

The Private Health Insurance Market in Ireland

- A Market Review -

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Table of Contents

Introduction	Page 3
Methodology	Page 4
Terms and Expressions	Page 5
Executive Summary	Page 8
Individual Chapter Summaries	Page 9
1. Market Overview	Page 20
2. Consumer Market	Page 25
3. Consumer Satisfaction	Page 39
4. Consumer Awareness	Page 48
5. Consumer Attitudes	Page 60
6. Consumer Behaviour	
6.1 Switching	Page 64
6.2 Claims	Page 74
7. Previous & Non-Consumers	Page 79
8. Employer Survey	Page 88
9. Key Market Trends	Page 100

Appendix

Appendix A	Marked-Up Questionnaire
Appendix B	Description of Qualitative Research
Appendix C	Employer Questionnaire

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Introduction

The Health Insurance Authority (the Authority) commissioned two previous research studies (in 2002 and 2005) to assess consumer attitudes towards private health insurance, their knowledge of the market, the behaviour of private health insurance consumers and other aspects of the health insurance market.

In 2007 the Authority commissioned Insight Statistical Consulting (Insight) to carry out a qualitative and quantitative research study of the private health insurance (PHI) market in Ireland with the following specific requirements:

- Provide a clearer perspective of the private health insurance market, including;
 - attitudes of consumers towards the private health insurance market,
 - information on the role of employer-based group schemes,
 - consumer knowledge of the private health insurance market,
 - switching behaviour of private health insurance consumers,
 - motivations for purchasing private health insurance, and
 - reasons why non-consumers are not covered and the conditions under which they may enter the market.
- identify key trends over the three surveys conducted in 2002, 2005 and 2007,
- identify effects of recent changes in the health insurance market (e.g. acquisition of BUPA Ireland by the Quinn Group, commencement of risk equalisation).

This document presents independent research conducted on behalf of The Health Insurance Authority by Insight Statistical Consulting. The material presented in this report does not necessarily represent the views or opinions of The Health Insurance Authority.

Methodology

In order to address the specific requirements of the Authority, the following main research activities were undertaken;

- A national face-to-face survey of 1,000 adults (consumer survey),
- An employer survey of 200 administrators of private health insurance group schemes within large organisations operating within the Republic of Ireland (employer survey),
- A qualitative research programme comprising 6 consumer focus groups and 4 in-depth interviews of persons responsible for administering the private health insurance scheme within a large organisation.

Insight Statistical Consulting redesigned the existing consumer questionnaire with the assistance of the Authority. A copy of the questionnaire is shown in Appendix A (including marked up percentages). The fieldwork for the national survey was conducted by Quotasearch between the 10th September and 27th October 2007 on a sample of 1,006 adults in the Republic of Ireland. Surveys were conducted in respondents' own homes at 100 locations throughout the country. Quota controls were set by region, age, gender and social class. Some minor corrective weights were subsequently applied to reflect the known profiles of all adults aged 18+ living in the Republic of Ireland.

In relation to the employer survey, approximately 1,000 large organisations (ordered by employment) were selected to participate in the survey by completing a questionnaire and returning it during November 2007. A response rate of over 20% was achieved within four weeks (an incentive of summary results from the survey was offered). Although the response rate was similar across company sectors, results were weighted accordingly to reflect known population company sectors. In the majority of cases, the respondent was the person in charge of human resources. The participants for the in-depth interviews were recruited through the employer survey where the respondent indicated they were

willing to participate in follow-on research. A copy of the employer questionnaire is shown in Appendix C.

All the qualitative research was carried out by The Research Centre with the main aim of enhancing the quality and depth of knowledge gained from the quantitative survey research from the consumer and employer survey (see Appendix B for more information about the qualitative research).

Terms and Expressions

Base: Each tabular or graphical output contains a base from which the percentages are calculated. These are the number of people who responded to a particular question and forms the basis from which the findings were based.

Consumers and Non-Consumers: All respondents currently holding private health insurance are referred to as consumers and all respondents who do not currently hold private health insurance are referred to as non-consumers. Throughout the report, any statements about consumers and non-consumers are based on the data collected from the sample interviewed as part of this study.

Margin of Error: The margin of error for a random sample of 1,006 respondents from a large population is approximately +/- 3%. The quota sampling used in this study provides a reasonable approximation of random sampling. When examining subgroups of the population the margin of error will increase due to a lower sample size, e.g. the margin of error from consumers (persons with private health insurance) is approximately +/-4.4% as the outputs are based on a sample size of 492 respondents.

Rounding: Some minor inconsistencies may occur within the data tables and charts. This means that for single response questions, the figures may add up to 101% or 99% due to rounding. For example, 48.5% and 51.5% may be rounded to 49% and 52% respectively.

Private Health Insurance Providers: Throughout the report BUPA Ireland may be referred to as BUPA, QUINN Healthcare may be referred to as QUINN, VHI Healthcare may be referred to as VHI and VIVAS Health may be referred to as VIVAS. All providers are collectively referred to as insurers.

PHI: PHI may be used within the report to mean Private Health Insurance.

Switcher: A switcher is defined as any consumer who ever switched private health insurance from one provider to another in Ireland.

Previous Studies: Throughout the report, the *previous study (or studies)* refers to a similar review of the private health insurance market undertaken in 2005 (and 2002).

Social Class: The occupation of the chief income earner for the household was recorded and categorised into social class. More specifically, A is Upper Middle Class; B is Middle Class; C1 is Lower Middle Class; C2 is Skilled Working Class; D is Other Working Class; E is Casual Workers and those dependent on welfare. Farmers are classified as F1 and F2, F1 being farmers who farm more than 50 acres, F2 being those with smaller farms, i.e. 50 acres or less.

Median: The median is the middle value, i.e. half of the numbers in the variable are less than or equal to the median and half are greater than or equal to the median. The median is not affected by occasional extraordinary data values and can often be a more accurate description of the central tendency of the data than a mean (sum values divided by the total number of values).

The Health Insurance Authority: The Health Insurance Authority is referred to in this report as ‘the Authority’ or the HIA in some cases.

Clustering: A two-stage clustering process was used to develop the consumer segments in Chapter Two: Consumer Market. In Stage One, a sequential clustering approach was adopted. The records were scanned and assigned to previously formed groups or a new group. This stage was implemented by using a modified cluster feature tree. The inputs to the Stage Two are the resulting groups from Stage One. In this stage these are grouped to form the desired number of clusters using the agglomerative hierarchical clustering method. The number of clusters can be set or determined automatically using the Bayesian Information criteria.

Consumer Survey: The national face-to-face survey of 1,000 adults from the Republic of Ireland (aged 18+).

Employer Survey: The survey of 200 administrators of private health insurance group schemes within large organisations operating within the Republic of Ireland.

Report Format

The results from the 2007 study on private health insurance market in Ireland are divided into separate chapters, each of which are summarised in the Executive Summary (by chapter). In general, the discussion is about the consumers survey with specific references to qualitative research and employer survey at relevant stages throughout the report. In some cases, a reference is made to the results from the previous studies, i.e. similar review of the private health insurance market in 2002 and 2005. The full comparison of results with the previous studies, where applicable, are contained within Chapter Nine: Key Trends.

Executive Summary

Approximately half of all respondents had private health insurance and the main reasons were because of the perceived high cost of medical treatments/accommodation and the perceived standard of public health services. VHI retained the status of main insurer although QUINN and VIVAS have increased their share of the market since the previous survey in 2005. Non-consumers cited reasons about the perceived high cost of private health insurance and possession of a medical card.

In general, there appeared to be a growing level of satisfaction among consumers with the products and services offered by insurers. The consumer survey also showed that consumers felt they had a high level of understanding about cover and clearly intended to maintain ownership of private health insurance in the future.

Although the perceived high cost was one of the main reasons why non-consumers did not have private health insurance, there was a relatively high level of satisfaction among consumers with value for money. The majority of consumers indicated that they intended to always have private health insurance as it was generally considered a necessity. However there was a threshold premium increase at which the majority of consumers would begin to consider discontinuing cover.

The consumer survey revealed a lower awareness level of key market concepts such as community rating and risk equalisation and this was confirmed by the consumer focus groups. The focus groups also provided a useful perspective on how consumers from different age and gender backgrounds viewed the market, e.g. both younger and older participants felt that there should be some form of incentive to maintain insurance cover and reward long-term ownership of private health insurance.

Switching between health insurers was low primarily because consumers were satisfied with their current insurer. Other reasons ranged from being worried (or confused) about waiting periods to having difficulty comparing plans. In addition, the employer survey revealed that many employers did not offer more than one private health insurer. Of those who have switched insurer, cost savings was the main reason.

This section provides a summary of the main points within each chapter of the report.

Chapter One: Market Overview

- Ownership of private health insurance has remained at approximately half of the Irish adult population in 2007.
- Social class and age continue to be key determinants of those with private health insurance. For social class, ownership for ABC1 social classes was 73% compared with C2DE at 29%. When examined by age group, ownership for 35-54 year olds was 57% compared with 39% of 18-24 year olds and 42% consumers over-64 years.
- Overall, approximately one-third (34%) of all respondents claimed to possess a medical card or a GP Visit Card (10% of consumers and 58% of non-consumers). Approximately 14% of all medical cardholders (with full or partial entitlements) had private health insurance (or 5% of all respondents).

Chapter Two: Consumer Market

- Using a clustering methodology, the consumer market, i.e. those with private health insurance, can be generally described by three main segments; Couples, Younger Singles and Retirees. A more detailed description is provided in the text.
- The two main reasons why consumers had private health insurance is because they perceived the cost of medical treatments/accommodation to be very high (52% of all consumers) and because of the perceived standard of public services (38% of all consumers).
- The focus groups revealed a range of more subtle factors which motivated the take up of private health insurance at different age groups. Younger consumers were motivated by benefits relating to their lifestyle or lifestage, e.g. physiotherapy, ante-natal/post-natal care, sports injuries. They also succumbed to owning private health insurance through parental involvement or simply by having it through a work scheme. Older consumers tend to value PHI highly and

- can appreciate the need for private health insurance through their own experience and/or that of family/friends in the public health system.
- VHI retained the status as the main insurer with 70% of the consumer market, followed by QUINN (20%) and VIVAS (6%). The restricted membership schemes made up the remaining 4% of the market, e.g. ESB and Gardai.
 - Approximately 45% of all consumers sampled were aged between 25-44 years old. The age profile of VHI was older than that of QUINN and VIVAS.
 - The median (see Terms and Expressions for an explanation) number of years that consumers held PHI was 14 years (10 years with current insurer).
 - Approximately one-third (33%) of all consumers indicated that their PHI policy was part of a work group scheme (although the HIA have other data that indicate the proportion of health insurance consumers in work group schemes is significantly higher) and 57% of these work group schemes were paid (fully or partially) by their employer. Nearly two-thirds (64%) of these work group schemes did not offer a choice of insurer, i.e. they offered only one insurer.
 - Private health insurance was ranked as the second most important employment benefit by consumers (behind a pension).
 - The majority of consumers (79%) did not intend to change their PHI plan, 10% intended to upgrade their plan and only 1% intended to discontinue their plan.
 - The most common plan composition was two adults with no children included on their plan (26% of all plans), a single adult with no children included on their plan (23%) and two adults with two children included on their plan (12%).
- Approximately 40% of all plans surveyed included at least one child.

Chapter Three: Consumer Satisfaction

- Consumers appeared to be satisfied with their PHI provider. Nearly six-in-ten consumers (59%) were very satisfied with the current range of products and services offered by their private health insurer, 63% of consumers were very satisfied with the customer service they received from their health insurer and

- 62% of consumers were very satisfied with the quality of information and advice they received from their private health insurer explaining cover and benefits.
- Satisfaction with cover was also high as 64% of consumers were very satisfied with the level of cover provided by their health insurance plan and 50% of consumers were very satisfied with the level of out-patient/non-hospital cover on their plan.
 - ‘Hospital treatment as a private patient under a consultant’ was the most valued element of cover for consumers (72% of all consumers indicated this as their most valued element).
 - Approximately one-in-ten consumers (11%) indicated that they had a major concern about their private health insurance. These concerns were mainly about the rising cost of private health insurance and limitations of cover. Only 1% of consumers sampled had ever made a complaint to an insurer.
 - Four-in-ten consumers (40%) felt that increases in premiums experienced in recent years were not appropriate and not justifiable by the cost of treatment and service. Despite this, consumers still felt that private health insurance represented ‘value for money’ and would only consider discontinuation of cover when premium increases up to 30% were realised.
 - The consumer focus groups revealed another perspective on private health insurance ownership where some consumers described the ongoing payment of private health insurance premiums as a form of building credits for when they will eventually need it. This resulted in a reluctance to opt out of the system and suggested that not all consumers understood the system fully.
 - The consumer focus groups also revealed dissatisfaction with the claims process in that many focus group participants believed that insurers paid out without checking whether the levels of service supplied equated to those charged for by hospitals and by consultants in particular. For this reason, some respondents believed that the PHI companies should check with at least a proportion of their consumers to verify details before settling bills on their behalf.
 - Over half (51%) of all consumers were very satisfied with the overall value for money of PHI and cost was not raised as a major concern during the consumer

focus groups. Furthermore, half of all consumers (49%) agreed that PHI represented good value for money although 62% of consumers indicated that they would discontinue cover if premium increases of up to 30% were realised.

- Apart from cost, other factors which would lead to discontinuation of cover were if the level of cover deteriorated (32% of all consumers), service levels deteriorated (27%) and/or job loss (27%).

Chapter Four: Consumer Awareness

- The majority of consumers (92%) indicated that they had at least some level of understanding about cover and were satisfied with their level of understanding. The proportion of consumers who claimed to have a full understanding of cover has increased from 30% in 2002 to 43% in 2005 and 52% in 2007.
- Approximately seven-in-ten consumers (72%) claimed to be aware that an insurer may require a waiting period be served before making a claim on a new policy in certain circumstances and 68% of consumers claimed to be aware of the level of outpatient/non-hospital cover they had. These relatively high levels of awareness were not reflected during the consumer focus groups when a certain degree of confusion was noted when waiting periods were discussed.
- The general public, i.e. consumers and non-consumers, were not particularly aware of the concepts of risk rating, community rating, risk equalisation and open-enrolment that are the key features of Ireland's health insurance system. The findings from the focus groups backed this up in that the term "community rating" was mentioned from time to time but it was clear that it was neither universally known nor understood.
- Both consumers and non-consumers were generally aware about how many insurers were operating in the Irish private health insurance market. A significant proportion of consumers (76%) and non-consumers (50%) would welcome the introduction of more health insurance providers in the Irish market.
- Less than half (47%) of all consumers agreed that there was adequate information to compare plans on offer from different insurers.

- Approximately 62% of all consumers indicated that they were aware of recent developments in the Irish private health insurance market. Less than half (47%) of all consumers agreed that they were adequately protected in that market.
- Consumers were more likely than non-consumers to have some awareness of The Health Insurance Authority. Nearly half of all consumers (46%) had, at least, some awareness of its functions (an increase from 38% in 2005). Among non-consumers, the equivalent percentage was 19%.
- Approximately 18% of all consumers indicated that they would contact the Health Insurance Authority for advice and/or help with a health insurance problem.

Chapter Five: Consumer Attitudes

- The majority (87%) of consumers intended to *always* have private health insurance and PHI was considered a necessity by 89% of consumers. Nine-in-ten consumers (90%) disagreed that public services were adequate in Ireland.
- Approximately three-quarters (74%) of all consumers (and 48% of non-consumers) felt that having PHI meant getting a better level of healthcare service. Six-in-ten consumers (and non-consumers) agreed that having PHI meant that you could skip the queues.
- Over seven-in-ten consumers (71%) disagreed that PHI was only for the wealthy. In contrast, six-in-ten (59%) of all non-consumers agreed that private health insurance was only for the wealthy.
- Both consumers and non-consumers were in agreement that it was not only sick and old people that needed private health insurance. A larger proportion of non-consumers (than consumers) felt that there was no need for private health insurance in Ireland because the public services were adequate.
- During the consumer focus groups, both younger and older participants felt that there should be some form of incentive to maintain insurance cover and reward long-term ownership of private health insurance.

Chapter Six: Consumer Behaviour

Switching

- Approximately 10% of all consumers indicated that they have switched their private health insurer at some point and a further 13% of all consumers have considered it. Approximately 19% of consumers who switched insurer were contacted (unsuccessfully) by their insurer in an effort to keep their business.
- Most switching activity took place between VHI and QUINN, which was expected because BUPA entered the market in 1997 whereas VIVAS only entered in late 2004. However, VIVAS were successful in recruiting some consumers from both VHI and QUINN.
- The main reason why consumers switched insurer was because they felt that the new insurer was cheaper and cost savings could be made (61% of all switchers stated this reason).
- The main reasons why consumers have never switched insurer is because they were satisfied with their insurer (45% of all non-switching consumers stated this reason) and/or have been with the existing provider for a long time (27%).
- The focus groups discussed switching in greater depth and revealed that consumers had difficulty comparing plans and there was a general unwillingness to change an insurer when they were clearly satisfied with their existing supplier.
- The employer survey revealed that over 72% of all large organisations only offered a single insurer, i.e. there was no choice unless an employee wanted to source another insurer independently and administer their own policy (See Chapter Eight: Employer Survey for more information).
- Consumers who have never switched insurer indicated that significant cost savings (54%) and/or better level of cover (36%) would encourage them to switch insurer.
- Forty percent (40%) of all consumers were not aware that if they completed the required waiting period with one insurer and decided to switch to a comparable plan with another insurer, they would not need to serve an additional waiting

- period. There was some evidence to suggest that knowledge of this fact would encourage more consumers to switch their private health insurance provider.
- During the focus groups, the waiting period was perceived as an uncomfortable and anxious time, i.e. when they were not covered. Therefore consumers unaware of waiting period rules would not consider switching unless absolutely necessary. There was also a feeling that insurers tended to highlight the waiting period as a disincentive to switch.
 - Nearly half of all consumers sampled (46%) agreed that there was adequate information available to enable them to compare plans on offer from different private health insurers.

Claims

- Approximately 59% of all consumers have made at least one claim on their existing policy and nearly one-third (31%) of claimants made a claim within the past 12 months.
- Consumers were generally satisfied with the claims process (95% were either very satisfied or satisfied). However, the focus groups revealed some concern that insurers did not always check the actual level of service received by claimants prior to settling hospital charges.
- During the focus groups, consumers expressed some dissatisfaction that certain treatments were excluded from general cover, e.g. physiotherapy, chiropractors.

Chapter Seven: Previous & Non-Consumers

- Approximately half of all respondents to the consumer survey did not have PHI and the main reasons stated were cost (mentioned by 60% of all non-consumers) and possession of a medical card (45%). A large proportion of non-consumers haven't thought about it or felt they didn't need PHI at this time.
- Over one-third (35%) of all non-consumers said they would never take out PHI and these were more likely to be from older age-groups with medical cards.

- When asked what would encourage ownership of PHI, a significant minority of non-consumers appeared to be waiting to take out PHI at some later date, i.e. when they get older (16%), if they got sick (8%), when they got married (5%) or when they decided to have children (5%).
- Approximately 6% of all respondents to the consumer survey previously held private health insurance and had allowed their policies to lapse. These previous consumers cited reasons of cost (49%), possession of a medical card (28%) and the fact that they were previously covered through their parents (22%) and/or a work policy (21%).
- Factors that would prompt previous consumers to take out private health insurance again were if they had more money (29% of all previous respondents), when they got older (18%), if it were offered through their employment (18%) and/or if premiums were reduced (17%).
- Approximately 27% of all non-consumers intended to take out private health insurance at some stage in the future but only 4% indicated that it would be within the next three years.
- If a late entry loading concept was to be introduced in Ireland, only 16% of all non-consumers would be more likely to take out PHI sooner rather than later.

Chapter Eight: Employer Survey

- Approximately 87% of large employers indicated that they operated a private health insurance scheme within their organisation.
- A single health insurance provider was offered in approximately 72% of large employers thus limiting the opportunity to switch provider once a member of the scheme. QUINN was the only supplier in 8% of large employers, VHI was the only supplier in 61% of large employers and VIVAS was the only supplier in 3% of large employers. QUINN, VHI and VIVAS were all offered together in only 6% of large employers.
- Approximately 57% of large employers contributed all (or some) of the cost of private health insurance for their employees. The remaining 43% of large

- employers only administered the scheme and allowed the employee to pay the cost of PHI themselves.
- Approximately 68% of large employers reviewed the provision of private health insurance at least once every 2/3 years. Large employers who contributed all/some of the cost of PHI were more likely to review the provision of PHI more frequently.
 - Approximately 15% of all large employers have switched their main health insurance provider and an additional 27% of large employers have considered it.
 - Although 60% of large employers indicated that an employee can switch insurer at any time, once a member of the company scheme, employees were not inclined to switch insurer. This was confirmed during the in-depth interviews.
 - The majority of large employers (84%) operating private health insurance schemes agreed that PHI was an important benefit for employees and 76% of these employers agreed that they should promote the ownership of PHI among employees.
 - The majority of large employers (95% of employers who operated a PHI scheme and 79% of employers who did not) agreed that the importance of having private health insurance has increased in recent years.
 - From the in-depth interviews, the front line contact for employees was usually a payroll manager who facilitated or inhibited the addition of a second or subsequent health insurance provider. If the payroll manager was reluctant to set up a new provider account the status quo will be maintained unless employees insisted on change.

Chapter Nine: Key Market Trends and Market Segmentation

Each of the following comments are based on the responses to common questions appearing on the 2002, 2005 and 2007 consumer survey:

- The level of private health insurance ownership has remained at a similar level of approximately half of the Irish adult population.

- Affordability and possession of a medical card continue to be the two main reasons why non-consumers do not have PHI.
- A growing proportion of non-consumers appeared to be putting off taking out private health insurance until they are older and more likely to need it.
- A growing proportion of previous consumers were members of their parents' policy and/or work scheme but are no longer covered now.
- An increasing proportion of non-consumers have indicated a time-frame when they are likely to take out private health insurance.
- The introduction of late entry loadings into the Irish private health insurance system would encourage fewer non-consumers to take out private health insurance sooner rather than later.
- A growing proportion of all consumers claimed to be fully aware of cover provided through their private health insurance policy and consumers were more satisfied with their level of understanding (regardless of level of awareness).
- The proportion of policies on which a claim has been made has remained relatively constant at approximately 60% of all current policies.
- Consumer satisfaction with the following attributes of private health insurance has increased across the three surveys.
 1. Current range of products and services offered by your insurer.
 2. The level of cover provided by your private health insurance plan.
 3. The customer service you receive from your private health insurer.
 4. The level of Out-patient/Non-Hospital cover on your plan.
 5. The quality of information and advice you receive from your private health insurer explaining your cover and benefits.
 6. The overall value for money of your private health insurance.
- The level of complaints made to insurer has remained very low and is only 1% of all consumers in 2007.
- The proportion of consumers to have switched insurer has remained at approximately 10%.
- The main reason why consumers switched insurers continues to be cost but there was some evidence of switching being influenced by the withdrawal of BUPA from the Irish private health insurance market.

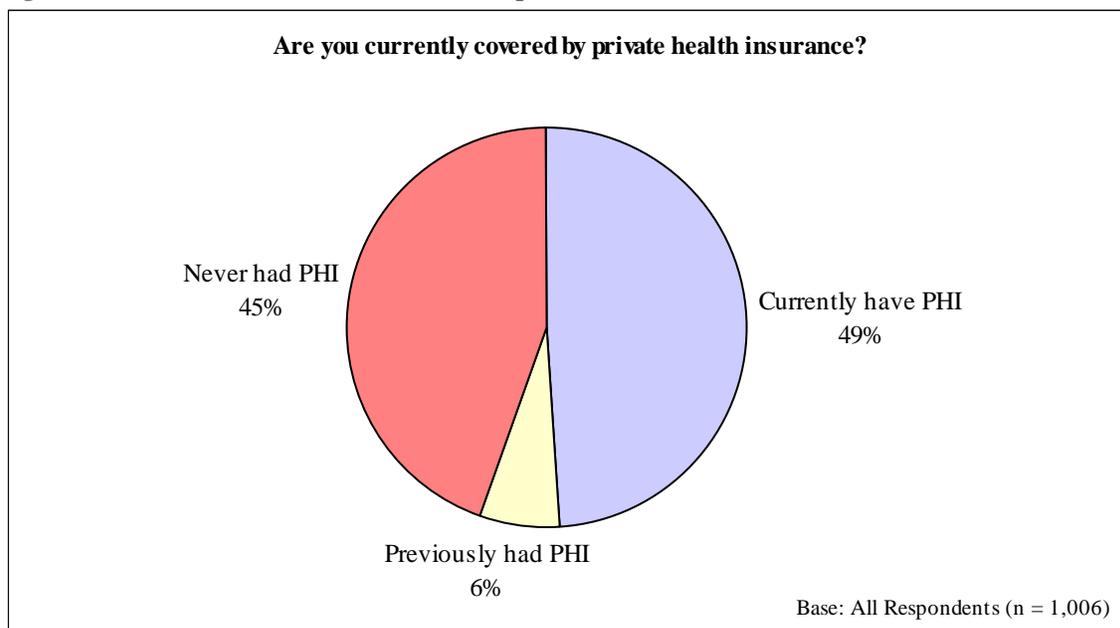
- Consumers who switched their private health insurance to another insurer continued to be very satisfied with the changeover process and new insurer.
- It appears that switchers would be more inclined to switch again than other consumers if financial, or other, gains could be made.
- A similar level of non-switchers have considered switching but have not yet done so (13%).
- The primary (and growing) reason why consumers have never switched was because they were satisfied with their current insurer.
- The main factor that would encourage consumers to switch from their current insurer continued to be cost savings.
- The proportion of consumers who were aware that an additional waiting period need not be served when switching to a comparable plan with another insurer remained at 60%.
- The threshold percentage increase in premium at which consumers would discontinue cover has fallen, i.e. more consumers would consider discontinuing cover if premiums increased by 20%.
- Other than premium increases, the main factors which would lead consumers to discontinue cover continued to be if level of cover deteriorated, if service levels deteriorated or if they lost their job.
- A decreasing proportion of consumers felt that recent increases in premiums were appropriate given the costs of treatment and service.
- A growing proportion of all respondents had at least some awareness of the Health Insurance Authority.

Chapter One: Market Overview

This chapter presents an overview of private health insurance (PHI) ownership in Ireland and examines how the overall level of PHI ownership differs across several socio-demographic variables. Ownership of medical cards was also examined.

All respondents were asked whether they were personally covered by private health insurance in Ireland at the time of interview.

Figure 1.1: Private health insurance ownership



From Figure 1.1, approximately half (49%) of the sample stated that they were currently covered by private health insurance (a similar level to the previous study in 2005¹). Forty-five percent (45%) of the sample had never held PHI and six percent (6%) held PHI in the past but were no longer covered by it.

Approximately 6% of all respondents previously held PHI, i.e. lapsed their ownership (an increase from 4% in the previous survey). Those most likely to lapse were those aged under-35 years old or over-64 years old. The under-35 year olds indicated that it was no

¹Ownership of private health insurance among Irish adults was estimated at 52% in 2005 and 49% in 2007. Based on a sample size of 1000 respondents, there was no statistically significant difference between the proportions when testing at a significance level of 5% [$p = 0.26$].

longer provided by their parents/work and that expense was prohibitive. The over-64 year olds stated reasons of expense and possession of a medical card.

Of consumers interviewed (i.e. those who currently hold PHI), nearly two-thirds (65%) were the policyholders while the remaining 35% were covered on another policy (generally the spouse/partner).

In determining the profile of consumers, i.e. PHI holders, a number of important differentiating factors were highlighted. A profile of consumers, non-consumers and the Irish adult population is shown below across the key demographic variables.

Figure 1.2: Comparison of PHI Ownership and National Profile

Comparison of PHI Ownership and National Profile				
Socio-Demographic Variables (Respondent)	Consumers	Non-Consumers	All Respondents	Census 2006
Gender				
Male	49%	50%	50%	50%
Female	51%	50%	50%	50%
Total	100%	100%	100%	100%
Age				
18-24	11%	16%	13%	13%
25-34	20%	23%	22%	23%
35-44	25%	18%	21%	19%
45-54	20%	14%	17%	16%
55-64	13%	12%	13%	13%
65+	12%	16%	14%	15%
Total	100%	100%	100%	100%
Social Class*				
AB	25%	3%	14%	14%
C1	37%	19%	28%	28%
C2	21%	28%	24%	24%
DE	9%	42%	26%	26%
F50+	8%	6%	7%	7%
F50-	1%	2%	2%	2%
Total	100%	100%	100%	100%
Region				
Dublin	27%	30%	29%	29%
Rest of Leinster	23%	25%	24%	25%
Munster	33%	26%	29%	28%
Connaught/Ulster	17%	20%	18%	18%
Total	100%	100%	100%	100%

Base: All Respondents (n = 1,006)

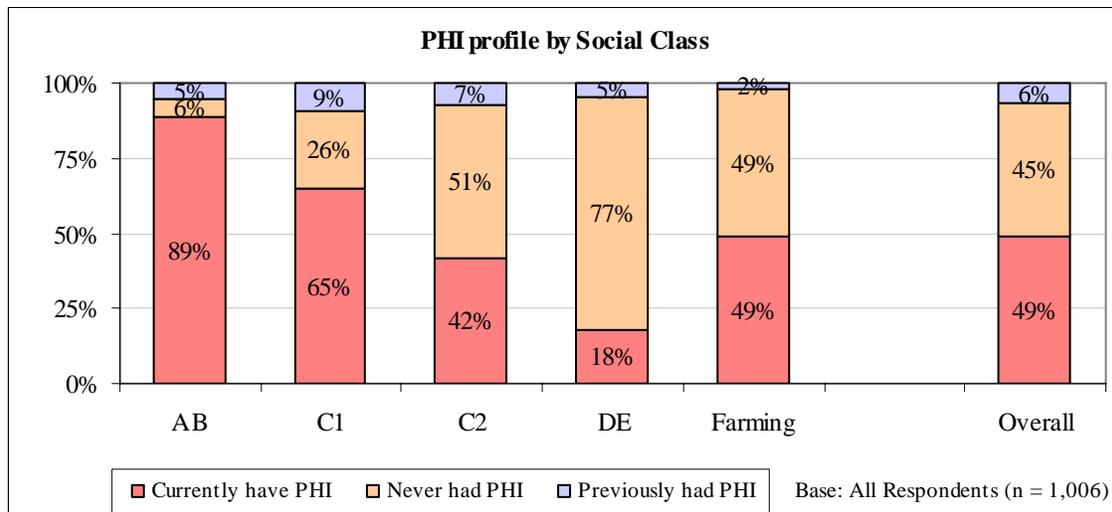
Quota controls were set by region, age, gender and social class to ensure that the sample profile reflected the known population profile from Central Statistics Office outputs. Due to the importance of the social class variable, the ABC1's were separated into AB and C1. This resulted in some minor weighting of the social class variable to ensure the revised social class profile matched that of the known population.

When ownership of private health insurance was examined, a number of key differentiating factors emerged between consumers and non-consumers:

- Social class continues to be related to PHI ownership whereby PHI ownership was higher within the ABC1 category. ABC1s accounted for 42% of the overall Irish adult population but 62% of the consumer population, i.e. those with private health insurance.
- To a lesser extent, age was also a determining factor for PHI ownership whereby PHI ownership was higher among the 35-54 year old adults, i.e. 45% of all consumers and 35% of the adult population.

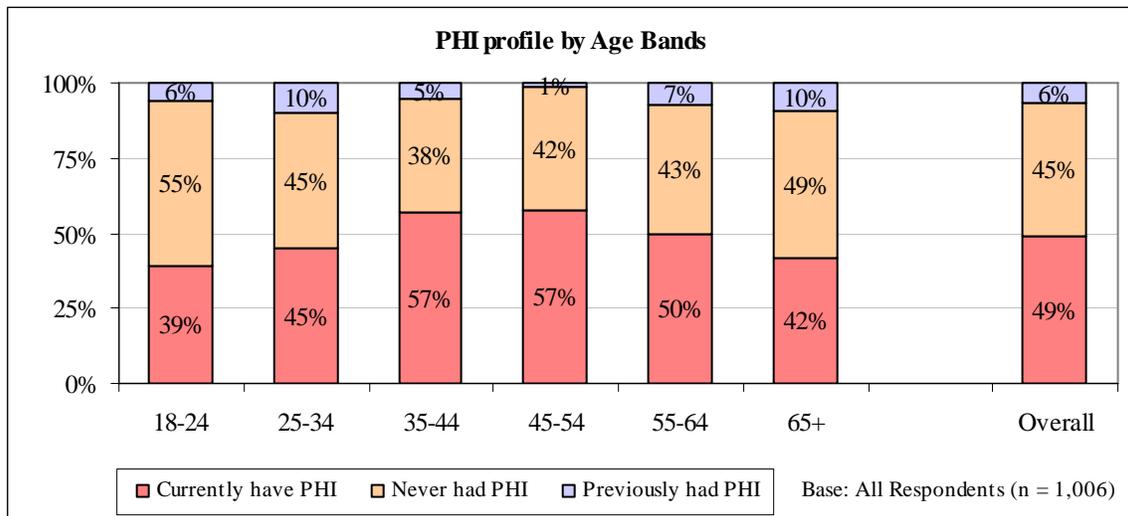
The proportion of PHI ownership across social class and age-bands is shown below and the proportion of previous consumers is also provided.

Figure 1.3: Private health insurance profile by social class



From Figure 1.3, the ownership of private health insurance ranged from 18% for DE (non-skilled working class and casual workers) to 89% for AB (upper and middle social class). Ownership of PHI for all ABC1's was 73%. The proportion of previous consumers reached a peak (9%) within the C1 social class and was a component of all social classes (See Chapter Seven: Previous & Non-Consumers for more information about previous consumers).

