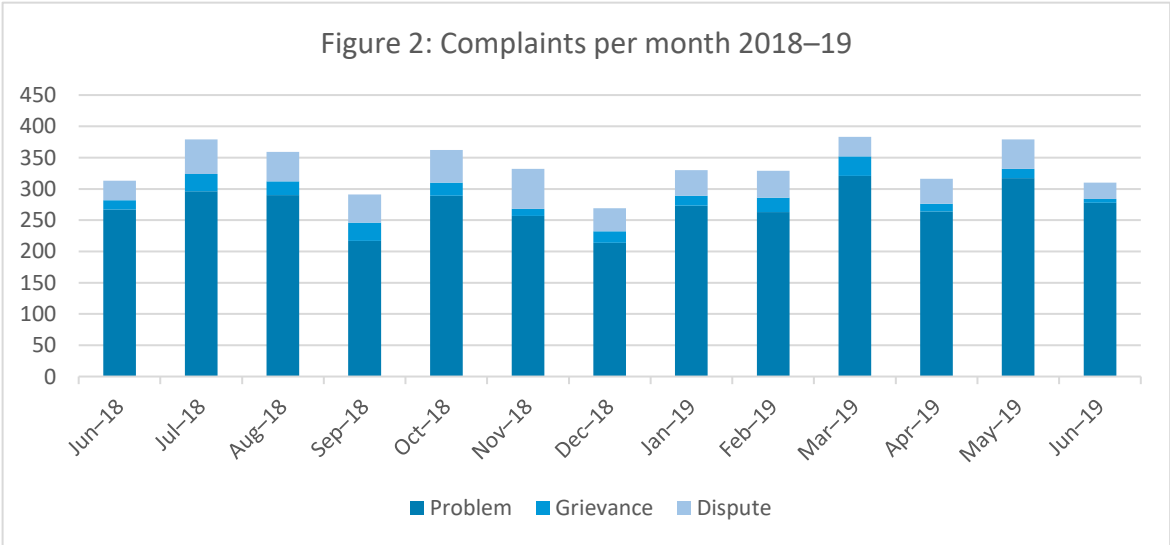
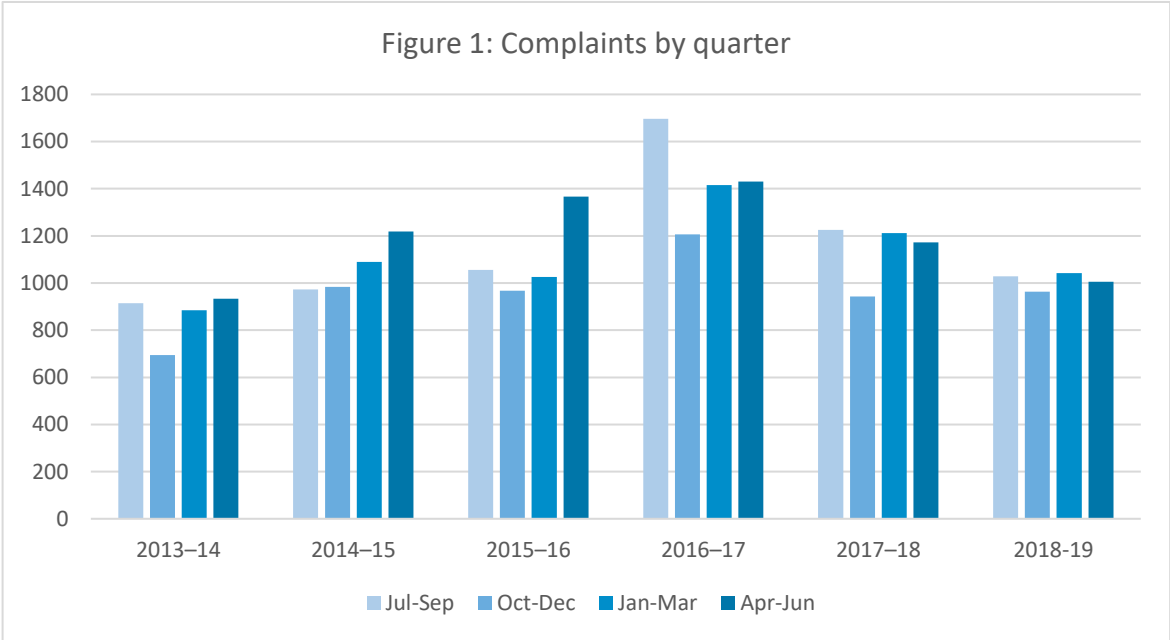


Private Health Insurance Ombudsman: Additional Information for 2018–19

This document supplements the Private Health Insurance Ombudsman section (pp85-96) of the Commonwealth Ombudsman Annual Report 2018–19 available at ombudsman.gov.au. For further information or queries, please contact phi@ombudsman.gov.au or call 1300 362 072.

