

Our Code

ISSUE 3 JANUARY 2014 CODE COMPLIANCE COMMITTEE – PRIVATE HEALTHCARE AUSTRALIA



Farewell from the Chair

This will be my final Newsletter as Chair of the Code Compliance Committee. I joined the Committee in 2005 when it was established and have been Chair since 2008. I will be stepping down from the

Committee at our next meeting on 27 March 2014 to allow for renewal of membership and to take up other responsibilities in the private health insurance industry.

Since the commencement of the Private Health Insurance Code of Conduct in 2005 health funds have made significant progress in improving compliance with the Code. Over this time, the Code has been reviewed 3 times most recently by an independent external reviewer. A streamlined compliance process was introduced in July 2012 and most health funds are now on the triennial certification process. Any fears that a streamlined process would result in poorer health fund compliance with the Code have proved to be unfounded. Health fund compliance with the Code is steadily improving and complaints to the PHI Ombudsman are steadily decreasing as you will read elsewhere in this newsletter.

I would like to take this opportunity to thank employees in the many health funds accredited under the Code who have worked in their organisations to improve member information, customer service standards, staff training, and privacy in accordance with the principles under the Code. Your commitment has ensured the success of the Code and its acceptance in the industry. I would also like to thank Wayne Cooper, the independent auditor, Greg Kovacs the Committee Secretary, and members of the Committee for their continuing efforts in administering the Code over many years.

Rob Seljak, Chair
Code Compliance Committee

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

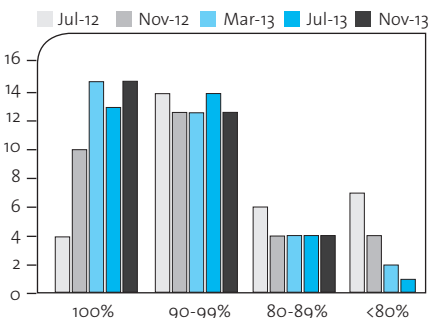
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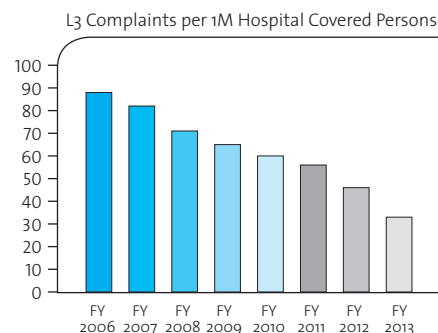


Improvement in funds compliance with the Code continues and has real benefits to business

Since the introduction of Version 4 of the Self-Audit Guide, the Code Compliance Committee has been tracking, via the reports from our independent auditor, the level of compliance with the Code. The Committee is particularly pleased that for the first time all funds have achieved a compliance rate of 80% or above. Here are the results of the first five reports:



This continual improvement is reflected in the decrease in both overall and level 3 complaints reported by PHIO. This graph shows the number of level 3 complaints reported to PHIO per million people covered since the introduction of the Code. In her 2013 annual report, the Ombudsman reported another significant decrease in the number of Level 3 complaints, down to 450 complaints compared to 630 in the previous year, a decrease of 29%:



SOURCE ON PEOPLE COVERED: Private Health Insurance Administration Council 2013

Changes to the Code of Conduct and Self-Audit Guide

There are some minor changes to the Self Audit Guide that will be introduced from July 2014. Some of these clarify existing requirements and one change is related to the introduction of revised Privacy legislation due to commence in 2014. The next version of the Code of Conduct and

Self-Audit Guide will be available on the Private Healthcare Australia website in March following approval by the board of Private Healthcare Australia in February, and will be applicable from 1 July 2014.

A summary of the proposed changes are outlined in the table below.

