



## **Review of the *Education Services for Overseas Students (ESOS) Act 2000***

### **Submission by Medibank Private Ltd**

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[www.medibank.com.au](http://www.medibank.com.au)

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### **Introduction**

Medibank is Australia's largest integrated health insurance and health solutions group. Under our brands of Medibank Private and ahm, we provide private health insurance to 3.5 million Australians and 200,000 overseas visitors and students.

Each year, we spend over \$3 billion on our members' health, giving them peace of mind through access to our Members' Choice network of health care providers.

However, Medibank is more than simply a payer of health bills. Following our mergers with ahm and Health Services Australia, Medibank is now a leading provider of programs and services designed to improve the health status of our customers. We provide a range of advice and coaching on health and wellbeing as well as programs targeted at individuals with chronic conditions and personal support for new mothers.

Through some 45 clinics nationwide, we are also delivering more than 350,000 health assessments each year on behalf of corporate and government clients, as well as vaccinations, injury prevention and treatment, rehabilitation case management and return to work programs.

In the future we see a new picture of health – one where Medibank can make a difference to the health of Australians.

By drawing upon the expertise of the 1,000 health professionals we now employ, we will play a broader role in driving superior health outcomes through:

- Prevention and chronic disease management;
- Expanding choices for care outside the hospital setting;
- Supporting the development of electronic health records; and
- Continuing to promote clinical quality and safety.

Medibank is also committed to keeping private health care affordable and accessible. This means being vigilant on costs, seeking efficiencies through technology and system improvements, and ensuring our customers receive the right care in the right setting at the appropriate price.

Longer term, our aim is to contribute to the reform to Australia's health system by offering a broader and deeper range of services and programs, reducing the burden of chronic disease and maximising the wellbeing of the wider community.

With Medibank's extensive customer base, we are well-placed to make a difference in the lives of those we cover and we remain committed to our Purpose of ensuring our customers are clearly better off with Medibank.

Medibank Private is a major provider of Overseas Student Health Cover (OSHC) which students are required to take up as part of their visa conditions. This ensures that state and territory governments are not inadvertently left with student's health care costs. Medibank has provided OSHC to students for 20 years and now have more than 160,000 student members which represents more than 40% of the number of international students currently studying in Australia.

In our provision of this cover, we have noted several concerns regarding the administration of OSHC by educational institutions, including that its effectiveness in providing support for international students could be enhanced through better regulation and enforcement under the ESOS framework.

### **Issues**

As indicated, a number of concerns exist in relation to the administration of OSHC. Principal amongst these concerns is that, despite OSHC being mandated as a student visa condition, the way in which the OSHC is administered results in a high percentage of students do not have OSHC thus risking both their health and finances.

It is also a concern that funds collected from students by educational institutions or their agents are not held in trust by those organisations but rather are mixed with the common funds of the business. These funds are therefore at risk of being misused or lost if the business fails with the result that the student would not receive access to the OSHC for which they have paid.

An additional concern is the high commissions taken by large educational institutions from OSHC providers for the granting of preferred supplier agreements to providers. These commissions divert funds from enhancing benefits for students' health cover to enhancing the general income of institutions, including, in some cases, being used to provide benefits for staff of those institutions.

These three key concerns span a number of the issues identified by the ESOS Review and this submission discusses each concern in the context of the relevant issues.

### ***Question IV. Where do international students needs differ to other students, such that additional or different regulation is required?***

Changes are needed to the way in which the OSHC is administered in order to ensure that students are both covered for their health care costs and receive the OSHC for which they may have paid,

### **Non Renewal of OSHC**

Medibank Private's experience is that many students inadvertently do not renew their cover when the initial period of cover, usually 12 months, expires. The number who do not renew can be significant and it is estimated, by comparing international student enrolments by institution to OSHC memberships, that the number of students without cover at particular institutions can be as high as 40%.

Several factors can influence the incidence of non-renewal. Whilst students are aware that OSHC is mandated as a student visa condition, they are also likely to be aware that it is seldom enforced. Choosing not to renew OSHC is therefore highly unlikely to have any visa related ramifications.

