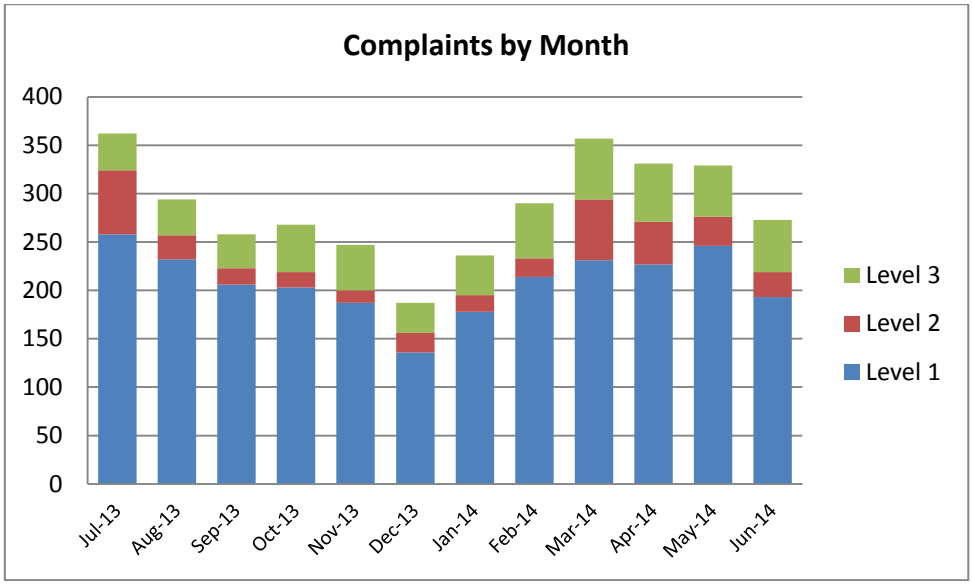
Australian Government
Private Health Insurance Ombudsman

Issues in this bulletin

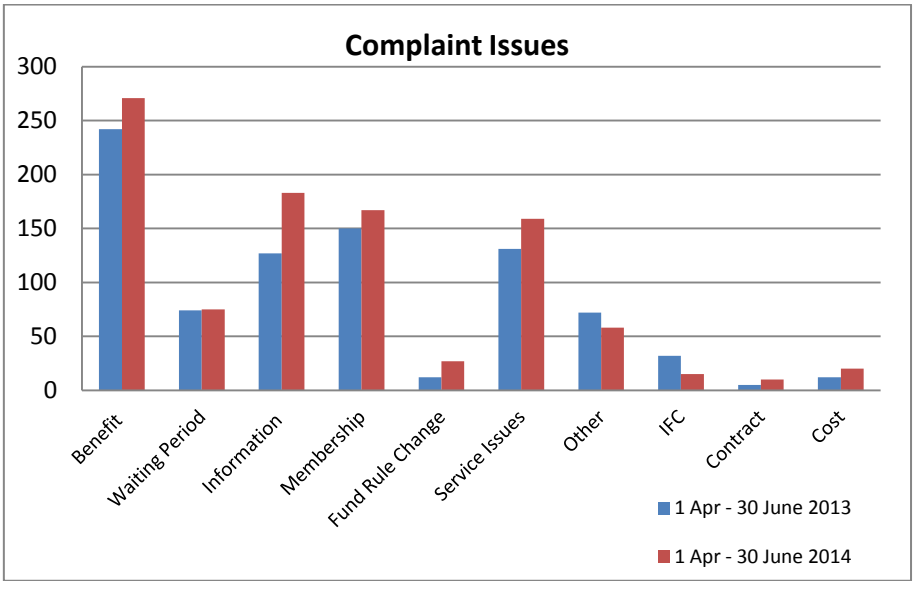
Quarterly Bulletin 71
(1 April – 30 June 2014)

Complaint Statistics & Workload

The Ombudsman received 933 complaints this quarter, compared with 883 in the previous quarter and 822 complaints in the same period last year. The June quarter is typically a busy period, due to the Department of Health's Lifetime Health Cover mailings and end of financial year advertising by health insurers. Most of the increase in complaints this quarter can be attributed, however, to higher numbers of complaints from members of a large insurer and not to any industry wide trend.



The increase in complaints this quarter saw a rise in a number of complaint areas, including benefits and information complaints, particularly complaints about oral advice provided by fund staff in phone calls, or over the counter in branches. This issue was discussed in detail in QB #70 and #68.



Acute Care Certification Consultation

A new National Acute Care Certificate for certifying the provision of acute care to long-stay private patients in public hospitals has been developed through a consultation process with health insurers and State Health Departments, led by a Working Group comprising representatives of SA and NSW Health, Medibank Private, BUPA and PHIO.

The purpose of this new private patient/public hospital acute care certificate is to minimise the transaction costs for public hospitals and health insurers when verifying and paying acute private long-stay public hospital charges. The final version of the new certificate was distributed to all health insurers and State and Territory Health Departments in late May.

Although there is no legislative basis for imposing this new certificate, PHIO encourages all health insurers and States to fully consider its adoption. It is fit for purpose and a comprehensive uptake would result in a consistent national approach to certifying acute care for long stay private patients in public hospitals.

The development of the new certificate is an encouraging example of a productive collaboration between representatives of State Health Departments and private health insurers with PHIO's involvement.

The ultimate success of the new National Acute Care Certificate will depend on the extent to which it is voluntarily adopted by all jurisdictions and all health funds. PHIO will continue to monitor the introduction and uptake of the new certificate over the coming year and will also assist in managing the post-implementation review process for the new certificate, which is planned for early 2015. More information can be found on the PHIO website:
http://www.phio.org.au/complaints/industry-resources/acute-care-certificate.aspx

Importance of the 30 Day Cooling Off Period

Most consumers choose a health insurance policy after discussing a number of options with a salesperson or reviewing options on a website. At the time of choosing a policy, there are a number of important issues a consumer needs to take into account, particularly in relation to the features and price of the policies being considered.

