

Private Health Insurance Legislation Amendment (Base Premium) Bill 2013

Introduced into the House of Representatives on 14 May 2013

Portfolio: Health and Ageing

Overview

1.117 This bill seeks to amend the *Private Health Insurance Act 2007* (the PHI Act) so that from 1 April 2014 the private health insurance rebate for each private health insurance policy will be set as a proportion of the premium charged for that policy as at 1 April 2013. From 1 April 2014, each private health insurance policy base premium will be indexed by the lesser of the CPI percentage change or the change of the premium charged by a private health insurer.

Compatibility with human rights

1.118 The bill is accompanied by a self-contained statement of compatibility which states that the bill engages the right to health guaranteed by article 12 of the International Covenant on Economic, Social and Cultural Rights (ICESCR).

1.119 The statement of compatibility notes that the bill:

may increase the cost of obtaining private health insurance for consumers who choose to purchase private health insurance. However, there is no incompatibility with the right to health because the legislation is for a legitimate objective and reasonable, necessary and proportionate in the circumstances.¹⁰

1.120 The effect of the bill is that private health insurance is likely to cost more and this may be viewed as a restriction on the enjoyment of the right to health, particularly (but not only) if the increase leads to a drop in the numbers taking out private insurance coverage.

1.121 The statement notes comments by the UN Committee on Economic, Social and Cultural Rights, that the notion of 'the highest attainable standard of health' takes into account both the condition of the individual and the country's available resources.¹¹ It goes on to state that the bill seeks to make the private health insurance rebate expenditure sustainable by linking the amount of the rebate to 2013 premium prices. The explanatory memorandum expands on this, by noting that in recent years there has been substantial growth in private health insurance

10 Statement of compatibility, p. 4.

11 Statement of compatibility, p. 3.

membership, which continues to outstrip population growth.¹² It also notes that the rebate will continue to be calculated using the existing income testing tiers (which distinguish between higher and lower income earners in the amount of rebate offered).

1.122 The committee notes that such a limitation may be justified under article 4 of the ICESCR, and that making government expenditure sustainable is a legitimate objective. The committee would have been aided in its scrutiny of this bill had the statement of compatibility more clearly explained how the amendments are a proportionate and reasonable restriction on the enjoyment of the right to health.

1.123 The committee considers that the bill does not appear to give rise to serious human rights concerns.

12 Explanatory memorandum, p. 1.