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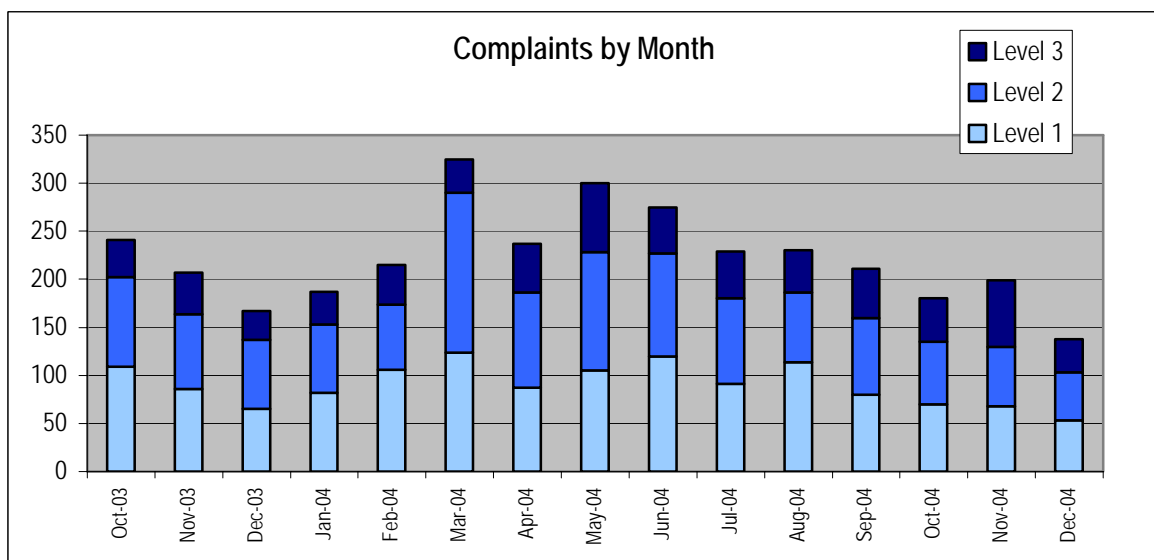
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**Quarterly Bulletin 33**  
**(1 October to 31 December 2004)**

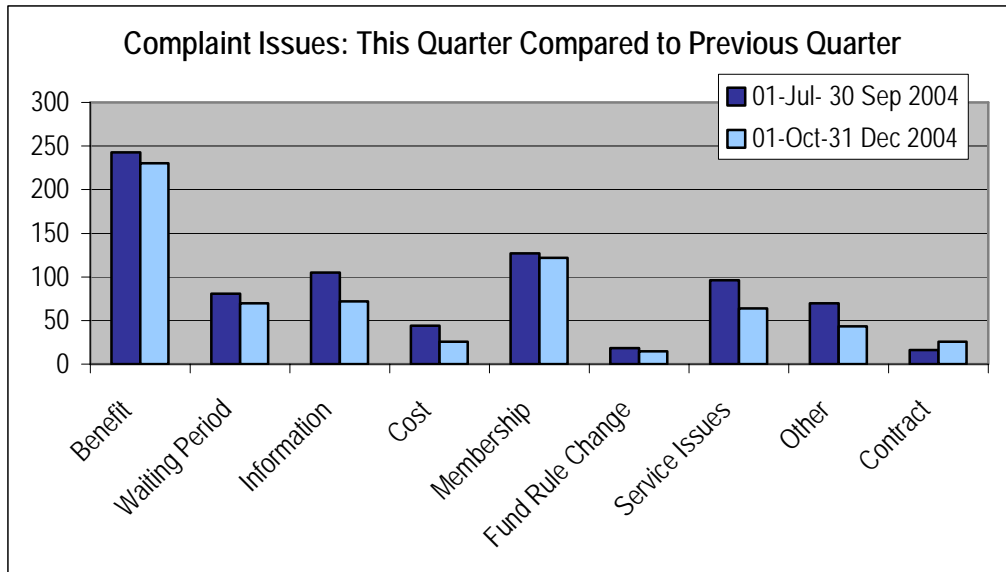
**DECLINE IN COMPLAINTS CONTINUES**

The October to December quarter 2004 saw another decline in the number of complaints about health insurance arrangements. This quarter we received a total of 498 complaints about health funds – a reduction of 24% compared to the previous quarter (652) and a reduction of 16% on the number of complaints received in the same quarter in 2003.

This overall decline in complaints is welcomed and virtually all funds recorded a reduction in complaints. However, there was again an increase in level 3 (disputes). This quarter there were 155 level 3 complaints (disputes) registered, compared to 142 level 3 complaints in the previous quarter. In the same quarter last year we registered 132 level 3 complaints.



There were no significant new issues arising from the complaints we received. There was a slight increase in complaints about hospital contracting arrangements. Most of those complaints arose from increased out of pocket costs for HBA (BUPA) members, as a result of changes to that fund's contractual arrangements at some Victorian hospitals.



## PRE EXISTING AILMENTS – BEST PRACTICE GUIDELINES

The “Pre Existing Ailments – Best Practice Guidelines for Health Funds and Hospitals” were distributed to the industry by the Commonwealth Department of Health and Aged Care by circular HBF 736/PH 470 in September 2001. The department recommended the adoption of the Best Practice Guidelines by all health funds and private hospitals, as a matter of responsible self-regulation. At that time, the Ombudsman indicated that my office would take account of those guidelines when seeking to resolve pre-existing ailment (PEA) complaints. The circular and the Guidelines can be accessed on the department’s website – [health.gov.au](http://health.gov.au) .

My office investigated a number of complex PEA complaints in 2004. Our experience suggests that health funds and hospitals should revisit these guidelines and ensure that their organisations are complying with them.

