



Private Healthcare Australia
Better Cover. Better Access. Better Care.

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Ms Jenny Benjamin
National Manager
Assistance Programmes Branch
Department of Human Services
health.industry@humanservices.gov.au

Dear Ms Benjamin

RE: PRIVATE HEALTH INSURANCE REBATE REGISTRATION

I write on behalf of the Private Health Insurance industry in response to your invitation for feedback from insurers on the Department of Human Service's Guidelines for the Application form for customers claiming the Australian Government Rebate as a reduced premium on private health insurance (Rebate).

The Rebate was introduced in 1999 as a mechanism to encourage more Australians to take out private health insurance. Whilst an effective mechanism, the processes and systems that insurers must put in place to adhere to the Department's guidelines can be cumbersome for the customer and expensive to implement and maintain for the insurer.

Data provided by insurers indicates approximately 90-95% of customers who joined private health insurance in CY2015 requested to receive the Rebate as a reduced premium. This is consistent with data received from the Australian Tax Office, with approximately 5% of customers choosing to claim the Rebate at tax time.

Private Healthcare Australia (PHA) notes the unnecessary red tape and complexity imposed on customers by the current requirements and submits that any streamlining initiative must, at a minimum, involve removing the current requirement for customers to complete unnecessary forms (either hard copy or online). PHA proposes the following alternative process to the way insurers obtain customer consent to receive the Rebate as a reduced premium which will facilitate a smoother, more efficient rebate registration process for both new and existing customers.

Proposed model to capture consent for the Rebate

Due to the large majority of Australians choosing to receive the Rebate as a reduced premium, it is proposed that the current requirement for customers to complete a form to receive the Rebate in this form be removed. This is an onerous and inefficient requirement regardless of whether the form is in hard copy, online or voice-to-text.

Instead, customer consent to receive the Rebate as a reduced premium (along with income tier information) would be captured via call recording, electronic signature or tick-box on pre-filled

electronic forms. This process would be used for new and existing customers and would provide an audit trail if required for offline and online channels.

Due to changing market conditions and continued growth of intermediaries (brokers), it is also proposed that brokers should be permitted to obtain the Rebate registration consent on behalf of the customer and insurer.

Under this model, information regarding the Rebate and eligibility with the customer's declaration would be included in the customer's 'Welcome Pack' from the insurer. The insurer's registration process with Medicare would remain unchanged, ensuring no disruption to the Department's receipt of the new health insurance customer information it requires. The reconciliation process at tax time would also remain unchanged with the Rebate amount claim validated at this time.

Conclusion

The removal of current requirements for customers to complete cumbersome forms and provide information already on record will help to reduce the complexity of private health insurance, facilitate greater portability for consumers and improve efficiency by removing unnecessary red tape. PHA believes its proposed model would provide these benefits to customers and insurers while ensuring the Department continues to receive the information it requires.

PHA would welcome further opportunities for industry consultation on this matter.

Yours sincerely



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