



Australian Government

Department of the Prime Minister and Cabinet Office of Best Practice Regulation

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Mr Mark Cormack
Deputy Secretary Health Financing
Department of Health
Scarborough House, Level 14, Atlantic Street
WODEN ACT 2606

cc. Regulatory Reform Unit

Sent by email

Dear Mr Cormack

Regulation Impact Statement – Second-Pass Final Assessment – Private Health Insurance Reforms

Thank you for submitting a Regulation Impact Statement (RIS) on Private Health Insurance Reforms to the Office of Best Practice Regulation (OBPR) for second-pass final assessment on 20 March 2018.

The OBPR's final assessment is that the Department of Health is compliant with the Government's requirements, noting your Department has twice submitted a certified RIS for final assessment to, and agreed regulatory costs with, the OBPR. The RIS may now be provided to the decision maker to inform a final decision.

While the Department has addressed a number of the comments in our first pass assessment letter of 19 March 2018, the analysis in the RIS is short of best practice. The RIS presents a single option, rather than a range of feasible options, and the analysis provides limited quantitative information and little qualitative analysis beyond an expanded description of how the various elements of the single option are intended to work. Without a discussion of how consumers might take advantage of reforms to change their level of Private Health Insurance, or how the take-up by younger people might be affected, it is difficult to see how the reform option as a package is intended to result in a net benefit for consumers, private health insurers and the community.

Although not directly related to our assessment of the RIS, I note the Department's 2017 [Post Implementation Review of earlier Private Health Insurance Initiatives](#) noted a lack of reliable industry-wide data on changes to levels of cover, largely arising from the complex market environment. To avoid a recurrence of this problem, I encourage the Department to act now to put in place metrics that will facilitate future evaluation of the effectiveness of these latest reforms.

We would appreciate you advising us when a final decision on this proposal has been announced and forwarding us a copy of the RIS in a form meeting the Government's accessibility requirements. The OBPR's reference number for this matter is 22741. If you have any further queries, please do not hesitate to contact me.

Yours sincerely



Wayne Poels
Executive Director

23 March 2018