

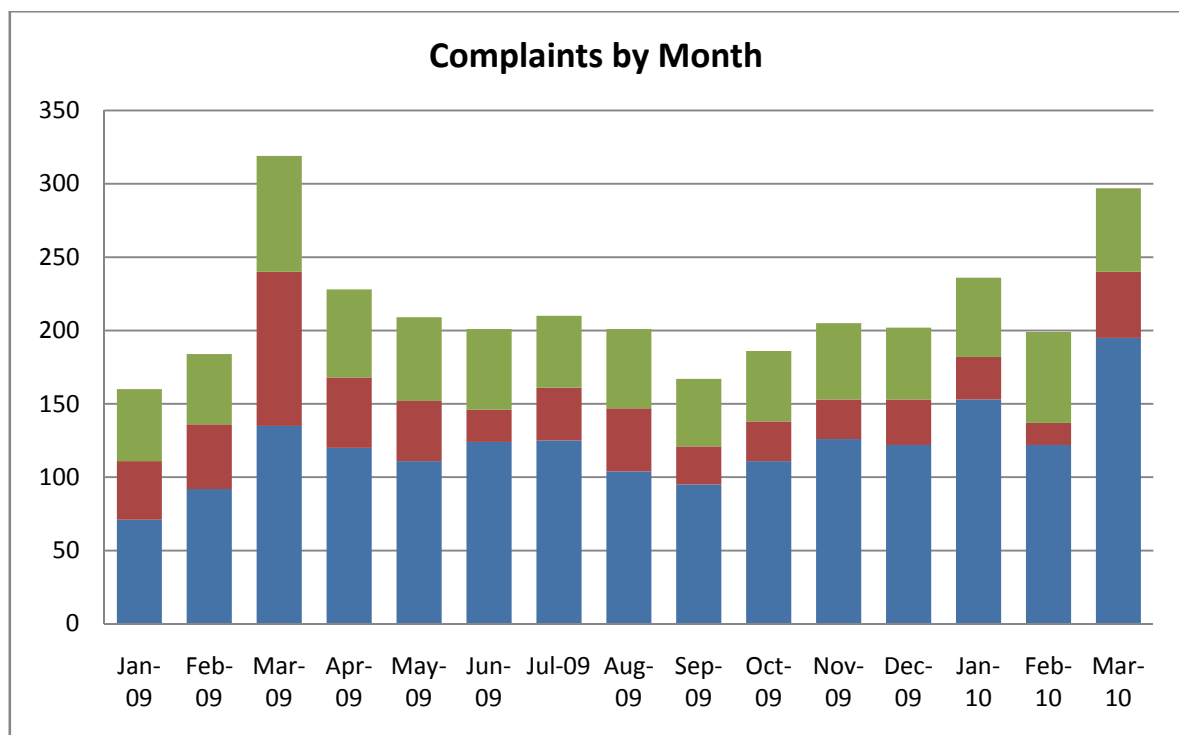
**Quarterly Bulletin 54**  
(01 January – 31 March 2010)

**Complaint Statistics & Workload**

The office received 670 complaints about registered health insurers during the quarter, which was 24% more than the previous quarter and an increase of 10% compared to the same period last year.

Of the complaints received, 159 were classified as Level-3 complaints. This was a 21% increase on the previous quarter but only a 1% increase on same period last year.

Other complaints received by the office included 32 complaints about hospitals, 17 complaints about *overseas visitors' cover*, 17 complaints about doctors, 5 complaints about brokers, 4 about other practitioners, and 2 complaints about dentists. The "Ask a Question" mailbox on privatehealth.gov.au responded to 415 consumers with questions about the website and related health insurance questions.



