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1996

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

**HEALTH LEGISLATION AMENDMENT (PRIVATE HEALTH INSURANCE
INCENTIVES) BILL 1996**

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Health and Family Services,
the Hon Dr Michael Wooldridge, MP)



**HEALTH LEGISLATION AMENDMENT (PRIVATE HEALTH INSURANCE
INCENTIVES) BILL 1996**

OUTLINE

The purpose of this Bill is to make consequential amendments to the *National Health Act 1953* and the *Health Insurance Commission Act 1973* as a result of the introduction of the *Private Health Insurance Incentives Bill 1996*.

FINANCIAL IMPACT STATEMENT

There will be no direct financial impact on the Commonwealth as a result of this Bill.

NOTES ON CLAUSES

Clause 1 - Short title

Clause 1 provides for the proposed legislation to be cited as the *Health Legislation (Private Health Insurance Incentives) Amendment Act 1996*.

Clause 2 - Commencement

Clause 2 provides for the Act to commence on the day on which it receives the Royal Assent.

Clause 3 - Schedule

Clause 3 provides for each Act specified in the Schedule to this Act to be amended as set out in the applicable items in the Schedule.

SCHEDULE 1 - Amendment of Acts

The Bill has one Schedule with 7 items. Item 1 amends the *Health Insurance Commission Act 1973* and items 2 to 7 amend the *National Health Act 1953*.

Amendments to the Health Insurance Commission Act 1973

Item 1 - New section 8DA

Inserts new section 8DA which states that the functions of the Health Insurance Commission include administering the *Private Health Insurance Incentives Act 1996*.

Amendments to the National Health Act 1953

Item 2 - New section 73ABB

Inserts new section 73ABB which makes it a condition of the registration of registered health benefits organizations that they comply with the requirements of the *Private Health Insurance Incentives Act 1996*.

Item 3 - New paragraph 82G(1)(bb)

Inserts new paragraph 82G(1)(bb) to include in the functions of the Private Health Insurance Administration Council the obtaining of reports from registered health benefits organizations about matters relating to the Private Health Insurance Incentives Scheme. This includes reports supported by actuarial certification.

Item 4 - New subsections 82L(3), 82L(4) and 82L(5)

Adds new **subsection 82L(3)** which requires participating health funds which provide reports to the Private Health Insurance Administration Council under subsection 82L(1) to include in the reports details of:

- fund members who participated in the incentives scheme for that year.
- the reduction in premiums payable for that year as a result of the scheme; and
- the receipt of money from the Commission under the scheme for that year.

Adds new **subsection 82L(4)** which requires the report to Private Health Insurance Administration Council to include a statement from an auditor as to whether the fund has complied with the provisions of the *Private Health Insurance Incentives Act 1996* during that year.

Adds new **subsection 82L(5)** which defines for section 82L the terms “*participant in the incentives scheme*”, “*participating fund*” and “*private health insurance policy*”.

Item 5 - New subsections 82PA(2A) and 82PA(2B)

Inserts new **subsection 82PA(2A)** which requires that the annual report of the Private Health Insurance Administration Council contain such information as the Minister determines about matters relating to the involvement of funds in the incentives scheme.

Inserts new **subsection 82PA(2B)** which specifically requires the Council's annual report to contain information about any statement by an auditor that the fund concerned has not complied with the provisions of the *Private Health Insurance Incentives Act 1996* during that year.

Item 6 - New paragraph 82R(1)(c)

Inserts new paragraph 82(1)(c) which empowers the Minister to have regard to an auditor's statement that a fund has not complied with the provisions of the *Private Health Insurance Incentives Act 1996* in deciding to ask a fund to give reason why an inspector should not be appointed to investigate the fund.

Item 7 - Remakes section 82ZSA

Repeals section 82ZSA and replaces it with a new section which provides for a complaint to be made to the Private Health Insurance Complaints Commissioner on any matter arising out of, or connected with, a private health insurance arrangement or any matter arising out of, or connected with, the Private Health Insurance Incentives Scheme.