

# Don't get a shock

Private medical insurance can offer peace of mind, but comes at significant cost. Which providers offer real value for money? *Which? Money* investigates

## WHAT YOU'LL LEARN

- What is covered by private medical insurance
- Which providers give the best service
- Which policies have the most comprehensive cover
- How to keep PMI affordable

No matter what medical condition you face, people in the UK are lucky enough to receive guaranteed treatment free at the point of need through the National Health Service (NHS). However, as the NHS is a universal benefit, you could find yourself waiting to be treated, or not have as much choice as you would like.

That's where private medical insurance (PMI) comes in. At its best, PMI can complement the NHS by delivering prompt, convenient access to care – with a wider choice over the specialists, hospitals and treatments you receive. According to our Financial Product survey, May 2012, one in four *Which?* members have opted to take PMI.

But it's expensive. A comprehensive PMI policy can cost £564 a year for a healthy 35-year-old man. For a 70 year old, it can be as much as £2,640. At its worst, it can mean thousands of pounds spent on cover not suited to your needs or circumstances, and unexpected restrictions when you claim.

A new *Which? Money* investigation has found that the customer scores of several major providers have gone down over the past year. And the area of their policies with which our members have expressed the highest levels of dissatisfaction is value for money.

## What PMI offers

PMI generally covers your costs for a limited range of acute conditions. These are diseases, illnesses or injuries likely to respond quickly to treatment, and where the intent is to bring about your full recovery. This could be, for instance, a knee operation or surgery to remove a cataract.

A policy can cover costs required for private outpatient consultations, tests and treatment (where you visit the hospital but aren't admitted), and also inpatient (where you are admitted

and under medically supervised care overnight) or daypatient treatment (where you are admitted but for no longer than a day). You won't be covered for chronic conditions such as diabetes or asthma where treatment is long-term and the intent is to control, rather than cure, the condition.

Some 70% of our members with PMI have bought it themselves. But it's sometimes also available (usually at a cheaper cost) through your employer as a company benefit.

## Value for money?

PMI isn't getting cheaper. According to Mintel, premiums for individual policies rose 8.5% in 2011. And while the majority of *Which?* members with PMI are satisfied with their policies and just over half believed they were getting value for money, a quarter said they'd been hit by large premium hikes in the past five years.

Several members were considering cancelling, or had cancelled, due to prohibitive cost increases. One member said the premium was his single largest outlay. Others expressed frustration at how difficult it was to decide which policies offered the best value.

## Customising cover

As prices have risen, insurers have adapted policies to help limit costs. Most now let you strip out elements of cover you may not want, or would struggle to afford. Of the 10 providers our members rated, only Cigna doesn't have a customizable policy.

Exeter Family Friendly's Health Choices For Me, for instance, begins with an Essential Cover module including inpatient and daypatient treatment, scans and outpatient surgery. You can add further outpatient cover, either with no limits or with a maximum

annual cap (£500 or £1,000). You can also include cancer cover, and therapies such as physiotherapy or chiropractic. Over the past two years, Aviva and Bupa have also launched policies covering you for consultations and tests, but which stop at the point you are diagnosed. Saga's Targeted Healthcare policy range for over 50s limits premiums by covering treatment only for specific conditions like joint replacements, heart or eye conditions.



## PMI customer satisfaction

We think customer satisfaction is at the heart of PMI's value – as it is essentially about enhanced service. Our table shows how customers have rated insurers based on their overall satisfaction and also their experiences of claiming.

As when we last ran our survey in 2011, we found claims scores higher than overall customer scores,

indicating people who have used their policies are generally happier with them. But scores have fallen across the board. Exeter Family Friendly and Bupa both suffered the biggest loss of six points for customer score, while for claims score Bupa dropped from 72% to 63%. SimplyHealth bucked the trend with its scores increasing in both areas.

## HOW YOU RATE PMI INSURERS

We asked 3,512 *Which?* members with PMI to tell us how satisfied they were with their insurance and how likely they would be to recommend their provider to a friend. Of those, 2,313 had made a claim within the past three years. We asked them to tell us how satisfied they were with their insurer based on their most recent claim.

