



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 2011 - 30 June 2012, focuses on general performance and service delivery by health funds. The Report compares funds against a number of measures, including performance and service delivery, 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 (PHIO) Samantha Gavel said that the Report provides existing members with information that will assist them to compare the performance of their fund with all other health funds, as well as assisting consumers considering taking out private health insurance, with an indication of the services available from each fund and a comparison of some service and performance indicators at the fund level.

"Complaints to the Private Health Insurance Ombudsman (PHIO) remained steady during 2011–12, with a similar number of complaints overall (2,995) to the 3,070 received the previous year. Pleasingly, there was a decline in the number of higher level complaints requiring investigation (630 in 2011-12 compared with 716 in 2010-11), which showed that funds were successfully dealing with referrals from the Ombudsman without further action being required.

"Private health insurance was very much 'front of mind' for consumers during the reporting period, due to the introduction of income testing of the Australian Government Rebate on private health insurance from 1 July 2012 and the associated publicity campaign to inform members about the changes. This in turn increased the demand for PHIO's information and advice services, with the consumer website www.privatehealth.gov.au receiving its highest number of unique visits in July 2012 since it went live in April 2007."

In 2011-12, the issues that caused higher levels of complaints to PHIO were oral information (advice given to members in retail branches or over the telephone); restrictions and exclusions on hospital policies and pre-existing condition waiting periods. There was a decline in complaints about payment delays, premium increases and fund rule changes.

Ms Gavel said that those funds which focused on providing good communication and advice to their members, through their written material such as letters and brochures and through the advice provided by staff in their branches and call centres, have fewer complaints about these issues.

Ms Gavel also noted there had been positive health fund membership growth and retention figures for 2011-12, with a 3.7% growth in membership and fund membership retention figures ranging from 70% to over 90% during the reporting period.¹

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¹ PHIO State of the Health Funds Report 2012, page 12.

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.

“By using this Report, consumers can gain valuable insights into how their current or potential fund performs on measures such as membership retention, complaints, the effectiveness of its Gap Scheme in reducing out-of-pocket medical costs and the percentage of Hospital and General Treatment related charges covered.

“As consumers, we owe it to ourselves to be diligent on our own behalf when it comes to private health insurance,” Ms Gavel said.

To this end, Ms Gavel said she was encouraged by the 55% increase in the use of the Ombudsman’s consumer website (485, 923 unique visitors in 2011-12) – Privatehealth.gov.au.²

The Privatehealth.gov.au website is Australia's leading source of independent information relating to private health insurance policies available in Australia, including a range of tools to assist consumers such as the Lifetime Health Cover calculator, an Agreement Hospitals Locator and information about the average cost of the most common dental procedures.

Private health insurers are required by law to send their members a Standard Information Statement (SIS) each year. The SIS is a one page summary which lists the main features of each policy, including waiting periods, restrictions and excesses. PHIO recommends that consumers check their SIS when they receive it each year to ensure their policy will continue to meet their health insurance needs over the coming year. This is particularly important as people reach different life stages.

A copy of every SIS for all health insurance policies sold in Australia is available from PHIO's consumer website, PrivateHealth.gov.au. Consumers can use the site to check the features of their own health insurance policy and to compare it with other policies available for sale.

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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² PHIO Annual Report 2011-12, page 49.