



Health

# Healthcare Trusts

A creative and flexible way to meet your  
employee health and wellbeing needs



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## About this guide

This guide provides a general introduction to healthcare trusts.

As every organisation is different and legal, regulatory and market circumstances may change over time, you should not solely rely on any of the information in this guide without first taking professional advice.

All information is correct at the date of publish in June 2023.

# Giving you more control over your health and wellbeing services

- ✓ Take greater control over the benefits you choose to provide
- ✓ Maximise tax efficiencies
- ✓ Choose an option that gives the certainty of setting your maximum financial liability
- ✓ Lighten your load, leave the day-to-day business of assessing and paying out claims to us
- ✓ Enjoy a hassle-free set up or transfer from an existing trust or insured scheme



## Healthcare trusts can offer larger organisations a creative and flexible way to meet their employee health and wellbeing needs.

Set up a trust and the rules around the needs of your employees and your business. With AXA Health, you can choose whether you want your own Health Trust or you want to build on the convenient framework of our Health Master Trust.

We'll help you to design a trust with benefits that are right for your organisation and ensure a smooth and hassle-free set up or transfer. Then, once everything is up and running, we'll ensure that you, your managers and your employees get the service your organisation deserves.

**As one of the UK's largest healthcare trust providers many organisations choose AXA Health to administer their healthcare trust**

A woman with dark curly hair, wearing glasses and a blue long-sleeved top, is seated at a desk, focused on her laptop. The background is a bright, modern office space with a blurred view of another person and a vase of greenery. The overall atmosphere is professional and productive.

# Healthcare trusts at a glance

**Healthcare trusts work in a similar way to other trust arrangements you may be familiar with, covering other employee benefits.**

The employer sets up a trust and establishes a trust fund to be used to pay for the medical treatment costs of its beneficiaries.<sup>1</sup>



The employer appoints trustees to run the trust according to the trust rules. Unlike some other trusts, the trustees are not directly involved in day-to-day decisions, such as working out how much an individual member is entitled to claim for.



The trust rules are set out in a membership handbook and trust deed. These set out what treatment will be paid for and who is covered by the trust.



The trustees appoint an administrator. An administration agreement sets out how the administrator will handle all the day-to-day healthcare expenditure, administration and claims. Treatment costs are paid out of the trust fund.

**What are the key differences between private medical insurance and a healthcare trust?**

PRIVATE MEDICAL INSURANCE (PMI)	HEALTHCARE TRUST
With PMI, the employer pays a premium to an insurer and the insurer agrees to cover the cost of certain treatment and benefits in accordance with the policy terms.	With a trust, the healthcare benefits are paid for from a trust fund in accordance with the trust rules rather than from an insurance contract.
This is an insurance policy, subject to Insurance Premium Tax (IPT).	The arrangements comply with HMRC rules and are not classified as an insurance policy under the Financial Services and Markets Act 2000 (FSMA). IPT is only paid on any stop loss insurance that may be applied.
Less scope to amend or vary benefits under the scheme.	A healthcare trust provides increased flexibility to choose the benefits to be included as part of your healthcare scheme.
Complaints may be referred to the Financial Ombudsman Service.	Complaints would be referred to the Trustees of the medical scheme.

**Your trust – your choice**

We offer two types of trust so that you can balance control and flexibility with cost.

**HEALTH TRUST**

Our Health Trust offers you control over:

- the benefits you provide
- who you appoint as legal and tax advisers when setting up your trust
- who you appoint as trustees.

You own the trust.

**HEALTH MASTER TRUST**

With our innovative Health Master Trust you choose:

- the benefits you provide
- who you appoint as legal and tax advisers to sign off on the trust.

However, we act as your trustees as well as providing the administration service.

We own the trust. The trust is tied to AXA Health and is non-transferrable.

<sup>1</sup>Beneficiaries can include employees, employees' family members and company funded retired employees. For further guidance speak with your account manager and/or independent legal advisers.



# Maximising the tax efficiencies when providing healthcare benefits

**Healthcare trusts offer several potential tax efficiencies which means that more of your healthcare funding goes towards supporting employee wellbeing.**

You should obtain your own specialist tax advice to understand how these different taxes may apply to your particular company structure and circumstances.

