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Dear Louise,

Thank you for the opportunity to provide input into the Australian Competition and Consumer Commission's (ACCC) Report to the Australian Senate on anti-competitive and other practices by health funds and providers in relation to private health insurance.

The MHCA and *beyondblue* have been working in partnership with industry and mental health sector stakeholders for much of the last decade to improve insurance outcomes for Australians with experience of mental illness. In 2010, we undertook a national survey of mental health consumers seeking their views and experiences in applying for, or making claims against different insurance products. The enclosed submission seeks to briefly highlight the experiences of survey respondents and bring to the fore the specific challenges facing Australians with experience of mental illness in relation to accessing and maintaining private health insurance policies, as documented in this survey.

A copy of the survey results published in the report entitled *Mental Health, Discrimination and Insurance: A Survey of Consumer Experiences 2011* has been enclosed for your information.

Should you require any further information in relation to this submission, please do not hesitate to contact either of us by phone or email.

Yours sincerely

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**Joint submission to the ACCC Report to the
Australian Senate on anti-competitive and
other practices by health funds and providers
in relation to private health insurance**

September 2011



About Us

Mental Health Council of Australia (MHCA)

The MHCA is the peak, national non-government organisation representing and promoting the interests of the Australian mental health sector, committed to achieving better mental health for all Australians. The membership of the MHCA includes national organisations of mental health services, consumers, carers, special needs groups, clinical service providers, community and private mental health service providers, national research institutions and state/territory peak bodies.

beyondblue: the national depression initiative (beyondblue)

beyondblue is a national, independent, not-for-profit organisation working to address issues associated with depression, anxiety and related substance misuse disorders in Australia. Established in 2000, initially by the Commonwealth and Victorian Governments, *beyondblue* is a bipartisan initiative of the Australian, State and Territory Governments, with the key goals of raising community awareness about depression and reducing stigma associated with the illness. *beyondblue* works in partnership with health services, schools, workplaces, universities, media and community organisations, as well as people living with depression, to bring together their expertise. *beyondblue*'s **five priorities** are:

1. Increasing community awareness of depression, anxiety and related substance misuse disorders and addressing associated stigma.
2. Providing people living with depression and their carers with information on the illness and effective treatment options and promoting their needs and experiences with policy makers and healthcare service providers.
3. Developing depression prevention and early intervention programs.
4. Improving training and support for GPs and other healthcare professionals on depression.
5. Initiating and supporting depression-related research.

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Introduction

The MHCA and *beyondblue* believe that everyone is entitled to fair and equitable access to insurance, and for much of the last decade our two organisations have been working in collaboration with industry and other mental health sector stakeholders to improve insurance outcomes for Australians with experience of mental illness. In 2010, the MHCA and *beyondblue* undertook a national survey of mental health consumers seeking their views and experiences in applying for, or making claims against different insurance products.

This survey was designed to capture the broad experiences of mental health consumers across all insurance types, and it revealed some startling issues in relation to accessing insurance products that meet the needs of the consumer; the impact of application, claims and complaints processes on the respondents' mental health; and the lack of awareness of rights and responsibilities in relation to insurance applications, including their duty of disclosure and rights to appeal. Some respondents also spoke specifically to issues pertaining to private health insurance.

This submission seeks to briefly highlight these issues and bring to the fore the specific challenges facing Australians with experience of mental illness in relation to accessing and maintaining private health insurance policies.

Accessing Insurance Products that meet the needs of the Consumer

Mental health consumers have specific coverage needs in relation to private health insurance, and survey respondents who spoke specifically about issues pertaining to private health insurance reported some difficulty in locating insurance policies that will provide the level and type of coverage they require:

I am currently in the process of reassessing my health insurance. A very difficult and confusing process. I need to wait 12 months for top grade premiums so that I can get a rebate on the services I need NOW, not in 12 months time...

Private health insurance is ridiculous. In order to be covered for psych care, you have to have comprehensive EVERYTHING. I've been looking and looking. It doesn't matter if you don't need EVERYTHING ELSE and just need the psych cover, you still have to pay through the roof for it...

A number of survey respondents were also dissatisfied with the extent to which psychiatric care was covered by their private health insurance policy:

I feel that I was treated unfairly... and that my recovery would have been significantly faster with outpatient treatment. Whilst I was an inpatient I was unable to participate in outpatient treatment and rehabilitation programs. Another significant factor is that I live in country SA where there are no such programs available. My recovery has taken four years from my life.

In relation to insurance portability, some survey respondents reported issues maintaining or gaining access to policies with mental health coverage:

I found it really frustrating that I have had private health cover all of my life and was made to wait 12 months when I increased my premiums by almost double to assist with mental health claims. I very rarely claim mental health, as I'm a fairly healthy person. I have it there as a stop gap, just in case. It seemed crazy to me that if I had never had private health and joined I could have gotten cover immediately or within 3 months, but as an existing member I had to wait 12 months due to my illness.

