Australian Government
Private Health Insurance Ombudsman

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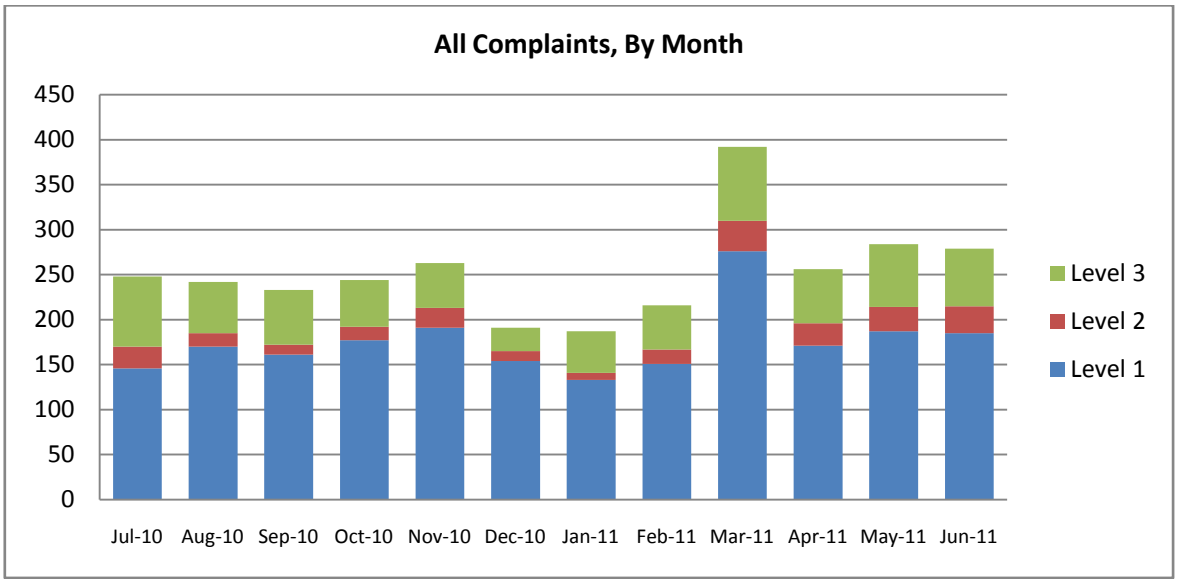
Quarterly Bulletin 59

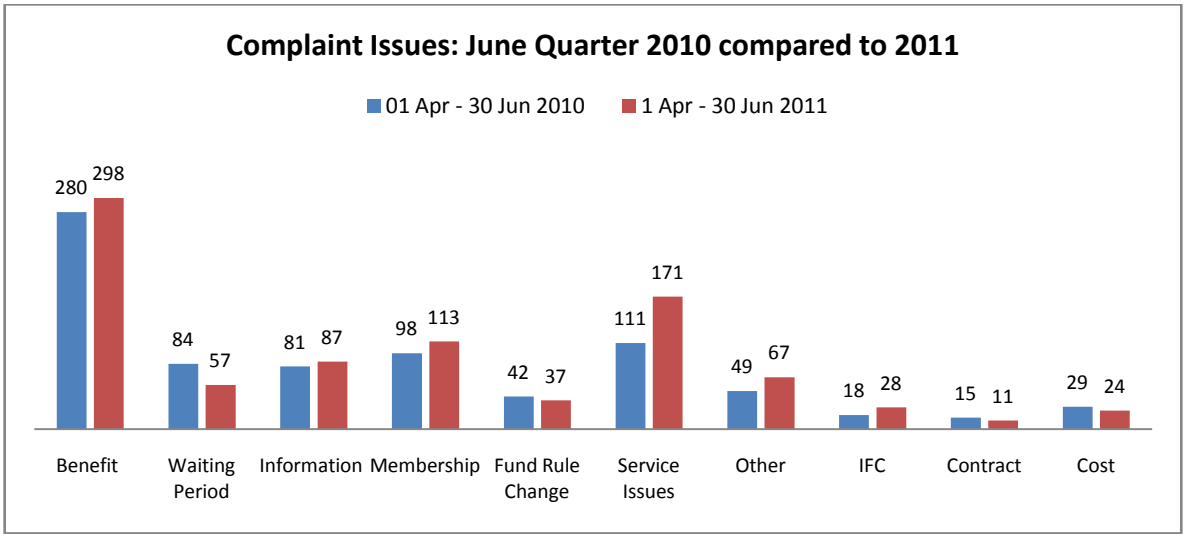
(01 April – 30 June 2011)