There is an action to register your Health Trust with the HMRC via their Trust Registration Service. Registration is the trustee's responsibility.

## Insurance Premium Tax (IPT)

A properly set up trust does not attract IPT.

This can offer considerable savings for large organisations looking to protect productivity and the health and wellbeing of their employees.

Note that IPT will apply to any stop loss insurance that the trustees decide to purchase.

## VAT

The administrator, appointed by the trustee(s), will charge VAT for their services.

The administration agreement is structured as a three-way contract between the organisation establishing the trust, the trustees and the administrator.

## Corporation Tax

Payments into the trust are typically a deductible business expense for corporation tax purposes.

## Inheritance Tax

As long as only the organisation establishing the trust contributes to the trust and it is not a 'close' company, contributions to the trust will not be chargeable transfers for inheritance tax purposes.

By limiting the class of beneficiaries, it should also be possible to structure the trust so that it falls within the employee trust exemption from periodic inheritance tax charges.

Where an LLP or traditional partnership wishes to establish a trust scheme there are potentially complex inheritance tax implications. You should obtain specialist tax advice if this applies.



# The flexibility to meet your health and wellbeing strategy

**Healthcare trusts provide a flexible platform from which you can develop your organisation's health and wellbeing benefits. These can be tailored specifically for your organisation and the needs of your employees at your annual scheme review.**

Our knowledge and experience of healthcare trusts means we can help you build and develop your healthcare scheme over time, ensuring that it meets your needs today and in the future.

## Stop loss insurance

Using thorough statistical analysis, we're able to estimate the annual treatment costs within reasonably close limits.

Inevitably there will be variation in the cost of claims from year to year and you can choose to protect against higher than expected costs using stop loss insurance. Stop loss insurance is typically included when you want absolute certainty around your company's maximum possible liability.

You can choose from two types of stop loss insurance:

### General Stop Loss (GSL)

You're indemnified against the claims cost by an individual beneficiary exceeding a set threshold in each contract year.

Typically, the threshold is 115% to 150% of the trust's annual estimated claims cost.

### Specific Stop Loss (SSL)

You're indemnified against the cost of individual claims that exceed a threshold set by the claims costs each year by a given individual beneficiary.

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Available as an option with both the Health Master Trust and Health Trust. Stop loss insurance premium is subject to IPT.

A photograph of three people in an office setting. A man in a blue and yellow plaid shirt is holding a tablet. A woman in a striped shirt and blue overalls is looking at the tablet. A man in a maroon sweater is pointing at the tablet. They are all smiling and appear to be in a collaborative meeting. The background shows a large window with a view of a city and a green plant.

## Choosing the right healthcare trust for your organisation

### Every organisation is unique.

With the choice of our Health Trust and Health Master Trust you can establish a trust that's right for your needs.

We'll work with you to help you choose the option that suits your organisation's size, budget and health and wellbeing requirements.

