

Our Code

ISSUE 1 JANUARY 2013 CODE COMPLIANCE COMMITTEE - PRIVATE HEALTHCARE AUSTRALIA



Welcome letter by Chairman

I would like to welcome you to the first edition of Our Code.

This newsletter is designed to provide guidance and answer questions regarding your health fund's implementation of the Private Health Insurance Code of Conduct. It will provide general information on the progress of the Code and any changes made to the Self-Audit Guidelines. It will also provide answers to commonly asked questions directed to the independent auditor, Wayne Cooper, that arise during his desk audits and site visits.

The way the industry has embraced the Code is impressive. Complaints about customer service to the PHI Ombudsman have reduced significantly since the Code was first implemented in 2006 (read more in this issue). The changes to the Code effective from 1 July 2012 have also been embraced by the industry, with 28 out of 33 health funds accredited under the Code now on the streamlined, triennial certification process. I would like to thank all those individuals who provided input into the Review of the Code that has resulted in a more manageable compliance process for health funds.

We welcome your feedback on this newsletter, and are open to any suggestions that will assist you to implement the PHI Code of Conduct in your health fund.

Rob Seljak, Chair
Code Compliance Committee

For further information, questions or suggestions please email: code@pha.org.au

Code Compliance Committee
Private Healthcare Australia

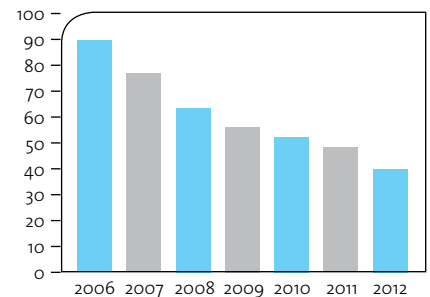
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Tracking Our Industry's Success

The number of Level 3 complaints to the Private Health Insurance Ombudsman (those complaints that require some interaction between the Ombudsman's Office and a health fund to resolve) have reduced by over 40% when adjusted for persons covered by private health insurance since the first full year that the PHI Code of Conduct came into effect in 2006. This graph shows the number of Level 3 complaints reported to the Ombudsman per 1 million persons covered by hospital cover based on PHIAC data from 2006 - 2012.

L3 Complaints per 1M Hospital Covered Persons



The numbers speak for themselves. Health funds have embraced the Code and have continuously sought to improve the member experience over time.

These figures are significantly lower compared to complaints to other ombudsman services including telecommunications, financial services and media/advertising.

A timely reminder

As funds finalise their annual rate and product changes most will be reprinting brochures and updating websites. Essential information can be overlooked when introducing changes to products and services or, in some cases, when trying to simplify information for consumers.

Pages 20 and 21 of the Self Audit Guide can be used as a very useful checklist for brochure and website review. Please circulate to appropriate employees in your health fund, typically those working in marketing departments, so that your fund can confidently tick 'Yes' to every question by ensuring adequate review of all material produced.

PART E: POLICY DOCUMENTATION *continued*

We will:

- (6) ensure all forms of policy documentation accurately reflect the cover offered, will highlight information at (f) to (vi) below and contain accurate information at a minimum on:
 - (i) waiting periods;
 - (ii) an explanation of the scope and implications of exclusions;
 - (iii) an explanation of the scope and implications of restrictions on benefits;
 - (iv) an explanation of the scope and implications of benefit limitation periods;
 - (v) co-payments and/or excesses;
 - (vi) annual limits (individual and membership)?
- (7) an explanation of pre-existing conditions;
- (8) how to find agreement hospital details;
- (9) how to find out if an auxiliary provider is recognised by our fund;
- (10) how to find out if an auxiliary provider is recognised by our fund;
- (11) how to find out if an auxiliary provider is recognised by our fund;
- (12) how to find out if an auxiliary provider is recognised by our fund;
- (13) how to find out if an auxiliary provider is recognised by our fund;
- (14) how to find out if an auxiliary provider is recognised by our fund;
- (15) how to find out if an auxiliary provider is recognised by our fund;
- (16) how to find out if an auxiliary provider is recognised by our fund;
- (17) how to find out if an auxiliary provider is recognised by our fund;
- (18) how to find out if an auxiliary provider is recognised by our fund;
- (19) ensure all forms of product value material, including in any digital or electronic media, will accurately reflect the cover offered.

