Guidelines

Providing explanations of data – private health insurers

1 July 2016

Purpose

This document assists APRA-reporting entities explain data to APRA. It describes the information APRA expects reporting entities to provide in their explanations and how to correct submitted data.

It is crucial that entities submit relevant, timely and accurate data to APRA. APRA's data collections ultimately contribute to a more stable, competitive and efficient financial system. In particular, they are a vital input into supervisory action plans. The data are also collected on behalf of the Reserve Bank of Australia and Australian Bureau of Statistics. About 80 per cent of data collected by APRA are shared with other agencies. The statistics APRA publishes, based on the data reporting by entities, inform many decision-makers in the Australian financial system, including policy-makers, other regulators, market analysts, researchers and senior management of financial institutions.

By following the guidance in this document, reporting entities can be confident that their explanations will be acceptable to APRA. This will reduce the follow up required by APRA and reporting entities and, ultimately, the reporting burden on entities.

Background

All APRA-reporting entities, including APRA-regulated and registered financial entities, submit data to APRA via D2A. APRA uses validation rules within D2A to validate these data. Entities are expected to correct any reporting errors identified by these rules.

There are two types of D2A validation rules: mandatory and confirmation rules. Mandatory rules identify data, within D2A, that contain mathematical errors and discrepancies or factual inconsistencies. Entities must correct all data that fail mandatory rules to submit data via D2A. Confirmation rules identify data, within D2A, that indicate reporting errors or require explanation. Entities are expected to correct or explain data identified by confirmation rules within D2A. Examples of mandatory and confirmation rules are provided in Appendix A.

In addition to D2A validation rules, APRA also validates data after they are submitted by entities. These post-submission data quality checks identify data inconsistencies that are not highlighted by the D2A validation rules. APRA advises entities of the data identified by these checks outside D2A. Entities are expected to correct (via D2A) or explain data identified by these checks.

These guidelines describe acceptable explanations for data identified by APRA, whether by confirmation rules within D2A or post-submission checks. If an entity's explanation is not acceptable, APRA will contact the entity for further clarification.

APRA expects entities to respond promptly to requests for explanations of data or corrections of data via D2A.

APRA will protect entities' explanations of data pursuant to section 56 of the *Australian Prudential Regulation Authority Act 1998*.

Should entities have questions about any data validation rules or checks, they should contact APRA via statistics@apra.gov.au

Acceptable explanations

For an entity's explanation of data that is not an error to be accepted by APRA, the explanation must be sufficient, accurate and complete. In particular, it must explain why the data is not an error.

APRA will consider explanations to be acceptable if they are clear and concise, and:

- explain how an event, such as market activity or a strategic decision, affected the data;

- include relevant values and dates. If the data reflects purchases or divestments, the explanation should include details of these transactions; and

- demonstrate that the data are consistent with the relevant reporting instructions or accounting standards.

Examples:

1. Error text:

HRF_601_1_1: Please explain why - Agreements (Total known gap) - % of services does not equal to the number of known gap agreement services divided by the total number of services.

Acceptable explanation:

This is due to a claims reversal being processed based on additional information received. The initial claim was cancelled and re-entered with an increase in the benefit from $ <amount> to $ <amount> with a corresponding decrease and increase under the relevant claims.

2. Error text:

HRF_601_1_2: Please explain why - Agreements (no-gap) - Gap reported in no-gap agreements.

Acceptable explanation:

The numbers provided are correct. The difference is due to summation and rounding of millions of services.

3. Error text:

HRF_601_1_5: Please explain why - No agreement Total - Data entered in some but not all cells for amount charged, Medicare and fund benefits.

Acceptable explanation:

The data entered in 'Total no agreement' is correct. No data is entered under 'Medicare benefit' because…

4. Error text:

HRF_601_1_7: Please explain why - Total services with no or known gap - Total gap does not equal to the amount charged less Medicare and fund benefit.

Acceptable explanation:

Total services with no or known gap - Total gap does not equal to the amount charged less Medicare benefit and fund benefit due to rounding.

Unacceptable Explanations

APRA will not accept an entity's explanation of data that is insufficient, inaccurate or incomplete. In particular, responses that do not contain any explanation of the data, or explanations that only comment on the value of the rule or check will not be accepted by APRA.

Examples of explanations that would not be accepted by APRA include:

- Incomplete explanations, such as;
    - verified/confirmed/amounts are correct;
    - supported by system reports; or
    - no comment/nil.
- Comments on the value of the rules or checks.
- Explanations that only contain unnecessary or irrelevant information, such as who is to blame for the error or how the error progressed through the internal controls.
- Explanations that require further research. The explanation should explain the data without undue reference to other explanations provided elsewhere.

A rule may not identify an error – it may identify an unexpected or unanticipated result. If an entity has a question about a rule or suggestion to improve it, the entity should contact APRA for clarification before the data is due to be submitted.

Revising submitted data

A rule or check may identify inconsistencies between different periods' data. These inconsistencies may arise because the current period's data is correct but data submitted for the previous period was incorrect. In these cases, the entity must correct the previous period's data and resubmit them to APRA via D2A.

If the entity identifies errors in more than one period, it should contact statistics@apra.gov.au to agree remedial action.

Appendix A

Mandatory rules

Mandatory rules identify mathematical discrepancies or factual inconsistencies in data within D2A.

- HRF_601_1_1: HTO - Total insured persons under single policy does not equal to total single policies.

- HRF_601_1_3: Insured persons under family exclusionary hospital treatment policy with no excess and no co-payment must be at least 3 times the number of policies in that category.

- HRF_601_1_5: The sum of male and female insured persons in Hospital Treatment by Age Category is not equal to THT insured persons reported in Part 1.

- HRF_601_1_1: Insured persons under single exclusionary hospital treatment policies with excess and co-payment must be equal to the number of policies in that category.

Entities must correct all data that fail mandatory rules to submit data via D2A. Entities cannot provide explanations for data that fail mandatory rules.

If an entity is not able to resolve a mandatory rule, it should contact APRA via statistics@apra.gov.au.

Confirmation rules

Confirmation rules identify data, within D2A, that indicate reporting errors or unexpected or unanticipated results that require explanation.

Examples of confirmation rules include:

- HRF_601_1_1: Please explain why - Agreements (Total no-gap) -% of services does not equal the number of no-gap agreement services divided by the total number of services.

- HRF_602_1_1: Please explain why - No agreements (> 200% MBS Fee) - Amount charged % of MBS is not more than 200%.

Entities are expected to correct or confirm and explain data identified by confirmation rules within D2A.

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