



Australian Government

Department of Health, Disability and Ageing

# Explanatory Document for Insurers

Deed for the Provision of Overseas Student  
Health Cover 1 July 2025 – 30 June 2028

# Purpose

This is an accompanying document to the Deed for the Provision of Overseas Student Health Cover. It is intended as an explanatory document for insurers, to provide clarity on the content of the Deed, and in particular, changes to the Deed. Changes to the Deed have been made based on a consultation process and stakeholder feedback.

## 1. Definitions and Interpretation of the Deed

### **‘Pregnancy related condition out of hospital services’**

### **‘Pregnancy related condition hospital treatment’**

These are new definitions to include all Medicare Benefits Schedule services and Pharmaceutical Benefits Schedule items for the investigation and treatment of conditions associated with pregnancy and childbirth, and the investigation and treatment of a miscarriage or for termination of pregnancy. These definitions are based on the ‘Pregnancy and birth’ clinical category and ‘Miscarriage and termination of pregnancy’ clinical category, as defined in the Complying Product Rules. They are required for those Overseas Students and Dependants who are not subject to a waiting period for pregnancy related conditions (i.e. those who purchase a product with a duration of 2 years or more).

### **‘Prescribed List’**

The Prostheses List is now known as the Prescribed List.

### **‘Prescribed List Rules’**

The Prostheses Rules are now known as the Medical Devices and Human Tissue Products Rules, or Prescribed List Rules.

### **‘Third Party Agent’**

Means a party which assists the Overseas Student with selection of an OSHC product and/or facilitates the purchase of an OSHC product, for payment; includes education agents, migration agents, brokers, and education institutions.

### **‘Third Party Agent payments’**

A new term which defines the types of payments subject to the cap on payment of commissions.

### **‘Third Party Agent Service payments’**

Means a payment to a Third Party Agent, for services which are not intended as payment:

- i. for assisting the Overseas Student with selection of an OSHC Product; and/or
- ii. to facilitate the purchase of an OSHC Product.

## 2. Term of the Deed

The Deed will be effective from 1 July 2025 will be valid for a 3-year period. There is an opportunity for a year extension.

### **3. Base Coverage and Benefits that must be paid by the Insurer**

Clause 3 sets out the requirements for a base coverage OSHC Product.

The base OSHC Product clauses contain provisions to reflect existing practices, particularly in instances where insurers can pay above the minimum benefits in terms of scope (e.g., pharmaceutical items and hospital-substitute treatment) and level of benefits (e.g., as per their existing arrangements or only pay the relevant benefit). The benefits for ambulance services, prostheses, and public hospitals remain the same as the current Deed (see Schedule 1).

Clause 3.3 prevents Insurers from providing benefits for an MBS item under a base OSHC product unless a person has purchased an OSHC product with additional coverage for any of the services set out in Schedule 2. This means that Insurers can only pay for MBS items (claimed as in or out of hospital treatment) as part of Assisted Reproductive Services, services and treatment arranged in advance of the OSHC start date, and medical repatriation under an OSHC Product with additional coverage.

Clause 3.4 relates to an insurer's prerogative to pay higher benefits or have higher thresholds for services set out in Schedule 1, or offer supplementary services (e.g., chronic disease management programs, virtual GPs, or other integrated care services) for policy holders other than those listed in Schedule 2. This can include arrangements with health care providers (including No Gap, Known Gap, preferred provider contracts, or any other similar arrangements), paying more than 100 per cent of the MBS fee for out of hospital services and any contracting arrangements for any other service listed in Schedule 1. Although these benefits are above the minimum requirements of clause Schedule 1, products including these services and thresholds can still be considered as a base OSHC Product.

Insurer can pay less than 85 per cent of MBS fee, if there is an arrangement between the Insurer and the medical practitioner, and there is no out-of-pocket cost to the consumer. There are particular MBS items which are specifically intended for Australian residents and benefits do not need to be paid by the Insurer (e.g. bulk billing incentives).

In instances where the health care provider has charged or submitted an invoice for less than the minimum benefit (i.e., 100% of the MBS fee) of an item, the insurer can pay up to the minimum benefit, as per clause 3.6. However, the Overseas Student is entitled to the minimum benefits set out in clause 3.2. If the invoice or receipt is corrected by the provider within the appropriate timeframe as set out by the Rules, the insurer should provide the remaining benefit as the circumstances require.

### **4. Additional Coverage and Benefits that may be paid by the Insurer**

Clause 4 sets out the requirements for an additional coverage OSHC Product.

Additional coverage OSHC products must also include the requirements for a base coverage product.

## 5. Exclusions that must not be paid by the Insurer

Specific service exclusions for OSHC are set out in Schedule 3.

## 6. Waiting Periods

Waiting periods for services payable under OSHC are set out in Schedule 4.

The key amendment from the previous Deed is there will be no waiting period for pregnancy related conditions for OSHC Products of two or more years duration. This will commence on the implementation date of the Insurer's premium change that occurs after 1 July 2025 (e.g. January to June 2026 with the precise date depending on when the insurer implements premium increases).

