COMMONWEALTH OMBUDSMAN

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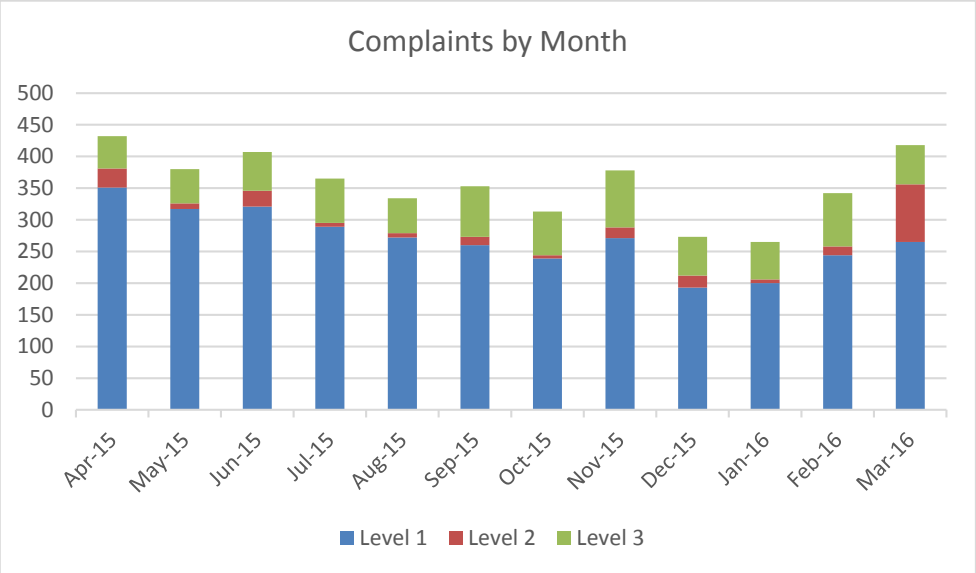
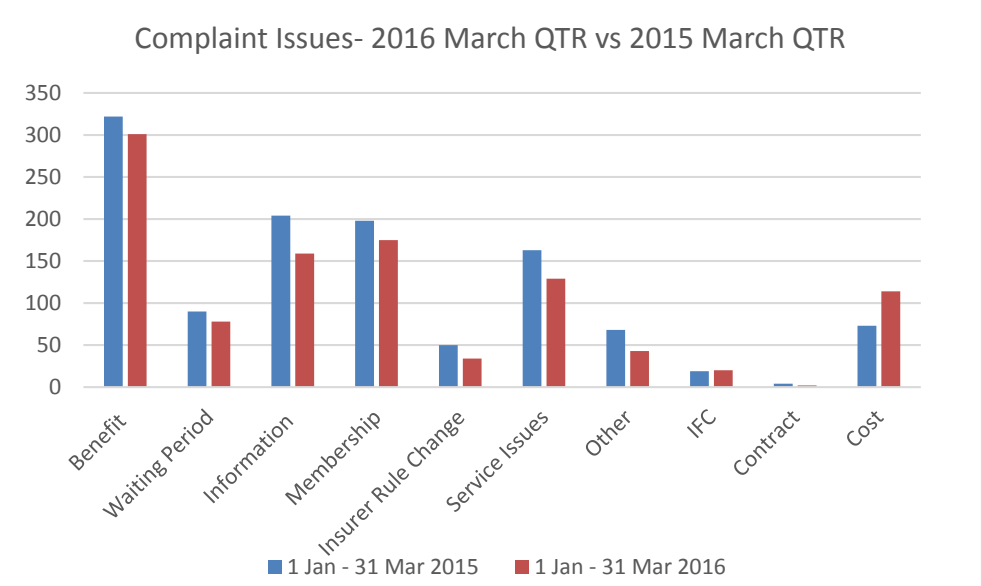
Private Health Insurance Ombudsman Quarterly Bulletin 78
(1 January – 31 March 2016)

Complaint Statistics and Workload

The Private Health Insurance Ombudsman (PHIO) received 1025 complaints this quarter, compared to 964 in the previous quarter. In the same period in 2015, the PHIO received 1088 complaints.

The March quarter is a busy period in the lead-up to the regular 1 April premium increase when insurance is top-of-mind for consumers. This is reflected in the Issues, with 114 complaints received about the premium increases. Most complaints about the premium increase are closed at Level 2 complaints (Grievance)





Top 5 Consumer Complaint Issues This Quarter

1. **Premium Increase: 114 complaints -** With premiums increasing on 1 April, this is a significant issue for consumers every March quarter. Complaints usually occur when a consumer questions a difference between their individual premium increase and the reported average insurer and industry increases. Most cases are closed with providing an explanation from PHIO, with no need for a referral to the health insurer. PHIO publishes a factsheet on premium increases online.

