COMMONWEALTH OMBUDSMAN
PRIVATE HEALTH INSURANCE

Quarterly Update: 1 October to 31 December 2022

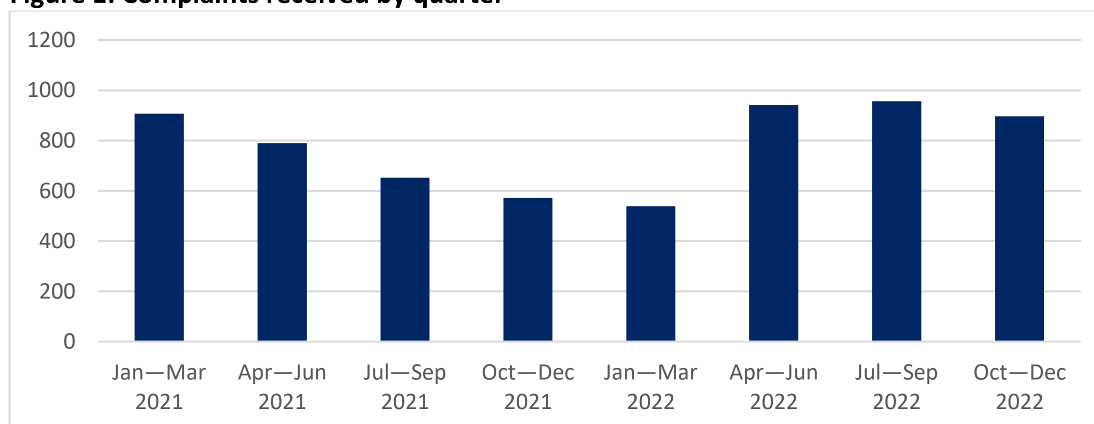
The Office of the Commonwealth Ombudsman (the Office), as the Private Health Insurance Ombudsman, protects the interests of private health insurance consumers. We do this in many ways, including:

- assisting health insurance consumers to resolve complaints through our independent complaint-handling service
- identifying underlying problems with private health insurers or health care providers
- reporting and providing advice and recommendations to industry and government about private health insurance, including the performance of the sector and the nature of complaints
- managing PrivateHealth.gov.au, a comprehensive source of independent information about private health insurance for consumers.

During this quarter, the Office received 897 complaints in its capacity as the Private Health Insurance Ombudsman.[1] This was an increase of 57 per cent compared to the same period last year, which is attributable to complaints starting to return to normal after the lower numbers seen during the pandemic in 2020 and 2021. To put the 897 complaints received this quarter into context, it is still lower than 1033, which was the average number of complaints received in the 8 quarters before COVID-19 started.

Of the complaints in this quarter, 140 were about Medibank Private's data theft incident. Complaints about Peoplecare Overseas Student Health Cover (OSHC), which is administered by Allianz Care Australia, also contributed to the complaint total. Please see the previous Quarterly Updates for more information about these issues).

Figure 1: Complaints received by quarter



[1] Includes complaints about private health insurers, hospitals, practitioners and brokers. Refer to Private Health Insurance industry updates for definitions of complaints, issues and other terms, and previous quarterly updates. Our data is dynamic and regularly updated. This means there may be minor differences when compared to the last quarterly update.

Figure 2: Top complaint issues in October-December 2022 quarter, compared to previous 3 quarters

