



COMMONWEALTH OF AUSTRALIA



CIRCULAR

HBF 556

30% REBATE AND PRIVATE HEALTH INSURANCE INCENTIVES SCHEME

This circular provides information regarding the following:

- Amendments to the Badging Regulations under subsection 14-15 of the *Private Health Insurance Incentives Act 1998*
- The need for funds to emphasise to contributors that they have a choice of options to access to the Rebate
- Provision of PHIIS entitlements under the amnesty period
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Amendments to the Badging Regulations

Amendments to the Badging requirements were passed by the Federal Executive Council and signed by the Governor General on 4 February 1999. The amendments were Gazetted on 5 February 1999.

These amendments reflect the changes which were listed in Circular (HBF 549) and distributed to health funds on 21 December 1998. Funds were advised in this Circular of the proposed changes in order to ensure the correct wording could be included in advertising material in time for the promotional campaign which commenced on 1 January 1999.

The following four amendments have been incorporated into the Regulations:

- 1 The wording for inclusion in all advertising (see 3 below) has been amended to “Federal Government 30% Rebate on private health insurance”.
- 2 Following advice from the Australian Taxation Office (ATO), a provision has been inserted requiring funds to distribute annual financial statements for the previous financial year to contributors by 15 July, rather than 30 June as previously stipulated.
- 3 The badging requirements have been extended to include not only all advertising material that concerns the Rebate but also;
 - forms designed by funds that make reference to the Rebate;
 - material advising contributors of premium increases; and

- annual financial statements provided to contributors.

4 The logo has been inserted into the regulation and use of the logo is deemed to satisfy the wording requirements.

Contributors who prepaid premiums before 1 January 1999 to be provided with a choice regarding options to receive the Rebate

Health fund members who have paid their premiums in 1998 for periods of cover extending into 1999 are entitled to receive the Rebate. Health funds can offer their members either a refund of part of their premium or an extension of their period of cover.

There has been criticism in the media that some funds are not offering members in these circumstances a choice as to how they receive the Rebate. To avoid any further criticism the Department strongly supports the funds providing members with a choice as to how they receive the Rebate. If a member requests a refund of premiums or an extension of cover the fund should make every effort to accommodate their members' wishes. The Federal Government 30% Rebate Steering Committee, which has health fund representation, has endorsed this approach..

Contributors need to be fully informed on options to access the rebate

More generally, there has been criticism that contributors are not being informed by funds of the range of options available to access the rebate. Specifically there have been complaints that contributors are only being offered the option of receiving the Rebate as a premium reduction.

It is important when discussing options to receive the Federal Government 30% Rebate on private health insurance that funds emphasise to members that they can choose to access the Rebate as:

- a premium reduction through their fund, *or*
- a refundable tax rebate in their annual tax assessment, *or*
- a direct payment available from Medicare offices.

Provision of PHIIS entitlements under the amnesty period

Circular HBF 550 informed funds of an extension of the amnesty period to claim the Private Health Insurance Incentives Scheme (PHIIS) payment for the 1997-98 financial year. The amnesty period was extended to 31 December 1999 to enable the ATO to advise taxpayers of any outstanding PHIIS entitlements so that contributors are able to access these entitlements.

Contributors are entitled to receive their PHIIS benefit whether or not they continue to be members of particular funds. Only a very small number of contributors will be claiming PHIIS entitlements for the remainder of the amnesty period. Processing of outstanding PHIIS claims by funds will incur no financial outlays, as they will be reimbursed by the health Insurance Commission (HIC), and will merely involve some minor administration processes. The perception by contributors that funds will go to some effort to ensure that they receive

outstanding PHIIS entitlements will fulfil an important goodwill function. To date all of the funds contacted by the Department have indicated that they will process outstanding PHIIS claims under the amnesty period.

Note:

The Private Health Industry Branch has moved to 1st Floor Annex, Alexander Building, Furzer Street, WODEN ACT 2606.

The postal address for has changed to MDP 86, GPO Box 9848, CANBERRA ACT 2601.

All telephone, 24 hour answering service and fax numbers remain the same.

**IF YOU REQUIRE FURTHER INFORMATION PLEASE TELEPHONE:
(02) 6289 8786 - 24 HOUR ANSWERING SERVICE OR E-MAIL THE ENQUIRY TO:
his@health.gov.au**

World Wide Web: <http://www.health.gov.au/hbfcirculars>

**Private Health Industry Branch
11 February 1999**