



Australian Government

Private Health Insurance Ombudsman

The State of the Health Funds Report 2004

*An independent assessment of the comparative
performance and service delivery of Australia's
private health insurance providers*

FOREWORD

I am pleased to present the first annual *State of the Health Funds* report.

The *National Health Act* now requires the Private Health Insurance Ombudsman to publish this report after the end of each financial year, to provide comparative information on the performance and service delivery of all health funds during that financial year.

The main aim of publishing the report is to give consumers some extra information to help them when making decisions about private health insurance.

Until now consumers haven't had much independent information about the performance and service delivery of health funds. They have to rely on general reputation, recommendations from friends or family and advertising claims by the funds when choosing a health fund or reassessing their health insurance arrangements. These things should certainly remain as important considerations in choosing a health fund but the range of information provided through this report should help to better inform such choices.

I acknowledge that this report does not include performance information on many issues that might be of interest to consumers. In choosing the range of issues and indicators to include in this report, I have had to take account of the availability of reliable data and whether the information is reasonably comparable across funds. Much of the information is collected from published industry reports or existing data collections. Some additional data has been gathered from the funds but I have sought to keep the extra administrative burden for funds to a minimal level, so as not to contribute to undue extra administration costs.

Most health funds offer a wide range of product options designed to meet a range of consumer circumstances, needs and budgets. This report is focussed on general performance and service delivery by health funds and does not include detailed information on all health insurance products. In other words, the information in this report might help in deciding which health funds to consider but won't help to decide which of the funds' products to purchase.

In my view there is a real need for consumers to have health fund product information presented in a way that makes it easier to compare products across a range of funds. It was beyond the intended scope of this report (and my office's capacity at this time) to provide such detail but I will continue to explore with the industry and other stakeholders how this objective can best be achieved.

While I did consult with a range of organisations about what might be included in the report, I take sole responsibility for the selection and presentation of the information included. Naturally, I would welcome any comment or suggestions on that issue, particularly given that this is the first such report.

I would like to acknowledge the support and assistance of PHIO staff and the following organisations in the preparation of this report.

*Registered Health Funds
Private Health Insurance Administration Council
Australian Consumers Association
Department of Health and Ageing
Standard and Poors Pty Ltd
Global Reviews Pty Ltd*

John Powlay
Private Health Insurance Ombudsman

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THE STATE OF THE HEALTH FUNDS REPORT

Understanding the Report

This report presents a selection of indicators of service delivery and aspects of the performance of health funds, in the form of tables with comparative ratings for all of the funds. For some indicators statistical information is provided instead of, or in addition to, the comparative ratings.

The tables cover the following aspects of health fund operations:

- *Service Delivery*
- *Service Performance*
- *Finances and Costs*
- *Hospital Cover*
- *Ancillary (Extras) Cover*

Each of the tables is preceded by a discussion of the indicators used in the table, the source of the information provided and, where necessary, an explanation of the scoring system used to determine the comparative ratings.

All health funds are included in the tables for each indicator and are listed in alphabetical order.

Not all health funds will be relevant for any particular consumer. Membership of some funds is restricted to employees of certain companies or occupations and some funds operate predominantly in only some states or regions. Such considerations are indicated in an initial *Health Funds Listing* table.

Comparative Ratings

The rating system gives each fund a rating of **A**, **B**, **C** or **D** for the various indicators based on a comparison of that fund's score against the score of other funds.

Funds scoring in the top 25% on that indicator are given an "A" rating; a score in the next 25% gets a "B" rating etc. This means that for each indicator there will normally be approximately 25% of funds being rated at each level¹.

A rating of "A" always represents the preferred outcome on the particular indicator. For example, much higher benefits compared to other funds will get an "A" rating but a much higher price or much higher administration costs will get a "D" rating.

The ratings are intended to allow easy comparison between funds based on the indicators presented in this report. They do not necessarily indicate a satisfactory or unsatisfactory performance.

For instance, if all funds are performing well on a particular indicator, a "D" rating may still indicate a very acceptable level of performance.

State Based Differences

Most of the information contained in this report is based on national data. However, the market for health insurance is, to a large extent, state based. (Some funds have little presence in most states but may have a large market share in one State or Territory; some funds offer different products and prices in different States and some funds use different brand names in different States and Territories.)

Separate tables are therefore provided for each State/Territory for *Hospital Cover* and *Ancillary (Extras) Cover*. In those tables only funds operating in that State/Territory are shown and the ratings are based on comparisons of data for those funds only.

Details of the number of retail offices and agencies operated by each fund are also shown on a State/Territory basis in the *Service Delivery* table.

Information about Products

This report does not contain much information about particular fund products. The information that is included is limited to ratings of price and benefits for the funds' top (highest priced) hospital and extras covers. This is intended to provide only a very broad indicator of comparative price and benefits.

¹ Where there is no or little difference between fund scores those funds will be given the same rating. Where the number of funds rated is small, lower ratings (C or D) may not be given.

THE STATE OF THE HEALTH FUNDS REPORT

Using the Information in this Report to Compare Health Funds

It is expected that consumers will use the information contained in this report either to identify funds to consider, once they have decided they may want to take out private health insurance, or to assess their existing fund's performance, as part of a reassessment of their health insurance needs.

The selection of indicators used in this report is not intended to represent the full range of factors that should be considered when comparing the performance of health funds. The range of indicators has been limited to those for which there is reliable comparative information available.

It is intended that consumers should use the range of indicators included in this report as a menu to choose the factors that may be of importance to them.

People using the report should form their own view of which factors they may value and which may not be relevant to them.

For instance, some consumers may prefer to do business with a health fund in person. In that case the availability of branch offices will be an important consideration but other service delivery aspects may not be relevant. For consumers wishing to do as much of their business as possible over the internet the availability of branch offices may not be a relevant consideration but ratings of services available through the funds' websites will be important.

Some advice on why particular indicators might be more relevant to particular consumers is provided in the explanations preceding each of the tables in this report.

For consumers who are considering taking out private health insurance for the first time, it is suggested that the report be used to identify a number of funds (preferably at least three) to be further investigated.

None of the indicators used in this report should be relied on solely as an indicator of fund performance.

In most cases a comparatively poor rating of one indicator will be offset by better ratings in other factors. Some indicators need to be seen in light of other factors. For instance: ratings on price need to be considered in light of ratings about benefits and other services.

Some advice on factors to consider when assessing ratings for particular indicators is also provided in the explanations preceding each of the tables in this report.

No attempt has been made to weight the importance of various indicators, as this is a subjective judgement very much dependent on the particular circumstances, preferences and priorities of individual consumers. For this reason it would not be reasonable to average all the ratings of funds to obtain some form of consolidated performance or service delivery score.

The publication "*Insure, Not Sure*" produced by the Private Health Insurance Administration Council provides independent information to help consumers decide whether they want to take out private health insurance. It also includes a useful checklist of questions to consider when deciding on a health insurance product.²

Disclaimers

Some information included in this report has been based on surveys submitted by health fund staff. PHIO understands that best endeavours have been made to ensure all information is accurate. However PHIO has not been able to independently verify some of this information.

Nothing contained in this report, should be taken as a recommendation, by the Private Health Insurance Ombudsman, in favour of any particular health fund or health insurance product.

² The "*Insure, Not Sure*" booklet can be viewed and downloaded from the Private Health Insurance Ombudsman's (PHIO) website – www.phio.org.au or obtained on request to the PHIO.

KEY CONSUMER CONCERNS, ISSUES AND DEVELOPMENTS

Complaints to the Private Health Insurance Ombudsman (PHIO) consistently indicate some key consumer concerns and issues about health fund operations. There are also some significant developments in the design and administration of health insurance products that appear likely to have some impact on the value of health insurance for consumers.

The Rising Cost of Health Insurance

There was a decline in the number of complaints about premium rises last year. This seems to have been due, in part, to improved administration of the premium rise process and some improvement in the way funds have communicated the increases. The level of increases also appeared to be more in line with consumer expectations. Most contributors appear to be resigned to some annual increase in premiums and have probably come to expect rises of between 5 and 9 percent.

Nonetheless, the price of health insurance remains a major concern to consumers and receives considerable public comment.

Health funds are also very aware that affordability is the key factor in consumer decisions to take up and retain private health insurance, notwithstanding the range of government incentives provided to encourage participation. However, the cost of providing health insurance benefits continues to rise because more people are becoming entitled to benefits (and more often) and because of cost pressures in virtually all areas of health services.

Faced with rising benefit costs, funds have few options for containing prices. Virtually all of the factors leading to increasing costs are outside the funds' direct control. While there is some scope for some funds to reduce their administration costs, most funds have already engaged in some "belt tightening" and even a significant reduction in management costs would have only a small one-off effect on premium increases.

Given the range of cost pressures faced by funds at present, it seems likely that the level of premium increases experienced over the last two years will continue.

Changes to Benefits

There are also signs that, in their efforts to keep premium increases to an acceptable level, some funds are devaluing their health insurance products by reducing benefits or other conditions and allowing more patient gaps.

Although health funds may only alter their premiums annually after an approval process, they can change the benefits and conditions applying to a health insurance product at any time. In this regard health insurance consumers have less protection from such changes than is available in other consumer contracts and insurance policies, where changes to contracts cannot be made unilaterally or contracts are renewed annually.

By contrast many consumers consider that their health insurance is a long-term arrangement between them and their fund. They purchase (and continue to pay for) nothing more than a promise of benefits when they need them. They have to wait at least 12 months before they get benefits to cover some treatments and, with some funds, have to wait much longer before they can get full benefits. In some cases they pay their premiums up to 12 months in advance. It is not surprising that many consumers complain and feel betrayed when significant detrimental changes are made to their benefit entitlements, particularly if, despite receiving some notification, they have not understood the impact of the changes until they have needed a procedure or treatment.

Changing circumstances and, in some cases, prudent fund management means that some occasional changes to benefits and conditions are necessary and inevitable. Fortunately, most funds try to minimise such change, are reluctant to make significant detrimental changes to member benefits and, if they do, provide reasonable advance notice to their members.

One recent very positive development in this regard has been the adoption by the funds of the Ombudsman's guidelines on providing adequate advance notice to consumers of such changes. The industry is incorporating (and improving on) these guidelines in a proposed industry Code of Practice.

KEY CONSUMER CONCERNS, ISSUES AND DEVELOPMENTS

The Requirement for Patients to Pay a Gap

In the case of health insurance for hospital treatment, considerable progress has been made over recent years to reduce the incidence of patient gaps (extra amounts remaining for the patient to pay after Medicare and health fund benefits have been paid).

Most health funds have established agreements with nearly all private hospitals, ensuring that there is nothing for their members to pay when they are treated (other than any excesses or co-payments that apply to their policy). However, rising hospital costs (and associated benefit costs) have made the successful negotiation of such agreements increasingly difficult. As a result, some funds are becoming more “selective” about which hospitals are included in their agreement “network”.

The impact on consumers is, at a minimum, less choice about which hospital they can attend (and be covered for) or, if they exercise a choice to attend a non-agreement hospital, a significant gap to pay to cover the remainder of the hospital charge, after limited fund benefits have been paid.

In some cases, where health funds and hospitals have been unable to reach an agreement on benefits to cover the full hospital charge, they have agreed on a gap for the patient to pay. (This is usually considerably less than the patient might have to pay at a non-agreement hospital.) Such arrangements are not common now, but there is a risk that cost pressures might lead to more of these hospital gap agreements.

A much more common area of patient gaps (and complaints to the Ombudsman) is in relation to doctors’ bills for treatment as a private patient. The introduction of “gap cover schemes” has succeeded in reducing the incidence and size of gaps arising from doctors’ bills for treatment in hospital. Under these schemes funds can pay a higher benefit to cover more than the Medicare Benefit Schedule fee for the doctor’s services. Participating doctors agree to accept the fund’s benefit as full payment for their services (no gap) or agree to ensure that the patient is informed in advance of the amount of the gap (known gap).

