

**Senate Community Affairs Committee**

**ANSWERS TO ESTIMATES QUESTIONS ON NOTICE**

**HEALTH PORTFOLIO**

**Additional Estimates 2016 - 2017, 1 March 2017**

**Ref No:** SQ17-000011

**OUTCOME:** 4 - Individual Health Benefits

**Topic:** Private Health Insurance Banding

**Type of Question:** Hansard Page 26, 1 March 2017

**Senator:** Watt, Murray

**Question:**

- a) Senator WATT: Did the department or the advisory committee themselves advise practitioners that this was coming?  
Ms Jolly: We would write to relevant stakeholders after the budget, as is normal practice, about changes that happen in the budget process. But you have asked about the banding decision, which is slightly separate to the budget decision and the MSAC process, so we will get you the details on that separately.  
Senator WATT: Thank you.  
...
- b) Senator WATT: In the representations that have been made, is there any suggestion that patients may have been told that they were covered to get these procedures done, got them done, and then found out that they were in fact not covered?  
Ms Jolly: As I said, I will have to take that on notice.
- c) Senator WATT: Have you been made aware that these changes, including the option of writing to insurance companies to seek coverage, are ineffective and that insurers are rejecting these claims?  
Ms Jolly: Not specifically in that context, but, as I said, I will need to take on notice issues relating to those representations. I want to make sure I am accurately reflecting them.  
Mr Bowles: If consumers are writing to insurers we would not necessarily know about that.
- d) Senator WATT: Are you aware, through representations made to you, that insurers are now rejecting these claims?  
Ms Jolly: As I said, I will take on notice issues relating to the representations. There is correspondence that comes to the department occasionally on those sorts of matters, but that is broadly across private health insurance. On this matter specifically, as I said, I would need to take on notice the details of the representations, but I am not aware of anything specifically on that matter.

**Answer:**

- a) Yes. As part of normal processes the Department of Health formally notified the relevant peak bodies and craft groups after Budget of the relevant changes to Medicare Benefits Schedule (MBS) items so they could inform their membership.

As part of normal processes the Department also published the private health insurance changes associated with the 1 November 2016 MBS item changes on the Department of Health website in private health insurance circular PHI84/16 on 31 October 2016.

The circular is available at:

<http://www.health.gov.au/internet/main/publishing.nsf/Content/health-phicircular2016-84>

- b) Yes. Medical and private hospital representative groups have advised that some patients were informed when arrangements were made for procedures (for example in September or October 2016) that the procedures were covered by their private health insurance but following the release of the 1 November 2016 amendments to the *Private Health Insurance (Benefits Requirements) Rules 2012* their insurers would not cover accommodation and theatre charges for those procedures that could be safely be performed in consulting rooms, unless a valid reason for admission to hospital was provided.
- c) Yes. Representations from medical and private hospital representative groups have advised that insurers sometimes reject the certification documentation provided by the medical practitioner for these services to be provided in hospital.

The Department is working with key stakeholders including insurers to understand the nature of these claim rejections.

- d) See response to part c).