

## Quarterly Bulletin 53

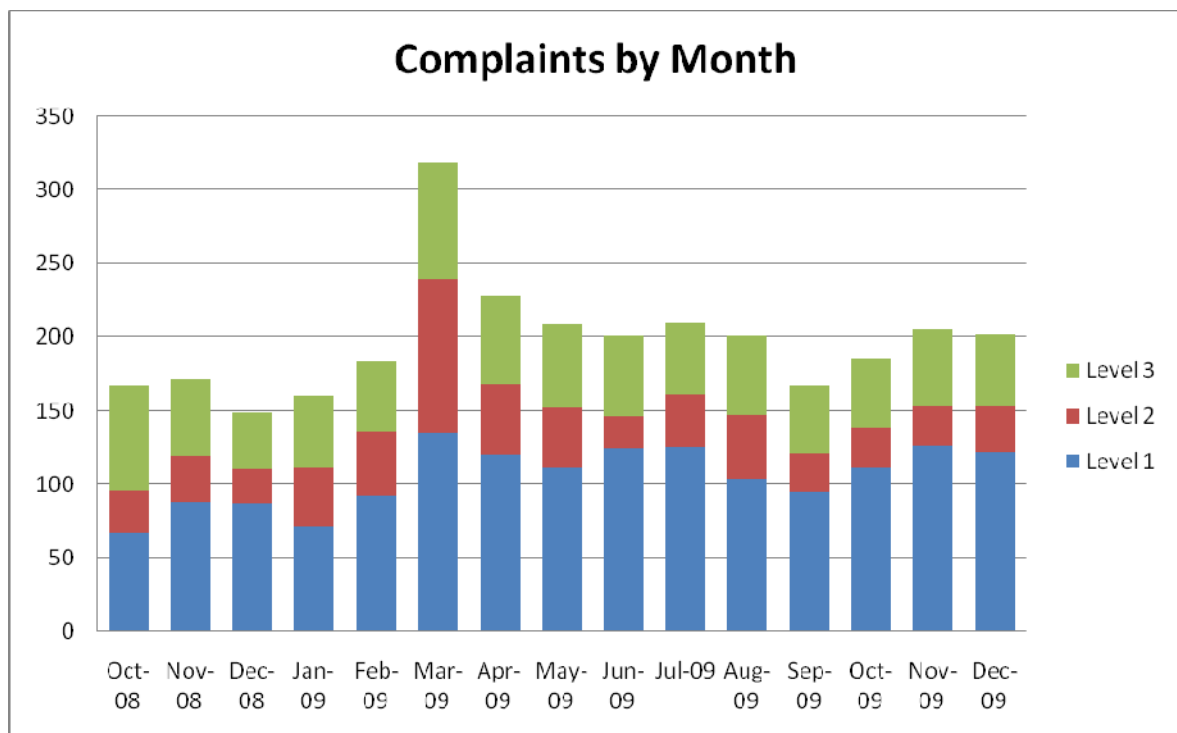
(01 October – 31 December 2009)

### Complaint Statistics & Workload

The office received 541 complaints about registered health insurers during the quarter, which was 5% more than the previous quarter and an increase of 19% compared to the same period last year.

