Australian Government
Private Health Insurance Ombudsman

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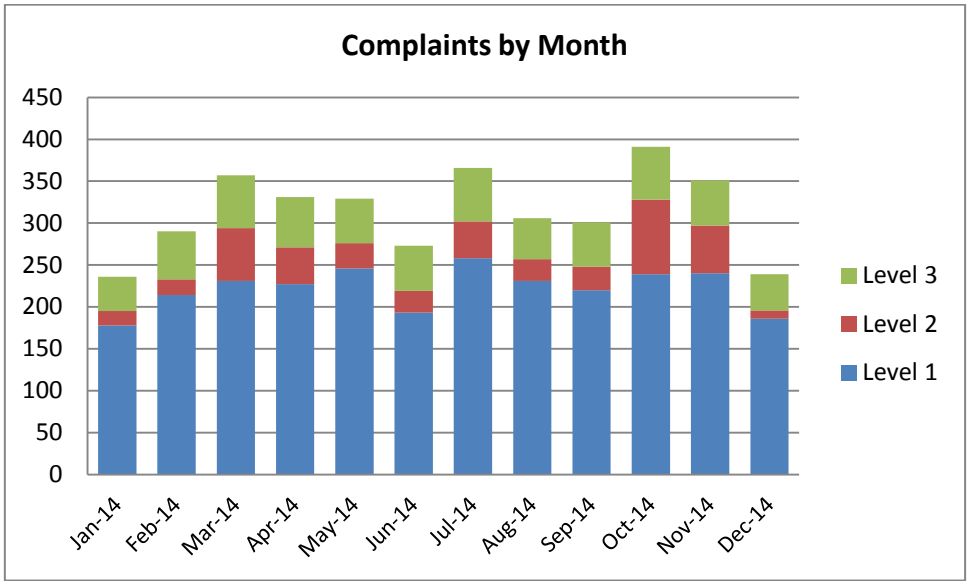
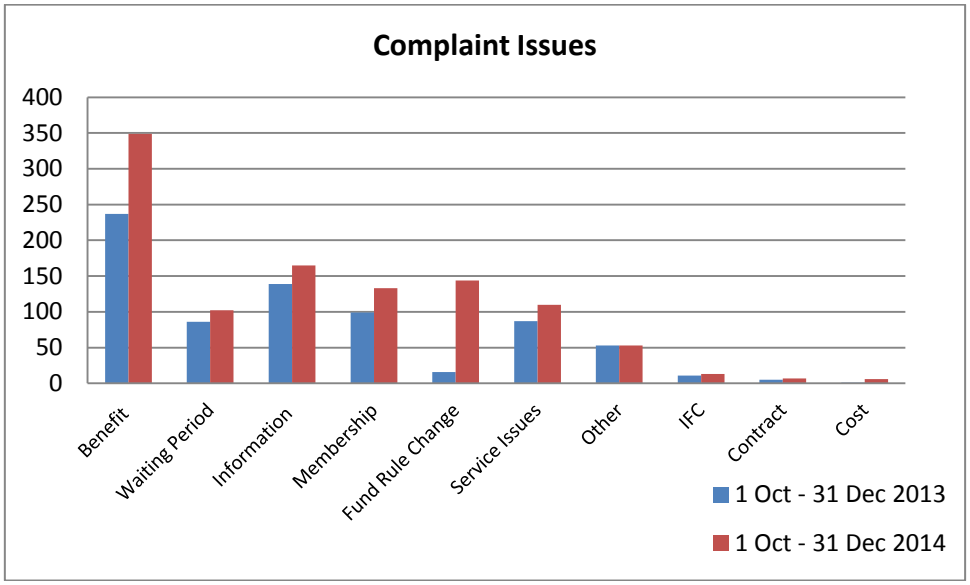
Quarterly Bulletin 73
(1 October – 31 December 2014)

Complaint Statistics & Workload

The office received 981 complaints this quarter, compared to 973 in the previous quarter and 702 complaints in the same quarter in the previous year. This represented a 28% increase on the December 2013 quarter.



