

20 December 2022

s22  
 A/g Assistant Director  
 Private Health Insurance Division  
 Department of Health  
 s47E(d) @health.gov.au

Dear s22

#### Description of services for the extension of work order

The Department of Health and Aged Care ('DOHAC' or 'the Department') has engaged Deloitte for Expert Services for assessment of 2023 premium applications.

The Department has requested further assistance on the following for the period 31 December 2022 to 30 June 2023:

- a) advice on resubmissions to the 2023 premium round process.
- b) advice on amendments to the premium round application form to improve information gathered for assessment in future premium round assessments and potential changes to future premium round processes.
- c) an update to previous work on the assessment of comparability of PHI products for consumers.

This letter describes the services we can provide for the three areas mentioned above.

All work discussed below, assumes rates specified under the Panel Head Agreement between the Commonwealth of Australia as represented by the Department of Finance and Deloitte Touche Tohmatsu for the provision of Management Advisory Services (MAS) dated 12 July 2021.

Given the work with the Department to date on the premium round, we have proposed more discounted rates for our more senior resources.

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22 December 2022

s22

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 Private Health Insurance Division  
 Department of Health

s47E(d) @health.gov.au

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## Expenditure Information Template

- This document is to be sent to your [Finance Business Partner](#) (FBP) for Expenditure related information to assist with completing an Approval in Principle, Commitment Approval, and Contract Registration in SAP.
- NOTE:** this is NOT an Application for Beyond Forward Estimates Approval.
- For Beyond Forward Estimates Approval information, please click [here](#).

<b>Finance Business Partner:</b>	s22
<b>Procurement Officer:</b>	s22
<b>Description of procurement</b> <i>Procurement Officer to complete</i>	Private Health Industry Branch is planning to engage expert services for assessment of 2023 premium applications. Services will be required in two block periods in September 2022 and November/December 2022 for a total of six weeks.
<b>Estimated value of the procurement (including GST)</b> <i>Procurement Officer to complete</i>	s47E(d), s43C
<b>Source of Funds</b> <i>Procurement Officer to complete (FBP to confirm)</i>	Departmental
<b>Managing Division</b> <i>Procurement Officer to complete (FBP to confirm)</i>	MBD
<b>Are Funds available?</b> <i>Procurement Officer to complete (FBP to confirm)</i>	FBP advised that 2022-23 moderation bid process hasn't been finalised, and the Medical Benefit Division's preliminary indicative allocation is less than expected staffing costs.
<b>Does GST Apply?</b> <i>Procurement Officer to complete (if unsure please discuss with your FBP)</i>	Yes
<b>Cost Centre Code</b> <i>Procurement Officer to complete (FBP to confirm)</i> <a href="#">Useful Numbers and Cost Centres</a>	s47E(d)
<b>Internal Order (if applicable)</b> <i>Procurement Officer to complete (FBP to confirm)</i>	No
<b>Material Code</b> <i>Procurement Officer to complete (FBP to confirm)</i>	s47E(d)
<b>General Ledger (GL) Account Code</b> <i>Procurement Officer to complete (FBP to confirm)</i> <a href="#">Commonly used General Ledger Codes</a>	5200001200 – Contract for services
<b>Estimated start date or purchase date</b> <i>Procurement Officer to complete</i>	2 September 2022
<b>Estimated end date:</b> <i>Procurement Officer to complete</i>	16 December 2022
<b>Financial Year/s</b> <i>Procurement Officer to complete</i>	2022-23
<b>Is <a href="#">Beyond Forward Estimates Approval</a> required?</b>	No



<b>Is an Invoice Plan applicable?</b> <i>Applies to regular monthly payments over the contract period. Please discuss with your FBP.</i>	No
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Once completed and returned by your FBP, attach this form to the Procurement Plan / Approval in Principle record in SAP as evidence of FBP consultation and funds availability.

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FREEDOM OF INFORMATION ACT 1982 BY  
THE DEPARTMENT OF HEALTH AND AGED CARE

# Schedule 6 – Order for Service

## 1. Introduction

1.1. This Order is issued in accordance with clause 11.3 of the Head Agreement.

<b><u>Order for Services</u></b>	
<b><i>Service Provider Information</i></b>	
<b>Service Provider</b>	Deloitte Touche Tohmatsu
<b>Australian Business Number</b>	74 490 121 060
<b>Service Provider Representative</b>	<b>Contact:</b> s47F <b>Position:</b> Partner <b>Email:</b> s47 @deloitte.com.a <b>Phone:</b> s47F
<b>Service Provider Address for Notices</b>	<b>Contact:</b> s47F <b>Position:</b> Partner <b>Address:</b> Grosvenor Place, 225 George Street, Sydney NSW 2000 AUSTRALIA <b>Email:</b> s47 @deloitte.com.a
<b><i>Agency Information</i></b>	
<b>Agency</b>	Department of Health and Aged Care
<b>Australian Business Number</b>	83 605 426 759
<b><i>Agency Representative</i></b>	
<b>Agency Representative</b>	<b>Name:</b> s22 <b>Position:</b> Acting Assistant Director <b>Email:</b> s22 @health.gov.au <b>Phone:</b> (02) 6289-s22
<b>Agency Address for Notices</b>	<b>Address:</b> GPO Box 9848, CANBERRA, ACT, 2601 <b>Email:</b> s22 @health.gov.au
<b>Agency Address for Invoices</b>	Invoices must be submitted to s22 @health.gov.au and s47E(d) and must contain any other requirements for the invoice e.g. that the purchase order no. must be quoted in the invoice.
<b><i>Agency order information</i></b>	
<b>Purchase Order Number</b>	TBC

<b>Cost Centre</b>	§47E(d)
<b>Agency contract manager name</b>	§22
<b>Agency File Reference</b>	§47E(d)
<b><i>Order Commencement Date and Term</i></b>	
<b>Order Commencement Date</b>	Friday, 9 September 2022
<b>Order Expiry Date</b>	Friday, 30 December 2022
<b>Proposed options to extend</b>	Department of Health and Aged Care may extend the term of the Order for a further period (or periods) of up to Six months in total, which may be taken in whole or in part, and in any number or combination of time periods.
<b><i>Statement of Work</i></b>	
<b>Service Area</b>	Financial Management Advisory Services
<b>Service Category</b>	Actuarial
<b>Service Sub-category</b>	Actuarial
<b>Detailed Statement of Work</b>	<p>Expert services for assessment of 2023 premium applications.</p> <p>The 2023 premium round is expected to present significant complexities mainly due to:</p> <ul style="list-style-type: none"> <li>• The need to take into account allowances for COVID-19 impacts;</li> <li>• Impacts of Government reforms including prostheses and changes to the age of dependants on a family policy;</li> <li>• Impacts of changes to APRA capital standards;</li> <li>• The range of approaches insurers will take in forecasting membership; and</li> <li>• Benefits in the context of significant COVID-19 related uncertainty.</li> </ul> <p>The supplier will assist with assessing the 2023 premium application forms in the context of the sensitivities stated above and any other unforeseen issues that are raised in the premium application form responses, providing analysis as directed by the Department.</p>
<b>Milestones</b>	<p><b>For two weeks from contract start date</b></p> <p>Designing a reporting template to analyse data.</p> <p><b>15 November 2022 to 16 December 2022</b></p> <p>Assist with assessing the 2023 premium applications and provide a report to the Department based on the criteria set in the first period.</p>
<b>Key Personal</b>	No Key Personnel have been specified for this contract.
<b>Subcontractors</b>	Not Applicable

<b>Location</b>	This clause of the Head Agreement has not been varied.
<b>Fees</b>	Hourly rate as per response to RFQ.
<b>Payment Terms</b>	20 calendar days for all other invoices
<b>Invoicing</b>	<ul style="list-style-type: none"> <li>The Supplier must submit correctly rendered tax invoices to the Customer by Email: s47E(d)</li> <li>A correctly rendered tax invoice is one which includes: <ul style="list-style-type: none"> <li>(a) the Reference / Contract / Purchase Order number;</li> <li>(b) the name of the customer's contact officer;</li> <li>(c) the Australian Government Department of Health ABN (83605426759);</li> <li>(d) the title of the Services;</li> <li>(e) details the fees payable;</li> <li>(f) details expenses and costs payable, and attaches original receipts;</li> <li>(g) contains written certification in a form acceptable to the Customer that the Supplier has paid all remuneration, fees or other amounts payable to an employee, agent or Subcontractor performing Services under this Contract; and</li> <li>(h) meets the requirements of a tax invoice under the GST Act.</li> </ul> </li> </ul>
<b>Travel</b>	Not Applicable
<b>Agency Material</b> <i>Agency Material is defined in the clause 1.1.1 of the Head Agreement as any Material provided by an Agency to the Service Provider for the purposes of a Contract, or derived at any time from that Material.</i>	Not Applicable
<b>Existing Material</b>	Not Applicable
<b>Contract Material</b>	
<b>Restrictions on use of Contract Material</b>	
<b>Restrictions on use of Service Provider's name, trade name or logo</b>	
<b>Additional requirements</b>	
<b>Confidential Information</b>	<b>Agency Confidential information</b> Agency data, <i>Indefinitely</i>



	Any Personal Information held by the Agency, <i>Indefinitely</i> Security Classified Information, <i>Indefinitely</i> Commercially Sensitive Information, <i>Indefinitely</i>
<b>Agency Data Storage Requirements</b>	This clause of the Head Agreement has not been varied.
<b>Security</b>	This clause of the Head Agreement has not been varied.
<b>Additional Requirements - security</b>	This clause of the Head Agreement has not been varied.
<b>Conditions/Restrictions for Personal Information</b>	This clause of the Head Agreement has not been varied.
<b>Additional or alternate Requirements - insurance</b>	This clause of the Head Agreement has not been varied.
<b><i>Commonwealth Procurement Connected Policy Requirements</i></b>	
<b>Black Economy Policy</b>	Not Applicable
<b>Indigenous Procurement Policy</b>	Not Applicable
<b>Australian Industry Participation Policy</b>	Not Applicable
<b><i>Variable Clauses of the Head Agreement</i></b>	
<b>Internal Working Papers</b>	This clause of the Head Agreement has not been varied.
<b>Intellectual Property</b>	This clause of the Head Agreement has not been varied.
<b>Key Personnel Requirements</b>	This clause of the Head Agreement has not been varied.
<b>Return of confidential information</b>	This clause of the Head Agreement has not been varied.
<b>Liability</b>	This clause of the Head Agreement has not been varied.
<b>Service Provider termination right</b>	This clause of the Head Agreement has not been varied.

<b>Termination for convenience costs in relation to Fees for Services calculated on a milestone basis</b>	This clause of the Head Agreement has not been varied.
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Signed for and on behalf of  
Commonwealth of Australia as  
represented by the Department of Health  
and Aged Care 83 605 426 759

\_\_\_\_\_  
*Brian Kelleher*

\_\_\_\_\_  
*Signature of authorised officer*

\_\_\_\_\_  
*Assistant Secretary*  
*Private Health Industry Branch*

Signed for and on behalf of Deloitte  
Touche Tohmatsu,

\_\_\_\_\_  
**s47F**

\_\_\_\_\_  
*Signature of Service Provider's authorised representative*

\_\_\_\_\_  
*Partner*

Tel: +61 2 9322 7000  
www.deloitte.com.au  
www.deloitte.com.au

The Australian Department of Health (ABN 83605426759)  
GPO Box 9848  
Canberra  
ACT  
2601

Purchase Order number is: s47E(d)

Dear s22

Thank you for engaging us to provide "2023 Premium round - Expert Services"

We have invoiced an amount of \$47(1)(b) (incl. GST) for work performed to 20 December 2022, with the details of how this is broken down by employee in the table below. This covers all work relating to input on the submission templates, discussions prior to receipt of the first round of submissions, analyses of individual insurer submissions as well as industry analyses.

Please note that we have not charged for all of my partner time. In line with our proposal which said I would invest 3 days of effort.

We did not incur any out-of-pocket expenses.

Table 1: Budgeted hours, Incurred hours and Charged Hours by Resource – for the period up to and including 20 December 2022

Employee	Designation	Hourly Rate (incl. GST)	Hours incurred	Hours charged	Total Fees (incl. GST)
s47F		s47(1)(b)			
Total					

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The fees are within the agreed budget of s47(1)(b) (with GST). As we are still in the process of completing work under this engagement, we will issue further invoices as work is incurred.

Please feel free to contact me should you have any queries.

Yours sincerely

s47F

s47F

Partner, Consulting

PLEASE SEE ATTACHED INVOICE NUMBER 8003209970

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FREEDOM OF INFORMATION ACT 1982 BY  
THE DEPARTMENT OF HEALTH AND AGED CARE

s22

DEPARTMENT OF HEALTH  
GPO Box 9848  
Canberra ACT 2601  
Australia

## TAX INVOICE

**Invoice Number:** 8003209970  
**Invoice Date:** 9 January 2023  
**Payment Due by:** 8 February 2023  
**Client Ref:** PO: s47E(d)

**IN ACCOUNT WITH DELOITTE TOUCHE TOHMATSU**

Fees for professional services  
Engagement Number: DOH00066-01

Fees

**GST EXCLUSIVE AMOUNT****GST****GST Inclusive amount**

GST applicable

**AUD****Total**

s47(1)(b)

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THE DEPARTMENT OF HEALTH AND AGED CARE

**Payment Instructions**

To pay by EFT:

DFC 1 Pty Ltd

s47G

Please include invoice number with EFT.

To pay by mail:

Accounts Receivable  
Locked Bag 5119  
Parramatta CBD BC  
NSW 2124  
Australia

Please include invoice copy with  
payment.

Warning: Be cautious of emails or requests asking you to change payee account details as it could be a scam. Initiate a call to Deloitte on an existing trusted number to confirm these changes.

Submit remittance details by email to [accountsreceivable@deloitte.com.au](mailto:accountsreceivable@deloitte.com.au) or by fax (02) 9255 8397.

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**Australian Government**  
**Department of Health and Aged Care**

9 September 2022

s47F

Deloitte Consulting  
 225 George Street  
 Sydney, NSW, 2000  
 s47F@deloitte.com.au

Dear s47F,

**Request for Quotation (Premium Round 2023) under Management Advisory Services Panel (SON3751667)**

Thank you for your submission to our RFQ for procurement of services to assist the assessments of the upcoming private health insurance premium price change applications.

After careful evaluation, I am pleased to inform you that the submission submitted by your organisation has been selected.

An electronic copy of the proposed Contract is enclosed. Please review the Contract and when satisfied it accurately reflects your submission, sign and return an electronic copy to me. I will arrange for our delegate to countersign the Contract and return an electronic copy to you for your records.

If you would like feedback on your response or have any queries or concerns relating to the proposed Contract prior to signing, please contact s22, Acting Assistant Director, on 02 6289 s22 or s22@health.gov.au

Details of the Contract will be posted on the AusTender website after signing by both parties. Note that your organisation should not incur any expense before both parties have signed the Contract.

Yours sincerely

Brian Kelleher  
 Private Health Industry Branch  
 9 September 2022



## Indigenous Procurement Policy (IPP) Checklist

The IPP includes a **mandatory set-aside** that gives Indigenous SMEs the chance to demonstrate value for money first, **before** the procuring officer makes a general approach to the market. This mandatory set-aside applies to all Remote Procurements and all other domestic procurements where the estimated value of the procurement is **up to \$200,000 (GST inclusive)**, excluding procurements to which paragraph [2.6](#) and [10.3](#) of the CPRs apply, procurements through a Whole-of-Government arrangement or departmental panel arrangement that is specified as an exclusive purchasing agreement, and procurements where the purchase is made using an exemption to [Appendix A](#) of the CPRs.

Non-corporate Commonwealth entities that are required to comply with the Commonwealth Procurement Rules **must** comply with the Indigenous Procurement Policy.

### Section 1 - Application of the IPP Mandatory Set-aside

Is the procurement valued over \$7.5m (GST Incl.) and the majority of the value falls within one of the highlighted industry categories [here](#)? Yes ☐ No ☒

If Yes your [Contact Procurement Advisory Services](#)

Is the procurement valued \$200,000 (GST incl.) or less? Yes ☐ No ☒

Will the majority (by value) of the goods/services be delivered in a [Remote Area](#)? Yes ☐ No ☒

If you answered "**NO**" to all of the questions above the IPP mandatory set-aside does not apply. Do not complete the remainder of this checklist.

If you answered "**YES**" to any of the questions above the IPP mandatory set-aside **may** apply – **complete** [Section 2](#).

### Section 2- Exemptions to the IPP Mandatory Set-aside

The procurement meets Commonwealth Procurement Rules (CPRs) condition/exemption:

[2.6](#): "necessary for the maintenance or restoration of international peace and security, to protect human health, for the protection of essential security interests, or to protect national treasures of artistic, historic or archaeological value". Yes ☐ No ☒

[10.3 \(Conditions for limited tender\)](#) Yes ☐ No ☒

If yes, enter the condition number (e.g.: 10.3.d.iii): 10.3.x

[Appendix A – Exemptions from Division 2](#) Yes ☐ No ☒

If yes, enter Appendix A Exemption number that applies:

The procurement will be undertaken using a [mandatory WoAG arrangement](#)? Yes ☐ No ☒

If you answered "**YES**" to any of the questions in section 2 the IPP mandatory set-aside does not apply to the procurement.

If you answered "**NO**" to all of the questions in section 2 the IPP mandatory set-aside applies and you **must** search [Indigenous Business Direct](#) for a potential supplier and determine if they have the capacity to meet your requirement from a value for money perspective before approaching non-indigenous suppliers. The results of your search must be recorded in the Procurement Plan.

A search was conducted on 28 July 2022. "Actuarial" services returned insurance and finance brokerage services. No private health insurance actuarial services were found.

s22

---

**From:** s47F@deloitte.com.au>  
**Sent:** Thursday, 25 August 2022 5:03 PM  
**To:** s22  
**Cc:** s47F; KELLEHER, Brian  
**Subject:** RE:Important information regarding the RFQ - Premium Round 2023 [SEC=OFFICIAL]

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Hi s22

Thanks for checking.

I will have my laptop with me to ensure I can work with s47F to get our response to you if it is next week. We have most of the response written so I'm hoping it will be relatively straight forward to realign some of the detail with the new RFQ.

I'm at Thredbo next week and back on deck late Thursday. I'm not sure what internet quality I will encounter there but in case I need the extra day, could we make it due next Friday? Would that be possible? I am hoping we wont need to rely on that.

Regards

s47F

**Regards**

s47F

s47F  
 D: s47F | M: s47F  
 s47F@deloitte.com.au | www.deloitte.com.au

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**From:** s22@health.gov.au>  
**Sent:** Thursday, 25 August 2022 12:56 PM  
**To:** s47F@deloitte.com.au>  
**Cc:** s47F@deloitte.com.au>; KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
**Subject:** [EXT]RE: Important information regarding the RFQ - Premium Round 2023 [SEC=OFFICIAL]

Hi s47F,

One more thing re the RFQ: would you be in a position to respond to the new RFQ when it's sent out (aiming for early next week at the latest) to respond within five days? I know you mentioned leave next week, so I just wanted to run this past you.

Thanks for sending the article through. It's difficult to know the full picture, i.e. could they be private patients with out of pockets, or uninsured people who want to go private and pay full-fee? Like many things in the health space once you start scratching the surface a whole new set of questions presents themselves.

Regards,

s22

Acting Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
 Medical Benefits Division  
 Australian Government Department of Health and Aged Care  
 T: 02 6289 s22 | E: s22 @health.gov.au  
 Part-time hours - Mo, Tu, Th, Fr.



Explore medical specialists costs across Australia with the [Medical Costs Finder](#)

**From:** s47F @deloitte.com.au>  
**Sent:** Thursday, 25 August 2022 12:15 PM  
**To:** s22 @health.gov.au>  
**Cc:** s47F @deloitte.com.au>; KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
**Subject:** RE:Important information regarding the RFQ - Premium Round 2023 [SEC=OFFICIAL]

**REMINDER:** Think before you click! This email originated from outside our organisation. Only click links or open attachments if you recognise the sender and know the content is safe.

Hi s22

Thanks for confirming the panel.

We have mostly written our response so will just be a matter of referring back to the right panel when that comes through, and adjusting any timelines we have mentioned.

By the way, have you seen this article today:

<https://www.abc.net.au/news/2022-08-25/australians-using-super-retirement-savings-pay-health-costs/101368246>

Do we know what treatments people are funding from Super (I'm guessing the data is not linked or perhaps it gets captured when the request comes through)? Should there be tougher rules for withdrawal – what is the overall long term health system implication of allowing this? Just does not seem like a good outcome if we are asking people to sacrifice their long term retirement savings (when their health costs will be highest) in order to pay for health costs in their earlier age.

We'll keep an eye out for the new RFQ – thanks for letting us know.

**Regards**

s47F

s47F

D: s47F | M: s47F  
 s47F @deloitte.com.au | [www.deloitte.com.au](http://www.deloitte.com.au)

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**From:** s22 @health.gov.au>  
**Sent:** Thursday, 25 August 2022 11:25 AM  
**To:** s47F @deloitte.com.au>  
**Cc:** s47F @deloitte.com.au>; KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
**Subject:** [EXT]Important information regarding the RFQ - Premium Round 2023 [SEC=OFFICIAL]

Hi s47F,

Thank you for your call on Tuesday.

The Procurement team have advised that I will need to reissue a new RQF, now that the Management Advisory Services Panel (SON SON3751667) is mandatory for use across Government. I was not advised or aware of this Panel until this week, and apologise for any inconvenience.

I will reissue a new RFQ as soon as possible. It will broadly be consistent with the original RFQ, but timelines may need to be adjusted to allow you sufficient time to respond to the new RFQ.

Please call me if you have any questions.

Regards,

s22

Acting Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
Medical Benefits Division  
Australian Government Department of Health and Aged Care  
T: 02 6289 s22 | E: s22@health.gov.au  
Part-time hours - Mo, Tu, Th, Fr.



**Explore medical specialists costs across Australia with the [Medical Costs Finder](#)**

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## Procurement Risk Profile

This template must be used to determine the risk profile of your procurement in the **planning, and sourcing stage**.

### Why assess procurement risk?

Procurement effort should be proportionate to the risk profile of the procurement. As the risk increases, the procurement process and documentation demands greater rigor and level of detail.

More information including examples of procurement risk can be accessed via [Risk in Procurement](#).

### Risk Factor Ratings

The overall risk profile is the rating with the highest number. In case of a tie, select the highest rating.

This risk profile is completed by: s22, Private Health Industry Branch

### ➤ PLANNING

**Step 1: Identify risks in the planning stage** (preparing to approach the market for a quotation)

Source of Risk	Risk Rating (Low/Medium / High)	Is the risk acceptable? (for medium and high risk only)
<b>Requirements</b> <ul style="list-style-type: none"> <li>Potential for the goods/services requirements not being identified accurately or sufficiently</li> <li>Potential for inadequate information provided to potential suppliers</li> <li>Potentially difficult to find replacement goods/services</li> </ul>	Low Low Low	Yes / No
<b>Policy and Probity</b> <ul style="list-style-type: none"> <li>Potential for change in Government policies</li> <li>Potential for probity issues</li> <li>Failure to meet Procurement Connected Policies (including Child Safety, Modern Slavery, Workplace Gender Equality, Indigenous Procurement Policy etc.)</li> </ul>	Low Low Low	Yes / No
<b>Market research</b> <ul style="list-style-type: none"> <li>Failure to identify appropriate potential suppliers</li> </ul>	Low	Yes / No
<b>Timeframes</b> <ul style="list-style-type: none"> <li>Potential for impractical timeframes</li> </ul>	Low	Yes / No
<b>Cost</b> <ul style="list-style-type: none"> <li>Potential for increase in procurement costs</li> </ul>	Low	Yes / No
<b>OVERALL RISK RATING:</b>		<b>LOW</b>

### ➤ SOURCING

**Step 1: Identify risks in the sourcing stage** (release of RFQ, evaluation/negotiation, contract and commitment approval)

Source of Risk	Risk Rating (Low/Medium/ High)	Is the risk acceptable? (for medium and high risk only)
<b>Evaluation</b>	Low	



<ul style="list-style-type: none"><li>• Potential for insufficient number of quotations/proposals</li><li>• Failure to follow effective evaluation processes</li><li>• Failure to identify risks in the quotation / proposal</li><li>• Potential for selecting inappropriate supplier</li></ul>	Low	Yes / No
	Low	
	Low	
<b><i>Delivery</i></b> <ul style="list-style-type: none"><li>• Potential for delivery of goods/services that do not meet the requirements in the contract</li><li>• Potential for poor supplier performance</li><li>• Unauthorised increase in scope of work</li></ul>	Low	Yes / No
Low		
Low		
<b><i>Contract and Commitment</i></b> <ul style="list-style-type: none"><li>• Potential for insufficient funding available</li><li>• Failure to secure mandatory conditions of contract / supplier not willing to accept the contract terms</li><li>• Inadvertently creating a contract without the Delegate's prior approval</li><li>• Failure to have sufficiently skilled and experienced resources to effectively manage the contract.</li><li>• Contract does not contain the required reference to Procurement Connected Policies (including Child Safety, Modern Slavery, Workplace Gender Equality, Indigenous Procurement Policy etc.)</li></ul>	Low	Yes / No
	Low	
	Low	
	Low	
	Low	
OVERALL RISK RATING: LOW		

**Step 2:** This step must be completed for individual medium or high risks assessed as unacceptable in Step 1 for the Planning and Sourcing stages.

The Risk (What can happen?) A risk description may be written as either: Failure to..... OR..... An ineffective (XXX) leads to (XXX) resulting in (XXX).	Consequence (Impact) (What would be the consequence/impact on the department, division or project if it does happen?)	Risk Treatment (What remedies currently exist? What is being developed to reduce the chance of the risk happening or the impact if it does?)
<b>Planning</b>		
XXX		
XXX		
XXX		
<b>Sourcing</b>		
XXX		
XXX		
XXX		

If the overall risk profile at Planning or Sourcing stage is **Medium or High**, the Delegate must be informed and a [Risk Register – Assessment and Treatment](#) must be completed.