2. **Oral Advice: 104 complaints** - Most oral advice complaints concerned consumers misunderstanding their benefits during telephone calls and retail branch visits, particularly where records are not adequately maintained.

3. **Membership Cancellation: 66 complaints** - Issuing refunds and clearance certificates in a timely manner are the main cause of complaints.

4. **Pre-existing Condition (PEC) Waiting Period: 57 complaints** - These complaints are usually caused by the health insurer or the insurer's medical practitioner failing to clearly state which signs and symptoms were relied upon in assessing a claim and by the complainant misunderstanding how a PEC is defined. The PHIO publishes a PEC factsheet online.

5. **General Treatment (Extras) Benefits: 56 complaints –** These complaints are caused by complainants receiving a lower benefit than they expected.

Investigation into Plastic & Reconstructive Treatment and "Pre-Assessing" by Health Insurers

The PHIO has decided to investigate the practices and procedures of a number of health insurers after being approached by complainants about problems associated with booking into hospital for plastic and reconstructive treatment.

The focus of the investigation is to consider whether the practices and procedures of private health insurers "pre-assessing" plastic and reconstructive surgery claims is appropriate. The investigation will also consider the transparency of information provided to policyholders/patients at the time they are seeking plastic and reconstructive treatment. It should be noted that this investigation is limited to looking into the practices of health insurers in assessing Medicare-eligible (not cosmetic) plastic and reconstructive surgery as currently defined in the Medicare Benefits Schedule.

The PHIO will be seeking information and interviewing private health insurers, consumers, medical practitioners and hospitals to obtain an understanding of how claims for plastic and reconstructive surgery are being assessed, and the quality of information being provided to consumers regarding their entitlements to claim under their health insurance policies.

If you would like to provide information to assist the investigation please contact PHIO at phio.info@ombudsman.gov.au or telephone 1300 362 072 (option 4).

Waiting period for Obstetrics– Due Date vs Admission Date

Health insurers are permitted to apply a waiting period of up to 12 months on obstetrics claims. These are claims that are defined as obstetric in the Commonwealth Medicare Benefits Schedule. In practical terms, for those taking out insurance for obstetrics for the first time PHIO recommends commencing a policy well ahead of any expected delivery date to cover the possibility of premature births.

When selling an obstetric policy some insurers have caused problems for consumers when they are not clear that the waiting period applies to the actual delivery date of a baby, i.e. the mother's hospital admission date, and not the medically advised "expected" delivery date of a baby.

PHIO is aware that in the past some insurers offered flexibility to mothers whose babies were born earlier than expected and correspondingly before the 12 month waiting period had been met. These insurers would check that the expected delivery date for the baby was originally written down by the obstetrician as a date after the 12 month waiting period date had expired. However this practice of allowing flexibility rarely occurs now and insurers will commonly refuse claims unless a full 12 month waiting period for obstetrics has been met.

In investigating complaints about this issues, the main cause of problems seems to be information provided by insurers during sales calls. In a few cases, there appears to have been some confusion about whether the insurer would offer flexibility to mothers whose babies are born a week or two earlier than anticipated. The advice from insurers to PHIO was that in all instances the waiting period of 12 months for obstetrics applies, even to cases where a baby is born only a couple of days before the end of the waiting period.

Whilst it is within an insurer's ability to apply the waiting period to obstetrics in this way, PHIO believes it is important to advise prospective mothers well ahead of time that regardless of the circumstances, the insurer will not offer flexibility if a baby is born earlier than expected. For those that are not pregnant and possibly still in the planning stages, this re-enforces the need to update to a policy that includes obstetrics well ahead of time. For those that are already pregnant, it enables the mother to plan and possibly change to a public patient admission if the advice is provided early enough.

Further advice for consumers about obstetrics is available in PHIO's Obstetrics fact sheet.

Changes for Norfolk Island residents

From 1 July 2016, residents of Norfolk Island will be eligible for Medicare benefits and will therefore also be able to purchase Australian private health insurance policies.

Norfolk Island residents who are aged over 31 will have a 12 month grace period to purchase hospital insurance without incurring a Lifetime Health Cover (link) loading. If purchasing from or after 1 July 2017, a loading will apply.

For younger residents, they will have until their normal LHC base day of the 1 July following their 31st birthday to purchase insurance without incurring LHC loading.

