

## Standardisation of clinical categories under private health insurance tiers

This fact sheet provided by Day Hospitals Australia is part of a series of five fact sheets covering the following topics as relevant to day hospitals:

- Second Tier Default Benefits
- Gold/Silver/Bronze/Basic tiers of private health insurance covering hospital treatment
- Standardisation of clinical categories under private health insurance tiers
- Changed powers of the Private Health Insurance Ombudsman
- Changes to Prostheses Benefits for Medical Devices

### 1 Executive Summary

As at 1 April 2020, each private health insurance policy must fall within one of the prescribed tiers, being “Gold”, “Silver”, “Bronze”, or “Basic”. This is addressed in more detail in another fact sheet in this series, **Gold/Silver/Bronze/Basic tiers of private health insurance covering hospital treatment**. The two should be read together.

Under each tier, specific clinical categories must be covered. Within a clinical category, treatment within the scope of that category must be covered, meaning treatment:

- within the detailed scope of the clinical category as listed under Schedule 5 of the Complying Product Rules;
- as listed by the Medicare Benefit Schedule (**MBS**) item number under the clinical category in Schedule 5;
- where treatment is provided in relation to the two types of treatment as above, and the relevant MBS item is listed on
  - the “Common treatments” list under Schedule 6, or
  - the “Support treatments” list under Schedule 7.

During the transition period from 1 April 2019 until 31 March 2020 (**Transition Period**), private health insurance funds are required to comply with these coverage requirements only where the name of the relevant policy contains any of the words “Gold”, “Silver”, “Bronze”, or “Basic”.

These changes do not regulate the terms of negotiated agreements between hospitals and private health insurance funds.

#### Day hospitals should do the following:

- Day hospitals should familiarise themselves with, and educate relevant staff about, the new framework around tiers of private health insurance. They should be familiar with the categories of clinical treatment that the day hospital provides, and whether such categories are included or excluded under each of the four tiers.
- The relevant tiers of private health insurance and clinical categories as required for each tier are set out in a fact sheet as referenced in section 9, **Resources from the Department of Health**.
- Day hospitals should also be aware of how the standardisation of clinical categories under each tier applies, including specific MBS items under Schedule 5 (Scope of treatment) for each clinical category, and Schedule 6 (Common treatments) or Schedule 7 (Support treatments). They should have systems in place to identify any changes to those schedules. It can be reasonably expected that minor changes will occur, with a comprehensive review of the content of the clinical categories planned for 2020.

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- Day hospitals must still ensure that they comply with any applicable requirements eg in relation to eligibility checks under negotiated agreements with private health insurance funds.

## 2 Background

Under the *Private Health Insurance Act 2007* (Cth) (**PHI Act**), private health insurance policies must be compliant with requirements as set out in subordinate legislation, including the *Private Health Insurance (Benefit Requirements) Rules 2011* (Cth) (**Benefit Requirements Rules**), and the *Private Health Insurance (Complying Product) Rules 2015* (Cth) (**Complying Product Rules**).

Changes to regulations under the PHI Act through the *Private Health Insurance Legislation Amendment Act 2018* and *Private Health Insurance (Reforms) Amendment Rules 2018* (Cth) (**Amending Rules**) provide for extensive changes in the required coverage under policies that cover hospital treatment, with policies of a specific tier being required to cover clinical categories prescribed for that tier, and treatment (including by reference to the MBS item number) within the scope of cover of each clinical category. These changes are designed to give clarity to consumers about exactly what sort of hospital treatment will be covered under a specific policy, and to enable consumers to compare policies within and across tiers, including between different health insurance funds, more easily.

## 3 Framework for tiers

The tiers of private health insurance, and clinical categories as required for each tier, are set out in *Schedule 4 – Product Tiers and Clinical Categories* of the Complying Product Rules, and are discussed in detail in the fact sheet **Gold/Silver/Bronze/Basic categories of private health insurance covering hospital treatment** in this series. This fact sheet explains the requirements for the hospital treatments that needs to be covered within the scope of cover for each clinical category.

