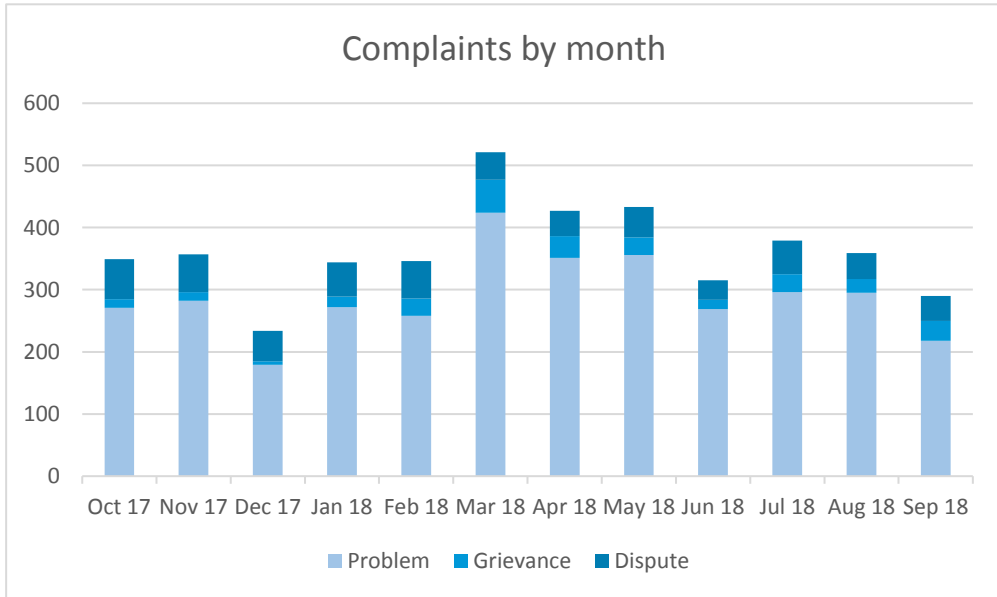
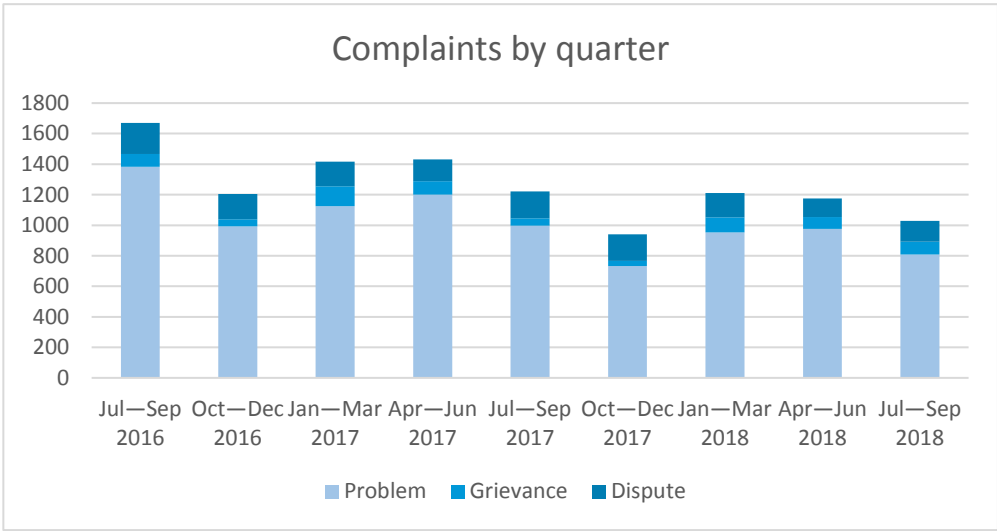
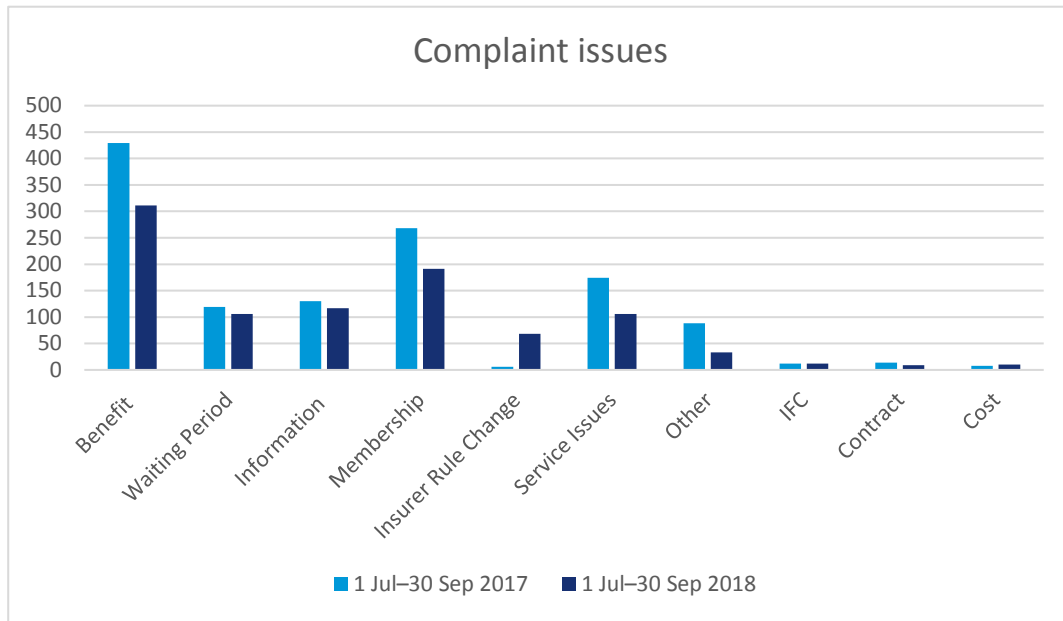