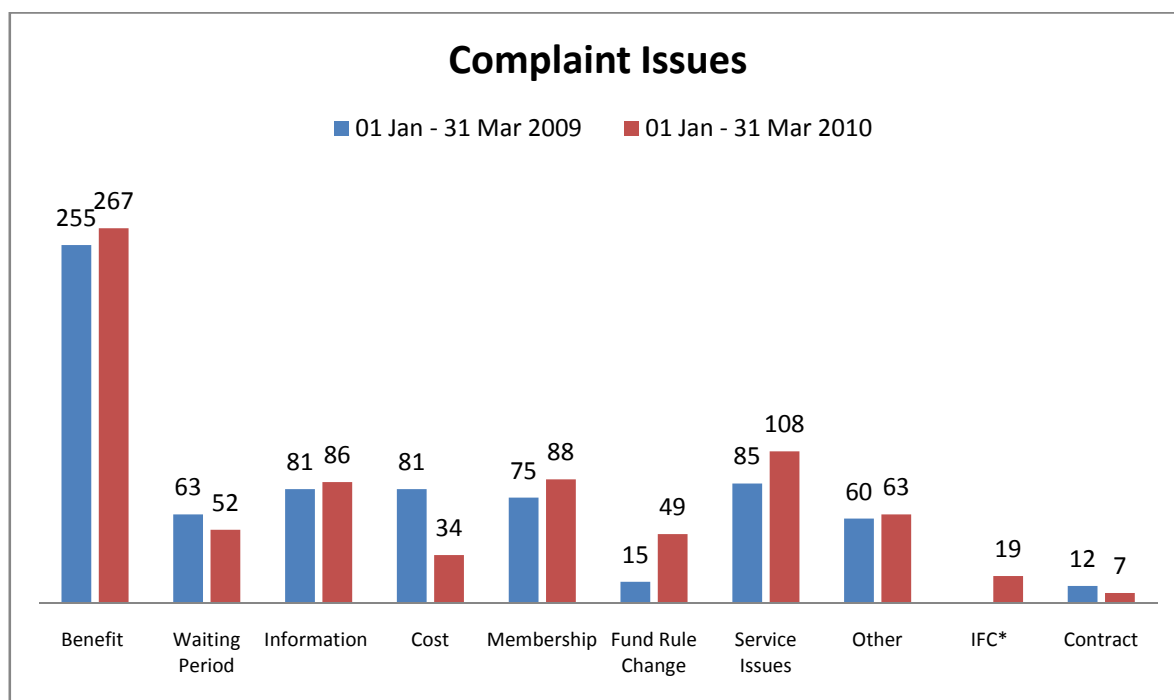
During the quarter, the most significant area of complaint related to benefits, with 52 complaints about waiting periods, 70 complaints about insufficient levels of cover, 28 complaints about benefit amounts, 28 complaints about delays in payment, 16 complaints about hospital gaps and 28 complaints about medical gaps.

Another notable area of complaint related to customer service, with 57 complaints about general service issues and 51 complaints about premium payment problems. Other complaint issues included 86 complaints about problems with oral and written information, 41 complaints about problems with cancelling memberships and 19 complaints about transferring memberships.

## Premium Increases & Rule Changes

During the quarter, premium increase announcements were made by insurers and this generated 32 complaints. This was a significant reduction on the 67 complaints received during the 2009 premium increase round.

There were 49 complaints about fund rule changes during the quarter, which was an increase from the 15 that PHIO received for the same period last year.



\* IFC (informed financial consent) was previously included in "cost"

## Two month waiting period for Psychiatric Care

Recently, PHIO has been advised of some examples of front line staff members of health insurers informing members that there is a 12-month waiting period for psychiatric services. This information is incorrect, as Section 75-1 (b) of the *Private Health Insurance Act 2007* limits the waiting period for psychiatric, rehabilitation and palliative care to 2months, regardless of whether the condition is pre-existing or not.

Although PHIO has not received complaints from individual consumers about this issue, it would be helpful if compliance officers could ensure front line staff members are aware that the waiting period for these services is 2-months for all new and upgrading members and that the pre-existing ailment rule cannot be applied.

## Health Insurance Claims Not Payable Outside Australia

PHIO has received a number of complaints from policy holders who were unaware that health insurance benefits can only be paid for goods and services provided in Australia. Insurers have different rules in relation to paying benefits for items purchased outside of Australia, particularly items purchased over the internet and imported into Australia.

Under the legislation and rules, health insurers should not pay benefits for services provided outside of Australia and for items where the transaction occurs outside of Australia. However, consumers are increasingly using the internet to purchase health related items and need clarity from their insurer about whether benefits are payable for such purchases.

PHIO requests insurers to ensure that their policy information about this rule is clearly explained. Stating that “benefits are not payable outside Australia” is not sufficient as it does not convey to the reader that an item imported by the user via an internet purchase may not be payable.

## **Optical Provider Registration**

A number of insurers have raised the issue that optical providers are no longer required to be registered in Western Australia and have sought clarification about how this could affect the payment of benefits. At the moment, many insurers do not individually register optical providers, because they are already registered by the state or territory where they practise. As WA has decided to disband its registration scheme for optical providers, PHIO suggests that insurers check their rules and published information in relation to how optical benefits are paid.

PHIO has received complaints from members whose insurers were not paying benefits for optical items purchased via the internet from companies with Western Australian addresses. PHIO recommends that insurers consider individually registering providers in states where legislation doesn't require optical provider registration. The Department of Veterans Affairs (DVA) has adopted a similar process for states where provider registration isn't required by legislation.