In circumstances where the Overseas Student purchases a policy of less than 2 years duration but then extends the duration to more than 2 years, no waiting periods apply to services provided after the date on which the extension occurred, providing there is continuation of coverage. If there is a gap in coverage, it is at the discretion of the insurer whether waiting periods are applied.

In circumstances where the Overseas Student purchases a policy of more than 2 years duration, but there is early termination of the policy and a premium refund provided for one of the reasons in Schedule 5, no waiting periods apply to services provided up to the termination date.

The starting date to calculate the waiting period is based on the start date of the policy, rather than the date on which each additional person was added to the policy.

Insurers may impose a waiting period of up to 12 months for Overseas Students who purchase a product of less than two years duration.

## 7. Periods and Type of Cover

Clause 7 indicates the Insurer should sell a product to an Overseas Student based on the information provided by the Overseas Student concerning the Student Visa for which they intend to apply.

## 8. Premiums

Clause 8 outlines the process for approval of premium increases and maximum percentage discounts that may be applied when an Overseas Student purchases a product.

Excesses are not permitted under OSHC.

## 9. Premium Refunds

The conditions for a refund and the associated amounts are set out in Schedule 5.

## 10. Policy Changes

Clause 10 provides for Insurers to amend the start and end of the product based on particular criteria, as well outlining the manner in which there may be Insurer or policy holder-initiated changes to the insured group for the product.

Consolidation of clauses 10.2 and 10.3 from the early draft Deed into a single clause 10.2. This new clause is intended to cover two scenarios.

It indicates the Overseas Student or Dependant must be provided with a reasonable period (i.e. 2 months) following the birth of the child to undertake corrective action to migrate to the appropriate insured group, and if required, pay a higher premium. Insurers should not suspend the policy during this initial notification period. If an Overseas Student or Dependant has not responded to the communications and reminders from the insurer within the 60-day period, the insurer can temporarily withhold benefits payable for claims for services which occur after this period, until the Overseas Students or Dependant has responded to the insurer and/or has paid any outstanding premium invoices. This process ensures that Overseas Students and their Dependents can maintain a relationship with their Insurer and more easily re-establish continuity of cover.

When another person is added to the policy who may not be a newborn (e.g. a child comes to Australia from the home country to join the parent) and also where the insurer becomes aware there are two singles policies purchased but they should have purchased a couple or family policy.

Insurers are encouraged to ensure their arrangements with third party agents include a requirement to assist the Overseas Student to purchase a product(s) with the appropriate insured group.

## **11. Policy Documents and Membership Cards**

Clause 11 allows for Insurers to provide the Overseas Student with product information in a digital format, as well as requiring the provision of a summary of the product information in a standard format to the Overseas Student.

It is anticipated the summary of product information will be based on the Private Health Insurance Statements for Complying Health Insurance Products for Australian residents. However, the precise format will be the subject of consultation with Insurers, and may involve a more innovative approach to ensure effective communication of the scope of product coverage.

## **12. OSHC in Health Benefits Fund**

Clause 12 indicates OSHC is health related business, OSHC products are subject to community rating, and the benefits paid by an Insurer are not eligible for the risk equalisation pool as applied to Complying Health Insurance Products.

## **13. Rules**

Clause 13 indicates the Insurer is required to publish its Rules and also provides the criteria and process for changes to Rules.

## **14. Consultative Group**

Clause 14 provides for a Consultative Group.

## **15. Information to be Provided**

Clause 15 outlines the information that the Insurer must make publicly available and timing of its publication.

## **16. Third Party Agent Payments**

Clause 16 sets a maximum payment to a Third-Party Agent of 12 per cent of the total premium paid by the Overseas Student for the OSHC Product. For example, if the product price is a \$1000, then the commission is 12% of a \$1000 plus 10% GST. A payment to a Third Party Agent, for services which are not intended as payment to assist the Overseas Student with selection of an OSHC product and/or facilitates the purchase of an OSHC product will not be subject to the cap.

The Insurer must report to the Commonwealth in the approved form concerning all payments made to the Third Party Agent, including Third Party Agent commission payments and Third Party Agent service payments.

### **Principles and criteria**

The following principles and criteria will be considered concerning whether a payment to a third party meets the definition of a commission and thus included in the commission cap.

#### **The purpose of the payment**

There are a significant range of healthcare services for which insurers are obligated to pay benefits. Universities have obligations to provide certain health and well-being services. Consideration should be given to why the insurer is funding the goods or services.

#### **The reason the particular agent was selected to provide the service**

Consideration should be given to why the agent is providing the services rather than an organisation that is not an agent.

#### **The criteria used to determine the amount of payment**

If it is a form of outsourcing of goods and services to the party, or reimbursement to the party for costs incurred at a market rate, it is a Third Party Agent Service payment and not subject to the cap. If it is a payment intended to implicitly or explicitly induce the party to preference the insurer's product, such as the payment not being paid at market rates, it is a Third Party Agent Payment and subject to the cap.