Usually the December quarter is a quieter period in private health insurance, but in this instance complaints remained steady from the previous quarter - in part due to benefit and fund rule changes made by some insurers earlier in the year. Compared to the same period in the previous year, there was a large increase in complaints about benefits and a very large increase in complaints about fund rule changes, which are shown in the graph below.



Top 5 Consumer Complaint Issues This Quarter

As complaints increased significantly this quarter compared to the same time last year, PHIO has examined the main causes of the rise in complaints. Here is further information on the main causes of key consumer complaint issues recorded during the quarter:

1. **Health Insurer Rule Changes: 144 Complaints**

Although most rule change notifications occurred earlier in the year, complaints from consumers occurred mostly in the last quarter. The predominant concern expressed by consumers was that they felt they had not been advised of a particular reduction to their benefits at the time the change was made, and only discovered the change after they attempted to make a claim. The insurers concerned had complied with their obligations to notify their members of rule changes, but unfortunately consumers don't always understand letters sent by their health insurers.

For 2015, PHIO would like to encourage insurers to make any rule change notifications as clear as possible. Keeping a letter as short and simple as possible helps consumers get the message and gives them an opportunity to change their policy if they feel it is necessary.

2. **Oral Advice: 128 Complaints**

PHIO has raised this issue on a number of occasions and regularly examines these complaints to see whether any particular issue or insurer is a cause of concern. Generally, oral advice complaints occur with almost all insurers fairly regularly, in part due to the complexity of health insurance policies. This indicates that there is more work to be done by insurers in training staff to advise consumers more carefully and to enable systems that allow insurers to monitor the quality of staff interactions with consumers.

3. **Hospital Policy Exclusions & Restrictions: 79 Complaints**

These include complaints from consumers who believe they were entitled to a benefit but have found that it is restricted or excluded under their hospital policy. In some cases, the consumers has not keep track of what their policy includes, or they hold a policy which is complex and difficult to understand. PHIO believes that many of these complaints occur because people are sold a policy that excludes surgeries that a consumer thinks they are unlikely to need, only to find out later that they do need such surgery.

It is interesting to see which particular types of surgery are causing a problem for consumers as they are often not uncommon procedures for any age group or type. Restrictions/exclusions that often cause complaints include joint exclusions/restrictions, gastric banding (including gastric banding adjustments), psychiatric services, cardiac, and obstetrics.

4. **Pre-Existing Condition Waiting Period: 77 Complaints**

These complaints mostly concern a difference of opinion between a complainant and an insurer about when signs or symptoms of a condition developed. Often consumers do not understand that it is the health insurer's medical adviser who decides if a condition is pre-existing, based on medical notes and standard medical practice. PHIO's role in such cases is to provide a second opinion and to examine the reasons for the medical adviser's decision. Complaints about pre-existing complaints could be reduced by some insurers providing clearer and quicker decisions.

5. **Level of Cover - Fund Rule: 51 Complaints**

These are complaints where a specific claiming rule has resulted in a benefit not being paid. For example, when a consumer is unable to make claim for a blood pressure monitor, TENS machine or similar appliance, because the item was not purchased from a registered provider or the paperwork did not meet fund requirements. In such cases, the consumer often complains that he or she wasn't aware of the rule and believed that the benefit should be payable after reading the health fund policy material or speaking to a consultant on the phone.

Samantha Gavel: Resignation and New Role

As many of you will be aware, I recently resigned as Private Health Insurance Ombudsman to take up a new role as National Health Practitioner Ombudsman.

I was appointed as Private Health Insurance Ombudsman in 2008, following eighteen months as Acting Ombudsman and many years of working with the agency prior to that.

It has been a pleasure and a privilege to undertake this role and work with Government, industry and consumer stakeholders to protect the interests of people with private health insurance and promote confidence in the sector.

