



## Private Medical Insurance – How to Manage Medical Inflation

Depending on your business year-end, you may have just renewed your private medical insurance (PMI). If not, it will inevitably be an item on your businesses agenda soon. Either way, the chances are that, if your business has private medical insurance you'll be setting aside an ever-increasing amount of money to pay for it. Then looking for creative ways to manage any increase to the renewal premium.

Medical inflation currently stands at 17% and, whilst this is expected to reduce to 12% in 2026, it's still a large increase to foot.

Insurers do provide usage management information reports, which can go some way to focus your PMI decisions but what else can be done?

### Cash plans

In the past, cash plans were seen as a cheaper alternative to PMI. They were also an either/or. Employees on the senior grades received private medical and everyone else was put onto the cash plan.

However, having a cash plan run alongside your private medical can actually help manage PMI claims. This is because most cash plans offer health screening benefits. Having this annual check can highlight where something may need further investigation at an earlier stage. This can mean the treatment on the PMI plan may not need to be as significant/costly if and when an employee needs to make a claim.

Private medical insurance excesses can play a significant factor in the premium for a scheme. By having a cash plan running alongside your PMI means you can also set its excess to a higher level, then use the PMI excess cover which can come with a cash plan, to cover the PMI excess. This is a good example of where having a cash plan in place can make savings for your organisation on the PMI scheme and give employees a valuable, yet relatively low cost, additional benefit.

### Alternative private medical insurance providers

Cancer and heart claims can be some of the most expensive on a policy. It's not for everyone but there are providers that can remove cover for heart and cancer related conditions to help mitigate costs. However, this tends to be more palatable with staff where there is currently no PMI cover in place. It can



also provide some cover, for example on musculoskeletal or mental health conditions, for companies who would otherwise be looking to remove PMI cover altogether.

### Final thoughts

With all of these solutions, the most effective way to reduce any increases to your PMI scheme is to invest in pro-active and preventive support. You can do this by using insurers that reward employees for their physical and mental activity or by promoting health screens within your company. You could even start a walking club. This group activities don't need to cost anything and can help change the wellbeing culture of your company too. Good mental health helps support good physical health and vice-versa. Together these activities all add up.

**To learn more please contact John Mullally, Group Risk and Healthcare Consultant at [john.mullally@cartwright.co.uk](mailto:john.mullally@cartwright.co.uk)**

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