



the right to change

There are many different health funds and lots of different health insurance products, designed to meet different needs, circumstances and budgets.

You should review your health insurance needs regularly (at least once a year) to make sure the product you have still fits your circumstances and budget.

Sometimes health funds may make changes to the benefits or conditions applying to your product and the cost of most health fund products changes each year.

It is your right to change your health insurance product if it no longer meets your needs.

If you are considering changing your health insurance arrangements, this brochure will help to explain what you can expect and what you need to do.

consumer protection when you change

Portability

The law covering health insurance (Private Health Insurance Act 2007) includes some special rules to protect consumers who want to change their hospital products, either to another product in the same fund or to another fund. These special 'portability' rules mean that when you change products (or funds) you won't have to wait the normal waiting periods again before benefits can be paid to you. (You may have to wait for any extra benefits or better conditions that apply to your new product.)

To take advantage of the portability rules, you need to make sure that your payments for the product you are transferring from are up to date.

The portability rules do not provide similar protection if you change your general treatment (extras) cover product. However most health funds will give you immediate cover for extras benefits that you had on your previous product, when you transfer from another extras product or another fund. It is up to you to check this with

the fund. You should also check how any annual limits will operate when you change your extras product.

Lifetime Health Cover

If you change health funds it should not affect your 'Lifetime Health Cover' status, provided you maintain your hospital cover.

Cooling Off – Period

When you join any fund or take out a new cover you should have the details of your new product explained to you and confirmed in writing. You may also have the benefit of a 30-day *cooling off period*. This means if you change your mind in the first 30 days after joining, and haven't made a claim for benefits on the new product you may get a refund of any contributions you've paid.

fund loyalty bonuses

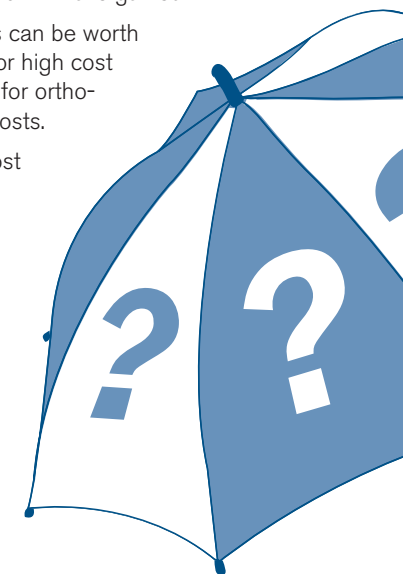
Many funds offer *loyalty bonuses* on some of their products. They are common throughout most funds in some form or another and are given as a reward to longer-term members of the particular fund.

Bonuses can include, for example, the accumulation of credits that will reduce your hospital excess or higher annual limits for some extras benefits.

The longer you have been with one fund, the more loyalty bonuses you will have gained.

Some of these bonuses can be worth quite a lot, particularly for high cost extras benefits such as for orthodontic or major dental costs.

If you change funds, most funds won't honour any loyalty bonus you had built up with your previous fund. However, it can be worth asking if this can be done.



changing your hospital cover

Here are the key questions to get answered when selecting any hospital cover product.

If you are considering changing your hospital cover answer each of the questions for the product you have and any product you are considering

This gives you a good basis for comparing hospital covers.

- How long do I have to wait before benefits can be paid?
- If I go to hospital will I have to pay an excess or make any co-payments?
Find out how much you'll need to pay and how often.
- Are there any treatments I won't get full hospital benefits for?
Are you happy to take the risk of not being fully covered for those treatments?
- Does this fund have agreements with private hospitals I might need to attend?
If not, you might not get full cover at those hospitals.
- How does the fund's gap cover scheme work?
Find out what you can do to minimise any gap you might have to pay for the doctors' bills when you go to hospital.
 - Will this product exempt me from the Medicare Levy Surcharge?
If not, you might have to pay an extra tax on your income.
 - How much will it cost me?



how hospital cover waiting periods will apply

Most funds will apply the following waiting periods for new members taking out a hospital cover product:

- ▶ A general two months wait for any benefits.
- ▶ A two months wait for psychiatric care, rehabilitation or palliative care (whether or not for a pre-existing ailment).
- ▶ A twelve months wait for benefits on any pre-existing conditions. (A condition can be classed as pre-existing even if it hadn't been diagnosed before you joined.)
- ▶ A twelve months wait for benefits for obstetric treatment (birth).