Complaints by quarter and month

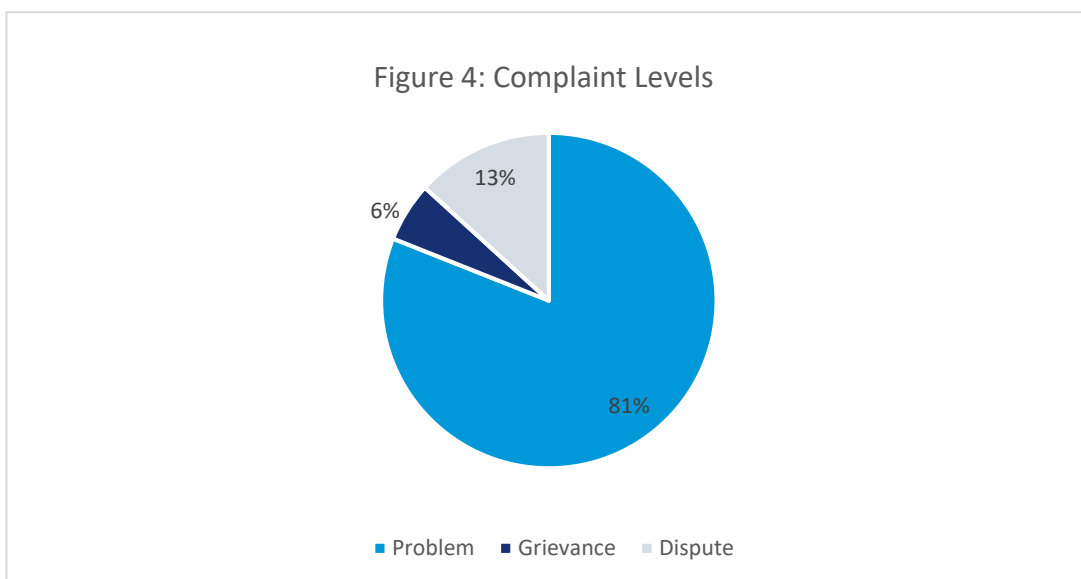
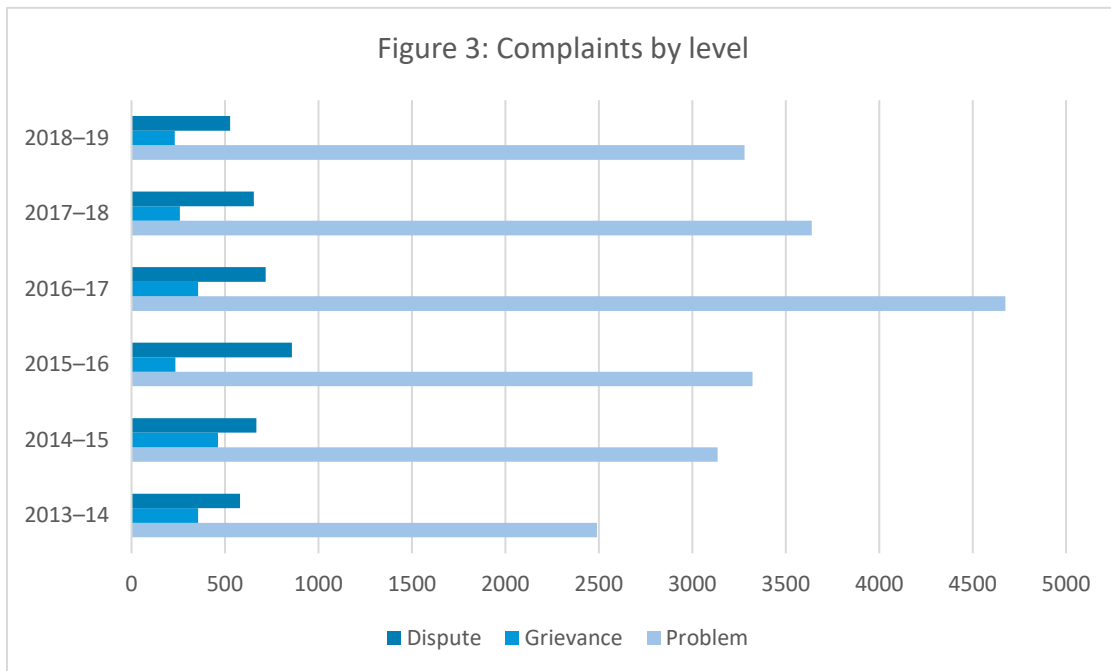
The following graphs detail the distribution of complaints by quarters and by months for 2018–19.