Complaint Statistics & Workload

The office received 721 complaints about registered health insurers during the June 2011 quarter. This was 2% less than the previous quarter, following a peak in March, and 13% more than the same period last year. Of the 721 complaints about health insurers, 145 were Level 3 complaints.



Compared to the same quarter in the previous year, while some complaint issues have remained steady or decreased, there has been a significant increase in the number of complaints about Service issues. Service issues relate to customer service advice, service delays and premium payment problems.



Who is Permitted to Purchase Private Health Insurance

PHIO has received a number of enquiries recently from temporary residents who have been advised by health fund staff that they "can't" purchase Australian complying private health insurance products (CHIPs) due to their residency status or their Medicare status. The inability to purchase a CHIP product has the potential to adversely impact on the member's Lifetime Health Cover (LHC) and Medicare Levy Surcharge (MLS) status.

As part of their training, fund staff should be made aware that Australian private health insurers are required to sell complying health insurance products (CHIPs) to anyone who wishes to purchase them. As stated in the Department of Health & Ageing's PHI Circular 60/09, "*This eligibility principle applies regardless of the colour and type of any Medicare card held by the consumer. It also applies even if the consumer doesn't hold a Medicare card.*" The full text of the circular can found on the Department's website.

Staff should also be aware that it is important to question new members about their level of Medicare benefits and not just their residency or visa status – while residency and Medicare status are usually closely linked, it is the consumer's Medicare status that becomes most important when determining what benefits they will or won't have access to when purchasing a CHIP.

Generally, temporary residents and new migrants may fall into one of the following Medicare eligibility categories in relation to CHIPs:

Full Medicare benefits: These consumers have full Medicare access and pay the Medicare Levy and (if applicable) the Medicare Levy Surcharge; generally they have a *green* Medicare card. They are eligible for the Federal Government Rebate and are liable to pay Lifetime Health Cover loading if they have passed their Lifetime Health Cover base day.
Interim Medicare benefits: These consumers generally hold a *blue* Medicare card. They have the same level of benefits as people with full Medicare benefits, but on a time limited basis (usually until they become eligible for a green card). These consumers have full Medicare access and pay the Medicare Levy and (if applicable) the Medicare Levy Surcharge. They are eligible for the Federal Government Rebate and are liable to pay Lifetime Health Cover loading if they have passed their Lifetime Health Cover base day.
Reciprocal Health Care Agreement benefits: These consumers have limited access to Medicare, with no benefits if they elect to be treated in hospital as a private patient; some may have a *yellow* Medicare card. These consumers would generally receive low or nil benefits on a hospital CHIP and we would expect fund staff to advise them accordingly prior to purchase. However, these consumers do pay the Medicare Levy and (if applicable) the Medicare Levy Surcharge, so they may choose to purchase a CHIP hospital product for tax purposes. They are eligible for the Federal Government Rebate; and they are not liable to pay Lifetime Health Cover loading. They can purchase overseas visitors or (if applicable) overseas student health cover to be covered for private patient hospital admissions.
No Medicare benefits: These consumers would generally receive low or nil benefits on a hospital CHIP and we would expect fund staff to advise them accordingly prior to purchase. However, they may still choose to purchase a CHIP product. They are not eligible for the Federal Government Rebate and are not liable to pay Lifetime Health Cover loading. They can purchase overseas visitors or (if applicable) overseas student health cover to be covered for private patient hospital admissions.