## Quarterly Bulletin 88: 1 July to 30 September 2018

### Complaint statistics

The Office of the Commonwealth Ombudsman (the Office) received 1,028 private health insurance complaints this quarter, down slightly from the 1,175 complaints received in the April to June 2018 quarter. This also represented a 16 per cent reduction compared to the 1,222 complaints received in the same period last year.





### Top five consumer complaint issues this quarter

1. **Verbal advice: 92 complaints**—most verbal advice complaints concern consumers misunderstanding their benefits during telephone calls and retail branch visits with their insurer, particularly where records are not adequately maintained. In many cases our case officers will access the recording of advice provided to a consumer and provide an independent assessment of the quality of the information provided.
2. **Membership cancellation: 80 complaints**—these complaints are caused by problems and delays associated with processing requests to cancel memberships and handling payments or refunds. It is important to note that in most cases these membership cancellations are caused by consumers transferring from one insurer to another and not the result of people leaving private health insurance altogether. This issue has remained consistently high for several quarters and we are monitoring this issue for industry trends.
3. **Pre-existing conditions waiting period: 78 complaints**—these complaints are usually caused by the health insurer or the insurer’s medical practitioner failing to clearly state which signs and symptoms were relied upon in assessing a claim or the complainant misunderstanding how a pre-existing condition is defined.
4. **General treatment benefits: 74 complaints**—these complaints usually concern disputes over the amount payable under ‘extras’ policies such as dental, optical, physiotherapy and pharmaceuticals, or the insurer’s rules for benefit payments (such as certain minimum claim criteria).
5. **Other – Rule Change: 68**—these complaints usually concern disputes about reduction of services in health insurance policies. Health insurers are permitted to change the terms of health insurance policies as long as the changes comply with the requirement of the *Private Health Insurance Act 2007* and adequate notice of change is given to consumers.

## Complaints by provider or organisation type

Provider or organisation type	Dec 2017 QTR	Mar 2018 QTR	Jun 2018 QTR	Sep 2018 QTR
Health insurers	780	1,055	1,019	854
Overseas visitor and overseas student health insurers	114	91	95	111
Brokers and comparison services	17	15	25	26
Doctors, dentists, other medical providers	3	9	10	6
Hospitals and area health services	15	16	10	17
Other (e.g. legislation, ambulance services, industry peak bodies, etc.)	11	25	16	14

## Privatehealth.gov.au updates and transitional arrangements

The package of reforms to private health insurance to accommodate new hospital product tiers (Gold, Silver, Bronze and Basic) and standard clinical definitions will be introduced from 1 April 2019, with a transition period until 1 April 2020.

The Office is managing an upgrade to [privatehealth.gov.au](http://privatehealth.gov.au) to enable consumers to effectively compare product information and to make the process of uploading new policy information as simple as possible for health insurers.

The [Private Health Insurance \(Reforms\) Amendment Rules 2018](#) (the Amendment Rules) were made and registered on the Federal Register of Legislation in October 2018. For more information see the [Department of Health PHI Circular 60/18](#).

