

ACCC Report to the Senate on Private Health Insurance 2015-16

Private Health Insurance Ombudsman

PHIO's Role as Independent Dispute Resolution Organisation

One of the Commonwealth Ombudsman's roles is that of the Private Health Insurance Ombudsman (PHIO). The objective of the PHIO is to "protect the interests of people who are covered by private health insurance". The PHIO carries out this role in a number of ways, including our independent complaints handling service, our education and advice services for consumers and our advice to industry and government about issues of concern to consumers.

Generally, anyone can make a complaint, as long the complaint is relevant to private health insurance. Complaints can be about a private health insurer, a broker, a hospital, a medical practitioner, a dentist or other practitioners, as long as the complaint relates to private health insurance.

There has been an increase in complaints received by the PHIO over the past two years (in 2015–16, PHIO received 4416 complaints, compared with 4265 in 2014–15 and 3427 in 2013–14). Without additional funding, PHIO's complaint system needs to ensure that the needs of complainants are being met as efficiently as possible.

In handling complaints and disputes between two or more parties, PHIO records the complainant and the respondent details, the issue causing the complaint, and the outcome. However, PHIO does not record which party is at fault in the complaint, if any. PHIO's view is that assigning fault to one of the parties would be counterproductive to its role in protecting the interests of private health insurance consumers.

PHIO's position in the industry is to act as a neutral third party which is not an advocate for the consumer, the health insurer, or any other party. Consumers can approach our office with the assurance that their complaint will be heard and assessed by a neutral organisation, in a process which is fully independent of their insurer or health care provider.

Health insurance matters are often sensitive and emotive, sometimes involving matters of ill health. Some consumers are hesitant to raise complaints against their insurer or health insurer because they don't wish to be seen as 'making a fuss', especially when they have had recent or ongoing treatment. Under the current PHIO complaint process, consumers can be confident that no matter the outcome, they will not be identified or reported as the party 'at fault' in a dispute, eliminating one such potential barrier to these concerns.

Unlike non-government, industry ombudsman bodies, which have the authority and industry agreement to impose penalties, fines, and abide by set complaint handling processes, PHIO's legislated powers authorise investigation and recommendation only. As such PHIO's role is focussed more on negotiating outcomes and providing explanations for all parties involved in a dispute, rather than on assigning fault and applying a penalty or fine to one party.

For the same reasons, other industry ombudsman bodies appear to devote considerable time and resources in determining which party is 'at fault'. As PHIO does not have the power to impose such penalties, assigning one or other party to be 'at fault' would produce no material benefit on the outcomes of complaints handled by our office.

PHIO publicly reports on the number of complaints made against each health insurer on a quarterly and annual basis, and has done so for over ten years. While the volume of complaints received by the PHIO is relatively small compared to the total number of Australians covered by private health insurance, this data and the trends apparent in approaches to our office provide a meaningful reflection of the major issues and specific insurers which are causing concern for consumers.

We also note that the total number of complaints (4416 last year) handled by PHIO is comparable to those handled by other jurisdictions which are the responsibility of the Commonwealth Ombudsman with similarly large groups of potential Australians who could contact the office to complain. For example, in 2015-16 there were 10,662 complaints received by the office concerning agencies of the Department of Human Services, whose programmes affect a much broader range of Australians than those covered by private health insurance.

PHIO Complaint Handling Procedures and Categories

PHIO has three levels of complaint:

- **Assisted Referrals** for moderate complaints
- **Grievances** for moderate complaints that do not require a report or further investigation, and
- **Disputes** for high level complaints where significant intervention is required.

In 2015–16, 75 per cent of complaints to the PHIO were resolved as **Assisted Referrals**. In these instances, the Dispute Resolution Officer refers a complaint directly to a specifically arranged representative of the insurer or service provider, on behalf of the complainant. This provides the insurer or service provider with an opportunity, and incentive, to resolve the complaint quickly and directly with the complainant, before the matter escalates to what we categorise as a Dispute. This approach ensures a quicker turnaround time and the Ombudsman's client satisfaction survey indicates that complainants have a high satisfaction rate with this method of complaint resolution.

Grievances are a moderate level of complaint which are dealt with by investigating issues of grievance and providing additional information or a clearer explanation directly to the complainant, without the need for a report from the health insurer or health care provider. Approximately 5 per cent of complaints were registered as Grievances.

Approximately 20 per cent of complaints were classified as **Disputes**, slightly higher than 2014-15's 16 per cent (858 complaints compared to 668 complaints). In these cases, a member of the Ombudsman's dispute resolution team requests a detailed report from a health insurer or other object of a complaint. The report is then reviewed and a decision is made as to whether the initial response was satisfactory or whether a further investigation is warranted.

Commonwealth Ombudsman

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