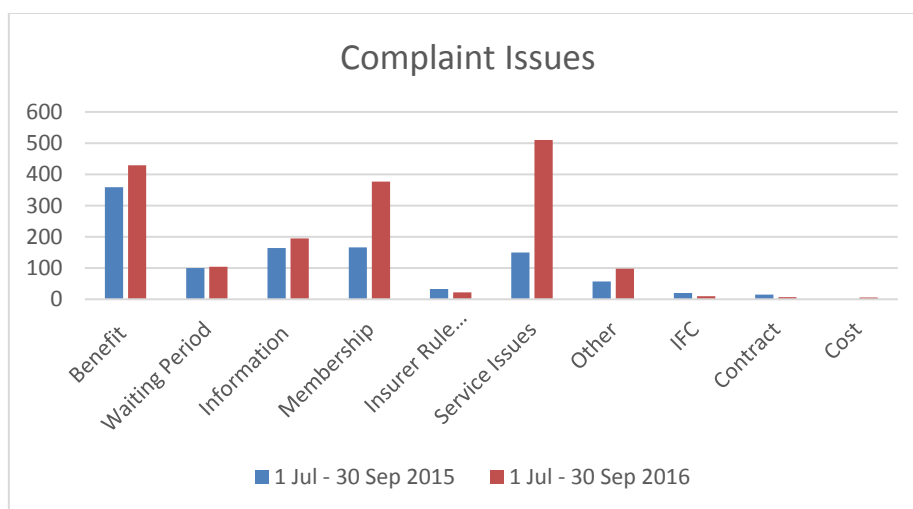
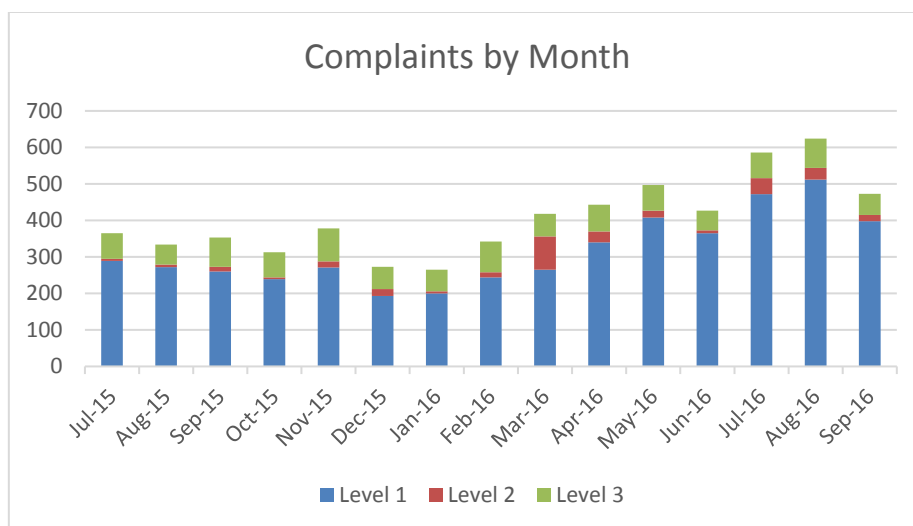


## Private Health Insurance Ombudsman Quarterly Bulletin 80 (1 July 2016 – 30 September 2016)

### Complaint Statistics and Workload

Following a busy June quarter, the July to September quarter saw a total of 1683 complaints received by this office – the largest number of complaints received in a single quarter in the Private Health Insurance Ombudsman’s (PHIO) history. For comparison, in the previous quarter we received 1367 complaints and in the same quarter last year we received 1052 complaints. This presented a challenge for the staff of the PHIO and some health insurer complaint handlers in responding to a 60% increase in complaints compared to the same period last year.

The Complaint Issues graph below shows the large increase in complaints about Service and Membership. These complaints were mostly caused by complaints about a single insurer, as discussed further in this bulletin.



