



Issues in this bulletin

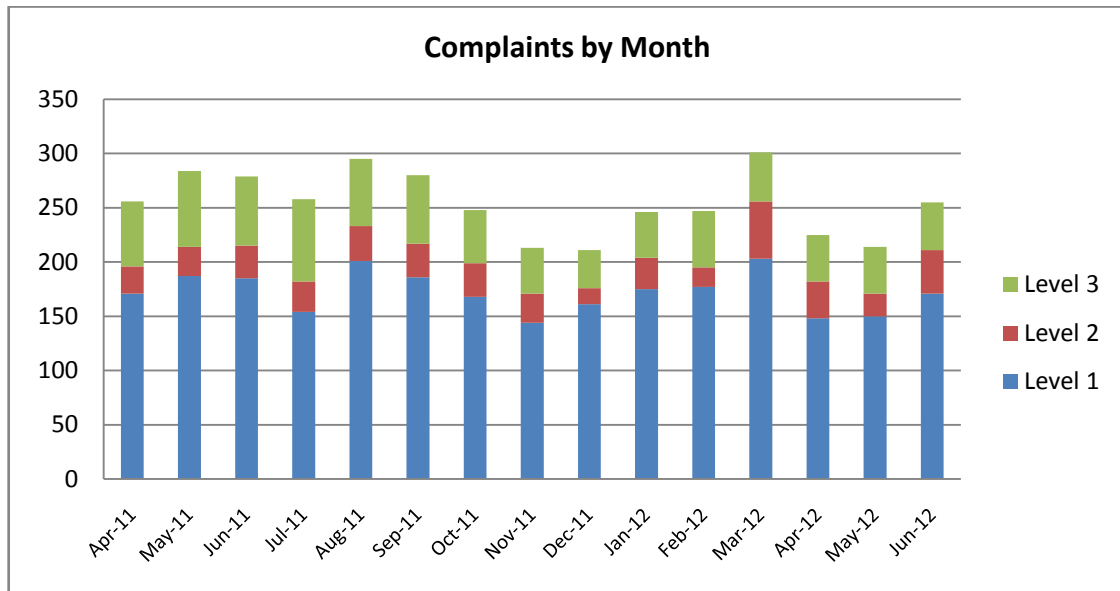
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Quarterly Bulletin 63

(01 April – 30 June 2012)

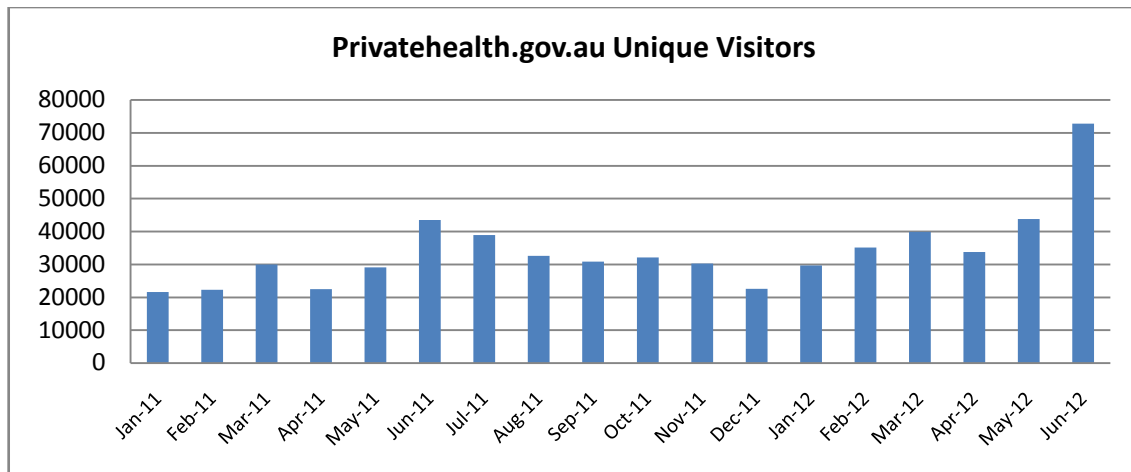
Complaint Statistics & Workload

The office received 694 complaints in the June 2012 quarter. This was a decrease on the 794 complaints received in the previous quarter and also a small decrease on the same period last year. While complaint levels were relatively low, however, the office experienced a high volume of activity due to the number of enquiries received during the quarter, which peaked in June.

