

Private
Health
Insurance

Code of
Conduct



Our  Code

Ron Wilson

Chair, Code of Conduct Compliance
Committee

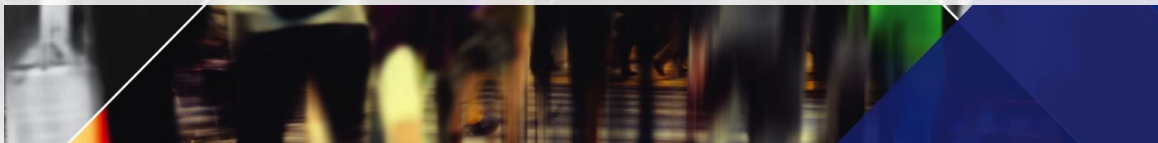


WELCOME

- We have had a very good response to this seminar
- Over 70 delegates present
- Nearly all accredited funds are presented



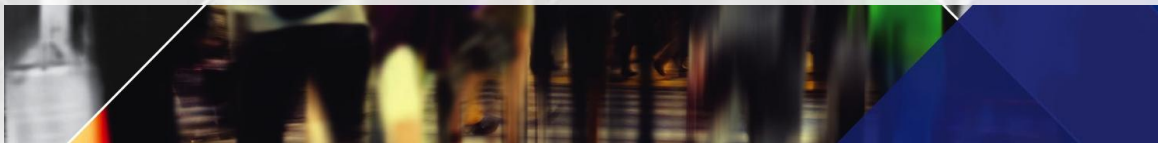
Firstly, a big thank you to my predecessor as chairman of the Code Compliance Committee – Rob Seljak.





Why a voluntary Code?

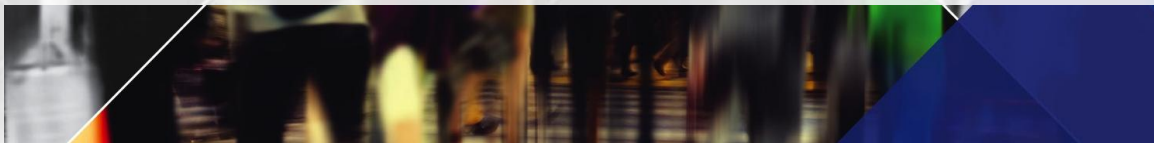
- First and foremost, to protect consumers (our policyholders).
- To give policyholders accurate and consistent information across the PHI industry.
- To ensure that all policyholders are aware of their rights.
- To reduce the chance of the PHI industry being tarnished by bad behaviour – to protect the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



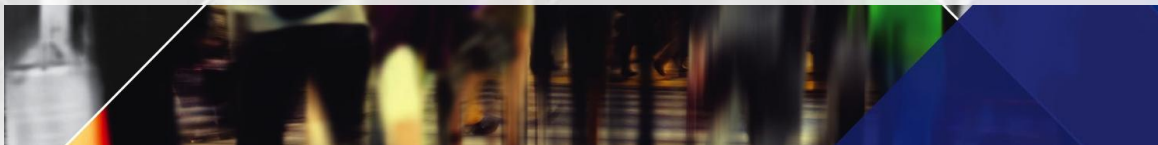
When the industry works together, sensibly and responsibly ...



When the industry doesn't work together, there are individual and collective repercussions ...



The old adage that any publicity is good publicity is just plain **WRONG !!**



Role of the Code and Committee

- The Private Health Insurance Code of Conduct (the Code) was established in 2005 as a voluntary industry code. It is a self-regulatory code to promote informed relationships between private health insurers, consumers and intermediaries.
- Private Healthcare Australia (PHA) has formed an independent Code Compliance Committee (CCC or the Committee) with representatives from both PHA and hirmaa.



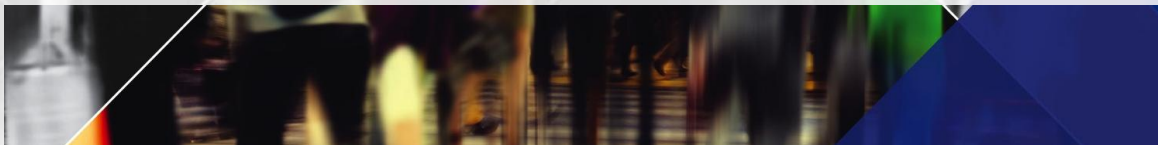
Role of the Code and Committee

- The Committee has the responsibility to ensure that the Code is fully complied with by health funds and does this by:
 1. admitting funds to participate in the Code;
 2. monitoring and enforcing compliance by participants by conducting random and other audits;
 3. receiving complaints about any alleged breach of the Code; imposing sanctions for breaches of the Code, and,
 4. reporting annually to the PHA Board (while maintaining its independence).



