

Quarterly Bulletin 52

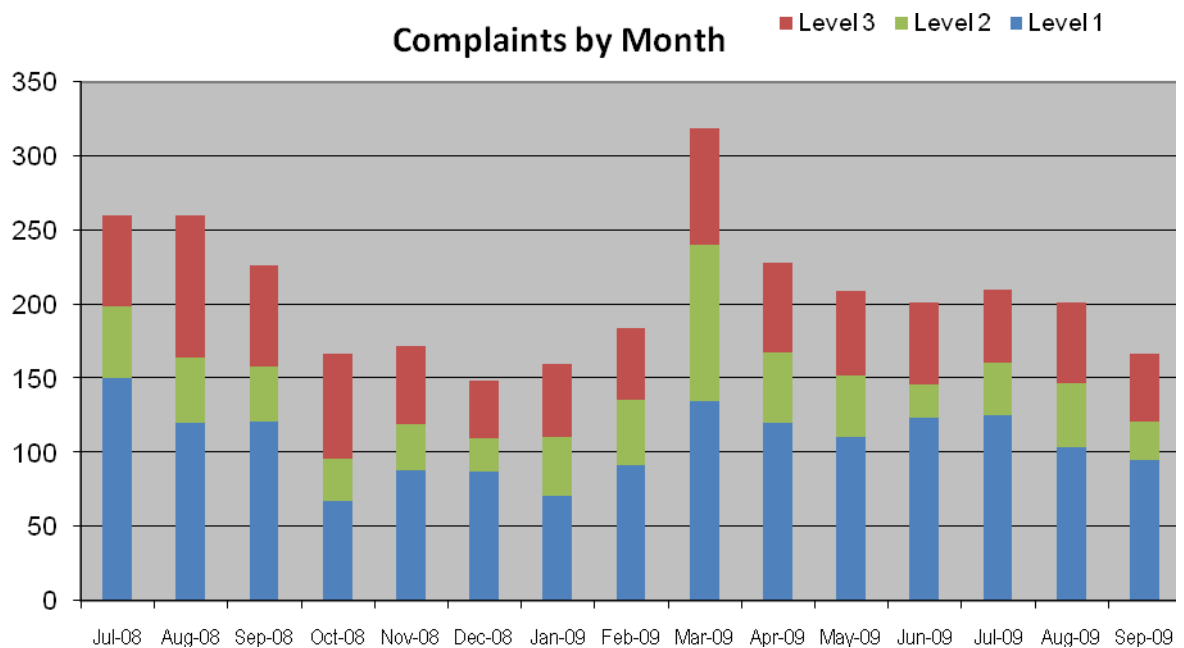
(1 July to 30 September 2009)

Complaint Statistics & Workload

The office received 515 complaints about registered health insurers during the quarter, which was 13% less than the previous quarter and 24% fewer than the same period last year.

Of the complaints received, 140 were classified as Level-3 complaints. This was a 9% reduction on the previous quarter and 18% less than the same period last year.

Other complaints received by the office included 47 complaints about hospitals, 15 complaints about *overseas visitors' cover*, 11 complaints about doctors, 3 about dentists, and 1 complaint about a health insurance broker. The "Ask a Question" mailbox on privatehealth.gov.au sent out 311 responses to consumers with questions about the website and related health insurance questions.



When recording a complaint, PHIO staff note one or more issues as expressed by the complainant. During the quarter the most significant number of complaints generally related to benefits with 61 complaints related to waiting periods, 51 complaints concerned insufficient levels of cover, 27 concerned benefit amounts, 26 concerned delays in payment, 20 related to hospital gaps and 20 related to medical gaps.

Another significant area of complaint related to customer service, with 63 service complaints and 31 complaints related to premium payment administration problems. Other complaint issues raised included 89 complaints about problems with oral and written information received from health insurers, 23 complaints about problems cancelling memberships and 22 complaints about transferring memberships.

