

Executive Summary

This response is submitted on behalf of both Peoplecare Health Limited (Party to the OSHC Deed) and Allianz Partners (Peoplecare's agent to market, sell and administer OSHC products).

Allianz Partners has been a market leader in the provision of Overseas Student Health Cover (**OSHC**) for over 23 years.

As an experienced provider of OSHC, we understand how OSHC has developed over the decades. We have significant insight into areas for potential improvement.

Our response to the Department of Health and Aged Care (**Department**) May 2024 OSHC Consultation Paper is focused on improving consumer outcomes by encouraging greater competition, flexibility, and innovation.

We support a collaborative approach in working with the Department to ensure that the right level of health coverage is provided to international students while studying in Australia.

As an experienced provider of OSHC, we are well placed to support the Department in ensuring that the OSHC Deed (**Deed**) continues to meet the needs of international students in Australia.

Timeframe for implementation

Based on the proposed changes to the Deed, we estimate that it will take 12 to 18 months to implement those changes for the following reasons:

- insurers will require sufficient time to:
 - make necessary changes to product wording and websites; and
 - give members sufficient notice of product changes; and
- capping commissions paid to third party agents and educational institutions will require insurers to adjust their commercial proposals and strategies.

The positions stated in our response are based on the following assumptions:

- amendments to the Deed will only apply to new OSHC policies purchased by members from 1 July 2025 or after any transition period stated in the Deed; and
- amendments to the Deed will not apply retroactively.

Overview of Allianz Partners' position on each Proposed Change

Item Number	Proposed Amendment	Allianz Partners' Position	Impact	Timeline to implement (from release of revised Deed)
1	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.	Allianz Partners does not envisage that the website will be used by the majority of overseas students because of the typical consumer behaviour when purchasing OSHC. We do not consider that overseas students will benefit from being given a copy of the OSHC Private Health Insurance Statement when they purchase a product.	High	Up to 12 months
2	Caps on payments by insurers to third party agents for non-healthcare services (e.g. migration and education agents) to reduce the cost of these services to the consumer.	Allianz Partners supports a reasonable cap on commission paid by insurers to third party agents and educational institutions which could reduce the cost of premiums for consumers. Allianz Partners recommends that insurers are allowed to price OSHC products based on the overseas student's state or territory of residence. That would encourage greater competition among OSHC insurers and would result in a fairer pricing model for overseas students.	High	Up to 18 months
3	Removal or reduction in waiting period for pregnancy related care for some or all policies to enable better access to reproductive services.	Allianz Partners supports reducing the waiting period for pregnancy related care from a maximum of 12 months to 6 months for policies with a duration of 2 years, or more. Insurers will need to increase their premiums to compensate for the additional claims expected. Allianz Partners does not support removing the waiting period for pregnancy related care.	High	Up to 12 months

Change 1

Proposed Amendment: Publication of product information on privatehealth.gov.au website using templates similar to Private Health Insurance Statements.

Issue Paper Description

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.
- 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.

Allianz Partners' Response to Change 1

1. Is the proposal supported?

Allianz Partners does not envisage that the website will be used by the majority of overseas students who want to study in Australia because:

- a) in our experience, the majority of overseas students purchase their OSHC product offshore, with limited to no experience in the Australian market, medical practices and OSHC. In the majority of cases, OSHC is purchased following a recommendation from an education or migration agent or educational institution that is already supporting them. Overseas students are less likely to buy OSHC from an insurer who is not recommended by the agent or institution because this could create further work for the student.

- b) the majority of OSHC products currently available in the market are substantially similar to each other given the prescriptive nature of the Deed for 'base coverage' products. There would be little benefit to overseas students in comparing insurers' base coverage OSHC products;
- c) unlike private health insurance for domestic consumers, OSHC does not have mandatory gold, silver, bronze and basic product tiers. It will not be practicable for overseas students to compare OSHC products that are deemed to be 'additional coverage' under the Deed via the website; and
- d) Based on our experience, existing OSHC comparison websites do not enjoy a high take-up rate among overseas students when purchasing OSHC.

We do not consider that overseas students will benefit from being given a copy of the OSHC Private Health Insurance Statements when they purchase a product.

2. What is the likely impact on:

a. Premiums

Should any cost be required in setting up the comparison site from the insurer, this cost will need to be incorporated within the premium.

b. Purchasing behaviour

We do not foresee any significant change in purchasing behaviour if this proposal is implemented for the reasons outlined above.

3. What are appropriate metrics for measuring the impact

Appropriate metrics for measuring the impact would include the number of OSHC products purchased by consumers via the website and website activity analytics.

