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Overseas Student Health – Proposed Changes to the Deed

IDP Education thanks the Department of Health (“the Department”) for extending the opportunity to respond to the Issues Paper that set out a number of potential changes to the Deed for Provision of Overseas Student Health Cover (“the Deed”).

IDP Education is a leader in global education services. Last year, we facilitated 85,000 student placements across partner institutions worldwide, the majority of which were to Australian education providers. As an Australian listed company, we have operations in 35 countries and our websites attracts over 100 million visits a year. We specialise in combining human expertise with our leading digital platform to help students gain acceptance in their ideal course in their ideal location, with Australia one of our top destinations of choice.

Our student counselling, enrolment and support teams work side by side with students and parents at every step along their study abroad journey. From choosing a destination country, to finding an institution they are qualified to apply for and facilitating enrolment into their dream course. As part of our service, we also assist students in choosing a range of essential services that they require for their study abroad journey. This includes accommodation, banking, telecommunications and insurance. We provide all of this support on a fee-free basis with no charge to the student.

Guiding students to the right products and resources for them is integral to our philosophy and is embedded in our service model. We have a student first approach, with all advice designed to deliver the best outcome for the student regardless of the commission income made by the company. Our counsellors are not aware of the commission structures we have with third-party providers, and they are not incentivised to maximise commission income. We have been delivering these services to prospective international students for over 40 years and do not view these services as “transactional” – they are high-value, multi-faceted advice services.

This business model relies upon receiving commission from universities and other third-party service providers like insurers. This ensures that the trusted advice model that international students rely upon is able to be provided free of charge. In the absence of these commissions, agencies would need to charge large fees to the student.

Our response to the Issues Paper focuses on the changes that we believe we can have the greatest contribution to in the consultation process. For topics outlined within the issues paper that do not have direct relevance to our organisation, IDP will defer to subject matter experts in the sector that will undoubtedly provide relevant contributions separately.

IDP’s response to the changes to the Deed are set out on the following pages.

Change 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.

We are supportive of the proposal to include a comparison of all OSHC products on an official government website. This will add transparency to the sector and will allow those students that navigate the journey on their own with an additional resource.

We would strongly recommend that the Department ensure that any such site is available in multiple languages. International students often have difficulty navigating government and non-government sites that are only in English. If the proposed site is not available in multiple languages its value to international students will be minimal and they will seek assistance elsewhere.

We would also caution the Department to not assume that the provision of a simple comparison site will provide students with all the assistance they require.

Our experience shows that international students turn to their trusted agent for decisions on OSHC and other services even when comprehensive comparison sites are available. This reflects our experience across all aspects of the study abroad journey including course selection, visa process and other essential services such as OSHC.

IDP has extensive digital capability and the most trafficked websites in the industry (including comparison sites for OSHC), yet students rely heavily on the personalised advice that our trained counsellors provide.

Recent Australian government data showed that over 75% of international students use an agent which highlights the importance of this free service and the reluctance of students to rely entirely on a plethora of digital tools and online information in a "DIY" manner.

Change 2: Caps on payments by insurers to third party agents for non-healthcare services to reduce the costs of these services to the consumer.

IDP does not support the proposal noted in change 2.

IDP plays a pivotal role for tens of thousands of students and their journey to study in Australia. As outlined above, IDP acts as a trusted advisor (not transactional), where their students look to our teams for a "one-stop shop" support service on a fee-free basis.

Our counsellors are trained to work on a conflict-free, independent advice model. We avoid "preferential purchasing" by partnering with all OSHC insurers and provide an agnostic student-first approach to the model therefore removing any subjectivity and influence. This ensures impartiality during the selection and purchase process.

As noted earlier, agents like IDP rely on the commission received to fund the physical and digital services we provide across the world. Any capping or removal of these commissions would ultimately lead to a reduction in services and/or increased charges to students.

The Department should therefore, at a minimum, exempt any third-party agent from restrictions or caps on commissions if they exhibit an agnostic service model. This could be

enforced by only allowing commission where the third-party agent works on a non-exclusive basis for all (or a majority) of OSHC providers.

If the Department wishes to improve transparency and outcomes for students whilst lowering costs it could consider removing or limiting commissions made to any agent that works exclusively with a single OSHC provider. Unlike advice-based models that offer all providers, these arrangements are inherently transactional and ignore the individual circumstances of a student. Any arrangement that binds a third-party agent to a single provider reduces choice and in some circumstances could potentially be in contravention of “third line enforcing” rules.

Whilst not directly related to commissions, the Department should also consider requiring all OSHC providers to make its products and policy structures available to all prospective international students regardless of which institution they are studying with. Product offerings and benefits that are provided exclusively to certain institutions reduce transparency for the student and reduces competition. Ensuring all students and third-party agents can access all product offered by OSHC providers will promote competition, lower costs and improve outcomes for students.

Note that the comments above are based on an assumption that an “agent” is defined as any third-party that acts as a sales or marketing channel for an insurer in return for a commission or similar payment. This definition captures equally all industry participants including education agents, education institutions or any other third-party organisation that effectively sells OSHC on behalf of an approved OSHC provider.

Conclusion

IDP supports any proposed amendments to the Deed which prioritises the health and wellbeing of international students, lowers their costs and enhances their experience studying in Australia.

A broader discussion on the payments by insurers to third party agents, will also be a meaningful and worthwhile endeavour over the long term. Education agents like IDP, play a particularly significant role educating international students about their insurance obligations and the health system in Australia more broadly. As a result, we play a vital role in the OSHC pipeline and are well placed to provide input into any proposed changes to the Deed which impact the way agents interact with students on OSHC. We would welcome further consultation on the topic.

Please feel free to contact Craig Mackey – Director of Corporate Development, for any further information regarding this submission: craig.mackey@idp.com.
