

## **Hospital cash plans emerge as essential financial protection for lower income groups**

*Lack of affordability in private medical aid drives simple insurance solutions*

Personal health is one of our most important personal assets, so it's not surprising that there are so many health insurance products available on the market. With rapidly rising healthcare costs, and the challenges within South Africa's public healthcare sector, many different insurance options have emerged that cater to a range of budgets. They also provide varying levels of cover against the costs of healthcare.

According to statistics from the Council for Medical Schemes roughly 17% of South African adults belong to a medical aid. With a large percentage of the population not covered under medical aid, hospital cash plans have emerged as affordable financial protection for those who require financial peace of mind when dealing with their health.

O'Keeffe & Swartz, a leading outsourced call centre specialising in the outbound sales of simple insurance products, offers some guidelines on hospital cash plans based on questions they receive most often from consumers.

### **In a nutshell:**

- A hospital cash plan is not the same as a medical aid. A medical aid pays specifically for the cost of medical procedures and medicines. A hospital cash plan pays you a fixed cash amount directly for every day that you are hospitalised, but is in no way linked to what your treatment costs are.
- You can use the cash from your hospital cash plan for whatever you choose – to cover any shortfall or additional medical expenses.
- A key benefit is that hospital cash plans can make up for the loss of income while you are hospitalised, so your family does not need to worry about the daily expenses while a breadwinner may be unable to work.
- The daily cash benefit of a hospital cash plan is a fixed amount per day and is usually for a limited period. Cash amounts range anywhere from R1 000 to R5 000 per day depending on what plan you are on, and benefits are usually capped at a maximum of 180 days per incident.
- There is a waiting period before the hospital cash plan will pay out any cash benefits. This is usually two days in hospital.
- Hospital cash plans are relatively affordable with contributions starting from around R150 per month.
- Your immediate family can be covered under the same policy.

“There are various insurance products on the market that provide financial protection against the cost of healthcare, but they do so in very different ways. If you can afford it, medical aid should be a priority, but if not, then a hospital cash plan can help to protect you and your family against the financial loss of being hospitalised. Remember that they in no way replace each other. A stay in a private hospital can easily amount to thousands of Rands, and while a hospital cash plan usually pays out to a maximum of R5 000 per day spent in hospital, it is evident that a hospital cash plan and a medical aid serve very different purposes,” explains Albert Theyse, Head of Sales at O’Keeffe & Swartz.

“In such a disparate socio-economic environment, the need for simple insurance solutions for lower income groups is more important than ever. Affordable insurance solutions are an essential bridge towards South Africans carving out more financially secure lives for themselves and their families. We see millions of South Africans who are positively impacted by the simple insurance products we sell on a daily basis, including hospital cash plans. Being able to manage the risks which so many of us are likely to experience at some stage of our lives, while keeping it affordable and accessible, is pivotal in us achieving a financially inclusive society,” concludes Albert.

*Disclaimer: The information provided is intended as factual content, and does not constitute advice.*