**NOTE:** The completed Risk Profile must be attached with the Procurement Plan / Approval in Principle in SAP.



## Procurement Plan Agreement and Approval to Approach the Market

**To:** Brian Kelleher, Assistant Secretary, Private Health Industry Branch, Medical Benefits Division

**Subject:** Procurement of expert services for assessment of 2023 premium applications

### RECOMMENDATIONS:

<b>NOTE</b> the Finance Business Partner advised that 2022-23 moderation bid process hasn't been finalised, and the Medical Benefit Division's preliminary indicative allocation is less than expected staffing costs ( <b>Attachment A</b> ).	Noted / <del>Please Discuss</del>
<b>APPROVE</b> that procurement will proceed prior to finalisation of the moderation bid process.	Approved / <del>Please Discuss</del>
<b>NOTE</b> the Indigenous Procurement Policy mandatory set-aside does not apply to this procurement. No providers were identified ( <b>Attachment B</b> ).	Noted / <del>Please Discuss</del>
<b>NOTE</b> the overall Risk Profile of this procurement is Low ( <b>Attachment C</b> ).	Noted / <del>Please Discuss</del>
<b>APPROVE</b> the request document in accordance with the Procurement Plan (RFQ) ( <b>Attachment D</b> ).	Approved / <del>Please Discuss</del>
<b>APPROVE</b> the Value for Money assessment for this direct approach procurement ( <b>Attachment E</b> ).	Approved / <del>Please Discuss</del>
<b>NOTE</b> Procurement Advisory Services has reviewed and cleared that this procurement is able to proceed ( <b>Attachment F</b> ).	Noted / <del>Please Discuss</del>

BLLL

Brian Kelleher  
Assistant Secretary  
Private Health Industry Branch  
Ph: (02) 6289 [REDACTED]  
18 August 2022

### Key Points:

- This Procurement Plan demonstrates the proposed procurement's alignment with the *Commonwealth Procurement Rules*.
- This procurement will be conducted in accordance with the Department's Procurement Process.



Contact Officer:

<b>S22</b>	Acting Assistant Director	Private Health Industry Branch, Medical Benefits Division	02 6289 <b>S22</b>
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## PROCUREMENT PLAN

Procurement of expert services for assessment of 2023 premium applications.

### 1. PROCUREMENT AIM AND JUSTIFICATION

The Department is seeking to procure actuarial services to assist with the additional complexity for the 2023 premium round. Like the 2022 premium round, the 2023 premium round is expected to present significantly increased complexities mainly due to:

- the need to take into account allowances for COVID-19 impacts;
- impacts of Government reforms including prostheses, and changes to the age of dependants on a family policy;
- impacts of changes to Australian Prudential Regulation Authority (APRA) capital standards; and
- the range of approaches insurers will take in forecasting membership and benefits in the context of significant COVID-19 related uncertainty.

Expert services will be required for two block periods in the 2022-23 financial year for up to a total of six weeks.

This procurement will assist the Department to deliver the Minister's requirement to understand the drivers of the premiums applied for. Engaging a supplier with existing knowledge of the private health industry and annual premium rounds will assist with achieving value for money.

By following the process embedded in the Department of Health Procurement Method Decision Tree, this procurement will be compliant with the requirements of the *Commonwealth Procurement Rules* (CPRs).

### 2. ESTIMATED PROCUREMENT TIMETABLE

Distribution of RFQ to potential supplier/s:	18 August 2022
Closing Date for Responses:	29 August 2022, Close of business
Contract Execution:	2 September 2022
Contract Start Date:	2 September 2022
Contract End Date:	16 December 2022
Extension Option:	A period up to 6 months (optional)





### 3. DETAILED ESTIMATE OF COSTS

The estimated expenditure for the initial contract term is s47E(d), s47G GST inclusive.

The total estimated expected maximum value of the proposed procurement (including GST (if applicable), options, extensions, renewals or other mechanisms that may be executed over the life of the contract) is s47E(d), s47G.

Approval to exercise any extension, option or renewal will be sought prior to extending the arrangement.

The expenditure is proposed as follows:

Financial Year	Amount
22-23 (initial contract term)	<span style="background-color: black; color: red;">s47E(d), s47G</span>
22-23 (Extension Option)	
Total Estimated Expected Maximum Value	

Any expenditure will be funded from:

Cost Centre Name: s47E(d)

Cost Centre Code: s47E(d)

### 4. INDIGENOUS PROCUREMENT POLICY

The Indigenous Procurement Policy checklist was completed and determined the mandatory set-aside applies to this procurement (**Attachment B**).

Indigenous Business Direct was searched on 28 July 2022, and no Indigenous Supplier(s) potentially available to provide the requirement were identified.

### 5. PROCUREMENT METHOD

The estimated expected maximum value of the proposed procurement is above the [relevant](#) procurement threshold (CPRs 9.7).

The Services will be procured through an existing panel arrangement (CPRs 9.12-9.13) – Panel Name/SON ID: SON3385995 – Research, Evaluation and Data (READ) Panel.

The following supplier will be approached (direct approach):

Supplier Name	Reason
Deloitte Touche Tohmatsu	<p>From our previous procurement processes (for private health insurance premium round services 2021 and 2022, and a post-premium round review of private health insurance products) there is only one consultant that is:</p> <ul style="list-style-type: none"><li>qualified to do the work (based on experience with recent premium round application work), and</li><li>well placed to offer value for money based on high degree of understanding of the processes and arrangements for undertaking the assessment and the demonstrated expertise, capability and systems.</li></ul>





Deloitte has provided services to Health in the past of this specific nature, including the 2021 and 2022 premium applications and are well placed to provide insights and expertise from last year's application round to assess the upcoming round. Deloitte also recently completed work on reviewing private health insurance products on the market. Deloitte are equipped to begin work immediately with no on-boarding or process learning time required and have the previous models and templates available.

If a suitable response is not received, this Procurement Plan will be reassessed and an alternative process may be considered.

## 6. STAKEHOLDER CONSULTATION

The Division's Finance Business Partner was consulted on whether the funds are available (Attachment A). Funding has been raised and discussed with the acting First Assistant Secretary of Medical Benefits Division and the Deputy Secretary of the Health Resourcing Group in the context of the recent moderation bid process. The Private Health Policy and Financing Branch have been advised of their support for funding.

The Procurement Advisory Services confirmed that the procurement is cleared to proceed (Attachment D).

Ten days as the minimum timeframe for responses, however for some approaches this may be shortened. If all selected suppliers are provided a brief description of the type of services sought and confirm they are interested in receiving an RFQ (Attachment D), have the relevant capabilities and capacity to respond and agree to respond within a shorter timeframe e.g. 5 days, then delegate approval for a shortened timeframe can be sought as part of the planning stage.

## RISK ENGAGEMENT

A Risk Profile has been completed (Attachment C) and the overall risk rating is Low. Risks will continue to be monitored throughout the process and reported to the Delegate as appropriate.

## 7. DOCUMENT DISTRIBUTION AND RECEIPT

Documentation will be handled in line with the requirements of the panel arrangement.

## 8. EVALUATION

The Evaluation Team will review responses to determine the best value for money outcome for the Commonwealth in accordance with the Value for Money Assessment template (Attachment E).

The Evaluation Team possess the necessary mix of technical/subject matter skills to effectively assess the submission. An evaluation report will be provided to the Delegate.

The proposed Evaluation Team is as follows:

Name	Position Title	Branch/Division	Role
s22	Director	Private Health Industry Branch, Medical Benefits Division	Chairperson
	Acting Assistant Director	Private Health Industry Branch, Medical Benefits Division	Team Member
	Departmental Officer	Private Health Industry Branch, Medical Benefits Division	Team Member



## 9. CONTACT OFFICER

Date Completed	Contact Name	Position Title	Division/Branch	Contact Phone
18 August 2022	<div>§22</div>	Acting Assistant Director	Private Health Industry Branch, Medical Benefits Division	02 6289 <div>§22</div>

### Attachments:

- A. Expenditure Information
- B. Indigenous Procurement Policy checklist
- C. Risk Profile
- D. Request for Quotation
- E. Value for Money Assessment
- F. Procurement Advisory Services endorsement

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THE DEPARTMENT OF HEALTH AND AGED CARE





## Value for Money Assessment

This document describes the evaluation process used to determine value for money for procurements where **one supplier has been approached for a quotation, or an unsolicited proposal has been received.**

The findings and recommendations of the evaluation are recorded below.

### Background

On 29 August 2022, the Department approached Deloitte Touche Tohmatsu LLC (Deloitte) by email for expert services for assessment of 2023 premium applications, using Management Advisory Services Panel, SON3751667. A quotation was received on 2 September 2022.

The process followed for this procurement has complied with the *Commonwealth Procurement Rules* and with the agency's internal requirements.

### Evaluation Team

The evaluation team consisted of:

- [REDACTED], Director
- [REDACTED], Acting Assistant Director
- [REDACTED], Acting Assistant Director

The evaluation team acknowledged that there were no conflicts of interest for this evaluation.

<b>Evaluation Scale</b> <i>Use the ratings below in the assessment of the quotation.</i>	
Very Good	The Offer satisfies the Selection Criterion to a very high standard and presents minimal or no risk to the Commonwealth and its claims are fully supported by the information provided.
Good	The Offer satisfies the Selection Criterion to a high standard and/or presents limited risk to the Commonwealth. The Respondent's claims, in the view of the Evaluation Committee (EC), are supported by the information provided.
Satisfactory	The Offer satisfies the Selection Criterion to a satisfactory degree and/or presents an acceptable level of risk to the Commonwealth. In the view of the EC, there are some minor deficiencies and shortcomings in the information provided.
Poor	The Offer barely satisfies the Selection Criterion and/or presents some degree of unacceptable risk to the Commonwealth. In the view of the EC, there are major deficiencies in the information provided.
Unsatisfactory	The Offer does not satisfy the Selection Criterion and/or presents an unacceptable level of risk to the Commonwealth.

## Findings of the Evaluation

The quotation received was compliant and fully evaluated.

Evaluation Assessment	
Criteria	Supplier: Deloitte
Suitability of the proposed approach and methodology	<p>Good.</p> <p>Based on past experience in this process, Deloitte propose to meet early to determine the type of analysis and output required by the Department, with a focus on refining previous years' analysis and output rather than starting from scratch.</p> <p>Deloitte also propose to compare health insurers within peer groups informed by the spread of premium increases. This will make for more useful comparisons.</p> <p>Analysis and output to be informed by the Department.</p>
Suitability of the proposed team (including range of skills and experience of personnel and team balance)	<p>Good.</p> <p>The experience and qualifications of the team was noted. However, only three of the team members (s47F, s47F and s47F) have worked on premium round applications before. s47F is relatively junior. s47F and s47F note their time allocated to the project is only 10 days out of 42 days.</p> <p>The remainder of the team have not had prior experience with premium round applications, but have demonstrated some relevant experience such as:</p> <ul style="list-style-type: none"> <li>• Work on development of the pandemic monitoring framework for the Department to monitor health insurer commitments to not profit from the pandemic;</li> <li>• Health insurer audits; and</li> <li>• Valuations and capital reviews for health insurers.</li> </ul> <p>The evaluation team notes that the Deloitte team will work under the guidance of s47F and s47F, drawing on their experience.</p>
Demonstrated experience in delivering similar services	<p>Very Good.</p> <p>Deloitte (specifically s47F and s47F) have previously worked on the 2019, 2021 and 2022 premium round application process.</p> <p>Deloitte notes that these premium rounds were complicated by the following factors:</p> <ul style="list-style-type: none"> <li>• 2018 private health insurance reforms (which Deloitte also worked on);</li> <li>• COVID-19 impacts; and</li> <li>• Age-based discounts and dependents reforms being incorporated into the calculation of premium change.</li> </ul>



	<p>The evaluation team notes that Deloitte's responsiveness to issues that arose during the 2022 premium round application process was timely and to a high standard.</p> <p>Deloitte (s47F and s47F) also completed a report for the Department in June 2022 titled, <i>Private Health Insurance Product Landscape Analyses</i>. This involved detailed analysis of all private health insurance products over a number of years. The content of the report was well received by the Department.</p>
Total costs to be incurred by the Commonwealth.	s47E(d), s47G including GST.
<b>Overall</b> i.e. Value for Money	Good.

### Additional Comments

In addition to above, the evaluation team notes that:

- Deloitte does not hold any appointed actuary roles with any private health insurer in Australia;
- Deloitte have record keeping requirements suitable for sensitive and confidential information;
- No other person at Deloitte will have access to the data from the premium round application process except for the team members identified in the quotation; and
- Deloitte is certified to ISO/IEC 27001:2013 standard for their Information Security Management System.

### Recommendation

The evaluation team unanimously recommends:

- the Department proceed to commitment approval and contract with Deloitte for a total value of s47E(d), s47G GST inclusive to provide expert services for assessment of 2023 premium applications. This decision is based on the evaluation assessment that the offer from Deloitte provides a value for money outcome.

### Approval to proceed

The delegate must provide email approval of the recommendation to enter into contract negotiation / commitment approval and contract with Deloitte.

The contract **must not** be signed until the delegate has approved the commitment approval in SAP.



# Procurement Information for Delegates

## Background

The Public Governance, Performance and Accountability Act 2013 (PGPA Act) is the cornerstone legislation of the Commonwealth Resource Management Framework.

The Commonwealth Procurement Rules (CPR's) are the keystone of the government's policy framework. The rules enable entities to design procurement processes that are robust and transparent while permitting innovative solutions that reflect the scale, scope and risk of the desired outcome.

Procurement encompasses the whole process of procuring goods and services. It begins when a need has been identified and a decision has been made on the procurement requirement.

Achieving value for money is the core rule of the CPR's. Officials responsible for procurement must be satisfied, after reasonable enquires, that the procurement achieves a value for money outcome.

Officials are required to undertake procurement and contracting activities in an efficient, effective, economical and ethical manner that achieves value for money in a whole-of-process way.

Health's Accountable Authority Instruction's (AAI) and applicable Finance Business Rules (FBR's) must be followed in all instances of procurement within the Department.

## Procurement Thresholds

The procurement thresholds (including GST) are:

- for non-corporate Commonwealth entities, other than for procurements of construction services, the procurement threshold is \$80,000;
- for Prescribed Corporate Commonwealth Entities, other than for procurements of construction services, the procurement threshold is \$400,000; or
- for procurements of construction services by relevant entities, the procurement threshold is \$7.5 million.

Procurements valued over the thresholds must be conducted through either an:

- Open Tender;
- Panel (either Whole of Government, Health or other agency); or
- Limited Tender (only when Division 2 and/or Appendix A of the CPR's can be satisfied).

The Procurement Method Decision Tree will help determine the appropriate method for your procurement.

A procurement must not be divided into separate parts solely for the purpose of avoiding a relevant procurement threshold. When the maximum value of a procurement over its entire duration cannot be estimated, the procurement must be treated as being valued above the relevant procurement threshold.

## Relevant Links and Contacts

[PGPA Act](#) | [CPR's](#) | [AAI's](#) | [FBR's](#) | [Procurement Intranet](#) | **Procurement Advisory Services (PAS) Section**

Contact PAS via phone on 02 6289 [s47E\(d\)](#) or email [s47E\(d\)](#) [@health.gov.au](#)

## Attachment A - Key Considerations for Delegates

Before exercising a delegation to approve the commitment of funds - PGPA Act Section 23 (3) - or enter into an arrangement - PGPA Act Section 23 (1), Delegates need to assure themselves that the procurement is compliant and documented:

Checklist Item (To be completed by Procuring Official)	Checked
Approval documentation clearly identifies what is being procured, total cost and length of contract	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Do I have the correct delegation to approve the requested expenditure	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is there sufficient budget available to commit expenditure for this procurement (Financial Business Partner confirmation) including expenditure beyond the current financial year?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Is the process undertaken compliant with PGPA, CPR's, AAI's and FBR's	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If applicable, has the procurement process considered and applied a Whole of Government Panel	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
If applicable, does the <a href="#">Indigenous Procurement Policy</a> apply to the procurement, and if a suitable supplier cannot be identified has this been clearly documented. If your Planned procurement is estimated to be above \$7.5 million you must consult <a href="#">§47E(d)</a> <a href="#">@health.gov.au</a> to ensure compliance to the policy.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
Identified an existing panel arrangement to provide the goods or services	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
If a limited tender was undertaken, can the Limited Tender satisfy a condition for limited tender from CPR (10.3) or CPR Appendix A (over the relevant threshold)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
Have any probity issues (perceived or real) been considered, documented and mitigated	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
For all <a href="#">Covered Procurements</a> (over \$80,000 and covered by Div. 1 and 2 of the CPR's) you must ensure you comply with the requirements under the <a href="#">Government Procurement Judicial Review Act, 2018</a> . Seek advice from PAS if you are unsure.	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
If approval for PGPA Act Section 60 (indemnities/contingent liabilities) is required has it been documented and approval obtained, prior to Section 23 (3) approval	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
Risk (WHS and procurement) has been considered and where necessary have put in steps to mitigate	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
The correct contract to procure the goods or services (for example Commonwealth Contracting Suite, panel Official/Work Order or ICT source contract) is being used	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If required, has legal advice been obtained (for example review of changes to contractual terms and conditions)	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
Has correctly assessed any applied requests to keep certain information within the resultant contract confidential	<input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A
Has Procurement Advisory Services (PAS) reviewed and endorsed the procurement process and associated documents	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A
Stored all relevant procurement documentation in TRIM	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No



## Request for Quotation under the Deed of Standing Offer for Research, Evaluation and Data (READ) Panel dated December 2016 (the Deed)

The Department seeks a quotation from Suppliers pursuant to clause 3.2 of the Deed.

The Department requires provision of the Services described below, within the timeframe and in accordance with the specifications detailed below.

If the Supplier is able to provide the Services in accordance with the Department's requirements, please forward a quotation which details:

- a. the Services the Supplier is able to provide;
- b. the fees to provide the Services (which must be based on the fee schedule specified in Schedule 3 of the Deed, unless more favourable rates are proposed);
- c. the names and roles of Personnel proposed to deliver the Services, including the part of the Services each person will undertake;
- d. any information the Supplier wishes to have designated as Additional Supplier Confidential Information in any subsequent Official Order for the Services (should the Supplier's quotation be accepted). Such a request will be dealt with in accordance with the clauses of the Deed;
- e. any Existing Material the Supplier would utilise if engaged to provide the Services; and
- f. the name and contact details for the Supplier's contact officer for the purposes of this quotation.

### Services required by the Department

The Department seeks quotations for the Services detailed at **Attachment A**. The timeframe for the provision of the Services is as follows:

- 2 September 2022 – 15 September 2022
  - to assist with reviewing sector feedback from stakeholder consultations and designing a reporting template to analyse the data.
- 15 November 2022 – 16 December 2022
  - to assist with assessing the 2023 premium applications and provide a report to the Department based on the criteria set in the first period.

### Address and timeframe for lodgement of quotations

Please forward a quotation to the address below:

s47 @health.gov.au

E(0)

Responses are to be received by close of business Monday, 29 August 2022.

### Department Contact Officer

All queries in relation to this request for quotation should be directed to the following Department contact officer:

Name: s22

Telephone: 02 6289 s22

Email address: s22 @health.gov.au

**Attachment A****STATEMENT OF REQUIREMENT****A1 Background**

Like the 2022 premium round, the 2023 premium round is expected to present significant complexities mainly due to:

- The need to take into account allowances for COVID-19 impacts;
- Impacts of Government reforms including prostheses and changes to the age of dependants on a family policy;
- Impacts of changes to APRA capital standards; and
- The range of approaches insurers will take in forecasting membership and benefits in the context of significant COVID-19 related uncertainty.

Expert services will be required for two block periods in the 2022-23 Financial year.

**A2 Contract Services/outcomes required**

- The successful supplier will assist with preparing and assessing the 2023 premium application forms in the context of the sensitivities stated above and any other unforeseen issues that are raised in the premium application form responses, providing analysis as directed by the Department.

**A3 Timeframe for completion of the Contract Services**

<b>Dates</b>	<b>Activity</b>
2 September 2022 to 15 September 2022	Assist with reviewing sector feedback from stakeholder consultations and designing a reporting template to analyse the data.
15 November 2022 to 16 December 2022	Assist with assessing the 2023 premium applications and provide a report to the Department based on the criteria set in the first period.

**A4 Special skills/knowledge needed**

- Prior experience with premium round data and Government process related to premium round.
- Capability to provide confidentiality assurance, working with protected commercial in confidence level data.
- Demonstrated ability to provide value adding analysis of private health insurance matters in the context of wider issues impacting the private health sector, now and into the future.

**A5 Applicable service levels and standards**

Not applicable.

**A6 Resources/materials to be provided by the department**

Personnel will be required to log into SecureDoc (APRA's secure document exchange) to access the premium round application forms.

**A7 Reporting requirements**

- Delivery of analysis as directed by the Department as per section A2.
- Any significant issues identified to be reported as necessary.
- Daily updates on any additional costs due to the engagement of Partner or Director resources. Health must be informed in advance of any variation in cost.

**A8 Evaluation Criteria**

- Prior experience with premium round data and Government process related to premium round.
- Ability to begin work immediately at the commencement of the engagement with little to no on-boarding time required.

- Respond to the Department's direction under limited supervision.
- Capability to provide confidentiality assurance, working with protected commercial in confidence level data.
- Demonstrated ability to provide value adding analysis of private health insurance matters in the context of wider issues impacting the private health sector, now and into the future.

#### **A9 Fees, expenses and costs**

Fees to be based on time and materials.

Using the table below, please outline the cost per resource.

Role	Name	Daily Rate (GST inc)	Hourly Rate (GST inc)	% Time on project
Partner or equivalent				
Director or equivalent				
Consultant or equivalent				
Senior Analyst or equivalent				

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THE DEPARTMENT OF HEALTH AND AGED CARE





## Request for Quotation under the Deed of Standing Offer for Research, Evaluation and Data (READ) Panel dated December 2016 (the Deed)

The Department seeks a quotation from Suppliers pursuant to clause 3.2 of the Deed.

The Department requires provision of the Services described below, within the timeframe and in accordance with the specifications detailed below.

If the Supplier is able to provide the Services in accordance with the Department's requirements, please forward a quotation which details:

- a. the Services the Supplier is able to provide;
- b. the fees to provide the Services (which must be based on the fee schedule specified in Schedule 3 of the Deed, unless more favourable rates are proposed);
- c. the names and roles of Personnel proposed to deliver the Services, including the part of the Services each person will undertake;
- d. any information the Supplier wishes to have designated as Additional Supplier Confidential Information in any subsequent Official Order for the Services (should the Supplier's quotation be accepted). Such a request will be dealt with in accordance with the clauses of the Deed;
- e. any Existing Material the Supplier would utilise if engaged to provide the Services; and
- f. the name and contact details for the Supplier's contact officer for the purposes of this quotation.

### Services required by the Department

The Department seeks quotations for the Services detailed at **Attachment A**. The timeframe for the provision of the Services is as follows:

- 2 September 2022 – 15 September 2022
  - to assist with reviewing sector feedback from stakeholder consultations and designing a reporting template to analyse the data.
- 15 November 2022 – 16 December 2022
  - to assist with assessing the 2023 premium applications and provide a report to the Department based on the criteria set in the first period.

### Address and timeframe for lodgement of quotations

Please forward a quotation to the address below:

s47 @health.gov.au

Responses are to be received by close of business Monday, 29 August 2022.

### Department Contact Officer

All queries in relation to this request for quotation should be directed to the following Department contact officer:

Name: s22  
 Telephone: 02 6289 s22  
 Email address: s22 @health.gov.au

## Attachment A

## STATEMENT OF REQUIREMENT

## A1 Background

Like the 2022 premium round, the 2023 premium round is expected to present significant complexities mainly due to:

- The need to take into account allowances for COVID-19 impacts;
- Impacts of Government reforms including prostheses and changes to the age of dependants on a family policy;
- Impacts of changes to APRA capital standards; and
- The range of approaches insurers will take in forecasting membership and benefits in the context of significant COVID-19 related uncertainty.

Expert services will be required for two block periods in the 2022-23 Financial year.

## A2 Contract Services/outcomes required

- The successful supplier will assist with preparing and assessing the 2023 premium application forms in the context of the sensitivities stated above and any other unforeseen issues that are raised in the premium application form responses, providing analysis as directed by the Department.

## A3 Timeframe for completion of the Contract Services

Dates	Activity
2 September 2022 to 15 September 2022	Assist with reviewing sector feedback from stakeholder consultations and designing a reporting template to analyse the data.
15 November 2022 to 16 December 2022	Assist with assessing the 2023 premium applications and provide a report to the Department based on the criteria set in the first period.

## A4 Special skills/knowledge needed

- Prior experience with premium round data and Government process related to premium round.
- Capability to provide confidentiality assurance, working with protected commercial in confidence level data.
- Demonstrated ability to provide value adding analysis of private health insurance matters in the context of wider issues impacting the private health sector, now and into the future.

## A5 Applicable service levels and standards

Not applicable.

## A6 Resources/materials to be provided by the department

Personnel will be required to log into SecureDoc (APRA's secure document exchange) to access the premium round application forms.

## A7 Reporting requirements

- Delivery of analysis as directed by the Department as per section A2.
- Any significant issues identified to be reported as necessary.
- Daily updates on any additional costs due to the engagement of Partner or Director resources. Health must be informed in advance of any variation in cost.

## A8 Evaluation Criteria

- Prior experience with premium round data and Government process related to premium round.
- Ability to begin work immediately at the commencement of the engagement with little to no on-boarding time required.



- Respond to the Department's direction under limited supervision.
- Capability to provide confidentiality assurance, working with protected commercial in confidence level data.
- Demonstrated ability to provide value adding analysis of private health insurance matters in the context of wider issues impacting the private health sector, now and into the future.

#### **A9 Fees, expenses and costs**

Fees to be based on time and materials.

Using the table below, please outline the cost per resource.

Role	Name	Daily Rate (Gst inc)	Hourly Rate (GST inc)	% Time on project
Partner or equivalent				
Director or equivalent				
Consultant or equivalent				
Senior Analyst or equivalent				

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## Indigenous Procurement Policy (IPP) Checklist

The Department of Health must comply with the [Indigenous Procurement Policy](#). The IPP includes two policy elements in the form of:

1. a **mandatory set-aside** has been established (MSA) that gives Indigenous SMEs the chance to demonstrate value for money, before the procuring officer makes a general approach to the market. At Health, this mandatory set-aside applies to all remote procurements and all other domestic procurements where the estimated value of the procurement **at, or under \$200,000 (GST inclusive)**, excluding procurements to which paragraphs [2.6](#) and [10.3](#) of the CPRs apply, procurements through a Whole-of-Government arrangement, and procurements where the purchase is made using an exemption to [Appendix A](#) of the CPRs.
2. **mandatory minimum requirements (MMR)** that include Indigenous participation targets mandated in high value contracts wholly delivered in Australia valued above \$7.5 million in [specified industry categories](#).

