

ISSUES PAPER: GOLD, SILVER, BRONZE, BASIC IMPLEMENTATION

Introduction

On 13 October 2017, the Minister for Health, the Hon Greg Hunt MP, announced the Government's private health insurance reform package. The package includes a measure to introduce Gold/Silver/Bronze/Basic product categorisations from 1 April 2019. The objective of this reform is to allow consumers to compare different policies more easily and to understand better what services different products do, and do not, cover.

The minimum requirements for the Gold/Silver/Bronze/Basic product categories are not yet finalised. The Government has stated that the minimum requirements for each category will be finalised during 2017-18 in consultation with industry and the Private Health Ministerial Advisory Committee (PHMAC). The Secretariat has prepared this paper outlining the key design principles that will apply under the new arrangements and suggesting draft minimum product requirements that could be considered for each product category. Feedback is sought from members on these draft minimum requirements.

Key design principles

In agreeing to the product design reforms, Government decided on a number of principles that would apply under the new arrangements. These principles are described below.

Legislative changes

The implementation of the Gold/Silver/Bronze/Basic categories will not require amendment of primary legislation (i.e. the *Private Health Insurance Act 2007*). The changes will be given effect through changes to subordinate legislation, expected to be the *Private Health Insurance (Complying Product) Rules 2015*.

Number of product categories

There will be four categories of hospital products – Gold, Silver, Bronze and Basic – and four categories of general treatment (extras) products – Gold, Silver, Bronze and Ambulance only cover. Where insurers offer combined hospital and general treatment products, separate (or modular) ratings will apply to each component of the product.

Existing product branding using terms 'Gold', 'Silver' and 'Bronze'

Some insurers currently brand their products using terms such as Platinum, Gold, Silver or Bronze. These terms do not necessarily provide an accurate representation of the level of cover offered by a particular product. The Commonwealth Rules that give effect to the new product categories will set minimum coverage requirements for products. Insurers will not be able to use the terms Gold, Silver or Bronze (or similar, e.g. Platinum) on products unless they meet the minimum coverage requirements set out in these Rules.

Flexibility within product categories

The Government supports competition in the private health insurance market and will not mandate for standard products. The new arrangements will allow insurers to cover additional services within each product category so long as they meet the specified minimum product requirements for the relevant product category. However, the Government will not allow for optional coverage of a selection of services in order to meet a minimum product requirement. For example, the minimum product requirements will not allow for a product to meet the Bronze or Silver product category by providing cover for a selection of say, 5 of 7 services.

Full coverage of a service category

If a service covered within a particular product tier, then all procedures and/or services within that treatment category are covered; an insurer can't offer partial cover of a treatment category, or say they cover, but then not cover everything.

Restrictions and co-payments (hospital treatment products)

Restrictions will not be permitted for Gold hospital treatment products, but will be allowed in the Basic, Bronze and Silver product categories. Co-payments will be permitted across all categories of hospital treatment products.

Minimum product standards

The existing minimum Complying Health Insurance Product (CHIP) requirements of the *Private Health Insurance Act 2007*¹ will continue to represent the minimum level of cover for hospital products. Under the new arrangements, the CHIP will represent the minimum coverage requirement for Basic products. There will be separate, more comprehensive, minimum product coverage requirements for Gold, Silver and Bronze products (discussed below).

Draft Gold/Silver/Bronze/Basic product coverage requirements

The Secretariat has prepared draft minimum product requirements that could be considered for each category of hospital and general treatment products. These are outlined in Table 1 and Table 2 on the following pages for PHMAC's consideration and feedback.

The hospital treatment service categories listed in Table 1 reflect the list of standard clinical definitions agreed by PHMAC out-of-session in October 2017. [Appendix 1](#) provides a more detailed description of the services included within each of these categories.

¹ The CHIP requires that private health insurance policies that cover hospital treatment must provide a benefit for any part of hospital treatment for psychiatric care, palliative care, or rehabilitation if the treatment is provided in a hospital setting (or in a community-based setting if the individual is covered for hospital-substitute treatment).

Table 1: Hospital treatment products - draft minimum product requirements

Hospital Treatment category	Minimum coverage requirements			
	Basic	Bronze	Silver	Gold
<i>RESTRICTIONS PERMITTED</i>	✓	✓	✓	X
Rehabilitation	✓	✓	✓	✓
Mental health services	✓	✓	✓	✓
Services for drug and alcohol related issues	✓	✓	✓	✓
Palliative care	✓	✓	✓	✓
Heart and heart-related conditions and services	X	X	X	✓
Vascular and vascular-related conditions and services	X	X	X	✓
Lung and lung-related conditions and services	X	X	✓	✓
Brain and brain-related conditions and services	X	✓	✓	✓
Eye and eye-related conditions and services	X	X	X	✓
Cataract procedures	X	X	X	✓
Pregnancy and birth related conditions and services	X	X	X	✓
Assisted reproductive services	X	X	X	✓
Female reproductive conditions and services	X	X	✓	✓
Joint replacements	X	X	X	✓
Bone and joint conditions and services	X	✓	✓	✓
Back, neck and spine conditions and services	X	X	✓	✓
Dialysis for chronic kidney disease	X	X	X	✓
Kidney, bladder and male reproductive conditions and services	X	X	✓	✓
Ear, nose and throat conditions and services	X	✓	✓	✓
Hearing loss surgery	X	X	X	✓
Digestive system conditions and services	X	✓	✓	✓
Weight loss surgery	X	X	X	✓
Endoscopy	X	✓	✓	✓
Breast surgery	X	X	✓	✓
Chemotherapy and radiotherapy for cancer	X	✓	✓	✓
Plastic and reconstructive surgery	X	X	✓	✓
Surgery for skin lesions	X	X	✓	✓
Dental surgery	X	X	✓	✓
Insulin pumps	X	X	X	✓
Management of ongoing (chronic) pain	X	X	✓	✓
Podiatric surgery	X	X	✓	✓
Sleep studies	X	X	X	✓