Despite their success to date in reducing the incidence of patient gaps, gap cover arrangements have become complex and problematic features of health insurance arrangements. Few consumers are aware that they need to check with each of the doctors involved in their treatment to see if the

doctor will use their fund’s gap schemes. The various fund schemes operate slightly differently and impose slightly different administrative requirements on doctors.

Cost pressures are also leading funds to limit increases in their gap cover benefits for doctors. As a result of that (and the design features of some schemes) there are indications that doctors’ participation in these schemes may decline further. Should this occur, consumers may once again be exposed to more and larger doctor’s gaps.

The Right to Change Funds

The right of private health insurance contributors to transfer between funds without undue disadvantage (portability) is a very important consumer protection. The legislation governing health insurance provides for this, in the case of hospital insurance, by requiring that contributors transferring to a broadly equivalent product with a new fund not be required to serve waiting periods for benefits if they have completed those periods with their previous fund.

In the absence of portability protection, the key right of consumers in a market situation (to take their business elsewhere) is removed or at least considerably weakened. Consumers without such protection are at risk of being “trapped” in health insurance products that have become unsuitable for their requirements as a result of changes in their circumstances or significant changes to their cover that they have not agreed to.

Recently some funds have sought to limit transferring members’ access to their hospital benefits if their previous fund did not have an agreement with a particular hospital; thereby exposing transferring members to larger out-of-pocket costs, for a period. Some of those funds have also introduced rules limiting benefits for certain treatments such as psychiatry and rehabilitation for a period after transfer. While the actions of these funds do protect their existing members from additional cost (which would need to be passed on in premiums), they also threaten to seriously undermine an important consumer right for all health insurance contributors.

The degree to which consumers are protected by portability provisions is, in any case, incomplete. It does not apply to ancillary (extras) cover. Benefit structures for ancillary products include features that reward long-term membership. Transferring to another fund for extras cover can therefore mean a reduction in benefits for some treatments and there is no guarantee against being required to re-serve waiting periods for ancillary benefits.

KEY CONSUMER CONCERNS, ISSUES AND DEVELOPMENTS

Complexity

Health insurance is a complex product. This arises in part because of the legislative and regulatory framework that surrounds it.

Attempts by the funds to offer greater consumer choice and differentiate their products from their competitors' can also contribute to complexity.

Some features that add to complexity are therefore unavoidable and some may be desirable for other reasons. However there is much that funds could do to simplify their products or to help members understand their policies.

Consumers frequently complain to the Ombudsman about the difficulties they have in trying to understand what they are covered for or in comparing different health insurance products.

One area that some funds have made unduly complex for consumers is the determination of ancillary (extras) benefits. These benefits are intended to cover part of the cost of dental, optical, physiotherapy and a wide range of other allied health services.

Most funds impose annual limits on the total amount of benefits that may be paid for each category of service. In some cases there is also a limit on the number of services in each category or sub-category for which benefits will be paid.

The actual amount of benefits paid for each service may be a fixed amount, a percentage of the fee charged by the provider, or more commonly a percentage of fee schedule determined by the fund for each particular service type. The fund fee schedule amount is usually significantly less than the actual fee charged.

The interaction of these various limits, fee schedules and benefit percentages can make it virtually impossible for consumers to know in advance how much of any fee might be covered by the health fund's benefits. It also means that it is virtually impossible for consumers to properly assess the value of such products.

It certainly does not seem necessary to impose service limits, in addition to limiting the total amount of benefits payable. While the need to cap the level of benefit available for various services (through the use of fund fee schedules) is understandable, funds using such arrangements could be more transparent in their dealings with members. For instance they could publish the \$ value of benefits

for the most commonly claimed services and regularly report to members on the proportion of actual fees being covered by the fund benefits.

Comparability

A few years ago the health insurance industry did make an attempt to provide information for consumers in a form that would allow them to more readily compare products between funds. Each fund produced a *Key Features Guide* in a standardised format describing all their products.

Unfortunately, the *Guides* have never achieved their aim. The guides themselves became complex documents and consumers were mostly unaware that they were available. Although they are still produced by most funds, some funds have abandoned the effort.

The Ombudsman has made a number of recommendations aimed at making *Key Features Guides* more accessible and user friendly for consumers and will continue to work with the industry to re-establish and relaunch this initiative.

Disclosure

There are other initiatives funds could take to ensure their members understand the product they have purchased.

One area of concern is policies that exclude or restrict benefits for some treatments. It is clear from the complaints to the Ombudsman that many consumers do not understand the nature of the restrictions on their chosen level of cover.

Funds could do more to provide new and prospective members with clear information that explains any restrictions or exclusions in their cover in greater detail.

Covers with restrictions or exclusions may be quite suitable for many young and healthy people, but may not meet their requirements over time. Many members retain these covers over time and do not upgrade to a more comprehensive cover when they reach the point where such a cover is no longer suitable.

The Ombudsman recommends that all consumers review their health insurance arrangements and needs annually. Funds should also ensure that they clearly highlight any restrictions or exclusions in the explanation of cover provided in members' annual Life-time Health Cover statements.

HEALTH FUNDS LISTING

There are forty (40) registered health funds operating in Australia.¹

Open and Restricted Membership funds

Of the forty registered funds, twenty six (26) are “open membership” funds – open to any Australian resident (over the age of 16 years) to join.

The remaining fourteen (14) funds are “restricted membership” funds. – Eligibility to join a restricted membership fund is limited to employees of certain companies or members of some unions or occupations, and their dependents.

Open and restricted membership funds are listed separately in the Health Funds Listing table and appear in alphabetical order within those separate lists.

Fund Names

Throughout this report health funds are referred to by an abbreviation of their registered name, rather than any brand name that they might use. This abbreviated name appears in the left hand column of the Health Funds Listing tables.

Some open membership funds use a number of different brand names or do not use their registered name as a public brand. Where this is the case, the brand names currently in use are shown in the Health Funds Listing immediately below the full registered fund name (which is in bold).

A number of open membership funds also provide “corporate” health insurance plans for employers. In some cases these health insurance products may be known by the employer’s name.

National/State/Regionally Based

Most funds operate nationally but some funds have focussed their operations on particular state or regional markets.

For open membership funds, identified as state or regionally based, this generally means that their retail offices and marketing and sales activities are confined to that particular state or region. It generally also means that contracting arrangements with hospitals and health providers are more widely developed within that state or region. (In most cases however, they do have some members residing outside the particular state or region and will accept membership applications from outside those areas.)

State or regionally based funds generally do maintain agreements with interstate hospitals to provide a service to members who require treatment when they are interstate.

Although they may be indicated as operating nationally, most larger open membership funds offer some different products (or at least different premiums for products) in different states. These state differences are based on the different costs of benefits and health services in various states and, in some cases, different state government health arrangements. For instance, arrangements for providing and funding ambulance services vary significantly between states.

All restricted membership funds operate nationally. However, because of the concentration of eligible members within particular states or regions, some restricted membership funds have few members in some states.

For Profit / Not For Profit

Five (5) funds are for profit organisations. These funds aim to return a dividend to their owners or shareholders but must still meet the solvency and capital adequacy requirements applying to all funds (basically maintaining a sufficient level of reserves within the fund). For profit funds do not benefit from a range of tax exemptions available to not-for-profit organisations. However they do have more options for raising capital than the not-for-profit funds.

Size - Market Share

Nearly ten million Australians are covered by some form of private health insurance. The size of each fund is indicated in the Health Funds Listing by a market share percentage based on the number of persons covered by each fund’s membership (contributors and their dependents) compared to the total national coverage.

The largest fund, Medibank Private, with a market share of 29.06 percent covers 2.8 million people. The smallest, the Reserve Bank Health Society, with a market share of 0.04 percent covers 2034 individuals.

The six largest funds (Medibank, MBF, BUPA, HCF, HBF and NIB) account for nearly 80 percent of the national coverage.²

¹ As at 1 July 2004. During the 2003/2004 financial year the health insurance business of IOOF was sold to NIB and the health fund IOR was merged with HCF.

² Source: *Operations Of the Registered Health Benefits Organisations 2003-04*, Private Health Insurance Administration Council

HEALTH FUND LISTING

Open Membership Funds

AHMG	Australian Health Management Group Limited Government Employees Health Fund, Mutual Health, Illawarra Health Fund, Australian Country Health	Nationally Based Not For Profit Market Share 2.37%
AU	Australian Unity Health Limited	Nationally Based For Profit Market Share 3.13%
BUPA	BUPA Australia Health Pty Ltd HBA (VIC, NSW, QLD, WA, TAS), Mutual Community (SA, NT)	Nationally Based For Profit Market Share 9.80%
CDH	Cessnock District Health Benefits Fund Limited	Based in NSW Hunter & Cessnock Region Not For Profit Market Share 0.04%
Credicare	Credicare Health Fund Limited	Nationally Based Not For Profit Market Share 0.42%
Druids NSW	United Ancient Order of Druids Grand Lodge of NSW	New South Wales Based Not For Profit Market Share 0.04%
Druids Vic	United Ancient Order of Druids Friendly Society Limited	Victoria Based Not For Profit Market Share 0.09%
Federation	Federation Health	Nationally Based - Mainly in Victoria Not For Profit Market Share 0.18%
GMHBA	GMHBA Limited	Nationally Based Not For Profit Market Share 1.38%
GU	Grand United Health Fund Pty Limited	Nationally Based For Profit Market Share 0.41%
GU Corporate	Grand United Corporate Health Limited	Nationally Based For Profit Market Share 0.26%
HBF	HBF Health Funds Inc	Western Australia Based Not For Profit Market Share 8.59%
HCF	Hospitals Contribution Fund of Australia Limited	Nationally Based Not For Profit Market Share 8.58%
Healthguard	Healthguard Health Benefits Fund Limited GMF Health	Nationally Based Not For Profit Market Share 0.59%
Health-Partners	Health-Partners Inc	South Australia Based Not For Profit Market Share 0.62%
HIF	Health Insurance Fund of W.A.	Western Australia Based Not For Profit Market Share 0.40%
Latrobe	Latrobe Health Services Inc.	Victoria Based Not For Profit Market Share 0.43%

HEALTH FUND LISTING

Open Membership Funds (continued)

MBF	MBF Australia Limited	Nationally Based Not For Profit Market Share 16.64%
MBF Health	MBF Health Pty Ltd NRMA Health (NSW, VIC, QLD) , SGIO (WA), SGIC (SA)	Nationally Based For Profit Market Share 2.12%
Medibank	Medibank Private Limited	Nationally Based Not For Profit Market Share 29.06%
Mildura	Mildura District Hospital Fund Limited	Based in North West Victoria- Sunraysia Not For Profit Market Share 0.28%
MU	Manchester Unity Australia Ltd	Nationally Based Not For Profit Market Share 1.33%
NIB	N.I.B. Health Funds Limited	Nationally Based Not For Profit Market Share 5.98%
QCH	Queensland Country Health Limited	Based in North Queensland Not For Profit Market Share 0.24%
St Luke's	St Luke's Medical & Hospital Benefits Association Limited	Nationally Based - Mainly in Tasmania Not For Profit Market Share 0.41%
Westfund	Western District Health Fund Ltd	NSW & Queensland - Regionally Based Not For Profit Market Share 0.74%

CAN'T FIND YOUR HEALTH FUND? - Try these tips

- > Check the listing of Restricted Membership Funds on the next page
- > Check the list of current and recent brand names in the box to the right
- > Check any recent correspondence from your fund -
It may now have a new name.

Did you arrange your health insurance through your employer?

- If so -
your health insurance corporate plan may have its own name -
- > Ask your employer or payroll office which fund provides your corporate plan

Did you arrange your health insurance through a health insurance broker?

- If so -
- > Ask your broker which health fund provides your health insurance

Are you a visitor to Australia or a non-resident?

- If so -
Special health insurance arrangements apply to you.
These are not covered in this report.

