



## Private Health Insurance Complaints Levy Amendment Bill 2006

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## Private Health Insurance Complaints Levy Amendment Bill 2006

**Date introduced:** 7 December 2006

**House:** House of Representatives

**Portfolio:** Health and Ageing

**Commencement:** 1 April 2007

### Purpose

The purpose of this legislation is to amend the Private Health Insurance (Complaints Levy) Act 1995 to update definitions resulting from the replacement of the National Health Act 1953 by the proposed Private Health Insurance Act.<sup>1</sup>

### 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'.

### Complaints Levy

The complaints levy is currently authorised under the *National Health Act 1953* and is a levy on registered health benefits organisations (renamed private health insurers under the proposed Act) based on the number of contributors to the health benefits fund. The levy finances the administrative costs of the Private Health Insurance Ombudsman.<sup>2</sup>

The Bill provides that authorisation of the complaints levy be transferred to the *Private Health Insurance Act 2006* and provides that the rate of the levy be set in regulations, within a maximum limit specified in the Bill itself. The Bill proposes a small increase in the maximum limits specified, which have not been changed since the Act was passed in 1995.

**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 new Act.

**Items 7 and 8** repeals sections 5 and 6 and replaces these with new sections imposing a complaints levy on each day as specified in the yet to be released Private Health Insurance (Complaints Levy) Rules.

**Item 8** provides that the rate of the levy be based on the number of complying health insurance policies on issue, in line with the proposed *Health Insurance Act 2006*; previously this rate was based on the number of contributors. This item also increases the maximum rate of the levy from 25 cents per quarter to 50 cents a quarter where one person is insured; and from 50 cents to \$1 a quarter for all other policies.

## Endnotes

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1. Tony Abbott 'Private Health Insurance Complaints Levy Amendment Bill 2006: second reading' House of Representatives *Hansard*, 7 December 2006, p. 10.
  2. Private Health Insurance Administration Council *Operations of the registered health benefits organisations Annual Report 2005-06*, Canberra, PHIAC, p. 12.

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