

3 September 2019

Medibank and ahm response to ACCC proceedings

Medibank and ahm today responded to the Australian Competition and Consumer Commission (ACCC) proceedings relating to an issue identifying eligibility when responding to customer enquiries and paying claims for joint investigations and reconstruction procedures for customers on ahm Boost and Lite products.

The ahm Boost and Lite products provided customers with benefits for all joint investigation and reconstruction Medicare Benefits Schedule (MBS) items. However, in 2017 Medibank discovered that not all MBS item codes applicable to this category were entered into ahm's claims assessment system.

The issue was identified as a result of receiving customer complaints, which led to an internal investigation of the matter. A program of compensation was established to ensure affected customers were compensated.

Medibank voluntarily notified the ACCC of the issue in 2018 and briefed the regulator on its approach to customer communication and its compensation process. Medibank has been working cooperatively with the ACCC throughout its investigation.

ahm contacted around 130,000 customers in 2018 who were insured by ahm Boost and Lite products to ensure that anyone affected by the error was compensated. ahm has paid compensation to around 175 customers, totalling around \$745,691.

The issue was caused by an internal process failure, where a number of MBS item codes belonging to the joint and reconstruction category were not entered on the system for the Boost and Lite products.

Medibank takes its obligations under the Australian Consumer Law seriously and has appropriate processes in place to ensure compliance.

For any ahm customers who held Boost or Lite products between 2013 and 2018, who have questions regarding whether they may have been impacted, they can contact us on 1300 721 581.

ahm Senior Executive Jan O'Keefe said:

"We apologise unreservedly to our customers who have been impacted by the error.

"We have already notified all customers who are or were insured by the ahm Boost and Lite products since inception of the products. We did that to ensure that any customers affected by this error were compensated.

"While we believed the issue impacted a small number of customers it was the right thing to do to write to all customers who held a Boost and Lite product, to give all customers the opportunity to check whether they were eligible for compensation.

“In conducting the investigation, we also reviewed ahm’s process for developing and managing products, to help ensure that this does not happen again.

“Since 2013, ahm received and resolved around 10 Private Health Insurance Ombudsman (PHIO) complaints and an estimated 43 customer complaints across the Lite and Boost product range that may have been related to joint investigations and reconstruction procedures.

“In 2017, we established a process which allowed us to track trends across complaints and this provided us with the capability to identify this issue upon which we undertook an investigation to understand its scale. We then decided to proactively write to our customers, establish a program of compensation and self-report to the regulator.

“We believe the approach we have taken to be transparent with all past and current ahm Lite and Boost customers about the issue, the way we have implemented a compensation program and how we have engaged proactively with the ACCC, reflects our commitment to do the right thing.

“I encourage any customer who believes they may have been impacted to contact us.

“While this matter is before the Federal Court I need to respect the process and am unable to make any further comments about the case until the proceedings are complete.”

For further information please contact:

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