



Submission to the fifth programme of law reform

Healthcare

1. What do you suggest as a suitable project for law reform?

Under the Lifetime Community Rating provisions of the Health Insurance Act 1994 as amended, those who take out health insurance for the first time who are aged over 34 are required to pay an additional premium, or penalty, calculated as 2% of the standard premium, for each year by which their age at inception of the policy exceeds 34 (subject to a maximum penalty of 70%). This penalty is payable annually for the remainder of the lifetime of the contract. We suggest that this requirement be reviewed.

2. What issues have arisen in relation to this area that have caused you concern?

We have undertaken calculations which demonstrate that the requirement to pay these penalties for the lifetime of the contract is unduly punitive. We consider that paying the penalty for a period of 20 years (after which premium would revert to the standard premium applicable to those who effected insurance for the first time prior to age 34) would be fairer. A more detailed analysis is contained in our submission to the Health Insurance Authority consultation in March 2017, which may be found [here](#).

3. What problems does this give rise to in practice?

This may act as a disincentive to an individual over age 34 who is considering taking out health insurance. Those who do take out health insurance on these terms are being treated unfairly relative to their peers who effected insurance for the first time prior to age 34.

4. What would be the potential benefits of reform of this area?

If the period for which penalties were paid were reduced to 20 years, the number of individuals over age 34 who effect health insurance might be expected to increase, which would be of benefit to them and would also reduce the potential burden on the public system.

5. Any other general comments.

We would be happy to provide further detail if required.

29th September 2017