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PRIVATE HEALTH INSURANCE OMBUDSMAN

STATE OF THE HEALTH FUNDS REPORT

2021

Private Health Insurance Ombudsman State of the Health Funds Report 2021

RELATING TO THE FINANCIAL YEAR 2020–21

Report required by s 20D(c) of the *Ombudsman Act 1976* (Cth) (Ombudsman Act).

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Foreword



I am pleased to present the 17th annual State of the Health Funds Report, relating to the financial year 2020–21. The Ombudsman Act requires the Private Health Insurance Ombudsman (PHIO) to publish the report after the end of each financial year to provide comparative information on the performance and service delivery of all health insurers¹ during that financial year.

The information in the report supplements information available on our consumer website privatehealth.gov.au. The consumer website provides a range of information to assist consumers to understand private health insurance and to select or compare private health insurance policies.

This report provides consumers with additional information that may assist them to make decisions about private health insurance. For existing policyholders, the report details information that allows them to compare the performance of their insurer with all other health insurers. For those considering taking out private health insurance for the first time, the report outlines the services available from each insurer and compares their performance.

The range of issues and performance information contained in the report was chosen considering the availability of reliable data and whether the information can reasonably be compared across insurers. The information included in the report is based on data the Australian Prudential Regulation Authority (APRA) collects as part of its role to monitor and report on the financial management of health insurers. I thank APRA for its assistance and advice to my Office in preparing this report.

The impact of COVID-19 on our complaint numbers during this year was noticeable, and not unexpected, given that consumers had reduced access to services and fewer opportunities to claim in this period. Most insurers delayed their April 2021 premium increases by 6 months and applied flexibility for members experiencing financial hardship, which mitigated complaints about reduced access.

A handwritten signature in black ink that reads "Penny McKay".

Penny McKay
Acting Commonwealth Ombudsman
April 2022

¹ For the purposes of this report, 'health insurers' refers to 'health funds'.

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Using this report to compare insurers

PLEASE NOTE:

- Nothing in this report should be taken as this Office recommending any health insurer or health insurance policy.
- No single indicator should be used as an indicator of an insurer's overall performance.
- The information used in this report to compare health insurers is based on data collected for regulatory purposes. This information was the most appropriate, independent and reliable data available at 1 December 2021.
- This report may help consumers decide which health insurers to consider but will not indicate which policy/ies to purchase. Most insurers offer more expensive policies that can be expected to provide better than average benefits, as well as cheaper policies that provide less benefits.

THE STATE OF THE HEALTH FUNDS REPORT

The State of the Health Funds Report (SOHFR) compares how health insurers perform across the following criteria:

- service performance and financial management
- hospital benefits
- medical gap schemes
- general treatment (extras) benefits.

Consumers can use the information in this report to identify suitable insurers or assess their current insurer's performance relative to other insurers.

The range of indicators included in this report allow consumers to focus on factors of most importance to them – not all factors will be of equal importance to every individual or family.

More information about specific indicators is provided in the explanations preceding each of the tables in this report.

WHERE TO FIND MORE INFORMATION ABOUT SELECTING A POLICY

The Ombudsman's consumer website privatehealth.gov.au includes advice about what factors to consider and what questions to ask when selecting a policy. It also includes information about government incentives relating to hospital cover such as the 'Medicare Levy Surcharge Exemption' and 'Lifetime Health Cover'.

This report does not include detailed information on price and benefits for health insurance policies. Information on specific policies is available from privatehealth.gov.au, where you can search for and compare information about every health insurer and policy in Australia.

Brochures and factsheets about private health insurance can be found at ombudsman.gov.au.

INSURER NAMES

This report refers to health insurers by an abbreviation of their registered name, rather than any brand name they might use. This abbreviated name appears on the left side of the heading for each insurer in the *Health Insurer Listing* section. Some insurers use several different brand names or have used brand names in the recent past:

Brand name	Insurer
AAMI	NIB
APIA	NIB
Astute Simplicity Health	St Lukes
Australian Health Management	Medibank
Budget Direct	GMHBA
Emergency Services Health	Police Health
Frank	GMHBA
GMF Health	HBF
GU Corporate Health	NIB
Health.com.au	GMHBA
Healthguard	HBF
Hunter Health Insurance	CDH
iSelf	Phoenix
Kogan	Medibank
Manchester Unity	HCF
MyOwn Health	AIA Health
NRMA Health	BUPA
Qantas Assure	NIB
Suncorp	NIB
Territory Health	QCH
UniHealth	Teachers Health
Union Health	TUH

About the data used in this report

OPEN AND RESTRICTED MEMBERSHIP HEALTH INSURERS

Membership of 'open' health insurers is available to everyone.

'Restricted membership' health insurers have certain membership criteria which mean they are not available to all consumers. For example, membership may be restricted to employees of certain companies, occupations or members of particular organisations.

Where applicable, open and restricted membership funds are listed separately in each of the tables in this report.

DATA COLLECTION

Most data used in this report is collected by the industry regulator APRA. While insurers report to APRA for regulatory purposes, some of this information is useful to consumers and is reproduced in this report. However, it is important to read the accompanying text explaining the data in conjunction with the tables.

As insurers differ in size, most of the statistical information is presented as percentages or dollar values per membership, for easier comparison. We did not weight the importance of various indicators, as these are judgements that consumers are better placed to make based on their individual circumstances, preferences and priorities. For this reason, we do not consolidate or average an insurer's scores across indicators to provide an overall performance or service delivery score.

