

OVER 34? JOIN BY APRIL 30TH
TO BEAT THE LIFETIME COMMUNITY RATING CHARGE

Guide to Lifetime Community Rating

What's New in Health Insurance in 2015?

After 30th April 2015, new rules governing the price of health insurance will come into effect. You will hear these new rules referred to as Lifetime Community Rating or Age at Entry.

How will these new Rules affect me?

The key change is that after 30th April 2015, the age at which you take out private health insurance for the first time will affect the price you pay i.e. the price you pay will be calculated taking into account your Age at Entry.

What does Age at Entry actually mean?

Age at Entry refers to your age at the time you take out private health insurance for the first time. After 30th April 2015, if you are 35 or over when you first take out private health insurance, you will pay an additional amount of 2% for each year that you are aged 35 and over. The maximum loading that can apply is 70% of premium in the event of a person aged 69 or older purchasing inpatient private health insurance for the first time.

Good News for Everyone, regardless of your age on joining – sign up before 30th April 2015

If you take out a private health insurance plan before 30th April 2015, regardless of your age, you will avoid the additional charge on your premium for as long as you remain a paid-up health insurance customer.

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I'm a Vhi customer and I've been insured with you all my life. How does this affect me?

The new regulations do not affect you at all. They only affect people who are taking out health insurance for the first time or re-joining the market after a break in cover and are 35 years of age or more.

Why is Lifetime Community Rating being introduced?

Private health insurance in Ireland is community rated (unlike motor and home insurance which are risk rated) which means that the price that everyone pays for their health insurance plan is the same regardless of their age or health profile. However, the reality is that while everyone pays the same, not everyone costs the same when it comes to healthcare. If a community rated private health insurance market is to be maintained, then it is crucial to attract younger customers into the market as early as possible and to encourage them to retain private health insurance longer term. Lifetime Community Rating is a system designed to do this. Health insurance is just like any other insurance, the premiums that customers pay are used to pay claims. Because health insurance claims tend to cost more as people get older, it's important to encourage people to take out health insurance early in life. If more people take out health insurance when they are young, then the cost of premiums will remain more affordable for everyone. The new regulations encourage people to take out health insurance at a younger age.

I am 40 and have never had health insurance – how will this affect me?

If you join up on or before the 30th April 2015, you will avoid the Age at Entry loadings altogether. However, if you take out private health insurance after the 30th April 2015, you will be charged an additional 2% for each year aged 35 and over i.e. an additional 12% over and above the price that someone aged 34 would pay for the same plan.

Will the loading apply just in the year I join for the first time?

No; the loading will apply each year for as long as you remain a health insurance customer.

Can I avoid Lifetime Community Rating loadings?

Yes you can - all you have to do is purchase a private health insurance plan by 30th April 2015. Provided you join by this date, it doesn't matter what age you are when you join. The loadings only apply from 1st May 2015 to individuals who are 35 or over when they first take out health insurance.

I'm joining up after 30th April 2015 and am over 35; is there any way I can reduce my loading?

Yes, the loading may be reduced if you have a qualifying period of credit. For example, there are two things which may reduce your loading. These are:

- Credit for periods during which you had health insurance in the past
or
- Credit for periods, where in certain circumstances, you gave up your health insurance due to unemployment.

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I've had health insurance in the past; do I get any credit for this?

Yes, if you take out health insurance after 30th April 2015, your previous periods of cover are taken into account in calculating the loading that will apply to you. The credit is only allowed for the years and months of any period of previously held health insurance that you had as an adult. Cover you had as a child does not count towards Age at Entry credits.

I've had HealthSteps for 5 years; will I get credit against Lifetime Community Rating loadings for it?

No; HealthSteps is not an in-patient hospital insurance plan, therefore you will not be entitled to credit against Lifetime Community Rating loadings.

I've had a health insurance cash plan for 2 years; will I get credit against Lifetime Community Rating loadings for it?

