

17 March 2017

Mr Simon Haslock
Australian Consumer and Competition Commission
GPO Box 520
MELBOURNE 3001

By email: phireport@accc.gov.au

Dear Mr Haslock,

Re: ACCC Report to the Senate in relation to Private Health Insurance

We refer to the ACCC's letter to stakeholders dated 17 February 2017 and attach nib's submission to the ACCC's report to the Senate in relation to Private Health Insurance.

Yours sincerely



Mark Fitzgibbon
CEO
nib health funds limited

The nib logo is displayed in white lowercase letters on a green rectangular background in the top left corner. The background of the entire page is a photograph of a beach with two people in the distance under a blue sky with light clouds.

nib

nib submission

**ACCC's report to the Senate in relation to
Private Health Insurance**

March 2017

Spotlight on information provision practices

nib welcomes the opportunity to provide a submission to the Australian Competition and Consumer Commission (ACCC) as it prepares a report for the Senate on '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'.

We understand the focus of this report will be on key consumer and competition developments occurring from 1 July 2015 – 30 June 2016 regarding changes health insurers have made to their information provision practices.

At nib we put the customer at the heart of everything we do and work hard to improve the customer experience. One of the key ways we do this is by continuously improving the way we communicate with our customers to ensure that they have a deeper understanding of their health cover, are made sufficiently aware of any changes we may make to their policy and to help build their knowledge about private health insurance generally.

Making health insurance easier to understand

The Australian health system including private health insurance is complex and at times it can be difficult for customers to navigate the myriad of service providers, processes and terminology used when discussing their healthcare.

We have taken steps to address this knowledge imbalance by simplifying our customer communications and developing new initiatives to make it easier for both consumers and customers to understand health insurance and the cover they choose.

Some of the ways we've done this include:

Speaking our customer's language

We've put ourselves in the customer's shoes revising both our written and online communications wherever possible to try to explain industry terminology in layman's terms and without jargon.

Further, we've simplified the way we present information about a customer's health cover (without removing any essential information) and highlighted the essential facts customers need to know to allow them to make the most of their health cover.

Making comparing easier

We are rolling out a new online quoting function that allows customers to undertake a far more in depth comparison of products. We're making it easier to see the detail around what is and isn't included on each of our products to make sure customers know exactly what they will be covered for.

In addition, during the final confirmation step in the quote process we re-iterate in detail the inclusions and exclusions of the customer's selected product. Once they've joined, we then email them through a detailed policy statement that outlines who is covered, the details of their premium and a summary of their cover.

Spelling out the difference between products

In June 2015 we introduced a losses and gains statement for any customer who switches hospital health cover policies. As its name suggests, this simply means we tell the customer exactly what is included and excluded on their new product compared to their old product to make sure that they understand the difference between them.

In addition, all customers who change policies are provided with a new policy statement including the product information sheet relevant to their new cover which provides further details on what services are covered.

Sample of Losses and Gains Statement

Treatment	PREVIOUS COVER Gold	NEW COVER Mid Hospital
	Included/excluded services	Included/excluded services
Adenoids removal	✓	✓
All other joint replacements (excluding knee, hip & shoulder)	✓	✓
All other Medicare recognised services not listed here	✓	✓
Appendix removal	✓	✓
Assisted reproductive services	x	✓
Back surgery (see spinal fusion separately)	✓	✓
Brain surgery	x	x
Cancer treatment (approved under the PBS)	✓	✓
Cochlear implant surgery and bone anchored hearing devices	✓	✓
Colonoscopies	✓	✓
Cosmetic surgery	✓	✓
Dental surgery	x	x
Gastroscopies	✓	✓
Grommets in ears	x	✓
Gynaecological services	✓	✓
Heart related procedures and surgery	✓	✓
Hernia repair	✓	✓
Hip replacement surgery	✓	✓
Infertility investigations	✓	✓
Joint investigations (i.e. surgery to examine inside of a joint (arthroscopy))	x	x
	✓	✓

Personalising premium change communications

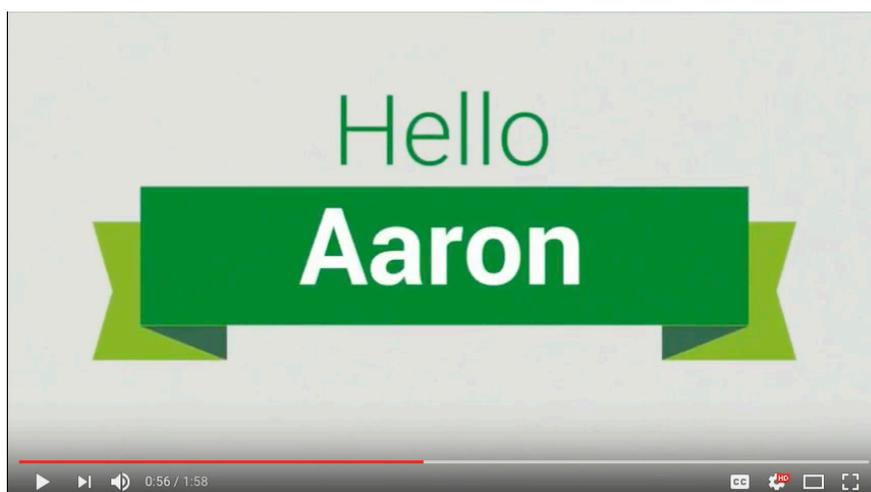
This year we introduced a personalised policy statement for each policyholder with their premium notification correspondence to provide greater transparency and to remind them they are actually covered for. In this, we outline important information about their health policy such as who is covered under their policy, the details of their premium and a summary of their health cover showing the services that are included/excluded and the benefits they can claim.

