

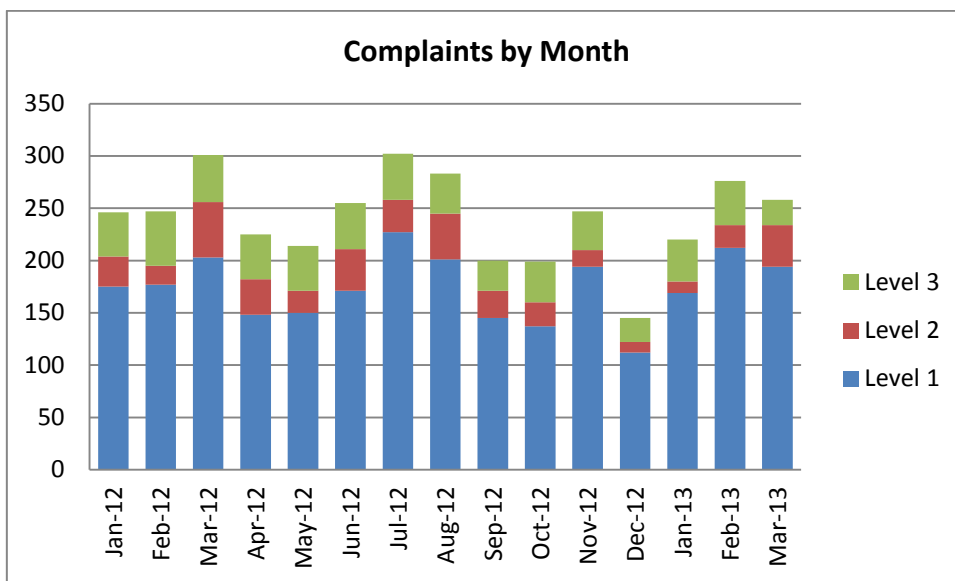


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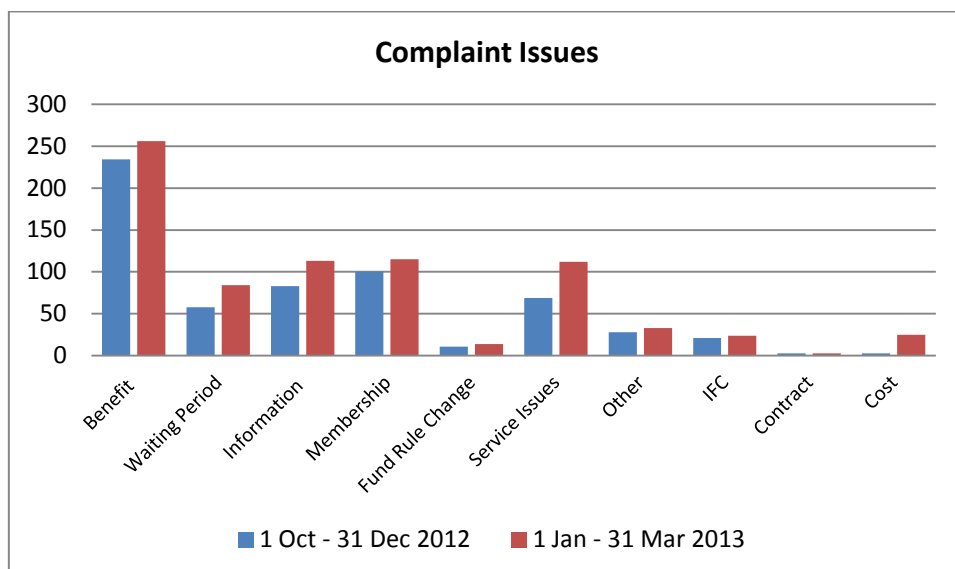
Quarterly Bulletin 66
 (01 January – 31 March 2013)