## Top 5 Consumer Complaint Issues This Quarter

- 1. Service Delays: 281 Complaints** - These complaints are typically received from policy holders experiencing difficulty in contacting their insurer or in the provision of service such as delays in updating their membership records or sending tax certificates. In this quarter, these complaints were significantly higher due to the computer issues being experienced by Medibank members.
- 2. Transfer/Clearance Certificates: 148 Complaints** - Health insurers are required to provide a clearance certificate to departing members within 14 days so they can have continuity of waiting periods and the correct Lifetime Health Cover loading applied on their new policy. Complaints about this issue arise when there is a delay in the issue of the certificates or the details are incorrect.
- 3. Oral Advice: 139 Complaints** - Most oral advice complaints concern consumers misunderstanding their benefits during telephone calls and retail branch visits, particularly where records are not adequately maintained.
- 4. Membership Cancellation: 107 Complaints** - These complaints are caused by problems and delays associated with processing requests to cancel membership and handle payments or refunds.
- 5. Premium Payment Problems: 103 Complaints** - predominantly concerning direct debits from bank accounts and credit cards, such as incorrect debit amounts or irregular debits, or the accidental cessation of direct debit arrangements.

## Medibank Private Complaints in the September 2016 Quarter

This quarter Medibank accounted for 60.7% of all health insurer complaints and 42.9% of all Disputes received by the PHIO. This is well above the insurer's average number of complaints and its market share of 28.6%. PHIO compares a health insurer's complaint share to its market share – if its complaint share accounts for a proportion that one would expect from its market share, this is a benchmark indicator of whether an insurer's complaint handling systems are performing adequately. A new issue for Medibank in this quarter was a large increase in the number of service and administration complaints related to the insurer's computer systems, and difficulties in responding to policy holders and complainants in an acceptable period of time.

The computer system problem accounted for a significant number of policy holders who experienced delays in the issue of their tax statements. It also accounted for a large increase in complaints about delays in sending transfer certificates to those cancelling their policies with the insurer and wishing to have their waiting periods and Lifetime Health Cover status recognised by a new insurer. In addition, some certificates were produced with incorrect information and had to be re-issued. Together with delays in providing refunds and other customer responses, this resulted in a large overall increase in service issue complaints.

PHIO has had discussions with Medibank on the steps it is taking to address concerns about its recent computer and service delay problems, and have been advised that the insurer has been in the process of transferring customer records from the insurer's 40-year-old mainframe system to a new system since early 2016. A number of technical errors resulted from this large transition of data and the insurer also has had to respond to a significant increase in consumer queries and requests, contributing to the increased number of complaints and delays in responding to customers.

In response to the concerns raised by PHIO about delays in sending transfer certificates, the insurer has recently implemented new processes to reduce the incidence of delays. Medibank will also implement new complaint handling processes and significantly increase the number of officers handling consumer queries and

complaints. PHIO's senior staff will continue regularly addressing complainant concerns with Medibank until its IT and service issues are resolved and the incidence of complaints have returned to a normal level.

### **Bupa and Assessing Pre-Existing Conditions**

A Pre-Existing Condition (PEC) is defined under the *Private Health Insurance Act 2007* (Cth) as any ailment, illness or condition that a person had signs or symptoms of during the six months before they joined or upgraded their level of cover, as determined by the insurer's medical advisor. During the waiting period (a maximum of 12 months following join or upgrade) insurers may reject claims for PECs.

On 12 September 2016, Bupa announced that an internal Bupa review found that some customer claims from January 2011 through to May 2016 had been rejected by company claims assessors without review by a Bupa-appointed medical advisor. Bupa has appointed a team of new doctors who are reviewing 7740 rejected PEC claims for the relevant period, and has written to all potentially affected customers to advise their cases are being reviewed. Where cases have been incorrectly assessed, Bupa will be providing reimbursement.

