

QUARTERLY BULLETIN NO 23
(1 April to 30 June 2002)

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Complaint Statistics and Issues

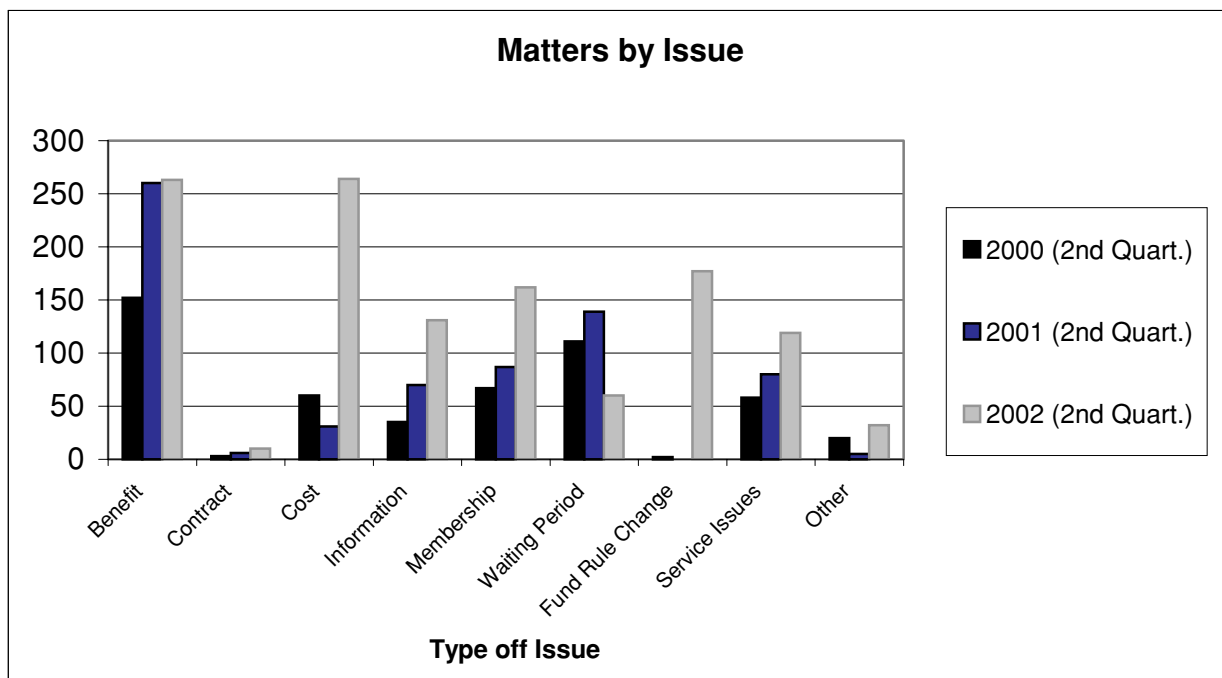
It was to be expected that the first significant contribution increase in over two years was going to have an effect on complaint numbers. What compounded the effect in this instance was, when increases were accompanied by significant changes to the products, consumers were rightly aggrieved and expressed that annoyance. The fund rule change statistics reflect complaints about Medibank Private and MBF in the main.

The graph below compares the same quarter's activity over the past three years, depicting the changes not only to the gross numbers of complaints but equally significantly, the change to the issues addressed by consumers.

An area of concern that was not previously to the forefront was rate protection. These complaints appear within the Membership category of issues. Although most of the complaints in this category related to the Goldfields Medical Fund reneging on their published rate protection guarantee, other consumers also raised the general question of their rights if they had paid in advance. This is an information area where funds need to pay heed. The belief of consumers who lodged complaints generally on this issue, was that they had paid for a given period and not just a dollar amount. If funds do not offer rate protection for periodic advance payments, brochure information needs to allude to this fact.

The number of complaints this quarter is 901 up from 591 for the corresponding quarter last year, although the dispute category has maintained its marginal fall shown over the past few quarters and compares favorably with 139 this quarter compared to 158 last year.

Complaint levels peaked on 28 March with 62 cases in one day, closely followed by 2 April, when 56 cases were recorded. These levels need to be viewed against an average of around 12 new cases each working day over the whole twelve months.