Role of the Code and Committee

- The Committee meets at least 3 times per year and can also meet out of session. The Chairman has regular contact with the auditors on a range of issues.
- The Committee operates **independently** to Private Healthcare Australia (PHA) and hirmaa although members are drawn from both peak industry bodies.
- All but three health funds are members of the Code resulting in 99 per cent of all Australians with private health insurance are covered by the Code.



Role of the Code and Committee

- The PHI industry's objective is that the Code will maintain and enhance regulatory compliance and service standards of PHI policies across the private health insurance industry. For this purpose, the Code is to be a “living Code” which will be progressively reviewed from time to time.
- The PHI industry, through the CCC, may also seek input from external parties representing consumers. In particular, the CCC welcomed consultation with the Private Health Insurance Ombudsman (PHIO) and now the Commonwealth Ombudsman post 30 June 2015.



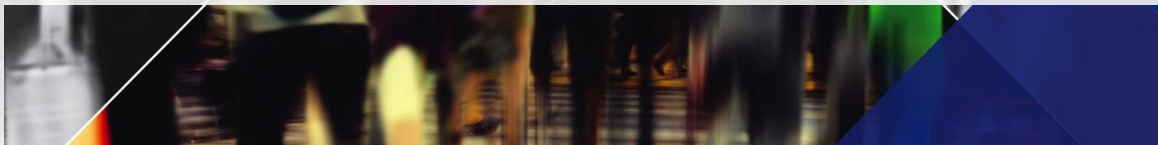
Who are the Committee members?



Chris Williams, CEO St Luke's



Byron Gregory, CEO Health Partners

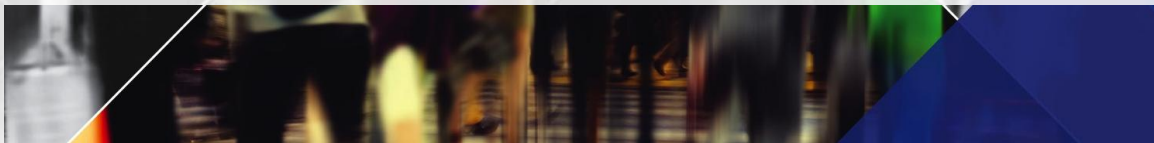


The ACCC is aware of the work of the Code

“The Private Health Insurance Code of Conduct (the Code) is a voluntary code developed by the PHI industry. It is self-regulated by the industry...

The Code sets out agreed standards and responsibilities for the industry. It regulates the training of health fund employees, the principles of practice adopted by agents and brokers, policy documentation guidelines, contract cooling-off periods, and privacy policies. Health funds that are signatories to the Code must ensure that they comply with the rules and cooperate with the Code Compliance Committee (the Committee).”

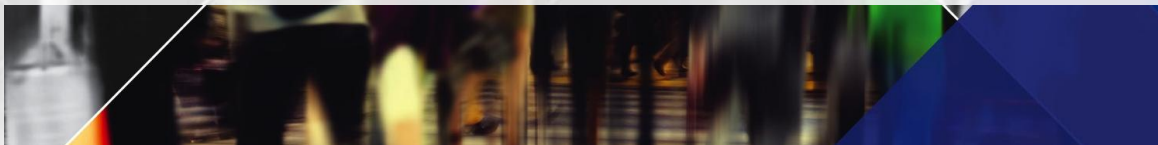
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The ACCC is aware of the work of the Code

“The Committee is independent from signatories and is responsible for ensuring that all signatories comply with the rules of the Code. Aside from monitoring and enforcing compliance, the Committee is responsible for conducting audits, investigating alleged breaches of the Code, imposing sanctions for breaches of the Code, and publishing annual compliance reports. The Committee is also responsible for administering its own dispute resolution process. All signatories to the Code are required to provide consumers with information about alternate means of dispute resolution...”

