



Australian Government

Private Health Insurance Ombudsman

## STATE OF THE HEALTH FUND REPORT

# 2008

An independent assessment of the comparative performance & service delivery of Australia's private health insurance providers.

# **Private Health Insurance Ombudsman**

## ***STATE OF THE HEALTH FUNDS*** **REPORT**

**2008**

(Relating to the financial year 2007-08)

Report required by 238-5(c) of the *Private Health Insurance Act 2007*

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## **FOREWORD**

I am pleased to present the fifth annual *State of the Health Funds* report relating to the financial year 2007/2008. The *Private Health Insurance Act 2007* requires the Private Health Insurance Ombudsman (PHIO) to publish the *State of the Health Funds* 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 make 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 a comparison of some service and performance indicators at the fund level.

The information in the report supplements information available on the consumer website [www.privatehealth.gov.au](http://www.privatehealth.gov.au), which was developed and is maintained by the PHIO. The website provides a range of information to assist consumers' understanding of private health insurance and select or update their private health insurance product. The information on the website, together with the *State of the Health Funds Report*, greatly increases the information available to consumers about private health insurance. This makes it easier for consumers to choose health insurance policies that better meet their individual needs.

The range of issues and performance information in this year's report is the same as previous reports, and has been chosen after taking into account the availability of reliable data and whether the information is reasonably comparable across funds. The information included in the report is based on data collected by the Private Health Insurance Administration Council (PHIAC), as part of their role in statistical reporting and monitoring of the financial management of health funds.

I would like to acknowledge the significant contribution of PHIO staff member, David McGregor, who has produced the statistical tables. I would also like to thank PHIAC for its assistance and advice in relation to the report.

**Samantha Gavel**  
Private Health Insurance Ombudsman  
March 2009

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## INTRODUCTION

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, dollar amounts per membership.

### **About the data used in the report**

The need to obtain independent, reliable data has been a key consideration in putting together the report. The data reported by funds to the industry regulator, the Private Health Insurance Administration Council (PHIAC), was chosen as the most appropriate data available. Funds report data to PHIAC for regulatory purposes and not all of it is publicly available. Some of this information is useful to consumers and is therefore reproduced in this report. This data is collected primarily for regulatory purposes and not for the purposes of the State of the Health Funds Report. Accordingly, it is important that the accompanying text explaining the data is read in conjunction with the tables.

### **Restricted access health insurers**

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 access funds are listed separately in each of the tables. (Restricted access funds are listed after open 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. Information on these is available from the consumer website [www.PrivateHealth.gov.au](http://www.PrivateHealth.gov.au).

The information that is included in the report 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* section.

Some open membership funds also use a number of different brand names.

#### **CURRENT & RECENT BRAND NAMES**

<b>BRAND NAME</b>	<b>FUND</b>
Australian Country Health	AHM
Country Health	AHM
Federation Health	Latrobe
GMF Health	Healthguard
Goldfields	Healthguard
Government Employees	AHM
Grand United	AU
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 or to assess their existing fund's performance, as part of a reassessment of their health insurance needs.

The consumer website [www.PrivateHealth.gov.au](http://www.PrivateHealth.gov.au), which is managed by the Private Health Insurance Ombudsman (PHIO) enables consumers to view standard information outlining the main features of their health insurance policy. They are also able to compare standard information statements for other policies available for purchase. The website is a good source of information about particular policies available for sale, including the level of cover, excess and price. In addition, the website is a good resource of independent and reliable information about private health insurance.

The State of the Health Funds Report (SOHFR) provides consumers with additional information about the benefits that were paid by each insurer over the last year. The report also provides information about the extent of cover provided for hospital, medical and ancillary treatment and any state based differences in coverage. 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.**

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.<sup>1</sup>

#### **Disclaimer**

***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.***

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

# Key Consumer Issues and Developments

## ***Level of Complaint to the PHIO***

There were 2385 complaints to the Ombudsman during 2007/08, which was a small increase on the 2340 complaints received in 2006/07. From a consumer perspective, it was pleasing to see the level of complaint to the PHIO remaining steady and not reflecting the high levels of dissatisfaction recorded by other industry complaint handling bodies. In particular, the Telecommunications Industry Ombudsman (TIO) reported a significant increase in complaints to her office in her Annual Report, which were mainly attributable to poor customer service and internal complaints handling practices within that industry.

There are a number of reasons why the level of complaint to the PHIO remains relatively stable. Private health insurance is strictly regulated and policy settings by government that support private health insurance also assist in reducing systemic problems that can cause complaint. In addition, insurers generally have a consumer focus and most have good internal complaint handling practices.

One area of complaint during the reporting period was the cash and share allocations resulting from demutualisation and merger processes by several insurers. Most of these complaints related to the amount of the

allocation received by the member. As the mergers and associated allocations were subject to approval processes by a number of bodies, including the industry regulator, the Private Health Insurance Administration Council (PHIAC) and the Federal Court, as well as a vote by the fund membership, the PHIO had limited scope for resolving these complaints. However, complaints about these issues were analysed and the information provided to PHIAC to inform future merger and demutualisation processes.

While most funds generally have good internal complaint handling processes, PHIO continued to receive regular complaints about basic customer service issues that could have been resolved by the fund without the need for the member to contact the PHIO.

In the main, however, complaints to the PHIO tend to be about more difficult, complex issues that are not easily resolved by the fund. These complaints are where the PHIO is able to use its industry knowledge, expertise in complaints handling and objective, independent view of the issue to achieve a resolution of the complaint. During 2007/08, the PHIO was able to achieve a more satisfactory resolution of the matter for the complainant in half of all complaints that were investigated, with a more detailed explanation being

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provided to the member in the remaining cases.

When people first contact the office, PHIO staff members assist them to achieve a speedy review of their complaint by their fund by referring the matter on their behalf to a senior contact at the fund. Complainants are advised to contact the PHIO again if this does not result in a satisfactory resolution of their complaint.

In most cases, the complaint is resolved without the need for further intervention by the PHIO. A speedy and effective complaint handling service is better able to assist consumers and preserve the relationship that the member has with their fund.

### **Industry Developments**

Until recently, the majority of insurers operated as mutual entities, on a not-for-profit basis. This changed considerably over the past year. NIB became the first (and so far only) health insurer to demutualise and list on the stock exchange. MBF demutualised and merged with BUPA Australia. Australian Health Management announced a merger with Medibank Private and Manchester Unity announced a merger with HCF.

As at January 2009 there were 37 health insurers. This relatively large

number, however, masks the fact that 77.7% of the market is covered by the six largest funds. (*Source: Operations of the Private Health Insurers 2007/08, PHIAC, p 14.*)

The rest of the industry is comprised of smaller funds operating in niche markets and restricted funds that are open to members of a particular industry or organisation. PHIAC commented in its Annual Report that the smaller funds provide increased competition in the market. (*Source: Operations of the Private Health Insurers 2007/08, PHIAC, p 17.*) A number of funds focus on customer service and member satisfaction to differentiate themselves in a competitive market. Ultimately, this diversity is of benefit to consumers.

The PHIO's experience is that size is not a significant factor in an insurer's ability to achieve good customer satisfaction. Some larger insurers perform very well in terms of member retention and customer satisfaction, as do smaller insurers operating in niche markets. At the same time, the management expense ratio (MER) for health insurers averages 10.5%, which is low compared with other similar industries such as general insurance. (*Source: Operations of the Private Health Insurers 2007/08, PHIAC, p 31.*)



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Over the coming year, the change in the economic outlook will undoubtedly impact on insurers and their members. In its most recent Annual Report, PHIAC identified the on-going ageing of the population, increasing utilisation and benefits growth that well exceeds CPI as the three major challenges for the industry that may impact on its ability to attract and retain members. (Source: *Operations of the Private Health Insurers 2007/08, PHIAC, p 33.*)

Funds will need to focus on member retention strategies and tailoring their policies to meet changing needs, particularly as economic conditions mean consumers might need to reconsider their financial priorities. Those funds that are able to deliver superior levels of customer service and member satisfaction will be in a better position to retain members.

The industry will also need to focus on continuing to attract young people. In this context, broader health initiatives in the area of preventative health may be one avenue for providing services and policies that are appealing to this sector of the market.

### ***Informed Financial Consent***

Informed Financial Consent (IFC) is the process of enabling a consumer to give consent to incurring out-of-pocket costs, prior to receiving treatment. The ability

to give IFC is an important consumer right and the PHIO has worked with government and industry over a number of years to improve the rate of IFC by healthcare providers to private patients.

