

# Private Health Insurance Clinical Categories Review Advisory Committee Report

Private Health Strategy Branch  
Consultation Information Session

21 June 2024



# Background Private Health Insurance Clinical Categories

- In 2019, the clinical categories for hospital treatment were implemented as part of the package of private health insurance reforms announced by the Government. The aim was to simplify and improve the transparency of hospital treatment products.
- The categories were developed to present consumers with clear and consistent definitions to enable a better-informed choice when purchasing a policy.
- Private Health Insurance (PHI) clinical categories refer to groups of hospital treatments that are covered (or not covered) and form the minimum coverage requirements for the hospital product tiers of Gold, Silver, Bronze and Basic under each policy.
- The clinical category definitions are registered on the *Private Health Insurance (Complying Product) Rules 2015*. These definitions include an indicative list of Medicare Benefits Schedule (MBS) items that should be covered.



# Overview of Clinical Category Review Advisory Committee Report

- The Clinical Categories Review (the review) was conducted by an independent committee of experts, the Clinical Categories Review Advisory Committee (the committee) collected a range of views from insurers, private health service providers and consumers on the implementation of the clinical categories and its effectiveness to simplify and improve the transparency of hospital insurance products.
- The committee noted that the clinical categories have assisted consumers to better understand the services covered in their policy and to compare products more easily across the market.
- There are still areas where the categories could be further simplified or where there can be supplementary work conducted to improve the effectiveness of this reform.



# Committee Report: Recommendations

The table categorises recommendations broadly classified based on the type of recommendation or change it relates to:

Categories	Examples
Recommendations regarding regulation of the clinical categories	<ul style="list-style-type: none"> <li>▪ <b>Recommendation 1:</b> Review examples of medical conditions.</li> <li>▪ <b>Recommendation 2:</b> Indicate if categories cover surgical tumour removal and non-surgical cancer treatments.</li> <li>▪ <b>Recommendations 3, 9, 12, 14, 18, 19, 20, 22:</b> Various naming and communication enhancements to improve consumer clarity.</li> </ul>
Recommendations regarding amendment of the coverage of a clinical category	<ul style="list-style-type: none"> <li>▪ <b>Recommendation 4:</b> Address specific definitions to ensure clarity.</li> <li>▪ <b>Recommendations 6, 7, 8, 10, 11, 13, 15, 21:</b> Focus on refining and expanding definitions to better cover and explain services.</li> </ul>
Recommendations to consider other healthcare initiatives	<ul style="list-style-type: none"> <li>▪ <b>Recommendations 5, 23, 24:</b> Involves integration or consideration of other healthcare initiatives or areas not specifically under current category scopes.</li> </ul>
Recommendations to expand standardised classification to other systems	<ul style="list-style-type: none"> <li>▪ <b>Recommendations 16, 17:</b> recommendations related to integrating or aligning with other classification systems, such as the International Classification of Diseases (ICD) or Australian Classification of Health Interventions (ACHI) codes.</li> </ul>



# Key Recommendations

Highlighting key recommendation to consider potential structural changes that will impact on premiums and regulatory burden:

	Description
<b>Recommendation 4</b>	Amend the scope of cover of Ear, nose and throat and Tonsils, adenoids and grommets to note tonsils, adenoids and grommets are included in Ear, nose and throat in Gold, Silver and Bronze products. Tonsils, adenoids and grommets are listed as a separate category in Basic Plus Products.
<b>Recommendation 6</b>	The Sleep studies category should be a minimum requirement for the Bronze tier, facilitating access to diagnostic sleep study services for Bronze and Silver products.
<b>Recommendation 7</b>	Amend the scope of cover of Digestive system and Hernia and appendix to note hernias and appendectomies are included in Digestive system in Gold, Silver and Bronze products. Hernia and appendix is listed as a separately category in Basic Plus products.  For Basic Plus products, the Hernia and appendix category should also identify which types of hernias are not covered by the category and are instead covered by the Digestive system category
<b>Recommendation 8</b>	Some hernia MBS items in Digestive system should be moved to the Hernia and appendix category, such as item 30621 for the repair of umbilical, epigastric or linea alba hernias.
<b>Recommendation 10</b>	Amend the scope of cover of Gynaecology and Miscarriage and termination of pregnancy to note miscarriages and termination of a pregnancy are included in Gynaecology under Gold, Silver and Bronze products. Miscarriage and termination of pregnancy services are listed separate in Basic Plus products.
<b>Recommendation 11</b>	MBS items 14203 and 142062 for hormone or living tissue implantation should be moved to either the Common treatments list or the Support treatments list.
<b>Recommendation 13</b>	The skin flap MBS items 45201 and 45206 should be moved to the Skin category. The volume of services provided following the amendment should be monitored to ensure the items are not being over-serviced.
<b>Recommendation 15</b>	Move spinal cord procedures to the Back, neck and spine category. Amend the scope of cover of the Brain and nervous system category to only cover the brain and peripheral nervous system



# Report and Online Survey

## [Consultation on the Clinical Categories Review Advisory Committee Report - Australian Government Department of Health and Aged Care - Citizen Space](#)

Online Survey has been prepared by the department to facilitate responses to the Report. Stakeholder feedback on each of the recommendations and the broader Report are invited.

Responses to the Online Survey are due by 30 August 2024.



# Questions?

[PHIconsultation@health.gov.au](mailto:PHIconsultation@health.gov.au)

