

# SUBMISSION TO THE CONSULTATION PAPER: IMPROVING THE OVERSEAS STUDENT HEALTH COVER PROGRAM

Friday 1 April

Universities Australia welcomes the opportunity to respond to the Department of Health's Consultation Paper on *Improving the Overseas Student Health Cover Program*. UA is the peak body for Australia's 39 comprehensive universities and we acknowledge the broad principles of the review to increase affordability and equitable health care access for international students and their dependents, whilst placing student health and wellbeing at the forefront of this consultation process.

Together with government, our universities have worked hard to develop and promote Australia's reputation as a world-class education destination. Maintaining policies and procedures which ensure sufficient access to health services for international students is important to maintaining this reputation with current and potential international students and their families, as well as other key international education partners. This is especially pertinent as we navigate the evolving post-pandemic environment, with access to sufficient health care becoming an increasing priority for prospective students.

Although the Deed of Agreement (the Deed) in its current version ensures adequate provision of health services for international students, there are clauses and broader areas which could be reviewed in order to improve the program and in turn, the overall quality of the international education experience in Australia. These areas are outlined in the submission. UA advocates for any alterations to the Deed to support early intervention and preventative healthcare. In offering sufficient, accessible health services to students, the burden on the healthcare system is reduced and at the same time, students receive timely and appropriate health care.

Any changes to improve the student health care experience through the Deed would be welcomed by the sector, but a thorough consultation process will be essential to ensure that Australia's universities are appropriately prepared to implement and support these changes consistently and in alignment with government. Our member universities are best placed to provide a clear understanding of the practical implications and potential additional administrative burdens of any proposed changes.

Our submission contains commentary on a number of specific issues relating to the provision of OSHC along with a summary of member feedback to the consultation questions.

**Universities Australia supports amendments to the Deed that:**

- Provide high-quality health care to effectively support the health and well-being of international students.
- Provide increased clarity and transparency of the OSHC product for students and education and healthcare providers.
- Enhance Australia's competitive position as a world-renowned international education destination.

**This can be achieved by:**

- Retaining the visa requirement for students to have to demonstrate proof of OSHC purchase for the full term of their studies.
- Lowering or waiving current waiting periods in relation to pre-existing conditions of a psychiatric nature, other pre-existing conditions and pregnancy related conditions.
- Including basic repatriation cover in all OSHC products.
- Replacing the requirement for physical membership cards with online membership cards and streamlining online membership cards with the HICAPS system.
- Reviewing the language used in the Deed to make it simpler and easier to understand for international students and health professionals.
- Considering the utility of OSHC in an environment where blended study becomes more prominent.
- Considering integrating international students into the Medicare system for the term of their study as an alternative to OSHC.

**PAYMENT OPTIONS FOR OSHC PREMIUMS**

It is a visa requirement for students to provide evidence of purchase of an OSHC product for their period of study in Australia. The consultation paper raises the proposed amendment (20) to allow insurers to introduce regular premium payment options for OSHC. Although this may improve the initial affordability of the product, there are other concerns surrounding the introduction of payment plans that need to be considered.

The introduction of payment plans may result in a situation where students are unable to meet their premium payments, thus voiding their coverage, but continue to require health care services which results in the affected students facing a large, unanticipated medical bill. Although paying the full cost of the OSHC product at the time of purchase may be financially burdensome, it provides assurance to the government, healthcare system and university that the student is covered for all foreseeable medical needs over the term of their study.

The introduction of premium payment plans could also increase the regulatory burden for government, OSHC providers and universities. As evidence of OSHC purchase being a mandatory requirement for student visas, students on a payment plan would have to enter into an alternative arrangement or contract with the OSHC provider and provide this to government. This may require

additional resourcing to initially verify these payment plans, as well as resourcing to ensure compliance for the full term of the student's study in Australia.

## COMMUNITY RISK RATING

Community risk rating is a matter primarily for insurers, but its introduction would have significant effects on the university sector. The introduction of a risk rating could be seen as discriminatory and disadvantage certain cohorts of students from countries where health systems are not as developed compared to those in Australia. These students may already be struggling to afford the costs of overseas study and increased premiums could act as a further barrier to pursuing overseas study.