### Section 1 - Mandatory Set-aside (MSA)

Q1. Is your procurement being conducted under any of the following circumstances:

- [Mandatory Whole of Government Arrangement](#)

Management Advisory Services Panel SON SON3751667

Yes ☒ No ☐

If you answered "YES" to Q1 and provided required details, the MSA does not apply. Proceed to **Section 2**.

Q2. Is the procurement valued at, or under \$200,000 (GST inclusive)?

As a Supply Nation Member, our Department has [committed](#) on a best endeavours basis to identify and/or create business opportunities for Supply Nation certified Indigenous suppliers. Hence, the mandated threshold for procurements valued at, or under \$200,000 (this valuation should also include any possible extension options). Please search for Indigenous suppliers on [Supply Nation](#).

Yes ☐ No ☐

Q3. Will the majority (by value) of the goods/services be delivered in [remote areas](#)?

Yes ☐ No ☐

If you answered "NO" to both Q2 and Q3, the Mandatory Set-aside does not apply. Proceed to **Section 2**.

If you answered "YES" to either Q2 or Q3, the Mandatory Set-aside applies and you must conduct a search for a suitable Indigenous supplier on [Supply Nation](#) and document the outcomes of that search in your [Procurement Plan](#). Proceed to **Section 2**.

### Section 2 – Mandatory Minimum Requirements (MMR)

Is the procurement valued over \$7.5m (GST inclusive) and the majority of the value falls within one of the highlighted industry categories [here](#)?

Yes ☐ No ☒

If "YES" MMR clauses are required in your Approach to Market and contract documentation. Please contact [Procurement Advisory Services](#).

Updated September 2021

s22

**From:** s47E(d)  
**Sent:** Friday, 26 August 2022 12:25 PM  
**To:** s22  
**Subject:** RE: Seeking urgent review prior to seeking delegate endorsement: Management Advisory Services Panel Request for Quote - 41.docx [SEC=OFFICIAL]  
 CCEMS:07360001531

**Importance:** High

Hi s22,

Draft RFQ is endorsed. Please ensure you seek approval for the changed procurement method/panel approach documentation.

Kind regards,

s22

**Snr Adviser**

### Procurement Advisory Services

Financial Management Division | Corporate Operations Group  
 Australian Government Department of Health and Aged Care  
 T: 02 6289 s22 | E: s47E(d) @health.gov.au  
 GPO Box 9848, Canberra ACT 2601, Australia

*The Department of Health and Aged Care acknowledges First Nations peoples as the Traditional Owners of Country throughout Australia, and their continuing connection to land, sea and community. We pay our respects to them and their cultures, and to all Elders both past and present.*

*To ensure prompt responses, please address any replies to this inbox and not to personal inboxes.*

----- Original Message -----

**From:** s22 @health.gov.au>;  
**Received:** Fri Aug 26 2022 11:27:17 GMT+1000 (Australian Eastern Standard Time)  
**To:** s47E(d) @health.gov.au>; s47E(d) @health.gov.au>;  
**Subject:** Seeking urgent review prior to seeking delegate endorsement: Management Advisory Services Panel Request for Quote - 41.docx [SEC=OFFICIAL]

Hi,

Further to my emails this week (see attached), I've prepared a new RFQ under the Management Advisory Services Panel (SON3751667\_ using the template on the Department of Finance website.

Note the Procurement Plan has already been approved, only the RFQ needs to be amended.

May I please seek PAS endorsement to continue.

Regards,

s22

Acting Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
Medical Benefits Division

Australian Government Department of Health and Aged Care

T: 02 6289 s22 | E: s22@health.gov.au

Part-time hours - Mo, Tu, Th, Fr.



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s22

**From:** s47E(d)  
**Sent:** Tuesday, 2 August 2022 12:49 PM  
**To:** s22  
**Subject:** RE: FW: Procurement plan documents & RFQ CCEMS:07360001469 [SEC=OFFICIAL]  
**Attachments:** Premium Round 2023 - Procurement Plan - PAS02082022AR.docx

**Categories:** Red Category

Hi s22,

PAS has reviewed the procurement plan, please see minor suggested changes in the attached.

Does PAS endorsement require finance's confirmation that funds are available? No, it is not dependent upon confirmation however PAS check completeness of process, funding availability being one of the items requiring confirmation prior to a market approach.

Once changes actioned, cleared to proceed.

Kind regards,

s22

**Snr Adviser**

### Procurement Advisory Services

Financial Management Division | Corporate Operations Group  
 Australian Government Department of Health and Aged Care  
 T: 02 6289 s22 | E: s47E(d) @health.gov.au  
 GPO Box 9848, Canberra ACT 2601, Australia

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----- Original Message -----

**From:** s22 @health.gov.au>;  
**Received:** Tue Aug 02 2022 10:56:21 GMT+1000 (Australian Eastern Standard Time)  
**To:** s47E(d) @health.gov.au>; s47E(d) @health.gov.au>; s47E(d) @health.gov.au>;  
**Subject:** FW: Procurement plan documents & RFQ CCEMS:07360001469 [SEC=OFFICIAL]

Sorry,

One follow up question. Does PAS endorsement require finance's confirmation that funds are available?

Thanks,

s22

Acting Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
 Medical Benefits Division  
 Australian Government Department of Health and Aged Care  
 T: 02 6289 s22 | E: s22 @health.gov.au  
 Part-time hours - Mo, Tu, Th, Fr.



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**From:** s22  
**Sent:** Tuesday, 2 August 2022 10:40 AM  
**To:** s47E(d) @health.gov.au>  
**Cc:** s22 @Health.gov.au>  
**Subject:** RE: Procurement plan documents & RFQ CCEMS:07360001469 [SEC=OFFICIAL]

Thank you.

My apologies the Procurement Plan dropped off the email! Please see attached.

I have also updated the RFQ based on your comments, and all templates updated for the new department logo (templates consistent with those on the intranet).

Please let me know if you require anything further.

Note I am still awaiting on the final name of a person for the evaluation team.

Thanks,

s22

Acting Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
 Medical Benefits Division  
 Australian Government Department of Health and Aged Care  
 T: 02 6289 s22 | E: s22 @health.gov.au  
 Part-time hours - Mo, Tu, Th, Fr.



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**From:** s47E(d) @health.gov.au>  
**Sent:** Monday, 1 August 2022 5:02 PM  
**To:** s22 @health.gov.au>  
**Cc:** s22 @Health.gov.au>  
**Subject:** RE: Procurement plan documents & RFQ [SEC=OFFICIAL] CCEMS:07360001469

Hi s22,

PAS has reviewed the draft documents. One comment within the attached RFQ for your consideration and action.

No Procurement plan was provided, please complete and forward to PAS for final review and endorsement.

We suggest you ensure you use the most recent templates for your procurements - available within the PAS [Procurement Process](#).

Kind regards,

s22

**Snr Adviser****Procurement Advisory Services**

Financial Management Division | Corporate Operations Group  
 Australian Government Department of Health and Aged Care  
 T: 02 6289 s22 | E: s47E(d) @health.gov.au  
 GPO Box 9848, Canberra ACT 2601, Australia

*The Department of Health and Aged Care acknowledges First Nations peoples as the Traditional Owners of Country throughout Australia, and their continuing connection to land, sea and community. We pay our respects to them and their cultures, and to all Elders both past and present.*

*To ensure prompt responses, please address any replies to this inbox and not to personal inboxes.*

----- Original Message -----

**From:** s22 @health.gov.au>;  
**Received:** Mon Aug 01 2022 15:09:03 GMT+1000 (Australian Eastern Standard Time)  
**To:** s47E(d) @health.gov.au>; s47E(d) @health.gov.au>; s47E(d) @health.gov.au>;  
**Cc:** s22 @health.gov.au>;  
**Subject:** Procurement plan documents & RFQ [SEC=OFFICIAL]

Hi,

We are preparing procurement documents to directly approach a consultant for their services. The budget is s47E(d), s47G.

Attached is the draft procurement plan and associated documents.

Just wondering if you are happy to look through and let me know if this is suitable, or if there is anything I am missing?

Also, does PAS "endorse" procurement plans before progressing to the delegate?

Thanks,

s22

Acting Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
 Medical Benefits Division  
 Australian Government Department of Health and Aged Care  
 T: 02 6289 s22 | E: s22 @health.gov.au  
 Part-time hours - Mo, Tu, Th, Fr.



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## Commitment Approval Minute

Brian Kelleher,  
Assistant Secretary, Private Health Industry Branch  
Medical Benefits Division

### COMMITMENT APPROVAL TO ENGAGE DELOITTE TOUCHE TOHMATSU (DELOITTE) FOR EXPERT ACTUARIAL SERVICES FOR ASSESSMENT OF 2023 PREMIUM APPLICATIONS

This Minute recommends that you:

- **APPROVE** the draft official order with Deloitte for the provision of the provision of expert services for assessment of 2023 premium applications, using Management Advisory Services Panel, SON3751667 (**Attachment A**);
- **APPROVE** expenditure for a total of up to s47E(d), s47G (GST Inclusive) under Section 23(3) of the *Public Governance, Performance and Accountability Act*;
- **APPROVE** the Letter of Offer to Deloitte (**Attachment B**)
- **APPROVE** the Value for Money Assessment (**Attachment C**)
- **NOTE** the Letter of Offer and the draft Official Order will be sent to Deloitte for signature upon your approval of this minute.
- **CONFIRM** the information provided in this commitment approval has fully addressed the Delegate's Checklist before exercising a delegation to approve the commitment of funds - PGPA Act Section 23 (3) - or enter into an arrangement - PGPA Act Section 23 (1). Delegates need to assure themselves that the procurement is compliant and documented (**Attachment D**) and
- **NOTE** the commitment approval will work-flow to you via SAP ESS for online approval.

#### 1. BACKGROUND/CONTEXT

Like the 2022 premium round, the 2023 premium round is expected to present significant complexities mainly due to:

- The need to take into account allowances for COVID-19 impacts;
- Impacts of Government reforms including prostheses and changes to the age of dependants on a family policy;
- Impacts of changes to APRA capital standards; and
- The range of approaches insurers will take in forecasting membership and benefits in the context of significant COVID-19 related uncertainty.

The Department expects to receive substantive information from private health insurers from the 2023 premium round applications. A review of this information will provide insights into the premiums charged - and the changes in premiums sought - for private health insurance products.

#### VALUE FOR MONEY ASSESSMENT

Deloitte was approached directly to provide a quote.



From previous procurement processes (for private health insurance premium round services), Deloitte was determined to be the only consultant that is:

- qualified to do the work (based on experience with recent premium round application work),
- does not have a conflict of interest (i.e. is not providing actuarial services to any of the health insurers for premium round applications),
- has experience on health insurance product tiers (because this consulting firm helped to develop the health insurance product tiers and also provided the Department with a report into private health insurance products in early 2022).

Additionally, Deloitte has experience on three previous private health insurance premium round submissions. Importantly, Deloitte does not hold any appointed actuary roles with any private health insurer in Australia.

The quote received from Deloitte was evaluated in line with the evaluation process used to determine value for money for procurements where one supplier has been approached for a quotation. Deloitte was rated as Good to Very Good on all criteria (**Attachment C**), and the quote was within budget for the review.

## 2. TIMEFRAME

Services will be provided for a period from execution until 30 December 2022. There is an option to extend the review for six months.

The departmental funding allocated to this review is available only for the current financial year and cannot be rolled-over.

## 3. CONTRACTUAL ARRANGEMENT

The appropriate form of contract has been prepared (**Attachment A**) based on the standing offer official order template.

This is a desktop-based review. No travel is required and any costs incurred for travel will not be reimbursed. Meetings with the Department will be conducted virtually.

### Contract Manager

The nominated Contract Manager for this arrangement will be the Acting Assistant Director of Private Health Policy and Financing Section, Private Health Industry Branch.

## 4. COMPLIANCE WITH COMMONWEALTH PROCUREMENT RULES

This approach through an existing standing offer arrangement falls under Division 1, Section 9.12 and 9.13 of the Commonwealth Procurement Rules (CPRs).

The estimated expected maximum value of the proposed procurement is above the relevant procurement threshold (CPRs 9.7). The Services are procured through an existing panel arrangement (CPRs 9.12-9.13) – Management Advisory Services Panel, SON3751667.

## 5. INDIGENOUS PROCUREMENT POLICY - MANDATORY SET-ASIDE (MSA)

The IPP Mandatory Set-aside does not apply to this procurement (**Attachment E**).

## 6. EXPENDITURE APPROVAL AND FUNDS AVAILABILITY

The anticipated cost to the Department for the services is s47E(d), s47G (GST incl) approval is sought for up to s47E(d), s47G (GST incl) consistent with your initial approval for this approach to market, given the potential for an extended assessment period and more detailed analysis being required to support the Minister's decision. This is within your delegation limit under the Accountable Authority Financial Delegations Schedule 1, Table 1, Item 3 (Branch Head) to approve proposals to commit relevant money up to s47E(d), s47G.

Note that currently, the 2022-23 moderation bid process hasn't been finalised, and the Finance Business Partner advised that the Medical Benefit Division's preliminary indicative allocation is less than expected staffing costs.

### Forward Commitment

Beyond Forward Estimates Approval is the approval of funds beyond the forward estimates period (current financial year plus four financial years out). It is a requirement under instruction from the Secretary (s16 PGPA Act- Schedule Instruction 1), the Department's Financial Delegations and Finance Business Rules.

As the duration of the expenditure proposal does not extend beyond the forward estimates period, a Beyond Forward Estimates approval has not been completed. In addition, this commitment approval does not contain any contingent liabilities.

## 7. GENERAL

### Risk Management

The risk profile developed as part of the Procurement Plan has been reviewed. The risk profile remains Low. There are no conflict of interest issues that have been raised throughout the process.

Any significant risks and mitigations identified will be advised to the delegate.

### Internal Reporting Requirements

Under the Department's Procurement Processing and Management policy, contracts must be registered within two business days of execution.

### External Reporting Requirements

The contract will be reported on the Department's website in accordance with the Senate Order requirements of July 2001 (Murray Motion). As the contract is valued over \$10,000 it will be reported on AusTender within 42 days of entering into the contract, in line with the Commonwealth Procurement Rules (Division 1, Item 7, Reporting arrangements).

### Documentation

The documentation is held on TRIM File s47E(d). All relevant documentation leading up to the contract has been filed in accordance with Corporate Business Rule 2: Information Management and Record Keeping.

## 8. COMPLIANCE WITH FINANCIAL AND PROCUREMENT POLICIES

This procurement was conducted in accordance with the Department's financial and procurement policy framework (Delegate's Checklist).

## 9. DELEGATE APPROVALS

It is recommended that you:

APPROVE the draft official order with Deloitte for the provision of the provision of expert services for assessment of 2022 premium applications, using Management Advisory Services Panel, SON3751667 (Attachment A)	APPROVED / NOT APPROVED
APPROVE expenditure for a total of up to s47E(d), s47G (GST Inclusive) under Section 23(3) of the <i>Public Governance, Performance and Accountability Act</i> ;	APPROVED / NOT APPROVED
APPROVE the Letter of Offer to Deloitte (Attachment B)	APPROVED / NOT APPROVED
APPROVE the Value for Money Assessment (Attachment C); and	APPROVED / NOT APPROVED
NOTE the Letter of Offer and the draft Official Order will be sent to Deloitte for signature upon your approval of this minute.	NOTED PLEASE DISCUSS

<b>CONFIRM</b> the information provided in this commitment approval has fully addressed the Delegate's Checklist before exercising a delegation to approve the commitment of funds - PGPA Act Section 23 (3) - or enter into an arrangement - PGPA Act Section 23 (1). Delegates need to assure themselves that the procurement is compliant and documented ( <b>Attachment D</b> ) and	<b>CONFIRMED</b> / PLEASE DISCUSS
<b>NOTE</b> the commitment approval will work-flow to you via SAP ESS for online approval	<b>NOTED</b> / PLEASE DISCUSS

Prepared by:

Approved by:

Approved by email

s22

Acting Assistant Director, Private Health Policy  
and Financing  
Private Health Industry Branch

9 September 2022

Brian Kelleher,  
Assistant Secretary  
Private Health Industry Branch

9 September 2022

**Attachments:**

- A. Draft official order with Deloitte
- B. Letter of Offer to Deloitte
- C. Value for Money Assessment
- D. Delegate's Checklist
- E. IPP Checklist

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s22

**From:** [REDACTED]@deloitte.com.au>  
**Sent:** Thursday, 27 October 2022 12:46 PM  
**To:** [REDACTED]; [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** RE:2023 Premium Round - Confidentiality and conflict deed [SEC=OFFICIAL]  
**Attachments:** Confidentiality and conflict deed - Organisation agreement [REDACTED].pdf; Confidentiality Deed Poll [REDACTED] 27102022.pdf; Confidentiality and conflict deed - Organisation agreement - [REDACTED].pdf; Confidentiality and conflict deed - Organisation agreement - [REDACTED] signed 26.10.2022.pdf; Confidentiality and conflict deed - Organisation agreement [REDACTED].pdf

**Categories:** Red Category

**REMINDER:** Think before you click! This email originated from outside our organisation. Only click links or open attachments if you recognise the sender and know the content is safe.

Hi s22

1. Attached, please find signed confidentiality deeds of those who will be supporting with the 2023 Premium Round applications.
2. Could you also arrange our access to the secure sharepoint. Below are the email addresses of our staff.

s47F [REDACTED]@deloitte.com.au  
 s47F [REDACTED]@deloitte.com.au  
 s47F [REDACTED]@deloitte.com.au  
 s47F [REDACTED]@deloitte.com.au  
 s47F [REDACTED]@deloitte.com.au

Do let me know if you need any other information. I will be away from tomorrow and return on Wednesday 2/11 so s47F [REDACTED] would be best point of call in that time period.

s47F

s47F

D: s47F [REDACTED] | M: s47F [REDACTED]  
 I work part time and am unavailable on a Friday.

**From:** s22 [REDACTED]@health.gov.au>  
**Sent:** Monday, 24 October 2022 4:00 PM  
**To:** s47F [REDACTED]@deloitte.com.au>; s47F [REDACTED]@deloitte.com.au>  
**Cc:** s22 [REDACTED]@Health.gov.au>; KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
**Subject:** [EXT]2023 Premium Round - Confidentiality and conflict deed [SEC=OFFICIAL]

Hi s47F [REDACTED] and s47F [REDACTED],

In preparation for the analysis of 2023 premium round applications, I will require all team members who will have access to the health insurer applications and who will be working on the project to sign and return the attached Confidentiality and Conflict Deed.

Please have each team member complete the deed. Happy if you want to email them all through to me as one pack.

Thanks,

s22

Assistant Director | Private Health Policy and Financing | Private Health Industry Branch

Medical Benefits Division

Australian Government Department of Health and Aged Care

T: 02 6289 s22 | E: s22@health.gov.au

Part-time hours - Mo, Tu, Th, Fr.



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s22

---

**From:** s47F@deloitte.com.au>  
**Sent:** Friday, 9 September 2022 4:03 PM  
**To:** s22  
**Cc:** s47F; KELLEHER, Brian  
**Subject:** RE:Letter of Offer - Expert Services 2023 Premium Round [SEC=OFFICIAL]  
**Attachments:** Official Order - Expert Services 2023 Premium Round SIGNED.pdf

**Categories:** Red Category

**REMINDER:** Think before you click! This email originated from outside our organisation. Only click links or open attachments if you recognise the sender and know the content is safe.

Hi s22

Thank you for selecting us to help with this work. We are looking forward to working with you all again.

Please find attached my signature with the Order.

Have a great weekend and speak next week.

**Regards**

s47F

s47F  
 D: s47F | M: s47F  
 s47F@deloitte.com.au | www.deloitte.com.au

Please consider the environment before printing.

---

**From:** s22@health.gov.au>  
**Sent:** Friday, 9 September 2022 4:11 PM  
**To:** s47F@deloitte.com.au>  
**Cc:** s47F@deloitte.com.au>; KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
**Subject:** [EXT]Letter of Offer - Expert Services 2023 Premium Round [SEC=OFFICIAL]

Hi s47F,

Please see attached.

If you have any questions, please let me know.

Regards,

s22

---

Acting Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
 Medical Benefits Division  
 Australian Government Department of Health and Aged Care  
 T: 02 6289 s22 | E: s22@health.gov.au  
 Part-time hours - Mo, Tu, Th, Fr.



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[REDACTED]

---

**From:** [REDACTED] <[REDACTED]@deloitte.com.au>  
**Sent:** Friday, 13 January 2023 3:57 PM  
**To:** [REDACTED]; [REDACTED]; [REDACTED]  
**Cc:** KELLEHER, Brian; [REDACTED]  
**Subject:** 2023 Premium Rate Round - Assessment of Resubmissions - Supporting documentation  
**Attachments:** [REDACTED].pptx

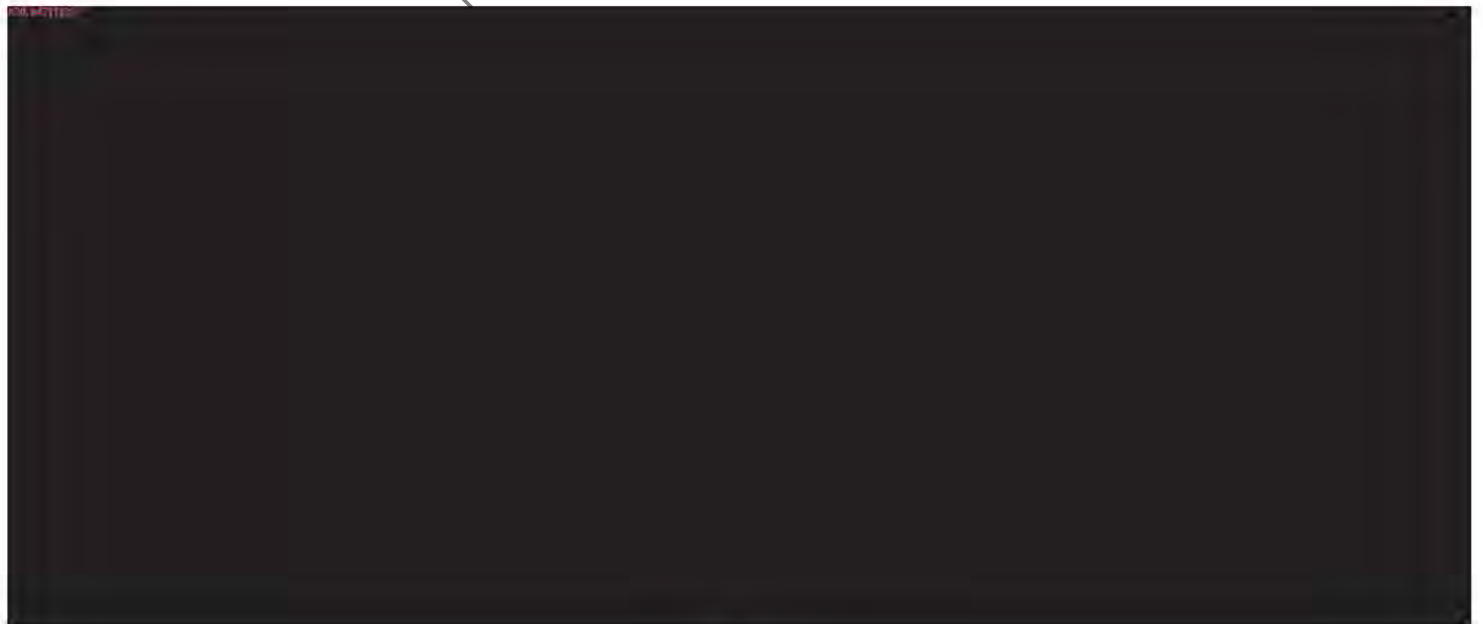
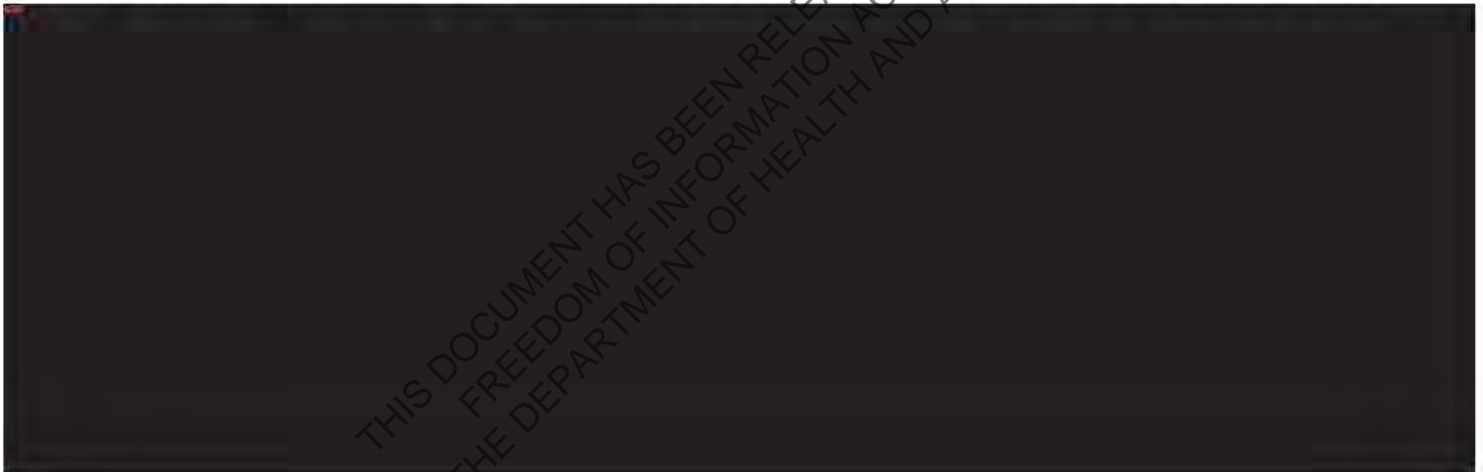
**REMINDER:** Think before you click! This email originated from outside our organisation. Only click links or open attachments if you recognise the sender and know the content is safe.

