

Our Code

ISSUE 4 MARCH 2014 CODE COMPLIANCE COMMITTEE – PRIVATE HEALTHCARE AUSTRALIA

Changes to the Code of Conduct and Self-Audit Guide

In the January 2014 issue of *Our Code* we summarised changes to the Code of Conduct and Self-Audit Guide that would be proposed to the Private Healthcare Australia (PHA) Board. The PHA Board approved these changes at its meeting of 14 February 2014 to come into effect on 1 July.



Summary

Self-Audit Reference	Changes approved by the PHA Board	Code Change Required
Page 11 – C15 and C16	Specify only those roles that would normally be expected to be fully trained to give advice.	No
Pages 3 and 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 19-20 – E4, E5 and E7	Include pre-existing conditions with waiting periods. Add the need to highlight pre-existing conditions.	Yes – E: 1. (c) and (d) (i)
Page 23 – E17 (new question)	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 changes resulting from <i>The Privacy Amendment (Enhancing Privacy Protection) Act 2012</i> .	Yes – F: (a)

Timing

Updated documents, *PHI Code of Conduct*, *Code of Conduct Self-Audit Guide* and *PHI Practice Codes* will be available on the PHA web site in March 2014 and changes will apply from 1 July 2014.

If you are submitting in July, diarise your board calendars to submit your self-audit documentation to your funds May or June Board meeting for approval.

NEXT STEPS

Funds should access the PHI Code of Conduct materials on the PHA web site to ensure they have access to the latest documentation.

Questions

Please contact Wayne Cooper on 0407 276 023 to discuss any matters concerning these changes.

Those funds that are submitting self-audit certifications in March 2014 should use the current documentation. Those funds submitting after 1 July should use the new documentation.



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

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Detail of the changes

All changes to existing documents are shown in RED. PHI Code of Conduct impact is also shown where appropriate.

1. Self-Audit Guide Page 11 – C15 and C16:

Specify only those roles that would normally be expected to be fully trained to give advice:

- C15 Have you instructed staff, **other than those staff detailed in C13, C13-1 and C13-4**, who have not received adequate and up to date product training:
- not to give information on PHI products to consumers; and
 - on how a consumer may receive information on PHI products?
- C16 Are you satisfied that all staff who are not detailed in **C13, C13-1 and C13-4** and who have not received adequate and up to date product training have been instructed:
- not to give information on PHI products to consumers; and
 - on how a consumer may receive information on PHI products?

IMPACT

The previous wording implied that all staff dealing with PHI had to be equally trained on PHI products. The change will reduce the compliance obligations of funds. This is a reminder for funds to carefully monitor the current training of staff to ensure that **ONLY** those staff members who are fully trained give advice to consumers. By extension you should ensure that all other staff are reminded on a regular basis NOT to give advice and to direct consumers to the appropriate people. An often-overlooked group are those people who commenced their employment in say customer service and later transferred to another role and have not received up-to-date product training and therefore need to be reminded not to give advice.

Why was the change made and what is the impact on my fund?

In essence these questions deal with employees not adequately trained in PHI and asks if they have been instructed **not** to give advice to consumers. The changes set out to correct a deficiency in the existing wording.

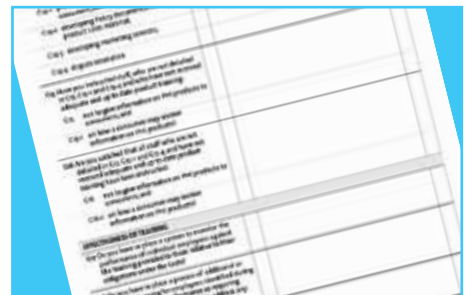
This change is made to clearly identify staff who are not required to be trained to provide advice to consumers. C13, C13-1 and C13-4, identify the groups who are or should be adequately trained and therefore exclude them from the question.

In summary, the following employees must be adequately trained to deal with consumers:

- C13 – Staff who arrange PHI
- C13-1 – Staff who provide PHI services directly to consumers including claims processing
- C13-4 – Staff who are involved in dispute resolution.

The following employees, although requiring some product information, do not have to be trained to give advice to consumers, but must be reminded NOT to give advice if asked and refer consumers to employees who are adequately trained.

- C13-2 – Staff developing policy documentation or product sales material
- C13-3 – Staff developing marketing services



2. Self-Audit Guide Pages 3 & 4:

Include the date of board certification:

Signed (Board Chairman) _____ Date ____ / ____ / ____

Name _____

Date of Board Meeting approving certification Date ____ / ____ / ____

IMPACT

This is a reminder to ensure sufficient time in preparation of your fund's annual Self-Audit submission to the Code Compliance Committee to ensure your board has time to consider it prior to submission to the Committee.

Why was the change made and what is the impact on my fund?

The Code Compliance Committee has noted several instances where funds may be simply arranging for their Chairman to sign off on the Self-Audit submission rather than have it submitted to a board meeting.



3. Self-Audit Guide Page 4:

Include in the triennial certification a reference that any audit finding or direction of the Committee has been addressed:

We hereby certify that the Board of the Fund has an effective and adequate system of controls in place to ensure compliance with our obligations under the Code and that we have implemented any requirements identified from previous Self-Audits, **Audits or directions of the Committee** that were required to be implemented to satisfy our obligations under the Code.

IMPACT

You should ensure all current audit findings and any directions of the Committee form part of your communication to your board as part of the certification process.

Why was the change made and what is the impact on my fund?

