



Australian Government
Private Health Insurance
Administration Council

PHIAC Corporate Plan

2007-10

Corporate Plan

- 1. Role**
- 2. Values and Behaviours**
- 3. Vision**
- 4. Our Environment**
- 5. Risk Management Framework and Key Risks**
- 6. Key Areas of Improvement**
- 7. How PHIAC will undertake its task**
- 8. Measuring Performance**
- 9. Resource Summary**
- 10. Communication and Review**
- 11. Strategic Planning Framework**
- 12. PHIAC Structure**

1. Role

PHIAC is established under the *Private Health Insurance Act 2007* and reports to Parliament through the Minister for Health and Ageing. Its core functions are:

- To oversee the financial viability of the registered private health insurance organisations;
- To discharge its responsibilities defined under the *Private Health Insurance Act*;
- To protect the interests of consumers; and
- To collect and disseminate information on the private health insurance industry.

PHIAC is responsible for establishing prudential standards, regulating the financial performance of the industry, calculating the risk equalisation pool, reviewing pricing applications, and registering private health insurance organisations. PHIAC also produces statistics on membership and coverage, gap payments, prostheses and the financial performance of the industry.

2. Values and Behaviours

PHIAC will undertake its legislative responsibility with professionalism, accountability, leadership and integrity in line with Australian Public Service (APS) values.

Professionalism, through

- Consistent learning and improvement
- Partnership with industry
- Teamwork and sound interpersonal relationships

Accountability, through

- The highest ethical standards
- Fair dealing and respect by developing and maintaining a good working relationship with industry associations and with individual organisations
- Cost effective regulation and consultation with industry on key areas of change
- Managing resources effectively
- Clear reporting standards for both PHIAC and the industry
- Accurate data collection and dissemination
- Improved capacity to identify and manage risk

Leadership, through

- A model of good corporate governance for the industry
- Supporting the industry through periods of change
- Undertaking a regulatory role which promotes a financially viable industry

Integrity through the Australian Public Service Values

PHIAC is a Commonwealth statutory authority with the principles and values of the Australian Public Service:

- Executing its functions in an apolitical, impartial, effective and professional way with the highest ethical standards;
- Accounting for its actions within the framework of Ministerial responsibility to the Government, Parliament and the Australian public;

- Responsive to the Government in providing frank, honest, accurate and comprehensive advice;
- Focusing on achieving results and managing performance; and
- A fair, flexible, safe, non-discriminatory and rewarding workplace.

PHIAC Service Principles

In discharging its duties, the Council will:

- Respect diverse views, being open to difference;
- Give its full commitment and focus;
- Respect the principle of Board solidarity to give the organisation effective support; and
- Give strong support for the executive by providing constructive challenge.

Within the Council the role of the Commissioner is to:

- Develop the Board as a team, providing leadership, support and cohesion; and
- Ensure that meetings balance time for policy and strategic thinking with supervisory requirements.

In working with stakeholders and customers:

- PHIAC staff will be courteous and professional
- Provide a high quality of service
- Respond promptly to queries
- Provide information and risk equalisation outcomes in a timely manner
- Be accurate and up to date.

3. Vision

PHIAC aspires to be an efficient and effective regulator, working constructively with the industry to protect the interests of policy holders to registered organisations.

PHIAC's vision will be realised if:

- There is a clear set of prudential standards for the industry;
 - PHIAC manages its regulatory functions in a transparent and accountable manner;
 - Policy holders are protected in the event of a failure of a registered organisation; and
 - PHIAC is regarded as an accurate and reliable data source and a source of good advice on the industry.
-

4. Our environment

Critical to PHIAC's success is our ability to recognise and respond to changes occurring in the health environment which impact directly upon the health funds and therefore on PHIAC.

Key environmental issues facing PHIAC include:

- The continuing trend towards the private sector in health utilisation
- Increasing community demands and expectations along with an ageing population
- Pricing control and the private health insurance rebate and the relationship with profitability
- Broader health cover and the changes to the health insurance policy framework
- The need for PHIAC to maintain corporate capability within a workforce management framework which includes outsourcing of advice and services
- Implementation of the new legislation governing the private health insurance industry
- The demutualisation and listing of some private health insurers
- Possibility of significant industry consolidation
- The possibility of an economic downturn with a risk to fund investments and income

Developments in the wider business environment including:

- Continuing attention to sound corporate governance
- The adoption of international accounting standards
- Industry demutualisations and possible consolidation

5. Risk Management Framework and Key Risks

PHIAC has a risk management framework that is an integral part of its operations. There is an overarching risk management plan for PHIAC as a whole with individual risks being managed at the operational level. This Corporate Plan has been developed with the risk management plan in mind.

6. Key Areas of Improvement

Through the implementation of the strategies outlined under each Key Result Area we expect to achieve the following critical success factors:

- Increase staff numbers and skills
- Ensure the leadership of PHIAC is effective
- Build capacity to deal with increased corporate activity
- Invest in key relationships and manage perceptions
- Leverage our information and build our knowledge base – analytical and IT capacity
- Strengthen and formalize our approach to industry governance
- Working with and on behalf of our stakeholders:
 - Minister for Health and Ageing and the Department
 - Registered private health insurance organisations
 - Policy holders of registered private health insurers

7. How PHIAC will undertake its tasks

PHIAC will undertake its tasks by focusing on seven Key Result Areas.

KRA 1 - Business as Usual - Ensure core functions are managed and deadlines met

KRA 2 - Planning for change - Building capacity in staff skills and management

KRA 3 - Governing PHIAC - Managing leadership change

KRA 4 - Building Capacity - Develop PHIAC's ability to deal with corporate activity

KRA 5 - Investing in Relationships - Invest in key relationships and manage perceptions

KRA 6 - Industry Governance - formalize and strengthen PHIAC's approach to industry governance

KRA 7 - Information - Leverage PHIAC's information and knowledge base

8. Measuring Performance

PHIAC has a set of Key Performance Indicators in the Business Plan developed from the Key Result Areas. Our progress and performance will be measured by PHIAC Board against those indicators and reported in our Annual Report.

9. Resource summary

PHIAC has the following resources available:

- A highly professional and well trained staff;
- An independent, highly skilled and experienced Board;
- Access to external specialist industry advisers who can provide prompt, expert advice, and
- Ability to contract in services where necessary to undertake specific tasks such as fund reviews.

Financial Resources

PHIAC has a budget for 2007-08 of \$4.824 million.

Personnel Resources

The diagram at Attachment 2 illustrates the Secretariat reporting structure.

10. Communication and Review

PHIAC will communicate our Corporate Plan to the industry by providing a summary of the Plan to all health funds and other stakeholders. The detailed Corporate Plan will be provided to the Minister and his Department.

The plan and its outcomes will be reviewed in 2008.