|    |                    | Claims score | Understanding of needs | Clarity of written information | Choice of consultants | Medical treatment | Value for money | Overall customer score |
|----|--------------------|--------------|------------------------|--------------------------------|-----------------------|-------------------|-----------------|------------------------|
| 1  | CS HEALTHCARE      | 88%          | ★★★★                   | ★★★★★                          | ★★★★★                 | ★★★★★             | ★★★★★           | 81%                    |
| 2  | EXETER FRIENDLY    | 86%          | ★★★★                   | ★★★★★                          | ★★★★★                 | ★★★★★             | ★★★★            | 74%                    |
| 3  | SIMPLYHEALTH GROUP | 75%          | ★★★★                   | ★★★★                           | ★★★★                  | ★★★★              | ★★★★            | 68%                    |
| 4  | WPA                | 72%          | ★★★★                   | ★★★★                           | ★★★★★                 | ★★★★★             | ★★★             | 67%                    |
| 5  | CIGNA              | 66%          | ★★★★                   | ★★★★                           | ★★★★                  | ★★★★              | ★★★             | 57%                    |
| 6  | BUPA               | 63%          | ★★★★                   | ★★★★                           | ★★★★                  | ★★★★              | ★★              | 55%                    |
| 7  | PRUHEALTH          | 67%          | ★★★                    | ★★★★                           | ★★★★                  | ★★★★              | ★★★             | 53%                    |
| 8  | AXA PPP            | 62%          | ★★★                    | ★★★                            | ★★★★                  | ★★★★              | ★★              | 51%                    |
| 9  | AVIVA              | 57%          | ★★★                    | ★★★                            | ★★★★                  | ★★★★              | ★★★             | 48%                    |
| 10 | SAGA               | 51%          | ★★★                    | ★★★★                           | ★★★★                  | ★★★★              | ★★              | 47%                    |

For more on private healthcare, visit [www.which.co.uk/pmi](http://www.which.co.uk/pmi)

### Beware the shortfall

Customers can be unexpectedly stung when discovering their insurer will only pay part of their consultant's fee, leaving them to pay the rest. Insurers list the maximum amounts they'll pay specialists for specific procedures in a schedule of fees, and most revise these on an ongoing basis. If a consultant's fee is in excess of their allocated amount, you'll be billed for the remainder.

We examined the difference in maximum fees for four common procedures. As the table below shows, Cigna pays the highest fee in three procedures, followed by Exeter Friendly and the Western Provident Association (WPA). Bupa was lowest.

### How important are shortfalls?

Fee schedules are a way insurers regulate specialist charges. Brian Walters, of intermediary Regency Health, said they're a 'necessary evil in order to keep premiums affordable but differ considerably between insurers'. A low fee limit doesn't necessarily mean worse treatment, but does mean you may not always be able to choose your preferred consultant without paying a top-up.

### How likely am I to encounter a shortfall?

We asked insurers how frequently customers face shortfalls. Axa PPP claims to pay around 97% of fees charged, and WPA 98.7%. Pruhealth (the one insurer not to have maximum fees for recognised consultants) claims not to have shortfalls.

Bupa said that its management of doctor's fees keeps premiums down, and said it has a network of more than 10,000 'Fee Assured Consultants' who operate within fee limits (so customers who choose these are guaranteed never to pay extra). Simplyhealth told us it doesn't keep records of shortfalls, because consultants invoice

patients directly for any outstanding fee. The occurrence of shortfalls is quite minor, but can mean unexpected bills. Contact your insurer prior to treatment to confirm it will be able to pay.

### How to reduce your PMI premiums

Sacrificing cover is a way to cut costs but there are less drastic ways:

**A high excess:** This can bear some of the burden whilst capping your liability if the treatment is expensive. Excesses range from around £100 to as much as £5,000.

**Co-payment:** CS Healthcare and WPA offer co-payment plans. You agree to pay a proportion of each claim, for instance, 25%, with the insurer covering the remainder. There will be an annual limit on what you pay – say £1,000. After this has been spent, the insurer takes on the full amount for any subsequent claims.

**Waiting period:** Some insurers let you add a waiting period of four or six weeks to lower a premium. If NHS treatment can't be given in that time, private treatment will be covered immediately.

### No-claims discount

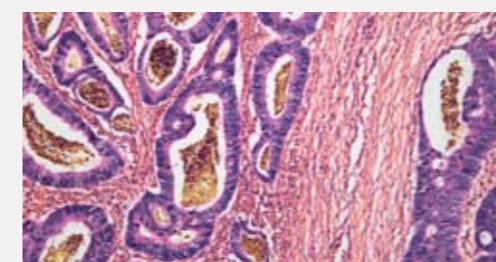
No-claims discounts (NCDs) are increasingly available and can offer reductions of up to 75% for not claiming. While these may seem to add value, it's difficult to judge your actual saving because it's reliant on how much the insurer's premium will go up.

Some insurers choose not to offer NCDs because they discourage people from using their PMI. Bupa has a low claims bonus, which gives a discount to customers who've made claims of up to £250.