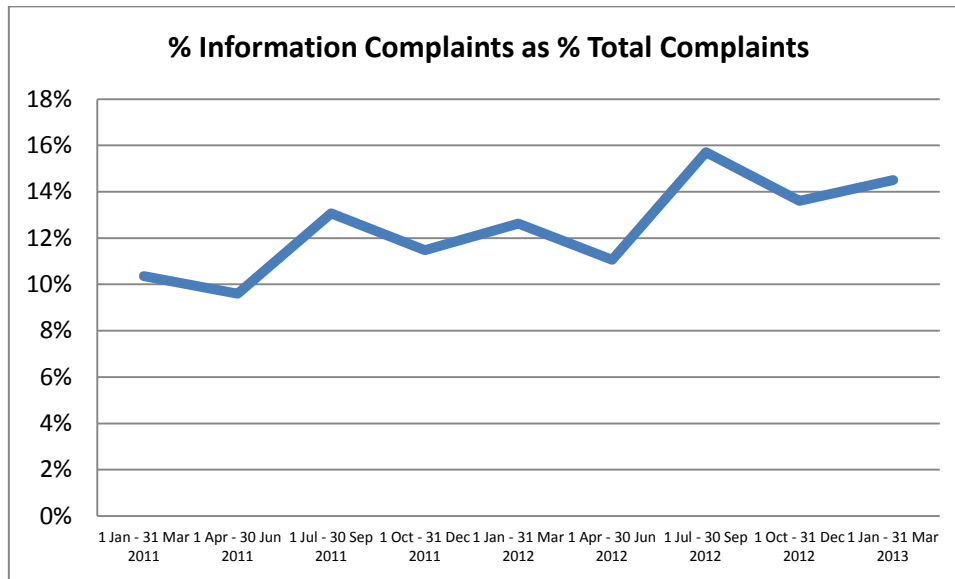
Complaint Statistics & Workload

Complaints to PHIO are generally higher in the March quarter, when consumers have an increased awareness of private health insurance issues, due to premium increase mailings and media comment about the premium round. PHIO recorded 754 complaints this quarter, compared to 591 in the previous quarter and 794 in the same quarter last year.



During the March quarter, complaints about Benefits, Information and Service issues were higher than during the previous quarter. Of the 113 complaints about Information, 73 (64%) concerned Oral Advice. The remaining Information complaints concerned Brochure and Website information (14 complaints), Written Advice (11) and other printed material (17).





Complaints about Written and Oral Advice

The number of oral and written information complaints to PHIO has increased as a proportion of total complaints over the last few quarters. This is partly attributable to a reduction in complaints about other issues; however, PHIO recommends that insurers seeking to reduce complaints about information issues focus on oral advice provided by staff in call centre and branches, as well as written advice provided in brochures and on websites.

PHIO received 77 complaints about oral advice during the quarter, which makes it the single biggest complaint issue reported to PHIO in this period. All of these complaints related to a difference of opinion between the member and insurer about what was discussed during a phone call or visit to a retail branch. An analysis of oral advice complaints to PHIO suggests that insurers can reduce complaints about oral advice by:

- having call recording systems in place at their call centres;
- ensuring that staff in retail centres make sufficient notes of their interactions with members; and
- providing staff training and support to ensure that sales and customer service staff have sufficient knowledge about private health insurance in general and the insurer's own health insurance policies.

Those insurers that record phone conversations and can easily replay them to complainants have significantly fewer complaints in this area. In the absence of call recording systems, insurers can reduce complaints about oral advice by ensuring that staff members record accurate and contemporaneous summaries of any advice given to members.

Unfortunately, PHIO receives a disproportionate level of complaints about information provided during visits to retail centres. Complaints are higher in this area because records of interactions with members visiting branches tend to be poorer than call centre records. PHIO accepts that it can be more difficult for staff in retail centres to record notes during busy periods, but putting in place systems and processes to facilitate good record keeping in branches, will assist in reducing complaints in this area. PHIO's view is that where a customer service officer is providing policy and benefit advice to a customer in a branch, he or she should record notes about the conversation in the same way as is done for customers contacting the insurer using other methods.

Complaints about written information and advice are considerably lower than those about oral advice. During the quarter, PHIO received 14 complaints about written advice, 13 about brochures and websites and 11 about consumers not receiving notification of a policy change or detail. These complaints generally result from unclear or inadequate policy information. In some cases, consumers have missed important details because they were obscured by marketing information.

While PHIO understands the need for insurers to tailor their marketing messages to consumers, there is always a risk that important policy information can be missed because it has been given insufficient prominence in a letter, brochure or website.

In relation to website information, a number of complaints this quarter concerned consumers being unaware of important policy information because it was contained in a “pop up” message on the website. Where possible, and in particular during the sign up process for a new health insurance policy, important information should not be placed in pop up messages that can be overlooked. Information about policy limitations such as waiting periods or restrictions and exclusions should be compulsory viewing and in some cases, require the consumer to click on a check box to indicate they have read and accepted the information.

Portability, Clearance Certificates and Code of Conduct Changes

Portability allows consumers to have their previous membership recognised when they transfer to a new health insurance policy. In order for portability to work smoothly and to meet the legislative requirements in relation to portability under Division 78 of the *Private Health Insurance Act 2007*, all insurers need to have effective processes in place to allow for the timely despatch and follow up of clearance certificates.