CURRENT & RECENT BRAND NAMES

<u>BRAND NAME</u>	<u>FUND</u>
<i>Australian Country Health</i>	AHMG
<i>Country Health</i>	AHMG
<i>GMF Health</i>	Healthguard
<i>Goldfields</i>	Healthguard
<i>Government Employees</i>	AHMG
<i>HBA</i>	BUPA
<i>Illawarra Health Fund</i>	AHMG
<i>IOOF</i>	NIB
<i>IOR</i>	HCF
<i>Mutual Community</i>	BUPA
<i>Mutual Health</i>	AHMG
<i>NRMA Health</i>	MBF Health
<i>SGIC (SA)</i>	MBF Health
<i>SGIO (WA)</i>	MBF Health
<i>Union Shopper</i>	Qld Teachers

HEALTH FUND LISTING

Restricted Membership Organisations*

* All restricted membership organisations are not for profit and operate nationally

* Eligibility is normally extended to partners and dependents of members and former members

*The table indicates the main membership qualification

ACA	A.C.A. Health Benefits Fund Eligibility: All employees of the Seventh Day Adventist Church and its associated organisations Market Share 0.09%
AMA	A.M.A. Health Fund Limited Eligibility: Medical Practitioners Market Share 0.09%
CBHS	CBHS Friendly Society Limited Eligibility: Current & ex-employees of Commonwealth Bank of Australia, its subsidiaries & affiliated companies Market Share 1.08%
Defence Health	Defence Health Limited Eligibility: Defence Force (inc. Naval) Members, Reserves and Staff and those of related organisations. Market Share 1.29%
HCI	Health Care Insurance Ltd. Eligibility: Staff in Forestry, Timber, Paper and Related industries Market Share 0.07%
Lysaght	Lysaght Peoplecare Eligibility: Employees of Bluescope Steel, BHP Billiton, Onesteel and related companies Market Share 0.33%
Navy Health	Navy Health Limited Eligibility: Naval (inc. Defence) Members, Reserves and Staff and those of related organisations Market Share 0.25%
Phoenix	Phoenix Health Fund Limited Eligibility: Current & Former Employees of OneSteel and Associated Companies Market Share 0.12%
Police Health	South Australian Police Employees' Health Fund Inc Eligibility: Police Officers and Staff Employed by Police Organisations. Market Share 0.17%
Old Teachers (Union Shopper)	Queensland Teachers' Union Health Fund Ltd Eligibility: Teachers, employees of tertiary/further educational institutions - must be a member of relevant trade union. Market Share 0.41%
R&T Health	Railway & Transport Employees' Friendly Society Health Fund Ltd Eligibility: Employees of government or private transport & electricity companies in NSW or Queensland Market Share 0.32%
Reserve Bank	Reserve Bank Health Society Ltd Eligibility: Current and retired staff of the Reserve Bank. Market Share 0.04%
Teachers Fed	Teachers Federation Health Ltd Eligibility: Teachers that belong to approved unions. Market Share 1.55%
Transport	Transport Friendly Society Ltd Eligibility: Transport and Related Industry Employees Market Share 0.06%

SERVICE DELIVERY – Retail and Telephone Services

Retail Offices

Retail offices are full-service offices operated by health funds with staff employed by the fund. At each retail office fund members (or prospective members) should expect to be able to undertake the following transactions.

- Receive advice about the range of products and services provided by the fund
- Obtain a quote for any of the fund's products/services
- Obtain and lodge an application to join any of the fund's tables/products
- Obtain a "cover note" if necessary
- Make a personal inquiry (and receive an answer) regarding any matter relevant to their membership (contributions, payment arrangements, benefits)
- Make a claim for any ancillary benefits payable on a "refund" basis and have that claim processed and/or paid.)

The table shows the number of retail offices for each fund in each state.

Restricted membership funds generally rely less on retail offices as they are able to use the companies /organisations they are associated with as "agents".

Most health fund business (for most funds) can be conducted effectively by telephone or electronically. However the number and location of retail offices (and agencies) will be an important factor for consumers who prefer to deal with their health insurance business face to face.

Many funds will make cash payments for benefits at retail offices. However some funds have withdrawn or limited this option and consumers, who value this facility, should check with the funds.

Office Hours

Health fund retail offices operate during normal business hours, week-days. The following funds open some retail offices on Saturday morning. – HBF, Medibank, HCF, BUPA, Federation and QCH.

Agencies

Agencies are generally limited service outlets operated by the fund or under arrangements with pharmacies, credit unions, etc. At these agency outlets, members can obtain brochure material and make some transactions but generally can't have a personal inquiry about their membership finalised or have claims processed on the spot.

The table shows the number of agencies for each fund in each state (in brackets).

Phone Cost

Funds offering a free telephone inquiry service for members, in all states in which the fund operates, are identified, in the table, as providing a *free* cost phone service.

Where members can call the fund (from a fixed line telephone) for no more than the cost of a local call the fund is identified as providing a *limited* cost phone service. Some funds listed as providing a *limited* cost service do provide for free calls from some locations.¹

Members calling funds with a *normal* cost phone service will need to pay long distance (timed) telephone charges, if they call from outside the fund's local area.

Phone Hours Ratings

A comparative rating is provided for each fund according to the number of hours the telephone inquiry service is available to members. Funds offering the most hours are ranked "A", those offering the least are ranked "D".

Only a small number of funds provide a telephone inquiry service on Saturdays or Sundays.

A note on the quality of service delivery

This report does not provide specific information on the timeliness or quality of service delivery provided to members via the telephone or in person at offices or agencies. This is because of the lack of readily available and comparable measurements across the funds.

An indicator of the quality of service delivery is provided by the fund rating for PHIO complaints on "service" which appears in the *Service Performance* table.

The most common service delivery issue raised in "service" complaints has been the allegation of incorrect oral advice about benefit eligibility/coverage. The Ombudsman recommends that where members intend to rely on such advice they should obtain confirmation of the advice in writing, whenever possible or make an immediate note of the advice provided, including a name or reference number given by the fund staff member.

¹ Note: there are usually higher charges for contacting these free or limited cost services from mobile and public phones.

SERVICE DELIVERY

Retail Offices & Telephone Services

Abbreviated name	Number of Retail Offices (Agencies in brackets)							Phone Cost	Phone Hours		
	NSW	VIC	QLD	WA	SA	TAS	NT		Mon-Fri ¹	Sat	Sun
ACA	1							Limited	D		
AHMG	4							Limited	B		
AMA	1							Limited	D		
AU		25	1		1			Limited	A	A	
BUPA	(4)	42 (19)	(19)	(3)	16 (2)		5	Limited	A	B	
CBHS								Limited	C		
CDH	1							Normal	C		
Credicare	(11)	(5)	(37)					Normal	D		
Defence Health	(44)	1 (18)	(16)	(8)	(4)			Free	C		
Druids NSW	1							Normal	C		
Druids Vic		1 (5)						Limited	D		
Federation		5						Free	B		
GMHBA	(20)	11 (50)	(7)	1 (37)				Limited	B		
GU	1							Free	B		
GU Corporate								Free	B		
HBF				19 (417)				Limited	A	B	
HCF	49 (7)	1	1		1			Limited	A	A	A
HCI						1		Free	D		
Healthguard				1 (8)				Limited	A		
Healthpartners					7			Limited	B	B	
HIF				4 (39)				Limited	D		
Latrobe		7 (83)						Limited	B		
Lysaght	1 (2)	1	(1)					Free	C		
MBF	37 (1)	1	23 (10)		1	5 (1)	1	Limited	A		
MBF Health	67		4	5	3			Limited	A		
Medibank	37 (23)	30 (1)	21 (5)	8 (27)	5 (10)	2 (6)	1 (3)	Limited	A	A	
Mildura		1 (5)						Normal	C		
MU	1 (7)		(1)	(1)	(1)			Limited	B		
Navy Health		1						Limited	D		
NIB	34	1	1		1			Limited	A	B	
Phoenix	1							Free	C		
Police Health					1			Limited	C		
QCH			2 (21)					Limited	C		
Old Teachers			2					Free	C		
R&T Health	3	3	1					Limited	D		
Reserve Bank	1							Free	B		
St. Luke's	(1)				(1)	6 (32)		Limited	D		
Teachers Fed	1	1	1	1	1	1	1	Limited	C		
Transport		1						Normal	C		
Westfund	9 (6)		6 (5)					Limited	D		

¹ Funds providing a telephone inquiry service for just normal business hours (or less) achieved a D rating

SERVICE DELIVERY – Website and Online Services

Fund Website

The table indicates whether each fund operates a publicly accessible website. Links to all health fund websites are available at the PHIO website - www.phio.org.au

Email

The table indicates whether the fund has a publicly accessible email address through which inquiries from members and prospective members can be answered. Links to health fund email inquiries are also available at the PHIO website - www.phio.org.au

Join Online

Twenty Two health funds indicated that they offer a facility to join the fund online via the fund website.

Members joining online should ensure that they receive written confirmation of their cover within three weeks of joining and check their cover details carefully. Funds provide a 28-day cooling off period for new members. New members who cancel their policy during this period (without claiming any benefits) should receive a full refund.

Hospital Search

Funds provide significantly higher benefits for hospital treatment at private hospitals with which they have an agreement (contract). The provision of a facility, via the fund website, to search for agreement hospitals is a valuable service to fund members. Funds offering this facility are identified in the Hospital Search column of the table.

Doctor Search

Under the funds' gap scheme arrangements specialist doctors can opt to bill the fund directly for treatment of fund members as private patients in hospital. Where a doctor uses this service the patient will have either no gap to pay or a considerably reduced gap.

The provision of a facility, via the fund website, to search for doctors who regularly use the fund's gap scheme or have registered to use the scheme is also a valuable service to fund members. Funds offering this facility are identified in the Doctor Search column of the table.¹

¹ **Note:**

Not all doctors who will use a fund's Gap scheme will agree to be listed in this way on the fund's website. Even where a doctor is listed, he or she has the right to decide, in each case, whether the gap scheme will be used. So it is still important to ask your doctor or his or her staff if your fund's gap scheme can be used in your case.

PHIO Website Rating

The PHIO website rating is calculated on the basis of how many features a website offers and how this relates to other funds. An A-rated fund would offer almost all of the following services:

- Website set up.
- Email can be used for contacting fund.
- Website has contact details and office hours.
- Website has a list of contracted (agreement) hospitals available.
- Website allows a member to look up a "gap scheme" doctor.
- Website allows a member to look up other health service providers (such as dentists).
- Member can download / print brochures
- Member can make (some) claims online.
- Online membership quotes available.
- Member can join online or get a cover note.
- A version of the fund's rules is on-line.
- A member can pay premiums online.
- There is a link to Private Health Insurance Ombudsman for consumers wanting to escalate a complaint or find further information about private health insurance.

Global Reviews Score

Global Reviews Pty Ltd is a commercial organisation that publishes assessments of the website content, tools, utility and support for a range of industries.

A selection of benchmark companies is assessed for each industry. Other companies may pay for an assessment.

No inference should be drawn from the fact a fund has not been rated by Global Reviews.

The Global Reviews assessments are considerably more detailed than indicated in this report and include separate rating scores for content, on-line tools, utility and support to users. More detail on Global Reviews ratings is available at their website – www.globalreviews.com.au .

Global Reviews ratings are updated regularly. Ratings reported here are those applying as at 31 December 2004.

Global Reviews ratings are published with their permission.²

² The Global Reviews ratings are included in this report for information. This should not be taken as agreement with or endorsement of the Global Reviews assessment.

