

## Introduction

When people are asked about the things that really matter to them, the most common answers are 'my family' and 'my health'.

We are privileged to live in a country that provides an unrivalled standard of healthcare to every citizen no matter what their financial status.

**Most of us take the National Health Service (NHS) for granted** but if you were born before 1948 you will have lived some of your life in an era when healthcare was a luxury not everyone could afford.

**The NHS became a reality on 5 July 1948.** It is easy to forget that prior to that time, elderly people, for example, who were no longer able to look after themselves often ended their lives in the workhouse. This was a Victorian institution feared by everyone, where people worked unpaid in return for food and shelter.

Although workhouses changed their names to Public Assistance Institutions in 1929, their character, and the stigma attached to them, remained.

Although the NHS offers excellent service for emergency treatment, **the increased public demand for higher levels of treatment** means that where your treatment is deemed to be non-urgent you may experience some delay.

In order to recognise the priority that health has in their lives, **many people are willing to pay for such non-urgent treatment themselves**, either by paying for the treatment out of their own resources or by paying premiums to a private medical insurer.

## Private Medical Treatment

Private medical treatment is **not designed to replace the NHS** but rather to exist alongside it. In particular, private medical treatment is designed to deal with non-urgent conditions which can be described as 'acute'.

The general understanding of an '**acute condition**' is a disease, illness or injury that is likely to respond quickly to treatment. The alternative is described as a '**chronic condition**', which is one that is not expected to improve and treatment is designed to alleviate pain or slow down or stop the condition from worsening.

## Private Medical Insurance

The reason that most people buy this type of insurance is **to gain the reassurance of knowing that treatment is available promptly**, if they find themselves suffering from an acute condition.






People are willing to pay premiums to an insurer so that when they are ill in hospital they can **choose when treatment will take place, the specialist who treats them and the hospital in which they will be treated.**

Accommodation in a private hospital usually means a good standard of 'home comforts'. Patients would normally have their own room, almost always with a telephone, TV, radio and en-suite bathroom. There is a choice of food and drink and there are normally no restrictions to visitors so that patients can more easily keep in contact with their friends, family and business colleagues.

In many cases their motivation is to ensure that **when members of their family become ill**, the condition can be treated quickly, by a specialist in a private hospital close to home, in comfortable surroundings and at a time convenient to them.

## What is Covered?

A private medical insurance policy will normally provide cover for some or all of the following:

-  Professional fees - consultants, anaesthetists and surgeons
-  Hospital charges - nursing, accommodation and operating theatre fees
-  Specialist treatments - physiotherapy, chemotherapy and radiotherapy
-  Drugs used in hospital, dressings, x-rays and necessary tests
-  Home nursing and out-patient treatment.

## Who is Covered?

You can apply for cover in your own name, or to include your spouse or partner, or you can extend the cover further to include your children as well.

## The Types of Cover

There is a large variety of schemes available. These range from low-cost schemes, offering limited cover, to those which offer wide-ranging cover and benefits.

**Most schemes offer cover for in-patient and day-patient treatment**, but not always out-patient treatment.

'**In-patient treatment**' refers to treatment which, for medical reasons, means you have to stay in hospital overnight or for longer.

'**Day-patient treatment**' refers to treatment which, for medical reasons, means you have to go into a hospital or day-patient unit because you need a period of clinically-supervised recovery but do not have to stay overnight.

'**Out-patient treatment**' refers to treatment given at a hospital, consulting room or outpatient clinic where you do not go in for day-patient or in-patient treatment.

It is important to remember that private medical insurance is designed to cover treatment for acute conditions which we can describe as a curable, short-term illness or injury. **Some illnesses and treatments are never covered** and these are common to most schemes.

## Acceptance Terms

All insurers will exclude from cover any illness or medical condition which you or your GP knew about prior to the start date of the policy.

There are two methods of doing this, as follows:

**Full Medical Underwriting** - you complete a medical history questionnaire and forward this to the insurer, who will then assess your application and may apply exclusions to any pre-existing medical conditions. Occasionally a doctor's report or medical examination may be required.

**Moratorium** - acceptance by the insurer is automatic and immediate and no medical questionnaire is required, but **any illness or medical condition which you or your GP know to have existed during the five years prior to the start of the policy is excluded**.

Once two years cover has elapsed, a pre-existing medical condition will be covered, provided that during the two year period you have not received medical advice, treatment (including check-ups) or medication in connection with the pre-existing condition.

## No Claims Discount

Some insurers operate their policies on a No Claims Discount basis, in a similar way to motor insurance. A starter discount is usually offered to new policyholders and **this discount increases by one step for each year that no claims are made**, up to the maximum level.

For each claim that you make some of the discount is lost, although, once you reach the base rate, no further discount can be lost.

This arrangement **works well if you rarely claim**, but premiums can rise by 50% or more if you find yourself claiming a number of times within a few years.