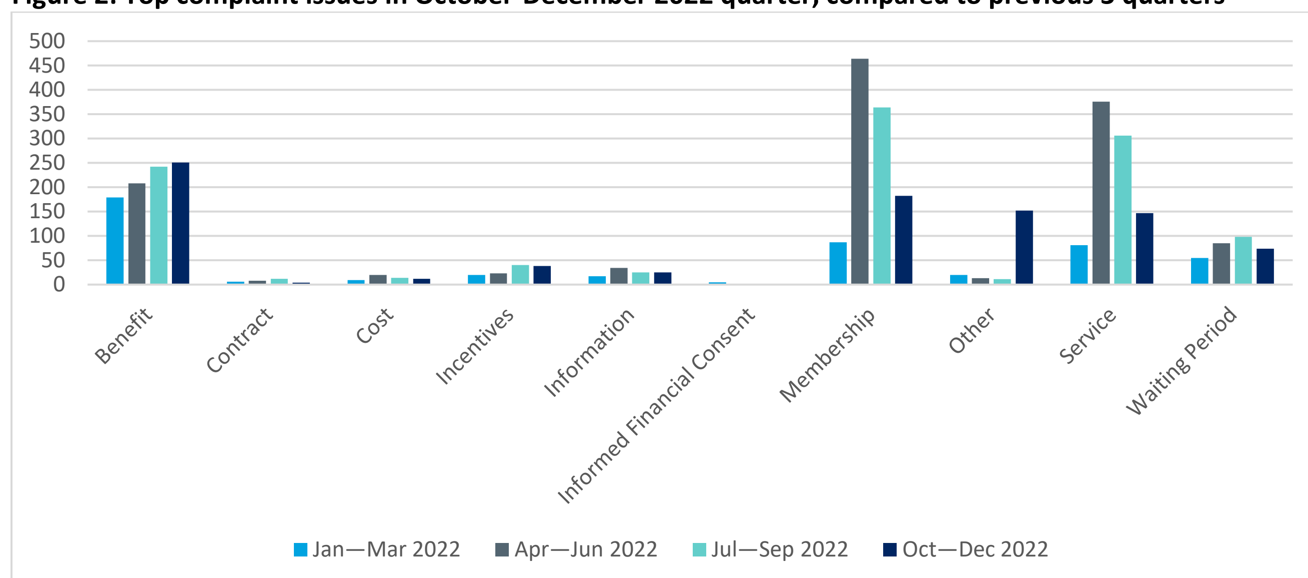


Table 1: Complaints by provider or organisation type, this quarter compared to 3 previous quarters

Provider or organisation type	Mar 2022 quarter	Jun 2022 quarter	Sep 2022 quarter	Dec 2022 quarter
Health insurers	467	533	625	762
Overseas visitors and overseas student health insurers	54	400	310	120
Brokers and comparison services	2	1	5	2
Doctors, dentists, and other medical providers	2	0	1	0
Hospitals and area health services	7	1	1	0
Other (e.g. legislation, ambulance services, industry peak bodies)	7	6	15	13
Total	*539*	*941*	*957*	*897*

HCF-Healthscope contract dispute

Recently, HCF and Healthscope were unable to reach a new agreement about cover for HCF members accessing Healthscope facilities, with the contract due to terminate effective 31 January 2023.

The Office offered voluntary mediation to both parties and they accepted, meeting on 24 January 2023. On 1 February 2023 the mediation concluded with the parties agreeing to enter into an extension of their Hospital Purchaser Provider Agreement (HPAA) for a further term of two years. Consumers expecting a hospital admission can contact HCF and Healthscope for further information about their benefits and out-of-pocket costs.

To assist consumers the Office has developed a factsheet with general advice about private health insurers and hospital agreements, and the options for consumers if their hospital and insurer terminate their agreement. The factsheet is available at Ombudsman.gov.au

Rule change notifications

The Office reminds insurers of the need to ensure that policy holders are given accurate and timely information about any detrimental changes to policies. In addition to general Consumer Law obligations to inform consumers, section 93-20 of the *Private Health Insurance Act 2007* requires insurers to inform policy holders of detrimental changes to their policy within a reasonable time before the change takes effect.

The Office has previously provided general advice about what we consider a reasonable notice period for detrimental rule changes. Similar advice is provided by Private Healthcare Australia, to their member health insurers. Key points are as follows:

1. **Significant detrimental changes to hospital benefits**
   - Removal of benefits or restriction to default benefits for a condition or treatment
   - Addition of excesses or co-payments
   - Increases in excess or co-payment greater than 50%

   ✓ At least 50 days' notice to affected consumers
   ✓ Information about "upgrade" options in and outside the insurer
   ✓ Pre- booked admissions (prior to notification) unaffected
   ✓ Patients currently in a "course of treatment" to be unaffected for up to 6 months

2. **Other detrimental changes to hospital benefits**
   ✓ At least 30 days' notice to affected consumers
   ✓ Information about "upgrade" options in and outside the insurer
   ✓ Pre- booked admissions (prior to notification) unaffected
   ✓ Patients in a "course of treatment" (at time of notification) to be unaffected for up to 3 months

3. **Detrimental changes to general treatment (extras) benefits**
   ✓ At least 30 days' notice to affected consumers
   ✓ Changes to annual limits and withdrawal of benefits subject to annual limits to take effect from beginning of next annual period

4. ***For all detrimental changes***
   ✓ Flexibility to deal with special or unusual circumstances on a case by case basis.