QUESTION	YES	NO	DOCUMENTS IDENTIFICATION
E6 Does your policy documentation accurately reflect the cover offered?			
E7 Does your Policy documentation contain accurate information on and highlight that information in respect of each of the following:			
E7-1 waiting periods;			
E7-2 an explanation of the scope and implications of exclusions;			
E7-3 an explanation of the scope and implications of restrictions on benefits;			
E7-4 an explanation of the scope and implications of benefit limitation periods;			
E7-5 co-payments and/or excesses;			
E7-6 annual limits (individual and membership)?			

Private Health Insurance Code of Conduct - Self Audit Guide 20

Interesting Questions

Health fund staff ask a variety of questions as part of the Code compliance process.

I note that health funds that use intermediaries (agents and/or brokers) to promote their products are able to rely on the intermediaries' accreditation under the Private Health Insurance Intermediaries Association (PHIIA) Code of Conduct. Are all members of PHIIA accredited under the PHIIA Code?

Not all members of PHIIA are accredited under the PHIIA Code at this time. There is an accreditation process that intermediaries need to comply with before they become accredited, whether they are members of PHIIA or not.



Health funds that use accredited intermediaries are able to rely on that accreditation and avoid the requirement to complete an entire section of the self-audit questionnaire. You should encourage intermediaries to become accredited under their Code, as it gives your fund certainty that they have committed to the same service standards that you are required to follow and makes your fund's compliance requirements less onerous.

How do we find out if intermediaries we deal with are accredited under the PHIIA Code?

Simply ask this question of each intermediary as part of your annual review "Are you accredited under the PHIIA Code of Conduct?" If the answer is yes – ask for a copy of their accreditation certificate that is issued by PHIIA. You can also check compliance at this address <http://phiia.com.au/about>

Are employees of organisations either within a fund's corporate structure or set up specifically to manage all or part of a fund's business to be treated as Intermediaries under the Code?

No, you need to treat employees of these organisations as part of your business and their staff as your own staff, not as intermediaries. An example of this type of arrangement would be an organisation run by a health fund that provides administration functions to the fund, such as claims payment or perhaps sales. Another example might be a fund owned by a financial institution where the staff of the financial institution provides private health insurance functions to the fund.

In these cases, employees of those organisations are treated as employees of the health fund for the purposes of compliance with the Code of Conduct.

Compliance issues

A number of compliance issues are identified as part of desk audits and site visits by the independent auditor, Wayne Cooper. A number of the more common issues are highlighted below:

1. Requirement to 'Read' & 'Retain' information missing from policy documentation on websites and brochures

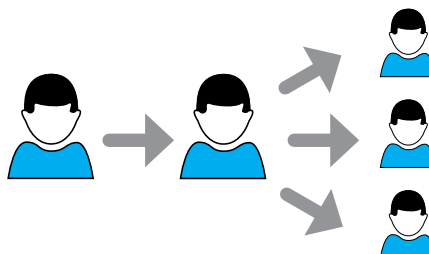
This is an issue mainly on websites but also occasionally appearing on brochures. As more and more consumers are obtaining information online they will increasingly rely on this information to make choices. Therefore it is important we remind consumers "if you rely on this information we recommend you read and retain it". How a person chooses to 'retain' information is up to them.



2. Product sales material must accurately reflect the cover offered. What is product sales material, what must it contain and why is this important to lower complaints?

Product sales material is defined in the Code as, "material that markets or promotes a PHI fund, PHI policy or PHI product of a Private Health Insurer that is not Policy documentation whether in printed or electronic form".

Therefore, summary information of a product would constitute product sales material and must accurately reflect the product. Health insurance products are really defined by the limits to hospital and extras cover. The way compliance will be assessed is that information that limits cover (waiting periods, exclusions, restrictions, benefit limitation periods, excesses and co-payments) must be referred to. So long as there is a reference together with link to the detail, the actual detail need not be shown on the summary.



3. Online Intermediaries, a growing trend

Funds need to take responsibility for the information presented by an online intermediary, and not just accept information provided by the intermediary. Look at the documentation and information presented as if it is your own. Check any Policy Documentation provided by the intermediary to ensure it contains ALL of the required information. Check product sales material used to ensure required information that limits cover (waiting periods, exclusions, restrictions, benefit limitation periods, excesses and co-payments) is shown or referred to with appropriate links to the detail.



4. Dispute Resolution Process

The internal documentation, which details the approach you take to manage disputes, will now be added to the Desk Audit. The auditor will either download a copy from your website or request this from your fund. This is the document that is made available to consumers on request. The audit will check that your Dispute Resolution Process complies with the Australian Standard.



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