

To receive a report on health care for staff and consider any actions and associated expenditure.

Report to: Personnel Committee

Date of Report: 17 July 2025

Officer Writing the Report: Finance Officer

Pursuant to: Personnel committee on 27 February 2025, minute nr 72/24/25

Delegate to the Responsible Finance Officer to research health care insurance for staff reporting back at the next Personnel Committee meeting with a comprehensive report.

Officers Recommendations

Members are asked to consider the benefits of providing health care for employees who wish to “opt in” to the benefits. This will enhance employee wellbeing, reduce absenteeism, and improve recruitment and retention by offering a reputable health care cash back scheme.

The cost will be nil to the Town Council as the premium will be recharged to the employee through payroll.

Company A is recommended based on the more comprehensive coverage offered at a very reasonable monthly cost and allows partners to be added to the scheme. Both Company A and Company B were responsive and easy to work with during the quotation process, and we would be happy to engage with either provider.

The setup will require some coordination between the Finance and Admin departments, working closely with HR to ensure all details are accurately implemented.

Report Summary

There are 2 options for medical insurance, one being **Health Insurance**, which covers the treatment of unforeseen medical conditions and **Health Care Cash Plan** which contributes towards the cost of routine healthcare which means employees don't have to be ill to benefit.

The Health Care Cash Plan is a more affordable way of recovering some of the costs of essential, foreseeable healthcare.

Pros and Cons

Pros:

- **Company culture:** Offering health benefits can reinforce a caring and supportive workplace ethos Enhances employee satisfaction and loyalty
- **Employee wellbeing:** It supports faster access to healthcare, reducing absenteeism and improving productivity.
- **Company culture:** Offering health benefits can reinforce a caring and supportive workplace ethos.

Cons:

- Ongoing cost commitment
- Administrative burden
- Potential inequality if not offered to all staff

This report compares the 2 leading providers in the UK who offer Health Care Cash Plans - **Company A** and **Company B**, both of which offer 3 levels of cover.

Key information for Company A

Appendix A is a policy summary and a breakdown of the benefits per level/category and the price per employee per month.

Key points are:

- There is no upper age limit
- It is a flat rate per employee, per month, regardless of age
- It is not underwritten, so no medical questions to answer or screenings required and pre-existing conditions are covered
- The premium is set per person at the start of the policy year and not reviewed until the annual renewal
- Levels of cover are reviewed and can be changed at annual renewal only
- Joiners and leavers can be actioned at any month throughout the year so you only pay for the time they are with the company/on the scheme
- There is no excess for the members to pay
- Children under 18 can be included free of charge
- Co-habiting partners/spouses or children over 18 living at home can also be included for approx. the same monthly fee as the employee
- The employer needs to pay the cost of the employee's premium, but you can deduct the cost of family members through the employee's salary
- You can also fund a standard level of cover and allow the members to upgrade and deduct the difference from their salary
- It is a P11D benefit, so the member's tax will be affected by the annual cost of the scheme. As that cost is low, the tax implication is very low and members can offset this by making at least one claim.

Claim Process

- Each employee has access to the **Company A** App using their unique customer number, provided by us
- In the App they can make and manage claims, make GP appointments, access support services, such as the health and wellbeing information and counselling
- To claim they follow these steps:
 - Incur the cost and ask the provider for a receipt
 - Log into the App and add the information and take a picture of the receipt
 - Add their bank details
 - Payment is made into their nominated account within 7 days
- Employees do this each time they claim until they have used each benefit amount within the policy year
 - They can see what benefit amount they have left in each category within the App
- They have 6 months after incurring the cost to make a claim

Company A is the **only** Which? recommended provider for Private Medical insurance for the second year. It has a Trustpilot rating of 4.6 'Excellent'. It is certified for:

- ISO 9001 Quality Management
- ISO 22301 Business Continuity Management
- ISO 14001 Environmental Management
- ISO 27001 Information Security Management

Customer Service excellence – On average, calls answered in less than 2 minutes, and 97% claims authorised.

Key information for Company B

Appendix B is the table of cover and policy guide of the benefits per level/category and the benefits descriptions

Key points are:

- The employee pays for treatments, goods or services and then claim up to 100% of eligible costs back up to the benefit limit. This is paid into the main members nominated bank account, subject to the terms and conditions of your policy and the benefit limits within.
- The employee won't need a GP referral to claim any of your benefits.
- The employee can claim cash back towards some of the everyday healthcare expenses. These may include dental, optical and prescription costs, therapy sessions and consultations. This will depend on which plan you have and the benefit limits within it.
- For Cash Plan 100 and Health Expenses, pre-existing conditions are covered for all benefits.
- Option to upgrade plan once every year, at the renewal date, through employee salary sacrifice
- 24/7 health phone advice and the Employee Assistance Programme (EAP)
- Simple way to claim. Once a claim is processed, the insurance provider will pay the cash back into the nominated bank account
- Plus, employees can include cover for up to four child dependants under the age of 24, providing they live in the UK
- All health cash plans include helplines, giving employees day and night telephone access to health advice from experienced, qualified nurses and wellbeing resources.