4. What is the anticipated:

a. Regulatory burden

OSHC insurers are currently not required to provide Private Health Insurance Statements to overseas students. That is because OSHC is not required to be a Complying Health Insurance Product (CHIP) under the *Private Health Insurance Act 2007* (Cth).

If the proposal is implemented, the Department would need to amend the Deed by requiring insurers to provide a Private Health Insurance Statement upon purchase of an OSHC product.

b. Implementation timeframe

We recommend an implementation timeframe of at least 12 months if API integration between the Department's website and OSHC insurers' websites is required.

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

Private health insurance products for domestic consumers have more differences given the gold, silver, bronze and basic product tiers for CHIPs. OSHC is not required to be a CHIP and therefore does not have the same product tiers. The majority of OSHC products are 'base coverage' products, which makes them substantially similar to each other given the prescriptive nature of the OSHC Deed. The only material differences in OSHC products are

likely to be 'additional coverage' (as that term is used in the Deed) products which are offered by some insurers.

Change 2

Proposed Amendment: Caps on payments by insurers to third party agents for non-healthcare services.

Issue Paper Description

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 migration and 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.

Allianz Partners' Response to Change 2

1. Is the proposal supported?

Allianz Partners supports capping commissions paid to third party agents and educational institutions. However, we do not anticipate that it will result in the reduction of OSHC premiums in the short-to-medium term given the existing arrangements between insurers and agents and educational institutions, which may remain in place for several years.

In conjunction with capping commissions, we recommend that insurers are allowed to price OSHC products based on the overseas student's state or territory of residence. That would encourage greater competition among OSHC insurers and would result in a fairer pricing model for overseas students studying in Australia.

Both agents and educational institutions receive commission from OSHC insurers for non-healthcare services.

Below, we set out the roles of agents and educational institutions to differentiate between the purpose of payments made by insurers.

Migration and education agents:

Third party agents will typically perform the following services for an overseas student who requires OSHC:

- outline the various OSHC insurers and their product benefits, and answers any questions the overseas student may have about OSHC;
- discuss important matters for the overseas student to consider when comparing the various OSHC insurers;
- advise the overseas student which dates to use as the start and end date of the OSHC policy;
- arrange for the purchase of the OSHC product from the insurer's online portal or website, including payment of the premium;
- where necessary, arrange for reimbursement from the overseas student for the premium paid to the insurer (many overseas students do not have a credit card with a sufficient credit limit);
- ensure the overseas student receives a copy of the certificate of insurance which is required for the student's visa application to the Department of Home Affairs;
- make any policy amendments on behalf of the overseas student, such as change of start or end dates, adding a dependant, cancellation post-purchase, and in many instances, providing assistance with claims; and
- support overseas students with multiple aspects of living in Australia, such as locating suitable accommodation and applying for student visas.

Educational institutions

Educational institutions including universities will typically perform the following services:

- provide generic information to overseas students about the healthcare system in Australia and organise wellbeing programs to support students while they are in Australia;
- recommend to the overseas student in their letter of offer to purchase an OSHC product from the educational institution's preferred OSHC insurer;
- upload the overseas student's details to the insurer's online portal or website;
- invoice the overseas student for the cost of the OSHC premium;
- remit premiums collected from overseas students to the relevant OSHC insurer; and
- make any policy amendments on behalf of overseas students, such as changes to start and end dates if a student's course is deferred or delayed, or if an overseas student needs additional cover at the end of their student visa.

Health and wellbeing/additional funding

Payments made by OSHC insurers to educational institutions which are substantively useful to overseas students should be included in the proposed commission cap.

Examples of these payments include:

- payments made to university health clinics to provide health and wellbeing services to overseas students;
- payments made to educational institutions to provide health and wellbeing orientated activities and initiatives to support overseas students; and
- payments made to educational institutions to provide scholarship funding for overseas students.

If such payments are not subject to the proposed cap on commission, some insurers may attempt to characterise commission payments as being something else in order to avoid application of the cap. That would undermine the policy objective the Department is seeking to achieve in reducing the cost of OSHC to overseas students. The Department may wish to consider an annual attestation where all payments to third parties are declared and nothing outside the commission cap is paid.

Other recommended changes

In the 2022 OSHC Deed review, the Department of Health asked OSHC insurers if they supported reviewing the 'community rating' requirement for OSHC (as contrasted with OVHC, which is risk rated) and the potential for insurers to 'risk rate' OSHC on a limited basis.

In the [Final Report of the OSHC Review prepared by Lonergan](#), age and state of residence of overseas students were identified by insurers as predictors of risk and costs. Specifically, the report stated the variation in gazetted public hospital rates between states and territories, with Queensland and Western Australia having higher fees than other states. The report noted there was wide acceptance for the introduction of risk rating by student age and their state of residence in Australia. Lonergan concluded that community rating could also be introduced for higher risk students based on age and state of residence within Australia, in line with domestic private health insurance products.

