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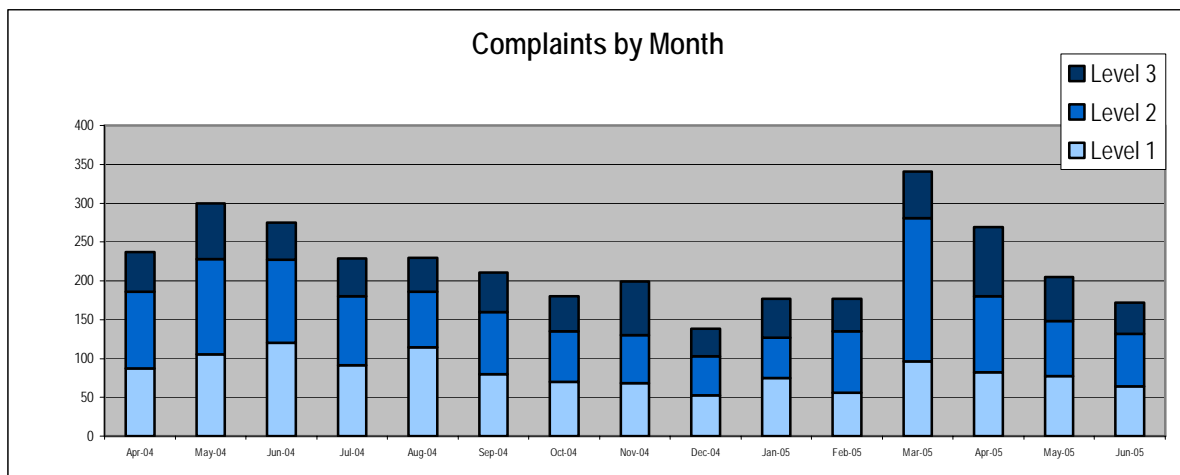
**Quarterly Bulletin 35**

(1 April to 30 June 2005)

**COMPLAINT STATISTICS**

My office received 619 complaints about health funds over the last quarter; a decline of 7% compared to the previous quarter and 11% less than the number received for the same quarter, last year. This continues the declining trend in the total number of complaints received which has been evident throughout 2004/2005.

However, the number of Level-3 complaints (disputes) registered in the quarter (191) represented a significant increase over the previous quarter (18%) and was much higher than the same period last year (39%). The rise in Level-3 complaints, this quarter, occurred mainly through increases in disputes recorded against four of the largest funds - MBF, Medibank, HCF and NIB. These increases outweighed significant reductions in disputes registered against GMHBA and Australian Unity.



**COMPLAINT ISSUES**

A further 42 complaints about premium increases were recorded this quarter. These cost complaints have been included in two extra columns in the "Complaints by Health Fund Market Share" table at the end of this bulletin. Those two columns show the total of premium rise complaints (and share of all such complaints) for each fund over the last two quarters. This gives a fuller picture of complaints recorded about each fund's premium rises for 2005.

Other notable complaint issues this quarter appear to be associated with the effects of the premium rises and consumers' response to them. Complaints about cancellation of membership, transfers and premium payment problems all increased, compared to previous quarters. A significant number of the premium payment problem complaints concerned delays or errors in the implementation of the new higher rebates for older contributors.

The number of complaints recorded about the application of the pre-existing ailment waiting period and failure to provide for informed financial consent also rose, compared to previous quarters.

## THE PEA WAITING PERIOD AND OLDER NEW MEMBERS

It would appear that the increase in private health insurance rebate for people over 65 and 70 has resulted in some older Australian's deciding to join private health insurance for the first time or rejoin after dropping their cover some time ago. My office has received a few complaints in the last month from people in this situation who have required hospital treatment but claimed to have been unaware that the Pre-existing Ailment waiting period applied to them.

