



**Summary of Report of The Health Insurance Authority to the Tánaiste and Minister for Health and Children, in accordance with Section 10 of the Risk Equalisation Scheme, 2003 (as amended), for the period July to December, 2005.**

## Summary

The Market Equalisation Percentage (“MEP”) for the period July to December 2005 is equal to 5.1%. It has increased by 0.9% since the previous period and by 0.4% since the period July to December, 2004. The increase in the MEP reflects the following:

1. Changed market shares with respect to plans subject to risk equalisation:  
BUPA Ireland’s market share continues to increase steadily. By the end of December, 2005 its membership had increased to over 440,000. Twelve months previously its membership had been just over 400,000. The membership of VIVAS Health, who had not previously filed returns grew to c. 20,000 while Vhi Healthcare’s and ESB SMPF’s membership of plans subject to risk equalisation have reduced slightly and are under 1,525,000, and under 30,000 respectively. Therefore the market share of the newer insurers with younger membership profiles continues to increase.
2. Age / sex risk profiles:  
The relative age / sex risk profiles as measured by the Age / Sex Risk Profile Indices have changed little.
3. Changes in the cost of claims per member within age and gender cells:  
BUPA Ireland’s cost of claims and number of treatment days per member included in returns have increased significantly. These figures have always increased significantly for the July to December periods and decreased significantly for the January to June periods. BUPA Ireland has in the past attributed this to seasonality. However, it is worth noting that the increase for the period July to December, 2005 was greater than for any of the previous periods.

The last of these three factors can result from seasonality or random fluctuation and is to an extent within the control of insurers (as they have some control over when claims are settled). The calculation of the smoothed MEP largely removes the influence of this factor. The smoothed MEP has increased from 4.4% to 4.8% since the previous period.

The Market Positive Equalisation Adjustment (MPEA), i.e. the amount that would be transferred if risk equalisation payments were commenced and there were no phasing has also increased significantly. The amounts each insurer would have contributed to / received from the risk equalisation fund for the period in these circumstances are detailed below. Negative values signify contributions to the fund.

BUPA Ireland:	- €20,633,000
ESB SMPF:	€1,305,000
Vhi Healthcare:	€19,955,000
VIVAS Health	- €27,000