Clearance/Transfer Certificates

PHIO has been asked by a number of insurers and brokers to investigate delays experienced in obtaining clearance/transfer certificates. Whilst this is an important issue for the consumer affected, the industry is

working towards reducing complaints about this issue. The number of complaints received by the PHIO about transfer/clearance certificates decreased from 112 in 2007/08 to 88 in 2008/09.

According to the legislation,ⁱ insurers need to provide a copy of a transfer certificate on request within 14 days. Problems arise due to poor administrative practices and differing views about what is considered an “authorised” request.

PHIO’s investigation of complaints about this issue reveals that delays are most likely where an insurer believes that all parties, including dependants on a membership need to sign an authority to request information is released to a new insurer.

Issues have also arisen because of communication problems between insurers, particularly where one insurer needs to return an authority because it considers authority wasn’t properly provided.

PHIO would like all insurers to understand the following points in relation to obtaining and sending clearance/transfer certificates:

1. Dependants, including those over 18 years old, do not need to sign an authority to release transfer/certificate information to a new insurer. This is because the Adults nominated on the policy have the authority to access and amend the policy.
2. The AHIA recently updated its list of contact details for insurers to obtain and request certificates. These are available for all insurers to view and use on the AHIA website. It would be helpful if all members of the AHIA kept up to date with this list.
3. PHIO is able to assist consumers to obtain a clearance certificate from their old insurer if the insurer is taking more than 14 days to respond or if there is an urgent need to obtain the certificate. Usually, PHIO will resolve a consumer complaint like this within 48-hours.

PHIO believes that the number of complaints about this issue will be reduced by addressing administrative issues with individual insurers via our complaints handling process.

Communication of Detrimental Rule Changes

As insurers consider what changes may need to be made to policies for the 2010 premium round, it is timely to reiterate PHIO’s expectations regarding communication with members of significant changes such as removing benefits for a type of procedure or increasing an excess amount.

A comprehensive and well planned communications campaign in relation to significant detrimental rule changes is important to ensure that members are aware of the change and are not disadvantaged. It also reduces complaints to the fund and to the PHIO.

Legislation requires a member to be given advance notice of any detrimental change to a complying health insurance policy (see Section 93-25 of the Private Health Insurance Act 2007). Usually, this will be by way of a personal letter addressed to the member.

It is important that the letter is written in such a way that notice of the change in cover cannot be missed amongst information about rate changes or other initiatives. The relevant information therefore needs to be high on the first page of the letter, under a bold heading along the lines of “**Important changes to your cover – removal of maternity services**” – or similar.

The letter also needs to highlight the action required by the member if they do not wish to accept the reduction in their cover and options for upgrading cover, as well as the date by which an upgrade needs to occur.

This letter should be followed up; either by a very specific second letter or an out-bound call or e-mail campaign to members who have not chosen to upgrade their cover. The information can, additionally, be highlighted in the fund’s newsletter.

Members who contact the fund by visiting a branch, telephoning or e-mailing in the six months following the change should be reminded about the cover change and given an opportunity to upgrade their cover. Where this information is given to the member, a note should be made on the customer contact record.

PHIO would appreciate advance notice from insurers of any significant changes to policies that are being planned for 2010. The office is happy to discuss any specific changes in more detail with insurers and review any correspondence, if this would be of assistance. Please note that all advice is kept strictly confidential within the office.

Health Insurance Policies for 457 Visa Holders

Earlier this year, the Department of Immigration and Citizenship (DIAC) announced a number of changes to the way it administers arrangements for temporary visitors holding 457 working visas. One change impacting on health insurers is the introduction of a requirement from 14th September 2009 for visa holders to take responsibility for purchasing their own health insurance, rather than it being an employer responsibility. DIAC also set a minimum standard of health insurance for 457 visa holders, and they are now required to purchase an insurance policy that meets this minimum requirement.

DIAC has recently indicated that it will provide 457 visa holders entering Australia with a list on its website of Australian based insurers (health funds and general insurers) who offer an insurance policy that meets the new 457 visa condition.

PHIO is currently working with industry stakeholders to compile a list of insurers that offer compliant policies for 457 visa holders. This will be provided to DIAC for inclusion on its website. In future, any new entrants to the market will need to ensure they advise their details to DIAC for inclusion on the website.