Complaints by level

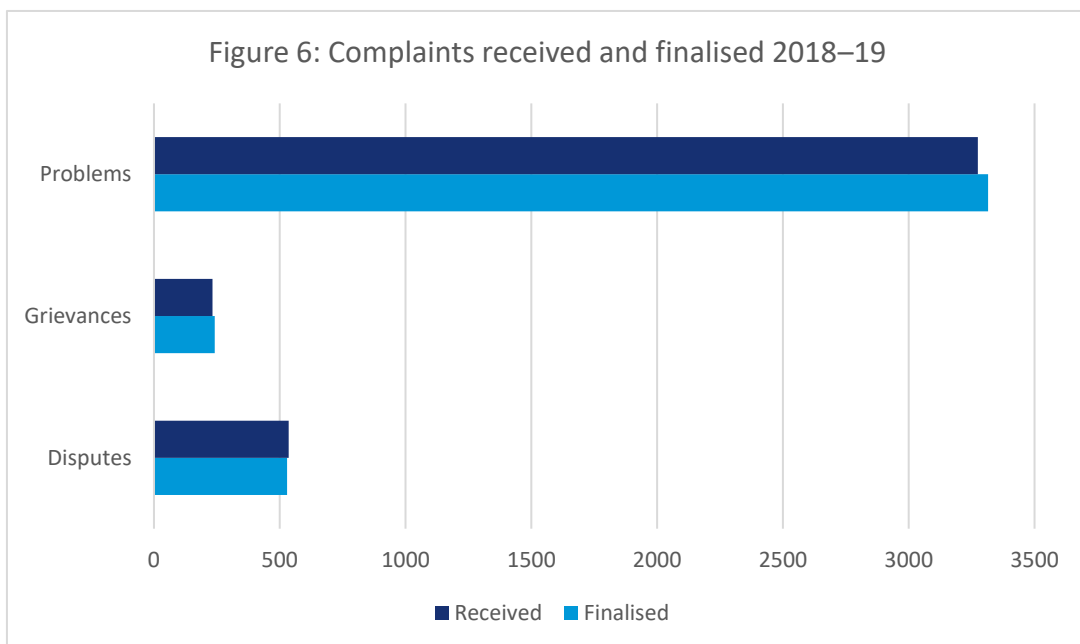
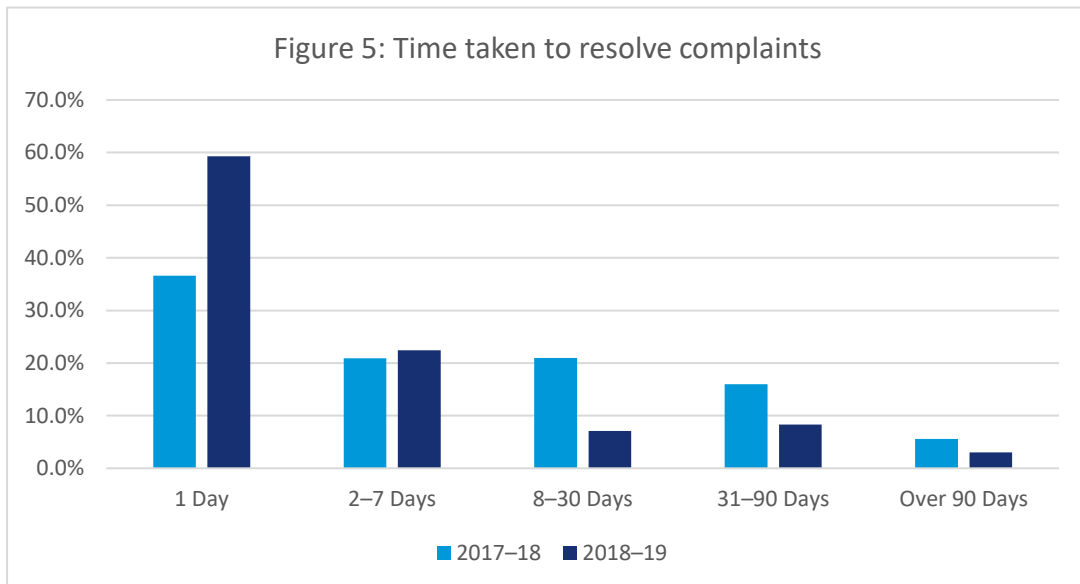
Complaints are categorised into three levels: problems, grievances and disputes. For a definition of these three terms, refer to the Glossary.

There was a slight decrease in the proportion of complaints handled as disputes this year, from 14 per cent to 13 per cent, whereas problems increased slightly to 81 per cent compared to 80 per cent. Grievances remained steady at six per cent this financial year.



