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# Private Health Insurance Code of Conduct Compliance Committee

Annual Report  
2023 - 2024

# Code of Conduct Compliance Committee Annual Report

1 November 2024

## Code of Conduct Compliance Committee

The Code of Conduct Compliance Committee (**Committee**) comprises of Byron Gregory (Independent Chair), Sharon Waterhouse, Samantha Gavel and Rebecca Windsor, who was appointed on 27 June 2024.

The Committee has held 3 meetings during July 2023-June 2024.

## Private Health Insurance Code of Conduct submissions

Due to the implementation of Version 8 of the Private Health Insurance Code of Conduct and the self-audit timeline, not all submissions fell within the 12 month timeframe.

As at 30 June 2024, twenty two submissions and one desktop audit were considered and approved by the Committee.

## Committee activities

The Committee carried out its duties in accordance with the Terms of Reference.

The Committee also carried out a review of these Terms of Reference, to ensure it reflects the current Code.

## Sanctions and issues of non-compliance

During the period June 2023 – June 2024 no sanctions have been issued by the Committee to date and no signatory health funds have been determined as being non-compliant with the Code.

The Committee considered the compliance of Defence Health and undertook an investigation through Hall Advisory. Given that the issues appear to be significantly resolved, a determination regarding the compliance status of Defence Health would be determined at the November 2024 Committee meeting.

The Committee continues to monitor consumer complaints and Defence Health's compliance with the Code.

## Private Health Insurance Code of Conduct review

The next review of the Private Health Insurance Code of Conduct will be undertaken in June 2026.

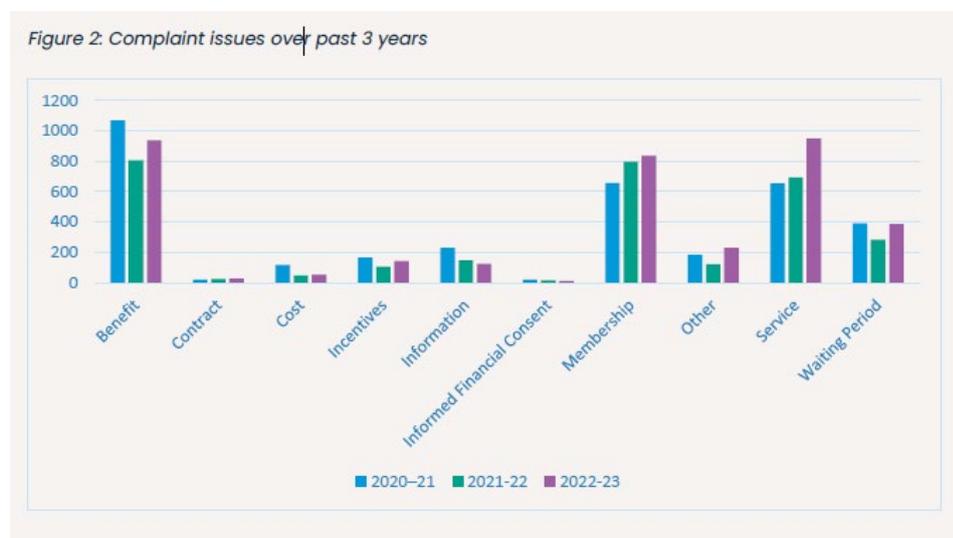
## Private Health Insurance Ombudsman State of the Health Funds Report 2023

The Committee notes the importance and relevance of the 2023 State of the Health Funds Report (dated March 2024) particularly regarding the guidance it provides to health funds to assist in mitigating a number of ongoing issues.

In 2022-2023, the Office of the Commonwealth Ombudsman received 3,429 complaints about private health insurance, representing a 26.8 per cent increase in complaints received compared to 2021-2022.<sup>1</sup> The Office of the Commonwealth Ombudsman received 2,704 complaints in 2021-2022, 3,496 complaints in 2020-2021, 3,706 complaints in 2019-2020 and 4,553 in 2018-19.<sup>2</sup>

“The increase in complaints [for the period 2022-2023] resulted from several factors including Medibank's data breach and members accessing (and complaining about) health insurance more consistently following lower rates of access during the COVID-19 pandemic.”<sup>3</sup>

A breakdown of the complaint issues received by the Office of the Commonwealth Ombudsman is provided below.



<sup>1</sup> 2023 State of the Health Funds Report [https://www.ombudsman.gov.au/\\_\\_data/assets/pdf\\_file/0018/302940/SOHFR-2023-final-2024-03-27-002.pdf](https://www.ombudsman.gov.au/__data/assets/pdf_file/0018/302940/SOHFR-2023-final-2024-03-27-002.pdf)

<sup>2</sup> 2019 State of the Health Funds Report <https://www.ombudsman.gov.au/publications/reports/state-of-the-health-funds/all-reports/docs/2019-state-of-the-health-funds-report>

<sup>3</sup> 2023 State of the Health Funds Report

Issues related to service, benefits and membership were the dominant complaint categories received by the Office of the Commonwealth Ombudsman.

The 2023 Report repeats that benefit complaints include ‘general treatment (extras/ancillary) benefits and unexpected hospital policy exclusions and restrictions [were] typically about the amount paid for the service or timeliness in processing claims.’<sup>4</sup>

Membership complaints were related mainly to membership cancellations. The Report repeats from prior years that ‘problems and delays in insurers processing requests to cancel memberships and handling associated payments or refunds. In most cases, [such issues] arise from consumers transferring from one insurer to another, rather than people leaving private health insurance altogether’.<sup>5</sup>

The Committee again notes this is an ongoing issue and will continue to monitor.

The Commonwealth Ombudsman continues to note that complaints regarding service were rarely the sole reason for their complaint, but rather ‘usually flow from another issue which, when combined with poor customer service, inadequate or delayed responses and poor internal escalation processes, cause policy holders to become increasingly dissatisfied.’<sup>6</sup>

This data again reinforces the importance of clear and concise language and effective and efficient administration processes.

#### Unexpected Hospital Policy Exclusions and Restrictions

A recent addition to the report refers to hospital policy exclusions and restrictions. The Committee sought clarification from the Commonwealth Ombudsman regarding what constitutes an unexpected hospital policy exclusion or restriction and was informed that “*These complaints arise where a complainant finds their policy does not cover a particular service or treatment, which means they cannot access the treatment or must incur expenses they did not anticipate.*”

*Broadly, examples of complaints would include where a complainant may be on a lower tier of policy but requires treatment for an item that is excluded on their policy or for which they are only covered for restricted benefits.*

The Committee noted the response from the Commonwealth Ombudsman. The Committee also noted the importance of the Private Health Information Statements (PHIS) which are available for all private health insurance policies sold in Australia. Health insurers are required by law to provide these Statements (upon purchase/changing cover and on an annual basis) so consumers can review all policy inclusions and restrictions.

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<sup>4</sup> 2023 State of the Health Funds Report

<sup>5</sup> 2023 State of the Health Funds Report

<sup>6</sup> 2023 State of the Health Funds Report

## Enquiries received via the [code@pha.org.au](mailto:code@pha.org.au) email

For the period July 2023 – June 2024, queries were received:

1. from a signatory requesting additional changes to the PHI Code of Conduct; and
2. from a consumer, claiming that a signatory was “non-functional”.

The Committee wrote back to the authors providing responses:

1. to the requested changes to the PHI Code of Conduct; and
2. to the consumer advising that the Committee would look into any breaches and providing details of the Commonwealth Ombudsman complaints process.



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