SERVICE DELIVERY

Website and Online Services

Abbreviated name	Website	Online Services				PHIO Website Rating	Global Reviews [®] Score
		Email	Join Online	Hospital Search	Doctor Search		
ACA	√	√			√	D	
AHMG	√	√	√	√	√	A	68%
AMA	√	√	√			C	
AU	√	√	√	√	√	A	59%
BUPA	√	√	√	√	√	A	58%
CBHS	√	√		√	√	B	
CDH	√	√				D	
Credicare	√	√		√	√	B	
Defence Health	√	√	√	√	√	A	38%
Druids NSW		√				D ⁰	
Druids Vic	√	√				D	
Federation	√	√	√	√		A	
GMHBA	√	√	√	√		A	
GU	√	√	√	√	√	B	50%
GU Corporate	√	√	√	√	√	B	
HBF	√	√	√	√	√	B	55%
HCF	√	√	√	√	√	A	69%
HCI	√	√		√	√	C	
Healthguard	√	√				D	
Healthpartners	√	√	√		√	A	
HIF	√	√	√	√	√	C	36%
Latrobe	√	√		√		C	
Lysaght	√	√	√	√	√	A	
MBF	√		√	√	√	C	64%
MBF Health	√	√	√	√	√	B	
Medibank	√	√	√	√	√	A	59%
Mildura		√				D ⁰	
MU	√	√	√	√	√	A	61%
Navy Health	√	√	√	√	√	B	
NIB	√	√	√	√	√	A	56%
Phoenix	√	√		√	√	B	
Police Health	√	√			√	C	
QCH	√	√				D	
Old Teachers	√	√		√	√	B	31%
R&T Health	√	√		√	√	B	
Reserve Bank		√				D ⁰	
St. Luke's	√	√	√	√	√	A	
Teachers Fed	√	√		√		B	
Transport	√	√		√	√	B	
Westfund	√	√	√	√		A	41%

D⁰ = Facility not provided by this fund

RATINGS ARE COMPARATIVE - Lower Ratings do not indicate unacceptable performance

SERVICE PERFORMANCE

Member Retention

The member retention indicator is a key measure of member satisfaction and is accepted within the industry as one of the main indicators of health fund efficiency. This indicator measures what percentage of fund members have remained with the fund for two years or more. The rating is based on that percentage.¹

Most restricted membership funds rate well on this measure compared to open membership funds. (No restricted membership funds have a D rating) This may be due to the particular features of restricted membership funds (especially their links with employment).

Membership Growth

The membership growth indicator shows the percentage increase in fund membership over two years (from 30 June 2002 to 30 June 2004).²

Negative figures indicate that the fund has experienced a net reduction in membership over the period.

PHIO Complaints Ratings

The number of complaints received by the Private Health Insurance Ombudsman (PHIO) is small compared to fund membership. There are also a number of factors (other than service performance) that can influence the level of complaints the PHIO receives about a fund. These factors include the information provided to fund members about the PHIO through general publicity or by the fund and the effectiveness of the fund's own complaint handling.

Nonetheless, the level of complaints about a fund is generally a reasonable indicator of the fund's service performance.

PHIO complaint ratings have been calculated based on the number of complaints (in each category) about each fund, as a proportion of the fund's membership. For example:

Members of funds with an "A" complaint rating on Price are the least likely to complain to the Ombudsman about the price of their health insurance.

Members of funds with a "D" complaint rating on Benefits are the most likely to complain to the Ombudsman about matters such as the inadequacy or non-payment of benefits.

An "A" rating appears against funds where there were no complaints received by PHIO in that category. Many of those funds are restricted membership funds and are relatively small in terms of member numbers.

Benefits complaints include problems of non-payment or delayed payment of benefits and complaints about the level of benefit paid or the level of gap needing to be paid by the member.

Service complaints are about the general quality of service provided by fund staff, the quality of oral and written advice and premium payment problems.

Price complaints are about the level of premiums required or, more often, the level of increase in premiums.

The level of complaints about price is not an indicator of how expensive (or cheap) a fund's products are. Funds that had a relatively high increase in premiums on some of their products in April 2004 generally had a high level of complaints to the PHIO about prices. In most cases, these funds' products remained very competitively priced even after a significant rise in premiums for some products.

Complaints Investigated

This rating is based on the number of PHIO investigations undertaken in relation to each fund (as a proportion of the fund membership).

Most complaints to the Ombudsman can be finalised by referral of the matter to fund staff to resolve or by PHIO staff providing information about the rules applying to health insurance. More serious complaints, which fund staff have not been able to resolve satisfactorily, are investigated by the Ombudsman's office.

The rating on Complaints Investigated is an indicator of the level of more serious complaints and the effectiveness of each fund's own internal complaints handling.

¹ This measure of member retention will also be lower if the fund has had an influx of new members over the period (30 June 2002 – 30 June 2004)

² This is a measure of net growth. ie. New memberships are offset by the loss of members.

SERVICE PERFORMANCE

Member Retention & Complaints

Fund Name (Abbreviated)	Member Retention %		Membership Growth %		PHIO Complaint Ratings			
					Benefits	Service	Price	Complaints Investigated
ACA	A	92.7	C	2.7	A _o	A _o	A _o	A _o
AHMG	D	81.4	D	-8.2	D	D	D	C
AMA	A	94.9	B	4.0	A _o	A _o	A _o	A _o
AU	C	88.1	B	3.8	C	C	A	C
BUPA	D	84.5	C	1.0	D	D	A	C
CBHS	A	94.0	A	12.2	D	C	A _o	B
CDH	B	89.9	D	-4.6	A _o	A _o	A _o	A _o
Credicare	C	87.5	C	2.6	B	A	A _o	B
Defence Health	B	92.1	A	13.7	C	C	B	A
Druids NSW	A	93.9	D	-3.7	A _o	A _o	A _o	A _o
Druids Vic	B	90.0	B	6.2	A _o	A _o	A _o	D
Federation	D	87.2	B	3.0	C	A	A _o	C
GMHBA	C	87.6	A	15.6	B	B	A	B
GU	D	77.6	D	-0.9	D	D	A _o	D
GU Corporate	D	53.5	A	14.8	C	D	A _o	D
HBF	B	91.5	D	-0.5	A	A	A	A
HCF	B	89.9	A	19.1 ¹	A ²	A ²	C ²	A ²
HCI	B	92.1	C	2.6	A _o	A _o	A _o	A _o
Healthguard	A	93.9	A	965 ¹	A	B	A _o	A
Health-Partners	A	93.9	A	16.4	B	B	A _o	A
HIF	C	88.4	B	3.6	D	A	B	C
Latrobe	C	88.0	D	-2.0	A	A	A _o	A _o
Lysaght	A	94.2	A	10.6	A	C	A _o	A _o
MBF	D	80.0	D	-0.8	B	C	C	A
MBF Health	D	73.0	A	21.2	C	B	B	B
Medibank	D	87.2	D	-3.8	B	C	C	C
Mildura	D	86.0	C	0.9	A _o	A	A _o	B
MU	C	87.8	B	8.4	D	D	A _o	D
Navy Health	B	90.7	C	2.4	B	B	D	A _o
NIB	C	89.3	A	19.2 ¹	C	C	C	D
Phoenix	A	92.8	C	0.0	A _o	A _o	A _o	A _o
Police Health	A	92.9	A	36.2	A	A _o	A _o	A _o
QCH	C	89.7	A	31.3	C	D	A _o	D
Qld Teachers	A	95.2	B	8.7	D	D	A _o	D
R&T Health	B	91.4	B	8.5	B	B	D	B
Reserve Bank	B	90.8	D	-2.2	A _o	A _o	A _o	A _o
St Luke's	C	87.8	B	9.2	C	B	B	A
Teachers Fed	A	95.7	B	8.9	A	A	B	A
Transport	B	91.2	C	1.7	A _o	A _o	A _o	A _o
Westfund	D	86.5	C	-0.1	A	B	C	C

A_o = No Complaints Registered in this category

¹ Membership growth figures for these funds are inflated due to takeovers of other funds in the previous 2-years. If growth of both the new and old funds were combined results would be HCF+ IOR 2.9%; Healthguard+GMF -16.7%; NIB+ IOOF 13.8%.

² Complaint ratings for HCF do not include complaints relating to IOR. HCF and IOR merged in April 2004. If IOR complaints were included HCF would have achieved lower ratings for all complaint categories.

RATINGS ARE COMPARATIVE - Lower Ratings do not indicate unacceptable performance

FINANCES AND COSTS

The Regulation of Health Fund Finances

The financial performance of health funds is closely regulated to ensure that funds remain financially viable and that contributors' funds are protected.

The *National Health Act 1953* (the Act) specifies solvency and capital adequacy standards for funds to meet and outlines financial management and reporting requirements for all funds. The Act also establishes the Private Health Insurance Administration Council (PHIAC) – an independent corporation with responsibility for monitoring the financial performance of the funds and ensuring that they meet prudential requirements.

PHIAC produces an annual publication providing financial and operational statistics for the funds for each financial year¹. Information included in the Financial Performance table is drawn from data collected by PHIAC for that purpose.

Surplus (- Loss)

The surplus or loss (indicated as a negative figure) made by the fund in 2003-2004 from their health insurance business is expressed as a percentage of the fund's contribution income. This does not take account of additional income that the fund may derive from investment or other (non health insurance) activities.

All health funds maintain a sufficient level of reserves to cover losses from year to year. However funds with high or continuing losses might be expected to have to increase premiums by a relatively higher amount than other funds.

Benefits as a % of Contributions

This column shows the percentage of total contributions, received by the fund, returned to contributors in benefits. Funds will generally aim to set premium levels so that contribution income covers the expected costs of benefits plus the fund's administration costs.

A very high percentage of contributions returned as benefits may not necessarily be a positive factor for consumers, particularly if it means that the fund is making a loss on its health insurance business.

This indicator should therefore be considered in conjunction with other factors, such as the Surplus (- Loss) and Management Expenses ratings.

Management Expenses

Management expenses are the costs of administering the fund. They include rent, staff salaries, marketing costs etc.

Ratio & ratings

The management expense ratio is regarded as a key measure of fund efficiency. In this report the management expense ratio shows total management expenses as a proportion of total contribution income. The fund ratings included in this column are based on this ratio. (The lower the ratio - the higher the rating.)

Per Person Covered

A comparison of the relative amount each fund spends on administration costs is also demonstrated through provision of information on the level of management expenses per person covered by each fund.

On average, restricted membership funds have much lower management expenses as a proportion of benefits paid, compared to open membership funds. This is partially due to lower expenditure on marketing. However, unusually low management expenses by some restricted membership funds can also be the result of those funds receiving free or subsidised administrative services from the organisations with which they are associated.

Standard & Poor's Ratings

Standard & Poor's publishes an annual assessment of the health insurance industry that includes "financial strength" ratings for a selection of health funds.² The financial strength ratings indicate Standard & Poor's opinion of the ability of an insurer to pay under its insurance policies and contracts.

Standard & Poor's provides the following definitions for the ratings reported here:

- A Has strong financial security characteristics.
- BBB Has good financial security characteristics but is more likely to be affected by adverse business conditions than higher rated funds.
- BB Positive attributes exist but adverse business conditions could lead to insufficient ability to meet financial commitments.

"pi" appearing after the rating indicates that the assessment is based on publicly available information only. (ie. The fund has not purchased an assessment.)

No inference should be drawn from the fact a fund has not been rated by Standard & Poor's.

¹ "Operations of the Registered Health Benefits Organisations - Annual Report" – This report is available on the PHIAC website: www.phiac.gov.au

² "Australian Health Insurance Report, 2004" – Standard & Poor's
The S&P ratings are included in this report for information. This should not be taken as agreement with or endorsement of the S&P assessment.

