

HealthLink



The modern approach to health scheme procurement



“savings of
15-20% in the
1st year”

Health Link was born out of the simple desire to provide more and cost less than conventional group schemes traditionally available from Private Medical Insurers.

By combining purchasing power with professionalism and personal service, Health Link pro-actively delivers maximum value for your health scheme spend.

Companies with existing private medical insurance typically achieve savings of 15-20% in the 1st year and these are then sustained year on year with lesser subsequent increases than published medical inflation indices.

Clients seeking to establish new schemes can go ahead confident that their costs will not spiral out of control.



Who is HealthLink suitable for?

Employers and other organisations who want to provide health cover for 100+ members and who care about cost, flexibility and the provision of a more personalised service.

Health Link enables you to choose:

Exactly which benefits you wish to provide and those you don't.

The members you wish to include.

The scheme literature which can be entirely personalised to your organisation reflecting your brand and style.

The frequency and level of contribution into the scheme.

How you want the scheme to run to best integrate with your administration process.

The content and timing of management reports.

Health Link was created to satisfy the needs of clients with unusual risk profiles that made arranging standard private medical insurance difficult and expensive, and those where a feature of the workforce makes compliance with normal Insurers' rules difficult.

Now that Insurers' systems are becoming increasingly mechanised and less flexible, we can offer a real alternative to standard 'off the shelf' products at a significant saving.



How are savings achieved? *(and sustained)*

Structurally

The scheme utilises the structure of a Health Trust.

This means that it avoids Insurance Premium Tax (6% with effect from 4th January 2011) but thought by many to be likely to increase closer to the European average of 10%. (*source KPMG)

It is not subject to fees for FSA regulation and compliance or the cost of keeping capital available to meet insurers' solvency margins.

If claims costs are less than budgeted, then the expected surpluses are retained in the scheme to offset future costs rather than increasing insurer profits.

If claims costs are higher than anticipated, then additional funding may be required to bring the scheme back in to balance

Administratively

Insurers' administration and overhead charges have been escalating sharply. The current economic climate means that they can no longer rely on making worthwhile investment returns on premiums paid by clients annually in advance, and so are having to charge more realistically for these services. This is not the case for a health scheme managed within a trust.

Insured scheme costs vary according to size and type of scheme, but frequently exceed 20% of contributions.

By simplifying the process and cutting out unnecessary bureaucracy, our Third Party Administration (TPA) Service consequently achieves savings of 5% or more, whilst our custom written IT software enables us to provide a superior service to members and meaningful fund management information to scheme sponsors.

Treatment Sourcing

Our unique Treatment Sourcing Service (TSS™) brings together our purchasing power and healthcare experience to obtain highly competitive prices, unlike the medical insurers who have no option but to work to national pricing agreements with hospitals. We use our extensive knowledge and connections to effectively "spot buy" at prices others can only dream of.

“ we use our extensive knowledge and connections to effectively “spot buy” at prices others can only dream of. ”



Treatment Sourcing Service

At the heart of Health Link is our Treatment Sourcing Service (TSS™)

Our unique Treatment Sourcing Service was developed from our experience of the self pay/non insured sector allowing our dedicated team of professionals (some having over 30 years in the healthcare industry) to access a wide range of treatments, specialists and hospitals both in the UK and overseas to provide best prices for a range of out-patient and in-patient quality care. Having built our own extensive in-house database covering all

450 UK private hospital and NHS private patient units (PPU's) we have access to over 20,000 consultants, placing thousands of procedures with hundreds of hospitals each year across all specialities and treatments ranging from hernias to heart surgery.

We have an extensive network of over 350 MRI scanners throughout the UK with fast access, competitive prices and professional

reporting services. Whilst many of the scanners are based in hospitals, some are in local clinics to reduce travel times for added convenience. As well as MRI's we are able to arrange CT scans, X-Rays and many other types of diagnostic tests.

It is the consistent use of this service that sets Health Link apart from other health scheme providers and gives us such strong and consistent cost control.

So how does Treatment Sourcing work in practice?

Medical Care Direct has invested heavily in a highly sophisticated, fully integrated IT system tailored to deliver a streamlined and efficient service. For most cases the process works as follows:



Result

Proactive and caring service for the patient with defined point of contact, controlled costs and no nasty financial surprises for the scheme sponsor.

Sounds complicated – is it? **Not at all.**

In the past the advantages of a healthcare trust were only practically available to employers with 1000+ members because of the cost and complexity of the set up

process. Now by bringing together all the components from within the Skipton Building Society group of companies we can offer these benefits to groups of 100+ members.

We supply ready made:

The Trust Deed
The Service Agreement

We advise on:

Benefit structure
Rules
Eligibility
Exclusions
Funding levels


We design and agree with you:

The member literature – style and content
The content and frequency of the management reporting

We arrange:

The Third Party Trustee Service providing:

- Designated banking
- Liaison with HMRC and Revenue approval
- Audit of scheme with KPMG to ensure your monies are used in accordance with your wishes



“delivering a streamlined and efficient service”

An independent view

“

Health trusts are an effective and now long-established alternative to PMI, as long as they are properly set up and managed. Indeed, a number of PMI providers offer one, often through a subsidiary.

Their big advantage is no IPT, but other benefits can include lower admin costs, greater benefit options (and ease of changing benefits) and lower costs through effective healthcare buying too. Trusts can also appeal to employers who want to build up a scheme gradually over time and may be an alternative for firms who have had big PMI premium increase, perhaps due to a poor recent claims history.

