

JUST MONEY

Your guide to hospital plans

Many South Africans do not realise the importance of good medical coverage and research has shown a dangerous disregard for healthcare coverage is the norm amongst many people.

Most economists and advisers recommend that for good financial security most people should have adequate home insurance, sufficient retirement savings and good healthcare cover. Yet medical cover is the most unpopular of these three important elements, with many individuals prioritising their home insurance and retirement planning over spending money on medical cover.

There are two choices when it comes to medical cover, these are medical aid schemes, and hospital plans or hospital insurance.

What is hospital insurance?

Hospital insurance can be a lot cheaper than a medical scheme, as it only covers the cost of a hospital stay, and not day-to-day medical expenses. However, this will depend on the type of hospital insurance that you have, and the type of medical treatment that you are undergoing.

A hospital plan pays out a fixed amount per day that you are in hospital as per the policy agreement, regardless of the procedure or treatment that takes place.

This differs to a medical scheme which makes payments to the medical service provider based on the ICD10 and tariff codes that are applicable. With a medical scheme, some payments may also attract co-payments, or the option rate might be lower than what the doctor charges.

There are some hospital plans that will allow for added cover for things such as disability, dread disease, HIV, and funeral cover.

It is important to note that medical schemes can also offer hospital plan options. These options only cover in-hospital services and treatment, as well as prescribed minimum benefits (PMBs).

The benefits of a hospital plan

A hospital plan, when taken out in conjunction with a medical aid scheme, can help to cover the short pay on in-hospital claims where the doctor may charge in excess of the medical scheme rate.

In addition, hospital plan products can also assist in supplementing a loss of income when a person suffers from a prolonged illness, therefore assisting in the financial wellbeing of the healthcare consumer.

Another important point to note is that hospital plans only take effect after a pre-determined time has passed, and the law does not guarantee any benefits.

With the continued rising cost of medical treatment, it is important to have adequate health cover to assist in covering the costs of medical care.