Funds and hospitals now have good membership eligibility checking systems in place, that enable consumers to give IFC to any out of pocket costs associated with a hospital admission. As a result, the PHIO intervention is required to resolve complaints about unexpected hospital gaps in only a small number of cases. This is supported by the finding of Ipsos Australia's 2007 Consumer Survey on Informed Financial Consent that "*gaps without prior IFC accounted for only 2% of the reported hospital accommodation and theatre episodes.*"

In contrast, the 2007 Survey found that "*the incidence of medical gaps with no accompanying IFC increased by 1 point to 16% of all hospital episodes (not a statistically significant increase).*" (Source: *Consumer Survey, Informed Financial Consent, 2007, Ipsos Australia, p6.*)

There has been a decline in complaints to the PHIO about lack of IFC by medical practitioners over the past year, which continues the downward trend of previous years. The PHIO received 76 complaints about medical gap issues in

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2007/08, which is 39 less than the previous year. The government has provided funding for activities to encourage medical practitioners to obtain IFC. These activities have helped to improve the rates of IFC by medical practitioners and this is reflected in the reduced number of complaints to the PHIO about this issue.

However, as indicated above, the series of consumer surveys on IFC conducted by Ipsos Australia in recent years indicates that more consumers are experiencing gaps where IFC has not been sought than the level of complaint to the PHIO would suggest. Consumers are understandably concerned about the possibility of impairing their relationship with their medical practitioner and might therefore be reluctant to lodge a formal complaint with the PHIO.

The 2007 Survey also found that consumers are more concerned if they incur a medical gap of over \$400. (Source: *Consumer Survey, Informed Financial Consent, 2007, Ipsos Australia, p 57.*) It follows that many people may not formally complain about a gap below this threshold, but it may have a negative impact on their view of their private health insurance.

An interesting aspect of the 2007 Ipsos Survey was the finding that IFC is less prevalent in elective admissions than in

emergency admissions. The reason for this was not explored in detail in the Survey, but if IFC can be obtained in emergency situations, then even higher rates should be possible in non-emergency situations. (Source: *Consumer Survey, Informed Financial Consent, 2007, Ipsos Australia, p 3.*)

Related to this is the issue of medical gaps generally. Again, there are many legitimate reasons why medical practitioners may choose to charge a gap and as professionals, they are entitled to set their own fees. At the same time, gaps, particularly those above \$400, can have a significant and detrimental impact on consumers' view of their private health insurance.

Consumers quite legitimately consider they are making a considerable financial commitment in paying their health insurance premium; many believe that in doing so they are not just taking responsibility for their own health needs but also helping to take pressure off the public system and contribute to the overall health system. They can therefore be aggrieved and frustrated to find themselves receiving accounts for large gaps, even where IFC is provided, when they make use of their health insurance.

Funds are now permitted to cover medical gaps, depending on their gap

## Key Consumer Issues and Developments

scheme arrangements. It is in the interests of consumers for their doctors to choose to bill them under their fund's gap scheme. Doctors who practice in the private sector are integral to private health insurance. Equally, private health insurance enables people to access the services of medical practitioners operating in private practice. It's a symbiotic relationship and doctors need to consider the impact of their fees in this context.

### ***New Technology***

New technology is one of the cost drivers in the health sector. Consumers are naturally keen to have access to new technology, particularly as it is usually promoted as providing a better outcome for the patient. The introduction of new medical technology, however, can pose challenges to private and public health sectors alike, as it can have a higher financial cost than existing treatments.

In recent years, robotic surgery has been introduced at a small number of private hospitals. The surgery is performed with the assistance of a laparoscopic surgical robot known as the "Da Vinci" robot. It is currently used primarily in the treatment of prostate cancer, but can also be used for other procedures.

The issue for the PHIO with the new robotic procedures is that complaints have been received regarding significant out of pocket costs of many thousands of dollars, for medical gaps and consumables used in this surgery. The number of complaints about this issue during the year was small, but the gaps involved were significantly larger than those for more traditional forms of surgery.

In all of these complaints, consumers were not aggrieved about the large gaps being charged, but with their fund for not covering the gaps. The out of pocket costs involved ranged from \$5,000 to \$14,000.

This illustrates the challenge for funds in trying to balance their members' expectations of having access to the most up to date technology against the need to limit premium increases to sustainable levels.

### ***Removal of Benefits: Gastric Banding Surgery and Maternity Services***

Statistics released by the Australian Institute of Health and Welfare confirm that the prevalence of overweight and obesity in Australia has been increasing over the past twenty to thirty years. (Source: *Australia's Health 2008*, Australian Institute of Health and Welfare, p 160.)

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During 2008, two funds removed benefits for gastric banding surgery from some of their policies. This reflects the increasing number of people undergoing this type of surgery and its consequent impact on claims. It is an example of where lifestyle related disease is impacting on costs in the health sector. It will be an increasing challenge for funds to balance the need for members to have access to this type of treatment against the possible impact on premiums for all members as these procedures become more common.

During 2008, several funds also removed entitlements to maternity benefits from some policies. Again, this appears to be a reflection of the recent increase in the number of births in Australia, which is impacting on health services generally and not just the cost of health insurance claims.

While funds are able to remove benefits to keep premiums affordable on a particular level of cover, the PHIO is concerned about the adequacy of information provided to consumers about such changes. Legislation requires that members receive a personally addressed letter about any detrimental changes to their policy. In most cases, this information is sent as part of the annual rate increase. PHIO's concern relates to the way the information is presented in the initial

letter and the need for the fund to follow up this information with members and publicise it on their website and in their newsletter.

A detrimental change involving the removal of a significant benefit such as maternity cover, gastric banding surgery or joint replacement surgery should be followed up by letter or an outbound telephone and e-mail campaign to members who have not upgraded their cover. Consumers who miss the information (and there are many reasons why this can occur) are significantly disadvantaged if they need the procedure in the future and find they are not covered. It is therefore important to ensure they are given every opportunity to be made aware of the change and upgrade their policy while they still have continuity of cover for the benefit being removed. PHIO will continue to monitor fund communication to members in relation to the removal of benefits.

### ***Increase in Number of Policies with Exclusions***

Figures released by PHIAC in its Annual Report indicate that 12.4% of all policies have exclusions on some categories of treatment. This represents an increase of 3.8% in the number of policies with restrictions or exclusions from the previous year. (*Source: Operations of*

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*the Private Health Insurers 2007/08, PHIAC p 21.*) While these policies represent a fairly small percentage of all policies, they do confer a greater risk on the member if they need a procedure that is restricted or excluded under the policy.

Restrictions on plastic and reconstructive surgery continue to pose particular problems for consumers. Members have great difficulty, even when it is properly explained to them, understanding that the term “plastic and reconstructive surgery” means a large range of medically necessary procedures and is not related to cosmetic surgery. PHIO continues to monitor the information given to consumers to ensure they understand the full implications of taking a policy with this restriction.

Again, it is a trade-off between the cost of the premium and the services available to members. Policies with restrictions can cost considerably less than comprehensive policies. The PHIO’s advice to consumers, however, is to consider choosing a higher level of excess, rather than a restriction, to save money on premiums.

### ***Hospital Contracting***

Hospital contracting was introduced into the industry over ten years ago, in order to promote competition and reduce

costs, which assists in keeping pressure off premiums. The disadvantage of hospital contracting is that it can lead to less choice for consumers if their health fund doesn’t have a contract with a hospital they wish to attend. It also adds another layer of complexity, as consumers need to check their chosen hospital is covered, as well as whether their admission will be covered.

It follows that the most preferable situation for the consumer is for their fund to have a hospital agreement with as wide a range of hospitals as possible in the areas where its members reside. The Ombudsman’s website [www.privatehealth.gov.au](http://www.privatehealth.gov.au) can assist consumers in choosing a health fund that covers the hospitals they are likely to use by keeping up to date information on which hospitals are covered by each fund.

Hospital agreements are renewable every few years and from time to time, a fund and hospital will not be able to reach agreement on a contract for commercial reasons. The Ombudsman has a role in ensuring consumers are not disadvantaged in the event their fund and hospital terminate an agreement. The Ombudsman is able to mediate informally or formally in relation to contract disputes.

