



Issues in this bulletin

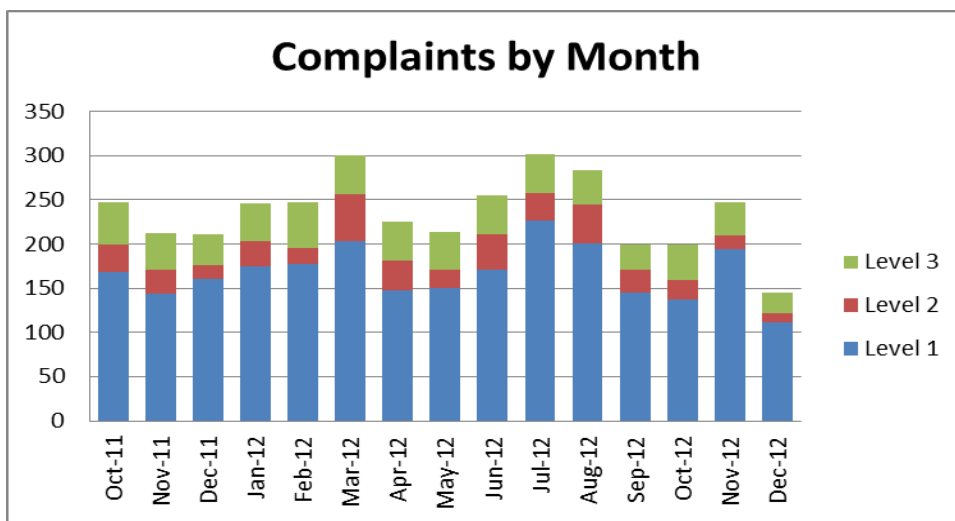
- Complaint statistics and workload
- Sale of Complying Health Insurance Products to non-residents
- Advice to reciprocal Medicare card holders who purchase CHIPs
- Consumers Health Forum Website
- Complaints Staff Workshops in 2013

Quarterly Bulletin 65

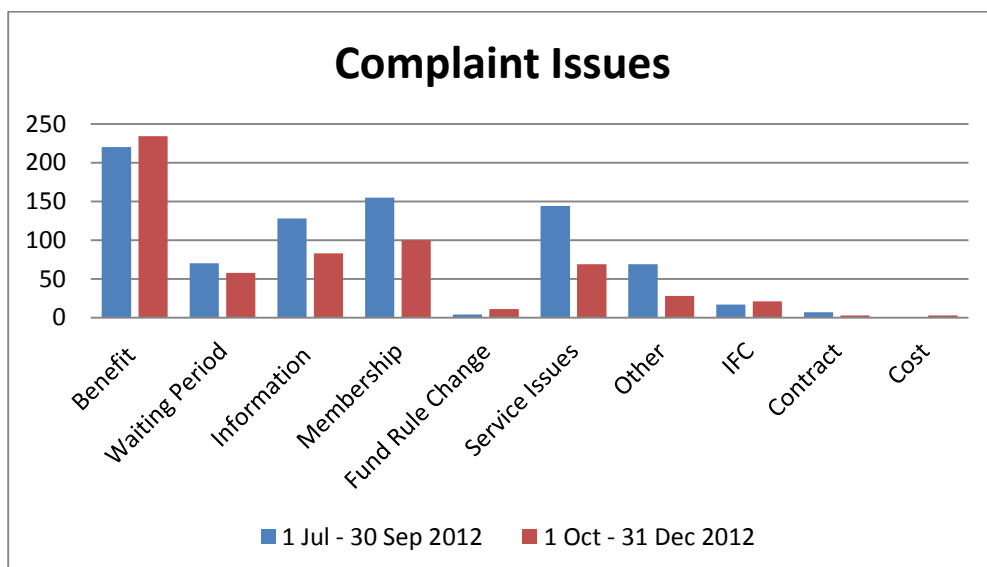
(01 October - 31 December 2012)

Complaint Statistics & Workload

There was a decline in complaints during the December quarter, with 591 complaints received. This was a 25% reduction on the previous quarter and 13% fewer complaints than the December quarter in 2011. Complaints to PHIO generally decline during the December/January holiday period.



During the December quarter, there were fewer complaints about Service, Membership and Information issues. There was no reduction, however, in complaints about benefit issues, despite the 25% reduction in complaints overall. The most common benefit claiming problems reported by complainants were Delays in Payments (50), Levels of Cover (46), Hospital Exclusions (39), Hospital Gaps (15), Medical Gaps (10) and Non-Recognised Podiatry (10).



