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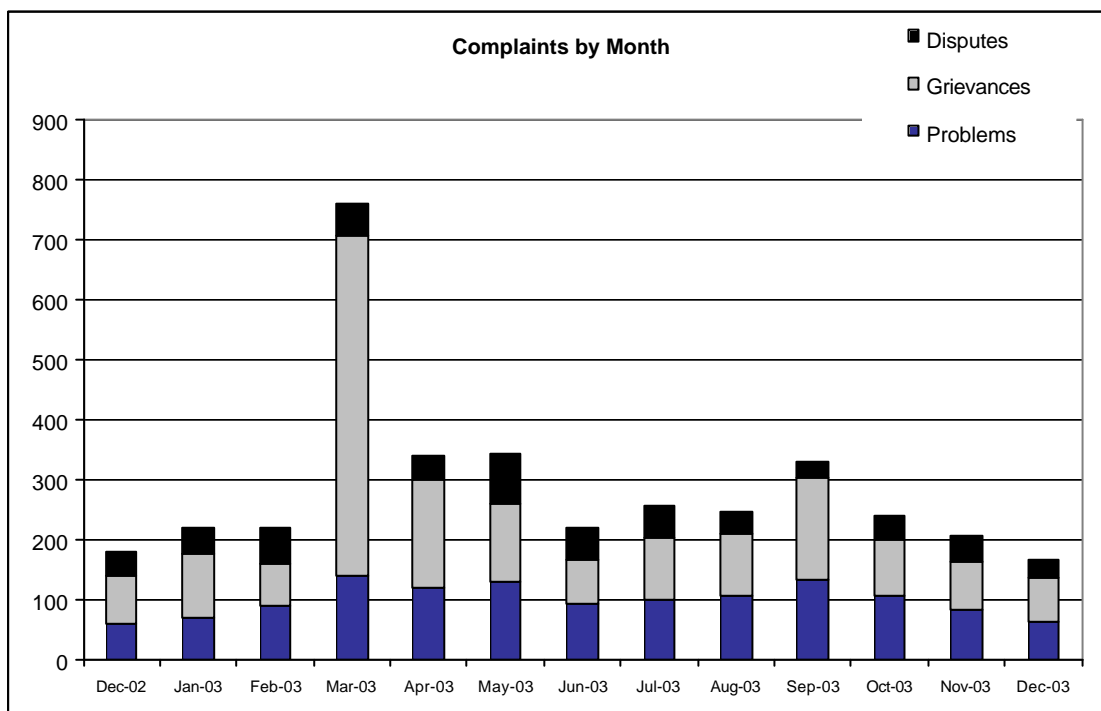
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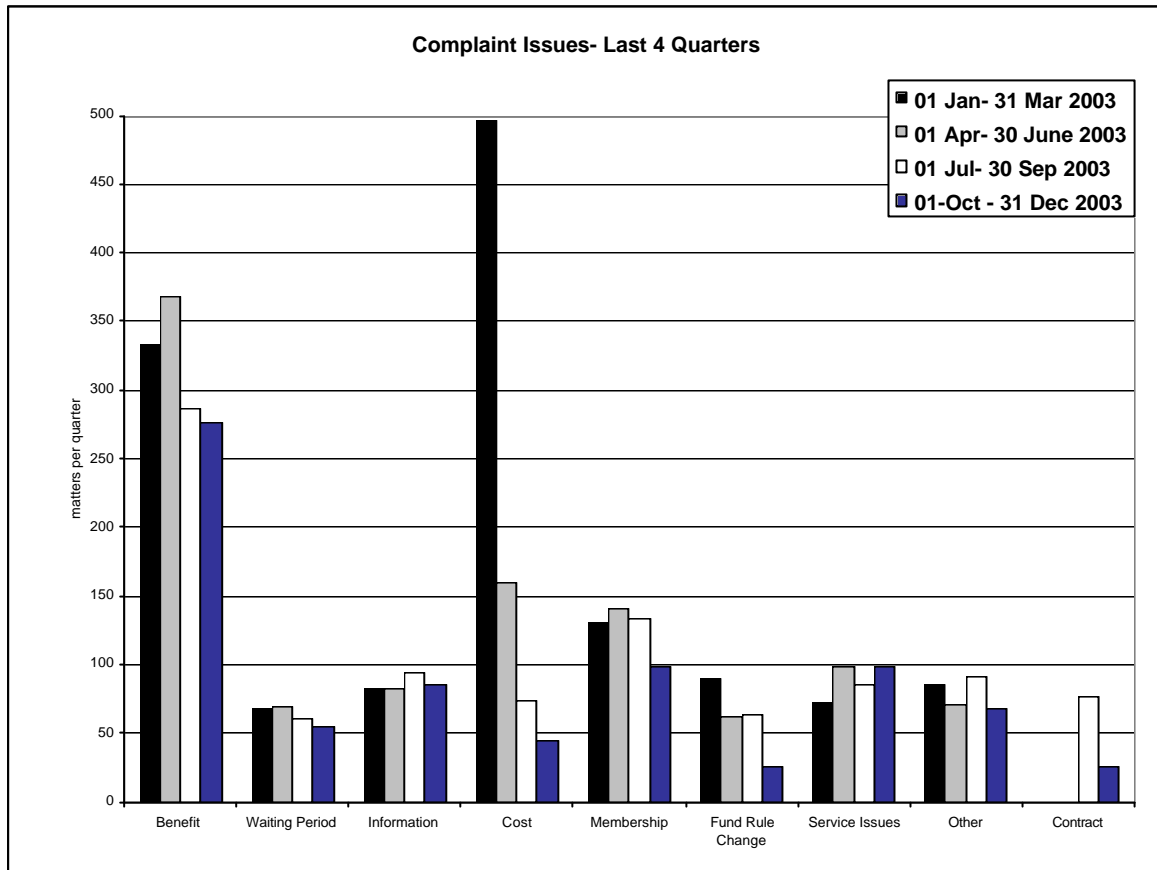
**Quarterly Bulletin 29**  
**(1 October to 31 December 2003)**