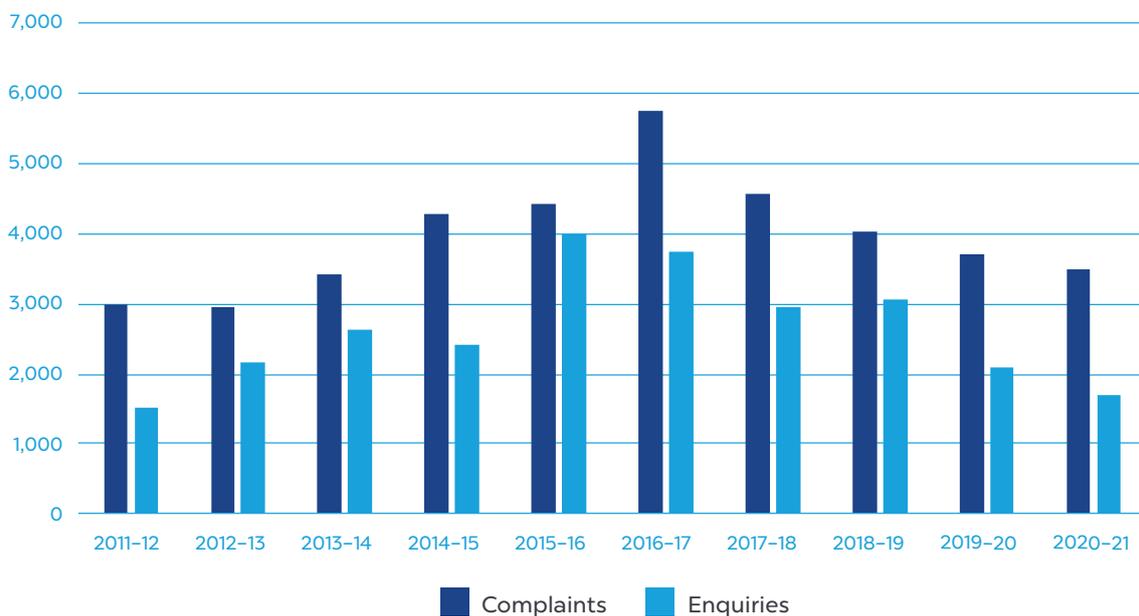
The report provides consumers with additional information about the benefits each insurer paid over the last year. The report also provides information about the extent of coverage insurers provided for hospital, medical and general treatment, as well as any state-based differences in coverage. The indicators we use in this report are not intended to represent the full range of factors that consumers should consider when comparing insurers' performance. Rather, they are limited to those for which there is reliable data which can reasonably be compared across all insurers.

Key consumer issues

OVERVIEW OF COMPLAINTS IN 2020–21

In 2020–21, the Office received 3,496 complaints about private health insurance, which is a 5.7 per cent decrease compared to the number we received in 2019–20. In the same period, we also received 1,705 private health insurance enquiries, which is an 18 per cent decrease on the previous year. Enquiries are matters we resolved by providing general advice or information, or are outside our jurisdiction.

Figure 1: Total complaints and enquiries by year



COMPLAINTS

During 2020–21, the most common issues in consumer complaints related to benefits, membership and service. Complaints about service increased this year compared to 2019–20, while complaints about benefits and information decreased.

Complaints about benefits include those about general treatment (extras/ancillary) benefits and unexpected hospital policy exclusions and restrictions, typically about the amount paid for the service or timeliness in processing claims.

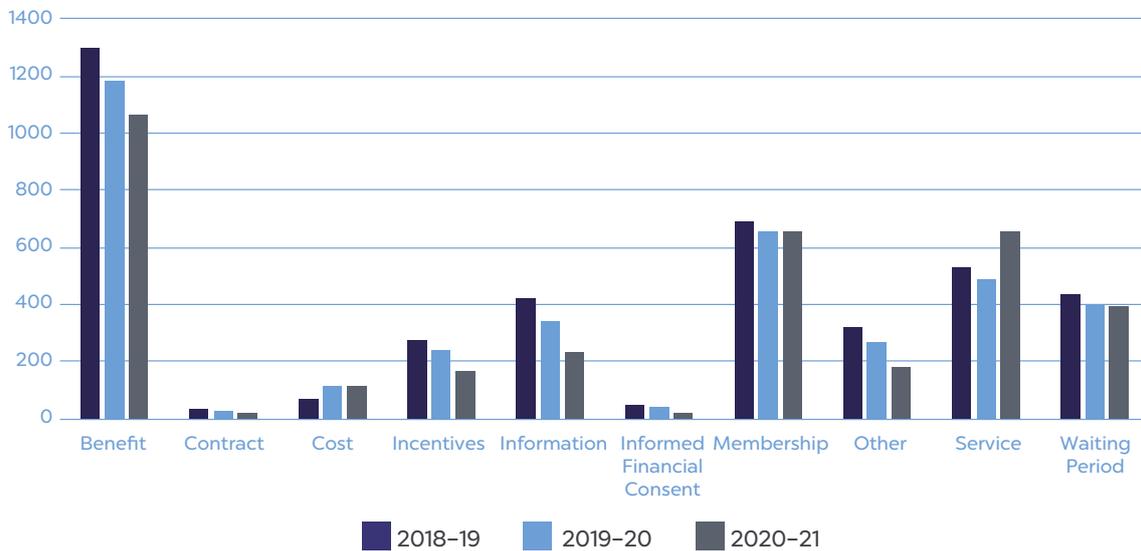
Complaints relating to membership cancellation generally reflect problems and delays in insurers processing requests to cancel memberships and handling associated payments or refunds. In most cases, they arise from consumers transferring from one insurer to another, rather than people leaving private health insurance altogether.

When consumers contact us about an insurer's service, it is rarely the sole reason for their complaint. In our experience, complaints usually flow from another issue which, when combined with poor customer service, inadequate or delayed responses and poor internal escalation processes, cause policy holders to become increasingly dissatisfied.

Complaints about information include complaints about verbal advice, where the insurer and member disagree about what information was provided in a phone call or retail centre, as well as complaints about the clarity or accuracy of written information on websites, and in brochures, email or letters.

Complaints relating to decisions to refuse or reduce claims based on pre-existing conditions generally arise from insurers not clearly stating which signs and symptoms it relied on to assess a claim. In these cases, the Office can seek a better explanation of the insurer's medical practitioner's decision, as well as obtain an impartial review of the decision based on the medical evidence.

Figure 2: Complaint issues over previous three years



COVID-19 COMPLAINTS

Complaints related to COVID-19

During 2020–21 the Office received 192 complaints and 41 enquiries relating to the impacts of COVID-19. This represents a decrease compared to 2019–20, when we received 212 between February and June 2020. The reduction likely reflects the positive effects of policy changes insurers made in response to COVID-19, such as deferring rate increases and applying flexible membership suspensions, complaints were comparatively less frequent this year. These complaints were either about requests to suspend premium payments due to financial hardship or about having to pay premiums despite not being able to claim benefits when some private hospitals and practitioners were closed to patients.

The most common issue in COVID-19 related complaints was membership suspension (41 complaints), where consumers requested temporary suspensions of their membership due to financial hardship. Many health insurers implemented arrangements to assist those experiencing financial hardship, but some consumers sought assistance from our Office to make an application.