These are the maximum waiting periods allowed by law for hospital cover.

Some funds will waive the general two months waiting period for new or transferring members. It is always worth asking if this can be done.

If you have not already served out those waiting periods on your previous product the remainder of the waiting period will still apply for all benefits on your new product. *See Example 1.*

Otherwise, those waiting periods will only apply to any extra benefits or better conditions that are available on your new product. *See Examples 2 and 3.*

If you change to a hospital cover that has lower benefits or excludes benefits for some treatments, the lower benefits and/or exclusions will apply immediately.

benefit limitation periods for hospital cover

Some hospital products also have benefit limitation periods for some types of hospital treatment. If a new member has that type of treatment the fund will only pay a limited benefit for an initial period (usually one or two years).

If you have had hospital cover with another fund and transfer to a product with benefit limitations the new fund cannot apply the benefit limitation to you. *See Example 4.*



EXAMPLES

changing your hospital cover

Example 1

Waiting Periods not completed before changing

- ▶ Joe has had a top hospital cover with ABC Health Fund for 8 months. He changes to the top hospital cover with XYZ Health Fund.
- ▶ The benefits offered by both funds' top covers are the same but XYZ is a bit cheaper.
- ▶ Because he has completed the general two-month waiting period, with the ABC fund, his new fund will recognise this and he will be able to get benefits immediately if he needs hospital treatment for any new injury or condition.
- ▶ However, Joe has been advised by his doctor to have some hospital treatment to remove gallstones.
- ▶ Because he has had symptoms of gallstones for about a year, this is classified as a pre-existing condition. There would normally be a twelve-month waiting period before benefits could be paid to a new XYZ member for a pre-existing condition. But the portability rules mean that XYZ health fund will recognise the eight months that Joe had hospital cover with the ABC fund. Joe has a further four months before the waiting period for pre-existing conditions is completed.
- ▶ If Joe had the hospital treatment immediately XYZ fund would not pay any benefits.
- ▶ If Joe waits four months before having the treatment, XYZ fund would pay its full benefits for the treatment.

EXAMPLES

changing your hospital cover

Example 2

The new product has some better benefits (lower excess)

- ▶ Joan had 12 months membership on a product that had an excess of \$300 for each hospital admission and decided that she should change to a product that had a lower excess (\$100).
- ▶ Joan needs treatment for a stomach ulcer three months after transferring to the lower excess product.
- ▶ As Joan had previously had some minor symptoms that were later shown to be associated with the ulcer, the condition was deemed pre-existing and she was therefore required to pay the higher (\$300) excess for this hospitalisation.
- ▶ If Joan had not had previous signs or symptoms of the ulcer, she would have been immediately entitled to the higher benefits of her new cover and would have only had to pay the lower excess (\$100).
- ▶ If Joan had not needed the treatment until 12 months after transferring, the pre-existing ailment waiting period on the additional benefits would have been completed and she would have only had to pay the new lower excess (\$100).

EXAMPLES

changing your hospital cover

Example 3

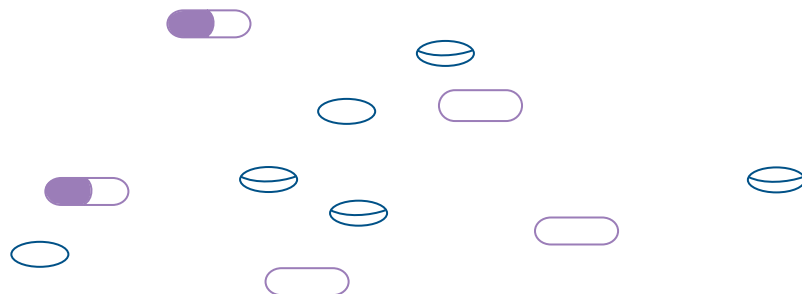
The new product has some better benefits (no restricted treatments)

- ▶ Jim had 12 months membership on a product that had restricted benefits for some treatments including any cardiac procedures (benefits were limited to less than half the hospital's charges). He changed to a product that has no restrictions.
- ▶ Jim suffered a heart attack three months after changing his cover.
- ▶ As Jim had previously had some symptoms of heart disease, the heart condition was deemed pre-existing and he was still only entitled to his previous (restricted) benefits for this problem for a further nine months.

