

Private Health Insurance Ombudsman

STATE OF THE HEALTH FUNDS **REPORT**

2005

(Relating to the financial year 2004-05)

Report required by paragraph 82ZRC (ba) of the *National Health Act 1953*

FOREWORD

I am pleased to present the second annual *State of the Health Funds* report relating to the financial year 2004/2005.

The *National Health Act* requires the Private Health Insurance Ombudsman to publish this report after the end of each financial year, to provide comparative information on the performance and service delivery of all health funds during that financial year.

The main aim of publishing the report is to give consumers some extra information to help them when making decisions about private health insurance. For existing fund members the report provides information that will assist them to compare the performance of their fund with all other health funds. For those considering taking out private health insurance it provides an indication of the services available from each fund and provides a comparison on some service and performance indicators at the fund level.

In choosing the range of issues and performance information to include in this report, I have had to take account of the availability of reliable data and whether the information is reasonably comparable across funds. Much of the information included in the report is based on data collected by the Private Health Insurance Administration Council as part of their role in statistical reporting and monitoring the financial management of health funds. Some additional data has been gathered from the funds but I have sought to keep the extra administrative burden for funds to a minimal level, so as not to contribute to undue extra administration costs.

This year's report is significantly different from the first report in many respects. It includes more statistical information to allow consumers and other readers to get a fuller picture of comparative performance than was possible in the previous report. This year's report also includes a separate section on health fund 'gap cover' schemes and an appendix summarising benefits available for podiatric surgery from each of the funds. The changes made to the report's format and content, compared to the first report, take account of feedback received on the previous report and developments during the 2004/2005 financial year.

The commentary on consumer concerns and issues, this year, draws on two significant pieces of consumer research on health insurance published during the year – *Health Care and Insurance Australia 2005* (A biennial syndicated survey conducted by Ipsos/TQA Research) and *Consumer Survey- Informed Financial Consent* (A survey commissioned by the Department of Health and Ageing).

Over sixty percent of consumers who received a copy of the report last year found it useful in deciding whether to take up or change health insurance.¹ While this is a reasonably satisfying outcome, I hope that this second report will be of even more value to consumers and other readers.

John Powlay
Private Health Insurance Ombudsman

¹ PHIO annual client survey, as reported in the 2004/2005 Annual Report of the Private Health Insurance Ombudsman

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THE STATE OF THE HEALTH FUNDS REPORT- INTRODUCTION

This report presents a selection of information on service delivery and aspects of the performance of all registered health funds.

The tables presented in the report cover the following aspects of health fund operations:

- *Service Delivery*
- *Service Performance*
- *Finances and Costs*
- *Hospital Cover*
- *Ancillary (Extras) Cover*
- *Medical Gap Cover*

Each of the tables is preceded by a discussion of the indicators used in the table and the source of the information provided. To allow comparability between funds of differing size most of the statistical information is presented as percentages or, in some cases, \$ amounts per membership or per persons covered.

Restricted membership funds

Not all health funds are available to all consumers. Membership of some funds is restricted to employees of certain companies or occupations or members of particular organisations.

All registered health funds are included in the tables for each indicator. Open and restricted membership funds are listed separately in each of the tables. (Restricted membership funds are listed after open membership funds and are shown in italics.)

State based differences

Most of the information contained in this report is based on national data. However, the market for health insurance is, to a large extent, state based. (Some funds have little presence in most states but may have a large market share in one State or Territory; some funds offer different products and prices in different States and some funds use different brand names in different States and Territories.)

Separate tables are therefore provided for each State/Territory with information on the extent of each fund's business in each state, as well as other relevant state based information. Details of the number of retail offices and agencies operated by each fund are also shown on a State/Territory basis in the *Health Fund Listing and Service Information* section of the report.

Information about products

The report does not include detailed information on price and benefits for particular health insurance products. The information that is included on fund contributions and benefits indicates the average outcomes across all of a fund's products and should not be taken as an indicator of the price or benefit levels that can be expected for any particular product. Virtually all funds offer more expensive products that can be expected to provide better than average benefits and most also offer cheaper products that provide less.

The report is intended to help consumers in deciding which health funds to consider but won't necessarily help them to decide which of the funds' products to purchase.

Fund names

Throughout this report health funds are referred to by an abbreviation of their registered name, rather than any brand name that they might use. This abbreviated name appears on the left side of the heading for each fund in the *Health Fund Listing and Service Information* section.

A number of open membership funds provide "corporate" health insurance plans for employers. In some cases these health insurance products may be known by the employer's name.

Some open membership funds also use a number of different brand names or do not use their registered name as a public brand. A listing of current and recent brand names and the funds that they relate to is provided below.

CURRENT & RECENT BRAND NAMES

BRAND NAME	FUND
Australian Country Health	AHM
Country Health	AHM
Federation Health	Latrobe
GMF Health	Healthguard
Goldfields	Healthguard
Government Employees	AHM
HBA	BUPA
Illawarra Health Fund	AHM
IOOF	NIB
IOR	HCF
MBF Health	MBF Alliances
Mutual Community	BUPA
Mutual Health	AHM
NRMA Health	MBF Alliances
SGIC (SA)	MBF Alliances
SGIO (WA)	MBF Alliances
Union Shopper	Qld Teachers

INTRODUCTION

Using the Information in this Report to Compare Health Funds

It is expected that consumers will use the information contained in this report either to identify funds to consider (once they have decided they may want to take out private health insurance) or to assess their existing fund's performance, as part of a reassessment of their health insurance needs.

The selection of indicators used in this report is not intended to represent the full range of factors that should be considered when comparing the performance of health funds. The range of indicators has been limited to those for which there is reliable comparative information available.

It is intended that consumers should use the range of indicators included in this report as a menu to choose the factors that may be of importance to them.

People using the report should form their own view of which factors they may value and which may not be relevant to them.

For instance, some consumers may prefer to do business with a health fund in person. In that case the availability of branch offices will be an important consideration but other service delivery aspects may not be relevant. For consumers wishing to do as much of their business as possible over the internet the availability of branch offices may not be a relevant consideration but the range of services available through the funds' websites will be important.

Some advice on why particular indicators might be more relevant to particular consumers is provided in the explanations preceding each of the tables in this report.

For consumers who are considering taking out private health insurance for the first time, it is suggested that the report be used to identify a number of funds (preferably at least three) to be further investigated.

None of the indicators used in this report should be relied on solely as an indicator of fund performance.

In most cases a seemingly poor performance on one indicator will be offset by a good performance on other factors. Some advice on factors to consider when assessing performance on particular indicators is also provided in the explanations preceding each of the tables in this report.

No attempt has been made to weight the importance of various indicators, as this is a subjective judgement very much dependent on the particular circumstances, preferences and priorities of individual consumers. For this reason it would not be valid to average all the scores indicated to obtain some form of consolidated performance or service delivery score.

The publication "*Insure, Not Sure*" produced by the Private Health Insurance Administration Council provides independent information to help consumers decide whether they want to take out private health insurance.¹

The *Selecting a Health Insurance Product* section of this report includes important advice and questions to get answered when examining health fund products.

Disclaimers

Some information included in this report has been based on surveys submitted by health fund staff. PHIO understands that best endeavours have been made to ensure all information is accurate. However PHIO has not been able to independently verify some of this information.

Nothing contained in this report should be taken as a recommendation by the Private Health Insurance Ombudsman in favour of any particular health fund or health insurance product.

¹ The "*Insure, Not Sure*" booklet can be viewed and downloaded from the Private Health Insurance Ombudsman's (PHIO) website – www.phio.org.au or obtained on request to the PHIO.

KEY CONSUMER CONCERNS, ISSUES AND DEVELOPMENTS

A very small proportion of private health insurance contributors (about one in 1600) complain to the Private Health Insurance Ombudsman (PHIO) about private health insurance issues each year. The total number of complaints received by PHIO has also reduced in each of the last two years. In 2003/04 PHIO received 2992 complaints. In 2004/05 PHIO received 2571 complaints (a reduction of 14 percent).

This suggests that most consumers' experience of private health insurance is not significantly out of line with their expectations and that health funds are getting better at responding to those contributors who do experience problems.

Nonetheless, issues identified through PHIO complaints do continue to provide a good indication of consumer concerns and areas where the health funds may need to improve their services, products and policies.

Two significant consumer surveys conducted during 2004/2005 also provide additional insight into consumer attitudes, issues and concerns:

- The *Health Care & Insurance Australia 2005*¹ survey gives a good indication of consumer experiences and attitudes to private health insurance and related issues.
- The *Consumer Survey – Informed Financial Consent*² provides valuable information on the consumer experience of gaps and out of pocket costs.

The following discussion of draws on information from those surveys.

The Price of Private Health Insurance

Despite a relatively high average rise in premiums in 2005 (8%) the number of complaints received about the price of health insurance last year declined compared to previous years. Also, there did not appear to be a significant number of contributors opting out of private health insurance as a result of the higher premiums.

As noted in this report last year, consumers now expect health fund premiums to rise. While they certainly do not welcome the increases, most contributors do not appear to be sufficiently concerned by the level of premiums either to register a complaint or to drop their health insurance.

Another factor which may have contributed to lower complaints about premium rises last year is that for many older Australians private health insurance was made more affordable (even after the 2005 premium rise) by increased government rebates.

The *Health Care & Insurance Australia* survey provided some interesting insights into the attitudes of consumers to the price of health insurance. It indicates that, despite rising prices, a large majority of health insurance contributors (around 80%) consider that their health insurance represents good value for money.

However, the survey also clearly indicates that price remains the most important factor in consumers' key decisions about private health insurance:

- whether to take up private insurance,
- not to proceed with purchase after inquiring about private health insurance,
- the choice of which fund to join,
- the decision to drop private health insurance, and
- the decision to downgrade a health insurance policy.

The survey also suggests that, annual premium increases at levels significantly above the growth in average family incomes are likely to undermine the perception of the value of private health insurance, with many more consumers likely to reach a critical decision point (whether to opt out of private insurance) within three to four years.

While the average premium rise for 2006 (5.68%) is lower than for previous years it is still above general CPI and slightly above the growth in average weekly earnings.

The main factors driving the increasing cost of health fund benefits are population ageing, increased utilisation of private hospital and other health services and the growth in health costs including doctors' fees. (The health specific CPI has been twice or more as much as general CPI over recent years.)

All health funds will face a considerable and difficult challenge to further contain costs and improve the perceived value of their products.

¹ *Health Care and Insurance Australia 2005* (A biennial syndicated survey conducted by Ipsos/TQA Research)

² *Consumer Survey- Informed Financial Consent* (A survey commissioned by the Department of Health and Ageing) – available on the department's website.

KEY CONSUMER CONCERNS, ISSUES AND DEVELOPMENTS

The Requirement to Pay a Gap

Most health funds have established agreements with nearly all private hospitals, ensuring that there is nothing for their members to pay, in relation to hospital charges (other than any excesses or co-payments that apply to their policy).

In some recent cases, where health funds and hospitals have been unable to reach an agreement on benefits to cover the full hospital charge, they have agreed on a gap for the patient to pay. (This is usually a daily amount of up to \$100 but the total amount payable by any patient is capped.)

As funds seek to contain hospital benefit costs (and therefore premium rises) it is possible that the incidence of such hospital co-payments will increase.

While these hospital co-payments still mean a patient will be paying much less than if treated at a non-agreement hospital, the introduction of further gaps is concerning, especially for patients who are also required to pay a fund excess and/or significant gaps on doctors' bills.

A much more common area of patient gaps (and complaints to the Ombudsman) at present is in relation to doctors' bills for treatment as a private patient. The introduction of gap cover arrangements has succeeded in reducing the incidence of gaps arising from doctors' bills for treatment in hospital. However, there is some indication from recent consumer surveys that where there is a gap to pay the gap amounts involved are rising.

A survey published by the Department of Health and Ageing in 2005³ provides a good indication of the incidence and size of medical gaps in various situations. Findings from that survey (which are also consistent with results from the *Health Care & Insurance Australia* survey) indicate that:

- 44 percent of in-hospital episodes for health members involve a medical gap to pay,
- The average gap is \$720,
- The size of the gap varies significantly between states with the highest average gaps (\$1057) in New South Wales and the lowest (\$384) in South Australia, and
- Over a third of people with gaps to pay said the gap was "considerable".

The incidence and size of these medical gaps in particular cases depends on two factors; doctors' charging practices and the effectiveness of health fund gap schemes.

³ *Consumer Survey- Informed Financial Consent* (A survey commissioned by the Department of Health and Ageing) – available on the department's website

The variation in the incidence and size of gaps between states is in large part due to differences in the levels of fees charged by doctors in different states. For instance, the higher average gap in New South Wales compared to South Australia is in large part due to the higher incidence of doctors in New South Wales charging fees of more than twice the Medicare Benefit Schedule fee (MBS). Ten percent of in-hospital services in New South Wales are charged at more than twice the MBS compared to 2 percent in South Australia. Virtually no funds provide gap scheme benefits to cover fees at that level.

The extent to which in-hospital services by doctors are charged at or below the MBS fee (ie. where there is no possible gap) is also a key factor in the incidence and size of gaps experienced by health insurance contributors. This varies significantly between states and there is also significant variation within states; with services provided in country and regional areas more likely to be charged at or below the MBS fee. Some specialty services (eg. pathology and radiology) are also more likely to be billed at or below the MBS fee.

Health funds can offer either *No-Gap* or *Known Gap* arrangements through their gap cover scheme.

No Gap means that if the doctor agrees to participate in the scheme he or she will set their bill at a level equal to the fund's gap scheme benefit, leaving the patient with nothing to pay.

Known Gap means that the doctor can set his or her fee up to a prescribed amount above the level of the fund's gap scheme benefit. The patient then has a gap to pay but the level of the gap is contained and the patient is advised of the gap amount in advance.

Most funds' gap schemes allow for both a *No Gap* or *Known Gap* arrangement. The doctor can choose to charge at the no-gap level or at a higher level with a known gap. These arrangements are reasonably flexible for doctors and, in general, have more acceptance among doctors than arrangements which just provide a *No Gap* option.

Three funds provide only a *No-Gap* option - MBF, HCF and NIB.

The largest gaps for consumers occur when the doctor does not use the relevant gap scheme.

