

Quarterly Update:

1 January to 30 June 2024

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.

This update covers the January to March 2024 and April to June 2024 quarters. Going forward, we will return to regularly providing quarterly updates within 2-months of the end of each quarter.

During the January to March 2024 quarter, the Office received 1,002 complaints in its capacity as the Private Health Insurance Ombudsman.¹ This was an increase of 26.5 per cent compared to the same period in 2022–23.

During the April to June 2024 quarter, the Office received 981 complaints in its capacity as the Private Health Insurance Ombudsman. This was an increase of 25.3 per cent compared to the same period in 2022–23.

The quarter by quarter comparison of all complaints received by the Private Health Insurance Ombudsman is shown in **Figure 1**.

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 1: Complaints received by quarter

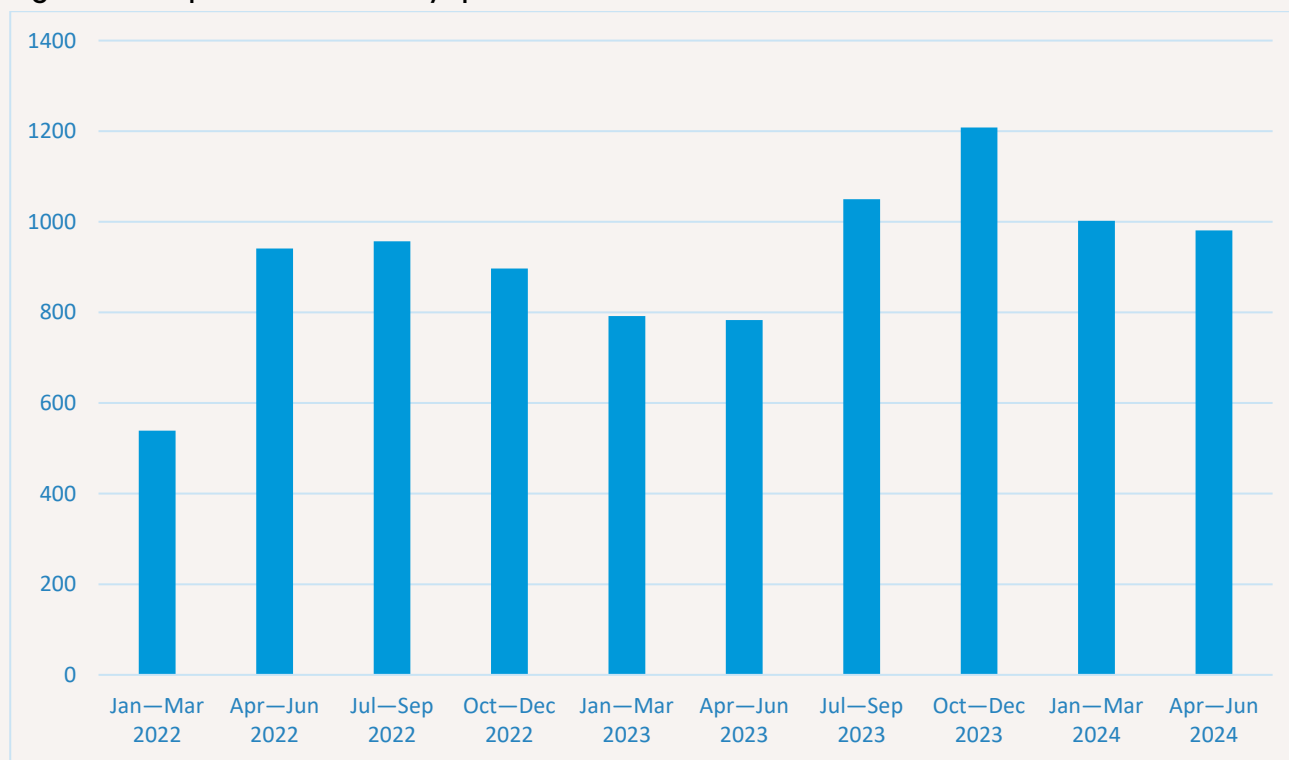


Table 1: Complaints by provider or organisation type in 2023-24

Provider or organisation type	Sep 2023 quarter	Dec 2023 quarter	Mar 2024 quarter	Jun 2024 quarter
Health insurers	930	1097	898	867
Overseas visitors and overseas student health insurers	97	88	90	100
Brokers and comparison services	15	7	6	4
Doctors, dentists, and other medical providers	2	0	2	1
Hospitals and area health services	1	4	0	2
Other (e.g., legislation, ambulance services, industry peak bodies)	5	7	6	7
Total	1050	1203	1002	981