FINANCES AND COSTS

Fund Financial Information

Abbreviated name	Surplus (- Loss) from Health Insurance		Benefits as % Contributions	Management Expenses			Standard & Poors Rating
				Ratio		Per Person Covered	
ACA	C	-0.9%	94.5%	A	6.4%	\$69	
AHMG	A	10.4%	79.1%	B	10.5%	\$111	BBpi
AMA	B	3.0%	86.8%	B	10.2%	\$99	
AU	A	4.0%	83.0%	D	13.0%	\$127	BBB+
BUPA	A	5.6%	85.6%	B	8.8%	\$84	BBBpi
CBHS	B	3.0%	91.3%	A	5.6%	\$50	BBBpi
CDH	A	15.0%	73.8%	C	11.2%	\$104	
Credicare	D	-4.5%	92.7%	C	11.8%	\$100	
Defence Health	C	-2.6%	96.4%	A	6.2%	\$48	BBBpi
Druids NSW	D	-8.4%	87.0%	D	21.4%	\$253	
Druids Vic	C	0.9%	84.4%	D	14.7%	\$146	
Federation	B	3.0%	74.5%	D	22.6%	\$187	
GMHBA	D	-2.9%	92.0%	B	10.9%	\$78	BBBpi
GU	B	2.5%	79.0%	D	18.4%	\$206	
GU Corporate	D	-3.4%	87.2%	D	16.2%	\$178	
HBF	A	5.8%	85.5%	B	8.7%	\$65	BBBpi
HCF	C	-1.2%	92.6%	A	8.5%	\$68	BBBpi
HCI	B	2.1%	86.3%	C	11.6%	\$100	
Health Partners	C	0.9%	88.6%	B	10.5%	\$96	
Healthguard	A	9.3%	79.0%	C	11.7%	\$101	
HIF	B	3.5%	85.0%	C	11.5%	\$102	
Latrobe	A	12.0%	74.7%	D	13.2%	\$117	
Lysaght	C	-1.6%	94.5%	A	7.1%	\$63	
MBF	B	2.8%	85.9%	C	11.3%	\$103	A-
MBF Health	C	-0.1%	90.3%	B	9.8%	\$90	A-
Medibank	C	-0.2%	91.5%	B	8.7%	\$75	A ¹
Mildura	A	10.3%	80.8%	B	8.9%	\$67	
MU	B	2.6%	82.7%	D	14.7%	\$138	BBpi
Navy Health	A	3.8%	84.8%	C	11.3%	\$106	
NIB	C	-2.5%	89.4%	D	13.1%	\$102	BBBpi
Phoenix	D	-3.5%	96.2%	A	7.3%	\$72	
Police Health	B	2.4%	89.2%	A	8.4%	\$85	
QCH	D	-7.9%	97.4%	B	10.6%	\$83	
Old Teachers	C	-1.9%	89.2%	C	12.7%	\$145	
R&T Health	D	-4.9%	92.0%	C	12.9%	\$111	
Reserve Bank	D	-9.5%	108.3%	A	1.2%	\$15	
St. Luke's	D	-3.0%	90.9%	C	12.2%	\$112	
Teachers Fed	D	-3.6%	97.1%	A	6.5%	\$57	Api
Transport	A	12.5%	80.5%	A	7.0%	\$69	
Westfund	B	1.7%	85.2%	D	13.1%	\$91	

¹ Recently upgraded to this level (February 2005) - 2004 rating - BBB+

HOSPITAL COVER

These tables contain information allowing a comparison of some general features of health insurance for private hospital treatment (hospital cover) in each State and Territory.

Hospital cover provides benefits to cover (or partly cover):

- hospital fees for accommodation, operating theatre charges and other charges by private hospitals (or public hospitals for treatment as a private patient);
- the costs of drugs or prosthetics required for hospital treatment; and
- the fees charged by specialist doctors (surgeons, anaesthetists etc) for hospital treatment of private patients.

Most funds offer a choice of different products providing hospital cover. These products may differ on the basis of the range of treatments that are covered in full or partly, the level of excess or co-payments required, price and discounts available. However all funds offer a top hospital cover which covers all approved treatments and has no excess¹. Top hospital cover is therefore the most comparable and a comparative rating on the price of this cover is provided.

Percentage Market Share

This column indicates how much of the total hospital insurance business within each state, each fund accounts for. It is an indicator of the size and significance of each fund within each state in terms of hospital insurance.

Percentage of Fund Business

This column indicates how much of each fund's hospital insurance business is within each state. It is an indicator how significant that state is to each fund in terms of hospital insurance business.

In general, funds can be expected to design their products (benefits, conditions, contracts etc) to suit the arrangements applying in the States in which they do a significant proportion of business. However, some nationally based funds tailor their products and prices to take account of different State arrangements.

¹ "Approved treatments" means procedures that are approved for listing on the Medicare Benefits Schedule (MBS). The MBS lists most procedures normally performed in hospital. However some cosmetic procedures, for example, are not listed on the MBS. Fund rules vary on whether non-approved procedures are covered, partly covered or not covered at all. Treating doctors should advise patients if any proposed procedure is not approved by Medicare and patients should check with their fund if any benefits are payable for such procedures.

Hospital Agreements

These agreements generally provide for the fund to meet all of the hospital's charges for treatment of the fund's members. The member would then not be required to pay any amount to the hospital, other than any agreed excess or co-payment and any incidental charges that may apply for certain extra services (eg. television rental).²

Where a fund has a comparatively low number of agreements with hospitals, this is an indicator that consumer choice (as to where to be treated) may be more limited. Treatment at a non-agreement hospital will mean a significantly higher out of pocket cost for the patient.

Gap Ratings

These ratings provide an indicator of the relative likelihood of having a gap to pay to in relation to a doctor's fee for in-hospital treatment (*Services with No Gap*) and the relative size of the gap that will have to be paid, if there is one (*Average Gap*). They provide an indication of the effectiveness of the fund's gap cover scheme.

Funds that reported the highest proportion of services (hospital treatments) provided to their members without a gap were rated "A" in the *Services with No Gap* column.

The *Average Gap* rating was calculated by comparing a gap indicator calculated as follows: [Average Gap (where there was a gap)] X [percentage of services where there was a gap].

Both columns should be considered together.

For example, a fund has a rating of "A" in the *Services with No Gap* column and a rating of "D" in the *Average Gap* column. - Members of that fund are much less likely to have to pay a gap but if they do it may be relatively high.³

Price of Top Cover

This rating is based on the price charged in the State/Territory for each fund's top hospital cover. Top hospital covers are reasonably comparable in terms of benefits and conditions. This indicator may not be a reliable indicator of the affordability of other fund products.

² These agreements do not apply to fees charged by private specialist doctors for in-hospital treatment. However, such fees may be covered by a fund's gap scheme arrangements.

³ Consumers are best placed to minimise either the incidence or size of gaps if they discuss these issues with their fund and doctor prior to treatment.

HOSPITAL COVER

New South Wales / A.C.T.

Abbreviated name	% Market Share (NSW/ACT)	% of Fund Business (NSW/ACT)	Hospital Agreements		Ratings		
			Private Hospitals	Day Hospitals	Services with No Gap ¹	Average Gap ² (Weighted)	Price of Top Cover ³
ACA	0.2	62.1	82	91	D	A	B
AHMG	3.9	56.6	82	91	B	C	D
AMA	0.2	48.2	82	91	C	B	B
AU	0.4	3.9	82	91	B	B	C*
BUPA	1.1	2.9	70	55	C	D	C*
CBHS	1.6	44.5	82	91	A	A	A
CDH	0.1	100	70	31	A	A	B
Credicare	-	2.0	82	91	-	-	C
Defence Health	1.1	26.4	82	85	C	D	B*
Druids NSW	0.1	100	79	85	B	B	B
GMHBA	0.1	3.0	70	31	D	D	A*
GU	0.7	70.6	82	91	D	B	D
GU Corporate	0.4	46.2	82	91	D	D	D
HCF	20.0	78.5	81	91	A	C	C
Healthguard	0.1	6.3	82	91	D	B	B*
Lysaght	0.7	56.0	82	91	A	B	C
MBF	19.8	41.8	81	65	A	C	D
MBF Health	2.1	40.5	82	91	B	D	D
Medibank	22.5	26.6	79	77	B	C	C*
MU	3.3	81.5	82	91	B	B	D
Navy Health	0.4	54.1	79	85	C	C	C
NIB	14.0	79.2	81	68	B	C	C
Phoenix	0.2	56.5	82	91	A	A	A
Police Health	-	0.5	82	91	-	-	B
Qld Teachers	-	-	82	91	-	-	D
R&T Health	0.7	71.9	82	91	A	A	A
Reserve Bank	0.1	58.0	82	91	C	A	A
St Lukes	0.03	2.2	67	27	C	A	D
Teachers Fed	4.7	84.9	82	91	C	B	A
Westfund	1.2	62.3	69	30	D	D	A

Note: Where a (-) appears in any column, no data is available because fund membership in this state is below the threshold for reporting data to PHIAC.

¹ A rated funds reported 77% or more of services with no gap. D rated funds reported 61% or less.

² Lowest reported average medical gap \$38. Highest average medical gap \$183.

³ Top Covers offered by all funds generally provide full benefits for all approved in-hospital procedures. However, funds showing a rating with *provide only limited benefits for certain treatments for an initial period after joining (Usually for 1 year but, in some cases, up to 3 years). Treatments limited in this way vary between funds but may include psychiatric services, rehabilitation, IVF and joint replacements.

RATINGS ARE COMPARATIVE - Lower Ratings do not indicate an unacceptable performance

HOSPITAL COVER

Victoria

Abbreviated name	% Market Share (Victoria)	% of Fund Business (in this state)	Hospital Agreements		Ratings		
			Private Hospitals	Day Hospitals	Services with No Gap ¹	Average Gap ² (Weighted)	Price of Top Cover ³
AHMG	1.4	13.1	75	52	B	B	C
AMA	0.2	33.7	75	52	D	D	B
AU	9.8	86.1	75	50	A	A	D*
BUPA	23.2	56.5	62	41	A	B	C*
CBHS	1.6	27.1	75	52	A	A	A
Credicare	-	1.6	75	52	-	-	B
Defence Health	2.0	29.7	78	45	A	B	A*
Druids Vic	0.4	100	74	45	D	D	D
Federation	0.8	96.4	57	44	C	D	B
GMHBA	4.3	85.8	74	46	C	C	A*
GU	0.2	11.5	75	52	D	A	D
GU Corporate	0.5	30.6	75	52	D	B	D
HCF	3.9	11.3	65	27	A	C	C
HCI	0.1	18.3	75	52	C	D	B
Healthguard	1.2	40.6	75	52	D	C	B*
Latrobe	2.0	98.6	74	46	C	C	C*
Lysaght	0.5	27.0	75	52	C	C	B
MBF	4.8	6.0	58	32	B	D	D
MBF Health	0.2	1.9	75	52	C	B	D
Medibank	37.3	34.5	70	43	A	A	D*
Mildura	0.9	89.0	75	52	D	D	B*
MU	0.6	6.1	75	52	B	B	D
Navy Health	0.3	19.0	75	52	B	B	B
NIB	2.8	12.1	64	18	B	C	C
Phoenix	0.1	14.6	75	52	B	B	A
Police Health	-	0.7	75	52	-	-	A
Qld Teachers	-	-	75	52	-	-	C
R&T	-	-	75	52	-	-	A
Reserve Bank	-	24.3	75	52	B	A	A
St Lukes	0.1	3.9	74	46	D	D	C
Teachers Fed	0.7	8.9	75	52	C	C	A
Transport	0.3	100	78	45	A	A	C

Note: Where a (-) appears in any column, no data is available because fund membership in this state is below the threshold for reporting data to PHIAC.

¹ A rated funds reported 85% or more of services with no gap. D rated funds reported 68% or less.

² Lowest reported average medical gap \$17. Highest average medical gap \$114.

³ Top Covers offered by all funds generally provide full benefits for all approved in-hospital procedures. However, funds showing a rating with *provide only limited benefits for certain treatments for an initial period after joining (Usually for 1 year but, in some cases, up to 3 years). Treatments limited in this way vary between funds but may include psychiatric services, rehabilitation, IVF and joint replacements.

RATINGS ARE COMPARATIVE - Lower Ratings do not indicate an unacceptable performance

HOSPITAL COVER

Queensland

Abbreviated name	% Market Share (Queensland)	% of Fund Business (in this state)	Hospital Agreements		Ratings		
			Private Hospitals	Day Hospitals	Services with No Gap ¹	Average Gap ² (Weighted)	Price of Top Cover ³
AHMG	2.7	20.2	54	41	B	B	C
AMA	0.1	18.1	54	41	C	B	B
AU	1.0	5.1	54	41	A	B	C*
BUPA	2.6	3.9	43	33	C	C	D*
CBHS	1.2	16.1	54	41	A	A	A
Credicare	2.5	96.4	54	41	C	A	B
Defence	2.4	28.0	48	36	B	B	B*
GMHBA	0.4	4.8	43	22	D	D	B*
GU	0.3	14.7	54	41	D	A	D
GU Corporate	0.3	12.8	54	41	D	D	D
HCF	3.3	6.4	43	30	A	C	C
Healthguard	0.4	9.6	54	41	C	B	D*
Lysaght	0.2	8.0	54	41	B	C	B
MBF	36.5	41.7	50	26	A	B	D
MBF Health	0.3	2.9	54	41	B	D	C
Medibank	34.8	23.3	51	29	A	A	C*
MU	0.9	8.4	54	41	B	A	D
Navy Health	0.3	13.7	54	41	B	C	B
NIB	2.3	6.3	43	29	C	D	C
Phoenix	0.1	11.6	54	41	A	A	A
Police Health	0.3	13.9	54	41	C	D	A
QCH	1.8	95.9	54	41	D	B	B
Qld Teachers	2.8	100	54	41	B	B	C
R&T	0.7	28.1	54	41	A	A	A
Reserve Bank	-	6.6	54	41	-	-	A
Teachers Fed	0.2	2.1	54	41	D	B	A
Westfund	1.5	36.8	42	22	D	D	A

Note: Where a (-) appears in any column, no data is available because fund membership in this state is below the threshold for reporting data to PHIAC.