We also provided further clarification as to how their premium is determined in an effort to better explain what makes up the cost of their health cover including any applicable government surcharges and incentives like Lifetime Health Cover or the Australian Government Rebate.

An individual welcome to the nib family

For all new customers that provide us with an email address we've created a personalised welcome video from our brand ambassador, Paul Harragon, to provide the key information they need to know about the health cover they've selected in an engaging and easy to understand format. This is supported by the formal policy information which contains further details on their health cover benefits.

Sample Customer Welcome Video



The facts of life

Our new online content strategy focuses on what we call the facts of life. This aims to provide customers with information to empower their knowledge of nib, the broader private health insurance industry and the Australian health care system.

Published on the nib website and amplified through our social media channels and customer eDMs, content to date has centred on helping customers understand their health cover and explaining key terminology such as waiting periods or gaps.

Empowering the customer

Whitecoat – the Trip Advisor of healthcare

Affordability and information transparency in the health insurance sector is an area of concern and frustration for Australian consumers. We're helping address this by providing consumers with greater transparency and convenience for their healthcare choices through the expansion of our successful Whitecoat healthcare provider platform.

Whitecoat allows consumers to search and compare healthcare providers. Soon the website will be expanded to provide better information and data to help consumers choose a specialist, including:

- Average fees charged by the surgeon and MediGap participation rate
- Average fees charged by the anaesthetist and MediGap participation rate
- Patient reported outcomes and other patient feedback by specialist and procedure

Ultimately providing this information on Whitecoat will help consumers make informed choices around their health as well as help them choose treatment options and health care provider options, which will lead to greater transparency and consumer awareness.



Making going to hospital easier

We've recently launched a new tool for our frontline employees to empower our customers when they need to access their health insurance when going to hospital.

Our consultants are now armed with information to help answer customer enquiries about the cost of hospital admissions and out-of-pocket expenses, while being able to reinforce the value of having private health insurance.

We are continuing to expand the functionality of this tool to allow it to be publicly available to customers.

Giving customers a voice to help address concerns

nib believes that the best people to provide feedback on our services and help drive change are our customers. That's why we have several initiatives in place to listen to our customers' feedback and help guide changes within the business to improve the way we provide information to them.

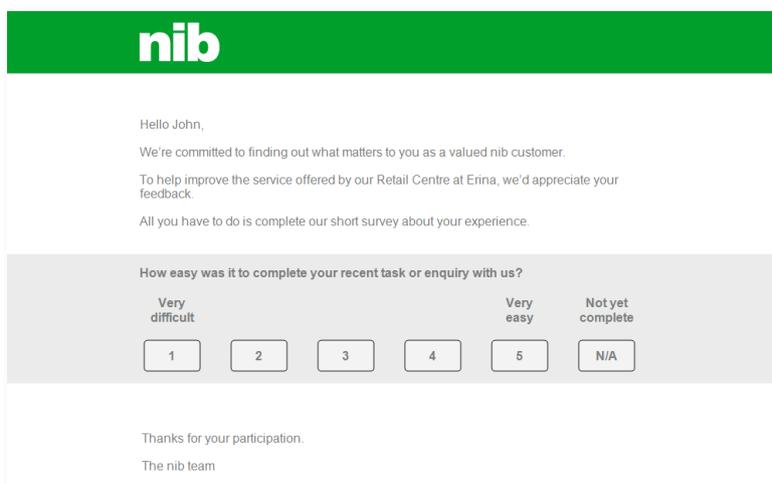
Net Promoter System

The net promoter system or NPS is a tool we utilise to gauge the voice of the customer and help improve customer satisfaction and the overall customer experience by asking customers:

1. Satisfaction: How satisfied were you with the service received?
2. Effort: Was it easy/difficult for you to complete your task or enquiry with nib?
3. Net Promoter: Overall, how likely are you to recommend nib to family and friends?
4. Open-end: What is the primary reason for your recommendation? Or what can we do better to improve your rating next time?

We survey and measure customers that have email as a preferred method of correspondence (currently around 65% of Australian customers) regardless of their experience and include all elements of customer interaction to ensure accuracy and consistency. We then use this customer feedback from throughout the customer journey to allow us to collect, analyse and act.

Sample Customer Experience Survey Email



The image shows a sample email survey from nib. It features a green header with the nib logo. The body of the email is white and contains a personalized greeting, a commitment to customer feedback, and a request for a short survey. The survey question is 'How easy was it to complete your recent task or enquiry with us?'. Below the question is a rating scale with six options: 'Very difficult', '1', '2', '3', '4', '5', 'Very easy', and 'Not yet complete'. The '1' through '5' options are represented by buttons. The email concludes with a thank you message and the nib team signature.

Voice of Customer Demand Analysis

nib also measures Voice of Customer demand across customer touch points. Similar to NPS, this data is analysed and acted on. Any identified failure demand (poor customer experience and/or failing of internal systems of processes) is categorised and a program of work and action plan developed to fix identified problems.

Through our process of collecting, analysing and acting on this customer data, we have seen failure demand reduce over 50% year on year, since 2012.

Working together as an industry

Private health insurers are working collaboratively both as an industry and with Government to continue to improve the way we communicate with customers to provide greater transparency and information symmetry.

Recent changes to the Private Health Insurance Code of Conduct reflect our commitment as an industry to self-improvement with regards to providing information to customers and nib will always aim to adhere to these guidelines.

As the ACCC are aware there are also a number of private health insurance reviews underway. We remain supportive of these reviews and hope to see outcomes which will greatly benefit both our customers and Australian consumers in general.