Time taken to resolve complaints

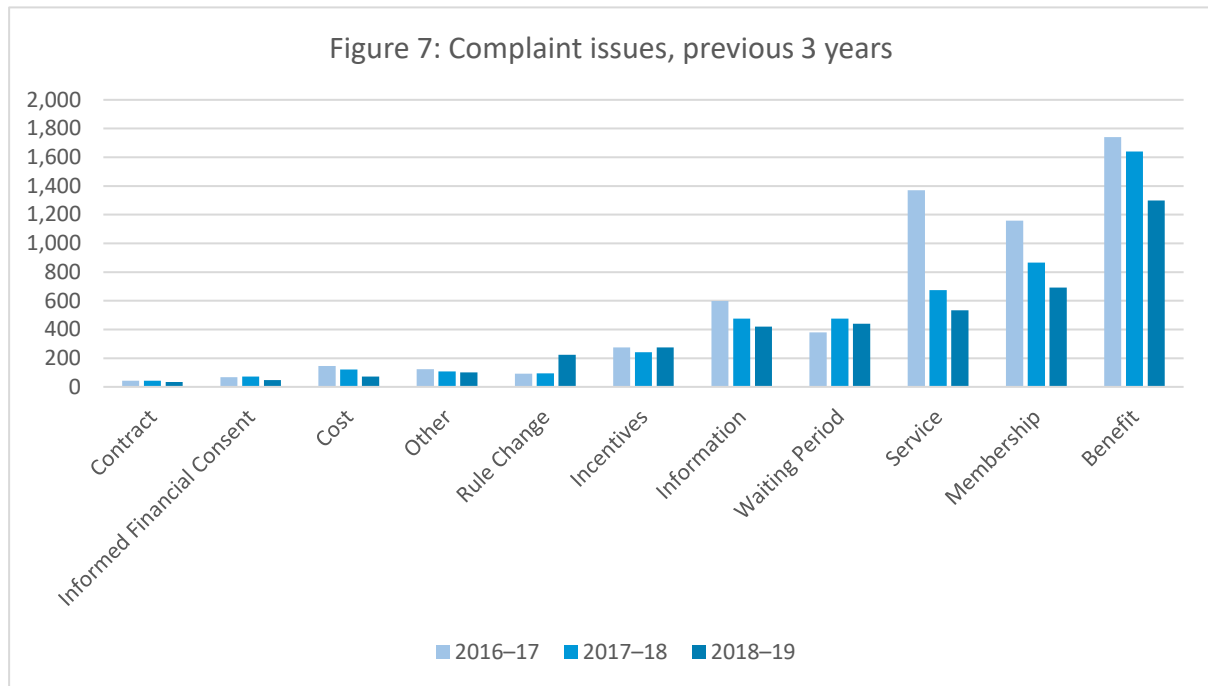
The majority of cases (89 per cent) were finalised within 30 days and almost all cases (97 per cent) were finalised within 90 days. Figure 5 shows a marked increase in the number of complaints resolved within 1 day in 2018–19 and this was due to a focus on resolving problems in a timely manner, including a streamlined internal process for assisted referrals. Figure 6 shows generally we finalised as many cases as we received.



Complaint issues

The following graph shows complaint issues for the past three years. Almost all complaint issues reduced compared to the previous year, showing a general improvement across the industry. Health insurers improved most in the handling of benefit complaints compared to the previous year.

Rule change complaints increased in 2018–19, largely due to business decisions made by insurers changing their product offerings, with only a relatively small number caused by changes necessitated by the Private Health Insurance Reforms.



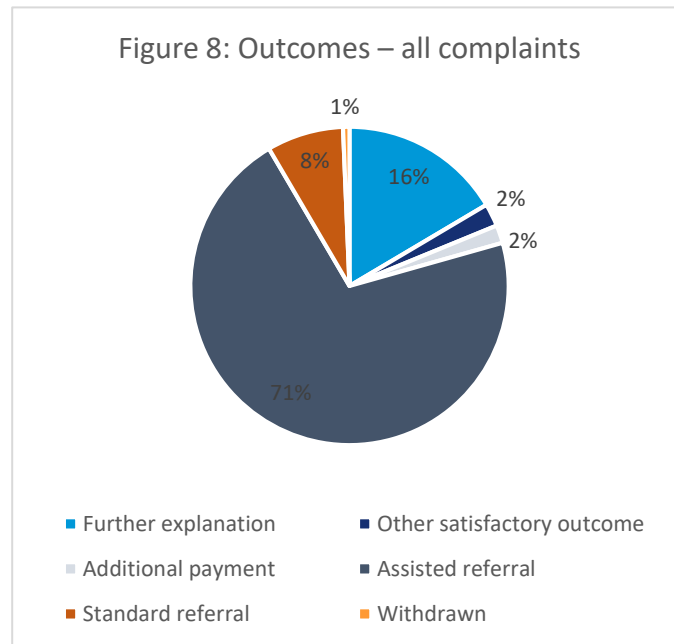
Resolving complaints

The following figure shows that 71 per cent of all complaints were resolved by assisted referral, referring the matter directly to health insurers with the assistance of our staff. This was done on the clear understanding that the complainant could request the assistance of our Office if they remained unsatisfied.

