



CBHS Health Fund Limited

Submission to the ACCC Report to the Senate on Private Health Insurance on:

- 1. Any anti-competitive or other practices by health funds or providers which reduce the extent of health cover for consumers and increase their out of pocket medical or other expenses for the period 1 July 2015 to 30 June 2016**
- 2. Developments that have occurred since 2015-16**

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Introduction

CBHS Health Fund Limited (**CBHS**) welcomes the opportunity to provide input into the ACCC Report to the Senate on Private Health Insurance for the period 1 July 2015 to 30 June 2016 in addition to providing information relating to developments which have occurred since 2015-16.

About CBHS Health Fund Limited

CBHS was established in 1951. It is a member owned, not for profit health fund set up to provide current and former employees, contractors and franchisees of the Commonwealth Bank Group (which includes the Commonwealth Bank of Australia, CommSec, CommInsure, Colonial First State, the State Bank of Victoria, Bankwest and any other subsidiary of the CBA Group) and their immediate and extended families access to high-quality affordable health insurance at every life stage.

As one of Australia's leading not for profit health funds, CBHS is run solely for the benefit of our members. This commitment to our members is demonstrated in CBHS winning the Roy Morgan Customer Satisfaction Awards for Private Health Insurer of the Year for 2012 and 2014. Additionally, in 2016, CBHS was announced as CHOICE Magazine's best performing restricted health fund in both the Comprehensive Hospital policy with Nil Excess and Comprehensive Extras policy categories.

At the heart of CBHS' approach and continued growth and success is our ability to provide our 230,000 members with the best service, exceptional value and competitive products that offer better benefits. At CBHS we pride ourselves on delivering policy information to our members in a clear, transparent and consistent way. Further information about CBHS can be found at www.cbhs.com.au

Submission

CBHS consulted with Private Healthcare Australia (**PHA**), Australia's Private Health Insurance (**PHI**) representative body, in the preparation of its submission. CBHS would like to add its support to the key messages expressed by PHA, in particular, changes which have recently been made to strengthen the PHA Code of Conduct (**Code**). CBHS welcomes any changes which allow our members to become better informed about our products, services, communication practices and dispute resolution procedures.

CBHS is a signatory to the Code and each year undertakes an internal review and self-audit to ensure it remains compliant with the Code.

Changes to CBHS information provision practices

CBHS has made a conscious effort and taken deliberate steps to drive a strong culture of transparency for our members (including potential members).

This includes revisiting CBHS' Vision, Mission and Values to reflect:

1. CBHS members are at the heart of everything we do.
2. CBHS wants to be known for our trusted care to our members.
3. CBHS exists to support our members with genuine transparency.
4. CBHS strives to over-deliver on our promises.

Implementing changes to CBHS policies, procedures and training have included:

1. Updating our ethics and whistle blower policies.
2. Updating our complaints resolution procedures.
3. Conducting and/or organising Competition and Consumer Act refresher training sessions to all existing frontline and key support staff and induction training for all new frontline staff.

CBHS has also strictly followed and tested the benefit review process to ensure:

1. Any communication is separate to marketing campaigns to avoid the message being lost or deleted.
2. It occurs annually and at the same time each year to ensure our members' expectations are consistently being met.
3. It is deliberately separate to and distinct from the annual pricing review to ensure the benefit review message is not overshadowed by the annual pricing adjustment message.
4. It is fully compliant with the Private Health Insurance Act and Code by ensuring that all detrimental changes to hospital benefits and general treatments are communicated to members with at least 30 days' notice and all significant detrimental changes to hospital benefits are communicated with at least 60 days' notice.
5. All members receive communication via email or letter. In addition, the benefits communication is referenced in the annual pricing adjustment message, and is also highlighted in CBHS' monthly magazine sent to members.

CBHS also offers potential members the ability to receive an obligation free comparison service of their existing membership compared to their new CBHS membership.

The CBHS sales process has been further enhanced to avoid post sale surprises for members. Our sales process is based on a needs analysis to identify a prospective member's health needs and life stage. This needs analysis underpins our recommendations regarding appropriate health insurance cover for that prospective member. Our experience indicates it is more effective to undertake a needs analysis from first principles rather than simply recommending an equivalent level of cover as an individual's current cover is not always indicative of current needs.

Health insurance has typically tended to be a 'set and forget' purchase for many consumers so the cover a prospective member purchased many years ago, may no longer meet their current health needs. For example, the cover a young woman purchased with obstetric exclusions or restrictions is no longer appropriate when she is considering having children, and likewise, cover with obstetric services may no longer be appropriate for a couple who has completed their family.

CBHS offers members who are thinking of switching health insurance providers with the ability to receive an obligation free comparison of their CBHS policy to their contemplated new fund policy. These comparisons include consideration of both price and benefits. CBHS has identified some other industry participants which seem to limit the comparison to price only and often do not accurately highlight the reduction in benefits.

In response to the June 2016 communique from the ACCC to all PHI CEOs, CBHS also conducted a thorough review of all procedures and controls with respect to marketing messages, including around end of year tax time, to ensure there was no potentially misleading claims about the tax benefits of health insurance.

Findings of Consumer Surveys and Testing

CBHS also regularly conducts market research and engages with our members regarding their requirements. The feedback received has included:

1. **Improving the transparency** of available benefits and seeking information on no-gap and known gap providers in our CBHS Group Choice Network. CBHS has addressed this feedback by enhancing our website, launching a new mobile app solution and providing improved call centre responsiveness including the introduction of 'online chat'.
2. **Affordability** which was highlighted as a key general concern. As a result:
 - a. CBHS (along with most industry participants) passed on, in full, the benefits of reduced prosthesis pricing. CBHS has also pursued a program of enrolling members in hospital substitute treatment which provides hospital services in the homes of members for the same clinical outcomes but at a lower cost than inpatient hospital delivery of the services. Forecast cost savings from these initiatives have also been passed onto members in the form of lower premiums.
 - b. CBHS maintained its existing benefits offered to members so that it could minimise the impact of this year's premium price increase. We note that some other industry participants reduced benefits on some of their products to limit their increases in premiums.
3. **Proactive Benefits Review** which has led to conducting more regular cover reviews with members to ensure their cover remains appropriate for their needs. Regular cover reviews assist in ensuring a member's out of pocket costs associated with uninsured medical procedures are minimised.

Consumer Complaints/Enquiries and Trends

CBHS has not experienced an increase in complaints associated with lack of information transparency. These complaints remain at a low level. Notwithstanding this, CBHS remains conscious of the issue in terms of its operational processes.

To measure the satisfaction of members with the service they received and the propensity to recommend CBHS to their family and friends, CBHS collects Net Promoter Score (**NPS**) data from its members. This data is collected following the resolution of telephone queries through internal real time polling. CBHS regularly and consistently achieves a score greater than 65 (out of a range of -100 to 100). This result is much higher than the average score across the private health insurance industry. We consider that this reflects member perception of CBHS striving to make the needs of our member's paramount in terms of product, service and value.

Conclusion

CBHS looks forward to consulting with the ACCC on any of these issues and continuing to support clear, transparent and effective information provision practices across the industry.