Due to the potential almost total flexibility of health trusts, the key when buying is to secure the right blend of expertise, costs and ability to meet service and other requirements consistently.

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Andy Couchman
FCII Cert PFS, Technical Editor
Health Insurance

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So what happens when a group decides to go ahead?

With our guidance and experience you (the scheme sponsor) decide on:

a) **Benefit Schedule**

What to cover/exclude

You may wish to mirror an existing benefit schedule or establish an entirely new one.

b) **Scheme Rules**

It is important to be clear at the beginning about such things as:

Eligibility – who to cover and when

Joining Criteria – and whether there is to be any underwriting or application process

Waiting periods (if any)

c) **Exclusions**

All schemes need some exclusions to make sure scheme resources are used as you intend.

Typical ones are:

Accident and Emergency Care
Cosmetic Treatment
Normal Pregnancy & Childbirth
Routine Dentistry
GP Services
High Cost Providers

d) **Style and Design of Member Literature**

We provide templates which can easily be tailored to your exact scheme details utilising sponsors logo, colour scheme and house style, if desired.

e) **Trustees**

These are necessary to ensure the trust operates correctly and within the law. Most employers and scheme sponsors pass on this responsibility to our specialist third party trustee service, but you can be joint trustees if you wish to be more involved.

Who am I dealing with? Our credentials

Health Link is arranged and administered by Medical Care Direct Ltd (MCD) which is part of the Skipton Group, a mutual Building Society.

Trustee services are provided by Pearson Jones Plc who are also part of Skipton Group and who administer £400m of trust assets and are a member of STEP – Society of Trust and Estate Practitioners.

For extra protection, we can arrange Stop Loss Insurance to cap any potential liability via Locktons at Lloyds of London with a well established and respected world wide syndicate.

Typical Benefits & Features

Out-Patient Treatment

Cancer Treatment, Radiotherapy/
Chemotherapy

Consultations, diagnostic tests (including blood tests, x-rays and ultrasound scans) required to diagnose your medical condition

Physiotherapy, Chiropractor sessions, Acupuncture, Osteopathy

Consultation with a Consultant Psychiatrist

MRI, CT and Pet Scans

In-Patient / Day-Patient Treatment

Accommodation and Nursing (including intensive care)

Operating Theatre Charges

Drugs and dressings prescribed for use whilst an In-Patient or Day-Patient

Pathology, Physiotherapy and Diagnostic Procedures

Prostheses when implanted as an integral part of Surgical procedures

Specialist Physicians Fees

Surgeons & Anaesthetists Fees

Diagnostic Tests

Cancer Treatment, Radiotherapy/
Chemotherapy/Oncology

Physiotherapy

Psychiatric treatment

Additional Benefits

Nursing at Home / Private Ambulance

Frequently asked questions

Q. Are there extra year one costs?

A. No

Q. Can I change back to an insured scheme if I change my mind?

A. Yes – the Health Link agreement runs from year to year so once claims are paid for that year you can change scheme provider without formality.

Q. Do I need a solicitor?

A. No, we ensure our template documents are kept fully up to date and by effectively sharing these with other clients, we pass on savings to you.

Q. How long does it take to set up?

A. Once you decide to go ahead, then we can work as quickly as you to determine the details of the scheme. Typically 4-6 weeks, but we can work to shorter deadlines if needed.

Q. How do I know my money is safe?

A. We are part of Skipton Building Society, a mutual building society regulated by the FSA. All group activities are closely regulated by both internal and external audits. Every scheme has its own separate bank account that, under the terms of the trust, can only be used for properly approved scheme purposes.

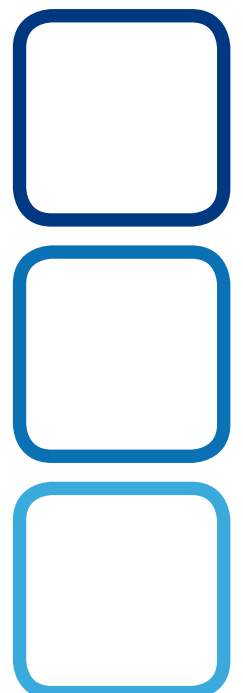
The actual monies are handled by Pearson Jones Plc who are also part of Skipton Building Society, and separately authorised and regulated by the FSA, Winners of the STEP Private Clients Awards 2009/10 (IFA team of the Year) and CII Chartered (Financial Planners).

Q. Can we include other benefits such as dental or health screening?

A. Yes we can tailor the benefits and costs to meet your exact requirements.

Q. What is the tax position?

A. Contributions to Health Link are normally deductible as a business expense for corporation tax purposes. Members are taxed on the value of the contribution made on their behalf via their P11d in the same way as a conventional PMI scheme.





“ We ensure our template documents are kept fully up to date ”

Examples of savings on treatment costs

Savings are frequently achieved by pre-negotiation of package prices which achieve very significant reductions in total costs for a patient's care. Some recent examples are:

a) Cataracts

Original quoted cost £2,777
actual price paid to nearby hospital -
£1,490

b) Arthroscopy and removal of debris from knee

Original quoted cost £4,284
actual price paid to same hospital -
£2,450

c) Varicose Vein removal

Original quoted cost £2,500
actual price secured by MCD - £1,600

“ We can offer a real alternative to standard off the shelf products at a significant saving ”

What next?

To find out more about how Health Link can deliver real improvements to your health scheme, please contact:

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