Hi [REDACTED] and team

Please find documentation of our findings and assessments of the information supplied in the January 2023 resubmission of premium round applications attached and saved to the link below.

 [REDACTED].pptx

The pack reflects our discussions over the week and what could be achieved for an assessment in the timeframe.





I trust this information will be helpful in compiling your advice. If you need any further information or clarification prior to our call on Monday, please just call.

Kind regards

[REDACTED]

[REDACTED]

Director | Health, Government and Public Sector | Actuaries and Consultants  
Deloitte Consulting Pty. Ltd.  
477 Collins Street, Melbourne, VIC, 3000  
D: [REDACTED] | M: [REDACTED]  
[REDACTED]@deloitte.com.au | [www.deloitte.com.au](http://www.deloitte.com.au)

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s22

**From:** s47F @deloitte.com.au>  
**Sent:** Wednesday, 21 December 2022 11:15 AM  
**To:** s22  
**Cc:** s47F; s47F; s22  
**Subject:** 2023 Premium round - Expert Services - Request to invoice and Summary of Fees to 20 Dec 2022

**Categories:** Red Category

Hi s22

Below a summary on the work completed on the 2023 premium round.

For services delivered to 20 December 2022 we have incurred a total of s47E(d), s47G (incl. GST) or s47E(d), s47G before GST. This compares to the budget of s47E(d), s47G (incl. GST), which means s47E(d), s47G (incl. GST) remains available.

As discussed, we would like to issue an invoice for the work. Please confirm you are happy with us raising an invoice for s47E(d), s47G (incl. GST) and the steps for submission, including the PO number we should use.

- Breakdown of hours and fees**

The tables below give a summary of times and fees incurred by our team to 20 December 2022. This covers all work relating to input on the submission templates, discussions prior to receipt of the first round of submissions, analyses of individual insurer submissions as well as industry analyses.

Please note that we have not charged for all of s47F time, in line with our proposal which said he would invest 3 days of effort.

**Table 1: Budgeted hours, Incurred hours and Charged Hours by Resource – for the period up to and including 20 December 2022**

Resource Name	Designation	Budgeted hours (Incl. investment time by Partner)	Hours incurred (a) = (b) +(c)	H
s47F	s47(1)(b)			

**Table 2: Hours Charged and Fees by Resource – for the period up to and including 20 December 2022**

Resource Name	Hourly rate (incl. GST)	Hours charged (b)	Total Fees (incl. GST)
s47F	s47(1)(b)		

Please let me know if you need any further information or if you would like to discuss on the phone.

s47F

s47F

Director | Health, Government and Public Sector | Actuaries and Consultants  
Deloitte Consulting Pty. Ltd.

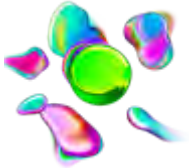
477 Collins Street, Melbourne, VIC, 3000

D: s47F | M: s47F

s47F [@deloitte.com.au](mailto:s47F@deloitte.com.au) | [www.deloitte.com.au](http://www.deloitte.com.au)

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**From:** [REDACTED]@deloitte.com.au>  
**Sent:** Thursday, 8 December 2022 12:45 PM  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** 2023 Premium round - Expert Services - Summary of Fees to 7 Dec 2022  
**Categories:** Red Category

**REMINDER:** Think before you click! This email originated from outside our organisation. Only click links or open attachments if you recognise the sender and know the content is safe.

Hi [REDACTED]

Following on from our conversation on Tuesday, we have incurred [REDACTED] (including GST) or [REDACTED] (before GST).

This compares to the budget of [REDACTED] (including GST), which means [REDACTED] (including GST) remains available.

- Breakdown of hours and fees**

The tables below give a summary of times and fees incurred by our team to date. This covers all work relating to input on the submission templates, discussions prior to receipt of the first round of submissions as well as work to produce the draft report shared with DOHAC yesterday i.e. up to 7 December 2022.

Please note that we have not charged for all of [REDACTED] time, in line with our proposal which said he would invest 3 days of effort.

**Table 1: Budgeted hours, Incurred hours and Charged Hours by Resource – for the period up to and including 7 December 2022**

Resource Name	Designation	Budgeted hours (Incl. investment time by Partner)	Hours incurred (a) = (b) +(c)	H
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

**Table 2: Hours Charged and Fees by Resource – for the period up to and including 7 December 2022**

Resource Name	Hourly rate (incl. GST)	Hours charged (b)	Total Fees (incl. GST)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

- Next steps:**

Our work order encompasses the period 15 November 2022 to 16 December 2022.

**Following developments on your end, we will be guided on how best we support next week and also how we rescope for work beyond that.**

Please let me know if you need any further information or if you would like to discuss on the phone.

s47F

s47F

Director | Health, Government and Public Sector | Actuaries and Consultants  
Deloitte Consulting Pty. Ltd.

477 Collins Street, Melbourne, VIC, 3000

D: s47F | M: s47F

s47F @deloitte.com.au | [www.deloitte.com.au](http://www.deloitte.com.au)

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s22

**From:** s47F@deloitte.com.au>  
**Sent:** Friday, 27 January 2023 6:18 PM  
**To:** s22  
**Cc:** s47F, s47F, s22  
**Subject:** 2023 Premium round - Expert Services - Summary of Fees to 20 Jan 2023

**Categories:** Red Category

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Hi s22,

Please see below a summary of work completed on the 2023 premium round.

For services delivered to 20 January 2023 we have incurred a total of s47(1)(b) incl. GST or s47(1)(b) before GST. This compares to the budget of s47E(d), s47G incl. GST (being the original amount of s47E(d), s47G plus s47E(d), s47G extension), meaning s47E(d), s47G (incl. GST) remains available.

The following tables provide a breakdown of time worked and fees incurred by our team. This covers all work completed to date including analysis of insurer resubmissions. Please note that we have not charged for all of Ignatius' time, in line with our proposal where it was said he would invest three days of effort, plus an additional day per the extension of work order.

**Table 1: Budgeted hours, Incurred hours and Charged Hours by Resource – for the period up to and including 20 January 2023**

Resource Name	Designation	Budgeted hours (incl. investment time by Partner)	Hours incurred (a) = (b) + (c)	Hours charged (b)
s47F	s47(1)(b)			

**Table 2: Hours Charged and Fees by Resource – for the period up to and including 20 January 2023**

Resource Name	Hourly rate (incl. GST)	Hours charged (b)	Total fees (incl. GST)
s47F	s47(1)(b)		

Please let me know if you need any further information or if you would like to discuss over the phone.

Best regards,



s47F

s47F

Manager | Social Outcomes, Actuarial Consulting  
Deloitte Consulting Pty Ltd  
E: s47F@deloitte.com.au | M: s47F

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s22

**From:** s47F@deloitte.com.au>  
**Sent:** Tuesday, 10 January 2023 5:59 PM  
**To:** s22, s22, s22  
**Cc:** KELLEHER, Brian; s47F, s47F, s47F  
**Subject:** Analyses of Resubmissions - tasks through to end of week

**REMINDER:** Think before you click! This email originated from outside our organisation. Only click links or open attachments if you recognise the sender and know the content is safe.

Hi s22, s22, s22 and Brian,

Following our conversation this morning, this is our current plan which we will work on over the next couple of days:

1. Prostheses savings
  - a) Produce results excluding savings estimated for the product category "08 - Cardiac (CIED)" and create charts similar to those on page 10-12 (0%, 50% and 100% expected savings under various utilisation growth assumptions).
  - b) Comment on how insurers' estimates of saves compare and show the insurers which had been requested to resubmit around prostheses identified by a different colour.
2. Summary of findings from the resubmissions – the primary aim is to evaluate quickly how each insurers has met the requests laid out in the resubmission letters, how each insurer has gone about it and, most importantly, whether the information as a collective stacks up.
  - a) Review each resubmission, taking into consideration the following:

Insurer	FCI change	Net Margin Change	Did all product premiums reduce/stay equal?	If not, what percentage of products increased in premium?	Did each product tier's gross margin reduce or stay equal?	Did the number of people covered under each product remain equal?	Did the depend reform change
			This compares the "2023 MONTHLY PREMIUM (\$)" as at 1 April 2023 - for all products (new and existing)" column between the old and new submissions.	In the event that certain product codes exhibit a higher premium in the resubmission, this column will highlight the proportion of the total number of products exhibited this premium increase.	These compare the product tier gross margins attained from Template D.	This compares the "TOTAL NUMBER OF PEOPLE COVERED BY THIS PRODUCT" as at 30 September 2022" column between the old and new submissions.	This con the dep reform impact a from Te C.

There is a lot of detail here but we think that the detail can help to provide the support for any follow ups with insurers. We have deliberately focussed our effort on the "how" i.e. how have insurers produced a reduced headline rate and does it genuinely pass the public interest test in terms of real improvements to premium. We are envisaging collating this information in a table form as an addendum to the original pack and include signposts in the original pack pointing out cases of resubmissions.

Catch up tomorrow.

Cheers

s47F

s47F

Partner | Health | Actuarial  
Deloitte Consulting

s47F

225 George Street, Sydney/Gadigal, NSW 2000, Australia

D: s47F | M: s47F

s47F @deloitte.com.au | www.deloitte.com.au

PA s47F T: s47F | s47F @deloitte.com.au

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s22

**From:** s22  
**Sent:** Monday, 12 December 2022 5:39 AM  
**To:** s47F; s22; s22  
**Cc:** s47F; s47F; s47F; s47F  
**Subject:** RE: TRIM: Apr-23 Rate Submission Analyses [SEC=OFFICIAL]  
**Attachments:** Measuring Efficient Price Growth in the NHRA [SEC=OFFICIAL]

Hi s47F,

Thank you for sending through the pack.

Below are our questions and comments re the slide pack. We are hoping to brief up the line this this week, would it be possible to have a new pack taking into account these comments tomorrow? Please let us know if there are any issues.

Questions and comments:

- Page 3 – it would be great to call out that “other” column doesn’t refer to the capacity for insurers to “move” their requested premium rate.
- Where possible, it would be great to have axis labels (including units presented) on all charts.
- What are the criteria for the ‘peer’ groupings? i.e. what are the sizes/thresholds etc?
- Projected benefit growth charts – can we please confirm if the figures were taken directly from the written part of the submission, or if there was some other calculation carried out?
- In the date deferred section of each insurer summaries, most say ‘implemented’ when there wasn’t a deferral. Others say ‘NA’ instead – such a s47G and s47G
- Can you please add ‘protected’ markings to each page
- Can we please re-order to have the industry slides up front
- Slide 88 – the IHACPA reference. We checked this with the Public Hospitals Section and they suggested we should instead use the efficient growth in unit price of public hospitals in 22-23 as calculated in the attached email.

Regards,

s22

Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
 Medical Benefits Division  
 Australian Government Department of Health and Aged Care  
 T: 02 6289 s22 | E: s22@health.gov.au  
 Part-time hours - Mo, Tu, Th, Fr.

**From:** s47F@deloitte.com.au>  
**Sent:** Wednesday, 7 December 2022 3:32 PM  
**To:** s22@health.gov.au>; s22@health.gov.au>; s22@health.gov.au>; KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
**Cc:** s47F@deloitte.com.au>; s47F@deloitte.com.au>; s47F@deloitte.com.au>  
**Subject:** TRIM: Apr-23 Rate Submission Analyses

**REMINDER:** Think before you click! This email originated from outside our organisation. Only click links or open attachments if you recognise the sender and know the content is safe.

Hi [REDACTED], Brian, [REDACTED] and [REDACTED]

Please find attached our analyses of each insurer and for the industry.

### The analyses

As you would have already seen, this year we have introduced the waterfall chart. The purpose of this chart is to explore whether we can explain the rate increase being requested, attributing it to different drivers: underlying benefit growth, change in margins, flowing through of reforms savings etc. In one of the very initial discussions we had as part of the planning for this work, you shared that hospitals were indicating that they are facing significant cost pressures from for example, staffing shortages and generally higher inflation. Hence, to the extent that this would flow directly to insurers' claim costs, and to the extent that insurers might have a different view of those cost pressures, we felt that this became a key question to understand. The waterfall helps with this by showing what insurers have assumed about benefit growth rates.

Another key insight that we wanted to get from the waterfall chart is how insurers are changing their targeted gross margins. Our approach has been to compare Apr-22 with Apr-23 from Template D of this year's submission. In a "normal" year, the difference may very well be indicative of planned changes to the targeted GMs. However, Apr-22 has continued to be impacted by COVID-19 resulting in far lower claims than expected. Hence, we have added some additional commentary to bridge the (often significant) difference between the expected Apr-22 GM (per last year's submission) with the updated expectation (not quite an actual because there is still be 6 months remaining for the Apr-22 premium year as at September). You will see that the analyses of how GM is changing sometimes provides an internally coherent story, but just as often, there are potentially significant impacts coming through from membership changes, planned migration that are captured in the balancing waterfall item called "Other".

The second page of the insurer pack is similar to previous year's and help to quickly identify where there may be a higher net margin being requested than historically, where an insurer is targeting a higher net margin compared with its peers and whether its approach to capital is more or less conservative than its peers and the industry.

Finally, we have included many of the same industry slides again. There are some new ones to show the impact of the new prudential capital standards and exploring the additional capital insurers will need to hold as well as their ability to generate additional capital through premiums. Given the focus on benefit growth, we have also got a slide that summarises each insurer's assumption for benefit growth and compared that with the industry average and what we could see as being assumed by IHACPA in their latest pricing report.

### Additional thoughts

Please excuse the long email but a couple of other initial thoughts we wanted to share following yesterday's discussion.

#### Resubmission risks:

- Information asymmetry has always been a challenge and is impacted by the manner in which insurers represent information in their submissions. The creation of the waterfall has highlighted the challenge of piecing together all the different information they provide into a coherent "story". An insurer that is asked to resubmit may not offer new information and feel discouraged from being more transparent going forward. How do you align/reward ease of getting through the process with increased transparency?
- Insurers can currently introduce new products (and prices) that do sit outside the rate submission process. This might produce the desired official increase even though the experience of the consumer is detrimentally affected. Does the opportunity to resubmit simply exacerbate this practice? i.e. it is dressing up the request differently without any "real" impact for members? How can we keep insurers honest about the way they manage products? E.g. review Template A in detail across years? Could DOH consider reporting approved/planned "loss ratios" in future (i.e. the premium increase is one part of the picture, the other part is how much goes back to members as claims).

## Conditions for resubmission:

- Insurers with a materially higher hospital and/or general treatment benefit growth assumed. All hospitals and health providers are generally subject to the same forces that drive up their costs. Therefore, we would expect that most insurers have broadly similar expectations on benefit growth. The exception to this are insurers with a geographic concentration – in which case the inflationary pressures for hospitals in that location should be an additional consideration (Insurer's first page and page 88)
- Insurers with a rate increase before rate protection, age based discounts and dependent reforms above their benefit growth assumption are potential examples where there is an increase in GM being priced into the Apr-23 submission. To the extent that this cannot be explained by performing the additional analyses to look at how the GM expectation has changed for Apr-22, or any other explanatory factor, this raises a red flag that there is more information that the insurer could provide to help explain the final FCI (Insurer's first page comparing total benefit growth with the first black bar).
- Net margins that appear to be consistently higher than the rest of the industry, plus target capital that is also materially greater than the industry (insurer's second page and page 76)
- Insurers that have estimated materially higher contract and medical cost indexation than the rest of the industry and using that to justify a higher rate increase (insurer's first page including commentary on hospital contracting)
- Insurers that have not reflected any savings at all from prostheses reforms (Insurer's first page i.e. the pros bens item plus pages 78-80, 90, 91)
- Insurers who are deferring rate rises without clearly describing how that is being allowed for in their rate rise request (insurer's second page where Apr-23 column of the premium rate request table indicates whether an insurer mentions this is being considered)
- Insurers where information provided is internally inconsistent e.g. the excel template differs from the written submission

Happy to talk through this when we next catch up or drop s47F and I can call if earlier is better.

In terms of next steps – we will take on board any feedback you might have on the attached. We will also reflect more on the resubmission risks and conditions for resubmissions and update you with any further thoughts if we have them.

Separately, we have been developing an asset that we want to share with clients showing quarterly analyses of product movements e.g. number of products opening and closing by tier, what clinical categories are being added/dropped and so on. We are close to finishing an initial version and will share that with you. Just thought it might also help with your internal discussions around the product migration issue but also ongoing tracking.

Regards

s47F

s47F

Partner | Health | Actuarial  
Deloitte Consulting

s47F

225 George Street, Sydney/Gadigal, NSW 2000, Australia

D: s47F | M: s47F

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s22

**From:** KELLEHER, Brian  
**Sent:** Thursday, 18 August 2022 7:27 AM  
**To:** s22  
**Cc:** s22; s22  
**Subject:** RE: For approval ASAP today - 2023 Premium Round Procurement Plan [SEC=OFFICIAL]  
**Attachments:** Premium Round 2023 - Procurement Plan - AS signed and dated - 19Aug22.docx

Good morning

All recs noted and approved – template not allowing draw function, so I have used strikethroughs where appropriate.

I have made a change to the reasons for pursuing a direct source with D in the minute.

Please let me know how the approach to market will be raised with D – email and / or Austender.

I have let D know they may expect to receive an approach.

Brian

**From:** s22 @Health.gov.au>  
**Sent:** Thursday, 18 August 2022 8:57 AM  
**To:** KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
**Cc:** s22 @health.gov.au>; s22 @Health.gov.au>  
**Subject:** For approval ASAP today - 2023 Premium Round Procurement Plan [SEC=OFFICIAL]

Hi Brian,

For approval - please see attached updated documents as per our discussion yesterday. I've attached the full pack to this email for completeness, with summary of documents below.

- Procurement plan agreement for PR23
- Attachment A – Expenditure information
- Attachment B – IIP checklist
- Attachment C – Risk Profile
- Attachment D - Request for Quotation
- Attachment E - Value for Money Assessment
- Attachment F - PAS endorsement

Thanks,

s22

s22

## Private Health Policy and Financing

Private Health Industry Branch | Medical Benefits Division | Health Resourcing Group

Australian Government, Department of Health and Aged Care

T: 07 3360 s22 | E: s22 @health.gov.au

Location: 160 Ann Street, Brisbane

GPO Box 9848, Brisbane QLD 4001, Australia

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**From:** KELLEHER, Brian <[Brian.Kelleher@health.gov.au](mailto:Brian.Kelleher@health.gov.au)>

**Sent:** Wednesday, 17 August 2022 9:06 AM

**To:** s22 [REDACTED] <[s22@health.gov.au](mailto:s22@health.gov.au)>

**Cc:** s22 [REDACTED] <[s22@health.gov.au](mailto:s22@health.gov.au)>

**Subject:** RE: RE-FLAGGING FW: For approval by Thursday 11 August - 2023 Premium Round Procurement Plan [SEC=OFFICIAL]

Hi s22 [REDACTED] – please call so we can discuss the attached – please review revise dates

**From:** s22 [REDACTED] <[s22@Health.gov.au](mailto:s22@Health.gov.au)>

**Sent:** Thursday, 4 August 2022 2:57 PM

**To:** KELLEHER, Brian <[Brian.Kelleher@health.gov.au](mailto:Brian.Kelleher@health.gov.au)>

**Cc:** s22 [REDACTED] <[s22@health.gov.au](mailto:s22@health.gov.au)>; s22 [REDACTED] <[s22@health.gov.au](mailto:s22@health.gov.au)>; s22 [REDACTED] <[s22@Health.gov.au](mailto:s22@Health.gov.au)>

**Subject:** For approval by Thursday 11 August - 2023 Premium Round Procurement Plan [SEC=OFFICIAL]

Hi Brian,

For your approval and review by *Thursday 11 August*, see attached documents for 2023 Premium Round procurement. See below summary of attachments.

- Procurement plan agreement for PR23
- Attachment A – Expenditure information
- Attachment B – IIP checklist
- Attachment C – Risk Profile
- Attachment D - Request for Quotation
- Attachment E - Value for Money Assessment
- Attachment F - PAS endorsement

Please let us know if you have any questions or queries.

Thanks,

s22 [REDACTED]

s22 [REDACTED]

## Private Health Policy and Financing

Private Health Industry Branch | Medical Benefits Division | Health Resourcing Group

Australian Government, Department of Health and Aged Care

T: 07 3360 s22 [REDACTED] | E: s22 [REDACTED] <[s22@health.gov.au](mailto:s22@health.gov.au)>

Location: 160 Ann Street, Brisbane

GPO Box 9848, Brisbane QLD 4001, Australia

*The Department of Health and Aged Care acknowledges First Nations peoples as the Traditional Owners of Country throughout Australia, and their continuing connection to land, sea and community. We pay our respects to them and their cultures, and to all Elders both past and present.*

s22

**From:** KELLEHER, Brian  
**Sent:** Friday, 9 September 2022 1:27 PM  
**To:** s22  
**Cc:** s22  
**Subject:** RE: For Clearance (by Monday if possible): Official Order for Deloitte re Premium Round 2023 [SEC=OFFICIAL]  
**Attachments:** Commitment Approval Minute - Premium Round 2023 Procurement - 9Sep2022.docx; Attachment B - Letter of Offer - Expert services for 2023 Premium Round - 9Sep22.docx

Thanks s22 – as discussed  
 Brian

**From:** s22@health.gov.au>  
**Sent:** Friday, 9 September 2022 1:08 PM  
**To:** KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
**Cc:** s22@Health.gov.au>  
**Subject:** For Clearance (by Monday if possible): Official Order for Deloitte re Premium Round 2023 [SEC=OFFICIAL]

Hi Brian,

Please see attached.

Note that Deloitte quoted s47(1)(b) including GST, and so this is the amount sought. Any extensions etc can be covered off in future with variations to the contract.

Thanks,

s22

Acting Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
 Medical Benefits Division  
 Australian Government Department of Health and Aged Care  
 T: 02 6289 s22 | E: s22@health.gov.au  
 Part-time hours - Mo, Tu, Th, Fr.



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s22

**From:** s22  
**Sent:** Friday, 23 December 2022 6:59 AM  
**To:** s47F, s47F  
**Cc:** s22  
**Subject:** FW: Order Variation - Actuarial Services for Premium Round 2023 [SEC=OFFICIAL]  
**Attachments:** Schedule 6A Order Variation - DoHAC AS signed and dated - 23Nov22.pdf

Hi s47F and s47F,

Please see attached the counter-signed Order Variation.

If you have any questions, please let me know.

Thanks,

s22

Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
 Medical Benefits Division

Australian Government Department of Health and Aged Care

T: 02 6289 s22 | E: s22 @health.gov.au

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**From:** KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
**Sent:** Friday, 23 December 2022 9:43 AM  
**To:** s47F @deloitte.com.au; s47F @deloitte.com.au  
**Cc:** s22 @health.gov.au; s22 @health.gov.au  
**Subject:** RE: Order Variation - Actuarial Services for Premium Round 2023 [SEC=OFFICIAL]

Good morning – please find attached the signed and dated Order Variation.  
 Brian

**From:** s47F @deloitte.com.au>  
**Sent:** Thursday, 22 December 2022 4:42 PM  
**To:** s22 @health.gov.au; s47F @deloitte.com.au>  
**Cc:** s22 @health.gov.au; KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
**Subject:** RE:Order Variation - Actuarial Services for Premium Round 2023 [SEC=OFFICIAL]



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Hi s22

Thanks for pulling this together for us.

Please find attached a scanned version with my signature. We are comfortable for the Department to sign the document electronically.

## Regards

s47F

s47F

D: s47F | M: s47F  
 s47F @deloitte.com.au | www.deloitte.com.au

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**From:** s22 @health.gov.au>  
**Sent:** Thursday, 22 December 2022 1:30 PM  
**To:** s47F @deloitte.com.au>; s47F @deloitte.com.au>  
**Cc:** s22 @health.gov.au>; KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
**Subject:** [EXT]Order Variation - Actuarial Services for Premium Round 2023 [SEC=OFFICIAL]

Dear s47F and s47F,

Attached is an Order Variation to extend the timelines on your actuarial services in relation to Premium Round 2023, to 30 June 2023.

I've attached a pdf and word version.

- If you would like to request any changes for our consideration please do so using the word version in track changes and comments.
- If you are happy with the document as is then please proceed for the appropriate person and witness to sign and date the last page of the pdf version.
- The Department proposes to sign the document electronically and seeks Deloitte's confirmation that this is acceptable.

We wish to finalise this by **no later than midday tomorrow**.

Any questions or concerns please don't hesitate to contact me.

s22

Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
 Medical Benefits Division

Australian Government Department of Health and Aged Care

T: 02 6289 s22 | E: s22 @health.gov.au

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s22

**From:** s47F@deloitte.com.au>  
**Sent:** Tuesday, 13 December 2022 12:54 PM  
**To:** s22  
**Cc:** s47F; s22; s22; s47F; s47F;  
**Subject:** Apr-23 Rate Submission Analyses - Documentation updated [SEC=OFFICIAL]  
**Attachments:** Rate Submission by Insurer APR 23\_SENT to DOHAC v20221213.pptx; Rate Submission by Insurer APR 23\_SENT to DOHAC v20221213\_with tracked changes.pdf

Hi s22

We have made edits to the document in line with your request.

Attached, please find two version of the document:

- one highlighting the changes in yellow (a pdf version) and
- one with the changes but not highlighted (an editable power point version).

For completeness, a summary on how we addressed your request is given in your email 12/12/22 below.

Let me know if you need anything further.

Kind regards

s47F

**From:** s22@health.gov.au>  
**Sent:** Monday, 12 December 2022 8:39 AM  
**To:** s47F@deloitte.com.au>; s22@health.gov.au>; s22@Health.gov.au>  
**Cc:** s47F@deloitte.com.au>; s47F@deloitte.com.au>; s47F@deloitte.com.au>; s47F@deloitte.com.au>  
**Subject:** [EXT]RE: TRIM: Apr-23 Rate Submission Analyses [SEC=OFFICIAL]

Hi s47F,

Thank you for sending through the pack.

Below are our questions and comments re the slide pack. We are hoping to brief up the line this this week, would it be possible to have a new pack taking into account these comments tomorrow? Please let us know if there are any issues.