Almost all insurers postponed their 1 April 2020 premium increases for at least 6 months to 1 October 2020. Many insurers also introduced arrangements to provide financial relief to people who lost their jobs, were underemployed or in hardship or contracted the virus. In April 2021 most insurers proceeded with the rate increase as usual.

Deferred liability claims pool

In 2020–21, during the pandemic when consumers had limited access to services, APRA advised insurers to retain a deferred liability claims pool to cover potential future costs. For example, some or most of the people who deferred a hospital admission due to COVID-19 are likely to have the surgery later. It was important that insurers retained sufficient funds to cover these claims if or when they eventuated.

Where the cost of deferred claims was not as high as anticipated, some insurers are now returning, or considering returning these excess funds to their policy holders. We are monitoring this process through complaints and engagement with insurers.

Enquiries

Most enquiries the Office received during 2020–21 were about how private health insurance works and/or Lifetime Health Cover (LHC).

Thirty-eight per cent of enquiries in 2020–21 were about general private health insurance issues, including about what factors consumers should consider when selecting a policy.

Thirty-six per cent of enquiries were about LHC. LHC is a policy designed to encourage people to take out hospital insurance earlier in life and maintain their cover. It imposes a loading on membership premiums for every year the member is aged over 30 when taking out cover, which is then removed after 10 years of continuous coverage.

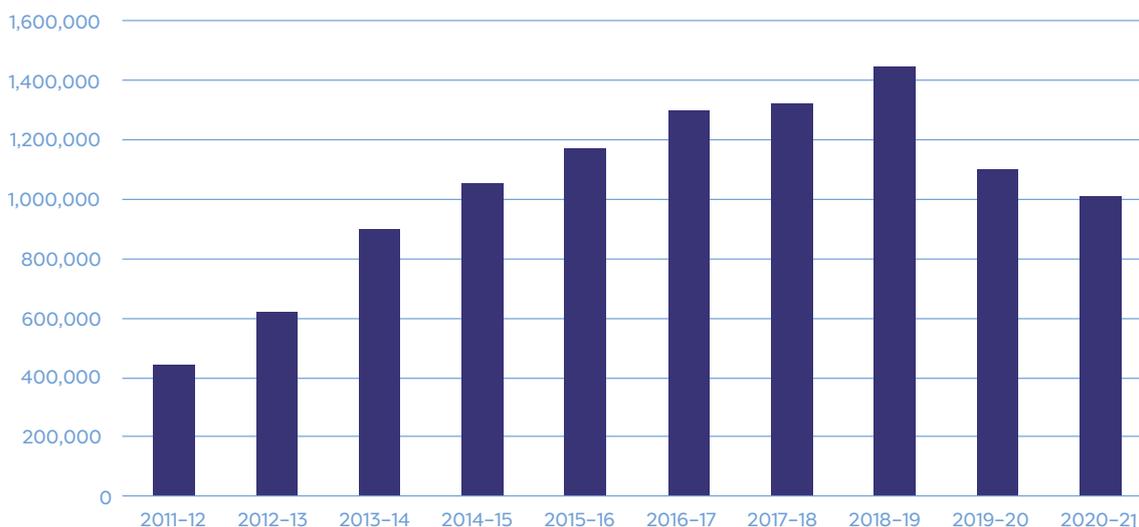
Consumers also contacted our Office to seek information about government incentives such as the government rebate and Medicare levy surcharge, health insurance for overseas visitors to Australia, the role of the Private Health Insurance Ombudsman and general advice about Australia's healthcare system.

CONSUMER WEBSITE PRIVATEHEALTH.GOV.AU

The website privatehealth.gov.au is Australia's leading independent source of consumer information about private health insurance. It is also the only website that allows users to search the features and premium costs of every policy available in Australia.

During 2020–21, visits to the website decreased by 7.8 percent with 1,012,439 unique visitors compared to 1,098,631 visitors in 2019–20. The website largely relies on organic growth, with most visitors discovering the website through search engines.

Figure 3: privatehealth.gov.au visitors per year



Health insurers listing

The following table lists all Australian registered health insurers. The 'open' membership insurers provide policies to the general public. The 'restricted' insurers provide policies through specific employment groups, professional associations or unions.

Table 1: Health insurer listing

Open membership health insurers	
Abbreviation	Full name or other names
AIA Health	AIA Health Insurance, MyOwn Health Insurance
Australian Unity	Australian Unity Health Ltd
BUPA	Bupa HI Pty Ltd
CBHS Corporate	CBHS Corporate Health Pty Ltd
CDH	CDH – Hunter Health Insurance
CUA Health	CUA Health Ltd
GMHBA	GMHBA Ltd, Frank, Health.com.au
HBF	HBF Health Ltd
HCF	Hospitals Contribution Fund of Australia
HCI	Health Care Insurance Ltd
Health.com.au	Health.com.au (GHMBA)
Health Partners	Health Partners Ltd
HIF	Health Insurance Fund of Australia Ltd
Latrobe	Latrobe Health Services
MDHF	Mildura Health Fund Ltd
Medibank	Medibank Private Ltd, Australian Health Management
NIB	NIB Health Funds Ltd, Qantas Assure, APIA
Onemedifund	National Health Benefits Australia Pty Ltd
Peoplecare	Peoplecare Health Insurance Limited
Phoenix	Phoenix Health Fund Ltd
QCH	Queensland Country Health Fund Ltd
St Lukes	St. Lukes Health
Transport Health	Transport Health Pty Ltd
Westfund	Westfund Limited

Table 1: Health insurer listing (continued)

Restricted membership health insurers	
Abbreviation	Full name or other names
ACA	ACA Health Benefits Fund
CBHS	CBHS Health Fund Ltd
Defence Health	Defence Health Ltd
Doctors' Health	The Doctors' Health Fund
Navy	Navy Health Ltd
Nurses and Midwives	Nurses and Midwives Health Pty Ltd
Police Health	Police Health Limited, Emergency Services Health
Reserve Bank	Reserve Bank Health Society Ltd
RT Health Fund	Railway and Transport Health Fund Ltd
Teachers Health	Teachers Federation Health Ltd
TUH	Teachers' Union Health Fund

Service performance and finances

Table 2 provides comparative data about insurers' service performance and finances.

MEMBER RETENTION

The member retention indicator is used as one measure of the comparative effectiveness of health insurers and their level of member satisfaction. This indicator measures what percentage of insurer members (hospital memberships only) remained with the insurer for 2 years or more.

