



**Australian
Competition &
Consumer
Commission**

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Dear Stakeholder

ACCC Report to the Senate on Private Health Insurance

The Australian Competition and Consumer Commission (ACCC) is commencing preparation of its annual report to the Australian Senate on anti-competitive and other practices by health funds and providers in relation to private health insurance for the period of 1 July 2012 to 30 June 2013.

We are writing to you, as a valued stakeholder, to seek your input on the matters to be considered in this year's report.

This year the ACCC is again focusing on a discrete issue affecting the private health insurance industry. We will be examining the practice by some insurers, comparison services, brokers and intermediaries of using end of financial-year or "tax time" advertising as a tool to encourage consumers to sign up to a fund, or to transfer between funds, in order to "beat the yearly premium increase" or to "avoid crunch time".

In the past few years, policy changes such as the Lifetime Health Cover Loading, the Medicare Levy Surcharge and the 30% Government Rebate have resulted in some consumers becoming more sensitive to end of financial year advertising, whether or not the policy changes apply to them specifically.

For example, consumers under the age of 30 (and not set to attain the age of 31 in the relevant period) may be led to believe that they must sign up for private health insurance cover or alter their cover before June 30 to avoid penalties – when this may not be the case.

The ACCC considers that in an environment of perceived urgency consumers may be less inclined to ask insurers or brokers the questions they are normally advised to ask to ensure they are in a position to give informed financial consent to a policy that meets their health needs and does not contain unexpected gaps and exclusions.

For this reason, the ACCC is interested to examine the features of such advertising and its impacts on consumers. In particular, we would like to gain a better understanding of consumers' experiences when signing up to, or transferring between insurers, as a result of such campaigns.

Rather than investigate whether particular advertisements or representations contravene the Australian Consumer Law it is intended the report will consider whether the practice in general is impacting the ability of consumers to make informed choices when purchasing private health insurance.

In order to help us to prepare this year's report, we would be most grateful for any comments you may have that touch on the matters outlined above. In particular, the ACCC would like to hear your views on the following issues:

- To the best of your knowledge, what are consumers' experiences in relation to end of financial year advertising? Please reference those advertisements or characteristics of those advertisements that raise concerns for you.
- Are consumers' experiencing any difficulties when signing up to, or switching between, insurers as a result of end of financial year advertising?
- Are consumers being given adequate information in relation to policies offered as a part of end of financial year advertising?
- Are you aware of any difficulties or complaints arising from consumers' experiences with using their coverage after signing up to, or transferring between, insurers? Please provide details.

This year submissions can be made in a number of ways:

1. Upload your submission at <https://consultation.accc.gov.au/ipil/phireport>, or
2. Email your submission to phireport@acc.gov.au, or
3. Send your submission to Bruce Cooper, GPO Box 3131, Canberra ACT 2601

Submissions are welcome by **Friday 30 August 2013**.

We strongly encourage stakeholders to upload their submission to our website. This will ensure that submitters can manage the submission process in relation to privacy and confidentiality of their submissions, and will ensure that submitters receive an acknowledgement that their submission has been received.

The ACCC will table the final report in the Senate and communicate its findings to stakeholders and the general community as soon as practicable after submissions close.

For more information on the ACCC report to the Senate and to see previous reports and past submissions please go to www.accc.gov.au/phireport.

Any preliminary queries are best directed to phireport@acc.gov.au or to Julia Kulakowski-Rupert on (02) 6243 1328.

Yours Sincerely,



Bruce Cooper
General Manager
Strategy, Intelligence, International and Advocacy Branch