This is because, in those circumstances, the fund is not permitted (by law) to pay anything towards the gap. Given the apparent rise in the level of gaps experienced by consumers, there would appear to be a case for reconsidering that restriction or requiring all funds to offer some form of *Known Gap* cover.

KEY CONSUMER CONCERNS, ISSUES AND DEVELOPMENTS

Given the considerable interest in the issue of medical gaps, this report includes a table indicating the effectiveness of health fund gap schemes in covering or reducing gaps for contributors.

Informed Financial Consent

Consumers are most likely to be concerned about medical gaps (whatever the amount) where they have been given no notice of likely fees and the possibility of out-of-pocket costs beforehand. Failure to provide advance notice of fees and charges has always been a factor in a significant proportion of complaints received by the PHIO about medical and hospital gaps.

The findings from the two surveys, referred to previously, indicate that failure to provide advance notice of fees and likely gaps is fairly widespread (between 40 and 50 percent of cases involving a gap). The incidence of non-disclosure is considerably higher in some medical specialities such as anaesthesia.

It is a legislated requirement for approval of health fund gap cover schemes that they require participating doctors to notify the patient in writing of any gap they may have to pay and obtain an acknowledgement of the likely gap from the patient prior to treatment. While the conditions applying to all fund gap cover schemes include this requirement, in practice there is very little that funds can do to enforce this requirement other than drawing it to the attention of doctors.

Where doctors do not participate in gap cover schemes there is no formalised requirement to obtain informed financial consent but the AMA and relevant medical colleges and associations encourage open disclosure of fees, in advance wherever possible, as appropriate ethical and professional conduct.

A concerted effort is required by those professional bodies, health funds and regulators to educate, assist and encourage all doctors involved in hospital treatment to meet appropriate standards of fee disclosure and extend to their patients the opportunity to give informed financial consent prior to treatment wherever possible.

Disclosure of Reduced Cover

Virtually all health funds offer some hospital cover products that pay only minimal benefits (or in some cases no benefit at all) for certain types of hospital treatment.

These reduced cover products have the advantage for consumers of being available at a lower premium than full cover products, while still qualifying for lifetime health cover purposes and (in most cases) exemption from the Medicare Levy Surcharge. They meet a reasonable desire by some consumers not to have to pay to cover treatments they are unlikely to need. For example many younger contributors choose products that do not fully cover heart surgery and hip replacements.

However, complaints to PHIO suggest that some consumers who have purchased these cheaper, reduced cover products are either not aware that particular treatments are not fully covered or have no understanding of the potential financial implications of private treatment for conditions that attract reduced cover. Consumers complaining about the high out-of-pocket costs they incur as a result often indicate that they were not correctly advised of the limitations of the product at the time of purchase and that the brochures and other information products provided to them were not sufficiently clear.

Most funds' information products about such reduced covers require significant improvement to make the implications of these covers clear to consumers. For funds to meet adequate disclosure standards, the reduced cover elements of these products must be highlighted as a key feature of the product both in sales conversations and in any information subsequently provided to consumers about the product.

Health Fund Benefits for Podiatric Surgery

In 2004/2005 the Government made some significant changes to legislation to encourage health funds to improve the benefits they pay to members receiving hospital treatment by accredited podiatric surgeons.

Although some podiatrists are accredited in some states to perform foot surgery in private hospitals, no Medicare benefit is payable in respect of either hospital costs or the podiatrist's fee. As a result many funds did not pay any benefit towards those costs either. (Some funds did pay a benefit but usually only a minimal amount.)⁴

Most patients who chose to have foot surgery performed by a podiatrist were therefore at a considerable disadvantage (and received much less support from their health fund) than patients choosing other surgery options.

⁴ An exception to this general picture applied in Western Australia where the major WA based fund HBF has paid reasonably comprehensive benefits in respect of the cost of podiatric surgery.

KEY CONSUMER CONCERNS, ISSUES AND DEVELOPMENTS

In late 2004 the Parliament approved legislation to include "podiatric treatment by an accredited podiatrist" within the definition of *professional attention* for health benefits purposes and provide a mechanism for the Minister to accredit a podiatrist for this purpose. In March 2005 the Minister accredited fourteen podiatrists.

The Government's intention was "...to ensure that an admitted private patient being treated by an accredited podiatrist is able to access benefits, under an applicable benefits arrangement, for the hospital treatment costs as they would if a medical practitioner provided a professional service."

The proposed approach was further clarified in subsequent legislative amendments. –

"Hospital costs in relation to theatre fees, bed costs and prostheses incurred by private patients treated by accredited podiatrists may be eligible for benefits provided from the applicable benefit arrangements (hospital tables) of registered health benefit organizations for persons with appropriate cover.

Benefits for professional fees of accredited podiatrists may be provided from the ancillary Health benefit tables of registered health benefit organisations for persons with appropriate cover."

The legislative changes also specified a particular role for PHIO in " monitoring the operation of provisions relating to accredited podiatrists and reporting and acting on complaints."

Following the changes (and subsequent advice from the Department of Health and Ageing) all funds that had not been paying any hospital benefits for podiatric surgery commenced to pay benefits. Some funds have chosen to limit podiatric surgery to the minimum required under legislation, some funds have set their hospital benefits at the same level as for the equivalent surgery performed by doctors recognised for Medicare benefits purposes and some funds have set a benefit level in between those amounts.

There is also considerable variation in the level of benefit paid in respect of the podiatrist's fee (from ancillary cover).

This report includes a table indicating the level of benefit paid by all funds towards hospital costs for podiatric surgery and an indication of amounts paid by all funds toward the cost of a podiatric surgeon's fee.

Because of the significant variation in benefits paid between funds and the specific monitoring role assigned to the PHIO, the number of complaints received about this issue rose considerably in the later half of 2005. In 2004/05 year PHIO received 17 complaints about benefits for podiatric surgery. In the six months from July to December 2005 PHIO received and dealt with 63 complaints on that issue.

Overall health fund benefits for podiatric surgery have improved considerably over the last year and in most cases consumer out-of-pocket costs associated with such treatment have been reduced considerably.

PHIO will continue to monitor developments in this area.

HEALTH FUNDS LISTING AND SERVICE INFORMATION

There are thirty-eight (38) registered health funds operating in Australia.¹ Twenty-five (24) are “open membership” funds – open to any Australian resident to join. The remaining fourteen (14) funds are “restricted membership” funds. A brief summary of membership eligibility is shown for each restricted membership fund.

National/State/Regionally Based

Most funds operate nationally but some funds have focussed their operations on particular state or regional markets.

For open membership funds, identified as state or regionally based, this generally means that their retail offices and marketing and sales activities are confined to that particular state or region. It generally also means that contracting arrangements with hospitals and health providers are more widely developed within that state or region.

Most larger open membership funds offer some different products (or at least different premiums for products) in different states. These state differences are based on the different costs of benefits and health services in various states and, in some cases, different state government health arrangements.

For Profit / Not For Profit

Five (5) funds are for-profit organisations. These funds aim to return a dividend to their owners or shareholders but must still meet the solvency and capital adequacy requirements applying to all funds (basically maintaining a sufficient level of reserves within the fund). For-profit funds do not benefit from a range of tax exemptions available to not-for-profit organisations. However they do have more options for raising capital than the not-for-profit funds.

Size - Market Share

Over ten million Australians are covered by some form of private health insurance. The size of each fund is indicated in the Health Funds Listing by a market share percentage based on the number of persons covered by each fund’s membership (contributors and their dependents) compared to the total national coverage.

The largest fund, Medibank Private, with a market share of 28.7 percent covers 2.8 million people. The smallest, Druids NSW, with a market share of 0.03 percent covers 2807 individuals.

¹ As at 1 January 2006. In 2005 financial year the health insurance business of Federation Health was merged with Latrobe Health Services and Grand United Health Fund (GU) merged with Australian Unity. Neither Federation Health nor GU now operate as separate funds.

Retail Offices

Retail offices are full-service offices operated by health funds with staff employed by the fund. The tables show the number of retail offices for each fund in each state.

Restricted membership funds generally rely less on retail offices as they are able to use the companies /organisations they are associated with as “agents”.

Most health fund business (for most funds) can be conducted effectively by telephone or electronically. However the number and location of retail offices (and agencies) will be an important factor for consumers who prefer to deal with their health insurance business face to face.

Many funds will make cash payments for benefits at retail offices. However some funds have withdrawn or limited this option and consumers who value this facility should check with the funds.

Office Hours

Health fund retail offices operate during normal business hours, week-days. The following funds open some retail offices on Saturday morning; BUPA, HBF, HCF, Health Partners, HIF, MBF, Medibank & Westfund.

Agencies

Agencies are generally limited service outlets operated by the fund or under arrangements with pharmacies, credit unions, etc. At these agency outlets, members can obtain brochure material and make some transactions but generally can’t have a personal inquiry about their membership finalised or have claims processed on the spot. The number of agencies for each fund in each state is shown.

Performance Reported

Each fund was asked whether they measure the performance and service levels achieved at their retail offices and requested to give examples of recent results for those measures.

The results reported are not necessarily comparable but provide a general indicator of the service experience of members of that fund. Some funds did not provide separate indicators for retail offices but most provided overall member satisfaction indicators.

HEALTH FUNDS LISTING AND SERVICE INFORMATION

Phone Service

The phone number for funds' telephone enquiry service is provided together with an indicator of call costs to members.

Funds offering a free telephone inquiry service for members, in all states in which the fund operates, are identified, in the table, as providing a *freecall* cost phone service.

Where members can call the fund (from a fixed line telephone) for no more than the cost of a local call the fund is identified as providing a *local call* cost phone service. Some funds listed as providing a *local call* cost service do provide for free calls from some locations.²

Members calling funds with a *normal* cost phone service will need to pay long distance (timed) telephone charges, if they call from outside the fund's local area.

Phone Hours

An indication of the hours of operation of the telephone enquiry service for each fund is provided. Please note that the times relate to the time zones applicable in the state indicated in brackets.

15 funds provide a telephone enquiry service beyond normal business hours on weekdays.

9 funds provide a telephone enquiry service on Saturdays or Sundays.

Performance Reported

Each fund was asked whether they measure the performance and service levels achieved for their telephone enquiry service and requested to give examples of recent results for those measures.

In general, funds that operate call centres with automated queuing facilities were able to report average call waiting times (speed to answer) and the proportion of calls receiving a busy signal.

Smaller funds that do not operate a call centre arrangement are less able to measure such indicators and, in the main, rely on member surveys or direct, informal member feedback to give an indicator of satisfaction with fund service levels.

² Note: there are usually higher charges for contacting these free or local call cost services from mobile and public phones.

Some funds did not provide separate indicators for telephone enquiry service performance but most provided overall member satisfaction indicators.

Member Satisfaction indicators

Each fund was asked whether and how they measure members' satisfaction with the performance and service of the fund. It could be expected that funds that are focused on maintaining and improving their service to members would seek regular feedback from members on their experience and rating of fund performance. It is surprising that some funds were unable to report anything against this measure.

Where funds reported indicators of overall member satisfaction (and actual outcomes), one or two examples have been included for information.

It should be noted that none of these measures is necessarily comparable between funds because different survey questions and methodologies have been used.

A note on the quality of service delivery

This report does not provide readily comparable information on the timeliness or quality of service delivery provided to members via the telephone or in person at offices or agencies. This is because of the lack of readily available and comparable measurements across the funds.

An indication of member's perceptions of the quality of service provided by their health funds is provided in the *Health Care and Insurance Australia 2005*³ survey. Approximately 90% of health fund members surveyed rated the service provided by their health fund as good as or better than the service provided by banks, financial institutions and Australia Post.

A comparable indicator of the quality of service provided by each fund is provided by the percentage of PHIO complaints on "service" that each fund accounts for relative to its market share. This information appears in the *Service Performance* table.

The most common service delivery issue raised in "service" complaints to the Ombudsman has been the allegation of incorrect oral advice about benefit eligibility/coverage.

The Ombudsman recommends that where consumers intend to rely on such advice they should obtain confirmation of the advice in writing, whenever possible or make an immediate note of the advice provided, including a name and/or any reference number given by the fund staff member.