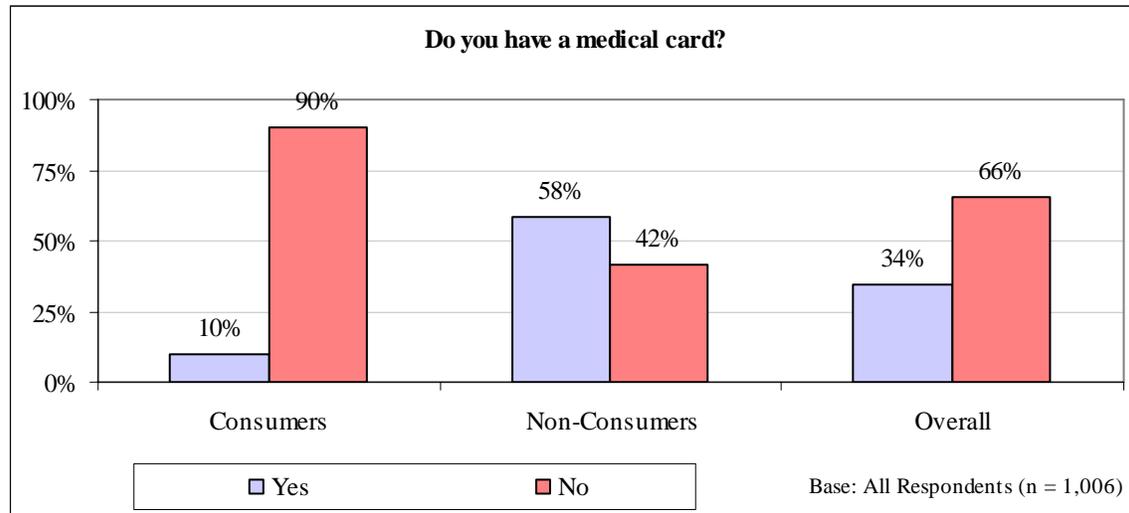
Figure 1.4: Private health insurance profile by age band



From Figure 1.4, PHI ownership reached a peak within the combined mid-age bands of 35-44 and 45-54 years (57%) with lower levels of ownership within the upper and lower age bands. A higher proportion of previous consumers were within the 65+ and 25-34 age bands.

Each respondent was also asked whether they owned a medical card.

Figure 1.5: Ownership of a medical card



From Figure 1.5, just over one-third (34%) of all respondents claimed to own a medical card (38% of all Irish adults are eligible to claim medical and surgical services plus dental and optometric services for themselves and their dependants free of charge under the GMS Scheme, Source: HSE Primary Care Reimbursement Service (2006)).

When examined by type of respondent, 10% of consumers, i.e. respondents with private health insurance, and 58% of non-consumers indicated that they owned a medical card. Approximately 90% of all medical cards were full medical cards with full entitlements, i.e. not GP only medical cards.

A similar proportion of medical cardholders (13.7%) currently held PHI than the previous study (12%). A small proportion (4.7%) of all respondents currently held PHI and had a medical card (3% in previous study).

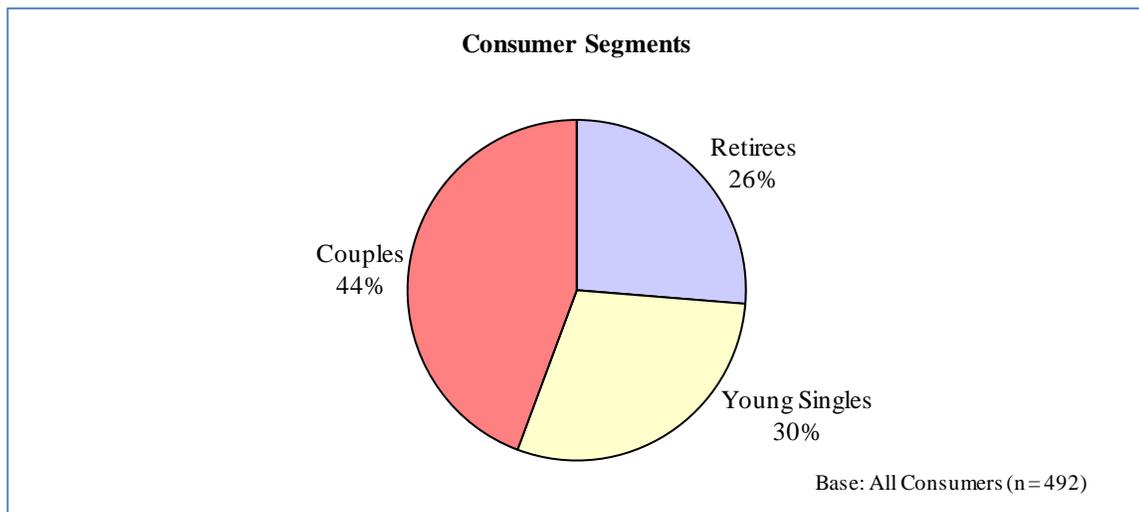
The key findings from this chapter are summarised in the Executive Summary.

Chapter Two: Consumer Market

This chapter begins by describing a segmentation of the consumer market, i.e. those who have private health insurance. Following that, this chapter describes the PHI market in terms of reasons for taking out PHI, market share and nature of policy held as a work group scheme. Almost two-thirds (65%) of consumers surveyed were policyholders with the balance generally being the spouse/partner (or relative) of the policyholder.

Consumer Segmentation

A cluster analysis (see Terms and Expressions for a brief description) was applied to the data in an attempt to segment the consumer market into homogeneous groups. Three main segments evolved and they are described and quantified below.



The three segments are broadly described and quantified as *Couples* (45% of consumer base), *Young Singles* (29%) and *Retirees* (26%). The nucleus of each segment is described in more detail below and each consumer will 'belong' to one of these segments based on their closeness to the central description of the segment. With further clustering, it is possible to derive subsets of the main segments, e.g. Young Singles and Retired Claimers split by gender, but in essence the above chart describes and quantifies the main segments of the consumer market.

The most prominent group (**Couples**) comprised 45% of all consumers sampled and can be generally described as:

- Married
- 35-54 years old
- Working (Chief Income Earner)
- Marginally more from Dublin
- Insured 5-20 years
- At least two adults on policy
- At least 1 child on policy
- High level of understanding about cover
- High level of switching

The second most prominent group (**Young Singles**) comprised 29% of all consumers sampled and can be generally described as:

- Single
- 18-34 years old
- 3rd level education
- Marginally more from Munster
- QUINN
- Insured less than 10 years
- Single adult on policy
- No children on policy
- Low level of switching
- Low level of understanding about cover

The third most prominent group (**Retirees**) comprised 26% of all consumers sampled and can be generally described as:

- Retired
- 55+ years old
- Married/Previously Married
- Primary/Secondary education
- VHI
- Insured 20+ years
- No children on policy
- Higher level of claims
- Low level of switching
- High level of medical card ownership

Reasons for taking out PHI

Each consumer was asked what are the reasons(s) why they took out PHI and the results are shown in Figure 2.1.

Figure 2.1: Reasons for taking out PHI

What are the reasons why you have PHI? What is the main reason why you have PHI?	All Reasons	Main Reason
Cost of medical treatment/accommodation is very high	52%	31%
Inadequate standard of public services	38%	14%
My parents included me on their policy	14%	10%
Offered with employment (fully/partially paid by employer)	17%	10%
Have (or plan to have) children	18%	6%
Essential in case of sickness	6%	5%
Offered with employment (paid for by employee)	8%	4%
My spouse/partner recommended it	11%	4%
I can afford it	18%	4%
Lack of access to public services	15%	2%
Quicker access to healthcare services	3%	2%
Peace of mind	2%	2%
Better healthcare coverage	2%	1%
Other	9%	4%
Base: All Consumers (n = 492)		

From Figure 2.1, it is clear that there were many reasons why consumers took out PHI. The primary reasons were the high cost of medical treatment/accommodation (31% of all consumers indicated this as their main reason for taking out PHI) and the perception that the standard of public services was inadequate (14%).

These reasons are closely followed in terms of priority by ‘my parents included me on their policy’ (10%) and ‘offered with employment’ (whether paid or part-paid by employer, 10%). When these two reasons were considered together, approximately 20% of all consumers took out private health insurance ‘passively’, i.e. they did not seek out the ownership of PHI themselves and may not necessarily pay for it directly.

The qualitative research explored the factors motivating the take up of PHI in greater detail:

- Amongst 25-35 year old consumers take up of PHI can be motivated by a family history of having PHI. This was motivated by parents encouraging taking out insurance and by a sense that having had cover through childhood one feels uncomfortable without it. Some people in this category did not take out PHI because they felt it related more to illnesses likely to be encountered when older. They felt they were robust enough to manage the public health service if necessary. They referred to this behaviour as “playing the odds”.
- Amongst 35-55 year old consumers the motivation to take out PHI is again triggered by family history, job related schemes, personal experience and a decision to start a family. Amongst this age group the focus was on having cover in case a child needs treatment and a belief that at some stage in the not too distant future they themselves might need treatment for illness or require a surgical procedure. Experience of the needs of elderly parents was also a key motivating factor.
- Amongst 55-70 year old consumers the decision to take out PHI was often motivated by work related schemes and by the need to look after children. People at the upper end of this age range saw themselves as pioneers of the PHI system. Many recall times when despite having wanted to have PHI they simply could not afford it. As such they tend to value PHI highly.
- Experience of a personal situation or situation encountered by a family member, friend or colleague in which PHI played an important role can also motivate taking out of PHI insurance.
- Getting a job in which PHI is part of a benefits package can introduce young consumers to PHI whilst a decision to start a family is believed to represent a

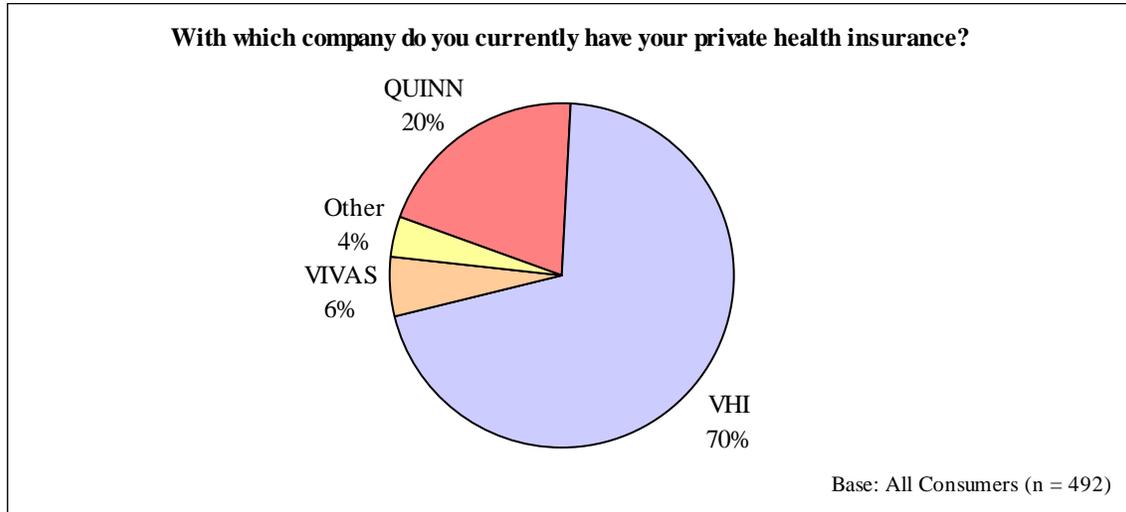
compelling motive. Many women are believed to consider PHI a pre-requisite in the context of ante-natal and post natal care.

- Young consumers can be encouraged to take out PHI if it provided cover for GP visits, dental treatment, physiotherapy and injuries caused by sport or job related incidents. These were the issues they saw as relevant to their lifestyles and there was a lot of uncertainty amongst them as to whether or not PHI cover applies to their essential needs and/or what extent of cover might apply.
- Trade Union support for the VHI was referred to as having encouraged people to join company schemes in the early days of PHI.
- A key reason for taking out PHI regardless of age or social grouping was a belief that people who have private insurance can avoid delays experienced in the public health service.
- There was agreement that the quality of medical treatment and care received as the same whether one was a public or private patient. The key benefit of PHI was considered to be the ability to get access to non-emergency treatment and to consultants much more rapidly than was the case through the public system.
- Whilst issues such as private rooms are considered positive aspects of the PHI system especially in the case of post-natal women, fast access to treatment was the key motivator overall.

Market Share

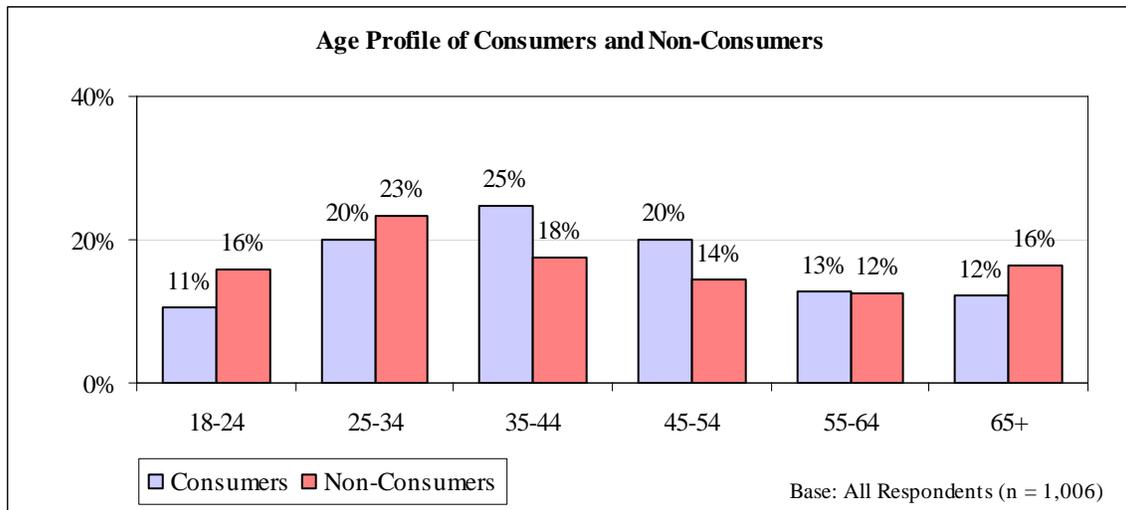
All consumers were asked with which health insurance company did they have PHI. As QUINN purchased BUPA in April 2007, all responses for BUPA and QUINN were amalgamated and are referred to collectively as QUINN from this point onwards.

Figure 2.2: With which company do you currently have your private health insurance?



From Figure 2.2, 70% of all consumers stated they were currently with VHI (82% in 2002 survey and 76% in 2005 survey) followed by 20% of consumers for QUINN and 6% for VIVAS. The remaining 4% of consumers held PHI through other restricted schemes such as those associated with ESB, Gardaí and Prison Officers. The age profile of consumers and non-consumers is shown in Figure 2.3 below.

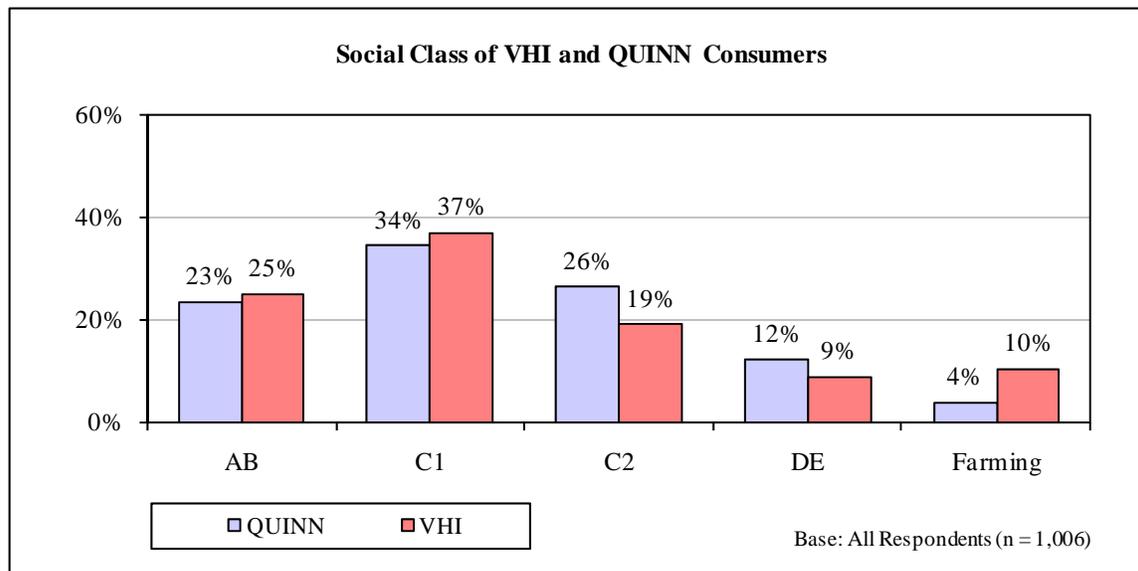
Figure 2.3: Age profile of consumers and non-consumers



From Figure 2.3, nearly half (45%) of all consumers (i.e. those with private health insurance) were aged between 35-54 years and this was considerably higher than the corresponding proportion of non-consumers (32%). A higher proportion of non-consumers were from the 18-24 and 65+ age-bands. When examined by insurer, consumers of VHI were generally older than those of QUINN and VIVAS.

The comparison of social class profile of consumers from VHI and QUINN is shown in Figure 2.4.

Figure 2.4: Social Class of VHI and QUINN Consumers²

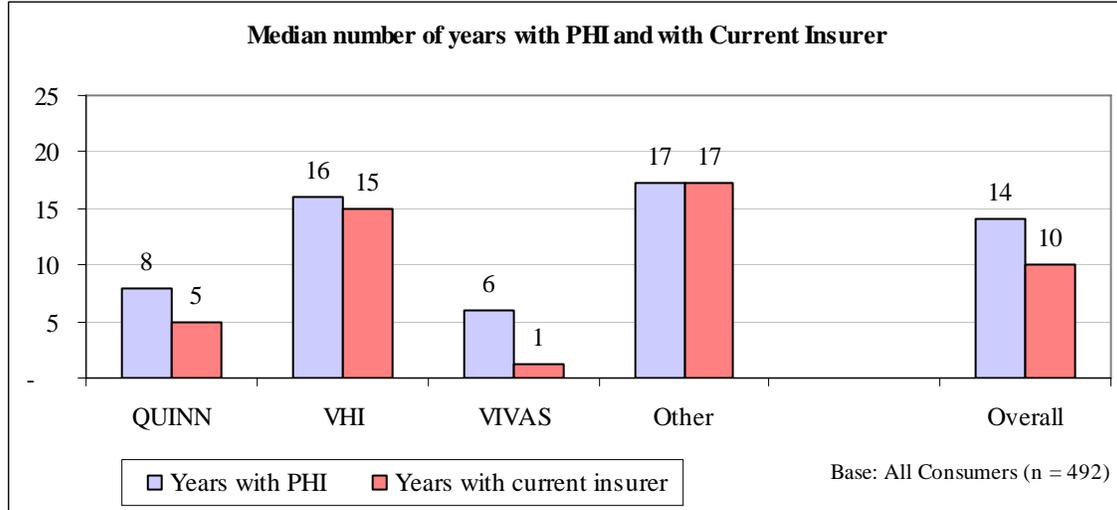


From Figure 2.4, it appears that a higher proportion of QUINN consumers comprise C2DE social class than VHI consumers (38% of QUINN consumers compared with 28% of VHI consumers). There were a higher proportion of VHI consumers classified as Farming than QUINN consumers (10% of VHI consumers and 4% of QUINN consumers).

² There was not sufficient sample size to include VIVAS, or other restricted schemes, in Figure 2.4.

All consumers were asked how long they held PHI for and also how long they were with their current insurer.

Figure 2.5: Number of years with PHI and with current insurer

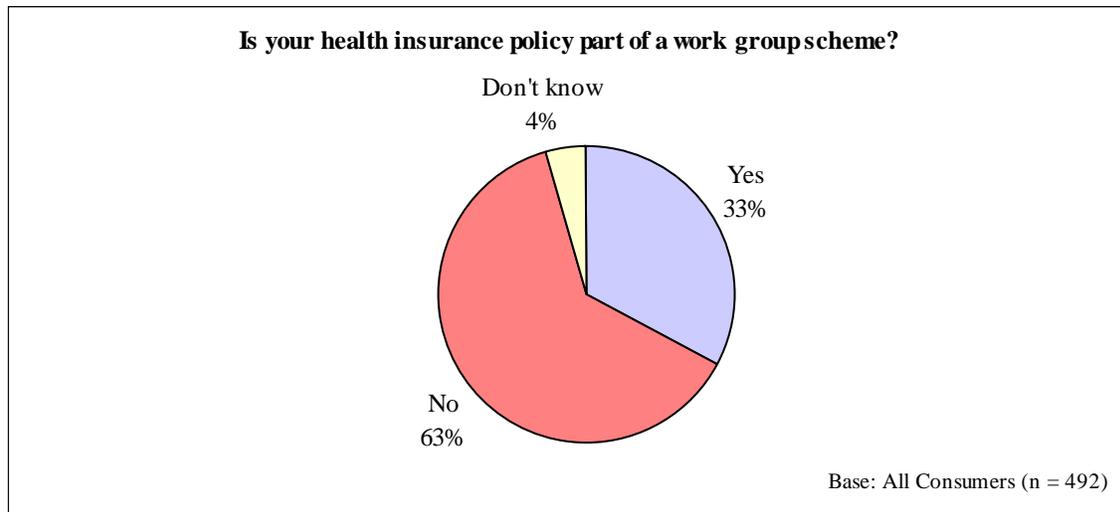


From Figure 2.5, the median number of years consumers held PHI was 14 years with consumers being with their existing insurer for a median of 10 years (allowing for consumers to switch from one insurer to another). As QUINN and VIVAS are relative newcomers to the PHI market in Ireland, their consumers are more likely to be insured with them for a shorter period than the total amount of time they have been insured with any insurer.

Work Group Scheme

A work group scheme is any health insurance scheme arranged or administered by an employer. Each consumer was asked whether they were part of a work group scheme.

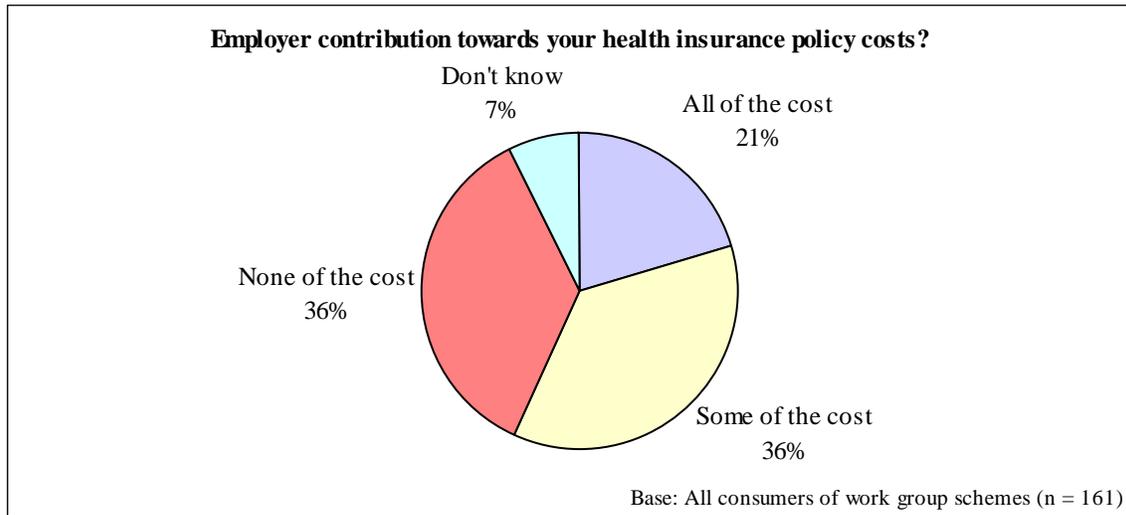
Figure 2.6: Are you a member of a work group scheme?



From Figure 2.6, approximately one-third (33%) of all consumers indicated that their health insurance policy was part of a work group scheme and this proportion was consistent across insurers. The Health Insurance Authority have other data that indicate that the proportion of health insurance consumers in work group schemes is significantly higher than 33%. Almost seven-in-ten (69%) consumers of work group schemes indicated that they would have still taken out PHI personally if it were not already administered through their employment.

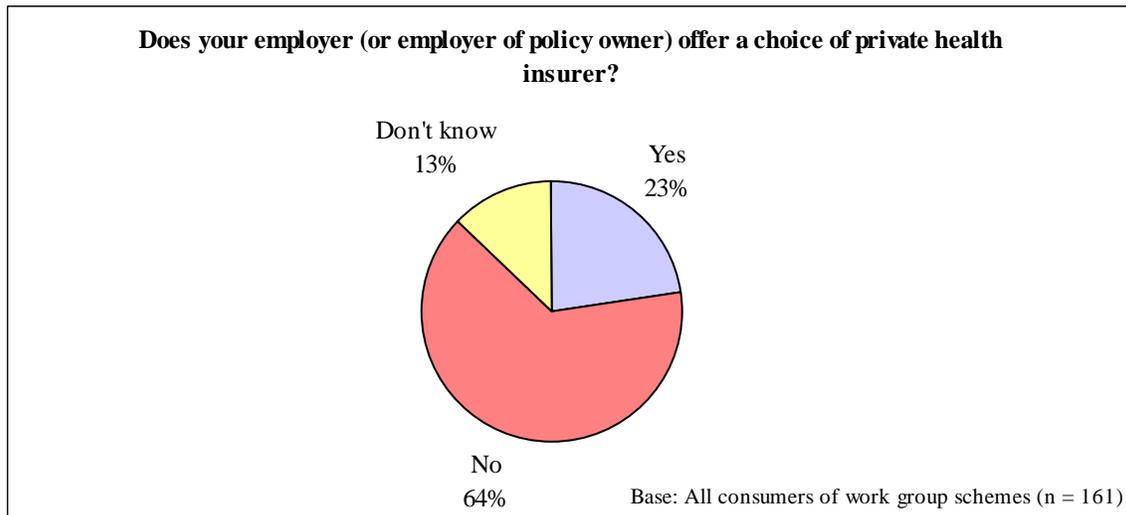
Figure 2.7 illustrates the level of contribution paid by the employer towards health insurance policy costs of consumers within work group schemes.

Figure 2.7: Employer contribution towards your health insurance policy costs



From Figure 2.7, the employer makes a contribution (some or all) towards the private health insurance costs of employees in approximately 57% of cases. The majority (80%) of employers who contributed ‘none’ or ‘some’ of the cost operated payments through the payroll deduction system.

Figure 2.8: Choice of private health insurer with work group scheme

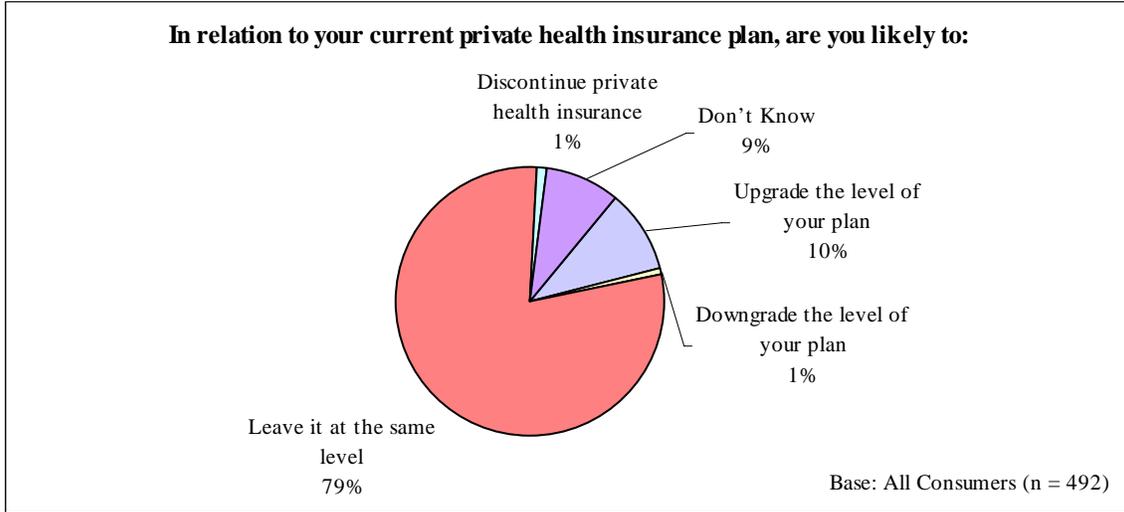


From Figure 2.8, nearly two-thirds (64%) of employees from work group schemes were not offered a choice of private health insurer. This proportion was compared with large employers in Ireland (See Chapter Eight: Employer Survey) where approximately 72% of employers offered a single insurer to their employees.

Policy Upgrades

Consumers were asked about future plans in relation to their PHI policy.

Figure 2.10: Future plans for PHI policy

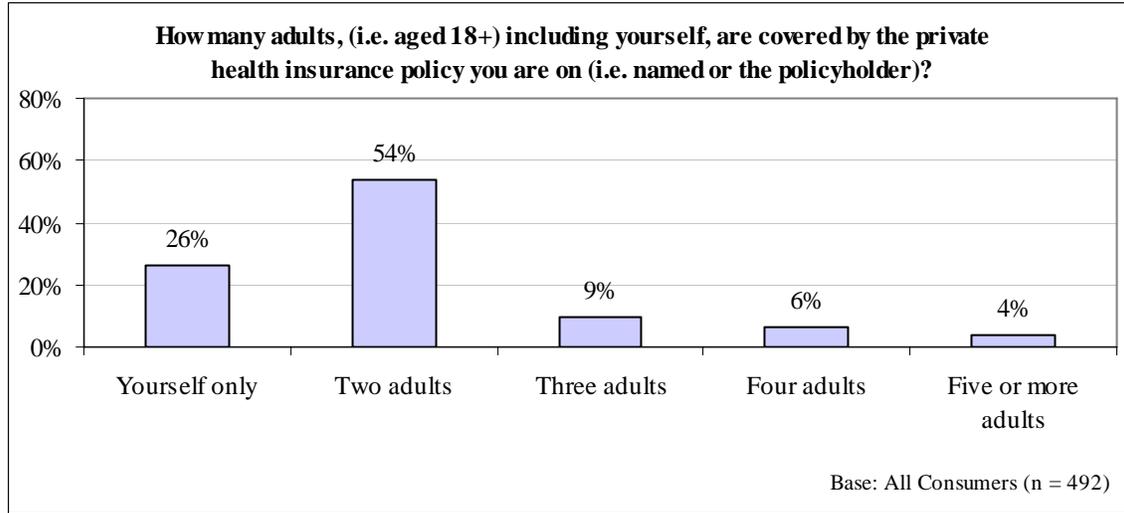


From Figure 2.10, the majority (79%) of consumers do not plan to change their existing health insurance plan. Approximately one-in-ten consumers (10%) plan to upgrade the level of their plan and only 1% plan to discontinue their private health insurance plan.

Composition of Plan Members

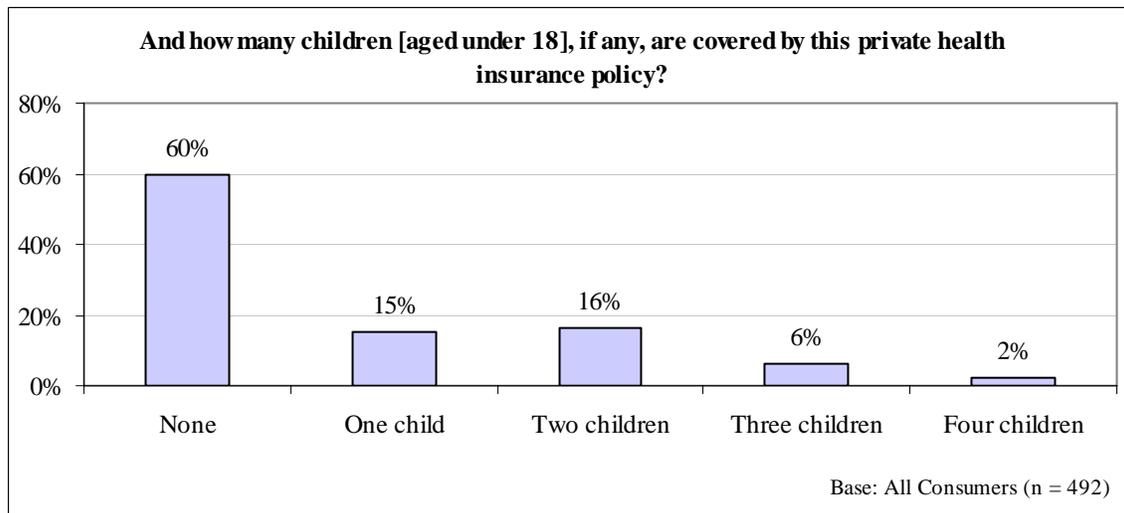
Consumers were asked to describe how many adults and children, if any, were named on their policy.

Figure 2.11: Number of adults named on policy



From Figure 2.11, over half of all policies (54%) named two adults and approximately one-quarter (26%) named no other adult.

Figure 2.12: Number of children named on policy



From Figure 2.12, approximately 40% of all consumers had at least one child named on their policy (44% in the previous study).

When the number of adults and children were jointly considered, the most frequently occurring membership profiles were;

- Two adults with no children included on their plan (26% of all plans)
- Single adult with no children included on their plan (23% of all plans)
- Two adults with two children included on their plan (12% of all plans)

The key findings from this chapter are summarised in the Executive Summary.