## 4 Treatment within scope of cover of clinical category

Rule 11F(2) of the Complying Product Rules requires that a private health insurance policy must cover all hospital treatments that are included in the scope of treatment for a clinical category under the policy tier (see rule 11F(2)(a)), as well as associated treatments for complications, or associated unplanned treatments, arising from such treatment (rule 11F(2)(b)). Such associated treatments are discussed in detail in the fact sheet **Gold/Silver/Bronze/Basic categories of private health insurance covering hospital treatment**.

Rule 11F(5) sets out that the “scope of cover of a clinical category” includes, but is not limited to,

- (a) *all hospital treatments involving the provision of an MBS item listed in Schedule 5 against that clinical category; and*
- (b) *all hospital treatments:*
  - (i) *that are provided in relation to a treatment of a kind referred to in paragraph (2) (a) or (5) (a); and*
  - (ii) *involving the provision of an MBS item listed in:*
    - (A) *the common treatments list in Schedule 6; or*
    - (B) *the support treatments list in Schedule 7.*

Schedule 5 provides a detailed scope (**Detailed Scope**) for each clinical category, as well as a list of MBS item numbers under the heading “Treatments that must be covered (MBS item numbers)” for each category.

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Schedules 6 and 7 each contain a list of MBS item numbers setting out “Common treatments” and “Support treatments”, respectively.

The MBS items listed by number are not an exhaustive list of treatment that must be covered under each category, but where a treatment is listed under one clinical category, it is taken to not be included under a different clinical category.

### Common treatments

MBS items in Schedule 6 are frequently used in the context of multiple clinical categories. An example of this are attendances by a medical practitioner. Such items may or may not be the primary reason for an admission.

### Support treatments

MBS items in Schedule 7 are generally used to support the provision of a primary treatment, though they may occasionally be the reason for an admission. This includes MBS items for pathology, diagnostic imaging, and anaesthetic care.

### Exception for Podiatric Surgery

For the clinical category “Podiatric surgery (provided by a registered podiatric surgeon)”, treatments relating to the prescribed MBS items, common treatments, and support treatments are not covered (Complying Product Rules, rule 11F(6)).

### Summary

In summary, the relevant “scope of a clinical category” includes treatment within the Detailed Scope of that category, that is treatment that is listed by MBS item number in Schedule 5 in relation to that category, and treatments included in Schedule 6 or Schedule 7 that are provided in relation to such treatment (being treatment within the Detailed Scope or with an MBS item included in Schedule 5), with some limitations in relation to podiatric surgery.

## 5 Interpretation

The Department of Health has provided some guidance about the correct interpretation of some categories and related matters in the *Private Health Insurance (Reforms) Amendment Rules 2018 Frequently Asked Questions (FAQ Document)*, link in section 9). The following answers are expected to be particularly relevant to day hospitals, even though day hospitals may wish to become familiar with the entire document:

***Is the entire course of breast cancer treatment included in bronze products, including sentinel node biopsies and all breast reconstruction surgery?***

*Chemotherapy, radiotherapy and immunotherapy for all cancers are covered in the Chemotherapy, radiotherapy and immunotherapy for cancer category.*

*Hospital treatment for the investigation and treatment of breast conditions and associated lymph nodes, including sentinel node biopsies and breast reconstruction and/or reduction following breast surgery or a preventative mastectomy are included in the Breast surgery category.*

*Both these clinical categories are minimum requirements for bronze products.*

***Does the Blood category cover treatment for cancers of the blood?***

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*Blood cancer treatment is covered in the Chemotherapy, radiotherapy and immunotherapy for cancer category. Blood cancers do not require the removal of a tumour. They are treated with chemotherapy, radiotherapy or immunotherapy such as stem cell transplantation, or a combination thereof.*

*The Chemotherapy, radiotherapy and immunotherapy for cancer category is a minimum requirement for bronze products. As such, a consumer who has a bronze policy will be covered for their treatment for a blood cancer. However, they will not be covered for other blood disorders, which are covered by the Blood category – a minimum requirement for silver products - unless they upgrade their policy or it becomes a bronze 'plus' that includes the Blood category.*

### **Does the cancer clinical category mean all treatment for cancer is covered under bronze?**

*No. All chemotherapy, radiotherapy and immunotherapy for cancer and benign tumours is covered in that category. Other investigations, surgery or treatment, for example removal of tumours, is covered by the clinical category for the affected or suspected body system being investigated or treated.*

## 6 Additional relevant aspects

There is still no requirement for coverage of cosmetic surgery that is not medically necessary.