³ Ipsos/TQA Research syndicated survey - 2005

HEALTH FUNDS LISTING AND SERVICE INFORMATION

Open Membership Funds

AHM	Australian Health Management
A nationally based, not for profit fund with a market share of 2.37%	
Retail Offices:	NSW(1)
Phone Service:	13 42 46 (Local Call Cost) Mon-Fri 8:30am- 5:00pm (EST) <i>Performance reported: Average wait time 42 seconds; abandonment rate 3.8%</i>
Member Satisfaction:	regularly monitored by reseach company <i>Performance reported: 74% report service is better than bank, compared to industry average of 40%</i>

AU	Australian Unity
A nationally based, for profit fund with a market share of 3.18%	
Retail Offices:	NSW(1) VIC(21) QLD(1) SA(1) (3 Offices Open Saturday)
Phone Service:	13 29 39 (Local Call Cost) Mon-Sat: 8:30am- 8:30pm (EST)
Member Satisfaction:	measured regularly by member survey

BUPA	Bupa Australia	<i>HBA (VIC, NSW, QLD, WA, TAS), Mutual Community (SA, NT)</i>
A nationally based, for profit fund with a market share of 9.85%		
Retail Offices:	NSW(4) VIC(16) SA(9) NT(1) (2 offices open Saturdays)	Agencies: VIC(23) SA (10) NT (1)
<i>Performance reported: Overall rating of customer service at retail offices 81%</i>		
Phone Service:	13 12 43 (Local Call Cost) Mon-Thur: 8:30am- 8:30pm, Fri: 8:30am- 8:00pm, Sat: 9:00am- 1:00pm (EST) <i>Performance reported: Average time to answer 30 Seconds, 96% of calls answered.</i>	
Member Satisfaction:	measured regularly by member survey <i>Performance reported: Overall Satisfaction: 93% of members see fund as good, very good or excellent</i>	

CDH	CDH Benefits Fund Ltd
Regional fund based in Cessnock (NSW) with a market share of 0.04%, not for profit.	
Retail Offices:	NSW (1)
Phone Service:	(02) 4990 1385 (Normal call cost) Mon-Fri 8:30am-5:00pm (EST)

Credicare	Credicare Health Fund Limited
Based in QLD, NSW, ACT & VIC with a market share of 0.42%, not for profit. Health for members of Credit Union Australia Limited (CUA)	
Retail Offices:	Agencies: NSW(9) VIC(4) QLD(36)
<i>Performance reported: 81% rate CUA overall customer service as excellent or very good overall</i>	
Phone Service:	(07) 3365 0022 (Normal call cost) Mon-Fri 8:00am-5:00pm (QLD Time) <i>Performance reported: 88% of all calls answered within three rings. 1.23% abandoned calls.</i>
Member Satisfaction:	Overall customer service of CUA measured. <i>Performance reported: 88% say they would definitely or probably recommend CUA to others.</i>

Open Membership Funds

Druids NSW	Druids Health Benefit Fund
NSW based with a market share of 0.03%, not for profit	
Retail Offices:	NSW (1)
Phone Service:	(02) 9267 9141(Normal call cost) Mon-Fri 8:30am-5:00pm (EST)

Druids VIC	United Ancient Order of Druids Friendly Society Limited
Victorian based with a market share of 0.1%, not for profit	
Retail Offices:	VIC (1) Agencies: VIC (7)
Phone Service:	(03) 9329 5144 (VIC) 1800 100 073 (Freecall outside VIC) Mon-Fri: 8:00am-5:00pm

GMHBA	GMHBA Limited
A nationally based,not for profit fund with a market share of 1.46%	
Retail Offices:	VIC(11) WA(1) Agencies: NSW(2) VIC(53) QLD(2) WA(5) SA(1) TAS(1) <i>Performance reported:</i> Time taken in queue, survey respondents said they were more than satisfied; 6.3 out of 7.
Phone Service:	1300 136 652 (Local call cost) Mon-Fri: 8:00am-6:00pm (EST) or 5:00am-5:00pm (WST) <i>Performance reported:</i> Regularly Surveyed. Quality of service 6.1 out of 7; Grade of Service Result 73%,
Member Satisfaction:	measured regularly by member survey <i>Performance reported:</i> see results for retail offices and phone service

GU Corporate	Grand United Corporate Health Fund
A nationally based, for profit fund with a market share of 0.26%	
Phone Service:	1800 249 966 (freecall) Mon-Fri: 8:30am-5:00pm (EST) <i>Performance reported:</i> 98% calls answered without being abandoned, 87% within a set time period

HBF	HBF Health Funds Inc
A Western Australian based, not for profit fund with a market share of 7.93%	
Retail Offices:	WA (18) (4 offices open Saturdays) Agencies: WA (340) <i>Performance reported:</i> Customer service, overall satisfaction 90%; Outcome, overall satisfaction 87%
Phone Service:	13 34 23 or 1800 198 066 (Local call cost) Mon-Fri: 8:00am-8:00pm; Sat: 8:00am-2:00pm (WST) <i>Performance reported:</i> Customer service, overall satisfaction 85%; Outcome, overall satisfaction 84%
Member Satisfaction:	regularly monitored <i>Performance reported:</i> Overall 87.55% satisfaction based on interaction with members.

Open Membership Funds

HCF	<i>The Hospitals Contribution Fund of Australia Limited</i>	
A nationally based, not for profit fund with a market share of 8.76%		
Retail Offices:	NSW(51) VIC(1) QLD(1) SA (1)	Agencies: NSW (5)
<i>Performance reported</i> : branch service satisfaction rating 95%, average waiting time less than 2-minutes.		
Phone Service:	131 334 (Local call cost). Mon-Fri: 8:00am-8:00pm; Sat & Sun: 9:00am-5:00pm (EST)	
<i>Performance reported</i> : Complaints as a percentage of calls 0.03%, telephone service satisfaction rating 93%		
Member Satisfaction:	measured regularly by various indicators	
<i>Performance reported</i> : Membership satisfaction was rated at 97%, member retention was 95%		
Healthguard	<i>Healthguard Health Benefits Fund, GMF Health, Central West Health Fund</i>	
A nationally based, not for profit fund with a market share of 0.57%		
Retail Offices:	WA(2)	NSW(11) WA(10)
Phone Service:	1300 653 099 (GMF) ; 133 206 (Central West); (Local Call Cost) <i>also for CY Health in WA 08 9021 8000</i> NSW: 9am-8pm, VIC/TAS: 10am-8pm, QLD: 9am-7pm, WA: 7am-5pm, SA/NT: 9:30am-7:30pm,	
Health-Partners	<i>Health-Partners Inc</i>	
A South Australian based, not for profit fund with a market share of 0.65%		
Retail Offices:	SA (1)	Agencies: SA (7)
Phone Service:	1800182 322 (Local Call Cost), or 08 8223 7588 (Normal call cost) Mon-Fri: 8:30am-5:30pm; Sat: 9:00am-1:00pm (Central Time)	
Member Satisfaction:	Member segmentation study <i>Performance reported</i> : Overall 93% members satisfied	
HIF	<i>Health Insurance Fund of WA</i>	
A West Australian based, not for profit fund with a market share of 0.41%		
Retail Offices:	WA (4) (<i>2 offices open Saturdays</i>)	Agencies: WA (24)
Phone Service:	1300 134 060 (Local Call Cost) Mon-Fri: 8:30am-4:45pm (WST)	
Latrobe	<i>Latrobe Health Services</i>	
A Victorian based, not for profit fund with a market share of 0.41%		
Retail Offices:	VIC (5)	Agencies: VIC (25)
Phone Service:	1300 362 144 or 1300 362 155 (Local Call Cost) Mon-Fri: 8:30am-5:30pm (EST) <i>Performance reported</i> : 67% of calls answered within 15 seconds; 1.7% disconnection rate.	

Open Membership Funds

MBF	<i>MBF Australia Limited (MBF Health)</i>
A nationally based, not for profit fund with a market share of 16.72%	
Retail Offices:	NSW(33) VIC(1) QLD(23) SA(1) TAS(5) NT(1) (6 open Saturdays) Agencies: NSW(34) QLD(33) TAS(6)
Phone Service:	131137 and 1300 653 525 (Local Call Cost) Mon-Fri: 8:00am- 7:00pm (EST) <i>Performance reported:</i> Grade of Service "GOS" 75% in 30 seconds and 5% abandonment
Member Satisfaction:	overall satisfaction, satisfaction with last experience & "recommendation & loyalty" regularly measured <i>Performance reported:</i> Overall Member Satisfaction 87%

MBF Alliances	<i>MBF Alliances (MBF Health)</i>
A nationally based, for profit fund with a market share of 2.18%	
Retail Offices:	NSW(49) VIC(1) QLD(2) WA(5) SA(4) Agencies: NSW(212) VIC(4) QLD(1)
Phone Service:	133 234 (Local Call Cost) Mon-Fri 8:30am-8:30pm; Sat 8:30am-1:30pm (EST) <i>Performance reported:</i> 76% calls answered in 30 seconds, abandonment rate 3.5%
Member Satisfaction:	measured regularly by member survey, feedback and ancillary claims settlement <i>Performance reported:</i> cust.satisfaction survey mean 8.1, complaints averaged 0.02% of members

Medibank	<i>Medibank Private</i>
A nationally based, not for profit fund with a market share of 28.7%	
Retail Offices:	NSW(41) VIC(28) QLD(23) WA(9) SA(6) TAS(5) NT(1) (44 Offices Open Saturdays) Agencies: NSW(23) VIC(2) QLD(1) WA(25) SA(6) TAS(3) NT(4) <i>Performance reported:</i> Retail centre customer service satisfaction 83%; Satisfaction queue waiting times 76%
Phone Service:	132 331 or 131 680 (Local Call Cost) Mon-Fri 8:00am-8:00pm Sat: 8:00am-4:00pm (EST) <i>Performance reported:</i> GOS (grade of service) 70%, ASA (average speed answer) 42 seconds
Member Satisfaction:	measured regularly by member survey, feedback <i>Performance reported:</i> Customer service satisfaction 82%,

Mildura	<i>Mildura District Hospital Fund</i>
Based in Mildura, Victoria. A not for profit fund with a market share of 0.28%	
Retail Offices:	VIC (1) Agencies: NSW(2) VIC(4)
Phone Service:	03 5023 0269 (Normal call cost) 8:30am-5:00pm (EST)

MU	<i>Manchester Unity</i>
A nationally based, not for profit fund with a market share of 1.38%	
Retail Offices:	Agencies: NSW(7) VIC(1) QLD(1) WA(1) SA(1)
Phone Service:	13 13 72 (Local Call Cost) 8:30am-6:00pm (EST) <i>Performance reported:</i> 71.6% calls answered in 30 Seconds; abandonment rate 4.8%
Member Satisfaction:	measured regularly by member survey <i>Performance reported:</i> Overall member satisfaction 75%, re-purchase policy 80.5%, recommend to friends 74.6%

Open Membership Funds

NIB	<i>NIB Health Funds Limited</i>
A nationally based, not for profit fund with a market share of 6.18%	
Retail Offices:	NSW(32) VIC(1) QLD(1) SA(1) <i>Performance Reported:</i> 93% of respondents were highly satisfied with time taken to get served in retail office.
Phone Service:	131 463 (Local Call Cost) Mon-Fri: 8:00am-8:30pm; Sat & Sun: 8:00am-1:00pm (EST) <i>Performance Reported:</i> Ability of NIB staff to resolve enquiries - 92% of respondents were highly satisfied
Member Satisfaction:	measured regularly by member survey <i>Performance reported:</i> See results fro retail offices and phone service

QCH	<i>Queensland Country Health Limited</i>
Based in Regional Queensland, a not for profit fund with a market share of 0.24%	
Retail Offices:	QLD(3) (1 office open Saturdays) Agencies: NSW(1) QLD(22)
Phone Service:	1800 813 415 (Freecall) Mon-Fri: 8:30am-5:00pm (EST)

St Lukes	<i>St. Lukes Health</i>
Mostly based in Tasmania, a not for profit fund with a market share of 0.41%	
Retail Offices:	TAS(6) Agencies: TAS(7) SA(1)
Phone Service:	1300 651 988 (Local Call Cost) Mon-Fri: 9.00 to 5.15pm (EST)
Member Satisfaction:	measured regularly by member survey

Westfund	<i>Westfund</i>
Regionally based (country NSW, north QLD & Kalgoorlie), a not for profit fund with a market share of 0.74%	
Retail Offices:	NSW(9) QLD(6) WA(1) (1 office open Saturdays) Agencies: NSW(4) QLD(5)
Phone Service:	1300 552 132 (Local Call Cost) Mon-Fri: 9:00am-6:00pm (EST)
Member Satisfaction:	measured regularly by independent research

HEALTH FUNDS LISTING AND SERVICE INFORMATION

Restricted Membership Funds

* All restricted membership organisations are not for profit and operate nationally

* Eligibility is normally extended to partners and dependents of members and former members

*The table indicates the main membership qualification

ACA	<i>ACA Health Benefits Fund</i>	
Eligibility:	All employees of the Seventh Day Adventist Church and its associated organisations	Market Share: 0.09%
Retail Offices:	NSW(1)	
Phone Service:	1300 368 390 (Local Call Cost) Mon-Thur: 8:15am-5:15pm, Fri: 8:15am-12:30pm (EST)	
AMA	<i>The Doctors' Health Fund Limited</i>	
Eligibility:	Medical Practitioners	Market Share: 0.09%
Phone Service:	1800 226 126 (Freecall) Mon-Fri: 8.30 am to 4.30pm (EST)	
CBHS	<i>Commonwealth Bank Health Society</i>	
Eligibility:	Employees of Commonwealth Bank & Associated Companies.	Market Share: 1.08%
Retail Offices:	NSW(1)	Agencies: NSW(1)
Phone Service:	1300 654 123 (Local Call Cost) Mon-Fri: 8:15am-6:00pm (EST)	
Member Satisfaction:	Regularly measure Overall Satisfaction, Service Provision, Value, Information through surveys.	
Defence	<i>Defence Health Limited</i>	
Eligibility:	Defence Force (inc. Naval) Members, Reserves & Staff & those of related orgs.	Market Share: 1.37%
Retail Offices:	NSW(1) VIC(1)	Agencies: NSW(39) VIC(15) QLD(15) WA(7) SA(4) NT(10)
Phone Service:	1800 335 425 (Freecall) Mon-Fri: 8:15am-5:00pm (EST + 6:00pm EDST) <i>Performance Reported: 75% memb. strongly agreed/agreed staff resolved issues, 83% agreed easy to understand</i>	
Member Satisfaction:	Regularly Measured by Survey <i>Performance Reported: 92% members agreed or strongly agreed they were satisfied with overall level of service.</i>	
HCI	<i>Health Care Insurance Limited</i>	
Eligibility:	Staff in Forestry, Timber, Paper and Related industries	Market Share: 0.07%
Retail Offices:	TAS(1)	
Phone Service:	1800 804 950 (Freecall) Mon-Fri: 8:45am-5:00pm (EST)	

Restricted Membership Funds

Lysaght		<i>Lysaght Peoplecare</i>
Eligibility:	Employees of Bluescope Steel, BHP Billiton, Onesteel and related companies	Market Share: 0.33%
Retail Offices:	NSW(1) VIC(1)	
Phone Service:	1800 808 690 (Freecall) Mon-Fri: 8:30am-5:00pm (EST) <i>Performance Reported:</i> Phone Service; Speed: 90.9% satisfaction, Phone Service Quality: 87.2% satisfaction.	
Member Satisfaction:	Regularly Measured by Survey <i>Performance Reported:</i> Overall member satisfaction 76% Very Satisfied / 23% Somewhat Satisfied (Total 99%)	

Navy		<i>Navy Health Ltd</i>
Eligibility:	Naval (inc. Defence) Members, Reserves and Staff and those of related organisations	Market Share: 0.26%
Retail Offices:	VIC(1)	
Phone Service:	1300 30 6289 (Local Call Cost) or 1800 333 156 (Free Call) Mon-Fri: 8.30am-4.30pm (EST) <i>Performance Reported:</i> Enquires resolved to satisfaction 95%	
Member Satisfaction:	Regularly Measured by Survey <i>Performance Reported:</i> Overall customer service - Good/Excellent 98%, Claim service exp. - Good/Excellent 95%	