Questions and comments:

- Page 3 – it would be great to call out that “other” column doesn’t refer to the capacity for insurers to “move” their requested premium rate.
  - **We have included new wording – now slide 26**
- Where possible, it would be great to have axis labels (including units presented) on all charts.
  - **This has been addressed as far as possible**
- What are the criteria for the ‘peer’ groupings? i.e. what are the sizes/thresholds etc?
  - **Groupings have been based on HIB Premium Revenue as per APRA operations report. We have included the definition of peer groupings in the text of each divider slide.**

- Projected benefit growth charts – can we please confirm if the figures were taken directly from the written part of the submission, or if there was some other calculation carried out?
  - In all cases we have used what was provided in the written submissions. However, we made approximations if data was not split between hospital and general treatment products. The second line on Slide 20 has been added to clarify what was done.
- In the date deferred section of each insurer summaries, most say 'implemented' when there wasn't a deferral. Others say 'NA' instead – such as s47G and s47G
  - Change "NA" to "Implemented" for consistency, also filled in some insurers' tables which had blank spaces
- Can you please add 'protected' markings to each page
  - This has been added to the top of each page
- Can we please re-order to have the industry slides up front
  - Reordered, now spans Slides 3-24.
- Slide 88 – the IHACPA reference. We checked this with the Public Hospitals Section and they suggested we should instead use the efficient growth in unit price of public hospitals in 22-23 as calculated in the attached email.
  - The final line on Slide 20 has been updated to align with this.
  - This slide now also includes an additional average on each chart where the average growth figure is weighted by PY22 claims.

Regards,

s22

Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
 Medical Benefits Division  
 Australian Government Department of Health and Aged Care  
 T: 02 6289 s22 | E: s22 @health.gov.au  
 Part-time hours - Mo, Tu, Th, Fr.

From: s47F @deloitte.com.au>

Sent: Wednesday, 7 December 2022 3:32 PM

To: s22 @health.gov.au>; s22 @health.gov.au>; s22 @Health.gov.au>; KELLEHER, Brian <Brian.Kelleher@health.gov.au>

Cc: s47F @deloitte.com.au>; s47F @deloitte.com.au>; s47F @deloitte.com.au>

Subject: TRIM: Apr-23 Rate Submission Analyses

**REMINDER:** Think before you click! This email originated from outside our organisation. Only click links or open attachments if you recognise the sender and know the content is safe.

Hi s22, Brian, s22 and s22

Please find attached our analyses of each insurer and for the industry.

### The analyses

As you would have already seen, this year we have introduced the waterfall chart. The purpose of this chart is to explore whether we can explain the rate increase being requested, attributing it to different drivers: underlying benefit growth, change in margins, flowing through of reforms savings etc. In one of the very initial discussions we had as part of the planning for this work, you shared that hospitals were indicating that they are facing significant cost pressures from for example, staffing shortages and generally higher inflation. Hence, to the extent that this would flow directly to insurers' claim costs, and to the extent that insurers might have a different view of those cost

pressures, we felt that this became a key question to understand. The waterfall helps with this by showing what insurers have assumed about benefit growth rates.

Another key insight that we wanted to get from the waterfall chart is how insurers are changing their targeted gross margins. Our approach has been to compare Apr-22 with Apr-23 from Template D of this year's submission. In a "normal" year, the difference may very well be indicative of planned changes to the targeted GMs. However, Apr-22 has continued to be impacted by COVID-19 resulting in far lower claims than expected. Hence, we have added some additional commentary to bridge the (often significant) difference between the expected Apr-22 GM (per last year's submission) with the updated expectation (not quite an actual because there is still be 6 months remaining for the Apr-22 premium year as at September). You will see that the analyses of how GM is changing sometimes provides an internally coherent story, but just as often, there are potentially significant impacts coming through from membership changes, planned migration that are captured in the balancing waterfall item called "Other".

The second page of the insurer pack is similar to previous year's and help to quickly identify where there may be a higher net margin being requested than historically, where an insurer is targeting a higher net margin compared with its peers and whether its approach to capital is more or less conservative than its peers and the industry.

Finally, we have included many of the same industry slides again. There are some new ones to show the impact of the new prudential capital standards and exploring the additional capital insurers will need to hold as well as their ability to generate additional capital through premiums. Given the focus on benefit growth, we have also got a slide that summarises each insurer's assumption for benefit growth and compared that with the industry average and what we could see as being assumed by IHACPA in their latest pricing report.

### **Additional thoughts**

Please excuse the long email but a couple of other initial thoughts we wanted to share following yesterday's discussion.

#### **Resubmission risks:**

- Information asymmetry has always been a challenge and is impacted by the manner in which insurers represent information in their submissions. The creation of the waterfall has highlighted the challenge of piecing together all the different information they provide into a coherent "story". An insurer that is asked to resubmit may not offer new information and feel discouraged from being more transparent going forward. How do you align/reward ease of getting through the process with increased transparency?
- Insurers can currently introduce new products (and prices) that do sit outside the rate submission process. This might produce the desired official increase even though the experience of the consumer is detrimentally affected. Does the opportunity to resubmit simply exacerbate this practice? i.e. it is dressing up the request differently without any "real" impact for members? How can we keep insurers honest about the way they manage products? E.g. review Template A in detail across years? Could DOH consider reporting approved/planned "loss ratios" in future (i.e. the premium increase is one part of the picture, the other part is how much goes back to members as claims).

#### **Conditions for resubmission:**

- Insurers with a materially higher hospital and/or general treatment benefit growth assumed. All hospitals and health providers are generally subject to the same forces that drive up their costs. Therefore, we would expect that most insurers have broadly similar expectations on benefit growth. The exception to this are insurers with a geographic concentration – in which case the inflationary pressures for hospitals in that location should be an additional consideration (Insurer's first page and page 88)
- Insurers with a rate increase before rate protection, age based discounts and dependent reforms above their benefit growth assumption are potential examples where there is an increase in GM being priced into the Apr-23 submission. To the extent that this cannot be explained by performing the additional analyses to look at how the GM expectation has changed for Apr-22, or any other explanatory factor, this raises a red flag that there is more information that the insurer could provide to help explain the final FCI (Insurer's first page comparing total benefit growth with the first black bar).
- Net margins that appear to be consistently higher than the rest of the industry, plus target capital that is also materially greater than the industry (insurer's second page and page 76)

- Insurers that have estimated materially higher contract and medical cost indexation than the rest of the industry and using that to justify a higher rate increase (insurer's first page including commentary on hospital contracting)
- Insurers that have not reflected any savings at all from prostheses reforms (Insurer's first page i.e. the pros bens item plus pages 78-80, 90, 91)
- Insurers who are deferring rate rises without clearly describing how that is being allowed for in their rate rise request (insurer's second page where Apr-23 column of the premium rate request table indicates whether an insurer mentions this is being considered)
- Insurers where information provided is internally inconsistent e.g. the excel template differs from the written submission

Happy to talk through this when we next catch up or drop [REDACTED] and I am call if earlier is better.

In terms of next steps – we will take on board any feedback you might have on the attached. We will also reflect more on the resubmission risks and conditions for resubmissions and update you with any further thoughts if we have them.

Separately, we have been developing an asset that we want to share with clients showing quarterly analyses of product movements e.g. number of products opening and closing by tier, what clinical categories are being added/dropped and so on. We are close to finishing an initial version and will share that with you. Just thought it might also help with your internal discussions around the product migration issue but also ongoing tracking.

Regards

[REDACTED]

[REDACTED]

Partner | Health | Actuarial  
Deloitte Consulting

[REDACTED]

225 George Street, Sydney/Gadigal, NSW 2000, Australia

D: [REDACTED] | M: [REDACTED]

[REDACTED] [@deloitte.com.au](mailto:[REDACTED]@deloitte.com.au) | [www.deloitte.com.au](http://www.deloitte.com.au)

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**Sent:** Tuesday, 20 December 2022 2:22 PM  
**To:** s22 [REDACTED]  
**Cc:** s22 [REDACTED]; s47F [REDACTED]; s22 [REDACTED]  
**Subject:** RE:Draft Order Variation (without prejudice) [SEC=OFFICIAL]

**Categories:** Red Category

Hi s22 [REDACTED]

The only comment is for the milestone dates for the assessment of comparability of PHI products for consumers which is currently reflected as April-June 2023. If you are able to bring the April start earlier, that would be helpful e.g. start in Feb.

Kind regards

s47F [REDACTED]

**From:** s22 [REDACTED]@health.gov.au>  
**Sent:** Tuesday, 20 December 2022 5:00 PM  
**To:** s47F [REDACTED]@deloitte.com.au>  
**Cc:** s22 [REDACTED]@health.gov.au>; s47F [REDACTED]@deloitte.com.au>; s22 [REDACTED]  
 s22 [REDACTED]@Health.gov.au>  
**Subject:** [EXT]RE: Draft Order Variation (without prejudice) [SEC=OFFICIAL]

Thanks s47F [REDACTED],

Can I confirm that you and s47F [REDACTED] didn't have any comments on the Order Variation?

Thanks,

s22 [REDACTED]

Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
 Medical Benefits Division

Australian Government Department of Health and Aged Care

T: 02 6289 s22 [REDACTED] | E: s22 [REDACTED]@health.gov.au

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**To:** s47F [REDACTED]@health.gov.au>  
**Cc:** s22 [REDACTED]@health.gov.au>; s47F [REDACTED]@deloitte.com.au>; s22 [REDACTED]  
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Hi s22 [REDACTED]

Attached, please find our thoughts on the proposed scope and estimated fees for the three pieces of work listed below. The document is a draft so we would welcome your feedback.

I also wanted to flag that s47F and I are planning longish periods of leave during April and May 2023, so it would be helpful if we could discuss a workarounds for the timing of work for the assessment of comparability of PHI products for consumers analysis piece. An initial thought is to bring that work forward if possible.

Kind regards

s47F

**From:** s22 @health.gov.au>

**Sent:** Tuesday, 13 December 2022 4:25 PM

**To:** s47F @deloitte.com.au>

**Cc:** s22 @health.gov.au>; s47F @deloitte.com.au>; s22

s22 @Health.gov.au>

**Subject:** [EXT]Draft Order Variation (without prejudice) [SEC=OFFICIAL]

Hi s47F

Without prejudice, we attached a draft order variation to our contract with Deloitte.

We have added the following three pieces of work:

1. advice on resubmissions to the 2023 premium round process.
2. advice on amendments to the premium round application form to improve information gathered for assessment in future premium round assessments and potential changes to future premium round processes.
3. an update to previous work on the assessment of comparability of PHI products for consumers.

If possible, would you be in a position to provide an estimate of fees for each of these three pieces of work?

Please review, and as always we are happy to discuss.

Thanks,

s22

Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
Medical Benefits Division

Australian Government Department of Health and Aged Care

T: 02 6289 s22 | E: s22 @health.gov.au

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**From:** s47F@deloitte.com.au>  
**Sent:** Tuesday, 20 December 2022 1:32 PM  
**To:** s22  
**Cc:** s22; s47F; s22  
**Subject:** RE:Draft Order Variation (without prejudice) [SEC=OFFICIAL]  
**Attachments:** 20221219\_Letter\_PHI support\_extension of work order\_to client.pdf

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Hi s22

Attached, please find our thoughts on the proposed scope and estimated fees for the three pieces of work listed below. The document is a draft so we would welcome your feedback.

I also wanted to flag that Ignatius and I are planning longish periods of leave during April and May 2023, so it would be helpful if we could discuss a workarounds for the timing of work for the assessment of comparability of PHI products for consumers analysis piece. An initial thought is to bring that work forward if possible.

Kind regards

s47F

---

**From:** s22@health.gov.au>  
**Sent:** Tuesday, 13 December 2022 4:25 PM  
**To:** s47F@deloitte.com.au>  
**Cc:** s22@health.gov.au>; s47F@deloitte.com.au>; s22@Health.gov.au>  
**Subject:** [EXT]Draft Order Variation (without prejudice) [SEC=OFFICIAL]

Hi s47F

Without prejudice, we attached a draft order variation to our contract with Deloitte.

We have added the following three pieces of work:

1. advice on resubmissions to the 2023 premium round process.
2. advice on amendments to the premium round application form to improve information gathered for assessment in future premium round assessments and potential changes to future premium round processes.
3. an update to previous work on the assessment of comparability of PHI products for consumers.

If possible, would you be in a position to provide an estimate of fees for each of these three pieces of work?

Please review, and as always we are happy to discuss.

Thanks,

s22

Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
 Medical Benefits Division

Australian Government Department of Health and Aged Care

T: 02 6289 s22 | E: s22@health.gov.au

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s22

**From:** s47F@deloitte.com.au>  
**Sent:** Wednesday, 14 December 2022 12:20 PM  
**To:** s22, s22, s22  
**Cc:** s47F  
**Subject:** PR23 Initial assessment - thoughts on resubmission  
**Attachments:** 20221213\_Premium round\_Thoughts on resubmission\_to client.pptx

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Hi s22, s22 and s22

We provide some thoughts on what we would write to insurers regarding:

1. the request for prostheses reform information (page 1)
  2. those identified for resubmission (page 2).
- In both cases, we have been factual and called out the areas of concern. This approach has merit as it gives the insurer a clear steer on the information you are seeking and the way to rectify their submission in a constructive manner. The disadvantage however, is that it shows the insurer what you are monitoring and it doesn't necessarily remove the risk they just come back with some wordy arguments supporting their initial submission or the way you have interpreted their results.
  - On the request for prostheses reform information (page 1), we toyed with telling the insurers that this information will be collected and monitored retrospectively and on an ongoing basis, as a means of encouragement to supply information. Depending on your appetite to commit to monitoring it, you could put that in.
  - On the request to those identified for resubmission (page 2), we have called out all the areas of concern, irrespective of the specific areas the insurer was found to be defective in. This was done to make the insurer consider all those areas in the resubmission and removes their ability to compare with others in areas of deficiencies.

Naturally, you will have your own style, persuasion techniques and specific formalities so please use as much or as little from our thoughts.

Also happy to chat further about this, just let us know.

s47F

**From:** s22@health.gov.au>  
**Sent:** Tuesday, 13 December 2022 4:24 PM  
**To:** s47F@deloitte.com.au>; s47F@deloitte.com.au>  
**Cc:** s22@health.gov.au>; s22@Health.gov.au>  
**Subject:** [EXT]PR23 Initial assessment discussion pack [SEC=OFFICIAL]

Hi s47F and s47F

Here is the pack we discussed last week.

s22



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s47F

**From:** s47F@deloitte.com.au>  
**Sent:** Wednesday, 7 December 2022 12:32 PM  
**To:** s22; s22; s22; KELLEHER, Brian  
**Cc:** s47F; s47F; s47F; s47F  
**Subject:** Apr-23 Rate Submission Analyses  
**Attachments:** Rate Submission by Insurer APR 23\_SENT to DOHAC v20221207.pdf

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Hi s22, Brian, s22 and s22

Please find attached our analyses of each insurer and for the industry.

### The analyses

As you would have already seen, this year we have introduced the waterfall chart. The purpose of this chart is to explore whether we can explain the rate increase being requested, attributing it to different drivers: underlying benefit growth, change in margins, flowing through of reforms savings etc. In one of the very initial discussions we had as part of the planning for this work, you shared that hospitals were indicating that they are facing significant cost pressures from for example, staffing shortages and generally higher inflation. Hence, to the extent that this would flow directly to insurers' claim costs, and to the extent that insurers might have a different view of those cost pressures, we felt that this became a key question to understand. The waterfall helps with this by showing what insurers have assumed about benefit growth rates.

Another key insight that we wanted to get from the waterfall chart is how insurers are changing their targeted gross margins. Our approach has been to compare Apr-22 with Apr-23 from Template D of this year's submission. In a "normal" year, the difference may very well be indicative of planned changes to the targeted GMs. However, Apr-22 has continued to be impacted by COVID-19 resulting in far lower claims than expected. Hence, we have added some additional commentary to bridge the (often significant) difference between the expected Apr-22 GM (per last year's submission) with the updated expectation (not quite an actual because there is still be 6 months remaining for the Apr-22 premium year as at September). You will see that the analyses of how GM is changing sometimes provides an internally coherent story, but just as often, there are potentially significant impacts coming through from membership changes, planned migration that are captured in the balancing waterfall item called "Other".

The second page of the insurer pack is similar to previous year's and help to quickly identify where there may be a higher net margin being requested than historically, where an insurer is targeting a higher net margin compared with its peers and whether its approach to capital is more or less conservative than its peers and the industry.

Finally, we have included many of the same industry slides again. There are some new ones to show the impact of the new prudential capital standards and exploring the additional capital insurers will need to hold as well as their ability to generate additional capital through premiums. Given the focus on benefit growth, we have also got a slide that summarises each insurer's assumption for benefit growth and compared that with the industry average and what we could see as being assumed by IHACPA in their latest pricing report.

### Additional thoughts

Please excuse the long email but a couple of other initial thoughts we wanted to share following yesterday's discussion.

## Resubmission risks:

- Information asymmetry has always been a challenge and is impacted by the manner in which insurers represent information in their submissions. The creation of the waterfall has highlighted the challenge of piecing together all the different information they provide into a coherent “story”. An insurer that is asked to resubmit may not offer new information and feel discouraged from being more transparent going forward. How do you align/reward ease of getting through the process with increased transparency?
- Insurers can currently introduce new products (and prices) that do sit outside the rate submission process. This might produce the desired official increase even though the experience of the consumer is detrimentally affected. Does the opportunity to resubmit simply exacerbate this practice? i.e. it is dressing up the request differently without any “real” impact for members? How can we keep insurers honest about the way they manage products? E.g. review Template A in detail across years? Could DOH consider reporting approved/planned “loss ratios” in future (i.e. the premium increase is one part of the picture, the other part is how much goes back to members as claims).

## Conditions for resubmission:

- Insurers with a materially higher hospital and/or general treatment benefit growth assumed. All hospitals and health providers are generally subject to the same forces that drive up their costs. Therefore, we would expect that most insurers have broadly similar expectations on benefit growth. The exception to this are insurers with a geographic concentration – in which case the inflationary pressures for hospitals in that location should be an additional consideration (Insurer’s first page and page 88)
- Insurers with a rate increase before rate protection, age based discounts and dependent reforms above their benefit growth assumption are potential examples where there is an increase in GM being priced into the Apr-23 submission. To the extent that this cannot be explained by performing the additional analyses to look at how the GM expectation has changed for Apr-22, or any other explanatory factor, this raises a red flag that there is more information that the insurer could provide to help explain the final FCI (Insurer’s first page comparing total benefit growth with the first black bar).
- Net margins that appear to be consistently higher than the rest of the industry, plus target capital that is also materially greater than the industry (insurer’s second page and page 76)
- Insurers that have estimated materially higher contract and medical cost indexation than the rest of the industry and using that to justify a higher rate increase (insurer’s first page including commentary on hospital contracting)
- Insurers that have not reflected any savings at all from prostheses reforms (Insurer’s first page i.e. the pros bens item plus pages 78-80, 90, 91)
- Insurers who are deferring rate rises without clearly describing how that is being allowed for in their rate rise request (insurer’s second page where Apr-23 column of the premium rate request table indicates whether an insurer mentions this is being considered)
- Insurers where information provided is internally inconsistent e.g. the excel template differs from the written submission

Happy to talk through this when we next catch up or drop s47F and I am call if earlier is better.

In terms of next steps – we will take on board any feedback you might have on the attached. We will also reflect more on the resubmission risks and conditions for resubmissions and update you with any further thoughts if we have them.

Separately, we have been developing an asset that we want to share with clients showing quarterly analyses of product movements e.g. number of products opening and closing by tier, what clinical categories are being added/dropped and so on. We are close to finishing an initial version and will share that with you. Just thought it might also help with your internal discussions around the product migration issue but also ongoing tracking.

Regards

s47F

s47F

Partner | Health | Actuarial  
Deloitte Consulting

s47F

225 George Street, Sydney/Gadigal, NSW 2000, Australia

D: s47F | M: s47F

s47F @deloitte.com.au | www.deloitte.com.au

PA s47F T: s47F | s47F @deloitte.com.au

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**From:** [REDACTED]@deloitte.com.au>  
**Sent:** Monday, 16 January 2023 12:14 PM  
**To:** [REDACTED]; [REDACTED]; [REDACTED]  
**Cc:** KELLEHER, Brian; [REDACTED]  
**Subject:** RE:2023 Premium Rate Round - Assessment of Resubmissions - Supporting documentation  
**Attachments:** [REDACTED].pptx

Hi [REDACTED]

Attached, a more refined version of the report.

Changes:

[REDACTED]

Do let me know if we need to jump on a call regarding the attached or any other information.

Kind regards

[REDACTED]

**From:** [REDACTED]  
**Sent:** Friday, 13 January 2023 6:57 PM  
**To:** [REDACTED]@health.gov.au; [REDACTED]@health.gov.au; [REDACTED]  
**Cc:** KELLEHER, Brian <Brian.Kelleher@health.gov.au>; [REDACTED]@deloitte.com.au>  
**Subject:** 2023 Premium Rate Round - Assessment of Resubmissions - Supporting documentation

Hi [REDACTED] and team

Please find documentation of our findings and assessments of the information supplied in the January 2023 resubmission of premium round applications attached and saved to the link below.

[REDACTED].pptx

The pack reflects our discussions over the week and what could be achieved for an assessment in the timeframe.

[REDACTED]

I trust this information will be helpful in compiling your advice. If you need any further information or clarification prior to our call on Monday, please just call.

Kind regards

[REDACTED]

[REDACTED]

Director | Health, Government and Public Sector | Actuaries and Consultants  
Deloitte Consulting Pty. Ltd.  
477 Collins Street, Melbourne, VIC, 3000

D: [REDACTED] | M: [REDACTED]  
[REDACTED]@deloitte.com.au | [www.deloitte.com.au](http://www.deloitte.com.au)

*I work part time and am unavailable on a Friday*

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s22

---

**From:** s47F@deloitte.com.au>  
**Sent:** Friday, 2 September 2022 11:50 AM  
**To:** s22  
**Cc:** s47F; KELLEHER, Brian  
**Subject:** RE:RFQ - Management Advisory Services Panel - Premium Round 2023 [SEC=OFFICIAL]  
**Attachments:** 20220902 Proposal for Premium Round Assistance\_MAS panel.pdf  
**Categories:** Red Category

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Hi s22

Thanks for the opportunity to respond to this RFQ. Our response is attached.

Whilst the general approach we have proposed will be similar to previous years, we note that the themes under which rate submissions have been prepared are different. These include the economic challenges but also the proximity of new capital standards and the solidifying expectations around pandemic commitments.

In our response, we have attempted to identify as many uncertainties that we can think of, and internally considered how this might shape the analysis. A key part of the September phase will be to hone in on the scope of analysis that will be most important.

I hope our proposal meets your requirements and we hope to work with the Department again on this important engagement.

If there are any questions at all on our proposal, please don't hesitate to let me know.

**Regards**

s47F

s47F  
 D: s47F | M: s47F  
 s47F@deloitte.com.au | www.deloitte.com.au

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**From:** s22@health.gov.au>  
**Sent:** Monday, 29 August 2022 8:45 AM  
**To:** s47F@deloitte.com.au>  
**Cc:** s47F@deloitte.com.au>; KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
**Subject:** [EXT]RFQ - Management Advisory Services Panel - Premium Round 2023 [SEC=OFFICIAL]

Hi s47F and s47F,

Please find attached an RFQ for Premium Round 2023 for your consideration.

This RFQ is under the Management Advisory Services Panel (SON 3751667) seeking actuarial services.

As per our emails below, we are seeking responses by Friday 2 September. Please contact me if you believe this may be an issue.

Let me know if you have any questions.

Regards,

s22

Acting Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
Medical Benefits Division  
Australian Government Department of Health and Aged Care  
T: 02 6289 s22 | E: s22@health.gov.au  
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**From:** s47F@deloitte.com.au>  
**Sent:** Thursday, 25 August 2022 5:03 PM  
**To:** s22@health.gov.au>  
**Cc:** s47F@deloitte.com.au>; KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
**Subject:** RE:Important information regarding the RFQ - Premium Round 2023 [SEC=OFFICIAL]

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Hi s22

Thanks for checking.

I will have my laptop with me to ensure I can work with s47F to get our response to you if it is next week. We have most of the response written so I'm hoping it will be relatively straight forward to realign some of the detail with the new RFQ.

I'm at Thredbo next week and back on deck late Thursday. I'm not sure what internet quality I will encounter there but in case I need the extra day, could we make it due next Friday? Would that be possible? I am hoping we wont need to rely on that.

Regards

s47F

Regards

s47F

s47F

D: s47F | M: s47F  
s47F@deloitte.com.au | www.deloitte.com.au

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From: s22 [REDACTED] <[REDACTED]@health.gov.au>  
 Sent: Thursday, 25 August 2022 12:56 PM  
 To: s47F [REDACTED] <[REDACTED]@deloitte.com.au>  
 Cc: s47F [REDACTED] <[REDACTED]@deloitte.com.au>; KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
 Subject: [EXT]RE: Important information regarding the RFQ - Premium Round 2023 [SEC=OFFICIAL]

Hi s47F [REDACTED],

One more thing re the RFQ: would you be in a position to respond to the new RFQ when it's sent out (aiming for early next week at the latest) to respond within five days? I know you mentioned leave next week, so I just wanted to run this past you.

Thanks for sending the article through. It's difficult to know the full picture, i.e. could they be private patients with out of pockets, or uninsured people who want to go private and pay full-fee? Like many things in the health space once you start scratching the surface a whole new set of questions presents themselves.

Regards,

s22 [REDACTED]

Acting Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
 Medical Benefits Division  
 Australian Government Department of Health and Aged Care  
 T: 02 6289 s47F [REDACTED] | E: s22 [REDACTED] <[REDACTED]@health.gov.au>  
 Part-time hours - Mo, Tu, Th, Fr.



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From: s47F [REDACTED] <[REDACTED]@deloitte.com.au>  
 Sent: Thursday, 25 August 2022 12:15 PM  
 To: s22 [REDACTED] <[REDACTED]@health.gov.au>  
 Cc: s47F [REDACTED] <[REDACTED]@deloitte.com.au>; KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
 Subject: RE: Important information regarding the RFQ - Premium Round 2023 [SEC=OFFICIAL]

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Hi s22 [REDACTED]

Thanks for confirming the panel.

We have mostly written our response so will just be a matter of referring back to the right panel when that comes through, and adjusting any timelines we have mentioned.

