

HEALTH INSURANCE EXPLAINED



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Introduction

The National Health Service (NHS) is the cornerstone of the UK healthcare system, with the majority of services accessible free at the point of use. Yet, with pressures on the NHS to meet healthcare demands of an ageing population and with increasingly stretched resources, there is a role for health insurance to complement these services.

Health insurance is designed to work alongside, not to replace, all the services offered by the NHS and customers can continue to use the NHS. This guide outlines some of the reasons you might choose private healthcare and how insurance can help you to access and fund this.

Health insurance can help you to take care of your everyday wellbeing, aids a speedy diagnosis and recovery through reduced waiting times, and helps to pay for some or all of the treatment that you need. There are different health insurance products to meet your needs, with a number of market providers to choose from.

This guide aims to help you understand more about what your health insurance options are, why people buy it and how it works, so that you can make an informed choice when you buy a policy. In this guide, we outline the two main forms that health insurance can take, Private Medical Insurance and Cash Plans.

Before choosing health insurance you should:

- Consider your health requirements
- Compare the benefits provided by each insurer
- Compare the costs covered

Private Medical Insurance

What is Private Medical Insurance?

Private Medical Insurance (PMI) is designed to cover the cost of private medical treatment for 'acute conditions' that start after your policy begins.

PMI is available at a range of different levels of cover at various premiums designed to meet the needs of different customers. For example, you can have choices around the types of treatment covered, what level of cover will apply to those treatments, the location where your treatment is provided and the contribution you might be willing to make to the treatment cost (called 'the excess').

Cover usually includes:

- The cost of hospital admission
- Diagnostic tests, such as MRI and CT scans
- Surgery
- The costs of seeing a consultant
- Hospital accommodation and nursing care
- Cancer drugs - some policies will include drugs that are not available on the NHS

Cover may also include:

- Outpatient consultations
- Mental health treatment options
- Complementary therapies
- Physiotherapy and chiropody



Why buy Private Medical Insurance?

PMI can complement the services of the NHS by providing cover for the cost of prompt access to private treatment, and access to cancer drugs and services not always available on the NHS.

Timely access to healthcare:

- Prompt referral to a consultant
- Quick admission to a private hospital
- Treatment at a time to suit you

Choice of healthcare:

- Direct care by a consultant
- Advanced treatment options, such as access to some cancer drugs that are not available on the NHS

High-quality private clinic and hospital accommodation:

- Privacy of an en suite room
- Home amenities, such as TV
- Comfort and cleanliness

PMI is designed to cover the cost of private medical treatment for 'acute conditions' which start after your policy begins. An acute condition is a disease, illness or injury that is likely to respond quickly to the treatment that aims to return you to the state of health you were in immediately before suffering the disease, illness or injury, or which leads to your full recovery.

Your insurer will typically not cover 'chronic conditions'. These are diseases, illnesses or injuries that have one or more of the following characteristics: needs long-term monitoring, control or relief of symptoms, requires rehabilitation, continues indefinitely, and has no known cure or is likely to come back.

You will normally not be covered for any illnesses you are currently suffering from, or have already had. However, you may be able to get cover for some pre-existing medical conditions by paying a supplementary premium, or if you meet certain criteria.

Understanding the cover

To make sure that you understand what you are covered for and the limits that will apply if you make a claim, read the policy terms and conditions. If you have any questions, you should contact the insurer who can talk you through the cover available to you.

When choosing PMI, you might want to know:

- Are there monetary limits on the policy – how much of the cost of a treatment, or course of treatments, would you be covered for?
- How does an excess work – will it be applied per claim or per policy year?
- What cover is there for cancer – what treatments are covered and for which stages of the disease?

There can be limits on cover for cancer drug treatments which you may want to ask the insurer about. A drug treatment that your insurer has covered might not be available on the NHS when your insurance cover ends. Your insurer will contact you as you approach the end of cover about the options available to you so you can discuss it with your specialist.

These options could include:

- Return to the NHS and receive the treatment there, if available
- Return to the NHS and receive alternative treatment
- Pay for the treatment privately on a self-pay basis

Types of policy

INDIVIDUAL POLICY

If you are applying for an individual policy, you will need to provide some information to the insurer. You must answer all questions as fully and accurately as you can, to the best of your knowledge and belief. Insurers will only ask you for information that is relevant to the cover you are applying for. There are two main methods that insurers use to underwrite your application for PMI cover. These are:

FULL MEDICAL UNDERWRITING

All PMI companies will offer the option of full medical underwriting where you will be asked to give details of your medical history. With your consent, the insurer may write to your doctor for more information, but they do not do so in every case. You must give all the information you are asked for. If you are unsure whether to mention something, it is best to do so. If you do not, your insurer may reduce your claim or refuse to pay and cancel your policy.

If you have a medical condition that is likely to come back, the insurer will issue a policy, but that medical condition (and any related to it) might not be covered.

MORATORIUM UNDERWRITING

Some insurance providers may offer PMI policies that use moratorium underwriting. This means you do not need to tell the insurer about your medical history when you apply for the policy. If you claim, however, your insurer might ask for medical notes that are needed to decide if your claim can be covered, as the insurer will not cover treatment for any medical condition that you have received treatment for, taken medication for, asked advice on or had symptoms of which predates the starting date of the policy. In other words, you will not be covered for any condition that existed in the past few years (usually, this is in the last five years but the period of time may vary).

Each moratorium works slightly differently so you may want to check with the insurer or read your policy documents so you can understand what this means for you.

