Southern Cross
Health Insurance

HEALTH INSURANCE

Employer work scheme pre-existing condition (PEC) concessions explained

Underwriting concessions are influenced by the size of an employer group, the amount of subsidy and other risk factors such as the average ages of the employees in the group or the industry of the employer. In addition, different plans have different terms and conditions, so PEC concessions cannot be isolated from plan type.

These concessions refer to new members joining, making their initial choice, at their first opportunity after becoming eligible to receive their employer's subsidy.

Note: Concessions are subject to confirmation by Southern Cross at the time of a request for a work scheme quote and are not guaranteed.

Summary

Group type	Product	Pre-existing conditions	On leaving the group scheme	Required approval for a new group
Situations not covered below	KiwiCare*, RegularCare*, UltraCare *For memberships joining before 18 January 2021	SB - qualifying PECs covered after 3 years on the plan.	Not affected by leaving the group.	Standard terms of the policy documents. i.e. the billing group shows 'Default' for this reason
	KiwiCare*, RegularCare*, Wellbeing plans *For memberships starting from 18 January 2021	No PEC concessions. (PECs not covered. Sometimes called 'NC' for 'no cover'.)	Cover for developed conditions only	
Subsidised employer groups 10-14 staff and all are subsidised. Or larger groups, but only a subset of employees are subsidised.	Where the subsidised plan is KiwiCare, RegularCare, Wellbeing One or Two	SB - qualifying PECs' covered after 3 years on the plan.	Not affected by leaving the group.	Subject to approval by the Southern Cross pricing team at proposal stage
Subsidised employer groups 15+ staff and all subsidised	All plans (except Health Essentials)	NW concession. i.e. immediate cover for qualifying PECs.	Not affected by leaving the group.	
Any subsidised scheme	HealthEssentials (See note below about this product)	Full cover (no exclusions for PECs).		Standard terms of the policy documents

What is a 'qualifying pre-existing condition (PEC)'?

A 'pre-existing' condition is a health condition, sign, symptom or event that existed prior to joining Southern Cross which the member was aware of or ought reasonably to have been aware of.

A 'qualifying' PEC is a pre-existing condition that is not otherwise excluded in the policy document.

Standard business (SB) concession

Standard business (SB) concession means cover for qualifying pre-existing conditions after three years continuous cover on the plan. It only applies where the subsidised plan is KiwiCare, RegularCare, Wellbeing One or Two.

- To be eligible employees and immediate family must join within three months of becoming eligible for their employer's subsidy (i.e. their first opportunity).
- Employees who leave their employer can continue with the 'standard business' concession, if they continue with their plan (normal upgrade rules apply).

Non-underwritten (NW) concession

Non-underwritten (NW) concession means cover for qualifying pre-existing conditions immediately if they join Southern Cross within three months of becoming eligible for their employer's subsidy.

- New members joining work schemes with an NW concession complete a short application form that gathers no medical details.

Other important notes about this concession:

- If they choose not to add family members when they first apply for insurance, the family won't be eligible to receive this concession at a later date.
- The general exclusions detailed in the policy document still apply.
- If they upgrade their plan in the future, cover for qualifying pre-existing conditions will be limited to the level of the lower plan.
- When they leave their work scheme and continue their plan with Southern Cross (as a private member), they retain cover for qualifying pre-existing conditions.

If all staff are not subsidised

Southern Cross may approve a group as 'qualifying as subsidised' where the subsidy is not for all employees when there is a clearly defined subset of employees who are eligible for the subsidy (for example, all office staff or all managers).

Here are the normal PEC concessions that will apply in these circumstances.

- If the subgroup is less than 15 employees, no PEC concession – i.e. same as individuals or voluntary groups.
- If the subgroup is 15 or more employees, the 'standard business' concession can be granted.

Remember PEC concessions for a scheme must be approved by Southern Cross.

