Submission of

Vhi Member's Advisory Council

on

The Health Insurance Authority (HIA)

Consultation paper on:

Minimum Benefits Regulations in the

Irish Private Health Insurance Market

September 2010

Vhi Members Advisory Council

1. The Vhi Healthcare Members' Advisory Council is recognised as the body representing Vhi Healthcare Members' interests on all health funding and insurance matters and is free to respond internally and externally on health funding and insurance issues as appropriate.

2. The Council is briefed regularly and as appropriate on Strategy, Policy and Performance.

SUMMARY

1. We support the key principles of community rating, open enrolment, lifetime cover and minimum benefits.

2. Customers need to be protected to the extent that having purchased what they perceived to be adequate insurance cover they will not have to face the prospect of unexpected financial hardship due to inadequacy of benefit

3. Vhi is an insurance company so minimum benefits must be restricted to treatments where the principle of insurance – risk sharing - applies.

4. Minimum benefits for out patient/primary care may not need to be changed but provision should be made to adjust them by CPI each year.

5. Extending the scope of minimum benefits into areas such as chronic disease management, community care, screening etc may result in an increase in premiums and could endangering affordability. An impact analysis should be carried out before any change is made.

6. Adding out patient/primary care benefits into minimum benefits will reduce the scope for competition among insurers. It should be noted that we propose that all treatments paid on an in patient basis will be subject to minimum benefits.

7. We are proposing a maximum of, at most, six 'base' health insurance plans as follows:

   Public Hospital – Day Care / Side Room Plan
   Public Hospital – Semi Private Room Plan
   Public Hospital – Private Room Plan

   Private Hospital – Day Care / Side Room Plan
   Private Hospital – Semi Private Room Plan
   Private Hospital – Private Room Plan

   Each plan would have its own minimum benefits levels i.e. minimum benefits would be synchronised with the level of cover purchased.

8. A person buying a product to cover a certain level of hospital accommodation should expect minimum benefits to equal the agreed level of benefit being paid by the insurer under that policy – assuming that the person has used the level of accommodation that they have insured for.

9. Regulations should not specify monetary amounts for Schedules A, B or C. Instead they should be described in terms such as ‘standard benefit levels as agreed between insurers and providers or benefit paid by insurers where there is no agreement in place between the insurer and the provider’.

10. Subscriber when he/she purchases product will decide what hospital he/she is insuring for - thus there will be no requirement to attempt to skew minimum benefits for geographic reasons.

11. Products can have excesses but the excesses must have an upper limit or else we run the risk of severe under insurance at the point of making a claim.

12. Maternity care to be included in minimum benefits because this cover acts as an incentive to younger age groups to have health insurance. It supports the concept of intergenerational solidarity, which is fundamental to keeping health insurance affordable to the elderly.