COMMONWEALTH OMBUDSMAN
PRIVATE HEALTH INSURANCE

Quarterly Update: 1 April to 30 June 2023

The Office of the Commonwealth Ombudsman (the Office), as the Private Health Insurance Ombudsman, protects the interests of private health insurance consumers. We do this in many ways, including:

- assisting health insurance consumers to resolve complaints through our independent complaint-handling service
- identifying and influencing outcomes to underlying problems with private health insurers or health care providers
- reporting and providing advice and recommendations to industry and government about private health insurance, including the performance of the sector and the nature of complaints
- managing PrivateHealth.gov.au, a comprehensive source of independent information about private health insurance for consumers.

During this quarter, the Office received 783 complaints in its capacity as the Private Health Insurance Ombudsman.[1] This was a decrease of 17 per cent compared to the same period in 2021-22.

Figure 1: Complaints received by quarter

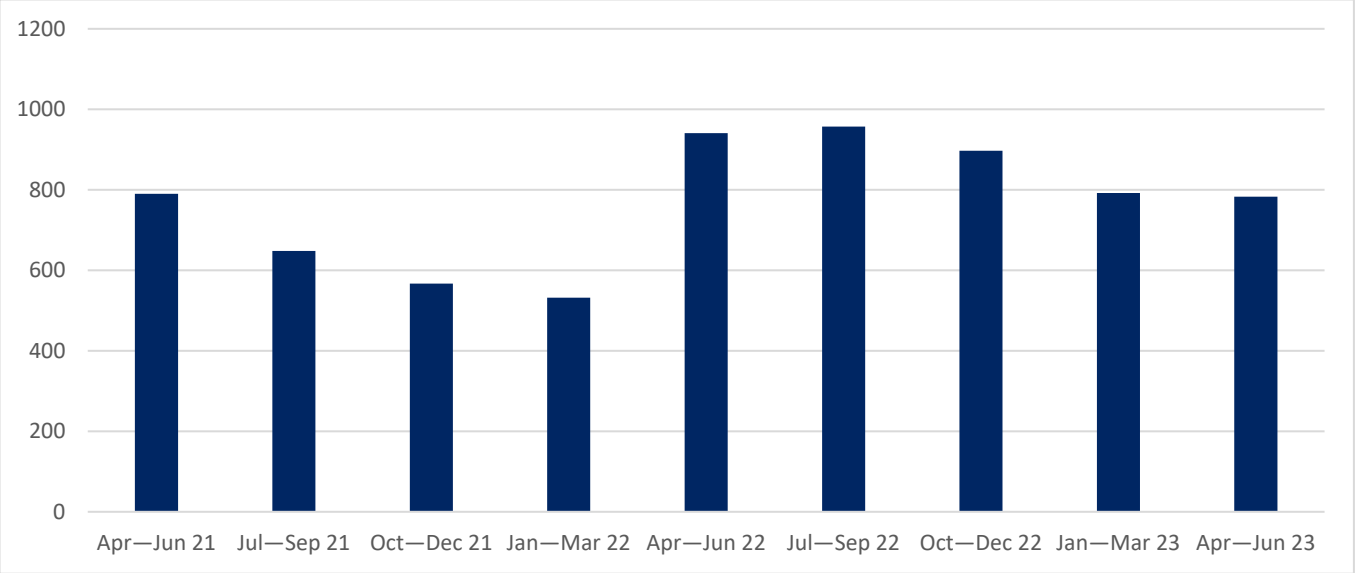

Figure 2 shows that complaints about policy cancellation, which peaked between March and September 2022, have continued to fall. These complaints were about Peoplecare Overseas Visitors Cover administered by Allianz Care Australia, and complaint numbers fell when the insurer addressed the service issues causing cancellation problems.

[1] Includes complaints about private health insurers, hospitals, practitioners and brokers. Refer to Private Health Insurance industry updates for definitions of complaints, issues and other terms, and previous quarterly updates. Our data is dynamic and regularly updated. This means there may be minor differences when compared to the last quarterly update.