## Our trusts at a glance

	HEALTH TRUST	HEALTH MASTER TRUST
Trust health benefits	Flexibility – we'll support you in setting the right health benefits to meet your health and wellbeing strategy.	Flexibility – we'll support you in setting the right health benefits to meet your health and wellbeing strategy.
Set up tax and legal advice	For maximum reassurance most clients choose to appoint external legal and tax advisors to ensure their trust fully meets their requirements under regulation and trust and tax law. There is a required action to register your Health Trust with HMRC via their Trust Registration Service. Registration is the trustee's responsibility.	With key legal and financial elements taken care of by our expert team following standard structures most clients are happy to rely on their own in-house legal and tax advisers to support them when reviewing this type of arrangement, saving on set up costs.
Trust deed	You will be able to set up the Trust deed with your appointed, independent legal advisors.	We will provide a copy of the established Health Master Trust Deed and a Short Form Trust Deed (supplement) to capture specific elements for your company's trust.
Trustees	You have the freedom to choose and appoint your trustees.	AXA Health's administration company act as your trustee, relieving your organisation of the governance obligations and responsibilities you would usually incur.
Tax efficiencies	Insurance Premium Tax (IPT) does not apply to the trust. (If you choose to add stop loss cover to protect your claims fund, IPT will apply to the stop loss cover.)	Insurance Premium Tax (IPT) does not apply to the trust. (If you choose to add stop loss cover to protect your claims fund, IPT will apply to the stop loss cover.)
Bank account	You set up a dedicated Trust bank account for your trustees and pay funds into that account.	You pass funds directly to AXA Health's administration company who hold it under trust as trustees.
Employee benefits	You can tailor the benefits your trust provides to meet your organisation's requirements, for example to align benefits with your health and wellbeing strategy and budget, at your scheme's annual review.	You can tailor the benefits your trust provides to meet your organisation's requirements, for example to align benefits with your health and wellbeing strategy and budget, at your scheme's annual review.
Funding flexibility	You can make periodic payments rather than a single, large premium payment up front.	You can make periodic payments rather than a single, large premium payment up front.
Governance responsibilities	You will be responsible for managing governance obligations and responsibilities.	We will manage governance obligations and responsibilities.
Ownership	You own the trust, allowing you to transfer to another provider should you wish.	We own the Health Master Trust, meaning you cannot transfer it to another provider.
Branding	Some branding options available.	Some branding options available.
Set up costs	Legal and tax advice will be needed.	Potentially lower set up costs available.
Administrator	AXA Health's administration company.	AXA Health's administration company.
Recommended lead time to start date	Allow three months.	Allow two months.
Funding schedule	You must pay into the trust fund so that we can pay claims on your behalf. We can only pay claims if there are sufficient funds available, so we will agree a funding schedule beforehand to help manage and monitor the fund.	You must pay into the trust fund so that we can pay claims on your behalf. We can only pay claims if there are sufficient funds available, so we will agree a funding schedule beforehand to help manage and monitor the fund.

## Benefit for family members

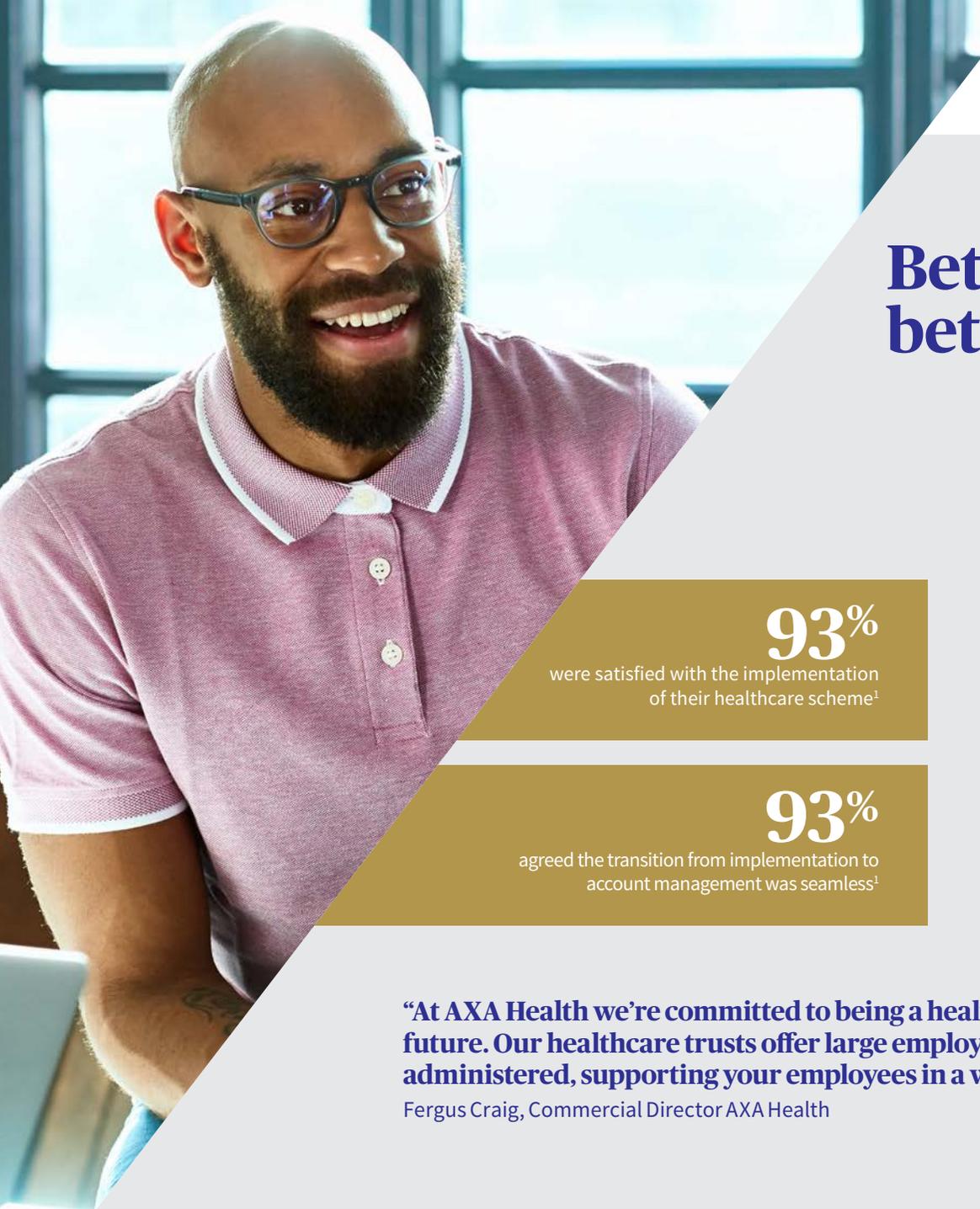
### Discretionary and non-discretionary trust arrangements

