

Our Code

ISSUE 7 SEPTEMBER 2015 CODE COMPLIANCE COMMITTEE – PRIVATE HEALTHCARE AUSTRALIA



Letter from our Chairman

The Code of Conduct Compliance Committee should be justly proud of the recent Code seminar, held in Melbourne, with over 70 participants representing 30 health insurers.

The strong message at the seminar was that the Code remains a “living” or “evolving” Code. We do not believe for one moment that we have got it 100 per cent correct but we know for certain that a voluntary Code is far better than any Code imposed upon our industry.

The main purpose of the seminar was to explain where the Code is currently positioned and how the Code Compliance Committee (CCC) remains determined to develop and improve the Code. To that end, we welcomed the input of participants who asked a number of highly relevant questions

and raised a number of issues for the consideration of the CCC. It was also very important that we had a number of relevant external parties give presentations to the seminar, including APRA, the ACCC and the Commonwealth Ombudsman.

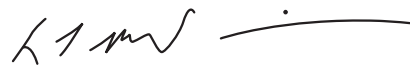
Feedback from the seminar has been overwhelmingly positive and I place on record my thanks to our auditors Wayne Cooper and Michael Carroll who structured and arranged the day’s activities. A number of CEO’s have also reported to me that their staff found the seminar of great value, so congratulations to Wayne and Michael.

In summary (and these views were reinforced at the Code seminar), the reasons why we have a strong voluntary Code are clear:

- First and foremost, to protect consumers, our policyholders;

- To give policyholders accurate and consistent information across the PHI industry;
- * To ensure that all policyholders are aware of their rights;
- To reduce the chance of the PHI industry being tarnished by bad behaviour – to protect the reputation of the industry and individual funds; and,
- A voluntary Code is always better than an enforced Code.

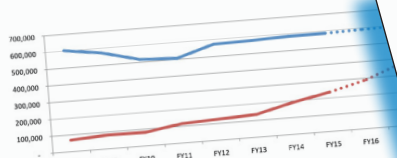
Thank you for your continuing support of the Code of Conduct. Funds are now invited to review recommendations commencing on Page 2. If you have any questions or suggestions please contact Wayne Cooper on 0407 276 023.


RON WILSON

Code Compliance Committee Chair

SEMINAR UPDATE

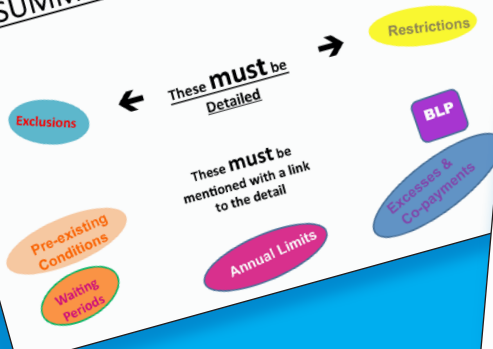
Retention is key



- Q: How can Marketers help to improve retention?
- A: It’s clear, increase satisfaction

Consumers are dissatisfied when expectations are not met

Product Sales Material – what is it? A SUMMARY – but must be accurate!



A different perspective

Policy Documentation – what is it? The DETAIL



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Recommended Changes to the Code and Self-Audit Guide

ISSUE IDENTIFIED		HOW CAN THE CODE ASSIST?
1	Strengthen requirements on transfer certificates	Amend the Self-Audit Guide: <i>E17 Do you have a formal process of identifying and addressing any issues if monitoring shows Transfer Certificates have not been issued within 14 days of request?</i>
2	Dispute resolution promotion needs some strengthening to more closely align with the Australian Standard	Amend the Self-Audit Guide: <i>B3 Is information on your internal dispute resolution process freely available wherever a consumer might be expected to find it?</i>
3	The requirement for a fund to have a formal process of requirements in policy documentation has been dropped from the Self-Audit Guide	Amend the Self-Audit Guide: Include a new clause to question E6: <i>E6 Do you have a formal process of ensuring people responsible for the development of policy documentation and product summaries are advised of their responsibilities under the Code; and E6-1 Does your Policy documentation and/or product summaries accurately reflect the cover offered?</i>
4	Welcome letter requirements at E5 are too loose	Amend the Self-Audit Guide: <i>E5 Does your fund provide members with a letter containing written confirmation of the consumer's entitlement to benefits, including any waiting periods and pre-existing conditions, exclusions, restrictions, benefit limitation periods and co-payments and/or excesses and limits following joining or upgrading cover with your Fund?</i>
5	C5 need to specify documented training needs rather than simply identify them (AUDIT)	NO ACTION
6	'Limits' missing from E4 questions in the Self-Audit Guide	Amend the Self-Audit Guide: E4 question has the word 'limits' included after. ...and/or excesses and limits...
7	Check that the Code documents have been updated to the latest Dispute Resolution Standard AS/NZS 10002:2014	Amend the Self-Audit Guide: B2. ...Dispute Resolution Standard AS/NZS 10002:2014
8	Requirement that funds use plain language rather than jargon in policy wording	Suggest that the external audit focus on this and report back to the CCC at the November meeting.
9	Funds should provide clearer information and links to Product Disclosure Statements	Code Part E: 1 (d) (xiv) where to find any additional rules or product disclosure statements. Self-Audit Guide: <i>E8-8 where to find any additional rules or product disclosure statements</i>
10	More tailored communication on product changes	Amend the Code: Code Part E: 1 (g) – review words to: <i>provide in a timely manner to consumers specific information on any changes to their policy, being made in plain language and in a format aimed to assist comprehension by consumers; and</i> Amend the Self-Audit Guide: <i>E11 Does your fund provide specific details of changes to policy terms in a timely manner to consumers specific information on any changes to their policy, being made in plain language and in a format aimed to assist comprehension by consumers :</i>
11	Active training on competition requirements may not be taking place in all circumstances	Agree to ensure a focus by the independent audit on the specific questions in the Self-Audit Guide in future.
12	Some consumers are concerned that some funds refer to preferred providers in a way that may indicate that these are the only providers	Amend the Code: Code Part E (d) (x) <i>how to find out if an ancillary provider is either a preferred provider or is recognised by our fund</i> Amend the Self-Audit Guide: <i>E8-3 how to find out if an ancillary provider is either a preferred provider or is recognised by our fund</i>
13	Some fund rules and/or by-laws are difficult to find and ancillary item numbers difficult to locate	Amend the Code: Code Part E 1 (d) by inserting (xv) <i>where to find information on other fund rules not covered in policy documentation'</i> Amend the Self-Audit Guide: <i>E8-8 where to find information on other fund rules not covered in policy documentation.</i>
14	Request that a fund member be given a limited time to review cover in the case of a downgrade	Amend the Self-Audit Guide: <i>E6: Does your fund advise a member reducing their cover to review their decision within 7 days of receipt of confirmation of their change?</i>

