

FACT SHEET

Private health insurance and hospital agreements

Hospital agreements – your options if your insurer and hospital terminate an agreement

Why do private hospitals and health insurers have agreements?

Health insurers enter into agreements with hospitals to ensure that the prices charged match an agreed amount the insurer is prepared to pay. For patients with private health insurance, hospital agreements usually ensure all hospital costs are covered by the health insurer, minus exceptions which are shown in your policy, such as a hospital excess of \$500 or surgeon's fees.

What happens when an agreement between my insurer and a hospital is about to end?

Before an agreement reaches the end of its term, the insurer and hospital usually enter into negotiations to renew or extend the agreement.

If an insurer and hospital cannot come to an agreement, one party may give notice of their intention to terminate the agreement. During the notice period, which is usually 90 days, the previous agreement remains in place.

Hospitals and insurers usually continue negotiations during the notice period and in many cases, they reach an agreement.

What arrangements apply to me if my insurer and a hospital terminate their agreement?

If your insurer and hospital do not come to an agreement prior to the end of the notice period, the agreement terminates. However, you may continue to be covered under transitional arrangements after the date of termination.

Transitional arrangements vary but typically they will cover patients who have pre-booked or are already undergoing treatment:

- Patients booked to attend a hospital before the hospital agreement is terminated will continue to be covered under the old terms.
- Patients who are undergoing a course of treatment (e.g. chemotherapy, dialysis, psychiatric, rehabilitation) continue to be covered for the duration of the course of treatment, up to a set date agreed by the hospital and insurer.
- Both your health insurer and the hospital have a responsibility to provide you with advice about transitional arrangements changes that apply to you.

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Hospital agreements usually ensure all hospital costs are covered by the health insurer, minus exceptions in your policy, such as a hospital excess.

If your insurer and hospital decide not to renew their hospital agreement, the agreement terminates. However, you may continue to be covered under transitional arrangements.

If you go to a hospital that does not have an agreement with your insurer, you are still covered, but you may have more out-of-pocket expenses.

What if I need an admission to hospital after the agreement has terminated and I am not covered by the transitional arrangements?

If you go to a hospital that does not have an agreement with your insurer, you are still covered, but you may have to pay more out-of-pocket expenses. Your options include:

1. *Stay with your insurer and pay out-of-pocket hospital costs*

Your insurer will continue to pay benefits for your admission to hospital even if there is no agreement in place between your insurer and the hospital. However, the benefit may not cover the full cost of your admission. You may incur significant out-of-pocket expenses for your hospital accommodation, your time in theatre or labour ward fees. The hospital should provide you with an estimate of fees outlining any out-of-pocket expenses you need to pay before admission. You can refer to our website for more information about [Out of Pocket Expenses](#).

2. *Transfer to a new health insurer that has an agreement with the hospital you plan to attend*

If you choose to change insurers, legislation includes some specific rules to protect consumers who want to transfer their hospital policy to another insurer. These 'portability' rules mean that if you choose to transfer to the same level of hospital cover with another insurer you will not have to re-serve waiting periods again before benefits can be paid to you.

If you are considering transferring to another insurer, it is important that you check carefully to make sure that you choose a similar level of hospital cover so you can continue to be covered for the treatments you need.

For more information about transferring insurers, please see our website about [Managing your policy](#).

You can also review our brochure: [The Right to Change](#)

3. *Choose to attend a different hospital that has an agreement with your insurer*

Another option is to ask your doctor to treat you in a hospital that has an agreement with your insurer, though this option may not be available to everyone.

You can check which hospitals that have an agreement with your insurer using the [Agreement hospitals](#) tool on our website.

Further information

If you have any concerns or questions regarding a future admission to a non-agreement hospital you can contact your health insurer or your hospital directly.

If you experience any issues contacting your insurer or hospital, you can [contact our Office](#) for help.

More information is available at ombudsman.gov.au.

Please note: This document is intended as a guide only. For this reason, the information should not be relied on as legal advice or regarded as a substitute for legal advice in individual cases.