Further information is available on the Department of Health's website

Overseas Students Ombudsman

In the Commonwealth Ombudsman's role as the Private Health Insurance Ombudsman, we can investigate matters dealing with Overseas Student Health Cover. For other matters dealing with private education providers, the Commonwealth Ombudsman also has a role as the Overseas Students Ombudsman:

The **Overseas Students Ombudsman (OSO)** investigates complaints about the actions or decisions of private education providers in connection with international students. This includes complaints about problems international students may have with their education provider arranging their Overseas Student Health Cover. The OSO has investigated a small number of complaints about education providers taking the money but then either failing to arrange the cover or arranging the cover too late – after the student has arrived in Australia.

International students are required as a condition of their student visa to maintain OSHC from the day they arrive in Australia and as long as they stay in Australia on a student visa. If you think your education provider has not arranged your OSHC as agreed, talk to them first. If you are still not happy, you are welcome to contact the OSO: www.ombudsman.gov.au/about/overseas-student-ombudsman-landing-page

You can also contact the OSO about other problems you may have with your private education provider. The top four types of complaints the OSO received in 2014–15 were:

- refunds and fees disputes
- providers' decisions to refuse a student transfer to another provider
- providers' decisions to report students to the Department of Immigration and Border Protection (DIBP) for failing to meet course progress requirements
- providers' decisions to report students to DIBP for failing to meet attendance requirements.

Other complaint types include:

- cancellation of enrolment
- deferrals and temporary suspension of studies
- education agents
- admissions refusals, grades, completion certificates and academic transcripts
- providers' internal complaints and appeals processes.

Visit our website for more information including Frequently Asked Questions for Students in English and 21 other languages.

Complaints by Health Insurer Market Share

1 January to 31 March 2016

Name of Insurer	Complaints(1)	Percentage of Complaints	Level-3 Complaints(2)	Percentage of Level-3 Complaints	Market Share(3)
ACA Health Benefits	0	0.0%	0	0.0%	0.1%
Australian Unity	46	5.2%	8	4.9%	3.1%
BUPA	209	23.6%	52	31.7%	26.8%
CBHS	7	0.8%	2	1.2%	1.4%
CDH (Cessnock District Health)	1	0.1%	0	0.0%	<0.1%
CUA Health	25	2.8%	4	2.4%	0.6%
Defence Health	5	0.6%	2	1.2%	1.8%
Doctors' Health Fund	1	0.1%	0	0.0%	0.2%
GMHBA	8	0.9%	0	0.0%	2.0%
Grand United Corporate Health	6	0.7%	1	0.6%	0.4%
HBF Health	18	2.0%	2	1.2%	7.4%
HCF (Hospitals Cont. Fund)	77	8.7%	13	7.9%	10.5%
Health.com.au	11	1.2%	3	1.8%	0.6%
Health Care Insurance	0	0.0%	0	0.0%	0.1%
Healthguard (GMF)	5	0.6%	0	0.0%	0.5%
Health-Partners	2	0.2%	0	0.0%	0.6%
HIF (Health Insurance Fund of Aus.)	3	0.3%	1	0.6%	0.9%
Latrobe Health	4	0.5%	0	0.0%	0.7%
Medibank Private & AHM	350	39.5%	63	38.4%	28.6%
Mildura District Hospital Fund	0	0.0%	0	0.0%	0.2%
National Health Benefits Aust.	1	0.1%	0	0.0%	0.1%
Navy Health	0	0.0%	0	0.0%	0.3%
NIB Health	72	8.1%	11	6.7%	7.9%
Peoplecare	2	0.2%	0	0.0%	0.5%
Phoenix Health Fund	0	0.0%	0	0.0%	0.1%
Police Health	0	0.0%	0	0.0%	0.3%
QLD Country Health Fund	1	0.1%	0	0.0%	0.3%
Railway & Transport Health	5	0.6%	0	0.0%	0.4%
Reserve Bank Health	0	0.0%	0	0.0%	<0.1%
St Lukes Health	0	0.0%	0	0.0%	0.4%
Teachers Federation Health	13	1.5%	2	1.2%	2.1%
Teachers Union Health	1	0.1%	0	0.0%	0.5%
Transport Health	6	0.7%	0	0.0%	0.1%
Westfund	6	0.7%	0	0.0%	0.7%
Total for Health Insurers	**885**	**100%**	**164**	**100%**	**100%**

1. Number of Complaints (Levels 1, 2 & 3) from those holding registered health fund policies.
2. Level 3 Complaints required the intervention of the Ombudsman and the health fund.
3. Source: PHIAC, Market Share, All Policies, 30 June 2015.