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Several contract disputes came to the attention of the Ombudsman during 2008 and required informal mediation. These highlighted the need for more guidance to industry in relation to communication with members and transitional arrangements in cases of a contract termination. The PHIO is in the process of updating its Transition and Communication protocols in consultation with industry, in order to address this issue.

### **Broader Health**

The introduction of broader health via legislative reforms in 2007 has the potential to bring significant benefits to consumers. Although insurers continued to move slowly on the introduction of broader health initiatives, PHIAC data shows an increasing level of benefits being paid out for preventative health and chronic disease management programs. According to PHIAC, nine funds now offer Chronic Disease Management Programs. (*Source: Operations of the Private Health Insurers 2007/08, PHIAC p 24.*) Two insurers have recently announced partnerships with companies that specialise in the provision of health services that will enable them to deliver a wider range of broader health programs to their members. As indicated earlier, the introduction of preventative health programs may be one way for the

industry to attract younger people, with additional longer term benefits in terms of containing the growth in costs.

### **Overseas Visitor and Student Cover**

The PHIO is also able to take complaints from people who are visiting Australia temporarily and hold an Overseas Visitor or Overseas Student cover. Following changes to the Australian Healthcare Agreements in 2007, a particular problem for overseas visitors and students has been their inability to access high cost pharmaceutical drugs, particularly those used in the treatment of cancer, without incurring significant out-of-pocket costs. Australian citizens have access to these drugs at a subsidised cost through the Pharmaceutical Benefits Scheme (PBS), but visitors and students must pay the full cost of the drugs, which can be many thousands of dollars. In most cases, private health insurance pays only minimal benefits of a few hundred dollars towards the cost of these drugs.

The PHIO has been in consultation with government and industry to improve the information available to visitors and students about this issue and to identify longer term solutions to the problem.

Complaints to the PHIO from holders of Overseas Visitor Cover also raise concerns about the suitability of some levels of cover available for purchase

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and this is another area the PHIO is currently investigating further.

### ***Consumer Information and Advice***

The PHIO is responsible for maintaining the independent consumer website [www.privatehealth.gov.au](http://www.privatehealth.gov.au). Information on the website assists consumers to better understand private health insurance and to choose a policy that is suited to their needs.

The website enables consumers to download a one page Standard Information Statement (SIS) that sets out the main features of their health insurance policy. Funds are also required to send a copy of the SIS to members each year. PHIO encourages consumers to check their health insurance policy every year. This is particularly important as people reach different life stages and policies with restrictions are unlikely to be suitable.

The SIS assists consumers to review the features of their health insurance policy, including any limitations such as an excess or restrictions. The member is also able to use the statement to compare the features and the indicative monthly premium of their own policy with other policies available for purchase, so they can check their policy still provides the most appropriate cover and the best value for them.

The website received 219 743 individual visitors<sup>1</sup> between 1 July 2007 and 30 June 2008 which is an average of 600 visitors per day. Since then, the use of the website has increased to an average of 665 visitors per day.

Results from the consumer survey on the site show that most consumers find the site is useful. 84% of respondents said the site was easy to use and 80% rated the quality of the information as good or excellent. These results compare satisfactorily with those of similar surveys on other consumer websites and are favourable considering the amount of complex information displayed on the site.

The website has greatly increased the accessibility of independent and reliable information for consumers about private health insurance. In doing so, it is helping to address a key concern for consumers by assisting to break down some of the complexity surrounding health insurance and providing easily accessible, reliable and independent consumer information about health insurance.

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<sup>1</sup> Each individual IP address is counted as 1 visitor

## HEALTH INSURER LISTING AND CONTACT DETAILS

Abbreviation	Full name or other names	Main Office Phone Number	Not for Profit
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### Open Health Insurers

AHM	Australian Health Management Pty Ltd	13 42 46 (Local Call Cost)	
AU	Australian Unity	13 29 39 (Local Call Cost)	
BUPA	Bupa Australia Health Pty Ltd, HBA, Mutual Community	13 12 43 (Local Call Cost)	
CDH	CDH Benefits Fund Ltd	(02) 4990 1385 (Normal call cost)	•
CUA Health	CUA Health Ltd	133 282 (Local call cost)	•
Druids VIC	United Ancient Order of Druids Friendly Society	1800 008 684 (Freecall outside VIC)	•
GMHBA	GMHBA Limited	1300 446 422(Local call cost)	•
GU Corporate	Grand United Corporate Health Fund	1800 249 966 (freecall)	
HBF	HBF Health Funds Inc	13 34 23 (Local call cost)	•
HCF	The Hospitals Contribution Fund of Australia Limited	131 334 (Local call cost)	•
Healthguard	GMF Health, Central West Health Fund	1300 653 099 (GMF)	•
Health Partners	Health Partners Limited	1300 113 113 (Local Call Cost)	•
HIF	Health Insurance Fund of WA	1300 134 060 (Local Call Cost)	•
Latrobe	Latrobe Health Services	1300 362 144 (Local Call Cost)	•
MBF	MBF Australia Pty Limited	131137 (Local Call Cost)	
MBF Alliances	MBF Alliances Pty Ltd	133 234 (Local Call Cost)	
Medibank	Medibank Private	132 331 (Local Call Cost)	•
Mildura	Mildura District Hospital Fund	03 5023 0269 (Normal call cost)	•
MU	Manchester Unity	13 13 72 (Local Call Cost)	
NIB	NIB Health Funds Ltd	131 463 (Local Call Cost)	
Onemedifund	National Health Benefits Fund Australia Pty Ltd	1800 148 626 (Freecall)	
Peoplecare	Lysaght Peoplecare Limited	1800 808 690 (Freecall)	•
QCH	Queensland Country Health Fund Ltd	1800 813 415 (Freecall)	•
St Lukes	St. Lukes Health	1300 651 988 (Local Call Cost)	•
Westfund	Westfund	1300 552 132 (Local Call Cost)	•

### Restricted Access Health Insurers

ACA	ACA Health Benefits Fund	1300 368 390 (Local Call Cost)	•
CBHS	CBHS Health Fund Limited	1300 654 123 (Local Call Cost)	•
Defence Health	Defence Health Limited	1800 335 425 (Freecall)	•
Doctors' Health	The Doctors' Health Fund Limited	1800 226 126 (Freecall)	•
HCI	Health Care Insurance Limited	1800 804 950 (Freecall)	•
Navy	Navy Health Ltd	1800 333 156 (Free Call)	•
Phoenix	Phoenix Health Fund	1800 028 817 (Freecall)	•
Police Health	South Australian Police Employees' Health Fund Inc.	1800 603 603 (Freecall)	•
RT Health Fund	Railway and Transport Health Fund Ltd	1300 886 123 (Local Call Cost)	•
Reserve Bank	Reserve Bank Health Society Limited	1800 027 299 (Freecall)	•
Teachers Fed	Teachers Federation Health	1300 728 188 (Local Call Cost)	•
Transport	Transport Health	03 8420 1888 (Normal call cost)	•
TUH	QLD Teachers' Union Health Fund	1300 360 701 (Local Call Cost)	•



## HEALTH FUND OPERATIONS BY STATE (TERRITORY)

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.

Most funds now have websites where members can view information, join or change their product and submit claims. Links to all health fund websites are available at [www.privatehealth.gov.au](http://www.privatehealth.gov.au).

### **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's Membership in State**

This column indicates how much of each fund's health insurance membership 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.

Health fund costs differ from state to state, which accounts for the variation in premiums across states.

### **Agreement Hospitals<sup>1</sup>**

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).<sup>2</sup>

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 or there is an extra charge for a private room, etc).

### **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:

- 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 about 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 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.

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<sup>2</sup> 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.

