

Hoare Jacques



Hoare Jacques Financial Services

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Our Guide to Private Medical Insurance

Having Private Medical Insurance allows you to pay for the costs of private medical treatment. Private Medical Insurance covers what are known as acute conditions. The specific medical conditions covered and the treatments available will vary depending on the insurance policy.

What does Private Medical Insurance PMI do?

Private Medical Insurance PMI covers the costs of private medical treatment for curable short term medical conditions referred to frequently as acute conditions. PMI includes the costs of surgery specialist's accommodation and nursing at a private hospital or in a private ward of an NHS hospital. The plans on offer usually come in two flavours Standard and Comprehensive.

A Standard Private Medical Insurance Plan covers hospital or emergency treatment. It will include in-patient and day-care treatment only. Comprehensive Plans may offer additional coverage including such care as outpatient treatment, dental treatment, complementary medicine, maternity travel and personal accident cover.

In general Private Medical Insurance Plans do not cover chronic or critical illness which cannot be cured for example multiple sclerosis, asthma or diabetes. However in a crisis most PMI policies will pay the cost of treatment for stabilising a patient and returning them to their previous level of health when possible.

How do I take out a Private Medical Insurance policy?

Private Medical Insurance contracts are offered on an annual basis with premiums payable monthly, quarterly or annually. Discounts are sometimes offered should you pay the whole annual premium in one go or take up a voluntary excess on claims. Some insurance providers will accept new clients at any age but most place upper limits at 65-75 years old.

Once you're accepted into a plan the insurer usually continues to offer cover year on year albeit at an increasing premium with age. If you receive Private Medical Insurance as a perk with your employment and you leave your company most insurers will offer you and your family cover but it may be on differing conditions and different premiums.

Its crucial to understand the terms on which plans are being offered to avoid hassles and disappointments when making a claim. If you have a current Private Medical Insurance plan but wish to change to another insurer maybe to save money receive additional cover or simply to escape from bad service then it is possible to ensure that you receive a plan on "no worse terms" - this is known in the trade as a Continuing Personal Medical Exclusions CPME plan and an independent financial adviser specialising in this area should be able to help.

This simply means that the underwriting company of the new plan will offer you cover on the same terms as the previous plan. If you have had claims and particularly exclusions from cover these too will be carried forward or considered by the new insurer. This CPME transfer method allows for continuity of cover particularly if you are presently undergoing treatment or have had treatment in the recent past and are concerned as to a re-occurrence of such a medical problem.

What is the cheapest way of getting PMI?

The most frequent and inexpensive way to start a new Private Medical Insurance plan is by a Moratorium. What this actually means is that the policy will have an overall blanket exclusion for all pre-existing medical conditions going back generally five years for a period of 24 consecutive months in which time no consultations or treatment must be received. After expiry of this period any eligible condition can be treated.

Providing that your family are fit and well with any pre-existing conditions being in the dim and distant past then this method of taking up Private Medical Insurance can be very cost effective.

It is vital that potential purchasers understand what Moratorium means, particularly if their past medical record excludes them from benefits in certain areas. When insurers offer such plans they are taking on clients without them disclosing medical history. This has both advantages and disadvantages which have to be carefully weighed up. For example if you had a benign growth removed last year and took on a Moratorium Plan then 18 months into your new Plan cancer was diagnosed this could be excluded from cover under Moratorium due to the previous benign condition being a pre-existing condition less than two years ago. Some companies will offer applications against a full medical questionnaire thus giving you an alternative to the Moratorium route.

Can I choose the hospital I use for my treatment?

In the UK insurers have adopted a system of grading hospitals A B or C levels with A grades being the best and most expensive. Lists of hospitals covered under a Private Medical Insurance plan are usually available with any quotation and should be studied carefully before deciding.

Some insurance companies have their own or preferred hospitals which may not suit you. It is important to consider the distance reputation and range across the country of hospitals offered by your potential PMI insurance company.

What kind of benefits and exclusions will my PMI policy have?

Benefits and exclusions are probably the most vital area of reading under a Private Medical Insurance plan after the Moratorium Clause is understood. All policies carry a list of general exclusions from cover and some companies exclude more or may place financial limits on certain benefits offered particularly benefits such as routine dental cover or maternity cover. The most common exclusions are:-

- **Alcoholism or drug abuse**
- **Dental treatment**
- **GP services**
- **HIV or AIDS**
- **Hazardous sports**
- **Infertility**
- **Normal pregnancy**
- **Sterilisation**
- **Treatment Overseas**
- **Cosmetic surgery**

In addition to any general exclusions others may be applicable depending on the medical history of the family members you wish to include in the policy. If information on the application form names medical conditions that you or other family members have recently suffered from often going back five years an insurer may either qualify the cover offered or exclude such conditions from cover entirely.

What will affect my premium in future?

Your Private Medical Insurance premiums will rise over time. This is inescapable. There are two key factors behind this first as new treatments become available involving new drugs and technology costs of cover will rise. Insurance companies increase premiums annually in line with medical inflation which tends to run at a faster rate than the general level of inflation.

Second your age will play a part in deciding cost. Private Medical Insurance premiums are mostly bracketed in tiers of 4-5 years before increases. However note that premiums for those above 65 years old generally increase faster to 70 years old and beyond rather than say from 25 years old to 30 years old.

Government legislation also affects premiums particularly if tax incentives to plans are either allowed or excluded.

There are some things you can do to hold premium costs down. You may be able to get a discounted price by agreeing to a voluntary excess or by paying annually rather than monthly. No claims discounts may also be offered by some Private Medical Insurance providers - clearly claims do make for more expensive premiums in the long run.

Do I need to provide health evidence to take out PMI?

If in doubt declare it! Not all conditions are covered by Private Medical Insurance and some previous illnesses or treatments may be excluded. Insurers may therefore ask for a medical history questionnaire to be completed and signed or may write to your doctor or ask you to undergo a medical examination.

Sometimes medical examination is not required. The insurer gives you a Moratorium regarding any pre-existing conditions. This Moratorium may be allowed to expire after a period of usually two years when you have not had treatment or advice for any pre-existing condition bringing it under cover in year three. A chronic condition would most likely be permanently excluded under this type of plan.

These Private Medical Insurance plans are quicker and very simple to take out but caution is necessary when considering what treatment you have had in the past five years and whether or not such conditions may re-occur. Make sure you fully understand the Moratorium terms particularly how far back the company considers pre-existing conditions whether it be two years five years or even since birth.

What happens when I need to make a claim?

All insurance companies will pay valid claims it is in their interest to do so. They will not pay invalid or fraudulent claims or claims that are outside the cover your particular Private Medical Insurance policy may offer. It is always best if treatment is needed to contact your insurers client service department at the earliest opportunity.

Some insurers pre-authorise claims so that you do not have to pay doctors and hospital bills but can leave all settlement to the insurance company itself. If companies do not pre-authorise then original bills will be requested with a claim form submission.

Contact Us

Naturally all clients will have differing circumstances and therefore our role is to devise strategies to ensure these are met whilst maintaining a long term relationship with our clients. We will be able to help you regardless of how simple or complex your financial circumstances are.

We provide advice and planning services for people who want to make the most of their finances. We're independent, which means we work for our clients interests, not those of a bank or insurance company. Once we've understood your aims, aspirations and concerns Hoare Jacques Financial Services, can help you make your money work for you.

Contact our Eastbourne office today on 01323 721721 to speak to one of our PMI Specialists Advisers or complete our enquiry page for an unbiased review of your Private Medical Insurance requirements.

We are licensed to provide advice on whole of market PMI products.