



Australian Government

Private Health Insurance Ombudsman

The State of the Health Funds Report

QUESTION AND ANSWER BRIEFING

Q. Why was the Report produced?

- A. The Report gives consumers extra information to help them make more informed decisions about their private health insurance cover.

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.

Q. How can consumers use the Report?

- A. It is expected that consumers will use the Report as a basis for evaluating their existing fund's performance, as part of a general reassessment of their health insurance needs.

For consumers who are considering taking out private health insurance, the Report provides an outline of the services available from individual funds and a comparison on the performance and service delivery of all health funds during the last financial year. The Ombudsman suggests that the Report be used to identify a number of funds (preferably at least three) to consider before making a decision about which fund to join.

Q. How were the indicators used in the Report selected?

- A. The indicators used in the Report were selected by the Ombudsman, based on the Office's understanding of the health insurance industry, experience of consumer complaints and following consultation with a range of industry stakeholders. The indicators do not necessarily cover the full range of factors that should be considered when comparing the performance of health funds or choosing a health insurance product. The selection of indicators was based on the most reliable comparison information available.

The data used in the Report is based on data reported by funds to the independent industry regulator, the Private Health Insurance Administration Council (PHIAC).

Q. *Why doesn't the Report provide a comparison of the fund's products?*

- A. The Report's main focus is on the general performance and service delivery of Australia's 38¹ health funds. It does not include detailed information on all health insurance products.

The information in this Report will help in deciding which health funds to consider but won't necessarily help to decide which of the funds' products to purchase.

Consumers can obtain information about specific private health insurance policies, including prices, from the Ombudsman's website www.privatehealth.gov.au. Information on the website also helps consumers understand how health insurance works and many of the features of health insurance policies such as waiting periods, restrictions and excesses.

Q. *Which fund is best overall?*

- A. There is no single answer to this question. The best fund for any consumer will depend on each consumer's circumstances, needs, preferences and budget.

The Ombudsman suggests that consumers review their health insurance policy yearly to ensure that it will meet their needs over the coming year.

Consumers can use the range of indicators included in the report as a menu to choose the factors that may be of importance to them.

Each person should form their own view of which factors they consider important in choosing a health fund. Consumers should also consider other ways of choosing a fund such as recommendations from family and friends.

Q: *What is in the Report*

- A: The Report contains information on:
- Key consumer concerns, issues and developments, as noted by the PHIO
 - An overview of health funds by state, their market share and corporate finances and costs for each health fund
 - Comparison statistics about medical gap coverage, general treatment coverage and hospital cover
 - Tips for health insurance consumers.

Q: *How can I find out more?*

- A: The PHIO has a consumer website at www.PrivateHealth.gov.au which provides detailed information- about particular policies available for sale, including the level of cover, excess and price. The site includes information on some 22,000 policies across the 38* national private health insurers.

The website also enables consumers to calculate whether they will incur a lifetime health penalty loading and check the whether their local hospitals are covered by their fund.

Q: How has the health insurance industry changed from the last Report?

A: The 2007/2008 report has highlighted the following changes in the health industry:

- Health insurance across Australia increased by 1.2% since 2006/2007
- In the last year, 1.3% or 68,000 policyholders changed their health fund
- Until recently, the majority of insurers operated as mutual entities on a not-for-profit basis. This changed considerably over the last year, with several demutualisations and one health insurer floating on the stock exchange.

	2006/2007	2007/2008
Customer retention figures	84% to 95%	82% to 95%
Complaints to PHIO	2340	2385
Exclusions on some categories of treatment	8.6%	12.4%

Q. How can consumers get a copy of the Report?

A. The Report can viewed and printed from the Ombudsman's website at **www.phio.org.au**.

A paper copy of the Report can also be obtained by telephoning, faxing, emailing or writing to the Ombudsman's office. Contact details for the Ombudsman's office are as follows:

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