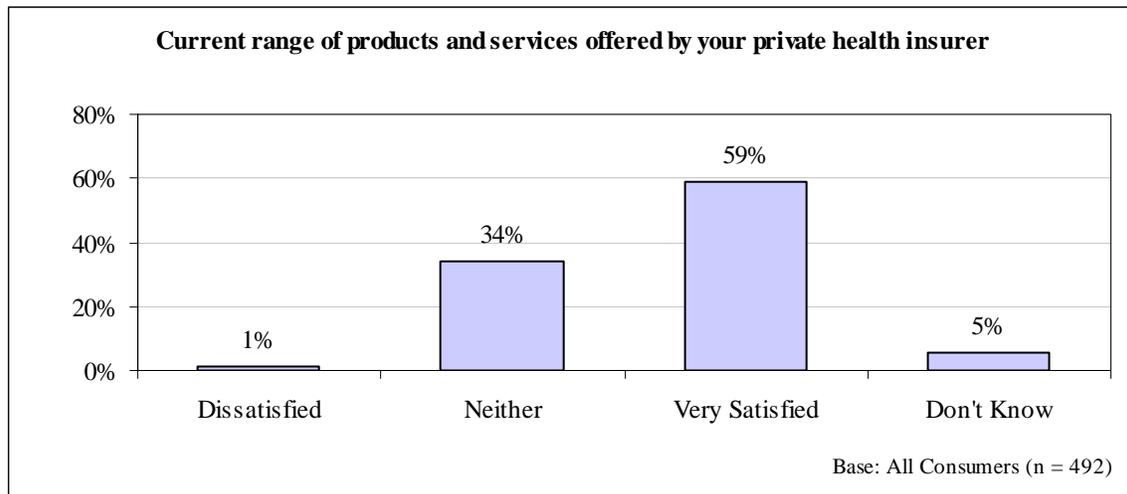
Chapter Three: Consumer Satisfaction

This chapter measures how satisfied consumers were with various aspects of their PHI cover along with attitudes to premium increases and propensity to discontinue cover.

Consumers were asked to rate products and services offered by their PHI insurer on a scale of one to ten where 1 means *not at all satisfied* and 10 means *completely satisfied*. Responses were categorised into batches where ‘Very Satisfied’ is defined as any score from 8 to 10, ‘Neither’ is defined as any score from 4 to 7 and ‘Dissatisfied’ is defined as any score from 1 to 3 (out of 10).

All consumers were asked whether they were satisfied with the current range of products and services offered.

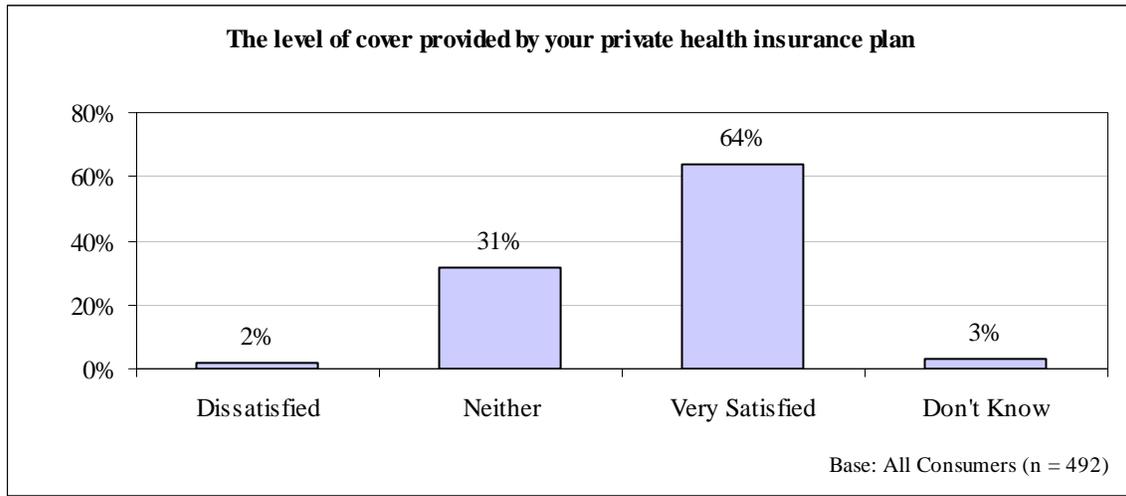
Figure 3.1: Current range of products



From Figure 3.1, nearly six-in-ten consumers (59%) were very satisfied with the current range of products and services offered (an increase from 47% in 2005 and 41% in 2002). Only 1% of all consumers were dissatisfied.

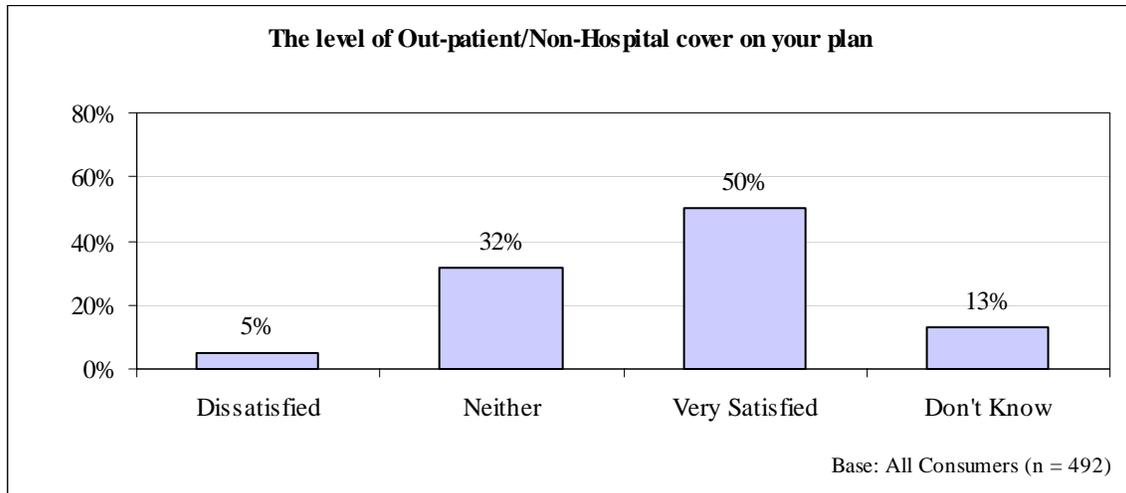
Consumers were also asked to rate the level of cover provided by their insurer.

Figure 3.2: Level of cover provided



From Figure 3.2, nearly two-thirds of all consumers (64%) were very satisfied with the level of cover provided by their private health insurance plan (an increase from 51% in 2005 and 37% in 2002).

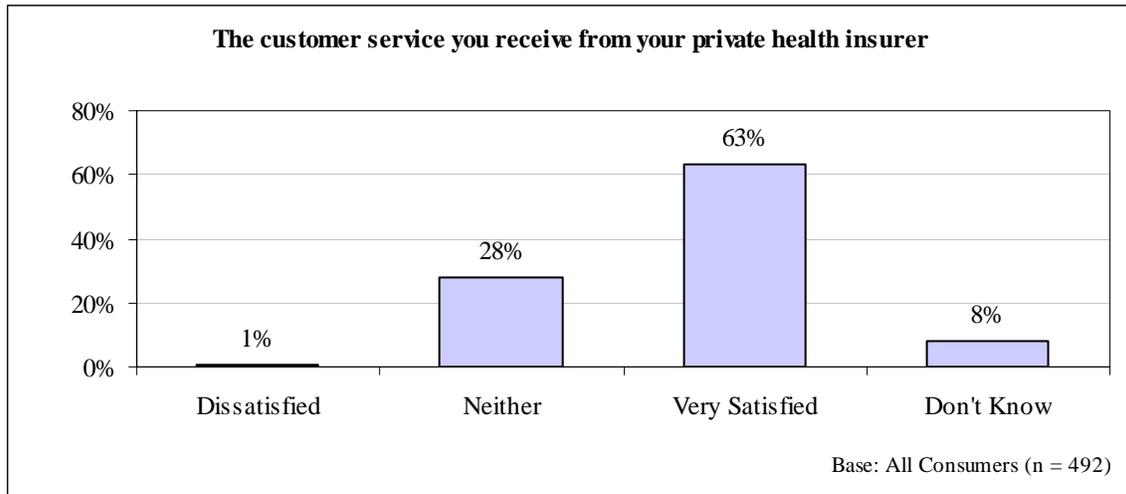
Figure 3.3: Level of out-patient/non-hospital cover



From Figure 3.3, half of all consumers (50%) were very satisfied with the level of out-patient/non-hospital cover on their plan (an increase from 32% in 2005).

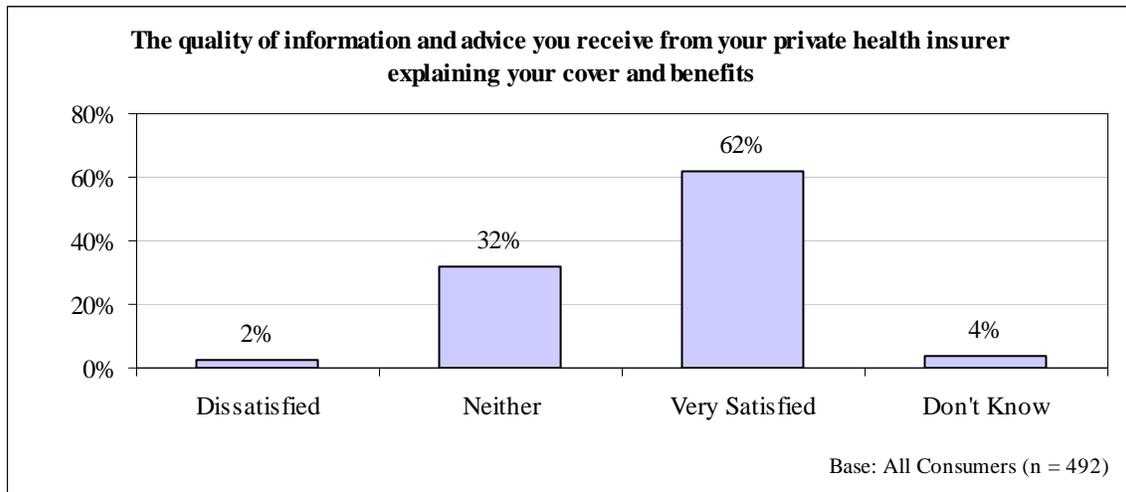
Only 1% of all consumers had ever made a complaint to their insurer (from 4% in 2005). The satisfaction with customer service received from insurer is shown in Figure 3.4.

Figure 3.4: Customer service



From Figure 3.4, nearly two-thirds of all consumers (63%) were very satisfied with the customer service received from their insurer (an increase from 59% in 2005). The satisfaction with the quality of information and advice received from insurer is shown in Figure 3.5.

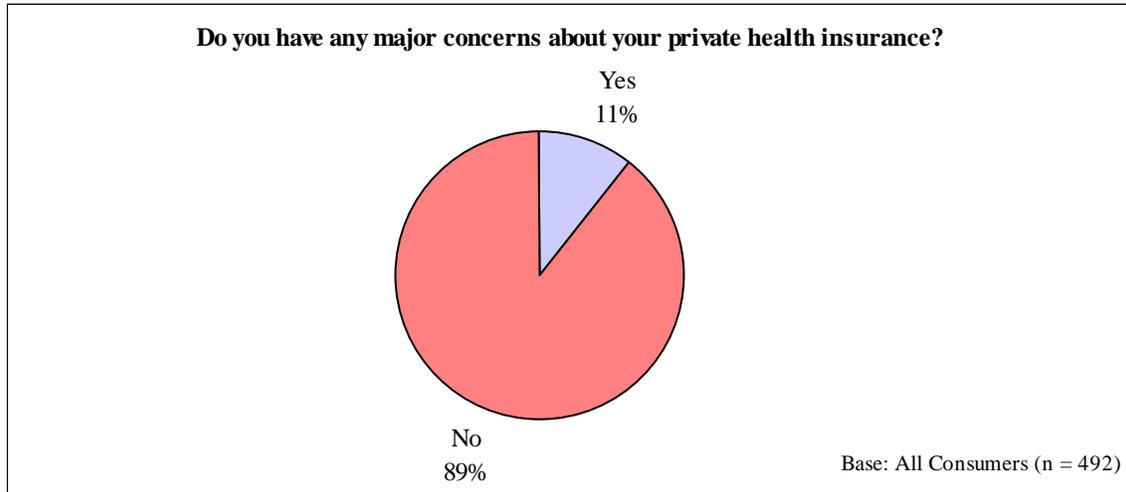
Figure 3.5: Quality of information and advice



From Figure 3.5, over six-in-ten consumers (62%) were very satisfied with the quality of information and advice received from their insurer (and increase from 51% in 2005).

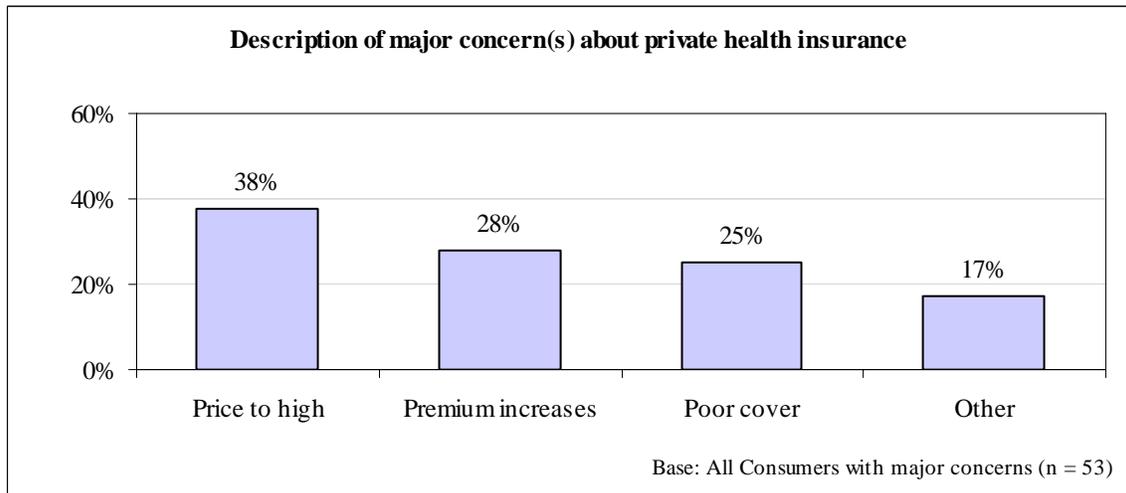
All consumers were asked whether they had any major concerns about their PHI.

Figure 3.7: Do you have any major concerns about private health insurance?



From Figure 3.7, although consumers were generally satisfied with the range of products/services available, level of cover and customer service received from their insurer, approximately 11% of all consumers indicated that they had major concerns about their private health insurance.

Figure 3.8: Description of major concern(s) about private health insurance



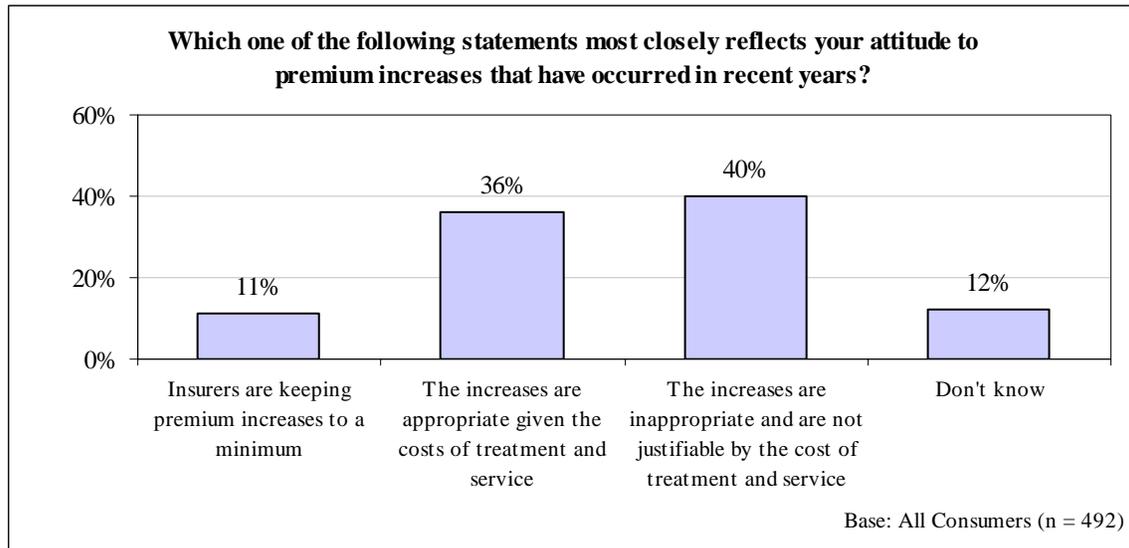
From Figure 3.8, the majority of concerns are primarily about cost, i.e. the current cost of private health insurance and the rate of premium increase.

Some specific consumer concerns are shown below:

- **Male, 45-49 years;** *I would be very afraid that we are going to follow the American Model.*
- **Male, 60-64;** *Costs of private health insurance are rising ahead of inflation year on year and I fear that we might not be able to afford it.*
- **Female, 45-49;** *Hospital charges are so high due to wastage that health insurance needs to keep ahead with higher charges.*

Consumers were asked about their attitude towards premium increases in recent years.

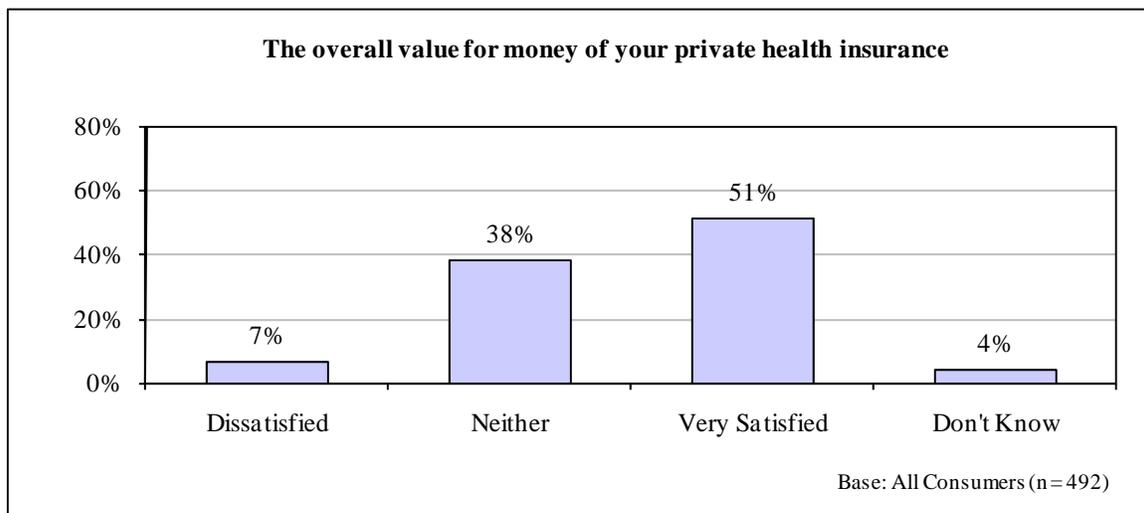
Figure 3.9: Attitude to premium increases



From Figure 3.9, 36% of consumers felt that increases in premiums were appropriate given the costs of treatment and service. This represented a decrease from 43% in 2005. A higher proportion of consumers felt that increases were inappropriate (40%) than the previous study (34%).

Consumers were asked to rate their level of satisfaction with the overall value for money of their private health insurance.

Figure 3.10: Value for money of private health insurance



From Figure 3.10, despite a higher level of consumers feeling that premium increases were inappropriate, there continues to be a high satisfaction level with value for money (perhaps an acknowledgement about the cost of healthcare). Over half of all consumers (51%) were very satisfied with the value for money of their private health insurance (an increase from 38% in 2005).

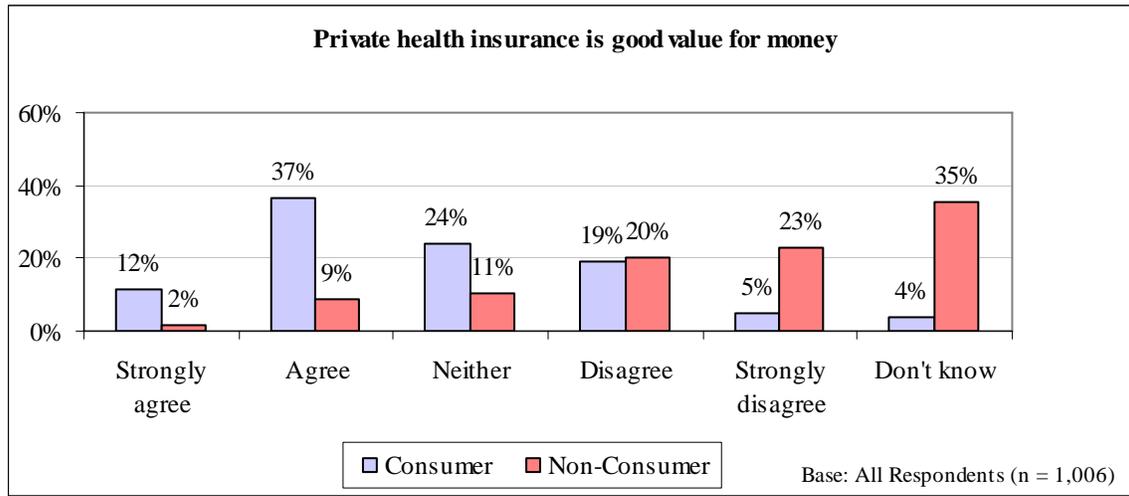
The cost of private health insurance was explored further during the focus groups and resulted in some other perspectives on private health insurance ownership;

- Cost was not raised as a major issue in relation to PHI. Most focus group participants did not believe they are paying too much and felt that they were getting value for money.
- The issue of cost was mitigated by the fact that many people in the focus groups were in work related schemes and had their premiums deducted automatically from their salary/wages. In many of these cases the companies paid the full cost of PHI. Different staff categories were offered specific levels of cover and focus

- group participants believed that the cover offered was designed to meet their requirements as they moved through different life stages.
- Others said that they personally chose the cover that suited their budget and perceived needs at particular stages in their lives. Individual premiums for young focus group participants were considered reasonable in the context of their overall lifestyle expenditure. Amongst older focus group participants the psychological security enjoyed by the knowledge that insurance was in place outweighed concerns about cost.
 - Many focus group participants saw their ongoing payment of PHI as a form of building *credits* to be availed of when they needed treatment. This makes people reluctant to opt out of the system. They felt that by opting out they might lose the benefits accrued through years of premium payments.
 - The groups also revealed a belief among consumers that insurers sometimes paid out without checking that the levels of service supplied equated to those charged by hospitals and by consultants in particular. For this reason, some focus group participants believed that the PHI companies should check with at least a proportion of their consumers to verify details before paying bills.

In an additional question, value for money was examined further for both consumers and non-consumers in Figure 3.11.

Figure 3.11: Private health insurance is good value for money

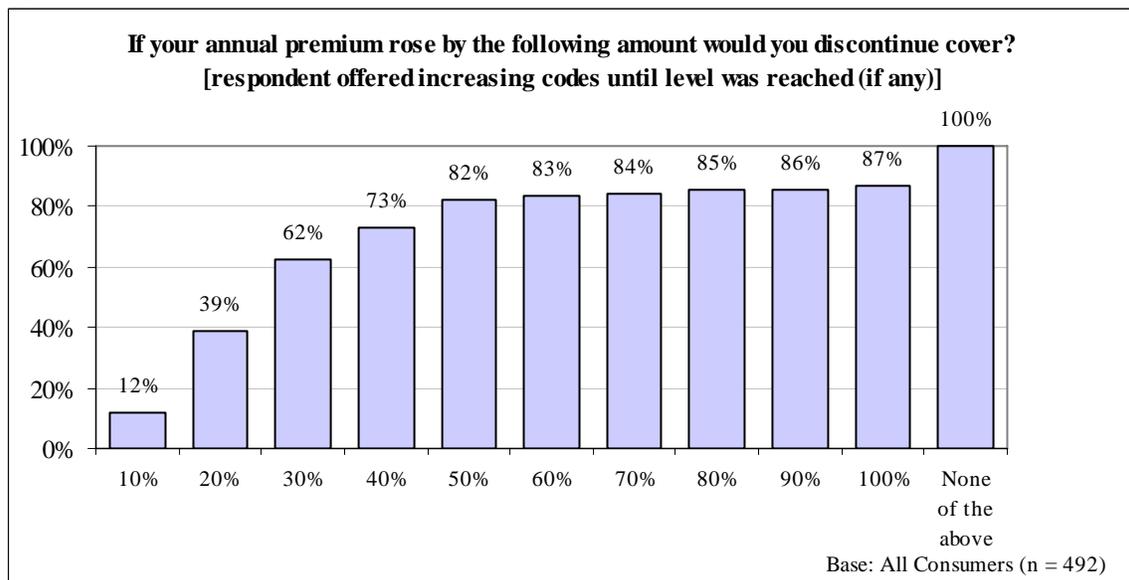


From Figure 3.11, there was further evidence that private health insurance represented value for money among consumers as approximately half of all consumers (49%) agreed that PHI was *good* value for money (a view not shared equally by non-consumers).

Discontinuation of Cover

In an attempt to decipher the premium level at which consumers would discontinue cover, consumers were presented with a scenario whereby the premium rose by increasing amounts. Consumers were asked at what level they would discontinue cover.

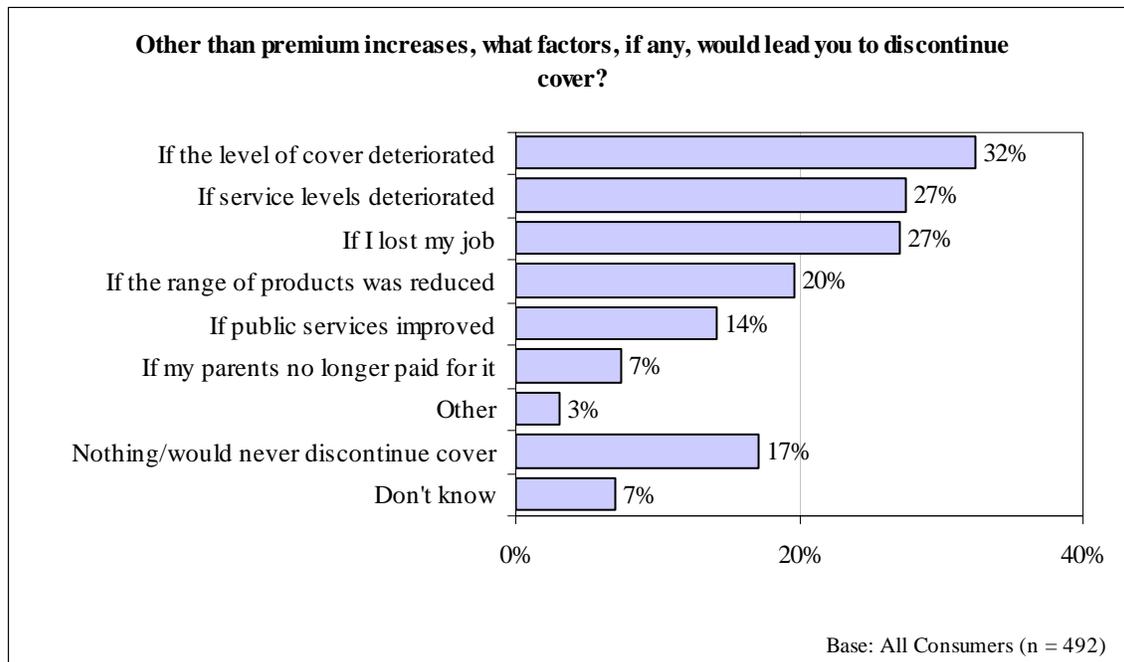
Figure 3.12: Level of discontinuation of cover



From Figure 3.12, the median percentage increase in premium at which consumers said they would discontinue cover was 30%. A 20% increase would result in approximately 39% of consumers discontinuing cover (an increase from 27% in 2005). While the responses to this question did not indicate conclusively what consumers would do, this survey suggests that a higher proportion of consumers would consider discontinuing their cover if premiums increased by 20% than in the previous survey (2005).

Approximately 13% of consumers did not provide a response to this question (indicated by ‘none of the above’ in Figure 3.12) and this may suggest that they were willing to accept increases in excess of 100%. Consumers were asked what other factors would lead them to discontinue cover.

Figure 3.13: Other factors which would lead you to discontinue cover [multiple response]



From Figure 3.13, a range of factors (other than premium increases) would lead consumers to discontinue cover such as ‘If the level of cover deteriorated’ (32%), ‘if service levels deteriorated’ (27%) and ‘if I lost my job’ (27%) were the three main factors (all measuring increases from 2005). Approximately 17% of all consumers indicated they would never discontinue cover (a decrease from 24% in 2005).

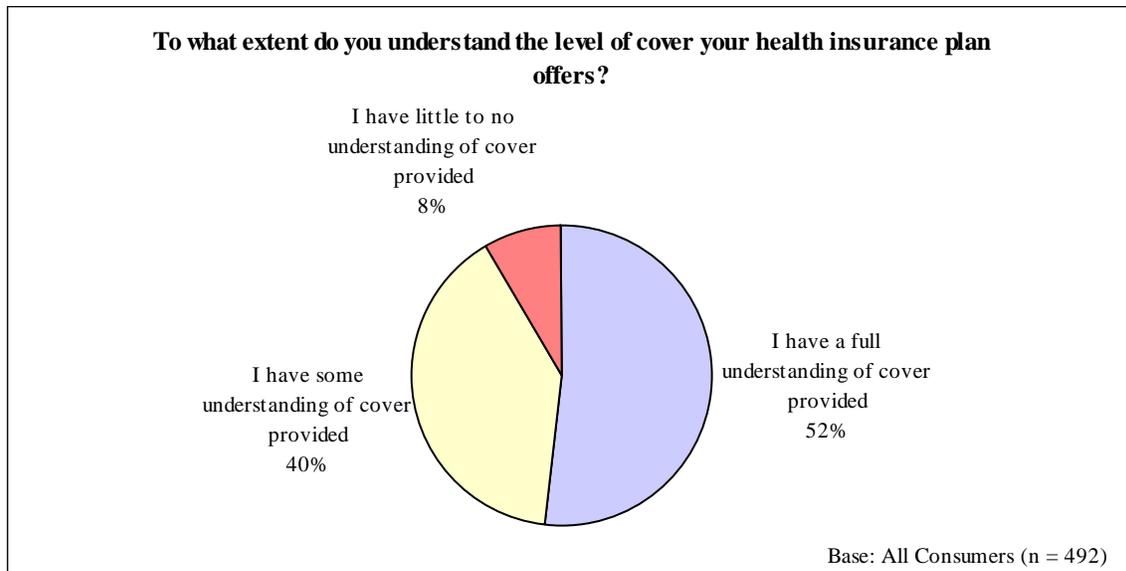
The key findings from this chapter are summarised in the Executive Summary.

Chapter Four: Consumer Awareness

This chapter explores the level of awareness among consumers about certain aspects of their private health insurance as well as a range of general market concepts.

It is important that consumers have a reasonable level of understanding about their private health insurance plan in order to satisfy their health insurance needs.

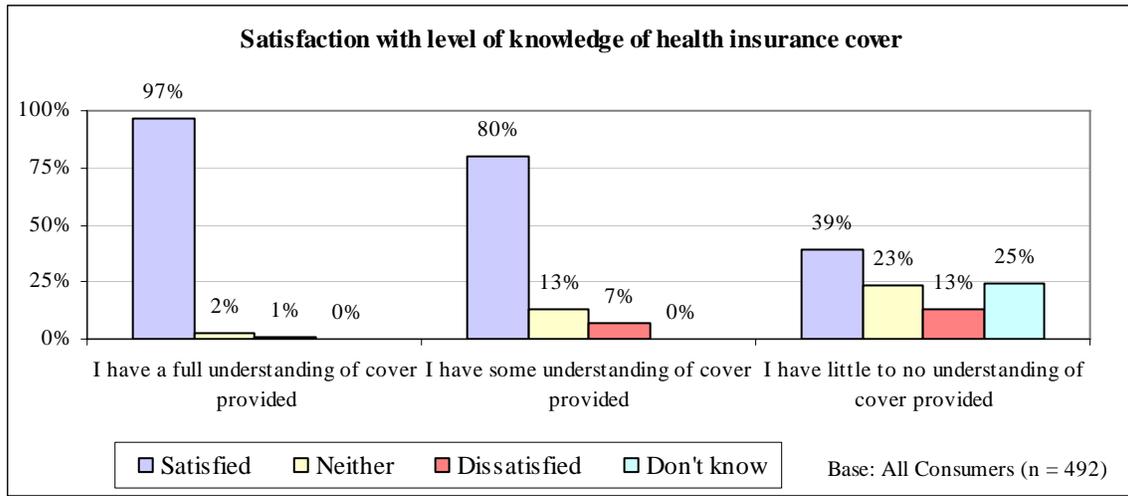
Figure 4.1: Understanding of cover



From Figure 4.1, over half of all consumers (52%) claimed to have a full understanding of cover (an increase from 43% in 2005 and 30% in 2002). Approximately 8% of all consumers had little or no understanding of cover.

Consumers were asked about satisfaction with their knowledge of their PHI cover.

