Buying Private Medical Insurance

Information to help you and your family

Your guide to private medical insurance

If you are thinking about taking out private medical insurance or are about to renew a policy, this guide should help you.

There are many medical insurance schemes available, although some offer far less protection than people realise until they need it. Some offer far more value for money than others.

It is important to shop around before you buy. We suggest you read this leaflet and then consult one of the reputable independent advisers listed on the insert to ensure your scheme provides the right cover at the best price.

Medical insurance policies sometimes use quite bewildering language. Our 'Jargon List' should give you a better understanding of the meaning behind the terminology. Our 'Buyer's Checklist' is designed to help you narrow down the options and choose those which are likely to suit you best.

What the 'Jargon' means

"Comprehensive" or "full cover" schemes –
These pay the majority of costs of private patient treatment, often including treatment abroad and nursing care at home.

"Budget" or "limited cover" schemes -
These pay for only some operations or treatments. It is always worth asking which operations or treatments a scheme does ***not*** pay for. There is usually a ceiling on the total amount you can claim. Often "budget" or limited cover schemes will only pay if the NHS waiting time for the treatment you need is six weeks or longer. Some of these may not pay for outpatient consultations.

"Local' schemes -
These may restrict your choice of hospitals and those consultants who can admit patients to them. The hospitals you have to go to may not always be convenient and your preferred consultant may not work there.

"Group" schemes -
These are generally cheaper than taking out insurance as an individual. They are usually organised by employers, but a group of five or more people associated in some other way - such as members of a trade association - can start one of their own.

Hospital "bands" -
Some policies grade hospitals into bands based on their level of charges. A hospital will fall into a particular band depending on its location, the standard of its accommodation and whether or not rooms are shared or single. There can be different bands of accommodation within a single hospital. Where insurers use a multi-band system many cheaper medical insurance schemes do not cover hospitals in the higher bands.

"Out of band" benefits -
If you go to a hospital with a higher banding than your

scheme allows, the insurer will pay a fixed sum per day which is often only a fraction of the total cost of your treatment. You should, therefore, always be careful not to go 'out of band'.

"Excess" -
An amount you personally must pay, either per claim or per year, towards the costs of your treatment before you can claim from your insurer.

Hospital savings or hospital cash plans –
These are not the same as private medical insurance. Cash plans pay only fixed sums, irrespective of the final cost of a particular treatment. They are not designed to pay for the full cost of private healthcare and rarely meet more than a small proportion of the total costs.

Major medical expenses –
A fixed sum payment is designed to cover the cost of private treatment. The hospital is paid directly by the insurance company. Should the fixed sum exceed hospital charges, you will receive the balance in cash. You need to check how adequate the cover may be.

Permanent health insurance (PHI) and income protection schemes –
These schemes make regular payments if you are no longer able to work due to ill health. They do not pay for medical care or treatment.

'Pre-existing condition" –
An illness or medical problem you had before joining an insurance scheme even though you may not have received treatment for it. Usually, there are severe restrictions on cover if you claim. Check carefully before you buy.

"Underwritten" schemes –
To join an underwritten scheme, you must complete a medical history questionnaire and the insurer may decide to exclude you from cover for recurrence of previous conditions and certain related problems.

"Moratorium" schemes –
With a moratorium scheme you do not need to give information about your medical history. Medical conditions which existed before you joined the scheme will normally be covered after two years provided that you have no treatment, consultation or advice for the condition during that time.

"Inpatient" –
When you stay in hospital for a least one night.

"Day care patient" –
When you are admitted to a bed in hospital for a test, treatment or minor operation but do not need to stay overnight.

"Outpatient" –
When you make a short visit to the hospital. This is usually for a consultation, diagnostic test, a minor operation (using local anaesthetic only), or treatment such as physiotherapy.

"Pre-authorisation" –
A requirement to obtain approval from your insurer before starting treatment. Some insurers are introducing 'preauthorisation' even for the initial consultation with your consultant.

"Network" or "partnership" hospital –
One of a limited number of hospitals which have special terms with an insurance company. Schemes based on a limited network of hospitals will not allow you free choice of hospital and may not enable you to be treated by the consultant recommended by your GR

"Partnership" consultant –
A specialist doctor who has agreed special terms with an insurer. Some insurance schemes may place restrictions on your choice of doctor and hospital.

