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| Specification  Private health insurance statement  Commencing from 1 July 2021  To be used in conjunction with the electronic reporting specification *Private health insurance report version 3.0.2* or later and the Private Health Insurance Report Companion Guide. | |
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| attention_pms | direction_pms |
| OFFICIAL | For further information or questions, email  [ato-dmi@ato.gov.au](mailto:ato-dmi@ato.gov.au) |

**ACRONYMS**

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| --- | --- |
| **Acronym** | **Expanded** |
| ATO | Australian Taxation Office |
| Services Australia | Services Australia (Medicare) |
| MLS | Medicare levy surcharge |
| PHIIB | private health insurance incentive beneficiary |
| PHIR | private health insurance rebate |

**DEFINITIONS**

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| **Common term** | **Description** |
| Benefit code | The benefit code indicates which (maximum) age based rebate percentage is applicable and when in the financial year the associated premium amount was paid.  **NOTE**: The actual percentage applied, if any, is determined by the Australian Taxation Office (ATO), with reference to, among other things, the benefit code returned and the income tier applicable to the private health insurance beneficiary (PHIIB). |
| Complying health insurance policy | See section 63-10 of the *Private Health Insurance Act 2007*.  A complying health insurance policy is an insurance policy that meets:  (a)  the community rating requirements in Division 66; and  (b)  the coverage requirements in Division 69; and  (c)  if the policy \*covers \*hospital treatment—the benefit requirements in Division 72; and  (d)  the waiting period requirements in Division 75; and  (e)  the portability requirements in Division 78; and  (f)  the quality assurance requirements in Division 81; and  (g)  any requirements set out in the Private Health Insurance (Complying Product) Rules for the purposes of this paragraph. |
| Entitling person | The entitling person will be the oldest person insured under the policy. However, if the oldest person insured under the policy ceases to be insured, that person will still be the entitling person unless another adult, who was not insured under the policy at the time the entitling person ceased to be insured under it, becomes insured under the policy. |
| Income | Income for surcharge purposes |
| Private health insurance incentives | The term used to describe the two methods by which the Government contributes to the cost of the premium, thereby reducing the net cost of the policy:   * premium reduction, and/or * tax offset.   **NOTE**: The Government ceased the Medicare Service Centre rebate payment option from 1 July 2013. |
| Private health insurance rebate | The private health insurance rebate (PHIR) is a percentage of the premiums eligible for Australian Government rebate, that have been paid to a registered health insurer in a given financial year, for a complying private health insurance policy. The percentage of the premiums eligible for Australian Government rebate that the PHIIB will be entitled to, is generally determined by the age of the oldest person covered by the policy and from 1 July 2012 by the income tier applicable to the relevant PHIIB.  **NOTE**: From 1 July 2013, the government no longer pays the PHIR on any lifetime health cover loading (LHCL) included in a premium amount. Further, commencing in 2014, all rebate percentages will be adjusted on 1 April each year by the Rebate Adjustment Factor. |
| Private health insurance incentive beneficiary | In relation to a premium amount paid, a PHIIB:   * is each adult, insured under the complying health insurance policy, on the day the premium or amount was received by the fund, or * in the case of a dependent person only policy:   + will be the parents of the dependent person/s insured under the policy provided the parents are married (within the meaning of the *A New Tax System (Medicare Levy Surcharge-Fringe Benefits) Act 1999* includes defacto relationship) at the end of the relevant financial year; otherwise   + will be the payer of the premium, provided that person is not a dependentperson. |
| Private patient hospital cover | For MLS purposes, a person is covered by an insurance policy that provides private patient hospital cover if:   1. the policy is a complying health insurance policy (within the meaning of the *Private Health Insurance Act 2007*) that covers hospital treatment (within the meaning of that Act);   and  (b)  any excess payable in respect of benefits under the policy is no more than the applicable amount set out in section 45‑1\* of that Act in any 12 month period.  \* At the time of publication of this specification, the excess limits per section 45-1 were:  (a)  $750 in any 12 month period, in relation to a policy under which only one person is insured; and  (b)  $1,500 in any 12 month period, in relation to any other policy.  See section 4 of *A New Tax System (Medicare Levy Surcharge—Fringe Benefits) Act 1999*: |
| Premium amount eligible for Australian Government rebate | That part of the premium to which the private health insurance rebate is applicable.  The premium amount eligible for Australian Government rebate is the sum of all premium amounts paid to the health fund, including premium reduction amount within the relevant financial year, but excludes any lifetime health cover loading (LHCL) that relates to cover for any period post 30 June 2013.  Different benefit codes are applicable, depending on the age of the entitling person during the cover period and when in the financial year amounts are paid. It may be necessary to split premium amounts eligible for Australian Government rebate into pre and post 1 April payments and apportion if more than one benefit code is applicable. |
| Premium reduction | The dollar amount of premium reduction paid by Services Australia directly to the health fund in respect of the premium amount eligible for Australian Government rebate paid during the year.  A premium reduction reduces the net cost of the policy to the payer and is claimed via the Premium Reduction Scheme. |
| Responsible person | In relation to a dependent person only policy, a responsible person is the person to whom the health fund refers matters concerning the policy. |

