

Quarterly Update: 1 July 2023 to 30 September 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 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](https://www.privatehealth.gov.au), a comprehensive source of independent information about private health insurance for consumers.

During this quarter, the Office received 1050 complaints in its capacity as the Private Health Insurance Ombudsman.¹ This was an increase of 9.7 per cent compared to the same period in 2022–23.

Figure 2 shows the majority of complaints received in this quarter related to service delays, delays in payments, and premium payment problems. These complaints were in relation to customer service problems experienced by Defence Health resulting from

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.



a computer system upgrade (see also **Table 2**). Further details regarding Defence Health’s complaints are discussed below.

Figure 1: Complaints received by quarter

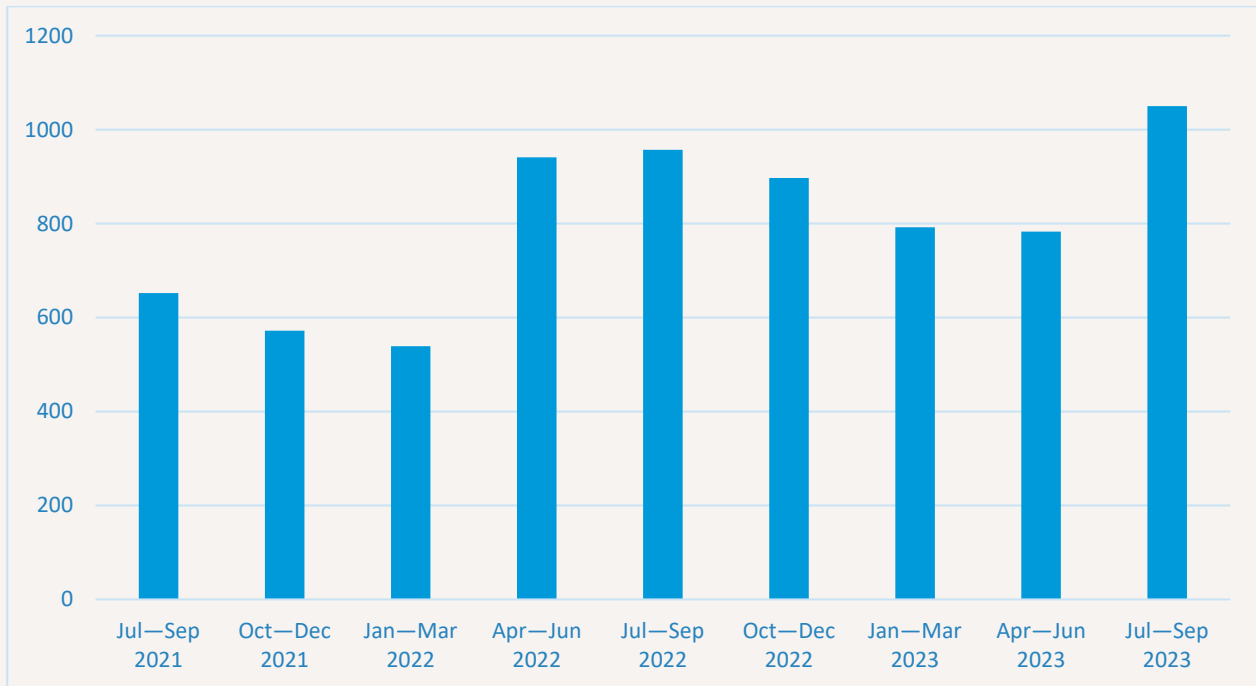


Figure 2: Top complaint issues in July to September 2023, compared to previous 3 quarters