Incidental Fees at Private Hospitals

PHIO received approximately 30 complaints during the quarter from patients of a private hospital provider about the imposition of a mandatory incidental fee for access to Foxtel television and Wi-Fi services during their hospital stay. The charge for overnight hospital admissions is $25, and the charge for day stay patients is $15 (the day admission charge includes a gown which patients can take home with them).

We are currently investigating the concerns raised by consumers about this fee but have recently been advised by the hospital group that it has decided not to charge the $15 fee for day-only admissions once the stock of gowns it has purchased runs down (approximately 2 months at the time of writing).

Excluded from the charges are Department of Veteran Affairs (DVA) patients, day chemotherapy patients and patients being admitted to psychiatric hospitals.

Patients being re-admitted to a hospital within 6 months are not required to pay the charges and pensioners are not required to pay the charge if they are re-admitted within 12 months.

The hospital provider has explained that unless a patient gives informed financial consent to the fee, it is not payable and that the Goods and Services Tax (GST) is collected for these fees because they are not considered a health service.

PHIO Complaint Review Process

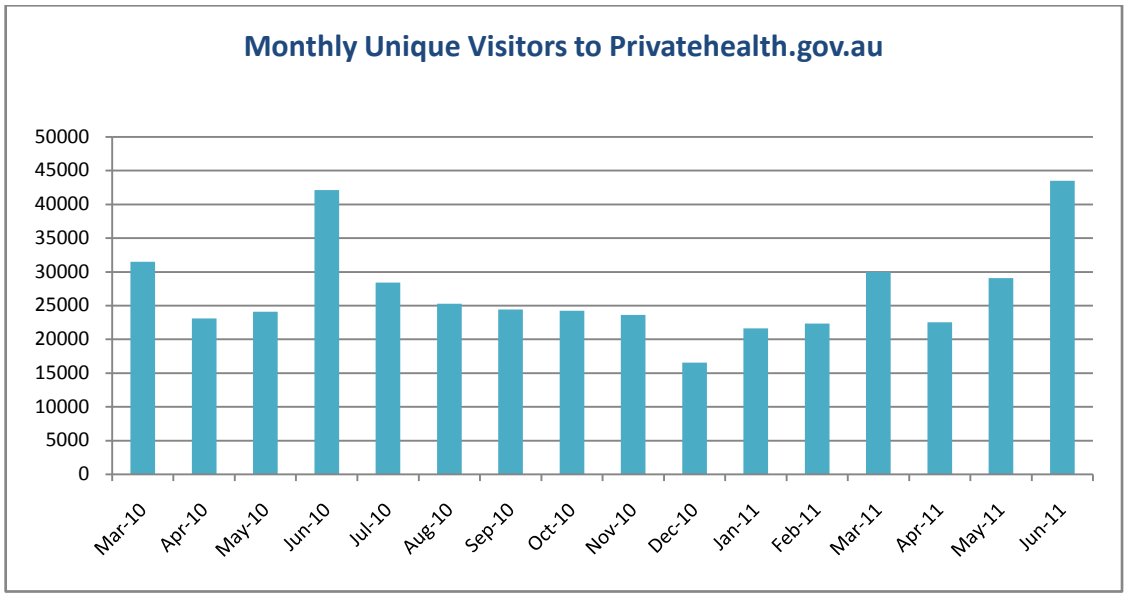
PHIO is trialling use of a new "Request to Review" complaint form which complainants may use if they are not satisfied with the outcome of a complaint and wish for it to be reviewed by the office. The form is not a compulsory requirement for a case to be reviewed but is designed to make the process easier for the complainant and the office.

One of the challenges of assisting a complainant is ensuring we obtain a good understanding of the details of their case to see what areas are able to be addressed. The form is designed to assist complainants in communicating their concerns with the case and to assist the reviewer to understand the key areas that have caused dissatisfaction with PHIO's previous response.

