Australian Government

Private Health Insurance Ombudsman

The State of the Health Funds Report

2007

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

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STATE OF THE HEALTH FUNDS REPORT

2007

(Relating to the financial year 2006-07)

Report required by 238-5(c) of the *Private Health Insurance Act 2007*

FOREWORD

I am pleased to present the fourth annual *State of the Health Funds* report relating to the financial year 2006/2007. The *Private Health Insurance Act* requires the Private Health Insurance Ombudsman (PHIO) to publish the *State of the Health Funds* 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. For existing fund members, the report provides information that will assist them to compare the performance of their fund with all other health funds. For those considering taking out private health insurance, it provides an indication of the services available from each fund and provides a comparison on some service and performance indicators at the fund level.

I have made a number of changes to this year's report, in order to produce a more streamlined document for consumers and in response to feedback from stakeholders. In addition, the development of the www.PrivateHealth.gov.au consumer website has reduced the need for some information to be included in the report.

The hospital and ancillary tables have been changed to show only the percentage of services covered by state, because consumers can now locate more detailed information about the price of specific health insurance policies on the website.

The website also provides a range of information to assist consumers' understanding of private health insurance and to select or update their private health insurance product. The information on the website, together with the State of the Health Funds Report, greatly increases the information available to consumers about private health insurance. This makes it easier for consumers to choose health insurance policies that better meet their individual needs.

In general, the range of issues and performance information is the same as previous reports, and has been chosen after taking into account the availability of reliable data and whether the information is reasonably comparable across funds. The information included in the report is based on data collected by the Private Health Insurance Administration Council (PHIAC), as part of their role in statistical reporting and monitoring the financial management of health funds.

The information for consumers about selecting a health insurance policy is now available as a brochure that will be included with every copy of the report when it is mailed out.

I would like to acknowledge the significant contribution of PHIO staff member, David McGregor, who has produced the statistical tables. I would also like to thank PHIAC for its assistance and advice in relation to the report.

Samantha Gavel
A/g Private Health Insurance Ombudsman

CONTENTS

THE STATE OF THE HEALTH FUNDS REPORT- INTRODUCTION

The tables presented in the report cover the following aspects of health fund operations:

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

Each of the tables is preceded by a discussion of the indicators used in the table and the source of the information provided. To allow comparability between funds of differing size, most of the statistical information is presented as percentages or, in some cases, $ amounts per membership.

About the data used in the report

The need to obtain independent, reliable data has been a key consideration in putting together the report. The data reported by funds to the industry regulator, the Private Health Insurance Administration Council (PHIAC), was chosen as the most appropriate data available. Funds report data to PHIAC for regulatory purposes and not all of it is publicly available. Some of this information is useful to consumers and is therefore reproduced in this report. This data is collected primarily for regulatory purposes and not for the purposes of the State of the Health Funds Report. Accordingly, it is important that the accompanying text explaining the data is read in conjunction with the tables.

Restricted access health insurers

Not all health funds are available to all consumers. Membership of some funds is restricted to employees of certain companies or occupations or members of particular organisations.

All registered health funds are included in the tables for each indicator. Open and restricted access funds are listed separately in each of the tables. (Restricted access funds are listed after open funds and are shown in italics.)

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 with information on the extent of each fund's business in each state, as well as other relevant state based information. Details of the number of retail offices and agencies operated by each fund are also shown on a State/Territory basis in the *Health Fund Listing and Service Information* section of the report.

Information about products

The report does not include detailed information on price and benefits for particular health insurance products. Information on these is available from the consumer website www.PrivateHealth.gov.au.

The information that is included in the report on fund contributions and benefits indicates the average outcomes across all of a fund's products and should not be taken as an indicator of the price or benefit levels that can be expected for any particular product. Virtually all funds offer more expensive products that can be expected to provide better than average benefits and most also offer cheaper products that provide less.

The report is intended to help consumers in deciding which health funds to consider but won't necessarily help them to decide which of the funds' products to purchase.

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 on the left side of the heading for each fund in the *Health Fund Listing* section.

Some open membership funds also use a number of different brand names.

CURRENT & RECENT BRAND NAMES

BRAND NAME	FUND
Australian Country Health	AHM
Country Health	AHM
Federation Health	Latrobe
GMF Health	Healthguard
Goldfields	Healthguard
Government Employees	AHM
Grand United	AU
HBA	BUPA
Illawarra Health Fund	AHM
IOOF	NIB
IOR	HCF
MBF Health	MBF Alliances
Mutual Community	BUPA
Mutual Health	AHM
NRMA Health	MBF Alliances
SGIC (SA)	MBF Alliances
SGIO (WA)	MBF Alliances
Union Shopper	Qld Teachers

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 or to assess their existing fund's performance, as part of a reassessment of their health insurance needs.

The new consumer website www.PrivateHealth.gov.au, which is managed by the Private Health Insurance Ombudsman (PHIO), went live in April 2007. The website enables consumers to view standard information outlining the main features of their health insurance policy. They are also able to compare standard information statements for other policies available for purchase. The website is a good source of information about particular policies available for sale, including the level of cover, excess and price. In addition, the website is a good resource of independent and reliable information about private health insurance.

The State of the Health Funds Report (SOHFR) provides consumers with additional information about the benefits that were paid by each insurer over the last year. The report also provides information about the extent of cover provided for hospital, medical and ancillary treatment and any state based differences in coverage. 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.

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 the range 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 seemingly poor performance on one indicator will be offset by a good performance on other factors. Some advice on factors to consider when assessing performance on 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 valid to average all the scores indicated 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.[1]

The *Selecting a Health Insurance Product* section of this report includes important advice and questions to get answered when examining health fund products.

Disclaimer

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.

[1] 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 from the PHIO.

KEY CONSUMER CONCERNS, ISSUES AND DEVELOPMENTS

Level of Complaints to the PHIO

In 2006/07, PHIO received 2340 complaints, compared with 2374 in 2005/06 (a reduction of 1.4 percent).

There were 815 higher-level complaints requiring more detailed investigation by the PHIO during 2006/07. This was a small decrease on the 840 investigated during the previous year.

In line with best practice complaints handling, PHIO staff assist consumers by referring many complaints directly to a contact within the health fund in the first instance, to try and obtain a speedy resolution of their complaint. In most cases, this results in a satisfactory resolution of the problem. Our customer surveys indicate that consumers are happy with a quick referral to someone who can fix their problem. This leaves PHIO staff to deal with the more complex, difficult complaints and is a better use of the office's resources.

Private Health Insurance Act 2007

The *Private Health Insurance Act 2007* replaced the *National Health Act 1953* on 1 April 2007. The new Act made a number of significant changes to the regulation of private health insurance. From a consumer point of view, the most important changes were the introduction of broader health cover and requirements for funds to give their members standard information about their health insurance policy.

Under broader health cover, funds can now pay benefits for a range of hospital substitute and chronic disease management programs. Funds have taken a cautious approach to the introduction of new programs, but the Private Health Insurance Administration Council (PHIAC) reported a total of $0.5 million spent on hospital substitute benefits for broader health cover initiatives in the June 2007 quarter, the first time benefits in this category were reported to PHIAC. *(Source: PHIAC Operations of the Private Health Insurers, Annual Report 2006/07, page 5.)*

Most funds now have a range of broader health care programs in place and it is expected that there will be a significant increase in benefits paid in this category during the next reporting period.

Consumer Information and Advice

In April 2007, PHIO launched a new website, www.privatehealth.gov.au, to give consumers access to independent, reliable information about health insurance. All funds must now produce a one page Standard Information Statement (SIS) for each health insurance policy they sell. An SIS must be provided to members once a year and to the PHIO for loading onto the website.

Consumers can download the SIS for their own health insurance policy from the website, as well as SISs for other health insurance policies they may be interested in purchasing.

Health insurance is a complex area for consumers and it may not be until the member first goes to hospital that they realise their policy does not cover them to the extent they thought that it would.

Standard information assists consumers to understand the main features of their policy, including waiting periods, restrictions and excesses. In addition, the www.privatehealth.gov.au website gives them access to independent, reliable information about health insurance and other policies available for purchase.