This figure is calculated on the total gain or loss of members over the last 2 years, taking into account consumers who take up membership and leave within that 2 year period. Figures are not adjusted for policies that lapse when a member dies, as these are not reported to APRA.

Most restricted membership insurers rate well on this measure compared to open membership insurers. This may be due to features particular to restricted membership insurers, especially their links with employment.

OMBUDSMAN COMPLAINTS IN CONTEXT

The number of complaints we receive is very small compared to insurer membership.

There are several factors (other than share performance, below) that can influence the level of complaints we receive about an insurer. These include the information the insurer and the media provide to members about the Ombudsman and the effectiveness of the insurer's own complaint handling process.

COMPLAINTS PERCENTAGE COMPARED TO MARKET SHARE PERCENTAGE

Table 2 shows each insurer's market share (as at 30 June 2021) in the market share column. Subsequent columns show the complaints we received about each insurer, as a percentage of the total complaints we received about all insurers. These percentages should be compared with insurers' market share figure. Where an insurer's share of complaints is higher than its market share, this indicates that members of that insurer are more likely to complain than those of other similar sized insurers.

The table also indicates the percentage of complaints we received about each insurer:

- **All complaints** reflects all complaints received by this Office about the insurer. *All complaints* includes complaints investigated as well as complaints that are finalised without the need for investigation.
- **Complaints investigated²** is a measure of the percentage of complaints that require a higher level of intervention from the Ombudsman, in relation to all complaints investigated. Most complaints to the Ombudsman can be finalised by referring the matter to insurer staff to resolve

² Complaints investigated were referred to as "disputes" in previous versions of this report.

or by Ombudsman staff providing information to the complainant. Complaints which insurer staff are not able to resolve to a member's satisfaction are investigated by the Office – so the rating on *complaints investigated* is an indicator of the effectiveness of each insurer's own internal complaint handling.

FINANCES AND COSTS

All health insurers are required to meet financial management standards, to ensure their members' contributions are protected.

The regulation of health insurer finances

The *Private Health Insurance Act 2007* (Cth) specifies solvency and capital adequacy standards for insurers to meet and outlines financial management and reporting requirements for all insurers.

APRA produces an annual publication providing financial and operational statistics for the insurers for each financial year.³ Information included in the Benefits as a Percentage of Contributions and Management Expenses fields is drawn from data collected by APRA.

Benefits as a percentage of contributions

This column shows the percentage of total contributions, received by the insurer, returned to contributors in benefits. Insurers will generally aim to set premium levels so that contribution income covers the expected costs of benefits plus the insurer's administration costs.

Management expenses

Management expenses are the costs of administering the insurer. They include items such as staff salaries, operating overheads, and marketing costs.

- **As a percentage of contribution income:** This figure is regarded as a key measure of insurer efficiency. In this table, management expenses are shown as a proportion of total insurer contributions.
- **Per average policy:** A comparison of the relative amount each insurer spends on administration costs. This figure shows management expenses per membership.

³ The 'Operations of the Private Health Insurers' report is available on the APRA website: apra.gov.au

Table 2: Service performance and finances

Insurer Name (Abbreviated)	Member retention (hospital cover) ^[1]	Market share	All complaints %	Complaints investigated %	Benefits as % of contributions	Management expenses as % of contribution income	Management expenses per average policy
Open membership insurers							
AIA Health	60%	0.3%	0.7%	0.0%	95.1%	10.7%	\$366
Australian Unity	80%	2.5%	4.8%	2.3%	79.2%	12.3%	\$473
BUPA	87%	24.8%	23.5%	21.6%	84.0%	8.6%	\$335
CBHS Corporate	64%	<0.1%	0.0%	0.0%	99.3%	23.5%	\$887
CDH	80%	<0.1%	0.0%	0.0%	80.5%	15.5%	\$713
CUA Health	80%	0.6%	0.5%	0.5%	85.6%	9.7%	\$368
GMHBA	78%	2.1%	2.0%	0.9%	86.3%	12.1%	\$452
HBF	90%	7.3%	3.9%	5.6%	89.7%	15.0%	\$490
HCF	88%	11.9%	24.5%	17.8%	89.6%	9.9%	\$387
HCI	87%	<0.1%	0.1%	0.0%	81.3%	12.1%	\$537
Health.com.au	70%	0.4%	0.8%	2.3%	85.5%	9.2%	\$285
Health Partners	91%	0.7%	0.5%	0.0%	88.5%	9.5%	\$366
HIF	75%	0.7%	0.9%	0.5%	86.4%	12.7%	\$428
Latrobe	78%	0.7%	0.8%	0.9%	89.1%	13.8%	\$560
MDHF	92%	0.3%	0.0%	0.5%	81.3%	9.0%	\$337
Medibank	86%	27.3%	18.5%	19.7%	83.6%	7.7%	\$271
NIB	81%	9.3%	9.1%	9.4%	83.2%	10.3%	\$353
Onemedifund	92%	<0.1%	0.0%	0.0%	83.0%	9.9%	\$584

Table 2: Service performance and finances (continued)

Insurer Name (Abbreviated)	Member retention (hospital cover) ^[1]	Market share	All complaints %	Complaints investigated %	Benefits as % of contributions	Management expenses as % of contribution income	Management expenses per average policy
Peoplecare	84%	0.5%	0.3%	0.0%	87.3%	10.6%	\$465
Phoenix	87%	0.2%	0.1%	0.0%	90.0%	8.7%	\$419
QCH	89%	0.4%	0.2%	0.0%	84.5%	10.7%	\$513
St Lukes	88%	0.6%	0.7%	0.0%	88.4%	11.0%	\$484
Transport Health	77%	<0.1%	0.4%	0.5%	79.4%	14.3%	\$554
Westfund	89%	0.9%	0.6%	1.4%	88.0%	13.3%	\$540
Restricted membership insurers							
ACA	92%	<0.1%	0.1%	0.0%	82.0%	13.2%	\$727
CBHS	92%	1.5%	1.4%	3.3%	88.5%	9.0%	\$409
Defence Health	89%	2.1%	1.8%	3.3%	90.3%	9.8%	\$420
Doctors' Health	91%	0.4%	0.3%	0.9%	84.8%	10.4%	\$542
Navy Health	89%	0.4%	0.4%	0.5%	88.5%	9.1%	\$383
Nurses and Midwives	76%	<0.1%	0.2%	0.5%	95.4%	11.9%	\$490
Police Health	92%	0.4%	0.1%	0.0%	90.4%	7.6%	\$450
Reserve Bank	90%	<0.1%	0.0%	0.0%	82.6%	14.9%	\$1,067
RT Health Fund	86%	0.3%	0.5%	1.9%	81.9%	17.1%	\$807
Teachers Health	92%	2.5%	2.1%	1.9%	87.8%	7.9%	\$366
TUH	88%	0.6%	0.2%	2.3%	84.4%	8.8%	\$430

[1] The total gain or loss of members over the last two years, which takes into account consumers who take up membership and leave within that two year period.