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1 Introduction

Who should use this specification

This specification is intended for use by Private health insurance funds and their software developers. This specification is to be used in conjunction with the electronic reporting specification *Private health insurance report* and the Private Health Insurance Companion Guide when developing the private health insurance statement for issue to relevant fund members for financial year reporting periods, commencing from 1 July 2019.

Explanation of specification

This specification outlines the mandatory information to be displayed on the Private health insurance fund statement, to satisfy the requirements as listed in the *Private Health Insurance (Incentives) Rules 2012 (No. 2)* and regulation 61-220.02 of the *Income Tax Assessment Regulations 1997*.

Although the format of the statement may vary between health funds, the uniformity of content is encouraged. To assist health funds in this process, a pro-forma statement has been provided in this specification at section [4 Sample statement](#Sample). This can be used as a template and if followed, will ensure compliance with the regulations.

2 Legal requirements

Health fund obligations

A statement, in relation to private health insurance provided under a *complying health insurance policy*, must be issued in the approved form to each relevant *Private Health Insurance Incentive Beneficiary (PHIIB)* within 14 days of a member’s request. In the case where an amendment is processed, if the amendment may affect the tax position of a member, it is recommended that a statement be provided to each PHIIB as a matter of course.

If statements are not provided as a matter of course in the case of amendments, at the very least each PHIIB on a policy should be notified that an amendment has occurred that may affect their income tax assessment if their tax return has already been lodged – in which case they should make their tax advisor aware or consider lodging an amended tax return using the amended statement details. If their tax return hasn’t yet been lodged, the pre-fill details as provided by the ATO should be based on the amended data and therefore would be correct. Advice as to how to obtain a copy of an amended statement should be provided in the notification.

attention_pms The meaning of *complying* *health insurance policy* can be found at [**section 63-10 of the *Private Health Insurance Act 2007***](http://www.comlaw.gov.au/Series/C2007A00031)***.***

attention_pms The meaning of *Private Health Insurance Incentive Beneficiary (PHIIB)* information can be found in [section 22-5 of the *Private Health Insurance Act 2007*](http://www.comlaw.gov.au/Series/C2007A00031)*.*

attention_pms The meaning of *private patient hospital cover* can be found in **section 4 of *A New Tax System (Medicare Levy Surcharge—Fringe Benefits) Act 1999.***

attention_pms A person’s tax position may be affected if certain values have changed. See information under the heading ‘Amended Statements’ on page 7 below.

Retention of information

A copy of the data file provided to the Australian Taxation Office (ATO) must be able to be regenerated on request by the ATO where a problem has been encountered in processing of the information.

3 Statement requirements

Mandatory fields on the statement

The following inputs are required on a private health insurance statement:

* Health fund name and address
* Name and address of statement recipient
* Health insurer ID
* Membership Number
* Your premiums eligible for Australian Government rebate
* Your Australian Government rebate received
* Benefit code
* Other adult beneficiaries for the policy (where applicable)
* Number of days this policy provides complying private hospital cover

Paragraph (c) of rule 8 of the *Private Health Insurance (Incentives) Rules 2012 (No. 2)* states the following:

"the insurer must use the phrase ‘Australian Government Rebate on private health insurance’ or the Rebate logo in:

... (ii) annual statements …"

The logo is reproduced as follows:



**Please note** that sub rule 10(2) of the *Private Health Insurance (Incentives) Rules 2012 (No. 2)* stipulates that any reproduction of the logo should be as follows:

(a) the portions other than the shaded areas of the umbrella must be black and white, as shown in sub rule (1); and

(b) the shaded areas of the umbrella must be:

(i) in the case of monochrome reproduction — 60% black; and

(ii) in any in other case — red (PMS 032).

