



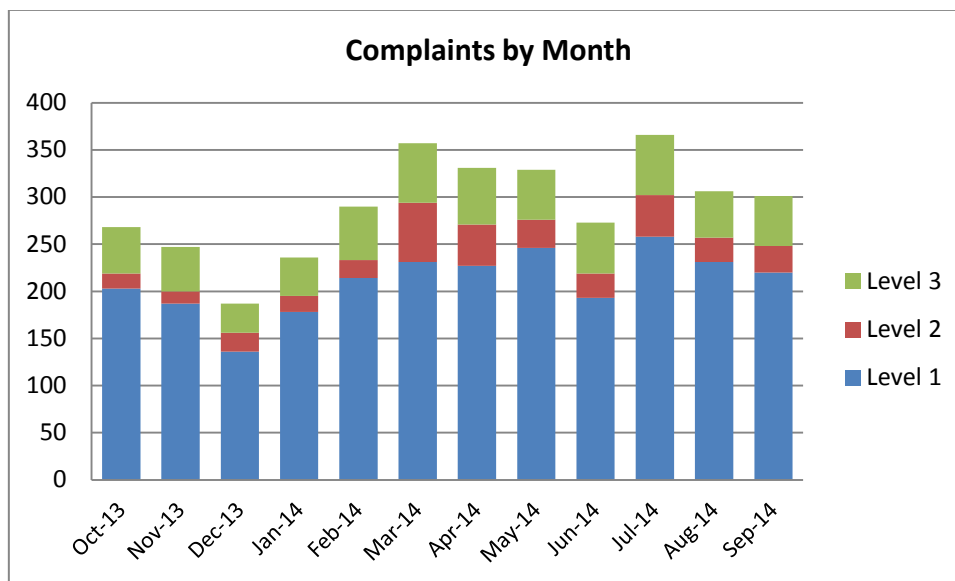
*Issues in this bulletin*

- Complaint statistics & workload
- Exclusions and Restrictions
- Overseas Visitors Cover and Residents' Cover
- Release of PHIO Annual Report for 2013-14

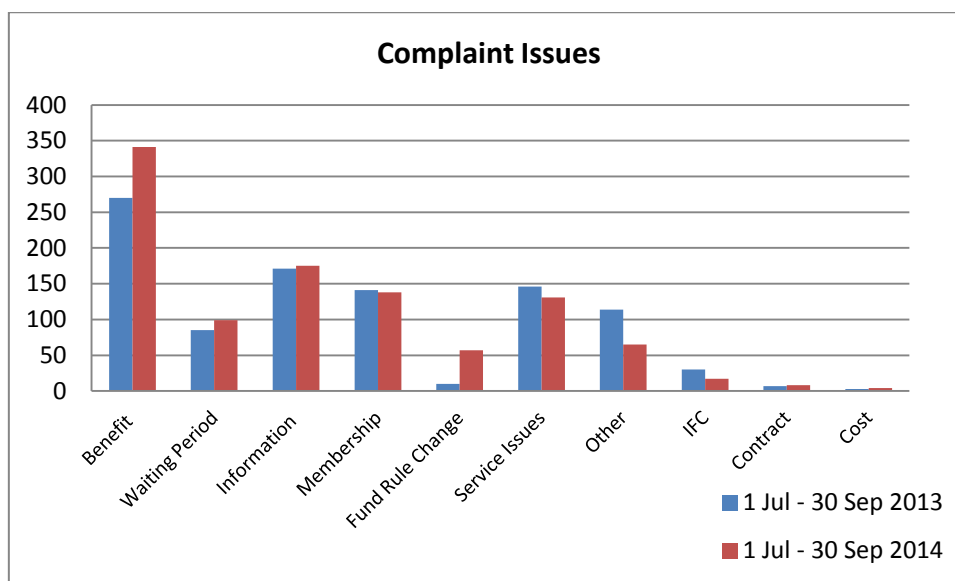
**Quarterly Bulletin 72**  
**(1 July – 30 September 2014)**

**Complaint Statistics & Workload**

This quarter the Private Health Insurance Ombudsman (PHIO) received 973 complaints, compared with 933 in the previous quarter and 914 complaints in the same period last year.



