



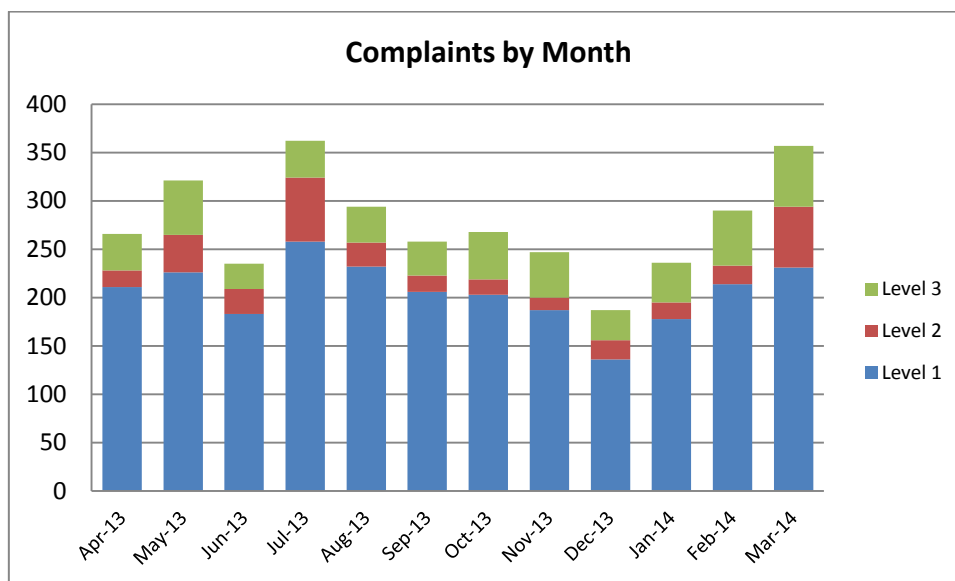
Issues in this bulletin

- Complaint statistics & workload
- Premium increase notices
- Oral advice complaints & case study
- Consumer website usage

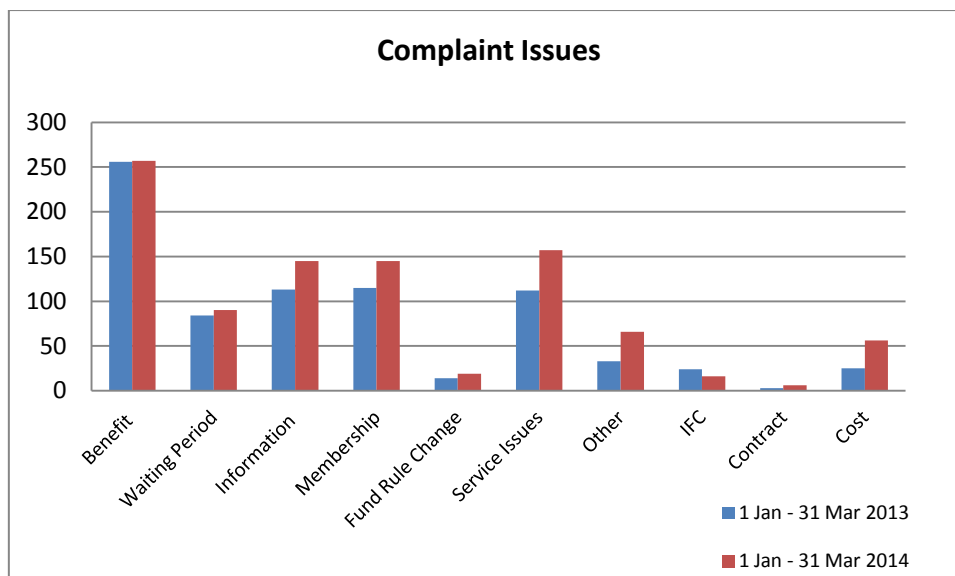
Quarterly Bulletin 70
(1 January – 31 March 2014)

Complaint Statistics & Workload

The Ombudsman received 883 complaints during the March quarter, compared with 702 complaints last quarter. Complaints to PHIO tend to be higher in the March quarter, when consumers have an increased awareness of private health insurance issues, due to premium increase mailings and media comment about the premium round.



The increase in complaints this quarter was attributable to a higher number of complaints about service, information (oral advice), membership issues and costs (premiums).



Health Insurance Premium Increases and Policy Change Notifications

There were higher numbers of complaints about premium increases this quarter, although it should be noted that the number of complaints received about this issue is still relatively low. During the quarter, PHIO received 56 complaints about rate increases compared to 25 during the same period last year.

