



INFORMATION, ANALYSIS  
AND ADVICE FOR THE PARLIAMENT

INFORMATION AND RESEARCH SERVICES

Bills Digest  
No. 143 2002–03

## Private Health Insurance (Reinsurance Trust Fund Levy) Bill 2003

ISSN 1328-8091

© Copyright Commonwealth of Australia 2003

Except to the extent of the uses permitted under the *Copyright Act 1968*, no part of this publication may be reproduced or transmitted in any form or by any means including information storage and retrieval systems, without the prior written consent of the Department of the Parliamentary Library, other than by Senators and Members of the Australian Parliament in the course of their official duties.

This paper has been prepared for general distribution to Senators and Members of the Australian Parliament. While great care is taken to ensure that the paper is accurate and balanced, the paper is written using information publicly available at the time of production. The views expressed are those of the author and should not be attributed to the Information and Research Services (IRS). Advice on legislation or legal policy issues contained in this paper is provided for use in parliamentary debate and for related parliamentary purposes. This paper is not professional legal opinion. Readers are reminded that the paper is not an official parliamentary or Australian government document. IRS staff are available to discuss the paper's contents with Senators and Members and their staff but not with members of the public.

## **Inquiries**

Members, Senators and Parliamentary staff can obtain further information from the Information and Research Services on (02) 6277 2646.

Information and Research Services publications are available on the ParlInfo database. On the Internet the Department of the Parliamentary Library can be found at:  
<http://www.aph.gov.au/library/>

Published by the Department of the Parliamentary Library, 2003

I N F O R M A T I O N   A N D   R E S E A R C H   S E R V I C E S

Bills Digest  
No. 143 2002–03

Private Health Insurance (Reinsurance Trust Fund Levy)  
Bill 2003

Peter Prince  
Law and Bills Digest Group  
30 April 2003

# Contents

Purpose. . . . .	1
Background. . . . .	1
The Reinsurance Trust Fund levy. . . . .	1
Main Provisions . . . . .	2
Endnotes. . . . .	2

# Private Health Insurance (Reinsurance Trust Fund Levy) Bill 2003

**Date Introduced:** 26 March 2003

**House:** House of Representatives

**Portfolio:** Health and Ageing

**Commencement:** 1 July 2004

## Purpose

To reimpose the Reinsurance Trust Fund Levy.

## Background

This is one of four Bills reimposing existing levies on private health insurers. Full background is set out in Bills Digest No. 139, 2002-03 (National Health Amendment (Private Health Insurance Levies) Bill 2003). Separate Bills are required for each levy because they could be construed as imposing taxation and the Constitution requires that such Bills 'deal with one subject of taxation only'.<sup>1</sup>

### The Reinsurance Trust Fund levy.

This levy is imposed on each registered health benefits organization to provide for internal cross-subsidisation within the private health insurance industry for aged, chronic and long-term acute care patients. Participation in the Reinsurance Trust Fund is mandatory for registered health insurance providers.

The rate of the Reinsurance Trust Fund levy is set by the Private Health Administration Council ('PHIAC') according to principles determined by the Minister for Health under section 73BC of the *National Health Act 1953*. The Explanatory Memorandum notes that the fund 'operates as a zero sum equation. The amount of money paid into it is the amount that is redistributed to industry.'<sup>2</sup>

#### **Warning:**

*This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.*

*This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.*

## Main Provisions

**Clause 6** imposes the Reinsurance Trust Fund levy on 'each registered health benefits organization'. The levy is imposed 'on each day specified in the Regulations as a Reinsurance Trust Fund levy day'. There cannot be more than four such days in a financial year, although the Minister for Health can specify up to two supplementary levy days. The Explanatory Memorandum notes that the latter provision 'is included to cover unforeseen needs in relation to the Reinsurance Trust Fund.'<sup>3</sup>

**Clause 9** validates all previous Reinsurance Trust Fund payments made before the commencement of the current Bill.

## Endnotes

---

- 1 Section 55.
- 2 Explanatory Memorandum, p. 2.
- 3 Explanatory Memorandum, p. 3.

***Warning:***

*This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.*

*This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.*