People over 65 are more likely to have a number of pre-existing conditions and are more likely to require hospital treatment in the first 12 months of membership than younger new members. It is therefore very important that they are very clearly alerted to the effect of the Pre-existing Ailment waiting period, when joining or inquiring about joining a health fund.

## CLEARANCE CERTIFICATES REVISITED – THE OBLIGATIONS OF A GAINING FUND

In my quarterly bulletin no.31 (30 June 2004) I outlined a range of administrative problems that were leading to complaints about inter-fund transfers. I noted that most of these problems could be avoided if the losing funds met their obligations to issue clearance certificates promptly on request.

A number of recent complaints raise questions about the obligations of a gaining fund in such situations, particularly where the gaining fund has a policy of imposing a full lifetime health cover loading, pending receipt of a clearance certificate. My view is that gaining funds have an obligation, to the new member, to follow up such cases if a clearance certificate is not received promptly. This is particularly the case if the gaining fund has undertaken to request and obtain the clearance for the member.

### REPORT OF PHIO COMPLAINT WORKSHOPS

PHIO conducted two workshops recently for health fund staff, focussing on effective complaint handling.

The workshops included a half day program facilitated by Neil Buck and Associates on developing appropriate complaint handling strategies within an organisation and the relevant Australian and international standards.

PHIO staff also presented information sessions on PHIO processes and referral procedures and sought feedback on propositions to change some existing procedures including:

- PHIO to provide feedback to funds on the outcome of level 3 complaints (disputes)
- Clearer indication about the classification of complaints when referring them to fund contacts
- Funds to provide PHIO with feedback on the outcome of level 1 complaints referred for fund action.

(These proposals are now being implemented)

- All referrals to funds on level 1 complaints to be "assisted referrals"
- A reduction in the timeframe in which are required to provide initial reports on level 3 complaints (disputes) from 21 to 14 days.

(There will be further consultation with funds on these proposals)

Workshop participants provided positive feedback on the format and content of the workshops.

## HEALTH FUND BENEFITS FOR PODIATRIC SURGERY

The Government has recently made significant changes to relevant legislation to encourage health funds to improve the benefits they pay to members receiving hospital treatment by accredited podiatric surgeons.

In late 2004 the Parliament approved legislation to include “podiatric treatment by an accredited podiatrist” within the definition of *professional attention* in the *Health Insurance Act 1973* and provide a mechanism for the Minister to accredit a podiatrist for this purpose. In March 2005 the Minister accredited fourteen podiatrists.

The Government’s intention of this legislative change was made very clear in the Explanatory Memorandum presented to the Parliament by the Minister for Health and Ageing. -

“The intention is to ensure that an admitted private patient being treated by an accredited podiatrist is able to access benefits, under an applicable benefits arrangement, for the hospital treatment costs as they would if a medical practitioner provided a professional service.”

This intention was further reinforced when the Government agreed to amendments to *National Health Act* as part of Parliament’s consideration of changes to prostheses funding. The amendments clarified what health fund benefits could be paid, as follows.

“Hospital costs in relation to theatre fees, bed costs and prostheses incurred by private patients treated by accredited podiatrists may be eligible for benefits provided from the applicable benefit arrangements (hospital tables) of registered health benefit organizations for persons with appropriate cover.

Benefits for professional fees of accredited podiatrists may be provided from the ancillary health benefit tables of registered health benefit organizations for persons with appropriate cover.”

### The Ombudsman’s role

The most recent legislative changes also specify a particular role for the Ombudsman in relation to benefits for podiatric surgery:

“The role of the Private Health Insurance Ombudsman includes monitoring the operation of provisions relating to accredited podiatrists within this Act and the *Health Insurance Act 1973* and reporting and acting on complaints.”