Phoenix		<i>Phoenix Health Fund</i>
Eligibility:	Current & Former Employees of OneSteel & BHP Companies	Market Share: 0.13%
Retail Offices:	NSW(1)	
Phone Service:	1800 028 817 (Freecall) Mon-Fri: 7:45am to 4:30pm (EST)	

Police Health		<i>South Australian Police Employees' Health Fund Incorporated</i>
Eligibility:	Police Officers and Staff Employed by Police Organisations.	Market Share: 0.19%
Retail Offices:	SA(1)	
Phone Service:	8282 2770 (in Adelaide) or 1800 603 603 (Freecall) Mon-Fri: 8:30am-5:00pm (Central Time) <i>Performance Reported:</i> Phone responsiveness: 98.8% satisfied. Quality of service. 96.8% satisfied.	
Member Satisfaction:	Independent member research and complaints register monitor member satisfaction <i>Performance Reported:</i> Overall member satisfaction 96%, neutral 3%, dissatisfied 1%	

Restricted Membership Funds

QLD Teachers	<i>Teachers' Union Health Fund Limited & Union Shopper Health</i>	
Eligibility:	Teachers, employees of educational unions who belong to approved unions.	Market Share: 0.41%
Retail Offices:	QLD(2) (1 Open on Saturdays)	
Phone Service:	1300 360 701 (TUH) or 1300 136 959 (USH) (Local Call Cost) Mon, Wed, Fri: 7.30am - 5.30pm, Tue & Thur: 7.30am-6.30pm, Sat 8:30am-1:30pm (EST) <i>Performance Reported:</i> Abandonment rate less than 3.5%, Average Wait Time less than 1 minute.	
Member Satisfaction:	Regularly measured by survey; key measures overall customer satisfaction, telephone service, etc <i>Performance Reported:</i> Overall member satisfaction 55% very satisfied, 41% somewhat satisfied (total 96%)	

R & T	<i>Railway and Transport Health Fund Ltd</i>	
Eligibility:	Employees of government or private transport & electricity companies in NSW or QLD	Market Share: 0.33%
Retail Offices:	NSW(3) QLD(1)	
Phone Service:	1300 886 123 (Local Call Cost) Mon-Fri: 8:30am - 4:30pm (EST)	

Reserve Bank	<i>Reserve Bank Health Society Limited</i>	
Eligibility:	Staff of the Reserve Bank of Australia	Market Share: 0.04%
Retail Offices:	NSW(1)	
Phone Service:	1800 027 299 (Freecall) Mon-Fri: 8:00am-5:00pm (EST)	

Teachers Fed	<i>Teachers Federation Health</i>	
Eligibility:	Teachers that belong to approved unions.	Market Share: 1.63%
Retail Offices:	NSW(1)	Agencies: VIC(1)
Phone Service:	1300 728 188 (Local Call Cost) Mon-Fri: 8:30am-5:00pm (EST) <i>Performance Reported:</i> On average fewer than 20 calls are abandoned; out of 700 calls a day.	

Transport	<i>Transport Health</i>	
Eligibility:	Transport and Related Industry Employees	Market Share: 0.06%
Retail Offices:	VIC(1)	
Phone Service:	03 8420 1888 (Normal call cost) <i>Phone hours not reported.</i>	

HEALTH FUND OPERATIONS BY STATE (TERRITORY)

As noted in the introduction to this report, the market for health insurance is, to a large extent, state based. Some funds have little presence in most states but may have a large market share in one state or territory. Some funds use different brand names or offer different products in different states and territories.

These separate tables for each state/territory are therefore provided to give an indication of the extent and importance of each fund's business in each state or territory. Only those funds with a significant operation in the State/Territory are listed in the relevant table.

Percentage Market Share

This column indicates how much of the total health insurance business within each state/territory each fund accounts for. It is an indicator of the size and significance of each fund within each state.

Funds with a significant market share in the relevant state/territory can normally be expected to have more extensive networks of branch offices, agencies, agreement hospitals and preferred ancillary providers in those states/territories. They are also more likely to obtain the participation of doctors in their gap cover arrangements. However funds participating in the Australian Health Services Alliance (AHSA) will generally have access to a wide range of agreement hospitals in all states. The Access Gap scheme operated by the AHSA also has a high level of acceptance from doctors in all states.

Percentage of Fund Business

This column indicates how much of each fund's health insurance business is within each state. It is an indicator how significant that state is to each fund's health insurance business.

In general, funds can be expected to design their products (benefits, conditions, contracts etc) to suit the arrangements applying in the States in which they do a significant proportion of business. However, some nationally based funds tailor their products and prices to take account of different State arrangements.

Agreement Hospitals

All health funds establish agreements with some (or all) private hospitals and day hospitals for the treatment of their members. These agreements generally provide for the fund to meet all of the private hospital's charges for treatment of the fund's members. The member would then not be required to pay any amount to the hospital, other than any agreed excess or co-payment and any incidental

charges that may apply for certain extra services (eg. television rental).¹

Where a fund has a comparatively low number of agreements with private hospitals or private day hospitals, this is an indicator that consumer choice (as to where to be treated) may be more limited. Treatment at a non-agreement hospital will mean a significantly higher out of pocket cost for the patient.

While funds do not have agreements with particular public hospitals, all funds will fully cover hospital costs for treatment as a private patient in a public hospital (unless the particular treatment is excluded under the individual's policy).

Fund Outlets – Retail Offices

Retail offices are full-service offices operated by health funds with staff employed by the fund. At each retail office fund members (or prospective members) should expect to be able to undertake the following transactions:

- Receive advice about the range of products and services provided by the fund
- Obtain a quote for any of the fund's products/services
- Obtain and lodge an application to join any of the fund's tables/products
- Obtain a "cover note" if necessary
- Make a personal inquiry (and receive an answer) regarding any matter relevant to their membership (contributions, payment arrangements, benefits)
- Make a claim for any ancillary benefits payable on a "refund" basis and have that claim processed and/or paid.

The table indicates whether the fund operates retail offices in the state/ territory.

Fund Outlets – Agencies

Agencies

Agencies are generally limited service outlets operated by the fund or under arrangements with pharmacies, credit unions, etc. At these agency outlets, members can obtain brochure material and make some transactions but generally can't have a personal inquiry about their membership finalised or have claims processed on the spot.

The table shows whether the fund has agencies in the state/territory.

¹ These agreements do not apply to fees charged by private specialist doctors for in-hospital treatment. However, such fees may be covered by a fund's gap scheme arrangements.

HEALTH FUND OPERATIONS BY STATE (TERRITORY)

NSW & ACT

Abbreviated name	% Fund Market Share this state	% Fund's Business in this state	Agreement Hospitals		Fund Outlets	
			Private Hospitals	Day Hospitals	Retail Offices	Agencies
AHM	3.7%	57.9%	86	85	•	
AU	0.4%	4.9%	85	83	•	
BUPA	1.0%	3.0%	70	67	•	
CDH	0.1%	100.0%	74	39	•	
Druids NSW	0.1%	100.0%	85	85	•	
GMHBA	0.2%	4.0%	71	34		•
GU Corporate	0.4%	42.8%	85	85		
HCF	20.5%	79.9%	83	89	•	•
Healthguard	0.1%	5.7%	85	85		•
MBF	19.9%	42.4%	80	62	•	•
MBF Alliances	2.8%	40.6%	85	85	•	•
Medibank	22.7%	28.6%	76	71	•	•
Mildura	0.1%	11.0%	71	34		•
MU	2.9%	75.1%	85	85		•
NIB	13.7%	79.5%	77	67	•	
St Luke's	0.03%	2.8%	74	39		
Westfund	1.5%	59.3%	71	34	•	•
<i>ACA</i>	0.2%	61.1%	85	44		
<i>AMA</i>	0.1%	49.1%	85	85	•	
<i>CBHS</i>	1.5%	43.5%	86	100		
<i>Defence Health</i>	1.1%	25.3%	85	85		•
<i>Lysaght</i>	0.6%	54.7%	82	80	•	
<i>Navy Health</i>	0.4%	47.3%	85	85		
<i>Phoenix</i>	0.2%	56.8%	85	85	•	
<i>R&T Health</i>	0.6%	68.7%	85	85	•	
<i>Reserve Bank</i>	0.1%	57.9%	85	85	•	
<i>Teachers Fed</i>	4.3%	87.3%	85	85	•	

HEALTH FUND OPERATIONS BY STATE (TERRITORY)

Victoria

Abbreviated name	% Fund Market Share this state	% Fund's Business in this state	Agreement Hospitals		Fund Outlets	
			Private Hospitals	Day Hospitals	Retail Offices	Agencies
AHM	1.4%	13.0%	79	45		
AU	9.5%	83.6%	78	44	•	
BUPA	22.3%	54.1%	61	40	•	•
Druids Vic	0.4%	94.9%	75	47	•	•
GMHBA	5.1%	81.5%	75	47	•	•
GU Corporate	0.4%	30.6%	79	44		
HCF	4.1%	9.9%	69	30	•	
Healthguard	1.1%	35.2%	79	44		
Latrobe	1.9%	97.7%	75	47	•	•
MBF	4.9%	6.0%	66	30	•	
MBF Alliances	0.2%	1.8%	79	44	•	•
Medibank	36.8%	31.3%	72	43	•	•
Mildura	1.1%	89.0%	75	47	•	•
MU	0.7%	9.9%	79	45		•
NIB	2.9%	11.4%	65	19	•	
St Luke's	0.1%	4.0%	75	47		
<i>ACA</i>	0.1%	12.1%	79	18		
<i>AMA</i>	0.2%	32.4%	79	45		
<i>CBHS</i>	1.6%	26.9%	77	61		
<i>Defence Health</i>	2.1%	30.7%	79	44	•	•
<i>HCI</i>	0.1%	17.6%	79	44		
<i>Lysaght</i>	0.5%	27.8%	79	44	•	
<i>Navy Health</i>	0.3%	20.7%	79	44	•	
<i>Phoenix</i>	0.1%	13.9%	79	45		
<i>Reserve Bank</i>	0.04%	24.5%	79	45		
<i>Teachers Fed</i>	0.7%	7.0%	79	44		•
<i>Transport</i>	0.3%	100.0%	not available			

HEALTH FUND OPERATIONS BY STATE (TERRITORY)

Queensland

Abbreviated name	% Fund Market Share this state	% Fund's Business in this state	Agreement Hospitals		Fund Outlets	
			Private Hospitals	Day Hospitals	Retail Offices	Agencies
AHM	2.6%	19.3%	49	37		
AU	1.1%	5.7%	49	37	•	
BUPA	2.5%	3.7%	41	32		
Credicare	2.6%	100.0%	47	37		•
GMHBA	0.6%	6.3%	43	23		•
GU Corporate	0.3%	13.4%	49	37		
HCF	3.4%	6.6%	43	31	•	
Healthguard	0.3%	9.1%	49	37		
MBF	36.4%	40.7%	49	27	•	•
MBF Alliances	0.5%	3.2%	49	37	•	•
Medibank	34.4%	23.2%	50	28	•	•
MU	1.0%	9.7%	49	37		•
NIB	2.3%	6.6%	44	30	•	
QCH	1.7%	95.8%	49	37	•	•
St Luke's	0.05%	0.5%	43	23		
Westfund	1.4%	39.2%	43	23	•	•
<i>ACA</i>	0.1%	17.9%	49	18		
<i>AMA</i>	0.1%	18.4%	49	37		
<i>CBHS</i>	1.2%	16.7%	50	47		
<i>Defence Health</i>	2.6%	28.2%	49	37		•
<i>Lysaght</i>	0.2%	8.6%	49	37		
<i>Navy Health</i>	0.3%	15.4%	49	37		
<i>Phoenix</i>	0.1%	12.0%	49	37		
<i>Police Health</i>	0.4%	24.1%	49	37		
<i>Old Teachers</i>	2.6%	100.0%	49	37	•	
<i>R&T Health</i>	0.7%	31.3%	49	37	•	
<i>Teachers Fed</i>	0.2%	1.8%	49	37		

HEALTH FUND OPERATIONS BY STATE (TERRITORY)

Western Australia

Abbreviated name	% Fund Market Share this state	% Fund's Business in this state	Agreement Hospitals		Fund Outlets	
			Private Hospitals	Day Hospitals	Retail Offices	Agencies
AHM	0.3%	1.8%	18	9		
AU	0.2%	0.9%	18	9		
BUPA	1.1%	1.0%	14	4		
GMHBA	1.1%	7.3%	17	9	•	•
GU Corporate	0.3%	9.1%	18	9		
HBF	65.2%	97.6%	22	10	•	•
HCF	0.5%	0.5%	5	5		
Healthguard	2.5%	48.7%	18	9	•	•
HIF	3.4%	100.0%	18	8	•	•
MBF	2.0%	1.1%	15	8		
MBF Alliances	2.5%	11.7%	20	10	•	
Medibank	18.5%	7.1%	19	10	•	•
MU	0.2%	1.7%	18	9		•
NIB	0.4%	0.7%	5	3		
<i>CBHS</i>	0.6%	5.6%	18	11		
<i>Defence Health</i>	0.6%	4.4%	18	9		•
<i>Lysaght</i>	0.1%	3.8%	18	9		
<i>Navy Health</i>	0.2%	9.6%	18	9		
<i>Teachers Fed</i>	0.1%	0.4%	18	9		

South Australia

Abbreviated name	% Fund Market Share this state	% Fund's Business in this state	Agreement Hospitals		Fund Outlets	
			Private Hospitals	Day Hospitals	Retail Offices	Agencies
AHM	1.1%	4.0%	32	19		
AU	1.7%	4.7%	32	19	•	
BUPA	41.3%	37.2%	30	16	•	•
GMHBA	0.2%	0.6%	23	8		•
GU Corporate	0.2%	4.1%	32	19		
HCF	2.6%	2.9%	24	9		
Healthguard	0.1%	1.4%	32	19		
Health-Partners	7.9%	100.0%	32	19	•	•
MBF	5.7%	2.8%	27	16	•	
MBF Alliances	11.1%	42.8%	32	19	•	
Medibank	20.8%	6.0%	31	19	•	•
MU	0.6%	3.7%	32	19		•
NIB	1.0%	1.5%	25	5	•	
<i>CBHS</i>	0.8%	5.3%	30	24		
<i>Defence Health</i>	1.6%	8.6%	32	19		•
<i>Lysaght</i>	0.2%	4.3%	32	19		
<i>Navy Health</i>	0.2%	4.6%	32	19		
<i>Phoenix</i>	0.3%	17.2%	32	19		
<i>Police Health</i>	1.8%	71.2%	32	19	•	
<i>Teachers Fed</i>	0.8%	3.1%	32	19		

