



MEDIA RELEASE

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REPORT OF PRIVATE HEALTH FUND SERVICE AND PERFORMANCE

The Private Health Insurance Ombudsman (PHIO) today published its annual *State of the Health Funds Report* (the Report), providing information on the comparative performance and service delivery of private health insurance funds in Australia.

The Report, which covers the period from 1 July 2010 – 30 June 2011, focuses on general performance and service delivery by health funds. The Report compares funds against a number of measures, including service performance, financial management and health fund operation. The Report is designed to give consumers additional information to help them make decisions about their health insurance.

Private Health Insurance Ombudsman, Samantha Gavel noted there had been positive health fund membership growth and retention figures for 2011:

- a 2.8% growth in private hospital coverage¹;
- a 3% growth in General treatment coverage²; and
- member retention rates across the industry, ranging from 74% to over 90% in 2011.³

While the Report shows an increase of 17% in the overall number of complaints made to the Ombudsman during the reporting period, Ms Gavel said this increase was due to poor communication by some larger funds with members on a small number of sub-issues, which was not reflected across the industry as a whole.

“The increase in the number of complaints was due to increases in complaints about a small number of sub-issues, namely Level of Cover, Delay in Payment and General Service Issues (relating to the service provided by fund staff to members via telephone/in branches).

“It should be noted that the increase in complaints about these issues was not across the industry as a whole, but rather confined to a small number of funds.

“During the 2010/11 reporting period, these funds made a number of changes to policies resulting in higher levels of complaints from their members. These changes included the imposition of exclusions to existing policies, changes to the level of excess, changing policy restrictions to exclusions for certain services and moving major dental treatments into the general dental category, which reduced benefit entitlements.”

Ms Gavel said her office had worked hard with these funds during the course of the past year to improve their communication processes and hoped these problems would not be repeated in the future.

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¹ Private Health Insurance Administrative Council, *2010/11 Annual Report on the Operations of Private Health Insurers*, p. 11.

² Ibid.

³ PHIO State of the Health Funds Report 2011, page 12.

“The majority of the increased number of complaints resulted from consumers not being aware of changes to their policy until they tried to claim for a benefit that had been charged. In these cases, my office requested that funds send additional information to members about any changes.”

Ms Gavel said the positive growth and retention figures for 2011, combined with a small increase in the number of higher level complaints requiring more detailed investigations (716 in 2010/11, compared with 684 in 2009/10) showed funds were successfully dealing with referrals from the Ombudsman without further action being required.

Ms Gavel urged consumers who already have private health insurance or are returning to private health cover, as well as those who are considering private health insurance for the very first time to read the Report and assess information on the performance of funds.

“We know from dealing with complaints that the best private health insurance outcomes result from access to the best information. This Report is the most comprehensive body of information available to consumers for all the private health insurance funds in Australia.

“I cannot stress enough how important it is for consumers to be diligent on their own behalf when it comes to private health insurance, both in terms of assessing the level of cover they need and the level of cover they actually have. Too often we find that for many people private health insurance is ‘out of sight out of mind’ until they get sick,” Ms Gavel said.

To this end, Ms Gavel said she was encouraged by the 17% increase in use of the Ombudsman’s consumer website (311, 572 unique visitors) – Privatehealth.gov.au.⁴

“A key priority for my office is our ongoing consumer awareness campaign. In 2011, we implemented a number of additional improvements to the website including: a set of on-line tutorials to assist consumers understand private health insurance, an improved (map based) Agreement Hospital Locator and improved fund information pages making it easier for consumers to find information on the their fund or another fund.”

The Ombudsman also produces a range of Fact Sheets which are available from its www.phio.org.au website.

The State of the Health Fund Report can be viewed on the PHIO website at www.phio.org.au and copies of the Report or individual fund summary reports can be requested by contacting the Ombudsman’s office on 1800 640 695. The Report is available free of charge to consumers.

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⁴ Ibid page 9.