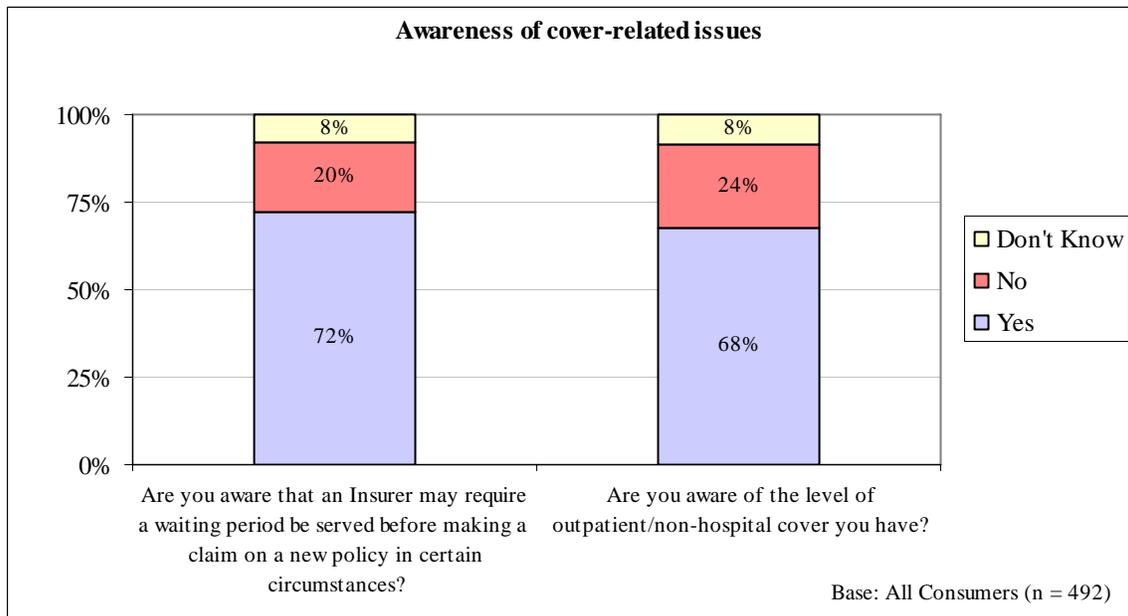
Figure 4.2: Satisfaction with level of knowledge of health insurance cover



From Figure 4.2, of the consumers who claimed they had little or no understanding of cover, only 13% of these were dissatisfied with their level of understanding (a further 25% did not know). Overall, consumers were generally satisfied with the level of understanding they have about their cover.

Consumers were asked about their awareness of various features of PHI.

Figure 4.3: Awareness of cover-related issues



From Figure 4.3, nearly three-quarters (72%) of all consumers were aware that a waiting period may be required before a claim can be made on a new policy in certain circumstances. Just over two-thirds (68%) of consumers were aware of the out-patient/non-hospital cover they had. These awareness levels were similar to that recorded in the 2005 survey, i.e. 76% and 60% respectively.

The application of the waiting period was explored during the focus groups and there was a belief amongst the majority of focus group participants that moving from one PHI supplier to another would involve a waiting period during which no cover would be in effect. This topic is discussed in more detail in Chapter Six: Consumer Behaviour (Switching).

The level of awareness in Figure 4.3 was cross-referenced with the level of general understanding about cover (Figure 4.1). Although 52% of all consumers claimed to have a *full understanding* of cover, approximately 14% of these consumers were not aware that an insurer may require a waiting period be served before making a claim on a new policy in certain circumstances.

The issues surrounding cover were explored further during the focus groups;

- The majority of focus group participants were not clear as to precisely what was covered by their PHI policy.
- They have bought particular plans or levels of cover based on discussion with PHI company personnel, family/friends/colleagues, or based on what was available as standard in a work based scheme. But they admit that they do not know exactly what was covered until they have occasion to make a claim.
- PHI policies were said to be like most other insurance documents in that they are confusing and rarely read in detail by consumers until a claim arises. Focus group participants note that healthcare staff, whether receptionists or medical

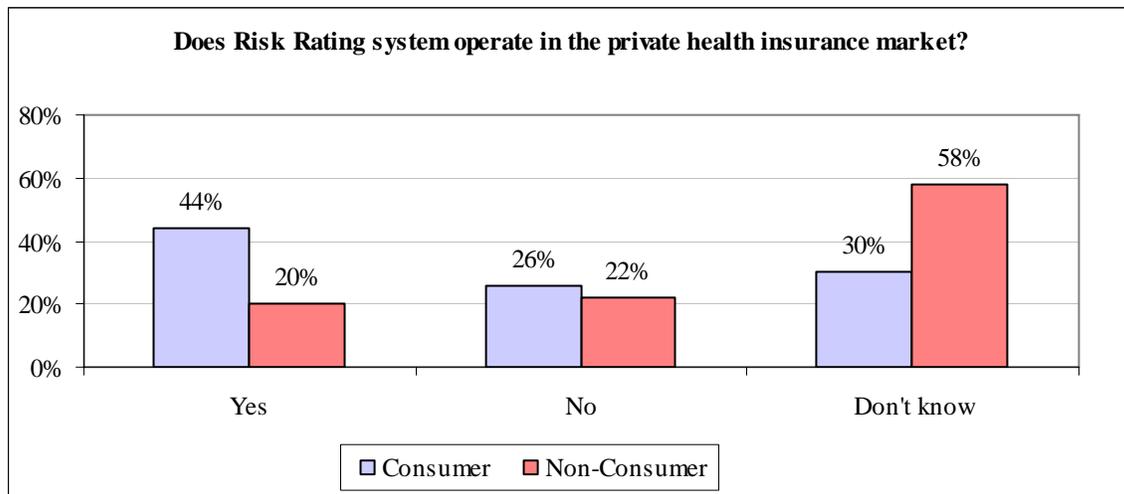
professionals, were the best source of information on what was and was not covered by a policy and to what extent cover applies.

- There was an awareness of a hierarchy of policies from the very basic to the very comprehensive and people speak of upgrading cover as they get older. The hierarchy was usually articulated using the VHI Plan structure. It was clear that people pay more attention to the cover they hold when they get older or when they have personal or close third party experience of a claim.

All consumers were asked, to the best of their knowledge, did a range of systems operate in the private health insurance market (a showcard was used to explain each system).

Risk Rating - *A system whereby people are charged different premiums for the same plan, depending on their age, gender, current and likely future state of health.*

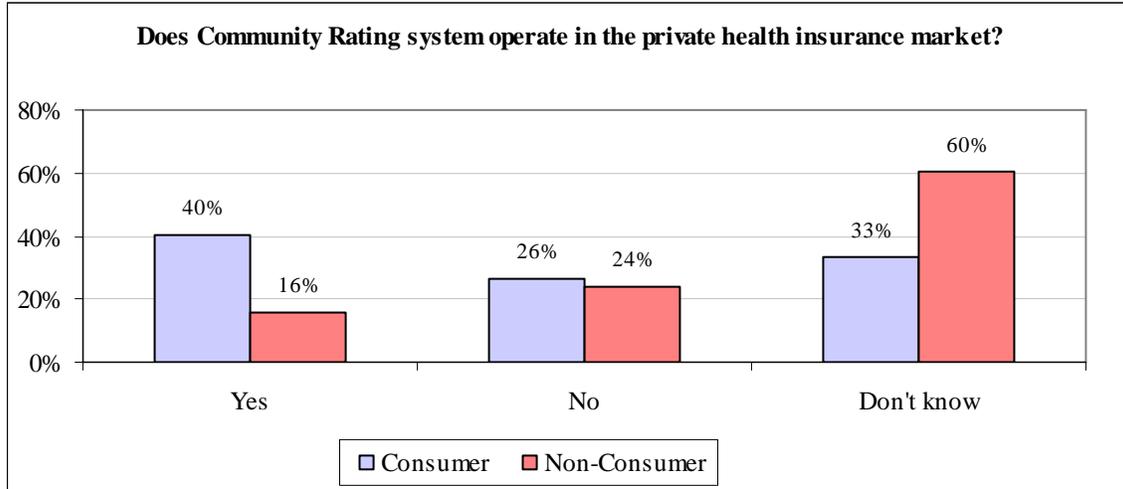
Figure 4.4: Risk Rating System



From Figure 4.4, only 26% of consumers were aware that the system of risk rating did not operate in the Irish private health insurance market. Almost the same proportion of non-consumers (22%) were aware of this fact.

Community Rating - A system whereby all people are charged the same premium for a particular plan, irrespective of age, gender and the state of their health.

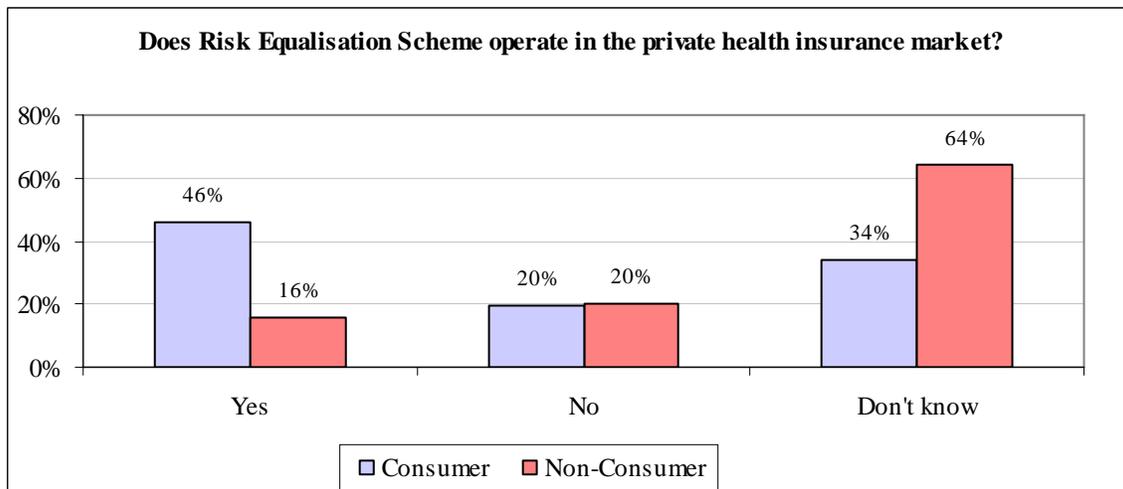
Figure 4.5: Community Rating System



From Figure 4.5, four-in-ten (40%) of consumers were aware that a community rating system operated in the Irish private health insurance market. Only 16% of non-consumers were aware of this fact.

Risk Equalisation - A system whereby in a community rated insurance market, payments are made between health insurers to spread some of the claims costs of high-risk customers amongst all the private health insurers in the market in proportion to their market share.

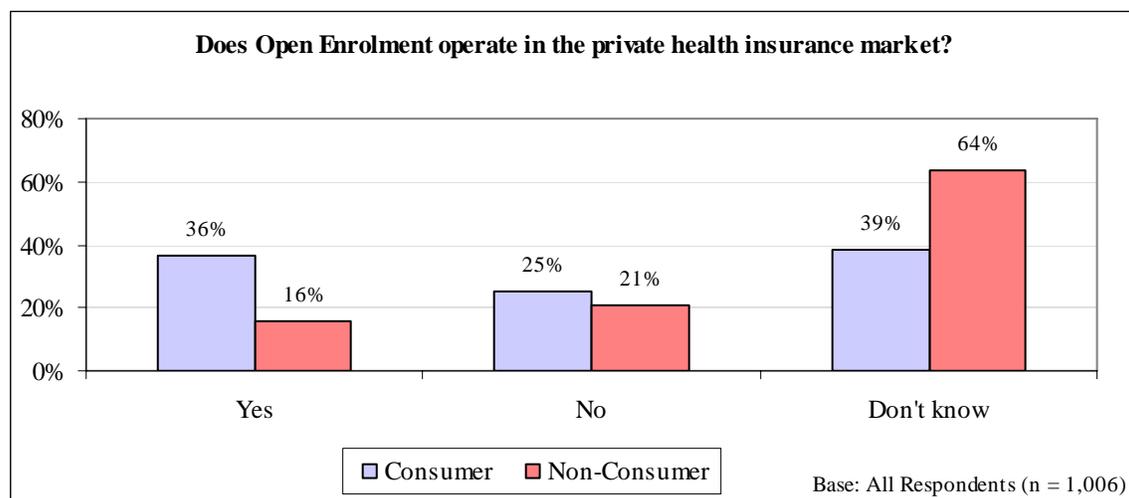
Figure 4.6: Risk equalisation scheme



From Figure 4.6, approximately 46% of all consumers knew that a Risk-Equalisation Scheme operated in the Irish private health insurance market. This corresponds with only 16% of non-consumers.

Open-Enrolment - A system whereby all applicants for private health insurance must be accepted by a health insurance company, irrespective of the risk they represent to the insurer.

Figure 4.7: Open enrolment



From Figure 4.7, approximately 36% of all consumers were aware that an open-enrolment system operated in the private health insurance market. This corresponds with only 16% of non-consumers.

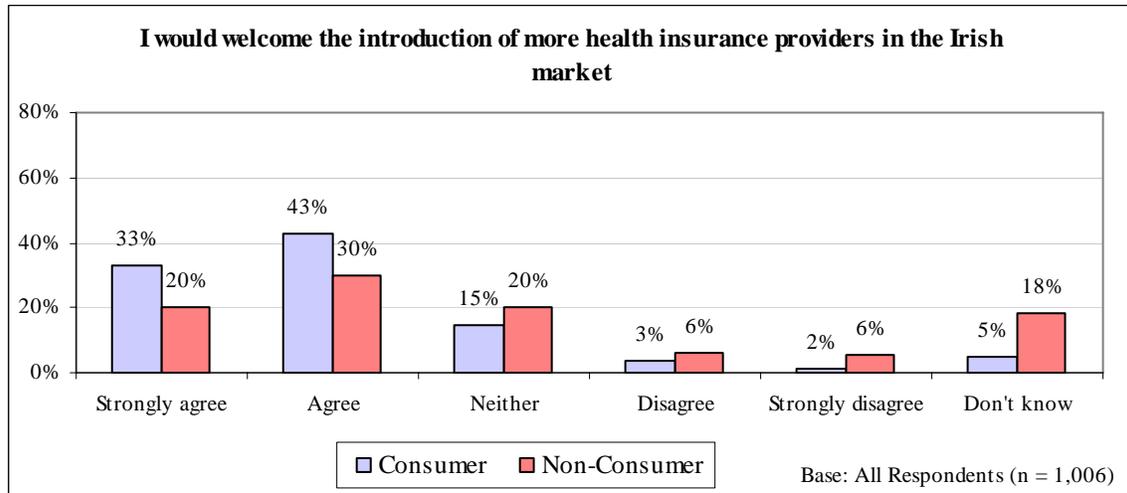
Although showcards attempted to explain each of the above systems, a high level of 'don't knows' and incorrect answers suggests a large degree of confusion among both consumers and non-consumers about the systems underpinning private health insurance in Ireland. Only 15% of all consumers, and 6% of non-consumers, were aware that the community rating system operated and the risk rating system did not operate in the Irish private health insurance market.

A lack of awareness was noted during the focus groups where there was a considerable amount of confusion as to whether or not people of different ages pay more or less for

particular levels of cover. Some believed that one price applied to all. Others believed that older people pay more than their younger counterparts. The term “community rating” was mentioned from time to time but it is clear that it is neither universally known nor understood.

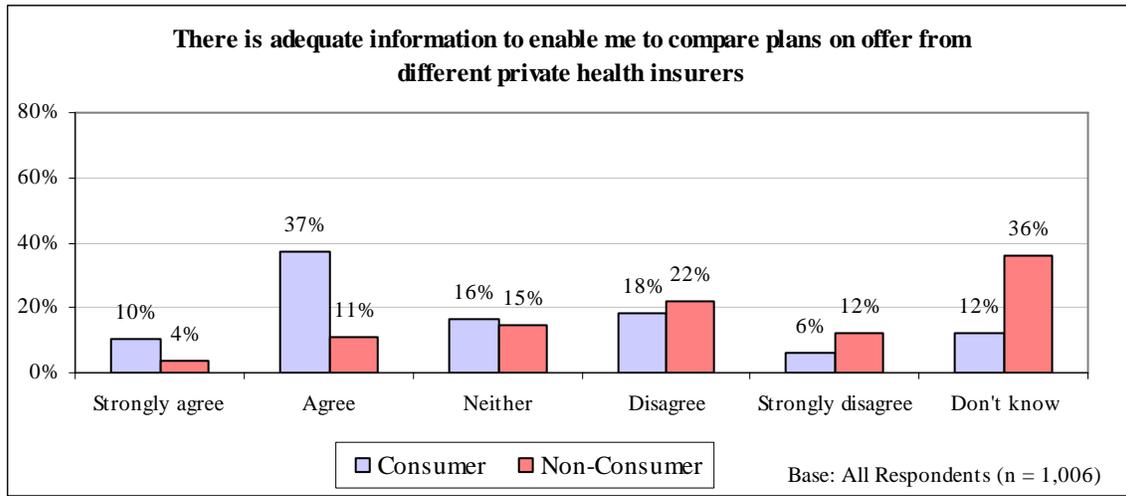
In view of recent changes in the private health insurance market in Ireland, all respondents were asked whether they would welcome the introduction of more health insurance providers.

Figure 4.8: Additional private health insurance providers



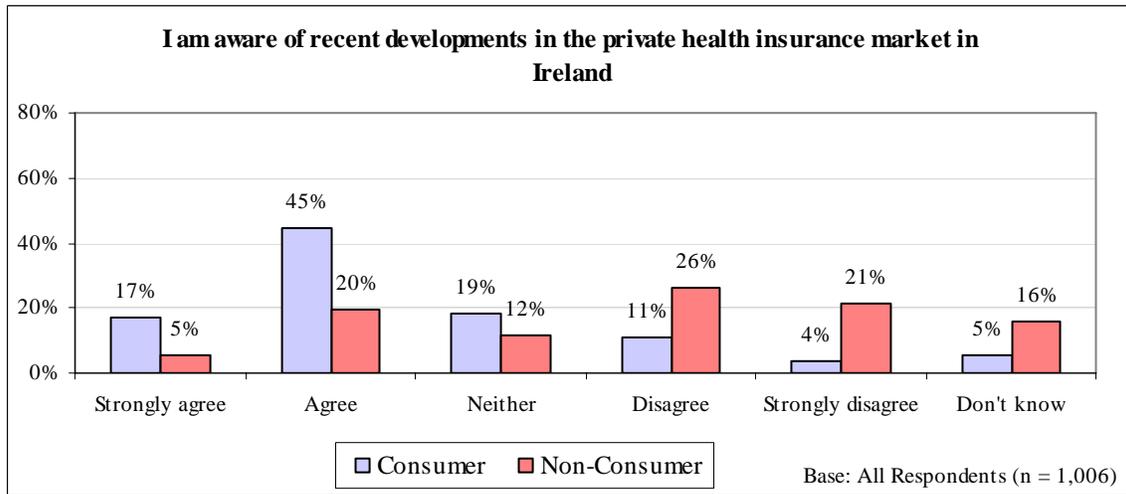
From Figure 4.8, bearing in mind that the majority of consumers (and non-consumers) were aware that there were 3 private health insurers operating in the Irish market, over three-quarters (76%) of all consumers and half (50%) of non-consumers agreed that they would welcome the introduction of more insurers in the Irish market (similar to the results from 2005)

Figure 4.9: Information on plans from insurers



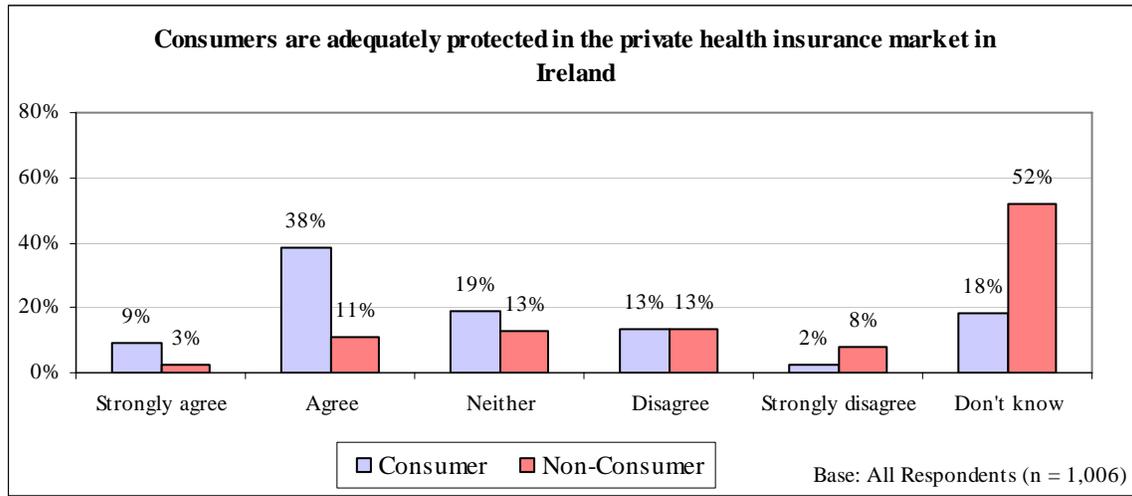
From Figure 4.9, less than half of all consumers (47%) indicated that there was adequate information to compare plans from different insurers.

Figure 4.10: Awareness of recent developments in the private health insurance market



From Figure 4.10, over six-in-ten (62%) consumers claimed to be aware of recent developments in the private health insurance market in Ireland.

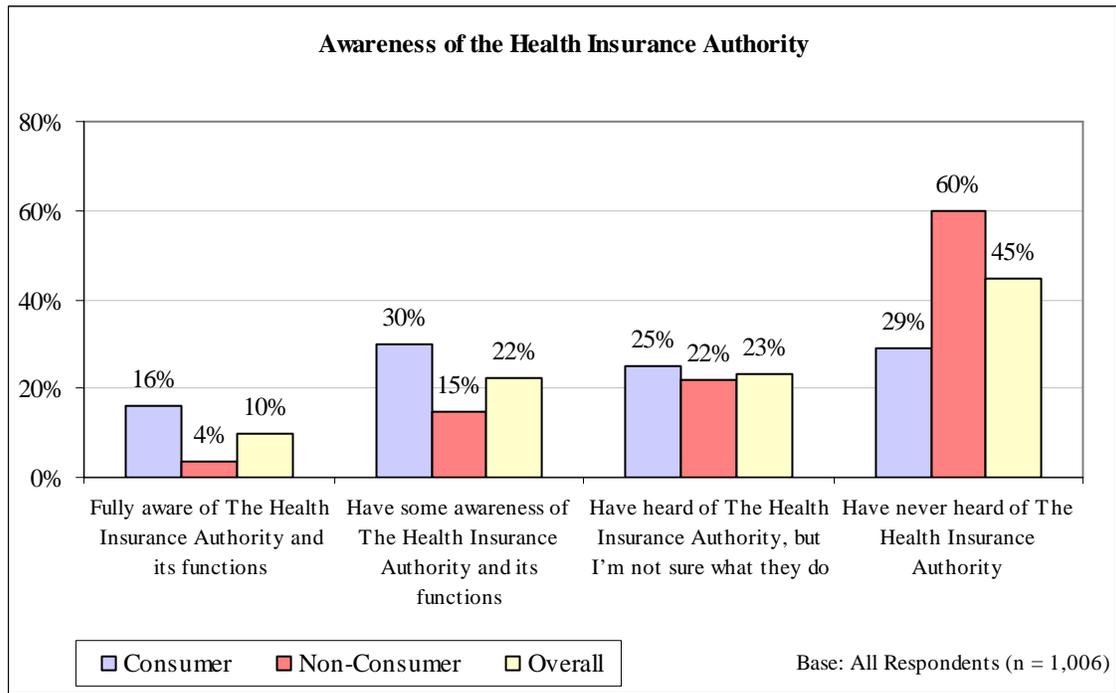
Figure 4.11: Protection of consumers in private health insurance market



From Figure 4.11, nearly half (47%) of all consumers agreed that they were adequately protected in the private health insurance market in Ireland. Approximately 15% of all consumers disagreed that they were adequately protected.

All respondents were asked whether they were aware of the Health Insurance Authority.

Figure 4.12: Awareness of the Health Insurance Authority



From Figure 4.12, the level of awareness of The Health Insurance Authority was higher for consumers than non-consumers. Nearly half of all consumers (46%) had, at least, some awareness of its functions (an increase from 38% in 2005). Among non-consumers, the equivalent percentage was 19%.

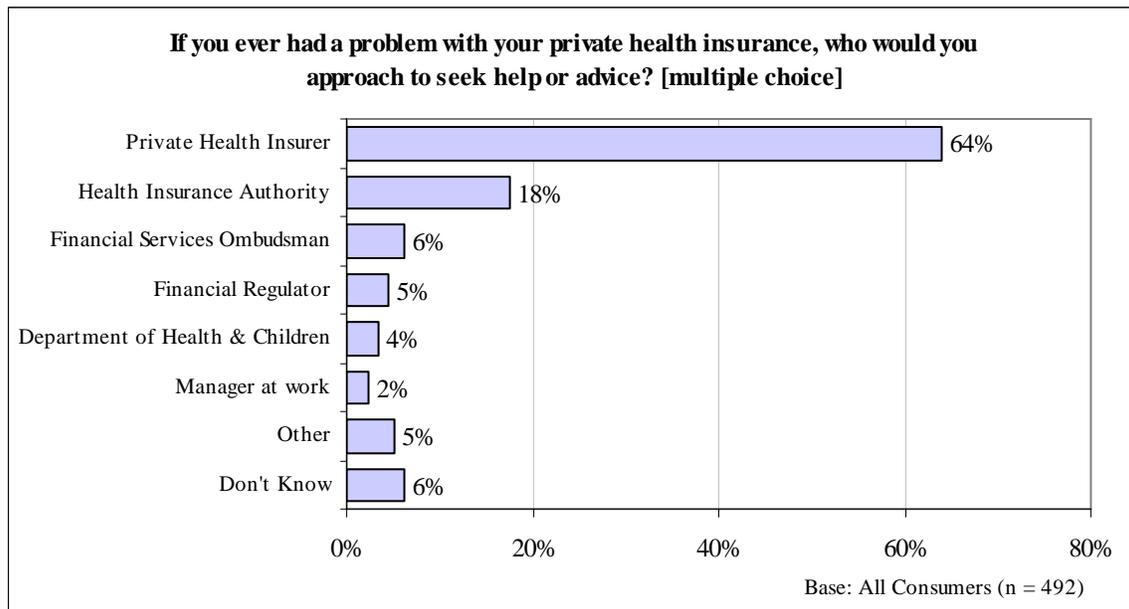
For all consumers, the level of awareness (as measured by those who had at least heard of the HIA) has increased to 71% (from 65% in 2005 and 36% in 2002).

The awareness of the HIA was discussed during the focus groups with the following general comments:

- Asked where they would go to get information about PHI or to resolve a problem with a PHI supplier, focus group participants referred to the Ombudsman, The Consumers' Association, The Insurance Federation, or the Financial Services Regulator. There was no spontaneous reference to the HIA despite some references to radio advertising advising people that they can switch their PHI supplier.
- When made aware of the HIA focus group participants believed that the Authority's key function should be to clarify the coverage offered by various policies, the differences in cover offered by competing suppliers and the issue of waiting periods.
- Focus group participants considered the settling of disputes between consumers and PHI suppliers as a secondary role on the basis that the quality of customer service experienced by the majority of focus group participants had been satisfactory to date.

Finally, consumers were asked who they would approach to seek help or advice if they ever had a problem with their private health insurance.

Figure 4.13: Advice or help about private health insurance problem



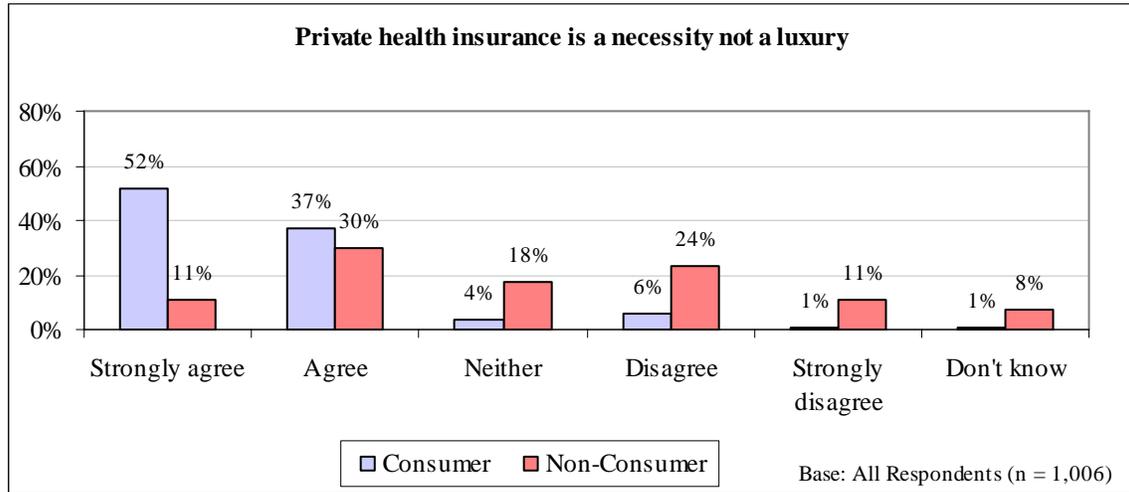
From Figure 4.13, approximately two-thirds (64%) of all consumers would contact their insurer if they had a problem. The next most frequent source of help or advice among consumers was the Health Insurance Authority (18%). Other sources of help and advice included; GP, competitor, TD, solicitor, ombudsman and the Consumers Association.

The key findings from this chapter are summarised in the Executive Summary.

Chapter Five: Consumer Attitudes

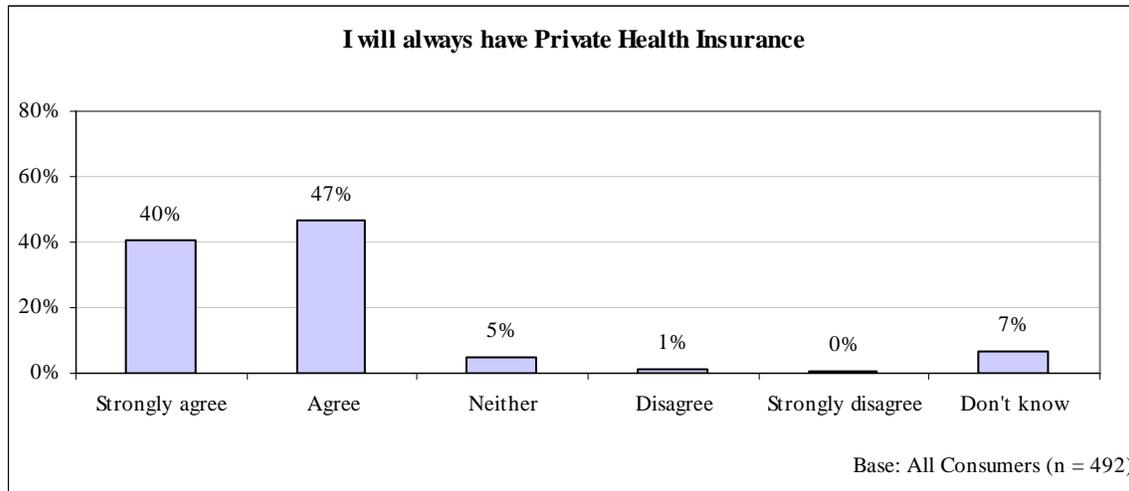
The attitudes and opinions of Irish adults to a variety of statements about Private Health Insurance are shown from Figure 5.1 to Figure 5.8.

Figure 5.1: Private health insurance is a necessity not a luxury



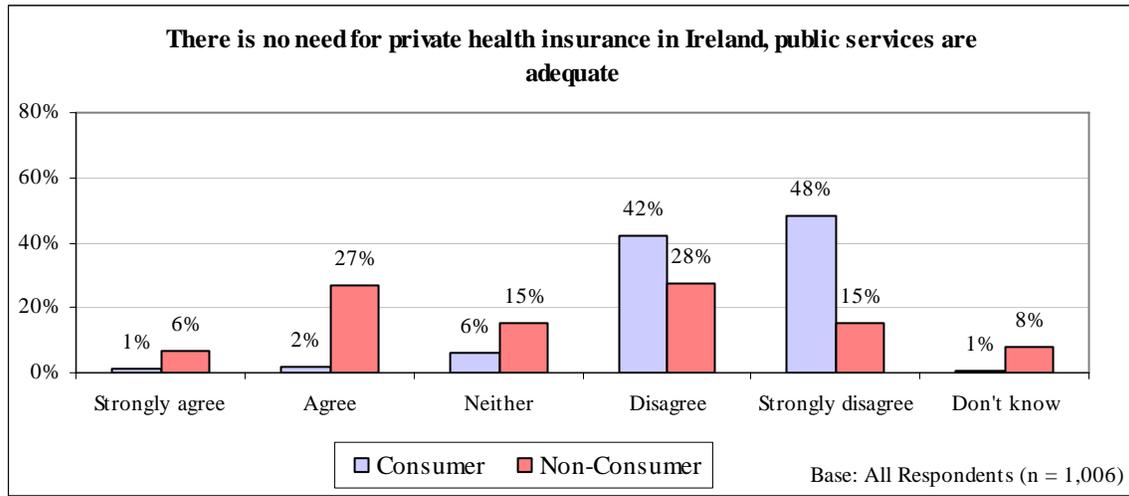
From Figure 5.1, nearly nine-in-ten consumers (89%) agreed that PHI was a necessity and not a luxury. Non-consumers were less likely to agree with this statement although more non-consumers agreed with this statement than disagreed.

