



Private Health Insurance (Council Administration Levy) Amendment Bill 2006

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Private Health Insurance (Council Administration Levy) Amendment Bill 2006

Date introduced: 7 December 2006

House: House of Representatives

Portfolio: Health and Ageing

Commencement: 1 April 2007

Purpose

To impose the Private Health Insurance Administration Council (PHIAC) levy through amendments to the *Private Health Insurance (Council Administration Levy) Act 2003*.

Background

This is one of four Bills reimposing existing levies on private health insurers. This Bill was introduced as part of a suite of legislation to reflect the new regulatory regime detailed in the accompanying *Private Health Insurance Bill 2006*. On 7 December 2006 the Senate referred the suite of Bills to the Community Affairs Committee, for inquiry and report by 26 February 2007. The Committee intends to hold a public hearing in Canberra on 2 February 2007.

Separate Bills are required for each levy because they could be construed as imposing a tax and section 55 of the Constitution requires that such Bills 'deal with one subject of taxation only'.

PHIAC Levy

The PHIAC Levy is currently authorised under the *National Health Act 1953* and funds the general administrative costs of PHIAC. The levy is imposed on each registered health benefits organization (renamed private health insurers under the proposed Act) based on the number of health fund contributors.

The Bill provides that authorisation of the PHIAC levy be transferred to the proposed *Private Health Insurance Act 2006* and provides that the rate of the PHIAC levy be set in regulations, within a maximum limit specified in the Bill itself.

In 2005-06 levies totalling \$4.435 million were imposed on registered health benefits organizations.¹

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

Schedule 1

The Schedule replaces a number of definitions to reflect the replacement of the *National Health Act 1953* with the *Private Health Insurance Act 2006*; these new definitions are described in the Explanatory Memorandum. Broadly, the changes to definitions reflect the new terminology under the proposed Act.

Item 15 removes subsection 7(2) and replaces it with a new subsection which provides that the rate of the levy be based on the number of health insurance policies on issue, in line with the proposed *Private Health Insurance Act 2006*; previously this rate was based on the number of contributors. The maximum rate remains unchanged; that is, it must not exceed \$2 annually for a policy where only one person is covered, or \$4 for other policies.

Item 18 is a transitional provision that specifies that the total amount of levy imposed for the financial year ending on 30 June 2007 must not exceed \$2 where only one person is covered, or \$4 for other policies. It also specifies that the number of levy days for the year must not exceed six.

Endnotes

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1. Private Health Insurance Administration Council *Annual Report 2005-06*, PHIAC, Canberra, 2006, p. 9.

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