New work schemes

For new work schemes, Southern Cross looks at the eligible staff and the proposed subsidy arrangement, and may propose a PEC concession for each billing group.

For example, if a company has 12 staff and the employer agrees to subsidise Wellbeing Two for all of them, the work scheme will commence with the 'Standard business' (SB) concession. Normally this will continue to apply to all new staff joining until the anniversary of the scheme.

Please note: The SB, or NW concession cannot be promised to a prospective group just because it appears to fit the above criteria. During the quoting process, Southern Cross will need to see the list of eligible staff, and may also require the following information:

- Name
- Date of birth or age
- Job title (if seniority/ title is part of the eligibility criteria)
- Date employed (if tenure is part of the eligibility criteria)
- Job status: full time, part time etc (if status is part of the eligibility criteria).

Existing work schemes

Prior to each scheme's anniversary, Southern Cross will review the number of active policies. If numbers are below the threshold required, the concession will not be offered to those who join after the renewal. Alternatively, if the scheme has grown in size, it might qualify for a better PEC concession. This means that those who join after the renewal could receive a better PEC concession compared to those who joined earlier. However, PEC concessions are not applied retrospectively.

Existing Southern Cross members transferring into the scheme

Chances are that some new employees offered a subsidy will be existing Southern Cross members. The plan held prior to moving into the subsidised group can affect their cover on leaving.

For example, if a member who joined before 18 January 2021 had RegularCare for five years, and joins an employer group scheme who subsidises Wellbeing Two, they transfer into the group that grants 'standard business' concession and take the Wellbeing Two plan. After three years they will be covered for qualifying pre-existing conditions to the Wellbeing Two plan level.

If they leave after six months, but keep the Wellbeing Two plan, their cover for pre-existing conditions will revert to the RegularCare level. This is because that plan has a loyalty benefit that covers qualifying pre-existing conditions after three years, and Southern Cross has the functionality to 'pay to previous plan' at claim time.

Family members not joining at the same time as the policyholder

It is always better for an employee to add their family to their policy as soon as they become eligible for their employer's subsidy. If other family members are added at a later date, they will not receive the same PEC concession as the policyholder.

There are two exceptions to this.

- Newborns added within three months of birth, and the policy had existed for more than 3 months already.
- Spouse has only now become eligible for NZ public health care.

Parental leave

Any employee who is a member of the scheme and who takes parental leave can be transferred to a special parental leave group and retain their concessions for up to 12 months.

HealthEssentials product

If an employer wishes to subsidise this plan, there are some special rules:

- There are no group discounts. Premium rates are the same as private rates.
- There is no free child discount. Each child is charged.
- The employer must pay the subsidised portion by Group Direct Debit.
- The product is in a billing group of its own. There are no 'upgrade' plan options.

Because of these rules, we do not offer HealthEssentials to voluntary employer schemes.

HealthEssentials has a very short online application form. For subsidised schemes we provide a customised link which as the billing group code and adviser code embedded.

A legacy PEC concession

The arrangement below isn't being offered to new groups, and we are moving existing groups either up to NW or down to SB or Default. But here are the rules for people on that concession:

Group type	Product	Pre-existing Conditions	On leaving the group in less than 2 years	On leaving the group at 2 or more years
It was usually subsidised employer groups 15-24 staff and all subsidised	Wellbeing One or Two	Immediate cover for qualifying PECs. But they completed a full med declaration, and qualifying PECs were listed as a group concession.	Standard terms of the policy documents. i.e. Cover for developed conditions only	Retain PEC concession cover
	KiwiCare, RegularCare, UltraCare	As above	Standard terms of the policy documents. i.e. qualifying pec cover after 3 continuous years.	

This explanation is provided by Southern Cross as a guide only, to assist advisers in understanding **Southern Cross PEC concession rules for work schemes**. It is correct as at 1 October 2020. Southern Cross may amend or update this explanation at any time. **For full information or if you have any questions please contact Southern Cross.**