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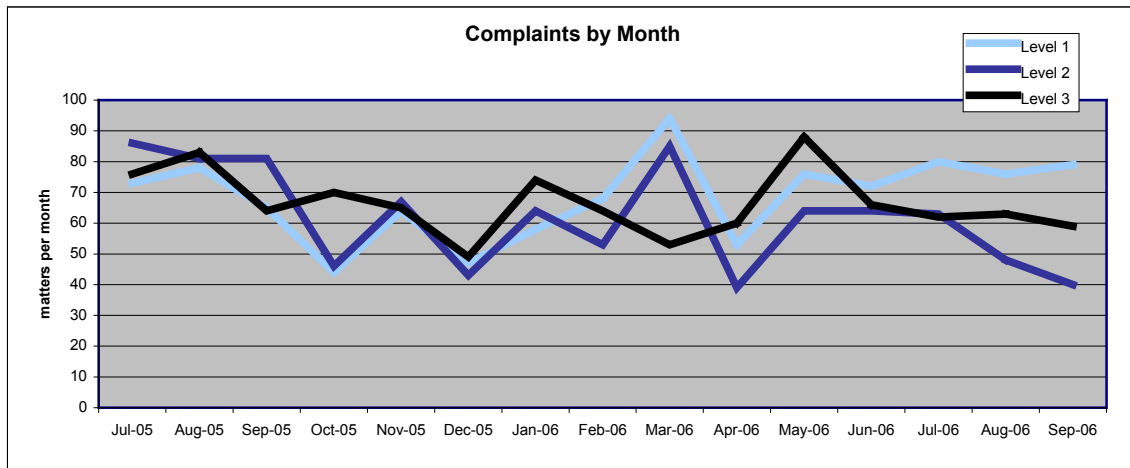
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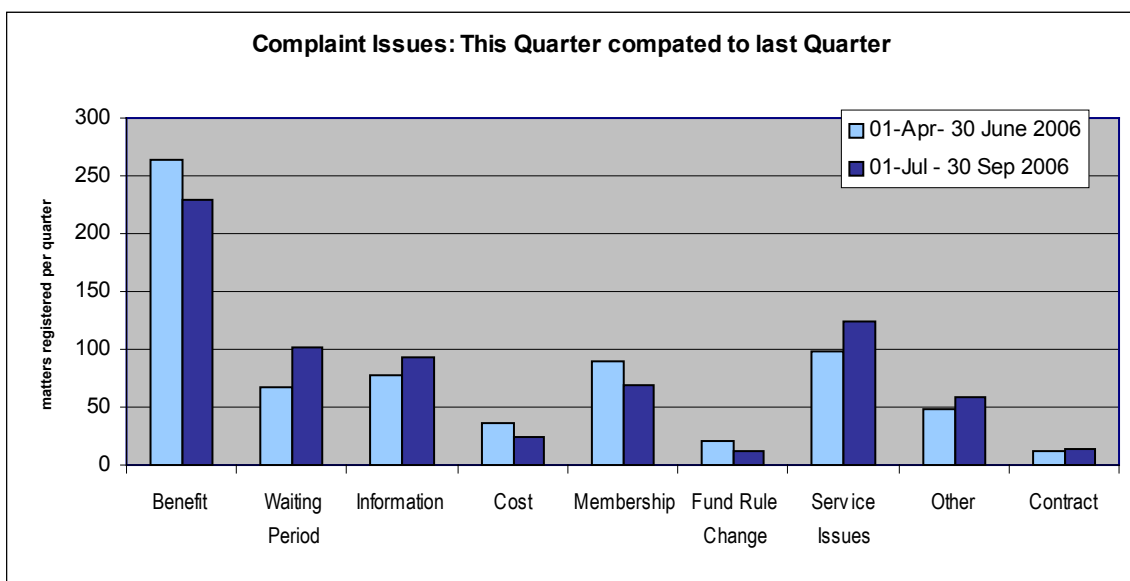
**Quarterly Bulletin 40**  
**(1 July to 30 September 2006)**

**Complaint Statistics**

In the third quarter of 2006 PHIO received 526 Complaints about health funds. This was a 1% decrease on the previous quarter. The number of Level-3 complaints decreased from 213 to 166 (22%).



Compared to last quarter, PHIO received fewer complaints about benefits, cost, and membership but more complaints about waiting periods, information and service issues.



## **Waivers of Waiting Periods**

A number of funds have been marketing their products recently through campaigns which include waivers of some waiting periods. It is timely to remind funds that the "*Guide to the Trade Practices Act for the promotion of private health insurance*" produced jointly by this office and the ACCC in 1998, indicates that where a fund is offering a waiver of waiting periods, the fund should make clear what type of waiting period is being waived and draw attention to the existence of any other waiting periods which are not being waived.

This applies to members purchasing ancillary cover, hospital cover or a combination of both. If some ancillary waiting periods are being waived such as the two and six month waiting periods, it is important to make the member aware of any twelve month waiting periods such as for major dental services that still apply. If the two-month general waiting period for hospital cover is being waived, then it is important to make members aware that the obstetric and pre-existing waiting periods still apply. For combination covers, it is important to ensure members understand that if some waiting periods are waived, there are others such as the pre-existing ailment waiting period that still apply.

A number of complaints to the Ombudsman this quarter have been from members who have not understood that the waiver of waiting periods offered to them did not cover all applicable waiting periods.

The Ombudsman recommends that best practice for all new and transferring or upgrading members is to send them an individual letter with their welcome pack outlining the terms of the offer and clearly setting out any restrictions and waiting periods applicable to the cover. This is relevant to all new members and not just those joining during a special promotion. It gives the member confirmation of the cover they have purchased and enables them to contact the fund if they believe their level of cover is incorrect. It also makes it easier for funds to deal with complaints down the track from members claiming to have been put on an inappropriate level of cover or who thought all waiting periods had been waived.