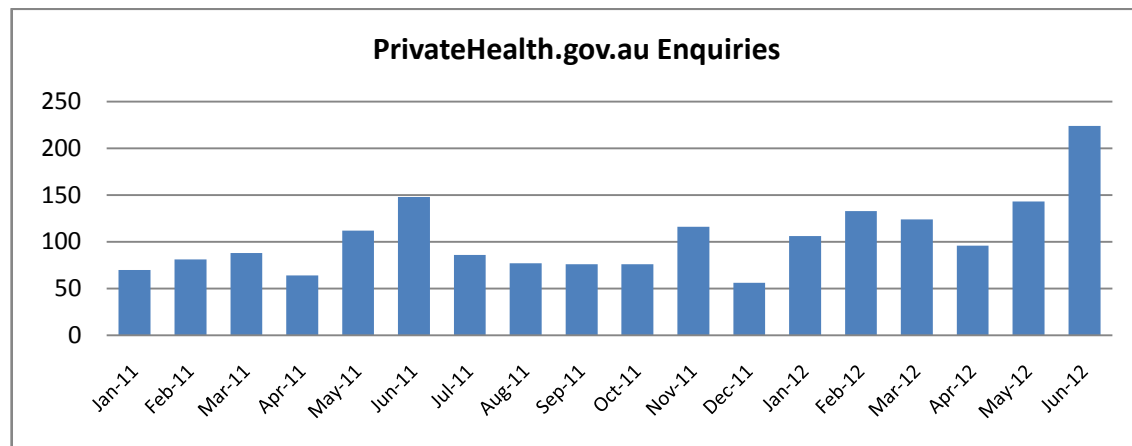


Enquiries about Private Health Insurance Rebate Changes and Lifetime Health Cover

PHIO received 463 queries via the consumer website PrivateHealth.gov.au during the quarter, with almost 50% of those queries received during the month of June. The website itself received very heavy traffic in June, with the total number of unique visitors 66% higher than in the previous month.



The significant increase in enquiries and website visits was caused by the changes to the Government Rebate for Private Health Insurance, which received extensive media coverage, and the annual Lifetime Health Cover mailout for 31-year-olds and new migrants. The combination of information campaigns associated with both of these issues meant that public awareness of private health insurance was very high. In addition, consumers were actively seeking information about how the changes would affect them.



Definition of Accident Cover

A number of insurers sell policies where a person is covered for private treatment for accidents and a small number of other services. This type of policy appeals to younger people who believe that they are less likely to need treatment for other services.

PHIO receives regular complaints from people who have suffered an accident which required treatment, but have had their claim disallowed by their insurer because of the very strict definition of what constitutes an accident. Below is an example of a health insurer's definition of what is considered an "accident" under their rules and case examples of complaints to PHIO about accident cover:

"Accident cover is intended to cover the immediate necessary treatment required as the result of an accident. An accident, in relation to ... hospital cover, is an event leading to bodily injury caused solely and directly by violent, accidental, external and visible means and resulting solely, directly and independently of any other cause ... To ensure that you are covered by our accident rule, you need to be re-admitted to a hospital within 7 days of your initial visit. This could mean being admitted as an in-patient or sent home to be admitted later (for example, you may be sent home with bandaging or a half-plastered limb so that swelling can reduce before a full plaster cast is applied to the injured limb)."

Case 1: Claimant met the criteria of fund's accident rule by seeking treatment for an injury at a hospital emergency department within 24 hours of accident. However, the member required treatment for an infection before he could undergo surgery, which meant he was admitted 8 days later. Benefits were not payable because re-admissions for further treatment must occur within 7 days.

Case 2: Claimant received a benefit for surgery and implanting of a plate to stabilise a broken joint. This type of treatment also required the removal of the plate at a later date, which was not covered by the insurer because it was not considered part of the original treatment.

Case 3: Claimant had an accident while jogging late in the evening and didn't seek treatment until the next day, when it was discovered an arthroscopy was required. Although the person required treatment as a result of an accident, it was not covered because he wasn't admitted to a facility quickly enough.

PHIO has raised these and similar complaints with the insurers concerned and in many cases, insurers have resolved the complaints satisfactorily. PHIO is concerned, however, about the way that some of these policies are advertised and the information provided to members about them. In each of the cases outlined above, the complainant believed that they were covered for almost any circumstance where an accident occurred and treatment was required. They had little understanding of the very strict definition their treatment would need to meet, nor that treatment associated with their accident, but occurring outside of the time frame, would not be covered.

PHIO recommends that brochure and website information relating to these policies is clear and upfront about the limitations and rules applying to accident cover and not buried at the end of a brochure or within a website in fine print.

Relationship Breakdown and Coverage of Children

When parents separate due to a relationship breakdown, the question of which parent has control of the health insurance policy that covers the children can cause conflict between the parties and complaints to the insurer and PHIO.

PHIO's advice to insurers in relation to these issues has always been to try and avoid any perception of bias in favour of one parent or the other. This means that in some circumstances, an insurer should allow each parent to cover the children on their own single parent or family policy, to avoid the perception of bias by effectively choosing which parent can cover the children.

Regrettably, PHIO still receives a small number of complaints from parents, usually mothers, who have received advice from their insurer that they cannot cover their own children under their policy because the father has already insured them under his policy. The reason usually given by the insurer is that their fund rule prevents the children being covered twice.

These complainants express the view that they feel discriminated against because the other parent has been given precedence over them, based on a health insurer rule that favours whoever is the first to place a child's name on a policy.

