



Australian
Competition &
Consumer
Commission

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Dear Stakeholder

Re: ACCC Report to the Senate on Private Health Insurance

The Australian Competition and Consumer Commission (ACCC) is commencing the preparation of its annual report to the Senate 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'. The report will cover the period 1 July 2014 to 30 June 2015.

The ACCC welcomes stakeholders' input into this report.

Focus issue for 2014-15 report

The 2013-14 report examined a range of issues relating to the level of transparency, accuracy and consistency of information about private health insurance and the impact it may have on consumers and competition more broadly. The ACCC undertook considerable research and consultation in the preparation of this report.

This year, the ACCC proposes to report on one key issue identified in the 2013-14 report, namely policy changes that are inappropriately communicated to consumers and which lead to unexpected costs ('bill shock') and inadequate coverage. As noted in the 2013-14 report, market failures due to asymmetric and imperfect information can significantly reduce consumers' ability to compare policies and make informed choices.

Specifically, the ACCC is interested in examining this year:

- whether changes to policies are sufficiently clear, transparent and consistent and are appropriately communicated to consumers when they occur; and
- the impact policy changes that are not appropriately communicated to consumers may have, including the extent to which they may:
 - lead to 'bill shock'
 - limit consumer access to, or choices of health care
 - cause other potential consumer harm or detriment.

The ACCC will be seeking to inform itself on this issue using available data and the input of stakeholders. This approach also takes into account the Department of Health's Private Health Consultations 2015-16 (further information is available at <http://www.health.gov.au/internet/main/publishing.nsf/Content/PHIconsultations2015-16>).

Submissions

In order to help us prepare our report, we invite you to provide your views on the following:

- In addition to complying with the legislative requirements, are you aware of or do you undertake any additional steps to inform consumers of policy changes?
- Do you think there are any problems with the way in which policy changes are communicated to consumers e.g. are they being communicated effectively?
- Are you aware of specific examples where policy changes have not been communicated to consumers in a clear and transparent way? Please provide details.
- Are you aware of practices where policy changes have not been communicated to consumers at all? Please provide details.
- Are you aware of practices where the information provided by insurers relating to policy changes has resulted in consumers experiencing 'bill shock'? Please provide details.
- Are you aware of practices where the information provided by insurers relating to policy changes has resulted in inadequate policy coverage for consumers?
- Are you aware of any common practices or methods for communicating policy changes to consumers that you consider 'poor practice,' or that insurers should not be doing?
- Do you have any suggestions for how the provision of policy change information can be simplified or made more accessible to assist consumers to understand any changes to the terms and conditions of their policies?
- What do you consider to be 'best practice' principles for communicating policy changes to consumers, and when should this communication occur? Are there other industries which may provide an example of a 'best practice' approach?

Data

- If you are a health insurer provider or consumer organisation, could you provide us with information about complaints and/or concerns you receive relating to the communication of policy changes to consumers, including:
 - the number or frequency of such complaints
 - the main causes of these complaints
 - how you address these complaints.
- Are these complaints changing over time and if so, how?

Lodgement

Submissions are welcome by Friday 29 April 2016 and can be made in the following ways:

- Online at <https://consultation.accc.gov.au/ipil/phireport-2015/>
- Send your submission to Joelle Leggett, GPO Box 520, Melbourne VIC 3001.

We would be grateful if you could provide your responses online and in PDF format. Submissions will be published on-line in accordance with the ACCC Information Policy.¹ Information which is of a confidential nature or which is submitted in confidence can be treated as such by the ACCC, provided the cause for such treatment is shown.

¹ <https://www.accc.gov.au/system/files/ACCC-AER%20Information%20Policy.pdf>

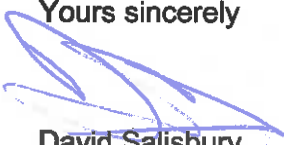
Stakeholder forum

The ACCC will be inviting a range of stakeholders to a face-to-face stakeholder consultation forum following the written submission process. The ACCC anticipates that this forum will be held in May/June 2016. Invited stakeholders will be further notified about this process via email.

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 questions or queries can be directed to phireport@accc.gov.au.

Yours sincerely



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