¹ A rated funds reported 81% or more of services with no gap. D rated funds reported 63% or less.

² Lowest reported average medical gap \$27. Highest reported average medical gap \$136

³ Top Covers offered by all funds generally provide full benefits for all approved in-hospital procedures. However, funds showing a rating with *provide only limited benefits for certain treatments for an initial period after joining (Usually for 1 year but, in some cases, up to 3 years). Treatments limited in this way vary between funds but may include psychiatric services, rehabilitation, IVF and joint replacements.

RATINGS ARE COMPARATIVE - Lower Ratings do not indicate an unacceptable performance

HOSPITAL COVER

Western Australia

Abbreviated name	% Market Share (in WA)	% of Fund Business (in WA)	Hospital Agreements		Ratings		
			Private Hospitals	Day Hospitals	Services with No Gap ¹	Average Gap ² (Weighted)	Price of Top Cover ³
AHMG	0.4	1.8	21	9	B	C	D
AU	0.2	0.6	21	9	A	A	A*
BUPA	1.2	0.9	15	12	D	C	C*
CBHS	0.7	5.4	21	9	A	A	A
Credicare	-	-	21	9	-	-	D
Defence Health	0.6	4.5	20	9	B	D	B*
GMHBA	1.0	5.7	21	7	D	D	A*
GU	-	1.5	21	9	-	-	D
GU Corporate	0.3	5.7	21	9	D	C	D
HBF	63.3	97.7	21	14	A	A	B*
HCF	0.5	0.4	5	1	A	A	B
Healthguard	2.9	41.9	21	9	B	A	A*
HIF	3.8	100	21	9	C	B	C*
Lysaght	0.2	4.0	21	9	D	D	C
MBF	2.1	0.9	5	0	C	D	C
MBF Health	2.6	11.5	21	9	B	B	D
Medibank	19.5	6.2	21	10	A	B	B*
MU	0.2	1.1	21	9	B	B	D
Navy Health	0.3	8.9	21	9	C	A	C
NIB	0.4	0.6	5	2	C	C	B
Phoenix	-	-	21	9	-	-	B
Police Health	-	0.1	21	9	-	-	C
Qld Teachers	-	-	21	9	-	-	D
Reserve Bank	-	4.3	21	9	-	-	A
Teachers Fed	-	-	21	9	-	-	A

Note: Where a (-) appears in any column, no data is available because fund membership in this state is below the threshold for reporting data to PHIAC.

¹ A rated funds reported 65% or more of services with no gap. D rated funds reported 52% or less.

² Lowest reported average medical gap \$33. Highest reported average medical gap \$99.

³ Top Covers offered by all funds generally provide full benefits for all approved in-hospital procedures. However, funds showing a rating with *provide only limited benefits for certain treatments for an initial period after joining (Usually for 1 year but, in some cases, up to 3 years). Treatments limited in this way vary between funds but may include psychiatric services, rehabilitation, IVF and joint replacements.

RATINGS ARE COMPARATIVE - Lower Ratings do not indicate an unacceptable performance

HOSPITAL COVER

South Australia

Abbreviated name	% Market Share (in SA)	% of Fund Business (in SA)	Hospital Agreements		Ratings		
			Private Hospitals	Day Hospitals	Services with No Gap ¹	Average Gap ² (Weighted)	Price of Top Cover ³
AHMG	1.3	4.1	32	21	B	B	C
AU	1.9	4.3	32	21	A	B	B*
BUPA	42.5	35.0	28	16	A	A	B*
CBHS	0.8	5.0	32	21	C	B	A
Credicare	-	-	32	21	-	-	B
Defence Health	1.7	8.5	33	19	B	A	A*
GMHBA	0.1	0.4	23	8	D	D	A*
GU	-	1.2	32	21	-	-	D
GU Corporate	0.2	4.7	32	21	D	B	D
HCF	2.9	3.2	17	8	A	A	C
Healthguard	0.1	1.5	32	21	D	D	D*
Healthpartners	6.6	100	32	21	C	A	C
Lysaght	0.2	5.0	32	21	C	C	B
MBF	5.9	2.5	27	16	A	C	D
MBF Health	10.8	43.2	32	21	A	A	D
Medibank	19.7	5.8	32	18	B	B	C*
MU	0.7	2.9	32	21	B	A	D
Navy Health	0.2	4.4	32	21	C	C	B
NIB	1.1	1.5	25	5	C	D	C
Phoenix	0.3	17.3	32	21	A	A	A
Police Health	2.0	82.0	32	21	B	C	A
Old Teachers	-	-	32	21	-	-	C
Reserve Bank	-	5.5	32	21	-	-	A
St Lukes	-	-	23	8	-	-	C
Teachers Fed	0.9	4.1	32	21	C	D	A

Note: Where a (-) appears in any column, no data is available because fund membership in this state is below the threshold for reporting data to PHIAC.

¹ A rated funds reported 93% or more of services with no gap. D rated funds reported 78% or less.

² Lowest reported average medical gap \$7. Highest reported average medical gap \$107.

³ Top Covers offered by all funds generally provide full benefits for all approved in-hospital procedures. However, funds showing a rating with * provide only limited benefits for certain treatments for an initial period after joining (Usually for 1 year but, in some cases, up to 3 years). Treatments limited in this way vary between funds but may include psychiatric services, rehabilitation, IVF and joint replacements.

RATINGS ARE COMPARATIVE - Lower Ratings do not indicate an unacceptable performance

HOSPITAL COVER

Tasmania

Abbreviated name	% Market Share (Tasmania)	% of Fund Business (in this state)	Hospital Agreements		Ratings		
			Private Hospitals	Day Hospitals	Services with No Gap ¹	Average Gap ² (Weighted)	Price of Top Cover ³
AHMG	3.7	3.9	8	2	B	B	D
AU	-	-	8	2	-	-	C*
BUPA	1.1	0.2	5	2	C	B	B*
CBHS	0.9	1.7	8	2	A	A	A
Credicare	-	-	8	2	-	-	C
Defence Health	0.7	0.9	7	2	B	B	A*
GMHBA	-	0.1	10	2	-	-	A*
GU	-	0.3	8	2	-	-	D
GU Corporate	-	-	8	2	-	-	D
HCF	0.7	0.1	2	2	A	C	B
HCI	2.7	75.7	8	2	C	B	C
Healthguard	-	-	8	2	-	-	B*
Lysaght	-	-	8	2	-	-	B
MBF	38.0	6.2	8	2	A	B	D
Medibank	34.8	3.0	9	2	A	B	D*
MU	-	-	8	2	-	-	D
Navy Health	-	-	8	2	-	-	B
NIB	0.7	0.2	5	2	C	C	C
Phoenix	-	-	8	2	-	-	A
Police Health	-	-	8	2	-	-	A
Old Teachers	-	-	8	2	-	-	C
Reserve Bank	-	1.3	8	2	-	-	A
St. Luke's	16.7	93.9	10	2	B	A	C*
Teachers Fed	-	-	8	2	-	-	A

Note: Where a (-) appears in any column, no data is available because fund membership in this state is below the threshold for reporting data to PHIAC.

¹ A rated funds reported 84% or more services with no gap. C rated funds reported 71% or less. (Because of the small number of funds rated, only A, B and C ratings given.)

² Lowest reported average medical gap \$51. Highest reported average medical gap \$165.

³ Top Covers offered by all funds generally provide full benefits for all approved in-hospital procedures. However, funds showing a rating with * provide only limited benefits for certain treatments for an initial period after joining (Usually for 1 year but, in some cases, up to 3 years). Treatments limited in this way vary between funds but may include psychiatric services, rehabilitation, IVF and joint replacements.

RATINGS ARE COMPARATIVE - Lower Ratings do not indicate an unacceptable performance

HOSPITAL COVER

Northern Territory

Abbreviated name	% Market Share (in the NT)	% of Fund Business (in the NT)	Private Hospital Agreements	Ratings		
				Services with No Gap ¹	Average Gap ² (Weighted)	Price of Top Cover ³
AHMG	1.7	0.3	1	A	A	A
AU	-	-	1	-	-	C*
BUPA	11.8	0.7	1	B	B	A*
CBHS	-	0.2	1	-	-	B
Credicare	-	-	1	-	-	D
Defence Health	4.3	2.1	1	A	B	B*
GMHBA	-	-	1	-	-	B*
GU	-	0.1	1	-	-	D
GU Corporate	-	-	1	-	-	D
HCF	1.1	0.1	1	A	A	B
Healthguard	-	-	1	-	-	C*
Lysaght	-	-	1	-	-	C
MBF	34.9	0.9	1	B	B	B
Medibank	43.5	0.7	1	A	A	A*
MU	-	-	1	-	-	D
Navy Health	-	-	1	-	-	C
NIB	-	-	1	-	-	C
Phoenix	-	-	1	-	-	B
Police Health	1.6	2.8	1	B	C	A
Qld Teachers	-	-	1	-	-	D
Reserve Bank	-	-	1	-	-	A
Teachers Fed	-	-	1	-	-	A

Where a (-) appears in any column, no data is available because fund membership in the Northern Territory is below the threshold for reporting data to PHIAC

¹ A rated funds reported 84% or more services with no gap. B rated funds 82% or less. (Because of the small number of funds rated and small range of % only A and B ratings given.)

² Lowest reported average medical gap \$115. Highest reported average medical gap \$415.

³ Top Covers offered by all funds generally provide full benefits for all approved in-hospital procedures. However, funds showing a rating with *provide only limited benefits for certain treatments for an initial period after joining (Usually for 1 year but, in some cases, up to 3 years). Treatments limited in this way vary between funds but may include psychiatric services, rehabilitation, IVF and joint replacements.

RATINGS ARE COMPARATIVE - Lower Ratings do not indicate an unacceptable performance

Private Hospital Cover in the Northern Territory

Darwin Private Hospital is the only registered private hospital in the Northern Territory. This hospital also provides the only registered private Day Hospital facility. All funds operating in the NT have established agreements with Darwin Private Hospital.

Private hospital cover will also provide benefits for patients electing to be treated as a private patient at any of the NT's public hospitals.

ANCILLARY (EXTRAS) COVER

Ancillary cover, also known as “Extras” cover, provides benefits to cover (normally partly cover) a range of health related services not provided by a doctor including:

- Dental fees and charges;
- Optometry: costs of glasses and lenses
- Physiotherapy, Chiropractic services and other therapies including natural and complementary therapies
- Prescribed medicines not covered by the Pharmaceutical Benefits Scheme

Most funds offer a choice of different products providing ancillary cover. These products may differ on the basis of the range of items for which benefits can be paid, the amount of benefits payable and annual limits, price and discounts available. Because of the significant variation in products and the complex way in which benefits may be calculated, these tables provide basic information on comparative benefits and prices for each fund’s top ancillary cover only.

Percentage Market Share

This column indicates how much of the total ancillary insurance business within each state, each fund accounts for. It is an indicator of the size and significance of each fund within each state in terms of ancillary insurance.

Percentage of Fund Business

This column indicates how much of each fund’s ancillary insurance business is within each state. It is an indicator how significant that state is to each fund in terms of ancillary insurance business.

