



**Bupa HI Pty Ltd**  
Level 14  
255 George Street  
Sydney NSW 2000

info@bupa.com.au  
bupa.com.au

15 May 2020

Dear Mr Kirkland,

## Our response to COVID-19

Thanks for your letter regarding fairer health insurance for consumers during COVID-19. This is an issue that is very important to us, and I would like to take you through each of the steps Bupa has taken.

Recognising the challenges our customers have faced as a result of the pandemic meant responding quickly, compassionately and in ways that offered our customers pragmatic, helpful support.

### What were the big issues facing customers?

Affordability and value for money in private health insurance are important to our customers at all times – including prior to COVID-19. That's why we review our products and offers and seek regular feedback from our customers to ensure they meet their needs.

### A note on how we compare to other insurers

With regards to your proposal to compare insurers on your five suggested areas, it's important to note that there are a number of different factors that contribute to the cost of health insurance. While there has been a short-term delay in elective surgery and some ancillary services, this delay has been, thankfully, measured in weeks, rather than months. Most services have now resumed, and we are still working through the full implications to our business, particularly given the need to now deal with a potential surge of backlogged claims.

From the beginning of this crisis, Bupa was committed to acting ***in the best interest of our customers and not seek to benefit from this unprecedented situation***. This approach applies across all five of your proposed actions, but I'd also like to provide additional detail relevant to each section.

<b>CHOICE suggestion</b>	<b>Bupa action</b>
Defer health insurance premiums	✓ Deferred six months, to be reviewed prior to 1 October
Further premium discounts	? Too early to determine. Under further review
Rolling over unused extras	? Too early to determine. Under further consideration.
Access to suspension of coverage	✓ Available to all customers
Hardship policies	✓ \$50m fund created and already accessed by 27,927 customers including premium waivers, discounts, unemployment cover and suspensions.



To support our customers' health and financial wellbeing through the COVID-19 pandemic, Bupa is helping in a number of pragmatic ways. These include:

- A \$50m hardship fund for customers suffering financial difficulties due to the COVID-19 pandemic with relief mechanisms consisting of premium waivers, premium discounts, policy suspensions and unemployment cover depending on customers individual circumstances.
- Delaying the April 1 premium increases for six months, saving customers around \$134m.
- Making sure ALL customers with a hospital policy are covered for lung and chest conditions, including those arising from COVID-19 related claims, irrespective of the terms of that policy.
- Expanding cover to include claims for psychology, speech pathology, physiotherapy, occupational therapy and dietetic services delivered through telehealth, while at home.
- Expanding cover to include rebates on many health aids and medical appliances purchased online to provide added flexibility at a time where many people are practising social distancing.
- Providing customers with access to Australia's leading home fitness and nutrition program, 28 by Sam Wood, for three months at no cost.
- Access to a dedicated COVID-19 assistance and advice helpline.

In order to answer your questions in more detail, I've provided some further detail below.

### **1. A full deferral of private health insurance premium increases for 2020-21, reflecting that the costs for health insurers are not going up this year.**

Bupa has made the decision to delay the annual 1 April premium increase for ALL customers for six months and, in conjunction with the Department of Health and APRA, we'll review our position before October. This is delivering a \$134m saving to customers.

Additionally, the underlying cost of care and forecasted increase in demand due to an ageing population and growing levels of chronic illness means it is incorrect to state that costs are not going up this year or in any other year. During the COVID-19 restrictions, some costs may have been temporarily paused, but with the resumption of elective surgeries and ancillary services, the costs associated with those treatment will also resume.

### **2. Further premium discounts to reflect limited access to services to recognise that people can't access a full range of health services that they would in a normal year.**

We'll act in the best interest of our customers and not seek to benefit from this unprecedented situation.

It's important to remember that while some services were on hold for a limited period, ALL our customers still had access to and coverage for urgent treatment in a hospital as a private patient, with a choice of doctor. This includes treatments related to injuries, cardiac conditions, stroke, cancer treatment, appendicitis, chronic diseases, emergency dental and a range of other services.

As elective surgery and COVID-19 impacted ancillary services start up again, customers who had surgeries or treatments 'paused' should be able to get their bookings back as soon as possible. This naturally means higher than normal numbers at the moment as we work through the backlog. It's also worth noting that a temporary postponement of elective surgeries or consumption of COVID-19 impacted ancillary services doesn't mean a reduction in the use of such services throughout the total period of a customer's cover.



Bupa has also provided hospital cover for Lung and Chest conditions (including COVID-19 related treatments) and made sure these are included on all of our products during this time (regardless of customer's previous level of cover).

**3. Rolling over unused extras benefits to the new year to recognise that many services were not available due to closures and restrictions, many of which are still affecting access.**

It's too early to give a definitive answer on this. As ancillary services, including dental, start up again, we'll be keeping a close eye on the impact this is having on customer usage of these services and we'll be closely monitoring any variations in usage levels. While the current situation meant a short, sharp temporary postponement of these services, given these are annual limits, there's still plenty of time left for customers to access those benefits over the course of the year.

Bupa was quick to proactively alter our extras/ancillary claiming guidelines. As people were stuck at home during lockdown, this allowed for ongoing claiming for telehealth consultations (over the phone and on Skype, Zoom etc.) on important services such as psychology, counselling, physiotherapy and occupational therapy. Physio and psychology have received the highest number of telehealth claims. All our customers have also been encouraged to join an accessible, simple but powerful health and fitness program, 28 by Sam Wood, during COVID-19 at no cost to them.

**4. Broad access to suspension of coverage, recognising that this is a broad economic crisis.**

Bupa customers are able to suspend their cover at any time. While suspension is included in our financial hardship options, where possible (and if it meets the customers' best interests) we also try to provide a waiver or discount so that customers can instead continue to have cover and access to all, or at least some, services.

**5. Publicly available hardship policies that show how the fund will provide support for people who have lost their job or income to demonstrate compassion and a real commitment to policy holders' financial wellbeing.**

I'm pleased to let you know that we've put aside more than \$50m in assistance for customers who have lost their jobs or are experiencing other financial hardship as a result of COVID-19. We've now spoken individually to 27,927 Bupa customers who have applied for financial hardship and provided either a premium waiver, premium discount, or suspension of policy based on their unique circumstances.

Overall, through the initiatives outlined above, Bupa has effectively committed to returning more than \$184m worth of value to customers.

I do appreciate the opportunity to respond to your questions and hope that these answers are helpful.

Kind regards,

A handwritten signature in black ink that reads "Emily Amos". The signature is written in a cursive, flowing style.

Emily Amos  
Managing Director, Bupa Health Insurance, Australia