



18/04/2019

TO: ALL PRIVATE HEALTH INSURERS

REPORTING GUIDANCE FOR TRAVEL AND ACCOMMODATION BENEFITS UNDER HOSPITAL TREATMENT POLICIES AND AGE-BASED DISCOUNTS

On 13 October 2017, the Government announced a package of reforms applicable to private health insurance. As part of the package, private health insurers are able to offer travel and accommodation benefits under their hospital treatment policies (the Benefits) from 1 April 2019. From 1 April 2019, insurers are also able to offer premium discounts on hospital cover for Australians aged between 18 and 29 (age-based discount).

Travel and accommodation benefits under hospital treatment policies

The Benefits will qualify for Risk Equalisation on the same basis as other eligible hospital treatment benefits. It is important that APRA incorporates these Benefits into its Risk Equalisation calculations. In order to achieve this, APRA is requiring – under Reporting Standard *HRS 601.0 Statistical Data by State* (the Reporting Standard) – insurers to include the Benefits (if any) in their existing quarterly reporting to APRA from the June 2019 reference quarter¹ onwards.

Presently, under the Reporting Standard, private health insurers report hospital treatment benefits by age and gender in **Part 3 Hospital treatment by age groups** (Part 3) of the reporting form *HRF 601.0 Statistical Data by State*. These data feed into the calculation of the age based pool (ABP) for risk equalisation purposes. Insurers also report High Cost Claimants Pool (HCCP) related information under section **High Cost Claimants Pool** in **Part 2 Total benefits paid for hospital treatment and hospital-substitute treatment** (Part 2) for risk equalisation purposes.

To facilitate the change:

- **APRA requires insurers to include the Benefits in data item ‘Other HT benefits’ (attribute codes PL18168 and PL18176) for calculating the ABP and;**
- Consistent with the treatment of other eligible benefits, APRA requires insurers to include the Benefits into the calculation and reporting of HCCP in Part 2 (attribute codes OI12890 to OI12894) where relevant.

APRA acknowledges that the Benefits cannot be directly associated with the type of hospital and the duration of hospital stay; accordingly the Benefits are **not** to be reported under section **Total benefits for hospital treatment and hospital-substitute treatment** in Part 2. APRA will remove any validations to allow for the resultant discrepancies in hospital treatment data between Part 2 and Part 3.

¹ The June 2019 reference quarter is the reporting period between 1 April 2019 and 30 June 2019. The regulatory returns for the June 2019 reference quarter are due to APRA on 28 July 2019.

Travel and accommodation benefits under general treatment do not qualify for Risk Equalisation and there will be no changes to the reporting of travel and accommodation benefits provided under general treatment policies.

APRA notes that the Department of Health requested insurers to separately provide private health insurance reform data, including detailed information relating to the travel and accommodation benefits reform ([PHI Circular 20/19](#)). APRA will not utilise data in this particular collection for Risk Equalisation administration purposes. Nonetheless, APRA expects the underlying information to be consistent and accurate across both reporting.

Discounts for 18 to 29 year olds

Private health insurers are currently required to report **'HIB premium revenue'** and **'Discounts'** in **Section 1: Insurance Revenue** of the reporting form *HRF_602_3: Financial and Capital Data – Revenue*. While recognising the treatment of the new age-based discount as determined under Schedule 1 [4] of the *Private Health Insurance (Reforms) Amendment Rules 2018 (Amendment Rules)*, APRA requires insurers to treat age-based discounts the same as other discounts when reporting 'HIB premium revenue' and 'Discounts'. That is, HIB premium revenue is to be reported net of age-based discounts and the age-based discounts are to be included in 'Discounts'. APRA will consider introducing a separate line item to capture age-based discounts when it reviews the reporting requirements of financial and capital data.

For any questions or enquiries, please contact DataAnalytics@apra.gov.au.

Yours sincerely,

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