ISSUE IDENTIFIED		HOW CAN THE CODE ASSIST?
15	Some funds are not cancelling automatic direct debit authorities until 14 days after request (PHIA)	Not recommended: Activation of a cancellation followed by retention of a member could lead to even more confusion and duplication of payments
16	Change reference from PHIO to Commonwealth Ombudsman (also check other agencies)	Agreed: Changes will be required to all documents
17	Indications are that some funds are avoiding the need to advise members of change to hospital contracting for ancillary services in private hospitals as this is not presently covered by the Code. The issue is mentioned in 3. CHANGES TO HOSPITAL CONTRACTING ARRANGEMENTS. The issue is that the Code of Conduct for Health Fund and Hospital Negotiations. We acknowledge that additional guidance can be found in DoHA circulars and in PHIO's Transition and Communication Protocols.	Changes to the Code and Self-Audit Guide will be required: Changes to the Code Insert 2.3 DETRIMENTAL CHANGES TO CONTRACTING WITH PRIVATE PROVIDERS We will: In all out dealings with private providers we will ensure that in the event of a detrimental change that will effect a consumer, the rules under 2.1 and 2.2 will apply. Changes to Self-Audit Guide (note the following numbers will change) 2.3 SIGNIFICANT DETRIMENTAL CHANGES TO ANCILLARY BENEFITS <i>A significant detrimental change to ancillary policy benefits includes:</i> <i>(a) introduction of a new limit or sub-limit; and</i> <i>(b) a greater than 10% Do you have a documented policy that 'significant detrimental changes to ancillary policy benefits' must result in the following action being taken by your fund for those changes:</i> E20 provide the affected consumer with at least 30 days' written notice; and E20-1 put in place transitional measures for roll over type benefits accumulated in a previous year? E21 Is your documented policy on 'significant detrimental changes to ancillary policy benefits', communicated in writing to and implemented by those people in your fund responsible for: E21 developing product and pricing; E21-1 providing PHI advice or services to consumers; E21-2 communicating with ancillary service providers; and E21-3 dispute resolution?
FUND INPUT SOUGHT ON THE FOLLOWING CHANGES		
18	Code could be more rigorous and stricter in sanctions	<i>Is there an issue with the Code sanctions or is there a lack of understanding of the Practice Code document?</i>
19	Changes to some provider contracting for private hospital services such as pathology can seriously impact members	<i>This issue has the potential to become a problem.</i> Feedback from funds is sought.
20	Funds should pro-actively contact member to review cover at appropriate stages (age, lifestyle and so forth)	<i>Think about this.</i> The suggestion was made by ACCC that this might be able to replace the annual sending of SIS statements. The CCC has some issues and if anything is done it must become an industry discussion – to be referred to PHA and hirmaa.
21	Request that funds who have retention teams ensure those teams are appropriately trained in other funds products they discuss with members following a retention call	Discussion required: <i>Is this necessary? The Code was written to ensure that the training was needed to provide competency in the delivery of information for the products of the fund.</i> <i>If considered essential, a fifth question could be added to four questions in the Self-Audit Guide C2, C12, C13 and C14 arranging PHI and/or retaining PHI members.</i> Fund input requested.
22	E5 Clarify that written confirmation can include electronic communication	Input from funds requested: <i>Important information must be included in the email sent to the member although detail could be contained in the member only site provided the email is electronically linked to the member's site via the email and a logon is not required.</i> <i>A suitable definition could be included in either the question or the Definitions</i>
23	Ensure that the PHI is now part of a funds Risk & Compliance program	Input from funds requested: <i>Suggest that three questions be added to the Self-Audit Guide</i> <i>Part A: Certification</i> <i>Do you have a documented process in place to process recommendations in regard to requests for Certification of the Self-Audit Guide?</i> <i>Does your documented process include any independent review to the recommendation to approve a motion to Certification?</i> <i>What is your overall process that leads to the board agreeing to the motion to approve Certification?</i>

NEXT STEPS. Please contact Wayne Cooper on 0407 276 023 with any questions or suggestions you may have.