The increase this quarter resulted from additional complaints about Benefits and Fund Rule Changes. The majority of these complaints were related to changes made by a single health insurer, which removed certain hospital benefits from a number of their policies.



## Exclusions and Restrictions

Hospital exclusions and restrictions continued to be a significant cause of complaint in 2013-14 and through to the current financial year.

There is demand from consumers for more affordable policies, particularly from younger people who may be taking out a policy for the first time and from people who are purchasing health insurance primarily for tax purposes. One way insurers can reduce the cost of a policy is by restricting or excluding certain treatments on the policy. However, it's important for insurers to make consumers fully aware of the implications of choosing a policy with exclusions and restrictions at the point of purchase, and then to encourage consumers to review their policy regularly to ensure it still meets their health needs.

Providing information about exclusions and restrictions in plain, clear language is key to ensuring that consumers are fully informed. Common misunderstandings from consumers relate to the definition of plastic and reconstructive surgery (a topic which was discussed in greater detail in [Quarterly Bulletin #71](#)), psychiatric services as they relate to post-natal depression and drug and alcohol rehabilitation, as well as obesity surgery.

Even relatively straight-forward exclusions such as cardiac surgery can be more clearly explained to consumers through the use of examples and more commonly used language, e.g. 'heart surgery' and 'treatment of coronary heart disease'.

PHIO's advice to members is to take out a more comprehensive level of hospital cover and choose a higher excess or lower level of extras cover, rather than a restriction or exclusion on the policy.

The most recent issue of the Ombudsman's consumer bulletin [Health Insurance Insider](#) discusses this issue from the point of view of the consumer, and explains the potential risks of purchasing a lower level of cover. The Ombudsman's website also has a Fact Sheet for consumers on [Policy Exclusions and Restrictions](#).

## Overseas Visitors Health Cover and Residents' Cover

The issue of selling Overseas Visitors Cover and residents' cover (Complying Health Insurance Products, or CHIPs) to consumers with nil or partial Medicare benefits has been discussed by the Ombudsman on several occasions, including [Quarterly Bulletin #65](#). However, PHIO continues to receive complaints from consumers who have been refused the purchase of a CHIP policy while on reciprocal or interim Medicare cards, or who have been adversely affected by Lifetime Health Cover loadings due to incorrect advice from insurer staff.

Some of the key points that insurer staff should be aware of:

- 1) It is not permissible to refuse the sale of a CHIP product to an individual on the basis of their residency, visa or Medicare status.
  - PHIO would, however, expect health insurers to explain to individuals who do not have Medicare eligibility that there is no health or tax benefit to holding a CHIP hospital policy; and
  - PHIO would expect health insurers to explain to individuals with reciprocal Medicare eligibility that the primary benefit of holding a CHIP hospital policy would be to avoid the Medicare Levy Surcharge, if applicable.
- 2) Lifetime Health Cover rules come into effect as soon as a new migrant becomes eligible for interim or full Medicare benefits (typically a blue card is issued for interim Medicare benefits and a green card for full benefits) even if the person is not yet a permanent resident or is on a temporary visa.

- If aged over 31, the new migrant has one year from the date of their interim or full Medicare benefit registration to purchase a CHIP hospital policy without incurring a LHC loading;
- Health insurer staff should not be advising new migrants to delay the purchase of a CHIP until they achieve permanent residency as often this will mean they miss their one year window to purchase a CHIP without LHC loading.

More information about the Medicare Levy Surcharge, Lifetime Health Cover and Rebate implications is included in [Quarterly Bulletin #65](#). The Ombudsman will also be releasing a Fact Sheet for consumers, to be published on the PHIO website in the coming months.

### **Release of PHIO Annual Report 2013-14**

The Ombudsman has released the PHIO's Annual Report for 2013-14, detailing activities undertaken to protect the interests of consumers in relation to private health insurance.