2103 ACCC report to the Senate

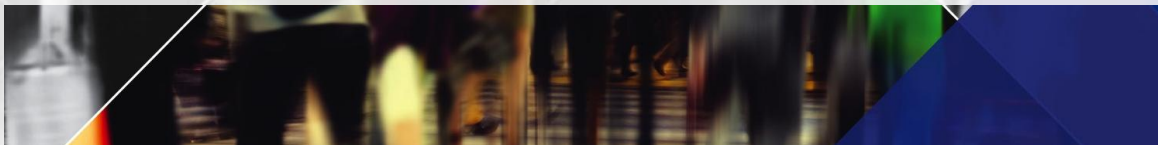


Independent Auditors

- To ensure its independence, the Committee engages the services of independent auditor/s to report to the CCC regarding the following tasks:
 - Desk Audits
 - Full Audits – as determined by the Committee
 - Manage any necessary investigations of complaints
 - Liaise with industry bodies PHIO, APRA, ACCC

Responsibilities of health funds

- Health funds which are signatories to the Code must:
 - implement appropriate systems and document procedures to comply with the Code;
 - report to the Committee on the operation and compliance with the Code in accordance with its requirements and any guidelines issued by the Committee;
 - cooperate with any compliance audits by or on behalf of the Committee; and.
 - comply with any sanction or requests made or imposed by the CCC.



Responsibilities of health funds

- Health funds must further satisfy the CCC that they continue to comply with all requirements of the Code by certifying their compliance in accordance with any guidelines or requests made by the Committee.
- As a signatory under the Code, funds will:
 - continuously work towards improving the standards of practice and service in the private health insurance industry;
 - provide information to consumers in plain language;



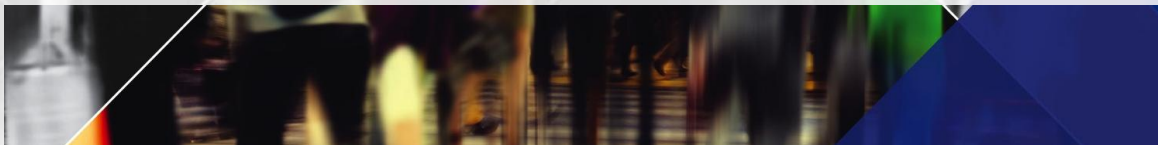
Responsibilities of health funds

- promote better informed decisions about private health insurance products and services:
 - by ensuring that policy documentation is full and complete;
 - by ensuring that, when asked by a consumer, there is provision of an effective verbal explanation of the content of the policy documentation;
 - by ensuring that staff and other persons providing information are appropriately trained;