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<sup>1</sup> Number of hospitals as shown on [www.privatehealth.gov.au](http://www.privatehealth.gov.au) website 10 January 2009

## HEALTH FUND OPERATIONS BY STATE (TERRITORY)

### NSW & ACT

Abbreviated name	% Fund Market Share this state	% Fund's Membership in this state	Agreement Hospitals		Fund Outlets	
			Private Hospitals	Day Hospitals	Retail Offices	Agencies
AHM	4.0%	48.4%	85	81	•	
AU	1.1%	12.6%	85	81	•	
BUPA	1.6%	5.8%	77	52	•	
CDH	0.1%	90.7%	77	41	•	
GMHBA	0.2%	5.5%	77	42		
GU Corporate	0.3%	42.4%	85	81		
HCF	19.5%	77.7%	82	86	•	•
Healthguard	0.1%	8.5%	85	81		•
MBF	19.7%	44.9%	81	66	•	•
MBF Alliances	2.3%	40.7%	80	68	•	•
Medibank	23.4%	29.0%	83	69	•	•
Mildura	0.1%	10.9%	77	42		•
MU	2.6%	61.6%	84	86		
NIB	14.7%	74.9%	86	72	•	
Peoplecare	0.5%	54.0%	86	82	•	
Westfund	1.4%	67.8%	85	81	•	•
ACA	0.1%	61.0%	85	81	•	
CBHS	1.5%	45.0%	85	81	•	
Defence Health	1.0%	25.2%	83	87		•
Doctors' Health	0.1%	44.1%	84	81	•	
Navy Health	0.3%	44.7%	93	78		
Phoenix	0.2%	51.9%	85	81	•	
RT Health Fund	0.6%	64.5%	85	81	•	
Reserve Bank	0.1%	58.3%	85	81	•	
Teachers Fed	4.0%	82.1%	85	81	•	

## HEALTH FUND OPERATIONS BY STATE (TERRITORY)

### Victoria

Abbreviated name	% Fund Market Share this state	% Fund's Membership in this state	Agreement Hospitals		Fund Outlets	
			Private Hospitals	Day Hospitals	Retail Offices	Agencies
AHM	2.7%	21.7%	72	53		
AU	10.1%	73.2%	71	53	•	
BUPA	21.6%	51.8%	64	44	•	•
Druids Vic	0.5%	92.7%	72	48	•	
GMHBA	4.7%	75.0%	72	52	•	•
GU Corporate	0.3%	23.8%	72	53		
HCF	4.2%	11.1%	67	38	•	
Healthguard	0.7%	32.1%	72	53		
Latrobe	2.4%	94.1%	72	57	•	•
MBF	4.3%	6.5%	64	38	•	
MBF Alliances	0.1%	1.7%	64	38		
Medibank	36.7%	30.1%	73	45	•	•
Mildura	1.0%	86.3%	72	48	•	•
MU	1.0%	15.1%	70	58		
NIB	3.8%	12.9%	63	35	•	
Peoplecare	0.4%	28.3%	67	55	•	
St Luke's	0.1%	4.2%	72	50		
CBHS	1.4%	27.0%	72	53		
Defence Health	1.9%	30.6%	72	58	•	•
Doctors' Health	0.1%	33.9%	73	54		
Navy Health	0.2%	22.4%	73	58	•	
Phoenix	0.1%	13.9%	72	53		
Teachers Fed	0.7%	10.0%	72	53	•	
Transport	0.3%	97.6%	72	53		

## HEALTH FUND OPERATIONS BY STATE (TERRITORY)

### Queensland

Abbreviated name	% Fund Market Share this state	% Fund's Membership in this state	Agreement Hospitals		Fund Outlets	
			Private Hospitals	Day Hospitals	Retail Offices	Agencies
AHM	3.4%	20.3%	49	36		
AU	1.5%	7.9%	52	37	•	
BUPA	2.5%	4.4%	43	34	•	
CUA Health	2.0%	92.9%	52	39		•
GMHBA	0.6%	7.5%	42	22		
GU Corporate	0.2%	11.6%	49	36		
HCF	3.8%	7.4%	45	27	•	
Healthguard	0.2%	7.6%	44	31		
Latrobe	0.1%	3.1%	43	25		
MBF	33.6%	37.8%	49	31	•	•
MBF Alliances	0.5%	4.4%	49	31	•	•
Medibank	36.1%	22.2%	49	32	•	•
MU	1.3%	15.6%	51	35		
NIB	3.6%	9.0%	44	35	•	
Peoplecare	0.2%	9.1%	49	36		
QCH	1.3%	95.7%	51	37	•	•
St Lukes	0.1%	2.4%	43	23		
Westfund	1.3%	30.4%	49	36	•	•
ACA	0.1%	17.4%	49	36		
CBHS	1.1%	16.0%	49	36		
Defence Health	2.3%	28.0%	52	37		•
Doctors' Health	0.1%	17.6%	49	36		
Navy Health	0.2%	16.4%	51	38		
Phoenix	0.1%	13.0%	49	36		
Police Health	0.5%	32.2%	49	36		
RT Health Fund	0.6%	32.4%	49	36	•	
Teachers Fed	0.2%	2.3%	49	36		
TUH	2.2%	97.5%	49	36	•	

HEALTH FUND OPERATIONS BY STATE (TERRITORY)

Western Australia

Abbreviated name	% Fund Market Share this state	% Fund's Membership in this state	Agreement Hospitals		Fund Outlets	
			Private Hospitals	Day Hospitals	Retail Offices	Agencies
AHM	0.7%	2.6%	18	10		
AU	0.4%	1.4%	18	10		
BUPA	1.2%	1.5%	16	14	•	
GMHBA	1.4%	10.5%	18	9	•	•
GU Corporate	0.4%	17.8%	18	10		
HBF	61.1%	97.6%	25	13	•	•
HCF	0.7%	1.0%	6	3		
Healthguard	2.2%	49.8%	18	10	•	•
HIF	3.5%	95.4%	18	10	•	•
MBF	2.6%	2.0%	15	10	•	
MBF Alliances	2.3%	13.6%	15	10	•	
Medibank	20.6%	8.6%	21	11	•	•
MU	0.4%	3.2%	17	12		
NIB	0.7%	1.2%	17	7		
Peoplecare	0.1%	3.7%	20	10		
CBHS	0.6%	5.6%	18	10		
Defence Health	0.6%	4.6%	17	15		•
Navy Health	0.2%	9.3%	21	11		
Police Health	0.2%	9.5%	18	10		
Teachers Fed	0.1%	0.7%	18	10		

South Australia

Abbreviated name	% Fund Market Share this state	% Fund's Membership in this state	Agreement Hospitals		Fund Outlets	
			Private Hospitals	Day Hospitals	Retail Offices	Agencies
AHM	1.4%	4.0%	31	19		
AU	1.7%	4.3%	31	19		
BUPA	42.2%	35.3%	31	18	•	•
GMHBA	0.2%	1.1%	22	6		
GU Corporate	0.1%	2.6%	31	19		
HCF	2.6%	2.4%	24	14	•	
Healthguard	0.1%	1.1%	31	19		
Health Partners	7.4%	96.0%	31	19	•	•
MBF	4.9%	2.6%	31	19	•	
MBF Alliances	9.4%	39.2%	31	19	•	
Medibank	22.2%	6.4%	31	17	•	•
Mildura	0.1%	1.6%	22	6		
MU	0.7%	3.8%	31	20		
NIB	1.4%	1.6%	25	16	•	
Peoplecare	0.2%	4.2%	31	20		
St. Lukes'	0.1%	1.4%	22	9		
CBHS	0.7%	5.0%	31	19		
Defence Health	1.5%	8.8%	31	20		•
Navy Health	0.2%	5.0%	31	19		
Phoenix	0.2%	16.8%	31	19		
Police Health	1.5%	48.9%	31	19	•	
Teachers Fed	0.7%	3.6%	31	19		

## HEALTH FUND OPERATIONS BY STATE (TERRITORY)

### Tasmania

Abbreviated name	% Fund Market Share this state	% Fund's Membership in this state	Agreement Hospitals		Fund Outlets	
			Private Hospitals	Day Hospitals	Retail Offices	Agencies
AHM	3.2%	2.4%	5	2		
AU	0.6%	0.4%	5	2		
BUPA	1.3%	0.3%	4	2		
GMBHA	0.2%	2.4%	5	2		
HCF	1.0%	0.3%	5	2		
MBF	35.3%	5.1%	5	2	•	•
Medibank	35.4%	2.8%	5	2	•	•
MU	0.3%	0.4%	5	2		
NIB	0.9%	0.3%	5	2		
St Luke's	15.2%	88.4%	6	2	•	•
CBHS	0.9%	2.0%	5	2		
Defence Health	0.6%	1.0%	5	3		
HCI	2.4%	77.6%	6	2	•	
Navy Health	0.1%	1.3%	6	2		
Police Health	0.3%	2.6%	5	2		
Teachers Fed	0.8%	1.1%	5	2		

### Northern Territory

Abbreviated name	% Fund Market Share this state	% Fund's Membership in this state	Agreement Hospitals		Fund Outlets	
			Private Hospitals	Day Hospitals	Retail Offices	Agencies
AHM	2.4%	0.6%	1			
BUPA	12.1%	0.8%	1		•	•
GMHBA	0.2%	0.1%	1			
HCF	2.0%	0.2%	2			
MBF	27.7%	1.2%	1		•	
Medibank	42.6%	1.0%	1		•	•
NIB	1.1%	0.1%	1			
Defence Health	3.9%	1.8%	1			•
Navy Health	0.3%	0.9%	1			
Police Health	2.3%	6.1%	1			

## 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. Figures are not adjusted for policies that lapse when a member dies, as these are not reported to PHIAC.

