



MEDIA RELEASE

Minister for Health and Ageing

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1 February 2007

ABB007/07

NEW PRIVATE HEALTH INSURANCE RULES

The Commonwealth Government has today released the Draft Private Health Insurance Rules for industry consideration.

The new rules will enable health insurers to offer more flexible private health insurance products to the almost 10 million Australians with private health insurance.

Under the proposed new rules health insurance funds will be able to pay for:

- Disease management programs for sufferers of chronic diseases such as diabetes and cardiovascular disease
- Prevention and support programs for people at high risk of developing chronic disease
- Out of hospital treatments, or “hospital substitute treatments” so that their members can have, for example, chemotherapy or dialysis in their homes instead of having to go to hospital
- A variety of treatments that can be safely provided outside of hospital.

The three main changes under the proposed rules are:

- Health insurers will be able to offer more flexible private health insurance products to cover a broader variety of health services
- The risk equalisation system will be revised to establish the new high cost claims pool and the extended aged-based pool
- Insurers will be required to provide standard information about products.

The Government has put in place only minimum regulation governing what health insurers are required to do in relation to their products under a platform that will enable them to offer flexible and innovative insurance products to their members.

As well, draft Risk Equalisation Policy Rules set out the proposed arrangements for how the cost of these programs would be shared between insurers.

The draft rules substantially reflect the existing regulatory system. The majority of the current rules around hospital treatment have been retained in the draft Health Insurance Business Rules, ensuring that the current minimum requirements are maintained.

The draft Complying Product Rules prescribe the form and content of standard information on private health insurance policies - which health funds will be required to produce.

The draft Prostheses Rules will make mandatory the current voluntary application and listing fees for certain types of prostheses.

The new private health insurance legislation will continue to allow private health insurers to cover medical services not already covered by Medicare, if they choose to. All Australians will continue to have access to public hospitals and the wide variety of services currently available under Medicare. The private health insurance rules will not affect this in any way.

The Department of Health and Ageing will hold consultations on the draft rules in Sydney on 20 February 2007 and Melbourne on 21 February 2007.

The draft rules are available at:

http://www.health.gov.au/internet/wcms/publishing.nsf/Content/health-phicirculars2007-05_07.htm

For more information call Mr Abbott's office on ph 02 6277 7220