Figure 2: Top complaint issues in April-June 2023 quarter, compared to previous 3 quarters

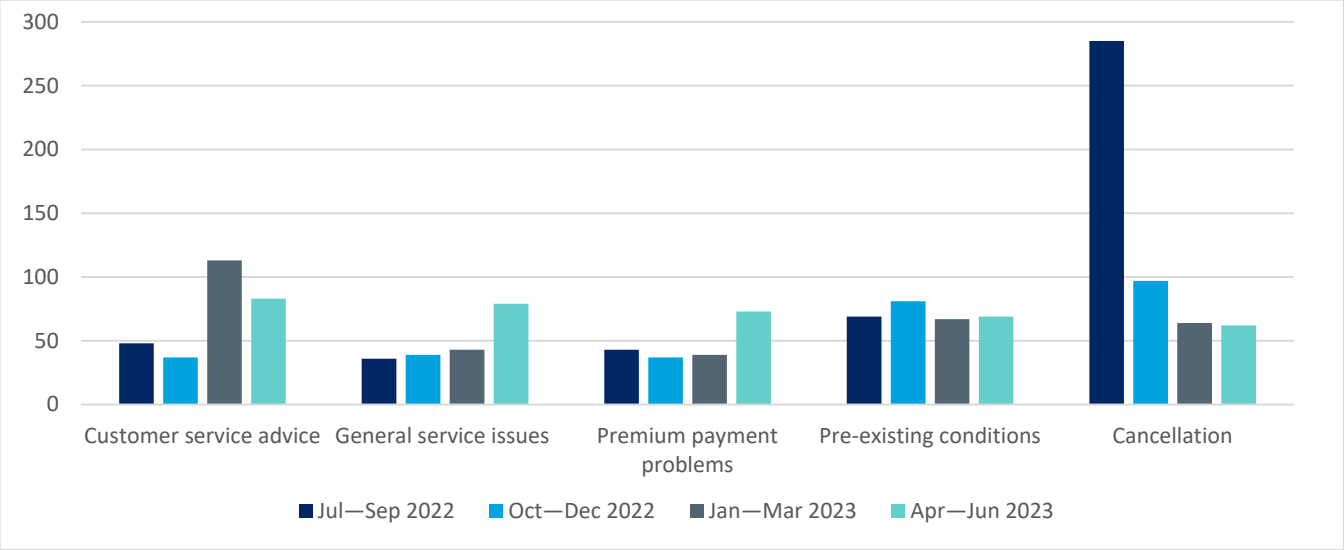

Table 1: Complaints by provider or organisation type – comparison

Provider or organisation type	Sep 2022 quarter	Dec 2022 quarter	Mar 2023 quarter	Jun 2023 quarter
Health insurers	625	760	691	671
Overseas visitors and overseas student health insurers	310	121	89	103
Brokers and comparison services	5	2	4	3
Doctors, dentists, and other medical providers	1	0	1	1
Hospitals and area health services	1	1	1	2
Other (e.g., legislation, ambulance services, industry peak bodies)	15	13	6	3
Total	*957*	*897*	*792*	*783*

Best practice guidance for insurers: presenting information on general treatment benefits as percentages

This Office is aware of issues about the representation of benefits payable under general treatment policies.

Some insurers advertise on their websites and product brochures that members will receive a percentage of a service's fee back as a benefit. For example, "*Get 75% back on dental and optical*".

However, on some policies this percentage benefit applies in combination with a per service benefit, meaning that in some cases, consumers are not entitled to the full percentage due to the application of a set benefit limit of a lower amount.

The Australian Consumer Law prohibits businesses from making false or misleading representations with respect to the price of goods or services.

Insurers should be mindful of how they are representing benefits on their general treatment policies to ensure products are not being advertised in a way that could be misleading to consumers or cause complaints. In cases where an insurer represents that policyholders will recoup a particular percentage of the payments they make for particular services, this should either apply in all such cases or, if this is not available in every case, the insurer should sufficiently qualify this representation to minimise the risk of misleading its policyholders.

