



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



## **THE SENATE**

### **PRIVATE HEALTH INSURANCE BILL 2006**

#### **PRIVATE HEALTH INSURANCE (TRANSITIONAL PROVISIONS AND CONSEQUENTIAL AMENDMENTS) BILL 2006**

#### **PRIVATE HEALTH INSURANCE (PROSTHESES APPLICATION AND LISTING FEES) BILL 2006**

#### **PRIVATE HEALTH INSURANCE (COLLAPSED ORGANIZATION LEVY) AMENDMENT BILL 2006**

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**PRIVATE HEALTH INSURANCE  
COMPLAINTS LEVY  
AMENDMENT BILL 2006**

**PRIVATE HEALTH INSURANCE  
(COUNCIL ADMINISTRATION  
LEVY) AMENDMENT BILL 2006**

**PRIVATE HEALTH INSURANCE  
(REINSURANCE TRUST FUND  
LEVY) AMENDMENT BILL 2006**

**In Committee**

**SPEECH**

**Friday, 23 March 2007**

BY AUTHORITY OF THE SENATE

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## SPEECH

**Date** Friday, 23 March 2007  
**Page** 31  
**Questioner**  
**Speaker** McLucas, Sen Jan

**Source** Senate  
**Proof** No  
**Responder**  
**Question No.**

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**Senator McLUCAS** (Queensland) (10.44 am)—I move opposition amendment (2) on sheet 5219:

(2) Clause 264-5, page 220 (line 3), after paragraph (b), insert:

(ba) minimising the level of health insurance premiums;

This amendment goes to one of the principles that the Private Health Insurance Administration Council operates under. During my speech in the second reading debate I raised the issue of premium levels and what Broader Health Cover might in fact do to premium levels in both the short and the long term. You cannot answer that question—we actually do not know—but it seems logical that, at least in the short term, with an increase in the range of services that private health insurance providers will deliver, there could be an increase in premiums. The sector is keen and is of the view that, with some of the proposals contained in Broader Health Cover, there might be a reduction in the long term. How we measure that is a bit beyond me, but that is the discussion about premium levels.

However, in the current National Health Act, section 82BA(2)(c) sets out the objectives of PHIAC. One of those objectives as the act currently stands is to minimise the level of health insurance premiums. Unfortunately, this provision has not been included in the Private Health Insurance Bill 2007, which reduces the number of PHIAC's objectives from four to three. Some of the media reportage of this issue is that the specific clause about minimising private health insurance premiums has been replaced by a more general clause about protecting the interests of consumers. In fact, this is not true. The general clause about protecting the interests of consumers is in the National Health Act in addition to the specific clause about minimising premiums.

Labor's amendment would reinsert that specific clause into the relevant section of the act so that PHIAC would have the objective of keeping downward pressure on premiums. The government has said that it is not appropriate because PHIAC does not set premiums and therefore should not be required to minimise them. If this is the case and the government does not have a problem with the substance of the amendment, we again challenge the government to include a clause about the ministerial responsibility for minimising premiums elsewhere in the bill. If the government will not follow that path and will not support our amendment, the Australian public is entitled to conclude that the government is not serious about keeping private health premiums down. Further, we argue that PHIAC does have a role to play in keeping premiums down by virtue of its role in regulating the private health insurance sector. All our amendment does is reflect this role in the legislation.