If your employees are able to include family members by making an additional contribution, you will have the choice of two types of trust arrangement, each dependent on how the employees contribute.

#### EMPLOYEE CONTRIBUTION METHOD AND TRUST ARRANGEMENT

**Salary sacrifice – Non-discretionary trust**  
Company collects employee contributions for family members at source (prior to Income Tax and NI).

**Salary deduction – Combined discretionary & non-discretionary trust**  
Employee contributions for family members' is deducted from net pay (after Income Tax and NI).



# Better health, better experience, better value

## Working together for your business

Our account management team will listen to what you want to achieve and what you need, before working with you to provide the right solution for you and your employees.

## Bringing the bigger picture

AXA Health is one of the largest, most experienced health and wellbeing providers in the UK, helping people to access medical care when they need it, where they need it.

We are part of the world's largest insurance family, the AXA Group. Globally, AXA protects over 93 million clients. Our scale means that we see healthcare trends unfolding on a global scale, and we use everything we learn to shape the future of healthcare, bringing you exciting technologies and insights from doctors and researchers around the world.

And, with over 80 years experience providing access to private healthcare, AXA Health has been helping people with their health for longer than the NHS.

93%

were satisfied with the implementation of their healthcare scheme<sup>1</sup>

93%

agreed the transition from implementation to account management was seamless<sup>1</sup>

**“At AXA Health we’re committed to being a health and wellbeing partner you can rely on now and into the future. Our healthcare trusts offer large employers greater control of the benefits you offer and how they’re administered, supporting your employees in a way that works for your business.”**

Fergus Craig, Commercial Director AXA Health

## It's all about our members

### Flexibility and innovation

We continue to develop healthcare products and services designed to meet the needs of our client's employees today whilst anticipating their needs for the future. From benefit design, scheme management, new clinical pathways and health and wellbeing we can provide your employees with a complete service, empowering them to get well and stay well. Our vision for the future is not merely approving treatment to fix a broken body, but to support your employees when managing a healthy lifestyle and leading to a more positive, productive life.

### Ease of access

Your Wellbeing Hub makes it easy for your employees to access their available services, keep track of their claims and treatments as well as being able to contact our Personal Advisers through our secure messaging centre. Available 24 hours a day and on any device, your employees can access their benefits at work or at home.

### Buying power

We have built close relationships with medical providers to manage the ever escalating costs of medical care provision, newly accredited drugs and technological advancements, which helps us to keep costs down and provide the right products at affordable prices to you.

