



Australian Government

Private Health Insurance Ombudsman

What is the Waiting Period for Pre-Existing Conditions?

Under the *Private Health Insurance Act 2007*, a health insurer may impose a 12 month waiting period on benefits for hospital treatment for pre-existing conditions.

A pre-existing condition is defined as any ailment, illness, or condition where, in the opinion of a medical adviser appointed by the health insurer, the signs or symptoms of that illness, ailment or condition existed at any time in the period of 6 months ending on the day on which the person became insured under the policy. The pre-existing condition waiting period applies to new members and members upgrading their policy to any higher level benefits under the new policy.

The test applied under the law relies on the presence of signs or symptoms of the illness, ailment or condition; not on a diagnosis. It is not necessary for the member or their doctor to know what their condition is, or for it to be diagnosed. In forming an opinion about whether or not an illness is a pre-existing condition, the health insurer appointed medical practitioner who makes the decision must take into account information provided by the member's treating doctor.

Once a member has been on their hospital policy for a continuous period of 12 months, the pre-existing condition waiting period no longer applies and the member is entitled to the full benefits under their policy.

Why is there a Waiting Period for Pre-Existing Conditions?

People choose to take out private hospital insurance for many different reasons. If there were no waiting period for pre-existing conditions, people could take out hospital cover or upgrade to comprehensive cover only when they knew or suspected that they might need hospital treatment and immediately make a hospital claim. If these new members then ceased their

The Pre-Existing Conditions Rule

How the rule is applied and PHIO's role in dealing with complaints

membership or downgraded to a lower level policy, their hospital costs would have to be paid for by the long-term members who remain on their previous hospital policy. This would not be fair to long-term members.

New and upgrading members who do have pre-existing conditions can still seek treatment for these conditions in a public hospital under Medicare.

As well as the twelve month waiting period for pre-existing ailments, health insurers are also permitted to apply the following waiting periods to new and upgrading members:

- 12 months for obstetric services;
- 2 months for psychiatric care, rehabilitation and palliative care; and
- 2 months for all other services.

Key Points for Pre-Existing Conditions

- The legal definition of pre-existing conditions only applies to hospital tables. Some insurers do apply similar rules to their general treatment (extras) cover;
- It is the health insurer's medical practitioner who decides if an ailment, illness or condition is pre-existing, NOT the member's treating doctor. The insurer's medical practitioner must also consider any information regarding signs and symptoms provided by the treating medical practitioner(s);
- Whether or not a member has a pre-existing condition must always be assessed in relation to that person's individual circumstance. It is not allowable to say that certain conditions are always pre-existing;



Australian Government

Private Health Insurance Ombudsman

- The medical practitioner appointed by the health insurer must be satisfied that there is a direct link between the ailment, illness or condition that requires hospital treatment and the signs and symptoms that existed in the 6 month period prior to the member joining or upgrading hospital cover;
- It is not necessary for the ailment, illness or condition, to have been diagnosed in the 6 month period – only that signs or symptoms were, or would have been, evident;
- These signs and symptoms should have been reasonably apparent to either the member, or a reasonable general practitioner had the member been examined in this 6 month period;
- Risk factors, including family history of a pre-existing condition, are not signs or symptoms of a pre-existing condition. The health insurer's medical practitioner should not consider these risk factors when deciding whether a condition is pre-existing;
- The waiting period for pre-existing ailments cannot exceed 12 months from date of joining or upgrading hospital tables.

What is the Role of the Private Health Insurance Ombudsman?

The Private Health Insurance Ombudsman (PHIO) acts as an independent third party in dealing with complaints about the application of the pre-existing condition waiting period. When PHIO receives a complaint from a member about the pre-existing condition waiting period, our process is to request a copy of the health insurer's medical report and a copy of the certificates completed by the member's treating doctor and specialist. This information is only requested once the member has provided written consent for PHIO to seek this information from the insurer.

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Once we have this information, we will review it to decide whether to provide an explanation to the member, investigate the matter further, or negotiate a resolution with the insurer.

In making determinations about complaints about the pre-existing condition waiting period, PHIO will ensure the waiting period has been applied correctly and that the fund and hospital have complied with the Pre-Existing Condition Best Practice Guidelines. These Guidelines were released in September 2001 to ensure that health insurers apply the waiting period correctly and that health insurers and hospitals provide members and patients with appropriate information about the waiting period and how it might impact on their entitlement to benefits under their policy.

If a complaint investigation reveals that the insurer or hospital have not complied with the Best Practice Guidelines, PHIO will negotiate a resolution to reduce the outstanding account in cases where the member has been to hospital.

Where Can I Find More Information?

For information about what to do if you need hospital treatment in your first year of membership on your health insurance policy, see our **Waiting Periods Brochure**. For information about how the pre-existing condition waiting period affects members who are upgrading their policy, see the **Right To Change Brochure**. Both are available from our [website](#) or by phone.

For more information on private health insurance or to lodge a complaint, contact our office:

Websites: www.phio.org.au and www.privatehealth.gov.au

Complaints Hotline: 1800 640 695

General Information: 1300 737 299