Response to the Lifetime Community Rating Consultation Paper, January 2017, issued by The Health Insurance Authority

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The following represent some minor observations in relation to questions and issues raised in the Consultation Paper.

Insurers' documentation of LCR loadings

Given the high profile advertising campaign undertaken by The Health Insurance Authority and insurers in advance of the introduction of LCR on 1 May 2015, it is likely that the number of people inadvertently paying loadings is relatively small. Notwithstanding this however, it may be worthwhile to undertake a further information campaign – perhaps on a once-off basis – to ensure that consumers are aware that they should check whether they are paying loadings when they should not be.

In order to ensure standardisation of the material, it might be preferable for The Health Insurance Authority to compile a brief letter or information guide, which the insurers would then be obliged to insert with all renewal letters for a period of 12 months, to ensure that all existing customers have been reached.

People moving overseas post 1 May 2015 and then returning to Ireland

In some cases, people who have moved overseas since 1 May 2015 may have previously been covered by private health insurance in Ireland and therefore their calculated age at entry might still be below 35, in which cases loadings would not apply.

However, for those who are liable to pay a loading due to being temporarily resident outside the State since 1 May 2015, consideration should be given to reducing the calculated age at entry by the number of years for which they were absent from the State.

The purpose of Lifetime Community Rating is to ensure that people do not wait until older ages before taking out private health insurance, to the detriment of the risk profile of the insured community. Those who are temporarily resident outside the State are clearly not trying to engage in adverse selection behaviour and therefore there would be little to be gained by applying a loading in such cases. However, it would be incumbent upon those consumers in such a situation to provide documentary evidence of their temporary residence outside the State.

Interpretation of legislation

The term ‘Ordinarily Resident’ is used by the Revenue Commissioners for tax purposes, so reference to this term in the health insurance legislation should be linked to the definition used for tax purposes to avoid any confusion. The term ‘Principal Residence’ is, to the best of my knowledge, not used by the Revenue Commissioners, although the term ‘Principal Private Residence’ is used to describe the family home rather than country of residence, so perhaps the term ‘Principal Residence’ could be changed to avoid any confusion with the latter term.

Other Issues

In Appendix 1 of the consultation paper it is noted that consumers aged over 34 who switch from a cash plan to an inpatient private health insurance plan will be required to pay a loading. Has this been made clear to consumers who hold cash plans? If not, then perhaps an information campaign particularly targeting these consumers should be considered. Although these consumers would not now be able to avoid the loadings, at least the loadings could be minimised if they were made aware of it at this point.