For a number of years, some insurers have experienced problems in obtaining clearance certificates in a timely manner; this can cause difficulties for the new fund in calculating a new member’s lifetime health status and particular problems when a new member needs to be hospitalised before their portability status has been confirmed. PHIO receives a moderate number of complaints about these issues from both consumers and insurers, but most problems are sorted out within 72 hours of a consumer contacting the office. A particular problem has been the administrative burden placed on staff within insurers who are seeking to ensure new memberships are fully set up in 14 days.

In late 2012 it was pleasing to see the industry representative bodies, Private Health Care Australia and HIRMAA, and all insurers agreed on new arrangements to facilitate the timely transfer of clearance certificates between insurers. Most importantly, agreement was reached on the use of a standard format for certificates, standard authority requirements, and the provision of a list of contacts in each insurer to obtain information electronically.

PHIO fully supports these measures and believes that they will go a long way towards sorting out problems that insurers have advised us they have experienced in the past. It is too early to see the impact of the new measures on complaints about this issue, but PHIO will be monitoring this issue and will report on any changes to the number of complaints received about membership transfers.

Complaints Staff Workshops in 2013

PHIO will be conducting a series of industry workshops in the second half of the year which will focus on assisting insurers to improve their internal complaints handling practices and reduce complaints about systemic issues. These workshops will be held in Sydney, Melbourne, Brisbane and Adelaide.

A complaint handling workshop will be conducted in Perth on Thursday 20th June. Western Australian insurers should already have received details but if you would like to attend please contact info@phio.gov.au for further details.

New PHIO E-mail Domain

PHIO has moved its e-mail from the .org domain to the .gov domain. All staff e-mail addresses remain the same, except that they now end in .gov.au instead of .org.au e.g. person@phio.gov.au. E-mails will be forwarded from the old domain, but we recommend that you update any e-mail addresses you have for PHIO staff members to the new domain, to ensure we continue to receive your e-mails in future.

Complaints by Health Insurer Market Share

1 January - 31 March 2013

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	40	6.2%	6	6.9%	3.0%
Australian Unity	43	6.6%	2	2.3%	3.2%
BUPA (includes MBF)	163	25.1%	27	31.0%	26.7%
CBHS	3	0.5%	0	0.0%	1.3%
CDH (Cessnock District Health)	0	0.0%	0	0.0%	<0.1%
CUA Health	3	0.5%	2	2.3%	0.4%
Defence Health	2	0.3%	0	0.0%	1.6%
Doctors' Health Fund	2	0.3%	0	0.0%	0.2%
GMHBA	8	1.2%	3	3.4%	1.8%
Grand United Corporate Health	5	0.8%	2	2.3%	0.4%
HBF Health	15	2.3%	2	2.3%	7.6%
HCF (Hospitals Cont. Fund)	73	11.2%	5	5.7%	10.7%
Health.com.au	8	1.2%	3	3.4%	<0.1%
Health Care Insurance	0	0.0%	0	0.0%	0.1%
HIF (Health Insurance Fund of Aus.)	8	1.2%	1	1.1%	0.6%
Healthguard (GMF/Central West)	2	0.3%	1	1.1%	0.5%
Health-Partners	3	0.5%	0	0.0%	0.6%
Latrobe Health	3	0.5%	0	0.0%	0.7%
Medibank Private	174	26.8%	21	24.1%	27.1%
Mildura District Hospital Fund	0	0.0%	0	0.0%	0.2%
National Health Benefits Aust.	0	0.0%	0	0.0%	0.1%
NIB Health	57	8.8%	8	9.2%	7.6%
Navy Health	0	0.0%	0	0.0%	0.3%
Peoplecare	1	0.2%	0	0.0%	0.5%
Phoenix Health Fund	0	0.0%	0	0.0%	0.1%
Police Health	3	0.5%	0	0.0%	0.3%
QLD Country Health Fund	1	0.2%	0	0.0%	0.3%
Railway & Transport Health	3	0.5%	0	0.0%	0.4%
Reserve Bank Health	1	0.2%	1	1.1%	<0.1%
St Lukes Health	4	0.6%	0	0.0%	0.4%
Teachers Federation Health	20	3.1%	2	2.3%	1.8%
Teachers Union Health	0	0.0%	0	0.0%	0.4%
Transport Health	0	0.0%	0	0.0%	0.1%
Westfund	4	0.6%	1	1.1%	0.8%
Total for Health Insurers	649	100%	87	100%	100%

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 2012