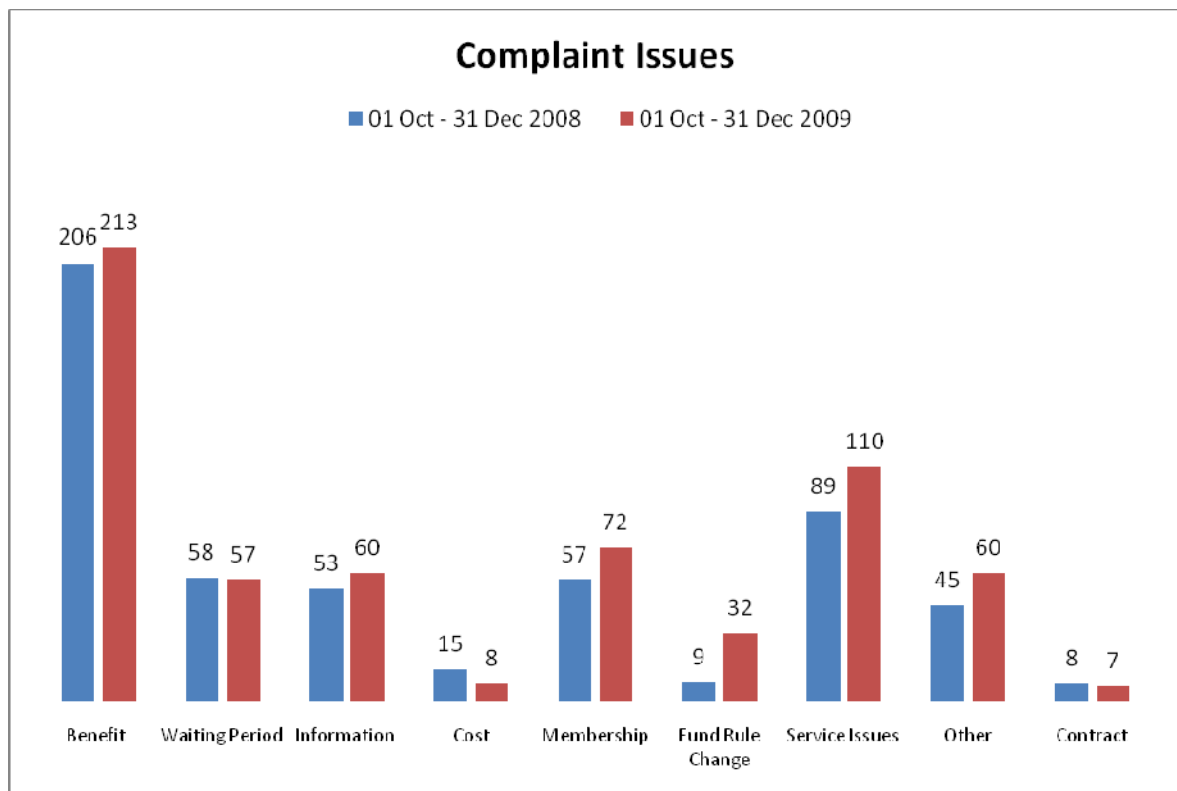
Of the complaints received, 131 were classified as Level-3 complaints. This was a 6% reduction on the previous quarter and 12% less than the same period last year.

Other complaints received by the office included 24 complaints about hospitals, 14 complaints about *overseas visitors' cover*, 14 complaints about doctors, 7 about other practitioners, and 1 complaint about a dentist. The "Ask a Question" mailbox on [privatehealth.gov.au](http://privatehealth.gov.au) responded to 320 consumers with questions about the website and related health insurance questions.



During the quarter, the most significant area of complaint related to benefits, with 57 complaints about waiting periods, 52 complaints about insufficient levels of cover, 38 complaints about benefit amounts, 24 complaints about delays in payment, 10 complaints about hospital gaps and 19 complaints about medical gaps.

Another notable area of complaint related to customer service, with 64 complaints about general service issues and 46 complaints about premium payment problems. Other complaint issues included 45 complaints about problems with oral and written information, 24 complaints about problems with cancelling memberships and 23 complaints about transferring memberships.



## Informing Policy Holders about the Medicare Levy Surcharge

The Medicare Levy Surcharge is currently 1% for individuals whose taxable income is \$73 000 or more and couples/families whose income is \$146 000 or more (with some provisions for dependent children). In order to avoid the levy, an individual needs to hold a recognised hospital policy with an excess that is \$500 or less and a family needs to hold a recognised hospital policy with an excess of \$1 000 or less. Importantly, all family members need to be covered by an appropriate hospital policy to avoid the levy.

Each year, a number of people holding ineligible policies (such as non-hospital cover or policies with a high excess) move into the income bracket that attracts the levy.

Health insurers and tax advisers inform people of the need to ensure adequate hospital cover to avoid the levy, but PHIO continues to receive a small number of complaints from consumers who have become liable for the levy for the first time and were unaware that their health insurance policy was not eligible to avoid the levy. In most cases, these people have held health insurance for many years and took out their policy at a time when they were in a lower income bracket and not liable to incur the levy.

Given the potentially large cost to the individual, it is important that insurers provide regular reminders to people who hold policies that are not exempt from the Medicare Levy Surcharge of the thresholds and the need to transfer to an eligible hospital policy if their income level changes. While most insurers already include reminders in their premium increase and tax statement mail outs, PHIO would like all insurers to double check to ensure that their letters and information about this issue to members, as well as instructions to telephone and branch staff, are adequate.

## Membership Arrears

Most health insurers have a rule that provides for the cancellation of a health insurance policy if premium payments are in arrears for longer than two months. Insurers have a range of strategies to ensure that policy holders whose memberships are in arrears are advised of the problem and given the opportunity to make a payment to maintain their continuity of membership.

