

1994

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

HEALTH AND OTHER SERVICES (COMPENSATION) ADMINISTRATION  
FEE BILL 1994

EXPLANATORY MEMORANDUM

(Circulated by the authority of the Minister for Human  
Services and Health, the Hon. Dr Carmen Lawrence, MP)

## **HEALTH AND OTHER SERVICES (COMPENSATION) ADMINISTRATION FEE BILL 1994**

### **GENERAL OUTLINE**

This Bill provides for the imposition of administration fees which are intended to cover the administration costs of the processes set out in the *Health and Other Services (Compensation) Bill 1994* and the *Health and Other Services (Compensation) Care Charges Bill 1994* and should be read in conjunction with those Bills.

The administrative costs of the above-mentioned processes are to be funded through an administration fee upon insurers and other compensation payers. The fee becomes payable at the time an amount of compensation becomes payable in relation to a personal injury compensation claim.

There is a two tier fee scale - initially to be set at \$150 for claims finalised within 5 years of injury, and \$300 for claims finalised later than this. The additional cost of storing data and recovering information in relation to very long term claims is reflected in this fee difference.

### **FINANCIAL IMPACT**

It is estimated that collection of the administration fees will raise approximately \$10 million each year.

## NOTES ON CLAUSES

### Clause 1 - Short title

This is a formal provision that states that the Act will be called the *Health and Other Services (Compensation) Administration Fee Bill 1994*.

### Clause 2 - Commencement

This Act will come into force on the same day as the *Health and Other Services (Compensation) Act 1994*.

### Clause 3 - Interpretation

This clause is self-explanatory.

### Clause 4 - Application of this Act to events occurring before the commencement of the *Health and Other Services (Compensation) Act 1994*

Clause 4 provides that the Act applies to settlements, judgments and reimbursement arrangements made on or after the day on which the *Health and Other Services (Compensation) Act 1994* commenced, even if the injury in respect of which the settlement, judgment or reimbursement arrangement was made, occurred before that day.

### Clause 5 - Imposition of administration fee

Subclause 5(1) provides that if an amount of compensation is payable under a settlement or judgment in a compensation case, and an amount has thereby become payable to the Commonwealth under the *Health and Other Services (Compensation) Act 1994* or the *Health and Other Services (Compensation) Care Charges Act 1994*, then an administration fee is payable to the Commonwealth.

Subclause 5(2) provides that an administration fee is payable to the Commonwealth if a reimbursement arrangement has been made in respect of an injury to a person, and an amount has thereby become payable to the Commonwealth under the *Health And Other Services (Compensation) Act 1994* or the *Health and Other Services (Compensation) Care Charges Act 1994*.

Subclauses 5(1) and 5(2) are qualified by subclause 5(3) in that, if the total amount that is payable to the Commonwealth in respect of a judgment, settlement or reimbursement arrangement under the *Health And Other Services (Compensation) Act 1994* and the *Health and Other Services (Compensation) Care Charges Act 1994* is less than the amount of the fee that would be payable, no administration fee is payable.

## **Clause 6 - Amount of fee**

Clause 6 sets the amount of the administration fee.

In a case where an insurer or compensation payer notifies the Health Insurance Commission that a judgment, settlement or reimbursement arrangement has been made in respect of an injury, and that notification is given within 5 years of the day on which the injury occurred, the fee is whatever amount is set for such a case by the regulations under this legislation. The amount prescribed by the regulations cannot be more than \$500. If no amount is set by the regulations, the fee in such cases is \$150.

In a case where an insurer or compensation payer notifies the Commission that a judgment, settlement or reimbursement arrangement has been made in respect of an injury, and that notification is given more than 5 years from the day on which the injury occurred, the fee is whatever amount is set for such a case by the regulations under this legislation. The amount prescribed by the regulations cannot be more than \$500. If no amount is set by the regulations, the fee in such cases is \$300.

Subclause 6(3) makes it clear that in clause 6 the word "notified" refers to the notice that is required to be given under clause 23 or clause 13 of the *Health and Other Services (Compensation) Bill 1994*. Clause 23 of that Bill requires that, if a settlement or judgment is made in respect of a claim for compensation for an injury to a person, the Health Insurance Commission must be notified that the settlement or judgment has been made. Clause 13 of that Bill requires that, if a reimbursement arrangement is made in respect of a claim for compensation for an injury to a person, the Commission must be notified that the arrangement has been made.

## **Clause 7 - Liability to pay the administration fee**

This clause sets out who must pay the fee. The term "notifiable person" is defined in clause 3 of the *Health and Other Services (Compensation) Bill 1994*. For an explanation of this term, see the Explanatory Memorandum to that Bill at Clause 3 - Definitions. The administration fee is not payable by the compensable person.

## **Clause 8 - Regulations**

This clause is self-explanatory.