Table 2: General treatment products - draft minimum product requirements

General Treatment category	Minimum coverage requirements		
	Bronze	Silver	Gold
General dental	✓	✓	✓ ¹
Major Dental	X	✓	✓ ¹
Endodontic	X	✓	✓ ¹
Orthodontic	X	✓	✓ ¹
Optical	✓	✓	✓ ¹
Physiotherapy	X	✓	✓ ¹
Non-PBS Pharmaceuticals	X	✓	✓
Podiatry	X	X	✓
Psychology	✓	✓	✓
Chiropractic	X	X	✓
Hearing aids and audiology	X	X	✓
Prostheses, Aids and Appliances	X	X	✓
Preventative Health Products/Health Management Programs	✓	✓	✓
Speech Therapy	X	X	✓
Occupational Therapy	X	X	✓
Dietetics	X	X	✓
Orthoptics (Eye Therapy)	X	X	✓

Notes:

1: For products to obtain Gold rating, benefit limits for General Dental, Major Dental Endodontic, Orthodontic, Orthodontic, Optical and Physiotherapy must be average or above average for the industry.

Timeline for finalisation of minimum product requirements

The following table outlines some of the key activities and deadlines that will be associated with the implementation of the new product categories. It is not an exhaustive list and is likely to be subject to some revision as implementation of the new arrangements progress.

Activity	Timing
PHMAC consideration of draft minimum product requirements	8 November 2017
PHMAC member feedback on draft minimum product requirements	8 November 2017 – 8 December 2017
Forum with private health insurers (Canberra)	29 November 2017
PHMAC consideration of second iteration of minimum product requirements	13 February 2018
Further consultation with private health insurers	February-March 2018
Preparation of Commonwealth Private Health Insurance rules	April-June 2018
Rules made to give effect to Gold/Silver/Bronze/Basic	June 2017
Commencement of 2019 Premium Round	August 2018
Premium Round submissions due	November 2018
Premium Round announcement	February 2019
Insurers communicate 2019 premium changes and product arrangements	February-March 2019
New product arrangements come into effect	1 April 2019

Table of Clinical Definitions and Descriptions

Clinical Definition	Description
Rehabilitation	Admission for physical rehabilitation for a patient recovering from surgery or illness. For example: inpatient and admitted day patient rehabilitation.
Mental health services (services for drug and alcohol related issues are listed separately)	Admission for the treatment and care of patients with psychiatric, mental, addiction or behavioural disorders. For example: mood disorders, eating disorders and addiction therapy.
Services for drug and alcohol related issues	Admission for the treatment and care of patients for drug and alcohol detoxification and addiction therapy.
Palliative care	Admission for care where the intent is primarily providing quality of life for a patient with a terminal illness.
Heart and heart-related conditions and services	Admission for investigation and/or treatment of heart and heart-related conditions. For example: angiography, stenting, pacemaker or defibrillator insertion, coronary bypass surgery, valve repair and replacement, heart failure and heart attack.
Vascular and vascular-related conditions and services	Admission for investigation and/or treatment of the veins and arteries. For example: varicose veins, endarterectomy, hyperbaric oxygen treatment, peripheral arterial bypass surgery, femoral artery bypass and aortic aneurysm surgery. Coronary artery procedures are listed separately under heart and heart-related conditions and services.
Lung and lung-related conditions and services	Admission for investigation and/or treatment of chest, lungs and lung-related conditions. For example: surgery for lung cancer, rib surgery, surgery for chest trauma, treatment of respiratory disorders, asthma, pneumonia and pleurodesis.
Brain and brain-related conditions and services	Admission for investigation and/or treatment of the brain and brain-related conditions. For example: removal of tumours and blood clots, treatment of head injuries, repairing blood vessels and damaged nerves, and treatment of diseases such as epilepsy and Parkinson's disease.
Eye and eye-related conditions and services (cataracts listed separately under cataract procedures)	Admission for investigation and/or treatment of the eye and surrounding structures such as the contents of the eye socket. For example: retinal surgery, eyelid surgery, tear duct surgery, corneal/scleral/conjunctiva procedures and hyphema, eye infections and medically managed trauma to the eye. Cataract procedures are listed separately.
Cataract procedures	Admission for surgery to remove cataract and replace with an artificial lens.

