

6 May 2016

**Ms Joelle Leggett**

Australian Consumer and Competition Commission  
PO Box 520  
MELBOURNE 3001

By email: [joelle.leggett@acc.gov.au](mailto:joelle.leggett@acc.gov.au)

Dear Ms Leggett,

**Re: ACCC Report to the Senate in relation to Private Health Insurance**

We refer to the ACCC's letter to stakeholders dated 24 March 2016 and attach as attachment 1 nib's submission in relation to the ACCC's report to the Senate in relation to Private Health Insurance.

We note that the ACCC will be holding a face to face session in May/June 2016 with stakeholders and would welcome the opportunity to attend this session.

Yours sincerely,



**Mark Fitzgibbon**  
Managing Director/CEO



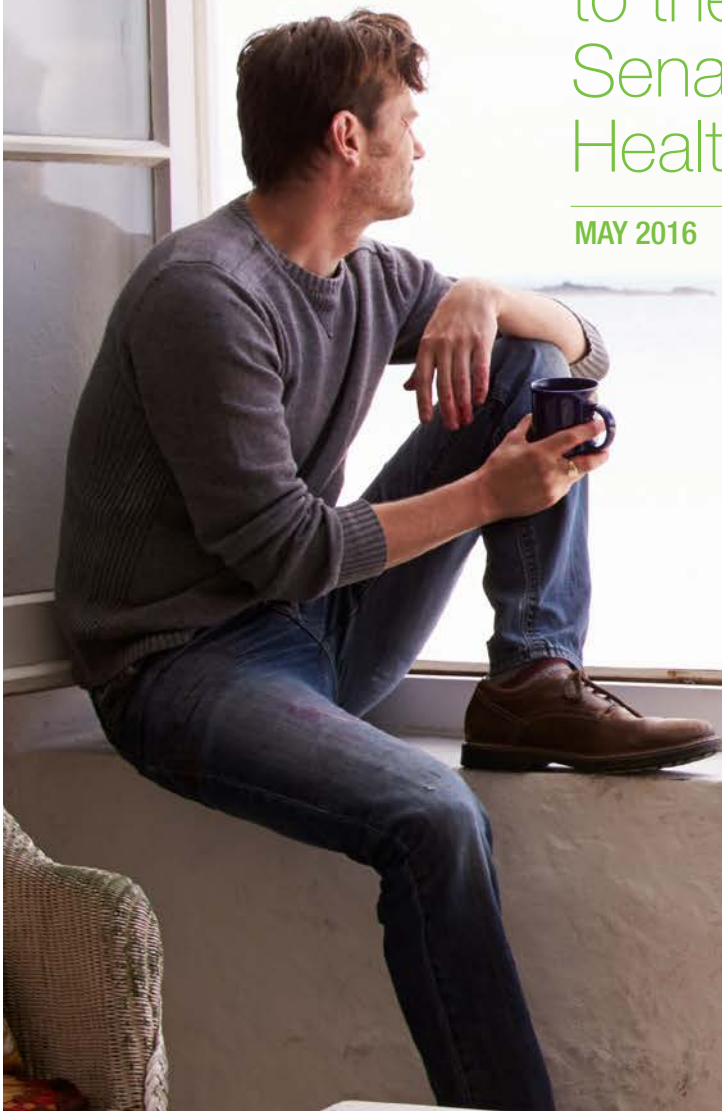
nib

## ATTACHMENT 1

nib's submission in relation  
to the ACCC's report to the  
Senate in relation to Private  
Health Insurance

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MAY 2016



# Focus of the ACCC's report this year

nib understands that this year the ACCC is going to report on one key issue identified in its 2013-14 report. This issue is described in the ACCC's Stakeholder letter as "policy changes that are inappropriately communicated to consumers and which lead to unexpected costs ('bill shock') and inadequate coverage".

As noted below, nib is committed to ensuring transparency in its dealings with its customers. However, nib does not consider that the term "bill shock" is appropriate to describe the concern raised by the ACCC. As the ACCC would be aware, before performing any procedure, and certainly well before a patient receives any bill, doctors and hospitals have an obligation to inform their patients of their fees and charges, and to identify any out of pocket costs. While these fees and charges may not be (for a number of reasons) what the patient was expecting, the patient should be fully informed of them before they receive any service and resultant bill due to the Informed Financial Consent requirements.

Bill shock is a term used to describe the situation when a consumer receives a bill for goods received or services already provided that is higher than expected. If a patient experiences any bill shock then this is likely to be due to a failure on the part of the doctor and/or hospital to properly inform the patient of the relevant fees and charges, including any out of pocket costs as required, not any conduct on the part of their health insurance provider.

