

## HOW HEALTH CASH PLAN SCHEMES MAY HELP EMPLOYERS YOUR FREE EMPLOYER GUIDE

**Provided by Sovereign Healthcare**

### **What is a cash plan?**

A cash plan pays out cash to an individual receiving specified everyday healthcare treatment such as Optical or Dental costs.

### **What's the difference between company funded and individuals paying on a voluntary basis?**

Individuals choose to buy the cash plan normally because they want to manage the costs of everyday healthcare. This is treatment they know they are going to receive such as an eye test, money towards contact lens or spectacles and a trip to the dentist. Equally, if an individual plays sport they may want the peace of mind should they get injured and need treatment

A company may fund a cash plan for employees to meet a variety of needs in the workplace. This could range from remuneration packages, meeting Duty of Care in the work place or just aggregating costs they already incur such as eye tests or certain parts of occupational health.

### **How does funding a cash plan help me as the employer?**

This really depends upon your needs and specific goals and detailed below are the common uses.

#### Display Screen Equipment Regulations

The Display Screen Equipment regulations 1992 (amended 2002), state that employees who use VDU's are entitled to an eye test at the employers' cost on a regular basis. If special corrective spectacles are required for them to fulfil their duties, these must be provided by the employer.

In reality many employers pay for the eye test and also make a contribution towards spectacles, whether or not they are deemed as "Special". The optical benefits within an employer funded health cash plan will pay 100% benefit up to a certain level, therefore covering this cost. Don't forget the individual is also covered for a range of other benefits all within the one premium.

#### Absence Management

According to the CIPD (Chartered Institute of Personnel Development) absence management survey in 2006 the average cost of sickness per employee is £598 per year. The 2007 survey will show this has increased to £659 per year.

A company funded health cash plan giving staff access to a range of therapies, specialist consultation and health screening demonstrates that as an employer you care about

their well being. Often the relationship between the employer and the workforce impacts on attitudes to attendance at work. Equally practical solutions such as Return to Work interviews are effective, but not always received well by employees. Giving something back may help the implementation of a wider Absence Management strategy.

### Stress at Work

Much is said of stress both in and outside of work. Not always the easiest situation to deal with but potentially a real problem, stress can cost a business a large amount in both time and money. Having access to a telephone helpline and face to face counselling helps employers meet their "Duty of Care".

Much is made of various court rulings "Sutherland v Hatton" and "Intel Corporation v Daw". Clearly employers need to have mechanisms in place to deal with stress situations plus take actions to reduce it.

### Remuneration and Pay Negotiation

Imagine the union representative or staff consultative committee at the annual pay and reward meeting. We want x% increase and we want several types of healthcare provided for employees in case they need to use it.

Employers would not be able to budget for this as they will have no idea how much it will cost them. Fortunately the ability to place this risk with a health cash plan provider means the company can offer all these benefits for a fixed cost and often as part of the pay settlement.

### Wellbeing at work

An increasing number of companies have now accepted that promoting well being at work can actually improve productivity as well as reducing absence. Furthermore if this also helps reduce staff turnover, there once again is an added benefit to the employer.

### **Which is the best provider to choose?**

This is clearly a decision for the employer and what they want from the health cash plan provider. Some companies want a "Blue Chip" brand, others want National Coverage, and some may want the best benefits or perhaps a local provider.

Decide on your priorities, check the financial strength of the provider, check if it is an independent company or part of a larger group, and then decide what's best for you.

Whoever you choose, you are showing your employees that you care.

*This guide has been produced by Sovereign Health Care, and is our interpretation of employment laws, HSE regulations and how a health cash plan may support your business. This guide has been produced for information only and does not seek to give advice.*