

April 2010

Pick of the month

We review some innovative solutions this month. Exeter Friendly features twice—first with its own ‘pot’ based PMI plan and then with MIAB’s plan for GP practices. Both offer specialised solutions to meet sophisticated needs rather than being targeted at everyone.

Westfield Health has taken its existing Foresight health cash plan and introduced a raft of changes aimed at both employer and employee, albeit accompanied by a price rise (but at just one level). It is our Pick of the Month.

Exeter Friendly Health & Stuff

Exeter Friendly’s Health & Stuff is a private medical insurance (PMI) plan with a defined pot of money to spend on private medical treatment within the UK.

Four ‘pot’ sizes are available - £2,500; £5,000; £10,000, and £20,000 a year and the customer pays 10% of costs (co-payment), with the policy picking up the balance, up to the annual pot limit. The pot can be spent on in-patient and day-patient treatment; out-patient treatment including therapies; cancer (all stages) care; manipulative treatment; private ambulance, home nursing and parental accommodation with children up to age 18.

The plan also includes a free GP helpline. Exclusions include emergency A&E, major organ transplants, mental and psychological treatment, pregnancy, complementary treatments (e.g. acupuncture and homeopathy) and professional (i.e. any paid) sports treatments. In addition, personal exclusions may be made at the underwriting stage.

Cancer treatments are covered with Exeter using **NICE** (the **National Institute for Health and Clinical Excellence**) as its main benchmark regarding the clinical effectiveness of drugs (although it ignores NICE’s rejection of treatments on cost grounds).

One of the main benefits of the ‘pot’ approach is very low premiums, and Exeter makes further cost savings available too. For example a 10% premium discount is available for having a BMI (body mass index) between 18 and 25 and another 10% is available for not having smoked tobacco within the last 12 months. Further discounts, up to 26%, are available based on geographic location.

The plan pays 35% initial commission and 5% renewal commission.

Plus points: *We haven’t seen premium rates yet but would expect this plan to significantly undercut traditional PMI cover. The plan’s benefits are particularly well set out in the literature (fast becoming an Exeter trademark), with many examples being given, especially around ‘difficult’ areas such as chronic conditions and cancer. Customers have a choice of four pot sizes. Attractive premium discounts available depending on where you live, your BMI and whether you smoke. A big cheer too for making parental accommodation available up to age 18.*

Not so plus points: *The available pot is actually 90% of the nominal pot—so a plan with a £5,000 pot will pay out up to £4,500, with the remaining £500 paid by the customer.*

One major concern is that most customers will have little understanding of the total costs involved on PMI claims. The literature does spell out how much cover is needed for some common treatments, but there is no fallback such as a borrowing facility in cases where the treatment cost is significantly higher than the pot size. In some cases (e.g. cancer) the cost of treatment could, in exceptional cases, be more than ten times larger than even

the largest pot size—one reason why it is essential for customers to speak to Exeter before embarking on any treatment.

Treatment must also be in the UK and some conditions (e.g. psychiatric) are excluded.

Does this mean the plan should be avoided? No, far from it. But it is essential for customers to understand the full implications of what could potentially be very limited cover if they run into serious health problems in future.

In most situations, most customers should find that they can obtain significant cost savings and that the plan will pay out for most or all treatment they will ever need.

But, if a customer does not have significant other financial resources, does not understand the potential costs involved or is not prepared to use the NHS for high cost treatment, then this will not be the plan for them.

Contact: 0300 123 3200 or www.exeterfriendly.co.uk.

Rating (max 5). Innovation: 4.5. Overall: 3.

MIAB Permanent Locum Plan

MIAB (Medical Insurance Advisory Bureau) is based in Stevenage and is the market leader in independent advice to doctors, dentists, veterinary and optical practitioners. This income protection plan is underwritten by **Pioneer**, part of **Exeter Friendly Society Ltd**.

The plan is a long term income protection plan designed to meet the specific needs of GP (general practitioner) practices.

This sector's needs have been difficult to meet from IP plans, partly because if a GP is ill, their income (which mainly comes from the NHS) continues but a locum has to be employed to carry out the work they would have done. In the short term, other partners within the practice may simply work longer hours to share out the work normally done by their fellow GP but in either case, it can be hard to identify exactly what the true financial loss is.