Figure 2: Top complaint issues in April to June 24, compared to previous 3 quarters

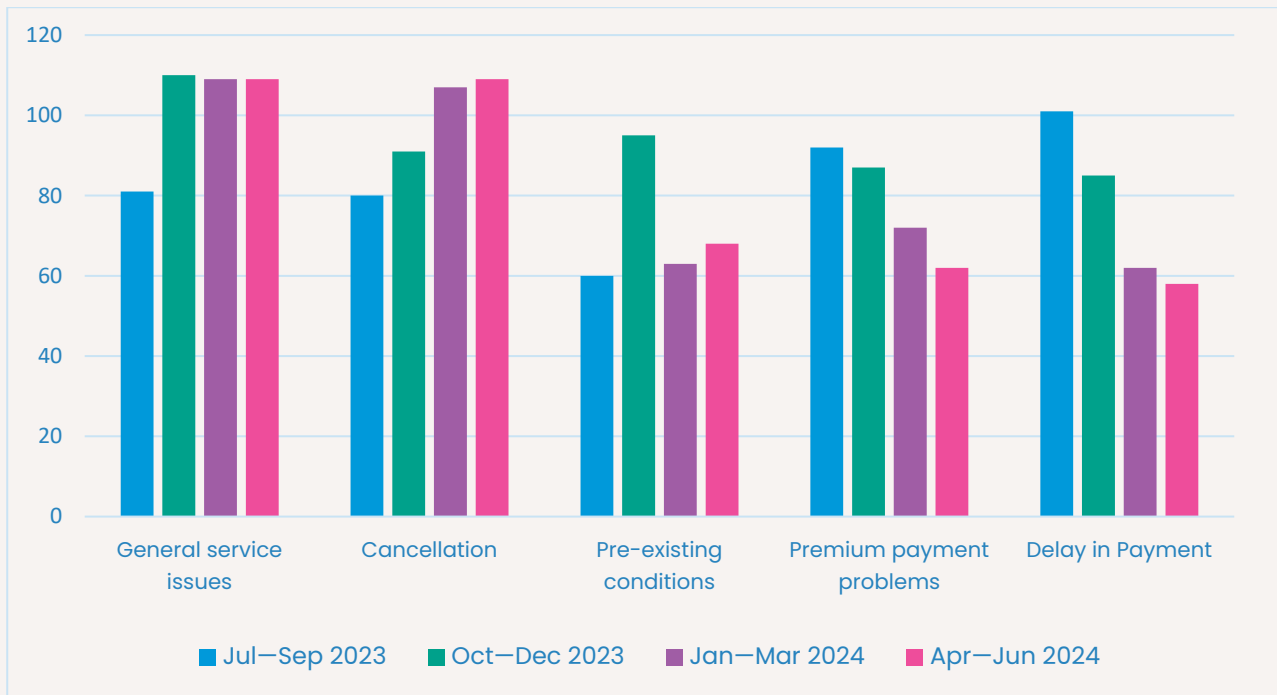


Figure 2 shows the top complaint issues in April to June 2024, compared to the previous 3 quarters. The issues which were most complained about were general service issues, cancellation of policies, and premium payment problems.

These three issues reflect the high rate of complaints from Defence Health policyholders, though these complaints have trended downwards since their peak in the [December 2023 quarterly update](#). As noted in the December update, service delay complaints primarily arose from complaints relating to Defence Health and delays in responding to consumers. Further comment on Defence Health is included below.

Tables 2 and 3 below, show complaints by insurer for the March and June 2024 quarters.

Defence Health's total complaints remained relatively steady at approximately 21.1 per cent of all insurer complaints in the June quarter as compared to 23.4 per cent in the previous quarter. Defence Health's complaint numbers remain disproportionately high for an insurer with 2.0 per cent market share, almost 11 times the market share of the insurer despite being 12 months out from the systems upgrade. We expect to see the trend of decreasing complaints to continue to decrease over time, however the insurer is taking longer to return to normal than expected.