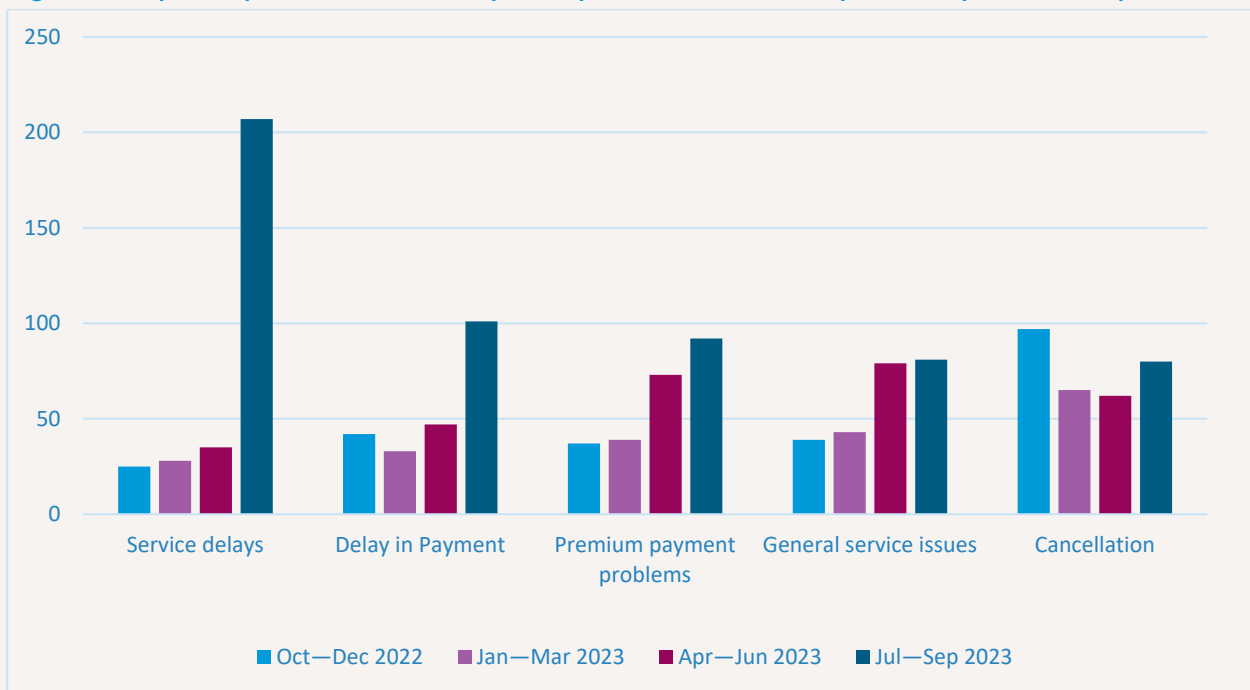


Table 1: Complaints by provider or organisation type – comparison

Provider or organisation type	Dec 2022 quarter	Mar 2023 quarter	Jun 2023 quarter	Sep 2023 quarter
Health insurers	760	691	671	930
Overseas visitors and overseas student health insurers	121	89	103	97
Brokers and comparison services	2	4	3	15
Doctors, dentists, and other medical providers	0	1	1	2
Hospitals and area health services	1	1	2	1
Other (e.g., legislation, ambulance services, industry peak bodies)	13	6	3	5
Total	897	792	783	1050

Defence Health systems upgrade

Defence Health transitioned to a new computer system in late July 2023. Over the quarter following this changeover, the Office received 302 complaints about Defence Health which was 35.3 per cent of total complaints and far higher than its market share of 2 per cent.

Examples of issues raised by complainants included not being able to contact Defence Health because a large number of customers were experiencing problems at the same time. Service complaints seem expected whenever an organisation conducts a major system upgrade and problems occur. However, some Defence Health customers experienced problems beyond delays on the phone or in receiving responses, including not being able to claim benefits or make policy payments, or having their bank accounts debited incorrectly.

Most seriously, some hospital admissions were affected when Defence's computer system could not confirm incoming patients' benefit eligibility.

Defence Health has acknowledged the issues in its communications with members.²

This Office previously published an issues paper focusing on the lessons learned from another private health insurer's major system transformation. The issues paper also includes best

² Defence Health, 'A message from Acting CEO Major General Gerard Fogarty (Ret'd)' ([Latest updates on our system and service \(defencehealth.com.au\)](https://www.defencehealth.com.au))

practice guidance for customer service organisations, including other insurers, to consider when implementing major systems upgrades.

As we noted in that paper, a major computer system problem can have a lasting impact on policyholders even when an organisation moves swiftly to mitigate the issue. The example illustrated in the issues paper highlighted that despite the insurer reacting within hours to the problem, it was not fully corrected until three months after the changeover.

We encourage all customer service organisations considering any major systems changes, including insurers, to plan for unexpected and major events, have effective and efficient complaint handling processes in place to handle any unexpected problems (including ensuring adequate resourcing is in place), communicate with stakeholders in a timely manner and monitor the impacts of the change.

The issues paper is available on our website [here](#).

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Table 2: Complaints by health insurer market share, 1 July to 30 September 2023

