



With the NHS under cost pressure surely now is the time for the industry to come together to push for tax breaks, says Mike Izzard, managing director of Premier Choice Group

Breaks that would benefit everyone

During the time that has elapsed since my last column for *Corporate Adviser*, the market environment for PMI and healthcare generally has changed substantially. At that time, in the early Spring, I was predicting that insurers were becoming more risk averse and the market was going to harden. What I hadn't really predicted was whether the consolidation between insurers would continue or that the consolidation between distribution channels would decrease.

What has happened recently is that PruHealth has taken on the Standard Life Healthcare portfolio in one giant leap and has grabbed market share into the low teens. I don't think anyone saw that one coming.

Despite this consolidation PMI insurers are still facing a hardening market due to unemployment rising and the general economic climate coupled with a potentially large claims spike due to the threat of under-funding of the NHS and the reality that is due in the October spending review.

I have spoken to more than one senior manager of PMI companies who by and large agree that the large increase in claims costs have been with us for some months. Some appear to have been affected later than others but they are seeing concrete evidence that this is happening.

Basically policyholders of both individual and group schemes are using their PMI more often and for more complex treatments either because of an inherent fear that the NHS will not carry out that treatment, the ever present threat of redundancy

or the thought that they may have to wait in the public sector.

The cost of treatments is also rising, owing to most of the private hospital chains being in the hands of financial speculators who demand high returns for their investment. I have always said that people do not always realise the costs of medical treatment, and that although on face value PMI premiums appear expensive, they are definitely extremely good value. With the spending review coming this month, it is inevitable that there will be a change in funding for the NHS with possible primary care becoming partially responsible as fundholders. This would indicate that there will be increased transparency at the initiation stage of a claim, and it is possible that there will be some directional element by the GP if that patient happens to have private healthcare.

As brokers, we also face a challenging six months or so as the government spending review will no doubt take money out of the system, whilst at the same time not giving it back in tax breaks for the PMI industry. We should be talking loud to a hard of hearing Government on this issue, or is it only me that thinks it is a no brainer to allow tax incentives for an employer to look after the medical needs of their employees, reducing the number of people using the free at point of need services of the NHS?

Amongst the other problems that will have to be resolved by PMI insurers in due course is the lack of transparency with regard to claims data on small group schemes, occasional short-

falls on medical treatment costs, benchmarking between insurers on cancer treatment costs taking in to account the rather odd decisions by the National Institute for Clinical Excellence (Nice) and the portability of member certificates including a secure medium to facilitate this. The most important of these issues is cancer treatment costs. As professor Karol Sikora has said publicly many times that there are many new and exciting treatments coming down the tracks that will help to extend the lives of many sufferers, only to become black-balled by Nice, not because they are unsuitable clinically, but because they will cost too much. I think it was at this point about escalating claims costs for PMI insurers that I came in to this column!

I have had the privilege and pleasure to sit on the AMII/BIBA Insurer panel where many of these contentious issues are being discussed in an open and positive forum. I am not in a position to detail these issues until such time as a formal announcement is made, but it is my dream, if I can use such an adjective, to add to that panel a representative from Grid, the group risk body and AIMIP, the international insurers panel, and add the smaller insurers in to the mix. Then we would have a working group that could really fly, and have the credibility to set the agenda with the government and regulator, and not to just follow it.

I hope that this happens whilst I am still a practising intermediary, so who will take up the challenge?

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