PHIO also wishes to gain a better understanding of the causes of dissatisfaction amongst consumers and what has caused the increase in complaints that PHIO experienced in the last few months by asking complainants to tell us what we could have done better in handling their complaint.

Privatehealth.gov.au Website Usage has increased

The Privatehealth.gov.au website has experienced an increased number of visitors this year compared to last. The highest usage was in the final days of June where the amount of unique visitors exceeded 4000 per day, and the total number of "hits" exceeded 40000 per day, the highest numbers since the site was launched in 2007.



PHIO is currently looking at ways to further improve the usability of the site. In conjunction with stakeholders involved in the Consumer Website Reference Group we are introducing:

- A new Google Maps based search feature for consumers to locate hospitals that are covered by different health insurers;
- A series of videos to assist consumers in understanding the health care system and in using the website and;
- An updated version of the fund information page with an improved layout and more information about health insurance companies and their performance.

Complaints by Health Insurer Market Share

1 April - 30 June 2011

Name of Fund	Complaints(1)	Percentage of Complaints	Level-3 Complaints(2)	Percentage of Level-3 Complaints	Market Share(3)
ACA Health Benefits	0	0.0%	0	0.0%	0.1%
AHM	33	4.6%	9	6.2%	3.0%
Australian Unity	30	4.2%	5	3.4%	3.2%
BUPA (HBA/Mutual Community)	76	10.5%	12	8.3%	9.8%
CBHS	5	0.7%	1	0.7%	1.2%
CDH (Cessnock District Health)	0	0.0%	0	0.0%	<0.1%
CUA Health	2	0.3%	0	0.0%	0.4%
Defence Health	5	0.7%	0	0.0%	1.4%
Doctors' Health Fund	0	0.0%	0	0.0%	0.1%
GMHBA	15	2.1%	1	0.7%	1.5%
Grand United Corporate Health	1	0.1%	0	0.0%	0.3%
HBF Health	16	2.2%	3	2.1%	7.6%
HCF (Hospitals Cont. Fund)	46	6.4%	6	4.1%	8.9%
Health Care Insurance	0	0.0%	0	0.0%	0.1%
HIF (Health Insurance Fund of Aus.)	1	0.1%	0	0.0%	0.4%
Healthguard	7	1.0%	1	0.7%	0.5%
Health-Partners	1	0.1%	1	0.7%	0.6%
Latrobe Health	8	1.1%	2	1.4%	0.6%
Manchester Unity	14	1.9%	6	4.1%	1.5%
MBF Alliances	4	0.6%	1	0.7%	1.9%
MBF Australia Limited	155	21.5%	40	27.6%	15.7%
Medibank Private	220	30.5%	38	26.2%	28.6%
Mildura District Hospital Fund	0	0.0%	0	0.0%	0.3%
National Health Benefits Aust.	0	0.0%	0	0.0%	0.1%
N.I.B. Health	56	7.8%	15	10.3%	7.1%
Navy Health	1	0.1%	0	0.0%	0.2%
Peoplecare	0	0.0%	0	0.0%	0.3%
Phoenix Health Fund	0	0.0%	0	0.0%	0.1%
Police Health	0	0.0%	0	0.0%	0.3%
QLD Country Health Fund	0	0.0%	0	0.0%	0.2%
Railway & Transport Health	2	0.3%	0	0.0%	0.3%
Reserve Bank Health	0	0.0%	0	0.0%	<0.1%
St Lukes Health	1	0.1%	1	0.7%	0.4%
Teacher Federation Health	17	2.4%	2	1.4%	1.7%
Teachers Union Health	1	0.1%	0	0.0%	0.4%
Transport Health	0	0.0%	0	0.0%	0.1%
Westfund	4	0.6%	1	0.7%	0.8%
Total for Health Insurers	**721**	**100%**	**145**	**100%**	**100%**

1. Number of Complaints (Levels 1, 2 & 3) from those holding registered health fund policies.
2. Level 3 Complaints required the intervention of the Ombudsman and the health fund.
3. Source: PHIAC, Market Share, All Policies, 30 June 2010