Irish Life health

An employee guide to Lifetime Community Rating

Lifetime Community Rating

An Introduction to Lifetime Community Rating

What is Lifetime Community Rating?

In Ireland, everybody is charged the same premium for a particular health insurance plan, irrespective of their age, gender and the current or likely future state of their health. This is called community rating.

As of May 2015, the government introduced Lifetime Community Rating legislation. Under Lifetime Community Rating (LCR), community rating is modified to reflect the age at which a person takes out private health insurance. Late entry loadings are applied to the premiums of those who join the health insurance market at age 35 or over.

If an individual takes out private health insurance earlier in life, and retains it, they will pay lower premiums compared to someone who joins when they are older.

Who will pay lifetime community rating loadings?

Anyone who takes out private health insurance at age 35 or over, who has never had health insurance in Ireland before or has had a break in their cover of more than 13 weeks, may pay a loading. The level of loading will depend on the age at which the person takes out private health insurance unless you qualify for an exemption which is explained on the next page.

How does this affect employees?

How are loadings calculated?

If an employee is taking out a private health insurance policy for the first time at age 35 years or older they will pay a 2% loading on top of their premium for every year you are aged over 34 up to a maximum of 70%.

eg

Brian takes out a private health insurance policy for the first time at age 40. Brian will now pay 12% more each year, than someone who took out their cover before the grace period expired.

i.e. 2% X 6 years = 12% loading

Are there any exemptions from lifetime community rating loading?

Yes.

> If you have held health insurance in the past, this period of time may become a qualified credited period to reduce your loading.

> If you have received certain types of social welfare payments or have been financially dependent on someone who has received such payments, you may be entitled to receive credits.

> If you have lived abroad on the 1st May 2015 and return to Ireland after this date, you may have 9 months from the date you return to take out health insurance without any loadings.

If an employee had private health insurance previously, but had a break in cover, do they still have to pay the loadings?

Yes – but the level of loading may be reduced by the number of previous years health insurance cover they had.

Can an employee drop their private health insurance cover for a period of time without affecting the LCR loading?

Periods of up to 13 weeks without cover will be allowed without affecting your loading.

Will I have to pay a loading for the rest of my life if I continue to maintain my private health insurance cover?

Yes – The loading that applies when a person buys private health insurance after the 1 May 2015 will apply in subsequent years.

Why is the rate of loading set at 2% per year?

LCR legislation outlines the method used to calculate the rate of loadings is based on an assessment across all ages in the market. 2% per year is considered to be a reasonable rate of increase, without being overly punitive.

Can an insurer make an exemption for me from the LCR loading?

No, under LCR legislation, loadings cannot be waived by the insurer.

What happens if I switch from one insurer to another?

Switching from one insurer to another or from one policy to another does not affect the applicable loading. Loadings, if any, will continue to apply and insurers are required to supply each other with proof of an individual's prior cover.

For more information contact the Health Insurance Authority

www.hia.ie

Information contained in this booklet has been adapted from information provided by the Health Insurance Authority.
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