Private Health Insurance (Reinsurance Trust Fund Levy) Bill 2003
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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'.

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.'

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'.

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.