Better information enables consumers to take out policies that more closely match their needs and to review and update their policies as their needs change over time.

Informed Financial Consent

Informed financial consent is the process whereby a consumer is able to consent to incurring costs not payable by their health fund. Informed financial consent can only occur in circumstances where the consumer is given full information on the likely cost that they will have to pay themselves, prior to the treatment or service being provided.

The ability to give informed financial consent is very important in relation to private hospital treatment, because most consumers are unaware of how much a private hospital admission can cost if it is not covered by their health fund.

The PHIO has focussed strongly on the issue of informed financial consent over many years. Initially, our emphasis was on ensuring hospitals and funds had good systems in place to enable fund membership eligibility checking. This was to ensure that patients were made aware, prior to admission, of any out of pocket costs they may incur.

Over time, these efforts have seen a decline in the number of complaints from people who have found out after their hospitalisation that they were not fully covered and incurred a large hospital account. When these complaints do occur, the PHIO investigates the administrative processes of the fund and hospital and if these have been deficient, recommends a financial remedy to resolve the

problem. In recent years, PHIO has also been involved in initiatives to improve rates of informed financial consent by medical practitioners.

The Australian Medical Association (AMA) and medical colleges have also targeted this issue with their members, in particular through the AMA's "Let's Talk About Fees" campaign.

Complaints to the PHIO about unexpected medical gaps have been steadily decreasing. In 2006/07, the PHIO received 115 complaints about lack of informed financial consent by medical practitioners, compared with 125 complaints about this issue in the previous year.

The consumer surveys on Informed Financial consent prepared for the Department of Health and Ageing by Ipsos report a higher incidence of unexpected medical gaps (where no informed financial consent has been sought) than the level of complaints to the PHIO would suggest. *(Source: Ipsos Survey Informed Financial Consent, 2006.)*

One reason for this may be that consumers have some acceptance of gaps of a reasonable amount. It is gaps of $300 and above that cause increasing levels of dissatisfaction and make consumers more likely to complain. *(Source: Ipsos Health Care & Insurance Survey 2007, p 135.)*

Although the provision of informed financial consent by medical practitioners has improved in recent years, there is still room for further improvement.The PHIO will be focusing on this issue over the coming year by continuing to investigate the extent of the problem and educate consumers and medical practitioners about this important consumer right.

The Price of Private Health Insurance

During 2006/07, the PHIO received 59 complaints about premium increases. This was the lowest number of complaints received about this issue by the PHIO in its ten years of operation.

The industry regulator, PHIAC, identified good financial performance by the industry and steady growth in membership as significant contributing factors to the lower increases in contribution rates for consumers. The average premium increase in 2007 was 4.52% *(Source: PHIAC Media Release, 23/2/07).*

Figures released by PHIAC show an increase in benefit outlays of 8.6% during 2006/07. Areas of increase noted by PHIAC included public hospital benefits (12.2% increase or $49 million); private hospital benefits (8.2% increase or $306 million), medical benefits (9.4% or $90 million) and prostheses (10.8% or $90 million). *(Source: PHIAC Report of Operations of Health Funds, 2006/07.)*

As has been noted in previous reports, many of these cost factors are beyond the funds' control. Covering these increasing costs, while keeping premiums affordable, will continue to be a challenge for the industry in the longer term.

Problems with Reduced Cover

Most insurers now offer some policies that restrict payment of benefits for some types of hospital treatment. These policies tend to be popular with younger people, because they cover treatments they are more likely to need, such as wisdom teeth removal, and they are less expensive than more comprehensive covers.

A number of concerns relating to restricted covers have come to the attention of the PHIO during 2006/07. The first is a trend towards more complex policies. In the past, insurers offering restricted covers would cover most medical treatments, with the exception of four or five procedures such as joint surgery, obstetrics, cardiac surgery and eye surgery. The restrictions on these policies were relatively easy for consumers to understand.

In recent years, however, newer products with restrictions have become more complex. Instead of having a relatively simple list of restricted procedures, these policies have several lists such as "included procedures;" "excluded procedures"; and "restricted procedures".

These policies pay full private hospital benefits for the included procedures (generally wisdom teeth removal, accidents and appendectomies) but only pay a benefit equivalent to a patient attending a public hospital as private patient for all other treatments.

The number of complaints about these covers to the PHIO is not high, but this is probably related to the relatively young, healthy age group taking up these covers.

The complaints PHIO has received, however, show that consumers on these covers are confused about their entitlements and are risking significant out of pocket costs if they are treated in a private hospital for a service that is restricted under their cover.

In addition, these covers are making membership eligibility checking more complicated and difficult for hospital admissions staff. Many funds will not allow

on-line eligibility checking for these restricted covers and require the hospital to ring them directly with the item number to be used, before approval can be given for the admission.

While this may be a necessary safeguard with these types of cover, it increases the likelihood that the eligibility check will not be fully completed by busy admissions staff. It also means that eligibility checking for these covers is only available during business hours. If patients are admitted after hours or as emergency admissions, eligibility checking cannot be done. Where these issues arise in a complaint relating to a restricted cover, the PHIO will expect the fund to contribute to the resolution of the complaint.

The PHIO will continue to monitor and report on complaints about restricted covers and take any systemic issues up with the funds concerned.

The introduction of standardised information for health insurance policies does greatly assist consumer awareness of any restrictions or exclusions applying to their policy. PHIO will continue to focus on educating consumers about the importance of understanding any restrictions applying to their policy as part of its consumer information role.

New Restrictions to Existing Covers

During 2006/07, a small number of funds introduced new restrictions to previously unrestricted covers or forcibly migrated members from an unrestricted product to a level of cover with restrictions.

PHIO's experience is that detrimental changes to hospital covers, particularly the introduction of new benefit restrictions for certain treatments, need to be carefully managed to ensure members are aware of the changes and understand the implications.

First and foremost, it is important for the fund to provide specific information about the change on the first page of a letter to the member. Ideally, the information should be highlighted in the text.

The fund's transitional arrangements should give members at least 60 days notice of the change, and information should be provided about other levels of cover for those who do not want to remain on the restricted cover.

Members also need to be made aware that once the restriction comes into effect, they will have to re-serve waiting periods if they upgrade to a cover without the restriction in future.

Follow up information should be sent to those members who do not upgrade their cover or contact the fund about the change and the fund should be flexible in dealing with complaints that arise after the change has occurred.

Plastic Surgery Restrictions

During 2006/07, the PHIO received a number of complaints relating to restricted or excluded benefits for plastic and reconstructive surgery.

Consumers tend to assume that a plastic surgery restriction relates solely to cosmetic surgery, when in fact it covers a range of important and medically necessary procedures such as skin grafts for burns and skin flap repair following the removal of skin cancers and moles. This makes it difficult for consumers to assess the risk of taking out a policy with this type of restriction.

It is important that the consumer is alerted to the possible consequences of taking out a policy with a restriction on plastic and reconstructive surgery. The PHIO intends to further investigate the information provided to consumers about restrictions on plastic and reconstructive surgery in health fund brochures. Where the information is deficient, the PHIO will formally request that it be changed.

