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Representing consumers on national health issues

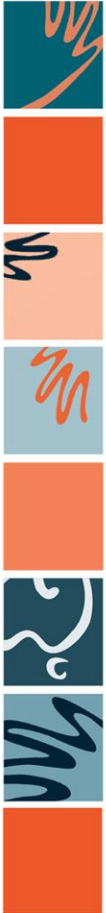
Restrictions and Exclusions in Private Health Insurance

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Consumers Health Forum

- Advocates for appropriate and equitable healthcare
- Undertakes consumer-based research
- Raises the health literacy of consumers, health professionals and stakeholders
- Provides a strong national voice for health consumers and supports consumer participation in health policy and program decision making.



We Value

- Our members' knowledge, experience and involvement
- Development of an integrated healthcare system that values the consumer experience
- Prevention and early intervention
- Collaborative integrated healthcare
- Working in partnership
- CHF is committed to being an active advocate in the ongoing development of Australian health policy and practice.

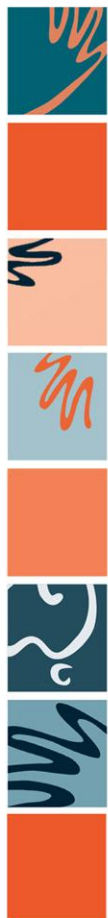




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CHF's recent work on private health insurance

- Recently funded to undertake a new project providing consumer input on Government policies on private health insurance
- *Acute Care Policy Project* (including private health insurance) 2009-10
- *Reforming Private Health Insurance: Consumers Have a Say* (Projects 2006-07 and 2007-08)
- Submissions and policy input over many years
- Discussion of private health insurance in other projects





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Consumers discussing private health insurance

Representing consumers on national health issues



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Why do our members value private health insurance?

- Many of our members take out insurance because they, or a family member, experience a chronic condition that requires frequent treatment.
- Private health insurance is very important for these people – they need access to the level of care available in the private system
- Similarly, in some locations in Australia some consumers believe private health insurance provides access to services not readily available in the public system.





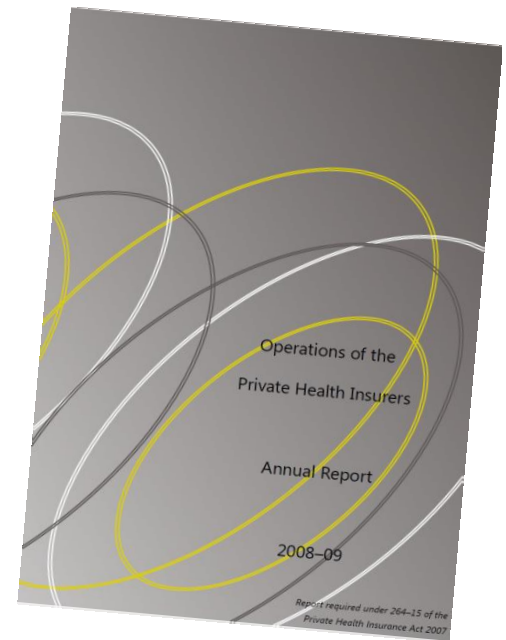
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What does private health insurance provide to consumers?

- Jennifer Doggett argues that private health insurance provides two distinct services:
 - Reduces the risk to members of incurring high health care expenses by capping the amount that they have to pay in the event of high-cost treatment
 - Assists members to spread the cost of their health care over time
- Arguably, exclusionary and restricted products reduce the value of both of these services

Restrictions and exclusions

- Private health insurers are increasingly applying restrictions and exclusions to their products
- PHIAC figures show proportion of policies with exclusions is rising
 - **8.6% in June 2007 to 12.7% in July 2009**
- Proportion of people with private health insurance covered by exclusionary policies also rising:
 - **6.5% in June 2007 to 9.8% in July 2009**



CHF's concerns:

- Are the restrictions and exclusions applied to policies always appropriate for their target market?
- Are these restrictions and exclusions always clearly communicated to consumers?





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Some products are inappropriate for their target market...

- Many products are overtly marketed to young people – eg *‘Covering young people for those things that really matter’*
- One typical policy includes private hospital benefits for ONLY :
 - *Accidents (strictly defined)*
 - *Removal of teeth*
 - *Minor joint investigations*
 - *Appendectomy*
 - *Tonsillectomy*
 - *Minor hernia surgery*



Exclusions...

- These products typically exclude:
 - Pregnancy and birth related services
 - Assisted reproductive services
 - Cardiac surgery
 - Eye surgery
 - Major joint replacement
 - Gastric banding and obesity surgery
 - Renal dialysis
 - Cosmetic surgery
- Other services are only covered on a restricted basis (treatment only in a public hospital) – eg psychiatric treatment, which cannot be excluded



Example of psychiatric treatment...

- 75% of people suffering from an adult-type psychiatric disorder have experienced its onset by 24 years of age
- The prevalence of mental health problems is 27% among young adults aged 18–24
- Up to one in four young people in Australia are likely to be suffering from a mental health problem
- Mental health problems represent 55% of the burden of disease in the 15–24-years age group.
- So should products targeted at young people include restrictions on psychiatric services?





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Other inappropriate restrictions/ exclusions:

- Product for people over 55 which applies a benefit limitation period to services including joint replacements, cardiac surgery and major surgery
- Features on insurers' websites to *'help me choose'* or *'select the right cover for me'* which provide questionable results



Sufficient information?

