



Tuesday January 7 2020

Australian Competition & Consumer Commission

Email: infocentre@accc.gov.au

CC: Rami Greiss, Executive General Manager - Enforcement

Email: rami.greiss@accc.gov.au

Dear ACCC,

RE: Bundled products offered by GMHBA

I write to ask the ACCC to investigate potentially misleading and deceptive conduct by GMHBA when offering private health insurance policies that are bundled with AIA Vitality.

GMHBA bundles a number of its health insurance policies with AIA Vitality, a rewards program. This complaint centres on the failure of GMHBA to disclose the additional cost of the program on their website, the misleading nature of the discounts outlined on the website, and the inability of consumers to buy unbundled products through the website.¹ It is not concerned with the quality of the products on offer.

Misleading and deceptive pricing

CHOICE discovered the discrepancy in pricing following an investigation into the value and benefits of rewards programs at a number of health insurance providers. The investigation uncovered a cost discrepancy between the Private Health Information Statement (PHIS) and the information available on the GMHBA website. On the government's private health website, the PHIS shows a monthly price² of \$108.65 for [the GMHBA Bronze Essentials Hospital](#) policy with a \$750 excess, compared to the GMHBA website which quotes \$112.70 for the same policy, \$4.05 more than the premium on the PHIS.

However, through the course of the investigation, it became clear that the AIA Vitality rewards program incurred an additional cost of \$120 over a year and the GMHBA price

¹ <https://www.gmhba.com.au/>

² NSW, single, no youth discount, no health insurance rebate, no Lifetime health cover loading.

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above includes the cost of AIA Vitality minus a 5% the discount on the premium for AIA Vitality membership. This additional cost was not made clear on the GMHBA website.

Following discussions with CHOICE, GMHBA made some changes to the website, including the addition of fineprint on the website specifying that consumers are required to call GMBHA in order to have their selected health insurance policy unbundled from the AIA Vitality product. It is unclear whether it is possible to also achieve this outcome by visiting a GMHBA office in person. Despite these minor improvements, GMHBA still does not disclose the amount required to join AIA Vitality on its website but will disclose the fee over the phone.

CHOICE is also concerned about the representations that GMHBA makes about the discounts available to people who do choose to bundle AIA Vitality with their private health insurance policy. The material online which outlines the benefits of AIA Vitality includes the repeated claim that purchasing the policy provides the benefit of a 5% discount. Further investigations by CHOICE staff indicates that this claim is misleading. First, the 5% discount requires a person to undertake a number of actions to attain and maintain “Silver” status. Regardless of how easy these actions might be for many people, they do require action by the policyholder. Further, the discount has to be compared with other discounts available to GMHBA policyholders. For other policies, if payment is made by direct debit, a policyholder receives a 2% discount. This means that the alleged discount of 5%, when compared to other GMHBA policyholders that aren’t bundled with AIA Vitality, is only 3%. This is because the direct debit discount is not available to policyholders that bundle AIA Vitality and the website requires a direct debit payment.

Forced bundling online

Further, CHOICE is deeply concerned that GMHBA forces consumers who select certain policies to include AIA Vitality in their bundle if they sign up online. Requiring potential customers to call if they want to opt-out of the additional cost of the rewards program is problematic. There should be an option for purchasers to opt-out directly when taking out the policy online.

We believe that it is in the best interests of consumers that GMHBA is transparent about the pricing of the bundled product. This would be achieved by providing compliant itemised pricing, as GMHBA is required to do under the Australian Consumer Law. The information provided about the discounts available must clarify that the discount is not automatic and that the claim of a 5% discount includes a 2% direct debit discount, a discount that is also available on non-bundled products. GMHBA also needs to allow people to remove the bundled product at all points of sale, including when a purchase is made online.

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Health insurance is complex. Rewards programs are complex. The two products bundled together create real disadvantages for customers trying to understand what they are paying and what they are receiving. We believe this case is worthy of the ACCC's attention because of the complexity of the products, opaque pricing practices and the likelihood that other companies in the health space will attempt similar practices if action is not taken. The potentially unlawful conduct demonstrated in this case study warrants further investigation by the ACCC, with a view to bringing forward an enforcement action against GMHBA.

For further information, please contact CHOICE on dprice@choice.com.au.

Yours sincerely,



Dean Price

Senior Campaigns and Policy Advisor

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