## Comparing PMI policies

PMI isn't necessary for everyone and while there are many policies and providers to choose from, it's often more complicated and hard to compare which is right for your needs and budget. To help pick the right policy, we examined those offered by the major insurers to see which provide comprehensive cover in three key areas: consultation and diagnosis (before treatment), surgery, and cancer cover. For each, we've listed which providers and policy options meet our criteria, as well as the annual costs of the policies.

### Cancer cover



This is one of the most expensive components of a comprehensive PMI policy, and can add hundreds of pounds to an annual premium. Some may consider NHS treatment as sufficient; UK cancer survival rates have doubled in 40 years.

The main place in which PMI policies can offer extra peace of mind is cover for advanced drug therapies, such as Herceptin and Avastin, that aren't universally available through the NHS. A comprehensive cancer policy covers any licensed drug, whether the NHS provides it or not. Some insurers, such as Bupa, Axa PPP and Saga, may also give discretionary cover for experimental drugs and participation

in drug trials. Cancer cover varies subtly but significantly between insurers. Until last January, Axa PPP had a 12-month time limit on provision of advanced cancer drugs, though it lifted this as part of its new 'Cancer and heart commitment'. Simplyhealth covers treatment up to a life maximum of £50,000.

WPA, Simplyhealth, Cigna and CS Healthcare transfer the patient's care back to the NHS after a cancer is judged incurable. Insurance products we've called comprehensive have no monetary or time limits on drug therapies and cover palliative care, aimed at arresting the progress of cancer or managing symptoms.

### THE CHEAPEST PMI POLICIES THAT MEET OUR CRITERIA

Here we set out providers' cheapest policies to meet our criteria. Some products are specialised for the described types of cover, whilst others are wider ranging. One year premiums paid monthly for healthy non-smoker living in Leamington Spa.

| Product  | 35 year old Premium:  | 70 year old Premium: |                     |
|--|---|----------------------|---------------------|
| <b>PMI POLICIES FOR CANCER TREATMENT</b>   |   |                      |                     |
| Our criteria: inpatient and outpatient care, no money or time limits on drug therapies, primary and secondary cancer, palliative care (after cancer deemed incurable, treatment to control symptoms and to extend life). |   |                      |                     |
| PRUHEALTH  | Personal Healthcare - Core Cover + Full Cancer Cover        | £338                 | £1,208              |
| AVIVA  | Healthier Solutions - Core Cover + Reduced Outpatient       | £395                 | £1,217              |
| BUPA   | Bupa by You - Cancer Cover                                  | £406 <sup>a</sup>    | £1,350 <sup>a</sup> |
| EXETER FF*   | Health Choices for Me - Essential Cover + Cancer Cover      | £442                 | £1,444              |
| AXA PPP  | Essentials + Cancer Cover                                   | £462                 | £1,575              |
| SAGA   | Health Plans - Super + Extended Cancer Cover                | n/a                  | £1,644              |
| <b>PMI POLICIES FOR DIAGNOSIS AND CONSULTATION</b>   |   |                      |                     |
| Our criteria: full outpatient consultations (up to doctor's fee limits), all diagnostic tests and scans, interpretation of results, diagnostic procedures requiring inpatient or daypatient care.                        |   |                      |                     |
| AVIVA  | Speedy Diagnostics  | £218                 | £672                |
| SIMPLYHEALTH   | Core Cover + Surgery  | £308 <sup>a</sup>    | n/a <sup>b</sup>    |
| BUPA   | Prompt Diagnosis  | £331 <sup>a</sup>    | £836 <sup>a</sup>   |
| WPA  | Flexible Health - Elite                                     | £500 <sup>c</sup>    | n/a                 |
| SAGA   | Health Plans - Super  | n/a                  | £1,569              |
| EXETER FF*   | Health Choices For Me - Essentials + Outpatient             | £612                 | £1,661              |
| CS HEALTHCARE  | Your Choice - Essential + Expert Diagnostics                | £665                 | £1,843              |
| PRUHEALTH  | Personal Healthcare - Core Cover + Outpatient               | £581                 | £2,077              |
| AXA PPP  | Health Select - Essentials + Full Outpatient                | £745                 | £2,298              |
| CIGNA  | Premier Plan  | £1,111               | £4,617              |
| <b>PMI POLICIES FOR SURGERY</b>  |   |                      |                     |
| Our criteria: inpatient, outpatient, daypatient and cancer and heart surgery, all paid in full to fee schedule limits.   |   |                      |                     |
| SAGA   | Health Plans - Support                                      | n/a                  | £718                |
| WPA  | Flexible Health - Premier                                   | £202                 | n/a                 |
| PRUHEALTH  | Personal Healthcare - Core Cover                            | £331                 | £1,184              |
| AVIVA  | Healthier Solutions - Core Cover + Reduced Outpatient       | £395                 | £1,217              |
| EXETER FF*   | Health Choices for Me - Essential + Cancer Cover            | £442                 | £1,444              |
| AXA PPP  | Health Select - Essentials                                  | £442                 | £1,490              |
| CS HEALTHCARE  | Your Choice - Essential + Heart and Cancer                  | £709                 | £2,200              |
| BUPA   | Bupa By You - Comprehensive                                 | £960 <sup>a</sup>    | £2,640 <sup>a</sup> |
| CIGNA  | Premier Plan  | £1,111               | £4,617              |
| <b>COMPREHENSIVE POLICIES</b>  |   |                      |                     |
| The cheapest policies meeting our criteria for Cancer, Diagnosis and Consultation, and Surgery.  |   |                      |                     |
| SAGA   | Health Plans - Super + Extended Cancer Cover                | n/a                  | £1,644              |
| AXA PPP  | Health Select - Essentials + Cancer Cover + Full Outpatient | £765                 | £2,383              |
| AVIVA  | Healthier Solutions - Core Cover                            | £564                 | £1,738              |
| PRUHEALTH  | Personal Healthcare - Core + Cancer Cover + Outpatient      | £593                 | £2,119              |
| EXETER FF*   | Health Choices for Me - Essential + Cancer + Outpatient     | £660                 | £2,063              |
| BUPA   | Bupa By You - Comprehensive                                 | £960 <sup>a</sup>    | £2,640 <sup>a</sup> |