We resolved a further 16 per cent of all complaints by providing an additional and independent explanation of the person’s complaint. Eight per cent of complaints were resolved by standard referral¹—that is, the complainant obtained advice from our Office and then took their complaint to the appropriate body themselves. In two per cent of cases, the health insurer resolved the issue by making a payment, and two per cent were resolved by another satisfactory outcome.

Page 86 in the Annual Report discusses outcomes for complaints which were escalated to a dispute.

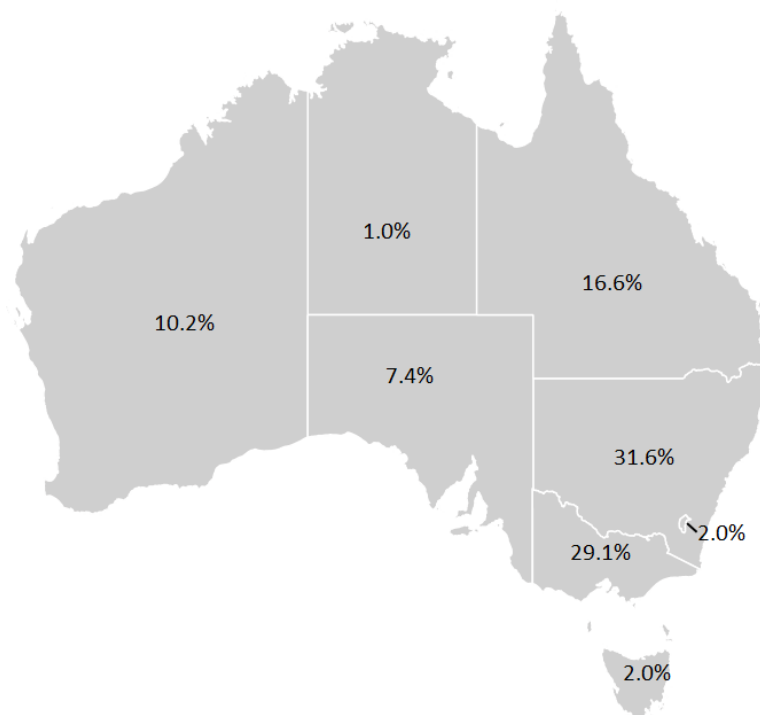
¹ Eight per cent of complaints were resolved by standard referral, not eleven per cent as reported in the Annual Report.



Complaints by state or territory

The following table contains a breakdown of the complaints we received by state and territory compared to the percentage of people who have private health insurance coverage. This data shows that those in Victoria are most likely to contact us to make a complaint about their health insurer, comprising 29.1 per cent of complainants to our Office although Victorians make up only 21.8 per cent of privately insured people in Australia.

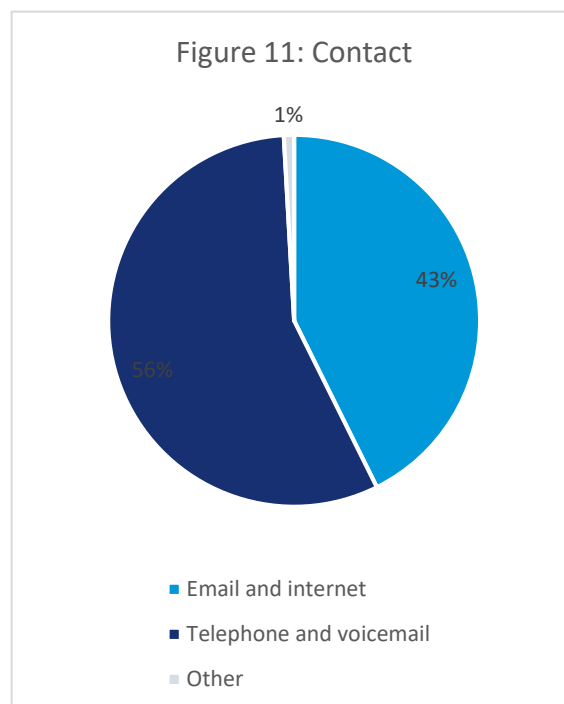
Figure 10: Complaints received by state of residence



How complaints were made

In 2018–19, 56 per cent of complaints were initiated by phone, and 43 per cent by email and internet. The ratio of complainants using the telephone compared to using the internet has remained approximately the same for a number of years.