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 Change**

The membership change indicator shows the change in the number of policy holders over the year from 30 June 2007 to 30 June 2008. Both the percentage change and number are included. Negative figures indicate that the fund has experienced a net reduction in membership over the period. As indicated above, member deaths would account for some of this figure.

### **PHIO Complaints in context**

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

There are a number of factors (other than service performance) that can influence the level of complaints the PHIO receives about a fund. These 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.

In that table each fund's market share (as at 30 June 2008) 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, delayed payment, 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. *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.

This separate table therefore shows the actual number of all complaints received and the number of complaints investigated, 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.

### **Code of Conduct**

A self-regulatory code for health funds was introduced in 2005, dealing with the quality of advice provided to consumers. It sets standards for training of health fund staff and others responsible for advising consumers about private health insurance. It also requires funds to have effective complaint handling procedures.

Funds that have completed the compliance processes for becoming a signatory to the code are indicated in the table (as at January 2009).

## SERVICE PERFORMANCE - Member Retention & Complaints

Fund Name (Abbreviated)	Member Retention (hospital cover)	Membership Change % (number)	Complaints % compared to Market Share %					Code of Conduct Member
			Market Share	Benefits	Service	Complaints	Complaints Investigated	
AHM	90.3%	13.8% (18879)	3.0%	4.4%	3.2%	3.8%	4.5%	●
AU	87.4%	-1.4% (-2342)	3.2%	5.4%	7.5%	6.1%	7.5%	●
BUPA	90.2%	4.6% (22399)	9.8%	8.8%	6.1%	7.4%	6.6%	●
GMHBA	89.7%	5.9% (4358)	1.5%	0.8%	0.7%	0.7%	0.9%	●
HBF	90.0%	2.6% (9777)	7.5%	3.0%	2.4%	2.4%	2.8%	●
HCF	90.1%	5.5% (24522)	9.0%	7.3%	4.3%	6.4%	4.7%	●
Healthguard	87.8%	1.6% (423)	0.5%	0.2%	0.3%	0.2%	0.1%	
Health Partners	90.7%	2.7% (872)	0.6%	0.4%	0.3%	0.4%	0.3%	●
Latrobe	90.3%	7.5% (2160)	0.6%	0.2%	0.3%	0.2%	0.1%	●
MBF	86.0%	3.0% (24206)	15.7%	21.1%	34.0%	28.4%	23.9%	●
MBF Alliances	83.6%	-2.8% (-2927)	2.0%	4.4%	5.2%	4.7%	5.0%	●
Medibank	90.0%	4.5% (64986)	28.7%	24.2%	22.5%	22.0%	22.0%	●
MU	86.9%	-0.6% (-466)	1.5%	3.2%	2.4%	2.8%	3.5%	●
NIB	88.8%	11.1% (36605)	7.0%	8.1%	6.0%	7.3%	10.0%	●
Westfund	90.8%	6.1% (2220)	0.7%	0.8%	0.2%	0.5%	1.0%	
CBHS	94.6%	6.0% (3506)	1.2%	0.6%	0.3%	0.5%	0.3%	●
Defence Health	91.3%	5.9% (4191)	1.5%	1.5%	0.4%	1.1%	1.0%	●
Teachers Fed	94.8%	5.0% (4298)	1.7%	1.2%	1.4%	1.1%	1.5%	●

### Smaller Funds (less than 0.5% National Market Share)

Fund Name (Abbreviated)	Member Retention (hospital cover)	Membership Growth %	Number Complaints Received	Below market share?	Number Complaints Investigated	Below market share?	Code of Conduct Member
CDH	93.6%	8.8% (180)	3		1		
CUA Health	89.2%	2.5% (500)	4	Yes	0	Yes	
Druids Vic	82.3%	-2.7% (-174)	16		3		
GU Corporate	92.2%	17.7% (2228)	6		1	Yes	
HIF	88.3%	6.9% (1500)	14		6		●
Mildura	91.5%	2.1% (290)	0	Yes	0	Yes	
Onemedifund	new fund	new fund (2341)	1	Yes	1		●
Peoplecare	93.1%	6.4% (1065)	1	Yes	0	Yes	●
QCH	89.9%	4.1% (477)	3	Yes	2		
St. Luke's	88.7%	2.7% (543)	6	Yes	2	Yes	●
ACA	92.9%	1.7% (75)	2		0	Yes	●
Doctors' Health	92.7%	10.2% (477)	1	Yes	0	Yes	●
HCI	94.3%	2.7% (95)	2		1		●
Navy Health	91.8%	3.0% (381)	1	Yes	0	Yes	●
Phoenix	93.7%	1.4% (86)	0	Yes	0	Yes	●
Police Health	91.9%	12.2% (1451)	4		2		●
RT Health Fund	94.6%	8.8% (1402)	14		6		●
Reserve Bank	77.4%	0.2% (4)	1	Yes	0	Yes	●
Transport	92.4%	5.4% (179)	0	Yes	0	Yes	●
TUH	93.9%	4.4% (880)	12		4		●



## HOSPITAL COVER

This table contains information allowing a comparison of some general coverage 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.

### **Hospital Charges Covered**

This column indicates what proportion of total charges associated with treatment of private patients are covered by each fund's benefits. This includes charges for hospital accommodation, theatre costs, prostheses and specialist fees (not including the Medicare benefit) and associated benefits.

The figures shown are average 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.

Information is not provided for some funds in some states, as there are insufficient numbers reported to PHIAC for states in which the fund does not have a large enough membership

### **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 brochure *Health Insurance Choice- 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*. Available from [www.phio.org.au](http://www.phio.org.au) or phone 1800 640 695

***The [www.privatehealth.gov.au](http://www.privatehealth.gov.au) website provides information about all private health insurance products available in Australia, including benefits, prices and which hospitals a health fund has agreements with.***

**The information provided in this table 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 membership.**

## HOSPITAL COVER

Abbreviated name	% Hospital Related Charges Covered <sup>1</sup>						
	NSW & ACT	VIC	QLD	WA	SA	TAS	NT
AHM	86.7%	87.9%	87.4%	86.5%	92.4%	90.6%	82.8%
AU	87.7%	91.3%	88.5%	88.4%	93.2%	88.7%	89.5%
BUPA	84.5%	94.0%	87.7%	86.0%	96.5%	89.3%	91.2%
CDH	95.6%	91.0%	87.6%	87.4%	-	84.2%	-
CUA Health	91.7%	95.1%	92.5%	91.7%	97.6%	94.3%	81.8%
Druids Vic	81.1%	91.6%	78.5%	92.4%	86.8%	94.4%	-
GMHBA	84.4%	90.9%	85.6%	87.3%	91.0%	86.2%	90.6%
GU Corporate	81.8%	87.3%	85.2%	82.2%	89.7%	81.5%	90.8%
HBF	83.5%	89.0%	83.2%	92.8%	92.6%	90.6%	90.6%
HCF	88.4%	93.5%	90.8%	90.5%	98.1%	92.6%	87.9%
Healthguard	93.5%	96.5%	94.1%	94.1%	97.5%	95.9%	84.2%
Health Partners	91.7%	91.4%	87.7%	90.1%	96.9%	80.9%	91.4%
HIF	88.4%	90.8%	79.8%	91.6%	92.6%	93.8%	91.1%
Latrobe	89.2%	93.6%	86.4%	95.7%	95.8%	86.1%	85.3%
MBF	85.0%	86.3%	86.8%	86.6%	92.3%	92.2%	87.3%
MBF Alliances	87.2%	91.3%	89.8%	88.9%	96.2%	93.8%	92.9%
Medibank	85.9%	91.5%	89.4%	89.2%	92.7%	91.4%	87.3%
Mildura	88.7%	90.8%	78.8%	93.4%	87.0%	92.1%	-
MU	84.0%	84.1%	84.6%	79.4%	91.1%	84.3%	84.7%
NIB	84.1%	85.5%	82.9%	81.1%	88.4%	88.8%	84.5%
Onemedifund	85.7%	97.9%	92.3%	72.0%	92.1%	89.1%	-
Peoplecare	87.6%	91.3%	88.3%	86.7%	94.2%	85.5%	84.6%
QCH	84.6%	90.8%	80.4%	89.6%	96.7%	79.8%	92.5%
St. Luke's	85.4%	91.3%	87.7%	82.5%	95.9%	93.9%	88.9%
Westfund	92.2%	95.8%	89.4%	91.0%	97.4%	95.2%	93.2%
ACA	92.6%	95.4%	96.3%	94.7%	99.0%	99.1%	-
CBHS	89.2%	95.0%	89.5%	92.3%	96.8%	94.9%	92.4%
Defence Health	88.5%	94.5%	92.7%	91.4%	96.9%	92.3%	95.0%
Doctors' Health	93.0%	93.2%	91.5%	91.9%	93.9%	95.8%	87.9%
HCI	62.9%	94.2%	94.2%	95.3%	98.7%	93.6%	77.4%
Navy Health	89.2%	94.7%	90.4%	88.6%	95.8%	92.6%	82.3%
Phoenix	94.3%	96.6%	93.9%	96.1%	98.4%	95.2%	100.0%
Police Health	95.3%	98.4%	92.3%	90.7%	98.9%	95.8%	95.4%
RT Health Fund	93.8%	94.7%	94.0%	96.7%	91.0%	98.3%	77.0%
Reserve Bank	92.8%	98.1%	95.6%	92.0%	99.2%	98.4%	-
Teachers Fed	89.7%	94.2%	93.3%	90.4%	96.6%	93.7%	93.5%
Transport	97.9%	94.4%	98.2%	92.1%	91.4%	100.0%	-
TUH	90.5%	93.6%	90.9%	95.0%	96.1%	82.3%	80.8%