Navigating and understanding the differences between insurance policies is a challenge that many consumers face; for mental health consumers there are additional and specific information needs that are not being met, as evidenced by the aforementioned quotes. While there may be a number of online tools available to compare different private health insurance policies, these tools do not assist mental health consumers to see the differences

in policies in relation to mental health coverage. Moreover, product disclosure statements do not always provide a sufficient level of detail on how much an individual can claim on psychiatric, psychological or rehabilitation services. Improving online comparison tools or standardising and streamlining product disclosure statements would go some way to improving information provision for mental health consumers, and would assist them in accessing private health insurance products that provide the level and type of coverage they need for their mental illness, when they need it.

Applications, Claims and Complaints

We note that it is widely agreed that insurers' internal complaint handling processes and the information and advice they provide to members has improved in the last few years.¹ Moreover, there is broad agreement that conciliation and internal dispute resolution processes are supportive of a complainant's needs. However, over-reliance on such processes can result in limited admissions of liability or the setting of firm legal precedents when insurance companies do get things wrong.² Moreover, a complaints-driven process is often considered complicated and intimidating to individuals unfamiliar with complaints systems.³ These issues are often compounded by mental illness, with many mental health consumers stating that complaints systems exacerbate stress and anxiety, and contribute to a worsening of their mental health overall:

The whole process of dealing with [unnamed insurer] has been an added stress and burden... I have found it further impacted on my illness and my mental health declined significantly... their approach does in no way facilitate the improvement and recovery of people suffering from anxiety and depression.

In relation to application and claims processes, survey respondents reported difficulties in getting their claims processed in a fair and satisfactory way:

A claim was rejected due to waiting periods but the fine print said that there was only a 2 month wait for psychiatric care not the usual 6 month wait. After 3 claim attempts, 2 phone calls and a face-to-face visit I finally got the claim resolved and paid for.

An emphasis on preventative monitoring and evaluation of private health insurance practices would offer a complementary mechanism for addressing possible discrimination and/or unfair decision-making against people with mental illness, without creating additional stress and worry for them.⁴ Ongoing improvements in information provision in relation to applications, claims and complaints options should also be employed to support greater transparency and accountability in private health insurance decision-making.

Consumer Rights and Responsibilities

It is of great concern to the MHCA and *beyondblue* that some mental health consumers remain unaware of their rights and responsibilities in relation to applying for, or making claims against insurance products. This lack of awareness often manifests itself in inadequate disclosure of pre-existing conditions, and/or lack of awareness of exclusions, restrictions or limitations that are applicable to their policies. This in turn leads to problems for mental health consumers when they decide to make claims against their policies. Again,

¹ ACCC (2009). Report to the Australian Senate on anti-competitive and other practices by health funds and providers in relation to private health insurance. Canberra. 10.

² G. Innes (2000). *Disability Discrimination and insurance: Speech to Australian Life Underwriters Association and Claims Association conference.*

http://www.humanrights.gov.au/disability_rights/speeches/2000/underwrite.htm.

³ WA Office of Mental Health (2003). *Submission to the Productivity Commission Review of the DDA 1992.* http://www.pc.gov.au/data/assets/pdf_file/0005/41774/sub094.pdf.

⁴ *Ibid.*

we recommend building on and improving the information that is provided to consumers about their rights and responsibilities in relation to insurance.

Conclusion

The work of the MHCA and *beyondblue* to-date in the area of mental health, discrimination and insurance has found that there are significant and specific challenges for Australians with experience of mental illness in applying for, or making claims against insurance policies. This submission highlights these experiences where they pertain to the private health insurance sector. The MHCA and *beyondblue* intend to continue working to improve insurance outcomes, including private health insurance, for Australians with experiences of mental illness, and in the immediate future will be focussing on the key priorities listed below. These priorities were also agreed to at the September 2011 Insurance Reform Advisory Group (IRAG) meeting, chaired by the Assistant Treasurer and Minister for Financial Services, the Hon Bill Shorten MP and attended by the Minister for Mental Health and Ageing, the Hon Mark Butler MP:

1. Improving and increasing education and awareness about mental health and insurance processes for: consumers and carers; insurance, superannuation and financial planning sector staff; mental health professionals; and the general community;
2. Standardising mental health conditions and how they are categorised for the insurance industry;
3. Development and adoption of voluntary guidelines; and
4. Development of a more effective complaints process.

It is our belief that progressing these key priorities, contributing to reports such as this, and continuing to work in partnership with industry, government and mental health sector stakeholders will lead to improved insurance outcomes for Australians with experience of mental illness across all insurance types.

We thank you for this opportunity to contribute to the ACCC Report to the Australian Senate on anti-competitive and other practices by health funds and providers in relation to mental health, and look forward to seeing how issues pertaining to mental health consumers are represented in the final report.

A copy of the report entitled, *Mental Health, Discrimination and Insurance: A Survey of Consumer Experiences 2011* has been enclosed for your information.