

Delivering Good Outcomes:

Restructuring Private Medical Insurance and introducing a Health Cash Plan

The problem

This corporate client has a large call centre and its employees have a young age profile.

More than 50% of the employees had opted out of the Private Medical Insurance scheme because they did not want to pay P11D tax.

The issues

With so many employees opting out, more than half of the workforce did not have any health benefits such as mental health services, discounted gym membership, on-line GP services or access to consultants for fast diagnostics.

As well as wanting them to be able to access a range of benefits, the client was concerned about sickness absence.

The solution

The company wanted all employees to have access to Wellbeing benefits, however, if everyone opted into the Private Medical insurance scheme, they did not realise their potential increased cost liability.

Following our advice and a series of consultative meetings, they are now reviewing the level at which this is offered to new employees. Alongside this, we also suggested introducing a Health Cash Plan for all employees, including an Employee Assistance Programme, which would provide access for all employees at a much lower P11D tax benefit.

How it helped

The increase proposed for the renewal of the Private Medical Insurance scheme was reduced by imposing an excess and allowing the Private Medical Insurance scheme members to claim the excess back via the Health Cash Plan.

Since the Health Cash Plan can be used by members without being ill, younger, healthy employees gain more than they did from Private Medical Insurance as they're able to claim back the cost of such benefits as dental and optical treatment, including eye tests.

This small outlay for the company helps them manage their sickness absence issue and has also acted as an incentive for recruitment.

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