



27 July 2022

**General Manager**

Data Analytics and Insights  
Australian Prudential Regulation Authority  
GPO Box 9836  
SYDNEY NSW 2001  
Email: **Redacted**

Dear General Manager,

Thank you for the opportunity to comment on the Australian Prudential Regulation Authority's (APRA) *Discussion Paper: Direction for data collections*, which outlines the regulator's approach to data collection.

HAMBS has reviewed the discussion paper, focusing on the direction for the Private Health Insurance (PHI) data collections and supports the approach in principle. In our view, the provision of more detailed datasets will, in time, improve efficiency for insurers, agencies and APRA, and reduce the burden to industry by enabling more robust data analysis by the regulator without the need for ongoing changes to reporting.

We would like to provide the following in response to the questions outlined in *section 1.2.2* of the discussion paper:

Direction

The proposed direction to shift to a more modern platform and detailed data collections aligns with HAMBS strategic direction for both data and technology. It is important to our organisation to transition to a more modern and efficient web-based system to enhance data security and improve operational processes. A more granular data collection will better support constantly evolving regulatory reporting requirements, most likely reducing the burden on industry to undertake future change.

Implementation

The roadmap for PHI shows the data collections impacted by AASB 17 and PHI capital reforms would require to be transitioned to APRA Connect by the end of 2023. This implies that the Financial and Capital Data reporting standard (HRS 602.0) would potentially require transitioning to a new format in this timeframe; confirmation of this is required from APRA.

The HAMBS software does not directly support this data collection, it may need to facilitate software changes to support the data required for a revised report if it were to become more granular in format. It is preferable that final standards are provided by APRA by the end of quarter one CY2023 to give the industry sufficient lead time to meet the timeframe. This is based on the changes required to support a new standard not requiring significant redevelopment of core systems. If it was identified that significant re-design of systems was required, then the proposed timeframe is unlikely to be met. Industry engagement and consultation throughout the process to



construct the new reporting standards would be imperative to ensure successful implementation.

In terms of the remaining PHI data collections, we would recommend the implementation of these reports in the following order:

1. ***HRS 604.0 Medical Speciality Block Grouping information***

In our view this standard is one that would easily translate to the more granular level, with lower complexity than the other reports. It is also timely to re-assess the report given the recent activities undertaken by government to review and update the Medicare Benefits Schedule, as well as ensuring the report is still fit for purpose, meeting both the Department of Health and industry objectives.

2. ***HRS 603.0 Statistical data on prosthetic benefits***

This standard would also easily translate to the more granular level and would help with the provision of data to the industry in an area that is currently undergoing reform. Consideration would need to be given to the prosthesis categories that are a component of this report, given the work in flight for the Department of Health to correct the current prosthesis categories in the data supplied to industry as well as any updates or new categories that would be a direct result of the reforms. It is imperative that the APRA categories and the categories supplied by the Department to industry are aligned to ensure accurate and meaningful data that can be consumed by industry.

3. ***HRS 601.0 Statistical data by State***

We recommend that this standard be transitioned last. A revised version of this standard would need to consider the changes made to transitioned data collections, as well as the current HRS 605.0 collection. Once the other data collections are transitioned there may be some elements that will overlap with parts of this report, potentially removing them as a requirement of this collection.

Allowing sufficient lead times is a must for the success of the PHI roadmap implementation for the collections not impacted by AASB17 and PHI capital reforms. This would include the provision of final standards well in advance of expected implementation dates. Ideally the final standards would be provided a minimum of 9 months before implementation. In addition, consideration will need to be given to vendors, like HAMBS, that provide solutions to multiple insurers. For HAMBS, we would also need sufficient time to engage with our insurers and work through the changes with them directly. While the HAMBS solution to support new reporting requirements could be supplied to insurers within around 9 months, each insurer will then require additional time to test and implement the solution to their production environments

#### Anticipated costs and benefits

In terms of costs, the development to support the transition of reports is anticipated to come under our base software licence fees for our member health insurers. Upon receipt of final standards HAMBS will assess the nature of the changes required to support the standards. While it is anticipated the cost of development required will come under our base software licence fees, if the scope of work required is significant, HAMBS may need to engage our member health insurers on a funding approach for this work.

There would be meaningful efficiencies for the industry if APRA and key industry representatives collaborated on





defining the data collections, particularly with the initial discussions and subsequent reviews of draft documentation. One learning identified in the implementation of the HRS 605.0 was improvement to the internal communication between APRA and other areas of government. Close collaboration with peer agencies could expedite report transition requirements and facilitate resolution pathways when questions arose from entities during development. This would result in higher quality supporting information contained within the reporting standards, reducing ambiguity in interpretation. This would lead to increased data consistency across insurers and higher-quality data output to industry.

There is also a key benefit to having all the PHI reports submitted via APRA Connect. This reduces the number of platforms required to submit regulatory reporting, in turn lowering support needs for the platforms, improving efficiency and decreasing training requirements.

### Engagement

We would highly encourage APRA engage with all stakeholders on this data collection agenda. It is important to define the engagement and include the key data collection drivers e.g., the Department of Health. Getting the right contacts and expertise together to discuss the data collections will ensure the end result is fit for purpose. Through our own experience in the implementation of the HRS 605 we found it imperative to have the key stakeholders involved throughout our development life cycle. This included both operation and actuary expertise as the different perspectives ensured the whole end to end process for the report was considered i.e. the journey from when the data enters the health insurer's core system through to the final submission to APRA.

The provision of examples to complement the standards are important for clarity and consistent understanding across the industry. The submission of pilot data by both vendors and entities through a test portal enabled quick validation checks for software changes and expedited the development process. We recommend that this practice be continued for future data collections.

HAMBS looks forward to further engagement on this initiative and invites any queries regarding our responses.

Kind regards

**Rebecca Lush**

Manager, PHI Advice and Advocacy

**HAMBS**