In general, funds can be expected to design their products (benefits, conditions, prices etc) to suit the arrangements and market conditions applying in the States in which they do a significant proportion of business. However, some nationally based funds tailor their products and prices to take account of different State arrangements.

Top Ancillary Cover – Price Ratings

Funds were given a comparative rating based on the price of the fund’s top ancillary cover in each state.¹ Benefits provided under each fund’s top cover vary considerably. *Price* ratings should only be considered in conjunction with the *Benefits* ratings and the availability of lower cost treatment options such as fund operated dental and optical centres or preferred provider arrangements.

¹ Price ratings are based on prices reported for each fund’s highest priced (normally, most comprehensive) ancillary cover as at 31 December 2004. (Lowest prices = A)

Top Ancillary Cover – Benefits Ratings

PHIO selected a number of the most commonly claimed services in each of the benefit categories and a representative total fee charged by the provider for each of those services. Funds were then asked to indicate how much benefit they would pay for that fee under their top ancillary cover. Funds were rated according to the level benefit they specified.²

- Funds with the highest benefits in the relevant service category were rated “A” in the *Benefits* column for that service category.

The benefit levels, used for these ratings, assume that any waiting periods have been served, annual limits have not been reached and that “preferred provider” arrangements do not apply.

Consumers who choose to use a fund’s own dental or optical centres or the fund’s preferred providers will get services at a much lower cost, even where the fund’s rating for benefits is low.

Processing Ratings – Within 5 days

Claims for ancillary benefits are paid as refunds to the contributor, after the contributor has paid the provider.

This column provides a comparative rating for the timeliness of processing such claims. The measure used was the percentage of all ancillary claims processed within 5 working days.

Processing Ratings – Auto

An increasing number of claims for ancillary benefits are now processed via an electronic link to the health fund. When this occurs the fund pays the benefit directly to the provider who deducts the benefit amount from the consumer’s bill. This is a much more convenient system for most consumers.

The *Auto* column rates each fund based on the percentage of ancillary benefits processed in this way.

² The services and fees used for this purpose were as follows.

General Dental: Periodic Oral Examination-\$38, Removal of Calculus (Scale &Clean)-\$69, Intraoral Periapical or Bitewing Radiograph (X-Ray)-\$30

Major Dental: Full Crown Veneered-\$1030, Preparation of Root Canal-\$179

Optical: Spectacle Frames-\$160, Pair of Single Vision Lenses-\$100

Physio: Consultation (subsequent)- \$45

ANCILLARY COVER

New South Wales / A.C.T.

Abbreviated name	% Market Share (in this state)	% of Fund Business (in this state)	Top Ancillary Cover Ratings					Processed	
			Price	Benefits				Within 5-days	Auto
				General Dental	Major Dental	Optical	Physio		
ACA	0.2	61.7	C	A	A	B	A	B	D ⁰
AHMG	3.8	56.6	C	D ¹	D ¹	A ¹	D	A	B
AMA	0.1	53.5	B	D	C	C	B	C	D ⁰
AU	0.3	5.8	D	A ²	A ²	A ²	A	C	A
BUPA	0.8	3.2	D	B	A	A ²	B	A	D
CBHS	1.7	44.5	B	B	B	B	A	C	A
CDH	0.1	100	A	D	D	D	B	A	D ⁰
Credicare	-	2.0	A	C	C	B	D	A	A
Defence Health	1.2	26.4	A	A	C	D	D	D	C
Druids NSW	0.1	100	A	C	C	C	C	C	D ⁰
GMHBA	0.2	4.9	A	A	D	B	C	D	A
GU	0.7	73.2	D	B	B	A	D	D	B
GU Corporate	0.4	46.7	D	B	B	B	D	D	B
HCF	20.8	84.8	C	B ^{1 2}	C ^{1 2}	D ¹	B	A	B
Healthguard	0.1	3.9	A	D	D	A	D	C	D ⁰
Lysaght	0.7	55.0	B	C	B	A	B	A	B
MBF	20.0	45.3	D	B ²	A ²	C ²	B ²	A	A
MBF Health	2.3	40.5	D	A	A	C	B	C	A
Medibank	21.3	34.9	C	C ²	A ²	D ²	A ²	A	B
MU	3.3	74.9	B	C	C	C	C	C	C
Navy Health	0.4	54.0	D	B	C	A	C	A	B
NIB	14.3	82.4	C	C ¹	D ¹	D ¹	C	B	C
Phoenix	0.2	56.7	A	C	B	C	B	A	C
Police Health	-	0.4	B	A	A	C	A	B	D ⁰
Qld Teachers	-	-	C	D	D	D	D	C	D
R&T Health	0.4	61.6	A	A	B	B	A	A	D ⁰
Reserve Bank	0.1	57.5	C	A	A	A	A	D	D ⁰
St Lukes	0.04	2.0	A	C	C	B	D	D	C
Teachers Fed	4.5	88.8	B	C	B	C ¹	A	C	B
Westfund	1.9	65.3	B	D ¹	D ¹	D ¹	D	A	D ⁰

D⁰ = this facility is not provided by this fund.

Where a (-) appears in any column, no data is available because fund membership is below the threshold for reporting data to PHIAC.

Note: Benefits used in these ratings do not take account of any discount or preference arrangements with some providers or arrangements applying at Dental Centres or Optical Centres owned or operated by some funds. Funds that offer such arrangements are identified, in the table, as indicated below. Members of those funds can normally receive services at a lower cost by choosing to use preferred providers or the fund's own Dental or Optical Centres.

¹This fund operates its own Dental/Optical Centre(s) in NSW

²This fund has established "preferred" or "participating" provider arrangements for these services in NSW

RATINGS ARE COMPARATIVE - Lower Ratings do not indicate unacceptable performance

ANCILLARY COVER

Victoria

Abbreviated name	% Market Share (in this state)	% of Fund Business (in this state)	Top Ancillary Cover Ratings					Processed	
			Price	Benefits				Within 5 days	Auto
				General Dental	Major Dental	Optical	Physio		
AHMG	1.3	13.1	D	D	D	A	C	A	B
AMA	0.1	27.1	B	D	B	C	B	C	D ⁰
AU	9.7	81.5	D	A ^{1 2}	A ^{1 2}	B ²	A	C	A
BUPA	21.4	44.9	C	C ²	B ²	B ²	D ²	A	D
CBHS	2.1	27.1	A	B	A	B	A	C	A
Credicare	-	1.6	A	C	C	C	D	A	A
Defence Health	2.6	29.7	A	A	C	D	C	D	C
Druids Vic	0.4	100	A	A	D	B	C	D	D ⁰
Federation	1.1	96.4	B	D	D	A	D	B	D
GMHBA	5.6	78.8	B	A	D	C	C	D	A
GU	0.2	10.3	D	B	A	B	C	D	B
GU Corporate	0.6	30.2	D	B	A	B	C	D	B
HCF	3.3	6.4	B	B	D	D	B	A	B
HCI	0.1	15.2	A	C	C	A	C	A	C
Healthguard	0.6	19.6	A	D	D	B	C	C	D ⁰
Latrobe	1.6	98.6	D	B	C	A	A	B	D
Lysaght	0.7	28.0	B	B	B	B	B	A	B
MBF	5.8	5.3	D	B ²	A ²	C ²	B ²	A	A
MBF Health	0.2	1.9	D	B	A	C	B	C	A
Medibank	34.9	23.2	C	D ²	B ²	D ²	B ²	A	B
Mildura ³	1.4	89.0	A	D	C	B	C	A	D
MU	0.8	10.9	C	C	B	D	B	C	C
Navy Health	0.3	19.0	C	A	C	A	B	A	B
NIB	3.7	9.2	B	C	D	D	C	B	C
Phoenix	0.1	13.5	A	B	B	C	B	A	C
Police Health	0.1	0.6	B	A	A	C	A	B	D ⁰
Old Teachers	-	-	C	D	D	D	C	C	D
R&T	-	-	A	A	B	B	A	A	D ⁰
Reserve Bank	-	24.6	C	A	A	A	A	D	D ⁰
St Lukes	0.1	3.8	A	C	C	C	C	D	C
Teachers Fed	0.5	5.2	C	C	B	D	A	C	B
Transport	0.4	100	A	C	B	B	D	C	D

D⁰ = this facility is not provided by this fund.

Where a (-) appears in any column, no data is available because fund membership is below the threshold for reporting data to PHIAC.

Note: Benefits used in these ratings do not take account of any discount or preference arrangements with some providers or arrangements applying at Dental Centres or Optical Centres owned or operated by some funds. Funds that offer such arrangements are identified, in the table, as indicated below. Members of those funds can normally receive services at a lower cost by choosing to use preferred providers or the fund's own Dental or Optical Centres.

¹This fund operates its own Dental/Optical Centre(s) in Victoria

²This fund has established "preferred" or "participating" provider arrangements for these services in Victoria

³Mildura's ancillary cover consists of a separate extras and dental cover, we compared the combined cost and benefits of these covers to other funds.

RATINGS ARE COMPARATIVE - Lower Ratings do not indicate unacceptable performance

ANCILLARY COVER

Queensland

Abbreviated name	% Market Share (in this state)	% of Fund Business (in this state)	Top Ancillary Cover Ratings					Processed	
			Price	Benefits				Within 5-days	Auto
				General Dental	Major Dental	Optical	Physio		
AHMG	2.4	20.2	C	D	D	A	D	A	B
AMA	0.1	19.4	B	D	C	C	B	C	D ⁰
AU	0.8	6.1	D	A ²	A ²	A ²	A	C	A
BUPA	2.0	3.2	C	D	B	A ²	D	A	D
CBHS	1.3	16.1	A	B	B	B	A	C	A
Credicare	2.5	96.4	A	C	C	B	D	A	A
Defence Health	2.8	28.0	A	A	C	D	D	D	C
GMHBA	0.5	6.1	A	A	D	B	C	D	A
GU	0.3	12.8	D	B	A	A	D	D	B
GU Corporate	0.3	12.7	D	B	B	B	D	D	B
HCF	2.8	5.3	B	B	C	D	B	A	B
Healthguard	0.3	10.4	A	D	D	B	D	C	D ⁰
Lysaght	0.2	8.0	B	C	B	A	B	A	B
MBF	37.0	38.3	D	B ²	A ²	C ²	B ²	A	A
MBF Health	0.4	2.9	D	B	A	C	B	C	A
Medibank	34.8	22.0	C	C ²	A ²	D ²	B ²	A	B
MU	1.0	8.9	C	C	C	C	C	C	C
Navy Health	0.3	13.7	D	A	C	A	C	A	B
NIB	2.3	6.0	B	C	D	D	C	B	C
Phoenix	0.1	11.6	A	C	B	C	B	A	C
Police Health	0.3	16.8	B	A	A	C ²	A	B	D ⁰
QCH	1.8	95.6	A	C	C	B	D	B	A
Qld Teachers	2.9	100	C	D ¹	D ¹	D ¹	D ²	C	D
R&T	0.6	38.4	A	A	B	B	A	A	D ⁰
Reserve Bank	-	6.6	C	A	A	A	A	D	D ⁰
Teachers Fed	0.2	2.3	B	C	B	C	B	C	B
Westfund	1.7	33.9	B	D	D	D ¹	D	A	D ⁰

D⁰ = this facility is not provided by this fund.

Where a (-) appears in any column, no data is available because fund membership is below the threshold for reporting data to PHIAC.

Note: Benefits used in these ratings do not take account of any discount or preference arrangements with some providers or arrangements applying at Dental Centres or Optical Centres owned or operated by some funds. Funds that offer such arrangements are identified, in the table, as indicated below. Members of those funds can normally receive services at a lower cost by choosing to use preferred providers or the fund's own Dental or Optical Centres.