Company B has an excellent Trustpilot rating of 4.4 'Strong customer satisfaction'. They are a "Not for Profit" organisation and therefore have no shareholders resulting in profits being reinvested into healthcare services rather than paying dividends, which supports continuous improvement in care quality.

How Medical Cash Plan Deductions Will Affect Employee's Pay

- The monthly premium for the medical cash plan will be deducted from employee's net pay, which means take-home pay will be slightly reduced each month.
- The exact deduction will depend on the specific cash plan chosen.
- This benefit is classed as a Benefit in Kind (BIK) and will be reported annually via a P11D form submitted by the employer.
- As a result, the employee's tax code will be adjusted by HMRC to account for the taxable benefit, and the employee will pay tax on the value of the benefit through salary.

Tax Example:

- The current basic income tax rate is 20% for earnings between £12,571 and £50,270, and the higher rate is 40% for earnings between £50,271 and £125,140.
- For example, if the monthly premium is £20, and the employee is a basic rate taxpayer:
 - The tax paid is £4 per month (20% of £20).
 - This equates to an annual tax cost of £48, and a total annual cost of £288 (premium + income tax).

Maximising Value:

To make the plan cost-effective, the employee should aim to:

- Claim back at least the value of their annual premium (£240 in this example) through eligible healthcare expenses.
- Take advantage of any additional offers or discounts provided by **Company A** as part of the plan.

Quotes Provided

BENEFIT	COMPANY A	COMPANY B	COMPANY A	COMPANY B	COMPANY A	COMPANY B
	Level 1		Level 2		Level 3	
Routine Dental (NHS or private dentist. Check-ups, hygienist, fillings, x- rays)	Up to £65	Up to £60	Up to £100	Up to £120	Up to £200	Up to £200
Dental Injury (arising as a result of an external impact)	x	Up to £200	x	Up to £300	x	Up to £400
Optical (eye tests, glasses, contact lenses and prescription sunglasses)	Up to £65	Up to £60	Up to £100	Up to £120	£150	Up to £200
Audiology (hearing tests and ear cleaning)	Up to £100	x	Up to £100	x	£100	x
Therapies (listed therapies, such as physio, chiropractic and osteo. No GP referral needed for 10 sessions)	Up to £200	Up to £150	Up to £300	Up to £300	£400	Up to £500
Outpatient Consultations & Tests (blood tests, x-rays, ultrasounds)	Up to £150	Up to £200	Up to £200	Up to £300	£250	Up to £500
GP Charges (consultations, tests, prescriptions and vaccinations)	Up to £50	Prescriptions only £25	Up to £100	Prescriptions only £35	£150	Prescriptions only £45
Cash benefit for NHS hospital stays	£20 per night, up to £400	£20 per day / night, up to 20 days / nights	£35 per night, up to £700	£30 per day / night, up to 20 days / nights	£50 per night, up to £1,000	£40 per day / night, up to 20 days / nights
Health Provider health assessments	x	Up to £100	x	Up to £150	x	Up to £200
NHS Car Parking (for the member or people visiting them)	£50 for non cancer, £300 for cancer	x	£50 for non cancer, £300 for cancer	x	£50 for non cancer, £300 for cancer	x
New Baby (cash payment on the birth of a baby or adoption of a child)	£100	x	£150	x	£200	x
Employee Assistant Programme (EAP) (24 hour helplines including telephone counselling)	√	√	√	√	v	√
Structured Counselling	6 sessions	x	6 sessions	x	6 sessions	x
Remote GP Service (Remote service for advice, new prescriptions or onward referral)	√	Health Provider Nurse 24/7 and extend to close family √	√	Health Provider Nurse 24/7 and extend to close family √	√	Health Provider Nurse 24/7 and extend to close family √
Special Offers & discounts with a select range of organisations:- Gym memberships Optical and hearings aids Health screening and assessments Fitness devices Meal Subscription boxes Massage guns	√	x	√	x	√	x
Premium per person, per month (based on 20 employees)	£6.82	£2.62	£11.04	£14.09	£19.58	£32.20
Quotation valid until	14th August 2025	1st October 2025	14th August 2025	1st October 2025	14th August 2025	1st October 2025

Budgets

The intention is for the monthly cost to be covered by the employee, ensuring there is no impact on departmental or overall budgets.

Next steps

- Payroll Considerations e.g. deductions via monthly payroll and P11D reporting resulting in tax code change to recoup tax on benefit at either 20% or 40% depending on salary levels
- HR - Update employment contracts and policies to reflect the benefit. Write to all employees providing information of scheme and acceptance of “opt in” and permission to deduct costs from salaries.

How Does This Meet the Business Plan?

As part of Strategic Priority 2 – Health and Wellbeing, the Town Council aims to provide excellent welfare facilities by offering healthcare insurance that includes medical, dental, and vision coverage.

Financial Regulations/ Procurement Threshold

Does this project meet the procurement threshold?

No – due to nil cost implications for STC.

Signature of Officer:

Finance Officer