Submission in response to MBIE's consultation document:

Review of approved financial dispute resolution scheme rules

19th April 2021

Company	Health Service Welfare Society trading as Accuro Health Insurance
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Introduction

Accuro Health Insurance welcomes the opportunity to provide feedback on this consultation document.

Accuro is a specialist health insurer covering approximately 35,000 lives, with premium income of approximately $34m per annum, and net assets of approximately $10m.

Accuro is a member of the Insurance and Financial Services Ombudsman (IFSO).

Submission:

1	What is your feedback on the proposed objective and criteria for the review? What is your feedback on the proposed weighting of the criteria?
	These are a good set of criteria with good coverage from the consumer and provider perspective. The greatest weighting on accessibility makes sense, especially from the vulnerable customer perspective.

	Financial cap
2	Are you aware of any instances of consumer harm due to the issues outlined?
	We are not aware of any instances of consumer harm. While we do have benefit limits of up to $500,000 per policy year, it is very rare for us to have claims of over $100k. We do however acknowledge that there should be consistency and that limiting the cap to $200,000 could disadvantage some customers in other insurance scenarios.
3	Do you have any feedback on the problems outlined?
	We have not seen these problems eventuate for Accuro given the nature of our claims profile.
	Option one: set the primary jurisdictional and redress cap at $350,000
4	Do you have any feedback on this option?
	We consider a jurisdictional limit that is aligned and tethered to the District Court threshold is appropriate. This would ensure consistency and future proof the limit. Whilst effectiveness and efficiency of the schemes may be impacted by increasing the cap (as more complex claims may be heard by the schemes) this will be balanced by the fact that increased accessibility for consumers promotes efficiency and effectiveness for consumers, as the schemes are designed to be a faster and less formal alternative to the courts, and free for consumers to use. A consistent cap therefore promotes fairness to consumers.
5	Are there any other costs or benefits of this option?
	Nothing further to note.
	Option two: introduce a weekly alternative to a lump sum cap
6	Do you have any feedback on this option?
	We do not consider that a weekly alternative to a financial cap should apply to products or services that are valued as a lump sum. It would seem to defeat the purpose of any fixed financial cap if schemes could consider claims of more than that, on the basis of the weekly alternative. That said, we acknowledge that for products that do have weekly benefits it makes sense for their to be an ability for a scheme to assess these (as is the case now with IFSO).
7	Do you agree that a weekly payment alternative should be introduced for all schemes? Why/why not?
	Accuro does not have any weekly payment benefits but would suggest that consistency between schemes should be reached in the consumers best interest.
8	Is $1,500 an appropriate weekly payment alternative? Why/why not?
	No comment.

9	Are there any other costs or benefits of this option?
	No comment.
	Other potential issues with inconsistent awards
10	Do you have any feedback on the problems outlined?
	No comment. We are comfortable with the IFSO approach.
11	If a consistent special inconvenience award was to be introduced, in what circumstances should it be awarded? Should this be discretionary, or strictly prescribed?
	We consider a consistent special inconvenience award should not be purely discretionary. There needs to be some guidelines around the non-financial impacts (e.g. stress, humiliation, inconvenience) and how these are defined.
12	If an interest award was to be introduced how should it be calculated?
	The interest payment award mechanism adopted by IFSO is sensible as interest is awarded at the 90 day bank bill rate where there has been undue or unreasonable delay by the participant. This amount is publicly available and can be consistently applied across schemes.
13	What are the benefits and costs of the options?
	No further comments.
	Timing of membership & jurisdiction
14	Are you aware of any specific situations where providers have switched between schemes resulting in the situation described above? If so, what happened?
	No.
15	Do you agree with the potential problems that may occur as a result of inconsistent scheme rules about the timing of membership/jurisdiction?
	Inconsistencies should be addressed to ensure consumers have equal access to redress.
	Option one: require all schemes to consider claims about current claims about current members, even if the issue arose prior to membership
16	Do you have any feedback on this option?
	Where providers have changed schemes, to alleviate jurisdictional issues, we consider that consumer complaints should be escalated to the provider's current scheme, regardless of which scheme the provider belonged to when the issue complained of occurred. This would be the tidiest from the consumers perspective and would avoid undue stress to the consumer.

17	Are there any other costs or benefits of this option?
	If financial caps are standardised across the schemes, then consumers are unlikely to be prejudiced by a change in scheme. Scheme's should consider the risk of back dated complaints when taking on new providers and address appropriately when onboarding and setting fees.
	Option two: require schemes to consider complaints where the issue occurred when the provider was a member of the scheme, even if they are no longer a current member
18	Do you have any feedback on this option?
	This could adversely impact the consumer, being confusing where to lodge the complaint and time delays if there are any details to be worked out between the scheme and ex-provider member.
19	Are there any other costs or benefits of this option?
	No further comment.
	Applicable time periods (limits) for bringing a claim
20	Do you any feedback on the problems outlined?
	No comment; we have not experienced the problems outlined but acknowledge that they could potentially occur, especially for vulnerable customers.
21	Are you aware of instances of consumer harm from the problems outlined?
	No we are not aware of instances of consumer harm.
	Option one: limit time period I to a maximum of two months
22	Do you have any feedback on the option?
	We support Option one: limit time period to a maximum of two months. Two months is appropriate balancing the customers interests to escalate to get resolution and the providers need to gather further information about the claim. We recommend that all schemes adopt similar wording to that currently used by IFSO where it states, "Two months have passed without notification of deadlock (and scheme considers deadlock reached". This wording gives the scheme discretion to refer customers back to the participant if they do not consider deadlock has yet been reached despite two months having passed. This reduces the risk of complainants not engaging in a participant's complaints process and just waiting out the two months so they can go direct to the relevant scheme. This is particularly important should the financial cap increase, which will likely introduce more complex claims into the jurisdiction of the schemes. It is important that participants have sufficient time to review the complaint, including to consult external experts such as medical and legal experts.

23	Are there any other costs or benefits of this option?
	No further comment
	Option two: create a consistent time period II of three months after deadlock
24	Do you have any feedback on this option?
	We support this option as it only impacts FSCL and has the result of having all schemes in same place.
25	Are there any other costs or benefits of this option?
	No further comment.
	Option three: introduce discretion to hear a complaint after time period II
26	Do you have any feedback on the option?
	We support this option with limits. The current IFSO standard for using discretion (up to 12 months or if in the Ombudsman's opinion it would be fair and reasonable to do so) is appropriate in our view.
27	Are there any other costs or benefits of this option?
	No further comment.
	Option four: consistent limit for time period III
28	Of the four schemes, which way of outlining time period III is preferable? Why/why not?
	We are comfortable with the approach used by IFSO; most important thing however is consistency.
29	Are there any other costs or benefits of this option?
	No comment.
Other Comments	
No further comment.	

About Accuro Health Insurance

Accuro Health Insurance was set up in 1971 as the Hospital Services Welfare Society which was owned, operated and funded as an entity of the Hospital Boards Association but with its own board appointed by the Department of Health, the Hospital Boards Association and the Combined Hospital Unions. In 1991 the board established HSWS as an independent society under the ownership of its members. Today it operates as a private health insurer trading under the name Accuro Health Insurance. As a health insurer grounded in the public health sector Accuro is strongly committed to supporting the effectiveness of publicly funded health services and better health outcomes for all New Zealanders.

Our purpose is to help our Members get well and stay well. We are a member based, co-operative model whose history is rooted in a philosophy of care. A commitment to delivering great outcomes for our Members is core to our DNA. That's why we're here.

Accuro is a member of the Financial Services Council (FSC), the industry body representing New Zealand's health insurance sector.