Private hospital treatment

Table 3 provides a general comparison of health insurance for private patient hospital treatment. A higher percentage indicates that, on average, the insurer's members are covered for a higher proportion of private hospital charges.

The percentages indicated in this table are not indicative of any single policy but are an average of all policies offered by the insurer.

Hospital policies provide benefits towards the following costs if you elect to be a private patient in a private or public hospital:

- hospital fees for accommodation, operating theatre charges and other charges raised by the hospital
- the costs of drugs or prostheses required for hospital treatment
- fees charged by doctors (surgeons, anaesthetists, pathologists, etc.) for in-hospital treatment.

Most insurers offer a range of different policies providing hospital cover. These policies may differ in the range of treatments that are covered, the extent to which those treatments are covered, the level of excess or co-payment you may be required to pay if you go to hospital, and the price and discounts available to you.

Table 3 indicates the proportion of total charges associated with treatment of private patients covered by each insurer's benefits. This includes charges for hospital accommodation, theatre costs, prostheses and specialist fees (not including the Medicare benefit), excesses or co-payments and associated benefits.

Information is not provided for some insurers in some states, where APRA has not received reports of activity in that state – this generally occurs in states where the insurer does not have a large membership.

Hospital related charges covered (per cent) is calculated as:

$$\frac{\text{Hospital benefits paid by insurer}}{\text{Fees excluding Medicare benefit}} * 100$$

'Fees' is equal to the total amount the patient would have to pay to the provider(s) in the absence of any private health insurance, inclusive of hospital, medical and prostheses fees. This amount excludes the Medicare benefit. The difference between fees charged and benefits paid is the amount that the patient must pay (out of pocket).

The privatehealth.gov.au website provides information about all private health insurance policies available in Australia, including benefits, prices and agreement hospitals for each health insurer.

Table 3: Hospital

Fund name (Abbreviated)	% Hospital related charges covered ^[1]								
	ACT	NSW	VIC	QLD	SA	WA	TAS	NT	Australia
Open membership insurers									
AIA Health	74.4%	81.9%	85.7%	85.7%	86.6%	86.6%	91.1%	72.0%	84.5%
Australian Unity	80.9%	86.8%	91.2%	88.3%	89.5%	89.0%	91.1%	82.4%	89.9%
BUPA	82.9%	89.3%	93.0%	91.1%	94.9%	89.7%	93.8%	90.8%	91.5%
CBHS Corporate	91.0%	83.3%	86.8%	92.8%	92.5%	92.9%	92.2%	N/A	87.8%
CDH	66.5%	95.7%	89.8%	89.8%	80.7%	90.9%	91.3%	N/A	94.8%
CUA Health	69.9%	89.0%	89.7%	91.7%	90.2%	89.4%	91.3%	78.0%	90.9%
GMHBA	76.9%	86.1%	92.0%	86.1%	90.0%	91.3%	88.9%	78.8%	90.5%
HBF	89.4%	89.5%	92.6%	91.7%	92.3%	95.1%	95.1%	88.2%	94.8%
HCF	84.2%	91.0%	91.7%	90.0%	93.4%	89.5%	92.6%	88.9%	90.8%
HCI	94.9%	90.0%	94.0%	91.0%	92.4%	97.5%	94.5%	68.5%	93.6%
Health.com.au	73.6%	80.9%	82.5%	83.6%	85.0%	84.7%	71.7%	86.9%	82.0%
Health Partners	85.7%	91.6%	90.7%	90.4%	94.6%	84.6%	93.9%	93.4%	93.8%
HIF	79.5%	86.4%	88.8%	87.9%	89.6%	91.3%	88.7%	94.5%	90.2%
Latrobe	83.4%	89.4%	91.5%	88.0%	92.5%	87.7%	89.4%	83.0%	91.2%
MDHF	73.8%	93.3%	93.4%	90.4%	91.9%	81.5%	86.0%	100.0%	93.2%
Medibank	83.6%	89.3%	92.3%	89.9%	92.0%	90.3%	93.5%	90.0%	90.6%
NIB	76.7%	87.3%	86.0%	84.8%	90.1%	86.9%	90.8%	82.9%	86.7%
Onemedifund	85.1%	93.0%	94.8%	95.5%	96.6%	94.8%	96.0%	N/A	94.2%
Peoplecare	83.8%	91.7%	92.8%	91.1%	94.5%	92.5%	93.3%	96.0%	92.0%
Phoenix	84.7%	93.5%	91.6%	91.4%	93.0%	95.8%	93.8%	85.3%	92.7%
QCH	91.0%	91.4%	86.3%	88.7%	96.2%	91.3%	94.2%	82.9%	88.7%
St Lukes	86.7%	91.2%	91.7%	90.9%	93.3%	90.8%	93.4%	91.1%	93.1%
Transport Health	86.5%	88.0%	93.4%	88.7%	83.6%	87.4%	87.6%	N/A	92.6%
Westfund	85.1%	93.3%	91.0%	91.2%	93.6%	90.4%	91.5%	72.4%	92.3%
Restricted membership insurers									
ACA	85.1%	94.0%	96.2%	94.3%	96.9%	91.1%	95.6%	97.2%	94.3%
CBHS	83.3%	90.4%	93.4%	92.2%	94.7%	92.8%	93.2%	87.1%	91.7%
Defence Health	85.0%	89.7%	92.3%	90.7%	93.0%	90.5%	93.3%	88.1%	90.8%
Doctors' Health	92.7%	91.6%	92.8%	93.2%	92.2%	88.9%	90.9%	90.2%	92.3%
Navy Health	85.7%	90.8%	91.9%	90.4%	93.9%	92.2%	91.1%	87.1%	90.9%
Nurses and Midwives	85.6%	88.8%	90.3%	89.4%	90.7%	88.7%	87.0%	81.4%	89.3%
Police Health	87.8%	91.4%	94.5%	90.9%	96.3%	93.1%	95.8%	90.8%	93.3%
Reserve Bank	72.2%	91.7%	96.6%	98.3%	98.7%	96.4%	97.6%	N/A	94.0%
RT Health Fund	74.0%	93.9%	91.4%	92.7%	92.9%	89.7%	94.3%	83.3%	93.2%
Teachers Health	86.7%	91.2%	92.3%	93.1%	93.6%	91.9%	94.4%	90.9%	91.5%
TUH	67.3%	90.0%	89.3%	91.5%	91.6%	93.5%	92.4%	97.1%	91.4%
Industry average	83.1%	89.7%	91.9%	90.3%	93.9%	93.0%	93.4%	90.0%	91.0%

[1] Includes charges for hospital accommodation, theatre costs, prostheses and specialist fees (not including the Medicare benefit) and associated benefits (after any excesses and co-payments are deducted).