Figure 5.2: I will always have private health insurance



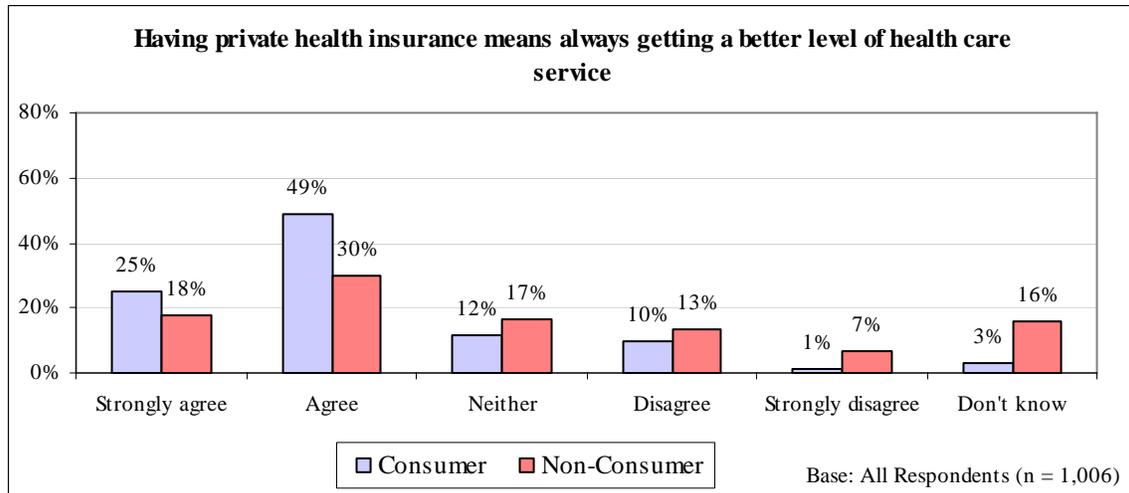
From Figure 5.2, the commitment to PHI ownership remains high as 87% of all consumers claim that they will always have private health insurance.

Figure 5.3: There is no need for private health insurance in Ireland



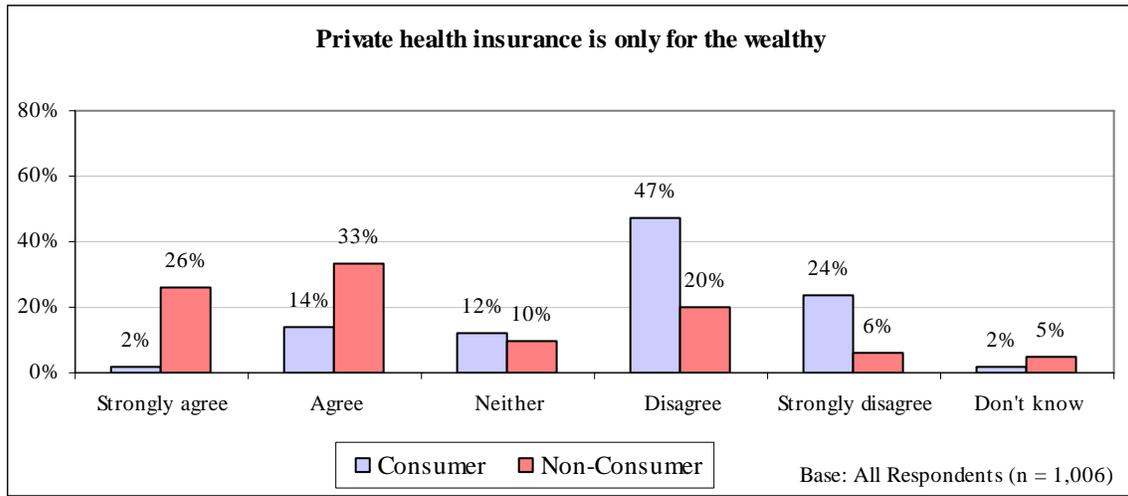
From Figure 5.3, approximately one-third (33%) of all non-consumers agreed that there was no need for private health insurance in Ireland, i.e. public services were adequate.

Figure 5.4: Having private health insurance means always getting a better level of health care



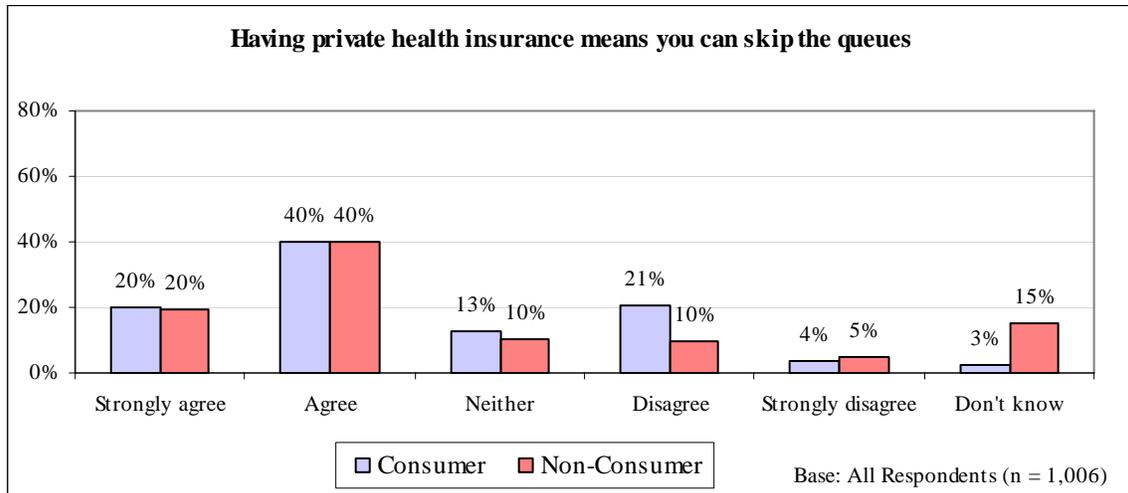
From Figure 5.4, nearly three-quarters of all consumers (74%) and half of all non-consumers (48%) agreed that having private health insurance meant getting a better level of healthcare service.

Figure 5.5: Private health insurance is only for the wealthy



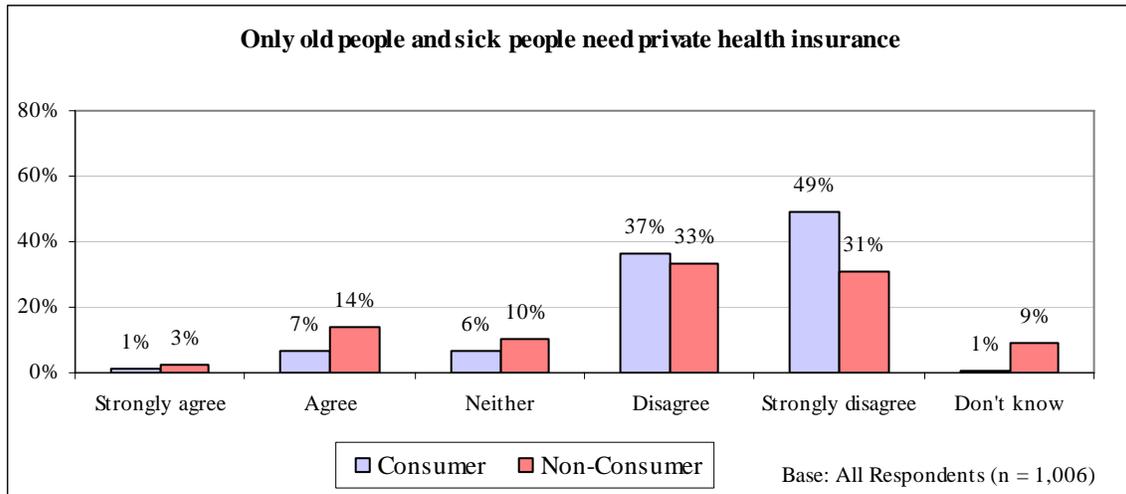
From Figure 5.5, approximately six-in-ten non-consumers (59%) agreed that private health insurance was only for the wealthy. A view not shared by consumers (see Figure 1.3 for an ownership profile by social class).

Figure 5.6: Having private health insurance means you can skip the queues



From Figure 5.6, both consumers and non-consumers were in agreement that having private health insurance meant you could skip the queues.

Figure 5.8: Only old and sick people need private health insurance



From Figure 5.8, in view of an increasing range of different policies being offered by health insurers covering a wider range of treatments and specialising in certain areas, there was general disagreement that only old and sick people needed PHI.

During the focus groups, both younger and older respondents believed there should be some form of no claims bonus or discount available to PHI consumers as an incentive to maintain cover and as a reward to consistent premium payments.

It also emerged during the focus groups that both young and old consumers had differing views on how private health insurance premiums should be applied. Young consumers believed that older people should pay more for PHI on the basis that they are more likely to have a claim on their policy. Older people believed that the premiums they have paid over the years constitute contributions to a fund that will be *called upon* one day when they make a claim.

The key findings from this chapter are summarised in the Executive Summary.

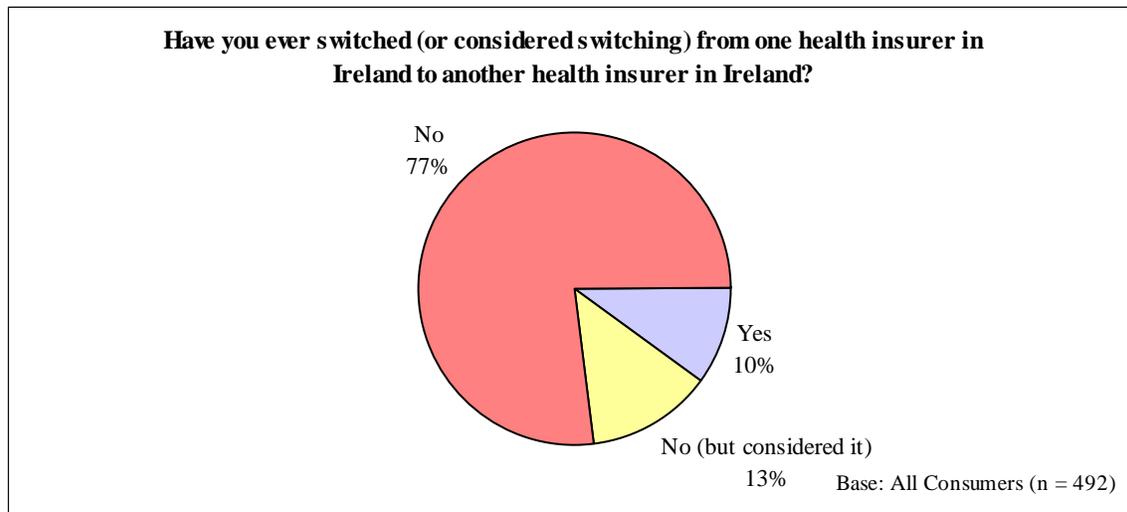
Chapter Six: Consumer Behaviour

This chapter covers two main activities carried out by consumers, i.e. switching insurers and making claims.

6.1 Switching

A central research focus was to examine the propensity to switch health insurer and explore the barriers to and motivations for switching from one health insurer to another. Figure 6.1 illustrates the proportion of consumers who ever switched, or considered switching, their health insurer.

Figure 6.1: Have you switched (or considered switching) health insurer?



From Figure 6.1, approximately 10% of all consumers (n = 49) indicated that they had switched from one insurer to another. The majority of switchers (approximately 87%) were very satisfied with the changeover process and the new insurer.

Approximately 19% of all switchers (n = 9) were contacted (unsuccessfully) by their insurers in an attempt to keep their business. A marginally higher proportion of consumers within the 35-54 age-group were switchers (14%).

A further 13% of all consumers (n = 64) had considered switching but have not switched to date. These consumers envisaged that switching would be more difficult than those who had never considered switching or had actually switched. Approximately 15% of those who had considered switching (n = 10) were contacted (successfully) by an insurer in an effort to keep their business.

The switching activity of consumers is summarised in Figure 6.2.

Figure 6.2: Switching activity of consumers

		To				
		QUINN	VHI	VIVAS	Other	Total
From	QUINN		5	6	0	11
	VHI	27		8	2	37
	VIVAS	0	0		0	0
	Other	0	0	1		1
Total		27	5	15	2	49

Base: All Switchers (n = 49)

From Figure 6.2, most of the switching activity took place between QUINN and VHI with 27 consumers switching from VHI to QUINN and 5 consumers switching from QUINN to VHI. There was no record of any consumer leaving VIVAS (from the sample) but VIVAS recruited 15 consumers who were previously with QUINN (6 consumers), VHI (8 consumers) and 1 consumer from another health insurer (POMAS).

From the focus groups, it was worth noting that the comments of participants indicated that most of the switching taking place in the PHI market involved switching cover levels within a supplier company rather than switching supplier per se.

The reasons why consumers changed health insurers are described in Figure 6.3.

Figure 6.3: Reason(s) why changed health insurer

Why did you decide to change insurers? The main factor that led you to change your health insurer	All Reasons	Main Reason
New insurer was cheaper /Cost savings	61%	50%
Level of cover was better	25%	10%
Changed employer	8%	8%
New insurer had a better product/service range	14%	7%
Previous insurer announced their withdrawal from the market	8%	7%
Group scheme switched	5%	5%
Recommendation from family member	9%	4%
Recommendation from other	3%	2%
Dissatisfaction with service provision of previous insurer	2%	0%
Level of information and advice better	8%	0%
Recommendation by friend	10%	0%
Had bad experience with previous insurer	2%	0%
Wanted to support competition	4%	0%
Other	11%	6%
No Choice/Not my decision	4%	2%
Base: All Switchers (n = 49)		

From Figure 6.3, the main reason continues to be cost with 50% of all switchers stating they switched because the new insurer was cheaper and led to cost savings. Other popular reasons were because of an “improved level of cover” and “better product/service range” accounting for a cumulative 17% of all switchers.

Approximately 15% of all switchers indicated that the main reason why they switched health insurers were for reasons beyond their control, i.e. changed employer, group scheme switched and no choice/not my decision. In addition, a further 7% indicated that they switched because the “previous insurer announced their withdrawal from the market”.

As the rate of switching remains low, the reasons why consumers have not switched are explored in Figure 6.4 below (by main insurer and overall, VIVAS not itemised due to insufficient sample size).

Figure 6.4: Reasons why non-switchers have never switched

Why have you never switched insurers? [Multiple Response]	QUINN	VHI	OVERALL
Satisfied with current provider	33%	48%	45%
Been with existing provider for a long time	21%	29%	27%
Too much hassle/paperwork	21%	15%	16%
Level of cover no better	23%	15%	16%
No significant cost savings	19%	14%	15%
Not my decision	19%	13%	14%
Couldn't be bothered	12%	15%	14%
Work/employer looks after it	14%	12%	14%
Range of products/services no better	9%	10%	10%
Concerned that coverage would not be the same	8%	10%	9%
Feel loyal to my current provider	7%	9%	9%
Prefer to stay with an Irish company	1%	10%	8%
Too difficult to compare plans	8%	7%	7%
Still considering it/Have not made up my mind	4%	5%	5%
Lack of information	2%	5%	5%
Current uncertainty in the market	6%	4%	4%
Other insurer wouldn't want me/am too high risk	3%	4%	4%
Just joined the current policy	3%	2%	2%
Concerned about waiting periods	3%	2%	2%
Too expensive	2%	1%	1%
I didn't want to lapse my travel insurance policy	0%	1%	1%
Wanted to support competition	0%	1%	1%
I was persuaded not to switch by my current insurer	0%	1%	0%
Didn't know/Not aware that I could switch	1%	0%	0%
Other	0%	0%	1%
Don't know	5%	4%	5%

Base: All non-switchers (n = 443)

From Figure 6.4, the main reasons why non-switchers have never switched insurer is because they are satisfied with their current insurer (45%) and they have been with that insurer for a long time (27%).

When examined by insurer, a higher proportion of consumers with VHI did not switch insurer because they were satisfied with VHI and had been with them for a long time. A higher proportion of consumers from QUINN did not switch insurer because the level of cover was no better, no cost savings could be made and too much hassle and paperwork involved. Interestingly, a higher proportion of consumers (10%) from VHI prefer to be with an “Irish company”. The acquisition of BUPA Ireland by QUINN Group in 2007 may take some time to address this feeling.

Some key issues coming out of the focus groups which inhibit shopping around and looking for alternative private health insurance with another insurer are:

- The perceived lack of a substantial cost saving between companies and the fear of losing important cover as a result of changing provider. In the light of the above it was worth noting that focus group participants who have examined the offers made by different PHI providers reported that there can be significant savings to be made. The perceived amount of effort required to get this information however inhibited the majority of focus group participants from investigating available options.
- Focus group participants believed that it was difficult to overlay one company’s plan with that of another so as to compare exactly what each covered and did not cover at a specific premium cost.
- It was clear that people in work related schemes were far less likely to switch supplier than those who paid directly for their own cover. There was a strong sense of inertia amongst people whose PHI comes via a work scheme. They had an attitude that the company they work for was running the scheme in the best interests of the employees.
- Focus group participants believed that the PHI supplier was embedded in the company and that an individual’s request to move to another company would be

- greeted negatively. They believed that moving unilaterally to a different supplier would require the individual to manage their own PHI outside the scheme.
- Most focus group participants believed that it was far easier to continue with the status quo of the work based scheme than to get involved in what might be a time consuming and unpopular switching process in order to save a small amount of money and to have to make a personal judgement on coverage levels and conditions.

The factors which would encourage non-switchers to change their health insurance provider are described in Figure 6.5.

Figure 6.5: Factors which would encourage a switch to another insurer

What factors would encourage you to switch your insurer? What is the main factor that would encourage you to switch?	All Reasons	Main Reason
If there were significant cost savings to be made	54%	33%
Nothing/ would never switch insurer	23%	23%
If the level of cover was better	36%	13%
If premiums of my current insurer increased significantly	22%	10%
If the range of products was better	22%	5%
If there were no waiting periods	6%	3%
If I knew more about it	7%	1%
If comparisons between plans of different insurers were easier	7%	0%
Other	6%	6%
Don't know	5%	5%
Base: All Non-Switchers (n = 443)		

From Figure 6.5, a third (33%) of all non-switchers would be most encouraged to switch insurer if there were significant cost savings to be made. A further 10% would be encouraged to switch if the premium of current insurer increased significantly. Nearly one-quarter (23%) of all non-switchers appeared to be ensconced with their private health insurer as they would never even consider switching insurer.

When it comes to renewing private health insurance, this was considered a useful time to review coverage and explore the options available for the future. The issue of renewals was explored during the focus groups;

- When it comes to renewing their PHI the majority of focus group participants claimed to simply pay the premium without checking the level of cover provided so long as the premium has not increased significantly.
- A change in life circumstances, a claim in the past twelve months or knowledge of a third party's experience can motivate a re-evaluation of cover.
- Focus group participants claimed to shop around for their car insurance on the basis that there can be a significant difference in the premiums quoted for the same risk by different insurance companies.
- Lack of shopping around for PHI is based on a belief that there was little difference in the premiums charged by each of the PHI companies for equivalent cover. It was argued that since all of the companies use the same health service facilities and personnel, there was little room for one to be very much cheaper than the others without compromising service and/or cover.
- Focus group participants feared that changing supplier in order to save a modest amount of money could result in a loss of cover that would not become apparent until a claim were made at some time in the future.
- Younger focus group participants appeared more willing to consider a change of supplier. Older focus group participants were more anxious about losing cover and being unable to discern nuances of difference between suppliers that might prove costly in the future.
- Younger focus group participants believed that most of the advertising done by PHI companies focuses on the family sector indicating that the companies had little interest in attracting those in the pre-family life stages.

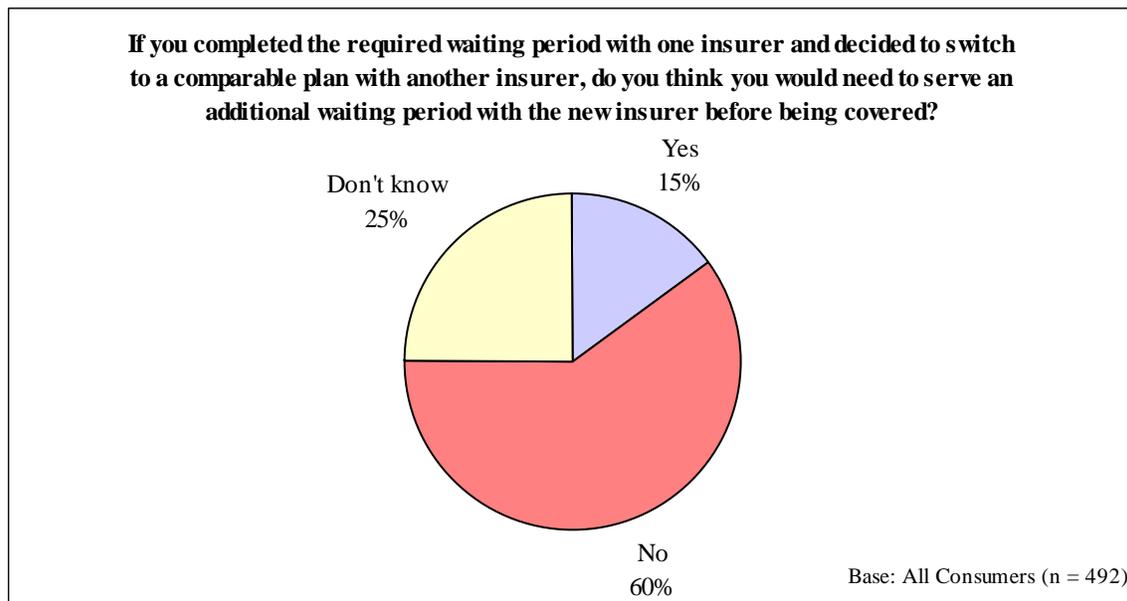
Although only 53% of switchers would definitely switch again if they thought financial or other gains could be made, a cost saving of approximately 15% (median) would be required by switchers in order to encourage another switch to a comparable plan with

another insurer. For non-switchers, a higher cost saving of approximately 25% (median) on the total policy cost would be required to encourage a switch to another insurer.

Waiting Periods

If a consumer completed the required waiting period with one insurer and decided to switch to a comparable plan with another insurer, the current situation in Ireland is that the consumer would not have to serve an additional waiting period. This question was asked of all consumers and presented in Figure 6.6.

Figure 6.6: Additional waiting period on switching

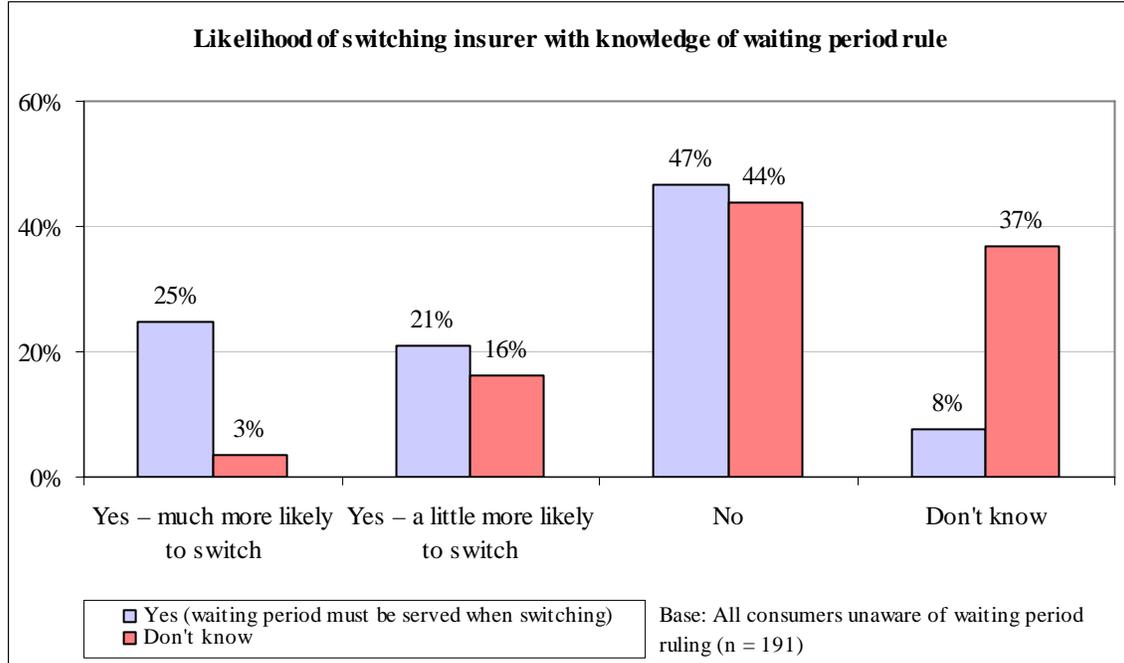


From Figure 6.6, approximately 15% of all consumers (incorrectly) indicated there was an additional waiting period to be served when a consumer switched to a comparable plan with another insurer (when a waiting period had already been served with the previous insurer). A quarter (25%) of all consumers *didn't know* the answer to the question³.

³ Consumers who are 23+ years old in certain restricted schemes must serve waiting periods if they switched insurer. The proportions in Figure 6.6 were the same when those consumers were omitted.

When these consumers were informed that no additional waiting period would need to be served, Figure 6.7 illustrates whether they would be more likely to switch with this knowledge in mind.

Figure 6.7: Likelihood of switching insurer with new knowledge of waiting period rule



From Figure 6.7, when informed that no additional waiting period needed to be served, a quarter (25%) of those who thought there was an additional waiting period (i.e. said Yes in Figure 6.6) indicated that they would be *much more likely* to switch. An additional 21% said they would be a *little more likely* to switch.

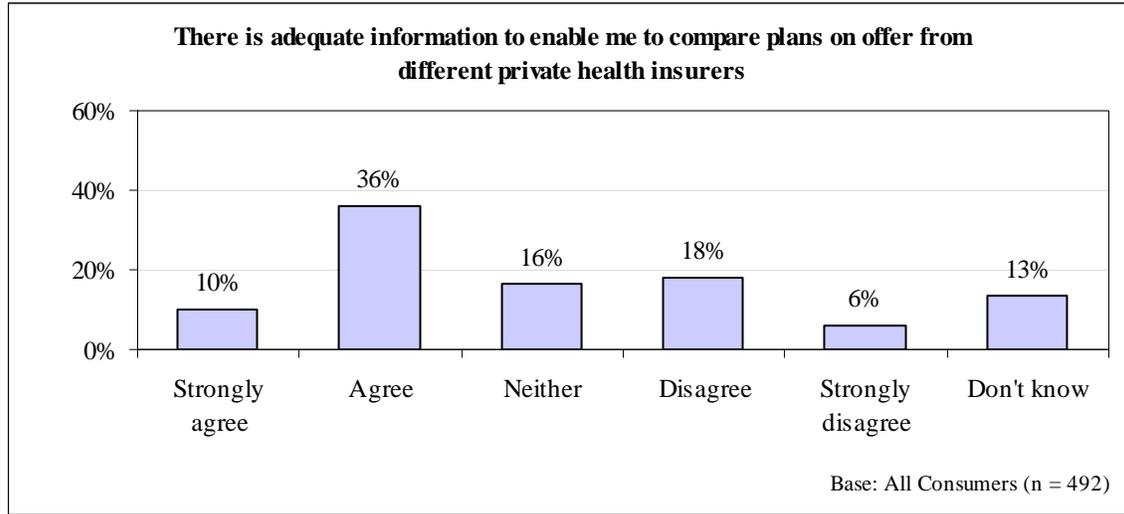
The application of the waiting period was explored during the focus groups where some influences on propensity to switch were noted:

- There was a belief amongst the majority of focus group participants that moving from one PHI supplier to another would involve a waiting period during which no cover will be in effect. Estimates of the required waiting periods ranged from months to years.
- Fears of becoming ill during the course of a waiting period were particularly strong amongst older focus group participants and it was quite clear that this perception of a mandatory waiting period inhibits thoughts of switching supplier.
- Some focus group participants reported of being told they would have to wait for six months if they looked to cover something not covered in their existing policy whether they were changing cover within their existing supplier or moving to an alternative supplier. Others quoted waiting periods of up to ten years.
- Whilst some people claimed that waiting periods were only applied to make sure a person was not suffering from an undeclared illness or condition such as pregnancy that pre-dates the new cover, there was a general feeling that arbitrary waiting periods can be applied to suit the insurer. Anxiety and a perceived lack of clarity relating to waiting periods inhibited motivation to consider switching PHI suppliers.

Switching Information Needs

With an increasing range of products being offered by health insurers, access to proper information is important to enable potential consumers (and non-consumers) to compare plans and decide which product is most suitable for their needs. Figure 6.8 illustrates the level of agreement that consumers have about the level of information available to compare plans from different insurers.

Figure 6.8: Information to compare plans from different insurers



From Figure 6.8, less than half (46%) of all consumers agreed that there was adequate information available to enable plans to be compared from different insurers.

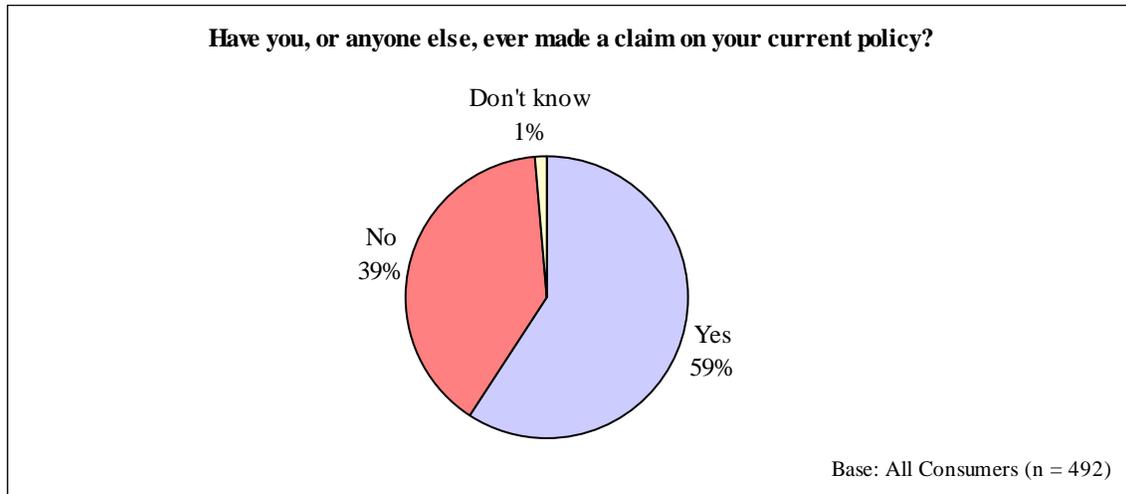
6.2 Claims

In advance of all questions relating to claims, the following paragraph was read out by the interviewer to define a claim:

Claims can be made to a health insurer in respect of hospital charges, treatment received as an overnight, day or outpatient or non-hospital treatment. A claim form does not necessarily have to have been filled out by the claimant/person treated.

All consumers were asked whether anyone had ever made a claim on their current policy (as defined above).

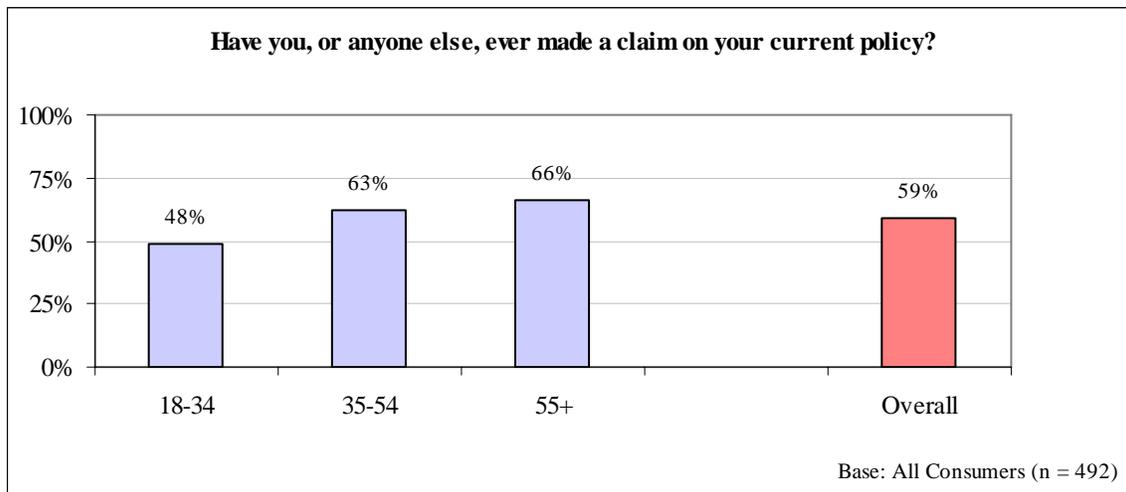
Figure 6.9: Have you made a claim?



From Figure 6.9, approximately six-in-ten consumers (59%) have made a claim on their policy (a similar proportion to 2005). When examined by insurer, a higher proportion of consumers from VHI had made a claim than consumers of QUINN or VIVAS. This was expected because BUPA (whose Irish operations were acquired by QUINN) began operating in 1997 whereas VIVAS began Irish operations in 2004 and VHI has operated in Ireland for approximately 50 years.

Taking into account only those who have taken out private health insurance within the last 10 years for the first time, the level of claims (39%) did not differ significantly between insurers. The rate of claims for each age band is shown in Figure 6.10.