HEALTH FUND OPERATIONS BY STATE (TERRITORY)

Tasmania

Abbreviated name	% Fund Market Share this state	% Fund's Business in this state	Agreement Hospitals		Fund Outlets	
			Private Hospitals	Day Hospitals	Retail Offices	Agencies
AHM	3.3%	3.7%	5	3		
AU	0.4%	0.3%	5	3		
BUPA	1.1%	0.2%	4	2		
HCF	0.8%	0.2%	5	2		
MBF	38.3%	6.0%	6	2	•	•
Medibank	33.9%	2.9%	5	3	•	•
NIB	0.7%	0.3%	4	2		
St Luke's	16.3%	92.7%	9	2	•	•
<i>CBHS</i>	0.9%	1.7%	6	5		
<i>Defence Health</i>	0.7%	1.0%	5	3		
<i>HCI</i>	3.0%	76.5%	5	3	•	
<i>Teachers Fed</i>	0.6%	0.4%	5	3		

Northern Territory

Abbreviated name	% Fund Market Share this state	% Fund's Business in this state	Agreement Hospitals		Fund Outlets	
			Private Hospitals	Day Hospitals	Retail Offices	Agencies
AHM	1.6%	0.3%	1	0		
BUPA	11.8%	0.8%	1	0	•	•
HCF	1.4%	0.1%	1	0		
MBF	34.0%	1.0%	1	0	•	
Medibank	42.9%	0.8%	1	0	•	•
<i>Defence Health</i>	4.7%	1.7%	1	0		•
<i>Police Health</i>	2.0%	3.4%	1	0		

SERVICE INFORMATION – Website and Online Services

The following table gives an indication of whether each fund provides a particular range of services on-line via the fund's website. The Ombudsman considers that the range of services indicated is the minimum required to provide an effective electronic service to consumers. Only 10 funds (three with restricted membership) provide all of these basic electronic services.

Fund Website

The table indicates whether each fund operates a publicly accessible website.

Links to all health fund websites are available at the PHIO website - www.phio.org.au

Email

The table indicates whether the fund has a publicly accessible email address through which inquiries from members and prospective members can be answered. Links to health fund email inquiries are also available at the PHIO website - www.phio.org.au

Hospital Search

Funds provide significantly higher benefits for hospital treatment at private hospitals with which they have an agreement (contract). The provision of a facility, via the fund website, to search for agreement hospitals is a valuable service to fund members. Funds offering this facility are identified in the Hospital Search column of the table.

Doctor Search

Under the funds' gap scheme arrangements specialist doctors can opt to bill the fund directly for treatment of fund members as private patients in hospital. Where a doctor uses this service the patient will have either no gap to pay or a considerably reduced gap.

The provision of a facility, via the fund website, to search for doctors who regularly use the fund's gap scheme or have registered to use the scheme is also a valuable service to fund members. Funds offering this facility are identified in the Doctor Search column of the table.

NOTE:

Not all doctors who will use a fund's Gap scheme will agree to be listed in this way on the fund's website.

Even where a doctor is listed, he or she has the right to decide, in each case, whether the gap scheme will be used. So it is still important to ask your doctor or his or her staff if your fund's gap scheme can be used in your case.

Check Details Online

This indicates whether members are able to log-in via the website to check the details of their cover online. For example, checking who is covered under the policy, what they are covered for, contributions due and payment method details.

Change Details Online

This indicates whether members can change any of their details online. For example, changing address, account details etc.

Online Quote

This facility allows any consumer to obtain a quote (indicating the required premium and a description of the cover for any of the fund's products via the fund website.

Cover note/Join

Twenty-Seven health funds indicated that they offer a facility to join the fund online via the fund website or provide a temporary cover note pending completion of relevant documentation.

Members joining online should ensure that they receive written confirmation of their cover within three weeks of joining and check their cover details carefully. Funds provide a "cooling off" period for new members (approx. 30 days). New members who cancel their policy during this period (without claiming any benefits) should receive a full refund.

Access to Fund Rules

Fund brochures usually indicate that they provide only a summary of key fund rules and procedures; that the full range of conditions applying to a particular policy are set out in the fund rules; and that the rules may be examined on request. In practice it can be very difficult or impractical for members of some funds to access a full current set of fund rules.

This difficulty could be overcome for many members if funds provided access to their rules on their website. Only three funds provide this service to their members at present:

**AHM
Manchester Unity, and
Medibank Private.**

Service Delivery- Website & Online Services

Abbreviated name	Online Services							
	Website	Email	Hospital Search	Doctor Search	Check Details Online	Change Details Online	Membership Quotes Online	Online Covernote/Join
AHM	√	√	√	√	√	√	√	√
AU	√	√	√		√	√	√	√
BUPA	√	√	√	√	√	√	√	√
CDH	√	√			√			
Credicare	√	√	√	√				
Druids NSW		√						
Druids Vic	√	√	√		√	√		√
GMHBA	√	√	√		√	√	√	√
GU Corporate	√	√	√		√	√		
HBF	√	√		√		√	√	√
HCF	√	√	√	√	√	√	√	√
Healthguard	√	√	√				√	√
Health - Partners	√	√		√		√	√	
HIF	√	√	√	√			√	√
Latrobe	√	√	√		√	√		√
MBF	√		√	√	√	√	√	√
MBF Alliances	√	√		√			√	√
Medibank	√	√	√	√	√	√	√	√
Mildura		√						
MU	√	√	√	√	√	√	√	√
NIB	√	√	√	√	√	√	√	√
QCH	√	√						
St. Luke's	√	√	√	√	√	√	√	√
Westfund	√	√	√			√	√	√
<i>ACA</i>	√	√		√				
<i>AMA</i>	√	√	√		√	√		√
<i>CBHS</i>	√	√	√	√	√	√	√	√
<i>Defence Health</i>	√	√	√	√	√	√	√	√
<i>HCI</i>	√	√	√	√	√			√
<i>Lysaght</i>	√	√	√	√	√	√	√	√
<i>Navy Health</i>	√	√	√	√	√	√	√	√
<i>Phoenix</i>	√	√	√	√				
<i>Police Health</i>	√	√		√	√			
<i>Qld Teachers</i>	√	√	√	√				
<i>R&T Health</i>	√	√	√	√				
<i>Reserve Bank</i>		√	√	√				√
<i>Teachers Fed</i>	√	√	√	√	√	√	√	
<i>Transport</i>								

SERVICE PERFORMANCE

Member Retention

The member retention indicator is used as one measure of the comparative effectiveness of health funds and is a measure of member satisfaction. This indicator measures what percentage of fund members (hospital memberships only) have remained with the fund for two years or more.

Most restricted membership funds rate well on this measure compared to open membership funds. This may be due to the particular features of restricted membership funds (especially their links with employment).

Membership Growth

The membership growth indicator shows the percentage increase in hospital memberships over the year from 30 June 2004 to 30 June 2005. Negative figures indicate that the fund has experienced a net reduction in membership over the period.

PHIO Complaints in context

The number of complaints received by the Private Health Insurance Ombudsman (PHIO) is very small compared to fund membership.

The Health Care & Insurance Australia survey¹ suggests that each year health funds receive a total of around 43,000 complaints. This represents less than 1% of total health fund membership. Only about 1 in every 1600 health fund members complain to PHIO in any year.

There are a number of factors (other than service performance) that can influence the level of complaints the PHIO receives about a fund. These factors include the information provided to fund members about the PHIO through general publicity or by the fund and the effectiveness of the fund's own complaint handling.

Nonetheless, the level of complaints that PHIO receives about a fund (relevant to its market share) is a reasonable indicator of the service performance of most funds.

Complaints % compared to Market Share %

The first table includes all funds with a national market share of 0.5% or more (14 open membership funds and 3 restricted membership funds).

In that table each fund's % market share is shown in the shaded column. Subsequent columns show the % of PHIO complaints in various categories that each fund accounts for. These percentages should be compared with the market share percentage.

If a fund has a higher complaints % than their percentage market share it indicates that members of that fund are more likely to complain (about that issue) than the average of all fund members.

Benefits complaints include problems of non-payment or delayed payment of benefits and complaints about the level of benefit paid or the level of gap needing to be paid by the member.

Service complaints are about the general quality of service provided by fund staff, the quality of oral and written advice and premium payment problems.

All Complaints takes account of all complaints received by PHIO about the fund. In addition to complaints included in both the *benefits* and *service* categories, complaints may be about price, contracting arrangements and the administration of government incentives. *All Complaints* includes *complaints investigated* as well as complaints that were finalised without the need for investigation.

Complaints Investigated

Most complaints to the Ombudsman can be finalised by referral of the matter to fund staff to resolve or by PHIO staff providing information about the rules applying to health insurance. Complaints, which fund staff have not been able to resolve to a member's satisfaction are investigated by the Ombudsman's office.

The rating on *complaints investigated* is an indicator of the effectiveness of each fund's own internal complaints handling.

Smaller Funds (less than 0.5% National Market Share)

For these smaller funds it is not practical to show % of complaints in each of the above categories (because of the very small numbers of complaints and the fact that no complaints are recorded in many cases).

This separate table therefore shows the actual number of all complaints received and the number of complaints investigated (see explanation above) as well as an indicator of whether the number is below the number expected based on the fund's market share.

While these funds have a very low national market share, many are nonetheless very significant in a particular state or region. For instance, St Luke's Health has a national market share of 0.4% but is the third largest fund in Tasmania with a market share in that state of 16.3%.

¹ Ipsos/ TQA Research syndicated survey 2005.

SERVICE PERFORMANCE - Member Retention & Complaints

Fund Name (Abbreviated)	Member Retention %	Membership Growth %	Complaints % compared to Market Share %				
			Market Share	Benefits	Service	All Complaints	Complaints Investigated
AHM	86.2%	0.5%	2.4%	2.8%	2.6%	2.9%	3.3%
AU	88.9%	2.5%	3.2%	3.5%	3.4%	3.3%	4.6%
BUPA	83.7%	1.3%	9.9%	12.8%	10.7%	11.7%	11.9%
GMHBA	89.1%	6.8%	1.5%	1.8%	1.6%	1.7%	2.2%
HBF	92.5%	-6.9%	7.9%	3.2%	3.1%	3.1%	3.4%
HCF	90.0%	2.9%	8.8%	7.6%	4.4%	6.2%	7.0%
Healthguard	82.2%	-3.5%	0.6%	1.0%	0.5%	0.9%	0.7%
Health-Partners	93.4%	6.1%	0.7%	0.3%	0.6%	0.5%	0.3%
MBF	70.3%	1.3%	16.7%	14.7%	14.6%	15.2%	11.7%
MBF Alliances	74.0%	4.0%	2.2%	4.6%	4.3%	3.7%	2.1%
Medibank	86.8%	-0.5%	28.7%	26.5%	33.2%	28.8%	31.6%
MU	87.1%	4.5%	1.4%	3.2%	3.8%	2.8%	3.0%
NIB	92.2%	4.2%	6.2%	7.9%	7.0%	8.7%	7.9%
Westfund	86.7%	0.6%	0.7%	1.5%	1.8%	1.6%	1.8%
<i>CBHS</i>	94.2%	4.8%	1.1%	0.7%	0.3%	0.5%	0.3%
<i>Defence Health</i>	91.8%	7.0%	1.4%	1.9%	1.7%	2.1%	1.9%
<i>Teachers Fed</i>	95.4%	6.1%	1.6%	0.6%	0.7%	0.8%	0.3%

Smaller Funds (less than 0.5% National Market Share)

Fund Name (Abbreviated)	Member Retention %	Membership Growth %	Number Complaints Received	Below market share?	Number Complaints Investigated	Below market share?
CDH	89.5%	-2.7%	0	√	0	√
Credicare	87.6%	0.3%	13		4	
Druids NSW	89.6%	-6.3%	1	√	0	√
Druids Vic	91.1%	12.7%	2		0	√
GU Corporate	34.1%	1.9%	14		8	
HIF	87.3%	1.4%	10		4	
Latrobe	89.6%	0.2%	3	√	3	
Mildura	88.5%	2.4%	1	√	0	√
QCH	86.0%	2.3%	19		4	
St. Luke's	88.6%	1.8%	5	√	0	√
<i>ACA</i>	92.5%	1.3%	2		1	
<i>AMA</i>	94.3%	1.9%	3		0	√
<i>HCI</i>	93.4%	1.3%	1	√	0	√
<i>Lysaght</i>	93.1%	1.9%	8		0	√
<i>Navy Health</i>	91.5%	2.4%	1	√	1	√
<i>Phoenix</i>	93.6%	2.8%	0	√	0	√
<i>Police Health</i>	91.5%	9.1%	1	√	0	√
<i>Old Teachers</i>	94.5%	0.8%	14		2	√
<i>R&T Health</i>	89.6%	2.7%	2	√	0	√
<i>Reserve Bank</i>	92.0%	1.0%	0	√	0	√
<i>Transport</i>	91.9%	6.3%	0	√	0	√

HOSPITAL COVER

This table contains information allowing a comparison of some general features of health insurance for private hospital treatment (hospital cover) provided by each fund.

Hospital cover provides benefits to cover (or partly cover):

- hospital fees for accommodation, operating theatre charges and other charges by private hospitals (or public hospitals for treatment as a private patient);
- the costs of drugs or prostheses required for hospital treatment; and
- the fees charged by doctors (surgeons, anaesthetists etc) for hospital treatment of private patients.

Most funds offer a choice of different products providing hospital cover. These products may differ on the basis of the range of treatments that are covered in full or partly, the level of excess or co-payments required, price and discounts available.

The information provided in this table on average contributions and benefits and the proportion of hospital charges covered by the fund benefits presents the position taking account of all of each fund's products. It is not indicative of any individual product offered by the fund but is an average for the total fund hospital membership.

