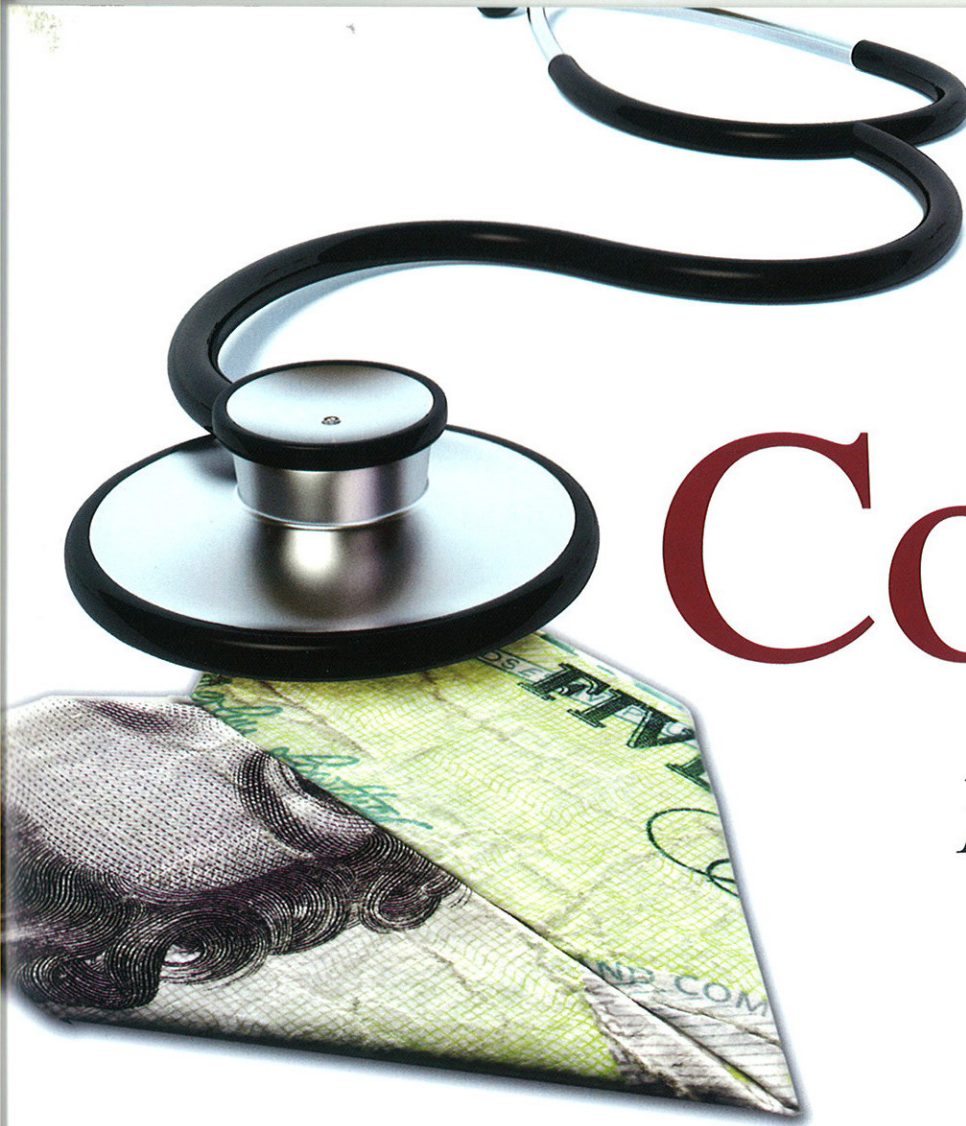


Correct Cover

Private Medical Insurance cover for employees



The area of Private Healthcare can be a very complex one, whether it is for individuals, people who are covered by their employer [SME] or even an employee of a very large company who may well enjoy a flexible benefits package up to a certain value. In this article I will be dealing with the second of those scenarios, which is the most common, which is PMI cover for an employee by ones employer.

First of all, it must be established that Company paid Private Medical Insurance [PMI] is for the treatment of acute medical conditions and not the chronic ones where the symptoms are only treatable by drugs to improve the patient's quality of life. We are very lucky in this country to have an effective and reasonably well funded NHS system, but this is becoming an increasing situation of an 'infinite demand chasing a finite resource'. Government spending cuts are upon us and restrictions on the serious illness cover, such as cancer, will become an issue for the NHS moving forward and there will inevitably be waiting lists.

Some PMI Policy holders only think the benefits to them of the Policy is to shorten waiting times or even to ensure they do not have to endure a facility that will expose them to hospital acquired infections, but this is missing the point in reality. A well sourced and structured PMI Policy can do so much more, for example it can support lifestyle changes and even aid members through non-medical issues such as stress or legal advice help lines.

In the past PMI Policies followed the old 'Budget, Mid-range and Comprehensive' formula, but the

modern Policies are more tailored now being totally modular or menu driven so that a member can chose what they want. The new plans also mirror more effectively what the NHS can do well and not so well. The message is, switch your plan if possible to get these life choices and also to maximise you premium to benefit ratio.

I should point out though, that it is a specialist job to make sure that a Company paid PMI scheme is set up properly and even more so if you move from one Insurer to another, as a 'No worse terms transfer' or CPME to give it the correct technical term. This is because you need to handle the transfer with tact and transparency if you wish to transfer the scheme for Insurer A to Insurer B and maintain the medical underwriting cover to the advantage of your members. My advice is to seek a specialist Healthcare Intermediary who specialises in this area and who is Authorised & Regulated by the Financial Services Authority. A good selection in all parts of the country can be found on the Association of Medical Insurance Intermediaries website www.amii.co.uk.

Many of my clients though still ask, 'I hear what you say, but as it is important to my Employees and beneficial to the company if we can reduce premiums at renewal, without sacrificing quality, what can we do?' Again seek the advice of a skilled professional, but the following are the main, but not the only, alternatives.

- Apply an Excess to the Policy. This is where you pay an agreed amount of a claim
- Reduce the choice or location of Hospitals available to you by choosing a different List provided by the Insurer

- Agree to have a 'managed care' claims system, whereby your GP prides you with an open referral for your Insurer to seek the most cost effective treatment for you

At the end of the day, it may be that chasing lower premiums completely alienates the ethos of what you are trying to achieve as an employer by running a Company PMI scheme, which is, or should be...providing quick, comfortable and effective medical treatment for your employees, especially for serious medical conditions such as cancer. It is important to be aware and understand the differences of each insurer's attitude to cancer treatments, especially expensive and life prolonging leading edge drugs that are currently available. You will need a specialist professional intermediary or broker to access the best such arrangement for your company.

A really good Intermediary will be able to advise you how to obtain the ultimate package, of a good PMI Policy with an excess, and another product from an Insurer which provides Cash Plan arrangements whereby you can 'pre fund' and excess and also have a scheme that protects you as an employer against the responsibilities you have under various pieces of legislation. The interesting point is, having two such integrated policies can be cheaper.....and certainly better, than just a straight forward PMI plan. However, that is a topic for another article.