Mandatory field input information

Health Insurer ID

A three letter identifier unique to each fund. For ID confirmation, health funds should contact Services Australia (Medicare).

Membership Number

The membership number which identifies the policy.

Your premiums eligible for Australian Government rebate

The PHIIB’s share of premiums eligible for Australian Government rebate paid, net of any discount amount applicable to the policy, for the relevant premium period. The amount to report in the *Your premiums eligible for Australian Government rebate* field, in relation to a particular premium period, can be worked out by applying the formula as stated in the companion guide.

attention_pms Refer to the Private Health Insurance Companion Guide for an example of how to calculate a PHIIB’s Your premiums eligible for Australian Government rebate amount in a case where payment is made to cover a period pre and post 1 July 2013, and where lifetime health cover loading (LHCL) and discounts are also involved.

attention_pms A separate row of share amount information must be reported on a statement in relation to each premium period.

Your Australian Government rebate received

The PHIIB’s share of the dollar amount of premium reduction, paid by Services Australia (Medicare) directly to the health fund, associated with the premiums paid in the relevant premium period during the financial year.

attention_pms The effective date of an Australian Government rebate received amount will always be the received date of the source payment that triggered the rebate claim.

Benefit code

The benefit code indicates which (maximum) age based rebate percentage is applicable in relation to an associated premium amount and when in the financial year the premium amount was paid.

|  |
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| In the case of a **cancelled policy** reported in an amendment data file, if the associated premium amount is zero, the Benefit code field would be **00**. |

|  |
| --- |
| If during a premium period there is a change to a PHIIB’s benefit code and/or the PHIIB’s policy role, the PHIIB’s:   * Premiums paid in the financial year, * Australian Government rebate received amount(s), and * Premiums eligible for Australian Government rebate   must be apportioned accordingly and reported in separate rows of information on the statement, in relation to each premium period. |

Other adult beneficiaries for the policy

**Single PHIIB**

If there is a single PHIIB only in relation to the relevant premium period, no Other adult beneficiaries for the policy will be detailed on the statement.

**More than one PHIIB**

If there is more than one PHIIB in relation to the relevant premium period, the names of the relevant PHIIB(s) that the statement is NOT being sent to, will be the name(s) detailed as the Other adult beneficiaries for the policy on the statement.

**Dependent only**

If the policy is a dependent only policy, the statement will normally be sent to a responsible person. If there is more than one responsible person for a policy, treat each person as a PHIIB and send each a statement with the name(s) of the other person(s) stated in the Other adult beneficiaries for the policy column on the statement.

Number of days this policy provides an appropriate level of private patient hospital cover

The number of days during the relevant financial year the individual, to whom the statement is being sent, was insured under a policy that provides private hospital cover (per Section 4 of *A New Tax System (Medicare Levy Surcharge—Fringe Benefits) Act 1999*).

attention_pms If the statement is being sent to a responsible person because the relevant policy is a dependent only policy, the number of days will be **0**. A covering letter should be issued with the statement, detailing for each dependent covered, the number of days during the relevant financial year private hospital cover was provided (per Section 4 of *A New Tax System (Medicare Levy Surcharge—Fringe Benefits) Act 1999*).

Additional information

It is at the health fund’s discretion what further policy information is included on a statement and the design of the statement. Non mandatory information may include the following details:

* total payments and rebates received for the policy.
* number of days the policy provided ancillary or extras cover.

Health funds should also include on the statement:

* A date printed in an appropriate location of the statement, for the purpose of complying with the regulations and identifying originals, reprints and updated statements. The location, font size and style of the printed date are at the health fund’s discretion.
* The health fund website, fund name and general enquiries phone number.

