

A healthy choice?

Considering taking out private medical insurance? We explain your options and how to keep the cost down

Why pay for private medical insurance when you can get free and comprehensive treatment on the NHS?

According to a Bupa survey, the main reasons people have private medical insurance (PMI) are fear of superbugs and the state of hospital cleanliness, and a desire to avoid long waiting lists. But what do you get for your money, how can you cut the cost and how real are these fears?

WHAT IS PMI?

PMI allows you to get treatment in a private hospital (or private treatment in an NHS hospital) for short-term, relievable or curable medical problems.

It usually covers essential treatment such as consultations, diagnostic tests, surgery and hospital care. Comprehensive policies often also cover extras such as complementary treatments.

PMI may offer faster treatment for some conditions, a better environment (for example, a private room) to be treated in and, under some policies, drugs not offered on the NHS.

WHAT ISN'T COVERED?

Policies generally won't pay for ongoing treatment for incurable conditions, cosmetic surgery, substance abuse or 'normal' pregnancy.

If you have a long-term condition you may find private medical insurance is unsuitable for your needs. Existing medical conditions, such as diabetes, may not be covered.

WHAT TYPES CAN YOU BUY?

There are two main types: moratorium and fully underwritten.

A fully underwritten policy

■ With a fully underwritten policy, you are asked about the state of your health at the time you sign up to the policy.

■ You know from the beginning what you're covered for. The insurer will tell you this before you commit to a policy.

Moratorium policy

■ With a moratorium policy, you will be asked about your medical history when you need to make a claim, not when you take out the policy.

■ Pre-existing medical conditions will be excluded for a set period, typically two years without recurrence.

■ Other exclusions will apply.

HOW MUCH DOES PMI COST?

How much you pay depends on the level of cover chosen, your age, gender and health. See the table on p32-33 for an idea of how much you'll pay per month. We've given typical costs for three different kinds of people.

Premiums tend to go up annually to cover increases in the cost of treatment and because the risk of illness increases with age. Smokers will pay more with some insurers. For example, a 34-year-old female smoker could pay about £100 a year more with Exeter Friendly Society than a non-smoker with an equivalent policy.

HOW TO CUT THE COST

These options could help cut the cost of the premium you pay.

Pay part yourself

As with car insurance, you could agree to pay the first part of any claim (an excess). The greater the excess, the

Some of the most common operations and how much they cost if you pay yourself



**CATARACT
REMOVAL****£1,700 - £3,250****HERNIA
REPAIR****£1,650 - £3,800****HIP
REPLACEMENT****£8,200 - £10,300****KNEE
REPLACEMENT****£9,300 - £14,600****VARICOSE
VEIN SURGERY****£1,650 - £2,300**
(one leg)

Prices shown include the operation, consultant's fees, nursing care, accommodation, physiotherapy, medication, aftercare and a follow-up appointment. They do not include consultations and tests you may have before going into hospital. Figures provided by Spire Healthcare. Correct as of 9 February, 2009

'WHY WAS MY CLAIM REJECTED?'**Geraldine Gallott***38, graphic designer*

When Geraldine suffered recurring gynaecological pain, her consultant recommended surgery. She had private insurance, but her provider, Axa-PPP Healthcare, turned down her claim.

It told us: 'Our medical insurance policies do not pay for investigations into and treatment of infertility. The reason for Mrs Gallott's treatment detailed by her specialist on the claim form and in his later letter was for infertility. Therefore, this claim was outside the scope of our cover.'

Mrs Gallott's husband Simon said: 'My wife was feeling acute pain and irregular bleeding.'

'She needed surgery to remove both polycystic cysts and endometriosis.'

He added: 'Her consultant has since written to Axa to say the treatment was needed regardless of fertility issues – he cannot understand why payment will not be made.'

Mrs Gallott has now complained to the Financial Ombudsman Service and is waiting to hear its ruling.



greater the saving on the premium. But check how the excess is applied – is it annual, per claim or per condition?

Co-payment

You agree to pay a percentage of treatment up to a set limit a year. In return, you pay a lower premium. CS Healthcare, Exeter Friendly and WPA offer this option.

National Deposit offers a variation on this. It splits customers' premiums between an insurance element and a deposit account you can use to pay your share of treatment costs. The deposit account doesn't pay interest.

Mix, match and remove

Modular policies let you choose the cover you want. If you want, say, physiotherapy, you could add this to your policy, increasing the premium.

Other policies are aimed at particular illnesses. For example, WPA's Health Top-Up policy offers a Cancer Drugs top-up offering cover up to a lifetime limit of £50,000 for cancer drugs not currently available on the NHS.

