



Corrigendum

This table replaces figure 15 on page 25 of PHIO Annual Report 2006

CASE STUDIES

1. Pre- Existing Ailments and Informed Financial Consent

The Ombudsman received 281 complaints about waiting periods in 2005/06, which is about 10% of all complaints received. Most of these complaints were about the application of the twelve-month waiting period for pre-existing ailments and conditions.

Under the *National Health Act 1953*, a 12-month *pre-existing ailment* waiting period applies to all people who join a hospital cover or who upgrade their cover to a higher level of hospital cover. This rule exists to protect the interests of people who already have private health insurance and whose contributions make up the benefits which health funds are able to pay.

A pre-existing ailment is defined by law as any ailment, illness or condition where there were signs or symptoms during the six months before the member joined a hospital table or upgraded to a higher hospital table. It is not necessary that the member or their doctor knew what the condition was or that there had been a diagnosis.

A doctor appointed by the health fund decides whether the member's ailment is pre-existing, based on information provided by the member's treating doctors. The health fund doctor must consider the opinion of the treating doctor, but is not bound to agree with them.

Some members and their doctors are under the impression that if the condition had not been diagnosed prior to joining the fund, the pre-existing ailment rule will not apply. Many of the complaints to the Ombudsman are based on this misunderstanding. The Ombudsman is able to investigate the fund's application of the pre-existing ailment rule to ensure it is being correctly applied. In the majority of cases, the fund is applying the rule in accordance with the law.

Figure 15 Reported Private Health Insurance Premium Increases 2006¹

NAME OF FUND	AVERAGE INCREASE ACROSS THE FUND (%) ^W
ACA Health Benefits	6.17
AHM	3.90
Australian Unity	5.44
BUPA (HBA)	4.92
CBHS	6.24
CDH (Cessnock District Health)	6.94
Credicare	7.97
Defence Health	5.77
Doctors' Health Fund	6.03
Druids Victoria	4.25
GMHBA	7.82
Grand United Corporate Health	9.00
HBF Health	5.70
HCF (Hospitals Cont. Fund)	5.68
Health Care Insurance	4.89
Health Insurance Fund of W.A.	6.79
Healthguard	5.07
Health-Partners	8.62
Latrobe Health	3.00
Lysaght Peoplecare	3.43
Manchester Unity	6.37
MBF Australia Limited	5.77
MBF Alliances	6.71
Medibank Private	5.88
Mildura District Hospital Fund	6.99
N.I.B. Health	4.85
Navy Health	4.42
Phoenix Health Fund	6.96
Police Health	8.08
Queensland Country Health	5.04
Railway & Transport Health	6.66
Reserve Bank Health	9.55
St Lukes Health	3.73
Teacher Federation Health	7.40
Teachers Union Health	4.98
Transport Health	6.45
Westfund	4.07

¹ Source: *Private Health Insurance Report on Premium Increases For the Quarter Ending 31 March 2006* Tabled in Parliament on 13 June 2006