Note: 'N/A' signifies no activity in that state. 100 per cent is likely to indicate small numbers (e.g. only 1 episode).

Medical gap schemes

'Medical gap schemes' are intended to reduce patients' out of pocket costs for in-hospital medical services.

If a service is 'no gap', it means the patient does not incur any costs, as the full cost is covered by Medicare and the health fund. If a health insurer has a higher percentage of services covered at no gap than other insurers, it indicates the insurer has a more effective gap scheme in that state.

INSURER GAP SCHEMES AND AGREEMENTS

Doctors are free to decide whether to use a particular insurer's gap cover arrangements for each patient. Factors that can affect doctors' acceptance of the scheme include:

- whether the insurer has a substantial share of the health insurance market in a particular state or region
- the level of insurer benefits paid under the gap arrangements (compared with the doctor's desired fee)
- the design of the insurer's gap cover arrangements including any administrative burden for the doctor.

STATE-BASED DIFFERENCES

This report includes information on a state basis because the effectiveness of some insurers' gap schemes can differ between states and these differences are not apparent in the national figures.

Most differences are due to the level of doctors' fees, which can vary significantly between different states, and between regional areas and capital cities. In some states, insurers can cover gaps more effectively because doctors in that location charge less than the national average. In addition, where a doctor's fee for an in-hospital service is at or below the Medicare Benefits Schedule fee, there will be no gap to the member.

If a health insurer's percentage of services with no gap is higher than that of an insurer in another state, it does not necessarily mean the insurer's scheme is more effective because state-based differences could be the cause.

Information is not provided for some insurers in some states, as insurers do not report numbers to APRA for states in which they do not have a sufficiently large membership. In those cases, the figures are included in those for the state in which the insurer has the largest number of members.

COMPARING DIFFERENT GAP SCHEMES

If a health insurer has a higher percentage of services covered at no gap (in the same state/territory) compared with another insurer, this indicates it has a more effective gap scheme in that state. This means it is more likely that a medical service can be provided at no cost to the consumer, but it does not guarantee that a particular doctor will choose to use the insurer's gap scheme.

Percentage of services with no gaps – the proportion of services for which a gap is not payable by the patient after accounting for insurer benefits, schemes and agreements.

Percentage of services with no gap or where known gap payment made – this table includes both the percentage of no gap services and what is called 'known gap' services. Known gap schemes are an arrangement where the insurer pays an additional benefit on the understanding that the provider advises the patient of costs upfront.

These tables consider all the insurer's policies. The information in the tables is not indicative of any individual policy offered by the insurer but is an average across the insurer's total membership.

Table 4A: Medical services with no gap

Fund Name (Abbreviated)	% of Services with no gap								
	ACT	NSW	VIC	QLD	SA	WA	TAS	NT	Australia
Open membership insurers									
AIA Health	70.7%	83.0%	85.8%	89.2%	90.1%	79.7%	91.6%	78.9%	85.5%
Australian Unity	81.9%	91.9%	92.2%	92.1%	92.6%	88.9%	93.2%	86.2%	92.0%
BUPA	83.8%	91.8%	93.2%	94.1%	93.5%	90.0%	94.7%	92.0%	92.9%
CBHS Corporate	27.9%	86.2%	83.8%	86.3%	89.1%	81.9%	84.8%	N/A	84.6%
CDH	63.6%	86.2%	71.7%	62.4%	74.1%	44.4%	65.2%	N/A	83.8%
CUA Health	72.9%	91.6%	90.4%	94.3%	90.2%	89.1%	91.0%	86.4%	93.3%
GMHBA	58.7%	81.0%	88.1%	83.1%	85.1%	85.4%	74.6%	87.2%	86.5%
HBF	83.6%	87.4%	85.6%	90.8%	89.7%	92.7%	94.6%	87.4%	92.2%
HCF	77.5%	90.0%	87.9%	88.0%	87.7%	84.2%	92.1%	90.1%	88.8%
HCI	92.9%	88.8%	91.2%	92.0%	87.8%	95.1%	92.4%	0.0%	91.7%
Health.com.au	71.6%	86.9%	85.7%	88.4%	82.9%	84.9%	80.4%	85.0%	86.4%
Health Partners	83.3%	90.4%	89.5%	92.2%	92.1%	81.6%	92.4%	94.7%	91.9%
HIF	68.0%	88.9%	88.8%	89.8%	88.9%	88.8%	91.5%	95.3%	88.9%
Latrobe	64.7%	80.7%	79.1%	83.4%	87.3%	69.6%	73.9%	67.3%	79.4%
MDHF	64.8%	84.1%	80.9%	80.4%	80.4%	60.3%	83.3%	100.0%	81.2%
Medibank	76.5%	87.0%	87.0%	85.7%	84.7%	72.7%	90.7%	86.2%	85.5%
NIB	68.6%	93.2%	91.4%	88.8%	94.4%	89.9%	95.0%	81.4%	91.9%
Onemedifund	67.7%	89.7%	89.7%	94.3%	91.2%	88.5%	93.0%	N/A	90.4%
Peoplecare	79.9%	92.2%	90.8%	91.8%	93.3%	88.0%	88.9%	94.8%	91.6%
Phoenix	75.9%	94.0%	90.2%	92.2%	93.8%	88.5%	89.9%	96.1%	92.7%
QCH	94.2%	93.5%	88.4%	90.5%	96.1%	87.9%	98.5%	90.0%	90.6%
St Lukes	69.4%	80.2%	85.2%	75.9%	83.2%	68.5%	90.2%	100.0%	88.9%
Transport Health	60.9%	88.7%	89.5%	88.4%	89.6%	83.7%	83.3%	N/A	89.4%
Westfund	80.5%	93.1%	87.0%	89.6%	90.3%	86.6%	90.7%	86.8%	91.3%
Restricted membership insurers									
ACA	76.4%	93.2%	93.3%	94.5%	93.5%	88.2%	90.1%	78.6%	93.3%
CBHS	79.1%	90.8%	90.9%	91.5%	91.2%	88.0%	90.6%	91.0%	90.7%
Defence Health	81.2%	90.5%	90.7%	92.1%	90.2%	86.9%	91.8%	89.5%	90.6%
Doctors' Health	91.1%	91.7%	92.7%	94.0%	91.3%	87.9%	90.3%	94.1%	92.4%
Navy Health	81.1%	90.8%	90.5%	90.7%	90.5%	89.2%	88.0%	90.6%	90.1%
Nurses and Midwives	89.3%	90.4%	87.1%	89.0%	87.9%	83.9%	85.5%	83.1%	88.9%
Police Health	79.3%	88.6%	87.2%	88.8%	90.0%	85.9%	89.2%	87.8%	88.6%
Reserve Bank	43.2%	89.5%	91.5%	96.9%	97.1%	88.2%	86.4%	N/A	91.0%
RT Health Fund	81.8%	93.9%	90.0%	93.7%	92.4%	82.9%	89.9%	80.0%	93.4%
Teachers Health	85.1%	91.6%	89.9%	92.7%	90.7%	87.8%	91.1%	90.1%	91.2%
TUH	69.7%	91.6%	88.4%	92.3%	93.8%	90.7%	94.1%	98.0%	92.2%
Industry average	78.1%	89.8%	88.8%	89.7%	90.7%	87.6%	91.6%	88.5%	89.3%