Clinical Definition	Description
Pregnancy and birth related conditions and services (neonates are covered under this category for single parent and family policies)	Admission for investigation and/or treatment of conditions associated with pregnancy, child birth and its complications. For example: miscarriage and termination of pregnancy. Female reproductive services are listed as a separate category. Assisted reproductive services are listed as a separate category.
Assisted reproductive services	Admission for fertility treatments or procedures. For example: retrieval of eggs, implantation of embryos, IVF and GIFT. Female reproductive services are listed as a separate category. Pregnancy and birth are listed separately under pregnancy and birth related conditions and services.
Female reproductive conditions and services	Admission for investigation and/or treatment of the female reproductive system (gynaecology). For example: hysterectomy, hysteroscopy, ovarian surgery, treatment of endometriosis, laparoscopies, cervical surgery, removal of vulvar cysts and warts and female sterilisation. Assisted reproductive services are listed as a separate category. Pregnancy and birth are listed separately under pregnancy and birth related conditions and services.
Joint replacements	Admission for surgery for all types of joint replacement, including revisions and partial replacements. For example: replacement of joints such as hip, knee, shoulder, ankle, wrist and finger. Spine is listed separately under back, neck and spine.
Bone and joint conditions and services (joint replacements are listed as a separate category and spine is listed separately under back, neck and spine)	Admission for investigation and/or treatment of diseases, disorders and injuries of the musculoskeletal system. For example: carpal tunnel surgery, arthroscopy, knee repair (ACL repair), shoulder repair, fracture surgery, hand surgery.
Back, neck and spine conditions and services	Admission for investigation and/or treatment for the back, neck and/or spine. For example: spinal fusion, discectomy, spinal cord procedures, spinal disc replacement, laminectomy, treatment of scoliosis and lordosis.
Dialysis for chronic kidney disease	Admission and dialysis treatment for chronic kidney failure. For example: peritoneal dialysis and haemodialysis.
Kidney, bladder and male reproductive conditions and services (dialysis is listed separately under dialysis for chronic kidney disease)	Admission for investigation and/or treatment of the kidney, bladder, prostate and other male reproductive organs. For example: cystoscopy, treatment of incontinence, prostate surgery, circumcision, male sterilisation and removal of kidney stones.

Clinical Definition	Description
Ear, nose and throat conditions and services (hearing loss is listed separately)	Admission for investigation and/or treatment to the ear, nose and throat and related areas of the head and neck (spine is listed separately under back, neck and spine). For example: removal of tonsils and adenoids, sinus surgery, grommet surgery, removal of foreign bodies, repair of the ear drum, middle ear surgery, stapedectomy, throat cancer, thyroid procedures, larynx procedures, mouth and maxilla-facial procedures and procedures relating to lymph nodes.
Hearing loss surgery	Admission for investigation and/or treatment to correct hearing loss, including implantation of a prosthetic hearing device.
Digestive system conditions and services	Admission for investigation and/or treatment of the digestive system. For example: stomach, bowel, gall bladder pancreas, appendix, oesophagus, haemorrhoid surgery, hernia and liver. Endoscopy is listed as a separate category.
Weight loss surgery	Admission for surgery that is designed to reduce a person's weight. For example: gastric banding, gastric bypass and sleeve gastrectomy.
Endoscopy	Admission for the diagnosis, investigation and/or treatment of internal parts of the gastrointestinal system using an endoscope. For example: colonoscopy, gastroscopy, ERCP.
Breast surgery (non-medically necessary cosmetic surgery is not covered under private health insurance)	Admission for investigation and/or treatment of breast disorders. For example: both male and female breast surgery and the associated lymph nodes, and reconstruction after breast cancer surgery.
Chemotherapy and radiotherapy for cancer	Admission for chemotherapy and radiotherapy for the treatment of cancer. Surgical treatment of cancer is listed separately under each particular body system.
Plastic and reconstructive surgery (non-medically necessary cosmetic surgery is not covered under private health insurance)	Admission for investigation and/or treatment of any physical deformity, whether acquired (for example: skin grafts following burns) or congenital (for example: repair of cleft palates, club foot). Other examples include: scar revision, breast reduction, removal of breast prosthesis and angioma. These forms of treatment are considered medically necessary, rather than cosmetic. Cosmetic surgery is not covered under private health insurance.
Surgery for skin lesions	Admission for investigation and/or treatment of skin and skin-related conditions. For example: melanoma, wound repair, removal of foreign bodies, surgery to the nails and treatment of abscesses.
Dental surgery	Admission for surgery to the teeth and gums. For example: surgery to remove wisdom teeth and dental implant surgery.
Insulin pumps	Admission for implantation and/or replacement of insulin pumps for treatment of diabetes.

Clinical Definition	Description
Management of ongoing (chronic) pain	Admission for the treatment of chronic pain. For example: injection, denervation and insertion of stimulators.
Podiatric surgery provided by an accredited podiatric surgeon	Admission for investigation and/or treatment of conditions affecting the foot and/or ankle.
Sleep studies	Admission for the investigation of sleep patterns and anomalies. For example: sleep apnoea and snoring.