

Committee

ANSWERS TO QUESTIONS ON NOTICE

HEALTH PORTFOLIO

Private Health Insurance Legislation Amendment Bill 2018 and related Bills

7 August 2018

Question no: 1

Type of Question: Hansard Page 33

Senator: Slade Brockman

Question:

Can the Department provide figures about the number of policies with zero excesses over time.

Answer:

The Australian Prudential Regulation Agency publication, *Private Health Insurance Membership Trends March 2018* provides the following information.

APRA publishes the number of hospital treatment policies with no excess and no co-payments. The data does not separate out excesses and co-payments.

| Quarter | Policies with no excess and no co-payment |
|---------|--|
| Mar-10 | 1,215,825 |
| Mar-11 | 1,167,921 |
| Mar-12 | 1,163,515 |
| Mar-13 | 1,148,597 |
| Mar-14 | 1,124,061 |
| Mar-15 | 1,082,399 |
| Mar-16 | 1,020,164 |
| Mar-17 | 961,398 |
| Mar-18 | 913,426 |

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Question no: 2

Type of Question: Hansard

Senator:

Question:

Can the Department provide data on whether consumers who hold policies with higher excesses are more likely to choose to be treated as public patients?

CHAIR:

Answer:

The Department of Health does not have any evidence that consumers with policies that have higher excesses are more likely to be treated as public patients.

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Question no: 3

Type of Question: Hansard Page 35

Senator: Slade Brockman

Question:

Can the Department provide data on insurer margins?

Answer:

The Australian Prudential Regulation Authority *March 2018 Quarterly Private Health Insurance Statistics* report (page 10) reports that the net margin for the private health insurance industry for the 12 months to 31 March 2018 is 5.41%.

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Question No: 4

Type of Question: Hansard Page 36

Senator: Slade Brockman

Question:

Can the Department provide a breakdown of the number of products by the range of people on each product?

Answer:

| Number of people on each product | Closed products | Open products | Total | % of Products |
|----------------------------------|-----------------|---------------|---------------|---------------|
| Zero | 14,542 | 20,467 | 35,009 | 47.1% |
| Between 1 & 5 | 4,134 | 5,837 | 9,971 | 13.4% |
| Between 6 & 10 | 1,602 | 2,897 | 4,499 | 6.0% |
| Between 11 & 100 | 4,610 | 8,651 | 13,261 | 17.8% |
| Between 101 & 500 | 2,104 | 4,397 | 6,501 | 8.7% |
| Greater than 500 | 1,582 | 3,543 | 5,125 | 6.9% |
| Total | 28,574 | 45,792 | 74,366 | 100.0% |

Source: Data as submitted by all private health insurers in November 2017 for the 2018 premium round

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Question no: 5

Type of Question: Hansard Page 38

Senator: Louise Pratt

Question:

Can the Department provide information about how terminating products interact with Australian Consumer Law?

Answer:

Where changes occur to a policy, including where a product is terminated, private health funds are subject to a number of legislative instruments including the Australian Consumer Law (ACL). The ACCC has previously provided guidance on how the ACL applies to the relationship between private health insurers and consumers. The ACL contains general prohibitions against particular categories of harmful conduct in trade or commerce, including misleading or deceptive conduct, false or misleading representations (including by omission) and unconscionable conduct. These legal requirements apply to private health insurers in addition to those imposed by the *Private Health Insurance Act 2007* and the Private Health Insurance Code of Conduct.

The Department of Health understands that the ACCC considers that industry should ensure that any notification to consumers of changes to benefits provided by them is done in a way that is sufficiently prominent and appropriately targeted towards the affected class of consumers.

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HEALTH PORTFOLIO

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7 August 2018

Question no: 6

Type of Question: Hansard Page 35

Senator: Louise Pratt

Question:

Senator PRATT: No, but can you take on notice to find out what information you have about whether people with a higher excess are more likely to opt in to admission as a public patient in a public hospital. I think it was said before that there was limited information on that, but can you find us what information you do have.

Ms Shakespeare: We're happy to look for what information we can give you by Thursday on that question.

Answer:

The Department of Health does not have any evidence that consumers with policies that have higher excesses are more likely to be treated as public patients.