In the event an insurer instead uses an 'up to' representation, for example, "Get up to 75% back", as best practice to minimise the risk of misleading its policyholders, it should only make such representations when the maximum figure (75% in this example) is available to most policyholders in such circumstances.

If a dollar benefit amount more accurately represents a product, then this should be used in advertising material for the product and in the Private Health Insurance Statement (PHIS).

It is important to note that this guidance represents our views about what is fair and reasonable when health insurers communicate with consumers about their benefit entitlements. Health insurers should seek their own legal advice about whether they are complying with the Australian Consumer Law. The Australian Competition & Consumer Commission (ACCC) also provides general guidance to businesses such as the Advertising and Selling Guide and other materials to help businesses avoid making false and misleading claims on their website. See: False or misleading claims (ACCC)

Insurer survey on Type C certificates

The Private Health Insurance (Benefits Requirements) Rules 2011 (the Rules) set out the minimum default accommodation benefits that private health insurers need to pay for hospital treatment. Type C procedures are those that do not generally require hospital treatment or accommodation, and do not attract hospital accommodation benefits. In cases where a medical practitioner certifies in writing that the patient requires hospital admission for a Type C procedure, a health insurer should pay benefits.

This Office recently surveyed all private health insurers to gain a better understanding of industry practices for assessing claims requiring Type C certification. This was in response to complaints we received from consumers about the processes some health insurers used when declining hospital claims or seeking further information to assess claims requiring Type C certification.

We are analysing the results of the survey and intend to share our observations, including areas for improvement, with the industry.

Pre-existing condition (PEC) cases

We remind insurers that where a policy holder disagrees with a pre-existing condition determination, the insurer should first explain to the person their right to an internal review before referring them to the Private Health Insurance Ombudsman for an external review. Where it is apparent that a person has contacted the Office prior to requesting an internal review, we may refer them back to the insurer to first seek an internal review and invite them to return to us if dissatisfied with the outcome.

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If you are having any issues using the form, please email phi@ombudsman.gov.au and ask to join the mailing list.

Table 2: Complaints by health insurer market share, 1 April–30 June 2023[2]

Name of insurer	No further action	Percentage of no further action	Referrals	Percentage of referrals	Investigations[3]	Percentage of investigations	Market share[4]
ACA Health Benefits	0	0.0%	1	0.2%	0	0.0%	0.1%
AIA Health (myOwn)	0	0.0%	8	1.2%	2	20.0%	0.3%
Australian Unity	1	5.9%	42	6.5%	1	10.0%	2.4%
BUPA	4	23.5%	165	25.6%	3	30.0%	24.7%
CBHS	0	0.0%	7	1.1%	0	0.0%	1.5%
CBHS Corporate Health	0	0.0%	0	0.0%	0	0.0%	<0.1%
CDH (Hunter Health Insurance)	0	0.0%	0	0.0%	0	0.0%	<0.1%
CUA Health	0	0.0%	1	0.2%	0	0.0%	0.5%
Defence Health	0	0.0%	11	1.7%	0	0.0%	2.0%
Doctors' Health Fund	0	0.0%	1	0.2%	0	0.0%	0.5%
GMHBA (incl. Health.com.au)	1	5.9%	17	2.6%	0	0.0%	2.3%
HBF Health & GMF/Healthguard	1	5.9%	22	3.4%	1	10.0%	7.3%
HCF (incl. RT Health)	3	17.6%	84	13.0%	1	10.0%	12.4%
HCI (Health Care Insurance)	0	0.0%	1	0.2%	0	0.0%	0.1%
Health Partners	0	0.0%	2	0.3%	0	0.0%	0.7%
HIF (Health Insurance Fund of Aus.)	0	0.0%	4	0.6%	0	0.0%	0.7%
Latrobe Health	0	0.0%	7	1.1%	0	0.0%	0.7%
Medibank Private & AHM	6	35.3%	169	26.2%	1	10.0%	27.4%
Mildura District Hospital Fund Limited	0	0.0%	0	0.0%	0	0.0%	0.3%
National Health Benefits Aust.	0	0.0%	0	0.0%	0	0.0%	0.1%
Navy Health	0	0.0%	1	0.2%	0	0.0%	0.4%
NIB Health & GU Corporate Health	0	0.0%	71	11.0%	1	10.0%	9.4%
Peoplecare	0	0.0%	4	0.6%	0	0.0%	0.5%
Phoenix Health Fund	0	0.0%	1	0.2%	0	0.0%	0.2%
Police Health	0	0.0%	4	0.6%	0	0.0%	0.5%
QLD Country Health Fund	0	0.0%	0	0.0%	0	0.0%	0.4%
Reserve Bank Health	0	0.0%	0	0.0%	0	0.0%	<0.1%
St Lukes Health	0	0.0%	6	0.9%	0	0.0%	0.6%
Teachers Health	1	5.9%	12	1.9%	0	0.0%	2.6%
Transport Health	0	0.0%	0	0.0%	0	0.0%	0.1%
TUH	0	0.0%	1	0.2%	0	0.0%	0.6%
Westfund	0	0.0%	2	0.3%	0	0.0%	0.9%
Total for Health Insurers	**17**	100.0%	**644**	100.0%	**10**	100.0%	

