

# Private Health Insurance

Code of Conduct: Compliance Policy

# Contents

Private Health Insurance Code of Conduct .....	<b>3</b>
Non-compliance with the Code of Conduct .....	<b>3</b>
Sanctions imposed by the Committee .....	<b>4</b>
Review of Sanctions .....	<b>4</b>
Failure to Comply.....	<b>5</b>

# Demonstrating Compliance with the Private Health Insurance Code of Conduct

A health fund that is seeking to adopt the Private Health Insurance Code of Conduct (**Code**) must complete a detailed self-audit and be approved to participate in the Code processes by the Code of Conduct Compliance Committee (**Committee**).

A signatory health fund that has been admitted to participate in the Code and that has satisfied the Committee that it continues to be compliant with the Code requirements, is able (once authorised by the Committee) to certify compliance using a triennial cycle of:

- a. Annual certification for years one and two, in which the fund certifies that, subject to any changes identified in the certification, the policies and processes identified in the self-audit continue to be followed.
- b. Where changes to policies or processes or changes to the Code have been implemented since the last certification, the fund will also certify that those changes are compliant.
- c. A detailed self-audit in year three.

## Non-compliance with the Code of Conduct

A health fund that has not satisfied the Committee that it is compliant with the Code must continue to submit a detailed self-audit annually. A health fund may indicate that it has achieved partial compliance, with a timeline for achieving full compliance.

If Private Healthcare Australia Limited (**PHA**), the [Members Health Fund Alliance \(MHFA\)](#) or the independent auditors become aware that a signatory health fund is suspected or alleged to be non-compliant with the Code, the Code of Conduct Compliance Committee may investigate and make findings in relation to the suspected or alleged non-compliance.

Such investigations will involve consultation with the health fund in question, which is required to cooperate with the Committee and provide information about the subject of the investigation.

In the instance of a suspected breach, the Committee will initiate the following process:

1. The independent auditors, on the Committee's behalf, will write to the health fund outlining the alleged breach and requesting a response and supporting documentation within 14 calendar days.
2. Upon receipt of the health fund's response, an assessment will be made by the Committee.
3. The Committee's findings will be provided in writing to the health fund, which must take all reasonable steps to ensure that procedures are established to prevent any breach identified from reoccurring.

If the Committee has satisfied itself that a health fund has not cooperated, has not materially complied with the Code or has not put in place procedures to prevent the reoccurrence of breaches, it may apply sanctions to reinforce the objectives of the Code.

# Sanctions imposed by the Committee

Sanctions can be applied if the health fund:

- Refuses or fails to cooperate with a request of the Committee in response to an alleged or suspected breach of the Code;
- Fails or refuses to comply with any recommendation by the Committee;
- Fails to adopt or comply with amendments to the Code with the timeframe required, and without an extension of time being granted by the Committee;
- Fails to implement procedures to prevent a reoccurrence of breaches identified by the Committee.

Should the Committee determine that it will impose sanctions on a health fund for non-compliance, the following process will be followed:

1. A copy of the notice will be sent to the Chief Executive Officer of the health fund. Sanctions will not be imposed for at least 14 calendar days after the notice has been given;
2. The health fund will be provided with the opportunity to provide further information to the Committee within 14 calendar days from the date of the notice;
3. Upon receipt of any additional information, the Committee will make a final determination regarding the alleged breach and any appropriate sanctions;

4. Should a response not be received from the health fund within 14 calendar days, the proposed sanctions outlined in the notice will be applied.

The Committee may impose any one or more of the following sanctions, having regard to the objectives and principles governing the Code and the severity of the breach of the Code:

- Require the health fund to report on its compliance with the Code on a more frequent basis;
- Require that rectification steps be taken by the health fund in accordance with a specified timetable, including reporting back to the Committee in accordance with the timetable;
- Undertake a compliance audit by the Committee;
- Require that the health fund cease using logos associated with the Code until the Committee advises the use of logos may be resumed;
- In extreme cases, order corrective advertising;
- Publish a notice on the Code website that the health fund has failed to comply with the Code including a summary of the non-compliance;
- For lesser breaches, it may be appropriate to merely name the health fund in the annual report.

## Review of Sanctions

A health fund may request that sanctions imposed on it by the Committee be reviewed.

The Committee will reconsider its decision having regard to:

- The original material and documentation;
- Any additional material and documentation supplied by the health fund; and

- Any additional material and documentation the Committee considers relevant.

Following reconsideration, the Committee may confirm its original decision or alter it and advise the health fund in writing of its final decision.

# Failure to Comply

If a health fund fails to comply with a sanction, the Committee may do one or more of the following:

- Take action to enforce compliance with the code or sanction under the legal document by which funds join the Code;
- Disqualify and immediately ban the health fund from using the Code of Conduct tick logo;
- Report the breach in the annual Code of Conduct report as having not complied with the Code and/or having not complied with a sanction;
- Report the breach on the [Private Healthcare Australia Limited](#) and [Members Health Fund Alliance](#) website;
- Request that the health fund report the breach on their own website;
- Request that any issued sanctions be published on the non-compliant health fund's website;
- In cases where the Committee considers the breach of the Code may constitute a breach of any regulatory or legislative obligation, report the health fund to the appropriate government agency;
- Send formal communication requesting rectifying issues of non-compliance;
- Disqualify and immediately ban from using the Code of Conduct tick logo;
- Request the health fund publish corrective advertising within one month of the request.



Private Healthcare Australia

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