Of the 56 complaints received, most were from policyholders who received notice of an above average premium increase. In instances where the increase applied to a policy is above average, PHIO recommends that insurers provide a more detailed explanation to members about the reasons for the increase. This assists members to understand why the increase is necessary and reduces the level of complaint to the insurer and to PHIO.

A number of insurers also notified their members about changes to benefits to come into effect 1 April or 1 July. PHIO would not expect to receive complaints about these changes this quarter, as complainants usually contact PHIO well after a change comes into effect and after attempting to make a claim. During the quarter PHIO received 19 complaints from policyholders receiving notifications of benefit changes to their policies, compared to 15 for the same period last year.

How PHIO Handles Complaints about Oral Advice

As noted in *Quarterly Bulletin 68*, the incidence of consumers complaining about incorrect advice provided by call centre and retail staff has increased over the last few quarters. This quarter, PHIO received 84 complaints about oral advice, which compares to 73 during the same quarter last year.

A number of insurers have asked PHIO about how it handles these complaints and what a reasonable response to such complaints is. A recent example shows the steps that were taken by a dispute resolution officer handling a complaint about oral advice and what PHIO considers a reasonable response:

A complainant contacted PHIO regarding information she had received from an insurer's call centre about her level of pregnancy cover. She had upgraded her hospital cover to include cover for the private delivery of a baby immediately before falling pregnant. The complainant had been admitted to hospital a few days before the expiration of her 12-month waiting period for a caesarean delivery.

She alleged the insurer had advised her that although there is a 12-month waiting period for obstetrics cover, the insurer would cover the hospitalisation if the expected date of delivery was after the 12-month waiting period and the baby was born prematurely. The dispute resolution officer noted that this was not the usual policy of the insurer and so sought advice from the insurer, specifically requesting copies of customer contact records.

Although the complainant wasn't entitled to claim full private benefits for her hospitalisation as she was within waiting periods, the insurer agreed to pay her claim because a record had been kept of the phone conversation in question. The record confirmed that she had been misinformed about waiting periods.

In deciding to make a further payment, the insurer had to determine if the complainant had been placed in a worse financial position as a result of their mistake. In this case, it was appropriate to check hospital records and contact notes to see if any other party had had the opportunity to correct the misinformation. In most instances, it is usual for a hospital to perform an eligibility check of a person's health insurance and advise them of any out-of-pocket costs they will incur prior to proceeding with treatment.

In this complainant's case, the hospital had not corrected the misinformation and had noted that the expected delivery date was after the member had served her 12-month waiting period for obstetrics. As the delivery was an emergency caesarean admission, there was no opportunity to re-check her eligibility for benefits on admission. The key misinformation had been provided by the insurer, prior to hospitalisation, so the insurer took responsibility for the cost of the admission.

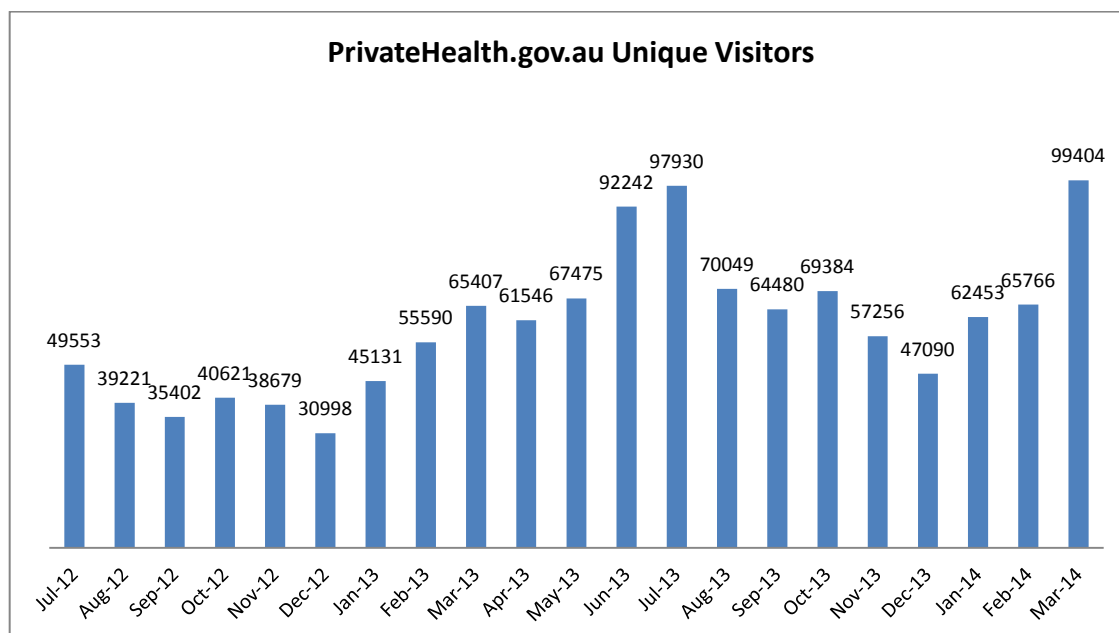
In PHIO's view, the decision by the insurer to pay benefits on this occasion was reasonable, because the member had relied on the incorrect information given to her prior to her admission.