In addition to the potential economic impact on students, this approach is not consistent with the Department of Education, Skills and Employment's recent Discussion paper on International Student Diversity at Australian Universities and the Australian Strategy for International Education 2021-2030 – both promote diversification of student source countries, a measure which community risk rating could negatively affect.

The variation in policy premiums could also create an increased workload for government, OSHC providers and universities in calculating, issuing and monitoring these policies.

## WAITING PERIODS

Waiting periods can prevent students from accessing necessary healthcare in a timely manner and does not prioritise the health and well-being of international students. The Deed, under section 8.1, denotes waiting periods of two to twelve months for conditions of a pre-existing psychiatric nature, other pre-existing conditions and pregnancy-related conditions. Although some OSHC providers offer policies which waive these waiting periods, it is often under their "comprehensive cover" and there is variation among which waiting periods are waived and who can access these policies. Promoting a standardised approach to removing or lowering waiting periods across all OSHC providers would support a preventative and early intervention healthcare framework, provide the student with better healthcare and reduce the burden on the health care system.

Under the current arrangements, international students need to rely on university-based health care systems during these waiting periods. These services can quickly become over-burdened. Waiving or reducing these waiting periods would spread the demand more evenly across the health system as a whole and ensure that students receive timely and sufficient care.

## REPATRIATION SERVICES

More robust "basic cover" to allow for repatriation if a student becomes seriously ill or passes away would be welcome.

Whilst some insurers already offer benefits which support repatriation, these benefits often fall under "comprehensive cover" for higher premiums. Feedback from members has indicated that in some cases, the repatriation cover offered does not cover the full cost of repatriation, leaving the university responsible for providing additional support. A standardised approach in the Deed on the inclusion of sufficient repatriation cover in "basic" OSHC would be a constructive change under these very stressful circumstances for families and friends.

## MEMBERSHIP CARDS

The Deed requires students to be issued with a physical membership card within four weeks of purchasing their OSHC product. Some insurers have already pivoted to offer online membership

cards and claiming services through a mobile application. It would seem appropriate to amend the clause requiring a physical membership card to allow for a virtual membership card.

Whilst not part of this review, the Department and OSHC providers might like to give consideration to streamlining online membership cards with the HICAPS system. Although this is currently available with some insurers under select services, a consistent approach across providers and health care services would benefit international students greatly, eliminating the need for any upfront payments and making students' interactions with health care providers as simple as possible.

## **INCREASE PRODUCT TRANSPARENCY AND CLARITY OF BENEFIT COVERAGE**

The language used in the Deed to describe eligible services and benefits for international students is ambiguous for both students and healthcare professionals. UA would be supportive of any changes that would increase international student and health professionals' literacy on the OSHC product.

The proposal in the consultation paper to utilise established clinical categories to simplify what is and what is not covered under hospital treatment and when a benefit may be payable, would be well received. The exact nature of these categories would be best determined in consultation with health professionals and conveyed in plain English. This may create some additional administrative and regulatory burden but would have long-term benefits and lead to a reduction in delayed treatment and upfront out-of-pocket costs for students. Alignment of OSHC to domestic clinical categories will also allow international students to gain a greater understanding of the Australian medical system and assist some individuals in their transition from students to permanent residents or Australian citizens.

## **OFFSHORE STUDY AND OSHC**

Throughout the COVID-19 pandemic and whilst the Australian border was closed, the Department of Home Affairs made temporary regulatory adjustments to allow students studying offshore to use that period of study to meet their Australian Study Requirement for the purposes of applying for post study work rights. Despite being offshore, students were still required to hold OSHC in order to maintain a valid student visa.

The increased emphasis on online and offshore study in the Australian Strategy for International Education 2021-2030 prompts reconsideration of OSHC as a visa requirement.

A decoupling of OSHC and the student visa could be considered for those cohorts of students who intend to complete some or most of their degree offshore, as they will not require OSHC for the periods when they are not in Australia. It will become increasingly complicated for those students who wish to have a blended study experience and this will require additional consultation.

## **ALTERNATIVE MODELS TO OSHC**

There are limitations to the current OSHC program and it is worth considering whether an alternative model could better serve the needs of government, insurance and education providers, the healthcare system and international students.

In the United Kingdom (UK), international students are not required to have private medical insurance. Instead, students pay an Immigration Health Surcharge as part of their visa application fee which provides them with access to the National Health Service (NHS).

