



Welcome to the first issue of the Private Health Insurance Ombudsman's consumer newsletter

In order to make the best decisions about private health insurance, you need access to the best quality information. An important part of my office's role is ensuring consumers have access to high quality information to help them decide which private health insurance cover is best for them and their families.

My office manages two websites: www.phio.org.au and www.privatehealth.gov.au, which both provide resources, including publications and brochures, to assist consumers to find information about private health insurance. For consumers who don't have access to the internet, publications and brochures can also be obtained from the office by calling us on **1800 640 695**, which is a free call from a landline.

Reviewing Your Policy

As with all things in life, your circumstances may change from time to time, so it's important to review your health insurance policy regularly to make sure it still meets your health needs. For example, if you chose a hospital policy with restricted or excluded hospital services, you may want to increase your hospital cover as you reach certain life stages.

A restricted hospital service means you are only covered as a private patient in a public hospital. An excluded hospital

This newsletter will focus specifically on consumers and provide information about issues that consumers need to be aware of in relation to their private health insurance.

In this first issue, we have focussed on the importance of regularly reviewing your policy and keeping it up to date. If you do this, it will help you avoid some common pitfalls and ensure your policy will meet your needs if you need treatment.

I hope you will enjoy the first edition of our newsletter and find the information useful.

Samantha Gavel
Private Health Insurance Ombudsman

service means you are not covered at all for that service. In either case, the benefit you receive is not sufficient to enable you to attend a private hospital. Some of the most common excluded and restricted hospital services include pregnancy and birth related services, major joint replacements (hip, knee and shoulder), cardiac surgery and cataract surgery.

For more information on exclusions and restrictions, see PHIO's [Policy Exclusions & Restrictions Fact Sheet](#).

Case Study

Mrs Pink had been paying for a basic health insurance policy for a number of years. She initially chose a basic level of cover that excluded certain services such as obstetrics (pregnancy) and major joint replacement, but would cover her in a private hospital for most things she thought a younger person would be likely to need.

Mrs Pink was at the stage in her life where she was planning on starting a family and wanted to be covered in a private hospital for the birth of her baby.

When Mrs Pink received her premium increase notification from her fund, she decided to contact her

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Case Study - Continued from page 1

fund to review her policy and find out if she had sufficient cover for obstetrics in a private hospital.

Following a review of her policy, Mrs Pink was advised that she would need to upgrade her hospital policy to include private hospital cover for the delivery of her baby. After upgrading her cover, she would need to serve a twelve month waiting period before she would be able to receive benefits for maternity services. In addition to this, as Mrs Pink was on a single person policy, the fund also advised she would need to consider changing her cover to a family policy in the near future if she wanted immediate hospital cover for her new born baby.

Based on the advice Mrs Pink was given by her fund, she was able to upgrade her policy in time to include private

hospital cover for obstetrics and serve the necessary waiting period to ensure she would be covered for the birth of a baby.

It is important to remember when you upgrade your hospital policy to include cover for a new service, waiting periods will apply before you are able to claim. These waiting periods include two months for all services; twelve months for obstetrics (maternity) and twelve months for pre-existing conditions. Make sure you discuss the waiting periods that apply to you with your fund.

Keeping Your Personal Details Up to Date

Make sure you review your policy details to confirm all your personal details are correct and up to date. This not only includes your address and contact number, but also ensuring that you have the correct people covered on your policy, such as children and partner or spouse.

If you are a high income earner for tax purposes, it is important that you have all family members covered under your hospital policy to avoid the Medicare Levy Surcharge.

It is also important to make sure both your policy and health fund are providing you with the best cover for your circumstances. Health fund benefits can vary greatly among funds, so it's worth comparing your policy with other policies offered by your fund and other health funds in the marketplace to make sure your policy is best suited to your health needs.

When to Review Your Policy

The Ombudsman recommends reviewing your policy at least once a year. A good time to do this is in April each year when the annual premium increase takes place. Your health fund will send written notification to inform you of the annual premium increase in April. The notification often includes a Standard Information Statement (SIS), which outlines your policy details. It's a good idea to use the SIS to review your policy benefits to make sure your cover still meets your health needs.

Alternatively, the beginning of the financial year is also a good time to review your policy, when you receive your

annual Tax Statement from your health fund. You can review your policy to see if it still meets your needs and, if you're a high income earner, your Medicare Levy Surcharge needs.

If you have any concerns about your current policy or wish to discuss the benefits of your policy, make sure you contact your health fund directly, as they can assist you in making sure you have the right cover for your situation.

Standard Information Statements

All Australian health fund policies are available to review in the same easy-to-compare format, known as the Standard Information Statement (SIS). The SIS sums up the most important information about your hospital or general treatment (extras) policy in a single A4 page, allowing you to compare apples with apples.