HEALTH INSURER LISTING AND CONTACT DETAILS

Abbreviation	Full name or other names	Main Office Phone Number	Not for Profit
Open Health Insurers			
AHM	Australian Health Management	13 42 46 (Local Call Cost)	●
AU	Australian Unity	13 29 39 (Local Call Cost)	
BUPA	Bupa Australia, HBA, Mutual Community	13 12 43 (Local Call Cost)	
CDH	CDH Benefits Fund Ltd	(02) 4990 1385 (Normal call cost)	●
Credicare	Credicare Health Fund Limited	133 282 (Local call cost)	●
Druids VIC	United Ancient Order of Druids Friendly Society	1800 008 684 (Freecall outside VIC)	●
GMHBA	GMHBA Limited	1300 446 422(Local call cost)	●
GU Corporate	Grand United Corporate Health Fund	1800 249 966 (freecall)	
HBF	HBF Health Funds Inc	13 34 23 (Local call cost)	●
HCF	The Hospitals Contribution Fund of Australia Limited	131 334 (Local call cost)	●
Healthguard	GMF Health, Central West Health Fund	1300 653 099 (GMF)	●
Health-Partners	Health-Partners Inc	1300 113 113 (Local Call Cost)	●
HIF	Health Insurance Fund of WA	1300 134 060 (Local Call Cost)	●
Latrobe	Latrobe Health Services	1300 362 144 (Local Call Cost)	●
MBF	MBF Australia Limited	131137 (Local Call Cost)	●
MBF Alliances	MBF Alliances Pty Ltd	133 234 (Local Call Cost)	
Medibank	Medibank Private	132 331 (Local Call Cost)	●
Mildura	Mildura District Hospital Fund	03 5023 0269 (Normal call cost)	●
MU	Manchester Unity	13 13 72 (Local Call Cost)	●
NIB	NIB Health Funds Ltd	131 463 (Local Call Cost)	
Onemedifund	National Health Benefits Fund Australia Pty Ltd *	1800 148 626 (Freecall)	
Peoplecare	Lysaght Peoplecare Limited	1800 808 690 (Freecall)	●
QCH	Queensland Country Health Limited	1800 813 415 (Freecall)	●
St Lukes	St. Lukes Health	1300 651 988 (Local Call Cost)	●
Westfund	Westfund	1300 552 132 (Local Call Cost)	●
Restricted Access Health Insurers			
ACA	ACA Health Benefits Fund	1300 368 390 (Local Call Cost)	●
CBHS	Commonwealth Bank Health Society	1300 654 123 (Local Call Cost)	●
Defence Health	Defence Health Limited	1800 335 425 (Freecall)	●
Doctors' Health	The Doctors' Health Fund Limited	1800 226 126 (Freecall)	●
HCI	Health Care Insurance Limited	1800 804 950 (Freecall)	●
Navy	Navy Health Ltd	1800 333 156 (Free Call)	●
Phoenix	Phoenix Health Fund	1800 028 817 (Freecall)	●
Police Health	South Australian Police Employees' Health Fund Inc.	1800 603 603 (Freecall)	●
QLD Teachers	Teachers' Union Health Fund	1300 360 701 (Local Call Cost)	●
R & T	Railway and Transport Health Fund Ltd	1300 886 123 (Local Call Cost)	●
Reserve Bank	Reserve Bank Health Society Limited	1800 027 299 (Freecall)	●
Teachers Fed	Teachers Federation Health	1300 728 188 (Local Call Cost)	●
Transport	Transport Health	03 8420 1888 (Normal call cost)	●

*New company commenced operations in late June 2007. Onemedifund does not appear in report tables.

HEALTH FUND OPERATIONS BY STATE (TERRITORY)

Some funds have little presence in most states but may have a large market share in one state or territory. Some funds use different brand names or offer different products in different states and territories. These separate tables for each state/territory are therefore provided to give an indication of the extent and importance of each fund's business in each state or territory. Only those funds with a significant operation in the State/Territory are listed in the relevant table.

Most funds now have websites where members can view information, join or change their product and submit claims. Links to all health fund websites are available at www.privatehealth.gov.au.

Percentage Market Share

This column indicates how much of the total health insurance business within each state/territory each fund accounts for. It is an indicator of the size and significance of each fund within each state.

Funds with a significant market share in the relevant state/territory can normally be expected to have more extensive networks of branch offices, agencies, agreement hospitals and preferred ancillary providers in those states/territories. They are also more likely to obtain the participation of doctors in their gap cover arrangements. However, funds participating in the Australian Health Services Alliance (AHSA) will generally have access to a wide range of agreement hospitals in all states. The Access Gap scheme operated by the AHSA also has a high level of acceptance from doctors in all states.

Percentage of Fund's Membership in State

This column indicates how much of each fund's health insurance membership is within each state. It is an indicator how significant that state is to each fund's health 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.

Health fund costs differ from state to state, which accounts for the variation in premiums across states.

Agreement Hospitals[1]

All health funds establish agreements with some (or all) private hospitals and day hospitals for the treatment of their members. These agreements generally provide for the fund to meet all of the private 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 private hospitals or private day 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.

While funds do not have agreements with particular public hospitals, all funds will fully cover hospital costs for treatment as a private patient in a public hospital (unless the particular treatment is excluded under the individual's policy or there is an extra charge for a private room, etc).

Fund Outlets – 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:

- 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 about 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 indicates whether the fund operates retail offices in the state/ territory.

Fund Outlets – 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 whether the fund has agencies in the state/territory.

[1] Number of hospitals as shown on www.privatehealth.gov.au website 24 Jan 2008.

[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.

NSW & ACT

Abbreviated name	% Fund Market Share this state	% Fund's Membership in this state	Agreement Hospitals		Fund Outlets	
			Private Hospitals	Day Hospitals	Retail Offices	Agencies
AHM	3.9%	51.5%	86	84	●	
AU	1.2%	12.5%	85	83		
BUPA	1.4%	5.1%	76	54	●	
CDH	0.1%	96.0%	78	42	●	
GMHBA	0.2%	5.1%	77	48		
GU Corporate	0.3%	43.2%	86	84		
HCF	19.6%	79.3%	86	84	●	
Healthguard	0.1%	7.8%	86	84		●
MBF	20.0%	45.2%	83	63	●	●
MBF Alliances	2.4%	41.2%	86	60	●	●
Medibank	23.5%	29.4%	82	73	●	●
Mildura	0.1%	10.8%	78	43		●
MU	2.8%	62.6%	86	84		●
NIB	14.4%	78.6%	86	78	●	
Peoplecare	0.5%	54.6%	86	84	●	
Westfund	1.4%	68.2%	86	84	●	●
ACA	0.2%	61.3%	86	84	●	
CBHS	1.5%	44.6%	86	84	●	
Defence Health	1.0%	25.3%	86	84		●
Doctors' Health	0.1%	44.7%	86	84	●	
Navy Health	0.3%	44.9%	86	84		
Phoenix	0.2%	52.1%	86	84	●	
R&T Health	0.6%	68.1%	86	84	●	
Reserve Bank	0.1%	57.3%	86	84	●	
Teachers Fed	4.0%	82.7%	86	84	●	

Victoria

Abbreviated name	% Fund Market Share this state	% Fund's Membership in this state	Agreement Hospitals		Fund Outlets	
			Private Hospitals	Day Hospitals	Retail Offices	Agencies
AHM	2.3%	19.4%	74	55		
AU	10.7%	73.4%	73	55	●	
BUPA	21.9%	52.3%	62	47	●	●
Druids Vic	0.5%	93.2%	74	52	●	
GMHBA	4.8%	76.8%	72	59	●	●
GU Corporate	0.3%	26.8%	74	55		
HCF	4.0%	10.5%	64	39	●	
Healthguard	0.8%	33.3%	74	55		
Latrobe	2.4%	96.9%	74	55	●	●
MBF	4.4%	6.5%	63	33	●	
MBF Alliances	0.1%	1.6%	66	34	●	●
Medibank	37.1%	30.3%	71	52	●	●
Mildura	1.0%	86.5%	74	52	●	●
MU	1.0%	14.9%	74	55		●
NIB	3.2%	11.5%	72	36	●	
Peoplecare	0.4%	28.0%	74	55	●	
St Luke's	0.1%	4.2%	74	53		
CBHS	1.3%	26.8%	74	55		
Defence Health	1.9%	30.7%	74	55	●	●
Doctors' Health	0.1%	33.8%	74	55		
Navy Health	0.2%	22.5%	74	55	●	
Phoenix	0.1%	13.8%	74	55		
Teachers Fed	0.7%	9.6%	74	55	●	
Transport	0.3%	97.7%	74	55		