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%	0	0.0%	0	0.0%	0.1%
AIA Health (myOwn)	1	1.6%	11	1.3%	0	0.0%	0.3%
Australian Unity	1	1.6%	20	2.3%	0	0.0%	2.4%
BUPA	9	14.1%	144	16.8%	4	36.4%	24.7%
CBHS	1	1.6%	9	1.1%	0	0.0%	1.5%
CBHS Corporate Health	0	0.0%	1	0.1%	0	0.0%	<0.1%
CDH (Hunter Health Insurance)	0	0.0%	0	0.0%	0	0.0%	<0.1%
CUA Health ⁵	0	0.0%	1	0.1%	0	0.0%	0.5%
Defence Health	19	29.7%	302	35.3%	0	0.0%	2.0%
Doctors' Health Fund	0	0.0%	1	0.1%	0	0.0%	0.5%
GMHBA (incl. Health.com.au)	0	0.0%	14	1.6%	0	0.0%	2.3%
HBF Health & GMF/Healthguard	1	1.6%	18	2.1%	0	0.0%	7.3%
HCF (incl. RT Health)	11	17.2%	81	9.5%	0	0.0%	12.4%
HCI (Health Care Insurance)	0	0.0%	1	0.1%	0	0.0%	0.1%
Health Partners	0	0.0%	1	0.1%	0	0.0%	0.7%
HIF (Health Insurance Fund of Aus.)	0	0.0%	3	0.4%	0	0.0%	0.7%
Latrobe Health	1	1.6%	5	0.6%	0	0.0%	0.7%
Medibank Private & AHM	11	17.2%	167	19.5%	2	18.2%	27.4%
Mildura District Hospital Fund Limited	0	0.0%	1	0.1%	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%	3	0.4%	0	0.0%	0.4%
NIB Health & GU Corporate Health	6	9.4%	58	6.8%	3	27.3%	9.4%
Peoplecare	1	1.6%	0	0.0%	0	0.0%	0.5%
Phoenix Health Fund	0	0.0%	0	0.0%	0	0.0%	0.2%
Police Health	0	0.0%	1	0.1%	0	0.0%	0.5%
QLD Country Health Fund	0	0.0%	0	0.0%	0	0.0%	0.4%
Reserve Bank Health	1	1.6%	1	0.1%	0	0.0%	<0.1%
St Lukes Health	0	0.0%	1	0.1%	0	0.0%	0.6%
Teachers Health	0	0.0%	9	1.1%	1	9.1%	2.6%
Transport Health ⁶	0	0.0%	0	0.0%	0	0.0%	0.1%
TUH	0	0.0%	0	0.0%	0	0.0%	0.6%
Westfund	1	1.6%	2	0.2%	1	9.1%	0.9%
Total for Health Insurers	64	100.0%	855	100.0%	11	100.0%	100.0%

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

⁴ Source: Australian Prudential Regulation Authority, Market Share, All Policies, 30 June 2022.

⁵ CUA Health merged with HBF, with all CUA Health policies transferred to HBF effective 1st January 2023.

⁶ Transport Health merged with HCF, with all Transport Health policies transferred to HCF effective 1 January 2023.



Table 3: Complaint issues and sub-issues, received 1 July to 30 September 2023 and previous 3 quarters

ISSUE	Dec 22	Mar 23	Jun 23	Sep 23
BENEFIT				
Accident and emergency	13	8	5	4
Accrued benefits	3	1	0	2
Ambulance	7	7	9	5
Amount	8	10	5	21
Delay in payment	38	33	47	101
Excess	15	11	5	7
Gap—Hospital	28	2	0	2
Gap—Medical	20	30	14	16
General treatment (extras/ancillary)	47	49	59	41
High cost drugs	0	3	1	1
Hospital exclusion/restriction	41	29	30	50
Insurer rule	14	12	21	20
Limit reached	0	2	3	0
New baby	0	3	0	4
Non-health insurance	1	0	0	1
Non-health insurance—overseas benefits	0	0	0	1
Non-recognised other practitioner	1	0	2	1
Non-recognised podiatry	0	1	1	1
Other compensation	2	1	0	0
Out of pocket not elsewhere covered	2	2	2	3
Out of time	0	0	0	2
Preferred provider schemes	4	3	1	6
Prostheses	7	4	6	5
Workers compensation	0	0	0	0
CONTRACT				
Hospitals	3	1	1	1
Preferred provider schemes	0	2	2	4
Second tier default benefit	1	0	1	2
COST				
Dual charging	1	2	0	1
Rate increase	11	15	7	9
INCENTIVES				
Lifetime Health Cover	29	14	35	33
Medicare Levy Surcharge	1	0	0	1
Private health insurance reforms	0	0	0	0
Rebate	8	2	0	4
Rebate tiers and surcharge changes	0	1	0	1
INFORMATION				
Brochures and websites	6	4	4	8
Lack of notification	7	11	11	17
Radio and television	1	0	0	1
Standard Information Statement	0	3	0	1
Verbal advice	6	9	17	16
Written advice	5	3	3	4



ISSUE	Dec 22	Mar 23	Jun 23	Sep 23
INFORMED FINANCIAL CONSENT				
Doctors	0	1	0	0
Hospitals	0	4	3	1
Other	0	0	0	0
MEMBERSHIP				
Adult dependents	16	9	8	13
Arrears	8	5	6	10
Authority over membership	4	5	4	1
Cancellation	96	65	62	80
Clearance certificates	16	12	19	34
Continuity	24	21	19	13
Rate and benefit protection	6	2	1	11
Suspension	12	14	15	21
SERVICE				
Customer service advice	45	114	83	54
General service issues	49	43	79	81
Premium payment problems	33	39	73	92
Service delays	20	28	35	207
WAITING PERIOD				
Benefit limitation period	2	2	0	2
General	10	10	12	18
Obstetric	4	4	1	4
Other	1	4	1	0
Pre-existing conditions	57	67	69	60
OTHER				
Access	2	0	1	10
Acute care and type C certificates	2	2	0	3
Community rating	0	0	0	0
Complaint not elsewhere covered	3	1	0	1
Confidentiality and privacy	143	38	12	8
Demutualisation/sale of health insurers	0	0	0	1
Discrimination	0	0	0	1
Medibank sale	1	0	0	0
Non-English speaking background	0	0	0	0
Non-Medicare patient	0	1	0	0
Private patient election	0	1	0	2
Rule change	1	1	2	2