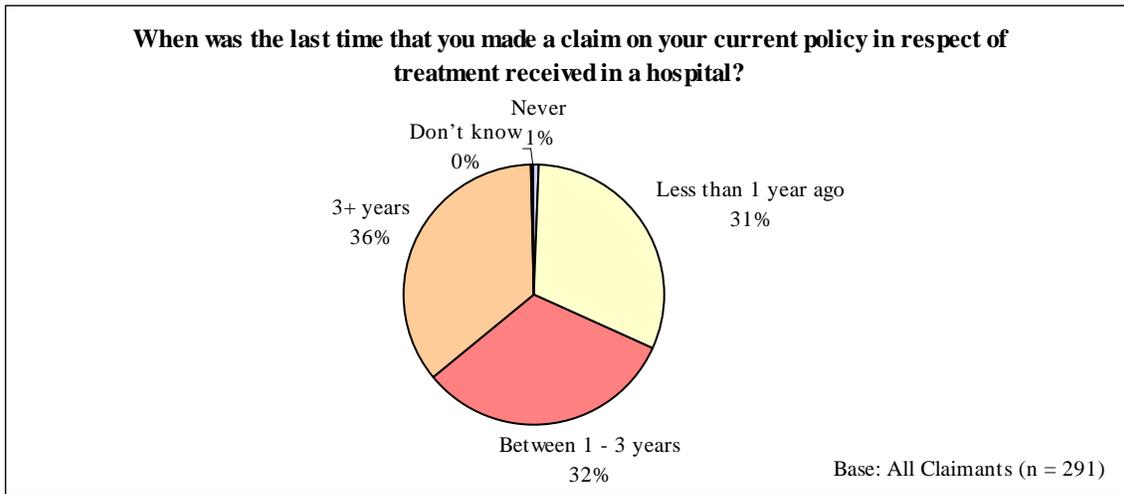
Figure 6.10: Claims per age-band



From Figure 6.10, the rate of claims was related to the age of consumer in that more policies of older consumers had at least one claim. Approximately 48% of consumers aged 18-34 years and 66% of 55+ year olds made at least one claim.

Figure 6.11 outlines the last time a claim was made in respect of treatment received in a hospital.

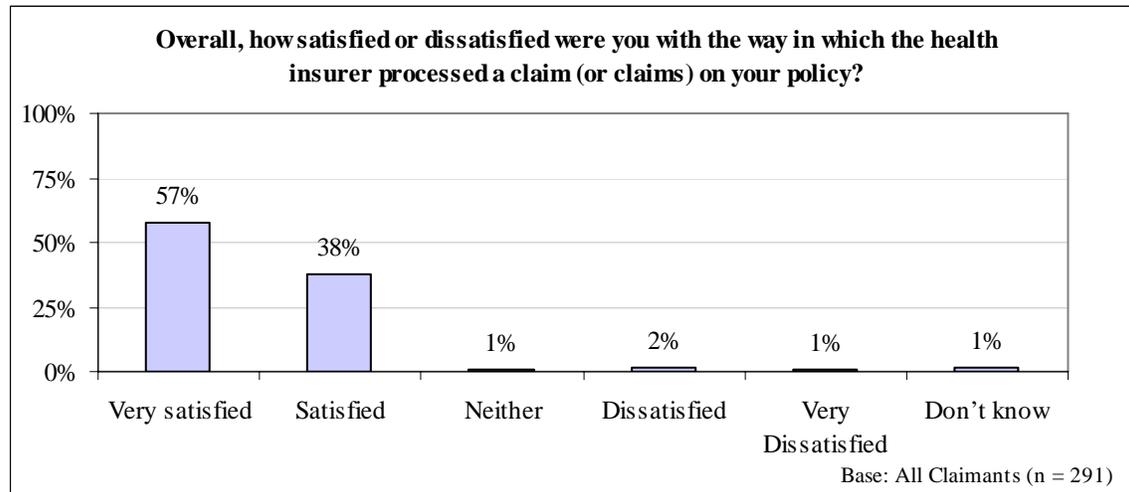
Figure 6.11: Last time a claim was made in respect of treatment received in a hospital



From Figure 6.11, although nearly six-in-ten consumers had made a claim on their policy, over one-third (36%) of all claims were made over three years ago.

Satisfaction with Claims Process

Figure 6.12: Satisfaction with claims process



From Figure 6.12, the majority (95%) of consumers were satisfied with the way in which their insurer dealt with their claim(s) and this was consistent across insurer. The reasons why consumers were dissatisfied included waiting periods, being charged more than expected and treatments not being covered.

The claims process was explored in greater depth during the focus groups;

- The majority of focus group participants who have had a PHI claim said they were satisfied with the claims process and how the claim was handled. With a few exceptions, PHI companies and staff were said to be helpful and efficient when dealing with claims and inquiries.
- In some cases focus group participants were disappointed at the amounts they had to pay that were not covered by their PHI. This was particularly evident in the case of costs relating to physiotherapists, chiropractors and other injury related treatments availed of by younger focus group participants.

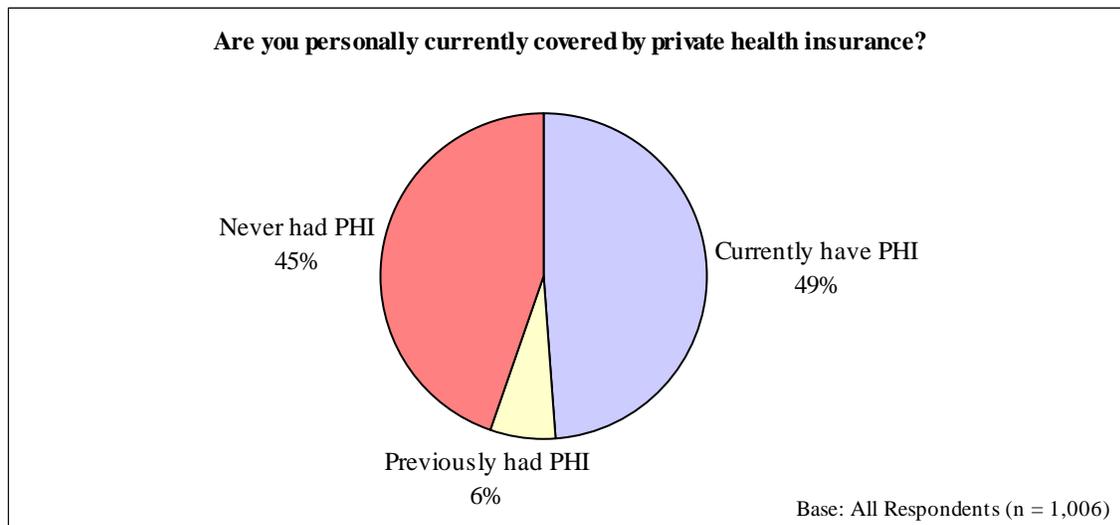
- In an overall sense the quality of customer service provided by PHI companies was said to be very good and there was little evidence of dissatisfaction or of ongoing customer service problems.

The key findings from this chapter are summarised in the Executive Summary.

Chapter Seven: Previous & Non-Consumers

This chapter explores the reasons why Irish adults have not taken out (or have lapsed) private health insurance and identifies what would encourage them to take out PHI in the future. As a reminder, Figure 7.1 summarises the current ownership status.

Figure 7.1: Are you personally covered by private health insurance?



All non-consumers who have never had private health insurance were asked why they decided not to take out PHI.

Figure 7.2: Reasons for not having private health insurance

Are there any reasons why you do not have PHI? What is the main reason why you do not have PHI?	All Reasons	Main Reason
Have a medical card	45%	33%
Too expensive/ Premiums too high/Can't afford it	60%	32%
Haven't thought about it	27%	12%
I'm healthy/Don't need it	18%	7%
Satisfied with public services	15%	6%
Will get it when I'm older	10%	4%
Don't approve of it	4%	2%
Too much uncertainty in the health insurance market	6%	2%
Other	3%	2%
Don't know	1%	0%
Base: All Non-Consumers excluding previous consumers (n = 450)		

From Figure 7.2, having a medical card (33%) and the perceived high cost of PHI (32%), were the main reasons why non-consumers had never purchased PHI. A further 12% of non-consumers simply have not thought about it and 11% felt they did not need private health insurance because they were young/healthy and would get it when they are older.

Motivations for getting PHI

All non-consumers (excluding previous consumers) were asked what would encourage them to take out PHI in the future.

Figure 7.3: What would encourage you to get private health insurance?

What would encourage you to get private health insurance?	All Reasons
Nothing/I will never get private health insurance	35%
If I had more money	25%
If premiums were reduced/ if it were cheaper	16%
When I get older	16%
If I got sick	8%
If I get married	5%
If I have (or plan to have) children	5%
If a family member got sick	5%
If public health services deteriorate	5%
If my spouse/partner takes it out	3%
If the level of private health insurance coverage improved	3%
If higher premiums were introduced for people who join later	1%
Don't know	12%
Other	2%
Base: All Non-Consumers excluding previous consumers (n = 450)	

From Figure 7.3, over one-third (35%) of all non-consumers do not intend to ever get private health insurance. Cost remains a significant obstacle to taking out private health insurance as a quarter (25%) of all non-consumers indicated that they would be encouraged to get private health insurance if they had more money and 16% of non-consumers would take it out if it were not so expensive.

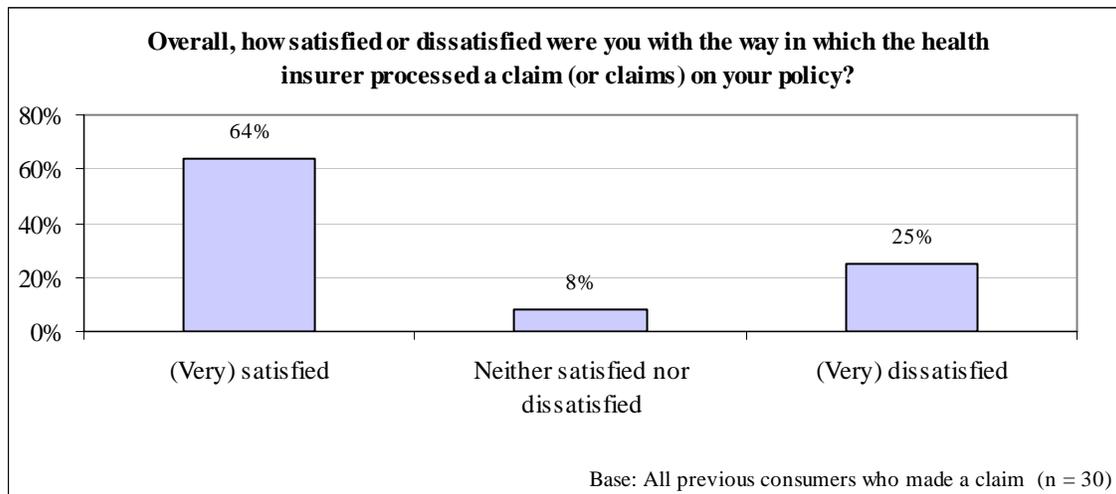
A significant minority of non-consumers appeared to be delaying taking out private health insurance, e.g. when I get older (16%), if I got sick (8%) when I get married (5%), when I have children (5%), if a family member got sick (5%).

Previous Consumers

A small proportion of all respondents (6%) were PHI holders previously (n = 65) and allowed their policies to lapse (this proportion was 4% in the 2005 survey).

- The median number of years they were personally covered by PHI was approximately 9 years.
- Approximately half of all previous consumers (48%) had made a claim from their health insurer and Figure 7.4 illustrates the satisfaction with the way in which the insurer processed a claim (or claims).

Figure 7.4: Satisfaction with the way in which a claim was processed



From Figure 7.4, a quarter (25%) of all previous consumers who made a claim was dissatisfied⁴.

⁴ Caution: low sample size.

Some reasons why previous consumers were dissatisfied are provided below:

- **Male (18-24):** *Didn't understand cover, thought we were covered but were not. Left insurer as a result.*
- **Male (30-34):** *Got injured and received no money because it was not covered. Very dissatisfied with the whole thing.*
- **Female (30-34):** *I made a claim, very slow in coming out and only got half of what I thought I was going to get at the end of it all, it wasn't worth it.*
- **Female (65+):** *I had to pay the money to the hospital first and then they would pay me back later.*

Previous consumers were asked to identify the reasons why they no longer held PHI.

Figure 7.5: Reasons why you no longer have private health insurance

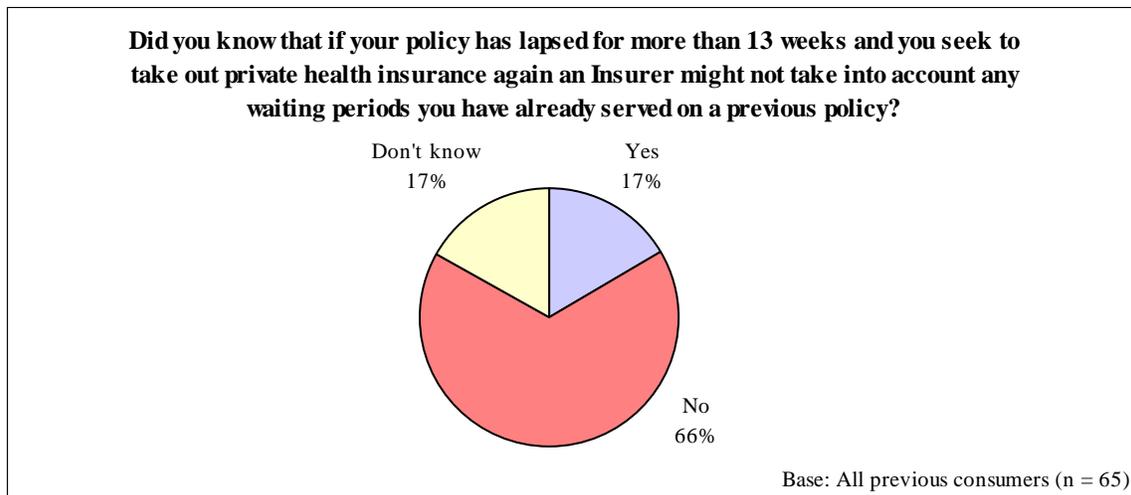
What are the reasons why you no longer have PHI? What is the main reason why you no longer have PHI?	All Reasons	Main Reason
Too expensive/ Premiums too high/Can't afford it	49%	23%
Have a medical card	28%	20%
No longer covered by my parent's insurance	22%	15%
No longer provided through work	21%	13%
No longer represented value for money	17%	8%
Satisfied with public services	7%	4%
Haven't thought about it	5%	3%
Will get it when I'm older	5%	3%
I'm healthy/Don't need it	3%	3%
Too much uncertainty in the health insurance market	7%	0%
Don't approve of it	7%	0%
Other	9%	8%
Don't know	2%	0%
Base: All Previous Consumers (n = 65)		

From Figure 7.5, a number of reasons were given as to why previous consumers no longer held PHI. The main reason was cost (23% of all previous consumers) followed by

possession of a medical card (20%). Interestingly, a combined 28% of all previous consumers indicated that the main reasons they were no longer covered is because their work or parent's no longer provided it, i.e. they were passive holders of private health insurance.

Previous consumers were asked about their awareness of how insurers would treat an application for PHI in the future.

Figure 7.6: Awareness of waiting period rule



From Figure 7.6, about one-in-six (17%) previous consumers were aware that if a previous policy had lapsed for more than 13 weeks an insurer is not be obliged to take into account any waiting periods already served on a previous policy.

Previous consumers were asked what factors would lead them to take out cover again.

Figure 7.7: Factors which would lead you to take out private health insurance again

What factors, if any, would lead you to take out cover again? [Multiple Choice]	All Reasons
If I had more money	29%
When I get older	18%
If it was offered through my employment	18%
If premiums were reduced/ if it were cheaper	17%
If I get married	9%
If the level of private health insurance coverage improved	7%
If public health services deteriorate	6%
If I got sick	5%
If I have (plan to have) children	3%
If my spouse/partner takes it out	3%
If a family member got sick	1%
If higher premiums were introduced for people who join later	1%
Other	7%
Nothing/I will never get private health insurance again	34%
Base: All Previous Consumers (n = 65)	

From Figure 7.7, approximately 29% of all previous consumers would be encouraged to take out private health insurance again if they had more money. Approximately 17% said they would take out PHI again if premiums were reduced. Approximately 18% of all respondents would be encouraged to take out PHI again when they get older and 18% would take it out again if it were offered through their employment. Approximately one-third (34%) of all previous consumers indicated they would never take out private health insurance again (the majority of whom have a medical card).

The issue of lapsed policies was explored during the focus groups;

- Once focus group participants had taken out PHI very few indicated that they had ever stopped or lapsed cover.

- Where cover had been stopped or allowed to lapse, the cause was usually either lack of funds due to a change in life circumstances, a move to a new job or promotion, or a period of time spent abroad where other cover was organised.

- A few older focus group participants (60+) said they lapsed cover in the years when interest rates rose significantly in order to meet increased mortgage payments. In such cases the period without cover was said to have been an anxious one and cover was resumed as soon as possible.

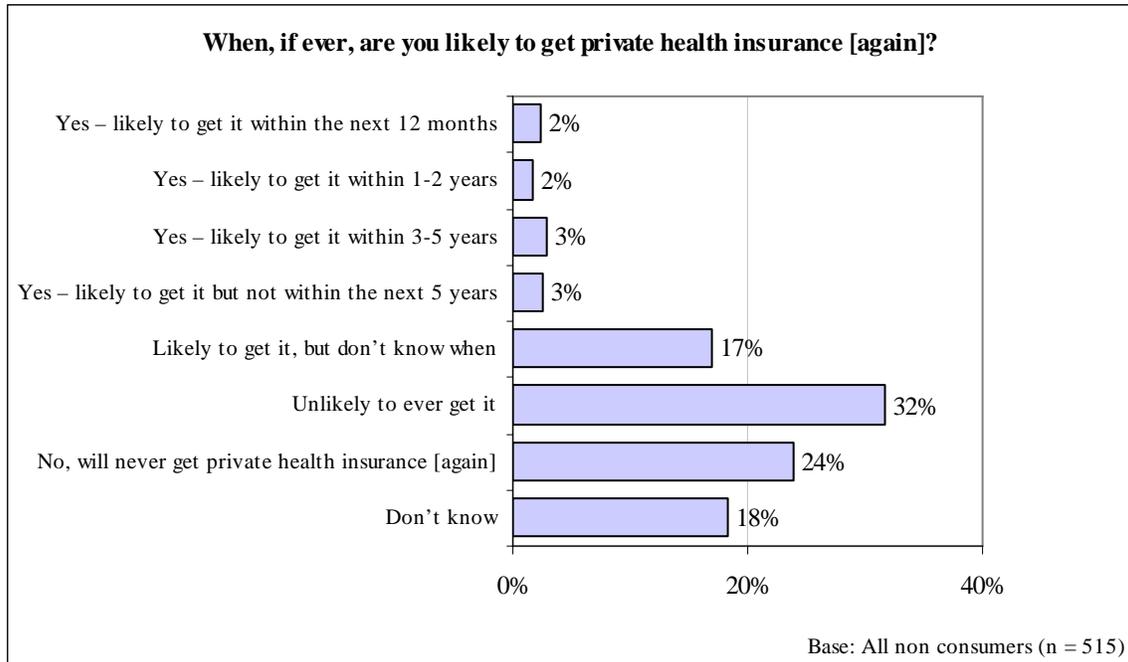
- It was clear from the comments of focus group participants that once a person has had PHI the thought of being without it was an uncomfortable one. This was especially true of people who have had occasion to use their PHI or know someone who used it to good effect.

- Young men were more likely than other focus group participants to stop or lapse their cover if they were not covered by a work-based scheme or if the work scheme offered the option of taking cash in lieu of PHI. The rationale for this course of action lies in a belief held by some young men that PHI was primarily associated with treatment for illnesses that occur later in life.

Future Market Growth

All non-consumers were asked when, if ever, were they likely to get private health insurance (again).

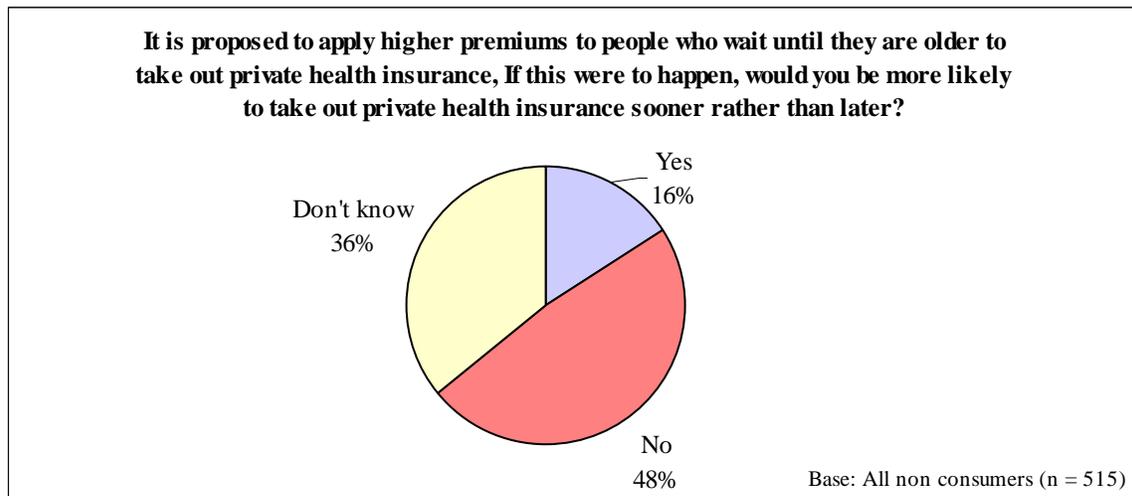
Figure 7.8: When are you likely to take out private health insurance again



From Figure 7.8, a cumulative 27% of all non-respondents indicated that they intended to take out private health insurance at some time in the future (4% within the next five years). Over half of all non-respondents (56%) indicated that they would never (or are unlikely to) take out private health insurance in the future.

All non-consumers were asked whether a proposal, to charge higher premiums to people who wait until they are older to take out PHI, would encourage them to take out private health insurance sooner than later. This concept of late entry loading is reflected in the health insurance legislation as lifetime community rating and the Minister has stated her intention to introduce it.

Figure 7.9: Late entry loading



From Figure 7.9, only 16% of all non-consumers would be more likely to take out private health insurance if late entry loading was introduced.

Approximately 40% of all non-consumers were able to provide an estimate of how much a standard private health insurance policy would cost per adult, per year. Of those who were able to provide an estimate, €500 was the median value.

The key findings from this chapter are summarised in the Executive Summary.

Chapter Eight: Employer Survey

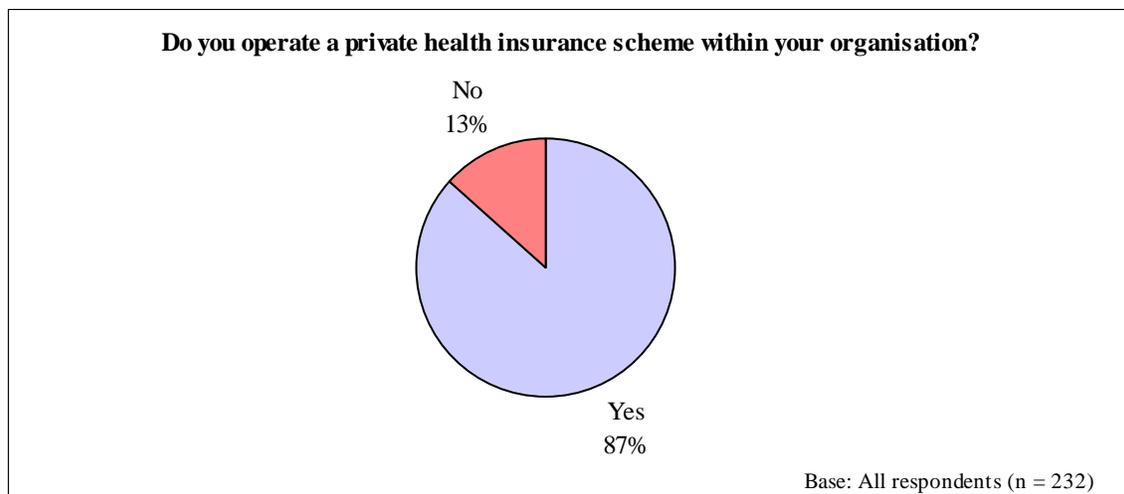
Approximately 25% of all consumers indicated that one of the reasons they held private health insurance was because it was provided through their employment (See Figure 2.1). Furthermore, over half of these consumers went on to indicate that this was the main reason they held private health insurance.

The purpose of the employer survey was to supplement the information gathered from consumers about holding private health insurance through work schemes. Specifically, this survey was designed to provide information about the operation of group schemes within large employers from the perspective of the administrators of private health insurance group schemes. To complement the employer survey, 4 in-depth interviews were held with persons responsible for private health insurance in large organisations.

Employer Survey

Each employer was asked whether they operated a private health insurance scheme.⁵

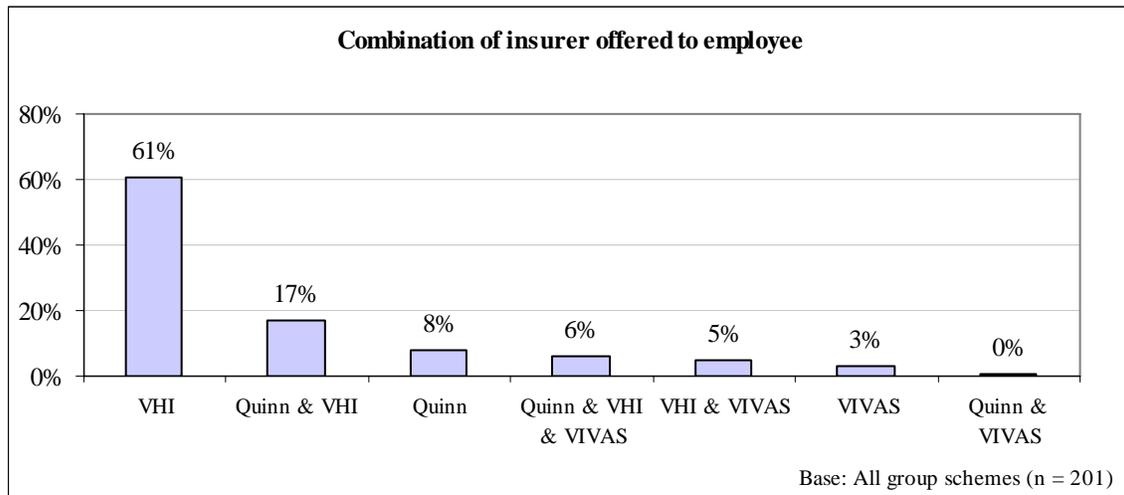
Figure 8.1: Operation of private health insurance scheme



⁵ As this was a questionnaire about private health insurance work group schemes, it is acknowledged that the response rate from employers who did not operate such a scheme on behalf of their employees would be lower than employers who did operate such a scheme. Therefore the overall proportion of companies within the sample who did operate a private health insurance scheme (87%) is considered an over-estimate.

From Figure 8.1, the majority of employers that responded to the survey (87%) indicated that they operated a private health insurance scheme and an average of 50% of employees within these organisations held private health insurance (similar rate to consumer survey, See Figure 1.1). All results are based on employers that operated a private health insurance scheme unless otherwise stated.

Figure 8.2: Combination of insurer offered to employee



From Figure 8.2, approximately 72% of employers did not provide the employee with an option of private health insurance provider. In the majority of cases (61% of all groups schemes), VHI was the only private health insurance provider.

In 17% of companies, QUINN and VHI were offered to employees and in only 6% of companies all three operators were offered to employees.

Taken cumulatively, QUINN was available to 31% of all employees of large organisations whether exclusively or in combination with other insurer(s). VHI was available to 89% of employees from large organisations and VIVAS was available to 14% of employees from large organisations.

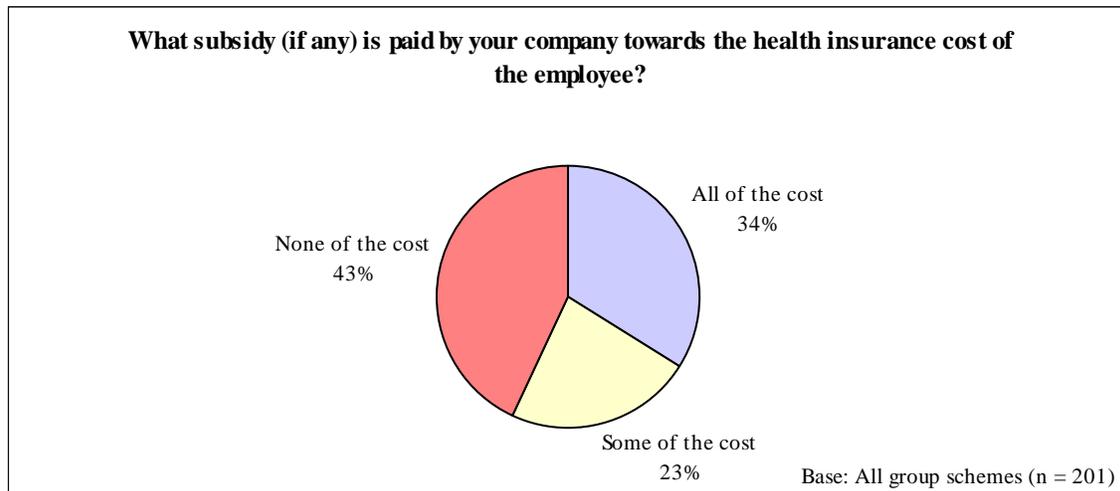
The topic of how many insurers are offered to employees was discussed further during the (four) in-depth interviews with administrators of private health insurance schemes of large employers, with the following general comments;

- Whilst an internal annual review might be held of the private health insurance scheme, there was little evidence of companies inviting formal tenders for the scheme on a regular or planned basis.
- Companies tended to have a lead provider which has been in situ for many years and a secondary provider introduced through effective sales efforts, at the request of employees or because there was a policy of having more than one supplier in all aspects of the business.
- Whilst there was a willingness amongst employers to have more than one health insurance scheme in the company it was clear that a large amount of chopping and changing was not welcomed. The administration of the scheme was considered a service to employees that required some amount of time and effort from company personnel.

Employer Contribution

Each employer was asked what level of contribution (if any) was paid towards the private health insurance costs of the employee.

Figure 8.3: Employer contribution to private health insurance costs of employee



From Figure 8.3;

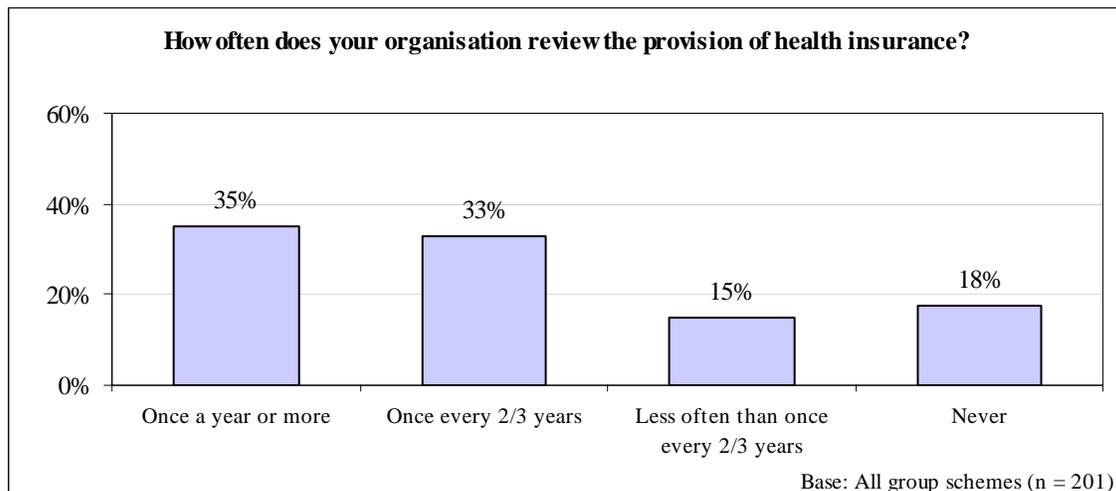
- Approximately 34% of employers indicated that all of the cost of private health insurance was paid by the employer. The companies employing the largest number of employees were less likely to pay all of the cost.
- A further 23% of employers paid some of the cost towards private health insurance, i.e. a percentage of the total cost, a fixed amount towards total cost or paid for some employees of the organisation (and not others).
- Approximately 43% of all employers did not pay any subsidy towards the private health insurance costs of their employees. Instead, they deducted the cost directly from employees' wages/salaries and administered the scheme on their behalf.

The topic of contribution levels by employers was discussed further during the (four) in-depth interviews with the following general comments;

- In the case of companies who did not contribute to the cost of the employees' health insurance costs the provision and administration of a health insurance scheme was viewed as a facility for employees and as contributing to the welfare of the workforce.
- Companies who paid the full cost of private healthcare for employees tended to allow individuals to opt out of the scheme and take the cost as additional salary.
- For non-contributing companies, communications from insurers to the effect that switching a scheme to them would result in cost savings to the company are irrelevant. Yet it appears that health insurance companies issue such communications without checking whether or not the target company contributes to the scheme or merely administers it as a service to employees.

