



27 May 2022

**TO: ALL PRIVATE HEALTH INSURERS**

**PROPOSED FINANCIAL INSTITUTIONS SUPERVISORY LEVIES FOR PRIVATE HEALTH INSURANCE FOR 2022-23**

This letter provides you with information in relation to the proposed supervisory levy for the private health insurance (PHI) industry for 2022-23. The Proposed Financial Institutions Supervisory Levies for 2022-23 discussion paper is expected to be released by Treasury for industry consultation shortly.

During the transition of the PHIs to APRA on 1 July 2015, a four-year costing was agreed with the Department of Finance. For the first four years post-transition to APRA this costing was used to identify the amount of PHI levy to be collected each year. Since the end of this four-year period, APRA has been transitioning to a time-allocation methodology<sup>1</sup> to allocate to the PHI industry, consistent with the other APRA-regulated industries. The transitional period was initially two years and had been extended to a third year during 2021-22 as noted in the Proposed Financial Institutions Supervisory Levies for 2021-22 discussion paper<sup>2</sup> released by Treasury last year. During the transitional period, a reduction of levies was extended to the PHI industry.

As communicated to industry previously, APRA's intention is to gradually transition PHIs to levy arrangements consistent with other APRA-regulated industries. As such, 2022-23 will be the first year the PHI industry is fully adopting the APRA time-allocation methodology, bringing the PHI industry in line with all other APRA-regulated industries. The proposed supervisory levy for the PHI industry is \$11.8 million for 2022-23. The total compares to \$9.9 million in 2021-22 (the full levy amount, prior to transitional adjustments, would have been \$12.2 million).

PHIs are an important part of the health system in Australia and APRA remains committed to working with industry to ensure we have a stable efficient competitive financial system.

If you have any questions or concerns in relation to this matter, please do not hesitate to contact APRA or Treasury.

Yours sincerely,

Steve Matthews  
Executive Director, Enterprise Services

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<sup>1</sup> This involves using historical time-recording data from APRA's staff time-capture system to identify the PHI levy total.

<sup>2</sup> <https://treasury.gov.au/consultation/c2021-169634>