Other contacts making up one per cent of complaints were letters, representation from members of parliament and personal visits to our offices which are located in Sydney, Melbourne, Brisbane, Adelaide, Perth and Canberra.



Overseas Visitors Health Cover: Sub-issues

In 2018–19 the Office received 404 complaints concerning Overseas Visitors Health Cover (OVHC),² a 8.4 per cent reduction from 2017–18 when the Office received 441 complaints.

As in previous years, cancellation complaints and delays in benefit payment continued to be significant issues. Complainants have reported that they find it difficult to have claims paid or to have cancellations processed. Complaints about pre-existing conditions also continued to be relatively high.

Table 1: Overseas Visitors Health Cover complaints – sub-issues

	2016–17	2017–18	2018–19
BENEFIT			
Accident and emergency	19	21	15
Ambulance	7	6	7
Amount	19	10	6
Delay in payment	49	28	26
Gap - Hospital	23	15	19
Gap - Medical	11	13	11
General treatment (extras/ancillary)	7	6	4

² Overseas Visitors Health Cover (OVHC) and Overseas Student Health Cover (OSHC) policies are designed for visitors to Australia. These complaints are counted separately from complaints made about domestic health insurance policies.

	2016–17	2017–18	2018–19
High Cost Drugs	0	2	1
Hospital exclusion/restriction	15	23	18
Insurer rule	16	8	3
Limit reached	0	2	0
New baby	1	7	1
Non health insurance	0	2	0
Non health insurance - overseas benefits	2	0	0
Non-recognised other practitioner	2	0	0
Other compensation	0	0	1
Out of pocket not elsewhere covered	4	4	9
Out of time	1	2	1
Prostheses	0	1	0
Total	176	150	122
CONTRACT			
Hospitals	0	1	1
Total	0	1	1
COST			
Dual charging	1	0	0
Rate increase	11	4	5
Total	12	4	5
INCENTIVES			
Lifetime Health Cover	5	0	1
Medicare Levy Surcharge	1	3	1
Total	6	3	2
INFORMATION			
Brochures and websites	6	4	1
Lack of notification	4	1	2
Oral advice	25	19	21
Written advice	2	2	0
Total	37	26	24
INFORMED FINANCIAL CONSENT			
Hospitals	1	4	9
Total	1	4	9
MEMBERSHIP			
Adult dependents	0	1	0
Arrears	1	2	0
Authority over membership	3	1	3
Cancellation	87	90	52
Clearance certificates	3	0	2
Continuity	16	6	10
Rate and benefit Protection	1	0	0

	2016–17	2017–18	2018–19
Suspension	7	8	5
Total	118	108	72
OTHER			
Acute care and type C certificates	0	1	2
Complaint not elsewhere covered	7	1	3
Confidentiality and privacy	2	0	0
Non Medicare patient	3	1	2
Private patient election	2	0	0
Rule change	1	0	1
Total	15	3	8
SERVICE			
Customer service advice	16	8	12
General service issues	12	14	18
Premium payment problems	18	15	10
Service delays	12	12	12
Total	58	49	52
WAITING PERIOD			
Benefit limitation period	1	0	0
General	4	4	3
Obstetric	4	5	4
Other	1	2	1
Pre-existing condition	55	92	117
Total	65	103	125

Health policy: liaison with other bodies

Our Office has a role in assisting with the broader issues associated with health policy. During the year, we provided information and assistance to various bodies involved in the formulation of health and consumer policy and compliance with established rules and laws.

Some significant activities during 2018–19 included:

- Providing input on the developments with the Government’s Private Health Insurance Reforms.
- Redeveloping the privatehealth.gov.au website to make it easier to compare insurance products and allowing insurers to provide personalised information to consumers on their products.
- Participation in the ACCC Health Regulators Group.
- Providing input on Private Healthcare Australia’s review of the industry Code of Conduct.
- Consultation with private health insurers regarding issues relating to private health insurance for overseas students.