Self-Audit Reference	Propose Changes	Code Change Required
Page 11 – C15	Specify only those roles that would normally be expected to be fully trained to give advice	No
Pages 3 & 4	Include the date of board certification	No
Page 4	Include in the triennial certification a reference that any audit finding has been addressed.	No
Page 20 – E7	Include pre-existing conditions with waiting periods. Add the need to highlight pre-existing conditions	Yes – E: 1. (d) (i)
Page 23 – E16	Include reference to Transfer Certificates that cannot be issued within timeframe. Include a question on the timely issue of Transfer Certificates	No
Page 28 – F2	Include reference to The Privacy Amendment (Enhancing Privacy Protection) Act 2012	Yes – F: (a)

Compliance Issues

Transfer Certificates

Following our last newsletter and in light of audit reports, it has become clear that it may not always be possible to issue a transfer certificate within the time prescribed by legislation. Delay may be occasioned by several factors including: insufficient information, differing information provided by a consumer to that held by the former fund and unavoidable delays in obtaining information from third parties. Funds are reminded that in the event of an unavoidable delay all parties, including the fund member, should be kept informed and every effort made to finalise the issue of the certificate.

It would also appear that not all funds are using the industry agreed format for requesting information. This has the potential to place unnecessary delay and cost on our industry and compromise service to our members.

Funds can find details of the process and Transfer Certificate Format at this address: <http://www.privatehealthcareaustralia.org.au/for-fund-members/transfer-certificate/>

This link also contains the updated list of fund contacts for requesting a certificate and follow up for resolution of any issues.

Again, it is our focus as an industry to ensure consumers enjoy a positive experience in dealing with their health cover, regardless of how or whom they connect with in the industry.

From the perspective of the Code and the audit process, we will be focusing on auditing questions E15 and E16 and testing

if Certificates are in fact issued within the 14-day timeframe. If funds have any questions on this process please contact Wayne Cooper.

Feedback and Complaints

While all funds satisfy their requirements under the Code in regard to policy documentation containing details of how to access complaints procedures, the detail is sometimes buried under several layers in websites. Ideally, a link to the detail should be provided on the Contact Us (or similar) page. The detail may be located under some other heading such as a Fund Rules or Important Information. This link from the Contact Us page will facilitate members availing themselves of their fund's resolution processes as a first step. Appropriate recommendations will be made during the 2014 Desk Audit program if the auditor considers clarification is needed.



Trends in Auditing

Audit Program for 2014

The 2014 Desk Audit program will focus on those funds that have either developed new policy documentation or have substantially revised existing material on websites or brochures. Funds can take advantage of a pre-launch review process provided by the independent auditor.

A preliminary review of the relatively new introduction of mobile friendly websites has been conducted. There are currently 15 funds with some form of mobile site. Of these, seven have provided consumers with an option to join the fund. Mobile websites will

be included in the 2014 Desk Audit and will be considered as a normal extension of policy documentation, product sales material and joining channels.

If any fund has questions concerning their compliance with Self Audit questions they should contact the auditor to review your own specific processes in relation to the questions. Advice can also be provided on any proposed changes from the perspective of compliance with the Code. Please phone Wayne Cooper on 0407 276 023 or email wayne@waynecooperconsulting.com.

Some Handy Information

In the last edition of Our Code we provided a link on the Private Health Insurance Intermediaries Association (PHIIA) website to access details of accredited intermediaries. Unfortunately the list was not complete. Currently there are 11 accredited intermediaries. The website has since been updated. Health funds using these intermediaries are able to use a streamlined process in response to the Intermediaries section of the Code. Please visit <http://phiiia.com.au/about> for the current list of accredited intermediaries.

An Interesting Question

Why is it necessary to specifically point out 'waiting periods', 'exclusions', 'restrictions', 'benefit limitation periods', 'excesses' and 'co-payments' and 'limits' on our website joining or product summaries, rather than just an overall statement like we used to do, when we put all these in our letter to new members?

What every member would like is to be 100% covered. Unfortunately the cost of this type of cover is often outside the reach of many people. An affordability trade-off is often required. However, it is important to be very clear about what these trade-offs are so a member can understand what they are **not** covered for.

Provided we, as an industry, have raised the most important limitations to cover (waiting periods, exclusions, restrictions, benefit limitations periods, excesses and co-payment and ancillary limits) by highlighting this information on policy documentation and mentioning it on product summaries we have done our job.

It is recognised that funds do send all information to members that is required under the Code. This information is however contained within a vast amount of detail and therefore must be again specifically pointed out in welcome letters.



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