



Australian Government

**Private Health Insurance
Administration Council**

Circular

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REINSURANCE PROCESSING VARIATIONS – FUNDS TO NOTIFY PHIAC OF LARGE FLUCTUATIONS IN CLAIMS

Organisations will be aware that variations to claiming and claims processing patterns occur from time to time. These variations have the potential to impact on the reinsurance calculations. Organisations will often be aware of changes that may affect processing patterns before they occur.

Organisations that are in a position to predict large fluctuations in claims benefits are requested to advise PHIAC when they become aware of such variations. This will then allow PHIAC to alert other funds within the States and to some extent assist their financial planning processes.

A recent example was the large increase in benefits for a large organisation in the December 2005 quarter, with consequent affect on the Reinsurance calculations. One factor contributing to this was a catch up in claims processing that had been delayed during hospital contracting negotiations.

PHIAC has been advised by another large organisations that it expects to process a higher than average value of reinsurance claims during the March 2006 quarter and this is expected to have an impact on the reinsurance results. This fluctuation is also the result of a catch up on a backlog of claims.

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