During the transitional period, [privatehealth.gov.au](http://privatehealth.gov.au) will provide policy information in both old and new formats to consumers. We are currently working on a new website design that consumers can use to find both Standard Information Statements (SISs) and Private Health Information Statements (PHISs) at the same time until 1 April 2020.

## Private Health Information Statement (PHIS) development

The aim of the PHISs is to provide consumers with a summary of their health insurance policy. The statements will be an updated version of the current SISs to account for policies existing under the Amendment Rules. We are also taking this opportunity to improve the wording and design of the statements to make them easier for consumers to understand.

Our Office, the Department of Health (Health), insurers and consumer organisations are working on drafting a PHIS for use on the website to replace the SIS.

A health insurer can choose to use the 'privatehealth.gov.au' version of the PHIS the same way they use the SIS, or they can choose to develop their own statement with branding and additional information, however they must comply with the upcoming Complying Product Rules.

## Coverage for natural therapies after 1 April 2019

Although product tiers and clinical categories will be subject to a transitional period, insurers should note that an important change will take place on 1 April 2019, when coverage for some natural therapies will need to be removed from health insurance policies.

Excluded items will include Alexander technique, aromatherapy, Bowen therapy, Buteyko, Feldenkrais, Western herbalism, homeopathy, iridology, kinesiology, naturopathy, pilates, reflexology, Rolfing, shiatsu, tai chi and yoga.

Insurers should plan to communicate to consumers any detrimental changes to policies in advance of the changes taking effect on 1 April 2019.

### Subscribe for updates

To be added to our distribution list for private health insurance news and publications, sign up using our [online form](#) or email [phio.info@ombudsman.gov.au](mailto:phio.info@ombudsman.gov.au).

You can also follow us on Facebook for updates: [facebook.com/commonwealthombudsman/](https://facebook.com/commonwealthombudsman/)

For general private health insurance information and to compare health insurance policies, visit [privatehealth.gov.au](http://privatehealth.gov.au).

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More information is available at [ombudsman.gov.au](http://ombudsman.gov.au).

Complaints by health insurer market share: 1 July–30 September 2018

Name of insurer	Complaints <sup>1</sup>	Percentage of Complaints	Disputes <sup>2</sup>	Percentage of Disputes	Market Share <sup>3</sup>
ACA Health Benefits	1	0.1%	0	0.0%	0.1%
Australian Unity	39	4.6%	2	2.2%	3.0%
BUPA	229	26.9%	26	28.9%	27.0%
CBHS Corporate Health	0	0.0%	0	0.0%	<0.1%
CBHS	14	1.6%	2	2.2%	1.5%
CDH (Cessnock District Health)	0	0.0%	0	0.0%	<0.1%
CUA Health	9	1.1%	2	2.2%	0.6%
Defence Health	10	1.2%	2	2.2%	2.0%
Doctors' Health Fund	2	0.2%	0	0.0%	0.3%
Emergency Services Health	2	0.2%	1	1.1%	<0.1%
GMHBA	24	2.8%	5	5.6%	2.3%
Grand United Corporate Health	8	0.9%	0	0.0%	0.4%
HBF Health & GMF/Healthguard	53	6.2%	5	5.6%	8.0%
HCF (Hospitals Contribution Fund)	119	14.0%	11	12.2%	10.4%
HCI (Health Care Insurance)	1	0.1%	0	0.0%	0.1%
Health.com.au	12	1.4%	4	4.4%	0.6%
Health-Partners	3	0.4%	1	1.1%	0.6%
HIF (Health Insurance Fund of Aus.)	6	0.7%	0	0.0%	0.9%
Latrobe Health	5	0.6%	1	1.1%	0.7%
Medibank Private & AHM	178	20.9%	12	13.3%	26.9%
Mildura District Hospital Fund	0	0.0%	0	0.0%	0.2%
MO Health Pty Ltd	1	0.1%	0	0.0%	<0.1%
National Health Benefits Aust.	0	0.0%	0	0.0%	0.1%
Navy Health	1	0.1%	0	0.0%	0.3%
NIB Health	84	9.9%	11	12.2%	8.3%
Nurses and Midwives Pty Ltd	0	0.0%	0	0.0%	<0.1%
Peoplecare	7	0.8%	2	2.2%	0.5%
Phoenix Health Fund	3	0.4%	0	0.0%	0.1%
Police Health	0	0.0%	0	0.0%	0.3%
QLD Country Health Fund	3	0.4%	0	0.0%	0.4%
Railway & Transport Health	2	0.2%	0	0.0%	0.4%
Reserve Bank Health	0	0.0%	0	0.0%	<0.1%
St Lukes Health	5	0.6%	1	1.1%	0.5%
Teachers Federation Health	22	2.6%	1	1.1%	2.3%
Teachers Union Health	6	0.7%	1	1.1%	0.6%
Transport Health	1	0.1%	0	0.0%	0.1%
Westfund	4	0.5%	0	0.0%	0.7%
<b>Total for health insurers</b>	<b>854</b>	<b>100%</b>	<b>90</b>	<b>100%</b>	<b>100%</b>

