

Current Issues – Update on health insurance regulation in Ireland

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Overview

- Private health insurance in Ireland underpinned by public policy objective of community rating (i.e. No risk rating)
- To support community rating number of regulatory supports in place
 - Open enrolment
 - Lifetime cover
 - Minimum benefits
 - Risk equalisation
- Last item has generated controversy & litigation

Recent developments

- On-going legal challenges continue
- Bupa Ireland left the market in December 2006 and sold their business to Quinn
- Have continued with their actions
- Quinn have commenced litigation
- No transfers have taken place as injunction in place to delay payments but legal uncertainty about this also
- Vivas has been bought in part by Hibernian – part of Aviva group

Summary of Cases

- Bupa Case 1 to High Court
 - Challenges basis of risk equalisation under EU, Competition, Constitutional Law
 - Lost by Bupa November 2006
- Bupa Appeal of Case 1 to Supreme Court
 - Hearing occurred in November 2007
 - Awaiting judgement

Summary of Cases

- Bupa Case 2 to High Court
 - Initiated in 2006
 - Challenges process under which Regulator and Minister made decision
 - Papers lodged
 - No hearing pending Supreme Court appeal
- Bupa Case 3 to European Courts
 - Challenges in European Court of First Instance against Commission's decision to approve RE
 - Lost by Bupa - February 2008
- Quinn have initiated proceedings in High Court

Recent technical changes in risk equalisation

- Since 1st July 2007 transfers are only 80% of those calculated from formula
- Removed phasing arrangements for new insurers
- Zero-sum adjustment factor changed
- Changes in method of calculating membership
- Rules to allow for exiting insurers
- Changes to allow for insurers having small number of members in each age-gender cell

Future Changes

- Work on future changes to regulatory framework
 - Introduction of late entry premium penalties
 - Move to prospective system of risk equalisation
 - Introduction of risk rating for certain benefits (Perhaps supplemental insurance)