#### **The level of autonomy the agent has in determining what occurs with the payment**

Insurers should also be careful to avoid benefits being available only to students at a particular educational institution with which the insurer has arrangements for product sales. As far as possible, there should be equity of access to students at a range of educational institutions, to avoid perceptions the payments are intended to provide additional funding to preferred institutions as a way of circumventing the cap on commissions.

There will an assessment about whether the arrangement appears contrived or artificial as a way of circumventing the cap.

## Linkage of the amount of the payment to the purchase price of the product

Insurers will need to amend any arrangements with third parties to ensure payments are within the cap, even if these arrangements are for a longer period that overlaps with the commencement of the new Deed.

Insurers to include in arrangements with third parties a requirement to provide particular information to consumers.

Examples of information:

- insurer name
- product name
- product coverage dates
- customer ID
- contact information for insurer
- overview of product coverage
- overview of Australian health system

## Examples

Below are specific examples that will not be subject to a 12 percent cap. These are payments made to a Third Party Agent that would be considered Third Party Agent Service payments.

- iii. Outsourcing of marketing activities by the insurer to a third party, including aspects such as conferences, marketing materials, and the presence of agents at these events with booths.
- iv. A platform to provide OSHC product sales.
- v. Payments to an organisation to provide training and support to agents is considered as a form of outsourcing of services.
- vi. Insurer staff located on campus to manage policy changes and claims processing where no payments were made to the university.
- vii. Payments to students and their families for traumatic events and repatriation when it is made directly to the organisation providing the service (e.g. Funeral; transportation) or reimbursement to the consumer for payments made. This is provided as part of the product.
- viii. Health promotion and prevention events such as sexual health awareness, sun and swimming safety where payments are made directly to the organisation providing the service or the insurer reimbursing the university for costs incurred (e.g. expert speaker).

## 17. Resolution Planning

Clause 17 outlines issues of resolution planning.

Key points to consider:

- This would apply to a circumstance where the insurer seeks to exit the OSHC market, such as encountering financial difficulties.

- The objective would be to ensure policy holders have a seamless transition to a different insurer, including continuity of coverage and continued access to services and benefits.
- It would be preferable for the exiting insurer to transfer the entire portfolio of policy holders to the other insurer, rather than expecting policy holders to research other insurers and products to decide which insurer to transfer to.
- There would be an obligation on the exiting insurer to work with the other insurer during the transition, including provision of relevant customer information such as contact details, scope of coverage, waiting periods, and benefits to be paid.
- There would be an obligation on the other insurer to pay benefits incurred, but not paid by the exiting insurer, as well as future benefits incurred under the OSHC insurance contract.
- A policy holder communication and engagement plan would be developed in consultation with the relevant insurers and government agencies.

The department would have to agree to the new insurer, and if the new insurer was not a signatory to the Deed, there would be best endeavours for an expedited process to sign the Deed.

## **18. Subcontractors**

Clause 18 outlines requirements concerning subcontractors.

## **19. Confidentiality**

Clause 19 outlines requirements concerning confidentiality.

## **20. Notifiable Data Breaches**

Clause 20 outlines requirements concerning data breaches.

The Department acknowledges the Insurer has reporting responsibilities to the Information Commissioner and APRA. The Department has an expectation the Insurer will concurrently notify the department when the Insurer notifies the Information Commissioner (as soon as practicable after the entity becomes so aware of the breach) and APRA (as soon as possible). This will be the same form of notification and there is no need to tailor the information to the Department.

## **21. Protection and use of Personal Information**

Clause 21 outlines requirements concerning personal information.

## **22. Indemnity**

Clause 22 outlines issues concerning indemnity.

## **23. Termination for Convenience and Reduction**

Clause 23 outlines the circumstances in which the Deed may be terminated for convenience.



## **24. Termination for Default**

Clause 24 outlines the circumstances in which the Deed may be terminated for default.

## **25. Notices**

Clause 25 outlines the manner in which notices must be provided.

## **26. Dispute Resolution**

Clause 26 outlines the process for dispute resolution.

## **27. Other**

Clause 27 outlines a number of other miscellaneous matters.

## **28. SCHEDULE 1 Services and Rates for Base Coverage**

Schedule 1 sets out the category of services and treatments, and their rates of benefit to be paid by the Insurer for base coverage products.

## **29. SCHEDULE 2 Services and Rates for Additional Coverage**

Schedule 2 sets out the category of services and treatments, and their rates of benefit to be paid by the Insurer for additional coverage products.

## **30. SCHEDULE 3 Exclusions**

Schedule 3 sets out the category of excluded services and treatments.

## **31. SCHEDULE 4 Waiting Periods**

Schedule 4 sets out the waiting periods for benefits payable under an OSHC Product.

## **32. SCHEDULE 5 Premium Refunds**

Schedule 5 sets out the events and amounts of premium refunds.

## **33. SCHEDULE 6 Address for Notices**

Schedule 6 below sets out each Party's address for notices.