



Private Healthcare Australia
Better Cover. Better Access. Better Care.



Inquiry into the Financial Services Regulatory Framework in Relation to Financial Abuse

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About Private Healthcare Australia (PHA)

Private Healthcare Australia (PHA) is the Australian private health insurance industry's peak representative body. We have 22 registered health funds throughout Australia as members and collectively represent 98% of people covered by private health insurance. PHA member funds provide healthcare benefits for 14.8 million Australians.

Response

PHA welcomes the opportunity to contribute to the Parliamentary Joint Committee on Corporations and Financial Services' Inquiry into the Financial Services Regulatory Framework in Relation to Financial Abuse in Australia.

Financial abuse is a significant problem in Australia. In 2020, more than 632,100 people experienced some form of financial abuse in Australia, including the withholding of money, control of income, and altering or cancelling of insurance policies.ⁱ The impacts of financial abuse are estimated to cost victim-survivors approximately \$5.7 billion per year, and the broader economy \$5.2 billion in lost productivity, additional health care costs, foregone revenue and additional expenditure.ⁱⁱ

Financial abuse is often used as part of coercive control. It can cause victim-survivors to lose income, as well as financial protection from unexpected events and access to essential services for themselves and sometimes their dependents. It can also contribute to victim-survivors remaining in, or returning to, harmful situations, due to economic necessity, which can put people at risk of further harm.ⁱⁱⁱ

Alongside our members, PHA supports The National Plan to End Violence against Women and Children 2022-23, and this Inquiry's goal to shed more light on how financial abuse is occurring in Australia and what can be done to eliminate it.

Health funds frequently encounter people separating from partners who want to terminate a joint health insurance policy and create a new one for themselves, sometimes with dependents involved. In these circumstances, it is common for health funds to assist a separated couple to have their children named on two policies so both parents can assist their children to use their health insurance policy and attend health services via both parents' separate membership cards/ numbers. In these circumstances, health funds ensure dependents can use their full entitlement from one insurance policy facilitated through their parents' two membership cards/ numbers.

While many requests for membership policy changes occur during amicable separations, sometimes requests for changes in membership involve disclosures of family violence. Health fund staff say they have received enquiries from people who have transferred off a family health insurance policy onto a new policy and want to take their children's details off the original family policy due to family

violence. These cases are often reviewed by health fund lawyers who ask for a court order to assist the process.

In circumstances where there is a court order, such as an Apprehended Violence Order (AVO), health fund staff will always ensure they follow the order and do what they can to protect a potential victim's privacy and safety. There have been occasions where health professionals subjected to domestic violence have asked health funds to ensure their details are no longer publicly available on lists of health services for their safety. Health funds have honoured these requests.

In the absence of a court order, it is extremely difficult for health fund staff to know when someone trying to remove a partner or dependent/s from their health insurance policy is engaging in financial abuse as these requests commonly follow amicable relationship separations. However, given the removal of a person from a health insurance policy can have far reaching consequences for the person losing their membership, health funds often contact these people when they have contact details for them to ensure they are aware of what is happening and to offer them assistance. Some health fund staff say they have assisted victim-survivors with setting up their own health insurance policy with no payment required for two months to help them establish their own economic security.

In addition, some health funds are in the process of updating their internal policies and procedures to ensure they obtain contact details for people removed from policies so they can send them a health insurance "transfer certificate". This document is required for the calculation of "lifetime health cover loadings" that may apply after a break from health insurance membership. This is an important document for people to protect themselves from additional costs for health insurance in future.

While there is no estimate of how often people attempt to use private health insurance policies as part of financial abuse, health fund staff say they occasionally detect "red flags" such as people trying to reduce their partner's ability to access a joint health insurance policy including asking for their partner to no longer have a membership card or asking for their partner's bank account details to be disconnected from the policy. This is not permitted unless the person is terminating the policy membership or removing their partner from the policy altogether.

Conclusion

Health funds are acutely aware of the harm financial abuse can cause, including through the weaponisation of insurance policies. Some health funds are currently updating their processes to ensure potential victim-survivors and their dependents are not disadvantaged when they are removed from a health insurance policy. The private health insurance industry is willing to assist this important Inquiry with its work, so financial abuse receives the national attention it deserves.

ⁱ [Deloitte Access Economics, “The Cost of Financial Abuse in Australia 2022”.](#)

ⁱⁱ [Centre for Women’s Economic Safety, “Design to Disrupt Reimagining general insurance products to improve financial safety” 2024.](#)

ⁱⁱⁱ [Centre for Women’s Economic Safety, “Design to Disrupt Reimagining general insurance products to improve financial safety” 2024.](#)