Buyer's checklist

When thinking about private medical insurance, consider the following points:

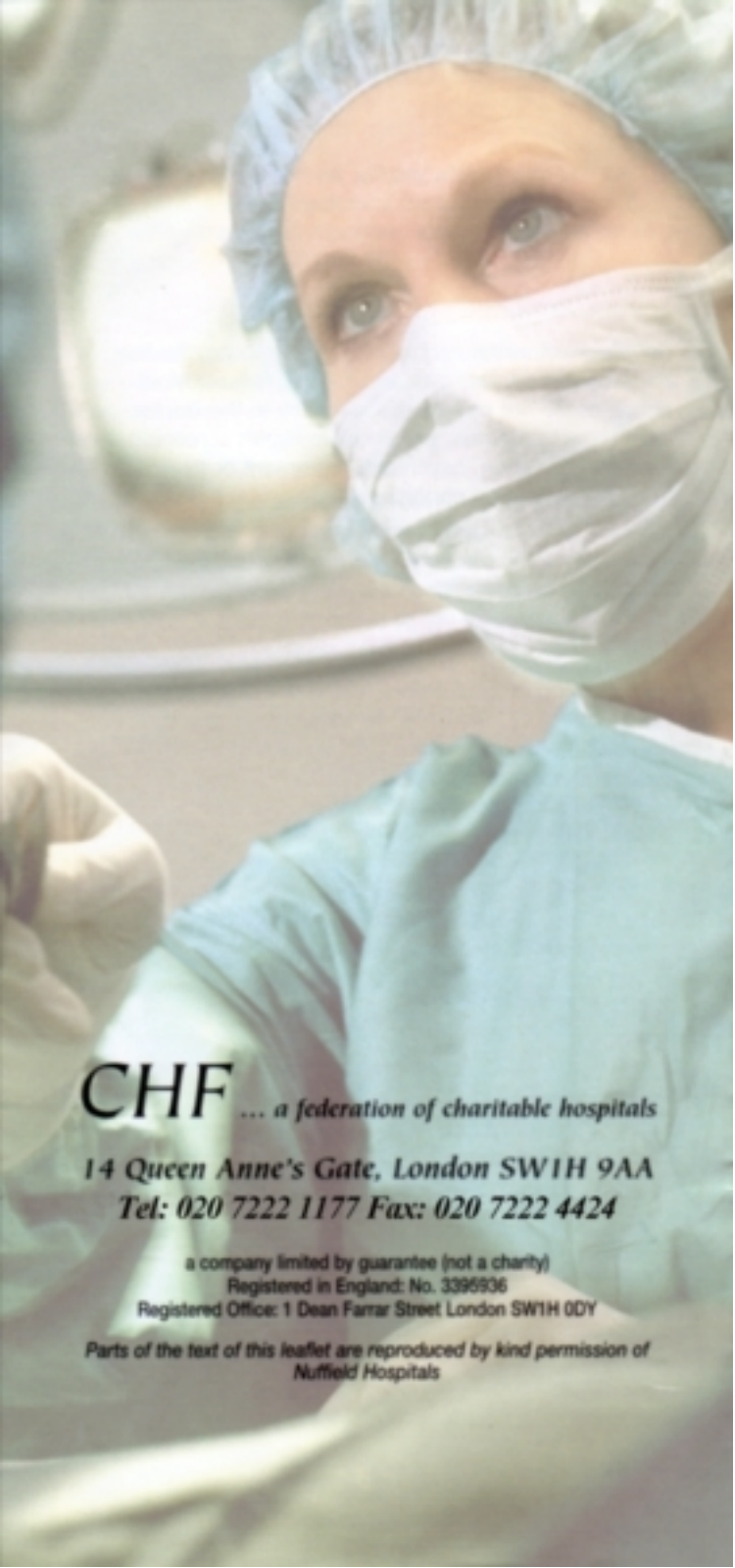
- Are you able to participate in or establish a group scheme? These are almost always cheaper than going it alone.
- Can you afford full or only limited cover? Full cover is obviously desirable, but limited cover or a major medical expenses scheme may be better than nothing.
- If you are married, a joint policy is usually cheaper than two individual ones. But if there is a significant age difference, it may be better to buy two separate policies as the premium is usually based on the elder of the two people under a joint policy.
- If you are already insured, some insurers will allow you to transfer and accept "pre-existing" conditions or offer "no worse terms" at lower premiums than you now have.
- Would an underwritten or moratorium scheme better suit your personal circumstances? This will largely depend on whether or not you have a pre-existing condition which might be permanently excluded by an underwritten policy.
- You may be eligible for a discount such as a 'starter' or 'no claims' discount, or reduced premium by agreeing to pay the first part any claim. Significant savings are sometimes possible.

What is not covered private medical insurance?

Private medical insurance is designed to pay for the diagnosis and treatment of curable illnesses. Most schemes do not pay for routine visits to the doctor, dentist, vaccinations, preventative health screening, long-term rehabilitation, psychiatric treatment or treatment of chronic (long term) conditions.

Remember...

Always shop around before taking out or renewing private medical insurance. To save you time and confusion we suggest you contact one of the independent intermediaries on the insert for professional advice.



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