, renumbering or procedure type reclassification.

Procedure type reclassification of existing items may occur for a number of reasons including MBS item changes, review of classifications for consistency, alignment with MBS indexed monetary qualifiers for Type A items, to align with current clinical practice, or as a result of the review to simplify 'dual-classification' to single classification where appropriate.

Item 1 provides for an amended list of MBS items classified as **Type A Advanced Surgical patient procedures**, from 1 March 2025. The amended list of MBS items reflects the following item changes:

Additions: number = 1 (38616)

Item 2 provides for an amended list of MBS items classified as **Type A procedures Surgical patient**, from 1 March 2025. The amended list of MBS items reflects the following item changes:

Additions: number = 3 (38376, 38619, 13851)

Deletions: number = 14 (13212, 30475, 32150, 36833, 36840, 37215, 37806, 39140, 41831, 52321, 53006, 53218, 53225, 38423)

Item 3 provides for an amended list of MBS items classified as **Type B procedure Band -1 patient**, from 1 March 2025. The amended list of MBS items reflects the following item changes:

Deletions: number = 9 (11801, 30475, 30679, 32075, 32084, 32087, 32095, 35500, 55118)

Item 4 provides for an amended list of MBS items classified as **Non-band specific Type B day procedures patient**, from 1 March 2025. The amended list of MBS items reflects the following item changes:

Deletions: number = 13 (30484, 34130, 34500, 35536, 35612, 36818, 36821, 36822, 36823, 38200, 38423, 38272, 53215)

Item 5 provides for an amended list of MBS items classified as **Type C procedures patient**, from 1 March 2025. The amended list of MBS items reflects the following item changes:

Additions: number = 2 (82102, 82104)

Deletions: number = 1 (60500)

Statement of Compatibility with Human Rights

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

Private Health Insurance Legislation Amendment Rules (No. 3) 2025

This disallowable 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 disallowable legislative instrument

The purpose of the *Private Health Insurance Legislation Amendment Rules (No. 3) 2025* (the Amendment Rules) is to amend the following instruments:

- Private Health Insurance (Benefit Requirements) Rules 2011 (the Benefit Requirements Rules); and,
- Private Health Insurance (Complying Product) Rules 2015 (the Complying Product Rules).

The Amendment Rules make consequential amendments to the:

- Complying Product Rules to categorise new, amended and reviewed items of the Medicare Benefits Schedule (MBS) into the appropriate Clinical category for the purpose of describing hospital treatment(s) that must be covered under health insurance policies;
- Benefit Requirements Rules to classify new, amended and reviewed MBS items by procedure type for the purposes of minimum benefits for accommodation and, in relation to Type C procedures, access to any minimum benefits as hospital treatment unless provided as a Certified Type C procedure; and,
- remove deleted MBS items from the above Rules.

Human rights implications

The Amendment Rules engage the right to health by facilitating the payment of private health insurance benefits for health care services, encouraging access to, and choice in, health care services. Under Article 12 of the International Covenant on Economic, Social and Cultural Rights, specifically the right to health, the Amendment Rules assist 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, and to improve information provided to consumers of private health services to allow consumers to make more informed choices when purchasing services. Private health insurance regulation also requires that insurers do not differentiate the premiums they charge according to individual health characteristics such as poor health.

The amendments relating to omission or insertion of MBS items in the Benefit Requirements Rules and the Complying Product Rules, and under definitions of hospital treatment are as a consequence of the changes to the MBS that take effect on 1 March 2025.

The addition of new MBS items to accommodation benefit classifications, and specified clinical categories, allows for the specified treatments under those items and the related minimum benefit amounts to be claimed by patients who have the relevant private health insurance policies.

The amendments relating to monetary qualifiers are a consequence of routine MBS indexation.

Conclusion

This disallowable legislative instrument only engages human rights to the extent that it maintains current arrangements with respect to the regulation of private health insurance. Therefore, this instrument is compatible with human rights because these changes continue to ensure that existing arrangements advancing the protection of human rights are maintained.

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