Additional information about this issue can be found in Quarterly Bulletins 69 and 45, linked on the Private Health Insurance Industry Resources section of the Ombudsman website. The requirement to notify consumers of detrimental rule changes in advance is particularly important, because if a consumer is aware that they are losing a benefit they wish to be covered for, they then have an opportunity to change to a different policy to ensure they maintain continuous cover for that benefit and do not have to re-serve waiting periods.

The issues that complainants have raised with the Office in relation to detrimental rule changes in the past have included:

- Overlooking important information about losing a benefit because the message is not given sufficient prominence, due to the inclusion of marketing information which pushes more important information further down the page or to a second page
- Missing a rule change email due to ambiguous headings that do not make it clear that the change is a negative one

- Missing information about changes to a policy because it is only explained in an enclosed booklet
- Misunderstanding the implications of removal of benefits for a service because the language used was unclear or ambiguous.

These types of complaint can be prevented by ensuring that information provided to consumers about detrimental rule changes is clear and unambiguous and is given prominence on the first page of the letter that is sent.

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If you are having any issues using the form, please email phi@ombudsman.gov.au and request to be added to the mailing list.

Table 4: Complaints by health insurer market share, 1 October–31 December 2022[2]

Name of insurer	No further action	Percentage of no further action	Referrals	Percentage of referrals	Investigations[3]	Percentage of investigations	Market share[4]
ACA Health Benefits	0	0.0%	0	0.0%	0	0.0%	0.1%
AIA Health (myOwn)	0	0.0%	3	0.4%	1	5.9%	0.3%
Australian Unity	2	5.3%	26	3.7%	0	0.0%	2.4%
BUPA	8	21.1%	148	20.9%	6	35.3%	24.7%
CBHS	0	0.0%	8	1.1%	1	5.9%	1.5%
CBHS Corporate Health	0	0.0%	0	0.0%	0	0.0%	<0.1%
CDH (Hunter Health Insurance)	0	0.0%	0	0.0%	0	0.0%	<0.1%
CUA Health	0	0.0%	5	0.7%	0	0.0%	0.5%
Defence Health	0	0.0%	11	1.6%	1	5.9%	2.0%
Doctors' Health Fund	0	0.0%	1	0.1%	0	0.0%	0.5%
GMHBA (incl. Health.com.au)	1	2.6%	7	1.0%	0	0.0%	2.3%
HBF Health & GMF/Healthguard	2	5.3%	26	3.7%	2	11.8%	7.3%
HCF (incl. RT Health)	2	5.3%	104	14.7%	0	0.0%	12.4%
HCI (Health Care Insurance)	0	0.0%	1	0.1%	0	0.0%	0.1%
Health Partners	1	2.6%	3	0.4%	0	0.0%	0.7%
HIF (Health Insurance Fund of Aus.)	0	0.0%	3	0.4%	0	0.0%	0.7%
Latrobe Health	0	0.0%	4	0.6%	0	0.0%	0.7%
Medibank Private & AHM	17	44.7%	258	36.5%	3	17.6%	27.4%
Mildura District Hospital Fund	0	0.0%	0	0.0%	0	0.0%	0.3%
National Health Benefits Aust.	0	0.0%	0	0.0%	0	0.0%	0.1%
Navy Health	0	0.0%	1	0.1%	0	0.0%	0.4%
NIB Health & GU Corporate Health	4	10.5%	61	8.6%	1	5.9%	9.4%
Peoplecare	0	0.0%	4	0.6%	0	0.0%	0.5%
Phoenix Health Fund	0	0.0%	1	0.1%	0	0.0%	0.2%
Police Health	0	0.0%	4	0.6%	0	0.0%	0.5%
QLD Country Health Fund	0	0.0%	0	0.0%	0	0.0%	0.4%
Reserve Bank Health	0	0.0%	0	0.0%	0	0.0%	<0.1%
St Lukes Health	0	0.0%	4	0.6%	1	5.9%	0.6%
Teachers Health	1	2.6%	18	2.5%	0	0.0%	2.6%
Transport Health	0	0.0%	2	0.3%	0	0.0%	0.1%
TUH	0	0.0%	1	0.1%	0	0.0%	0.6%
Westfund	0	0.0%	3	0.4%	1	5.9%	0.9%
Total for Health Insurers	**38**	100.0%	**707**	100.0%	**17**	100.0%	