You can easily find and compare any SIS by using our consumer website: www.privatehealth.gov.au

It is a government requirement that health funds have to supply a SIS to all their current members at least once a year, and to any new members when they join. To request a copy of your current policy's SIS at any time, just contact your health fund.





Keeping Premium Payments Up to Date

It is important that your membership is always paid up to date. As long as your policy is in arrears, you will not be able to claim any benefits and you risk of having your membership cancelled. You may then have to rejoin as a new member and complete your waiting periods again.

Tips on how to avoid falling into arrears:

- If you pay your premiums by a regular direct debit from a credit card or bank account, check each bank statement to make sure the payments have been correctly debited;
- Remember to update your credit card details with your fund each time your bank issues you with a new card, otherwise your payments may be dishonoured;
- Find out your health fund's requirements for remaining financial;

- Most health funds will advise you if you are in arrears. If you receive a notification you should act on it immediately;
- Most funds require you to pay your premiums in advance. They will normally allow some leeway if you fall behind in your payments by up to a few weeks; and
- If you do find yourself in arrears due to financial hardship, contact your fund to advise of your situation, as they may be able to assist by offering a payment plan to help you bring your membership up to date.

Remember, it is your responsibility to make sure that your premium payments are up to date and that you remain financial with your health fund.

For more information, see PHIO's [Membership Arrears Fact Sheet](#).

Fund Rule Changes and Notifications

One of the ways in which private health insurance differs from other forms of insurance is that your health fund may make changes to your policy during your membership – while this is not common, it does occur from time to time.

Under legislation, your health fund is required to notify you if there is any detrimental change to your policy. This can be a change to your level of excess, the removal of a benefit for a service which was previously covered, or a reduction in the amount of benefit for a service.

Your fund is required to write to you before the change takes effect. If you aren't happy with the change, you can choose to take action such as upgrading your policy or changing your health fund so you aren't affected.

Any important information about your policy and changes to your cover will be confirmed in writing, so always take the

time to read the letters and notifications sent to you by your health fund. If you have any questions about the changes or you want to upgrade your policy, always contact your fund as soon as possible – don't delay, or you may find you aren't able to avoid the upcoming changes to your cover and you may have to complete waiting periods to be covered for the benefits that have been removed.

If you believe you have not been properly notified of a change to your policy, contact your fund first for clarification. If your fund isn't able to provide an explanation or solution, you can contact the Private Health Insurance Ombudsman for advice and assistance on **1800 640 695** or through www.phio.org.au





Recent and Upcoming Events in Private Health Insurance

March 2012

- **Health Fund Annual Premium Increase Letter** – Look for a letter from your health fund, as they are required to notify you of any increase in your premium. The Minister for Health and Ageing generally approves premium increases in March each year, with the change taking effect in April. Make sure you read all information sent by your fund, as there may be other changes to your policy in addition to the price increase. This is a good time for you to review your policy.
- **PHIO's State of the Health Funds Report** – How does your health fund measure up? This annual report from the Ombudsman compares the performance and service delivery of Australia's health insurance providers.

April 2012

- **PHIO's Quarterly Bulletin** – The Ombudsman's bulletins keep the industry updated on the most recent health fund complaint statistics and trends in complaint issues. The bulletins are published on www.phio.org.au

June 2012

- **Considering buying hospital insurance?** Recently turned 31? If you answered 'yes' to either of these questions, then you should be aware that for most Australian residents it's cheaper to buy before the end of the financial year. Under the Lifetime Health Cover (LHC) rules, you can buy hospital insurance at the lowest rates if you purchase before the 1 July following your 31st birthday. If you're already over 31, then you should be aware that each financial year it will become more expensive to purchase hospital insurance for the first time.

July 2012

- **Tax Statements** – Look for a Tax Statement from your health fund confirming your level and duration of cover for the previous financial year. Your tax statement details may be required for your income tax return.

Keeping Your Policy Up To Date: Useful Links and Resources

- [10 Golden Rules of Private Health Insurance](#)
- [The Right to Change: transferring your health insurance](#)
- [Membership Arrears Fact Sheet](#)
- [Premium Increase Fact Sheet](#)
- [Policy Exclusions & Restrictions Fact Sheet](#)



Contact Us

The Private Health Insurance Ombudsman (PHIO) protects the interests of people covered by private health insurance. We provide an independent service to help consumers with health insurance problems and enquiries. The Ombudsman can deal with complaints from health fund members, health funds, private hospitals or medical practitioners. Our services are free of charge.

General enquiries:
1300 737 299 and website@phio.org.au

Complaints hotline:
1800 700 465 and info@phio.org.au

Websites:
www.phio.org.au and www.privatehealth.gov.au

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