



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**HEALTH LEGISLATION**  
**AMENDMENT (PRIVATE HEALTH**  
**INSURANCE REFORM) BILL 2003**

**Second Reading**

**SPEECH**

**Thursday, 4 December 2003**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

**Date** Thursday, 4 December 2003  
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**Questioner**  
**Speaker** Gillard, Julia, MP

**Source** House  
**Proof** No  
**Responder**  
**Question No.**

**Ms GILLARD** (Lalor) (4.21 pm)—As indicated in the Senate debate earlier this year, Labor does support the Health Legislation Amendment (Private Health Insurance Reform) Bill 2003 in the interests of good management of the private health insurance sector by government, fair treatment of consumers and better mechanisms for investigating and acting on any problems in the private health insurance industry. This bill amends the National Health Act 1953 and the Private Health Insurance Incentives Act 1998. On 11 September 2002 the then Minister for Health and Ageing, Senator Patterson, announced a package of reforms designed to streamline the regulation of the private health insurance industry and provide consumers with better value for money for their private health insurance. This bill gives effect to some of those measures.

At present, registered health benefits organisations are required to submit all rule changes, no matter how insignificant, to the government for approval. This places a considerable administrative burden on the health benefits industry. Part 1 of schedule 1 of this bill amends the National Health Act and the Private Health Insurance Incentives Act by removing this rule change assessment process and replacing it with a system of monitoring and compliance. This will remove the inefficiencies associated with the existing rule change process and allow registered health benefits organisations to be more responsive to the needs of their members.

To make sure that the government can effectively monitor the performance of registered health benefits organisations, part 1 of schedule 1 of the bill also establishes a set of indicators for monitoring the performance of registered health benefits organisations. These indicators will be used to identify registered health benefits organisations that breach the National Health Act and alert the Minister for Health and Ageing to practices that may be contrary to health policy. They will be particularly important for monitoring whether registered health benefits organisations continue to fulfil their community rating obligations, which are designed to ensure that private health insurance is affordable for all Australians.

Part 2 of schedule 1 of the bill will amend the National Health Act to increase consumer protection within the private health industry. In particular, increased powers to investigate and resolve disputes and complaints are given to the Private Health Insurance Ombudsman. Part 3 of schedule 1 of this bill provides for the production of an annual 'state of the health funds' style report. This report will be produced by the Private Health Insurance Ombudsman. The report will contain information that is vital for assessing how organisations in the private health insurance industry are serving their members. It is obviously hoped that this information will be used by consumers to make better choices.

As the Parliamentary Secretary to the Treasurer has indicated, part 4 of schedule 1 of this bill amends the National Health Act to make a number of minor changes to the lifetime health cover regulations. As the parliamentary secretary has indicated, there is the establishment of a notional annual birth date of 1 July for the purposes of administering the Lifetime Health Cover system. People between the ages of 30 and 65 who join a health fund before the next notional birth date will not incur a Lifetime Health Cover loading. It is a bit like the system for racehorses: everybody turns a year older on the same day, according to the lifetime health benefits system. They should really have picked the same day as racehorses, then we could all have had joint birthdays, but presumably there is some convenience in it being the start of the financial year on 1 July.

The changes to the Lifetime Health Cover regulations also ensure that there is recognition of coverage provided by the Veterans' Affairs gold card arrangements. That period of coverage by gold card would count towards calculation of the Lifetime Health Cover loading. There are some new arrangements in relation to new migrants who come to this country over the age of 30. They now have 12 months to make their private health insurance arrangements without being subject to a Lifetime Health Cover loading.

The changes ensure that every Australian citizen who has been overseas on their notional 31st birthday gets a similar 12-month period of grace to rearrange their affairs when they return to Australia. They ensure that Australians who have hospital cover and go overseas for periods in excess of 12 months will not have that time overseas counted towards any potential Lifetime Health Cover loading, because obviously it is inappropriate to

require people to carry Australian based private health insurance for a year in which they will be overseas for the complete duration.

As I have indicated, Labor support this bill and are prepared to allow its passage through the parliament without any opposition from us. However, I want to take this opportunity to indicate that there are a number of unaddressed issues with private health insurance that might be beyond the ambit of the bill before us but need to be noted whilst this House is giving consideration to regulation of the private health insurance industry and to matters like Lifetime Health Cover. If we go back to the election which originally delivered the Howard government to office in Australia—the 1996 election—it is probably important to recall that during that election the Prime Minister said:

What I can give is an absolute guarantee that any change—

in private health insurance premiums—

in future will be as a result of a decision taken at a political level in a way and in circumstances where we are satisfied that the rise is completely justified.

Whilst it would not be like me normally to end a contribution using the words of the Prime Minister, I understand it might suit the convenience of the House if I seek leave to continue my remarks on another occasion.

Leave granted; debate adjourned.