PHIO has also received complaints where people have been advised by their insurer that covering a person twice is illegal, which is incorrect. It is important to note that where children are covered on two separate policies, each parent will pay the appropriate premium for a single parent or family policy.

PHIO considers that in situations where a relationship breakdown is acrimonious, it makes sense for insurers to allow for administrative arrangements that will accommodate the needs of both parties and their children so that the potential for conflict is minimised. PHIO has discussed this issue in a number of Quarterly Bulletins, beginning with Quarterly Bulletin 19 in June 2001, which focussed on this topic.

In PHIO's view, it does not make sense for an insurer to effectively put its own staff in the middle of such disputes because it doesn't have appropriate administrative arrangements in place to manage them. Accordingly, PHIO recommends that insurers who do not currently allow flexibility for both parents to have the children on their policy reconsider their stance on this matter.

PHIO Bi-Annual Seminar 20th September – Melbourne

PHIO will be holding its industry seminar at the Royal Automobile Club of Victoria (RACV Club) in Melbourne on Thursday, 20th September, 2012. The focus of the seminar is on bringing PHIO's industry stakeholders together to discuss consumer issues and other topics relevant to the industry. Mr Rob Seljak, CEO of Teachers' Union Health and Chair of the Code Compliance Committee will present a session on the latest changes to the industry Code of Conduct and how the Code has helped to improve customer service standards within the industry.

Speakers will also include: Professor John McMillan, Australian Information Commissioner, who will speak about current privacy issues; Bruce Cooper, General Manager, Intelligence, Infocentre and Policy at the ACCC, who will speak about ACCC issues relevant to private health insurance; Dr Peter Taylor, who will speak about Pre-Existing Condition Best Practice; and Mr Darrell Hair, former International Cricket Council Elite Cricket Umpire who will speak about Integrity and Resilience.

As in previous years, the seminar will include a networking session the evening before, which provides attendees with the opportunity to meet with other attendees, PHIO staff members and some of the speakers.

The program for the seminar and registration form will be distributed to industry stakeholders shortly. If you have not received our initial e-mail about the seminar and would like to be included in our seminar mailing list, please send your contact information to tracey@phio.org.au.

Complaints by Health Insurer Market Share

1 April - 30 June 2012

Name of Fund	Complaints(1)	Percentage of Complaints	Level-3 Complaints(2)	Percentage of Level-3 Complaints	Market Share(3)
ACA Health Benefits	0	0.0%	0	0.0%	0.1%
AHM	37	6.1%	7	6.2%	2.9%
Australian Unity	31	5.1%	11	9.7%	3.1%
BUPA (includes MBF)	154	25.5%	25	22.1%	26.9%
CBHS	5	0.8%	1	0.9%	1.3%
CDH (Cessnock District Health)	0	0.0%	0	0.0%	<0.1%
CUA Health	6	1.0%	2	1.8%	0.4%
Defence Health	9	1.5%	2	1.8%	1.6%
Doctors' Health Fund	0	0.0%	0	0.0%	0.1%
GMHBA	11	1.8%	2	1.8%	1.7%
Grand United Corporate Health	4	0.7%	1	0.9%	0.4%
HBF Health	24	4.0%	4	3.5%	7.7%
HCF (Hospitals Cont. Fund)	64	10.6%	8	7.1%	10.5%
Health.com.au	0	0.0%	0	0.0%	<0.1%
Health Care Insurance	0	0.0%	0	0.0%	0.1%
HIF (Health Insurance Fund of Aus.)	3	0.5%	2	1.8%	0.6%
Healthguard (GMF/Central West)	0	0.0%	0	0.0%	0.5%
Health-Partners	3	0.5%	1	0.9%	0.7%
Latrobe Health	3	0.5%	0	0.0%	0.7%
Medibank Private	186	30.7%	31	27.4%	27.7%
Mildura District Hospital Fund	0	0.0%	0	0.0%	0.3%
National Health Benefits Aust.	0	0.0%	0	0.0%	0.1%
N.I.B. Health	24	4.0%	5	4.4%	7.5%
Navy Health	1	0.2%	1	0.9%	0.2%
Peoplecare	4	0.7%	0	0.0%	0.4%
Phoenix Health Fund	0	0.0%	0	0.0%	0.1%
Police Health	2	0.3%	1	0.9%	0.3%
QLD Country Health Fund	3	0.5%	1	0.9%	0.3%
Railway & Transport Health	1	0.2%	0	0.0%	0.4%
Reserve Bank Health	0	0.0%	0	0.0%	<0.1%
St Lukes Health	0	0.0%	0	0.0%	0.4%
Teacher Federation Health	18	3.0%	6	5.3%	1.8%
Teachers Union Health	2	0.3%	0	0.0%	0.4%
Transport Health	0	0.0%	0	0.0%	0.1%
Westfund	10	1.7%	2	1.8%	0.8%
Total for Health Insurers	605	100%	113	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 2011