

The private health insurance market is critically ill.

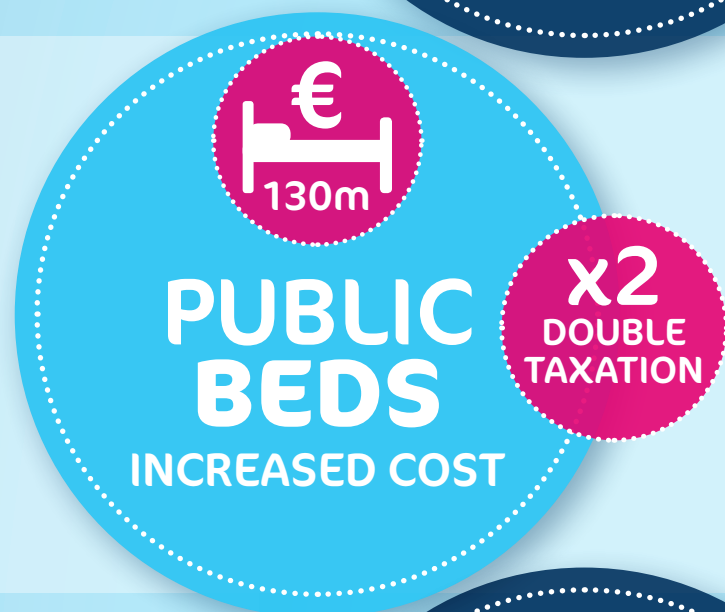
The private health insurance market has been the subject of many media headlines. Here, we set out to explain some of these factors and how they affect the price of your private health insurance.



We must charge our members the same rates regardless of their age, sex or health status. Community rating is supported by tax credits which ensure older people are not penalised. These credits are funded by a health levy paid by **all health insurers** yet the VHI are the chief beneficiary of the health levy.



Since its introduction in 2009, the health levy has jumped from €160 to €399 per adult representing a total increase of 149%. The cost per child has also jumped from €53 to €135, representing a hike of 155%. The net effect of this levy impacts on the price of your private medical insurance.



Since January 1st, all health insurance members will be charged for **all** beds in public hospitals regardless of whether they occupy a public or private bed and waive their right to go public. The public beds charge significantly impacts the cost of health insurance. (An additional €130m* in 2014.)



As a result of Budget 2014, the amount of tax relief at source (TRS) included in our members' policy subscription may have been reduced. Gross premiums are now capped at €1,000 for an adult. Children and students are capped at €500. We estimate that 90% of our members will be affected by this change.



Medical inflation has led to a significant increase in orthopaedic treatment, high cost drugs, cancer and cardiac treatment and we are happy to invest in these areas to ensure the best outcomes for our members. Although great efficiencies and savings have been made by negotiating our costs with our private partners we are prohibited from negotiating with public hospitals.



What does this mean for the market?

Rising premium costs are driving more young, healthy people out of the market leaving the cost burden on those remaining who are generally older and sicker.



What does this mean for you?

As more people leave the PMI market, the pathway to universal health insurance will be made even more difficult. We need younger, healthier people to remain in the PMI market if Ireland is to transition successfully to a new system of universal healthcare.