Incorporating international students into Australia's Medicare system could go some way to addressing the challenges explored above, and to streamlining and simplifying the system.

UA understands that there may be legislative constraints which do not make this feasible at present. Nevertheless, we believe a broader consultation with stakeholders on the utility of the OSHC program is a worthwhile long-term endeavour.

Another avenue for longer-term exploration is the expansion of reciprocal healthcare arrangements to allow students to access Medicare benefits for the duration of their onshore studies. This is currently available for a small number of countries and, under current arrangements, does not void the visa requirement to enter into OSHC, making reciprocal arrangements an additional coverage rather than a replacement.

## **CONCLUSION**

UA supports any amendments to the Deed which prioritise the health and wellbeing of international students and enhances their experience studying in Australia. Taking steps to ensure the Deed provides equitable and affordable access to health care will go some way to ensuring that Australia remains a destination of choice as we navigate the post-pandemic environment.

A broader discussion on the utility of the OSHC program, as the provider of health care services for international students, will also be a meaningful and worthwhile endeavour over the long term.

It was also noted that universities are not directly listed as stakeholders in the consultation paper. Universities have a central role in the OSHC pipeline and are best placed to provide input into any proposed changes to the Deed. They play a particularly important role educating international students about their coverage and the health system in Australia more broadly.

Any changes to the Deed should be accompanied by an education program to clearly communicate changes and the implications to all international students.

Please feel free to contact Dr John Wellard for any further information regarding this submission:  
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# SUMMARY OF UNIVERSITY RESPONSES TO CONSULTATION QUESTIONS

Universities Australia received feedback from members on the following questions raised in the consultation paper and their answers are summarised below.

<b>Consultation Section 1- Questions for stakeholders</b>	
1. Are the current settings for administering OSHC appropriate and effective?	The current settings are sufficient but there are areas which could be improved to offer international students a high quality, affordable and accessible healthcare experience in Australia.
2. In relation to the definitions of 'insured groups', should the Deed specify that international students and their dependents must purchase a policy (Single, Couple, Family, etc.) equivalent to their approved Student Visa?	The Deed should specify clearly that international students and their dependents must purchase a policy equivalent to the length of the primary visa holder's approved visa.
3. Should out-of-hospital services all be paid at 85% or 100% of the MBS Fee?	Out-of-hospital services should all be paid at 100% of the MBS fee. This will align with Medicare benefits, mitigate unexpected medical costs for students and reduce barriers for accessing appropriate healthcare in a timely manner.
4. In relation to community rating, should OSHC insurers be allowed to risk rate? To what extent should risk rating be permitted and what other conditions should this clause include to ensure students are not disadvantaged?	<p>The concept of community rating by OSHC insurers needs further exploration. On the basis of the consultation paper, risk rating may disadvantage particular student cohorts and be seen as discriminatory.</p> <p>Risk rating would also have a significant impact on the OSHC pricing structure, creating additional administrative and regulatory work for the OSHC provider and university in calculating, issuing and monitoring policies.</p>
5. How do insurers address fraudulent behaviours and non-compliance? What are the alternatives to existing arrangements?	N/A
6. Which out-of-hospital or hospital-substitute services (that are currently not covered) should be part of the minimum benefit requirements of the Deed?	The pharmaceutical benefits threshold, although already covered in the Deed, should be raised to equal what is provided under Medicare. The current benefit payable is substantially lower than the average PBS benefits paid per patient by the Australian Government.