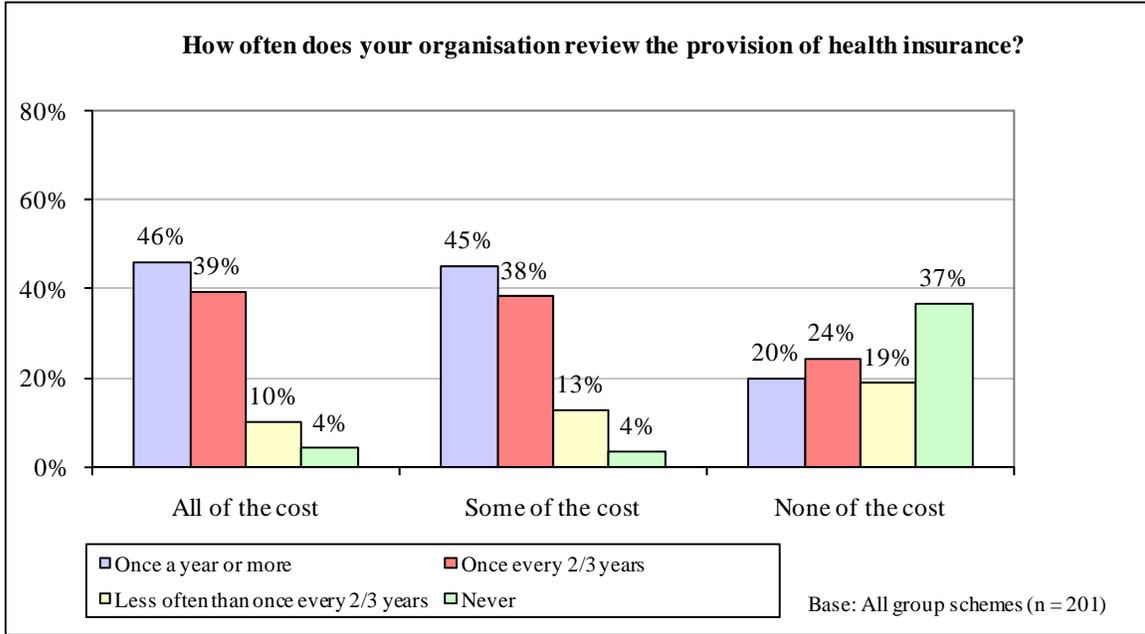
The frequency with which each employer reviewed the provision of private health insurance is examined in Figure 8.4.

Figure 8.4: Frequency of private health insurance provider



From Figure 8.4, approximately 68% of employers indicated that they reviewed the provision of health insurance at least once every 2/3 years.

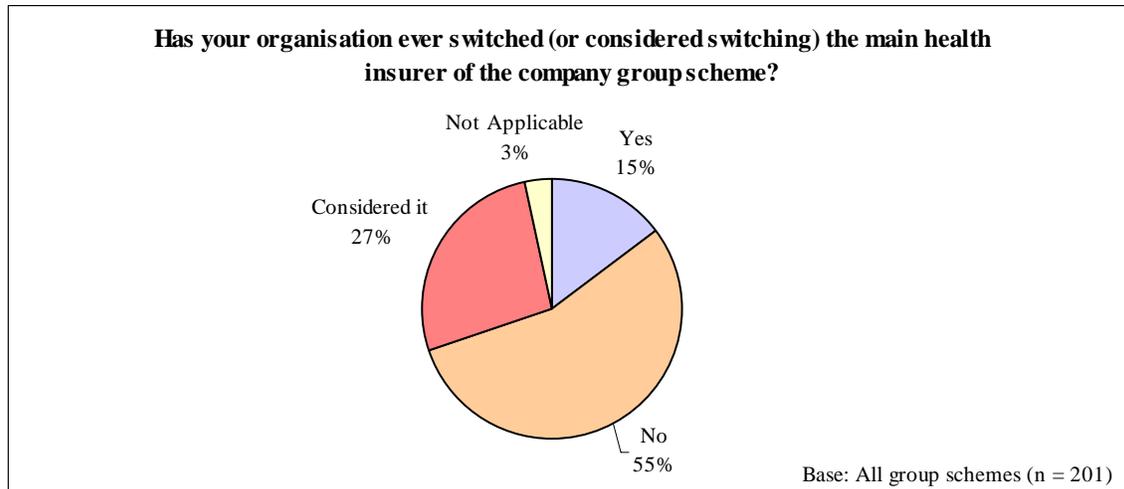
Figure 8.5: Frequency of private health insurance review by contribution level



From Figure 8.5, employers that did not pay anything towards the cost of private health insurance for employees were less likely to review the provision of health insurance within their organisation. Of employers that did contribute towards the cost, the majority (over 80%) reviewed their health insurance provider at least every 2/3 years.

Approximately 72% of all employers indicated that only one private health insurance provider was offered to employees through the employer group scheme (See Figure 8.2). Figure 8.6 shows how many employers have switched insurers or have considered switching insurer.

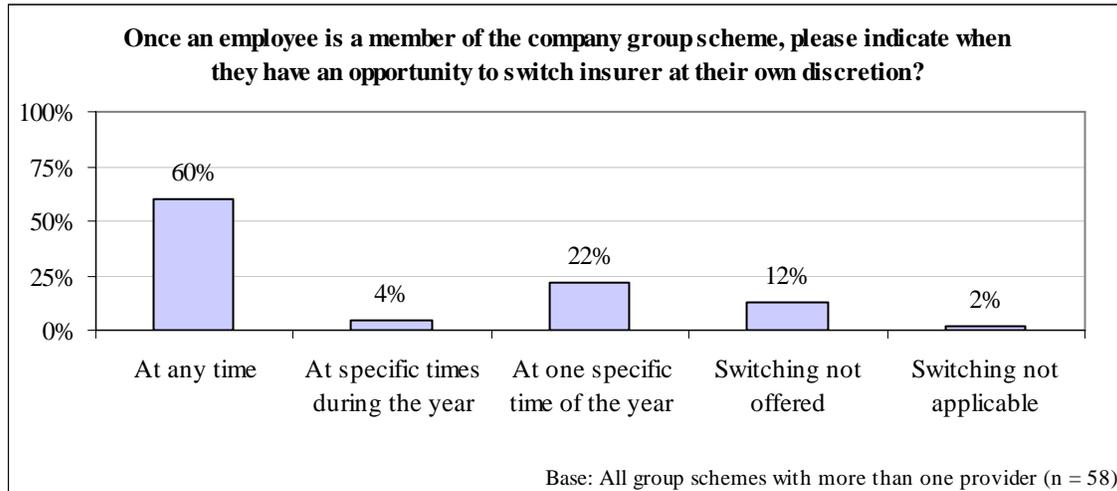
Figure 8.6: Switched main health insurer (employer)



From Figure 8.6, 15% of employers indicated they have switched the main company health insurer and a further 27% have actively considered it (but have not yet switched). The main reason why employers have switched, or considered switching, was primarily due to cost factors.

From Figure 8.2, approximately 28% of all employers offered more than one private health insurance provider to their employees (n=58). Figure 8.7 shows how often an employee has an opportunity to switch insurer where there was more than one provider.

Figure 8.7: Opportunity for employee to switch provider

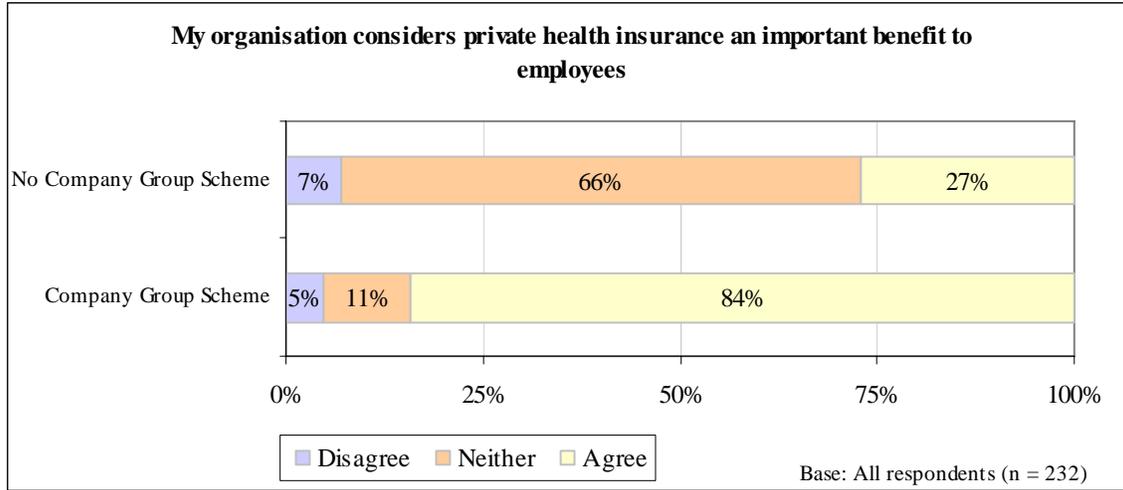


From Figure 8.7, the majority (86%) of employers, with more than one provider of private health insurance, allowed their employees to switch insurer at some stage.

Opinion

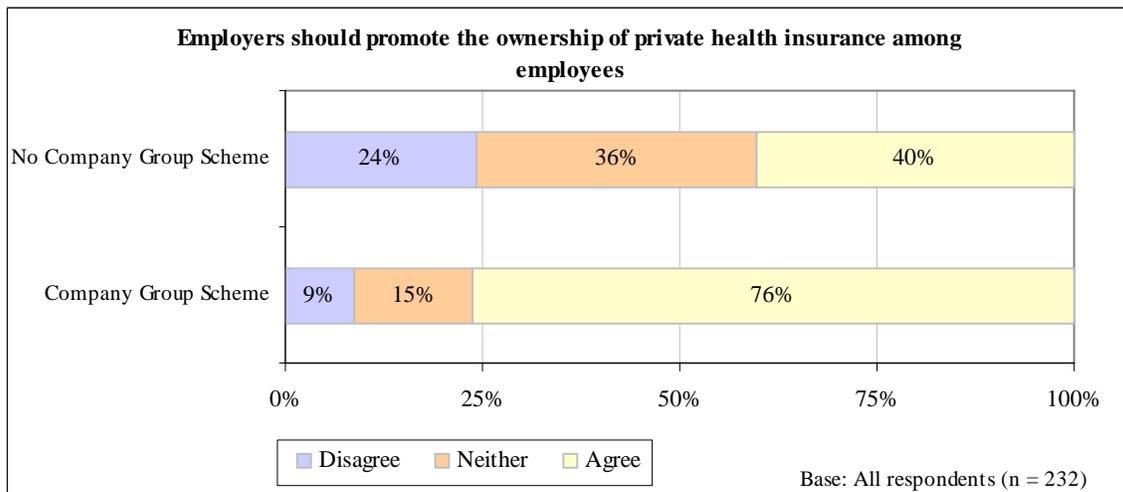
All employers were asked whether they agreed with a number of statements relating to private health insurance.

Figure 8.8: Private health insurance is an important benefit to employees

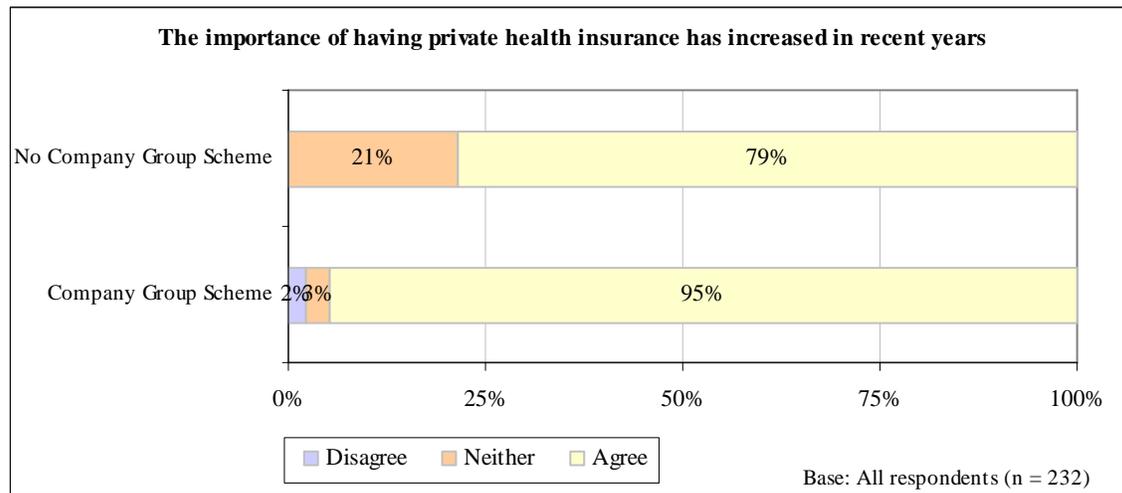


From Figure 8.8, the majority (84%) of employers with PHI schemes agreed that PHI was considered an important benefit to employees in their organisation. Employers who did not operate PHI schemes did not consider PHI to be as important.

Figure 8.9: Employers should promote the ownership of private health insurance among employees



From Figure 8.9, the majority (76%) of employers with PHI schemes agreed that employers should promote the ownership of private health insurance among employees.

Figure 8.10: The importance of having private health insurance has increase in recent years

From Figure 8.10, the majority of all employers agreed that the importance of having private health insurance has increased in recent years.

In-depth Interviews

The following section presents the remaining findings from the (four) in-depth interviews carried out with Human Resource Executives responsible for organising private health insurance within their organisation.

- Typical reasons for opting out of a company scheme included a decision by younger employees not to have private health insurance or a desire to avoid duplication where an employee was covered by a policy held in the name of a spouse in another scheme.
- In some cases employees might opt to take a lower level of cover than that provided by the company scheme and take the balance as additional salary. They might also decide to have a level of cover higher than that offered by the company in which case the company will deduct the additional cost from the employee's salary.

- Private healthcare was rated alongside a pension as a product that young employees must be reminded to purchase rather than something that they actively sought on a voluntary basis.
- In some companies staff might also be offered a critical illness scheme and/or an employee benevolent fund. All of these schemes were aimed at providing for employee welfare with the aim of creating a positive relationship between employees and the company that ultimately helps the company in achieving its corporate objectives.
- Employees were said mainly to become interested in a PHI scheme when they reached the stage of settling down and starting a family or when they reached their early-thirties.
- In this context companies that have an older workforce tended to register a higher employee participation level than those that have a younger workforce. It also seemed clear that more traditional companies in which a PHI scheme was well established and those that provided PHI as an automatic part of the employee package had higher rates of participation.
- There was some evidence that younger employees found what they perceived as the hospital cover emphasis of PHI cover as less relevant to their needs. Some insurers were perceived as offering more relevant products to the needs of younger people and marketing of cover for lifestyle based services such as GP visits, tooth whitening, laser eye surgery and physiotherapy.
- Access by employees to private health insurance information tended to come through personal research, enquiries to the relevant HR personnel and through invitations to Private Health Insurers to meet with employees on specified days once or twice a year.

- Employers appeared open to allowing insurers to contact their employees because they believed the service was of value to employees and because there were only three providers in the market.
- For the most part it appeared that employees managed their own health insurance affairs. A proposed change of cover level was advised to the designated scheme administrator who adjusted the deduction accordingly. Apart from this there was little involvement with individual employees' dealings with their health insurance provider unless requested by the employee.
- The front line contact for employees was usually a payroll manager who can facilitate or inhibit the addition of a second or subsequent health insurance provider. If the payroll manager was reluctant to set up a new provider account the status quo will be maintained unless employees insisted on change. Companies tended to require that a reasonable number of staff want to join an alternative insurer before an account is opened.
- Senior Human Resources personnel became involved in the private health insurance scheme by facilitating contact between insurers and employees and by resolving issues that might arise from time to time in relation to employees dealing with the private health insurance company. Relationships between health insurers and human resources personnel appeared to be good and there was no evidence of a need for regular intervention on the part of human resources departments beyond normal administrative needs

The key findings from this chapter are summarised in the Executive Summary.

Chapter Nine: Key Market Trends

A full marked-up questionnaire is contained within Appendix B. This chapter displays a segmented market and presents trends for key questions from 2002, 2005 and 2007. All studies are based on approximately 1,000 interviews with the general public.

All Respondents

Q.1a Are you personally currently covered by private health Insurance?			
	2002	2005	2007
Yes	47%	52%	49%
No	53%	48%	51%

- The level of private health insurance ownership has remained at a similar level of approximately half of the Irish adult population.

Q.1b With which company do you currently have your private health insurance?			
	2002	2005	2007
QUINN	13%	18%	20%
VHI	82%	76%	70%
VIVAS	0%	1%	6%
Other	5%	6%	4%

- VHI continues to hold the largest market share although both QUINN and VIVAS are increasing their market share.

Non-Consumers

Q.3 What is the main reason why you do not have private health insurance?

List of Reasons (multiple choice)	2002	2005	2007
Too expensive/ Premiums too high/Can't afford it	42%	38%	32%
Haven't thought about it	14%	14%	12%
Will get it when I'm older	4%	5%	4%
Satisfied with public services	5%	7%	6%
I'm healthy/Don't need it	5%	7%	7%
Don't approve of it	2%	1%	2%
Have a medical card	25%	21%	33%
Other, please specify:	4%	6%	2%
Don't know	1%	1%	0%

- Affordability and possession of a medical card continue to be the two main reasons why non-consumers do not have PHI.

Q.4 What, if anything, would encourage you to get private health insurance?

Reason(s) (multiple choice)	2002	2005	2007
When I get older	10%	14%	16%
If I have children	5%	4%	5%
If I get married	7%	6%	5%
If public health services deteriorate	7%	5%	5%
If premiums were reduced/ if it were cheaper	22%	16%	16%
If I got sick	7%	7%	8%
If a family member got sick	5%	5%	5%
If the level of private health insurance coverage improved	2%	3%	3%
If higher premiums were introduced for people who join later	1%	1%	1%
If I had more money	28%	24%	25%
If my spouse/partner takes it out	-	-	3%
Other (Please specify _____)	6%	4%	2%
Nothing/I will never get private health insurance	32%	25%	35%
Don't know	2%	9%	12%

- A growing proportion of non-consumers appeared to be putting off taking out private health insurance until they are older and more likely to need it.

Previous Consumers

Q.7b And what is the main reason why you no longer have private health insurance?

	2002	2005	2007
No longer covered by my parent's insurance	14%	5%	15%
Did not think it was worth it/poor value for money	14%	9%	8%
No longer provided through work	16%	4%	13%
Too much uncertainty in the health insurance market	-	-	0%
Too expensive/ Premiums too high/Can't afford it	25%	26%	23%
Haven't thought about it	0%	9%	3%
Will get it when I'm older	0%	2%	3%
Satisfied with public services	3%	2%	4%
I'm healthy/Don't need it	4%	0%	3%
Have a medical card	13%	22%	13%
Don't approve of it	-	-	0%
Other, please specify:	10%	19%	15%
Don't know	0%	0%	0%

- A growing proportion of previous consumers were members of their parents' policy and/or work scheme but are no longer covered now.

Q.10 When, if ever, are you likely to get private health insurance [again]?

(2005 and 2007 results are shown excluding the 'Don't know' for comparative purposes)

	2002	2005	2007
Yes – likely to get it within the next 12 months	2%	5%	3%
Yes – likely to get it within 1-2 years	5%	2%	2%
Yes – likely to get it within 3-5 years	6%	9%	3%
Yes – likely to get it but not within the next 5 years	7%	4%	3%
Likely to get it, but don't know when	22%	25%	21%
Unlikely to ever get it	29%	21%	39%
No, will never get private health insurance	29%	34%	29%

- An increasing proportion of non-consumers have indicated a time-frame when they are likely to take out private health insurance.

Q.11 Some people decide not to take out private health insurance until an older age. It is proposed to apply higher premiums to people who wait until they are older to take out private health insurance. Would you be more likely to take out PHI sooner than later?

	2002	2005	2007
Yes	16%	29%	16%
No	58%	43%	48%
Don't Know	26%	28%	36%

- The introduction of late entry loadings into the Irish private health insurance system would encourage fewer non-consumers to take out private health insurance sooner rather than later.

All Consumers

Q.25 To what extent do you understand the level of cover your health insurance plan offers?

	2002	2005	2007
I have a full understanding of cover provided	30%	43%	52%
I have some understanding of cover provided	50%	46%	40%
I have little to no understanding of cover provided	20%	11%	8%

Q.26 Overall, are you satisfied or dissatisfied with your level of understanding of your health insurance cover?

	2002	2005	2007
Very satisfied	26%	28%	40%
Satisfied	57%	56%	45%
Neither satisfied nor dissatisfied	-	10%	8%
Dissatisfied	10%	3%	4%
Very dissatisfied	2%	0%	<1%
Don't know	6%	2%	2%

- A growing proportion of all consumers claimed to be fully aware of cover provided through their private health insurance policy and consumers were more satisfied with their level of understanding (regardless of level of awareness).

Q.32 Have you, or anyone else, ever made a claim on your current policy?

	2002	2005	2007
Yes	55%	64%	59%
No	45%	33%	39%
Don't know	-	3%	1%

- The proportion of policies on which a claim has been made has remained relatively constant at approximately 60% of all current policies.

Q.35 On scale of 1 to 10 where 1 is not at all satisfied and 10 is extremely satisfied, how satisfied or dissatisfied are you with the following? (percentages combine scores from 8 to 10 for very satisfied)

	2002	2005	2007
Current range of products and services offered by your private health insurer	41%	47%	59%
The level of cover provided by your private health insurance plan	37%	51%	64%
The customer service you receive from your private health insurer	46%	59%	63%
The level of Out-patient/Non-Hospital cover on your plan	20%	32%	50%
The quality of information and advice you receive from your private health insurer explaining your cover and benefits	36%	51%	62%
The overall value for money of your private health insurance	29%	38%	51%

- Consumer satisfaction with the following attributes of private health insurance has increased significantly:
 1. Current range of products and services offered by your insurer.
 2. The level of cover provided by your private health insurance plan.
 3. The customer service you receive from your private health insurer.
 4. The level of Out-patient/Non-Hospital cover on your plan.
 5. The quality of information and advice you receive from your private health insurer explaining your cover and benefits.
 6. The overall value for money of your private health insurance.

Q.36 Have you, or any policy member, ever made a complaint to your health insurer?

	2002	2005	2007
Yes	3%	4%	1%
No	97%	96%	99%

- The level of complaints made to insurer has remained very low.

Switchers

Q.38 Have you personally ever switched from one health insurer in Ireland to another health insurer in Ireland?

	2002	2005	2007
Yes	6%	10%	10%
No	94%	90%	90%

- The proportion of consumers to have switched insurer has remained at approximately 10%.

Q.45 On a scale of 1 to 10, where 1 is not at all satisfied and 10 is extremely satisfied, how satisfied or dissatisfied....(percentages combine scores from 8 to 10 for very satisfied)

8 to 10	2002	2005	2007
...were you with the changeover process to the new Insurer	55%	80%	86%
...are you with the new Insurer	-	79%	87%

- Consumers who switched their private health insurance to another insurer continued to be very satisfied with the changeover process and new insurer.

Q.44 What was the main factor that led you to change your health insurer?

Factor	2002	2005	2007
New insurer was cheaper /Cost savings	46%	48%	50%
Level of cover was better	4%	12%	10%
New insurer had a better product/service range	0%	8%	7%
Group scheme switched	14%	8%	5%
Dissatisfaction with service provision of previous insurer	3%	2%	0%
Level of information and advice better	0%	2%	0%
Recommendation by friend	0%	2%	0%
Recommendation from family member	4%	1%	4%
Recommendation from other	0%	1%	2%
Had bad experience with previous insurer	0%	4%	0%
Wanted to switch to an Irish Company	0%	0%	0%
Changed employer	16%	3%	8%
Wanted to support competition	0%	0%	0%
Previous insurer announced they were withdrawing from the market	-	-	7%
Other	3%	5%	6%
No Choice/Not my decision	11%	3%	2%
Don't Know	0%	0%	0%

- The main reason why consumers switched insurers continues to be cost but there was some evidence of switching being influenced by the withdrawal of BUPA from the Irish private health insurance market.

Q.59 Would you consider switching again, if you thought financial or other gains could be made?

	2002	2005	2007
Yes *	46%	38%	53%
Maybe *	23%	29%	23%
No	13%	16%	18%
Don't know	18%	18%	7%

* *Not exact wording used previously*

- It appears that switchers would be more inclined to switch again than other consumers if financial, or other, gains could be made.

Non-Switching Consumers

Q.48 Have you ever considered switching from your current health insurance provider to another?

	2002	2005	2007
Yes	12%	13%	14%
No	71%	73%	77%
Not my decision	17%	13%	8%

- A similar level of non-switchers have considered switching (13%).

Q.51 Are there any particular reasons why you have never switched companies?

Reason(s) (multiple choice)	2002	2005	2007
No significant cost savings	17%	13%	15%
Level of cover no better	13%	15%	16%
Too much hassle/paperwork	12%	12%	16%
Range of products/services no better	7%	6%	10%
Satisfied with current provider	27%	36%	45%
Couldn't be bothered	12%	9%	14%
Too difficult to compare plans	4%	4%	7%
Feel loyal to my current provider	4%	8%	9%
Other insurer wouldn't want me/am too high risk	4%	1%	4%
Not my decision	6%	14%	14%
Work/employer looks after it	3%	6%	14%
Concerned that coverage would not be the same	11%	7%	9%
Concerned about waiting periods	5%	3%	2%
Still considering it/Have not made up my mind	3%	3%	5%
Prefer to stay with an Irish company	10%	7%	8%
Been with existing provider for a long time	14%	13%	27%
Wanted to support competition	0%	0%	1%
Too expensive	1%	3%	1%
Didn't know/Not aware that I could switch	2%	0%	<1%
Lack of information	0%	2%	5%
Just joined the current policy	2%	2%	2%
I didn't want to lapse my travel insurance policy	-	-	1%
Current uncertainty in the market	-	-	4%
I was persuaded not to switch by my current insurer	-	-	1%
Other (Please specify)	0%	6%	1%
Don't know	7%	5%	5%

- The primary (and growing) reason why consumers have never switched is because they are satisfied with their current insurer.

Q.53 What is the main factor that would encourage you to switch from your current insurance provider to another?

Factors	2002	2005	2007
If there were significant cost savings to be made	34%	33%	33%
If the range of products was better	7%	9%	5%
If the level of cover was better	17%	16%	13%
If I knew more about it	3%	2%	1%
If comparisons between plans of different insurers were easier	1%	2%	0%
If premiums of my current insurer increased significantly	7%	7%	10%
If there were no waiting periods	2%	0%	3%
Other (Please specify _____)	4%	7%	6%
Nothing/ would never switch insurer	16%	15%	23%
Don't know	9%	9%	5%

- The main factor that would encourage consumers to switch from their current insurer continues to be cost savings.

Q.55 If you completed the required waiting period with one insurer and decided to switch to a comparable plan with another insurer, do you think you would need to serve an additional waiting period with the new insurer before being covered?

	2002	2005	2007
Yes	21%	14%	15%
No	47%	59%	60%
Don't know	32%	27%	25%

- The proportion of consumers who were aware that an additional waiting period need not be served when switching to a comparable plan with another insurer remained at 60%.

Q.57 If your annual premium rose by the following amount would you discontinue cover?

	2002	2005	2007
10%	8%	7%	12%
20%	22%	20%	26%
30%	24%	23%	24%
40%	15%	13%	11%
50%	10%	11%	9%
60%	4%	3%	1%
70%	1%	1%	1%
80%	1%	1%	1%
90%	0%	0%	0%
100%	1%	4%	2%
No % specified	15%	17%	13%

- The threshold percentage increase in premium at which consumers would discontinue cover has fallen, i.e. more consumers would consider discontinuing cover if premiums increased by 20%.

Q.58 Other than premium increases, what factors, if any, would lead you to discontinue cover?

Factor(s) (multiple choice)	2002	2005	2007
If I lost my job	28%	24%	27%
If my parents no longer paid for it	7%	5%	7%
If service levels deteriorated	18%	25%	27%
If the level of cover deteriorated	29%	25%	32%
If the range of products was reduced	10%	16%	20%
If public services improved	14%	13%	14%
Other (Please specify)	2%	7%	3%
Nothing/ would never discontinue cover	21%	24%	17%
Don't know	7%	0%	7%

- Other than premium increases, the main factors which would lead consumers to discontinue cover continued to be if level of cover deteriorated, if service levels deteriorated or if they lost their job.

Q.59 Which one of the following statements most closely reflects your attitude to premium increases that have occurred in recent years?

	2002	2005	2007
Insurers are keeping premium increases to a minimum	8%	10%	11%
The increases are appropriate given the costs of treatment and service	44%	43%	36%
The increases are inappropriate and are not justifiable by the costs of treatment and service	40%	34%	40%
Don't Know	8%	13%	12%

- A decreasing proportion of consumers felt that recent increases in premiums were appropriate given the costs of treatment and service.

Q.66 Which of these statements best describes your awareness of The Health Insurance Authority?

	2002	2005	2007
Fully aware of The Health Insurance Authority and its functions	4%	4%	10%
Have some awareness of The Health Insurance Authority and its functions	12%	23%	22%
Have heard of The Health Insurance Authority, but I'm not sure what they do	20%	26%	23%
Have never heard of The Health Insurance Authority	64%	47%	45%

- A growing proportion of all respondents had at least some awareness of the Health Insurance Authority.

The key findings from this chapter are summarised in the Executive Summary.

Appendix A:- Marked Up Questionnaire

Marked Up Questionnaire

2007 (2005, 2002)

HEALTH INSURANCE COVER

Q.1a Are you currently covered by private health Insurance?
SINGLE CODE

Yes.....	49% (52%, 47%)	GO TO Q1b
No	51% (48%, 43%)	GO TO Q1e

Q.1b With which company do you currently have your private health insurance?
READ OUT, SINGLE CODE

QUINN-Healthcare	20% (17.5%, 13%)	
VHI Healthcare	70% (76%, 82%)	
VIVAS Health.....	6% (<1%, n/a)	
Other.....	4% (6%, 5%)	

Q.1c Are you the main policyholder of your private health insurance?
SINGLE CODE

Yes.....	65% (64%, 74%)	GO TO Q13a
No	35% (36%, 26%)	GO TO Q1d

Q.1d Please tell me **who** is the **main policyholder** of your private health insurance?
Probe to pre-codes SINGLE CODE

Spouse/partner.....	64% (67%)	
Parent.....	29% (26%)	ALL
Other family member	4% (3%)	GO TO
Other [specify below].....	3% (4%)	Q13a

Ask all coded 2 at Q1a

Q.1e Have you **ever** been covered by private health Insurance?
SINGLE CODE

Yes.....	13% (9%)	GO TO Q5
No.....	87% (91%)	GO TO Q2

***** NON-CONSUMERS *****
THOSE WHO HAVE NEVER BEEN COVERED BY PRIVATE HEALTH INSURANCE, I.E.
CODE 2 AT Q.1a and Q.1e

Q.2 Are there any reasons why you do not have private health insurance?

DO NOT PROMPT, CODE ALL THAT APPLY

Q.3 What is the **main** reason why you do not have private health insurance?

DO NOT PROMPT, SINGLE CODE

List of Reasons	Single Code Multi Code	
	Q.2 Any	Q.3 Main
1. Too much uncertainty in the health insurance market	6%	2% (n/a)
2. Too expensive/ Premiums too high/Can't afford it	60%	32% (38%, 42%)
3. Haven't thought about it	27%	12% (14%, 14%)
4. Will get it when I'm older	10%	4% (5%, 4%)
5. Satisfied with public services	15%	6% (7%, 5%)
6. I'm healthy/Don't need it	18%	7% (7%, 5%)
7. Have a medical card	45%	33% (21%, 25%)
8. Don't approve of it	4%	2% (1%, 2%)
9. Other, please specify:	3%	2% (6%, 4%)
10. Don't know	1%	0% (1%, 1%)

Q.4 What, if anything, would encourage you to get private health insurance?

DO NOT PROMPT, CODE ALL THAT APPLY

Reason(s)	Multi Code
	Code
1. When I get older	16% (14%, 10%)
2. If I have (or plan to have) children	5% (4%, 5%)
3. If I get married	5% (6%, 7%)
4. If public health services deteriorate	5% (5%, 7%)
5. If premiums were reduced/ if it were cheaper	16% (16%, 22%)
6. If I got sick	8% (7%, 7%)
7. If a family member got sick	5% (5%, 5%)
8. If the level of private health insurance coverage improved	3% (3%, 2%)
9. If higher premiums were introduced for people who join later	1% (1%, 1%)
10. If I had more money	25% (24%, 28%)
11. If my spouse/partner takes it out	3% (n/a)
12. Other (Please specify _____)	2% (4%, 6%)
13. Nothing/I will never get private health insurance	35% (25%, 32%)
14. Don't know	12% (9%, 2%)

NOW GO TO Q.10

***** PREVIOUS CONSUMERS *****
(CODE 1 AT Q.1e, i.e. used to be covered by private health insurance)

Q.5 For how many years **were** you personally covered by private health insurance?
PLEASE WRITE IN NUMBER OF YEARS BELOW

If unsure, ask respondent to give best estimate

Median: 9.3 (10)	Years
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Interviewer Readout: Claims can be made to a health insurer in respect of hospital charges, treatment received as an overnight, day or outpatient or non-hospital treatment. A claim form does not necessarily have to have been filled out by the claimant/person treated.

*** Definition If Asked:** Outpatient/Non-hospital treatment: Treatment carried out at a hospital outpatient facility, which does not involve the occupation of a bed. This could also include visits to a GP, physiotherapist, dentist, optician, alternative practitioner, etc., which may be covered by the health insurance policy.

