

A White Paper



How to maintain staff loyalty through healthcare benefits- with greater control on cost



The advantages of a Healthcare Trust over PMI

Over the last few decades, PMI has become well accepted as 'de facto' in employment packages, particularly where businesses are aiming to attract and retain good quality people. But the financial pressures of recent years have led many businesses to question the viability of continuing to provide such a benefit.

However, the removal of PMI as a staff benefit is feared to have a negative impact on employee loyalty as well as making an organisation less attractive compared to those that do offer healthcare benefits as part of an employee package.

There is also a real concern about the impact of removing PMI on long term staff absence. Employees who are off sick or have medical issues that would otherwise be covered by a company scheme might take longer to get these resolved by having to resort to the NHS. And it is generally accepted that the longer an employee is off sick, the less likely they are to return quickly.

So what's the answer?

Certainly a blanket approach can't be taken and PMI definitely fulfils a role for some types of organisation. But Healthcare Trusts could provide an eminently flexible alternative in a number of businesses – taking care of employee wellbeing whilst putting greater control on costs in the hands of the employer.

This White Paper provides an insight into how a Healthcare Trust can work for a business – as well as dispelling some of the myths that currently exist about this alternative to PMI.

What is a Healthcare Trust?

Healthcare Trusts are the recognised alternative to traditional PMI schemes and operate in an almost identical manner. Except that, with a healthcare trust, a business can set the benefit rules, providing a high level of control on costs as well as ensuring employees are appropriately covered.

This level of control has made them increasingly popular amongst businesses looking for more effective ways of continuing to provide healthcare benefits for their employees.

The advantages of a Healthcare Trust include:

- Real savings over the cost of corporate PMI premiums (typically 10%)
- The employer keeps the money if claims are lower than anticipated, rather than an insurer taking extra profit
- The employer sets the rules and decides when they want the fund to pay out
- Superior 'managed care' and effective claims administration
- Bespoke administration services

Dispelling the Myths

There are currently a number of misconceptions surrounding Healthcare Trusts which may be deterring some companies from giving this option fair consideration.

Myth No. 1 – A healthcare trust is not easy to set up

Probably the greatest misconception is that setting up a healthcare trust is expensive for the employer; it is complicated and takes a long time to set up.

The reality is very different. A reputable trust provider will not charge for the set up of the trust – although there will be an Administration Fee on the first anniversary of the Trust set up and this should only be in the region of £3-£5,000. And a reputable provider should also have all the systems and processes in place to make setting up a Trust quick and simple.

Myth No. 2 – There's no control

What employers also seem to fear is that the control over the Healthcare Trust – and the costs associated with it – will be in the hands of the provider.

This should simply not be the case. The employer can set the parameters for cover with capped exposure, rather than be bound by standard insurance criteria.

Myth No. 3 – There's no guarantee over quality of medical care

Many employers fear that employees may not get the same level of healthcare as would be provided under a PMI scheme; that there may be delays in them receiving treatment; and that the focus will all be on cost rather than care.

Working with a reputable Healthcare Trust provider, who can demonstrate that medical care is at its foundations, should provide the peace of mind to an employer that the right decisions are going to be swiftly made about treatment and care for employees.

Certainly financial considerations should be taken into account but absolutely not at the detriment of quality or speed of care.

Myth No. 4 – There's a dependence on the NHS

Many employers fear that by moving away from PMI their employees will lose access to private medical care. But what they should really be thinking about is where employees will get the best care and in the most timely manner.

The quality of the services available through NHS Centres of Excellence should not be under-estimated and selective use of these centres as part of trust management offers employees a way to access the most appropriate care as quickly as they could through the private sector whilst ensuring that the fund is capitalised at the right level.

Working with a provider who offers a nurse-led claims platform will give an employer the confidence that care will be provided on the basis of where the most appropriate treatment is available, within an acceptable timescale. This, coupled with personalised case management, should mean that employees will be dealt with professionally and as individuals at all times.

Indeed a singular dependence on private healthcare networks is counterproductive to active cost management. The risk is that hospital providers have had to increase their costs to insurers or reduce discounts to cope with the economic downturn and as a consequence increases in medical costs will be passed onto the employer.

Myth No. 5 – It's hard to quantify the financial benefits

Of course, the FD will want to know the true cost benefits of a Healthcare Trust. And these are easy to identify.

Healix typically sees savings of around 10% over corporate PMI premiums as trusts are more tax efficient, with the employer keeping any surplus monies if claims are lower than forecast, rather than an insurer taking extra profit. The flexibility of a Healthcare Trust, allowing the employer to set the rules and decide what they want the fund to pay out for and when, is also a key benefit for businesses, with bespoke administration services tailored to suit the organisation.

Plus, a 100% stop-loss facility can protect a business from any financial exposure.

For more information about
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