



Australian Government

Private Health Insurance Ombudsman

The State of the Health Funds Report

FAQS

Q. *Why was the Report produced?*

- A. The Ombudsman has a legislative obligation to produce the State of the Health Funds Report (the Report), the purpose of which is give consumers extra information to help them make more informed decisions about their private health insurance cover.

Better information enables consumers to choose policies that more closely match their needs and to review and update their policies as their needs change over time.

The *Private Health Insurance Act 2007* requires the Private Health Insurance Ombudsman (PHIO) to publish the Report each year.

Q. *How can consumers use the Report?*

- A. The Report will be of assistance to consumers who already have private health insurance or are returning to private health cover, as well as those who are considering private health insurance for the first time.

Consumers can use the Report, and the information derived from it available on the Ombudsman's website www.privatehealth.gov.au, as a basis for evaluating their existing or prospective fund's performance, as part of a general reassessment of their private health insurance needs.

For consumers who are considering taking out private health insurance, the Report provides an outline of the benefits available from individual funds and a comparison on the performance and service delivery of all health funds during the last financial year. The Ombudsman suggests that the Report be used to identify a number of funds (preferably at least three) to consider before making a decision about which fund to join.

The Report's main focus is on the general performance and service delivery of Australia's 34¹ health funds. It does not include detailed information on all private health insurance policies.

Consumers can find and compare prices and benefits of all private health insurance policies available from the 34 health funds at the Ombudsman's website www.privatehealth.gov.au. Information on the website helps consumers understand how health insurance works and many of the features of health insurance policies such as waiting periods, restrictions and excesses.

1. As at 30 June 2013 (Source: The Operations of Private Health Insurers Annual Report 2012-13, PHIAC)

Q. How were the indicators used in the Report selected?

- A. The indicators used in the Report were selected after taking into account the availability of reliable data and whether the information was reasonably comparable across funds.

The indicators used include measures of service performance; percentage of hospital and general treatment related charges covered, percentage of medical services without a gap and financial indicators. Taken together, these indicators provide useful additional information for consumers to use when considering which fund to join or comparing the performance of their own fund with others.

The data used in the Report is based on data reported by funds to the independent prudential regulator for the industry, the Private Health Insurance Administration Council (PHIAC).

Q. Which fund is best overall?

- A. There is no single answer to this question. The best fund for any consumer will depend on each consumer's circumstances, needs, preferences and budget.

The Ombudsman suggests that consumers review their private health insurance policy yearly to ensure that it will meet their needs over the coming year.

Consumers can use the range of indicators included in the report as a menu to choose the factors that may be of importance to them.

Each person should form their own view of which factors they consider important in choosing a health fund. Consumers should also consider other ways of choosing a fund such as recommendations from family and friends.

Q: What is in the Report

- A: The Report contains information on:

- key consumer concerns, issues and developments, as noted by the Ombudsman;
- an overview of health funds by state, their market share and corporate finances and costs for each health fund;
- comparison statistics about medical gap coverage, general treatment coverage and hospital cover; and
- tips for health insurance consumers.

Q: How can I find out more?

- A: The Ombudsman has a consumer website at www.PrivateHealth.gov.au, which provides the most important details about particular policies, including the level of cover, excess and standard price. Health insurers are required by law to maintain accurate and up-to-date premium and benefit details for every health insurance policy they offer on this site. This means that there are approximately 5,000 policies listed in each state or territory and a total of 30,000 across Australia.²

² There are currently 26,759 health insurance policies listed on PHIO's consumer website as open policies, meaning they are available for purchase, out of a total of 38,383 policies listed on the site. The remaining 11,624 policies listed on the site are closed policies, which are not available for purchase.

The website also enables consumers to calculate whether they will incur a lifetime health penalty loading and check whether their local hospitals are covered by their fund.

Q. *How can consumers get a copy of the Report?*

- A. The Report can be viewed and printed from the Ombudsman's website at www.phio.org.au

Contact details for the Ombudsman's office are as follows:

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