Bupa's Heartbeat Heart & Cancer policy covers you for cancer and heart disease, including diagnostic tests where either condition is suspected, even if the results are negative. Axa has an Essential

**ONLINE**

**Read our
guide to
54 private
medical
policies,
including
company
contacts**

[www.which.co.uk/
healthinsurance](http://www.which.co.uk/healthinsurance)

Health Cover policy that insures against heart disease, cancer and strokes.

But consider if it's worth paying for insurance when treatment for these illnesses is fast-tracked by the NHS.

Waiting periods option

This lets you get private treatment if the equivalent NHS waiting list exceeds a stated period. This is offered by Axa, Norwich Union and Tesco. Saga and Universal Provident offer four-week and 90-day options respectively.

Staying healthy

Some policies, such as PruHealth's Vitality points scheme, offer reduced premiums and other benefits for healthier lifestyle choices. With other policies, you're rewarded for not making a claim in previous years. No-claims discounts can be as high as 55% after four years.

However, Which? thinks no-claims discounts are questionable, as they may put people off seeking vital treatment when it is needed just to preserve the discount.

Buying and switching

In 2007, 85% of personal PMI policies were bought direct from the insurer, just 15% through a specialist intermediary. ►►

Employer schemes This can be a cheaper option than buying it yourself

62% of Which? members who have PMI took it out through their employer

Of these, a third pay for their policy, while 62% have it paid by their employer.

If your employer pays, you'll still have to pay tax on the cost of the premiums, but it should cost you less than buying the policy yourself.

Employer PMI schemes can also be more generous than

individual schemes – for example, they may offer cover for pre-existing conditions.

If you're about to leave your employer or you're retiring, most insurers allow you to switch to a personal policy without losing cover for pre-existing conditions that arose while employed. This is known as a continuation of insurance option.



If you're not sure what type of policy you need, or have a complicated medical history or a family history of illness, it's worth speaking to a broker or independent financial adviser (IFA). Either will be paid by the policy provider and you shouldn't have to pay more than if you'd gone direct.

Glen Smith of PMI intermediary Healthcare Partners recommends speaking to a broker when switching to ensure your current level of cover stays intact. Some insurers, including The Permanent Health Company, offer products only through intermediaries.

You can find a broker through the Association of Medical Insurance



GRATEFUL FOR HEALTH COVER

Liz Sonley 65, retired driving school instructor

Liz Sonley was grateful to have private health insurance when she was diagnosed with ovarian cancer in 2004.

Liz had a full hysterectomy, then a course of chemotherapy and radiotherapy. All treatment was paid for by her insurer, Norwich Union.

Then, three years later, she was diagnosed as suffering from breast cancer and a lump near her liver. Liz had treatment and again it was all covered by her insurance.

Liz said: 'So often, when insurance services are under scrutiny, it is poor service that grabs the headlines. Michelle, the lady at NU who deals with me when I phone could not be more pleasant and efficient.'

'The amount paid out in the past five years must be over £100,000 by now – Norwich Union has been superb in paying and handling all the approvals.'

Liz is now hoping to be given the all-clear by her surgeons very shortly.

MEDICAL POLICIES COMPARED

	MAX AGE FOR JOINING
STANDARD POLICIES	
AXA Assure Choice	n/a
BOOTS Core	70/80 ^e
BUPA Bupacare Scale C	65
CIGNA Parent Plan	64
EXETER FRIENDLY Health Cover For Me	79
NATIONAL DEPOSIT Healthcare Deposit Account ⁹	68
PATIENT CHOICE Hospital Treatment Plan ⁹	80
PRUHEALTH Core	70/80 ^e
PHC Healthcover 4 Life Plan 3	75
SAGA HealthPlan Saver	n/a
STANDARD LIFE Primecare Super Saver	79
TESCO Core	n/a
WPA XS Health	74
MODULAR POLICIES	
AIG Health Choice ^m	70
BCWA Personal Health	64
CS HEALTHCARE Your Choice	74
FREEDOM HEALTHNET Gold ⁹	75
HEALTH-ON-LINE Personal Choice	74
NORWICH UNION Health Solutions	n/a
UNIVERSAL PROVIDENT Choices	74
WPA Flexible Health	65

Intermediaries or the British Insurance Brokers Association. Find an IFA through unbiased.co.uk.

WHY DO PEOPLE TAKE OUT PMI?

One third of Which? members have PMI. Just over half have made a claim in the last three years, and nine in 10 have been satisfied with the process.

Hospital bugs and cleanliness, and waiting times are the main reasons people take out private insurance, but MRSA infection rates in England have dropped 56% in two years, falling to 725 cases in the third quarter of 2008. If waiting times are your concern, ask your GP how long you're likely to wait

to be treated. Waiting lists for many common operations have gone down in recent years. For example, the average waiting time for a cataract operation was 182 days in 2001, 71 days in 2006/7.