Consumer website privatehealth.gov.au

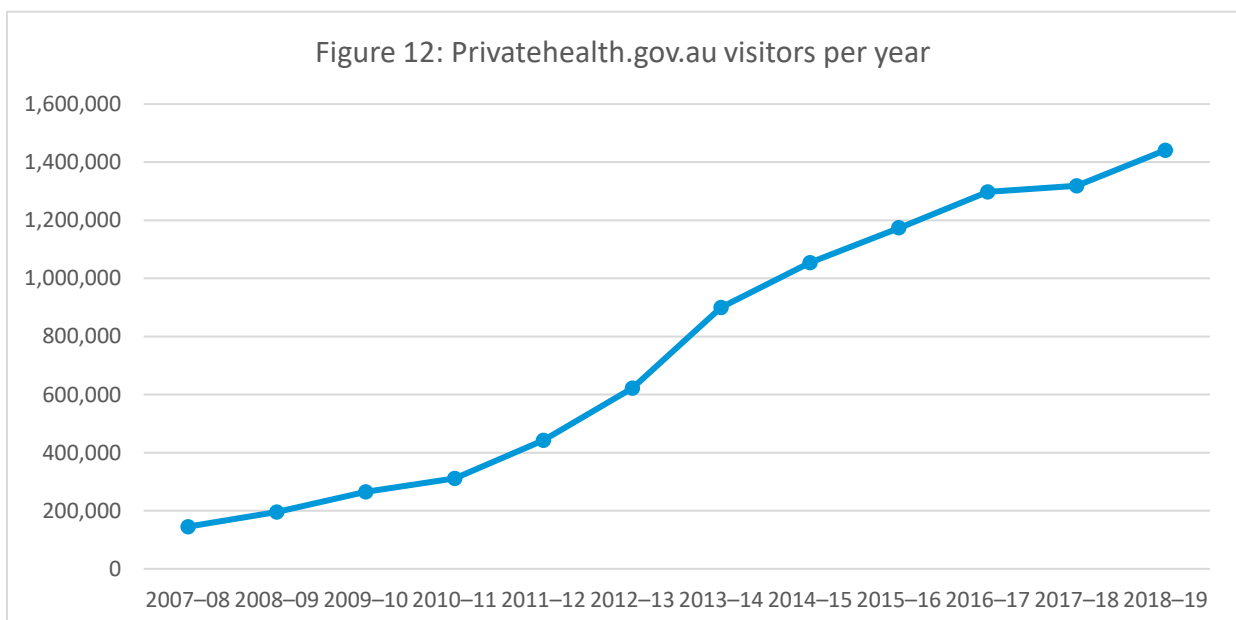
[Privatehealth.gov.au](http://privatehealth.gov.au) is Australia's leading source of independent information about health insurance for consumers. Website usage has continued to grow annually since the website's launch in 2007, with 1,441,712 visits in 2018–19.

On 1 April 2019, the Office launched a new version of the website. Page 96 of the Annual Report discusses the website's new features.

Our Office responded to 1,740 consumer enquiries received via the consumer website privatehealth.gov.au. Approximately 58 per cent of the enquiries we received were via the consumer website, either by email, web form, or the dedicated website telephone line.

The most frequently raised questions were about the following topics:

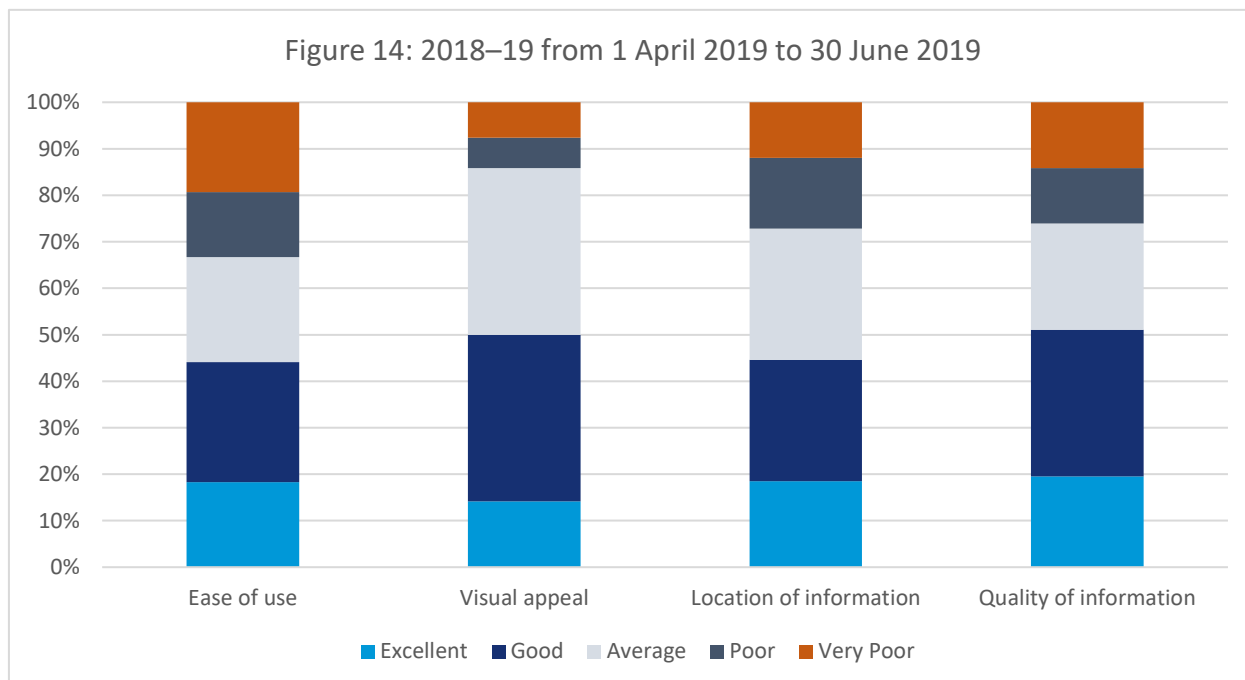
- Lifetime Health Cover (LHC), especially regarding how this affects new migrants to Australia and Australians returning from overseas. The LHC rules determine how much a person pays for hospital insurance.
- The Medicare Levy Surcharge for high income earners and how to avoid the surcharge by purchasing appropriate private hospital insurance.
- The Australian Government Private Health Insurance Rebate, an income-tested and age-dependent incentive to help cover the cost of premiums.
- Waiting periods for people who are currently uninsured or upgrading existing cover.
- How to use the website, locate information and compare policies.
- How to choose a health insurance policy.
- Overseas Visitors Health Cover, especially for Short Term Temporary visa holders and overseas student visa holders.