	<p>Members also raised that consideration should be given to covering general dental services, physiotherapy, osteopathy/chiropractic, ongoing psychological services and optical health services.</p>
<p>7. Should emergency or medically necessary out-of-hospital dental treatment be covered under OSHC?</p>	<p>Yes. Covering emergency dental treatment under OSHC would enable more students to access this necessary service.</p> <p>Including a yearly check-up in the Deed would also be a valuable preventative measure to reduce unanticipated costs for the student and complex presentations to hospitals which may burden the Australian healthcare system.</p>
<p>8. What are the alternatives to existing public hospital benefit payment arrangements?</p>	<p>Other stakeholders are better placed to respond to this question.</p>
<p>9. Should there be waiting periods for GP services?</p>	<p>It is difficult to see why a waiting period would be clinically or economically wise.</p> <p>OSHC is designed to provide international students and their dependents with comparable access to permanent residents and citizens under Medicare. In order to fulfil this, students should be able to access a GP as required from the time of their arrival in Australia.</p>
<p>10. If insurers are allowed to offer repatriation cover, should the conditions be specified in the Deed or should it be at the insurer's discretion?</p>	<p>Repatriation cover should be specified in the Deed and included in all OSHC products. If the case were to arise that repatriation was required, a level of cover would go some way to alleviating financial and emotional stress of the student and their family.</p> <p>While this benefit is available under some policies, a consistent approach included in the Deed would be well received.</p>
<p>11. In addition to the proposed Deed amendments identified, are there any other changes to the Deed that should be considered?</p>	<p>Any further changes have been discussed in the body of the submission.</p>
<p>12. For non-OSHC insurers, which aspects of the Deed prevent you from offering OSHC? How can the Deed be more accessible for new OSHC market entrants?</p>	<p>N/A</p>
<p>13. Given the necessity of OSHC for international students and the Australian health system, are there any other suitable arrangements in providing international</p>	<p>Considerations could be given to incorporating international students into the Medicare system for the term of their study. This model is seen in the UK, where international students pay a fee</p>

students and their dependents with adequate health coverage?	<p>as part of their visa charge to access to the NHS for their term of study.</p> <p>An expansion of existing reciprocal healthcare arrangements or similar models could also be considered.</p>
14. Will clarifying the requirements of the Deed improve or further hinder the operation of OSHC for your organisation?	Clarifying the requirements of the Deed will improve the operation of OSHC for member universities in calculating, issuing and monitoring policies over the student's term of study.
15. What transition arrangements and timeframe would be appropriate to implement this change?	<p>Universities are central to the OSHC pipeline and are best placed to provide advice on suitable timelines and transition arrangements for their institution.</p> <p>Any changes will need to be communicated with a long lead time, given the timeframes involved in international student recruitment - up to one to two years prior to implementation.</p>
16. For your organisation, what is the regulatory effect of introducing and maintaining this change? What are the internal and external factors or influences that can hinder this change?	<p>Regulatory effects would depend on the changes implemented but, broadly speaking, some changes may significantly impact a university's compliance monitoring of OSHC and the resources allocated to this.</p> <p>All changes will have an administrative impact, involving staff training and student education to adapt to any changes. Sufficient lead times will greatly assist in a smooth transition.</p>
17. What is the anticipated impact on premiums?	<p>This is a question for OSHC providers but universities would advocate for any measures to substantially mitigate increases to premiums.</p> <p>If premiums were to increase, this would have to be clearly communicated with a sufficient lead time to both universities and students.</p>

<b>Consultation Section 2- Questions for stakeholders</b>	
1. What are the factors driving misconceptions of OSHC in the Australian health care system?	N/A
2. What is the effect of formalising the use of clinical categories on existing insurer/health care provider administration of OSHC?	N/A
3. Will linking OSHC products to that of a product tier improve or change health care outcomes for international students?	Linking OSHC products to a product tier may improve health care outcomes for international students, only if this leads to eased

	<p>administration for the health professionals providing services to students.</p> <p>The addition of product tiers may cause confusion for international students. It would need to be accompanied by the streamlining and simplification of the terminology used in the Deed.</p>
4. Consider the factors that may be required of private health insurers in relation to redefining the minimum benefits for out of hospital treatment offered under OSHC and the potential changes to the Deed	N/A
5. How could information about out of hospital services be more transparent?	All information regarding OSHC should be written in plain English and clearly communicated to international students prior to or shortly after their arrival in Australia.
6. Are there alternative options that could improve transparency and understanding for consumers and health care providers?	<p>Some international students do not have a thorough understanding of the Australian medical system and associated terminology when they arrive in Australia.</p> <p>Clear and accurate educational resources in plain English on the Australian healthcare system and OSHC would provide greater transparency and understanding.</p> <p>In-person access to multi-lingual OSHC representatives would also be of significant value.</p>
7. What is the anticipated impact on premiums of this proposal?	As per section 1: question 17.
8. What transition arrangements and timeframe would be appropriate to implement this proposal?	As per section 1: question 15.
9. What are appropriate metrics for measuring the impact of this proposal?	N/A
10. For your organisation, what is the regulatory burden associated with this proposal?	As per section 1: question 16.