Queensland

Abbreviated name	% Fund Market Share this state	% Fund's Membership in this state	Agreement Hospitals		Fund Outlets	
			Private Hospitals	Day Hospitals	Retail Offices	Agencies
AHM	3.1%	19.7%	49	38		
AU	1.5%	7.8%	49	38		
BUPA	2.4%	4.2%	44	36		
Credicare	2.2%	94.4%	49	38		●
GMHBA	0.6%	7.0%	44	23		
GU Corporate	0.2%	13.7%	49	38		
HCF	3.4%	6.6%	45	29	●	
Healthguard	0.2%	8.1%	49	38		
Health-Partners	0.1%	0.9%	54	51		
MBF	34.8%	37.9%	49	30	●	●
MBF Alliances	0.5%	4.2%	49	30	●	●
Medibank	36.3%	21.9%	49	34	●	●
MU	1.4%	15.2%	49	38		●
NIB	2.8%	7.4%	48	38	●	
Peoplecare	0.2%	8.9%	49	38		
QCH	1.3%	95.7%	49	38	●	●
Westfund	1.3%	30.3%	49	38	●	●
ACA	0.1%	17.1%	49	38		
CBHS	1.1%	16.2%	49	38		
Defence Health	2.3%	27.7%	49	38		●
Doctors' Health	0.1%	17.4%	49	38		
Navy Health	0.2%	15.8%	49	38		
Phoenix	0.1%	12.5%	49	38		
Police Health	0.4%	29.9%	49	38		
Qld Teachers	2.2%	97.7%	49	38	●	
R&T Health	0.6%	30.9%	49	38	●	
Teachers Fed	0.2%	2.3%	49	38		

Western Australia

Abbreviated name	% Fund Market Share this state	% Fund's Membership in this state	Agreement Hospitals		Fund Outlets	
			Private Hospitals	Day Hospitals	Retail Offices	Agencies
AHM	0.5%	2.3%	19	10		
AU	0.4%	1.3%	19	10		
BUPA	1.1%	1.3%	16	10		
GMHBA	1.2%	9.7%	17	11	●	●
GU Corporate	0.2%	11.5%	19	10		
HBF	63.2%	97.6%	19	15	●	●
HCF	0.6%	0.8%	6	2		
Healthguard	2.2%	48.8%	19	10	●	●
HIF	3.5%	96.4%	19	10	●	●
MBF	2.1%	1.6%	7	8	●	
MBF Alliances	2.4%	13.2%	14	8	●	
Medibank	19.9%	8.1%	19	13	●	●
MU	0.4%	2.9%	19	10		●
NIB	0.5%	0.8%	19	8		
Peoplecare	0.1%	3.8%	19	10		
CBHS	0.5%	5.4%	19	10		
Defence Health	0.6%	4.6%	19	10		●
Navy Health	0.2%	9.6%	19	10		
Police Health	0.2%	8.1%	19	10		
Teachers Fed	0.1%	0.7%	19	10		

South Australia

Abbreviated name	% Fund Market Share this state	% Fund's Membership in this state	Agreement Hospitals		Fund Outlets	
			Private Hospitals	Day Hospitals	Retail Offices	Agencies
AHM	1.3%	4.0%	31	21		
AU	1.8%	4.3%	31	21		
BUPA	42.3%	36.0%	30	19	●	●
GMHBA	0.2%	1.0%	23	8		
GU Corporate	0.1%	3.2%	31	21		
HCF	2.6%	2.4%	26	10	●	
Healthguard	0.1%	1.2%	31	21		
Health-Partners	7.5%	97.2%	33	27	●	●
MBF	4.9%	2.6%	28	17	●	
MBF Alliances	10.1%	39.6%	32	19	●	
Medibank	22.0%	6.4%	31	18	●	●
Mildura	0.1%	1.6%	23	7		
MU	0.7%	3.8%	31	21		●
NIB	1.0%	1.3%	30	16	●	
Peoplecare	0.2%	4.1%	31	21		
St. Lukes'	0.1%	1.3%	23	7		
CBHS	0.7%	5.0%	31	21		
Defence Health	1.5%	8.8%	31	21		●
Navy Health	0.2%	5.0%	31	21		
Phoenix	0.3%	17.2%	31	21		
Police Health	1.5%	53.0%	31	21	●	
Teachers Fed	0.7%	3.5%	31	21		

Tasmania

Abbreviated name	% Fund Market Share this state	% Fund's Membership in this state	Agreement Hospitals		Fund Outlets	
			Private Hospitals	Day Hospitals	Retail Offices	Agencies
AHM	3.2%	2.7%	6	2		
AU	0.6%	0.4%	6	2		
BUPA	1.2%	0.3%	4	1		
HCF	0.9%	0.2%	5	2		
MBF	35.7%	5.2%	6	2	●	●
Medibank	35.5%	2.8%	5	2	●	●
MU	0.3%	0.4%	6	2		
NIB	0.8%	0.3%	5	2		
St Luke's	15.3%	89.0%	7	2	●	●
CBHS	0.9%	1.7%	6	2		
Defence Health	0.6%	1.0%	6	2		
HCI	2.4%	77.5%	7	2	●	
Navy Health	0.1%	1.3%	6	2		
Police Health	0.2%	2.3%	6	2		
Teachers Fed	0.7%	1.0%	6	2		

Northern Territory

Abbreviated name	% Fund Market Share this state	% Fund's Membership in this state	Agreement Hospitals	Fund Outlets	
			Private Hospitals	Retail Offices	Agencies
AHM	1.9%	0.5%	1		
AU	0.7%	0.1%	1		
BUPA	12.5%	0.9%	1	●	●
HCF	1.7%	0.1%	1		
MBF	28.4%	1.2%	1	●	
Medibank	42.6%	1.0%	1	●	●
NIB	0.9%	0.1%	1		
Defence Health	3.9%	1.8%	1		●
Police Health	2.1%	6.0%	1		

SERVICE PERFORMANCE

Member Retention
The member retention indicator is used as one measure of the comparative effectiveness of health funds and is a measure of member satisfaction. This indicator measures what percentage of fund members (hospital memberships only) have remained with the fund for two years or more. Figures are not adjusted for policies that lapse when a member dies, as these are not reported to PHIAC.

Most restricted membership funds rate well on this measure compared to open membership funds. This may be due to the particular features of restricted membership funds, especially their links with employment.

Membership Change
The membership change indicator shows the change in the number of policy holders over the year from 30 June 2006 to 30 June 2007. Both the percentage change and number are included. Negative figures indicate that the fund has experienced a net reduction in membership over the period. As indicated above, member deaths would account for some of this figure.

PHIO Complaints in context

The number of complaints received by the Private Health Insurance Ombudsman (PHIO) is very small compared to fund membership.

There are a number of factors (other than service performance) that can influence the level of complaints the PHIO receives about a fund. These 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 that PHIO receives about a fund (relevant to its market share) is a reasonable indicator of the service performance of most funds.

Complaints % compared to Market Share %

The first table includes all funds with a national market share of 0.5% or more.

In that table each fund's market share (as at 30 June 2007) is shown in the shaded column. Subsequent columns show the % of PHIO complaints in various categories that each fund accounts for. These percentages should be compared with the market share percentage.

If a fund has a higher complaints % than their percentage market share, it indicates that members of that fund are more likely to complain (about that issue) than the average of all fund members.

Benefits complaints include problems of non-payment, delayed payment, 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.

All Complaints takes account of all complaints received by PHIO about the fund. *All Complaints* includes *complaints investigated* as well as complaints that were finalised without the need for investigation.

Complaints Investigated
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. Complaints which fund staff have not been able to resolve to a member's satisfaction are investigated by the Ombudsman's office.

The rating on *complaints investigated* is an indicator of the effectiveness of each fund's own internal complaints handling.

Smaller Funds (less than 0.5% National Market Share)

For these smaller funds, it is not practical to show % of complaints in each of the above categories, because of the very small numbers of complaints.

This separate table therefore shows the actual number of all complaints received and the number of complaints investigated, as well as an indicator of whether the number is below the number expected based on the fund's market share.

While these funds have a very low national market share, many are nonetheless very significant in a particular state or region. For instance, St Luke's has a national market share of 0.4% but a 16.0% share of the market in Tasmania.

Code of Conduct
A self-regulatory code for health funds was introduced in 2005 dealing with the quality of advice provided to consumers. It sets standards for training of health fund staff and others responsible for advising consumers about private health insurance. It also requires funds to have effective complaint handling procedures.

Funds that have completed the compliance processes for becoming a signatory to the code are indicated in the table (as at January 2008).

