



# Employee Guide to Lifetime Community Rating (LCR)



# What is Lifetime Community Rating?



## How does it affect me?

If you currently have health insurance LCR does **not** affect you.

If you get health insurance before May 1st then LCR will **not** affect you.

## What is Lifetime Community Rating?

Lifetime Community Rating (LCR) is a Government initiative to encourage younger people to join the private health insurance market (PHI). Health insurance premiums are set at a community rate (i.e. the same price for a plan for all adults). Accordingly the more younger people there are in the market, the lower the premiums will be for everyone. It comes into effect on May 1st 2015 and means that anyone who joins the health insurance market for the first time and is 35 or older, will pay a loading on their health insurance costs. If you already have health insurance then LCR will have no impact on your price. But if you don't, and you are 35 or older on May 1st then your health insurance will soon become more expensive!

## What is a loading?

A 'loading' is an additional charge you will have to pay for your health insurance. Under LCR the loading will be based on the age at which you take out health insurance. You will pay an extra 2% a year on the cost of your health insurance for every year you are over 34 when you join.

For example, if you are 38 and don't currently have health cover, you will have to pay an extra 8% on the cost of your health cover each year, for the rest of your life.

## What is a credit?

A 'credit' is given if you previously had health insurance but have had a break in cover. For example, if in the above scenario you had health insurance for 2 years in your 30's, you will receive 2 years' worth of credits or 4%. This credit of 4% is subtracted from your 8% loading to give you a 4% loading each year, for the rest of your life.

## How will this affect me?

If you are under or over the age of 34 and currently have health insurance, LCR will not impact you in any way. You will not be subject to any 'loadings' or 'credits' as long as you continue your health insurance cover. If you don't currently have health insurance then you should take out cover before you turn 35 and before May 1st.

# How can I beat LCR loadings?



If you're 35 or over the only way to beat LCR loadings is to have health insurance before **May 1st 2015**, or maintain your existing cover if you already have it. It doesn't matter if your health insurance is paid by you, your company or split between you and your employer, once you are covered before May 1st you avoid any loading.



**32 Years Old**

No Previous Health Insurance

**0% Loading**

You will have to pay an extra

**€0**

per year\* for Life



**41 Years Old**

No Previous Health Insurance

**14% Loading**

You will have to pay an extra

**€140**

per year\* for Life



**45 Years Old**

No Previous Health Insurance

**22% Loading**

You will have to pay an extra

**€220**

per year\* for Life

\*Figures are based on a health insurance plan costing €1,000 (net of TRS) per year

## What happens if you switch insurance?

Switching insurer remains as simple as today. Any loadings that may apply will be carried over from one insurer to another. Each insurer is required to supply each other with proof of an individual's prior cover. As all loadings are mandatory they cannot be waived by any insurer.

## Who has to pay for the loadings?

The loading forms part of the premium – however the extent to which your employer may choose to subsidise the payment of the premium is entirely at the discretion of the employer.

## What happens if an employer chooses not to pay any applicable loadings for employees?

GloHealth will facilitate split billing between the employer paid premium (or part thereof) and the payment of loadings directly by the employee.

## What happens to loadings if there is a break in cover?

There can be up to a 13 week break in coverage without affecting any applicable loading.

## What if I was not resident in the country on May 1st, will my health insurance be loaded?

Anybody who either returns to live in Ireland or comes from overseas to live in Ireland after May 1st 2015 will have 9 months from the date they return to purchase health insurance and no loading will apply. Thereafter the normal rules apply i.e. they will be loaded if they take out health insurance after 9 months and are older than 34.

## What effect will this have on tax relief at source?

There is no change to tax relief at source.

## What effect will this have on Benefit-In-Kind?

Benefit-In-Kind is only paid by the employee if all or part of their health insurance is paid by their employer. As the loadings form part of the premium they will be subject to benefit-in-kind in a similar fashion to the rest of the premium if it is paid by the employer.

## Would my loading last for the rest of my life if I join after May 1st?

Yes, the loading will apply in subsequent years.

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For further information on Lifetime Community Rating visit

[www.BeatLCR.ie](http://www.BeatLCR.ie)

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