



Society of Actuaries in Ireland

Press Release
17th June 2014

The Society of Actuaries in Ireland has today published its response to the Department of Health's Public Consultation on the White Paper on Universal Health Insurance (UHI). The Society is supportive of many aspects of the White Paper, and particularly the continued commitment to developing an efficient healthcare system that will deliver quality services to patients.

The Society of Actuaries emphasises some key items that require further consideration, including the additional capital which would be required by insurers and the benefits to be included in the basket of services.

The Society cautions that "Obtaining a significant increase in regulatory capital is not straightforward. It is important that the design and implementation of the UHI system is transparent to potential capital providers and that they have reasonable confidence in UHI's success and long-term stability and therefore that a commercial return on the invested regulatory capital is achievable."

The Society also highlights the importance of putting in place adequate transitional arrangements and ensuring the continued viability of an insurance industry that is intended to be a critical part of the system once Universal Health Insurance is in place.

In its submission, the Society of Actuaries suggests that, to meet regulatory requirements governing the amount of capital required to be held by insurers, the additional capital required by insurers to operate a Universal Health Insurance system could be between €1.6bn and €2.4bn. The Society stresses this hypothetical range should not be interpreted as an accurate estimate - the intent is to highlight the possible scale of the capital requirements involved in introducing UHI into Ireland. In practice, the cost of this additional capital will be borne by consumers.

Due to the significant potential impact of new regulations on the capital requirements, the Society recommends that the Department of Health liaises and collaborates with the Central Bank in the design and implementation of UHI.

On the question of benefits, the Society of Actuaries recommends that "A full and open consultation will be required as part of the assessment of what is to be included in the basket of services. This consultation should involve all stakeholders, including the general public and the health insurance industry. It should also include the actuarial profession, which has expertise in assessing the financial impact of providing the basket of services to an evolving demographic".

The Society also emphasises that:

- It will be important to have transparency and oversight around the framework for making changes to the basket of services;
- The insurance package (the services to be covered by compulsory insurance) should not be used inappropriately as a mechanism to transfer costs from central health spending to the insurance sector and hence to insurance premiums;
- The UHI system should create incentives for competition between providers and insurers in order to encourage the most efficient use of health care;
- Relevant data should be captured now, and should be made publicly available, to reduce the uncertainty in the costing of the insurance package. In the short-term, a lack of data may lead to higher premiums being charged.

The submission can be viewed at <https://web.actuaries.ie/press/submissions>.

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Society of Actuaries in Ireland

The Society of Actuaries in Ireland is the professional body for actuaries practising in Ireland. Actuaries provide advice on and relevant solutions for financial, business and societal issues involving uncertain future events. Most of the Society's members work in the financial services industry, and the profession has a statutory role relating to the supervision of pension schemes and insurance companies.

The Society seeks to make an impartial contribution to public debate on social policy and public interest matters where an actuarial perspective can add value.



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