Key features of the MIAB plan include:

- Pays out for up to 12 months per claim. For the first three months (including the waiting or deferred period) for doctors and other medically qualified staff the insured benefit is paid less any Primary Care Organisation (PCO) payments received, without sight of documentary evidence of any costs incurred. After three months, benefit is locum receipts less any PCO payments received. In all cases this is subject to a maximum of the insured benefit. Claims benefits are paid for up to 12 months on any claim.
- For other employees the benefit payable is the cost of replacement staff up to the insured amount.
- As no evidence of costs is required for the first three months of a claim, GP practices can have short term flexibility by covering the gap themselves e.g. by working longer hours, and can still receive claims benefit.
- A choice of cover from £500 to £3,000 a week. Benefits can be increased in line with RPI inflation, up to a maximum of 10% a year.
- Choice of 4, 8, 13 or 26 week waiting periods.
- Multiple claims are allowed for the life of the policy subject to re-qualifying periods.
- No waiting periods for linked claims.
- Cover for insured GPs or staff up to age 60 or 65.

Additional features include cover for part-time staff (over 16hrs a week), jury service cover (up to two weeks, with no waiting period applied), compassionate leave (up to one week's benefit), winter sports injuries (some destinations are not covered), voluntary trips abroad (e.g. if injured or ill while undertaking voluntary work abroad) and multiple member discounts.

Standard exclusions are pregnancy, cosmetic surgery, sterilisation, travelling abroad (outside the EU and some other destinations) and voluntary military service.

Plus points: *Ensuring GPs have the right level of IP cover has always been a complex area risking the customer being over or under insured or being unable to claim despite a GP clearly being unable to work. This plan meets GPs' specific needs and extends wider than IP traditionally does. Designed to cover locum costs, with no evidence of financial loss needed in the first three months of a claim. Can include cover for staff, voluntary working abroad, jury service and winter sports.*

Not so plus points: *Some cover limitations; the maximum payout is just 12 months; IP cover for GPs remains complex and may be beyond many IFAs' experience. Not all territories abroad are covered.*

Contact: 01438 730210 or www.themiab.co.uk.

Rating (max 5): Innovation: 4.5. Overall: 4.

Westfield Health Foresight Healthcare Plan

Westfield Health's Foresight plan was first launched in 1999, and has now undergone a thorough review, with the outcome being a raft of benefit enhancements, albeit with a small premium increase on some plans.

The main changes being made are:

- The introduction of a CBT (cognitive behavioural therapy) benefit, which includes face-to-face counselling.
- A new online personal health risk assessment, run by **Roadtohealth**. Results are then aggregated and anonymised and are then available to the employer as an electronic Company Health Report.
- BusinessCare. A 24/7 phone advice service covering legal issues such as employment and health and safety.
- HR helpline. 24/7 access to confidential advice on people management issues.
- The introduction of dental trauma benefit, which pays up to £110 on Level 1 plans (and up to £440 on Level 4).
- On Level 1 plans, the optical benefit has been increased by more than 22% to £55 a year and the therapies benefit by 25% to £150 a year.

Three optional modules can be added to the plan:

- Surgery choices. This benefit covers 60 non-urgent surgical procedures and is underwritten by **Great Lakes Reinsurance**.
- For Kids. This benefit provides health cover for employees' children.
- DoctorLine. This gives 24/7 phone access to a private GP as well as special membership deals at various UK health and fitness clubs.

Level 3 premiums have been increased by the equivalent of 25p a week per employee, but premiums remain the same for other levels. Westfield points out that premiums for levels 1 and 2 have remained unaltered for more than ten years.

A new fourth benefit level has been introduced and premiums now range from £1 a

week for Level 1 cover up to £6 a week for Level 4. Voluntary partner premiums range from £1.40 to £8.40 a week. Premiums are paid by employers, but employees can upgrade their cover by paying an additional premium.

The new benefits come into effect from 1 April and existing plans can be converted to the new benefits from their next anniversary date.

Plus points: *Health cash plans now look to align their benefits much more with what employers need for all employees, not just some (as private medical insurance often does) and to meet duty of care requirements. One key benefit of HCPs is that, although not fixed, premiums and benefits tend to remain the same for long periods of time. This revamp adds value for employers in the form of making additional help available to them, while benefit increases and new benefits have only been accompanied by a price rise on Level 3 plans.*

Not so plus points: *Level 3 cover is now more expensive; cover ceases on leaving that employment; employee upgrade options and partner cover are available, but not in Guernsey, Alderney or Sark.*

Contact: 0845 602 1629 or www.westfieldhealth.com/foresight.

Rating (max 5): Innovation: 4. Overall: 4.25.