Responsibilities of health funds

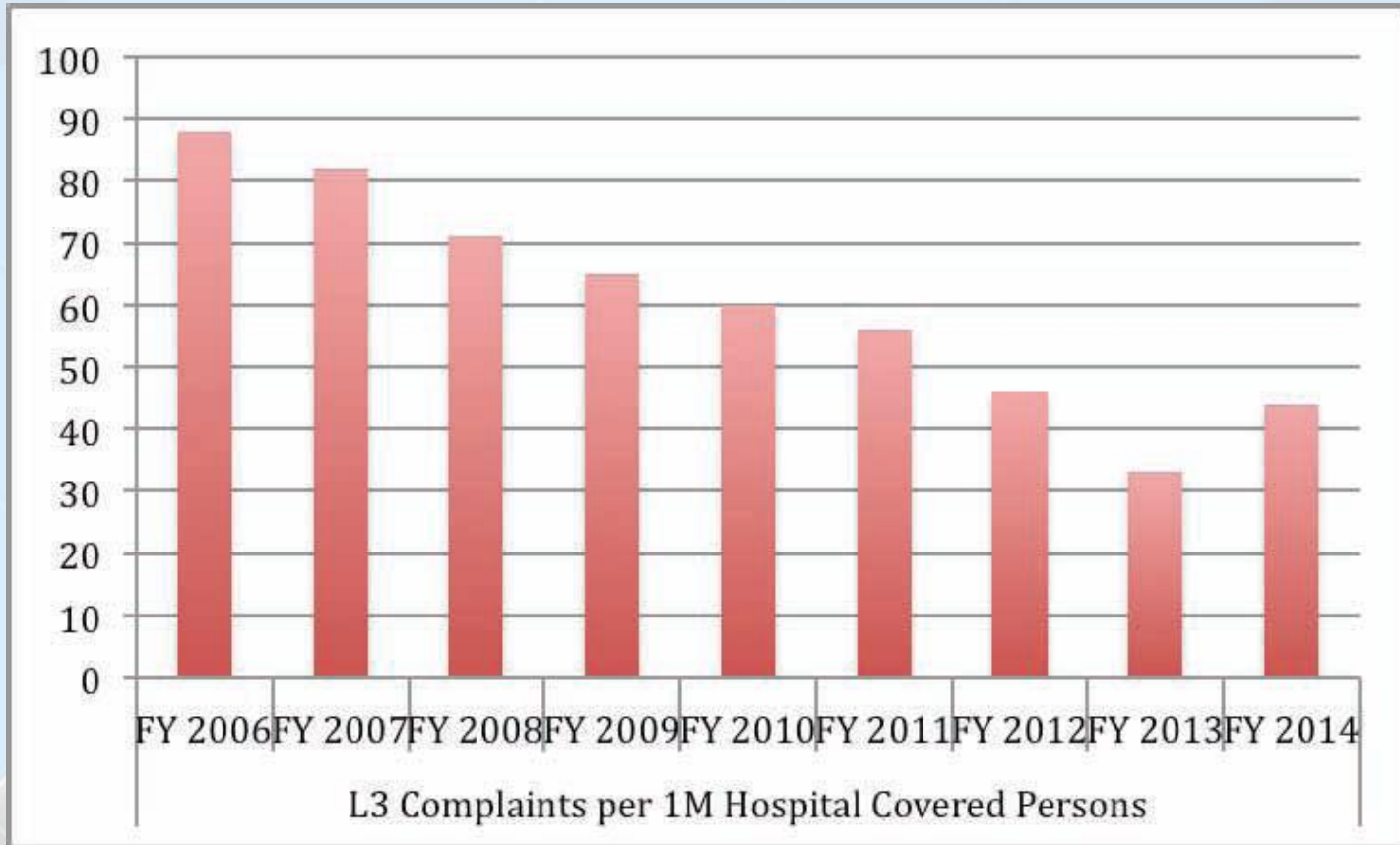
- provide information to consumers on their rights and obligations under their relationship with their private health Insurer, including information on the Code;
- provide consumers with easy access to internal dispute resolution procedures, which will be undertaken in a fair and reasonable manner; and,
- where internal dispute resolution procedures do not reach a satisfactory outcome for the consumer, or if a consumer wishes to deal directly with an external body, advise the consumer of the right to take the issue to an external body, such as the PHIO (Commonwealth Ombudsman post 30 June, 2015).



SUCCESS OF THE CODE

- Difficult to assess – what do you use as the measuring stick?
- One way to measure the success or otherwise is to look at the PHIO complaints register for level 3 complaints.
- There has been a consistent fall in the number of complaints since the introduction of the Code.

L3 Complaints to PHIO



And what did PHIO think about the Code?

“The reduction in complaints about clearance certificates was particularly pleasing because the industry has done significant work to improve clearance certificate processes across the insurers, led by the industry’s Code Compliance Committee. This year’s statistics suggest that the new processes introduced across the industry in late 2013 are now being reflected in lower levels of complaint to PHIO about the issue.”

2014 PHIO Annual Report

And what did PHIO think about the Code?

“PHIO believes the introduction of the Code has been a very positive development for consumers and the industry, which has contributed to reducing complaints from members and improving customer service standards across the industry.”

2012 PHIO Annual Report



And what did PHIO think about the Code?

“The Code Compliance Committee for the private health insurance industry Code of Conduct conducted a review of the Code during 2010-11. PHIO was given the opportunity to comment on improvements to the Code. The focus on PHIO’s comments was on improving information for members when they join a fund; ensuring funds meet the Best Practice Guidelines for Pre-Existing Conditions and facilitating the provision of Transfer Certificates to streamline processes for transferring members. These suggestions were incorporated into the Code of Conduct.”

2011 PHIO Annual Report

IT'S A “LIVING” CODE

- The CCC Committee is determined that the Code remains a “living” or “evolving” Code.
- We don't for one moment believe that we have got it 100% correct but we know for certain that a voluntary Code is far better than a Code imposed upon our industry.
- That is the purpose of today. For us to explain where we are up to in developing and improving this Code, to hear your concerns, questions and issues AND to hear from external parties, in particular the Commonwealth Ombudsman.



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