



MEDIA RELEASE

31 March 2011

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.

Private Health Insurance Ombudsman, Samantha Gavel, said the main aim of publishing the Report is to give consumers access to the best information possible in order to assist them make the best possible decisions in choosing private health insurance for themselves and their families.

“What we know from dealing with consumer complaints is that access to better information gives rise to better private health insurance outcomes. Consumers regularly report in consumer surveys that they find health insurance confusing.¹ This is in no small part due to the extremely wide range of policies available for them to choose from, with the number of private health insurance policies available in each state or territory totaling approximately 1500.²”

“The information contained in this Report compares private health insurance policies in areas relating to service performance, hospital cover, medical gap cover, general treatment (extras cover), financial management and health fund operation and is taken from the most appropriate, independent and reliable data on private health insurance in Australia.”

Ms Gavel said the Report helps 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 and encouraged them to treat the question of whether and what type of private health insurance they might need seriously.

“Too often we find that for many people private health insurance is ‘out of sight out of mind’ until they get sick. 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,” Ms Gavel said.

The Report, which covers the period from 1 July 2009 – 30 June 2010, focuses on general performance and service delivery by health funds and reveals an increase in private health insurance membership of 2.5% at 30 June 2010 and customer retention rates of between 78.6% and 96%, depending on the health insurer.

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¹ See for example the “*Health Care & Insurance Australia 2009*”, Report by Ipsos Australia. This report is copyright and available to subscribers only.

² There are currently 17,173 health insurance policies listed on PHIO’s consumer website as open policies, meaning they are available for purchase, out of a total of 27,385 policies listed on the site. The remaining 10,212 policies listed on the site are closed policies, which are not available for purchase.

Complaints to PHIO in 2009-10 continued to be low compared to other forms of insurance. Benefit amounts and Service issues caused the highest number of complaints, while complaints about premium increases and Informed Financial Consent remained relatively low.

Ms Gavel said the provision of consumer information and advice has been a key priority for PHIO during the year, including a major review and update of the consumer website www.privatehealth.gov.au. The website now has a new comparison feature, which makes it easier for consumers to compare health insurance policies, as well as an improved site design and new navigation features making it easier to find relevant information.

“As there are large numbers of health insurance policies available for sale, it is critical for consumers to have access to tools enabling them to navigate the wide range of policy options available to them. The new website comparison feature enables them to do this and provides much needed transparency in making comparisons between the policy offerings of different funds.”

Ms Gavel noted that while the overall number of complaints made to the Ombudsman increased by 5% in the recent reporting period, the number of people covered by health insurance also increased by approximately 2.5%. Significantly, the number of high level complaints requiring detailed investigation by the Ombudsman decreased by more than 2%.

“The decrease in the number of complex, high level complaints is good news for consumers as it shows they are being more successful at resolving their disputes with the insurer directly.”

Ms Gavel said immediate priorities for her office in 2011 included working more closely with individual funds that have higher levels of complaints to assist them in implementing strategies to reduce complaints; the regular PHIO industry seminar in March 2011 enabling PHIO to meet with industry stakeholders and focus on issues presented to PHIO by consumers; and working with funds to reduce complaints about systemic issues that cause complaints, such as processes for applying the Pre-Existing Condition waiting period.

More detailed information, including premium rates and benefit amounts offered by all health insurance policies available in Australia, is available from the consumer website www.privatehealth.gov.au.

Consumers can use the website to view standard information about their own health insurance policy, as well as compare their policy with other policies available for sale.

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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