My expectation of health funds following these legislative changes is that each fund will have

- appropriately reviewed what benefits it will provide in relation to podiatric surgery under its hospital tables and what benefits it pays for podiatric surgeons’ fees under its ancillary tables,
- considered the implications for relevant hospital agreements and
- planned for changes to its information products and services.  
(If the fund has decided not to pay benefits for podiatric surgery on any hospital products, podiatric surgery should now be listed as an exclusion for that product.)<sup>1</sup>

I will write to health fund Public Officers and CEOs in the near future to confirm that each fund has completed such action and, if not, when this can be expected.

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<sup>1</sup> Note: The National Health Act [schedule 1 paragraph (bd)] requires funds to have at least one product providing benefits for all episodes of hospital treatment.

## Complaints by Health Fund Market Share

	1 April - 30 June 2005					1 Jan - 30 June	
Name of Fund	Complaints (1)	Percentage of Complaints	Level-3 Complaints (2)	Percentage of Level-3 Complaints	Market Share (3)	Premium Rise Complaints	Percentage Premium ↑ Complaints
ACA Health Benefits	0	0	0	0	0.1	0	0
AMA Health Fund	0	0	0	0	0.1	0	0
AHMG	15	2.4	4	2.1	2.4	7	3.7
Australian Unity	17	2.7	7	3.7	3.1	1	0.5
BUPA Australia Health	78	12.6	20	10.5	9.8	9	4.7
CBHS	4	0.6	0	0	1.1	0	0
CDH (Cessnock District Health)	0	0	0	0	<0.1	0	0
Credicare	3	0.5	2	1.0	0.4	2	1.1
Defence Health	15	2.4	3	1.6	1.3	5	2.6
Druids NSW	1	0	0	0	<0.1	1	0.5
Druids Victoria	1	0.2	0	0	0.1	1	0.5
Federation Health	0	0	0	0	0.2	1	0.5
GMHBA	11	1.8	3	1.6	1.4	1	0.5
Grand United Corporate Health	5	0.8	3	1.6	0.3	1	0.5
Grand United Health	5	0.8	3	2	0.4	2	1.1
HBF Health	21	3.4	6	3.1	8.6	3	1.6
HCF (Hospitals Cont. Fund )	40	6.5	16	8.4	8.6	2	1.1
Health Care Insurance	0	0	0	0	0.1	0	0
Health Insurance Fund of W.A.	5	0.8	2	1.0	0.4	0	0
Healthguard	8	1.3	2	1.0	0.6	0	0
Health-Partners	3	0.5	0	0	0.6	0	0
Latrobe Health	1	0.2	1	0.5	0.4	0	0
Lysaght Peoplecare	2	0.3	0	0	0.3	0	0
Manchester Unity	19	3.1	4	2.1	1.3	1	0.5
MBF Australia Limited	98	15.8	31	16.2	16.6	23	12.1
MBF Health (NRMA Health)	25	4.0	4	2.1	2.1	9	4.7
Medibank Private	175	28.3	57	29.8	29.1	55	28.9
Mildura District Hospital Fund	0	0	0	0	0.3	0	0
N.I.B. Health	48	7.8	17	8.9	6.0	56	29.5
Navy Health	0	0	0	0	0.3	0	0
Phoenix Health Fund	0	0	0	0	0.1	3	1.6
Police Health	0	0	0	0	0.2	0	0
Queensland Country Health	2	0.3	1	0.5	0.2	3	1.6
Railway & Transport Health	1	0	0	0	0.3	0	0
Reserve Bank Health	0	0	0	0	<0.1	0	0
St Lukes Health	0	0	0	0	0.4	1	0.5
Teacher Federation Health	5	0.8	1	1	1.6	1	0.5
Teachers Union Health	1	0.2	0	0	0.4	0	0
Transport Health	0	0	0	0	0.1	0	0
Westfund	10	1.6	4	2.1	0.7	2	1.1
<b>Total for Registered Funds</b>	<b>619</b>	<b>100.0</b>	<b>191</b>	<b>100.0</b>	<b>100.0</b>	<b>190</b>	<b>100</b>

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. Market share data provided by PHIAC as at 30 June 2004.