Health insurance cash plans are not included in Lifetime Community Rating so periods of cover held on a health insurance cash plan do not count towards Age at Entry credits.

I have had Plan P for years now; will I get credit against Lifetime Community Rating loadings for it?

No, unfortunately, you will not be entitled to credit against Lifetime Community Rating loadings on Plan P.

I bought Plan P and HealthSteps together when I lost my job three years ago; will I get credit against Age at Entry loadings for these?

Years on Plan P and HealthSteps do not provide credits against Age at Entry loadings; however, provided you dropped your in-patient hospital insurance because you lost your job, you may be able to claim up to 3 years credit for the years in which you were unemployed if you were also in receipt of social welfare for this period.

What are the rules regarding credit for periods of unemployment?

If you had private health insurance on 1st January 2008 and subsequently gave it up as a result of unemployment (either your own, or that of the person on whom you were dependent) and either you or the person on whom you were dependent, were in receipt of social welfare, then you can get credit. The period of unemployment must have been a minimum of 6 months to a maximum of 3 years. The periods of unemployment do not need to be consecutive and can continue to be earned after 30th April 2015. You will need to tell us what your periods of unemployment were when you are buying health insurance from us so we can discount any loadings by the appropriate amount.

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Examples

I'm 41 now and had health insurance for 5 years in the past but I had to drop it when I lost my job in 2013; how will the new system affect me if I join after 30th April 2015?

If you join after 30th April 2015 and are aged 35 or over, you will have to pay Age at Entry loadings. However, you will get credit for the period for which you had health insurance. Credit is also allowed for a period of unemployment of up to three years that occurred between 1st January 2008 and whenever you re-join. This credit is allowed provided you dropped your health insurance because you had lost your job and were also in receipt of social welfare throughout the applicable period of unemployment.

Your credit will work as follows:

Your age when you re-join the private health insurance market is 41 and you had health insurance for 5 years from 2008 to 2013, so you will be allowed five years credit for this as follows:

- Current age: 41 minus 5 = 36.

In addition to which you will also be allowed a further 2 years of credit for your period of unemployment so your credit will also be affected as follows:

- 36 minus 2 = 34. This means that your age, for the purposes of calculating the loading that will apply is under 35, meaning that you will not have to pay any Age at Entry loadings if you take out private health insurance before your 42nd birthday.

I'm 45, I had health insurance for 4 years and gave it up because I've been unemployed for the last three years. How will the new system affect me if I want to re-join after 30th April 2015?

After 30th April 2015, because you are over 35 and are taking out private health insurance following a break in cover, you will have to pay Age at Entry loadings. However, you will get credit for the period for which you had health insurance. Also credit is allowed for a period of unemployment of up to three years that occurred between 1st January 2008 and whenever you re-join the private health insurance market.

You will therefore be eligible for credits as follows:

4 years for your previous health insurance = 4

3 years for your period of unemployment = 3

Total credit period = 7

- Current age: 45 minus 7 = 38

This means that you will be treated as if you were 38 for the purposes of calculating your loading i.e. 2% for each year you are 35 or over, so your loading will be 8%.

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**My son aged 42 will be returning from overseas in September 2015;
will he have to pay Age at Entry loadings?**

People who live overseas on 1st May 2015 and subsequently return to Ireland, will be entitled to a grace period of 9 months within which they can buy health insurance without incurring any Age at Entry loadings. Once this grace period of 9 months has expired, if you are over the age of 34, then loadings will be applied as normal.

So, it's important that your son purchases health insurance within 9 months from the date of his return to Ireland.

General Queries

YOUNG ADULT RATES:

Good News for Young Adults

After 30th April 2015, student rates will be replaced by Young Adult Rates. This means that after 30th April 2015, if you are aged between 18 and 25, the price you pay will be based on your age and not on whether or not you are in full-time education.

Are Insurers obliged to offer Young Adult Rates on all their plans?

No, however Vhi will offer Young Adult Rates on all of our plans.

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