

Outcome 6

PRIVATE HEALTH

Improved choice in health services by supporting affordable quality private health care, including through private health insurance rebates and a regulatory framework

Outcome Strategy

The Australian Government, through Outcome 6, aims to promote affordable quality private health insurance, and provide more choices for consumers. This will help improve the sustainability of the health system as a whole.

The Government is committed to ensuring that Australians can access private health insurance through a viable and cost-effective private health industry. The Government will encourage insurers to provide quality coverage whilst supporting individuals and families to purchase private health insurance with the private health insurance rebate. It is important that private health care is kept affordable and complements the public health care system.

The Government will consult on reforms to reduce and amend existing regulation that impedes the efficient operation of the private health insurance sector to support the Government's broader deregulation agenda.

Outcome 6 is the responsibility of Medical Benefits Division.

Programme Contributing to Outcome 6

Programme 6.1: Private Health Insurance

Outcome 6 Budgeted Expenses and Resources

Table 6.1 provides an overview of the total expenses for Outcome 6 by programme.

Table 6.1: Budgeted Expenses and Resources for Outcome 6

	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
Programme 6.1: Private Health Insurance		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	2,247	2,328
Special appropriations		
<i>Private Health Insurance Act 2007</i>		
- private health insurance rebate	5,913,293	6,122,000
- risk equalisation trust fund	454,107	557,080
- council administration levy	4,519	6,974
Departmental expenses		
Departmental appropriation ¹	12,965	11,754
Expenses not requiring appropriation in the budget year ²	551	271
Total for Programme 6.1	6,387,682	6,700,407
Outcome 6 totals by appropriation type		
Administered expenses		
Ordinary annual services (Appropriation Bill No. 1)	2,247	2,328
Special appropriations	6,371,919	6,686,054
Departmental expenses		
Departmental appropriation ¹	12,965	11,754
Expenses not requiring appropriation in the budget year ²	551	271
Total expenses for Outcome 6	6,387,682	6,700,407
	2014-15	2015-16
Average staffing level (number)	62	60

1 Departmental appropriation combines "Ordinary annual services (Appropriation Bill No. 1)" and "Revenue from independent sources (s74)".

2 Expenses not requiring appropriation in the Budget year is made up of depreciation expense, amortisation expense, makegood expense and audit fees.

Programme 6.1: Private Health Insurance

Programme Objectives

Promote a viable, sustainable and cost-effective private health insurance sector

The Government is committed to an efficient, competitive private health insurance industry that supports consumer choice. The Department will continue to inform consumers about changes in premiums.

Support the affordability of private health insurance through the private health insurance rebate

The private health insurance rebate helps make private health insurance more affordable, providing greater choice and accessibility for Australians to access private health care options, and reducing pressure on the public hospital system. In line with this objective, the Government has committed to restoring the Australian Government rebate on private health insurance when fiscal circumstances allow.

Ensure access to safe and effective medical devices through the Prostheses List

The Government will continue to ensure private health insurance expenditure is directed to clinically appropriate prostheses. The evidence-based processes for listing new prostheses and for reviewing listed prostheses continue to be refined and monitored, to improve outcomes and increase public confidence in the process. The Government will investigate opportunities to improve prostheses listing arrangements to achieve clinically appropriate outcomes. The Government will also continue to support the National Joint Replacement Registry.

Programme 6.1 is linked as follows:

- The Department of Human Services (Services to the Community – Health Programme 1.2) to administer Lifetime Health Cover mail out and the private health insurance rebate.

Programme 6.1: Expenses**Table 6.2: Programme Expenses**

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward Year 1 \$'000	2017-18 Forward Year 2 \$'000	2018-19 Forward Year 3 \$'000
Annual administered expenses					
Ordinary annual services	2,247	2,328	2,371	2,414	2,461
Special appropriations					
<i>Private Health Insurance Act 2007</i>					
- private health insurance rebate	5,913,293	6,122,000	6,365,633	6,618,096	7,056,430
- risk equalisation trust fund	454,107	557,080	613,372	673,240	673,240
- council administration levy	4,519	6,974	7,186	7,404	7,404
Programme support	13,516	12,025	10,995	10,974	11,123
Total Programme 6.1 expenses	6,387,682	6,700,407	6,999,557	7,312,128	7,750,658

Programme 6.1: Deliverables

Qualitative Deliverables for Programme 6.1

Support the affordability of private health insurance through the private health insurance rebate

Qualitative Deliverable	2015-16 Reference Point or Target
Consultation with stakeholders on ways to ensure that the private health insurance rebate is communicated to policy holders and delivered through private health insurance products.	Ongoing stakeholder discussions (a minimum of two stakeholder consultation forums) to assist in the timeliness and streamlining of processes to enable consistent advice to consumers.

Ensure access to safe and effective medical devices through the Protheses List

Qualitative Deliverable	2015-16 Reference Point or Target
Ensure consumers have access to safe and effective surgically implanted prostheses under the Protheses List.	Consumers have access to clinically appropriate and cost-effective surgically implanted prostheses.

Quantitative Deliverables for Programme 6.1

Support the affordability of private health insurance through the private health insurance rebate

Quantitative Deliverable	2014-15 Revised Budget	2015-16 Budget Target	2016-17 Forward Year 1	2017-18 Forward Year 2	2018-19 Forward Year 3
Percentage of insurers' average premium increases publicly released in a timely manner.	100%	100%	100%	100%	100%

Programme 6.1: Key Performance Indicators

Qualitative Key Performance Indicators for Programme 6.1

Promote a viable, sustainable and cost-effective private health insurance sector

Qualitative Indicator	2015-16 Reference Point or Target
Ensure that all health funds complete due diligence when assessing the increase in annual premiums.	Premium round applications demonstrate sufficient capital adequacy, solvency and prudential viability.

Quantitative Key Performance Indicators for Programme 6.1

Support the affordability of private health insurance through the private health insurance rebate

Quantitative Indicator	2014-15 Revised Budget	2015-16 Budget Target	2016-17 Forward Year 1	2017-18 Forward Year 2	2018-19 Forward Year 3
The number of people covered by private health insurance hospital treatment cover.	10.5m	10.7m	10.9m	11.1m	11.3m

Ensure access to safe and effective medical devices through the Prostheses List

Quantitative Indicator	2014-15 Revised Budget	2015-16 Budget Target	2016-17 Forward Year 1	2017-18 Forward Year 2	2018-19 Forward Year 3
Percentage of applications to list devices on the Prostheses List completed ¹ within 22 weeks.	85%	86%	87%	88%	90%

¹ 'Completed' to be interpreted as a decision taken to: 1) recommend to list, or 2) recommend not to list, or 3) recommend to be deferred.