



**Australian Government**  
**Department of Health**

Deputy Secretary

Mr Chris Toyne  
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Dear Mr Toyne

**Regulation Impact Statement - final assessment second pass**

I am writing in relation to the attached Regulation Impact Statement (RIS), and accompanying one page executive summary of the RIS, prepared for the private health insurance reforms (OBPR No. 22741).

I am satisfied that the RIS addresses the concerns raised in your letter of 19 March 2018. Specifically, the RIS has been updated to cover the following:

**General:**

Following your advice, the RIS now includes a statement at the beginning of the document about how the Government announcement of the reform package in October 2017 limits the scope of the RIS and options to be considered.

**The problem:**

Information previously in Section 2: *Why is government action needed?* has been moved to Section 1: *What is the policy problem you are trying to solve?* We have also more clearly articulated the impact that declining private health insurance participation has on the broader health system.

**The need for Government action:**

This section has been re-worked to identify why government action is needed, that is, without any government intervention participation rates may continue to decline having negative flow on implications for the health system.

**Options:**

As mentioned above, the RIS now includes a statement about why only two options have been considered.

We have also made it clearer that the reform package needs to be taken as a whole and implemented together in order to achieve the greatest impact (see Section 5, sub-section: *Assessment*).

**Consultation:**

Section 6: *Consultation and implementation* now provides a brief description of the main concerns of different interest groups and indicates that while there are diverse sector views, there has been broad support for the private health insurance reform package.

The continued engagement with the sector and consumers through the Private Health Ministerial Advisory Committee, has meant that a variety of views have been represented and considered by the Department in the development of the reform package.

**Analysis of Impacts:**

The revised RIS better establishes how each reform will contribute to the objectives of increased affordability, improved access and making information simpler for consumers. To this end, Section 5: *What is the likely net benefit of each option?* has been revised to include a statement at the beginning of each reform about the objective/s that it aligns with.

**Implementation and Evaluation:**

The RIS has been amended to provide a more detailed description of the measures of success and what information will be used to evaluate success.

With these changes taken into consideration, I believe that the RIS is now best practice, consistent with the Australian Government Guide to Regulation.

I therefore submit the RIS to the Office of Best Practice Regulation for formal second pass assessment.

Yours sincerely



Mark Cormack  
Health Financing

20 March 2018