GROUP POLICY

Your employer may offer you access to a group PMI scheme, which typically does not ask employees to declare their medical history. The scheme is underwritten based on the average age of the workforce, the location of the company and other non-personal factors. A basic group PMI scheme will only cover some treatments such as hospital admission and tests. More extensive schemes could provide additional cover. Check with your employer to see what cover is available to you as it may be funded as an employee benefit or the employer might help to facilitate you accessing individual cover.

Making a Claim

Although policies can differ, medical treatment usually has to start with a referral by your GP for specialist treatment. Before you arrange any private treatment, you should call your insurer to check that you are covered for the treatment.

Stay in touch with your insurer at each stage of your treatment so they can confirm your cover. It is likely that treatments for some illnesses, including pre-existing conditions (conditions from which you are already suffering, or have already had before your policy started) will not be covered by an individual private medical insurance policy.

Cash Plans

What is a Cash Plan?

A Cash Plan is an insurance policy that can help to cover the cost of everyday healthcare, such as visits to the dentist, opticians or physiotherapy, by reimbursing you for some or all of the cost of routine and/or unforeseen healthcare costs.

Cash Plans are available for a monthly premium and are an affordable, simple and accessible way of helping you to manage the cost of everyday healthcare.

Different Cash Plans cover different aspects of everyday healthcare, including:

- Optician sight tests and prescription glasses or contact lenses
- Chiropody
- Physiotherapy
- Hospital surgery (limited to specific policies and certain types of surgery)
- NHS prescription charges
- Dental check-ups and treatment



Why buy a Cash Plan?

The costs of everyday healthcare, such as dental check-ups, a visit to the opticians or buying prescription medicines, are ever increasing and can all add up. A Cash Plan is designed to help you meet these costs, so that you do not have to worry about paying for treatment when health issues arise.

There are many benefits to taking out a Cash Plan, such as:

- Help to budget for everyday health care expenses
- Low monthly premium
- Choice to cover the whole family for added peace of mind
- Choice of the healthcare practitioner that you want to see, plus there is no need for a GP referral
- Cover for pre-existing medical conditions
- Access to a range of benefits such as medical helplines and 24/7 GP access



Different Cash Plans have enhanced levels of cover for different treatments so you can choose the right cover that suits your needs to make the most of your Cash Plan. For instance, musculoskeletal problems affect many of us at some time of our lives, so if you want to ensure that you are prepared should this affect you, then you could choose a Cash Plan that offers you more cover for physiotherapy, osteopathy or chiropractic treatment. If you go for annual dental check-ups and regular hygienist visits, you could choose a Cash Plan that offers you more dental cover on an annual basis or choose a dental cash plan which is specific to dental care and maintenance only.

The majority of plans will also cover pre-existing conditions but make sure that you check this before you buy the policy.

Cash Plans typically do not reimburse you for treatments such as cosmetic surgery, laser eye surgery, professional sports injuries and non-prescription medicines or glasses. Remember to check the terms and conditions of your policy to see which treatment your Cash Plan will reimburse you for.

How can I get a policy?

When you buy insurance, you will be asked to fill in an application. This may be online, over the telephone or by completing a paper application form. Once your application has been accepted you will be told when cover will start. It is important to take reasonable care to answer the insurer's questions as fully and as accurately as you can.

If you are unsure whether something is important, it is best to tell your insurer. If you do not, your insurer may reduce your claim or refuse to pay and cancel your policy.

Types of policy

INDIVIDUAL POLICY

When you buy an individual policy you may also have the option to cover your partner and/or your children under the same policy. Assess the healthcare needs of your family before shopping around for a Cash Plan as some policies may offer separate allowances for children or have a shared overall family allowance.

GROUP POLICY

Your employer may offer group Cash Plans allowing you to claim money back on many everyday health expenses. If you join your employer Cash Plan scheme you may not need to fill in an application. Check with your employer if they have a healthcare plan and find out what it covers you for. You may be able to include cover for your family under an employer Cash Plan scheme.

Making a Claim

When you receive treatment you pay the cost of that service upfront and then you send your insurer the receipts, showing the costs you have incurred. If the costs are covered,

the insurer will reimburse you directly within a few days for either a part of that cost or the full cost, depending on how much cover your particular Cash Plan provides.

Further Information

Which insurers offer cover?

There are many providers who offer health insurance products. You can contact insurers directly or use an adviser to find the product that best suits your needs.

SWITCHING INSURANCE PROVIDER

If you are thinking about switching insurance provider, there are a number of things you need to consider:

- It is best to consider switching provider when your current policy reaches its renewal date, otherwise you may incur a fee for switching provider before the insurance contract has come to an end.
- You should compare the benefits, policy terms and cover limits from different providers carefully, so that you get the cover that is right for you.
- Some insurers might not cover illnesses or injuries you have had in the recent past or any condition that you suffer from now, even if these are covered by your current insurer.

Complaints

If you are unhappy with the way you have been treated by an insurer when taking out an insurance policy or when making a claim, you can make a complaint directly to the insurer.

If you are still not comfortable with the insurer's response, you can take your complaint to the Financial Ombudsman Service (FOS), an independent body which aims to settle complaints between consumers and businesses providing financial services. More details on the FOS can be found at www.financial-ombudsman.org.uk.

Confidentiality

In line with the Data Protection Act 1998, all insurers treat personal sensitive information confidentially, including medical details. When you are asked for information, you will

be told what it will be used for, who it may be given to and in what circumstances. You can ask to see any information an insurer has about you.



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