The Private Health Insurance Code of Conduct requires health insurers to offer a 30-day cooling off period, if no claims have been made on the policy, to allow consumers the opportunity to re-consider the policy they have chosen and ensure it will meet their healthcare needs.

The standard sales process for someone taking out a policy is for the cover to start from the time of the phone call, branch visit or internet visit. The new member is then sent documents confirming the level of cover chosen and a Standard Information Statement.

Unfortunately, it is apparent from a number of complaints to PHIO that some new members are not taking the time to review the details of their policy during the 30-day cooling off period. For this reason, PHIO considers it would be helpful if health insurers could stress the importance of reading the policy documents and contacting the insurer within 30 days if they change their mind.

Highlighting what is important to read among the documents being sent to a new member is also helpful, given the length or number of documents that may be sent. Ideally, the first piece of information a new member reads should indicate the level of cover chosen, any significant restrictions or limitations on the policy, information about waiting periods and a warning to check all details in the first 30 days of membership. PHIO considers that this approach will assist insurers to reduce complaints from new members about the policy they have chosen.

Information for Consumers about Plastic and Reconstructive Surgery

There has been some recent media attention on hospital policies that exclude or restrict plastic and reconstructive surgery. PHIO has focussed on this issue in the past (see Quarterly Bulletin #56) and our view is that insurers need to provide clear, unambiguous advice to their members about the definition of plastic and reconstructive surgery, and any restrictions that apply to this type of surgery on their policies.

It is also important for insurers to provide a plain English explanation of what plastic and reconstructive surgery means. Most consumers are not aware of the broad range of medically necessary treatments that are covered by the term "plastic and reconstructive surgery". Some examples of plastic and reconstructive surgeries that would make this distinction clearer to consumers include:

- surgeries on congenital abnormalities, e.g. repair of cleft palates or cleft lips, nasal deformities causing breathing problems;
- surgery following burns e.g. skin grafting and release of skin tightening and scarring (contractures);
- surgery following traumatic injuries, e.g. repair of facial bone fractures and breaks;
- surgery following removal of cancers or tumours, e.g. breast reconstruction following mastectomy, skin grafts and skin flap surgery following tumour removal; and
- laceration and scar repair.

PHIO's advice to consumers is that they should contact their insurer ahead of time whenever practicable, to confirm if they will be covered for a particular surgery, and to provide Medicare item numbers from their surgeon where possible. Insurers are obliged to send Standard Information Statements to their members at least once a year, and consumers should take the opportunity to regularly review their cover to make sure it still fits their needs.

PHIO also has a Fact Sheet on Plastic and Reconstructive Surgery, available online at:
http://www.phio.org.au/facts-and-advice/plastic-and-reconstructive-surgery.aspx

Merger of the Private Health Insurance Ombudsman and the Commonwealth Ombudsman

The Government has announced that the Private Health Insurance Ombudsman will be merged with the Commonwealth Ombudsman from 1 July 2015. The functions of the office will continue and the responsible agencies are currently working together to effect a smooth transition. It is not expected that this change will affect private health insurance consumers' access to PHIO's complaints handling service or the comparison website www.privatehealth.gov.au.

Complaints by Health Insurer Market Share

1 April - 30 June 2014

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%
Australian Unity	53	6.7%	6	4.1%	3.2%
BUPA	311	39.1%	76	52.4%	26.8%
CBHS	6	0.8%	1	0.7%	1.3%
CDH (Cessnock District Health)	0	0.0%	0	0.0%	<0.1%
CUA Health	10	1.3%	1	0.7%	0.5%
Defence Health	5	0.6%	0	0.0%	1.7%
Doctors' Health Fund	0	0.0%	0	0.0%	0.2%
GMHBA	12	1.5%	2	1.4%	1.9%
Grand United Corporate Health	0	0.0%	0	0.0%	0.4%
HBF Health	22	2.8%	1	0.7%	7.5%
HCF (Hospitals Cont. Fund)	110	13.8%	15	10.3%	10.8%
Health.com.au	10	1.3%	6	4.1%	0.3%
Health Care Insurance	1	0.1%	0	0.0%	<0.1%
Healthguard (GMF/Central West)	1	0.1%	0	0.0%	0.5%
Health-Partners	3	0.4%	0	0.0%	0.6%
HIF (Health Insurance Fund of Aus.)	5	0.6%	1	0.7%	0.6%
Latrobe Health	5	0.6%	0	0.0%	0.7%
Medibank Private & AHM	147	18.5%	25	17.2%	29.4%
Mildura District Hospital Fund	1	0.1%	0	0.0%	0.2%
National Health Benefits Aust.	0	0.0%	0	0.0%	0.1%
Navy Health	0	0.0%	0	0.0%	0.3%
NIB Health	65	8.2%	6	4.1%	7.8%
Peoplecare	3	0.4%	1	0.7%	0.5%
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	0	0.0%	0	0.0%	0.3%
Railway & Transport Health	0	0.0%	0	0.0%	0.4%
Reserve Bank Health	0	0.0%	0	0.0%	<0.1%
St Lukes Health	4	0.5%	0	0.0%	0.4%
Teachers Federation Health	13	1.6%	4	2.8%	1.9%
Teachers Union Health	1	0.1%	0	0.0%	0.4%
Transport Health	1	0.1%	0	0.0%	0.1%
Westfund	5	0.6%	0	0.0%	0.8%
Total for Health Insurers	**795**	**100%**	**145**	**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 2013