Note: 'N/A' signifies no activity or very low activity in that state. 100 per cent is likely to indicate small numbers (e.g. only 1 episode).

Table 4B: Medical services with no gap or where known gap payment made

Fund Name (Abbreviated)	% of Services with no gap or where known gap payment made								
	ACT	NSW	VIC	QLD	SA	WA	TAS	NT	Australia
Open membership insurers									
AIA Health	90.4%	92.9%	97.3%	97.4%	98.9%	96.0%	100.0%	100.0%	96.0%
Australian Unity	92.0%	96.9%	98.3%	97.4%	98.9%	97.9%	98.8%	91.7%	98.0%
BUPA	94.4%	96.9%	99.2%	98.6%	99.8%	97.5%	99.4%	97.7%	98.3%
CBHS Corporate	54.4%	93.6%	88.1%	91.2%	95.9%	92.9%	97.0%	N/A	91.3%
CDH	90.9%	96.5%	86.1%	86.4%	98.8%	81.5%	91.3%	N/A	95.3%
CUA Health	88.2%	97.2%	98.5%	98.6%	99.9%	97.5%	98.4%	98.3%	98.3%
GMHBA	78.8%	92.9%	97.5%	93.4%	98.5%	95.0%	82.4%	92.0%	96.3%
HBF	99.8%	99.6%	99.9%	99.8%	100.0%	99.8%	99.8%	99.5%	99.8%
HCF	98.8%	99.2%	99.8%	99.1%	99.9%	98.0%	99.8%	99.0%	99.2%
HCI	99.5%	96.6%	98.9%	98.0%	99.1%	98.2%	98.5%	0.0%	98.5%
Health.com.au	89.4%	95.4%	97.4%	97.1%	96.6%	97.1%	99.4%	94.4%	96.4%
Health Partners	92.8%	97.2%	98.5%	97.9%	99.8%	94.8%	99.8%	100.0%	99.5%
HIF	88.8%	96.6%	98.4%	97.7%	99.7%	98.0%	97.0%	100.0%	97.9%
Latrobe	98.2%	98.7%	99.8%	98.6%	100.0%	98.0%	98.9%	100.0%	99.7%
MDHF	100.0%	99.9%	99.8%	98.5%	99.6%	102.9%	98.5%	100.0%	99.8%
Medibank	94.4%	97.0%	97.5%	95.9%	99.4%	90.2%	98.9%	95.9%	96.5%
NIB	68.9%	93.6%	92.8%	89.3%	94.4%	92.0%	95.2%	81.3%	92.6%
Onemedifund	80.6%	96.7%	98.8%	99.3%	99.7%	98.1%	99.6%	N/A	97.9%
Peoplecare	93.3%	97.9%	98.9%	98.3%	99.6%	98.2%	98.7%	99.0%	98.3%
Phoenix	89.1%	98.7%	98.8%	98.4%	99.4%	98.6%	99.6%	98.4%	98.7%
QCH	99.0%	98.0%	98.1%	97.8%	99.1%	99.2%	100.0%	95.8%	97.9%
St Lukes	95.3%	88.8%	94.2%	85.9%	96.2%	95.1%	97.9%	100.0%	97.0%
Transport Health	100.0%	96.0%	98.2%	98.8%	99.5%	100.0%	100.0%	N/A	98.2%
Westfund	94.0%	98.0%	97.6%	98.1%	98.5%	97.9%	97.7%	92.1%	98.0%
Restricted membership insurers									
ACA	87.6%	97.6%	98.8%	99.0%	100.0%	97.4%	95.8%	100.0%	98.1%
CBHS	97.3%	98.4%	98.9%	98.9%	99.7%	97.4%	99.1%	97.9%	98.6%
Defence Health	93.2%	97.0%	98.9%	98.0%	99.6%	97.8%	99.2%	96.5%	98.0%
Doctors' Health	97.7%	98.1%	98.9%	99.1%	99.5%	98.5%	98.6%	100.0%	98.6%
Navy Health	93.4%	96.8%	98.6%	97.7%	99.6%	97.9%	97.6%	96.8%	97.6%
Nurses and Midwives	97.8%	97.1%	97.3%	97.2%	99.1%	97.0%	95.4%	88.8%	97.2%
Police Health	93.5%	96.2%	97.7%	97.0%	99.5%	97.6%	98.5%	95.9%	97.9%
Reserve Bank	90.9%	96.4%	98.7%	99.7%	100.0%	97.7%	98.2%	N/A	97.6%
RT Health Fund	95.6%	98.4%	98.8%	98.7%	99.6%	97.9%	99.3%	91.8%	98.5%
Teachers Health	94.9%	97.5%	98.9%	98.3%	99.6%	98.1%	99.3%	96.7%	97.8%
TUH	86.9%	98.0%	98.1%	98.5%	100.0%	99.8%	98.6%	99.3%	98.4%
Industry average	92.7%	96.5%	97.6%	96.8%	99.1%	97.0%	98.2%	96.2%	97.1%

Note: 'N/A' signifies no activity or very low activity in that state. 100 per cent is likely to indicate small numbers (e.g. only 1 episode).