The Committee has noted an increasing number of funds are submitting self-audit certifications with outstanding issues from a previous audit. It is important that in signing the triennial certification a board of a fund is aware of and takes into account any and all outstanding matters.



4. Self-Audit Guide Page 19-20 – E4, E5 and E7:

Include pre-existing conditions with waiting periods; Add the need to highlight pre-existing conditions:

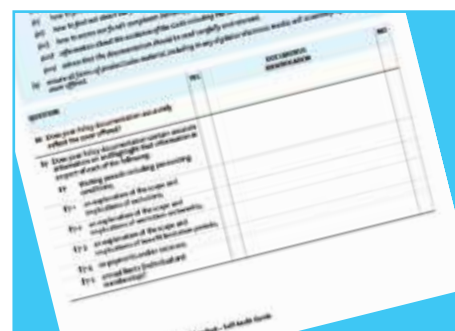
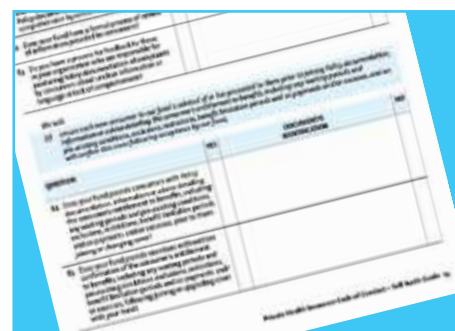
- E4 Does your fund provide consumers with Policy documentation, information or advice detailing the consumer's entitlement to benefits, including any waiting periods **and pre-existing conditions**,
- E5 Does your fund provide members with written confirmation of the consumer's entitlement to benefits, including any waiting periods and pre-existing conditions ...
- E7 Does your Policy documentation contain accurate information on and highlight that information in respect of each of the following:
 - (i) waiting periods **and pre-existing conditions**;
 - (ii) an explanation of the scope and implications of exclusions;
 - (iii) an explanation of the scope and implications of restriction 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)?

IMPACT

You should ensure that pre-existing conditions are: highlighted in your policy documentation, contained in product summaries and mentioned in welcome letters to new members and confirmation letters to existing members who have upgraded.

Code of Conduct - Part E: 1 (c) and (d) (i)

- (c) ensure each new consumer to our fund is advised of or has presented to them prior to joining Policy Documentation, information or advice detailing the consumers entitlement to benefits, including any waiting periods **and pre-existing conditions**, ...
- (d) ensure all forms of Policy documentation accurately reflect the cover offered, will highlight information at (i) to (vi) below and contain accurate information at a minimum on:
 - (i) waiting periods **and pre-existing conditions**;
 - (ii) an explanation of the scope and implications of exclusions;
 - (iii) an explanation of the scope and implications of restriction on benefits;
 - (iv) an explanation of the scope and implications of benefit limitation periods;
 - (v) ...



Why was the change made and what is the impact on my fund?

Issues involving pre-existing conditions have been identified as a major contributor to complaints by consumers. Although pre-existing conditions are a sub-set of waiting periods, the change clarifies that consumers need to be notified of pre-existing conditions in the same way that consumers need to be notified of all other limitations to benefits set out in this section of the Code.

5. Self-Audit Guide Page 23 – E16:

Include reference to Transfer Certificates that cannot be issued within timeframe. Include a question on the timely issue of Transfer Certificates.

- E15 Do you have a documented system of providing Transfer Certificates on behalf of a former member to that member’s new fund within 14 days of appropriate request by the new fund or your former member?
- E16 Do you monitor the issue of Transfer Certificates to record the number of days taken to issue transfer certificates to ensure these have been issued within 14 days of request by a former member or the former member’s new fund?

(new question)

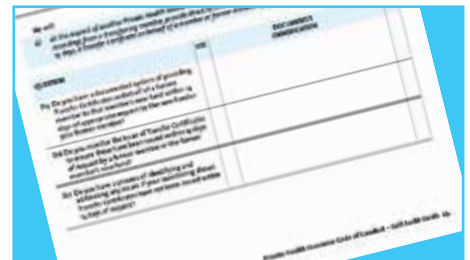
E17 Do you have a process of identifying and addressing any issues if your monitoring shows Transfer Certificates have not been issued within 14 days of request?

Why was the change made and what is the impact on my fund?

Fund audits have shown that it is not always possible to issue every transfer certificate within 14 days. The reasons for this vary. It was important that funds have a process in place to address any failure identified and a new question was therefore introduced.

IMPACT

It is important to monitor every transfer certificate that cannot be issued within 14 days, as a failure to do so will impact on our industry, and will invariably lead to consumer dissatisfaction and complaints. A process to handle the exceptions will greatly assist in anticipating any impact on consumers. The process should be recorded, as it will be subject to audit. The new question E17 will result in the renumbering of questions that follow in Section E.



6. Self-Audit Guide Page 28 – F2:

Include reference to the effects of the Privacy Amendment (Enhancing Privacy Protection) Act 2012.

F2 Does your fund comply with the Australian Privacy Principles under the Privacy Act 1988 as amended and the provisions of relevant State privacy legislation or requirements?

Code of Conduct - Part F: (a)

We will:

embrace the Australian Privacy Principles under the Privacy Act 1988 as amended and the provisions of relevant State privacy legislation or requirements; ..

Why was the change made and what is the impact on my fund?

The Privacy Amendment (Enhanced Privacy Protection) Act 2012 amended the Privacy Act 1988 and changes come into force on 12 March 2014.

IMPACT

Funds will need to comply with the provisions of the amended Act and ensure their own updated Privacy Policy is published.