Visitors to the website can complete a survey on their experience of using the website. Survey results are used to highlight areas where improvements can be made and to track satisfaction.

During the year, 521 users completed a survey about the website prior to the 1 April relaunch, and 118 users completed the survey after the relaunch. The key ratings for the site are summarised below.

Feedback from consumers suggests new users were the most satisfied with the relaunched website, with some feedback from returning that they found the new website unfamiliar. We will continue to track consumer feedback throughout the year as the website continues to be improved and updated.



Glossary

Assisted referral

Cases where we refer a complaint directly to a nominated representative of the insurer or service provider, on behalf of the complainant.

Dispute

Higher level complaint where the Office requests a detailed report from the health insurer or other subject of the complaint. The report is then reviewed and a decision is made on whether the initial response was satisfactory or if further investigation is warranted.

General treatment policy

Private health insurance that covers non-hospital medical services that are not covered by Medicare, such as dental, physiotherapy, and ambulance services. Also known as 'extras' or 'ancillary' cover.

Grievance

Complaint that is finalised by considering the issue and providing more information or a clearer explanation directly to the complainant, without the need to contact or seek additional information from the health insurer or health care provider.

Hospital policy

Private health insurance that covers costs incurred by a private patient in hospital.

Hospital exclusions and restrictions

An exclusion is a treatment or service which is not covered by a hospital insurance policy. A restriction is a treatment or service which is covered to a limited extent, such as covering the cost of admission as a private patient in a shared room in a public hospital; rather than the cost of a private room.

Informed Financial Consent (IFC)

The provision of information to patients, including notification of likely out-of-pocket expenses (gap fees) by all relevant service providers, preferably in writing, prior to admission to hospital.

Lifetime Health Cover (LHC)

A government initiative that determines how much consumers pay for private hospital insurance, based primarily on their age. The Lifetime Health Cover rules are contained in the Private Health Insurance Act 2007 (Cth).

Medical gap

The amount a private patient pays personally for medical treatment in hospital, over and above what is received from Medicare or a private health insurer. Health insurers may have gap cover arrangements with service providers to insure against some or all of these additional payments.

Medicare Benefits Schedule (MBS)

A listing of the Medicare services subsidised by the Australian government. It includes a schedule of fees.

Medicare Levy Surcharge

An income tax levy that applies to Australian taxpayers who earn above a certain income threshold and who do not hold appropriate private hospital insurance.

Overseas Student Health Cover (OSHC)

A type of health cover designed for overseas student visa holders which can be purchased from some Australian private health insurers.

Overseas Visitors Health Cover (OVHC)

A type of health cover designed for people without Medicare benefits or with only reciprocal (partial) Medicare benefits which can be purchased from some Australian private health insurers and some international insurers.

Private Health Insurance Rebate

The Australian Government provides an income tested rebate to help people meet the cost of private health insurance. The Rebate is income-tested and varies depending on age group and family composition.

Problem

A low level complaint where we provide the subject of the complaint with another opportunity to resolve the issue directly with the complaints. The majority of problems are resolved by 'assisted referral', where we refer a complaint directly to a nominated representative of the insurer or service provider, on behalf of the complainant. Others are finalised through a 'standard referral' — that is, the complainant receives advice from our Office and then lodges their complaint directly with the appropriate body themselves.

Standard referral

Cases where the complainant receives advice from our Office and then lodges their complaint directly with the appropriate body themselves.

Waiting period

How long a person needs to be covered under a private health insurance policy before he or she is eligible for benefits. The maximum waiting periods for hospital policies are set down in the Private Health Insurance Act 2007 (Cth).

More information is available at ombudsman.gov.au.