NB. Complaints = Problems, Grievances and Disputes. One complaint may have more than one issue registered for it (eg. Complainant disputes cost and fund rule change)

Privacy and Consumer Rights

The private sector privacy legislation was introduced to protect the rights of individuals. Unfortunately, in some instances, the rigid approach of some fund staff has meant that consumers are having difficulty in resolving even simple issues with health funds. We provide two cases here, both of which give rise for concern.

Mrs Brown was an elderly lady in hospital and needing post-operative care. Her health fund had denied benefits for some claims and Mrs Brown's daughter sought the reason from the fund. The fund declined on the basis of the privacy legislation to deal with the daughter even though it was apparent Mrs Brown was still hospitalised.

Mrs Green was estranged from the father of her children. The parting was not an amicable one. After a period Mrs Green sought a clearance certificate for her children to allow them to be placed within the ambit of her new fund cover. The fund initially denied information because they were aware the circumstances of the children's cover were not as had been expected by Mrs Green. The fund would normally have tried to assist in alleviating the problems facing estranged members, but felt constrained by the privacy legislation.

The privacy legislation is there to assist and protect the rights of individuals. It wasn't meant to hinder. These are only two of a number of occasions where health funds have refused to carry out what appear reasonable requests because they felt inhibited by the privacy act.

There needs to be a consistent industry approach to the question of privacy and consumer rights. The privacy commission needs to be made aware of problems facing consumers particularly when some in the industry still insist their responsibility is to the "primary member". PHIO is prepared to act as an intermediary if necessary to assist the broader industry resolve any contentious issues.

Internal Complaint Systems

From its inception this office has tried to stress the importance to health funds of a properly instituted internal complaints management system. Not only can this provide a sound basis for resolving complaints that emanate from PHIO, but more importantly also provides management with an insight into the feelings of consumers towards deficiencies in their product. The development of a complaints management system provides another tool for readily responding to market expectations.

Recently PHIO was invited to participate in a preliminary analysis of an internal complaints system implemented by GMHBA. This wasn't a system to handle complaints from PHIO, as GMHBA members haven't regularly appeared in PHIO statistics. The GMHBA system was being implemented to assist management in better understanding the needs of their consumers. There was an understanding (and commitment) from the board level down, that a process that systematically recorded both the reason and extent of consumer expressions of dissatisfaction would assist the company in refining both product and service.

The GMHBA board's understanding is fundamental in providing for the needs of a diverse group of consumers, particularly in a highly competitive service oriented industry. Expressions of dissatisfaction towards product or service levels need to be communicated to the decision makers within an organisation for the organisation to progress.

Motherhood stuff isn't it? In today's environment, we ponder on the question of why all funds don't invest in this type of thinking. It can't be too costly, as GMHBA doesn't go overboard spending members' funds on costly administration. In the end it saves money.

The GMHBA approach isn't new we have merely taken the liberty of reporting their adoption of it. Some other funds already have highly sophisticated internal complaints management systems and it shows in the PHIO statistics.

Given the ready availability of systems to manage and analyse expressions of consumer dissatisfaction there really isn't any excuse for businesses with a heavy consumer focus not availing themselves of such systems and yet within the private health insurance industry, some still don't recognise the need or advantage.

Standards Australia produced a set of "Essential Elements of Effective Complaints Handling" as part of their overall standard on complaints handling in AS 4269 – 1995. The standard canvasses the elements (amongst others) of commitment of the organisation, adequate resources, fairness and access, visibility and assistance, together with remedies and reviewing both process and systemic issues. For those contemplating introducing a product review process encompassing consumer feedback, the Australian Standard on Complaints Handling provides an excellent framework.

Complaints (Problems, Grievances & Disputes by Health Fund 1 April 2002 to 30 June 2002