<sup>1</sup> includes charges for hospital accommodation, theatre costs, prostheses and specialist fees (not including the Medicare benefit) and associated benefits.

## MEDICAL GAP COVER

Information is not provided for some funds in some states, as the numbers are not reported to PHIAC for states in which the fund does not have a large enough membership (in which case, these figures are counted in the state in which a fund has the largest number of members).

### FUND GAP SCHEMES AND AGREEMENTS

Doctors are free to decide, for each individual patient, whether or not to use a particular fund's gap cover arrangements.

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 with the doctor's desired fee); and
- the design of the fund's gap cover arrangements, including any administrative burden for the doctor.

### STATE BASED DIFFERENCES

Information is provided on a state basis because the effectiveness of some funds' gap schemes can differ between states and these differences are not apparent in the national figures.

In some states, funds are able to provide more effective coverage of gaps, because doctors charge less than the national average. In addition, where a 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 doctor's fees, which vary significantly between different states in Australia, and between regional areas and capital cities.

If a health fund's percentage of services with no gap is higher than that of a fund in another state, it does not necessarily mean the fund's scheme is more effective, because state based differences could be the cause.

### COMPARING DIFFERENT GAP SCHEMES

If a health fund has a higher percentage of services covered at no gap (in the same state/territory) compared with another fund, it is an indicator of a more effective gap scheme in that state. Over the whole fund, it is more likely that a medical service can be provided at no cost to the consumer, but it is no guarantee that a particular doctor will choose to use the fund's gap scheme.

It is also worth noting that gap schemes are funded by membership premiums, and any increases in coverage of medical gaps may place pressure on premiums for all members of that health fund.

### % OF SERVICES WITH NO GAPS

The percentage indicated is the proportion of services for which a gap is not payable after the impact of fund benefits, schemes and agreements.

### % OF SERVICES WITH NO GAP OR WHERE KNOWN GAP PAYMENT MADE

This table includes both the percentage of no gap services and what is called "Known Gap" services. Known gap schemes are an arrangement where the insurer pays an additional benefit on the understanding that the provider advises the patient of costs upfront.

**These tables present the position taking into account all of the fund's products. It is not indicative of any individual product offered by the fund but is an average for the total fund membership.**

#### "Access Gap" Participants

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

#### LIST OF ACCESS GAP PARTICIPANTS

ACA  
AHM  
AU  
CBHS  
CUA Health  
Druids Vic  
GU Corporate  
HCI  
Healthguard (except WA)  
Health Partners  
HIF  
Latrobe  
MU  
Navy  
Onemedifund  
Peoplecare  
Phoenix  
Police Health  
Reserve Bank  
RT Health Fund  
Teachers Fed  
Transport  
TUH  
QCH  
Westfund

## Medical Gap Cover

FUND / GAP SCHEME	NSW & ACT	VIC	QLD	WA	SA	TAS	NT
	% of Services with No Gap						
BUPA	70.6%	89.7%	73.9%	61.9%	94.3%	78.5%	78.5%
CDH	79.6%	-	-	-	-	-	-
Druids VIC	49.8%	55.8%	-	-	-	-	-
GMHBA	65.0%	76.5%	67.0%	59.0%	77.1%	58.4%	66.9%
HBF	61.5%	68.2%	59.7%	78.9%	80.8%	77.4%	72.3%
HCF	84.7%	90.9%	87.6%	79.0%	98.3%	88.9%	83.9%
Healthguard	84.4%	88.3%	83.7%	74.3%	93.8%	82.5%	83.1%
Latrobe	75.5%	80.5%	61.2%	57.0%	63.4%	77.3%	76.5%
MBF	82.8%	85.5%	86.8%	67.3%	94.2%	89.9%	79.3%
MBF Alliances	44.3%	35.3%	35.9%	28.5%	37.8%	23.2%	36.2%
Medibank	82.9%	89.2%	84.5%	69.9%	93.9%	88.5%	74.5%
Mildura	68.3%	68.2%	-	-	73.0%	45.0%	-
NIB	77.9%	74.6%	67.5%	55.7%	73.7%	79.2%	71.3%
St Lukes	68.2%	69.5%	64.3%	42.5%	85.7%	87.3%	-
Access Gap Participants <sup>1</sup>	84.4%	88.3%	83.7%	65.2%	93.8%	82.5%	83.1%
Total / Industry outcome	82.1%	87.6%	84.6%	74.4%	87.8%	88.1%	77.3%
FUND / GAP SCHEME	% of Services with No Gap or Where Known Gap Payment Made						
BUPA	72.9%	92.3%	76.4%	66.8%	96.3%	82.7%	82.9%
CDH	94.7%	-	-	-	-	-	-
Druids VIC	82.1%	85.2%	-	-	-	-	-
GMHBA	72.4%	90.4%	73.1%	66.2%	84.9%	77.9%	90.4%
HBF	97.4%	95.8%	96.5%	92.8%	98.2%	97.9%	94.4%
HCF	84.7%	90.9%	87.6%	79.0%	98.3%	88.9%	83.9%
Healthguard	88.6%	93.2%	90.8%	78.0%	95.9%	89.3%	89.6%
Latrobe	97.2%	96.4%	90.8%	93.9%	97.5%	98.2%	96.1%
MBF	82.8%	85.5%	86.8%	67.3%	94.2%	89.9%	79.3%
MBF Alliances	88.0%	88.5%	89.5%	82.3%	98.7%	89.8%	90.6%
Medibank	86.7%	93.8%	90.0%	80.9%	98.0%	95.3%	84.4%
Mildura	91.4%	91.7%	-	-	84.7%	60.0%	-
NIB	77.9%	74.6%	67.5%	55.7%	73.7%	79.2%	71.3%
St Lukes	72.6%	76.3%	69.0%	44.3%	87.4%	94.3%	-
Access Gap Participants <sup>1</sup>	88.6%	93.2%	90.8%	77.8%	95.9%	89.3%	89.6%
Total / Industry outcome	84.5%	92.4%	88.0%	87.8%	96.6%	92.2%	83.2%

## GENERAL TREATMENT (ANCILLARY) COVER

General Treatment cover, also known as “Ancillary” or “Extras” cover<sup>1</sup>, 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.

### **% Charges Covered, All Services, By State**

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 general treatment 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.

### **% 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).

#### PREFERRED PROVIDERS FOR EXTRAS SERVICES

Many funds establish “preferred provider” or “participating provider” arrangements with some suppliers of extras (general treatment) services. Those providers offer an agreed 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 out of pocket cost.

