

Definitions and abbreviations

Capital Management Policy	Capital Management Policy: Pursuant to <i>Prudential Standard HPS 110 Capital Adequacy</i> , a private health insurer must have, and comply with, a written, board endorsed, capital management policy for each health benefits fund it conducts. The policy must include, but is not limited to, capital target levels having regard to access to internal and external capital and the impact on premiums of holding more or less capital than the amount determined. The policy must also include details of how the capital target levels are calculated.
CDMP	Chronic Disease Management Program: intended to reduce complications in a person with a diagnosed chronic disease, prevent or delay the onset of chronic disease for a person with identified multiple risk factors for chronic disease.
Change by age	<p>Actual change by age: The gross change in the number of people in each age group compared to the previous period. This method ignores ageing.</p> <p>Net change by age: The net change in each age group taking into account the number of people moving into the age from the age group below and the number of people moving into the age group above.</p> <p>This calculation assumes:</p> <ol style="list-style-type: none"> 1. 1/5 of the people in each age group moves into the next age group each year, or on a quarterly basis 1/20 people move into the next age group, and 2. even ageing. <p>As APRA does not have access to quarter of birth or year of birth data this method is a simplification of reality, but does provide a much better description of changes than ignoring ageing.</p> <p>The calculation is:</p> <p>Change in age group 0-4: Number of people at the end of the quarter minus (the number of people at the end of the last quarter less 1/20 of the people at the end of the last quarter).</p> <p>Change in age groups 5-9 to 90-94: Number of people at the end of the quarter minus (the number of people at the end of the last quarter less 1/20 of the people at the end of the last quarter plus 1/20 of the people from the lower age group at the end of the last quarter).</p> <p>Change in age group 95+: Number of people at the end of the quarter minus (the number of people at the end of the last quarter plus 1/20 of the people from the 90-94 age group at the end of the previous quarter).</p>
DAC	Deferred Acquisition Costs.
Episode	The period of admitted patient care between an admission and separation (eg. discharge) characterised by only one care type.
Family policy	A policy under which more than one person is insured including: two parents and children; single parent and children; two or more children and no adults; three or more adults.
FITBS	Future Income Tax Benefits.
General treatment	Treatment that is intended to manage or prevent a disease, injury or condition and is not hospital treatment.
General treatment services	Ancillary services such as dental and optical.
Gross margin	The difference between total premium revenue and total cost of benefits (inclusive of state levies) expressed as a percentage of premium revenue.
HIB	Health Insurance Business: the business of undertaking liability, by way of insurance or an employee health benefits scheme, that relates to hospital treatment and general treatment.
Hospital treatment	Treatment that is intended to manage a disease, injury or condition provided to a person at a hospital or arranged with the direct involvement of a hospital. Hospital treatment includes hospital substitute treatment in this report, unless stated otherwise.

Hospital-substitute treatment (HST)	General treatment that substitutes for an episode of hospital treatment.
HPS	Private Health Insurance Prudential Standard HPS 110.0 Capital Adequacy http://www.apra.gov.au/PHI/Prudential-Framework/Pages/PHI-prudential-standards.aspx
HRB	Health Related Business includes one or more of: <ul style="list-style-type: none"> • Providing goods and/or services to manage or prevent disease, injuries or conditions (may include dental or optical centres), • Undertaking liability, by way of insurance, to indemnify people who are ineligible for Medicare, • Providing a financial service to assist people meet the costs associated with treatment, goods or services that are provided to manage or prevent diseases, injuries or conditions.
Medical service	Medical specialist services such as the anaesthetist or obstetrician. A hospital episode may involve several medical services.
Net investment income	Investment income and changes in investment asset values (both from revaluation and from market movements).
Net margin	Gross margin less management expenses expressed as a percentage of premium revenue.
Net other operational revenue	All other (i.e. other than HIB and HRB) operational revenue, net of expenses.
Non-operating expenses	Other non-operating expenses not counted elsewhere, including interest expenses & other borrowing costs.
Out-of-pocket	Refers to the amount paid by the policy holder for a service after private health insurance benefits and medicare benefits are paid. Out-of-pocket includes medical gap, excess or copayments for hospital or hospital-substitute episodes, and copayments for ancillary services.
Persons	Refer to the number of persons covered by private health insurance policies.
Policies	Refer to the number of private health insurance policies referable to private health insurance funds. Each policy may cover one or more persons.
Single policy	A policy under which only one person is insured.
State ambulance levy	Amounts payable to the New South Wales and Australian Capital Territory governments in respect of levies on policy holders of insurers with hospital treatment cover, for ambulance cover.