### Ability to deliver

We're the experts – we'll make it easy for you. In fact at AXA Health we remove the pain of transferring a scheme, appointing dedicated teams and robust data management processes to ensure a smooth transition.

### Ability to deliver an experience that matters

At AXA Health we do more than you'd expect from a healthcare provider.

Our nurses, midwives, doctors, pharmacists, counsellors and advisers, provide positive and practical support to help you and your employees, with your day-to-day health and wellbeing concerns.

We put our members at the heart of what we do. Because not only do we want to help them get better when faced with illness and inspire them to keep healthy and well, we want them to be happy with their experience with us. To us that means listening carefully to their needs and going the extra mile to make them feel supported.

## Award-winning customer service

We're proud to have been named 'Best Healthcare Provider 2022' at the Corporate Adviser Awards.



<sup>1</sup> AXA Health Implementation survey 2022



# Setting up your trust

**From choosing the best solution to helping you talk to your employees, we'll use all our experience and expertise to support you.**

Our administration company will provide you with all the services, support and necessary documentation that is needed to establish an effective healthcare trust, including:

- Templated administration agreement provided at no cost to you.
- Full access to our hospital network with its quality assessed facilities and discounted pricing.
- Cost management and benefit payment expertise.
- Management and reporting of benefit costs\*.
- Stop loss insurance cover.
- A choice of funding mechanisms.
- Flexible benefit design.
- Client branded documentation.

\*Terms and conditions apply

## **1) Choosing the right solution**

The most important decision of all – this is where all our expertise and experience help put the foundations in place for a successful trust for years to come.

Working in partnership with you, we'll help you find the right trust solution for your organisation. Not only that, we can help you when designing a benefit structure and rules to suit your needs and your budget.

## 2) Establishing your trust deed

A healthcare trust is established by a formal deed of trust which works alongside a membership handbook that includes rules setting out the scope and extent of benefit entitlement within the rules of the trust. You will be able to set up the Trust deed with your own appointed legal advisors.

Employers participating in the Health Master Trust will be covered by the master deed, provided by our administration company and create their own trust under this using a short form Trust Deed.

## 3) Appointing Trustees

Under our Health Trust, the Trust Deed may appoint named individuals as the trustees, or alternatively the employer can appoint a trustee company to fulfil the trustee role.

### Named Trustees

For non-corporate trustees there must be at least two individual trustees appointed at all times, however we recommend that, for reasons of accessibility, there are at least four. The trustees chosen by the employer will often include current or retired employees and may include an independent professional trustee. The trustees will have to agree to act and should be properly briefed on the requirements of their role. Organising formal training for trustees might be a consideration.

### Corporate Trustees

A benefit of appointing a group company as the “corporate trustee” option is that there is no need to amend the Trust Deed with future name changes, as there would be with changes to individually named trustees.

### Trustees and the Health Master Trust

In simple terms, the Health Master Trust automatically appoints AXA Health’s administration company as their corporate Trustee, relieving your organisation and individuals of trustee obligations.

## 4) Appointing your trust administrator

The day to day management of Healthcare Trusts is usually managed by a specialist medical administrator, such as AXA Health. Their responsibilities will include the management of member communications, claims, arranging treatment (where appropriate) and settling medical bills on behalf of the Trust.

## 5) Registering your Trust

Your Health Trust must be registered with Her Majesty’s Revenue and Tax (HMRC), through their Trust Registration Service (TRS). The responsibility for registration lies with the trustees although trustees can appoint a lead trustee to complete the registration process or may alternatively appoint an agent to register the trust on their behalf. AXA Health’s Master Trust is registered with the HMRC.

### What is the role of AXA Health’s administration company?

The day-to-day running of the trust (the assessment and payment of claims for example) is normally performed by a specialist trust administrator. The administration of your trust will be undertaken by a separate AXA Health company.

### What makes a good administrator?

#### a) Experience

Understandably you will look for the reassurance of a trusted partner in the administration of a trust health scheme. AXA Health Services has unrivalled experience with over three decades as a trust administrator.

As an experienced administrator we only provide proven workable solutions that we feel confident with and will provide a realistic claims fund estimate.