**The information provided in this table presents the position taking into 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 membership.**

### **Further Information**

For further Information on General Treatment Cover, please visit [www.privatehealth.gov.au](http://www.privatehealth.gov.au) which provides information about all private health insurance policies available in Australia, including benefits and prices.

### **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.

<sup>1</sup> Known as “Essentials” cover in WA

## General Treatment (extras) Cover

Abbreviated name	% General Treatment (extras) Charges Covered							% Claims Processed in -days
	NSW & ACT	VIC	QLD	WA	SA	TAS	NT	
AHM	50.0%	50.4%	49.6%	49.4%	52.7%	48.4%	49.7%	90.5%
AU	47.3%	49.8%	49.5%	50.0%	52.5%	48.0%	46.1%	98.0%
BUPA	49.1%	45.1%	41.6%	44.2%	50.1%	38.2%	41.0%	100.0%
CDH	45.9%	46.7%	47.1%	52.1%	50.1%	45.5%	-	99.9%
CUA Health	46.8%	48.0%	48.6%	52.5%	57.5%	47.7%	41.8%	99.8%
Druids Vic	44.5%	45.6%	42.8%	44.6%	44.2%	47.2%	-	97.2%
GMHBA	46.3%	50.8%	47.2%	51.1%	49.1%	47.1%	41.5%	99.1%
GU Corporate	68.7%	73.2%	69.9%	75.8%	72.3%	71.9%	79.7%	91.9%
HBF	38.1%	41.3%	38.1%	47.0%	43.2%	38.8%	36.6%	86.4%
HCF	51.9%	53.5%	52.0%	49.9%	58.2%	47.2%	52.0%	99.8%
Healthguard	46.3%	47.7%	37.9%	48.1%	48.0%	48.3%	40.8%	63.4%
Health Partners	45.0%	48.5%	48.6%	50.5%	56.5%	52.7%	50.7%	93.2%
HIF	42.7%	49.8%	47.6%	47.8%	50.2%	52.8%	40.3%	80.7%
Latrobe	41.1%	42.7%	41.5%	39.5%	43.4%	47.3%	41.8%	99.9%
MBF	46.2%	49.4%	47.8%	50.2%	53.5%	47.8%	46.6%	98.9%
MBF Alliances	62.2%	60.3%	56.6%	53.5%	55.7%	54.0%	53.5%	99.1%
Medibank	45.4%	43.6%	45.3%	45.1%	51.0%	47.4%	41.1%	99.9%
Mildura	53.0%	53.4%	54.6%	52.1%	54.2%	51.4%	50.4%	100.0%
MU	46.6%	51.9%	48.5%	50.1%	53.7%	52.8%	46.8%	99.6%
NIB	52.6%	62.8%	54.5%	62.7%	64.7%	57.0%	53.0%	98.7%
Onemedifund	53.4%	54.8%	52.2%	53.2%	57.4%	55.9%	-	96.4%
Peoplcare	55.8%	55.6%	52.4%	52.3%	56.4%	57.8%	51.2%	98.0%
QCH	48.7%	48.5%	48.7%	48.4%	53.9%	57.2%	52.6%	99.4%
St. Luke's	54.6%	50.1%	48.8%	48.5%	63.2%	47.2%	33.6%	100.0%
Westfund	52.8%	54.4%	54.0%	49.8%	54.0%	41.7%	50.9%	98.3%
ACA	60.4%	63.5%	62.4%	63.1%	66.1%	59.6%	62.6%	99.8%
CBHS	49.5%	52.9%	51.6%	51.3%	55.1%	50.3%	47.5%	98.5%
Defence Health	45.2%	50.1%	47.8%	46.8%	51.7%	46.2%	47.1%	99.3%
Doctors' Health	42.8%	43.2%	45.1%	45.8%	47.2%	42.7%	43.1%	70.6%
HCI	54.2%	61.0%	52.9%	49.2%	60.8%	54.2%	52.8%	99.8%
Navy Health	45.3%	51.2%	48.6%	46.7%	52.4%	49.5%	48.6%	68.6%
Phoenix	53.4%	55.9%	55.0%	54.5%	56.3%	50.3%	51.1%	99.9%
Police Health	60.0%	66.3%	67.6%	67.1%	70.3%	65.7%	66.2%	90.6%
RT Health Fund	53.3%	54.3%	54.2%	50.2%	54.3%	41.3%	44.9%	84.6%
Reserve Bank	75.4%	79.8%	82.6%	80.8%	86.1%	85.2%	-	48.4%
Teachers Fed	54.5%	56.5%	53.9%	56.0%	57.8%	53.1%	52.2%	67.3%
Transport	57.3%	65.0%	48.9%	58.6%	36.8%	58.6%	58.4%	83.5%
TUH	42.3%	44.9%	51.9%	43.0%	46.1%	46.2%	37.2%	97.2%

## General Treatment (extras) Cover (II)- Average Amount of Costs Covered by Service

### Open Membership Funds

Fund	Dental <sup>1</sup>	Optical <sup>1</sup>	Physiotherapy	Chiropractic	Pharmacy	Podiatry	Natural Therapies	Ambulance	Acupuncture	Psychl Group Therapy	Preventative Health Products	Hearing Aids & Audiology	Occupational Therapy
AHM	48%	65%	52%	62%	44%	52%	38%	100%	41%	33%	63%	29%	42%
AU	46%	64%	63%	50%	36%	55%	51%	0%	45%	37%	58%	16%	47%
BUPA	49%	44%	58%	48%	35%	45%	31%	100%	42%	37%	0%	16%	37%
CDH	48%	43%	66%	56%	48%	48%	40%	0%	65%	35%	17%	0%	39%
CUA Health	48%	46%	56%	57%	38%	60%	45%	100%	47%	53%	0%	35%	54%
Druids Vic	47%	35%	50%	58%	38%	48%	41%	99%	43%	29%	59%	12%	43%
GMHBA	50%	51%	48%	49%	47%	59%	37%	95%	37%	32%	76%	17%	43%
GU Corporate	72%	64%	77%	77%	54%	76%	76%	0%	74%	71%	68%	19%	85%
HBF	48%	38%	46%	41%	41%	52%	38%	100%	0%	38%	60%	22%	58%
HCF	57%	47%	48%	49%	43%	53%	37%	100%	51%	57%	52%	31%	60%
Healthguard	40%	66%	53%	41%	39%	67%	32%	99%	28%	37%	0%	19%	57%
Health Partners	60%	56%	57%	49%	42%	48%	33%	98%	42%	46%	0%	32%	59%
HIF	49%	40%	54%	50%	48%	50%	37%	96%	33%	45%	26%	25%	53%
Latrobe	39%	52%	43%	47%	20%	53%	40%	71%	44%	45%	28%	14%	52%
MBF	49%	42%	51%	61%	42%	52%	42%	99%	57%	48%	26%	25%	56%
MBF Alliances	58%	51%	60%	66%	46%	65%	63%	100%	73%	61%	27%	21%	65%
Medibank	43%	45%	47%	46%	33%	49%	53%	100%	56%	37%	67%	20%	39%
Mildura	55%	42%	56%	59%	0%	56%	57%	56%	51%	27%	5%	17%	41%
MU	46%	41%	51%	64%	38%	55%	42%	100%	45%	40%	38%	26%	47%
NIB	56%	52%	62%	55%	37%	64%	45%	100%	56%	46%	84%	18%	52%
Onemedifund	58%	44%	57%	58%	45%	55%	44%	100%	45%	44%	0%	0%	46%
Peoplecare	54%	62%	56%	56%	46%	54%	47%	100%	49%	48%	54%	42%	61%
QCH	46%	49%	52%	62%	36%	70%	38%	0%	49%	55%	55%	58%	42%
St. Luke's	47%	47%	51%	63%	42%	56%	51%	88%	45%	40%	50%	41%	26%
Westfund	57%	44%	49%	61%	46%	62%	48%	96%	52%	0%	0%	15%	0%

**Note:** All percentages based on health fund reporting to PHIAC. <sup>1</sup>For some funds data does not take account of discounts at some providers or fund Dental / Optical centres.