I am particularly proud of the achievements of the PHIO agency, which includes attaining consistently high client satisfaction ratings of 85% or more each year, even as the complaints workload of the office has increased.

A highlight for me was the opportunity to work with Government, industry and consumer stakeholders in 2006-07 to develop and launch the consumer website, PrivateHealth.gov.au. The website continues to provide consumers with independent and reliable information about private health insurance and also assists them to choose policies that meet their needs, through a comparison feature which compares over 20,000 health insurance policies across all registered health insurers. Since its launch in April 2007, unique visits to the website have grown from 100,000 per year to almost 900,000 unique visits in 2013-14 and consumer feedback on the website has been consistently high.

I have also appreciated being able to have a positive dialogue with industry, in order to assist health insurers to address the underlying issues causing complaints and to improve their internal complaints handling processes, so that complaints are reduced and public confidence in private health insurance is increased.

I would like to take this opportunity to sincerely thank my staff and colleagues in Government and industry for your support and assistance over my years with PHIO and to wish you well for the future.

Samantha Gavel
Ombudsman

Acting Ombudsman Appointment and Merger

David McGregor has been appointed Acting Ombudsman for the period 1 January 2015 to 30 June 2015. He will be working together with the Commonwealth Ombudsman's office to ensure that PHIO's complaint and consumer information service are successfully incorporated into the Commonwealth Ombudsman from 1 July 2015.

Currently PHIO is composing the State of the Health Funds Report, due for release by 31 March 2015. Insurers will shortly be sent draft data relating to their organisations for checking and corrections.

Complaints by Health Insurer Market Share

1 October - 31 December 2014

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%
Australian Unity	45	5.2%	4	2.8%	3.2%
BUPA	203	23.4%	35	24.6%	26.7%
CBHS	9	1.0%	3	2.1%	1.3%
CDH (Cessnock District Health)	1	0.1%	0	0.0%	<0.1%
CUA Health	8	0.9%	3	2.1%	0.5%
Defence Health	7	0.8%	0	0.0%	1.7%
Doctors' Health Fund	1	0.1%	0	0.0%	0.2%
GMHBA	5	0.6%	2	1.4%	1.9%
Grand United Corporate Health	4	0.5%	1	0.7%	0.4%
HBF Health	17	2.0%	3	2.1%	7.4%
HCF (Hospitals Cont. Fund)	129	14.9%	26	18.3%	10.8%
Health.com.au	21	2.4%	4	2.8%	0.5%
Health Care Insurance	0	0.0%	0	0.0%	0.1%
Healthguard (GMF/Central West)	4	0.5%	0	0.0%	0.5%
Health-Partners	0	0.0%	0	0.0%	0.6%
HIF (Health Insurance Fund of Aus.)	5	0.6%	1	0.7%	0.7%
Latrobe Health	6	0.7%	0	0.0%	0.7%
Medibank Private & AHM	222	25.6%	41	28.9%	29.1%
Mildura District Hospital Fund	0	0.0%	0	0.0%	0.2%
National Health Benefits Aust.	0	0.0%	0	0.0%	0.1%
Navy Health	0	0.0%	0	0.0%	0.3%
NIB Health	156	18.0%	14	9.9%	7.7%
Peoplecare	0	0.0%	0	0.0%	0.5%
Phoenix Health Fund	1	0.1%	0	0.0%	0.1%
Police Health	0	0.0%	0	0.0%	0.3%
QLD Country Health Fund	0	0.0%	0	0.0%	0.3%
Railway & Transport Health	3	0.3%	1	0.7%	0.4%
Reserve Bank Health	0	0.0%	0	0.0%	<0.1%
St Lukes Health	1	0.1%	0	0.0%	0.4%
Teachers Federation Health	13	1.5%	2	1.4%	2.0%
Teachers Union Health	4	0.5%	2	1.4%	0.5%
Transport Health	1	0.1%	0	0.0%	0.1%
Westfund	1	0.1%	0	0.0%	0.7%
Total for Health Insurers	**867**	**100%**	**142**	**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 2014.