

Our Code

ISSUE 6 APRIL 2015 CODE COMPLIANCE COMMITTEE – PRIVATE HEALTHCARE AUSTRALIA



Letter from our Chairman

As we get closer to the proposed changes to the PHI regulatory environment, namely the shift from PHIAC to APRA and from PHIO to the Commonwealth Ombudsman, a strong, independent and respected private health insurance Code of Conduct is essential.

Over the years, the Code of Conduct, through the Code Compliance Committee (CCC) has been well known to PHIAC and PHIO. With 1 July 2015 looming, it is imperative that we establish relationships with the new agencies, APRA and the Commonwealth Ombudsman, so that there is a clear understanding of the role of the Code and the work of the CCC.

I have met with Commonwealth Ombudsman and I will also give priority to a meeting with APRA. Similarly, the CCC is determined that the ACCC is

well aware of the role of the Code and has only recently written to the ACCC as part of the consultation process for its annual report to the Senate on anti-competitive and other practices by private health insurance funds.

I take this opportunity to place on record, on behalf of the CCC and all constituent funds, our gratitude and best wishes to the now retired PHI Ombudsman, Samantha Gavel. Sam was an outstanding Ombudsman, thoroughly committed to her duties and brief but always fair and reasonable. The PHI industry is better for Sam's contribution and we wish her great success in her new position.

At the March 2015 meeting, the CCC endorsed a review of the Code and Self-Audit Guide. This review will commence at the July 2015 meeting

of the Committee with an implementation date of 1 July 2016. If you have ideas for change, please contact the Committee at Code@pha.org.au.

Finally, I encourage all funds and other interested organisations to send representatives to the Code of Conduct seminar scheduled for 21 July at the RACV Club in Melbourne. The CCC is pulling together a wide range of presenters and the seminar is designed to expose all funds to many of the issues under the purview of the Code of Conduct. More details are set out below and final information will be available, as the date gets closer.

RON WILSON, Chair
Code Compliance Committee

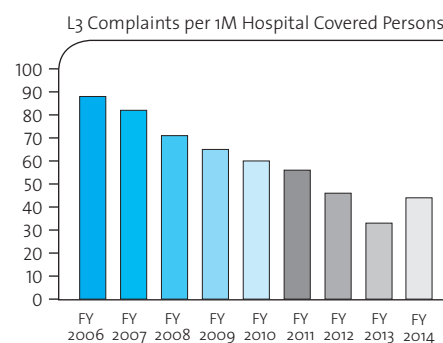
An increase in complaints to PHIO may be short lived



The annual report from PHIO indicates an increase in the number of Level 3 complaints. The report made clear that the increase was "largely attributable to a number of significant product and policy changes made by a large health insurer, which impacted on its members and resulted in higher numbers of complaints to PHIO". The Ombudsman also concluded her report on complaints with the following statement:

The reduction in complaints about clearance certificates was particularly pleasing because the industry has done significant work to improve clearance certificate processes across all insurers, led by the industry's Code Compliance Committee. This year's statistics suggest that the new processes introduced across the industry in late 2013 are now being reflected in lower levels of complaint to PHIO about this issue.

When compared to the number of hospital-covered people the progress since the adoption of the Code by funds appears as follows:



We sincerely trust that the trend will reverse next year.

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

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Compliance Issues

When an 'exclusion' is not necessarily an 'exclusion'



This article is on industry wide exclusions, such as cosmetic surgery, and why these need to be featured as not attracting cover - for the benefit of consumers as well as private health funds.

With the advent of "no exclusion" policies to differentiate between funds with exclusions and those without, there is a growing trend to feature "no exclusions" as a benefit. The difficulty has been that we need consistency in the administration of the Code. That means each fund must be treated equally.

Therefore, each fund needs to be conscious of the need to comply with the relevant areas of the Code Self-Audit Guide, in particular E5 and E9.

The difficulty exists because of an anomaly in the make-up of the Standard Information Statements (SIS) that funds are forced to send to members on joining and again each year. These statements include, under Exclusions, the mandatory statement "Hospital treatment for which Medicare pays no benefit eg most cosmetic surgery". For most funds listing this under Exclusions is an easy way to comply with the Code, however

some funds may wish to promote 'non-exclusionary' products

Funds are free to express "Hospital treatment for which Medicare pays no benefit eg most cosmetic surgery" however they wish, provided this complies with E5 and E9. This means, if a fund wishes to promote 'no exclusions', they must still highlight the fact that "Hospital treatment for which Medicare pays no benefit eg most cosmetic surgery" is not covered and ensure that product summaries contain the same clear statement.

Please call Wayne Cooper on 0407 276 023 if you have any questions

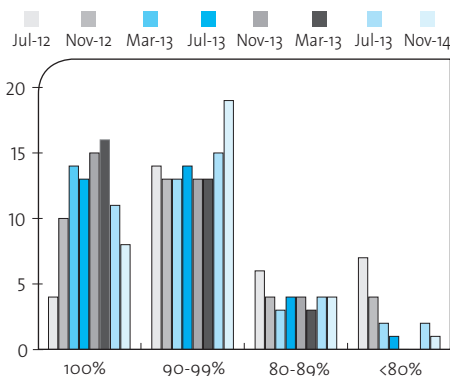
PLEASE NOTE

The Self-Audit Guide question C8-3 contains a link to 'Insure/Not Sure'. The link is now out of date. PHIO was contacted prior to industry changes announced last year and will advise further.

Trends in Auditing

Some issues continue to be a problem and seem to be the result of a disconnection between the product team and marketing/sales people. This has led to a decrease in the number of funds scoring 100% on Desk Audit reports.

The process of scoring each and every item of the audit tends to identify small issues, still to be corrected. However, 100% compliance is hard to achieve and the focus on members' only section of websites has meant a reduction in the number of funds scoring 100%.



Here are the most common and frustrating issues:

- Websites – read & retain and summaries of product information not complete
- Brochures – how to find ancillary providers
- Join process (online and mobile/app)
- Full audits sometimes reveal a lack of supporting documentation – documented process for training (no hand over process or template), agreements with intermediaries not containing required information and no documented procedure for handling a late issue of a transfer certificate.



The solution to these issues takes a bit of practice at getting right but essentially involves:

- Making sure everyone in the production chain gets involved
- Putting in place a fail-safe system of briefing and checking with time built in for testing
- Using our independent auditors in the final check process for new brochures or websites.

Wayne Cooper on 0407 276 023 or Michael Carroll on 0438 189 726

REVIEW OF CODE AND SELF-AUDIT GUIDE

The Committee have requested a review of the Code and Self-Audit Guide. This review commences in July 2015 with changes being implemented from 1 July 2016. If funds have suggestions for change, please forward them to the Committee via email at Code@pha.org.au

Audit Program 2015

The Committee has approved a vigorous audit program for 2015. This program will include: a continuation of the Desk Audit program expanded to encompass the sales program; six new Full Audits (which will complete the first round of audits); and a continuation of follow up on investigation of any issues and breaches.

In addition, the Committee has requested the newsletter *Our Code* be continued and a one day seminar be developed.

CODE SEMINAR

SAVE THE DATE: 21 JULY 2015

SEE SEPARATE FLYER OR CLICK HERE



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