Persons Covered

This indicates the number of persons covered by all of the fund's hospital memberships (on average over the 2004/05 year). It includes the contributor and, in the case of family memberships, all other persons included in the membership (eg. spouse and children).

Average Contribution (per person covered)

This \$ figure is calculated by dividing the contributions received for hospital memberships by the total number of persons covered. It is an indicator of comparative prices that takes account of all of a fund's hospital products (both single and family memberships). It should not be taken as an indicator of price of any individual product.

Average Benefit (per person covered)

This \$ figure is calculated by dividing the total benefits paid on all hospital memberships by the total number of persons covered.

Comparison of this figure with the previous column (average contribution) provides an indicator of the extent to which contributions collected are returned to the membership in benefits.

Hospital Charges Covered

This column indicates what proportion of total charges associated with treatment of private patients that are covered by each fund's benefits. This includes charges for hospital accommodation, theatre costs, prostheses and associated benefits.

This averages outcomes across all of each fund's hospital products. Higher cost products will generally cover a greater proportion of charges than indicated by this average. Cheaper products may cover less.

The use of an average figure applying across all of each fund's products will mean that funds with a high proportion of their membership in lower cost/reduced cover products will have a lower average figure. Some indication of the mix of each fund's hospital product range is provided in the following (*Types of Cover*) columns.

Additional Information on Hospital Cover

The separate *Health Fund Operations by State (Territory)* tables include information on the number of "agreement" hospitals under contract to each fund in each state.

For additional information on the medical gap cover provided through hospital covers refer to the separate *Medical Gap Cover* section.

The section *Selecting a Health Insurance Product* includes important advice on what to consider and what questions to ask when selecting a hospital cover product. It also includes information on government incentives relating to hospital cover such as the *Medicare Levy Surcharge Exemption* and *Lifetime Health Cover*.

HOSPITAL COVER- Average Cost & Benefit

Abbreviated name	Persons Covered	Average Contribution (per Person Covered)	Average Benefit (per person covered)	% Hospital Charges Covered
AHM	214037	\$801.77	\$652.14	86.7%
AU	248585	\$873.01	\$737.28	91.6%
BUPA	872148	\$860.44	\$779.78	93.9%
CDH	4095	\$831.50	\$788.55	96.9%
Credicare	38557	\$821.36	\$735.59	92.5%
Druids NSW	2806	\$1,038.13	\$923.86	92.7%
Druids Vic	8363	\$826.38	\$763.60	91.7%
GMHBA	113688	\$721.06	\$645.92	90.8%
GU Corporate	31438	\$809.94	\$595.10	73.9%
HBF	592458	\$665.59	\$686.84	92.9%
HCF	797753	\$682.88	\$620.00	89.8%
Healthguard	60692	\$747.25	\$642.74	94.6%
Health-Partners	45606	\$880.45	\$805.15	94.0%
HIF	34766	\$722.89	\$638.30	92.5%
Latrobe	41448	\$818.37	\$665.03	92.4%
MBF	1454743	\$811.68	\$698.79	71.1%
MBF Alliances	172955	\$823.61	\$722.26	92.6%
Medibank	2426871	\$773.27	\$673.12	91.5%
Mildura	20822	\$733.21	\$607.20	90.0%
MU	139158	\$718.24	\$587.33	83.7%
NIB	554964	\$687.25	\$576.43	87.5%
QCH	28573	\$687.36	\$643.80	91.0%
St. Luke's	36746	\$845.23	\$736.24	93.8%
Westfund	62990	\$670.22	\$638.12	88.2%
<i>ACA</i>	9090	\$756.77	\$688.00	93.5%
<i>AMA</i>	10511	\$797.83	\$720.27	92.6%
<i>CBHS</i>	117551	\$647.48	\$577.89	91.7%
<i>Defence Health</i>	137296	\$689.57	\$621.09	92.0%
<i>HCI</i>	6922	\$835.16	\$641.91	95.1%
<i>Lysaght</i>	37927	\$686.48	\$601.90	90.7%
<i>Navy Health</i>	26156	\$745.03	\$632.64	90.6%
<i>Phoenix</i>	12425	\$787.85	\$740.94	95.9%
<i>Police Health</i>	19788	\$751.77	\$694.20	97.1%
<i>Old Teachers</i>	43835	\$887.65	\$702.26	90.5%
<i>R&T Health</i>	32371	\$790.34	\$753.20	94.5%
<i>Reserve Bank</i>	3931	\$608.50	\$712.77	94.2%
<i>Teachers Fed</i>	170951	\$627.58	\$602.92	91.0%
<i>Transport</i>	5521	\$812.90	\$726.11	94.8%

MEDICAL GAP COVER

This table provides four different measures of the effectiveness of health fund gap cover arrangements. Each of those measures take account of both types of arrangements that funds may use to provide extra medical gap benefits; *Medical Purchaser Provider Agreements* and *Gap Cover Schemes*.¹

The final column gives an indication of the incidence of gaps for consumers after the impact of fund benefits, schemes and agreements.

FUND GAP SCHEMES AND AGREEMENTS

Where the doctor's fee for an in-hospital service is at or below the MBS fee there will be no gap to the fund member. In the main, this is due to the level of the doctor's fee, not the effectiveness of the fund's gap cover arrangements.² Services charged at less than the MBS fee have therefore been excluded from the analysis underlying the measures of scheme and agreement effectiveness in this table.

Coverage

This column reports the percentage of medical services with a gap for which benefits are paid under each fund's gap cover arrangements.

Because doctors are free to decide whether or not to use a particular fund's gap cover arrangements, this is a measure of the acceptance of that fund's gap cover arrangements by doctors.

Factors that can affect the acceptance of the scheme by doctors include:

- whether the fund has a substantial share of the health insurance market in a particular state or region;
- the level of fund benefits paid under the gap arrangements (compared to the doctors desired fee); and
- the design of the fund's gap cover arrangements, including any administrative burden for the doctor.

% Gaps eliminated

This column indicates the percentage of gaps that are completely eliminated by the fund's gap cover arrangements.

In general MPPAs involve an agreement between the fund and doctor that the doctor's fee will equal the fund benefit (plus any Medicare benefit). In that case the gap will be completely eliminated. A few funds (HCF, MBF and NIB) also operate their gap cover schemes in that way. These are known as "No Gap" schemes. In those cases the percentage of gaps eliminated is equal or close to the percentage of gaps covered by the fund's gap cover arrangements.

¹ For an explanation of medical gaps and Gap Cover Schemes see the PHIO brochure *"Doctors Bills"*

² In some cases funds may negotiate agreements with doctors to charge at or below the MBS fee. Where this is the significant factor, the effectiveness of the fund's gap cover arrangements will be understated in the tables.

% Gap Reduction

This column indicates the effect of the fund's gap cover arrangements in reducing the average level of gaps for its members. It compares the average gap (per service) remaining after the fund's gap cover benefits have been paid with the average gap for services that were not covered by the fund's gap cover arrangements. The percentage indicated is the extent to which the average gap has been reduced (including cases where the gap was fully eliminated). For those funds that operate only "No Gap" schemes the average gap remaining after gap cover benefits is nil. The gap reduction achieved is therefore 100%.

Overall Gap Cover Effectiveness

This measure combines the % Gap Reduction and the % gap cover to give a comparative indicator of the overall effectiveness of the gap cover arrangements. For example; the Medibank gap cover arrangements reduce the average gap by 93.5% in 81.7% of cases where there is a gap. Medibank therefore achieves an overall gap effectiveness score of 76.4% (93.5 x 81.7%).

% OF SERVICES WITH GAPS

The percentage indicated is the proportion of services for which a gap is payable after the impact of fund benefits, schemes and agreements. Most hospital admissions involve the services of two or more health professionals so the incidence of gaps per hospital episode is significantly higher than indicated. Consumer surveys indicate that around 40 percent of hospital episodes for private patients involve some gap.

"Access Gap" Participants

The Access Gap scheme is the gap cover scheme operated by the Australian Health Services Alliance (AHSA) for its member funds.

There were 24 funds participating in these arrangements in 2004/05. Because the scheme operates in the same way for all of these participant funds, the effectiveness measures are reported for the Access Gap arrangements as a whole.

The measures also take account of any MPPAs established by the ASHA for participant funds.

The separate table lists the funds that participated in the Access Gap arrangements.

Medical Gap Cover

FUND / GAP SCHEME	FUND GAP SCHEMES AND AGREEMENTS				% of services with Gaps
	Coverage	% Gaps eliminated	Average Gap Reduction	Overall Effectiveness	
AMA	58.4%	40.4%	87.7%	51.2%	29.0%
BUPA	86.9%	84.0%	97.1%	84.4%	13.2%
CDH ¹	93.1%				22.3%
Druids VIC	67.3%	36.9%	82.3%	55.4%	44.1%
GMHBA	78.2%	52.5%	75.6%	59.1%	30.3%
HBF	98.0%	84.0%	85.8%	84.0%	14.7%
HCF	79.3%	78.9%	99.9%	79.2%	15.3%
Healthguard	83.8%	62.0%	80.6%	67.5%	29.4%
Latrobe	98.0%	57.0%	61.4%	60.1%	30.6%
MBF	79.2%	79.2%	100.0%	79.2%	16.9%
Medibank	81.7%	75.1%	93.5%	76.4%	19.3%
Mildura	82.7%	45.5%	58.0%	48.0%	37.7%
NIB	62.8%	62.8%	100.0%	62.8%	23.9%
St Lukes	85.7%	79.3%	95.3%	81.7%	15.6%
Westfund ¹	62.3%				51.1%
Access Gap Scheme Participants ²	86.0%	71.1%	94.8%	81.5%	23.2%
Total / Industry outcome	82.7%	75.9%	84.3%	69.7%	18.9%

¹ Comparable information could not be obtained from analysis of data available for these funds.

² Access Gap Scheme participant funds are listed in the table below

Access Gap - Participating Funds	
Open Membership Funds	Restricted Membership Funds
AHM	ACA
AU	CBHS
Credicare	Defence
Druids NSW	HCI
GU	Lysaght
GU Corporate	Navy
Health Partners	Phoenix
HIF	Police
MBF Alliances ³	Qld Teachers
MU	R&T Health
QCH	Reserve Bank
	Teachers Fed
	Transport

³ MBF Alliances was a participating fund until 30 June 2005.

ANCILLARY (EXTRAS) COVER

Ancillary cover, also known as “Extras” cover¹, provides benefits to cover (normally partly cover) a range of health related services not provided by a doctor including:

- Dental fees and charges;
- Optometry: costs of glasses and lenses
- Physiotherapy, Chiropractic services and other therapies including natural and complementary therapies
- Prescribed medicines not covered by the Pharmaceutical Benefits Scheme

The information provided in this table on average contributions and benefits and the proportion of charges covered by the fund benefits presents the position taking account of all of each fund’s products. It is not indicative of any individual product offered by the fund but is an average for the total fund ancillary membership.

Persons Covered

This indicates the total number of persons covered by all of the fund’s ancillary memberships. It includes the contributor and in the case of family memberships all other persons included in the membership (eg. spouse and children).

Average Contribution (per person covered)

This \$ figure is calculated by dividing the contributions received for ancillary memberships by the total number of persons covered. It is an indicator of comparative prices that takes account of all of a fund’s ancillary products (both single and family memberships). It should not be taken as an indicator of price of any individual product.

Average Benefit (per person covered)

This \$ figure is calculated by dividing the total benefits paid on all ancillary memberships by the total number of persons covered. Comparison of this figure with the previous column (average contribution) provides an indicator of the extent to which contributions collected are returned to the membership in benefits.

% Charges Covered, All Services²

This column indicates what proportion of total charges, associated with ancillary services, is covered by each fund’s benefits. This averages outcomes across all of each fund’s ancillary products and all ancillary services. Higher cost products will generally cover a greater proportion of charges than indicated by this average. Cheaper products may cover less.

¹ Known as “Essentials” cover in WA

² Many funds have announced increases in extras benefits as part of changes to take effect from 1 April 2006. These were not able to be taken into account in this report.

PREFERRED PROVIDERS FOR EXTRAS SERVICES

Many funds establish “preferred provider” or “participating provider” arrangements with some suppliers of ancillary services. Those providers offer a discounted charge for fund members, resulting in lower out of pocket costs for members after fund benefits are taken into account. It is usually worth checking with your fund to see if a suitable preferred provider is available.

FUND DENTAL AND EYECARE CENTRES

In some states some funds operate their own dental and optical centres. These are usually only located in capital cities or major population centres.

Consumers who choose to use a fund’s own dental or optical centres will normally get services at a much lower cost.

% Claims Processed in 5 days

An increasing number of claims for ancillary benefits are now processed via an electronic link to the health fund. When this occurs the fund pays the benefit directly to the provider who deducts the benefit amount from the consumer’s bill.

Where the automatic facility is not available, claims for ancillary benefits are paid as refunds to the contributor, after the contributor has paid the full provider charge. This column provides a comparison of the timeliness of processing such claims. The measure used was the percentage reported to PHIAC for industry agreed efficiency indicators. (Funds reporting 100% may be rounding their results.)

ANCILLARY (EXTRAS) COVER (II) % Costs Covered for each Service Type

This additional table provides information on the proportion of the total charge for each service type covered by each fund on average (across all of the fund’s ancillary products).

This is intended to provide a broad comparative indicator of fund ancillary benefits to allow comparisons between funds and should not be regarded as an indicator of how much of a bill for any particular service will be covered.

In general this will understate the proportion of an ancillary bill that will be covered for the most common (lower cost services) and will overstate the proportion of the costs covered for some higher cost services.

Ambulance

Some funds do not provide ambulance cover through any of their ancillary products but offer this as a component of hospital cover. These funds show as 0% under the ambulance column. Most ambulance services in Queensland and Tasmania are provided free to residents of those states.