Q.6a Did you, or any other person named on the policy, ever make a claim?
SINGLE CODE

Yes	48% (18%)	GO TO Q6b
No.....	42% (75%)	GO TO Q7a
Don't know	10% (7%)	GO TO Q.7a

Q.6b Overall, how satisfied or dissatisfied were you with the way in which the health insurer processed a claim (or claims) on your policy? **Probe to pre-codes - SINGLE CODE**

Very satisfied.....	39%	GO TO Q7a
Satisfied	25%	GO TO Q7a
Neither satisfied nor dissatisfied.....	8%	GO TO Q7a
Dissatisfied	9%	GO TO Q6c
Very Dissatisfied	16%	GO TO Q6c
Don't know	4%	GO TO Q7a

Q.7a What are the reasons why you no longer have private health insurance?
DO NOT PROMPT, CODE ALL THAT APPLY

Q.7b And what is the main reason why you no longer have private health insurance?
DO NOT PROMPT, SINGLE CODE

Code	Multi Code	Single
	Q.7a Any	Q.7b Main
1. No longer covered by my parent's insurance	22%	15% (5%, 14%)
2. No longer represented value for money	17%	8% (9%, 14%)
3. No longer provided through work	21%	13% (4%, 16%)
4. Too much uncertainty in the health insurance market	7%	0% (n/a)
5. Too expensive/ Premiums too high/Can't afford it	49%	23% (26%, 25%)
6. Haven't thought about it	5%	3% (9%, n/a)
7. Will get it when I'm older	5%	3% (2%, n/a)
8. Satisfied with public services	7%	4% (2%, 3%)
9. I'm healthy/Don't need it	3%	3% (n/a, 4%)
10. Have a medical card	23%	13% (22%, 13%)
11. Don't approve of it	7%	0% (n/a)
12. Other, please specify:	16%	15% (19%, 10%)
13. Don't know	2%	0% (0%, 0%)

Q.8 Did you know that if your policy has lapsed for more than 13 weeks and you seek to take out private health insurance again an Insurer might not take into account any waiting periods you have already served on a previous policy?
SINGLE CODE

Yes.....	17% (40%)
No	66% (47%)
Don't Know	17% (13%)

Q.9 What factors, if any, would lead you to take out cover again?
DO NOT PROMPT, CIRCLE ALL THAT APPLY

	Multi Code
1. When I get older	18% (4%, 11%)
2. If I have (plan to have) children	3% (2%, 10%)
3. If I get married	9% (9%, 6%)
4. If public health services deteriorate	6% (3%, 4%)
5. If premiums were reduced/ if it were cheaper	17% (25%, 27%)
6. If I got sick	5% (7%, 9%)
7. If a family member got sick	1% (7%, 8%)
8. If the level of private health insurance coverage improved	7% (7%, 2%)
9. If higher premiums were introduced for people who join later	1% (0%, n/a)
10. If I had more money	29% (27%, 28%)
11. If my spouse/partner takes it out	3% (n/a)
12. If it was offered through my employment	18% (n/a)
13. Other, Please specify:	7% (21%, 9%)
14. Nothing/I will never get private health insurance again	34% (22%, 30%)

***** ALL NON-CONSUMERS AND PREVIOUS CONSUMERS *****

Q.10 When, if ever, are you likely to get private health insurance [again]?

PROBE TO PRECODES SINGLE CODE

- 1. Yes – likely to get it within the next 12 months **2%** (4%)
- 2. Yes – likely to get it within 1-2 years..... **2%** (1%)
- 3. Yes – likely to get it within 3-5 years..... **3%** (7%)
- 4. Yes – likely to get it but not within the next 5 years **3%** (3%)
- 5. Likely to get it, but don't know when..... **17%** (19%)
- 6. Unlikely to ever get it **32%** (15%)
- 7. No, will never get private health insurance [again] **24%** (26%)
- 8. Don't Know **18%** (25%)

Q.11 READOUT: Some people decide not to take out private health insurance until an older age, when they believe they would be more likely to need it. It is proposed to apply **higher premiums** to people who wait until they are older to take out private health insurance. If this were to happen, would you be more likely to take out private health insurance sooner rather than later?

SINGLE CODE

- Yes **16%** (29%, 16%)
- No **48%** (43%, 58%)
- Don't Know **36%** (28%, 26%)

Q.12 Approximately how much do you think **standard** private health insurance costs per adult, per year?

WRITE IN EXACT AMOUNT STATED, IN EUROS, IN THE BOX BELOW

€	Median: €500 (€500)	DON'T KNOW 25%
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NOW GO TO Q.60

PRIVATE HEALTH INSURANCE HOLDERS

Q.13a What are the reason(s) why you have private health insurance?
DO NOT PROMPT, CODE ALL THAT APPLY

Q.13b What are the main reasons why you have private health insurance?
DO NOT PROMPT, SINGLE CODE

	Multi Code	Single Code
List of Reasons	Q13a Any	Q13b Main
1. Offered with employment (fully/partially paid by employer)	17%	10%
2. Offered with employment (paid for by employee)	8%	4%
3. Have (or plan to have) children	18%	6%
4. Inadequate standard of public services	38%	14%
5. Lack of access to public services	15%	2%
6. Cost of medical treatment/accommodation is very high	52%	31%
7. Friend recommended it	4%	0%
8. I can afford it	18%	4%
9. My spouse/partner recommended it	11%	4%
10. My parents included me on their policy	14%	10%
11. Other, please specify:	19%	14%
12. Don't know	0%	0%

Q.14 How many years have you held private health insurance either through your policy or the policy of a partner/spouse?

Interviewer Note: This does not include the period when respondent may have been covered under a parents policy, i.e. less than or equal to 23 years old.

PLEASE WRITE IN NUMBER OF YEARS
If unsure ask respondent to give best estimate

Median: 14 (19)	Years
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Q.15 How long have you been with your **current insurer** as the policy holder or partner/spouse of the policy holder?

Interviewer Note: This should be equal or less than Q14 as respondents can switch insurers. **The change of insurer from Bupa Ireland to Quinn Healthcare is not considered a switch (because Quinn Healthcare purchased Bupa Ireland).**

PLEASE WRITE IN NUMBER OF YEARS
If unsure ask respondent to give best estimate

Median: 10	Years
------------	-------

Q.16 How many adults, (i.e. aged 18+) **including yourself**, are covered by the private health insurance policy **you** are on (i.e. named or the policyholder)?
SINGLE CODE

1. Yourself only.....	26% (23%, 27%)
2. Two adults.....	54% (54%, 44%)
3. Three adults.....	9% (13%, 16%)
4. Four adults.....	6% (7%, 6%)
5. Five adults.....	3% (2%, 4%)
6. Six adults.....	0% (<1%, 2%)
7. Please specify no. if more than six.....	1% (0%, 1%)

Q.17 And how many children [**aged under 18**], if any, are covered by this private health insurance policy?
SINGLE CODE

1. None.....	60% (56%, 61%)
2. One child.....	15% (15%, 12%)
3. Two children.....	16% (17%, 15%)
4. Three.....	6% (9%, 8%)
5. Four.....	2% (2%, 3%)
6. Five.....	0% (<1%, <1%)
7. Six.....	0% (0%, 0%)
8. Other (Please specify number if more than six)_____	0% (0%, 0%)

Q.18 In relation to your current private health insurance plan, are you likely to:
SINGLE CODE – Read Out

Upgrade the level of your plan.....	10%
Downgrade the level of your plan.....	1%
Leave it at the same level.....	79%
Discontinue private health insurance.....	1%
Don't Know.....	9%

WORK GROUP SCHEME

READ OUT - A work group scheme is any health insurance scheme arranged or administered by an employer. For example, a **work-based** group scheme doesn't necessarily mean that the employer pays the premium – it could be paid by salary deduction on behalf of the employee.

Q.19 To the best of your knowledge is your health insurance policy part of a work group scheme?
SINGLE CODE

Yes	33% (45%, 49%)	GO TO Q20
No	63% (50%, 45%)	GO TO Q24
Don't Know	4% (5%, 7%)	GO TO Q24

Q.20 What level of contribution does your employer pay towards your health insurance policy costs?
PROBE TO PRECODES

All of the cost	21%	GO TO Q22
Some of the cost	36%	GO TO Q21
None of the cost.....	36%	GO TO Q21
Don't know.....	7%	GO TO Q22

IF CODE 2 OR 3 IN Q.20

Q.21 To the best of your knowledge, does your employer (or employer of policy owner) organise payment of private health insurance premium through a **payroll deduction system**?
SINGLE CODE

Yes	80%
No.....	12%
Don't Know.....	8%

Q.22 Does your employer (or employer of policy owner) offer a **choice** of private health insurer?
SINGLE CODE

Yes.....	23%
No.....	64%
Don't Know.....	13%

Q.23 Would you have taken out private health insurance if it was not organised through your employer (or employer of policy owner)?
SINGLE CODE

Yes.....	69%
No.....	17%
Don't Know	14%

Q.24 Please rank the following **employment benefits** in order of importance to you, i.e. 1 = Most Important, 2 = Second Most Important and so on...

SHOWCARD A1/A2 [ROTATE ORDER OF SHOWCARDS FOR EACH INTERVIEW]

1. Mobile phone [**Rank 7**]
2. Pension..... [**Rank 1**]
3. Public transport [**Rank 10**]
4. Private health insurance [**Rank 2**]
5. Increased annual leave [**Rank 4**]
6. Flexible working arrangements..... [**Rank 3**]
7. Health club membership [**Rank 8**]
8. Staff canteen [**Rank 9**]
9. Educational support [**Rank 5**]
10. Company car [**Rank 6**]

**Awareness & Understanding of Cover
ASK ALL CONSUMERS**

Q.25 To what extent do you understand the **level of cover** your health insurance plan offers?
PROBE TO PRECODES SINGLE CODE

I have a **full** understanding of cover provided.....**52%** (43%, 30%)
I have **some** understanding of cover provided.....**40%** (46%, 50%)
I have **little to no** understanding of cover provided**8%** (11%, 20%)

Q.26 Overall, are you satisfied or dissatisfied with your level of understanding of your **health insurance cover**?
PROBE TO PRECODES SINGLE CODE

Very satisfied.....**40%** (28%, 26%)
Satisfied.....**45%** (56%, 57%)
Neither satisfied nor dissatisfied.....**8%** (10%, n/a)
Dissatisfied.....**4%** (3%, 10%)
Very dissatisfied.....**<1%** (0%, 2%)
Don't know.....**2%** (2%, 6%)

INTERVIEWER READ OUT

Are you aware ...	Yes	No	Don't Know
Q.27 ..that an Insurer may require a waiting period be served before making a claim on a <u>new</u> policy in certain circumstances? *	72% (76%)	20% (19%)	8% (5%)
Q.28 ..of the level of outpatient/non-hospital cover you have?	68% (60%)	24% (32%)	8% (9%)

* Wording in 2005 questionnaire was "Are you aware that a waiting period must be served before a claim can be made on a new policy?".

Q.29 Please rank the following **elements of your health insurance cover** in order of importance to you, i.e. 1 = Most Important, 2 = Second Most Important and so on...

SHOWCARD B1/B2/B3 [ROTATE ORDER OF SHOWCARDS FOR EACH INTERVIEW]

- 1. Hospital treatment as a private patient under a consultant **[Rank 1]**
- 2. Quality of hospital accommodation..... **[Rank 3]**
- 3. Out-patient treatment as a private patient **[Rank 2]**
(e.g. private consultations, tests, x-rays, scans)
- 4. Maternity care as a private patient..... **[Rank 5]**
- 5. Partial refund of GP fees **[Rank 4]**

Q.30 Do you have any **major** concerns about your private health insurance?

Yes.....**11%** **GO TO Q31**
No.....**89%** **GO TO Q32**

*****SERVICE PERCEPTIONS*****

Interviewer Readout: Claims can be made to a health insurer in respect of hospital charges, treatment received as an overnight, day or outpatient or non-hospital treatment. A claim form does not necessarily have to have been filled out by the claimant/person treated.

*** Definition If Asked:** Outpatient/Non-hospital treatment: Treatment carried out at a hospital outpatient facility, which does not involve the occupation of a bed, e.g. x-ray, test or scan. This could also include visits to a GP, physiotherapist, dentist, optician, alternative practitioner, etc., which may be covered by the health insurance policy.

Q.32 Have you, or anyone else, ever made a claim (as described above) on your current policy?
SINGLE CODE

Yes	59% (64%, 55%)	GO TO Q33
No.....	39% (33%, 45%)	GO TO Q35
Don't know	1% (3%, n/a)	GO TO Q35

INTERVIEWER NOTE: Please ensure that respondent answers **Q.33 only** in respect of claims made for treatment(s) received in a hospital and not other types of claim such as partial refund of GP fees, visit to private consultant, etc.

Q.33 When was the **last time** that you made a claim on your current policy **in respect of treatment received in a hospital?**
SINGLE CODE

Never (a claim was never made in respect of treatment received in a hospital).....	1%
Less than 1 year ago	31%
Between 1 year and up to 3 years ago	32%
3 years or more ago	36%
Don't know	0%

Q.34.1 Overall, how satisfied or dissatisfied were you with the way in which the health insurer processed a claim (or claims) on your policy? **SINGLE CODE – Probe to pre-codes**

Very satisfied.....	57%	GO TO Q35
Satisfied.....	38%	GO TO Q35
Neither satisfied nor dissatisfied.....	1%	GO TO Q35
Dissatisfied	2%	GO TO Q34.2
Very Dissatisfied	1%	GO TO Q34.2
Don't know.....	1%	GO TO Q35

Q.35 SHOWCARD ‘C’ On scale of 1 to 10 where 1 means not at all satisfied and 10 means extremely satisfied, how satisfied or dissatisfied are you with the following?

↓READ OUT STATEMENTS↓	Dissatisfied [1 to 3]	Satisfied [4 to 7]	Very Satisfied [8 to 10]	Don't know
Current range of products and services offered by your private health insurer	1% (3%)	34% (45%)	59% (47%, 41%)	5% (5%)
The level of cover provided by your private health insurance plan	2% (2%)	31% (43%)	64% (51%, 37%)	3% (4%)
The customer service you receive from your private health insurer	1% (4%)	28% (29%)	63% (59%, 46%)	8% (9%)
The level of Out-patient/Non-Hospital cover on your plan*	5% (10%)	32% (42%)	50% (32%, 20%)	13% (16%)
The quality of information and advice you receive from your private health insurer explaining your cover and benefits	2% (4%)	32% (39%)	62% (51%, 36%)	4% (6%)
The overall value for money of your private health insurance	7% (6%)	38% (50%)	51% (38%, 29%)	4% (6%)

*** Definition If Asked:** Outpatient/Non-hospital treatment: Treatment carried out at a hospital outpatient facility, which does not involve the occupation of a bed, e.g. x-ray, test or scan. This could also include visits to a GP, physiotherapist, dentist, optician, alternative practitioner, etc., which may be covered by the health insurance policy.

Q.36 Have you, or any policy member, ever made a complaint to your health insurer?
SINGLE CODE

Yes**1%** (4%, 3%) **GO TO Q37**
 No.....**99%** (96%, 97%) **GO TO Q38**

***** Switching & Competition Attitudes ******

Read Out: This section is about switching health insurer. **NOTE: A switch from BUPA to QUINN-Healthcare is not defined as a switch because QUINN-Healthcare purchased BUPA Ireland in April 2007.**

Q.38 Have you **ever** switched from one health insurer in Ireland to another health insurer in Ireland?

Yes.....	10% (10%, 6%)	GO TO Q39
No.....	90% (90%, 94%)	GO TO Q48

IF CODE 1 in Q.38

Q.39 How many times have you switched private health insurer?

If unsure ask respondent to give best estimate

Median: 1	Times
------------------	--------------

Q.40.1 Which insurer did you switch **from** (most recently)?

BUPA/QUINN Healthcare	23% (8%, 20%)
VHI Healthcare	75% (89%, 76%)
VIVAS Health	0% (n/a)
Other	2% (2%, 4%)

Q.40.2 Which insurer did you switch **to** (most recently)?

BUPA/QUINN Healthcare	56% (89%, 76%)
VHI Healthcare	11% (7%, 20%)
VIVAS Health	30% (1%, n/a)
Other	3% (3%, 4%)

Q.41 In your opinion, how easy or difficult would it be for you to switch from your current private health insurance provider to another private health insurance provider? **Probe to pre-codes – Single code**

Very easy	58%
Easy	39%
Neither easy nor difficult.....	0%
Difficult	0%
Very difficult	0%
Don't Know	4%

Q.42 Were you ever contacted by an insurer you were switching from in an attempt to **keep your business**?

Yes **19%**
 No **77%**
 Don't Know **4%**

Q43 Why did you decide to change insurers? **DO NOT PROMPT, CIRCLE ALL THAT APPLY**

Q.44 What was the **main factor** that led you to change your health insurer?

Factor	Multi	Single
	Q.43 Any	Q.44 Main
New insurer was cheaper /Cost savings	61%	50% (48%)
Level of cover was better	25%	10% (12%)
New insurer had a better product/service range	14%	7% (8%)
Group scheme switched	5%	5% (8%)
Dissatisfaction with service provision of previous insurer	2%	0% (2%)
Level of information and advice better	8%	0% (2%)
Recommendation by friend	10%	0% (2%)
Recommendation from family member	9%	4% (1%)
Recommendation from other (Please specify _____)	3%	2% (1%)
Had bad experience with previous insurer	2%	0% (4%)
Wanted to switch to an Irish Company	0%	0% (0%)
Changed employer	8%	8% (3%)
Wanted to support competition	4%	0% (0%)
Previous insurer announced they were withdrawing from the market	8%	7% (n/a)
Other (Please specify _____)	11%	6% (5%)
No Choice/Not my decision	4%	2% (3%)
Don't know	0%	0% (0%)

SHOWCARD "C"

Q.45 On a scale of 1 to 10, where 1 means not at all satisfied and 10 means extremely satisfied, how satisfied or dissatisfied....

↓READ OUT STATEMENTS↓	Dissatisfied [1 to 3]	Satisfied [4 to 7]	Very Satisfied [8 to 10]	Don't know
1. ...were you with the changeover process to the new Insurer*	2% (0%)	11% (19%)	86% (80%, 55%)	2% (1%)
2. ...are you with the new Insurer	0% (0%)	13% (19%)	87% (79%)	0% (1%)

Q.46 What percentage savings on the total policy cost, do **you** think would be needed to encourage you to switch again, **to a comparable plan**, with another health insurance provider?
[Interviewer: If unsure of % ask for annual amount of savings in Euro]

Saving Median: 15% (20%)	Saving Median: €200	Don't Know 34%
---------------------------------	----------------------------	-----------------------

Q.47 Would you consider switching again, if you thought financial or other gains could be made?

Yes **53%** (38%, 46%)
 Maybe **23%** (29%, 23%)
 No **18%** (16%, 13%)
 Don't know **7%** (18%, 18%)

NOW GO TO Q.55

ASK ALL THOSE CODE 2 AT Q.38 I.E. THOSE WHO HAVE NEVER SWITCHED PRIVATE INSURANCE PROVIDER, OTHERS GO TO Q.55

Q.48 Have you **ever considered** switching from your current health insurance provider to another?

Yes **14%** (13%, 12%)
No..... **77%** (73%, 71%)
Not my decision **8%** (13%, 17%)

Q.49 In your opinion, how easy or difficult would it be for you to switch from your current private health insurance provider to another private health insurance provider? **Probe to pre-codes – single code**

Very easy **18%**
Easy **33%**
Neither easy nor difficult..... **12%**
Difficult **8%**
Very difficult **2%**
Don't Know **26%**

Q.50 Were you ever contacted by an insurer you were planning to switch from in an attempt to **keep your business**?

Yes **6%**
No **89%**
Don't Know **5%**

Q.51 Are there any particular reasons why you have never switched companies?
DO NOT PROMPT, PROBE FOR MORE THAN ONE RESPONSE, CIRCLE ALL THAT APPLY

	Multi Code		Multi Code
No significant cost savings	15% (13%, 17%)	Still considering it/Have not made up my mind	5% (3%, 3%)
Level of cover no better	16% (15%, 13%)	Prefer to stay with an Irish company	8% (7%, 10%)
Too much hassle/paperwork	16% (12%, 12%)	Been with existing provider for a long time	27% (13%, 14%)
Range of products/services no better	10% (6%, 7%)	Wanted to support competition	1% (<1%, 0%)
Satisfied with current provider	45% (36%, 27%)	Too expensive	1% (3%, 1%)
Couldn't be bothered	14% (9%, 12%)	Didn't know/Not aware that I could switch	<1% (<1%, 2%)
Too difficult to compare plans	7% (4%, 4%)	Lack of information	5% (2%, 0%)
Feel loyal to my current provider	9% (8%, 4%)	Just joined the current policy	2% (2%, 2%)
Other insurer wouldn't want me/am too high risk	4% (1%, 4%)	I didn't want to lapse my travel insurance policy	1% (n/a)
Not my decision	14% (14%, 6%)	Current uncertainty in the market	4% (n/a)
Work/employer looks after it	14% (6%, 3%)	I was persuaded not to switch by my current insurer	1% (n/a)
Concerned that coverage would not be the same	9% (7%, 11%)	Other (Please specify_____)	1% (6%)
Concerned about waiting periods	2% (3%, 5%)	Don't know	5% (5%, 7%)

Q.52 What factors would encourage you to switch from your current health insurance provider to another provider?
DO NOT PROMPT, MULTIPLE RESPONSE

Q.53 What is **the main** factor that would encourage you to switch from your current insurance provider to another?
DO NOT PROMPT, SINGLE CODE

Factors	Multi Code	Single Code
	Q.52 All	Q.53 Main
1. If there were significant cost savings to be made	54%	33% (33% 34%)
2. If the range of products was better	22%	5% (9% 7%)
3. If the level of cover was better	36%	13% (16% 17%)
4. If I knew more about it	7%	1% (2% 3%)
5. If comparisons between plans of different insurers were easier	7%	0% (2% 1%)
6. If premiums of my current insurer increased significantly	22%	10% (7% 7%)
7. If there were no waiting periods	6%	3% (0% 2%)
8. Other (Please specify_____)	6%	6% (7% 4%)
9. Nothing/ would never switch insurer	23%	23% (15% 16%)
10. Don't know	5%	5% (9% 9%)

Q.54 What percentage savings on the total policy cost, do **you** think would be needed to encourage a switch, **to a comparable plan**, with another health insurance provider? [Interviewer: If unsure of % ask for annual amount of savings in Euro]

Saving Median: 25% (20%)	Saving Median: €200	Don't Know 40%
---------------------------------	----------------------------	-----------------------

ASK ALL CONSUMERS, i.e. Switchers and Non-Switchers

Q.55 If you completed the required waiting period with one insurer and decided to switch to a **comparable plan** with another insurer, do **you** think you would need to serve an additional waiting period with the new insurer before being covered?

SINGLE CODE

Yes.....	15% (14%, 21%)*	GO TO Q56
No.....	60% (59%, 47%)	GO TO Q57
Don't know.....	25% (27%, 32%)	GO TO Q56

* Previous survey results based on non-switchers only

Q.56 The current situation in Ireland is that you would **not** have to serve an additional waiting period. With this information in mind would you be more likely to switch from your current insurance provider to another insurance provider?

SINGLE CODE – Probe to pre-codes

Yes – much more likely to switch.....	12% (10%, 10%)
Yes – a little more likely to switch.....	18% (16%, 19%)
No	43% (43%, 43%)
Don't know	26% (33%, 27%)

Q.57 If your annual premium rose by the following amount would you discontinue cover?
READ OUT UNTIL RESPONDENT OFFERS A “YES”

READ OUT	YES	NO
10%	12% (7%, 8%)	Z
20%	26% (20%, 22%)	Z
30%	24% (23%, 24%)	Z
40%	11% (13%, 15%)	Z
50%	9% (11%, 10%)	Z
60%	1% (3%, 4%)	Z
70%	1% (1%, 1%)	Z
80%	1% (0.5%, 1%)	Z
90%	0% (0%, 0%)	Z
100%	2% (4%, 1%)	Z
No % Specified	13% (17%, 15%)	Z

Q.58 Other than premium increases, what factors, if any, would lead **you** to discontinue cover?
DO NOT PROMPT, CIRCLE ALL THAT APPLY.

- | | | |
|----|--|-----------------------|
| 1. | If I lost my job | 27% (24%, 28%) |
| 2. | If my parents no longer paid for it | 7% (5%, 7%) |
| 3. | If service levels deteriorated | 27% (25%, 18%) |
| 4. | If the level of cover deteriorated | 32% (25%, 29%) |
| 5. | If the range of products was reduced | 20% (16%, 10%) |
| 6. | If public services improved | 14% (13%, 14%) |
| 7. | Other (Please specify_____) | 3% (7%, 2%) |
| 8. | Nothing/ would never discontinue cover | 17% (24%, 21%) |
| 9. | Don't know | 7% (0%, 7%) |

Q.59 Which one of the following statements most closely reflects your attitude to premium increases that have occurred in recent years? **READ OUT**

- Insurers are keeping premium increases to a minimum..... **11%** (10%, 8%)
- The increases are appropriate given the costs of treatment and service **36%** (43%, 44%)
- The increases are inappropriate and are not justifiable by the costs of treatment/service ... **40%** (34%, 40%)
- Don't Know **12%** (13%, 8%)

****ASK ALL ******Q.60** Can you tell me how many companies currently offer private health insurance in Ireland?**Write in no. of companies If unsure, ask****respondent to give best estimate**

Median: 3 (2)	Number of companies	Don't know (26%)
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Q.61 SHOWCARD 'D'

I am going to read out a number of statements, and I would like you to say to what extent you agree or disagree with each statement...

READ OUT AND ROTATE ORDER	Strongly agree	Agree	Neither	Disagree	Strongly disagree	Don't know
Private health insurance is a necessity not a luxury	31% (35%)	33% (34%)	11%	15%	6%	4%
I will always have Private Health Insurance	40% (37%)	47% (45%)	5%	1%	0%	7%
Private health insurance is good value for money	7% (5%)	23% (28%)	17%	20%	14%	20%
There is no need for private health insurance in Ireland, public services are adequate	4% (2%)	15% (10%)	11%	35%	31%	5%
Having private health insurance means always getting a better level of health care service	21% (17%)	39% (48%)	14%	12%	4%	10%
Private health insurance is only for the wealthy	14% (7%)	24% (20%)	11%	33%	15%	3%
I would welcome the introduction of more health insurance providers in the Irish market	26% (33%)	36% (37%)	18%	5%	4%	12%
Having private health insurance means you can skip the queues	20% (15%)	40% (46%)	12%	15%	4%	9%
Only old people and sick people need private health insurance	2% (2%)	10% (8%)	8%	35%	40%	5%
There is adequate information to enable me to compare plans on offer from different private health insurers	7% (6%)	24% (29%)	15%	20%	9%	25%
I am aware of recent developments in the private health insurance market in Ireland	11% (n/a)	32% (n/a)	15%	19%	13%	11%
Consumers are adequately protected in the private health insurance market in Ireland	6% (n/a)	24% (n/a)	16%	13%	5%	35%

*****CONSUMER AWARENESS*****

ASK ALL

Q.62 Do you have a medical card? **SINGLE CODE**

Yes..... **34%** (26%, 33%) **GO TO Q63**
 No **66%** (74%, 67%) **GO TO Q64**

* GP Visit Medical Card not available in previous surveys

IF CODE 1 in Q62

Q.63 What kind of medical card do you have?

SINGLE CODE

Full Medical Card..... **90%**
 GP Visit Medical Card..... **8%**
 Don't Know **2%**

Q.64 To the best of your knowledge, does this system operate in the private health insurance market in Ireland...

SHOWCARDS E - H - All to be shown -

Interviewer: Show each card in turn	Yes	No	Don't Know
Risk Rating – Show card “E”	32% (27%)	24% (22%)	44% (51%)
Community Rating – Show card “F”	28% (23%)	25% (26%)	47% (51%)
Risk Equalisation Scheme – Show card “G”	31% (n/a)	20% (n/a)	50% (n/a)
Open-Enrolment – Show card “H”	26% (20%)	23% (27%)	51% (53%)

Q.65 If you **ever had a problem** with your private health insurance, who would you approach to seek advice or help?

DO NOT PROMPT – Multiple Code

Private Health Insurer..... **52%**
 Health Insurance Authority..... **12%**
 Financial Regulator..... **4%**
 Financial Services Ombudsman..... **4%**
 Department of Health & Children **8%**
 Don't Know **15%**
 Other, Please Specify..... **10%**

Q.66 Which of these statements best describes your awareness of Ireland's **Health Insurance Authority?**

READ OUT – Single Code

Fully aware of The Health Insurance Authority and its functions	10% (4%, 4%)
Have some awareness of The Health Insurance Authority and its functions	22% (23%, 12%)
Have heard of The Health Insurance Authority, but I'm not sure what they do	23% (26%, 20%)
Have never heard of The Health Insurance Authority	45% (47%, 64%)

Appendix B:- Qualitative Research

The purpose of the qualitative research module was to gain a deeper understanding of the attitudes of key consumers. This depth added value to the breadth of information gathered by the quantitative survey.

The consumers chosen for the qualitative study represented key segments within the overall private health insurance market. They provided insight into how these key segments viewed the market and how they regarded the main operators within the market. They allowed us to understand factors motivating switching and factors inhibiting switching.

We did not speak to people who did not have private health insurance at this stage as we believed that the uninsured merited a separate future study with a distinct set of objectives and methodology. A measure of the behaviour and views of uninsured people was achieved during the quantitative survey and these findings informed the scale and scope of a qualitative study of this market segment.

The sample was confined to Dublin because experience indicated that the views of people in other areas tend to correspond to those of Dublin consumers in the context of macro issues. The existence or otherwise of specific local and regional issues were uncovered during the quantitative survey. If necessary, a future qualitative research module will include consumers outside Dublin.

The focus group sample comprised six focus group discussions. The groups were held with consumers about which HIA was keen to have clear understanding in terms of their attitudes to and usage of PHI.

The nature and composition of each group was as follows:

*					
Group	Age	Gender	Education	Status	Location
1	25-35	Mixed	A+B	Single/partner	Dublin
2	35-55	Mixed	A+B	Married	Dublin
3	55-70	Female	A+B	Married	Dublin
4	55-70	Male	A+B	Married	Dublin
5	25-35	Male	C	Single/Partner	Dublin
6	35-55	Female	C	Married	Dublin

Mixed gender groups are intended to explore the dynamics of any differences in the way men and women regard private health insurance.

Single gender groups are intended to allow for a “safe” environment in which to examine gender differences highlighted by the mixed gender groups and to clarify specific gender related issues.

There will be eight respondents per group, all of which will hold PHI (with no couples within groups).

[* Educational Level: A = Completed University Degree, B = Completed Institute of Technology Degree/Diploma, C = Completed Second Level Education]

Appendix C:- Employer Survey



Private Health Insurance Employer Study



We would appreciate if you took a few minutes to complete this short survey on private health insurance. Your responses are important and results will only be presented in an aggregated manner.

Health Insurance Scheme Details

Q1 - Do you operate a private health insurance scheme within your organisation?

- Yes -> please continue to Q2
 No -> please go to Q12

Q2 - Approximately what percentage of employees are members of the scheme?

%

Q3 - Please indicate which of the following private health insurers are offered to scheme members and approximately what proportion are members of each insurer:

Offered?		% with each insurer	
Yes	No		
<input type="checkbox"/>	<input type="checkbox"/>	<input style="width: 50px;" type="text"/> %	Quinn Healthcare (formerly BUPA)
<input type="checkbox"/>	<input type="checkbox"/>	<input style="width: 50px;" type="text"/> %	VHI
<input type="checkbox"/>	<input type="checkbox"/>	<input style="width: 50px;" type="text"/> %	VIVAS
<input type="checkbox"/>	<input type="checkbox"/>	<input style="width: 50px;" type="text"/> %	Other, please specify:
		100%	

Q4 - What subsidy (if any) is paid by your company towards the health insurance cost of the employee?

- All of the cost
 A percentage of the total cost, e.g. 40% of the total cost of policy
 A fixed amount towards the total cost, e.g. €16 a month towards the total cost of policy
 None of the cost
 Other, please specify: _____

Q5 - Please indicate which of the following insurers are integrated as part of your payroll deduction system:

Please tick all that apply

- Quinn Healthcare (formerly BUPA)
 VHI
 VIVAS
 Other, please specify: _____

Reviewing Insurance

Q6 - How often does your organisation review the provision of health insurance?

- Once a year or more
 Once every 2/3 years
 Less often than once every 2/3 years
 Never

Q7 - Has your organisation ever switched the main health insurer of the company group scheme?

- Yes -> please continue to Q8
 No -> please go to Q9
 Not applicable -> please go to Q11

Q8 - If Yes to Q7, what is the main reason why you decided to switch insurer?

Q9 - If No to Q7, has your organisation actively considered switching the main health insurer of the group scheme in the past 2 years?

- Yes -> please continue to Q10
 No -> please go to Q11
 Not applicable -> please go to Q11

Q10 - If Yes to Q9, what is the main reason why you decided not to switch insurer?

Q11 - Once an employee is a member of the company group scheme, please indicate when they have an opportunity to switch insurer at their own discretion?

- At any time
 At specific times during the year
 At one specific time of the year
 Switching not offered
 Switching not applicable

Opinion

Q12 - Please indicate your level of agreement or disagreement with the following statements:

	Strongly Disagree	Disagree	Neither	Agree	Strongly Agree	Don't Know
12.1 My organisation considers private health insurance an important benefit to employees	<input type="checkbox"/>					
12.2 Employers should promote the ownership of private health insurance among employees	<input type="checkbox"/>					
12.3 The importance of having private health insurance has increased in recent years	<input type="checkbox"/>					

Q13 - Please mention any further comments you have about the private health insurance market in Ireland:

Your Organisation

Q14 - Please indicate the sector which best describes the main activity of your company:

- | | | |
|--|---|--|
| <input type="checkbox"/> Construction | <input type="checkbox"/> Retail trade | <input type="checkbox"/> Professional, scientific and technical services |
| <input type="checkbox"/> Manufacturing | <input type="checkbox"/> Utility services | <input type="checkbox"/> Administrative and support services |
| <input type="checkbox"/> Transport | <input type="checkbox"/> Financial services | <input type="checkbox"/> Other, please specify: _____ |
| <input type="checkbox"/> Wholesale trade | <input type="checkbox"/> Hospitality and catering | |

Q15 - How many employees does your organisation employ?

- Less than 500 employees 500-1000 Employees Greater than 1000 employees

Q16 - Where is the headquarters of your organisation based?

- Dublin Rest of Leinster Munster Connaught Ulster

Thank you for completing the survey, please return this form in the enclosed freepost envelope.

- Please tick this box (and provide contact details) if you wish to receive a summary report from this survey.
 Please tick this box if you are interested in taking part in a subsequent in-depth interview.