



Joint Colloquium of the IACA, PBSS and IAAHS Sections of the International Actuarial Association

Westin Copley Place Hotel, Boston, U.S.A. – 4-7 May 2008

Public – Private Healthcare System

Ireland

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Agenda

- Introduction
- Background to Irish Healthcare System
- Background to Irish PMI System
- Interaction between Public & Private systems
- Current & future challenges
- Questions / debate

Background to Irish Healthcare System

- Population of just over 4.2 million
- Universal access to all citizens.
 - Cat I (Means tested) = Free hospital care, Out-Patient care, GP visits, Prescription Drugs etc
 - Cat II = €66 per day charge for max 10 days in hospital, €66 A+E charge, Pay for GP visits + pay up to €85 per month for prescription drugs but State picks up any amount above.
 - All citizens over 70 years old eligible for free healthcare regardless of income.
- System of Public & Private hospitals
- Public System funded through General Taxation
 - Tax rates for employed either 20% or 41%

Exemptions from Public Hospital charges

- Persons in Category II are exempt from paying for the following services:
 - Women receiving maternity services
 - Children up to 6 weeks old
 - Children receiving treatment for mental handicap, mental illness, phenylketonuria, cystic fibrosis, spina bifida, hydrocephalus, haemophilia or cerebral palsy
 - Children referred from child health clinics and school health examinations
 - Persons receiving services in respect of prescribed infectious diseases
 - Long stay patients who have already been charged under Health Regulations

Background to Irish PMI System

- Established in 1957 with introduction of the Voluntary Health Insurance Act.
 - Intention to encourage 15% of population not entitled to free care at the time to purchase PMI
 - PMI was embraced by Irish population
- 1991 Free Universal access was extended to all citizens
- 2008 in excess of 52% of Irish population covered by PMI
 - Approx. 12% of UK population covered by PMI
- Currently 3 providers in the Irish market
 - Quinn Healthcare (formally BUPA Ireland)
 - VHI
 - VIVAS Health