ANCILLARY COVER - General Cost & Benefits

Abbreviated name	Persons Covered	Average Contribution per Person Covered	Average Benefit per Person Covered	% of Charges Covered, All Services	% Claims Processed in 5-days
AHM	192714	\$479.49	\$345.11	50.5%	99.6%
AU	190546	\$314.25	\$238.90	49.8%	90.9%
BUPA	726914	\$328.60	\$239.34	48.3%	100.0%
CDH	3749	\$225.93	\$178.98	49.6%	100.0%
Credicare	36074	\$305.15	\$266.06	49.2%	99.6%
Druids NSW	2407	\$533.03	\$323.64	50.0%	100.0%
Druids Vic	7592	\$238.41	\$201.53	53.1%	90.0%
GMHBA	117059	\$275.12	\$262.34	52.8%	95.7%
GU Corporate	30638	\$463.12	\$450.78	72.4%	98.0%
HBF	773764	\$313.39	\$210.99	47.7%	74.0%
HCF	789015	\$324.14	\$265.13	50.8%	99.8%
Healthguard	43271	\$326.41	\$237.76	53.5%	47.1%
Health-Partners	59765	\$362.80	\$297.58	50.5%	98.5%
HIF	39121	\$371.05	\$253.85	49.2%	78.4%
Latrobe	24920	\$309.31	\$193.82	45.2%	98.5%
MBF	1442531	\$295.92	\$260.46	49.8%	98.8%
MBF Alliances	200821	\$410.59	\$363.15	59.8%	95.6%
Medibank	2187261	\$329.30	\$291.65	47.9%	99.8%
Mildura	25320	\$251.18	\$202.17	53.3%	99.9%
MU	142669	\$318.52	\$227.48	50.6%	68.4%
NIB	571662	\$259.77	\$216.26	50.1%	98.6%
QCH	26552	\$291.35	\$239.76	52.8%	98.6%
St. Luke's	35988	\$305.60	\$224.19	51.7%	99.8%
Westfund	81400	\$262.58	\$144.84	56.5%	99.6%
<i>ACA</i>	9471	\$473.02	\$452.01	66.1%	99.8%
<i>AMA</i>	5944	\$393.34	\$307.87	45.1%	96.0%
<i>CBHS</i>	123202	\$334.95	\$302.80	54.6%	95.8%
<i>Defence Health</i>	149194	\$242.27	\$248.57	56.0%	85.6%
<i>HCI</i>	7858	\$290.02	\$219.27	54.8%	100.0%
<i>Lysaght</i>	39417	\$382.88	\$315.24	58.8%	99.7%
<i>Navy Health</i>	26209	\$391.35	\$262.16	50.7%	100.0%
<i>Phoenix</i>	12462	\$387.66	\$333.73	59.1%	99.9%
<i>Police Health</i>	19274	\$376.57	\$339.32	70.4%	89.8%
<i>Old Teachers</i>	42211	\$443.06	\$421.95	57.5%	99.1%
<i>R&T Health</i>	22764	\$313.43	\$293.45	60.6%	100.0%
<i>Reserve Bank</i>	3938	\$676.74	\$646.78	79.3%	74.2%
<i>Teachers Fed</i>	160298	\$432.17	\$375.49	58.0%	72.3%
<i>Transport</i>	5618	\$362.76	\$307.05	67.8%	90.8%

Note: All % figures based on health fund reporting to PHIAC. Rounding is to one decimal place

Ancillary Cover(II)- Average Amount of Costs Covered by Service

Open Membership Funds

Fund	Dental	Optical ¹	Physiotherapy	Chiropractic	Pharmacy	Podiatry	Natural Therapies	Ambulance	Acupuncture	Psych/ Group Therapy	Preventative Health Products	Hearing Aids & Audiology	Occupational Therapy
AHM	47%	67%	54%	58%	46%	57%	47%	100%	51%	39%	50%	23%	43%
AU	47%	54%	65%	53%	34%	60%	47%	73%	48%	40%	0%	18%	51%
BUPA	48%	49%	59%	48%	38%	49%	35%	100%	44%	43%	0%	20%	42%
CDH	55%	44%	67%	57%	48%	45%	44%	0%	77%	28%	34%	0%	36%
Credicare	50%	46%	48%	54%	42%	55%	48%	100%	49%	53%	0%	37%	58%
Druids NSW	48%	55%	0%	57%	48%	55%	40%	0%	45%	50%	0%	30%	44%
Druids Vic	62%	37%	55%	66%	34%	51%	53%	99%	51%	30%	0%	15%	39%
GMHBA	54%	48%	55%	55%	50%	59%	44%	96%	44%	37%	66%	21%	51%
GU Corporate	74%	66%	77%	77%	58%	76%	74%	0%	77%	73%	58%	21%	80%
HBF	45%	44%	56%	46%	40%	52%	43%	99%	0%	43%	62%	27%	63%
HCF	52%	45%	53%	56%	46%	55%	34%	100%	58%	0%	52%	32%	61%
Healthguard	45%	77%	60%	46%	41%	73%	36%	99%	33%	47%	16%	24%	69%
Health-Partners	55%	32%	58%	54%	46%	53%	39%	97%	48%	48%	0%	38%	61%
HIF	49%	48%	52%	47%	53%	53%	27%	82%	38%	50%	25%	30%	56%
Latrobe	43%	50%	49%	52%	26%	47%	44%	50%	51%	58%	0%	16%	60%
MBF	52%	42%	55%	56%	61%	54%	41%	100%	58%	50%	25%	28%	59%
MBF Alliances	62%	49%	67%	68%	49%	65%	63%	100%	78%	65%	0%	22%	63%
Medibank	46%	49%	53%	51%	37%	51%	40%	100%	57%	41%	15%	24%	43%
Mildura	53%	47%	54%	62%	0%	59%	61%	52%	50%	31%	0%	15%	0%
MU	50%	45%	59%	59%	47%	51%	44%	94%	48%	39%	34%	27%	49%
NIB	51%	47%	56%	56%	46%	61%	41%	100%	55%	43%	68%	20%	49%
QCH	50%	54%	57%	62%	39%	71%	46%	0%	57%	60%	70%	61%	52%
St. Luke's	50%	53%	56%	66%	45%	62%	60%	88%	48%	45%	0%	44%	42%
Westfund	59%	46%	56%	65%	48%	63%	53%	94%	57%	0%	0%	14%	0%

Note: All percentages based on health fund reporting to PHIA. For some funds data does not take account of discounts at some providers or fund Dental / Optical centres.

Ancillary Cover(II)- Average Amount of Costs Covered by Service

Restricted Membership Funds

Fund	Dental ¹	Optical ¹	Physiotherapy	Chiropractic	Pharmacy	Podiatry	Natural Therapies	Ambulance	Acupuncture	Psych/ Group Therapy	Preventative Health Products	Hearing Aids & Audiology	Occupational Therapy
ACA	71%	63%	70%	68%	58%	76%	36%	90%	0%	45%	50%	45%	79%
AMA	45%	39%	60%	0%	44%	0%	0%	0%	0%	77%	0%	14%	45%
CBHS	55%	51%	64%	66%	60%	64%	49%	98%	54%	59%	24%	42%	56%
Defence Health	57%	52%	52%	60%	55%	56%	49%	100%	52%	50%	50%	37%	54%
HCI	57%	53%	63%	59%	58%	57%	52%	100%	33%	43%	39%	33%	48%
Lysaght	58%	61%	64%	61%	52%	59%	54%	100%	58%	53%	52%	41%	65%
Navy Health	49%	53%	55%	64%	46%	52%	51%	100%	19%	47%	0%	20%	42%
Phoenix	63%	54%	66%	63%	49%	71%	42%	98%	61%	57%	0%	44%	65%
Police Health	71%	58%	74%	76%	50%	70%	64%	100%	69%	78%	0%	32%	69%
Old Teachers	56%	47%	66%	68%	49%	74%	64%	100%	62%	61%	77%	40%	66%
R&T Health	56%	65%	75%	82%	59%	83%	58%	48%	82%	49%	0%	36%	55%
Reserve Bank	81%	82%	82%	83%	59%	87%	82%	100%	81%	87%	0%	74%	82%
Teachers Fed	59%	52%	67%	66%	56%	67%	62%	100%	66%	49%	36%	41%	66%
Transport	77%	55%	57%	57%	41%	60%	47%	100%	61%	33%	0%	29%	0%

Note: All percentages based on health fund reporting to PHIAC. For some funds data does not take account of discounts at some providers or fund Dental / Optical centres.

FINANCES AND COSTS

The Regulation of Health Fund Finances

The financial performance of health funds is closely regulated to ensure that funds remain financially viable and that contributors' funds are protected.

The *National Health Act 1953* (the Act) specifies solvency and capital adequacy standards for funds to meet and outlines financial management and reporting requirements for all funds. The Act also establishes the Private Health Insurance Administration Council (PHIAC) – an independent organisation with responsibility for monitoring the financial performance of the funds and ensuring that they meet prudential requirements.

PHIAC produces an annual publication providing financial and operational statistics for the funds for each financial year¹. Information included in the Financial Performance table is drawn from data collected by PHIAC for that purpose.

Benefits as a % of Contributions

This column shows the percentage of total contributions, received by the fund, returned to contributors in benefits. Funds will generally aim to set premium levels so that contribution income covers the expected costs of benefits plus the fund's administration costs.

A very high percentage of contributions returned as benefits may not necessarily be a positive factor for consumers, particularly if it means that the fund is making a loss on its health insurance business.

This indicator should therefore be considered in conjunction with other factors, such as the Surplus (- Loss) and Management Expenses ratings.

Management Expenses

Management expenses are the costs of administering the fund. They include rent, staff salaries, marketing costs etc.

Ratio

The management expense ratio is regarded as a key measure of fund efficiency. In this report the management expense ratio shows total management expenses as a proportion of total contribution income.

Per Person Covered

A comparison of the relative amount each fund spends on administration costs is also demonstrated through provision of information on the level of management expenses per person covered by each fund.

On average, restricted membership funds have much lower management expenses as a proportion of benefits paid, compared to open membership funds. This is partially due to lower expenditure on marketing. However, unusually low management expenses by some restricted membership funds can also be the result of those funds receiving free or subsidised administrative services from the organisations with which they are associated.

Surplus (- Loss) from health insurance

The surplus or loss (indicated as a negative figure) made by the fund in 2004-2005 from their health insurance business is expressed as a percentage of the fund's contribution income. This does not take account of additional income that the fund may derive from investment or other (non health insurance) activities.

All health funds maintain a sufficient level of reserves to cover losses from year to year. However funds with high or continuing losses might be expected to have to increase premiums by a relatively higher amount than other funds.

Overall Profit (-Loss) as a % of total revenue

The overall profit or loss (indicated as a negative figure) takes account of additional income made by the fund, mainly through investment. This is shown as a % of all revenue received by the fund to allow a comparison of performance between funds of differing sizes.

¹ "Operations of the Registered Health Benefits Organisations - Annual Report" – This report is available on the PHIAC website: www.phiac.gov.au

FINANCES & COSTS

Abbreviated name	Benefits as % Contributions	Management Expenses		Surplus (-Loss) from health insurance	Overall Profit (- Loss) as % total revenue
		Ratio	Per Person Covered		
AHM	80.1%	11.9%	\$135	7.9%	11.8%
AU	82.8%	10.9%	\$114	6.3%	6.2%
BUPA	86.5%	7.7%	\$80	5.8%	5.4%
CDH	94.5%	11.4%	\$110	-5.9%	-1.2%
Credicare	89.0%	10.0%	\$96	1.0%	3.2%
Defence Health	94.5%	6.1%	\$52	-0.7%	4.5%
Druids NSW	84.6%	17.8%	\$250	-2.4%	0.0%
Druids Vic	90.8%	15.2%	\$150	-6.0%	-0.8%
GMHBA	91.3%	9.7%	\$77	-1.1%	4.1%
GU Corporate	82.9%	14.4%	\$179	2.7%	3.1%
HBF	89.7%	9.3%	\$72	1.0%	7.2%
HCF	90.6%	8.7%	\$76	0.7%	5.5%
Healthguard	83.1%	10.5%	\$93	6.4%	9.9%
Health-Partners	88.1%	10.5%	\$102	1.3%	3.9%
HIF	81.0%	11.0%	\$108	8.0%	11.7%
Latrobe	77.8%	12.8%	\$120	9.3%	14.3%
MBF	87.9%	10.0%	\$98	2.1%	7.8%
MBF Alliances	89.0%	8.1%	\$78	3.0%	3.8%
Medibank	88.4%	9.2%	\$86	2.4%	4.9%
Mildura	82.2%	8.7%	\$67	9.2%	14.7%
MU	80.8%	14.8%	\$150	4.4%	6.6%
NIB	86.5%	11.8%	\$102	1.7%	5.3%
St. Luke's	83.6%	12.0%	\$122	4.4%	7.0%
Westfund	83.4%	12.6%	\$98	3.9%	7.8%
<i>ACA</i>	94.3%	6.5%	\$76	-0.9%	3.1%
<i>AMA</i>	89.3%	11.5%	\$118	-0.8%	5.9%
<i>CBHS</i>	91.2%	5.6%	\$52	3.2%	5.8%
<i>HCI</i>	76.6%	11.0%	\$106	12.5%	15.3%
<i>Lysaght</i>	87.4%	6.9%	\$69	5.7%	7.6%
<i>Navy Health</i>	80.3%	10.5%	\$109	9.2%	14.2%
<i>Phoenix</i>	92.7%	7.3%	\$80	0.0%	2.8%
<i>Police Health</i>	91.6%	7.8%	\$83	0.5%	3.2%
<i>QCH</i>	90.5%	8.0%	\$74	1.5%	4.3%
<i>Old Teachers</i>	84.3%	11.4%	\$144	4.2%	7.7%
<i>R&T Health</i>	96.9%	11.3%	\$108	-8.2%	-3.3%
<i>Reserve Bank</i>	107.7%	1.9%	\$25	-9.6%	-5.2%
<i>Teachers Fed</i>	94.7%	5.9%	\$57	-0.6%	2.7%
<i>Transport</i>	87.9%	7.1%	\$73	5.0%	8.2%

HEALTH FUND BENEFITS FOR PODIATRIC SURGERY

Hospital Cover Benefits

The benefits provided through private health insurance hospital cover for surgery by accredited podiatrists will cover all or some of the charges by private hospitals for accommodation and theatre fees and the costs of any prostheses used in the procedure. However, hospital cover benefits for podiatric surgery do not include anything toward the cost of the podiatric surgeon's fee or an anaesthetist's fees and funds' gap cover schemes will not cover any of the potential gaps involved. This is because podiatric surgeons are not approved providers for Medicare benefits purposes.