## **Industry Consultation – Acute Care Certification**

The PHIO is organising an industry consultation with State Health Departments, public hospitals and insurers in regard to arrangements for the certification of long stay patients in public hospitals. We have started some preliminary discussions with some State Health Departments and a small number of health funds to get a better sense of the scope and nature of the problems with the current process. What we learn from these preliminary discussions will shape the design of the stakeholder consultation. If you have a very strong interest in the certification of long stay private patients in public hospitals, please contact Leonie Hull via email [leonie@phio.org.au](mailto:leonie@phio.org.au).

## **PHIO Industry Information and Education Sessions**

PHIO recently held a series of half day workshops for fund staff members who work in complaints handling, or have responsibility for liaising with the PHIO office. Feedback from the workshops has been very positive. A workshop will be held in Perth on Thursday, May 13<sup>th</sup>. We are also intending to hold a workshop in Tasmania in coming months.

A number of insurers expressed a wish to be advised of the outcome of finalised Level-3 complaints during the workshops. PHIO is currently looking at its complaint handling process to include an extra step where our dispute resolution officer advises the insurer when a complaint is finalised.

PHIO will advise insurers when we close a matter on our system, which usually occurs when our complaint officer sends an outcome letter. However, PHIO often receives requests from complainants to re-open a case after we have sent an outcome letter. This can occur because the complainant has additional information to provide or simply wishes to have the matter reviewed at a higher level.

## **New PHIO Website**

The new [www.phio.org.au](http://www.phio.org.au) website went live in early April. Changes include improvements to the look of the site and its usability. The new site enables users to subscribe to the Quarterly Bulletin online and more easily access brochures and an online complaint form. A new “Facts and Advice” section has been added to the site which will contain fact sheets on issues that consumers raise with the office via our complaints handling service or the “Ask a Question” section of the PrivateHealth.gov.au website. Fact sheets on premium increases and obstetrics cover are currently available and more will be added in coming months. If you have any comments or feedback about the new website, please e-mail [alison@phio.org.au](mailto:alison@phio.org.au)

## Complaints by Health Insurer Market Share

01 January - 31 March 2010

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	26	3.9%	8	5.0%	3.0%
Australian Unity	28	4.2%	7	4.4%	3.2%
BUPA (HBA)	79	11.8%	15	9.4%	9.8%
CBHS	5	0.7%	0	0.0%	1.2%
CDH (Cessnock District Health)	0	0.0%	0	0.0%	<0.1%
CUA Health	2	0.3%	1	0.6%	0.4%
Defence Health	6	0.9%	1	0.6%	1.4%
Doctors' Health Fund	0	0.0%	0	0.0%	0.1%
GMHBA	10	1.5%	5	3.1%	1.5%
Grand United Corporate Health	3	0.4%	0	0.0%	0.3%
HBF Health	10	1.5%	1	0.6%	7.6%
HCF (Hospitals Cont. Fund )	43	6.4%	10	6.3%	8.9%
Health Care Insurance	0	0.0%	0	0.0%	0.1%
Health Insurance Fund of W.A.	0	0.0%	0	0.0%	0.4%
Healthguard	0	0.0%	0	0.0%	0.5%
Health-Partners	0	0.0%	0	0.0%	0.6%
Latrobe Health	6	0.9%	1	0.6%	0.6%
Manchester Unity	17	2.5%	5	3.1%	1.5%
MBF Alliances	31	4.6%	6	3.8%	1.9%
MBF Australia Limited	137	20.4%	34	21.4%	15.7%
Medibank Private	163	24.3%	35	22.0%	28.6%
Mildura District Hospital Fund	1	0.1%	1	0.6%	0.3%
National Health Benefits Aust.	0	0.0%	0	0.0%	0.1%
N.I.B. Health	71	10.6%	18	11.3%	7.1%
Navy Health	1	0.1%	1	0.6%	0.2%
Peoplecare	1	0.1%	0	0.0%	0.3%
Phoenix Health Fund	0	0.0%	0	0.0%	0.1%
Police Health	1	0.1%	0	0.0%	0.3%
QLD Country Health Fund	1	0.1%	0	0.0%	0.2%
Railway & Transport Health	6	0.9%	1	0.6%	0.3%
Reserve Bank Health	0	0.0%	0	0.0%	<0.1%
St Lukes Health	3	0.4%	2	1.3%	0.4%
Teacher Federation Health	16	2.4%	6	3.8%	1.7%
Teachers Union Health	1	0.1%	0	0.0%	0.4%
Transport Health	0	0.0%	0	0.0%	0.1%
Westfund	2	0.3%	1	0.6%	0.8%
<b>Total for Health Insurers</b>	<b>670</b>	<b>100%</b>	<b>159</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 2009