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**Media Release**

**HIA PROPOSE A ONCE OFF REDUCTION TO ANNUAL HEALTH INSURANCE LEVY**

* **The annual levy underpins the Risk Equalisation Fund which supports community rating**
* **Drop in claims due to Covid lead to a surplus in the Risk Equalisation Fund**
* **HIA propose a once off reduction of 10% on advanced products and 22% on non-advanced products**
* **Once off reduction allows HIA to return this surplus money back to the consumer**

**20 October 2021:** The Health Insurance Authority (HIA) has recommended a once off reduction to the Health Insurance Levy paid by insurers to the Minister for Health, Stephen Donnelly, TD. The annual levy supports the community rating system which allows everyone, regardless of their health status and other risk factors, to buy the same health insurance policy at the same price.

This once off reduction is a result of the emergence of a surplus in the Risk Equalisation Fund due to lower claims during the Covid pandemic. The HIA has proposed a reduction to the levy of 10% (€45) be applied to advanced products and 22% (€35) be applied to non-advanced products with the expectation that this reduction is passed on directly to the consumer.

**Commenting, Laura Brien, CEO of the HIA, said:**

*“The community rating system is underpinned by the Risk Equalisation Scheme. As the independent regulator of the health insurance market, the HIA manage this scheme and we have identified the emergence of a surplus. This is largely due to Covid and the reduced number of claims to health insurers which in turn lead to a reduction in the payments from the scheme to the insurers relative to the payments into the scheme.*

*This once off reduction to the levy has been done with the expectation that insurers will pass the saving onto their customers when they renew, so that consumers get the benefit of the surplus in the fund.”*

The total cost of a health insurance policy is a combination of the fixed cost health insurance levy plus the variable cost of the insurance policy itself. Based on this assumption the HIA illustrates the potential impact of the stamp duty change on the average premium (1):

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Average Premium | Average Price | Old Stamp Duty | New Stamp Duty | Revised Price | % Change  |
| Non-advanced | 620.00 | 157.00 | 122.00 | 585.00 | -6% |
| Advanced | 1,500.00 | 449.00 | 406.00 | 1,457.00 | -3% |

**Advising policy holders who are due to renew their policy soon, Laura Brien said:**

*“We are coming into peak renewals season and the HIA’s advice to consumers remains the same. Start reviewing your existing policy now and ask yourself - Is it offering you the appropriate cover you need for your stage of life? Does it cover all the treatments you and your family need? Is there another plan with your existing provider or another health insurance provider that may suit you better?”*

The Authority can assist consumers in determining the most appropriate policy for them through its comparison tool available on its website and its dedicated consumer helpline that are designed to help consumers sort through the jargon.

For more information and to access the comparison tool visit: [www.hia.ie](http://www.hia.ie)

***There’s only one authority when it comes to health insurance, and that’s the Health Insurance Authority.***

**ENDS**

**\*The HIA Report which was presented to the Minister for Health is available** [**here**](https://www.hia.ie/sites/default/files/RES%20Report%202022_2023.pdf)**\***

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**Notes to the Editor**

**About the Health Insurance Authority (HIA)**

The role of the HIA is to ensure consumers are aware of their rights and insurers know their responsibilities in relation to health insurance in Ireland. The HIA enable a functioning health insurance market for the benefit of consumers, providers and policy makers that underpins an accessible health service.

**About Community Rating**

Ireland’s voluntary health insurance market is community-rated, which means that everyone, with certain exceptions, can buy the same health insurance policy at the same price. This is different to other types of insurance where an individual’s premium will depend on the level of risk they represent for the insurer.

Community-rated health insurance is underpinned by the Risk Equalisation Scheme, which works by insurers paying a “stamp duty” or levy on every person that they insure in inpatient health insurance plans into a Risk Equalisation Fund. Credits are then paid from the Fund to insurers based on their risk profile of customers. l.

The Fund is managed by the HIA, the independent regulator of the health insurance market.

(1) These estimates are for illustrative purposes only. The average premium is the gross premium net of tax relief at source i.e. €200 or 20% of premium if less. The average premium is based on prices as on 01 January 2021 and products held by the insured population at that date. The average premium assumes no lifetime community rating loadings.