**COMPLAINTS AND DISPUTES ON DOWNWARD TREND**

The total number of complaints received by my office in this quarter was 594, a substantial reduction (28%) compared to last quarter (822) and a reduction of 6.5% on the same quarter last year (635).



The number of disputes registered for the quarter dropped to 132 from 136 last quarter (a decline of 3%). This follows a decline in disputes last quarter of 14.5%. This continuing decline in dispute numbers is a very welcome trend. Unfortunately it is not shared by all funds. A few funds have managed to “buck the trend” and record increases in both complaints and disputes over recent quarters.



## TEMPORARY SUSPENSION OF MEMBERSHIP

Problems associated with the suspension of membership arise regularly in complaints received by this office. Usually these problems are the result of misunderstandings by contributors of the fund's requirements and policies. In most cases, the fund or fund staff involved would have been able to avoid such problems by providing a clearer explanation. The lack of sufficiently developed administrative procedures in some funds also contributes to confusion for both contributors and customer service staff.

*Ms T had been a member of her fund for several years under a corporate policy for her employer. She was retrenched and contacted the fund, by telephone, to discuss her situation. She was concerned that she would not be able to afford continue to pay the premiums on her corporate cover. She said she was advised that she could not continue the corporate cover, in any case, but could transfer to a "retail" policy and having done so and paid an initial premium, her membership could then be suspended for up to 12 months, with no loss of benefits or "standing" with the fund. She said she agreed to this arrangement and was advised that the fund would set up the transfer to the retail policy. She paid the first month's premium (but did not pay further premiums for 12 months).*

*12 months later she contacted the fund to reinstate her cover. The fund advised that her membership had lapsed due to non-payment of premiums and was cancelled. She would therefore need to rejoin and again serve the standard waiting periods.*

*The fund records confirmed that her membership was transferred to the retail policy, as indicated, and there was a record that “suspension was discussed”. However the fund advised that its policy was to require a request for suspension in writing and that Ms T “would have” been advised of that requirement.*

There is considerable variation in fund rules and procedures on suspension. My view is that the funds that are applying best practice in this area have an approved application form for suspension and confirm the decision to suspend (and suspension period) in writing. Both the form and the letter advising of the suspension decision include a detailed explanation of the terms and conditions of suspension and highlight any requirements in relation to reinstatement. Ms T’s complaint would probably not have arisen (and the fund’s position would certainly have been more acceptable) had her fund adopted that approach.