Example 4

The new product has benefit limitation periods

- ▶ Jane had top hospital cover with ABC Health Fund for about five years. She decided to change to a cheaper product offered by LMN Health Fund.
- ▶ The new product with LMN has a two year benefit limitation period applying to psychiatric treatment. (In the first two years of membership only limited benefits could be paid for any psychiatric treatment at a private hospital.)
- ▶ Because Jane is transferring from another hospital product the benefit limitation period does not apply to her.
- ▶ If Jane required psychiatric treatment at a private hospital she would be entitled to the full fund benefits for that treatment.



changing your general treatment (extras) cover

Here are the key questions to get answered when selecting any extras cover product.

If you are considering changing your extras cover answer each of the questions for the product you have and any product you are considering

This gives you a good basis for comparing extras covers

- Does the product pay benefits for the services I want to use?
Make a list of the sorts of services you are likely to want to use (for example: dental, orthodontics, optical, natural therapies etc).
- What waiting periods apply for each of the types of service I might use?
Ask if the fund will waive any of those waiting periods because you have previously had extras cover.
- How much of the cost of each service will the fund benefits cover?
If you have old bills or receipts ask how much the fund would have paid on that bill.
- What annual limits apply?
Find out the maximum total benefit payable each year and the maximum number of services for which the fund will pay benefits.
- Will the limits increase over time if I stay with the fund?
Ask if you can get any recognition for the time on your previous product.
- How much will it cost me?
Ask if any discounts are available (eg. for paying in advance or by direct deduction from your account).



how general treatment waiting periods apply for extras cover

Most extras cover products have different waiting periods for the different types of services that the products cover. They vary significantly but some examples of typical waiting periods are:

- ▶ Two months for benefits for general dental services and physiotherapy
- ▶ Six months for benefits for glasses or lenses
- ▶ Twelve months for benefits for major dental procedures such as crowns or bridges
- ▶ One, two or three years for some high cost procedures such as orthodontics.

If you change to another fund

If you are changing your extras cover to another fund, most funds will not make you serve waiting periods again for the benefits you had on your previous cover. You should ask the fund to confirm, in writing, what, if any waiting periods will apply to you.

All funds operate their extras covers quite differently so you should always recheck the benefits as well as any annual limits and how they work. Many funds will reduce any annual benefit limits by the amount of benefit already paid to you under your previous product.

Funds will not normally recognise any extra limits you might have built up as *loyalty bonuses*.

If I have both hospital and extras cover, do they have to be with the same fund?

No. You can have your hospital cover with one fund and your extras cover with another. You will still get the benefit of the government's health insurance rebate on both products.



what to do when you change funds

- ▶ Make sure the premium payments for your old product are up to date.
- ▶ Ask your new fund to start your new cover from the day after your old product is paid up to.
- ▶ Ask your old fund to cancel your old product and to give you or send you a 'clearance certificate' as soon as possible. (You should do this yourself, if possible, even if your new fund offers to do it for you.) Your old fund is required to provide you with the clearance certificate within 14 days of your request.
- ▶ Send the clearance certificate to your new fund when you receive it. (Keep a copy if you can.)
- ▶ If you were having your premiums for your old product deducted from your bank account or credit card - check your next account statements to make sure the deductions have stopped.
- ▶ If you have authorised the new fund to deduct your premiums from your bank account or credit card - check your next account statements to make sure the deductions have started and that the amount deducted is what you expected.

more information

www.privatehealth.gov.au is where you can find out about private health insurance and search for and compare selected features for all private health insurance policies in Australia.

If you have a complaint or need advice about your health insurance arrangements contact the Private Health Insurance Ombudsman:

1800 640 695, email us at info@phio.gov.au, or check out our web site at www.phio.gov.au.