By the way, have you seen this article today:

<https://www.abc.net.au/news/2022-08-25/australians-using-super-retirement-savings-pay-health-costs/101368246>

Do we know what treatments people are funding from Super (I'm guessing the data is not linked or perhaps it gets captured when the request comes through)? Should there be tougher rules for withdrawal – what is the overall long term health system implication of allowing this? Just does not seem like a good outcome if we are asking people to sacrifice their long term retirement savings (when their health costs will be highest) in order to pay for health costs in their earlier age.

We'll keep an eye out for the new RFQ – thanks for letting us know.

Regards

s47F

s47F

D: s47F | M: s47F  
 s47F @deloitte.com.au | www.deloitte.com.au

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**From:** s22 @health.gov.au>  
**Sent:** Thursday, 25 August 2022 11:25 AM  
**To:** s47F @deloitte.com.au>  
**Cc:** s47F @deloitte.com.au>; KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
**Subject:** [EXT]Important information regarding the RFQ - Premium Round 2023 [SEC=OFFICIAL]

Hi s47F,

Thank you for your call on Tuesday.

The Procurement team have advised that I will need to reissue a new RQF, now that the Management Advisory Services Panel (SON SON3751667) is mandatory for use across Government. I was not advised or aware of this Panel until this week, and apologise for any inconvenience.

I will reissue a new RFQ as soon as possible. It will broadly be consistent with the original RFQ, but timelines may need to be adjusted to allow you sufficient time to respond to the new RFQ.

Please call me if you have any questions.

Regards,

s22

Acting Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
 Medical Benefits Division

Australian Government Department of Health and Aged Care

T: 02 6289 s22 | E: s22 @health.gov.au

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**From:** s47F@deloitte.com.au>  
**Sent:** Wednesday, 7 December 2022 2:51 PM  
**To:** s22; s22; s22; KELLEHER, Brian  
**Cc:** s47F; s47F; s47F; s47F  
**Subject:** RE:Apr-23 Rate Submission Analyses [SEC=OFFICIAL]  
**Attachments:** Rate Submission by Insurer APR 23\_SENT to DOHAC v20221207.pptx

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Hi s22

Of course – please see attached.

**Regards**

s47F

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**From:** s22@health.gov.au>  
**Sent:** Wednesday, 7 December 2022 4:44 PM  
**To:** s47F@deloitte.com.au>; s22@health.gov.au>; s22@Health.gov.au>; KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
**Cc:** s47F@deloitte.com.au>; s47F@deloitte.com.au>; s47F@deloitte.com.au>  
**Subject:** [EXT]RE: Apr-23 Rate Submission Analyses [SEC=OFFICIAL]

Hi s47F and team

Thanks so much for this pack – we really appreciate the work that has gone into this.

We will review and come back with any questions or feedback. In the meantime, any chance we could please get the powerpoint version also.

Thanks

s22

**From:** s47F@deloitte.com.au>  
**Sent:** Wednesday, 7 December 2022 2:32 PM  
**To:** s22@health.gov.au>; s22@health.gov.au>; s22@Health.gov.au>; KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
**Cc:** s47F@deloitte.com.au>; s47F@deloitte.com.au>; s47F@deloitte.com.au>



s47F @deloitte.com.au>; s47F @deloitte.com.au>

**Subject:** Apr-23 Rate Submission Analyses

**REMINDER:** Think before you click! This email originated from outside our organisation. Only click links or open attachments if you recognise the sender and know the content is safe.

Hi s22, Brian, s22 and s22

Please find attached our analyses of each insurer and for the industry.

### The analyses

As you would have already seen, this year we have introduced the waterfall chart. The purpose of this chart is to explore whether we can explain the rate increase being requested, attributing it to different drivers: underlying benefit growth, change in margins, flowing through of reforms savings etc. In one of the very initial discussions we had as part of the planning for this work, you shared that hospitals were indicating that they are facing significant cost pressures from for example, staffing shortages and generally higher inflation. Hence, to the extent that this would flow directly to insurers' claim costs, and to the extent that insurers might have a different view of those cost pressures, we felt that this became a key question to understand. The waterfall helps with this by showing what insurers have assumed about benefit growth rates.

Another key insight that we wanted to get from the waterfall chart is how insurers are changing their targeted gross margins. Our approach has been to compare Apr-22 with Apr-23 from Template D of this year's submission. In a "normal" year, the difference may very well be indicative of planned changes to the targeted GMs. However, Apr-22 has continued to be impacted by COVID-19 resulting in far lower claims than expected. Hence, we have added some additional commentary to bridge the (often significant) difference between the expected Apr-22 GM (per last year's submission) with the updated expectation (not quite an actual because there is still be 6 months remaining for the Apr-22 premium year as at September). You will see that the analyses of how GM is changing sometimes provides an internally coherent story, but just as often, there are potentially significant impacts coming through from membership changes, planned migration that are captured in the balancing waterfall item called "Other".

The second page of the insurer pack is similar to previous year's and help to quickly identify where there may be a higher net margin being requested than historically, where an insurer is targeting a higher net margin compared with its peers and whether its approach to capital is more or less conservative than its peers and the industry.

Finally, we have included many of the same industry slides again. There are some new ones to show the impact of the new prudential capital standards and exploring the additional capital insurers will need to hold as well as their ability to generate additional capital through premiums. Given the focus on benefit growth, we have also got a slide that summarises each insurer's assumption for benefit growth and compared that with the industry average and what we could see as being assumed by IHACPA in their latest pricing report.

### Additional thoughts

Please excuse the long email but a couple of other initial thoughts we wanted to share following yesterday's discussion.

Resubmission risks:

- Information asymmetry has always been a challenge and is impacted by the manner in which insurers represent information in their submissions. The creation of the waterfall has highlighted the challenge of piecing together all the different information they provide into a coherent "story". An insurer that is asked to resubmit may not offer new information and feel discouraged from being more transparent going forward. How do you align/reward ease of getting through the process with increased transparency?
- Insurers can currently introduce new products (and prices) that do sit outside the rate submission process. This might produce the desired official increase even though the experience of the consumer is

detrimentally affected. Does the opportunity to resubmit simply exacerbate this practice? i.e. it is dressing up the request differently without any “real” impact for members? How can we keep insurers honest about the way they manage products? E.g. review Template A in detail across years? Could DOH consider reporting approved/planned “loss ratios” in future (i.e. the premium increase is one part of the picture, the other part is how much goes back to members as claims).

#### Conditions for resubmission:

- Insurers with a materially higher hospital and/or general treatment benefit growth assumed. All hospitals and health providers are generally subject to the same forces that drive up their costs. Therefore, we would expect that most insurers have broadly similar expectations on benefit growth. The exception to this are insurers with a geographic concentration – in which case the inflationary pressures for hospitals in that location should be an additional consideration (Insurer’s first page and page 88)
- Insurers with a rate increase before rate protection, age based discounts and dependent reforms above their benefit growth assumption are potential examples where there is an increase in GM being priced into the Apr-23 submission. To the extent that this cannot be explained by performing the additional analyses to look at how the GM expectation has changed for Apr-22, or any other explanatory factor, this raises a red flag that there is more information that the insurer could provide to help explain the final FCI (Insurer’s first page comparing total benefit growth with the first black bar).
- Net margins that appear to be consistently higher than the rest of the industry, plus target capital that is also materially greater than the industry (insurer’s second page and page 76)
- Insurers that have estimated materially higher contract and medical cost indexation than the rest of the industry and using that to justify a higher rate increase (insurer’s first page including commentary on hospital contracting)
- Insurers that have not reflected any savings at all from prostheses reforms (Insurer’s first page i.e. the pros bens item plus pages 78-80, 90, 91)
- Insurers who are deferring rate rises without clearly describing how that is being allowed for in their rate rise request (insurer’s second page where Apr-23 column of the premium rate request table indicates whether an insurer mentions this is being considered)
- Insurers where information provided is internally inconsistent e.g. the excel template differs from the written submission

Happy to talk through this when we next catch up or drop s47F and I am call if earlier is better.

In terms of next steps – we will take on board any feedback you might have on the attached. We will also reflect more on the resubmission risks and conditions for resubmissions and update you with any further thoughts if we have them.

Separately, we have been developing an asset that we want to share with clients showing quarterly analyses of product movements e.g. number of products opening and closing by tier, what clinical categories are being added/dropped and so on. We are close to finishing an initial version and will share that with you. Just thought it might also help with your internal discussions around the product migration issue but also ongoing tracking.

Regards

s47F

s47F

Partner | Health | Actuarial  
Deloitte Consulting

s47F

225 George Street, Sydney/Gadigal, NSW 2000, Australia

D: s47F | M: s47F

s47F [@deloitte.com.au](mailto:s47F@deloitte.com.au) | [www.deloitte.com.au](http://www.deloitte.com.au)

PA s47F T: s47F | s47F [@deloitte.com.au](mailto:s47F@deloitte.com.au)

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s47F

**From:** s22  
**Sent:** Monday, 31 October 2022 1:48 PM  
**To:** s47F; s47F; s47F; s47F;  
s47F @apra.gov.au'; s47F @apra.gov.au'  
**Cc:** s47F; KELLEHER, Brian; s22  
**Subject:** DoH/Deloitte/APRA - Premium Round approach [SEC=OFFICIAL]  
**Attachments:** MOCK Rate Submission by Insurer APR 23\_template.pdf

Hi,

Following on from this afternoon's meeting, please see the attached the draft analysis template being developed between Deloitte and the Department of Health and Aged Care for this year's premium round.

Please note that:

- this is still in development and will not necessarily represent the final analyses that will be performed, and
- the new capital requirements should not lead to higher premium increases so the analyses around capital is really trying to "read between the lines" of what can be directly observed from the submissions.

Thanks,

s22

Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
Medical Benefits Division  
Australian Government Department of Health and Aged Care  
T: 02 6289 s22 | E: s22 @health.gov.au  
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s22

---

**From:** s47F@deloitte.com.au>  
**Sent:** Thursday, 22 December 2022 9:34 AM  
**To:** s22  
**Cc:** s22; s47F; s22  
**Subject:** RE:Draft Order Variation - proposed allocation of resources  
**Attachments:** 20221220\_Letter\_PHI support\_extension of work order\_to client.pdf

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Hi s22

Per conversation earlier, please see a revised letter to formalise thoughts – I've made edits to the comparability of PHI products for consumers analyses section.

I trust this works. If not, happy to discuss further.

s47F

---

**From:** s47F  
**Sent:** Tuesday, 20 December 2022 4:32 PM  
**To:** s22@health.gov.au>  
**Cc:** s22@health.gov.au>; s47F@deloitte.com.au>; s22@Health.gov.au>  
**Subject:** RE: Draft Order Variation (without prejudice) [SEC=OFFICIAL]

Hi s22

Attached, please find our thoughts on the proposed scope and estimated fees for the three pieces of work listed below. The document is a draft so we would welcome your feedback.

I also wanted to flag that s47F and I are planning longish periods of leave during April and May 2023, so it would be helpful if we could discuss a workarounds for the timing of work for the assessment of comparability of PHI products for consumers analysis piece. An initial thought is to bring that work forward if possible.

Kind regards

s47F

---

**From:** s22@health.gov.au>  
**Sent:** Tuesday, 13 December 2022 4:25 PM  
**To:** s47F@deloitte.com.au>  
**Cc:** s22@health.gov.au>; s47F@deloitte.com.au>; s22@Health.gov.au>  
**Subject:** [EXT]Draft Order Variation (without prejudice) [SEC=OFFICIAL]

Hi s47F

Without prejudice, we attached a draft order variation to our contract with Deloitte.

We have added the following three pieces of work:

1. advice on resubmissions to the 2023 premium round process.
2. advice on amendments to the premium round application form to improve information gathered for assessment in future premium round assessments and potential changes to future premium round processes.
3. an update to previous work on the assessment of comparability of PHI products for consumers.

If possible, would you be in a position to provide an estimate of fees for each of these three pieces of work?

Please review, and as always we are happy to discuss.

Thanks,

s22

Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
 Medical Benefits Division  
 Australian Government Department of Health and Aged Care  
 T: 02 6289 s22 | E: s22@health.gov.au  
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**From:** s22  
**Sent:** Tuesday, 13 December 2022 1:25 PM  
**To:** s47F  
**Cc:** s22; s47F; s22  
**Subject:** Draft Order Variation (without prejudice) [SEC=OFFICIAL]  
**Attachments:** Schedule 6A - Order Variation (002).DOCX

Hi s47F

Without prejudice, we attached a draft order variation to our contract with Deloitte.

We have added the following three pieces of work:

1. advice on resubmissions to the 2023 premium round process.
2. advice on amendments to the premium round application form to improve information gathered for assessment in future premium round assessments and potential changes to future premium round processes.
3. an update to previous work on the assessment of comparability of PHI products for consumers.

If possible, would you be in a position to provide an estimate of fees for each of these three pieces of work?

Please review, and as always we are happy to discuss.

Thanks,

s22

Assistant Director | Private Health Policy and Financing | Private Health Industry Branch

Medical Benefits Division

Australian Government Department of Health and Aged Care

T: 02 6289 s22 | E: s22 @health.gov.au

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s22

**From:** s22  
**Sent:** Tuesday, 6 September 2022 12:18 PM  
**To:** s22  
**Subject:** RE: Please review today if you have the chance: VFM - Management Advisory Services Panel - Premium Round 2023 [SEC=OFFICIAL]

Hi s22 – looks good to me!

Thanks,

s22

---

**From:** s22 @health.gov.au>  
**Sent:** Tuesday, 6 September 2022 9:55 AM  
**To:** s22 @health.gov.au>; s22 @health.gov.au>  
**Subject:** Please review today if you have the chance: VFM - Management Advisory Services Panel - Premium Round 2023 [SEC=OFFICIAL]

Hi,

Thank you for your time yesterday.

I have prepared the attached value for money assessment to capture our conversation and Deloitte's response to the RFQ.

Please review and let me know if you have any changes.

s22, as chair of the panel I may need to pass to you one final time if there are any edits for final endorsement to proceed.

Thanks,

s22

---

Acting Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
 Medical Benefits Division  
 Australian Government Department of Health and Aged Care  
 T: 02 6289 s22 | E: s22 @health.gov.au  
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**From:** s22  
**Sent:** Friday, 2 September 2022 2:00 PM  
**To:** s22 @health.gov.au>; s22 @health.gov.au>  
**Subject:** FW: RFQ - Management Advisory Services Panel - Premium Round 2023 [SEC=OFFICIAL]

Hi, for our meeting on Monday re value for money assessment.

I'll include all details in the meeting invite.

s22

Acting Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
 Medical Benefits Division  
 Australian Government Department of Health and Aged Care  
 T: 02 6289 s22 | E: s22@health.gov.au  
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**From:** s47F@deloitte.com.au>  
**Sent:** Friday, 2 September 2022 1:50 PM  
**To:** s22@health.gov.au>  
**Cc:** s47F@deloitte.com.au>; KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
**Subject:** RE:RFQ - Management Advisory Services Panel - Premium Round 2023 [SEC=OFFICIAL]

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Hi s22

Thanks for the opportunity to respond to this RFQ. Our response is attached.

Whilst the general approach we have proposed will be similar to previous years, we note that the themes under which rate submissions have been prepared are different. These include the economic challenges but also the proximity of new capital standards and the solidifying expectations around pandemic commitments.

In our response, we have attempted to identify as many uncertainties that we can think of, and internally considered how this might shape the analysis. A key part of the September phase will be to hone in on the scope of analysis that will be most important.

I hope our proposal meets your requirements and we hope to work with the Department again on this important engagement.

If there are any questions at all on our proposal, please don't hesitate to let me know.

**Regards**

s47F

s47F

D: s47F | M: s47F  
 s47F@deloitte.com.au | www.deloitte.com.au

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**From:** s22@health.gov.au>  
**Sent:** Monday, 29 August 2022 8:45 AM  
**To:** s47F@deloitte.com.au>  
**Cc:** s47F@deloitte.com.au>; KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
**Subject:** [EXT]RFQ - Management Advisory Services Panel - Premium Round 2023 [SEC=OFFICIAL]

Hi s47F and s47F,

Please find attached an RFQ for Premium Round 2023 for your consideration.

This RFQ is under the Management Advisory Services Panel (SON 3751667) seeking actuarial services.

As per our emails below, we are seeking responses by Friday 2 September. Please contact me if you believe this may be an issue.

Let me know if you have any questions.

Regards,

s22

Acting Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
Medical Benefits Division  
Australian Government Department of Health and Aged Care  
T: 02 6289 s22 | E: s22 @health.gov.au  
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**From:** s47F @deloitte.com.au>  
**Sent:** Thursday, 25 August 2022 5:03 PM  
**To:** s22 @health.gov.au>  
**Cc:** s47F @deloitte.com.au>; KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
**Subject:** RE:Important information regarding the RFQ - Premium Round 2023 [SEC=OFFICIAL]

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Hi s22

Thanks for checking.

I will have my laptop with me to ensure I can work with s47F to get our response to you if it is next week. We have most of the response written so I'm hoping it will be relatively straight forward to realign some of the detail with the new RFQ.

I'm at Thredbo next week and back on deck late Thursday. I'm not sure what internet quality I will encounter there but in case I need the extra day, could we make it due next Friday? Would that be possible? I am hoping we wont need to rely on that.

Regards

s47F

Regards

s47F

s47F

D: s47F | M: s47F  
s47F @deloitte.com.au | www.deloitte.com.au

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From: s22 [REDACTED] <[REDACTED]@health.gov.au>  
 Sent: Thursday, 25 August 2022 12:56 PM  
 To: s47F [REDACTED] <[REDACTED]@deloitte.com.au>  
 Cc: s47F [REDACTED] <[REDACTED]@deloitte.com.au>; KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
 Subject: [EXT]RE: Important information regarding the RFQ - Premium Round 2023 [SEC=OFFICIAL]

Hi s47F [REDACTED],

One more thing re the RFQ: would you be in a position to respond to the new RFQ when it's sent out (aiming for early next week at the latest) to respond within five days? I know you mentioned leave next week, so I just wanted to run this past you.

Thanks for sending the article through. It's difficult to know the full picture, i.e. could they be private patients with out of pockets, or uninsured people who want to go private and pay full-fee? Like many things in the health space once you start scratching the surface a whole new set of questions presents themselves.

Regards,

s22 [REDACTED]

Acting Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
 Medical Benefits Division  
 Australian Government Department of Health and Aged Care  
 T: 02 6289 s22 [REDACTED] | E: s22 [REDACTED] <[REDACTED]@health.gov.au>  
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From: s47F [REDACTED] <[REDACTED]@deloitte.com.au>  
 Sent: Thursday, 25 August 2022 12:15 PM  
 To: s22 [REDACTED] <[REDACTED]@health.gov.au>  
 Cc: s47F [REDACTED] <[REDACTED]@deloitte.com.au>; KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
 Subject: RE: Important information regarding the RFQ - Premium Round 2023 [SEC=OFFICIAL]

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Hi s22 [REDACTED]

Thanks for confirming the panel.

We have mostly written our response so will just be a matter of referring back to the right panel when that comes through, and adjusting any timelines we have mentioned.

By the way, have you seen this article today:

<https://www.abc.net.au/news/2022-08-25/australians-using-super-retirement-savings-pay-health-costs/101368246>

Do we know what treatments people are funding from Super (I'm guessing the data is not linked or perhaps it gets captured when the request comes through)? Should there be tougher rules for withdrawal – what is the overall long term health system implication of allowing this? Just does not seem like a good outcome if we are asking people to sacrifice their long term retirement savings (when their health costs will be highest) in order to pay for health costs in their earlier age.

We'll keep an eye out for the new RFQ – thanks for letting us know.

Regards

s47F

s47F

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 s47F @deloitte.com.au | www.deloitte.com.au

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**From:** s22 @health.gov.au>  
**Sent:** Thursday, 25 August 2022 11:25 AM  
**To:** s47F @deloitte.com.au>  
**Cc:** s47F @deloitte.com.au>; KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
**Subject:** [EXT]Important information regarding the RFQ - Premium Round 2023 [SEC=OFFICIAL]

Hi s47F,

Thank you for your call on Tuesday.

The Procurement team have advised that I will need to reissue a new RQF, now that the Management Advisory Services Panel (SON SON3751667) is mandatory for use across Government. I was not advised or aware of this Panel until this week, and apologise for any inconvenience.

I will reissue a new RFQ as soon as possible. It will broadly be consistent with the original RFQ, but timelines may need to be adjusted to allow you sufficient time to respond to the new RFQ.

Please call me if you have any questions.

Regards,

s22

Acting Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
 Medical Benefits Division

Australian Government Department of Health and Aged Care

T: 02 6289 s22 | E: s22 @health.gov.au

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**Sent:** Friday, 25 November 2022 1:31 PM  
**To:** s22, s22  
**Cc:** s22, s47F, s47F, s47F, s47F  
**Subject:** Industry Charts  
**Attachments:** Rate Submission Apr 23 Industry Charts V1.pptx

**Categories:** Red Category

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Hi s22 and s22

Please find the requested industry charts included in the PowerPoint file attached.

Let me know if you have any questions or concerns.

Thank you

s47F  
 Consultant | Deloitte Actuaries & Consultants  
 477 Collins Street, Melbourne, VIC, 3000, Australia  
 D: s47F  
 s47F@deloitte.com.au | [www.deloitte.com.au](http://www.deloitte.com.au)

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s22

**From:** s47F@deloitte.com.au>  
**Sent:** Monday, 16 January 2023 2:47 PM  
**To:** s47E(d)  
**Cc:** s47F, s22, s47F  
**Subject:** Invoice for services under Purchase Order number: s47E(d)  
**Attachments:** Cover note and Interim invoice\_20230116.pdf

**Categories:** Red Category

Dear Accounts Payable Team

Please find attached an invoice for services incurred under Purchase Order number s47E(d) It relates to project: "2023 Premium round – Expert Services".

Our department contact officer is:

s22, Assistant Director, Private Health Industry Branch, Australian Government Department of Health

Kind regards

s47F

s47F

Director | Health, Government and Public Sector | Actuaries and Consultants

Deloitte Consulting Pty. Ltd.

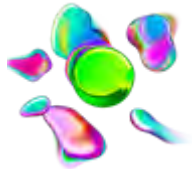
477 Collins Street, Melbourne, VIC, 3000

D: s47F | M: s47F

s47F @deloitte.com.au | [www.deloitte.com.au](http://www.deloitte.com.au)

*I work part time and am unavailable on a Friday*

**Deloitte.**



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s22

**From:** s22  
**Sent:** Friday, 9 September 2022 2:11 PM  
**To:** s47F  
**Cc:** s47F; KELLEHER, Brian  
**Subject:** Letter of Offer - Expert Services 2023 Premium Round [SEC=OFFICIAL]  
**Attachments:** Letter of Offer - Expert services for 2023 Premium Round.pdf; Official Order - Expert Services 2023 Premium Round.pdf

Hi s47F,

Please see attached.

If you have any questions, please let me know.

Regards,

s22

Acting Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
Medical Benefits Division  
Australian Government Department of Health and Aged Care  
T: 02 6289 s22 | E: s22@health.gov.au  
Part-time hours - Mo, Tu, Th, Fr.



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s22

**From:** s47F@deloitte.com.au>  
**Sent:** Monday, 17 October 2022 11:20 AM  
**To:** s22, s47F  
**Cc:** s22  
**Subject:** RE:Meeting times - Health, Deloitte and APRA [SEC=OFFICIAL]  
**Attachments:** MOCK Rate Submission by Insurer APR 23\_template\_Oct22\_v2 (sent to DOH for discussion only).pdf

**Categories:** Red Category

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Hi s22

Could we try for this Friday 1-2pm? Or perhaps we can do 1-1.45pm?

In terms of the meeting with APRA, I'm afraid I can't any of those times. However, I could do Thursday afternoon or Friday afternoon as well.

Please also find attached the draft document containing proposed analyses for your thoughts. The comments in yellow boxes contain the rationale for why DOH may wish to look at that analysis. For the last page which is blank, this is to remind us to talk about what you propose to analyse on savings vs givebacks (given the information for this will now come through the pandemic commitments process and not the rate submission).

**Regards**

s47F

s47F

D: s47F | M: s47F  
 s47F@deloitte.com.au | www.deloitte.com.au

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---

**From:** s22@health.gov.au>  
**Sent:** Friday, 14 October 2022 2:21 PM  
**To:** s47F@deloitte.com.au>; s47F@deloitte.com.au>  
**Cc:** s22@Health.gov.au>  
**Subject:** [EXT]Meeting times - Health, Deloitte and APRA [SEC=OFFICIAL]

Hi s47F,

For next week's catch up, are you available on Friday 21<sup>st</sup>, 12:45 to 1:45pm?

I will need to confirm APRA's time for the meeting between all three organisations, but for this meeting does Thursday 27<sup>th</sup>, 10:30 – 11:30am suit?

Thanks,

s22

Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
Medical Benefits Division

Australian Government Department of Health and Aged Care

T: 02 6289 s22 | E: s22@health.gov.au

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s22

**From:** s22  
**Sent:** Thursday, 22 December 2022 10:30 AM  
**To:** s47F, s47F  
**Cc:** s22; KELLEHER, Brian  
**Subject:** Order Variation - Actuarial Services for Premium Round 2023 [SEC=OFFICIAL]  
**Attachments:** Schedule 6A - Order Variation Premium Round 2023.pdf; Schedule 6A - Order Variation Premium Round 2023.docx

Dear s47F and s47F,

Attached is an Order Variation to extend the timelines on your actuarial services in relation to Premium Round 2023, to 30 June 2023.

I've attached a pdf and word version.

- If you would like to request any changes for our consideration please do so using the word version in track changes and comments.
- If you are happy with the document as is then please proceed for the appropriate person and witness to sign and date the last page of the pdf version.
- The Department proposes to sign the document electronically and seeks Deloitte's confirmation that this is acceptable.

We wish to finalise this by **no later than midday tomorrow**.