<sup>1</sup> Total number of complaints (Problems, Grievances and Disputes) regarding Australian registered health insurers. This table excludes complaints regarding OVHC and OSHC insurers, and other bodies.

<sup>2</sup> Disputes required the intervention of the Ombudsman's Office and the health insurer.

<sup>3</sup> Source: Australian Prudential Regulation Authority, Market Share, All Policies, 30 June 2017.

Issues and sub-issues: complaints received in previous four quarters

ISSUE Sub-issue	Dec 17	Mar 18	Jun 18	Sep 18	ISSUE Sub-issue	Dec 17	Mar 18	Jun 18	Sep 18
<b>BENEFIT</b>					<b>INFORMED FINANCIAL CONSENT</b>				
Accident and emergency	16	17	14	13	Doctors	0	6	7	2
Accrued benefits	2	5	5	0	Hospitals	12	13	12	8
Ambulance	21	17	20	10	Other	1	1	0	2
Amount	17	25	15	16	<b>MEMBERSHIP</b>				
Delay in payment	28	35	27	45	Adult dependents	1	12	13	4
Excess	21	11	16	17	Arrears	14	12	16	12
Gap – Hospital	25	17	11	0	Authority over membership	8	5	9	7
Gap – Medical	33	23	47	42	Cancellation	76	94	106	80
General treatment (extras/ancillary)	77	61	73	74	Clearance certificates	18	40	47	33
High cost drugs	3	1	1	1	Continuity	18	28	22	28
Hospital exclusion/restriction	105	92	71	52	Rate and benefit protection	0	5	4	4
Insurer rule	24	38	28	8	Suspension	15	22	26	23
Limit reached	3	8	0	1	<b>SERVICE</b>				
New baby	3	3	3	1	Customer service advice	19	24	28	15
Non-health insurance	2	2	2	1	General service issues	42	61	56	43
Non-health insurance - overseas benefits	0	0	0	0	Premium payment problems	36	85	88	32
Non-recognised other practitioner	2	1	4	2	Service delays	18	21	12	16
Non-recognised podiatry	1	1	5	4	<b>WAITING PERIOD</b>				
Other compensation	3	3	3	2	Benefit limitation period	0	0	0	0
Out-of-pocket not elsewhere covered	6	3	2	6	General	9	9	18	16
Out-of-time	10	1	6	5	Obstetric	9	8	8	9
Preferred provider schemes	9	9	7	2	Other	3	6	8	3
Prostheses	2	2	3	8	Pre-existing conditions	75	100	79	78
Workers compensation	0	1	2	1	<b>OTHER</b>				
<b>CONTRACT</b>					Access	0	0	0	1
Hospitals	2	5	6	5	Acute care certificates	2	6	2	6
Preferred provider schemes	5	3	5	3	Community rating	0	1	0	1
Second tier default benefit	0	1	0	1	Complaint not elsewhere covered	10	4	2	14
<b>COST</b>					Confidentiality and privacy	2	4	3	7
Dual charging	0	1	2	5	Demutualisation/sale of health insurers	1	0	0	1
Rate increase	4	69	27	5	Discrimination	0	0	1	1
<b>INCENTIVES</b>					Medibank sale	0	0	0	0
Lifetime Health Cover	27	52	57	60	Non-English speaking background	0	0	0	0
Medicare Levy Surcharge	2	2	6	6	Non-Medicare patient	0	1	1	1
Rebate	3	7	4	5	Private patient election	0	0	1	1
Rebate tiers and surcharge changes	1	1	1	3	Rule change	0	40	43	68
<b>INFORMATION</b>									
Brochures and websites	6	13	10	5					
Lack of notification	19	5	9	9					
Oral advice	64	89	91	92					
Radio and television	0	1	0	0					
Standard Information Statement	0	0	1	4					
Written advice	6	7	8	7					