

May 2010

Pick of the month

We review four new products this month—two of them from Aviva. Of the others, the AA now offers a range of AXA PPP PMI plans, while Multiplex has improved its existing Healthtrust. Such plans offer tax, cost and flexibility benefits over traditional PMI but choosing the ‘best’ provider can be far from easy.

Of the Aviva plans, the insurer has introduced a new group critical illness plan, that should appeal to employers, especially those looking to add to their group risk benefits for their employees.

Our pick of the month though is Aviva’s attractively priced and simple MyHealthCounts for Business.

AA health cover

AA Insurance and Financial Services has launched three private medical insurance products, underwritten by **AXA PPP healthcare**.

The three are:

- **Assure Choice.** This covers in-patient and day-patient treatment and out-patient surgery, radio/chemotherapy and scans, but excludes other out-patient treatments. It also covers hospital-at-home, private ambulance and radio/chemotherapy NHS cash benefit.
- **Ideal Choice.** This adds limited additional out-patient cover and psychiatric treatment up to £900 a year.
- **Premier Choice.** This provides the widest benefits.

Exclusions for all plans include pre-existing conditions, dentistry, routine pregnancy/childbirth, chronic conditions and emergency/urgent treatment.

All plans include a no claims discount, which starts at 40%. Existing AA members (with one or more years’ membership) get their first two months’ premiums free while new and non-members get one month free. Further costs can be saved by choosing an NHS six week option. Members can also choose other AXA PPP products.

Plus points: *A range of products is available, from one of the UK’s leading providers. Various ways to limit costs. Two months’ free for established AA members. Access to advisors.*

Not so plus points: *Better options may be available by shopping round and a broker will be able to give a wider choice of options. PMI can be difficult to buy without good advice due to its complexity and the high cost of medical treatment, which many people will have little or no experience of. No claims discounts can result in much higher premiums (up to 66.6% higher) for regular claimants.*

Contact: 0800 320 715 or www.theaa.com.

Rating (max 5) : Innovation: 2.5. Overall: 3.

Aviva UK Health MyHealthCounts for Business

MyHealthCounts for Business is an innovative health risk assessment programme from **Aviva UK Health** that can provide employers with more than 250 employees with a tangible

return within just one year.

The product consists of employers purchasing a core package (at very low cost per employee). This includes the MyHealthCounts online health risk assessment (using the **Roadtohealth** Q scoring system), health reporting and a choice of internal communications materials.

Each employee completes an online health and lifestyle questionnaire to discover how healthy they are compared to 100 other people of the same age and gender. This is their Q Score. An online health coach then helps them set realistic health goals and offers personal advice and support on steps they can take to improve and maintain their health.

The employer gets a detailed report based on aggregated and anonymised results, which also shows how many employees have taken part. Employers can also add one or both of two options:

- The Knowledge Package. Personal health check undertaken in the workplace, which measures the employee's BMI (body mass index), resting heart rate, cholesterol, blood pressure and blood sugar levels. If not employer funded, these tests can be carried out at one of over 600 pharmacies nationwide.
- The Activity Package. This kinetic activity monitor measures the intensity of exercise and the impact it is having and is supported by a comprehensive website.

Employers receive up to 100% discount off the cost of the product for the following year, depending on the proportion of their employees who complete the online health questionnaire and the average health score achieved. Employees themselves receive health and leisure discounts as well as HealthPoints, which can be redeemed against health management tools.

A key element of the package is explaining how it works, so Aviva has produced a 12 page brochure which explains this. There is also a range of communications tools available to help employers establish and communicate the benefits of the scheme.

Plus points: *Larger employers no longer just want health insurance – they are more interested in solutions that benefit their efficiency, their workforce and their bottom line. Uses Roadtohealth's simple but well researched Q system to help employees and employers develop strategies to improve health and fitness. Low initial cost and financial incentives for active participation. Could even lead to lower PMI premiums.*

Not so plus points: *Traditionalists may regret the move away from 'pure' insurance towards more holistic solutions. Not available for companies with fewer than 250 employees. The concept also needs careful explaining to both employers and employees.*

Contact: 0845 3000 649 or www.aviva.co.uk/healthcarezone.

Rating (max 5) : Innovation: 4. Overall: 3.75.

Aviva Group Critical Illness

Aviva's second new product is a group critical illness plan that is available on either a voluntary or company paid basis. The main features of the new plan are:

- A choice of two cover levels. A standard or extended list of illnesses and procedures.
- Maximum benefit is five times the employee's annual salary, subject to an overall maximum of £500,000.