## Excess Options

Most insurers will offer **premium discounts in exchange for an excess** on the policy. This means that you are prepared to meet part of the claims cost yourself.

Excess amounts **range from £50 up to around £5,000** with varying amounts of discount available. Some insurers apply the excess per policy year and others apply it to each claim.

## Hospital Bands

Most insurers classify private hospitals into bands, depending upon the cost of their rooms. You then choose the most appropriate band for your own requirements and cover is then available for all hospitals within the insured band. Some hospitals appear in more than one band, which simply means that they have different types of room.

It should be noted that **the hospital banding is not an indication of the quality of treatment** but is purely based on the cost of the accommodation.

Some insurers now calculate their rates based upon your postcode. In these cases, hospital banding does not apply - any hospital from the insurers' approved list may be used.

## NHS Cash Benefit

Some policies will pay a **fixed sum per night** of around £150 to £250 when you receive in-patient treatment as a non-paying NHS patient for a medical condition that is covered by the policy.

## The Premiums

Whichever scheme you choose, **you should expect your premiums to rise each year above the rate of inflation**. This is because of what we might term 'healthcare inflation' which has tended to be higher than general inflation.

The reasons for this are clear. The **number, sophistication and cost of treatments** to improve our quality of life are increasing steadily. Most private medical insurance policies will seek to cover these treatments as they become established medical practice and are available privately.

Furthermore, the **sophistication and complexity of tests** used to diagnose illness and injury are also increasing. Such tests are also becoming more widely available in private hospitals.

## Changing Insurers

If you are finding the premiums a bit of a struggle on an existing private medical insurance policy you may be tempted to change insurers.

However **you should be very wary of doing so without fully thinking through all of the implications.**

Your new insurer **may not cover any previous or existing medical conditions**, which your current insurer may cover. It is also possible that the level of cover on any new policy may vary from that available with your previous insurer.

## Company Paid Plans

Many company owners take out private medical insurance because they do not want to be away from their businesses longer than is absolutely necessary when medical treatment is required.

Where such owners are in partnership or have fellow directors **it is worth investigating the possibility of setting up a small company paid private medical insurance scheme.** There can be cost advantages in doing so over taking out a series of personal cover plans.

## Risk Factors

- ❑ Information given relating to Income Tax legislation and Social Security benefits is based on our understanding of legislation and practice currently in force. Whilst we believe our interpretation of current law and practice to be correct in these areas, we cannot be responsible for the effects of any future legislation or any change in interpretation or treatment.
- ❑ In particular you are warned that levels of tax and tax reliefs and also State Benefits are subject to alteration and, in any case, the value of such reliefs and benefits may depend on an individual's circumstances.
- ❑ These notes are intended as a guide only and do not replace the full product details that accompany each Private Medical Insurance illustration.

### For Further Info

If you would like to receive a quotation for private medical insurance please ask your usual Arch adviser or contact us via one of the following:

Tel: **01483 204600**  
Email: **enquiries@arch-fp.co.uk**  
Online: **www.arch-fp.co.uk**



We are pleased to introduce you to Health-on-Line, an exciting, innovative company who arrange private medical insurance in the UK. They can offer you a **menu-based product** where you can choose the options of cover you need **at a price you can afford.**






Personal Choice, the product offering, is arranged and administered by Health-on-Line Ltd and **underwritten by AXA PPP healthcare limited** who is also responsible for claims administration.

Traditional private medical insurance schemes have offered over-complicated products and suffer from a lack of product flexibility, requiring you to select from pre-packaged benefits selected by the Insurer.

Health-on-Line has developed a product that offers you a **supermarket style approach to private medical insurance** rather than insisting that you buy a pre-determined basket of benefits irrespective of need.

Since 14th January 2005, Health-on-Line has been authorised and regulated by the Financial Services Authority (FSA). For further information, please visit the FSA website at [www.fsa.gov.uk](http://www.fsa.gov.uk). Their firm reference number is 308776.

The Health-on-Line policies offer the following:

-  A **highly flexible product** that's simple to understand
-  Very **competitive premiums**
-  **Discounts** - available if you apply online or if you choose to pay annually by Direct Debit, cheque or credit card
-  Excellent service from their **highly efficient and friendly staff**
-  Online literature and **paperless sign-up**

If you have access to the internet **you can obtain your own private medical insurance quotation** from Health-on-Line (and even apply online if you wish) by following this link:

[www.arch-fp.co.uk/health\\_on\\_line.htm](http://www.arch-fp.co.uk/health_on_line.htm)

## Existing Company Paid Schemes

**Are you the sole owner, partner of a firm or director of a company that has an existing company paid private medical insurance scheme?** If so, it could be in your interests to have your scheme reviewed by a specialist private medical insurance consultant.

We have a close relationship with **Select Healthcare** and would be happy to recommend them to carry out such a review for you.

Please let us know of your interest or contact the principal of Select Healthcare, **Mike Wilson**, on **01483 271086**

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