Any questions or concerns please don't hesitate to contact me.

s22

Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
 Medical Benefits Division  
 Australian Government Department of Health and Aged Care  
 T: 02 6289 s22 | E: s22@health.gov.au  
 Part-time hours - Mo, Tu, Th, Fr.  
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s47F

---

**From:** s47E(d)  
**Sent:** Friday, 9 September 2022 6:50 AM  
**To:** s22  
**Cc:** s22  
**Subject:** RE: Commitment Approval Minute for clearance for procurement of services [SEC=OFFICIAL] CCEMS:07360001564  
**Attachments:** Commitment Approval Minute - Premium Round 2023 Procurement - PAS09092022 s22.docx; Attachment D - Delegates Checklist - Deloitte - PAS09092022 s22.docx

Hi s22

PAS has reviewed the documentation provided. Please see minor suggested change within the minute on the assumption that the delegate has already approved the VFM. If the delegate has not previously approved the VFM assessment – change the related dot point from NOTE to APPROVE, and remove the inserted "approved".

Please see the completed delegate checklist attached based on the information within the documentation and process. For future approvals, ensure the checklist is completed for the delegate to confirm.

Noting above, one appropriate changes made to the minute and the checklist tracked changes accepted, the documentation pack is cleared to proceed for approval.

Kind regards,

s22  
**Snr Adviser**

### Procurement Advisory Services

Financial Management Division | Corporate Operations Group  
 Australian Government Department of Health and Aged Care  
 T: 02 6289 s22 | E: s47E(d) @health.gov.au  
 GPO Box 9848, Canberra ACT 2601, Australia

*The Department of Health and Aged Care acknowledges First Nations peoples as the Traditional Owners of Country throughout Australia, and their continuing connection to land, sea and community. We pay our respects to them and their cultures, and to all Elders both past and present.*

*To ensure prompt responses, please address any replies to this inbox and not to personal inboxes.*

----- Original Message -----

**From:** s22 @health.gov.au>;  
**Received:** Thu Sep 08 2022 10:30:12 GMT+1000 (Australian Eastern Standard Time)  
**To:** s47E(d) @health.gov.au>; s47E(d) @health.gov.au>;  
**Subject:** Commitment Approval Minute for clearance for procurement of services [SEC=OFFICIAL]

Hi,

I believe PAS needs to endorse these before progressing? I'm hoping to progress by tomorrow, but please just let me know if that's going to be a problem.

For your review/endorsement please find attached:

- a. Commitment approval minute
- b. Draft official order
- c. Letter of Offer
- d. Value for Money Assessment
- e. Delegate's Checklist
- f. IPP Checklist

Please let me know if you need anything further or have any questions.

Thanks,

s22

Acting Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
Medical Benefits Division

Australian Government Department of Health and Aged Care

T: 02 6289 s22 | E: s22 @health.gov.au

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s22

**From:** s47F @deloitte.com.au>  
**Sent:** Friday, 23 December 2022 6:58 AM  
**To:** s22 ; KELLEHER, Brian; s22  
**Cc:** s47F ; s47F ; s47F ; s47F  
**Subject:** Premium Rate Submission - expected PL savings range for an exemplar response  
**Categories:** Red Category

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Hi s22, Brian, s22 and s22,

Hope all of you are well.

Regarding PL savings and a potential exemplar response, we have investigated the range of insurers' estimated savings in the submissions as a percentage of the IHACPA expected savings, where the share is estimated using insurers' PY23 hospital benefits.

s38, s47(1)(b)

Kind regards,

s47F

--

s47F  
Analyst | Actuarial Agenda

Grosvenor Place, 225 George Street, Sydney, NSW, 2000

D: s47F | M: s47F  
s47F @deloitte.com.au | [www.deloitte.com.au](http://www.deloitte.com.au)

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s22

**From:** s22  
**Sent:** Monday, 29 August 2022 6:45 AM  
**To:** s47F  
**Cc:** s47F; KELLEHER, Brian  
**Subject:** RFQ - Management Advisory Services Panel - Premium Round 2023 [SEC=OFFICIAL]  
**Attachments:** Premium Round 2023 Management Advisory Services Panel Request for Quote.pdf

Hi s47F and s47F,

Please find attached an RFQ for Premium Round 2023 for your consideration.

This RFQ is under the Management Advisory Services Panel (SON 3751667) seeking actuarial services.

As per our emails below, we are seeking responses by Friday 2 September. Please contact me if you believe this may be an issue.

Let me know if you have any questions.

Regards,

s22

Acting Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
 Medical Benefits Division  
 Australian Government Department of Health and Aged Care  
 T: 02 6289 s22 | E: s22@health.gov.au  
 Part-time hours - Mo, Tu, Th, Fr.



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**From:** s47F@deloitte.com.au>  
**Sent:** Thursday, 25 August 2022 5:03 PM  
**To:** s22@health.gov.au>  
**Cc:** s47F@deloitte.com.au>; KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
**Subject:** RE:Important information regarding the RFQ - Premium Round 2023 [SEC=OFFICIAL]

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Hi s22

Thanks for checking.

I will have my laptop with me to ensure I can work with s47F to get our response to you if it is next week. We have most of the response written so I'm hoping it will be relatively straight forward to realign some of the detail with the new RFQ.

I'm at Thredbo next week and back on deck late Thursday. I'm not sure what internet quality I will encounter there but in case I need the extra day, could we make it due next Friday? Would that be possible? I am hoping we won't need to rely on that.

Regards

s47F

Regards

s47F

s47F

D: s47F | M: s47F  
s47F @deloitte.com.au | www.deloitte.com.au

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**From:** s22 @health.gov.au>  
**Sent:** Thursday, 25 August 2022 12:56 PM  
**To:** s47F @deloitte.com.au>  
**Cc:** s47F @deloitte.com.au>; KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
**Subject:** [EXT]RE: Important information regarding the RFQ - Premium Round 2023 [SEC=OFFICIAL]

Hi s47F,

One more thing re the RFQ: would you be in a position to respond to the new RFQ when it's sent out (aiming for early next week at the latest) to respond within five days? I know you mentioned leave next week, so I just wanted to run this past you.

Thanks for sending the article through. It's difficult to know the full picture, i.e. could they be private patients with out of pockets, or uninsured people who want to go private and pay full-fee? Like many things in the health space once you start scratching the surface a whole new set of questions presents themselves.

Regards,

s22

Acting Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
Medical Benefits Division  
Australian Government Department of Health and Aged Care  
T: 02 6289 s22 | E: s22 @health.gov.au  
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**From:** s47F @deloitte.com.au>  
**Sent:** Thursday, 25 August 2022 12:15 PM  
**To:** s22 @health.gov.au>  
**Cc:** s47F @deloitte.com.au>; KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
**Subject:** RE: Important information regarding the RFQ - Premium Round 2023 [SEC=OFFICIAL]

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Hi s22

Thanks for confirming the panel.

We have mostly written our response so will just be a matter of referring back to the right panel when that comes through, and adjusting any timelines we have mentioned.

By the way, have you seen this article today:

<https://www.abc.net.au/news/2022-08-25/australians-using-super-retirement-savings-pay-health-costs/101368246>

Do we know what treatments people are funding from Super (I'm guessing the data is not linked or perhaps it gets captured when the request comes through)? Should there be tougher rules for withdrawal – what is the overall long term health system implication of allowing this? Just does not seem like a good outcome if we are asking people to sacrifice their long term retirement savings (when their health costs will be highest) in order to pay for health costs in their earlier age.

We'll keep an eye out for the new RFQ – thanks for letting us know.

**Regards**

s47F

s47F

D: s47F | M: s47F  
s47F @deloitte.com.au | www.deloitte.com.au

Please consider the environment before printing.

**From:** s22 @health.gov.au>

**Sent:** Thursday, 25 August 2022 11:25 AM

**To:** s47F @deloitte.com.au>

**Cc:** s47F @deloitte.com.au>; KELLEHER, Brian <Brian.Kelleher@health.gov.au>

**Subject:** [EXT]Important information regarding the RFQ - Premium Round 2023 [SEC=OFFICIAL]

Hi s47F,

Thank you for your call on Tuesday.

The Procurement team have advised that I will need to reissue a new RQF, now that the Management Advisory Services Panel (SON SON3751667) is mandatory for use across Government. I was not advised or aware of this Panel until this week, and apologise for any inconvenience.

I will reissue a new RFQ as soon as possible. It will broadly be consistent with the original RFQ, but timelines may need to be adjusted to allow you sufficient time to respond to the new RFQ.

Please call me if you have any questions.

Regards,

s22

Acting Assistant Director | Private Health Policy and Financing | Private Health Industry Branch

Medical Benefits Division

Australian Government Department of Health and Aged Care

T: 02 6289 s22 | E: s22 @health.gov.au

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s22

**From:** s47E(d)  
**Sent:** Thursday, 18 August 2022 12:41 PM  
**To:** s47F  
**Cc:** KELLEHER, Brian; s22; s47F @deloitte.com.au  
**Subject:** Request for Quotation - Premium Round 2023 [SEC=OFFICIAL]  
**Attachments:** Request for Quotation - 2023 Premium Round.pdf

Hi s47F,

We are seeking a Request for Quotation (RFQ) for your services in relation to the 2023 Premium Round. See attached RFQ which contains the relevant details.

Please let me know if you have any questions or require any clarification. I'll be on leave as of close of business Tuesday 23 August – please contact s22 (details in the attached) after this date.

Kind regards,

s22

s22

## Private Health Policy and Financing

Private Health Industry Branch | Medical Benefits Division | Health Resourcing Group  
 Australian Government, Department of Health and Aged Care  
 T: 07 3360 s22 | E: s22 @health.gov.au  
 Location: 160 Ann Street, Brisbane  
 GPO Box 9848, Brisbane QLD 4001, Australia

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**From:** [REDACTED]  
**Sent:** Monday, 5 September 2022 2:03 PM  
**To:** [REDACTED]; KELLEHER, Brian  
**Cc:** [REDACTED]; [REDACTED]  
**Subject:** RE: Seeking response by 4pm today - Evaluation team for Premium round 2023 Procurement [SEC=OFFICIAL]

Hi [REDACTED],

Brian has approved this prior to your meeting.  
 I had discussed with him.

Thank you,

[REDACTED]  
 Executive Assistant to  
 Brian Kelleher  
 Assistant Secretary

Medical Benefits Division – Private Health Industry Branch  
 Australian Government Department of Health and Aged Care  
 T: 02 6289 [REDACTED] | E: [REDACTED]@health.gov.au

**From:** [REDACTED]@health.gov.au  
**Sent:** Monday, 5 September 2022 12:16 PM  
**To:** KELLEHER, Brian <Brian.Kelleher@health.gov.au>  
**Cc:** [REDACTED]@health.gov.au; [REDACTED]@health.gov.au  
**Subject:** Seeking response by 4pm today - Evaluation team for Premium round 2023 Procurement [SEC=OFFICIAL]

Hi Brian,

In the Procurement Plan you were provided, the following evaluation team was *proposed*:

Name	Position Title	Branch/Division	Role
[REDACTED]	Director	Private Health Industry Branch, Medical Benefits Division	Chairperson
[REDACTED]	Acting Assistant Director	Private Health Industry Branch, Medical Benefits Division	Team Member
[REDACTED]	Departmental Officer	Private Health Industry Branch, Medical Benefits Division	Team Member

With Tahnisha on leave, I seek your approval for the final evaluation team prior to the evaluation team meeting today at 4:00pm:

Name	Position Title	Branch/Division	Role
[REDACTED]	Director	Private Health Industry Branch, Medical Benefits Division	Chairperson

s22	Acting Assistant Director	Private Health Industry Branch, Medical Benefits Division	Team Member
	Acting Assistant Director	Private Health Industry Branch, Medical Benefits Division	Team Member

Thanks,

s22

Acting Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
Medical Benefits Division

Australian Government Department of Health and Aged Care

T: 02 6289 s22 | E: s22@health.gov.au

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s22

**From:** s22  
**Sent:** Monday, 24 October 2022 1:00 PM  
**To:** s47F; s47F  
**Cc:** s22; KELLEHER, Brian  
**Subject:** 2023 Premium Round - Confidentiality and conflict deed [SEC=OFFICIAL]  
**Attachments:** Confidentiality and conflict deed - Organisation agreement.docx

Hi s47F and s47F,

In preparation for the analysis of 2023 premium round applications, I will require all team members who will have access to the health insurer applications and who will be working on the project to sign and return the attached Confidentiality and Conflict Deed.

Please have each team member complete the deed. Happy if you want to email them all through to me as one pack.

Thanks,

s22

Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
 Medical Benefits Division  
 Australian Government Department of Health and Aged Care

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s22

**From:** s47F@deloitte.com.au>  
**Sent:** Wednesday, 21 December 2022 7:46 AM  
**To:** KELLEHER, Brian; s22; s22  
**Cc:** s47F; s22  
**Subject:** Update and options on data security

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Hi Brian, s22, s22,

As discussed in the meeting on Monday, there were three specific actions for me/Deloitte to move forward:

1. Produce the access report detailing who had access to the secured folder
2. Identify where the protected information exists on the network so that they can be removed (including where they may be in backups)
3. Identify an interim solution that will allow us to complete our support on the Apr 23 premium round submission, but also going forward for the remainder of FY23 on other help needed.

On the first item, ITS has confirmed that only the following users have access to the secured folder:

- s47F
- 
- 
- 
- 

In addition, there are a number of people from our IT team who also have access. These people cover server support, security and infrastructure. I was not provided their names but have requested them and will pass them on as well when I receive them.

On the second item, I will update to confirm the purge of the information when that is completed but this is somewhat contingent at the moment to transferring the files properly so that files we are currently relying on are still functioning. This is in line with our discussion that there are also outcomes that are important to achieve which requires us being able to continue to support you through to the end of January on the current project.

On the third item, here are the two options (we mentioned three in the original call but as I mentioned yesterday, one of them has been eliminated because it is not considered suitable). Here are my thoughts on the considerations for each:

	GovTeams PROTECTED	Department of Health Protected Environment
How quickly can this be stood up?	Our experience is that this can be variable but allow for at least 2 weeks. Access can be granted by an APS employee.	Department to advise – involves setting up laptops and user accounts.
How secure is this option?	Meets government requirements for PROTECTED information under the ISM and PSPF	Reflects the security standards of the Department.

What residual risks are there?	Nil	Laptops left unattended – we always lock screen when we move away from the laptop
What other considerations are there?	<p>We have limited experience to confirm the following:</p> <ul style="list-style-type: none"> <li>All existing files that we have created can be uploaded from the Deloitte network. Anecdotal experience suggests that the files need to reside on our computers and not on the cloud.</li> <li>Being able to directly access GovTeams PROTECTED on our existing unclassified Deloitte laptops (as it happens, we have another team in Deloitte currently getting access and they will let us know their answer to this once they get to that step)</li> </ul>	<p>Existing files that we have created will need to be transferred through a secured means.</p> <p>Does Department have a file transfer solution?</p>

My suggestion is that in the long term, we go with GovTeams PROTECTED because that way we can continue to access the files as needed if/when questions come up during the course of the year and on other projects where access to other files might be required (e.g. the product complexity work also used some of the rate submission data). It is a once off set up that we can use on an ongoing basis and you can always remove our access if that is needed. If we went with the second solution, we will have to organise for laptops to perform the work, whenever protected information is involved. Under either option, we are relying on you to help initiate, but please let us know what we can do to support to make it easier.

For the current project, given the uncertainty around the amount of time it takes to get GovTeams PROTECTED set up (perhaps you can get a firmer answer on timing?), it may be that issuing s47F and s47F with Health laptops to access new submissions will be the most timely option (if you think that will be faster).

Separately, I am in the process of organising for my baseline clearance but I understand that may not be a quick task. Our understanding is that I would need baseline clearance to access GovTeams PROTECTED.

Please consider the above and let me know your thoughts. I will make myself available to progress this during the break if needed.

s47F

Partner | Health | Actuarial  
Deloitte Consulting

s47F

225 George Street, Sydney/Gadigal, NSW 2000, Australia

D: s47F | M: s47F

s47F @deloitte.com.au | www.deloitte.com.au

PA s47F T: s47F | s47F @deloitte.com.au

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**Deloitte.**

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s22

---

**From:** s22  
**Sent:** Thursday, 8 September 2022 6:12 AM  
**To:** s22  
**Cc:** s22  
**Subject:** RE: VFM - Management Advisory Services Panel - Premium Round 2023 [SEC=OFFICIAL]

s22, comments below, s22

Fine with the report. Approved by me as a panel member.

Although is this necessary to include. It appears more like an instruction about next steps rather than part of a report.

#### Approval to proceed

The delegate must provide email approval of the recommendation to enter into contract negotiation / commitment approval and contract with Deloitte.

The contract **must not** be signed until the delegate has approved the commitment approval in SAP.

---

**From:** s22 @health.gov.au>  
**Sent:** Tuesday, 6 September 2022 9:55 AM  
**To:** s22 @health.gov.au>; s22 @health.gov.au>  
**Subject:** Please review today if you have the chance: VFM - Management Advisory Services Panel - Premium Round 2023 [SEC=OFFICIAL]

Hi,

Thank you for your time yesterday.

I have prepared the attached value for money assessment to capture our conversation and Deloitte's response to the RFQ.

Please review and let me know if you have any changes.

s22, as chair of the panel I may need to pass to you one final time if there are any edits for final endorsement to proceed.

Thanks,

s47F, s22

---

Acting Assistant Director | Private Health Policy and Financing | Private Health Industry Branch  
 Medical Benefits Division  
 Australian Government Department of Health and Aged Care  
 T: 02 6289 s22 | E: s22 @health.gov.au



**To: Brian Kelleher, Assistant Secretary, Private Health Industry Branch**

**Request for Quotation (Premium Round 2023) under Management Advisory Services Panel (SON3751667)**

**Purpose**

To seek your approval to issue a new Request for Quotation (RFQ) for Premium Round 2023 under the mandatory Whole-of-Government Management Advisory Service (MAS) Panel (**Attachment A**).

**Timing**

Approval is sought in time to release the new RFQ by **29 August 2022** to allow the supplier five days to provide a response.

Ten days is the minimum timeframe for responses, however for some approaches this may be shortened. If all selected suppliers are provided a brief description of the type of services sought and confirm they are interested in receiving an RFQ, have the relevant capabilities and capacity to respond and agree to respond within a shorter timeframe e.g. 5 days, then delegate approval for a shortened timeframe can be sought as part of the planning stage.

The selected supplier has:

- been provided with an RFQ under the Deed of Standing Offer for Research, Evaluation and Data (READ) Panel) on 18 August 2022;
- confirmed they are interested in receiving an RFQ;
- have the relevant capabilities and capacity to respond (confirmed they have commenced drafting); and
- confirmed they can provide a response within the revised timelines (see **Attachment B**).

**Issues/Sensitivities**

*Revised RFQ*

You previously approved the procurement plan that included the original RFQ seeking actuarial services under the READ Panel (refer to **Attachments C1 and C2**). This was supported by Procurement Advisory Services (PAS) for progressing.

Deloitte Touche Tohmatsu (Deloitte) contacted the Department of Health and Aged Care (the Department) on 23 August 2022 to advise actuarial services has moved to the new mandatory Whole-of-Government Panel, Management Advisory Services (estimated to occur in June or July 2022).

A revised RFQ has been prepared under the template issued by the Department of Finance for the MAS panel.

*Changes from original RFQ*

There are two changes from the original RFQ to be aware of:

1. revised start date from 2 September 2022 to 9 September 2022 due to delays in re-issuing the RFQ.
2. The evaluation criteria is standardised in the Department of Finance template. These standardised evaluation criteria have been used.

## Consultation

PAS has endorsed the new RFQ to proceed (**Attachment D**).

## Recommendation

It is recommended that you:

**APPROVE** the RFQ at Attachment A.

Approved / Not Approved / Please Discuss

**NOTE** Deloitte will be provided with five days to respond.

Please Discuss / Noted

ALLL.

Brian Kelleher  
Assistant Secretary  
Private Health Industry Branch  
26 August 2022

## Attachments:

Attachment A - Premium Round 2023 Request for Quote, Management Advisory Services Panel.  
Attachment B – Email from Deloitte regarding new timelines for response.  
Attachment C1 – Procurement Plan.  
Attachment C2 – RFQ attached to original Procurement Plan.  
Attachment D – PAS endorsement to proceed.

Contact officer: s22

Phone: 02 6289 s22

TRIM ref: s47E(d)

Cleared by: na

**To: Brian Kelleher, Assistant Secretary, Private Health Industry Branch**

**Order Variation – Expert services for assessment of 2023 premium applications.**

**Purpose**

To seek your **approval** of the Order Variation at **Attachment A** to be sent to Deloitte Touche Tohmatsu (Deloitte) for further actuarial services in relation to the 2023 premium round.

**Timing**

Your approval is sought by 22 December 2022. The current contract expires on 30 December 2022.

**Issues/Sensitivities**

On 9 September 2022, you approved the Official Order and a commitment of s47E(d), s47G (including GST) for Deloitte's services under the Official Order (s47E(d)). This s47E(d), s47G has been reflected as the total value of the contract in SAP (contract registration number s47E(d)).

Your approval of the Order Variation will not change the total value of the contract but will extend the end date from 30 December 2022 to 30 June 2023. There is no possibility to extend the contract beyond this date.

Deloitte estimate the total cost of their services to 20 December 2022 to be s47(1)(b) including GST. Deloitte charge on an hourly rate based on their response to the Request for Quotation.

The Order Variation will extend to three additional items of work. Deloitte have provided an estimate of the costs for each item of work:

- advice on resubmissions to the 2023 premium round process - s47(1)(b) including GST;
- advice on amendments to the premium round application form - s47(1)(b) including GST; and
- update on previous assessment of comparability of private health insurance products for consumers and the migration of policyholders to products with lower levels of cover - s47(1)(b) including GST

The total additional cost for these services is \$194,731. Including the cost of services provided to date, the estimate of costs falls within the remaining budget for their services. Total outlay is expected to be s47E(d), s47G including GST within a budget of s47E(d), s47G including GST.

**Next steps**



If you approve, the Order Variation will be sent to Deloitte for signing, and returned to you for counter-signing. In addition, a contract variation will be processed through SAP for your approval.

## Consultation

Procurement Advisory Services have reviewed the Official Order and endorsed the way forward.

## Recommendation

It is recommended that you **APPROVE** the Order Variation at **Attachment A** to be sent to Deloitte for further actuarial services in relation to the 2023 premium round.


 Approve / Not Approve / Please Discuss  


Brian Kelleher  
Assistant Secretary  
22 December 2022

## Attachments:

Attachment A – Order Variation

Attachment B - Background

Contact officer: 

Phone: 6289 

TRIM ref:

Cleared by: 

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**Attachment B**

**Background**

- On 18 August 2022, you approved the procurement plan for the acquisition of expert services from Deloitte for the 2023 premium applications (s47E(d)).
- On 9 September 2022, you approved the Official Order and the commitment of s47E(d), s47G for Deloitte's services under the Official Order (s47E(d)).
- Deloitte's Official Order is made under the Management Advisory Services Panel (SON3751667).

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**To:** Brian Kelleher

**SUBJECT** Approval of payment to Deloitte Touche Tohmatsu (Deloitte) for the Expert Services Relating to 2023 Premium Round

**Purpose**

- **Note** that Deloitte has submitted an invoice for s47(1)(b) hours of actuarial services for the 2023 Premium Round (**Attachment A**); and
- **Approve** payment of s47E(d), s47G (incl. GST) to Deloitte for invoice 8003209970 (**Attachment A**).

**Timing**

Payment of this invoice is due by 8 February 2023.

**Issues/Sensitivities**

- On 21 December 2022, Deloitte provided evidence of the hours worked on the project with total fees incurred of s47(1)(b) (including GST), with the intention to invoice for this amount.
- These services relate to the original work Deloitte were engaged to provide, and within Deloitte's original quote of s47(1)(b) including GST.

**Recommendation**

- **Note** that Deloitte has submitted an invoice for s47(1)(b) hours of actuarial services for the 2023 Premium Round (**Attachment A**).

Noted / Please Discuss

- **Approve** payment of s47E(d), s47G (incl. GST) to Deloitte for invoice 8003209970 (**Attachment A**).