Table 2: Complaints by health insurer market share, 1 January to 31 March 2024

Name of insurer	No further action	Percentage of no further action	Referrals	Percentage of referrals	Investigations ²	Percentage of investigations	Market share ³
ACA Health Benefits	0	0.0%	0	0.0%	0	0.0%	0.1%
AIA Health (myOwn)	1	1.4%	14	1.7%	0	0.0%	0.4%
Australian Unity	2	2.9%	26	3.2%	0	0.0%	2.2%
BUPA	10	14.5%	127	15.7%	6	27.3%	24.9%
CBHS	0	0.0%	10	1.2%	0	0.0%	1.5%
CBHS Corporate Health	0	0.0%	3	0.4%	0	0.0%	<0.1%
CDH (Hunter Health Insurance)	0	0.0%	0	0.0%	0	0.0%	<0.1%
Defence Health	8	11.6%	200	24.8%	2	9.1%	2.0%
Doctors' Health Fund	0	0.0%	5	0.6%	0	0.0%	0.5%
GMHBA (incl. Health.com.au)	2	2.9%	8	1.0%	0	0.0%	2.2%
HBF Health and GMF/Healthguard (incl. CUA) ⁴	2	2.9%	12	1.5%	1	4.5%	7.7%
HCF (incl. RT Health and Transport Health) ⁵	14	20.3%	98	12.1%	4	18.2%	12.5%
HCI (Health Care Insurance)	0	0.0%	0	0.0%	0	0.0%	0.1%
Health Partners	2	2.9%	6	0.7%	0	0.0%	0.7%
HIF (Health Insurance Fund of Aus.)	1	1.4%	4	0.5%	0	0.0%	0.7%
Latrobe Health	0	0.0%	6	0.7%	1	4.5%	0.7%
Medibank Private and AHM	17	24.6%	154	19.1%	4	18.2%	27.1%
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%	2	0.2%	0	0.0%	0.4%
NIB Health and GU Corporate Health	7	10.1%	86	10.7%	2	9.1%	9.6%
Peoplecare	0	0.0%	5	0.6%	0	0.0%	0.5%
Phoenix Health Fund	0	0.0%	3	0.4%	0	0.0%	0.2%
Police Health	0	0.0%	4	0.5%	0	0.0%	0.5%
QLD Country Health Fund	1	1.4%	0	0.0%	0	0.0%	0.4%
Reserve Bank Health	0	0.0%	1	0.1%	0	0.0%	<0.1%
St Lukes Health	0	0.0%	8	1.0%	0	0.0%	0.6%
Teachers Health	2	2.9%	22	2.7%	1	4.5%	2.6%
TUH	0	0.0%	0	0.0%	1	4.5%	0.6%
Westfund	0	0.0%	3	0.4%	0	0.0%	0.9%
Total for Health Insurers	69	100.0%	807	100.0%	22	100.0%	

² Investigations required the intervention of the Ombudsman and the health insurer.

³ Source: Australian Prudential Regulation Authority, Market Share, All Policies, 30 June 2023.

⁴ CUA Health merged with HBF, with all CUA Health policies transferred to HBF effective 1st January 2023.

⁵ Transport Health merged with HCF, with all Transport Health policies transferred to HCF effective 1 January 2023.

Table 3: Complaints by health insurer market share, 1 April to 30 June 2024

Name of insurer	No further action	Percentage of no further action	Referrals	Percentage of referrals	Investigations ⁶	Percentage of investigations	Market share ⁷
ACA Health Benefits	0	0.0%	0	0.0%	0	0.0%	0.1%
AIA Health (myOwn)	0	0.0%	13	1.6%	0	0.0%	0.4%
Australian Unity	1	2.5%	21	2.6%	0	0.0%	2.2%
BUPA	9	22.5%	191	23.3%	1	14.3%	24.9%
CBHS	0	0.0%	8	1.0%	1	14.3%	1.5%
CBHS Corporate Health	1	2.5%	0	0.0%	0	0.0%	<0.1%
CDH (Hunter Health Insurance)	0	0.0%	0	0.0%	0	0.0%	<0.1%
Defence Health	2	5.0%	181	22.1%	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%	5	0.6%	1	14.3%	2.2%
HBF Health and GMF/Healthguard (incl. CUA)	0	0.0%	29	3.5%	0	0.0%	7.7%
HCF (incl. RT Health and Transport Health) ⁸	12	30.0%	71	8.7%	1	14.3%	12.5%
HCI (Health Care Insurance)	0	0.0%	0	0.0%	0	0.0%	0.1%
Health Partners	0	0.0%	5	0.6%	0	0.0%	0.7%
HIF (Health Insurance Fund of Aus.)	0	0.0%	8	1.0%	0	0.0%	0.7%
Latrobe Health	0	0.0%	5	0.6%	0	0.0%	0.7%
Medibank Private and AHM	10	25.0%	166	20.2%	1	14.3%	27.1%
Mildura District Hospital Fund Limited	0	0.0%	0	0.0%	0	0.0%	0.3%
National Health Benefits Aust.	0	0.0%	1	0.1%	0	0.0%	0.1%
Navy Health	0	0.0%	3	0.4%	0	0.0%	0.4%
NIB Health and GU Corporate Health	2	5.0%	79	9.6%	0	0.0%	9.6%
Peoplecare	1	2.5%	1	0.1%	0	0.0%	0.5%
Phoenix Health Fund	0	0.0%	2	0.2%	0	0.0%	0.2%
Police Health	0	0.0%	2	0.2%	1	14.3%	0.5%
QLD Country Health Fund	1	2.5%	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	1	2.5%	4	0.5%	0	0.0%	0.6%
Teachers Health	0	0.0%	18	2.2%	1	14.3%	2.6%
TUH	0	0.0%	3	0.4%	0	0.0%	0.6%
Westfund	0	0.0%	3	0.4%	0	0.0%	0.9%
Total for Health Insurers	40	100.0%	820	100.0%	7	100.0%	