*Mr J had been a member of his health fund for about 10 years. He suspended his family membership for four months due to financial hardship. He then arranged to reinstate his membership and met all of the fund’s requirements in doing so. A few weeks after reinstatement his wife’s doctor told her she was pregnant. Mr J enquired with the fund about his eligibility for benefits in respect of the pregnancy. He was advised that, as it was apparent (from the expected date) that his wife became pregnant during the suspension period, no benefits could be paid in relation to that condition for a period of 12 months from reinstatement. The fund rule in this case provided that:  
“Medical and dental conditions, which develop during suspension, will be considered pre-existing and a 12-month waiting period will apply from the date of recommencement of the membership”.*

The fund did eventually agree that, in this case, the condition was not pre-existing as there were no signs or symptoms of the pregnancy prior to the reinstatement of the membership. However, I have serious reservations about the validity of such a rule. It may contravene the provisions of the legislation relating to waiting periods. More recent complaints suggest that one or more other funds may be adopting similar policies.

In his December 2000 bulletin, the former Ombudsman discussed concerns about some other aspects of suspension policies. He noted the variation and inconsistency between funds on this issue. He concluded by observing that: *“Perhaps it is time for funds to collectively put together common provisions for suspensions.”* Three years later I can only agree. I will be following this matter up in more detail with all funds in the near future.

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## Complaints (Problems, Grievances & Disputes) by Health Fund 1 Oct – 31 Dec 2003

Name of Fund	Total number of complaints(1)	% of total complaints	Total number of disputes (2)	% of total disputes	Health fund Market share (3)
ACA Health Benefits	0	0.0	0	0.0	0.1
AMA Health Fund	0	0.0	0	0.0	0.1
Australian Health Management Group	21	3.5	4	3.0	2.5
Australian Unity	23	3.9	6	4.5	3.1
BUPA Australia Health(4)	81	13.6	19	14.4	9.9
CBHS	6	1.0	0	0.0	1.0
CDH (Cessnock District Health)	0	0.0	0	0.0	<0.5
Credicare	0	0.0	0	0.0	0.4
Defence Health	4	0.7	1	0.8	1.2
Druids NSW	0	0.0	0	0.0	<0.5
Druids Victoria	1	0.2	1	0.8	0.1
Federation Health	2	0.3	0	0.0	0.2
GMHBA	6	1.0	1	0.8	1.3
Grand United Corporate Health	2	0.3	1	0.8	0.2
Grand United Health	6	1.0	3	2.3	0.4
HBF Health	18	3.0	3	2.3	8.6
HCF( Hospitals Contribution Fund )	27	4.5	6	4.5	7.6
Health Care Insurance	0	0.0	0	0.0	0.1
Health Insurance Fund of W.A.	2	0.3	1	0.8	0.4
Healthguard	3	0.5	0	0.0	0.6
Health-Partners	4	0.7	1	0.8	0.6
I.O.R. Australia	13	2.2	3	2.3	0.9
IOOF Health	1	0.2	0	0.0	0.2
Latrobe Health	3	0.5	0	0.0	0.4
Lysaght Peoplecare	2	0.3	0	0.0	0.3
Manchester Unity	10	1.7	2	1.5	1.3
MBF ( Medical Benefits Fund )	99	16.7	14	10.6	16.7
Medibank Private	171	28.8	44	33.3	29.7
Mildura District Hospital Fund	0	0.0	0	0.0	0.3
N.I.B. Health	56	9.4	15	11.4	5.5
Navy Health	1	0.2	0	0.0	0.3
NRMA Health	9	1.5	1	0.8	2.1
Phoenix Health Fund	1	0.2	0	0.0	0.1
Police Health	1	0.2	0	0.0	0.1
Queensland Country Health	3	0.5	1	0.8	0.2
Railway & Transport Health	0	0.0	0	0.0	0.3
Reserve Bank Health	0	0.0	0	0.0	<0.5
St Lukes Health	1	0.2	0	0.0	0.4
Teacher Federation Health	7	1.2	1	0.8	1.5
Teachers Union Health	5	0.8	1	0.8	0.4
Transport Health	1	0.2	0	0.0	0.1
Westfund	4	0.7	3	2.3	0.8
<b>Total for Registered Funds</b>	<b>594</b>	<b>100.0</b>	<b>132</b>	<b>100.0</b>	

Note 1. Complaints = problems, grievances and disputes

Note 2. Disputes required intervention by the Ombudsman with Fund

Note 3. Source: PHIAC: Market Share as at 30/06/2003

Note 4. Previously listed as HBA Health Insurance