



Australian Government

Department of Health

ISSUES PAPER: OVERSEAS STUDENT HEALTH COVER

May 2024

Introduction

Overseas Student Health Cover (OSHC) is health insurance specifically available to overseas students and their dependants to assist with the costs of health care. This type of health insurance is a mandatory requirement under the Department of Home Affairs' Student Visa conditions whilst the student is in Australia. This is to minimise the risk of students incurring significant health-related expenses during their onshore studies.

The Department of Health administers the [Deed for the Provision of Overseas Student Health Cover](#). This is a signed agreement between Australian-registered private health insurers and the Commonwealth which sets out the conditions that insurers must comply with in offering OSHC products and services. The current Deed expires on 30 June 2025.

A limited number of changes are under consideration for the next Deed to address issues involving lack of transparency for consumers, affordability of services, and access to reproductive services. Feedback and input are sought on these changes. Suggestions are welcome on any other potential changes.

Potential Changes to the Deed

The potential changes to the Deed are:

- Publication of product information on privatehealth.gov.au website using templates similar to Private Health Insurance Statements to allow consumers to more easily compare coverage.
- Caps on payments by insurers to third party agents for non-healthcare services to reduce the cost of these services to the consumer.
- Removal or reduction in waiting period for pregnancy related care for some or all policies to enable better access to reproductive services.

Change 1: Publication of OSHC product information on privatehealth.gov.au

The current privatehealth.gov.au website does not list OSHC product details for comparison as it does for CHIPs. Previous consultation with international students indicates they would be supportive of standardised summary information on a single website to better understand and compare insurance products. This could help students rely less on third party agents to navigate the health insurance market.

Overview:

- The proposal is for the product details for OSHC are published on the privatehealth.gov.au website using the Private Health Insurance Statement (PHIS) template as occurs for Complying Health Insurance Products (CHIPs).
- The objective of this proposal is to provide a simple and easy way for consumers to understand the scope of coverage and compare products.
- A template of the OSHC version of the PHIS would be developed and published on the privatehealth.gov.au website.
- Clinical categories for CHIPs would be used as the basis for the categorisation of scope of coverage for hospital treatment.
- There would be templates for: base coverage products; additional coverage products.
- Development of the template could occur during 2024-25, with publication of the information on the website from 1 July 2025.
- The implementation period would align with the period of new pricing for products which would occur by 30 June 2025, following approval in the 2024-25 premium round in September 2024.
- Consumers could also be provided with a copy of the OSHC PHIS when they purchase a product.

Questions for stakeholders

1. Is the proposal supported?

2. What is the likely impact on:

- Premiums

- Purchasing behaviour, and

3. What are appropriate metrics for measuring the impact?

4. What is the anticipated:

- Regulatory burden

- Implementation timeframe

5. Are there differences between OSHC and CHIPs which must be considered?

Change 2: Caps on certain payments by insurers to third-party agents

The cost of using a third party agent is a component of OSHC premiums. Capping commissions paid by insurers to agents could reduce the cost to students, assist retention, and promote more impartiality in recommendations of suitable value for money products.

Overview:

- The proposal is to limit both the amount and circumstances in which payments are made by insurers to third party agents for non-healthcare services.
- The objective of this proposal is to limit the amount of these payments, such as commissions to facilitate the purchase of OSHC, where the circumstances are transactional and of no substantive usefulness to the consumer.
- The proposal is primarily targeted at education agents, which appear to encourage a preferential purchase by consumers of OSHC from a particular insurer due to the commission paid by the insurer to the agent.
- Educational institutions would also be included in the scope of this proposal to the extent their involvement with the consumer is transactional and involves preferencing of OSHC from a particular insurer.
- The scope and definition of limits will need to be carefully defined so payments made to non-healthcare providers for services of substantive usefulness to the consumer continue to be permitted, such as payments from insurers to educational institutions for health and well-being services.
- Reporting of payments to educational institutions would need to be disaggregated to ensure the integrity and transparency of the actions associated with this proposal.
- A transition period may be required that takes into account the duration of current arrangements and negotiation of amended or new arrangements between insurers and third-party agents.

Questions for stakeholders

1. Is the proposal supported?

2. What is the likely impact on:

- Premiums
- Purchasing behaviour, and

3. What are appropriate metrics for measuring the impact?

4. What is the anticipated:

- Regulatory burden
- Implementation timeframe

5. Regarding third party agents:

- How should agents be defined?
- How should types of payments be defined?
- What is an appropriate maximum amount or percentage that could be applied to the payment?
- What issues should be considered to take account for differences in the marketing and/or business acquisition strategies between insurers?
- What transition period should be applied?