⁶ Investigations required the intervention of the Ombudsman and the health insurer.

⁷ Source: Australian Prudential Regulation Authority, Market Share, All Policies, 30 June 2023.

⁸ Transport Health merged with HCF, with all Transport Health policies transferred to HCF effective 1 January 2023.

Presentation of total benefits paid (including Medicare) vs benefits paid by insurers

The Office recently resolved a complaint relating to how medical benefits information appeared in an insurer's mobile app.

For an inpatient private patient medical claim, Medicare pays 75 per cent of the Medicare Benefits Schedule (MBS) fee and the insurer pays 25 per cent of the MBS fee. The doctor's fee may exceed the MBS fee in which case the person pays the difference. In some cases, the insurer may pay more than 25 per cent if the medical provider participates in the insurer's no gap or known gap scheme.

In this complaint, the insurer's app was presenting the combined Medicare and insurer benefit as the total benefit paid. Although the insurer included a disclaimer indicating that the claim amount included both the Medicare and insurer benefit combined, there was no other breakdown of this split, and it did not indicate the 75 to 25 per cent ratio between Medicare and insurer benefits.

In this case, the insurer has agreed to review how benefits are displayed to consumers to show the insurer benefit separate to the Medicare benefit. The Office's view is that insurers should check that when showing medical benefits, the amount paid by the insurer is distinct from the amount paid by Medicare.

Multiple item number admissions with part coverage

Our Office has considered 18 complaints in 2023 and a further 5 complaints in 2024 (up to the end of June 2024) where a policyholder is admitted to hospital for treatment and their hospital policy covers them for some but not all the item numbers for that admission. In these complaints, the insurer has rejected the whole claim on the basis that the other items are excluded. The complaints our Office received have been resolved, however it would be helpful if insurers could ensure the rules around these claims are understood by claims assessment staff to reduce complaints on this issue.

The [Private Health Insurance \(Complying Product\) Rules 2015](#) requires treatment within the scope of cover of a clinical category, that is listed as an inclusion in the policy, to attract benefits. Insurers should pay benefits for a covered item, even if the other items are excluded.

The Department of Health and Aged Care previously issued a [circular in 2018](#) indicating that a patient would still be entitled to minimum benefits in respect to covered treatments, assuming all other relevant requirements are met.



Table 4: Complaint issues and sub-issues for April to June 2024 and previous 4 quarters

ISSUE	Jun 23	Sep 23	Dec 23	Mar 24	Jun 24
BENEFIT					
Accident and emergency	5	4	4	4	6
Accrued benefits	0	2	2	9	2
Ambulance	9	5	8	9	7
Amount	5	21	26	22	28
Delay in payment	47	101	85	62	58
Excess	5	7	12	13	13
Gap—Hospital	0	2	6	5	9
Gap—Medical	14	16	13	42	36
General treatment (extras/ancillary)	59	41	44	49	54
High-cost drugs	1	1	4	6	6
Hospital exclusion/restriction	30	50	34	28	34
Insurer rule	21	20	20	17	18
Limit reached	3	0	2	2	2
New baby	0	4	3	9	1
Non-health insurance	0	1	1	1	2
Non-health insurance— overseas benefits	0	1	0	0	0
Non-recognised other practitioner	2	1	3	2	0
Non-recognised podiatry	1	1	0	1	0
Other compensation	0	0	6	8	10
Out of pocket not elsewhere covered	2	3	0	6	9
Out of time	0	2	1	0	3
Preferred provider schemes	1	6	3	1	4
Prostheses	6	5	2	3	5
Workers compensation	0	0	2	0	0
CONTRACT					
Hospitals	1	1	2	2	1
Preferred provider schemes	2	4	1	1	0
Second tier default benefit	1	2	0	0	0
COST					
Dual charging	0	1	6	9	7
Rate increase	7	9	6	30	31
INCENTIVES					
Lifetime Health Cover	35	33	50	36	38
Medicare Levy Surcharge	0	1	1	0	0
Private health insurance reforms	0	0	0	0	1
Rebate	0	4	5	3	5
Rebate tiers and surcharge changes	0	1	0	0	0
INFORMATION					
Brochures and websites	4	8	3	19	8
Lack of notification	11	17	8	10	10