Certainly though there are cases where a customer does not realise their health insurance product does not cover a certain procedure until they have consulted a surgeon and that surgeon has conducted an "eligibility check" with their patient's health insurer.

## nib's initiatives to improve consumer information

At nib, we not only acknowledge our obligation but are committed to ensuring customers are fully aware of the benefits that are included and excluded in their health insurance policy, particularly when policy changes are made.

With a strong focus on continuous improvement to the way in which we manage our customer experience, we have established a best practice approach to informing customers of product changes. Over the past few years we have focused on four key areas of interaction between us and our customers:

1

**Website** – nib has invested significant organisational effort into ensuring that understanding what each product covers and comparing covers is as easy as possible. One of the key tools we use for comparing products, both on our website and in our printed collateral, is a 'ticks and crosses' table which shows what each individual product covers. This table includes all inclusions and all exclusions for all four of our hospital products

## 2

**Join process** – Customers can join nib through a number of channels including our website, contact centre and retail centres as well as via one of our broker partners. We endeavour to keep our ‘join process’ consistent across all of our channels. The process has three core steps:

- 1. Needs analysis** – developing an understanding of each customer’s individual needs;
- 2. Product recommendation** – presenting a range of products to meet the needs of each customer. Importantly, most customers have some form of affordability constraint; and
- 3. Join** – accurately capturing the customer’s personal information.

A mandatory component of the product recommendation step is an explicit discussion of what each of the recommended products exclude.

## 3

**Welcome pack** – All customers who complete the join process are sent a welcome pack from nib. This pack includes details on their product. We have recently made significant improvements to the quality of our welcome pack. All customers are now sent a ‘Policy Statement’ which is a single document that includes their personal details as well as specific information on the inclusions and exclusions of their policy.

## 4

**Post join** – There are a number of initiatives undertaken by nib post join to improve consumer information. Some key initiatives are:

- **Cover Review** - As part of our annual Price and Product Change process, nib invites customers to complete a cover review to ensure their level of cover meets their current needs. Our consultants are also trained to offer a cover review at least once every six months to customers who call our contact centre or visit our retail network.
- When there is a product change, each product change is formally communicated to the customer by email or mail (depending on their preferred means of communication) and includes a Policy Statement and a Product Fact Sheet for their new cover. This details the services that are included or excluded, restrictions, excess amount, waiting periods and any special conditions relating to their new cover. This is sent via email or mailed within 24 hours.
- Given growing affordability concerns we are seeing a trend of more and more customers downgrading their cover. In response to this trend, we have developed a ‘Losses and Gains Statement’ to help educate customers on their new cover and avoid confusion. The statement compares the hospital services the customer is no longer covered for and any new services they have gained coverage on. The statement is sent to customers via email and mail within seven days of changing their cover.

# SIS Statement

The format of the SIS is determined by the Private Health Insurance Ombudsman (PHIO). In our view, we do not consider the statement to be particularly helpful to customers. For example, the prescribed format does not allow health funds to list cancer treatment as a specific exclusion on the SIS. Both as an individual fund, and through the PHA, nib has been lobbying PHIO to change the format of the SIS.

## Data

During FY15, nib received 2325 consumer complaints via the contact centre which represents less than 0.05% of our total policy base. Of these complaints, 3.3% related to product changes. The reason for other complaints is varied and includes complaints about waiting periods, transfer to or from nib, misinformation and service failures, payment errors, claiming issues, processing issues, online services and suspension/ resumption issues.

Most of these complaints were resolved internally by nib with 216 being assisted referrals to the Ombudsman and 56 being disputes handled through PHIO.

Detailed below is nib's complaints management process in the event that a complaint is received. Our contact centre representatives undertake the following process to ensure these matters are addressed and resolved quickly and efficiently.

- 1 Customer discusses the issue with frontline consultant. If they want to escalate a complaint
- 2 Customer is then referred to Customer Resolutions Team and is assigned a Case Manager
- 3 Case Manager investigates the concerns and discusses the issue with the customer to seek a mutually agreeable outcome
- 4 If no resolution can be reached or customer remains unsatisfied, complaint is then escalated to Customer Resolutions Team Leader and Customer Solutions Manager for an independent review
- 5 If customer still remains unsatisfied, they are referred to seek an external review of the decision (PHIO).

Analysis of the root causes of complaints is conducted regularly and used as one of a number of inputs to identify and prioritise initiatives to improve the overall customer experience.