If the community rating requirement for OSHC did not apply to an overseas student's state or territory of residence, OSHC insurers could offer pricing that is fairer for everyone. OSHC insurers would be able to use a risk-based lever (i.e. gazetted state and territory public hospital rates) to provide more equitable pricing for overseas students based on where they live. Allianz Partners would welcome the opportunity to discuss this topic further with the Department.

2. What is/are the likely impact on:

a. Premiums

The proposal to cap commissions is unlikely to reduce OSHC premiums in the short-to-medium term due to the existing arrangements between OSHC insurers and agents and educational institutions which may remain in place for several years.

b. Purchasing behaviour

It is unlikely that the proposal will impact the purchasing behaviour of overseas students in a material respect.

3. What are appropriate metrics for measuring the impact?

The Department may be able to measure the impact of capping commission from information the Department collects from OSHC insurers as part of the annual premium round application process.

4. What is the anticipated:

a. Regulatory burden

There will be a significant regulatory burden on the Department in ensuring that OSHC insurers comply with a cap on commission.

The Department will need to monitor OSHC insurers' compliance with the cap on commission (including Health and Wellbeing funding/addition funding) during the annual premium round application process to ensure that payments made do not exceed the cap.

The Department will need to amend the Deed to specify that insurers must not pay commission to subcontractors (including agents or educational institutions) that exceeds the cap.

b. Implementation timeframe

Allianz Partners recommends allowing OSHC insurers up to 18 months to implement a cap on commission, and only applying the cap on commission to new or renewed contracts between OSHC insurers and agents and educational institutions only (i.e. not to existing contracts or arrangements).

5. Regarding third party agents:

a. How should agents and types of payments be defined?

An 'agent' could be defined as any person, other than an educational institution, who assists in purchasing an OSHC product on behalf of an overseas student. That way, the definition will capture a broad range of persons (excluding educational institutions) who may be involved in the distribution of OSHC products.

For completeness, a broad definition of 'educational institution' should also be included. For example, a person, business, or related entity, that provides educational services to an overseas student.

'Commission' could be defined as any amount paid by an insurer to an agent or educational institution in connection with the provision of OSHC. By defining commission broadly, insurers would be unable to characterise commission payments as something else and thereby avoid application of the cap, which would undermine the Department's policy objective.

b. What is an appropriate maximum amount or percentage that could be applied to the payment?

c. What issues should be considered to take into account differences in the marketing and/or business acquisition strategies between insurers?

We have set out in our response above the key differences in the acquisition of an OSHC product from a migration or education agent as opposed to an educational institution.

d. What transition period should be applied?

We recommend allowing OSHC insurers up to 18 months to implement the proposed change and only applying the cap on commission to new or renewed contracts (not to existing contracts).

Change 3

Proposed Amendment: Removal or reduction in waiting period for pregnancy related care.

Issue Paper Description

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 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.

Issue Paper Description (Continued)

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 or 36 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 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.

Allianz Partners' Response to Change 3

1. Is the proposal supported?

Allianz Partners supports reducing the waiting period for pregnancy related care from a maximum of 12 months to 6 months for policies with a duration of at least 2 years.

Allianz Partners makes the following observations:

- a) the proposal would require OSHC insurers to increase their premiums to adjust for the additional claims expected and changes in claims behaviour;
- b) 'Emergency Treatment' (as that term is defined in the Deed) is not subject to the current 12 months maximum waiting period. It is unlikely that would change even if the waiting period is reduced from 12 months to 6 months; and
- c) the cost of OSHC is already affected by the inconsistency of public hospital rates across the different states and territories. A significant increase in hospitalisation claims from overseas students due to pregnancy related conditions would add to that volatility. That risk could be mitigated if the community rating requirement for OSHC did not apply to an overseas student's state or territory of residence, which would allow insurers to offer fairer pricing.

Allianz Partners does not support removing the waiting period for pregnancy related care. We note that the current Deed does not prevent insurers from having nil waiting period for pregnancy related care.

2. What is the likely impact on:

a. Premiums

Insurers will need to increase OSHC premiums due to the additional claims expected for pregnancy related care and changes in claims behaviour.

b. Purchasing behaviour

If the waiting period for pregnancy related care were removed or reduced to 2 months, overseas students may come to Australia for the purpose of giving birth within the Australian health system while taking a short-term study course, and then return to their home country at the conclusion of their studies. That outcome would drive up the cost of OSHC premiums, which would adversely affect overseas students who come to Australia to participate in long-term study courses.

Allianz Partners does not expect the same outcome would occur if the maximum waiting period for pregnancy related care was reduced to 6 months and only applicable for policies with a duration of 2 years or more.