Consumers having only hospital cover will not receive any benefits to cover any of the fees charged by the podiatric surgeon, anaesthetist or assistant surgeon.

Ancillary (Extras) Cover Benefits

Consumers with ancillary cover (or a package cover that includes ancillary and hospital cover) may be eligible for some benefit towards the podiatric surgeon's fee but in all cases there will be some out of pocket cost. Some funds provide no benefit in respect of a podiatric surgeon's bill and most provide no benefit towards the anaesthetist's fee.

The table provides a broad indication of benefits available from all funds for surgery conducted by accredited podiatrists.

As noted in the *Consumer Concerns and Issues* section of this report, there is a considerable variation in the level of benefits paid by health funds for foot surgery performed in private hospitals by accredited podiatrists.

There are also variations between states in the availability of such treatment and access to accredited podiatrists. In general, funds with a significant level of business in states where there is greater access to accredited podiatrists or where podiatrists operate in private hospitals offer comparatively better benefits. For example six of the 14 accredited podiatrists are based in Western Australia and funds based in that state or with a significant market share in that state offer the most comprehensive benefits for such treatment.

In New South Wales state health legislation does not allow for podiatrists to operate in private or public hospitals. The major funds based in that state are less likely to offer comprehensive benefits for podiatric surgery performed in other states.

At the time of preparation of this report a number of funds advised that they were reviewing their position on benefits for podiatric surgery and had not yet completed their consideration of the issue.

Hospital Accommodation and Theatre Charges

Minimum (Default) Benefits Only

The table indicates which funds pay only the minimum allowable benefit (known as the *default* benefit). By law all funds must pay at least that level of benefit, unless the consumer's policy contains a specific exclusion for that type of treatment. At present no fund has a specific exclusion on podiatric surgery on any of its hospital covers.

The minimum benefit will normally cover about one third of the cost of hospital accommodation charges and provides nothing to cover theatre charges. Where the minimum benefit is paid consumers can expect to have to meet most of the hospital's charges themselves and will be billed by the hospital on discharge or, in some cases, may need to pay these charges at or prior to admission to hospital.

Similar to Benefit for Medicare approved provider

If a fund pays a benefit for the hospital charges similar to the benefit for a surgical procedure performed by a Medicare approved provider this will normally cover all of the hospital costs in a fund *Agreement* private hospital or in any public hospital. Consumers would be liable only for any agreed excess on their policy or, in some cases a small co-payment. However if treated at a private hospital with which the fund does not have an agreement, only default benefit benefits will be paid in most cases.

The table also indicates which funds pay benefits slightly *above the minimum default but less than for a Medicare approved provider*. In most cases consumers can expect to have to pay a significant amount of the hospital bill themselves.

Benefit on Podiatric Surgeon's Account

The table gives a general indication of the level of benefits payable by all funds on the fee charged by the podiatrist. These benefits are only available to members with ancillary (extras) cover.

In all cases consumers will be left with some gap to pay on the podiatrist's account and a significant proportion of the anaesthetist's bill.

Consumers are advised to discuss charges and health fund benefits with their podiatrist and their health fund before proceeding with a hospital admission for podiatric surgery.

A written estimate of fees, charges and benefits should be obtained wherever possible.

PODIATRIC SURGERY - Health Fund Benefits Payable

Health Fund	Hospital Accommodation & Theatre Charges (Paid from Hospital Cover)			Benefit on Podiatric Surgeon's Account (Paid from Ancillary Cover)		
	Minimum (Default) Benefits Only	More than Minimum but less than for Medicare approved provider*	Similar to Benefit for Medicare approved provider*	No Benefit or Only Consultation Benefit Paid	% Account Paid up to limit of \$200 or less	% Account paid up to Limit of more than \$200
AHM	•				•	
AU		•		•		
BUPA	•			•		
CDH	•			•		
Credicare			•		•	
Druids NSW	•			•		
Druids Vic			•			•
GMHBA			•		•	
GU Corporate	•			•		
HBF			•			• ³
HCF	•					•
Healthguard			•			•
Health-Partners			•			•
HIF		•			•	
Latrobe		•			•	
MBF			• ¹	•		
MBF Alliances			• ¹	•		
Medibank			•		•	
Mildura		•		•		
MU			•	•		
NIB	•			•		
QCH	•					•
St. Luke's	•			•		
Westfund			•	•		
ACA			•			•
AMA			•	•		
CBHS	•					•
Defence Health			•	•		
HCI			•			•
Lysaght			•			•
Navy Health	•				•	
Phoenix		•			•	
Police Health			•			•
Old Teachers			•			•
R&T Health	•			•		
Reserve Bank			•	•		
Teachers Fed			•			• ²
Transport						

Note: All Funds cover the full cost of any approved prostheses used as part of a podiatric surgery procedure

* Benefits for Medicare approved provider - Health funds generally pay a full hospital accommodation & theatre charge in hospitals they have a contract with; less any applicable excess or restriction applying to the person's policy

¹ MBF pays full benefits on some covers, nil benefit on some Budget covers.

² Fund pays same amount as the gap benefit for service of gap-agreement orthopaedic surgeon. However patient may still have a gap because no Medicare benefit paid.

³ Fund pays more than the gap benefit for service of gap-agreement orthopaedic surgeon. However patient may still have a gap because no Medicare benefit paid.

SELECTING A HEALTH INSURANCE PRODUCT

HOSPITAL COVER

Apart from checking the price, here are the important questions to get answered about any hospital product.

How long do I have to wait before benefits can be paid?

Most funds will apply the following *Waiting Periods*:

- A general two-month wait for any benefits. (Some funds will waive this general waiting period. It is always worth asking if this can be done.)
- A twelve-month wait for benefits on any pre-existing conditions. (A condition can be classed as pre-existing even if it hadn't been diagnosed before you joined.)
- A twelve-month wait for benefits for obstetric treatment (birth).

The twelve-month wait for benefits for pre-existing conditions and obstetrics should not apply if you are changing funds and have already served those waiting periods. However, if your new product offers some benefits that your old product didn't, those twelve-month waiting periods may apply to the extra benefits.

Some hospital products also have *Benefit Limitation Periods* for some types of hospital treatment. If you have that type of treatment the fund will only pay a limited benefit. If you are considering one of these products, make sure you know which treatments have limited benefits and that you are prepared to take the risk of not being fully covered for those treatments for the period involved.

If I go to hospital will I have to pay an excess or make any co-payments?

An *Excess* is an amount you have to pay before the fund will pay its benefits. You need to find out how much the excess will be and how often you'd have to pay it (once a year? every admission? once per membership? per person? etc)

A *Co-payment* is an amount you agree to pay each time the fund pays benefits for you. Normally a co-payment is payable for each day of hospitalisation up to a maximum annual amount. You need to check the amount of any co-payments, when they apply and if there is a limit on how much you'd have to pay.

Are there any treatments that I won't get full hospital benefits for?

Some hospital insurance products exclude certain treatments from benefits or permanently restrict the amount of benefits they will pay for certain treatments.

If a product involves *Exclusions*, the fund will not pay any benefits for the treatments listed as exclusions.

If a product involves *Restrictions*, the fund will only pay a limited benefit for the treatments listed as restricted. The limited benefit will cover the cost of having that treatment as a private patient in a public hospital but if you are treated at a private hospital you'll have to meet a lot of the cost yourself.

If you are considering one of these products, make sure you know which treatments are excluded or restricted and that you are prepared to take the risk of not being fully covered for those treatments.

Does this fund have agreements with the private hospitals I might need to attend?

Check that the fund has agreements with private hospitals in your area or other private hospitals you might attend. If you are treated at a private hospital that your fund doesn't have an agreement with, you may have to meet a considerable amount of the cost yourself.

How does this fund's gap cover scheme work?

Doctors who treat you as a private patient in hospital can bill you separately for their services. Gap cover schemes provide extra benefits for those services, provided your doctor agrees to participate in the scheme. The extra benefits mean any gap you might have to pay yourself is eliminated or significantly reduced.

Find out how much of the doctor's bill your fund's gap scheme will cover and whether any doctors you are likely to use participate in the gap cover scheme.

Will this product exempt me from the Medicare Levy Surcharge?

Most Australian taxpayers have a Medicare Levy of 1.5% of their income included in the amount of tax they pay.

However, if you are a single person and your taxable income is above \$50,000 a year, you will have to pay an extra 1% Medicare Levy, unless you have an approved hospital cover with a registered health fund. A couple or family without approved hospital cover will have to pay the extra 1% Medicare levy if their combined income is more than \$100,000 a year.

If you are in this situation you need to make sure that the product you are considering will exempt you from the extra levy.

SELECTING A HEALTH INSURANCE PRODUCT

LIFETIME HEALTH COVER

The Government wants to encourage people to take out private health insurance (hospital cover) early in their life and keep it. Health funds are therefore required to charge extra to people who join a hospital cover after the age of 31. (There are some special rules for new residents and people who were overseas when they turned 31.)

The extra charge is 2% on top of the normal premium for each year you are over 30 years of age. For example:

- If you don't take out hospital insurance until you are 40 you'll pay an extra 20%.
- If you wait until you are 50 it's an extra 40%.

ANCILLARY (EXTRAS) COVER

Here are some key steps in selecting a health insurance product to cover extras.

- Make a list of the sorts of services you are likely to want to use. (For example: dental, orthodontics, optical, natural therapies etc.)
- Check that the product you are considering pays benefits for those services.
- Ask what waiting periods apply for each of the types of service you might use.
- Ask how much of the cost of each service the fund benefits will cover. (If you have old bills or receipts ask how much the fund would have paid on that bill.)
- Find out what annual limits apply (maximum total benefit payable or maximum number of services for which the fund will pay benefits).
- Check when the annual limits are reset (each new year, at the end of the financial year etc).
- Find out if the limits will increase over time if you stay with the fund.
- Check the price and ask if any discounts are available (eg. for paying in advance or by direct deduction from your account).

If you are changing your extras cover to another fund, your new fund can make you serve waiting periods - but many don't. It is worth asking if the fund will waive or reduce any waiting periods.

All funds operate their extras covers quite differently so you should always recheck the benefits as well as any annual limits and how they work. It is worth asking if the new fund will match any extra limits you might have built up with your old fund.

HOW TO MAKE THE MOST OF YOUR HEALTH INSURANCE (AND AVOID PROBLEMS)

- Make sure you keep your premium payments up to date.

If you get too far behind in your payments (usually 2 months or more) the fund can cancel your policy and refuse to pay you any benefits.
- If you can, check with your fund before you book in for hospital treatment or get any extras services – to check that you're covered and how much you might have to pay yourself.
- If you go to a public hospital, check with your fund that you'll be covered for the treatment before you agree to be treated as a private patient.
- If you are likely to go to hospital as a private patient:
 - Check that your fund has an agreement with the hospital you might go to.
 - Find out what doctors will be involved in your treatment, how much they will charge and if they will use your fund's gap cover scheme.
 - Let your fund know you'll be going to hospital and check that you'll be covered for the hospital bill and any doctor's bills and how much you'll have to pay yourself.
- For extras services:
 - Consider using your fund's dental and eye care centres or preferred providers of ancillary services. You can usually save yourself quite a bit of cost if you do.
 - Know when your annual limits are due to finish and how much of them you have used.
 - Use providers that automatically claim the benefits from your fund or, if you don't, keep your receipts and make any claims for refund promptly.
- Make a note of any advice from your fund that you will be relying on, including the name or reference number given to you by fund staff (or get it in writing).
- If you have a single health insurance cover and are planning to have a baby as a private patient talk to your fund early to find out when you need to upgrade to a family cover.

This is important so that your baby will be covered if he or she needs some treatment and is registered as a patient. If you have twins, have a premature birth or your baby is unwell, your baby will probably be registered as a patient.

About the Private Health Insurance Ombudsman

The Private Health Insurance Ombudsman deals with inquiries and complaints about any aspect of private health insurance.

The Ombudsman is independent of the private health funds, private and public hospitals and health service providers.

What can I complain about?

Complaints must be about private health insurance arrangements and may be concerned with the actions of:

- a health fund;
- a private or public hospital;
- a doctor; or
- another provider of health services.

However, complaints about the quality of treatment provided by a health professional or a hospital should be directed to the health care complaints body for your state or territory. (These are listed in the state government section of your telephone directory.)

Who can make a complaint?

To make a complaint, you must be:

- a health fund member
- a person acting on behalf of a health fund member.

The Ombudsman can also deal with complaints from doctors, some dentists, hospitals and health funds.

What should I do if I want to make a complaint?

You should first contact your health fund or the body you are complaining about. They may be able to resolve your complaint for you.

If this contact does not solve your complaint you can contact the Ombudsman by either:

- Telephoning our Complaints Hotline, - **1800 640 695** (a free call from anywhere in Australia¹), or
- Write, fax or email your complaint to –

What can happen after I make a complaint?

Many complaints result from misunderstandings. The Ombudsman's staff may be able to explain what has happened and why, and this often solves the complaint.

Otherwise, the Ombudsman's staff will contact your health fund or the body you are complaining about to get their explanation and any suggestions they have for fixing the problem.

The Ombudsman will deal with most complaints by phone, email and fax and most can be settled quickly.

Where complaints are more complex, the Ombudsman will write to the health fund or other body, seeking further information or recommending a certain course of action.

The Ombudsman's staff will keep you regularly informed, usually by telephone and will give you their name and contact number, in case you need to contact them.

What if I just want some information about health insurance?

We can help with information about private health insurance arrangements. Telephone our Hotline: **1800 640 695**, email us at info@phio.org.au, or check out our web site at www.phio.org.au.

We also have a number of brochures and publications about private health insurance arrangements:

- The Private Patients' Hospital Charter
- Insure? Not Sure?
- 10 Golden Rules of Private Health Insurance
- Our Service (The PHIO Service Charter)
- Doctors Bills
- The Right to Change- Portability in Health Insurance.
- Annual Reports & Quarterly Bulletins.

These are available on our website or can be provided on request.

Private Health Insurance Ombudsman
Level 7, 362 Kent Street
SYDNEY NSW 2000
Fax: 02 8235 8778
www.phio.org.au

¹ Except calls made from mobile phones