Health insurance set to soar after 10% hike in levy

By **Leah McDonald**

CONSUMERS could see their health insurance rise by €40 in April after a 10% hike in a Government-imposed levy.

Department of Health officials have written to insurers to advise them of the double-digit levy rise from April.

The community rating health insurance levy was introduced by the Government to support the cost of health insurance for older people in 2009. It means everyone pays the same price for policies, irrespective of age.

One health insurance expert yesterday said the hike could add more than €40 to the cost of premiums in the form of potential price hikes by individual insurers.

But Simon Harris yesterday called on insurance companies to 'think carefully' before passing on any planned increase.

The Health Minister said: 'The insurance industry is absolutely under no obligation to pass on any such increases to customers and I'd ask them to think very carefully about it. We have a policy framework in place in relation to risk equalisation to make sure all of our customers, including our older citizens, can continue to access insurance and the insurance market.'

But Dermot Goode of the totalhealthcover.ie insurance comparison website predicted the levy increase will 'have to be passed on' to customers by their health insurers.

He said: 'This is not just a levy on insurers; it's a levy on private health insurance customers.

'As with any levy, the health insurers will have no choice but to pass it on to consumers in the form of higher premiums, which means another round of price hikes for hard-pressed consumers.

'All of this on the back of increases of up to 10% on typical premiums over the course of the last 12 months.'

Mr Goode said the health insurance market has just started to see shoots of recovery but this measure will now lead to more downgrading of cover and cancellations of policies.

According to totalhealthcover.ie, the move could mean consumers unable to afford higher premiums will go back into a public system which is struggling to cope with demand.

The Health Insurance Authority administers a Risk Equalisation Fund which pays health credits to the insurance company for people over 60 to help to meet their higher claims costs for healthcare.

The health credits vary by age, gender and by level of cover. These credits are funded by a compulsory community rating health insurance levy paid by health insurers.

A statement from the Department of Health said the proposed levies required to fund the credits are €444 per adult – an increase of €41 – and €148 per child, an increase of €14.

Mr Goode said the healthy levy has increased by 149% for adults and 155% for children in the six years to 2015. He said: 'That has all been passed on to consumers. I'd love to say it won't be passed on.

'All we can do is work on previous experience and previous experience tells us the insurance companies will move to pass it on.

'The Health Levy has played a big part in pushing up premiums in recent years. And higher premiums are making people turn their backs on private health insurance.

'These steps seem at odds with the fact that the Government would actually like to see more of us take out private health cover, especially young people. That's why lifetime community rating was introduced.'

Mr Goode said those with private health insurance already pay for healthcare through their taxes, PRSI and the Universal Social Charge, and he added that the levy only increases their financial burden.

A Laya Healthcare spokesman said: 'We are currently reviewing

Daily IRISH Mail
Date 12 November 2016
Page 2
NLA eClips

and assessing this proposed levy increase. Needless to say anything that increases the cost of private health insurance for members is unwelcome.'

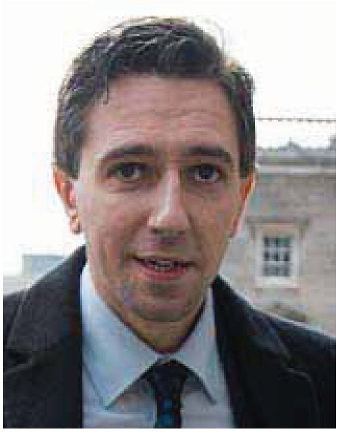
A spokesman for VHI said it welcomed the proposed changes to the Risk Equalisation Scheme, saying: 'The levy paid is not inflationary.

'Every cent collected is given back to customers.'

leah.mcdonald@dailymail.ie

'No obligation to pass on the rise'

'Any increase is unwelcome'



Insurers plea: Simon Harris

Prediction: Dermot Goode