For more on private health insurance, visit [www.which.co.uk/pmi](http://www.which.co.uk/pmi)  
**Footnotes:** \*Exeter FF = Exeter Family Friendly **a** £100 excess **b** Simplyhealth age limit 65 **c** £500 shared responsibility excess **d** Policy max age 65. Active Health policy available for over 55s. Quote for 70 year old is £795, with a min excess of £3,000. Annual spending limit £150,000.

### WHAT LIMITS DO YOU FACE ON PMI PAYOUTS?

We compare providers' maximum fee limits for four common procedures. Those shown combine the fee specialist and anaesthetist fees. Hospital charges are covered in full by the insurer. They're ranked by overall limit, but we also show where a provider pays the highest rate for a procedure (blue) and lowest (red).

|    | PROCEDURE          | PROCEDURE                            |                                  |                          |                                 |
|----|--------------------|--------------------------------------|----------------------------------|--------------------------|---------------------------------|
|    |                    | Multiple leg procedures <sup>a</sup> | Bladder examination <sup>b</sup> | Colonoscopy <sup>c</sup> | Cataract treatment <sup>d</sup> |
| 1  | PRUHEALTH          | No max                               | No max                           | No max                   | No max                          |
| 2  | CIGNA              | £1,200                               | £435                             | £560                     | £1,225                          |
| 3  | EXETER FF*         | £1,200                               | £445                             | £550                     | £1,095                          |
| 4  | WPA                | £1,200                               | £445                             | £550                     | £1,095                          |
| 5  | CS HEALTHCARE      | £1,200                               | £430                             | £550                     | £1,100                          |
| 6  | SIMPLYHEALTH GROUP | £857                                 | £393                             | £485                     | £1,130                          |
| 7  | AVIVA              | £840                                 | £336                             | £456                     | £1,032                          |
| 8  | AXA PPP            | £825                                 | £365                             | £465                     | £820                            |
| 9  | SAGA               | £825                                 | £365                             | £465                     | £820                            |
| 10 | BUPA               | £555                                 | £333                             | £394                     | £559                            |

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**Footnotes:** \*Exeter FF = Exeter Family Friendly **a** Multiple arthroscopic operation on knee (including meniscectomy, chondroplasty, drilling or microfracture) **b** Diagnostic endoscopic examination of bladder (including any biopsy) **c** Diagnostic colonoscopy, includes forceps biopsy of colon and ileum **d** Phakoemulsification of lens with implant - unilateral

### Getting advice

How to get further advice on PMI

If you want to change provider whilst maintaining cover for pre-existing conditions, some insurers may accept you on a Continued Personal Medical Exclusions (CPMI) basis, also known as a 'switch'. The transfer criteria differ between insurers and can be flexible, but most will ask if you have had treatment or seen a consultant in the past 12 months.

While it's quite easy to buy PMI online,



we also recommend taking professional advice. On page 33, you can find contact details for the Association of Medical Insurance Intermediaries (AMII) and the British Insurance Brokers Association (BIBA) who can direct you to a whole-of-market specialist broker, as well as some of the providers listed in the tables opposite.

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