I have highlighted some areas of concern identified through those recent PEA complaints:

### *Hospital Access to Fund Membership Details*

Our investigation of PEA complaints indicates that not all health funds are providing a 24-hour seven-day a week access to basic membership details, as suggested in the *Best Practice Guidelines* (and recommended in the Ombudsman’s 2001 review of *Informed Financial Consent* arrangements). In some cases, even where the service is available, the hospitals are not accessing the service or are not training their “out of hours” staff to use it properly.

In some cases the service has been accessed but neither the hospital nor the fund are able to provide a copy of the information that was exchanged by the parties to demonstrate that the affected member was able to provide informed financial consent.

All health funds and hospitals need to review these areas to ensure they are complying with the best practice guidelines.

*Advice given to health fund members by their health fund*

I recommend that each health fund review the training and reference material provided to customer service and call centre staff to ensure that the advice given to any member who inquires about an impending hospitalisation is in accordance with the Best Practice Guidelines for Health Funds on PEA (pages 9 to 13).

It is important that call centre staff advise members, if the PEA waiting period may apply, that if they proceed with the admission before the fund has assessed the case they will be responsible for all outstanding hospital and medical charges should the condition be found to be pre existing. Members should also be advised that the fund's doctor (not their treating doctor) makes the decision whether the PEA rule will apply to any admission.

Health fund staff should contact the hospital that the member has chosen and inform them that the PEA rule may be applied. As usual I would like health funds to insist that their staff adequately record these contacts with members.

*Lack of Informed Financial Consent (IFC)*

My office has also found that some hospitals are unable to provide formal documentation signed by the member/patient to show that informed financial consent was obtained prior to the procedure. My expectation is that a hospital under investigation in relation to the provision of IFC should be able to provide clear formal documentation as to how consent was given. Hospitals should revisit page 13 of the Best Practice Guidelines for Hospitals and ensure that they have appropriate procedures in place.

## **THE STATE OF THE HEALTH FUNDS REPORT**

This office will publish the first State of the Health Funds Report, providing comparative information on service delivery and performance of health funds, in February 2005. The report will be available from this office and on the [www.phio.org.au](http://www.phio.org.au) website. Health funds are required by the *National Health Act* to provide information for consumers (in writing and on websites) on how to get a copy of the report.

## **ANNUAL SEMINAR**

We have decided to postpone our annual PHIO seminar until later in the year, but are considering organising a separate seminar for PHIO Fund contacts in Sydney. This one-day seminar could include a general overview of how PHIO deals with complaints as well as issues relating to specific topics such as pre-existing ailments, oral advice and informed financial consent. Other topics could include dealing with difficult complainants, complaints investigation and developments in complaints handling from an industry perspective. At this stage, PHIO is writing to funds to gauge the level of interest in this seminar and what topics might be included. Please contact Samantha Gavel at [sgavel@phio.org.au](mailto:sgavel@phio.org.au) or 02 8235 8777 if you would like further information.

## Complaints by Health Fund Market Share 01 October to 31 December 2004

Name of Fund	Total number	% of total	Total number	% of total	Market Share (3)
	of Complaints(1)	Complaints	Level 3 Complaints (2)	Level 3 Complaints	
ACA Health Benefits	0	0.0	0	0.0	0.1
AMA Health Fund	1	0.2	0	0.0	0.1
Australian Health Management Group	12	2.4	6	3.9	2.4
Australian Unity	15	3.0	5	3.2	3.1
BUPA Australia Health	64	12.9	21	13.5	9.8
CBHS	3	0.6	0	0.0	1.1
CDH (Cessnock District Health)	0	0.0	0	0.0	<0.1
Credicare	1	0.2	0	0.0	0.4
Defence Health	9	1.8	4	2.6	1.3
Druids NSW	0	0.0	0	0.0	<0.1
Druids Victoria	0	0.0	0	0.0	0.1
Federation Health	0	0.0	0	0.0	0.2
GMHBA	9	1.8	3	1.9	1.4
Grand United Corporate Health	5	1.0	3	1.9	0.3
Grand United Health	16	3.2	8	5.2	0.4
HBF Health	14	2.8	5	3.2	8.6
HCF(Hospitals Contribution Fund )	25	5.0	1	0.6	8.6
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	2	0.4	0	0.0	0.6
Health-Partners	2	0.4	1	0.6	0.6
Latrobe Health	0	0.0	0	0.0	0.4
Lysaght Peoplecare	1	0.2	0	0.0	0.3
Manchester Unity	15	3.0	5	3.2	1.3
MBF Australia Limited	76	15.3	20	12.9	16.6
Medibank Private	154	30.9	51	32.9	29.1
Mildura District Hospital Fund	0	0.0	0	0.0	0.3
N.I.B. Health	34	6.8	13	8.4	6.0
Navy Health	0	0.0	0	0.0	0.3
NRMA Health (Prov.d by MBF Health Pty Limited)	15	3.0	3	1.9	2.1
Phoenix Health Fund	0	0.0	0	0.0	0.1
Police Health	0	0.0	0	0.0	0.2
Queensland Country Health	8	1.6	2	1.3	0.2
Railway & Transport Health	0	0.0	0	0.0	0.3
Reserve Bank Health	0	0.0	0	0.0	<0.1
St Lukes Health	1	0.2	0	0.0	0.4
Teacher Federation Health	4	0.8	0	0.0	1.6
Teachers Union Health	5	1.0	2	1.3	0.4
Transport Health	0	0.0	0	0.0	0.1
Westfund	7	1.4	2	1.3	0.7
<b>Total for Registered Funds</b>	<b>498</b>	<b>100.0</b>	<b>155</b>	<b>100.0</b>	<b>100.0</b>

1. 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. Market share data provided by PHIAC as at 30 June 2004.