## **General Service Issues**

Most quarters, PHIO receives a significant number of complaints that fall into the category of general service issues. Over the last four quarters, the number of complaints about this issue has increased from 29 in the December 2005 quarter to 77 in the last quarter. Looking at the figures on a fund-by-fund basis, it seems that with a few exceptions, a higher proportion of complaints about service issues comes from larger health funds.

The lower incidence of complaints in smaller health funds is probably a result of the less complex structures within these funds, which enable front-line staff to more easily correct problems through their closer proximity to claims and administration staff. In larger funds, it seems that a number of service issue complaints develop because the process for dealing with a complaint can be complicated and delayed by having to refer it to different people within the organisation. In some instances, a lack of authority for front line staff to provide quick responses and resolutions to less complex complaints can lead to people seeking assistance from the Ombudsman's office.

## **Continuity When Changing Health Funds**

PHIO received a number of complaints about health fund transfer/ continuity issues during the quarter (27). The general rule with respect to a member changing funds is that he or she is not required to re-serve waiting periods (except for anything that provides a better benefit on the newer cover, in which case the previous benefit might apply until waiting periods are served). Members joining a new fund with continuity from their old fund need to ensure that they don't leave a gap in their cover; otherwise, they may lose continuity and be required to re-serve waiting periods again.

Generally, funds will allow a small gap in cover and still provide continuity. The amount of time allowed varies between health funds from 0 days to 2 months, with the majority of funds allowing 1 month.

PHIO has received complaints from members who have misunderstood the length of time that can elapse after leaving one fund before they lose continuity with their new fund, or who were simply unaware of this requirement.

Health fund staff who are discussing new membership with potential clients should ensure that they understand the amount of time allowed and the consequences of leaving too long a gap between leaving one fund and joining another.

PHIO stocks a brochure entitled "The Right to Change" which explains the rules related to continuity. It is also available on our website [www.phio.org.au](http://www.phio.org.au)

## **Private Health Online**

Human Solutions has been selected to design and develop the Private Health On-Line consumer website. The website will be operational from 1 April 2007 and will enable consumers to search for information about their health fund product, compare health fund products and access a range of information about private health insurance. The consultation process with health funds and other stakeholders is currently underway. PHIO has appointed a Project Manager to assist us with the implementation of the website. Robyn Spencer has recently taken over this role from Kylie Palmer. Robyn can be contacted by e-mail at [robyn.spencer@phio.org.au](mailto:robyn.spencer@phio.org.au). PHIO staff member, David McGregor, will also be working on the project and David can be contacted by e-mail at [david@phio.org.au](mailto:david@phio.org.au).

## Complaints by Health Fund Market Share

01- July - 30 September 2006

Name of Fund	Complaints <sup>1</sup>	Percentage of Complaints	Level-3 Complaints <sup>2</sup>	Percentage of Level-3 Complaints	Market Share <sup>3</sup>
ACA Health Benefits	0	0	0	0.0	0.1
AHM	17	3.2	7	4.2	2.4
Australian Unity	55	10.5	23	13.9	3.6
BUPA (HBA)	43	8.2	15	9.0	9.9
CBHS	4	0.8	0	0.0	1.1
CDH (Cessnock District Health)	0	0	0	0.0	<0.1
Credicare	5	1.0	1	0.6	0.4
Defence Health	8	1.5	3	1.8	1.4
Doctors' Health Fund	0	0	0	0.0	0.1
Druids Victoria	2	0.4	0	0.0	0.1
GMHBA	7	1.3	1	0.6	1.5
Grand United Corporate Health	3	0.6	1	0.6	0.3
HBF Health	22	4.2	6	3.6	7.9
HCF (Hospitals Cont. Fund )	30	5.7	9	5.4	8.8
Health Care Insurance	0	0	0	0.0	0.1
Health Insurance Fund of W.A.	2	0.4	1	0.6	0.4
Healthguard	3	0.6	2	1.2	0.6
Health-Partners	3	0.6	1	0.6	0.7
Latrobe Health	0	0	0	0.0	0.6
Lysaght Peoplecare	0	0	0	0.0	0.3
Manchester Unity	15	2.9	2	1.2	1.4
MBF Australia Limited	100	19.0	33	19.9	16.7
MBF Alliances	19	3.6	6	3.6	2.2
Medibank Private	145	27.6	48	28.9	28.7
Mildura District Hospital Fund	0	0	0	0.0	0.3
N.I.B. Health	25	4.8	3	1.8	6.2
Navy Health	2	0.4	0	0.0	0.3
Phoenix Health Fund	0	0	0	0.0	0.1
Police Health	0	0	0	0.0	0.2
Queensland Country Health	2	0.4	1	0.6	0.2
Railway & Transport Health	1	0.2	0	0.0	0.3
Reserve Bank Health	0	0	0	0.0	<0.1
St Lukes Health	0	0	0	0.0	0.4
Teacher Federation Health	2	0.4	0	0.0	1.6
Teachers Union Health	4	0.8	1	0.6	0.4
Transport Health	0	0	0	0.0	0.1
Westfund	7	1.3	2	1.2	0.7
<b>Total for Registered Funds</b>	<b>526</b>	<b>100</b>	<b>166</b>	<b>100</b>	<b>100</b>

1. Number of Complaints (Levels 1, 2 & 3) from those holding registered health fund policies.
2. Level 3 Complaints required the intervention of the Ombudsman and the health fund.
3. Market share data provided by PHIAC as at 30 June 2005.