#### b) A dedicated Account Management team

We provide our corporate clients with a dedicated Account Management team who work to develop a long-term relationship based on a mutual understanding of your objectives. Your Account Manager will be able to support you throughout, ensuring that your scheme runs smoothly, helping you with any questions you may have along the way.

## Trustee responsibilities

- Operate the trust in accordance with the rules
- Ensure proper administration (usually delegated)
- Contract with AXA Health’s administration company
- Provide the administrator with:
  - Correct information
  - Employee data and updates
  - Funds to pay claims
- Agree to changes
- Approve and sign off all documentation
- Agree and set a contribution level (if required)
- Agree and set up a stop loss level (if required)

Note: Trustees cannot allow the employer to withdraw any funds from the trust.

# Setting up your trust continued

The team act as your ambassadors, providing an essential link between the employer and key delivery functions such as customer services, finance, pricing and legal teams, ensuring the smooth implementation and ongoing running of the scheme. Our Account Management teams will provide you with valuable trend analysis, evaluation of scheme performance and establishing future projections for the effective performance of the scheme.

## **c) Highly skilled and knowledgeable Claims team**

Claims are handled by our skilled Personal Advisers and monitored by Senior Claims Advisers. For complex claims, our specialist Nurse Case Managers assist our Claims Team by providing additional insight and knowledge gained from years of clinical experience.

## **d) Effective claims and financial management**

Our commercial team is experienced in providing accurate projections for your claims fund, from year one.

By monitoring the performance of the fund we can identify any unexpected peaks in claims activity and advise should there need to be any additional contributions made in to the fund (if this is over and above Stop Loss cover). We can provide Stop loss insurance on both our Trust schemes to mitigate unforeseen claims expenditure.

In a year where claims experience is low there may be a surplus. In such instances HMRC rules dictate that once contributions are made to a healthcare fund they cannot be recovered for the company. Where this occurs the surplus

funds remain in the trust, and the surplus amount is retained as part of the float balance, or if it is material, to reduce contributions in to the trust fund for the following year.

## **e) Competitive treatment rates**

AXA Health has an excellent relationship with medical providers. Our aim is to provide your employees with the right care at the right time for the right cost. We deliver this in three ways: through innovation, our expertise and our commitment to quality customer care. These principles ensure we deliver the best care for your employees and cost effective outcomes for you.

## **5) Launching your trust**

We will work with you to ensure you have the right support materials for you and your employees leading up to and including day 1 of the scheme.

### **Drafting your documents**

Experience has shown that three months is a realistic timescale for the completion of healthcare trust documentation and includes liaison with intermediaries, legal advisors and corporate sign off. This includes drafting trust deeds, administration protocols and the provision of literature.

Where the Health Master Trust is concerned this is reduced to two months as much of the work to establish a trust has already been completed.

## **Consultation and communication with employees**

If you're moving from an insured scheme to a trust scheme, it can be helpful to explain to members the reasons why. As your administrator we will be able to work with your company, providing a clear communication plan explaining the benefits to the move and being with AXA Health.

## **Transferring an existing trust**

We will work with you to arrange your transfer, including liaising with your current provider.



