

EXPOSURE DRAFT JULY 2018



Private Health Insurance (Complying Product) Amendment (Terminating Products) Rules 2018

I, [INSERT NAME], delegate of the Minister for Health, make the following rules.

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Dated

[INSERT NAME] **DRAFT ONLY—NOT FOR SIGNATURE**

Delegate of the Minister for Health

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1 Name

This instrument is the *Private Health Insurance (Complying Product) Amendment (Terminating Products) Rules 2018*.

2 Commencement

- (1) Each provision of this instrument specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

Commencement information		
Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1. Sections 1 to 4 and anything in this instrument not elsewhere covered by this table	The day after this instrument is registered.	
2. Schedule 1	At the same time as Part 4 of Schedule 5 to the <i>Private Health Insurance Legislation Amendment Act 2018</i> commences. However, the provisions do not commence at all if that Part does not commence.	

Note: This table relates only to the provisions of this instrument as originally made. It will not be amended to deal with any later amendments of this instrument.

- (2) Any information in column 3 of the table is not part of this instrument. Information may be inserted in this column, or information in it may be edited, in any published version of this instrument.

3 Authority

This instrument is made under section 333-20 of the *Private Health Insurance Act 2007*.

4 Schedules

Each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

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Schedule 1—Terminating products

Private Health Insurance (Complying Product) Rules 2015

[1] After rule 9

Insert:

9AA Terminating products—portability requirements

- (1) For paragraph 78-1 (5A) (c) of the Act, the matters are:
 - (a) that the policy forms part of a product, or belongs to a product subgroup, that is being terminated and that will not be available to any person insured under a policy that forms part of the product or that belongs to the product subgroup, as appropriate (a *terminating policy*); and
 - (b) that, as a consequence, the persons insured under the policy are to be transferred to another insurance policy; and
 - (c) the date by which the transfer is to take place (the *transfer date*); and
 - (d) that:
 - (i) before the transfer date, the persons insured under the policy may transfer to any insurance policy of their choosing; but
 - (ii) if they do not do so before the transfer date, they will be transferred, on the transfer date, to a specified insurance policy (the *default policy*); and
 - (e) the matters set out in subrule (2) that relate to the default policy; and
 - (f) the other matters set out in subrule (3) that relate to the transfer.

Matters that relate to the default policy

- (2) For paragraph (1) (e), the matters are:
 - (a) the standard information statement for the default policy; and
 - (b) details of the premium that would be payable for the default policy, including any increase in the premium under Part 2-3 of the Act (lifetime health cover), and any discounts that might apply; and
 - (c) details of:
 - (i) any services that are covered under the terminating policy that will not be covered under the default policy; and
 - (ii) any differences between the excesses or co-payments payable under the terminating policy and the default policy.

Other matters that relate to the transfer

- (3) For paragraph (1) (f), the matters are:
 - (a) that if:
 - (i) a person transfers from the terminating policy to another policy, or is transferred to the default policy; and

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- (ii) there are particular hospital treatments or hospital-substitute treatments that are covered by both the terminating policy and the policy to which the person transfers or is transferred;
for each such treatment, to the extent that the person has satisfied the waiting period (if any) under the terminating policy, the person will have satisfied the waiting period (if any) under the other policy; but
- (b) that if:
 - (i) a person is transferred from the terminating policy to the default policy; and
 - (ii) the person subsequently transfers from the default policy to another insurance policy (the *replacement policy*);then:
 - (iii) if there are any treatments that were not covered by the default policy but that are covered by the replacement policy—the person may be subject to a waiting period under the replacement policy in respect of those treatments, even if the treatments were originally covered by the terminating policy; and
 - (iv) if the default policy had higher excesses or co-payments than the replacement policy—those higher excesses or co-payments might, for a period of time, continue to apply under the replacement policy.

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