OFFICIAL

ISSUE	Jun 23	Sep 23	Dec 23	Mar 24	Jun 24
Radio and television	0	1	1	0	0
Standard Information Statement	0	1	3	1	2
Verbal advice	17	16	27	13	20
Written advice	3	4	2	3	4
INFORMED FINANCIAL CONSENT					
Doctors	0	0	0	2	4
Hospitals	3	1	2	1	2
Other	0	0	0	1	0
MEMBERSHIP					
Adult dependents	8	13	7	5	5
Arrears	6	10	16	14	23
Authority over membership	4	1	10	13	6
Cancellation	62	80	91	107	109
Clearance certificates	19	34	69	68	34
Continuity	19	13	8	45	43
Rate and benefit protection	1	11	8	13	10
Suspension	15	21	25	14	14
SERVICE					
Customer service advice	83	54	44	56	33
General service issues	79	81	110	109	109
Premium payment problems	73	92	87	72	62
Service delays	35	207	307	24	24
WAITING PERIOD					
Benefit limitation period	0	2	0	2	1
General	12	18	15	27	24
Obstetric	1	4	4	6	4
Other	1	0	1	5	5
Pre-existing conditions	69	60	95	63	68
OTHER					
Access	1	10	3	4	1
Acute care and type C certificates	0	3	2	1	2
Community rating	0	0	0	0	0
Complaint not elsewhere covered	0	1	6	3	3
Confidentiality and privacy	12	8	9	6	14
Demutualisation/sale of health insurers	0	1	0	0	0
Discrimination	0	1	1	0	0
Medibank sale	0	0	0	0	0
Non-English speaking background	0	0	0	0	0
Non-Medicare patient	0	0	0	0	1
Private patient election	0	2	1	0	0
Rule change	2	2	2	3	4



Annual Summary: 1 July 2023 to 30 June 2024

In 2023–24, the Office received 4,241 complaints in its capacity as Private Health Insurance Ombudsman. This represents a 23.7 per cent increase from the last financial year.

This increase is mostly attributable to the large volume of complaints from Defence Health, which undertook a major system transformation in July 2023. We received just under 1,200 complaints in the 2023–24 financial year, where we previously averaged approximately 35 complaints about Defence Health in the 2021–22 financial year and 40 complaints in the 2022–23 financial year.

Defence Health

Defence Health's systems upgrade had a significant impact on premium payments, claims processing, clearance/transfer certificates, and general customer service.

While the overall volume of contacts was significant, this event emphasises the need for a robust and scalable complaints resolution system for any insurer undertaking a large systems transformation.

Complaints about service delays continued to increase from less than 40 total in the April to June 2023 quarter, to just over 200 from July to September 2023 and peaking at over 300 in October to December 2023. While Defence Health worked to identify and rectify issues while increasing service capacity, this still took time to take effect as new staff had to be trained to handle the incoming contacts and complaints.

As indicated in our quarterly updates, Defence Health's total complaints have been trending downwards in the past two quarters. The insurer is still working on resolving outstanding complaints and issues, and complaint numbers remain high compared to before July 2023.

The Office previously released an [issues paper](#) regarding lessons learned from a previous major system transformation undertaken by an insurer, which had similar negative impacts on policyholders and consumers.

We recommend any insurer considering a major system upgrade or transformation to review the paper and implement lessons learned to mitigate any potential detrimental effects on consumers.



Data

The data in this update is for the period 1 July 2023 to 30 June 2024. Some figures may differ from the Annual Report as our data is dynamic and regularly updated as new information becomes known. Previous Private Health Insurance Ombudsman updates are available on the Ombudsman's [website](#).

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