

Cut your medical bills by almost half by taking cover

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Mr George Gitu, a marketing executive at an investment company often walks into a pharmacy, inquires about certain drugs by giving a description of the symptoms whenever his spouse, child or even he, is ill.

Sometimes, the Gitus seek medical treatment from the nearby clinic and from the prescription given it is easier to get the drugs from the same pharmacy. After some price bargaining, he is home and dry, having spent about Sh2,500.

However, Mr Gitu admits that over the counter purchase of medicine, especially without a prescription, can be dangerous in the event that a patient develops complications.

He says he has been reluctant to shop around for a medical cover because it is not every day that a family member falls ill. He also believes that medical covers can be too costly.

From a monthly income of Sh55,000, Mr Gitu sets aside Sh5,000 as medical expenditure. Recently, when their four-year-old son fell ill, the Gitu's had to seek treatment from a pediatrician as the boy had developed other complications. This amounted to Sh25,000 consisting of consultation, laboratory fees and drugs.

Such are the financial shocks that out of pocket medical treatment can lead to. According to Perminus Wainaina, a financial consultant at Concept Advisory Services, such emergencies stretching one's budget can be avoided by taking a medical cover.

Considering the escalating costs of medicine and other related charges, it does not make economic sense to have a fixed budget to cater for one's family medical treatment.

He says a medical cover can give you up to 80 per cent savings depending on the cover taken.

"It allows you to have peace of mind due to the protection it affords, and therefore frees up funds that you would have used to take care of a medical emergency," he says. You can use these funds in other investing channels.

Mr Wainaina says various health management originations (HMOs) have arrangements with major hospitals. A patient on a cover can therefore seek specialised treatment at a certain hospital without having to stretch his budget.

Though various medical insurance plans and HMOs have structured their covers to suit various income earners, a couple with one child can take an annual medical cover for inpatient and outpatient, without the optional dental and optical for Sh82,404 (for three people) at Resolution Health East Africa Limited among others.

The spouse and the child each receive Sh28,932 and Sh29,616 cover respectively and a further Sh23,856 for the husband. The figures are arrived at depending on the expected medical needs. The parents could decide to give the highest cover to the child.

Mr Wainaina explains that a couple whose combined income is about Sh70,000 will need to pay a monthly fee of Sh6,867 "That is not much, if you consider the hospital bills that run to millions," he adds.

Medical insurance plans fall into two categories comprising disability income policies and medical expense policies. The former compensates for lost income if one is unable to work due to disability, while the latter provides cover for the cost of medical treatment as the result of injury, accident or health.

Mr Wainaina says that each of these forms of medical insurance can be written as an individual policy or separately.

Individual plans can be broken down to provide cover for specific areas such as accident coverage, hospital care, basic medical expenses or major medical expenses.

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