| 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 Fund | 0 | 0.0 | 0 | 0.0 | 0.1 |
| AMA Health Fund Limited | 1 | 0.1 | 0 | 0.0 | 0.1 |
| Australian Health Management Group Limited | 76 | 8.4 | 7 | 5.0 | 2.6 |
| Australian Unity Health Limited | 16 | 1.8 | 0 | 0.0 | 3.1 |
| AXA Australia Health Insurance | 52 | 5.8 | 13 | 9.4 | 9.9 |
| CBHS Friendly Society Limited | 6 | 0.7 | 1 | 0.7 | 0.9 |
| Cessnock District Health Benefits Fund | 0 | 0.0 | 0 | 0.0 | 0.0 |
| Credicare Health Fund | 0 | 0.0 | 0 | 0.0 | 0.4 |
| Defence Health Benefits Society | 4 | 0.4 | 0 | 0.0 | 1.1 |
| Federation Health | 0 | 0.0 | 0 | 0.0 | 0.2 |
| GMHBA Limited | 0 | 0.0 | 1 | 0.7 | 1.2 |
| Goldfields Medical Fund (Inc.) | 74 | 8.2 | 12 | 8.6 | 0.7 |
| Grand United Corporate Health Limited | 1 | 0.1 | 1 | 0.7 | 0.2 |
| Grand United Health Fund Pty Ltd | 2 | 0.2 | 0 | 0.0 | 0.4 |
| Health Care Insurance Limited | 2 | 0.2 | 0 | 0.0 | 0.1 |
| Health Insurance Fund of W.A. | 2 | 0.2 | 1 | 0.7 | 0.4 |
| Health-Partners Inc. | 0 | 0.0 | 0 | 0.0 | 0.5 |
| Healthguard Health Benefits Fund Limited | 1 | 0.1 | 0 | 0.0 | 0.1 |
| HBF Health Funds Inc. | 24 | 2.7 | 4 | 2.9 | 8.8 |
| Hospitals Contribution Fund of Australia Limited | 22 | 2.4 | 9 | 6.5 | 7.3 |
| IOOF Health Services Limited | 2 | 0.2 | 0 | 0.0 | 0.2 |
| I.O.R. Australia Pty Limited | 25 | 2.8 | 5 | 3.6 | 1.1 |
| Latrobe Health Services Inc. | 2 | 0.2 | 1 | 0.7 | 0.5 |
| Lysaght Peoplecare | 0 | 0.0 | 0 | 0.0 | 0.2 |
| Manchester Unity Friendly Society In N.S.W. | 17 | 1.9 | 5 | 3.6 | 1.2 |
| Medibank Private Limited | 347 | 38.5 | 58 | 41.7 | 30.7 |
| Medical Benefits Fund of Australia Limited | 175 | 19.4 | 10 | 7.2 | 16.9 |
| Mildura District Hospital Fund Limited | 0 | 0.0 | 0 | 0.0 | 0.3 |
| Navy Health Limited | 0 | 0.0 | 0 | 0.0 | 0.2 |
| N.I.B. Health Funds Limited | 17 | 1.9 | 6 | 4.3 | 4.9 |
| NRMA Health Pty. Limited | 10 | 1.1 | 2 | 1.4 | 1.5 |
| Phoenix Welfare Association Limited | 0 | 0.0 | 0 | 0.0 | 0.1 |
| Queensland Country Health Limited | 1 | 0.1 | 0 | 0.0 | 0.2 |
| Railway & Transport Employees Friendly Soc. H.F. Ltd. | 0 | 0.0 | 0 | 0.0 | 0.3 |
| Reserve Bank Health Society | 0 | 0.0 | 0 | 0.0 | 0.0 |
| SA Police Employees' Health Fund Inc. | 0 | 0.0 | 0 | 0.0 | 0.1 |
| St Luke's Medical & Hospital Benefits Ass. Ltd. | 7 | 0.8 | 1 | 0.7 | 0.4 |
| Teachers Federation Health Limited | 1 | 0.1 | 0 | 0.0 | 1.4 |
| Transition Benefits Fund Pty Limited | 0 | 0.0 | 0 | 0.0 | 0.1 |
| Queensland Teachers' Union Health Fund Limited | 3 | 0.3 | 0 | 0.0 | 0.4 |
| Transport Friendly Society Limited | 1 | 0.1 | 0 | 0.0 | 0.1 |
| United Ancient Order of Druids Victoria | 0 | 0.0 | 0 | 0.0 | 0.1 |
| United Ancient Order of Druids G/L NSW | 1 | 0.1 | 0 | 0.0 | 0.0 |
| Western District Health Fund Ltd | 10 | 1.1 | 2 | 1.4 | 0.7 |
| Total for Registered Funds | 902 | 100.0 | 139 | 100.0 | 100.0 |

1. Complaints = problems, grievances and disputes.
2. Disputes require intervention by the Ombudsman and the fund.
3. Proportion of people covered by health fund as at 30 June 2001 as stated in the PHIAC Annual Report.