# Fund management

## How the fund is administered

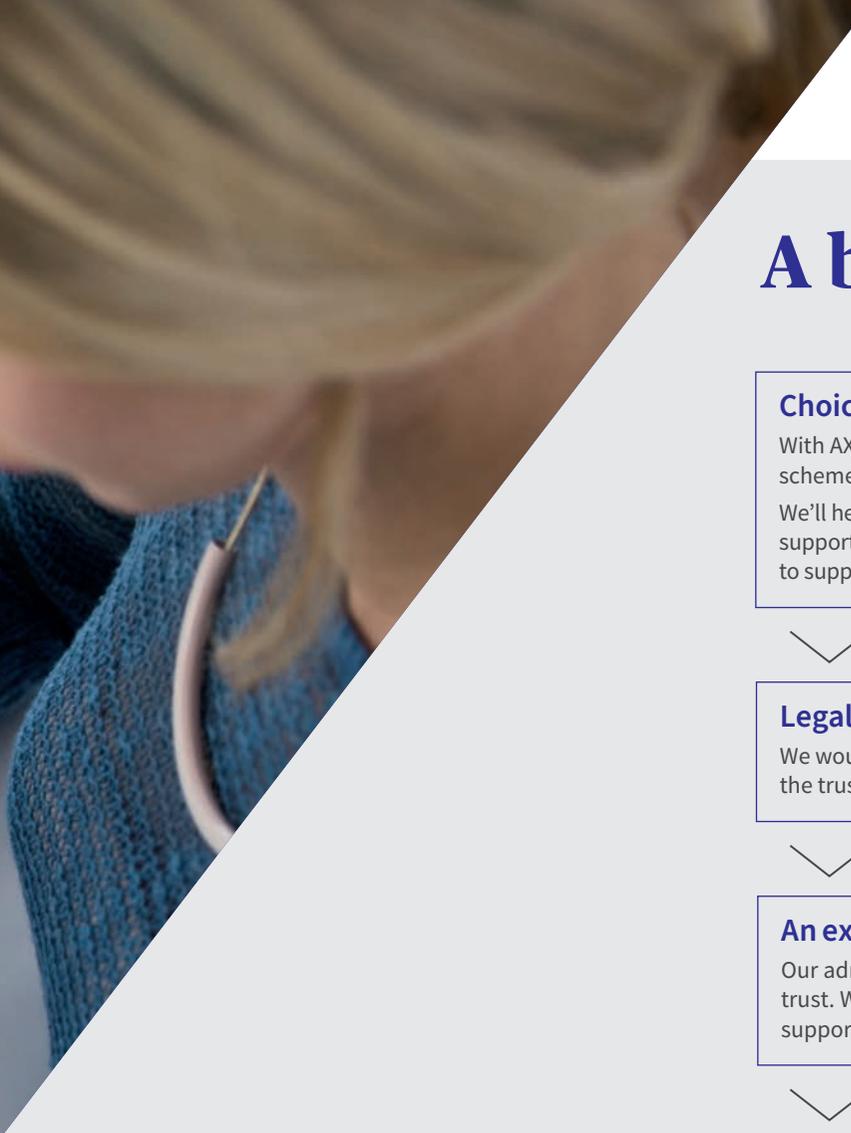
As an experienced health trust administrator, AXA Health Services Limited help you establish an appropriate trust structure to fund benefits.

For the Health Trust, administrators need enough funding to pay eligible invoices submitted by healthcare providers as they are received. AXA Health's administration company will require your trustees to deposit two or three months of the estimated annual claims fund at the beginning of the scheme year. This is held securely in a dedicated bank account which is drawn on to pay eligible benefits.

Funding of the trust fund is normally in regular installments based on the cost projections at the beginning of the year. As an alternative, funding can be monthly on a draw-down basis, based on the previous months benefits paid.

**For the Health Master Trust we will provide you with a funding schedule to manage your trust fund, administration fees and risk charges, depending on your chosen funding method and choice of stop loss insurance.**





# A brief recap

## Choice of Trust

With AXA Health you have a choice of our Health Trust option, where you appoint your own trustees and we administer the scheme for you or our Health Master Trust, where we are both Trustee and your Administrator.

We'll help you choose a health and wellbeing solution that meets your company's objectives and needs. With our knowledge and support we can support you in the process of setting up a trust scheme, the payment of funds, as well as benefit design. We're here to support you now and in the future so that you can get the best from your healthcare scheme with us.



## Legal representation

We would advise that whether you are choosing the Health Master Trust or the Health Trust you seek legal advice when arranging the trust deed and administration agreement.



## An experienced administrator

Our administration company will provide the necessary expertise to help you design, introduce and manage your healthcare trust. We have over three decades of experience in providing trust solutions for large corporates and a proven track record of support, so you know that you are in a safe pair of hands.



## Trust documentation

With our Health Master Trust we provide the Health Master Trust Deed and Short Form Trust Deed to form your Trust and with the Health Trust your own appointed legal advisors will help you build the right legal structure and we will provide the administration agreement and membership handbook.

We can, if you wish, incorporate your organisation's brand in to the design of scheme literature, whether this is the Health or Health Master Trust.

**Find out more online**  
**[axahealth.co.uk/business](https://axahealth.co.uk/business)**



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