SERVICE PERFORMANCE - Member Retention & Complaints

Fund Name (Abbreviated)	Member Retention (hospital cover)	Membership Change % (number)	Complaints % compared to Market Share %					Code of Conduct Member
			Market Share	Benefits	Service	All Complaints	Complaints Investigated	
AHM	90.3%	13.6% (16317)	2.7%	3.9%	4.0%	3.7%	2.8%	●
AU	87.2%	-0.3% (-468)	3.4%	9.4%	7.8%	8.2%	9.2%	●
BUPA	84.4%	3.8% (17954)	9.8%	8.8%	7.0%	7.6%	7.8%	●
GMHBA	89.1%	4.3% (3020)	1.5%	1.6%	0.7%	1.2%	0.5%	●
HBF	90.6%	2.0% (7334)	7.6%	2.8%	2.9%	3.1%	2.5%	●
HCF	90.0%	4.4% (18773)	8.9%	5.9%	4.6%	5.9%	5.6%	●
Healthguard	87.9%	1.2% (317)	0.5%	0.7%	0.4%	0.5%	0.5%	
Health-Partners	91.4%	0.9% (281)	0.6%	0.5%	0.4%	0.5%	0.4%	●
Latrobe	90.3%	0.5% (152)	0.6%	0.4%	0.0%	0.2%	0.0%	●
MBF	86.0%	-0.1% (-544)	15.9%	20.3%	33.6%	26.8%	29.1%	●
MBF Alliances	84.3%	1.8% (1893)	2.1%	2.4%	1.9%	2.5%	2.0%	●
Medibank	89.4%	4.3% (59173)	28.8%	26.4%	24.3%	25.5%	25.9%	●
MU	88.8%	12.5% (8842)	1.6%	3.3%	3.3%	3.0%	2.1%	●
NIB	88.3%	8.8% (26485)	6.6%	5.9%	4.1%	4.8%	4.9%	●
Westfund	88.2%	4.4% (1531)	0.7%	0.8%	0.5%	0.6%	0.5%	
CBHS	94.0%	6.0% (3355)	1.2%	0.9%	0.4%	0.7%	0.8%	●
Defence Health	91.0%	4.9% (3299)	1.4%	1.4%	1.2%	1.2%	1.2%	●
Teachers Fed	95.3%	5.2% (4251)	1.7%	0.4%	0.3%	0.5%	0.1%	●

Smaller Funds (less than 0.5% National Market Share)

Fund Name (Abbreviated)	Member Retention (hospital cover)	Membership Growth %	Number Complaints Received	Below market share?	Number Complaints Investigated	Below market share?	Code of Conduct Member
CDH	94.9%	5.1% (100)	0	Yes	0	Yes	
Credicare	88.6%	1.6% (317)	12		2	Yes	
Druids Vic	87.1%	17.6% (958)	7		2		
GU Corporate	61.3%	7.4% (884)	15		5		
HIF	88.4%	9.4% (1846)	9		4		●
Mildura	91.2%	2.9% (389)	2	Yes	0	Yes	
Peoplecare	92.9%	4.1% (658)	1	Yes	0	Yes	●
QCH	88.7%	2.5% (278)	8		4		
St. Luke's	88.7%	1.5% (296)	1	Yes	1	Yes	●
ACA	92.4%	2.6% (112)	0	Yes	0	Yes	●
Doctors' Health	93.1%	4.4% (196)	0	Yes	0	Yes	●
HCI	93.9%	2.6% (90)	0	Yes	0	Yes	●
Navy Health	91.4%	2.5% (313)	3	Yes	1	Yes	●
Phoenix	93.3%	1.4% (86)	0	Yes	0	Yes	●
Police Health	91.1%	17.2% (1742)	3	Yes	2		●
Qld Teachers	94.2%	2.0% (389)	10		5		●
R&T Health	93.5%	2.4% (381)	8		2		●
Reserve Bank	89.8%	-0.8% (-16)	1		1		●
Transport	92.5%	5.8% (182)	1		1		●

HOSPITAL COVER

This table contains information allowing a comparison of some general coverage of health insurance for private hospital treatment (hospital cover) provided by each fund.

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 prostheses required for hospital treatment; and
- the fees charged by 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.

Hospital Charges Covered

This column indicates what proportion of total charges associated with treatment of private patients are covered by each fund's benefits. This includes charges for hospital accommodation, theatre costs, prostheses and specialist fees (not including the Medicare benefit) and associated benefits.

This averages outcomes across all of each fund's hospital products. Higher cost products will generally cover a greater proportion of charges than indicated by this average. Cheaper products may cover less.

The use of an average figure applying across all of each fund's products will mean that funds with a high proportion of their membership in lower cost/reduced cover products will have a lower average figure.

Information is not provided for some funds in some states, as there are insufficient numbers reported to PHIAC for states in which the fund does not have a large enough membership

Additional Information on Hospital Cover

The separate *Health Fund Operations by State (Territory)* tables include information on the number of "agreement" hospitals under contract to each fund in each state.

For additional information on the medical gap cover provided through hospital covers refer to the separate *Medical Gap Cover* section.

The brochure *Health Insurance Choice- Selecting a Health Insurance Product* includes important advice on what to consider and what questions to ask when selecting a hospital cover product. It also includes information on government incentives relating to hospital cover such as the *Medicare Levy Surcharge Exemption* and *Lifetime Health Cover.* Available from www.phio.org.au or phone 1800 640 695

The www.privatehealth.gov.au website provides information about all private health insurance products available in Australia, including benefits, prices and which hospitals a health fund has agreements with.

The information provided in this table presents the position taking account of all of each fund's products. It is not indicative of any individual product offered by the fund but is an average for the total fund membership.

HOSPITAL COVER

Abbreviated name	% Hospital Related Charges Covered[1]						
	NSW & ACT	VIC	QLD	WA	SA	TAS	NT
AHM	86.4%	88.6%	87.0%	88.5%	92.2%	91.4%	87.4%
AU	87.5%	92.4%	89.1%	85.0%	94.1%	-	-
BUPA	84.9%	93.9%	87.0%	88.9%	95.9%	90.1%	91.0%
CDH	95.4%	-	-	-	-	-	-
Credicare	-	-	92.2%	-	-	-	-
Druids Vic	-	91.9%	-	-	-	-	-
GMHBA	83.3%	89.9%	85.7%	86.5%	-	-	-
GU Corporate	83.1%	90.9%	89.9%	86.8%	-	-	-
HBF	78.0%	88.4%	86.8%	92.7%	-	-	-
HCF	88.8%	93.4%	90.1%	90.7%	97.4%	92.7%	87.2%
Healthguard	91.5%	96.2%	93.5%	93.6%	-	-	-
Health-Partners	-	-	-	-	96.9%	-	-
HIF	-	-	-	91.5%	-	-	-
Latrobe	-	93.3%	-	-	-	-	-
MBF	88.0%	91.2%	89.9%	90.7%	96.6%	94.5%	89.5%
MBF Alliances	87.2%	91.6%	89.3%	90.2%	96.0%	-	-
Medibank	87.6%	94.2%	91.4%	91.9%	95.6%	94.0%	89.5%
Mildura	89.1%	89.4%	-	-	-	-	-
MU	83.6%	83.2%	80.6%	75.6%	90.2%	-	-
NIB	85.4%	87.0%	83.9%	84.4%	90.4%	88.9%	-
Peoplecare	88.7%	93.0%	90.7%	-	-	-	-
QCH	-	-	90.5%	-	-	-	-
St. Luke's	-	91.4%	-	-	-	93.8%	-
Westfund	87.9%	-	87.2%	-	-	-	-
ACA	93.0%	95.4%	96.5%	-	-	-	-
CBHS	89.1%	95.3%	93.3%	93.1%	97.1%	95.5%	-
Defence Health	88.6%	94.4%	92.4%	91.4%	96.8%	92.4%	91.7%
Doctors' Health	93.1%	92.4%	91.8%	-	-	-	-
HCI	-	-	-	-	-	94.1%	-
Navy Health	89.1%	93.6%	90.4%	90.2%	-	-	-
Phoenix	93.7%	95.5%	91.6%	-	98.4%	-	-
Police Health	-	-	92.9%	90.7%	98.4%	-	94.8%
Qld Teachers	-	-	90.0%	-	-	-	-
R&T Health	93.8%	-	94.6%	-	-	-	-
Reserve Bank	92.5%	97.8%	-	-	-	-	-
Teachers Fed	90.2%	94.6%	93.8%	-	99.2%	-	-
Transport	-	95.1%	-	-	-	-	-

1 includes charges for hospital accommodation, theatre costs, prostheses and specialist fees (not including the Medicare benefit) and associated benefits.