DOWNSIDES AND ALTERNATIVES

Buying an individual policy can be expensive and premiums are not tax deductible. There are often restrictions and limits on cover. Or, you could save money and pay for treatment yourself. Saving £50 a month over two years in a Best Buy cash Isa paying 3.5% a month, you'd have £1,245 to spend. The risk is you might need treatment before having saved enough to pay for it.

OUR RESEARCH

We surveyed 2,160 online panel members about private medical insurance between 24 October and 10 November 2008.

Contacts

Association of Medical Insurance Intermediaries www.amii.org.uk

British Insurance Brokers Association
0870 950 1790; www.biba.org.uk

www.unbiased.co.uk

USING THE TABLE

Specification

Standard policies Examples of cover you can expect from a selection of standard, non-modular policies. The price you pay depends on your circumstances. **Modular policies**

Examples of a core policy offered by different providers. You can choose extras, but you will pay more. The price you pay depends on circumstances and cover selected. **Tests covered, physio covered, home nursing** In some of these policies, cost limits may apply to specific treatments or services. Check policy literature.

Monthly premiums

How much we were quoted that we would have to pay per month in three typical scenarios. **Case 1** Woman aged 33. **Case 2** A couple aged 33 and 40 with two children. **Case 3** A man aged 63. **Basis of quote (M/U)** Whether the policy is moratorium (you're asked about your medical history when you make a claim) or fully underwritten (you're asked about your medical history when you take out the policy). Check policy literature carefully to ensure it meets your needs.

a Restrictions apply. **b** MRI, CT and PET Scans covered in full; the cost of other diagnostic tests deducted from outpatient benefit limits. **c** Inpatient only. **d** Also available as a moratorium policy. **e** Maximum age of 80 for those who join with full medical underwriting; 70 for moratorium. **f** Cost limits may apply. **g** Policy has a maximum annual cost. **h** A 10% minimum excess is paid for individuals under 65. A 25% excess is paid for the couple with two children. **j** Also available as a fully-underwritten policy. **k** £3,000 excess for 63-year-old man's quote. **m** Must be fully medically underwritten if over 60. **n** Outpatient part covers up to the point of diagnosis or if directly related to acute surgery.

INPATIENT TREATMENT	DAYCARE SURGERY	OUTPATIENT TREATMENT	Cover	Linked to inpatient care	TESTS COVERED	PHYSIO COVERED	HOME NURSING	24 HR ADVICE LINE	MONTHLY PREMIUMS	Case 1 (£)	Case 2 (£)	Case 3 (£)	M/U	Compulsory excess applied
✓	✓	✓ ^a			✓ ^{a,b}	✓ ^c	✓ ^a	✓	34	92	83	U ^d		
✓	✓	✓ ^{a,f}			✓	✓	✓	✓	39	102	100	M/U		
✓	✓	✓	✓	✓	✓ ^a	✓	✓	✓	98	297	228	U		
✓	✓	✓			✓	✓	✓	✓	126	236	126	U		
✓	✓	✓			✓	✓	✓	✓	68	184	170	U		
✓	✓ ^a	✓ ^a			✓	✓	✓		20	50	50	M/U	10% (25% ^h)	
✓ ^a	✓		n/a		✓ ^a				18	58	46	M		
✓	✓	✓ ^{a,f}			✓	✓	✓	✓	39	102	100	M/U		
✓	✓	✓ ^f			✓	✓	✓		41	98	127	M/U		
✓	✓	✓ ^f	✓	✓	✓ ^a	✓ ^a	✓ ^a	✓	n/a	n/a	78	M/U		
✓	✓	✓ ^{a,f}	✓	✓	✓	✓ ^a		✓	46	109	133	M ⁱ		
✓	✓	✓ ^a			✓ ^{a,b}		✓ ^a	✓	23	68	69	U ^d	£100	
✓	✓	✓			✓	✓	✓		15	49	58	U	£1,500/£3,000 ^k	
✓ ^a	✓ ^a	✓ ^{a,f}			✓ ^a	✓		✓	38	102	90	M/U		
✓	✓	✓ ⁿ			✓			✓	21	61	55	M ^j		
✓	✓	✓	✓	✓	✓ ^a	✓	✓ ^a	✓	23	54	42	M/U		
✓	✓ ^a		n/a		✓ ^a	✓ ^a			14	42	71	M/U	£100	
✓	✓		n/a		✓ ^a			✓	29	74	80	M/U	£100	
✓	✓	✓			✓	✓ ^a	✓	✓	50	124	123	U ^d		
✓	✓		n/a		✓ ^a	✓ ^c	✓		38	93	103	M/U		
✓	✓	✓ ^f			✓ ^b		✓		27	61	62	U		