[2] This table shows complaints regarding Australian registered health insurers. This table excludes complaints regarding Overseas Visitors Health Cover and Overseas Student Health Cover insurers, and other bodies.
[3] Investigations required the intervention of the Ombudsman and the health insurer.
[4] Source: Australian Prudential Regulation Authority, Market Share, All Policies, 30 June 2022.

Table 5: Complaint issues and sub-issues, received 1 October–31 December 2022

Sub-issue	Mar 22	Jun 22	Sep 22	Dec 22
BENEFIT				
Accident and emergency	13	6	12	13
Accrued benefits	2	0	4	3
Ambulance	3	5	1	7
Amount	17	20	8	8
Delay in payment	23	21	60	38
Excess	8	10	8	15
Gap—Hospital	11	19	11	28
Gap—Medical	14	14	25	20
General treatment (extras/ancillary)	33	37	34	47
High cost drugs	1	1	1	0
Hospital exclusion/restriction	22	32	44	41
Insurer rule	16	26	18	14
Limit reached	2	2	1	0
New baby	0	2	5	0
Non-health insurance	0	1	0	1
Non-health insurance—overseas benefits	0	0	0	0
Non-recognised other practitioner	1	0	1	1
Non-recognised podiatry	1	1	0	0
Other compensation	1	1	1	2
Out of pocket not elsewhere covered	6	5	1	2
Out of time	4	0	2	0
Preferred provider schemes	0	5	0	4
Prostheses	1	0	2	7
Workers compensation	0	0	0	0
CONTRACT				
Hospitals	6	5	8	3
Preferred provider schemes	0	3	3	0
Second tier default benefit	0	0	1	1
COST				
Dual charging	2	2	1	1
Rate increase	7	18	13	11
INCENTIVES				
Lifetime Health Cover	19	20	30	29
Medicare Levy Surcharge	0	3	2	1
Private health insurance reforms	0	0	0	0
Rebate	1	0	8	8
Rebate tiers and surcharge changes	0	0	0	0
INFORMATION				
Brochures and websites	2	4	4	6
Lack of notification	3	12	8	7
Radio and television	0	0	0	1
Standard Information Statement	1	3	1	0
Verbal advice	9	13	8	6
Written advice	2	2	4	5

Sub-issue	Mar 22	Jun 22	Sep 22	Dec 22
INFORMED FINANCIAL CONSENT				
Doctors	3	0	0	0
Hospitals	1	1	1	0
Other	1	0	0	0
MEMBERSHIP				
Adult dependents	4	10	10	16
Arrears	7	7	6	8
Authority over membership	1	2	4	4
Cancellation	33	387	285	96
Clearance certificates	14	28	18	16
Continuity	15	20	25	24
Rate and benefit protection	4	1	1	6
Suspension	9	9	15	12
SERVICE				
Customer service advice	15	19	48	45
General service issues	23	22	36	49
Premium payment problems	33	23	42	33
Service delays	10	312	180	20
WAITING PERIOD				
Benefit limitation period	0	0	0	2
General	7	16	21	10
Obstetric	9	6	5	4
Other	4	3	3	1
Pre-existing conditions	35	60	69	57
OTHER				
Access	8	5	3	2
Acute care and type C certificates	0	0	1	2
Community rating	2	0	0	0
Complaint not elsewhere covered	8	3	1	3
Confidentiality and privacy	0	1	2	143
Demutualisation/sale of health insurers	0	0	0	0
Discrimination	0	0	0	0
Medibank sale	0	0	0	1
Non-English speaking background	0	0	0	0
Non-Medicare patient	0	1	0	0
Private patient election	0	0	1	0
Rule change	2	3	3	1