Change 3: Waiting periods for pregnancy-related care

A maximum 12-month waiting period on pregnancy related care limits access to reproductive services for OSHC policy holders. Currently, insurers can apply a lower waiting period at their discretion.

Overview:

- The proposal is to remove or reduce the waiting period for pregnancy related care.
- The objective of this proposal is to increase access to benefits for consumers who require healthcare during pregnancy.
- The Senate Standing Committee on Community Affairs inquiry into the universal access to reproductive healthcare, [Ending the postcode lottery: Addressing barriers to sexual, maternity and reproductive healthcare in Australia](#), had the following recommendation: The committee recommends that the Australian Government work with relevant overseas health insurance providers to amend Schedule 4d of the Overseas Student Health Cover Deed to abolish pregnancy care related wait periods.
- The ‘Pregnancy and birth’ clinical category, as applied to CHIPs, could be used to define pregnancy related care: Hospital treatment for investigation and treatment of conditions associated with pregnancy and childbirth.
- The waiting period for miscarriage and termination of pregnancy services would be reduced accordingly to provide equality of choice for policy holders.
- The ‘Miscarriage and termination of pregnancy’ clinical category, as applied to CHIPs, could be used to define miscarriage and termination: Hospital treatment for the investigation and treatment of a miscarriage or for termination of pregnancy.
- The previous Deed mandated a waiting period of 12 months for pregnancy related conditions.
- However, the current Deed allows benefits to be paid, and provides flexibility to insurers by setting a maximum waiting period of 12 months, except for emergency treatment and relevant GP items, for which there is no waiting period.

- The maximum waiting period could be reduced to 0 months, which would be consistent with the waiting period for emergency treatment and relevant GP items.
- This would ensure access to healthcare for the full duration of the pregnancy, including healthcare from a GP, gynaecology or obstetrician specialist care, midwife, as well as the birth of the child.
- The maximum waiting period could be reduced to 2 months, which would be consistent with the waiting period for psychiatric care items.
- This would ensure access to healthcare for a significant duration of the pregnancy, including the birth of the child.
- For the first two months of the pregnancy, healthcare could be accessed through a GP, although benefits would not be eligible for midwife, gynaecology or obstetrician specialist care.
- The maximum waiting period could be reduced to 6 months, which would be a unique waiting period for pregnancy related care.
- This would ensure access to healthcare for the most significant component of the pregnancy in many circumstances, specifically the birth of the child.
- For the first six months of the pregnancy, healthcare could be accessed through a GP, although benefits would not be eligible for midwife, gynaecology or obstetrician specialist care.
- A reduction in the waiting period would require pregnancy related care to be exempted from the maximum waiting period for pre-existing conditions.
- The maximum waiting period could be differentiated depending on the product duration.
- That is, the reduced waiting period could be applied if the product duration was for 24 months or more, on the basis premiums would be paid in advance for a period that covers the current 12 month maximum waiting period.

- A maximum waiting period of 12 months could continue to be applied if product duration is less than 2 years, with the pre-existing condition criteria permitted to be applied.
- Following the birth of the child, consumers could be required to pay the premium differential and switch to an appropriate insured group, such as ‘Overseas Student and their Dependant Children’ or ‘Overseas Student, a Partner and their Dependant Children’, within a particular period of time, if the insured group is ‘Overseas Student only’ or ‘Overseas Student and their Partner’, as well as a 0 month waiting period for newborns and other dependents added to the policy.
- The Deed should clearly articulate there is no waiting period for newborns

Questions for stakeholders

1. Is the proposal supported?

2. What is the likely impact on:

- Premiums
- Purchasing behaviour, and

3. What are appropriate metrics for measuring the impact?

4. What is the anticipated:

- Regulatory burden
- Implementation timeframe

5. Regarding pregnancy-related care:

- How should pregnancy related care be defined?
- What has been the previous experience when there was no waiting period for pregnancy related care?
- How should waiting periods be applied to newborns?
- Should there be a differentiation of waiting period based on product duration or type?

How to respond

Please submit your response via email: OSHC@health.gov.au

To continue to support stakeholder engagement, the Department intends to publish responses. Respondents are asked to clearly identify specific elements of the response which are considered confidential and not for publication, as well as the reasons the specific elements are considered confidential. Confidential feedback may still be subject to access under freedom of information laws. The freedom of information process includes consultation with a respondent prior to a decision about the release of information.