- A pre-existing condition exclusion applies. This has the advantage that there is therefore no need for full medical underwriting.
- Available standalone or part of a group risk plan.
- Optional cover for husbands, wives and civil partners up to £125,000.
- Children's cover available up to £20,000.
- The standard conditions covered are Alzheimer's disease; cancer; coronary artery by-pass grafts; Creutzfeldt-Jakob disease (CJD); dementia; heart attack; kidney failure; major organ transplant; motor neurone disease; multiple sclerosis; Parkinson's disease, and stroke.
- The extended conditions covered are, in addition to the standard ones: aorta graft surgery; aplastic anaemia; bacterial meningitis; benign brain tumour; blindness; cardiomyopathy; coma; coronary angioplasty (two or more arteries); deafness; encephalitis; heart valve replacement or repair; HIV infection (from blood transfusion; physical assault and injuries in certain professions); liver failure; loss of hands or feet; loss of independent existence; loss of speech; paralysis of limbs; pulmonary artery graft surgery; respiratory failure; rheumatoid arthritis; terminal illness; third degree burns, and traumatic head injury. There are also three definitions of total permanent disability (TPD), based on suited occupation, own occupation and activities of daily living.

Premiums are payable annually or monthly (2.5% surcharge) and rates are usually guaranteed for the first two years of the policy. Minimum annual premium is £750. The plan has a 14 day survival period (six months in the case of TPD). Minimum scheme size is five employees.

Plus points: *Group CI cover from a household name, that can also be standalone or part of a wider group risk solution. Good choice of conditions covered as standard or extended, and no underwriting will be attractive to many.*

Not so plus points: *Applying a PEC clause will mean that many employees may not be clear about exactly what is covered until they come to make a claim. That said, Aviva does have a table setting out what associated conditions could lead to such a situation but as no timescales are given could, for example, a head injury when a child lead to a claim due to Alzheimer's being rejected? There are also various circumstances when the two year premium guarantee would not apply.*

Contact: 0845 300 1530 (North) or 0845 300 4451 (South) or www.aviva.co.uk.

Rating (max 5): Innovation: 3. Overall: 3.5.

Multiplex Healthtrust

Multiplex Healthtrust Management Services is part of **Perspective Financial Group**, one of the largest advisory groups in the UK and was founded by chief executive Peter Murray in 1988 and is based in Knutsford, Cheshire.

Healthtrust is a bespoke corporate healthcare programme offering similar benefits to group private medical insurance (PMI) schemes. However, instead of premiums being paid to an insurance company, the client forms a trust. Money is paid into the trust's bank account to meet qualifying private medical fees incurred by the scheme's members. In this way, health trusts avoid insurance premium tax (IPT) as there are no premiums being paid (unless the trust also has stop loss insurance, when only premiums for that would be subject to IPT).

Multiplex has now added a range of new services to its existing scheme:

- On-site health screening. Four options are available, from limited to comprehensive screens, conducted on the employer's premises.
- Call a Doctor Service. A GP helpline that gives worldwide access to an English-speaking GP.
- Dentistry plans. A range of options are available.
- Accident & Emergency cover.
- Options to cover the use of private ambulances.

Multiplex says that as well as saving tax, its schemes have lower administration costs, the opportunity to create bespoke schemes, total flexibility and cheaper care costs. It says that while up to a third of PMI costs are absorbed by admin costs, for Healthtrust the figure is around 10%.

Employers can create a Healthtrust 'shell' to which they add benefits to create the scheme they want. So, they could start with basic benefits and then add more as the scheme proves itself and as part of a package of rolling out better employee benefits over time.

Plus points: *As long as they are properly set up and managed, health trusts are an effective and now long-established alternative to PMI (many PMI providers offer their own solutions, often through a subsidiary). As well as avoiding IPT, other benefits can include lower admin costs, greater benefit options (and ease of changing benefits) and lower costs through effective healthcare buying too. Can also appeal to employers who want to build up a scheme over time and may be an alternative for firms who have had recent or planned big PMI premium increases, perhaps due to a poor recent claims history. Multiplex is well-established in this field and its latest changes can be useful add-ons.*

Not so plus points: *The almost total flexibility of health trusts means that buying such a scheme can be a difficult choice. The key is to secure the right blend of expertise, costs and ability to meet service and other requirements consistently. We also thought that the literature lacks detail and there was no mention of possible stop loss insurance options.*

Contact: 01565 756 199 or www.multiplex.org.uk.

Rating (max 5): Innovation: 3. Overall: 3.5