Health funds may also choose to include the following:

* Reference to the ATO website <https://www.ato.gov.au/Individuals/Medicare-levy/Private-health-insurance-rebate/>for information specific to the income testing of the private health insurance rebate and Medicare levy surcharge.
* Reference to nominating a tax claim code when a member is completing their tax return. For example:

**You will need to nominate a tax claim code when completing the Private health insurance policy details section of your tax return. Read the tax return instructions to determine the tax claim code appropriate for your situation.**

attention_pms The statement should include a table as per the template in Section [4 Sample Statement](#Sample). The corresponding tax return labels should be included to assist clients with the completion of income tax returns.

Amended statements

Although there is no legal obligation for Health funds to issue a statement unless requested to do so by a member, it is recommended that a statement is issued as a matter of course to each PHIIB in cases where, subsequent to original information being reported to the ATO, values that may have a financial impact, have changed.

Values that may have a financial impact:

* Where aggregated **Financial details** have altered by a rounded absolute value of $10 or more;
* Benefit code (reported at label **L**);
* Other adult beneficiaries (PHIIBs) for the policy;
* Number of days the policy provides an appropriate level of private patient hospital cover (reported at label **A**).

attention_pms Refer to the electronic reporting specification Private health insurance report section 9 Amendment files for the meaning of financial details.

attention_pms For the definition of appropriate level of private patient hospital cover, see subsections 3(5) to 3(7) of the[*Medicare Levy Act 1986*](http://www.comlaw.gov.au/Series/C2004A03351)

4 Sample statement

The statement found on the following page is an example of the mandatory input requirements, as well as additional information that may be included. The template can be used by private health insurance funds to develop statements for issue to members of their fund.

**Private Health Insurance Statement 1 July 20XX to 30 June 20XX -**

**[[[**

**[Health fund name, address and logo]**  **[Statement print date]**

**[Name and address**

**of person to whom statement is sent]**

**The following information is relevant to the completion of your 20XX income tax return**

The table below provides details of your 20XX-XX private health insurance policy. If your policy has more than one Private Health Insurance Incentive Beneficiary, this statement will only display your share amounts.

The Australian Government determines the way the rebate is calculated and applied to premiums. Rebate percentages are adjusted on 1 April each year. If you paid premiums for your policy before and on or after 1 April, the table below will contain at least two lines of information. Where more than one line of information has been provided, the information from each line must be entered separately at the corresponding labels on the income tax return at **Private health insurance policy details.**

**You will need to nominate a tax claim code** when completing the Private health insurance policy details section of your tax return. **Read the tax return instructions** to determine the tax claim code appropriate for your situation.

**Australian Government Rebate on private health insurance**

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Health**  **Insurer ID** | | **Membership**  **Number** | | **Your premiums eligible for Australian Government rebate** | | **Your Australian Government rebate received** | | **Benefit code** | | **Other adult beneficiaries for the policy** |
| **B** |  | **C** |  | **J** |  | **K** |  | **L** |  |  |
| **B** |  | **C** |  | **J** |  | **K** |  | **L** |  |  |
| **B** |  | **C** |  | **J** |  | **K** |  | **L** |  |  |

**IMPORTANT - If you have more than one line of information in the table above, make sure each line is input separately**

**into your income tax return. Do not add-up amounts reported in any column or row and input a total.**

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| **M2** | **Medicare Levy Surcharge** |

If you and all your dependants (including your spouse) did not have an appropriate level of private patient hospital cover for the full financial year (365 days) you may be liable for the **Medicare Levy Surcharge** – see 20XX Individual tax return instructions question M2.

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| **Number of days this policy provides an appropriate level of private patient hospital cover** | **\_A\_** |  |

attention_pms ***NOTE – Subject to the discretion of the relevant fund, the following is information that may be included on a statement***

|  |  |  |
| --- | --- | --- |
| **For your information only –** number of days covered by ancillary cover (or extras cover) | **\_ \_** |  |

|  |  |  |
| --- | --- | --- |
| **DO NOT USE THE INFORMATION BELOW TO COMPLETE YOUR INCOME TAX RETURN** | | |
| **Total policy payment information for the period between 1 July 20XX and 30 June 20XX** | | |
| **Premiums eligible for Australian Government rebate (includes Australian Government rebate received)** | **Premiums NOT eligible for Australian Government rebate** | **Total cost of policy** |
| **$** | **$** | **$** |