PHIO receives a number of complaints each quarter from people who require hospitalisation and find they are no longer covered because their policy is in arrears. Policies can fall into arrears for a number of reasons including administrative errors by the insurer, problems occurring when people change address or bank details and don't inform their fund.

In reviewing the complaints received by the PHIO, there are some notable differences between insurers in the number of complaints received about this issue. Some insurers record no complaints about membership arrears at all, whereas others record a disproportionate number of complaints.

The insurers that handle this problem well and therefore have lower numbers of complaints tend to be the insurers that have better record keeping and make an additional effort to contact a member who is in arrears. Some insurers arrange for their staff to telephone members to double check that they are aware that their membership is in arrears and most importantly, to ensure that the correct mailing address is recorded in the system.

Although members are responsible for providing correct banking and address details to their insurer, problems and complaints about membership arrears can be minimised through pro-active management of this issue by insurers.

### **PHIO Industry Information and Education Sessions**

PHIO will be offering a number of half day workshops for fund staff who work in complaints handling, or have responsibility for liaising with the PHIO office, in the first half of 2010. The aim of the workshop is to assist fund staff with understanding the PHIO's complaint handling processes and expectations, dealing with the fund's own internal complaints and to meet with PHIO staff. At this stage, workshops are being planned for Sydney, Melbourne, Brisbane, Adelaide and Perth. We would welcome input from funds on topics of particular interest. Suggested topics can be e-mailed to [kaylie@phio.org.au](mailto:kaylie@phio.org.au). We will be writing to funds soon with more information about dates and venues.

## Complaints by Health Insurer Market Share

01 October - 31 December 2009

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	20	3.7%	5	3.8%	3.0%
Australian Unity	16	3.0%	3	2.3%	3.2%
BUPA (HBA)	57	10.5%	12	9.2%	9.8%
CBHS	7	1.3%	2	1.5%	1.2%
CDH (Cessnock District Health)	0	0.0%	0	0.0%	<0.1%
CUA Health	3	0.6%	0	0.0%	0.4%
Defence Health	4	0.7%	0	0.0%	1.4%
Doctors' Health Fund	1	0.2%	0	0.0%	0.1%
GMHBA	7	1.3%	3	2.3%	1.5%
Grand United Corporate Health	3	0.6%	0	0.0%	0.3%
HBF Health	11	2.0%	1	0.8%	7.5%
HCF (Hospitals Cont. Fund )	39	7.2%	4	3.1%	8.9%
Health Care Insurance	0	0.0%	0	0.0%	0.1%
Health Insurance Fund of W.A.	2	0.4%	1	0.8%	0.4%
Healthguard	0	0.0%	0	0.0%	0.5%
Health-Partners	1	0.2%	1	0.8%	0.6%
Latrobe Health	5	0.9%	3	2.3%	0.6%
Manchester Unity	26	4.8%	10	7.6%	1.5%
MBF Alliances	25	4.6%	7	5.3%	2.0%
MBF Australia Limited	111	20.5%	27	20.6%	15.7%
Medibank Private	122	22.6%	34	26.0%	28.7%
Mildura District Hospital Fund	0	0.0%	0	0.0%	0.3%
National Health Benefits Aust.	0	0.0%	0	0.0%	<0.1%
N.I.B. Health	55	10.2%	14	10.7%	7.0%
Navy Health	1	0.2%	0	0.0%	0.2%
Peoplecare	0	0.0%	0	0.0%	0.3%
Phoenix Health Fund	0	0.0%	0	0.0%	0.1%
Police Health	1	0.2%	1	0.8%	0.3%
QLD Country Health Fund	0	0.0%	0	0.0%	0.2%
Railway & Transport Health	6	1.1%	0	0.0%	0.3%
Reserve Bank Health	0	0.0%	0	0.0%	<0.1%
St Lukes Health	2	0.4%	1	0.8%	0.4%
Teacher Federation Health	10	1.8%	2	1.5%	1.7%
Teachers Union Health	3	0.6%	0	0.0%	0.4%
Transport Health	0	0.0%	0	0.0%	0.1%
Westfund	3	0.6%	0	0.0%	0.7%
<b>Total for Health Insurers</b>	<b>541</b>	<b>100.0%</b>	<b>131</b>	<b>100.0%</b>	<b>100%</b>

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 2008