MEDICAL GAP COVER

This table provides information on the effectiveness of health fund gap cover arrangements in various states/territories in Australia.

FUND GAP SCHEMES AND AGREEMENTS

Doctors are free to decide, for each individual patient, whether or not to use a particular fund's gap cover arrangements.

Factors that can affect the acceptance of the scheme by doctors include:

- whether the fund has a substantial share of the health insurance market in a particular state or region;
- the level of fund benefits paid under the gap arrangements (compared with the doctor's desired fee); and
- the design of the fund's gap cover arrangements, including any administrative burden for the doctor.

Most hospital admissions involve the services of two or more health professionals, so the incidence of gaps per hospital episode can be higher than indicated. Consumer surveys indicate that around 40 percent of hospital episodes for private patients involve some gap (but not necessarily a large gap).

STATE BASED DIFFERENCES

Information on the percentage of services with no gaps is provided on a state basis, because the effectiveness of some funds' gap schemes can differ between states and these differences are not apparent in the national figures.

In some states, funds are able to provide more effective coverage of gaps, because doctors charge less than the national average.

In addition, where a doctor's fee for an in-hospital service is at or below the MBS fee, there will be no gap to the fund member. In the main, this is due to the level of doctor's fees, which vary significantly between different states in Australia, and between regional areas and capital cities.

If a health fund's percentage of services with no gap is higher than that of a fund in another state, it does not necessarily mean the fund's scheme is more effective, because state based differences could be the cause.

Looking at the extent of services covered with no gap, the likelihood of obtaining no gap services is higher in South Australia (89.1% of services were provided with no gap) than in any other state. The Northern Territory has the lowest percentage of services with no gap (74.7%).

COMPARING DIFFERENT GAP SCHEMES

If a health fund has a higher percentage of services covered at no gap (in the same state/territory) compared with another fund, it is an indicator of a more effective gap scheme in that state. Over the whole fund, it is more likely that a medical service can be provided at no out of pocket cost to the consumer, but it is no guarantee that a particular doctor will choose to use the fund's gap scheme.

It is also worth noting that gap schemes are funded by membership premiums, and any increases in coverage of medical gaps may place pressure on premiums for all members of that health fund.

% OF SERVICES WITH NO GAPS

The percentage indicated is the proportion of services for which a gap is not payable after the impact of fund benefits, schemes and agreements.

Information is not provided for some funds in some states, as there are insufficient numbers reported to PHIAC for states in which the fund does not have a large enough membership (in which case, these figures are counted in the state in which a fund has the largest number of members).

"Access Gap" Participants

The Access Gap scheme is the gap cover scheme operated by the Australian Health Services Alliance (AHSA) for its member funds.

There were 23 funds participating in these arrangements in 2006/07. Because the scheme operates in the same way for all of these participant funds, the effectiveness measures are reported for the Access Gap arrangements as a whole.

The measures also take account of any Medical Purchaser Provider Agreements established by the ASHA for participant funds.

The separate table lists the funds that participated in the Access Gap arrangements.

The information provided in this table presents the position taking account of all of each fund's products. It is not indicative of any individual product offered by the fund but is an average for the total fund membership.

Medical Gap Cover

FUND / GAP SCHEME	% of Services with No Gaps						
	NSW & ACT	VIC	QLD	WA	SA	TAS	NT
BUPA	70.1%	89.1%	72.2%	60.3%	94.0%	73.2%	79.8%
CDH	78.6%	-	-	-	-	-	-
Druids VIC	-	57.0%	-	-	-	-	-
GMHBA	61.4%	76.4%	63.4%	50.6%	73.2%	-	-
HBF	63.2%	65.1%	58.6%	80.1%	70.2%	-	74.5%
HCF	83.3%	90.0%	86.4%	76.2%	97.5%	86.0%	88.1%
Healthguard	81.4%	87.3%	83.8%	67.7%	91.2%	-	-
Latrobe	-	77.3%	-	-	-	-	-
MBF	82.7%	83.7%	84.5%	62.8%	94.5%	91.0%	74.4%
MBF Alliances	64.6%	61.4%	53.1%	52.9%	70.2%	-	-
Medibank	79.7%	87.5%	81.9%	66.3%	93.3%	87.1%	71.6%
Mildura	65.3%	64.3%	-	-	-	-	-
NIB	77.1%	76.9%	67.0%	56.3%	83.0%	80.0%	-
St Lukes	65.8%	74.6%	64.6%	-	-	86.2%	-
Access Gap Participants[1]	79.8%	88.0%	78.8%	59.1%	87.6%	79.4%	81.9%
Total / Industry outcome	80.5%	86.6%	81.9%	74.5%	90.0%	87.6%	74.7%

[1]Access Gap Scheme participant funds are listed in the table below

Access Gap - Participating Funds	
Open Membership Funds	Restricted Membership Funds
AHM	ACA
AU	CBHS
Credicare	Defence
GU Corporate	Doctors' Health
Health Partners	HCI
HIF	Navy
MU	Phoenix
Peoplecare	Police
QCH	Qld Teachers
Westund	R&T Health
	Reserve Bank
	Teachers Fed
	Transport

GENERAL TREATMENT (EXTRAS) COVER

General Treatment cover, also known as "Ancillary" or "Extras" cover[1], 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.

% *Charges Covered, All Services, By State*

This column indicates what proportion of total charges, associated with ancillary services, is covered by each fund's benefits. This averages outcomes across all of each fund's general treatment products and all ancillary services. Higher cost products will generally cover a greater proportion of charges than indicated by this average. Cheaper products may cover less.

% Claims Processed in 5 days

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. Where the automatic facility is not available, claims for ancillary benefits are paid as refunds to the contributor, after the contributor has paid the full provider charge. This column provides a comparison of the timeliness of processing such claims. The measure used was the percentage reported to PHIAC for industry agreed efficiency indicators. (Funds reporting 100% may be rounding their results.).

PREFERRED PROVIDERS FOR EXTRAS SERVICES

Many funds establish "preferred provider" or "participating provider" arrangements with some suppliers of extras (general treatment) services. Those providers offer an agreed charge for fund members, resulting in lower out of pocket costs for members after fund benefits are taken into account. It is usually worth checking with your fund to see if a suitable preferred provided is available**.**

FUND DENTAL AND EYECARE CENTRES

In some states, some funds operate their own dental and optical centres. These are usually only located in capital cities or major population centres.

Consumers who choose to use a fund's own dental or optical centres will normally get services at a much lower out of pocket cost.

The information provided in this table presents the position taking account of all of each fund's products. It is not indicative of any individual product offered by the fund but is an average for the total fund membership.

Further Information

For further Information on General Treatment Cover, please visit **www.privatehealth.gov.au** which provides information about all private health insurance policies available in Australia, including benefits and prices.

ANCILLARY (EXTRAS) COVER (II)
% Costs Covered for each Service Type

This additional table provides information on the proportion of the total charge for each service type covered by each fund on average (across all of the fund's ancillary products).

This is intended to provide a broad comparative indicator of fund ancillary benefits to allow comparisons between funds and should not be regarded as an indicator of how much of a bill for any particular service will be covered.

In general this will understate the proportion of an ancillary bill that will be covered for the most common (lower cost services) and will overstate the proportion of the costs covered for some higher cost services.

Ambulance
Some funds do not provide ambulance cover through any of their ancillary products but offer this as a component of hospital cover. These funds show as 0% under the ambulance column. Most ambulance services in Queensland and Tasmania are provided free to residents of those states.