Sale of Complying Health Insurance Policies to Non-Residents

PHIO is still receiving complaints from temporary residents who have been advised by health fund staff that they are not permitted to purchase a Complying Health Insurance Policies (CHIP), due to their residency or Medicare status. This topic was previously raised in QB 59 and 61, so it is disappointing to hear from consumers that this continues to be an issue.

The inability to purchase a CHIP has the potential to adversely impact on the member's Lifetime Health Cover (LHC) and Medicare Levy Surcharge (MLS) status. As part of their training, fund staff should be made aware that health funds are required to sell CHIPS to anyone who wishes to purchase them. As stated in the Department of Health and Ageing's PHI Circular 60/09, "This eligibility principle applies regardless of the colour and type of any Medicare card held by the consumer. It also applies even if the consumer doesn't hold a Medicare card." The full text of the circular can be found on the Department's [website](#).

Staff should be made aware that it is important to question all new members about their Medicare entitlement and not just their residency or visa status, because it is the consumer's Medicare status that becomes most important when determining what benefits they will or won't have access to when purchasing a CHIP (see table below). PHIO is happy to discuss this issue with health funds if any clarification is required – contact website@phio.org.au or 1300 737 299.

While temporary residents may purchase a CHIP for LHC and MLS purposes, funds are still required to advise them of the limitations that will apply due to their Medicare status if they seek to claim benefits under their CHIP for hospital treatment. This is discussed in more detail below.

For people purchasing a CHIP (Australian residents') hospital policy:

Medicare Status	Eligible to claim Rebate?	Liable to pay Medicare Levy Surcharge?	Liable to pay Lifetime Health Cover loading?	Covered for private patient hospital admissions on a CHIP?
Full benefits (green card)	Yes.	Yes, if earning over MLS threshold.	Yes, if purchasing after LHC base day.	Yes, if they have appropriate cover and have completed waiting periods.
Interim benefits (blue card)	Yes.	Yes, if earning over MLS threshold.	Yes, if purchasing after LHC base day.	Yes, if they have appropriate cover and have completed waiting periods.
Reciprocal Health Care Agreement (yellow card marked 'Reciprocal')	Yes.	Yes, if earning over MLS threshold. The most common reason an RHCA card holder would purchase a CHIP hospital policy is to avoid the MLS.	No – LHC rules do not apply until they have been granted a blue interim or green full Medicare card.	No – nil or limited benefits are payable if they attempt to claim on a CHIP hospital policy. They can purchase Overseas Visitors Health Cover in addition to the CHIP to cover private patient treatment.
No benefits	No.	No.	No – LHC rules do not apply until they have been granted a blue interim or green full Medicare card.	No – they can purchase Overseas Visitors Cover for private patient treatment.

Advice to Reciprocal Medicare Card Holders Who Purchase Complying Health Insurance Policies

PHIO has recently received a number of complaints from people who have access to limited Medicare benefits through a Reciprocal Health Care Agreement, who have purchased CHIPS, received hospital treatment and then found out too late that they are not entitled to benefits under these policies for private patient hospital admissions.

As noted above, people with Reciprocal Health Care Agreement benefits (usually issued with the yellow Medicare card marked 'Reciprocal') may purchase CHIPS. They would usually do so to avoid the Medicare Levy Surcharge. Reciprocal Medicare card holders, however, have only limited Medicare entitlements and are not entitled to receive Medicare benefits when admitted to hospitals as private patients. As many Australian CHIPS do not pay benefits for services where Medicare has not paid a benefit, this effectively means that these CHIPS will not cover a Reciprocal card holder for private patient admissions.

Health funds and health insurance brokers need to make this information clear to Reciprocal card holders when they purchase a CHIP. Staff and online join forms should ask the person to specify what type of Medicare entitlement they hold (e.g. green, blue, yellow or none). If the person confirms they have a Reciprocal Medicare card or no card at all, then staff or the website should advise that the CHIP will not fully cover them for private patient hospital admissions. Reciprocal card holders can purchase Overseas Visitors Health Cover (OVHC) in addition to the CHIP to cover private patient treatment.

In summary, it is important that funds and brokers ascertain the Medicare status of all new members, regardless of whether they join online or over the phone. This allows the fund or broker to provide accurate advice to the new member about their entitlement to benefits and the most suitable cover for them. Holders of Reciprocal Medicare cards may wish to purchase a CHIP for MLS purposes, but they must be advised if they are not entitled to claim benefits as a private patient. People with no Medicare entitlement need to be advised that while they may purchase a CHIP, it will not enable them to receive benefits as a private patient and they should therefore consider an OVHC instead.