PHIO's advice to consumers is to call Bupa's hotline 1300 510 736 or email [Hospital.Review.AUS@bupa.com.au](mailto:Hospital.Review.AUS@bupa.com.au) in the first instance. If consumers complete the Bupa review process and want to pursue the matter further, they can contact PHIO for further advice.

### **Commonwealth Ombudsman Annual Report**

The Commonwealth Ombudsman *Annual Report 2015-16*, including the report from the Private Health Insurance Ombudsman, is now available. The report can be viewed [online now](#).

PHIO has also published additional information for the 2015-16 year, including further complaint statistics. For additional information, please see PHIO Publications - [Annual Report 2015-16 Additional Information](#).

### **Subscribe for Updates**

To be added to our email update list for PHIO news and publications, sign up using our [Online Form](#).

You can also follow us on Facebook for updates: [www.facebook.com/privatehealthgovau/](http://www.facebook.com/privatehealthgovau/)

## Complaints by Health Insurer Market Share

1 July to 30 September 2016

Name of Insurer	Complaints(1)	Percentage of Complaints	Disputes(2)	Percentage of Disputes	Market Share(3)
ACA Health Benefits	0	0.0%	0	0.0%	0.1%
Australian Unity	43	2.9%	7	4.5%	3.1%
BUPA	202	13.4%	38	24.4%	26.8%
CBHS	10	0.7%	1	0.6%	1.4%
CDH (Cessnock District Health)	0	0.0%	0	0.0%	<0.1%
CUA Health	14	0.9%	2	1.3%	0.6%
Defence Health	3	0.2%	0	0.0%	1.8%
Doctors' Health Fund	2	0.1%	0	0.0%	0.2%
GMHBA	24	1.6%	4	2.6%	2.0%
Grand United Corporate Health	5	0.3%	1	0.6%	0.4%
HBF Health & GMF/Healthguard	34	2.3%	0	0.0%	7.9%
HCF (Hospitals Contribution Fund)	109	7.2%	10	6.4%	10.5%
Health.com.au	23	1.5%	6	3.8%	0.6%
Health Care Insurance	0	0.0%	0	0.0%	0.1%
Health-Partners	3	0.2%	0	0.0%	0.6%
HIF (Health Insurance Fund of Aus.)	1	0.1%	0	0.0%	0.9%
Latrobe Health	2	0.1%	1	0.6%	0.7%
Medibank Private & AHM	913	60.7%	67	42.9%	28.6%
Mildura District Hospital Fund	0	0.0%	0	0.0%	0.2%
National Health Benefits Aust.	0	0.0%	0	0.0%	0.1%
Navy Health	1	0.1%	1	0.6%	0.3%
NIB Health	72	4.8%	10	6.4%	7.9%
Peoplecare	3	0.2%	0	0.0%	0.5%
Phoenix Health Fund	1	0.1%	0	0.0%	0.1%
Police Health	1	0.1%	1	0.6%	0.3%
QLD Country Health Fund	1	0.1%	1	0.6%	0.3%
Railway & Transport Health	6	0.4%	1	0.6%	0.4%
Reserve Bank Health	0	0.0%	0	0.0%	<0.1%
St Lukes Health	1	0.1%	0	0.0%	0.4%
Teachers Federation Health	21	1.4%	4	2.6%	2.1%
Teachers Union Health	5	0.3%	1	0.6%	0.5%
Transport Health	3	0.2%	0	0.0%	0.1%
Westfund	1	0.1%	0	0.0%	0.7%
<b>Total for Health Insurers</b>	<b>1504</b>	<b>100%</b>	<b>156</b>	<b>100%</b>	<b>100%</b>

- 1) Total number of Complaints (Problems, Grievances & Disputes) regarding Australian registered health insurers.
- 2) Disputes required the intervention of the Ombudsman and the health insurer.
- 3) Source: APRA, Market Share, All Policies, 30 June 2015.