[2] This table shows complaints regarding Australian registered health insurers. This table excludes complaints regarding Overseas Visitors Health Cover and Overseas Student Health Cover Insurers, and other bodies.

[3] Investigations required the intervention of the Ombudsman and the health insurer.

[4] Source: Australian Prudential Regulation Authority, Markey Share, All Policies, 30 June 2022.

Table 3: Complaint issues and sub-issues, received in previous four quarters

ISSUE Sub-issue	Sep 22	Dec 22	Mar 23	Jun 23
BENEFIT				
Accident and emergency	12	13	8	5
Accrued benefits	4	3	1	0
Ambulance	1	7	7	9
Amount	8	8	10	5
Delay in payment	60	38	33	47
Excess	8	15	11	5
Gap—Hospital	11	28	2	0
Gap—Medical	25	20	30	14
General treatment (extras/ancillary)	34	47	49	59
High cost drugs	1	0	3	1
Hospital exclusion/restriction	44	41	29	30
Insurer rule	18	14	12	21
Limit reached	1	0	2	3
New baby	5	0	3	0
Non-health insurance	0	1	0	0
Non-health insurance—overseas benefits	0	0	0	0
Non-recognised other practitioner	1	1	0	2
Non-recognised podiatry	0	0	1	1
Other compensation	1	2	1	0
Out of pocket not elsewhere covered	1	2	2	2
Out of time	2	0	0	0
Preferred provider schemes	0	4	3	1
Prostheses	2	7	4	6
Workers compensation	0	0	0	0
CONTRACT				
Hospitals	8	3	1	1
Preferred provider schemes	3	0	2	2
Second tier default benefit	1	1	0	1
COST				
Dual charging	1	1	2	0
Rate increase	13	11	15	7
INCENTIVES				
Lifetime Health Cover	30	29	14	35
Medicare Levy Surcharge	2	1	0	0
Private health insurance reforms	0	0	0	0
Rebate	8	8	2	0
Rebate tiers and surcharge changes	0	0	1	0
INFORMATION				
Brochures and websites	4	6	4	4
Lack of notification	8	7	11	11
Radio and television	0	1	0	0
Standard Information Statement	1	0	3	0
Verbal advice	8	6	9	17
Written advice	4	5	3	3