[1] Known as "Essentials" cover in WA

General Treament (extras) Cover

Abbreviated name	% General Treatment (extras) Charges Covered							% Claims Processed in 5-days
	NSW & ACT	VIC	QLD	WA	SA	TAS	NT	
AHM	49.3%	50.5%	49.6%	50.0%	51.7%	48.3%	50.3%	91.6%
AU	48.5%	50.5%	50.8%	51.2%	52.8%	47.1%	-	93.3%
BUPA	45.4%	45.1%	40.8%	43.8%	50.0%	40.9%	41.3%	100.0%
CDH	45.9%	-	-	-	-	-	-	99.9%
Credicare	-	-	51.5%	-	-	-	-	99.9%
Druids Vic	-	46.2%	-	-	-	-	-	94.0%
GMHBA	47.0%	51.1%	47.1%	50.5%	-	-	-	98.1%
GU Corporate	68.8%	72.9%	70.0%	73.3%	-	-	-	93.6%
HBF	39.2%	42.6%	40.8%	45.9%	-	-	-	80.9%
HCF	52.8%	54.2%	52.8%	52.0%	58.2%	47.8%	48.8%	99.8%
Healthguard	49.5%	50.4%	38.9%	50.6%	-	-	-	32.1%
Health-Partners	-	-	-	-	56.6%	-	-	93.1%
HIF	-	-	-	48.6%	-	-	-	94.2%
Latrobe	-	43.9%	-	-	-	-	-	99.9%
MBF	46.9%	50.0%	48.7%	51.1%	54.1%	48.8%	48.1%	81.7%
MBF Alliances	59.6%	57.9%	54.7%	52.0%	53.2%	-	-	98.1%
Medibank	46.0%	43.4%	46.7%	46.2%	50.7%	48.7%	41.7%	99.8%
Mildura	52.3%	53.0%	-	-	-	-	-	100.0%
MU	50.3%	56.4%	52.4%	54.5%	56.8%	-	-	90.2%
NIB	53.2%	62.9%	53.4%	64.4%	65.6%	56.1%	-	98.7%
Peoplecare	56.8%	56.8%	54.3%	-	-	-	-	97.7%
QCH	-	-	48.6%	-	-	-	-	99.6%
St. Luke's	-	49.0%	-	-	-	47.3%	-	99.9%
Westfund	54.9%	-	57.1%	-	-	-	-	99.1%
ACA	61.7%	66.1%	64.5%	-	-	-	-	99.6%
CBHS	50.4%	54.0%	52.8%	53.8%	54.6%	52.2%	-	94.6%
Defence Health	47.9%	53.3%	51.7%	50.6%	54.6%	51.6%	50.7%	99.1%
Doctors' Health	37.2%	40.1%	41.6%	-	-	-	-	90.7%
HCI	-	-	-	-	-	52.8%	-	99.8%
Navy Health	45.5%	51.9%	50.2%	48.9%	-	-	-	96.2%
Phoenix	54.9%	57.1%	56.4%	-	58.0%	-	-	99.9%
Police Health	-	-	68.0%	69.4%	70.4%	-	66.8%	92.1%
Qld Teachers	-	-	54.5%	-	-	-	-	88.8%
R&T Health	56.7%	-	57.9%	-	-	-	-	75.9%
Reserve Bank	76.6%	80.5%	-	-	-	-	-	73.4%
Teachers Fed	55.6%	58.0%	55.9%	-	57.8%	-	-	77.4%
Transport	-	66.1%	-	-	-	-	-	79.7%

General Treament (extras) Cover (II)- Average Amount of Costs Covered by Service

Open Membership Funds

Fund	Dental[1]	Optical[1]	Physiotherapy	Chiropractic	Pharmacy	Podiatry	Natural Therapies	Ambulance	Acupuncture	Psych/ Group Therapy	Preventative Health Products	Hearing Aids & Audiology	Occupational Therapy
AHM	47%	63%	53%	61%	44%	54%	39%	100%	43%	34%	85%	30%	43%
AU	47%	64%	62%	51%	38%	58%	52%	40%	47%	37%	52%	17%	46%
BUPA	48%	44%	58%	48%	36%	46%	32%	100%	42%	39%	0%	17%	39%
CDH	49%	41%	64%	57%	51%	50%	41%	0%	58%	30%	28%	0%	50%
Credicare	52%	48%	59%	57%	39%	62%	48%	90%	50%	56%	0%	39%	61%
Druids Vic	48%	36%	51%	0%	36%	48%	44%	95%	48%	27%	51%	11%	47%
GMHBA	51%	49%	50%	50%	48%	57%	39%	95%	39%	33%	71%	18%	44%
GU Corporate	72%	64%	74%	75%	57%	75%	69%	0%	75%	70%	67%	20%	84%
HBF	47%	40%	49%	42%	41%	54%	40%	100%	0%	43%	62%	25%	58%
HCF	57%	48%	49%	51%	44%	54%	38%	100%	54%	58%	58%	32%	61%
Healthguard	43%	70%	55%	43%	38%	68%	33%	99%	31%	42%	0%	21%	62%
Health-Partners	61%	56%	57%	51%	43%	49%	34%	97%	44%	46%	0%	33%	61%
HIF	50%	43%	48%	45%	51%	52%	40%	96%	38%	48%	25%	28%	56%
Latrobe	41%	51%	45%	49%	20%	51%	37%	55%	46%	45%	50%	16%	55%
MBF	51%	41%	52%	61%	43%	52%	44%	100%	59%	48%	25%	24%	54%
MBF Alliances	57%	47%	61%	65%	45%	59%	56%	97%	70%	58%	28%	19%	61%
Medibank	44%	46%	48%	47%	34%	49%	45%	100%	56%	38%	66%	20%	40%
Mildura	54%	43%	54%	61%	0%	54%	59%	49%	51%	32%	0%	17%	0%
MU	48%	42%	53%	66%	40%	56%	44%	100%	46%	43%	33%	24%	47%
NIB	57%	52%	63%	55%	38%	64%	42%	100%	55%	41%	88%	17%	52%
Peoplecare	55%	64%	59%	56%	46%	56%	48%	100%	50%	46%	52%	39%	62%
QCH	47%	51%	50%	58%	31%	68%	42%	0%	47%	55%	70%	47%	46%
St. Luke's	46%	49%	52%	64%	42%	57%	53%	77%	47%	40%	53%	37%	39%
Westfund	61%	45%	52%	62%	47%	62%	49%	96%	56%	0%	0%	14%	0%

Note: All percentages based on health fund reporting to PHIAC. [1].For some funds data may not take account of discounts at some providers or fund Dental / Optical centres.

General Treament (extras) Cover (II)- Average Amount of Costs Covered by Service

Restricted Membership Funds

Fund	Dental[1]	Optical[1]	Physiotherapy	Chiropractic	Pharmacy	Podiatry	Natural Therapies	Ambulance	Acupuncture	Psych/ Group Therapy	Preventative Health Products	Hearing Aids & Audiology	Occupational Therapy
ACA	67%	61%	65%	68%	54%	75%	35%	100%	0%	41%	0%	44%	70%
CBHS	52%	48%	62%	64%	55%	61%	52%	91%	56%	56%	24%	37%	50%
Defence Health	51%	49%	53%	56%	52%	53%	44%	100%	46%	45%	45%	27%	48%
Doctors' Health	39%	33%	54%	0%	38%	60%	0%	0%	0%	68%	0%	13%	30%
HCI	55%	51%	62%	65%	53%	64%	58%	100%	48%	42%	46%	36%	56%
Navy Health	47%	50%	51%	59%	39%	50%	52%	99%	0%	42%	0%	21%	40%
Phoenix	60%	49%	61%	59%	46%	65%	38%	100%	55%	51%	0%	43%	61%
Police Health	70%	61%	77%	77%	48%	72%	53%	100%	73%	77%	0%	29%	70%
Qld Teachers	54%	43%	60%	65%	44%	71%	58%	0%	55%	56%	70%	32%	62%
R&T Health	54%	61%	67%	77%	50%	77%	49%	0%	76%	39%	0%	36%	53%
Reserve Bank	78%	80%	81%	80%	59%	85%	81%	99%	83%	84%	0%	64%	71%
Teachers Fed	58%	48%	62%	61%	54%	64%	60%	100%	65%	46%	36%	41%	69%
Transport	74%	57%	56%	59%	39%	61%	44%	100%	53%	41%	66%	31%	33%

Note: All percentages based on health fund reporting to PHIAC. [1].For some funds data does may not take account of discounts at some providers or fund Dental / Optical centres.

