

Dublin 14th May 2008

Health Insurance Authority publishes national survey of the private health insurance market in Ireland

Consumers highly value health insurance

Both Employees and Employers rank private health insurance as a key benefit

Approximately one in every two adults has private health insurance, according to the latest study conducted by the Health Insurance Authority. The newer entrants to the market continue to gain market share. QUINN has around 20% of the market (13% in 2003 and 17% in 2005). VIVAS Health, which entered the market in 2004, has a 6% share (1% in 2005). Vhi Healthcare's market share is 70% (82% in 2003 and 76% in 2005). The restricted membership schemes make up the remaining 4% of the market, e.g. ESB and Gardai.

The Chief Executive of The Health Insurance Authority, Liam Sloyan said that the survey provides a comprehensive insight into attitudes amongst consumers in the marketplace. *"The survey shows that consumers value their health insurance cover highly and intend to maintain cover in the future. The survey also indicates that there is a high and growing level of satisfaction among consumers with regard to health insurance."*

The study also analysed the "Employer administered group schemes" sector of the market, which is a major feature of the market in Ireland. Consumers of health insurance ranked it as the second most important employment benefit (behind a pension). Employers appear to agree, 84% of the large employers in the sample that operate health insurance schemes stated that health insurance is an important benefit for employees. A majority (57%) of the workplace group schemes sampled are paid (fully or partially) by the employer. Nearly two-thirds (64%) of these do not offer a choice of insurer.

The percentage of people with private health insurance varies by age and by income group. The lowest level of private health insurance ownership is in the 18-24 age group, with only 39% having private health insurance. The study indicates that a growing number of people appear to be delaying taking out health insurance until they are older and more likely to need it. The 35-54 year old age group has the highest level of health insurance ownership at 57%. Ownership decreases to 42% in the older age group, 65 and over.

For income groups, ownership in the higher income social groups (ABC1) is 73% compared to 29% for the remaining groups.

Approximately one-in-ten consumers (11%) indicate that they have a major concern about their private health insurance. These concerns are mainly about the rising cost of private health insurance and limitations of cover.

When asked what would cause consumers to discontinue their health insurance, the main reason given is a large increase (e.g. 30%) in the premium. Other reasons given would be if the level of cover deteriorated, if service levels deteriorated or if they lost their job.

40% of consumers feel that increases in premiums experienced in recent years are not appropriate and not justifiable by the cost of treatment and service. Despite this, consumers still feel that private health insurance represents 'value for money'.

According to the survey, 10% of consumers have switched their private health insurer at some point and a further 13% of all consumers have considered it. Switching between health insurers is relatively low, primarily because consumers are satisfied with their current insurer (45% of all non-switching consumers state this reason) and/or they have been with their existing provider for a long time (27%). Of those who have switched insurer, cost savings is the main reason cited.

There was evidence of a higher potential to switch in the employer group scheme sector of the market, where 15% of all large employers have switched their main health insurance provider and an additional 27% of large employers have considered it.

Consumer awareness of their rights and their knowledge of their health insurance products has increased since the last survey. *“Previous studies have indicated that there is a knowledge deficit amongst consumers with regard to health insurance. While the latest study indicates improvement in this area, the Authority would wish to see consumer awareness of their rights increase further. The Authority is pleased that, following discussions, insurers have agreed to issue standard consumer rights information with renewal notices”* said Liam Sloyan.

In 2007 the Health Insurance Authority commissioned Insight Statistical Consulting to carry out a qualitative and quantitative research study of the private health insurance market in Ireland. Two previous consumer market studies have been published by the Authority in 2002 and 2005.

ENDS

Note to Editor:

The HIA is an independent regulator of private health insurance. The Authority has undertaken a considerable amount of research into the private health insurance market in Ireland. Consumers seeking information can access this at the HIA website – www.hia.ie

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