Australian Government

Health Legislation Amendment (Improving Choice and Transparency for Private Health Consumers) Bill: Regulating Premiums

Department of Health, Disability and Ageing

The policy problem and preferred policy approach

- Private health insurers can open a new product at any time, at any premium, without Ministerial scrutiny, because the requirement to seek Ministerial approval for premiums only applies to existing products with a premium change. A particular concern is when insurers close a health insurance product and open a new product priced much higher (referred to as 'product phoenixing') without Ministerial scrutiny. This exposes consumers to unregulated charging behaviours.
- The preferred policy approach to address product phoenixing requires insurers to seek the Minister's approval for premiums for new products, and existing products for which cover or value to consumers has been reduced.

Impact Analysis

Impacts

- The preferred policy approach will ensure an appropriate level of oversight of product premiums, without unnecessarily increasing regulatory burden for insurers, in addition to implementing the Government's election commitment to ban product phoenixing.
- Consumers will experience improved value for money and satisfaction with private health insurance (PHI).
- The most notable impact for insurers, which was raised in a public consultation process, is reduced flexibility to respond to below expected margins on their products.
- The regulatory burden estimate is **$480,000 per year across all 28 insurers**, noting larger insurers would likely carry the highest financial burden due to their greater number of product offerings.

Who is impacted

Individuals	Businesses	Community organisations
Consumers will benefit from greater protection from unregulated charging behaviour, improving value for money. People holding or looking to purchase Gold hospital cover will likely experience the greatest benefit.	Private health insurers will incur additional annual compliance costs of around **$480,000 per year across all insurers**.	No direct impact on community organisations are expected, as community organisations are not engaged in PHI premium setting or product design.

Other considerations and implementation

- The other policy option considered was to maintain the status quo. Under this option, the practice of product phoenixing would likely continue. This would lead to a range of costs for consumers, including exposure to unregulated pricing behaviour, exposure to premiums potentially not in the public interest, and reduced satisfaction with PHI.
- Insurers were requested to assume these changes would be implemented during the 2026 Premium year (i.e. 1 April 2026 to 31 March 2027), subject to passage through Parliament, and to factor this into their 2026 Premium Round submission.