¹This fund operates its own Dental/Optical Centre(s) in Queensland

²This fund has established "preferred" or "participating" provider arrangements for these services in Queensland

RATINGS ARE COMPARATIVE - Lower Ratings do not indicate unacceptable performance

ANCILLARY COVER

Western Australia

Abbreviated name	% Market Share (in this state)	% of Fund Business (in this state)	Top Ancillary Cover Ratings					Processed	
			Price	Benefits ¹				Within 5-days	Auto
				General Dental	Major Dental	Optical	Physio		
AHMG	0.3	1.8	B	D	D	A	D	A	B
AU	0.2	1.2	C	A	A	A	A	C	A
BUPA	0.9	1.2	C	C	B	A ²	B	A	D
CBHS	0.6	5.4	A	B	A	B	A	C	A
Credicare	-	-	A	C	C	B	D	A	A
Defence Health	0.6	4.5	A	A	C	D	D	D	C
GMHBA	0.8	8.9	A	A	D	B	C	D	A
GU	-	1.8	D	B	A	A	D	D	B
GU Corporate	0.2	5.8	D	B	A	B	D	D	B
HBF	68.4	97.9	D	C ²	B ²	D ²	A	D	D ⁰
HCF	0.3	0.5	A	B	C	D	B	A	B
Healthguard	2.4	64.6	A	D	D	B	D	C	D ⁰
HIF	3.3	100	C	D	D	D	C	B	D
Lysaght	0.1	4.0	B	B	C	A	B	A	B
MBF	1.6	1.0	C	A ²	B ²	B ²	A ²	A	A
MBF Health	2.3	11.5	C	A	B	B	B	C	A
Medibank	17.3	9.2	B	C ²	B ²	C ²	B ²	A	B
MU	0.2	1.4	B	C	C	C	C	C	C
Navy Health	0.2	8.9	D	A	C	A	C	A	B
NIB	0.3	0.7	B	C	D	D	C	B	C
Phoenix	-	-	A	B	A	C	B	A	C
Police Health	-	0.1	B	A	A	C	A	B	D ⁰
Old Teachers	-	-	C	D	D	D	D	C	D
Reserve Bank	-	4.4	C	A	A	A	A	D	D ⁰
Teachers Fed	-	-	B	C	B	C	A	C	B

D⁰ = this facility is not provided by this fund.

Where a (-) appears in any column, no data is available because fund membership is below the threshold for reporting data to PHIAC or (in the Auto column) the fund does not provide this service.

¹ **Note:** Benefits used in these ratings do not take account of any discount or preference arrangements with some providers. Funds that offer such arrangements are identified, in the table, as indicated below. Members of those funds can normally receive services at a lower cost by choosing to use their fund's preferred providers.

² This fund has established "preferred" or "participating" provider arrangements for these services in WA

RATINGS ARE COMPARATIVE - Lower Ratings do not indicate unacceptable performance

ANCILLARY COVER

South Australia

Abbreviated name	% Market Share (in this state)	% of Fund Business (in this state)	Top Ancillary Cover Ratings					Processed	
			Price	Benefits				Within 5-days	Auto
				General Dental	Major Dental	Optical	Physio		
AHMG	1.1	4.1	B	D	D	A	D	A	B
AU	1.4	5.4	D	A	A	A	A	C	A
BUPA	41.5	46.3	C	C ²	B ²	B ²	D ²	A	D
CBHS	0.8	5.0	A	B	A	B	A	C	A
Credicare	-	-	A	C	C	B	D	A	A
Defence Health	1.7	8.5	A	A	C	D	D	D	C
GMHBA	0.2	1.0	A	A	D	B	C	D	A
GU	-	1.4	D	B	A	A	D	D	B
GU Corporate	0.2	4.5	D	B	A	B	D	D	B
HCF	2.3	2.8	A	B	D	D	B	A	B
Healthguard	0.1	1.6	B	D	D	B	D	C	D ⁰
Healthpartners	7.7	100	B	D ¹	C ¹	D ¹	D ²	D	A
Lysaght	0.2	5.0	B	C	C	A	B	A	B
MBF	5.7	3.2	D	B ²	B ²	C ²	B ²	A	A
MBF Health	11.4	43.2	D	B	B	C	B	C	A
Medibank	21.2	6.9	C	C ²	B ²	D ²	B ²	A	B
MU	0.6	3.9	C	D	C	C	C	C	C
Navy Health	0.2	4.4	C	A	C	A	C	A	B
NIB	1.1	1.4	A	D	D	D	C	B	C
Phoenix	0.3	18.2	A	C	B	C	B	A	C
Police Health	1.6	77.5	B	A	A	C ²	A	B	D ⁰
Old Teachers	-	-	C	D	D	D	D	C	D
Reserve Bank	-	5.6	C	A	A	A	A	D	D ⁰
St Lukes	-	-	A	C	C	B	D	D	C
Teachers Fed	0.7	3.8	B	C	B	C	A	C	B

D⁰ = this facility is not provided by this fund.

Where a (-) appears in any column, no data is available because fund membership is below the threshold for reporting data to PHIAC or (in the Auto column) the fund does not provide this service.

Note: Benefits used in these ratings do not take account of any discount or preference arrangements with some providers or arrangements applying at Dental Centres or Optical Centres owned or operated by some funds. Funds that offer such arrangements are identified, in the table, as indicated below. Members of those funds can normally receive services at a lower cost by choosing to use preferred providers or the fund's own Dental or Optical Centres.

¹This fund operates its own Dental/Optical Centre(s) in South Australia

²This fund has established "preferred" or "participating" provider arrangements for these services in South Australia

RATINGS ARE COMPARATIVE - Lower Ratings do not indicate unacceptable performance

ANCILLARY COVER

Tasmania

Abbreviated name	% Market Share (in this state)	% of Fund Business (in this state)	Top Ancillary Cover Ratings					Processed	
			Price	Benefits ¹				Within 5-days	Auto
				General Dental	Major Dental	Optical	Physio		
AHMG	3.2	3.9	C	D	D	A	C	A	B
AU	-	-	D	A	A	B ²	A	C	A
BUPA	0.8	0.2	C	C	B	B ²	D	A	D
CBHS	0.9	1.7	B	B	B	B	A	C	A
Credicare	-	-	A	C	C	C	D	A	A
Defence Health	0.7	0.9	A	A	C	D	C	D	C
GMHBA	-	0.2	B	A	D	C	C	D	A
GU	-	0.4	D	B	A	B	C	D	B
GU Corporate	-	-	D	B	A	B	C	D	B
HCF	0.6	0.1	B	B	D	D	B	A	B
HCI	3.1	78.9	A	C	C	A	C	A	C
Healthguard	-	-	B	D	D	B	C	C	D ⁰
Lysaght	-	-	C	B	B	B	B	A	B
MBF	39.5	5.7	C	C ²	A ²	C ²	B ²	A	A
Medibank	34.9	2.7	A	D ²	B ²	D ²	A ²	A	B
MU	-	-	C	D	C	C	B	C	C
Navy Health	-	-	D	A	C	A	B	A	B
NIB	0.7	0.2	A	D	D	D	C	B	C
Phoenix	-	-	B	B	B	C	B	A	C
Police Health	-	0.1	B	A	A	C	A	B	D ⁰
Old Teachers	-	-	C	D	D	D	C	C	D
Reserve Bank	-	1.3	D	A	A	A	A	D	D ⁰
St. Luke's	15.7	94.2	A	C	C	C	C	D	C
Teachers Fed	-	-	C	C	B	C	A	C	B

D⁰ = this facility is not provided by this fund.

Where a (-) appears in any column, no data is available because fund membership is below the threshold for reporting data to PHIAC or (in the Auto column) the fund does not provide this service.

¹**Note:** Benefits used in these ratings do not take account of any discount or preference arrangements with some providers. Funds that offer such arrangements are identified, in the table, as indicated below. Members of those funds can normally receive services at a lower cost by choosing to use their fund's preferred providers.

² This fund has established "preferred" or "participating" provider arrangements for these services in Tasmania.

RATINGS ARE COMPARATIVE - Lower Ratings do not indicate unacceptable performance

ANCILLARY COVER

Northern Territory

Abbreviated name	% Market Share (in this state)	% of Fund Business (in this state)	Top Ancillary Cover Ratings					Processed	
			Price	Benefits ¹				Within 5-days	Auto
				General Dental	Major Dental	Optical	Physio		
AHMG	1.6	0.3	B	D	D	A	D	A	B
AU	-	-	D	A	A	A	A	C	A
BUPA	11.8	1.0	B	C	B	B ²	C	A	D
CBHS	-	0.2	A	B	B	B	A	C	A
Credicare	-	-	A	B	C	B	D	A	A
Defence Health	5.2	2.1	A	A	C	D	D	D	C
GMHBA	-	0.1	A	A	D	B	C	D	A
GU	-	0.1	D	B	A	A	D	D	B
GU Corporate	-	-	D	B	A	B	D	D	B
HCF	1.1	0.1	B	B	C	D	B	A	B
Healthguard	-	-	B	D	D	B	D	C	D ⁰
Lysaght	-	-	B	C	B	A	B	A	B
MBF	34.7	1.1	C	B ²	A ²	C ²	B ²	A	A
Medibank	42.5	1.0	A	C ²	B ²	D	B ²	A	B
MU	-	-	C	D	C	C	C	C	C
Navy Health	-	-	D	A	C	A	C	A	B
NIB	-	-	C	D	D	D	C	B	C
Phoenix	-	-	B	C	B	C	B	A	C
Police Health	1.7	4.5	A	A	A	C ²	A	B	D ⁰
Old Teachers	-	-	C	D	D	D	D	C	D
Reserve Bank	-	0.1	D	A	A	A	A	D	D ⁰
Teachers Fed	-	-	C	C	B	C	A	C	B

D⁰ = this facility is not provided by this fund.

Where a (-) appears in any column, no data is available because fund membership is below the threshold for reporting data to PHIAC.

¹**Note:** Benefits used in these ratings do not take account of any discount or preference arrangements with some providers. Funds that offer such arrangements are identified, in the table, as indicated below. Members of those funds can normally receive services at a lower cost by choosing to use their fund's preferred providers.

² This fund has established "preferred" or "participating" provider arrangements for these services in the NT.

RATINGS ARE COMPARATIVE - Lower Ratings do not indicate unacceptable performance

INFORMATION AND DATA SOURCES USED IN THIS REPORT

Health Fund Listing (pages 9-11)

- *Names & Brands*
PHIO survey of funds
- *National / State / Regional*
PHIO survey of funds
- *Market Share*
PHIAC¹ (as at 30/06/04)
- *For Profit /Not for Profit*
PHIAC¹

Service Delivery (pages 13 & 15)

- *Global Reviews Ratings*
Global Reviews Pty Ltd
- *All other items*
PHIO survey of funds
Fund websites & brochures

Service Performance (page 17)

- *Member retention*
PHIAC² (as at 30/06/04)
- *Membership Growth*
PHIAC³
- *PHIO Complaint Ratings*
PHIO complaints database 2003/04

Finances and Costs (page 19)

- *Standard & Poor's Ratings*
Standard & Poor's "Australian Health Insurance Report – 2004",
Standard & Poor's Australia
- *All other items*
PHIAC¹ (as at 30/06/04)

Hospital Cover (pages 21-27)

- *% Market Share*
PHIAC¹ (as at 30/06/04)
- *% Fund Business*
PHIAC¹ (as at 30/06/04)
- *Hospital Agreements*
PHIO survey of funds
- *Services with No Gap*
PHIAC² (as at 30/06/04)
- *Average Gap*
PHIAC² (as at 30/06/04)
- *Price of Top Cover*
PHIO survey of funds
Fund websites & brochures

Ancillary Cover (pages 29-35)

- *% Market Share*
PHIAC¹ (as at 30/06/04)
- *% Fund Business*
PHIAC¹ (as at 30/06/04)
- *Top Ancillary Cover Ratings*
PHIO survey of funds
Fund websites & brochures
- *Processed within 5 days*
PHIAC² (as at 30/06/04)
- *Processed - Auto*
PHIO survey of funds

PHIAC¹ = *Operations of the Registered Health Benefits Organisations – 2003-04 Report, Private Health Insurance Administration Council.* (Some items are derived.)

PHIAC² = Unpublished tables provided by the *Private Health Insurance Administration Council.*

PHIAC³ = Derived by comparison of membership figures as reported in *Operations of the Registered Health Benefits Organisations – 2003-04 Report* and *Operations of the Registered Health Benefits Organisations – 2001-02.*

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