

HEALTHCARE FUNDING

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THE RIGHT COMBINATION OF COVERAGE IS KEY



Many people are facing difficulties at the moment, with decreased take home pay and increased everyday expenses.

Medical expenses too have gone up and will continue to rise, but the one thing that Covid taught us was the importance of having private healthcare in place. So, while many people have a knee-jerk reaction and look to cut grudge expenses like medical aid and insurance, this is not a sound move from a financial stability perspective. Financial advisors have never had a more important role to play in ensuring that their clients can balance coverage with costs to protect their long-term health and financial well-being.

The consequences could be severe

Especially for young, healthy people, it can be tempting to reduce or even cancel medical aid and gap cover products as an unnecessary expense in the current economic climate. However, while this may save money upfront, from a long-term view it could end up costing even more. Without the right coverage in place, for example, with a reduced medical scheme plan, people will end up paying more out of pocket when accidents or illness occur.

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Lower premiums and lower medical plans typically come with increased co-payments and reduced cover, which means increased shortfalls when healthcare is needed. If clients do not then also have appropriate gap cover in place, these shortfalls and co-payments will become out of pocket expenses that can be financially crippling.

If clients stop their medical aid altogether, and then decide to re-join at a later stage, there are also late joiner penalties that may apply if they are over the age of 35. These involve an increased premium of between 5 and 75% every month, so it is essential that clients are made aware of this upfront.

The right advice is essential

It is a harsh reality that many people are left with no choice but to downgrade their medical aid, but this is where financial advisors have a critical role to play. By recommending the right medical scheme cover coupled with an appropriate gap cover product, they can help their clients make the best financial and healthcare decisions.

While gap cover is often considered in light of chronic illness and cancer, it is an affordable solution for many more scenarios. It protects against medical expense shortfalls for in-hospital treatment and co-payments, and certain products have value-added offerings like a casualty benefit that can protect against out-of-pocket expenses for out of hospital treatment.

Financial advisors need to help their clients make informed decisions and map out the correct basket of products to meet their needs, because the consequences of getting this wrong can be life-altering.

Gap cover is an affordable way of augmenting cover from medical schemes and can save clients from financial difficulties while allowing them to access the best quality healthcare with peace of mind that they will be able to afford the care they need.