Providing Information to Consumers about Benefit Entitlements

PHIO receives regular complaints from members with restrictions or exclusions on their policy who have encountered difficulties and delays in obtaining clear information from their fund about whether their proposed treatment will be covered. For example, some policies include cover for treatments listed under terms such as “Minor Eye Surgery” or “Minor Gynaecological Surgery,” but do not provide definition in their literature or on their website for these terms. This means that a member who needs eye surgery or gynaecological surgery must contact their fund to find out whether they will be covered or not, particularly as the decision about whether a procedure is considered minor is made by the fund and not the surgeon or Medicare.

Complaints to PHIO show that in some cases, members who have contacted their fund have encountered fund staff who could not advise them about whether they would be covered for their procedure, requiring them to make several follow up calls to determine their entitlement to benefits. In a recent case, the member only received confirmation that they were not covered during the admission process at the hospital, even though they had made several calls to their fund to find out if they were covered.

In PHIO’s view, if a policy has a restriction or exclusion, it is incumbent on the fund to ensure members are aware of what the restriction or exclusion means. This applies not only when the member is seeking treatment, but also when the member purchases the policy. Ideally, comprehensive policy information should be available on a fund’s website, so that members can easily obtain up to date information on benefits relating to their policy when they are considering their treatment options.

In addition, if the complexity of a restriction or exclusion is such that it is difficult for fund staff to clarify its meaning when a member calls, PHIO would recommend the fund review and either remove or simplify the restriction or limitation.

Consumers Health Forum Website

The Consumers Health Forum (CHF) has recently launched a new website that helps health consumers find their way to useful information about health services and enables them to share their experiences, views and ideas about healthcare in Australia. The website address is www.ourhealth.org.au.

Complaints Staff Workshops in 2013

PHIO held a number of workshops in 2011, run by our complaints handling staff, on topics of interest to complaint handlers working for health funds. The workshops were designed to allow attendees to raise questions within an informal, small group and to meet colleagues within the industry. Feedback was very positive and we’ve had some requests to run new sessions this year.

We are planning to hold the new workshops in May 2013 in a number of locations, including Sydney, Melbourne, Brisbane, Adelaide and Perth if there is sufficient demand in each of these cities. We would like to find out the number of staff who would be interested in attending a workshop in each city and what topics participants would like PHIO to discuss. PHIO will be contacting health fund contacts to seek this information shortly.

Complaints by Health Insurer Market Share

1 October - 31 December 2012

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	30	6.2%	4	4.8%	3.0%
Australian Unity	22	4.5%	6	7.2%	3.2%
BUPA (includes MBF)	118	24.4%	23	27.7%	26.7%
CBHS	4	0.8%	0	0.0%	1.3%
CDH (Cessnock District Health)	0	0.0%	0	0.0%	<0.1%
CUA Health	4	0.8%	0	0.0%	0.4%
Defence Health	3	0.6%	1	1.2%	1.6%
Doctors' Health Fund	2	0.4%	0	0.0%	0.2%
GMHBA	13	2.7%	2	2.4%	1.8%
Grand United Corporate Health	6	1.2%	1	1.2%	0.4%
HBF Health	14	2.9%	1	1.2%	7.6%
HCF (Hospitals Cont. Fund)	58	12.0%	11	13.3%	10.7%
Health.com.au	7	1.4%	1	1.2%	<0.1%
Health Care Insurance	1	0.2%	1	1.2%	0.1%
HIF (Health Insurance Fund of Aus.)	1	0.2%	0	0.0%	0.6%
Healthguard (GMF/Central West)	3	0.6%	1	1.2%	0.5%
Health-Partners	0	0.0%	0	0.0%	0.6%
Latrobe Health	1	0.2%	0	0.0%	0.7%
Medibank Private	143	29.5%	23	27.7%	27.1%
Mildura District Hospital Fund	1	0.2%	1	1.2%	0.2%
National Health Benefits Aust.	0	0.0%	0	0.0%	0.1%
N.I.B. Health	32	6.6%	4	4.8%	7.6%
Navy Health	1	0.2%	0	0.0%	0.3%
Peoplecare	0	0.0%	0	0.0%	0.5%
Phoenix Health Fund	0	0.0%	0	0.0%	0.1%
Police Health	1	0.2%	0	0.0%	0.3%
QLD Country Health Fund	0	0.0%	0	0.0%	0.3%
Railway & Transport Health	0	0.0%	0	0.0%	0.4%
Reserve Bank Health	0	0.0%	0	0.0%	<0.1%
St Lukes Health	1	0.2%	0	0.0%	0.4%
Teachers Federation Health	14	2.9%	0	0.0%	1.8%
Teachers Union Health	2	0.4%	1	1.2%	0.4%
Transport Health	0	0.0%	0	0.0%	0.1%
Westfund	2	0.4%	2	2.4%	0.8%
Total for Health Insurers	484	100%	83	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 2012