General treatment (extras)

General treatment policies, also known as 'ancillary' or 'extras' provide benefits towards a range of out-of-hospital health services. The most common services are dental, optical, physiotherapy and non-Pharmaceutical Benefits Scheme prescription medicines.

Table 5 shows the average proportion of service charges covered by each insurer per state for all their policies and services.

General treatment policies provide benefits towards a range of health-related services not provided by a doctor, including, but not limited to:

- dental fees and charges
- optometry – cost of glasses and lenses
- physiotherapy, chiropractic services and other therapies including natural and complementary therapies
- prescribed medicines not covered by the Pharmaceutical Benefits Scheme.

PERCENTAGE OF CHARGES COVERED, ALL SERVICES, BY STATE

This table indicates what proportion of total charges, associated with general treatment services, is covered by each insurer's benefits. This is an average of outcomes across each insurer's general treatment policies and services. Higher cost policies will generally cover a greater proportion of charges than indicated by this average, while cheaper policies may cover less.

Table 5: General treatment (extras)

Fund Name (Abbreviated)	% General treatment (extras) Charges covered								
	ACT	NSW	VIC	QLD	SA	WA	TAS	NT	Australia
Open membership insurers									
AIA Health	50.3%	49.4%	51.4%	50.7%	51.5%	51.6%	51.1%	52.3%	50.5%
Australian Unity	44.6%	47.3%	49.3%	49.3%	51.7%	49.0%	46.5%	46.4%	49.0%
BUPA	46.6%	50.2%	48.8%	52.5%	55.4%	57.6%	50.9%	59.3%	51.8%
CBHS Corporate	56.5%	51.3%	54.1%	51.7%	54.8%	55.6%	62.2%	N/A	52.1%
CDH	42.9%	35.5%	36.2%	38.6%	35.7%	35.8%	39.6%	N/A	35.7%
CUA Health	43.2%	50.8%	47.7%	47.7%	51.8%	47.0%	49.7%	46.9%	48.6%
GMHBA	49.9%	51.0%	49.2%	52.2%	52.5%	49.3%	47.6%	51.1%	49.9%
HBF	45.3%	49.8%	50.2%	49.1%	52.4%	56.3%	50.0%	49.9%	55.6%
HCF	50.3%	49.3%	56.1%	56.9%	61.6%	60.7%	53.4%	54.6%	52.6%
HCI	40.5%	52.1%	49.7%	47.0%	52.1%	50.5%	46.4%	40.5%	48.4%
Health.com.au	43.5%	45.2%	46.8%	46.4%	50.2%	47.5%	44.6%	41.2%	46.2%
Health Partners	53.4%	54.1%	45.4%	42.4%	57.2%	42.7%	44.9%	49.6%	56.7%
HIF	42.1%	46.2%	46.6%	47.4%	49.2%	48.0%	47.1%	44.6%	47.6%
Latrobe	34.1%	43.1%	38.7%	42.7%	47.3%	45.0%	36.4%	41.4%	39.4%
MDHF	44.5%	53.7%	53.0%	50.2%	49.5%	49.6%	51.7%	45.4%	52.8%
Medibank	49.0%	51.6%	53.8%	55.4%	58.3%	58.3%	54.7%	60.0%	54.3%
NIB	55.8%	55.9%	59.6%	56.5%	59.3%	62.1%	61.6%	58.7%	57.1%
Onemedifund	42.5%	51.6%	55.5%	51.2%	54.8%	56.9%	52.9%	N/A	53.3%
Peoplecare	44.7%	47.9%	47.7%	46.2%	50.8%	46.6%	42.7%	46.1%	47.7%
Phoenix	52.7%	53.9%	54.3%	55.7%	55.5%	53.5%	54.1%	55.6%	54.4%
QCH	39.1%	48.4%	50.6%	51.9%	50.8%	46.5%	48.9%	49.4%	51.7%
St Lukes	56.8%	60.7%	58.9%	59.3%	65.1%	60.5%	59.4%	59.1%	59.0%
Transport Health	38.1%	47.3%	53.5%	48.5%	49.8%	47.9%	44.9%	49.5%	51.6%
Westfund	41.3%	47.3%	42.6%	48.7%	44.7%	45.2%	41.9%	42.2%	47.5%
Restricted membership insurers									
ACA	61.7%	57.4%	58.9%	59.5%	63.6%	58.8%	54.9%	64.3%	58.3%
CBHS	44.5%	47.8%	49.2%	50.5%	52.8%	50.4%	47.8%	47.3%	48.9%
Defence Health	39.8%	41.1%	45.9%	44.6%	49.6%	46.4%	44.6%	48.0%	44.5%
Doctors' Health	55.1%	54.1%	54.9%	55.8%	57.0%	56.5%	53.4%	59.8%	54.9%
Navy Health	43.6%	47.5%	51.4%	50.5%	54.9%	52.7%	48.1%	47.2%	49.6%
Nurses and Midwives	44.9%	52.1%	49.4%	49.9%	54.4%	51.0%	45.2%	50.1%	51.1%
Police Health	63.2%	65.3%	67.5%	66.7%	70.4%	68.4%	66.8%	67.6%	68.0%
Reserve Bank	67.6%	72.2%	73.4%	75.2%	79.1%	78.1%	72.9%	90.0%	72.9%
RT Health Fund	38.4%	45.8%	42.9%	45.2%	46.9%	46.2%	39.5%	39.3%	45.3%
Teachers Health	40.7%	46.6%	46.2%	46.8%	49.9%	48.9%	45.5%	43.3%	46.7%
TUH	45.2%	49.1%	47.5%	54.9%	49.0%	46.4%	51.5%	48.3%	54.3%
Industry average	47.7%	50.1%	51.7%	53.4%	56.7%	56.6%	54.1%	58.8%	52.6%

Note: 'N/A' signifies no activity in that state. 100 per cent is likely to indicate small numbers (e.g. only 1 episode).