Institutions also have no direct statutory obligation to ensure that students renew their cover. Focus on checking that students have current OSHC varies from institution to institution depending on their perception of their duty of care and whether it is considered that this extends to ensuring that their students' OSHC is renewed. Many institutions, however, have no administrative processes in place for checking whether their students' OSHC is kept up to date.

When institutions are confronted with this problem, many state that it is the responsibility of the OSHC provider. However it should be the institution, not the provider, that has the primary responsibility for the welfare of the student and it is also the only organisation with the capacity to ensure students are covered. As an independent organisation, the OSHC provider is dependent on the enrolling institution or the student themselves to provide current contact details. Whilst in practice, neither usually do, the provider has no means of doing so themselves. In part, this is because often OSHC is first arranged prior to the student arriving in Australia when local contact details are not yet available. After arrival, there is no compulsion for either the institution or the student to update the student's contact details with the OSHC provider. Medibank Private has found that despite encouraging both education providers and students to provide and update contact details, we usually have no more than 30% of students' contact details at any point and these are often not current.

**Recommendation to address the above concerns:**

That the ESOS National Code make explicit the educational institutions' duty of care to ensure that students have current OSHC; to introduce an administrative processes for checking each student has current OSHC to ensure that they are not left with expensive medical bills; The educational institution should also report students that have not renewed their cover to Department of Immigration and Citizenship even after full information being provided by educational institutions.

**Visa Length Cover**

Some institutions, particularly those in the university sector, have attempted to address the problem of students not renewing their OSHC by mandating that students pay in advance for program length OSHC (PLC) rather than the minimum 12 months (or visa length if shorter) that the OSHC providers are required to provide by the OSHC Deed. While this has improved the situation at those institutions which have implemented PLC, this is not a wide-spread practice outside the University sector, whilst, even there it varies in the rigour of its implementation and effect.

Many educational institutions do not implement PLC as they believe that it increases students' initial financial outlay to an extent that is uncompetitive against other institutions who do not enforce PLC. Advice from providers who have implemented PLC is that this is not in alignment with their experience. This may be because the total outlay for OSHC is very small compared with the total outlay required from a new student when travel, tuition and accommodation are considered.

PLC alone does not completely address the problem of students who do not renew cover as the option remains for students to cancel their cover. At present, should this occur, the lack of regular checking of OSHC status at most institutions would not detect it nor identify the need to extend OSHC should a student extend their study.

A further complication is that many institutions do not arrange cover for appropriate periods. It is common practice for institutions to arrange cover only from day one of the first study period of the course until the final day of the last study period of the course. This leaves students without cover for the period between their arrival in Australia and the start of their course as well as the period between the last day of their course and the day of their visa expiration or departure. This latter period is often at least 2 months and can be as long as 4 months.

*Recommendation to address the above concerns:*

Institutions should be required to ensure students take out program length OSHC that commences on the day that they expect or require students to arrive, ie., typically before the beginning of the orientation period, and continues until the normal visa expiry date for that course. This would be until March 15 for courses finishing in November or 2 months after the end of the course for courses finishing at other times of the year.

**Question ii. How should the Australian Government and the International Education sector protect international students if a provider closes? How should this be resourced?**

*Students' Funds at Risk*

It is common practice for educational institutions and their agents to collect OSHC premiums from students and hold that revenue in the common funds of the business, rather than in a separate trust account. It is also common for remittance of that money to the OSHC provider to be delayed. Often funds are held until after the student arrives in Australia, resulting in the student being without OSHC cover on arrival.

In addition, it has been known for some educational institutions in financial difficulty to use students' OSHC premiums as a source of free cash flow and even to cease trading without paying students' funds to the OSHC provider. Again this results in the student being without OSHC and, in some cases, without recourse to the funds either.

*Recommendation to address the above concerns:*

Educational institutions be required to hold students' OSHC funds in a separate trust account and to remit those funds to an OSHC provider within 14 days of receipt so as to ensure that cover is in place on the expected arrival date of the student.

Please do not hesitate to contact Catherine McGovern, Group Manager Government and Industry Affairs on [REDACTED] if you would like any additional information in relation to our submission.