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 *Private Health Insurance Act 2007*(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 organisation 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 year[1]. Information included in the Financial Performance table is drawn from data collected by PHIAC for that purpose.

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.

As a % of Fund Benefits
This figure is regarded as a key measure of fund efficiency. In this table management expenses are shown as a proportion of total fund benefits.

Per Person Average Policy
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 membership 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.

Surplus (- Loss) from health insurance

The surplus or loss (indicated as a negative figure) made by the fund in 2006-2007 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.

Overall Profit (-Loss) as a % of total revenue

The overall profit or loss (indicated as a negative figure) takes account of additional income made by the fund, mainly through investment. This is shown as a % of all revenue received by the fund to allow a comparison of performance between funds of differing sizes. Overall profit takes into account tax that is paid for a small amount of funds.

[1] "Operations of the Private Health Insurers" - This report is available on the PHIAC website: www.phiac.gov.au

FINANCES & COSTS

Abbreviated name	Benefits as % Contributions	Management Expenses		Surplus (-Loss) from health insurance	Overall Profit (- Loss) as % total revenue
		as % of Fund Benefits	Per Average Policy		
AHM	82.6%	14.7%	$303	5.4%	12.0%
AU	80.8%	12.6%	$218	9.1%	8.6%
BUPA	82.2%	10.3%	$206	9.4%	8.2%
CDH	82.6%	15.1%	$300	5.3%	11.1%
Credicare	82.7%	11.5%	$246	7.8%	10.5%
Druids Vic	100.0%	12.4%	$266	-12.4%	-7.3%
GMHBA	86.5%	11.0%	$197	4.0%	10.2%
GU Corporate	73.9%	24.7%	$738	8.3%	8.5%
HBF	74.4%	12.6%	$185	16.2%	24.1%
HCF	89.8%	9.5%	$184	2.0%	6.5%
Healthguard	85.1%	8.9%	$187	7.3%	15.3%
Health-Partners	89.0%	9.5%	$186	2.5%	10.0%
HIF	76.7%	12.9%	$232	13.4%	17.6%
Latrobe	80.9%	13.9%	$250	7.9%	16.4%
MBF	86.5%	12.7%	$254	2.6%	11.6%
MBF Alliances	83.1%	11.6%	$231	7.4%	6.7%
Medibank	85.8%	11.0%	$202	4.9%	9.3%
Mildura	79.7%	9.5%	$132	12.8%	19.9%
MU	81.4%	15.7%	$326	6.1%	8.9%
NIB	85.6%	13.7%	$241	3.1%	7.4%
Peoplecare	84.6%	10.1%	$246	7.0%	10.7%
QCH	73.4%	11.2%	$260	18.4%	22.1%
St. Luke's	82.1%	13.3%	$272	7.0%	11.7%
Westfund	80.2%	14.5%	$247	8.3%	13.9%
ACA	93.8%	7.4%	$211	-0.6%	3.8%
CBHS	92.9%	6.0%	$141	1.5%	5.2%
Defence Health	88.3%	7.1%	$149	5.5%	11.3%
Doctors' Health	84.5%	22.3%	$558	-3.1%	3.9%
HCI	79.4%	14.9%	$305	8.7%	13.0%
Navy Health	79.7%	14.4%	$306	9.1%	17.0%
Phoenix	85.1%	8.6%	$208	7.7%	10.6%
Police Health	90.3%	8.6%	$238	1.9%	3.9%
Qld Teachers	84.8%	10.9%	$311	6.0%	7.6%
R&T Health	92.2%	13.5%	$309	-4.4%	0.7%
Reserve Bank	97.3%	1.3%	$38	1.4%	5.1%
Teachers Fed	90.7%	7.8%	$184	2.4%	6.6%
Transport	87.5%	6.9%	$146	6.5%	11.8%

About the Private Health Insurance Ombudsman

The Private Health Insurance Ombudsman deals with inquiries and complaints about any aspect of private health insurance.

The Ombudsman is independent of the private health funds, private and public hospitals and health service providers.

What can I complain about?

Complaints need to be about private health insurance or a related matter. They can be about a private health fund, a broker, a hospital, a medical practitioner, a dentist or other practitioners (as long as the complaint relates to private health insurance).

Complaints about the quality of service or clinical treatment provided by a health professional or a hospital should be directed to the health care complaints body for your state or territory. (These are listed in the state government section of your telephone directory)

The Ombudsman cannot deal with complaints about Medicare. Complaints about Medicare should be directed to the Commonwealth Ombudsman.

Who can make a complaint?

Generally, anyone can make a complaint, as long the complaint is relevant to private health insurance. The objective of the Private Health Insurance Ombudsman is to ***"protect the interests of people who are covered by private health insurance"***. The Ombudsman will look into complaints that concern private health insurance consumers but the office may not investigate complaints of a purely commercial nature that have do not have a significant impact on the rights of consumers.

What should I do if I want to make a complaint?

You should first contact your health fund or the body you are complaining about. They may be able to resolve your complaint for you.

If this contact does not solve your complaint you can contact the Ombudsman by either:

- Telephoning our Complaints Hotline, **1800 640 695** (a free call from anywhere in Australia[1]),

or by writing, sending a fax, or emailing your complaint to the following addresses:

Private Health Insurance Ombudsman
Level 7, 362 Kent Street
SYDNEY NSW 2000

Fax: 02 8235 8778
Email: info@phio.org.au

What information does the Ombudsman need?

When you contact the Ombudsman you should provide the following information:

- a clear description of your complaint;
- the name of your health fund and your membership number; and
- what you think would resolve the matter for you.

The Ombudsman's staff will let you know if any other information is needed.

What can happen after I make a complaint?

Many complaints result from misunderstandings. The Ombudsman's staff may be able to explain what has happened and why, and this often solves the complaint.

Otherwise, the Ombudsman's staff will contact your health fund or the body you are complaining about to get their explanation and any suggestions they have for fixing the problem.

The Ombudsman will deal with most complaints by phone, email and fax and most can be settled quickly.

Where complaints are more complex, the Ombudsman will write to the health fund or other body, seeking further information or recommending a certain course of action.

The Ombudsman's staff will keep you regularly informed, usually by telephone and will give you their name and contact number, in case you need to contact them.

What if I just want some information about health insurance?

We can help with information about private health insurance arrangements. Telephone our Hotline: **1800 640 695**, email us at info@phio.org.au, or check out our web site at www.phio.org.au .

We also have a number of brochures and publications about private health insurance arrangements:

- Health Insurance Choice
- 10 Golden Rules of Private Health Insurance
- Doctors' Bills
- The Right to Change
- Waiting Periods
- Service Charter
- Insure? Not Sure?
- Annual Reports & Quarterly Bulletins

These are available on our website or can be provided on request.

[1] Except calls made from mobile phones

Private Health Insurance Ombudsman

Tips for Health Insurance Consumers

- Consider taking out the highest level of hospital cover you can afford and choosing a higher excess, rather than a restriction, to save money on premiums.
- Review your Standard Information Statement (SIS) every year. Think about whether your policy will continue to meet your needs over the coming year. This is particularly important if you are thinking about starting a family, or your health needs are changing as you grow older.
- Visit the www.PrivateHealth.gov.au website for information and advice about private health insurance.
- Read all of the information your fund sends you carefully. Important information about your cover will be sent in a personalised letter and should not be ignored.
- Ensure your premiums are up to date. If you use direct debit, check your bank statements every month to ensure payments are being correctly deducted.
- Tell your fund if you change address, add a partner or add a child.
- Make sure you understand any waiting periods or restrictions applying to your cover.
- Contact your fund before you go to hospital to check you are fully covered for the procedure at the hospital you are planning to attend.
- Talk to your doctor(s) about their fees and ask whether they will bill you under your health fund's gap scheme.

More detailed advice for consumers about private health insurance can be found in the "Health Insurance Choice" and "Ten Golden Rules" brochures available at www.PrivateHealth.gov.au or from the office of the Private Health Insurance Ombudsman.