A stand-out result was the 45% increase in unique visits to the PHIO consumer website, PrivateHealth.gov.au. There were 899, 841 unique visitors to the site; 90% of surveyed users were happy with the website's visual appeal and 88% rated the website as easy to use. The increase was a particularly pleasing demonstration of consumers' active willingness to be diligent on their own behalf when it came to making decisions about private health insurance.

Other highlights for 2013-14 include:

- a continued high level of customer satisfaction with the PHIO's complaint handling service, with 86% of those surveyed reporting they were satisfied or very satisfied with the service;
- the development of a new national private/public Acute Care Certificate following the conclusion of a successful consultation process with private health insurers and state/territory health departments;
- the launch of the PHIO's [social media channel](#) in early 2014; and
- the PHIO receiving a Highly Commended award for its 2012-13 Annual Report in the small FMA Act category of the Institute of Public Administration (ACT Division) Annual Report Awards.

The overall number of complaints received in 2013-14 was 3,427, which represented a 16% increase on the 2,995 complaints received the previous year.

The main issues in complaints made to the PHIO in 2013-14 related to:

- questions about oral information provided by customer service staff in fund call centres and branches (410 complaints in 2013-14, compared with 289 complaints in 2012-13);
- hospital exclusions and restrictions (242 complaints in 2013-14, compared with 180 in 2012-13);
- the pre-existing condition waiting period (229 complaints in 2013-14, compared with 207 in 2012-13); and
- a decline in complaints about clearance certificates (106 complaints in 2013-14, compared with 152 in 2012-13). This reflected the work done by industry to improve clearance certificate processes across all health insurers to enable a smoother transition for consumers transferring between insurers.

The Report is available now at [Phio.gov.au](http://Phio.gov.au) and hard copies can be requested by contacting our office directly.

For media enquiries about the Annual Report, please contact [media@phio.gov.au](mailto:media@phio.gov.au) or call PHIO Media at 0499 988 606.

## Complaints by Health Insurer Market Share

1 July - 30 September 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	58	6.9%	6	4.3%	3.2%
BUPA	250	29.7%	33	23.7%	26.8%
CBHS	9	1.1%	0	0.0%	1.3%
CDH (Cessnock District Health)	0	0.0%	0	0.0%	<0.1%
CUA Health	1	0.1%	0	0.0%	0.5%
Defence Health	9	1.1%	1	0.7%	1.7%
Doctors' Health Fund	4	0.5%	0	0.0%	0.2%
GMHBA	11	1.3%	1	0.7%	1.9%
Grand United Corporate Health	3	0.4%	1	0.7%	0.4%
HBF Health	21	2.5%	0	0.0%	7.5%
HCF (Hospitals Cont. Fund)	149	17.7%	31	22.3%	10.8%
Health.com.au	13	1.5%	6	4.3%	0.3%
Health Care Insurance	1	0.1%	0	0.0%	<0.1%
Healthguard (GMF/Central West)	1	0.1%	0	0.0%	0.5%
Health-Partners	4	0.5%	2	1.4%	0.6%
HIF (Health Insurance Fund of Aus.)	5	0.6%	1	0.7%	0.6%
Latrobe Health	2	0.2%	0	0.0%	0.7%
Medibank Private & AHM	190	22.6%	36	25.9%	29.4%
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	81	9.6%	15	10.8%	7.8%
Peoplecare	2	0.2%	0	0.0%	0.5%
Phoenix Health Fund	1	0.1%	0	0.0%	0.1%
Police Health	2	0.2%	2	1.4%	0.3%
QLD Country Health Fund	0	0.0%	0	0.0%	0.3%
Railway & Transport Health	4	0.5%	2	1.4%	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	12	1.4%	0	0.0%	1.9%
Teachers Union Health	1	0.1%	0	0.0%	0.4%
Transport Health	1	0.1%	1	0.7%	0.1%
Westfund	6	0.7%	1	0.7%	0.8%
<b>Total for Health Insurers</b>	<b>842</b>	<b>100%</b>	<b>139</b>	<b>100%</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. Source: PHIAC, Market Share, All Policies, 30 June 2013