



CBHS Health Fund Limited Submission

Re: ACCC report to the Senate on private health insurance on any anti-competitive or other practices by health funds or providers which reduce the extent of health cover for consumers and increase their out of pocket medical or other expenses for the period 1 July 2014 to 30 June 2015

29 April 2016

Contact: Nicole Nott, Legal Counsel

Phone: (02) 9685 7574

Email: nicole.nott@cbhs.com.au

Introduction

CBHS Health Fund Limited (**CBHS**) welcomes the opportunity to provide input into the ACCC Report to the Senate on Private Health Insurance for the period 1 July 2014 to 30 June 2015.

About CBHS Health Fund Limited

CBHS was set up in 1951 as a shared, not-for-profit health fund to provide current and former employees, contractors and franchisees of the Commonwealth Bank Group (which includes the Commonwealth Bank of Australia, CommSec, Commisure, Colonial First State, the State Bank of Victoria and Bankwest) and their immediate and extended families access to high-quality affordable health insurance at every life stage.

As one of Australia's leading not for profit health funds, CBHS is run solely for the benefit of our members. This commitment to our members is demonstrated in CBHS winning the Roy Morgan Customer Satisfaction Awards for Private Health Insurer of the Year for 2012 and 2014.

At the heart of CBHS' approach and continued growth and success is our ability to provide our 230,000 members with the best service, exceptional value and competitive products that offer better benefits. At CBHS we pride ourselves on delivering policy information to our members in an appropriate, transparent and consistent way.

Further information about CBHS can be found at www.cbhs.com.au

Submission

CBHS consulted with Private Healthcare Australia (**PHA**), Australia's peak private health industry (**PHI**) representative body, in the preparation of its submission. CBHS endorses the PHA submission and in particular adopts key messages expressed by PHA including communication with policy holders and industry initiatives to improve consumer information.

In addition, CBHS provides some additional comments in response to the ACCC's focus on unexpected costs ("bill shock") and inadequate coverage.

Bill shock

CBHS acknowledges consumers may experience bill shock but submits that many of the factors which may lead to bill shock are beyond the control of PHI insurers and occur irrespective of whether policy changes are appropriately communicated. Those factors (which were expressed by PHA and expanded upon below) include:

- Consumers failing to understand their coverage and benefits included in their PHI policy.
- Consumers failing to remember or action changes to their PHI policy despite receiving sufficiently clear and appropriate communication.
- Medical providers failing to provide patients with an approximation of costs so as to enable consumers to give informed financial consent.
- Complications that occur during a procedure that can lead to unforeseen additional charges being incurred.
- Fragmented billing processes, particularly where a procedure may involve a number of other medical professionals such as an anaesthetist, assistant surgeon, pathologist and radiologist.

- Medical providers charging excessive fees. So whilst a number of subsidies provided by the Australian government may reduce the cost burden on consumers, medical providers are under no obligation to charge fees that are equal to the Medicare Benefits Schedule or the schedules of medical benefits set by insurers.

In addition to regularly and appropriately communicating with our members above and beyond the mandated requirements of the Private Health Insurance Act 2007 (Cth) and Private Health Insurance Code of Conduct, CBHS takes steps to eliminate the likelihood of bill shock by reaching agreements (through the Australian Health Service Alliance) with various healthcare providers and most private and private day hospitals throughout Australia to ensure costs are agreed to or known prior to any hospital stay or service.

CBHS also has easy to understand and readily available material accessible by our members to inform them of questions they can ask their medical provider prior to any hospital admission or service as well as checklists to assist our members with planning their hospital stay.

Informed financial consent

CBHS encourages all of its members to seek a quote or informed financial consent prior to any surgery or receiving treatment. This ensures consumers are informed of the cost of in-hospital treatment and out of pocket expenses up front and can therefore make an informed decision about whether to proceed with that medical provider.

CBHS supports initiatives which encourage open discussion between medical providers and consumers about potential fees and likely out of pocket costs. Consumers are then able to adequately consider any financial implications before the service is provided and are therefore less likely to experience bill shock.

Conclusion

CBHS looks forward to consulting with the ACCC on any of these issues and continuing to support clear, transparent and effective communication practices across the PHI industry.