- Often no clear information about exactly what is restricted
 - eg policy descriptions might list services that are covered and those that are excluded, and then include a statement such as *'Any services not shown as an Inclusion or Exclusion are limited to Public Hospital Benefits'*
 - This information is on Standard Information Statements but not all consumers will know to look at these

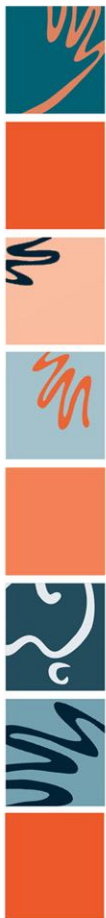





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Consumer Complaints...

- PHIO Quarterly Bulletin
- Of 643 complaints in the quarter April to June:
 - 61 related to insufficient levels of cover
 - 42 were related to detrimental rule changes to policies
 - 21 concerned benefit amounts
- Would improved information on benefits reduce these complaints?





Australian Government
Private Health Insurance Ombudsman

Issues in this bulletin

- Complaint statistics & workload
- Lifetime Health Cover 10 Year Rule
- Plastic & Reconstructive Surgery Restrictions
- Industry Consultations on Acute Care Certification
- Website Bulletins
- Change of PHIO address

Quarterly Bulletin 55
(01 April – 30 June 2010)

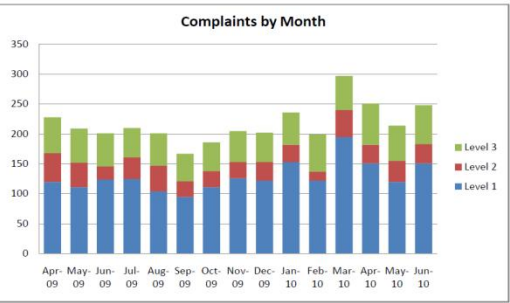
Complaint Statistics & Workload

The office received 643 complaints about registered health insurers during the June quarter, which was 4% less than the previous quarter but an increase of 8% compared to the same period last year.

Of the complaints received 172 were classified as Level 3 complaints. This was an increase of 8% on the previous quarter and increase of 12% compared to the same period last year.

Other complaints received by the office included 36 complaints about hospitals, 19 complaints about doctors, 8 complaints about other practitioners, 2 complaints about dentists and 2 complaints about brokers. The "Ask a Question" mailbox on privatehealth.gov.au responded to 584 consumers with questions about the website and related health insurance questions, an increase of 41% on the previous quarter.

Complaints by Month



Month	Level 1	Level 2	Level 3
Apr-09	120	40	20
May-09	130	30	20
Jun-09	140	20	20
Jul-09	130	30	20
Aug-09	120	30	20
Sep-09	110	30	20
Oct-09	120	30	20
Nov-09	130	30	20
Dec-09	140	30	20
Jan-10	150	30	20
Feb-10	140	30	20
Mar-10	160	40	30
Apr-10	150	40	30
May-10	140	30	20
Jun-10	150	30	20

Similar to the previous quarter, the most significant area of complaint to PHIO related to benefits. The office received 84 complaints concerning waiting periods which was a significant increase (60%) on the previous quarter. 61 complaints related to insufficient levels of cover, 42 were related to detrimental rule changes to policies, 21 concerned benefit amounts and 55 were about delays in payments. The office received 12 complaints about hospital gaps and 29 complaints about medical gaps.

Service issue complaints were similar to last quarter, with 62 general service issue complaints and 49 complaints about premium payment problems. Information complaints were also similar, with 81 complaints about oral and written information from health insurers. The office received 54 complaints about cancelling memberships and 25 about transferring memberships, which was higher than the previous quarter.

Essential consumer information

- Consumers must be provided with clear information about what services are not covered, or not fully covered, by their private health insurance policy
- This information should be highlighted:
 - When consumers purchase a new policy
 - When consumers change their level of cover
 - When consumers transfer to a new provider
- Most importantly, changes to a product that restrict or exclude services that were previously covered must be emphasised in member communications



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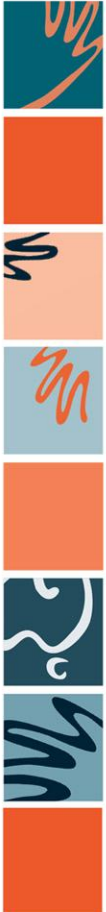
A useful resource:

- The new comparison feature on the www.privatehealth.gov.au website allows consumers to compare products and see at a glance whether services are restricted or excluded

Premium (per month)	\$86.65	\$50.15	\$74.05
Hospital			
Accommodation	Private patient - Private or Public	Private patient - Private or Public	Private patient - Private or Pub
Cardiac & related services	✓	R	✓
Cataract & eye lens procedures	✓	R	R
Pregnancy & birth related services	✓	R	✓
Assisted reproductive services	✓	R	✓
Joint replacement (incl revisions)			
Hip, knee, shoulder & elbow	✓	n/a	n/a
Hip & knee only	n/a	R	R
Hip only	n/a	n/a	n/a
Dialysis for chronic renal failure	✓	✓	✓
Surgery by podiatrists	R	R	R
Sterilisation	✓	✓	✓
Non-cosmetic plastic surgery	✓	✓	✓

Some further solutions

- Monitor and act when companies breach the Trade Practices Act
- Produce high quality data about out of pocket costs
- Apply no detriment principle – consumers no worse off financially
- IFC legislated?



Some further solutions

- Premium increases kept to a minimum (6% this year)
- Role for Minister and PHIAC to apply sanctions for breaches of the PHI Act (2007)
- Consumer complaints – greater awareness and accessibility



Conclusion

- Increasing use of exclusions and restrictions in private health insurance products could create issues for consumers when trying to access services for which they believe they are covered
- It is essential that consumers are provided with clear information about what services are not covered, or not fully covered, by their private health insurers
- Changes to a private health insurance product that restrict or exclude services that were previously covered must be emphasised in member communications
- Other solutions that could be applied to protect consumers



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