Website Changes & Timing of Premium Increase Upload

PHIO is currently updating the privatehealth.gov.au website and preparing for next year's round of premium information uploads. Arrangements for uploading data for standard information statements are similar to last year, although this year Human Solutions and the Department of Health and Ageing are currently working on an additional spreadsheet to assist in providing new information to the Department. For this reason, PHIO suggests staff members who are responsible for uploading information double-check how the system operates well ahead of the deadlines.

Gastric Banding/Obesity Surgery and Standard Information Statements

The Standard Information Statement (SIS) does not currently have an option to indicate whether a policy restricts or excludes benefits for gastric banding or obesity surgery. PHIO has noticed an increase in policies that restrict this type of procedure and has also received several consumer complaints that the SIS does not identify this specific restriction. SISs for policies with this restriction currently indicate that there are more restrictions and conditions than are stated on the SIS, but PHIO considers in this particular case that a specific warning is preferable.

Inclusion of this restriction on the SIS is currently being considered but until further notice, PHIO requests all insurers offering these policies to specifically note the restriction in the "other features" free text box.

Please contact David McGregor on 02 8235 8777 if you require assistance or have any questions.

ⁱ *Private Health Insurance Act 2007 Section 99-1 and Private Health Insurance Complying Product Rule 10*

Complaints by Health Insurer Market Share

01 July - 30 September 2009

Name of Fund	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%
AHM	18	3.5%	6	4.3%	3.0%
Australian Unity	22	4.3%	6	4.3%	3.2%
BUPA (HBA)	37	7.2%	9	6.4%	9.8%
CBHS	4	0.8%	1	0.7%	1.2%
CDH (Cessnock District Health)	0	0.0%	0	0.0%	<0.1%
CUA Health	0	0.0%	0	0.0%	0.4%
Defence Health	3	0.6%	3	2.1%	1.4%
Doctors' Health Fund	0	0.0%	0	0.0%	0.1%
GMHBA	8	1.6%	5	3.6%	1.5%
Grand United Corporate Health	1	0.2%	0	0.0%	0.3%
HBF Health	32	6.2%	6	4.3%	7.5%
HCF (Hospitals Cont. Fund)	36	7.0%	7	5.0%	8.9%
Health Care Insurance	0	0.0%	0	0.0%	0.1%
Health Insurance Fund of W.A.	3	0.6%	0	0.0%	0.4%
Healthguard	3	0.6%	1	0.7%	0.5%
Health-Partners	5	1.0%	1	0.7%	0.6%
Latrobe Health	7	1.4%	2	1.4%	0.6%
Manchester Unity	26	5.0%	11	7.9%	1.5%
MBF Alliances	13	2.5%	4	2.9%	2.0%
MBF Australia Limited	102	19.8%	32	22.9%	15.7%
Medibank Private	102	19.8%	21	15.0%	28.7%
Mildura District Hospital Fund	0	0.0%	0	0.0%	0.3%
National Health Benefits Aust.	0	0.0%	0	0.0%	<0.1%
N.I.B. Health	53	10.3%	17	12.1%	7.0%
Navy Health	1	0.2%	0	0.0%	0.2%
Peoplecare	1	0.2%	0	0.0%	0.3%
Phoenix Health Fund	0	0.0%	0	0.0%	0.1%
Police Health	2	0.4%	1	0.7%	0.3%
QLD Country Health Fund	1	0.2%	0	0.0%	0.2%
Railway & Transport Health	7	1.4%	0	0.0%	0.3%
Reserve Bank Health	0	0.0%	0	0.0%	<0.1%
St Lukes Health	1	0.2%	1	0.7%	0.4%
Teacher Federation Health	18	3.5%	3	2.1%	1.7%
Teachers Union Health	3	0.6%	1	0.7%	0.4%
Transport Health	0	0.0%	0	0.0%	0.1%
Westfund	6	1.2%	2	1.4%	0.7%
Total for Health Insurers	515	100%	140	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 2008