## General Treatment (extras) Cover (II)- Average Amount of Costs Covered by Service

### Restricted Membership Funds

Fund	Dental <sup>1</sup>	Optical <sup>1</sup>	Physiotherapy	Chiropractic	Pharmacy	Podiatry	Natural Therapies	Ambulance	Acupuncture	Psych/ Group Therapy	Preventative Health Products	Hearing Aids & Audiology	Occupational Therapy
ACA	65%	58%	63%	66%	53%	75%	34%	99%	0%	38%	0%	49%	69%
CBHS	51%	47%	61%	64%	52%	59%	51%	95%	55%	57%	26%	32%	50%
Defence Health	49%	41%	50%	54%	50%	51%	41%	100%	42%	43%	45%	31%	46%
Doctors' Health	44%	44%	49%	0%	45%	58%	0%	0%	0%	61%	0%	14%	33%
HCI	57%	52%	61%	66%	53%	64%	57%	100%	52%	47%	49%	44%	61%
Navy Health	47%	44%	54%	59%	46%	52%	50%	99%	0%	40%	0%	22%	51%
Phoenix	58%	48%	59%	57%	46%	62%	36%	100%	53%	47%	0%	39%	59%
Police Health	68%	66%	76%	77%	48%	71%	46%	100%	71%	77%	0%	31%	70%
RT Health Fund	50%	53%	62%	75%	50%	71%	48%	100%	73%	41%	0%	33%	49%
Reserve Bank	77%	76%	82%	81%	59%	85%	81%	100%	84%	81%	0%	74%	78%
Teachers Fed	57%	48%	59%	60%	52%	62%	58%	99%	63%	44%	38%	37%	65%
Transport	74%	55%	54%	57%	51%	61%	43%	100%	50%	41%	67%	33%	0%
TUH	53%	42%	57%	62%	42%	70%	54%	0%	52%	53%	58%	33%	58%

**Note:** All percentages based on health fund reporting to PHIAC. <sup>1</sup>.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 *Private Health Insurance Act 2007* (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 year<sup>1</sup>. 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.

#### ***As a % of Contribution Income***

This figure is regarded as a key measure of fund efficiency. In this table management expenses are shown as a proportion of total fund contributions.

### ***Per Person Average Policy***

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 membership by each fund.

On average, restricted membership funds have 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 2007-2008 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. Overall profit takes into account tax that is paid for a small amount of funds.

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<sup>1</sup> "Operations of the Private Health Insurers" - This report is available on the PHIAC website: [www.phiac.gov.au](http://www.phiac.gov.au)

## FINANCES & COSTS

Abbreviated name	Benefits as % Contributions	Management Expenses		Surplus (-Loss) from health insurance	Overall Profit (- Loss) as % total revenue
		as % of Contribution Income	Per Average Policy		
AHM	84.2%	12.6%	\$321	3.2%	2.5%
AU	81.9%	9.9%	\$225	8.2%	5.8%
BUPA	83.4%	9.4%	\$240	7.2%	7.2%
CDH	84.6%	15.5%	\$396	-0.1%	7.1%
CUA Health	82.7%	10.6%	\$286	6.7%	10.2%
Druids Vic	98.0%	12.8%	\$296	-10.9%	-7.2%
GMHBA	88.1%	9.6%	\$208	2.4%	0.6%
GU Corporate	65.9%	18.4%	\$902	15.6%	10.9%
HBF	83.2%	10.5%	\$216	6.3%	-0.8%
HCF	90.0%	7.9%	\$187	2.1%	4.2%
Healthguard	83.1%	10.2%	\$261	6.7%	1.8%
Health Partners	89.4%	8.9%	\$220	1.8%	7.5%
HIF	81.7%	11.6%	\$275	6.7%	10.0%
Latrobe	84.5%	10.4%	\$242	5.1%	14.8%
MBF	85.7%	13.9%	\$343	0.5%	-0.7%
MBF Alliances	80.5%	9.1%	\$230	10.4%	8.3%
Medibank	84.2%	10.0%	\$229	5.8%	5.6%
Mildura	88.2%	7.4%	\$132	4.4%	14.2%
MU	83.2%	11.7%	\$325	5.1%	8.1%
NIB	85.3%	11.7%	\$255	2.9%	3.2%
Onemedifund	41.1%	18.9%	\$702	40.0%	29.7%
Peoplecare	87.5%	8.9%	\$266	3.5%	3.9%
QCH	74.9%	9.8%	\$320	15.3%	19.0%
St. Luke's	80.4%	11.0%	\$290	8.6%	10.8%
Westfund	83.7%	10.5%	\$232	5.9%	5.8%
ACA	89.4%	6.9%	\$227	3.8%	39.7%
CBHS	92.3%	5.7%	\$153	0.3%	2.6%
Defence Health	91.4%	6.0%	\$148	2.5%	0.5%
Doctors' Health	78.5%	21.1%	\$684	0.4%	6.8%
HCI	82.8%	12.1%	\$323	5.1%	10.5%
Navy Health	83.3%	10.0%	\$279	6.8%	3.2%
Phoenix	86.8%	7.2%	\$218	6.0%	9.7%
Police Health	90.8%	7.3%	\$236	2.0%	2.1%
RT Health Fund	87.1%	14.1%	\$374	-1.3%	3.1%
Reserve Bank	93.3%	1.2%	\$40	5.5%	9.7%
Teachers Fed	99.8%	7.6%	\$210	-7.4%	-3.4%
Transport	97.9%	8.1%	\$202	-6.0%	1.1%
TUH	81.7%	9.6%	\$334	8.7%	8.1%

## 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 need to be about private health insurance or a related matter. They can be about a private health fund, a broker, a hospital, a medical practitioner, a dentist or other practitioners (as long as the complaint relates to private health insurance).

Complaints about the quality of service or clinical 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.)

The Ombudsman cannot deal with complaints about Medicare. Complaints about Medicare should be directed to the Commonwealth Ombudsman on 1300 362 072.

### Who can make a complaint?

Generally, anyone can make a complaint, as long as the complaint is relevant to private health insurance. The objective of the Private Health Insurance Ombudsman is to **“protect the interests of people who are covered by private health insurance”**. The Ombudsman will look into complaints that concern private health insurance consumers but the office may not investigate complaints of a purely commercial nature that have do not have a significant impact on the rights of consumers.

### 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 Australia<sup>1</sup>),

or by writing, sending a fax, or emailing your complaint to the following addresses:

Private Health Insurance Ombudsman  
Level 7, 362 Kent Street  
SYDNEY NSW 2000

**Fax:** 02 8235 8778

**Email:** [info@phio.org.au](mailto:info@phio.org.au)

### What information does the Ombudsman need?

When you contact the Ombudsman you should provide the following information:

- a clear description of your complaint;
- the name of your health fund and your membership number; and
- what you think would resolve the matter for you.

The Ombudsman’s staff will let you know if any other information is needed.

### 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](mailto:info@phio.org.au), or check out our web site at [www.phio.org.au](http://www.phio.org.au) .

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

- Health Insurance Choice
- 10 Golden Rules of Private Health Insurance
- Doctors’ Bills
- The Right to Change
- Waiting Periods
- Service Charter
- Insure? Not Sure?
- Annual Reports & Quarterly Bulletins

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

<sup>1</sup> Except calls made from mobile phones

Private Health Insurance Ombudsman

## Tips for Health Insurance Consumers

- Consider taking out the highest level of hospital cover you can afford and choosing a higher excess, rather than a restriction, to save money on premiums.
- Review your Standard Information Statement (SIS) every year. Think about whether your policy will continue to meet your needs over the coming year. This is particularly important if you are thinking about starting a family, or your health needs are changing as you grow older.
- Visit the [www.PrivateHealth.gov.au](http://www.PrivateHealth.gov.au) website for information and advice about private health insurance.
- Read all of the information your fund sends you carefully. Important information about your cover will be sent in a personalised letter and should not be ignored.
- Ensure your premiums are up to date. If you use direct debit, check your bank statements every month to ensure payments are being correctly deducted.
- Tell your fund if you change address, add a partner or add a child.
- Make sure you understand any waiting periods or restrictions applying to your cover.
- Contact your fund before you go to hospital to check you are fully covered for the procedure at the hospital you are planning to attend.
- Talk to your doctor(s) about their fees and ask whether they will bill you under your health fund's gap scheme.

More detailed advice for consumers about private health insurance can be found in the "Health Insurance Choice" and "Ten Golden Rules" brochures available at [www.PrivateHealth.gov.au](http://www.PrivateHealth.gov.au) or from the office of the Private Health insurance Ombudsman.



**Australian Government**

**Private Health Insurance Ombudsman**

**Protecting the interests  
of people covered by  
private health insurance**