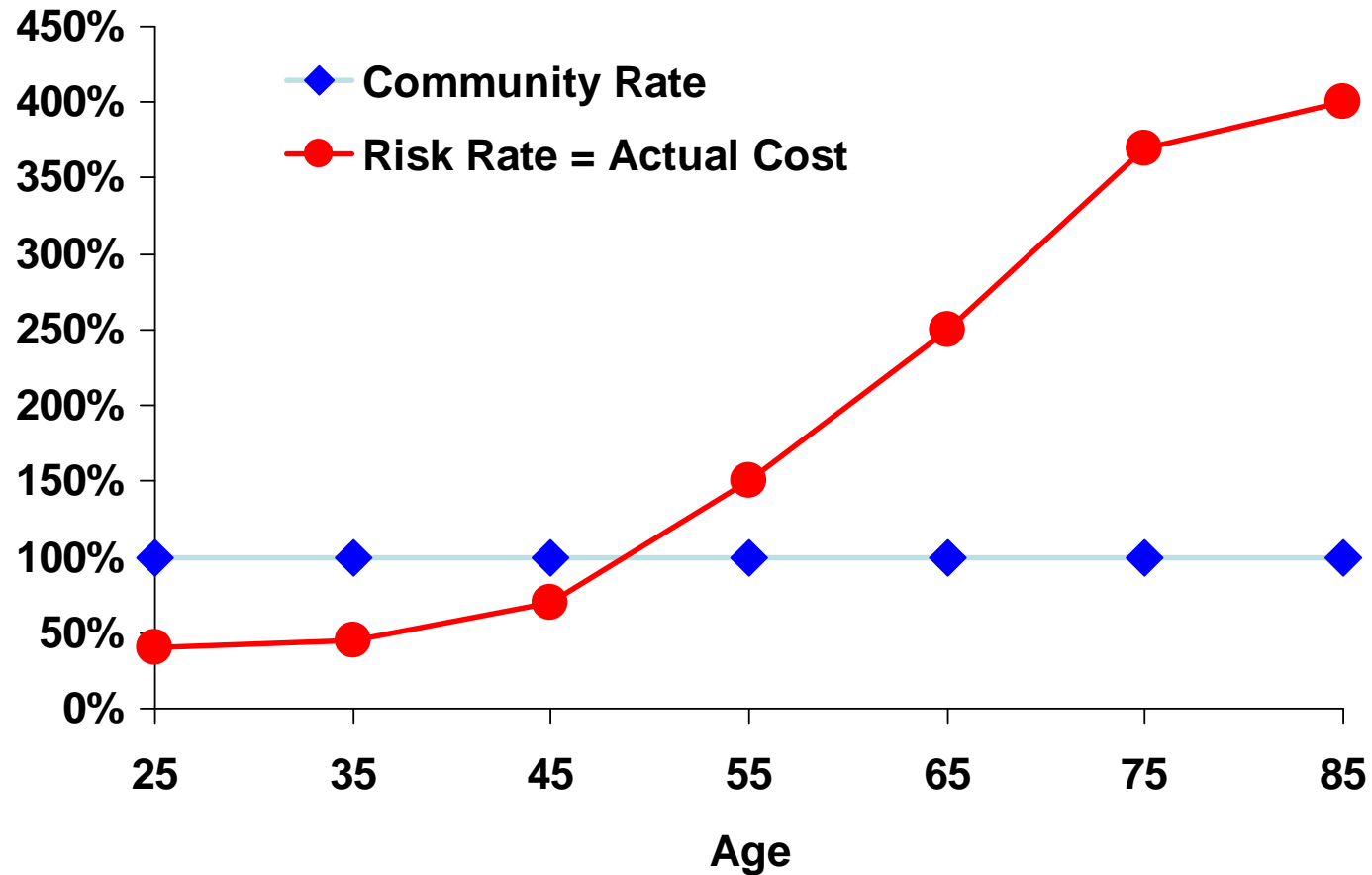
Cornerstones of Irish PMI System

- **Community Rating**
 - Same premium charged for given level of cover regardless of age, sex or current health status
- **Open Enrolment**
 - Insurers cannot refuse cover to any person regardless of age
 - 26 to 52 week waiting period + 5 to 10 year Pre-existing allowed
- **Lifetime Cover**
 - Once insured cannot be refused renewal unless –
 - Try to defraud insurer
 - Don't pay premium for excess of 13 weeks

Cornerstones of Irish PMI System

- **Minimum Benefits**
 - All PMI contracts must provide a specified minimum level of benefits.
 - Broadly, covering full cost of all medically necessary treatment in a public hospital which is curative in nature. Consultants fees included.
- **Risk Equalisation**
 - Supports the principle of community rating

Community Rating impact



Source: Dept of Health & Children

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Irish PMI System - Gatekeeper

- In 2003 the Health Insurance Authority (HIA) was established in Ireland. Responsibilities include
 - Licensing private health insurers in Ireland
 - Monitoring the health insurance market in general
 - Advisor to the Minister for Health & Children
 - Managing & administering the Risk Equalisation scheme
 - Providing information & assistance to consumers of PMI in Ireland

Interaction between Public & Private Systems

Public to Private

- Charges for private beds in public hospitals do not reflect “full economic cost”
- Tax relief on health insurance premiums
- Tax relief on medical expenses

Private to Public

- Private patients forego public entitlement
- Public hospitals get income from private beds.
- Best consultants attracted to public hospitals

Interaction between Public & Private Systems

- Helps to ensure that medical and other professional and technical staff of the highest calibre continue to be attracted into and retained in the public system.
- Promotes more efficient use of consultants time by having public and private patients on the one site.
- Facilitates active linkage between the two delivery systems in terms of the dissemination of current medical knowledge and best practice.
- National Treatment Purchase Fund
 - Set up to assist those on waiting lists to have treatment carried out privately / abroad

Interaction between Public & Private Systems

- Irish State encourages PMI by giving all persons who take out a policy 20% tax relief on the full cost of the premium.
- Even if an employer pays the cost of PMI for their employees, the employee still gets 20% tax relief!! & the employer can claim Corporation relief on the same premium.
- Since A & E services are primarily provided by the public hospital system, the Public / Private mix enables patients to avail of private health care when admitted to public hospitals on an emergency basis.
- Provides an additional income stream to the public hospital system – not full economic cost however.

Current & Future challenges

- **Waiting lists in Public system an issue**
 - March 2008 – 42,774 on Inpatient waiting lists
 - Perception that PMI helps to jump waiting lists
- **Co – located hospitals – Private facilities on Public hospital campus is being pushed by Government**
- **Risk Equalisation**
 - How will this will effect competition
- **Rising costs of medical care & medical inflation**
 - PMI has increased in excess of 170% in last 10 years
- **Numbers of people over 65 will triple between now and 2050**
 - Currently over 65's account for half of total bed day usage (Dept of Health & Children – Health in Ireland Key trends 2007)

Current & Future challenges

- **Greater focus of PMI on day care and out-patient treatment**
 - Largest insurer VHI had 205% increase in day case claims between 1996 and 2006
 - Private A&E centres now opening
- **Greater focus on preventative care in PMI**
 - Most plans now include screening cover etc
 - Said to be approx. 140,000 in Public out-patient waiting list
- **Increased pressure to introduce Social Health Insurance**
 - Free GP care for all
 - Equal hospital treatment according to need
 - Restore transparency and public trust



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