In instances where a record of phone calls or branch visits has not been kept, investigating a complaint about oral advice is more difficult. In this case, PHIO staff members will ask the complainant and insurer for their version of events about what advice was provided. A decision then needs to be made as to the likelihood of each version of events about the alleged conversation and what impact that advice would have had. In assessing a case the dispute resolution officer will look at the conversation in the context of all the information that a consumer receives in relation to a policy.

For example, if a consumer alleges that he was not advised about his dental limits during a phone conversation that was alleged to have taken place two years ago, PHIO will look at the written and other information that had been provided since then in relation to his dental benefits.

PrivateHealth.gov.au Website Usage

The consumer information website, PrivateHealth.gov.au has continued to experience an increase in usage throughout the last year. The website received 621,865 unique visitors during the 2012-13 year, an increase of 41% on the previous year. In the 2013-14 year to 1 April, the website has already had over 633,000 visitors.



The website provides a service which allows consumers to ask general health insurance questions responded to by staff at PHIO. The office responded to 1480 consumer enquiries up to 1 April compared to 1313 in the previous year. Most questions this year have related to Lifetime Health Cover, waiting periods and visitors cover as well as questions on using the site itself.

Complaints by Health Insurer Market Share

1 January - 31 March 2014

Name of Fund	Complaints(1)	Percentage of Complaints	Level-3 Complaints(2)	Percentage of Level-3 Complaints	Market Share(3)
ACA Health Benefits	1	0.1%	1	0.7%	0.1%
Australian Unity	45	6.0%	5	3.7%	3.2%
BUPA	270	35.9%	64	47.1%	26.8%
CBHS	2	0.3%	0	0.0%	1.3%
CDH (Cessnock District Health)	0	0.0%	0	0.0%	<0.1%
CUA Health	8	1.1%	0	0.0%	0.5%
Defence Health	8	1.1%	3	2.2%	1.7%
Doctors' Health Fund	1	0.1%	0	0.0%	0.2%
GMHBA	10	1.3%	0	0.0%	1.9%
Grand United Corporate Health	4	0.5%	2	1.5%	0.4%
HBF Health	18	2.4%	2	1.5%	7.5%
HCF (Hospitals Cont. Fund)	81	10.8%	15	11.0%	10.8%
Health.com.au	6	0.8%	2	1.5%	0.3%
Health Care Insurance	0	0.0%	0	0.0%	<0.1%
Healthguard (GMF/Central West)	1	0.1%	0	0.0%	0.5%
Health-Partners	3	0.4%	0	0.0%	0.6%
HIF (Health Insurance Fund of Aus.)	5	0.7%	1	0.7%	0.6%
Latrobe Health	0	0.0%	0	0.0%	0.7%
Medibank Private & AHM	154	20.5%	25	18.4%	29.4%
Mildura District Hospital Fund	1	0.1%	0	0.0%	0.2%
National Health Benefits Aust.	2	0.3%	0	0.0%	0.1%
Navy Health	1	0.1%	0	0.0%	0.3%
NIB Health	95	12.6%	14	10.3%	7.8%
Peoplecare	4	0.5%	0	0.0%	0.5%
Phoenix Health Fund	1	0.1%	0	0.0%	0.1%
Police Health	1	0.1%	0	0.0%	0.3%
QLD Country Health Fund	0	0.0%	0	0.0%	0.3%
Railway & Transport Health	4	0.5%	0	0.0%	0.4%
Reserve Bank Health	0	0.0%	0	0.0%	<0.1%
St Lukes Health	3	0.4%	1	0.7%	0.4%
Teachers Federation Health	14	1.9%	1	0.7%	1.9%
Teachers Union Health	1	0.1%	0	0.0%	0.4%
Transport Health	1	0.1%	0	0.0%	0.1%
Westfund	7	0.9%	0	0.0%	0.8%
Total for Health Insurers	752	100%	136	100%	100%

1. Number of Complaints (Levels 1, 2 & 3) from those holding registered health fund policies.
2. Level 3 Complaints required the intervention of the Ombudsman and the health fund.
3. Source: PHIAC, Market Share, All Policies, 30 June 2013