ISSUE Sub-issue	Sep 22	Dec 22	Mar 23	Jun 23
INFORMED FINANCIAL CONSENT				
Doctors	0	0	1	0
Hospitals	1	0	4	3
Other	0	0	0	0
MEMBERSHIP				
Adult dependents	10	16	9	8
Arrears	6	8	5	6
Authority over membership	4	4	5	4
Cancellation	285	96	65	62
Clearance certificates	18	16	12	19
Continuity	25	24	21	19
Rate and benefit protection	1	6	2	1
Suspension	15	12	14	15
SERVICE				
Customer service advice	48	45	114	83
General service issues	36	49	43	79
Premium payment problems	42	33	39	73
Service delays	180	20	28	35
WAITING PERIOD				
Benefit limitation period	0	2	2	0
General	21	10	10	12
Obstetric	5	4	4	1
Other	3	1	4	1
Pre-existing conditions	69	57	67	69
OTHER				
Access	3	2	0	1
Acute care and type C certificates	1	2	2	0
Community rating	0	0	0	0
Complaint not elsewhere covered	1	3	1	0
Confidentiality and privacy	2	143	38	12
Demutualisation/sale of health insurers	0	0	0	0
Discrimination	0	0	0	0
Medibank sale	0	1	0	0
Non-English speaking background	0	0	0	0
Non-Medicare patient	0	0	1	0
Private patient election	1	0	1	0
Rule change	3	1	1	2

Annual Summary: 1 July 2022 to 30 June 2023

In 2022–23, the Office received 3,429 complaints in its capacity as Private Health Insurance Ombudsman. This represents a 26.8 per cent increase in complaints compared to 2021–22 when we received 2,704 complaints and is on par with the 3,496 complaints we received in 2020-21.

The overall increase in complaints was attributable to a general uptick in consumer interest in private health insurance, after a noticeable dip during the pandemic, as well as specific complaint issues in the private health industry.

Medibank data breach
In October 2022, Medibank Private (including AHM) announced it had detected suspected data theft on its systems. Over the following weeks, it found that the affected data included all personal data and significant amounts of health claims data.

In 2022-23, the Office received 186 complaints about Medibank related to confidentiality and privacy issues, almost all relating to this incident, with only 10 complaints made about all other insurers regarding this issue. For context, the Office received only 4 complaints about confidentiality and privacy in 2021-22.

Medibank policy holders asked the Office for help to contact the insurer and access the support that Medibank offered for affected members, including payments for re-issuing of identity documents, credit monitoring services and other support for vulnerable people. The Office also received complaints from former Medibank members who were also affected by the data breach.

In December 2022, the Office of the Australian Information Commissioner (OAIC) opened an investigation into the personal information handling practices of Medibank in relation to this notifiable data breach.

Overseas Visitors and Overseas Student Health Cover complaints

During 2022-23, the Office received 625 complaints about Overseas Visitors Health Cover (OVHC) and Overseas Student Health Cover (OSHC) insurers. This is an increase of 12 per cent compared to the 2021-22 financial year.

Between April and June 2022, the Office received 308 complaints from students experiencing cancellation problems with Peoplecare Health Limited OSHC policies administered by Allianz Care Australia (Allianz). The majority of these complaints involved delays accessing refunds for unused OSHC after policy holders were unable to use some or all of their policy due to border closures that prevented or delayed travel. This issue continued into 2022-23, as reflected in the higher volume of complaints.

Complaints also often involved issues relating to visa condition 8501, the requirement to maintain adequate health insurance. A common issue was the lack of choice for people aged over 70 seeking visa condition 8501 compliant OVHC, as only a small number of insurers offer cover for this cohort.

Other complaint themes included:

- A significant increase in the cost of OVHC premiums.
- The 14-day waiting period applied by some insurers before cover commences.
- General service issues impacting on a person's visa status, for example:
    - A person who claimed their insurer cancelled their cover without notice, leaving them in breach of condition 8501.
    - A person who decided to stay longer in Australia and had difficulty contacting their insurer to extend their cover, causing them to be concerned this would lead them to be in breach of condition 8501.

Data

The data in this update is for the period 1 July 2022 to 30 June 2023. Some figures may differ from the Annual Report as our data is dynamic and regularly updated as new information comes to light. Previous Private Health Insurance Ombudsman updates are available on the Ombudsman's website.