Inclusion of an MBS item in Schedules 5, 6, or 7 of the Complying Product Rules does not indicate that this item should necessarily be provided as hospital treatment, as opposed to being provided as general treatment.

## 7 When the changes apply

### During the Transition Period

During the Transition Period, private health insurers are not generally required to implement the prescribed private health insurance product tiers and coverage under clinical categories.

However, if a private health insurance fund offers a private health insurance product covering hospital treatment during the Transition Period, and the name of the product contains any one of the words "Gold", "Silver", "Bronze", or "Basic", such a product must comply with the requirements that apply to a product of the relevant tier after the Transition Period, including the requirement for clinical categories and required treatments within the scope of cover of each clinical category.

### From 1 April 2020

From 1 April 2020 onwards, private health insurance funds must only offer products containing one of the tiers in their name, falling into the relevant tier, and covering all clinical categories and treatment within the scope of a category as applicable under that tier.

## 8 Contacting the PHIO

The Private Health Insurance Ombudsman (**PHIO**) has an important mediation role in resolving issues between private hospitals and health insurance funds, particularly in relation to issues that may impact the rights of consumers. This would include situations where policies may not be compliant with requirements under the Private Health Insurance Act and the Benefit Requirements Rules or Complying Product Rules, where this affects consumers. For more information about the role and powers of the PHIO, also see the fact sheet **Changed Powers of the Private Health Insurance Ombudsman**.

- Contact details for the PHIO and various further resources can be found at:

<http://www.ombudsman.gov.au/How-we-can-help/private-health-insurance>

- The PHIO's mediation guidelines are available at:

[https://www.ombudsman.gov.au/data/assets/pdf\\_file/0030/29847/phiomediationguidelinesv1-2.pdf](https://www.ombudsman.gov.au/data/assets/pdf_file/0030/29847/phiomediationguidelinesv1-2.pdf)

## 9 Resources from the Department of Health

### Relevant for day hospitals and other healthcare providers

- Department of Health FAQ Compilation in relation to *Private Health Insurance (Reforms) Amendment Rules 2018* (Cth). These FAQs should be read in conjunction with the Amendment Rules, and the Explanatory Statement to the Amendment Rules. Gold/Silver/Bronze/Basic Tiers are addressed on pages 1-9.
  - Department of Health, *Private Health Insurance (Reforms) Amendment Rules 2018 Frequently Asked Questions (FAQs)*, available at:  
<http://www.health.gov.au/internet/main/publishing.nsf/Content/private-health-insurance-reform-rules-2018>

### For the general public

- The Department of Health has compiled a short (two page) fact sheet (as at 18 February 2019) on the clinical categories that is suitable to be provided to the general public. The fact sheet includes a table indicating the clinical categories that must be covered for each tier.
  - Australian Government, *Australian Government, Gold, Silver, Bronze, Basic Product Tiers*; available at:  
<https://beta.health.gov.au/resources/publications/private-health-insurance-reforms-gold-silver-bronze-basic-product-tiers-fact-sheet>
- The Department of Health has compiled a short (two pages) general fact sheet on the changes to private health insurance regulation. This fact sheet is also available in community languages other than English (simplified Chinese, traditional Chinese, Arabic, Vietnamese and Korean).
  - Australian Government, *Making private health insurance simpler for everyone*, available at:  
<https://beta.health.gov.au/resources/publications/making-private-health-insurance-simpler-for-everyone-fact-sheet>

## Contact

General information about Day Hospitals Australia (DHA), including about membership, can be found at <https://www.dayhospitalsaustralia.net.au/>.

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