3. What are appropriate metrics for measuring the impact?

Key metrics to measure the impact of the proposal include:

- the number of overseas students entering Australia on student visas; and
the number of overseas student who receive in-patient medical care in an Australian hospital for pregnancy related care.

4. What is the anticipated:

a. Regulatory burden

The Department will need to amend Schedule 4 of the Deed if the maximum waiting period for pregnancy related care is reduced from a maximum of 12 months to 6 months for policies with a duration of 2 years or more.

b. Implementation timeframe

It will take insurers up to 12 months to implement the proposal, which includes updating their policy booklets and providing information to members about changes to waiting periods.

5. Regarding pregnancy-related care:

a. How should pregnancy related care be defined?

'Pregnancy related care' should be defined as hospital treatment for investigation and treatment of conditions associated with pregnancy and childbirth.

b. What is the current waiting period that is applied to pregnancy related care?

In its '[OSHC Standard](#)' product which offers 'base coverage', Allianz Partners applies a 12 months waiting period for pregnancy related conditions that are not for 'Emergency Treatment'. This is consistent with the maximum 12 months waiting period as specified in the Deed.

Allianz Partners also currently offers a product known as '[OSHC Essentials](#)', which does not have any waiting periods for pregnancy related conditions. OSHC Essentials pays benefits for medical repatriation of an overseas student to their home country and therefore constitutes 'additional coverage' pursuant to clause 4 of the Deed.

c. Under what circumstances may a waiting period be waived or not applied?

Allianz Partners does not apply the 12 months waiting period for pregnancy related conditions where 'Emergency Treatment' is required.

There may also be exceptional cases where Allianz Partners chooses to waive or not apply the 12 months waiting period in its 'OSHC Standard' product. This is done on a case-by-case basis and is determined by Allianz Partners in its absolute discretion.

d. What has been the previous experience when there was no waiting period for pregnancy related care?

Allianz Partners has always applied a waiting period in its 'base coverage' OSHC Standard product for pregnancy related conditions.

Our 'additional coverage' product known as OSHC Essentials has no waiting period for pregnancy related conditions. Due to the additional claims expected for our OSHC Essentials cohort, the premium for a single OSHC Essentials policy is significantly higher than the premium for a single OSHC Standard policy. We distribute OSHC Essentials primarily to educational institutions.

e. What is the current approach to newborns?

Depending on the overseas student's policy type, they may need to upgrade their Allianz OSHC policy type within 60 days of the newborn's birth date to either a:

- 'dual family' policy (from a 'single' policy); or
- 'muti family' policy (from a 'dual family' policy).

Upgrading an Allianz OSHC policy to a 'dual family' or 'multi family' policy will mean an increase to the overseas student's premium.

For more details, see our OSHC pregnancy [fact sheet](#).

f. How should waiting periods be applied to newborns?

Allianz Partners does not apply waiting periods to newborns. The waiting period applies to pregnancy related conditions experienced by the overseas student or dependant who gives birth to the newborn.

For newborns, Allianz Partners aligns coverage to the primary visa holder. As outlined above, Allianz Partners requires that a member upgrades their policy within 60 days of their baby's birth date to ensure continuity of cover.

Allianz Partners does not apply waiting periods for pre-existing conditions or pregnancy related conditions to newborns. Allianz Partners supports amending the Deed to state that waiting periods do not apply to newborns.

g. Should there be a differentiation of waiting period based on product duration or type?

Allianz Partners agrees with the Department's suggestion that the reduced waiting period of 6 months for pregnancy related care should only be applied to OSHC policies with a duration of at least 2 years.

We agree that a maximum waiting period of 12 months should continue to apply if an OSHC policy has a duration of less than 2 years.

h. Are benefits paid for the services provided as part of the 'Assisted Reproductive Services' clinical category and what is the waiting period applied?

Allianz Partners does not currently provide benefits for 'Assisted Reproductive Services' under our OSHC products.

'Assisted Reproductive Services' are specified in Schedule 2 of the Deed as a service that can only be included as part of an additional coverage product, and cannot be included in an insurer's 'base coverage' product under clause 3 of the Deed.

Allianz Partners does not support expanding 'base coverage' requirements of OSHC to include 'Assisted Reproductive Services' due to expected material impact to claims costs. Those costs would need to be passed on to prospective overseas students by way of price increases.

i. Are benefits paid for the services provided as part of the 'Miscarriage and termination of pregnancy' clinical category and what is the waiting period applied?

Allianz Partners provides benefits for 'miscarriage and termination of pregnancy' services in line with the inpatient/outpatient coverage requirements of the Deed.

Allianz Partners supports amending the Deed to exclude medical treatment for 'miscarriage and termination of pregnancy' services from the waiting periods that apply to OSHC products.