Approved / Not Approved / Please Discuss

Brian Kelleher  
Assistant Secretary  
Private Health Industry Branch  
Medical Benefits Division  
January 2023

**Attachments:**

A: Deloitte invoice 8003209970

Contact officer: s22

Phone: (02) 6289 s22

TRIM ref: s47E(d)

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# Schedule 6 – Order for Service

## 1. Introduction

1.1. This Order is issued in accordance with clause 11.3 of the Head Agreement.

<b><u>Order for Services</u></b>	
<b><i>Service Provider Information</i></b>	
<b>Service Provider</b>	Deloitte Touche Tohmatsu
<b>Australian Business Number</b>	74 490 121 060
<b>Service Provider Representative</b>	<b>Contact:</b> s47F <b>Position:</b> Partner <b>Email:</b> s47 @deloitte.com.a <b>Phone:</b> s47F
<b>Service Provider Address for Notices</b>	<b>Contact:</b> s47F <b>Position:</b> Partner <b>Address:</b> Grosvenor Place, 225 George Street, Sydney NSW 2000 AUSTRALIA <b>Email:</b> s47 @deloitte.com.a
<b><i>Agency Information</i></b>	
<b>Agency</b>	Department of Health and Aged Care
<b>Australian Business Number</b>	83 605 426 759
<b><i>Agency Representative</i></b>	
<b>Agency Representative</b>	<b>Name:</b> s22 <b>Position:</b> Acting Assistant Director <b>Email:</b> s22 @health.gov.au <b>Phone:</b> (02) 6289 s22
<b>Agency Address for Notices</b>	<b>Address:</b> GPO Box 9848, CANBERRA, ACT, 2601 <b>Email:</b> s22 @health.gov.au
<b>Agency Address for Invoices</b>	Invoices must be submitted to s22 @health.gov.au and s47E(d) and must contain any other requirements for the invoice e.g. that the purchase order no. must be quoted in the invoice.
<b><i>Agency order information</i></b>	
<b>Purchase Order Number</b>	TBC

<b>Cost Centre</b>	s47E(d)
<b>Agency contract manager name</b>	s22
<b>Agency File Reference</b>	s47E(d)
<b>Order Commencement Date and Term</b>	
<b>Order Commencement Date</b>	Friday, 9 September 2022
<b>Order Expiry Date</b>	Friday, 30 December 2022
<b>Proposed options to extend</b>	Department of Health and Aged Care may extend the term of the Order for a further period (or periods) of up to Six months in total, which may be taken in whole or in part, and in any number or combination of time periods.
<b>Statement of Work</b>	
<b>Service Area</b>	Financial Management Advisory Services
<b>Service Category</b>	Actuarial
<b>Service Sub-category</b>	Actuarial
<b>Detailed Statement of Work</b>	<p>Expert services for assessment of 2023 premium applications.</p> <p>The 2023 premium round is expected to present significant complexities mainly due to:</p> <ul style="list-style-type: none"> <li>• The need to take into account allowances for COVID-19 impacts;</li> <li>• Impacts of Government reforms including prostheses and changes to the age of dependants on a family policy;</li> <li>• Impacts of changes to APRA capital standards;</li> <li>• The range of approaches insurers will take in forecasting membership; and</li> <li>• Benefits in the context of significant COVID-19 related uncertainty.</li> </ul> <p>The supplier will assist with assessing the 2023 premium application forms in the context of the sensitivities stated above and any other unforeseen issues that are raised in the premium application form responses, providing analysis as directed by the Department.</p>
<b>Milestones</b>	<p><b>For two weeks from contract start date</b></p> <p>Designing a reporting template to analyse data.</p> <p><b>15 November 2022 to 16 December 2022</b></p> <p>Assist with assessing the 2023 premium applications and provide a report to the Department based on the criteria set in the first period.</p>
<b>Key Personal</b>	No Key Personnel have been specified for this contract.
<b>Subcontractors</b>	Not Applicable

<b>Location</b>	This clause of the Head Agreement has not been varied.
<b>Fees</b>	Hourly rate as per response to RFQ.
<b>Payment Terms</b>	20 calendar days for all other invoices
<b>Invoicing</b>	<ul style="list-style-type: none"> <li>The Supplier must submit correctly rendered tax invoices to the Customer by Email: <b>s47E(d)</b></li> <li>A correctly rendered tax invoice is one which includes:               <ul style="list-style-type: none"> <li>(a) the Reference / Contract / Purchase Order number;</li> <li>(b) the name of the customer's contact officer;</li> <li>(c) the Australian Government Department of Health ABN (83605426759);</li> <li>(d) the title of the Services;</li> <li>(e) details the fees payable;</li> <li>(f) details expenses and costs payable, and attaches original receipts;</li> <li>(g) contains written certification in a form acceptable to the Customer that the Supplier has paid all remuneration, fees or other amounts payable to an employee, agent or Subcontractor performing Services under this Contract; and</li> <li>(h) meets the requirements of a tax invoice under the GST Act.</li> </ul> </li> </ul>
<b>Travel</b>	Not Applicable
<b>Agency Material</b> <i>Agency Material is defined in the clause 1.1.1 of the Head Agreement as any Material provided by an Agency to the Service Provider for the purposes of a Contract, or derived at any time from that Material</i>	Not Applicable
<b>Existing Material</b>	Not Applicable
<b>Contract Material</b>	
<b>Restrictions on use of Contract Material</b>	
<b>Restrictions on use of Service Provider's name, trade name or logo</b>	
<b>Additional requirements</b>	
<b>Confidential Information</b>	<b>Agency Confidential information</b> Agency data, <i>Indefinitely</i>



	Any Personal Information held by the Agency, <i>Indefinitely</i> Security Classified Information, <i>Indefinitely</i> Commercially Sensitive Information, <i>Indefinitely</i>
<b>Agency Data Storage Requirements</b>	This clause of the Head Agreement has not been varied.
<b>Security</b>	This clause of the Head Agreement has not been varied.
<b>Additional Requirements - security</b>	This clause of the Head Agreement has not been varied.
<b>Conditions/Restrictions for Personal Information</b>	This clause of the Head Agreement has not been varied.
<b>Additional or alternate Requirements - insurance</b>	This clause of the Head Agreement has not been varied.
<b>Commonwealth Procurement Connected Policy Requirements</b>	
<b>Black Economy Policy</b>	Not Applicable
<b>Indigenous Procurement Policy</b>	Not Applicable
<b>Australian Industry Participation Policy</b>	Not Applicable
<b>Variable Clauses of the Head Agreement</b>	
<b>Internal Working Papers</b>	This clause of the Head Agreement has not been varied.
<b>Intellectual Property</b>	This clause of the Head Agreement has not been varied.
<b>Key Personnel Requirements</b>	This clause of the Head Agreement has not been varied.
<b>Return of confidential information</b>	This clause of the Head Agreement has not been varied.
<b>Liability</b>	This clause of the Head Agreement has not been varied.
<b>Service Provider termination right</b>	This clause of the Head Agreement has not been varied.

Termination for convenience costs in relation to Fees for Services calculated on a milestone basis	This clause of the Head Agreement has not been varied.
--	--

Signed for and on behalf of  
Commonwealth of Australia as  
represented by the Department of Health  
and Aged Care 83 605 426 759

Brian Kelleher

12/9/22

Signature of authorised officer

Assistant Secretary

Private Health Industry Branch

Signed for and on behalf of Deloitte  
Touche Tohmatsu

b47F

b47F

Signature of Service Provider's authorised  
representative

Partner



## Procurement Plan Agreement and Approval to Approach the Market

**To:** Brian Kelleher, Assistant Secretary, Private Health Industry Branch, Medical Benefits Division

**Subject:** Procurement of expert services for assessment of 2023 premium applications

### RECOMMENDATIONS:

<b>NOTE</b> the Finance Business Partner advised that 2022-23 moderation bid process hasn't been finalised, and the Medical Benefit Division's preliminary indicative allocation is less than expected staffing costs ( <b>Attachment A</b> ).	Noted / Please Discuss
<b>APPROVE</b> that procurement will proceed prior to finalisation of the moderation bid process.	Approved / Please Discuss
<b>NOTE</b> the Indigenous Procurement Policy mandatory set-aside does not apply to this procurement. No providers were identified ( <b>Attachment B</b> ).	Noted / Please Discuss
<b>NOTE</b> the overall Risk Profile of this procurement is Low ( <b>Attachment C</b> ).	Noted / Please Discuss
<b>APPROVE</b> the request document in accordance with the Procurement Plan (RFQ) ( <b>Attachment D</b> ).	Approved / Please Discuss
<b>APPROVE</b> the Value for Money assessment for this direct approach procurement ( <b>Attachment E</b> ).	Approved / Please Discuss
<b>NOTE</b> Procurement Advisory Services has reviewed and cleared that this procurement is able to proceed ( <b>Attachment F</b> ).	Noted / Please Discuss

.....  
Brian Kelleher  
Assistant Secretary  
Private Health Industry Branch  
Ph: (02) 6289 [REDACTED]  
August 2022

### Key Points:

- This Procurement Plan demonstrates the proposed procurement's alignment with the *Commonwealth Procurement Rules*.
- This procurement will be conducted in accordance with the Department's Procurement Process.



Contact Officer:

s22	Acting Assistant Director	Private Health Industry Branch, Medical Benefits Division	02 6289 s22
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## PROCUREMENT PLAN

Procurement of expert services for assessment of 2023 premium applications.

### 1. PROCUREMENT AIM AND JUSTIFICATION

The Department is seeking to procure actuarial services to assist with the additional complexity for the 2023 premium round. Like the 2022 premium round, the 2023 premium round is expected to present significantly increased complexities mainly due to:

- the need to take into account allowances for COVID-19 impacts;
- impacts of Government reforms including prostheses, and changes to the age of dependants on a family policy;
- impacts of changes to Australian Prudential Regulation Authority (APRA) capital standards; and
- the range of approaches insurers will take in forecasting membership and benefits in the context of significant COVID-19 related uncertainty.

Expert services will be required for two block periods in the 2022-23 financial year for up to a total of six weeks.

This procurement will assist the Department to deliver the Minister's requirement to understand the drivers of the premiums applied for. Engaging a supplier with existing knowledge of the private health industry and annual premium rounds will assist with achieving value for money.

By following the process embedded in the Department of Health Procurement Method Decision Tree, this procurement will be compliant with the requirements of the *Commonwealth Procurement Rules* (CPRs).

### 2. ESTIMATED PROCUREMENT TIMETABLE

Distribution of RFQ to potential supplier/s:	18 August 2022
Closing Date for Responses:	29 August 2022, Close of business
Contract Execution:	2 September 2022
Contract Start Date:	2 September 2022
Contract End Date:	16 December 2022
Extension Option:	A period up to 6 months (optional)





### 3. DETAILED ESTIMATE OF COSTS

The estimated expenditure for the initial contract term is s47E(d), s47C GST inclusive.

The total estimated expected maximum value of the proposed procurement (including GST (if applicable), options, extensions, renewals or other mechanisms that may be executed over the life of the contract) is s47E(d), s47C.

Approval to exercise any extension, option or renewal will be sought prior to extending the arrangement.

The expenditure is proposed as follows:

Financial Year	Amount
22-23 (initial contract term)	<span style="background-color: black; color: red;">s47E(d), s47C</span>
22-23 (Extension Option)	
Total Estimated Expected Maximum Value	

Any expenditure will be funded from:

Cost Centre Name: s47E(d)

Cost Centre Code: s47E(d)

### 4. INDIGENOUS PROCUREMENT POLICY

The Indigenous Procurement Policy checklist was completed and determined the mandatory set-aside applies to this procurement (**Attachment B**).

Indigenous Business Direct was searched on 28 July 2022, and no Indigenous Supplier(s) potentially available to provide the requirement were identified.

### 5. PROCUREMENT METHOD

The estimated expected maximum value of the proposed procurement is above the relevant procurement threshold (CPRs 9.7).

The Services will be procured through an existing panel arrangement (CPRs 9.12-9.13) – Panel Name/SON ID: SON3385995 – Research, Evaluation and Data (READ) Panel.

The following supplier will be approached (direct approach):

Supplier Name	Reason
Deloitte Touche Tohmatsu	<p>From our previous procurement processes (for private health insurance premium round services 2021 and 2022, and a post-premium round review of private health insurance products) there is only one consultant that is:</p> <ul style="list-style-type: none"><li>qualified to do the work (based on experience with recent premium round application work), and</li><li>does not have a conflict of interest (i.e. is not providing actuarial services to any of the health insurers).</li></ul> <p>Deloitte has provided services to Health in the past of this specific nature, including the 2021 and 2022 premium applications and are well placed to provide insights and expertise from last year's</p>



application round to assess the upcoming round. Deloitte also recently completed work on reviewing private health insurance products on the market. Deloitte are equipped to begin work immediately with no on-boarding or process learning time required and have the previous models and templates available.

If a suitable response is not received, this Procurement Plan will be reassessed and an alternative process may be considered.

## 6. STAKEHOLDER CONSULTATION

The Division's Finance Business Partner was consulted on whether the funds are available (Attachment A). Funding has been raised and discussed with the acting First Assistant Secretary of Medical Benefits Division and the Deputy Secretary of the Health Resourcing Group in the context of the recent moderation bid process. The Private Health Policy and Financing Branch have been advised of their support for funding.

The Procurement Advisory Services confirmed that the procurement is cleared to proceed (Attachment D).

Ten days as the minimum timeframe for responses, however for some approaches this may be shortened. If all selected suppliers are provided a brief description of the type of services sought and confirm they are interested in receiving an RFQ (Attachment D), have the relevant capabilities and capacity to respond and agree to respond within a shorter timeframe e.g. 5 days, then delegate approval for a shortened timeframe can be sought as part of the planning stage.

## RISK ENGAGEMENT

A Risk Profile has been completed (Attachment C) and the overall risk rating is Low. Risks will continue to be monitored throughout the process and reported to the Delegate as appropriate.

## 7. DOCUMENT DISTRIBUTION AND RECEIPT

Documentation will be handled in line with the requirements of the panel arrangement.

## 8. EVALUATION

The Evaluation Team will review responses to determine the best value for money outcome for the Commonwealth in accordance with the Value for Money Assessment template (Attachment E).

The Evaluation Team possess the necessary mix of technical/subject matter skills to effectively assess the submission. An evaluation report will be provided to the Delegate.

The proposed Evaluation Team is as follows:

Name	Position Title	Branch/Division	Role
s22	Director	Private Health Industry Branch, Medical Benefits Division	Chairperson
	Acting Assistant Director	Private Health Industry Branch, Medical Benefits Division	Team Member
	Departmental Officer	Private Health Industry Branch, Medical Benefits Division	Team Member



9. CONTACT OFFICER

Date Completed	Contact Name	Position Title	Division/Branch	Contact Phone
18 August 2022	[REDACTED]	Acting Assistant Director	Private Health Industry Branch, Medical Benefits Division	02 6289 [REDACTED]

Attachments:

- A. Expenditure Information
- B. Indigenous Procurement Policy checklist
- C. Risk Profile
- D. Request for Quotation
- E. Value for Money Assessment
- F. Procurement Advisory Services endorsement

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# Schedule 5 – Request for Quotation

## 1. Introduction

- 1.1. This RFQ is issued under clause 11.2 of the Head Agreement between the Service Provider and the Department of Finance.

<b><u>Request For Quotation for Services</u></b>	
<b><i>Service provider's details</i></b>	
<b>Service provider</b>	<b>Name:</b> Deloitte Touche Tohmatsu <b>Contact:</b> s47F <b>Address:</b> 225 George Street, Sydney, NSW, AUSTRALIA <b>Email Address:</b> s4 @deloitte.com.au
<b><i>Agency Information</i></b>	
<b>Agency</b>	Department of Health and Aged Care
<b>Agency ABN</b>	83 605 426 759
<b>Agency reference</b>	s47E(d)
<b>RFQ reference</b>	Premium Round 2023
<b>Address:</b>	GPO Box 9848, CANBERRA, ACT, 2601
<b>Agency contact</b>	<b>Name:</b> s22 <b>Position:</b> Acting Assistant Director <b>Email:</b> s22 @health.gov.au <b>Agency primary contact number:</b> (02) 6289-s22 <b>Agency secondary contact number:</b>
<b><i>RFQ and Proposed Order Details</i></b>	
<b>RFQ Release Date</b>	Monday, 29 August 2022
<b>RFQ Closing Date</b>	Friday, 2 September 2022 5:00 PM AEST
<b>Proposed Order Commencement Date</b>	Friday, 9 September 2022
<b>Proposed Order Term and/or Completion Date</b>	Friday, 16 December 2022
<b>Proposed options to extend</b>	Department of Health and Aged Care may extend the term of the Order for a further period (or periods) of up to two weeks in total, which may be taken in whole or in part, and in any number or combination of time periods.

<b>Statement of Work</b>	
<b>Service Area</b>	Financial Management Advisory Services
<b>Service Category</b>	Actuarial
<b>Service Sub-category</b>	Actuarial
<b>Detailed Statement of Work</b>	<p>Like the 2022 premium round, the 2023 premium round is expected to present significant complexities mainly due to:</p> <ul style="list-style-type: none"> <li>• The need to take into account allowances for COVID-19 impacts;</li> <li>• Impacts of Government reforms including prostheses and changes to the age of dependants on a family policy;</li> <li>• Impacts of changes to APRA capital standards; and</li> <li>• The range of approaches insurers will take in forecasting membership and benefits in the context of significant COVID-19 related uncertainty.</li> </ul> <p>The successful supplier will assist with preparing and assessing the 2023 premium application forms in the context of the sensitivities stated in this RFQ and any other unforeseen issues that are raised in the premium application form responses, providing analysis as directed by the Department.</p>
<b>Deliverables</b>	<ol style="list-style-type: none"> <li>1. Subject to time of commencement, assist with reviewing sector feedback from stakeholder consultations and designing a template to analyse the data.</li> <li>2. Assist with assessing the 2023 premium applications and provide a report to the Department based on the criteria set.</li> </ol> <p>The successful supplier will:</p> <ul style="list-style-type: none"> <li>• deliver analysis as directed by the Department;</li> <li>• report any significant issues identified as necessary; and</li> <li>• provide daily updates on any additional costs due to the engagement of Partner or Director resources.</li> </ul> <p>Health must be informed in advance of any variation in cost.</p>
<b>Milestones</b>	<p><b>9 September 2022 to 22 September 2022</b></p> <p>Assist with reviewing sector feedback from stakeholder consultations (if time permits) and designing a reporting template to analyse the data</p> <p><b>15 November 2022 to 16 December 2022</b></p> <p>Assist with assessing the 2023 premium applications and provide a report to the Department based on the criteria set in the first period.</p>
<b>Subcontractors</b>	The Service Provider may not nominate subcontractors to provide some or all of the Services.
<b>Location</b>	Not Applicable
<b>Fees</b>	Fees to be based on time and materials. Using the table below, please outline the cost per resource.

	Role	Name	Daily Rate (Gst inc)	Hourly Rate (GST inc)	% Time on project	
	Partner or equivalent					
	Director or equivalent					
	Consultant or equivalent					
	Senior Analyst or equivalent					
<b>Payment Terms</b>	20 calendar days for all other invoices					
<b>Travel</b>	Not Applicable					
<b>Agency Material</b>  <i>Agency Material is defined in the clause 1.1.1 of the Head Agreement as any Material provided by an Agency to the Service Provider for the purposes of a Contract, or derived at any time from that Material.</i>	Not Applicable					
<b>Existing Material</b>	Not Applicable					
<b>Contract Material</b>  <i>Other than specified in the Statement of Work, insert details of Contract Material relevant to the Order. Clause 1.1.1 of the Head Agreement defines Contract Material as any Material:</i>  <i>(a) created by the Service Provider for the purposes of a Contract</i>	Not Applicable					
<b>Confidential information</b>	Not Applicable					

<b>Key personnel requirements</b>	
<b>Key personnel</b>	<ul style="list-style-type: none"> <li>• Prior experience with premium round data and Government process related to premium round.</li> <li>• Capability to provide confidentiality assurance, working with protected commercial in confidence level data.</li> <li>• Ability to provide value adding analysis of private health insurance matters in the context of wider issues impacting the private health sector, now and into the future.</li> <li>• Security clearance required: No</li> </ul>
<b>Additional requirements</b>	
<b>Agency data storage requirements</b>	Personnel will be required to log into SecureDoc (APRA's secure document exchange) to access the premium round application forms.
<b>Agency security requirements</b>	Not Applicable
<b>Security clearance requirements</b>	Not Applicable
<b>Liability</b>	Not Applicable
<b>Agency insurance requirements</b>	Not Applicable
<b>Agency service levels</b>	Not Applicable
<b>Conditions/Restrictions for Personal Information</b>	Not Applicable
<b>Commonwealth Procurement Connected Policy Requirements</b>	
<b>Black Economy Policy</b>	Not Applicable
<b>Indigenous Procurement Policy</b>	Not Applicable
<b>Australian Industry Participation Policy</b>	Not Applicable
<b>Evaluation criteria</b>	
<b>Responses</b>	<p><b>Responses to this RFQ will be evaluated against the following criteria:</b></p> <p>The Service Provider's demonstrated understanding of the Services required, including the identification of any key challenges and the management of risk.</p> <p>The Service Provider's demonstrated capability and capacity to provide the services described in the Detailed Statement of Work to a very high standard and within the specified timeframes.</p>



	<p>The Service Provider's demonstrated organisational experience in providing the similar services to the services described in the Detailed Statement of Work.</p> <p>The relevant experience of nominated Key Personnel in providing the similar services to the services described in the Detailed Statement of Work [include any relevant qualifications, certifications, etc. required].</p> <p>The professional and other standards that your organisation would apply to the Services and the measures your organisation proposes to ensure that standards are maintained for the term of the Contract.</p> <p>The extent to which the level and structure of fees proposed provides value for money for the Australian Government.</p>
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FREEDOM OF INFORMATION ACT 1982 BY  
THE DEPARTMENT OF HEALTH AND AGED CARE

# Schedule 6A – Order Variation Template

## Parties

- A. Commonwealth of Australia as represented by Department of Health and Aged Care ABN 83 605 426 759 (Agency); and
- B. Deloitte Touche Tohmatsu ABN 74 490 121 060 (Service Provider)

## Recitals

- A. The Agency and the Service Provider are party to an Order dated 12 September 2022 for the provision of Expert services for assessment of 2023 premium applications. Reference ID: 647E(d)
- B. The parties wish to vary the Order as provided by this Deed of variation.

The parties agree as follows:

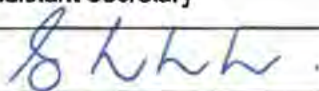
The Order is varied in accordance with the terms set out below. Unless specifically stated in this Order Variation, all terms and conditions of the Order continue unaffected.

1.	Order Variation number	1
2.	Raised by	Agency
3.	Details of change (use attachments if required)	<p>Amend item 'Order Expiry Date' [order commencement date and term] to 30 June 2023.</p> <p>No further extension options remain available for this contract.</p> <p>Amend 'Detailed Statement of Work' [Statement of Work] to include after existing text, the following:</p> <p>The supplier will provide advice on resubmissions to the 2023 premium round process.</p> <p>The supplier will provide advice on amendments to the premium round application form to improve information gathered for assessment in future premium round assessments and potential changes to future premium round processes.</p> <p>The supplier will provide an update to previous work on the assessment of</p>

		<p>comparability of PHI products for consumers.</p> <p>This assessment will include the migration of policyholders to products with a lower level of cover (i.e. downgrading) or downgrading out of Gold to manage affordability concerns.</p> <p><b>Amend 'Milestones' [Statement of Work] as follows:</b></p> <p><b>Replace '16 December 2022' with '27 January 2023'</b></p> <p><b>Amend 'Milestones' [Statement of Work] to add new text after existing text:</b></p> <p><b>'February - March 2023'</b></p> <p>Provide written advice on proposed amendments to the premium round application form to improve information gathered for assessment in future premium round processes.</p> <p><b>February - June 2023</b></p> <p>Provide an assessment of comparability of PHI products for consumers, accompanied by written report and analysis.'</p>
4.	<b>Implementation date of variation</b>	<b>23 December 2022</b>
5.	<b>Effect on services</b>	<b>Continued service provision</b>
6.	<b>Plan for implementing the change [if any]</b>	<b>Meetings between the Agency and the Supplier in December and January to discuss changes.</b>
7.	<b>Effect on price [if any]</b>	<b>Nil - hourly rate</b>
8.	<b>Effect on service levels [if any]</b>	<b>Nil</b>
9.	<b>Other relevant matters (e.g. transitional impacts)</b>	<b>Nil</b>

**Variation to Order:**

Expert services for assessment of 2023 premium applications Order Variation 1.

Agency	Department of Health and Aged Care
Name (print)	Brian Kelleher
Position	Assistant Secretary
Signature	
Date	23/12/2022

Service Provider Deloitte Touche Tohmatsu

Name (print)

S47F

Position

Partner

Signature

Date

22/12/2022

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FREEDOM OF INFORMATION ACT 1982 BY  
THE DEPARTMENT OF HEALTH AND AGED CARE

# Schedule 6A – Order Variation Template

## Parties

- A. Commonwealth of Australia as represented by Department of Health and Aged Care ABN 83 605 426 759 (**Agency**); and
- B. Deloitte Touche Tohmatsu ABN 74 490 121 060 (**Service Provider**)

## Recitals

- A. The Agency and the Service Provider are party to an Order dated 12 September 2022 for the provision of Expert services for assessment of 2023 premium applications.
- B. The parties wish to vary the Order as provided by this Deed of variation.

The parties agree as follows:

The Order is varied in accordance with the terms set out below. Unless specifically stated in this Order Variation, all terms and conditions of the Order continue unaffected.

1.	<b>Order Variation number</b>	<b>1</b>
2.	<b>Raised by</b>	<b>Agency</b>
3.	<b>Details of change (use attachments if required)</b>	<p><b>Amend item 'Order Expiry Date' [order commencement date and term] to 30 June 2023.</b></p> <p><b>Amend 'Detailed Statement of Work' [Statement of Work] to include after existing text, the following:</b></p> <p>"The supplier will provide advice on amendments to the premium round application form to improve information gathered for assessment in future premium round assessments.</p> <p>The supplier will provide advice on what a future premium process may look like if a Minister's decision was not required or if other metrics were used as parameters for insurer premium approvals, and what those metrics may be.</p> <p>The supplier will provide an assessment of comparability of PHI</p>

		<p>products for consumers, including challenges presented by:</p> <ul style="list-style-type: none"> <li>• Scope of product tiers</li> <li>• Plus product tiers</li> <li>• Risk Equalisation Jurisdictions</li> <li>• Ambulance products</li> <li>• Naming of products</li> <li>• Insured Groups</li> <li>• Waiting periods (for example, when upgrading)</li> <li>• Excesses, co-payments and out of pocket (OOP) costs</li> <li>• Fund Rules (accessibility and interpretability), and</li> <li>• Variability of general treatment products for combined policies.</li> </ul> <p>This assessment will include the migration of policyholders to products with a lower level of cover (i.e. downgrading) or downgrading out of Gold to manage affordability concerns.</p> <p><b>Amend 'Milestones' [Statement of Work] as follows:</b></p> <p><b>Replace '16 December 2022' with '13 January 2023'</b></p> <p><b>Amend 'Milestones' [Statement of Work ] to add new text after existing text:</b></p> <p><b>'February 2023 (dates TBC)</b></p> <p>Provide written advice on proposed amendments to the premium round application form to improve information gathered for assessment in future premium round assessments.</p> <p>Discuss with the agency and provide written advice on what a future premium process may look like if a Minister's decision was not required or if other metrics were used as parameters for insurer premium</p>
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		approvals, and what those metrics may be.  <b>March-April 2023 (dates TBC)</b>  Provide an assessment of comparability of PHI products for consumers, accompanied by written report and analysis.'
4.	<b>Implementation date of variation</b>	<b>12 December 2022</b>
5.	<b>Effect on services</b>	<b>Continued service provision</b>
6.	<b>Plan for implementing the change [if any]</b>	<b>Meetings between the Agency and the Supplier in December and January to discuss changes.</b>
7.	<b>Effect on price [if any]</b>	<b>Nil – hourly rate</b>
8.	<b>Effect on service levels [if any]</b>	<b>Nil</b>
9.	<b>Other relevant matters (e.g. transitional impacts)</b>	<b>Nil</b>

**Variation to Order:**

Expert services for assessment of 2023 premium applications Order Variation 1.

Agency Department of Health and Aged Care  
 Name (print) Brian Kelleher  
 Position Assistant Secretary  
 Signature \_\_\_\_\_  
 Date \_\_\_\_\_

Service Provider Deloitte Touche Tohmatsu  
 Name (print) s47F  
 Position Partner  
 Signature \_\_\_\_\_  
 Date \_\_\_\_\_