

Is it worth getting private health insurance to beat age deadline? ***Those over 35 with no insurance on April 30th will face higher prices***

The countdown has begun. From May 1st, the older you are, the more you will pay for your [health insurance](#) – if you have not already taken out a policy.

Under **lifetime community rating** (LCR), anyone aged over 34 who does not have private health insurance on April 30th will be faced with higher prices if and when they do take out a policy.

How will it work? Is it worth getting health insurance **now** to beat the deadline?

What's behind the move?

As Ireland operates a community-based system of health insurance (*as opposed to the risk-rated system that operates in the US and Britain*) where everyone pays the same for their insurance regardless of their age, despite the fact that the older you are, the greater the risk that you will claim.

While a [health insurance levy](#) (*paid for by the consumer*) is currently in place to compensate those insurers, (*mainly the VHI*), who have an older customer base, the levy doesn't do anything to encourage younger people to come into the market.

This is why LCR is being introduced, to encourage more young people to take out private health insurance, thereby helping to spread the costs of older and less healthy people across the market.

LCR is not a new concept however, being inactive on the statute books for 10 years.

Getting young people to take out health insurance is a key concern for Government as the number of people dropping out of the market has reached 300,000 over the past six years, the majority of which are younger people.

Austerity means they have decided to take a punt on continuing good health. And, if they get it wrong, they work their way through the public health system at a cost to the State.

This puts Ireland's community rating under "serious pressure". LCR will help sustain the cost of health insurance, and it may result in us not seeing the type of price increases we've seen in recent years.

An obvious benefit to LCR is that the more people are encouraged to pay for health insurance, the less the burden on the public system.

One could also argue that the current system is inequitable given that a 54-year old who never had health insurance can buy health insurance at the same price as another 54-year old, who has paid for cover since they were 24, and may have never claimed.

With LCR, those who join earlier will be rewarded by avoiding the age loadings

How will it work?

If you take out private health insurance for the first time, (or after a long break in cover) after the age of 34, the cost of your policy will increase as of May 1st. see table below

“First time Starting Age”	Standard price of policy after tax-relief, if you enroll before 35	Loading %	Cost * to “late joiner”
Up to 34	€1,000	0%	€1,000
35	€1,000	2%	€1,020
45	€1,000	22%	€1,220
55	€1,000	42%	€1,420
65	€1,000	62%	€1,620

The maximum loading that can apply is 70 per cent for someone aged 69 or over.

Do I pay loading for the rest of my life?

In short, YES. If you miss the deadline on May 1st, you will be stuck paying an extra 2-70 per cent for as long as you hold on to your insurance.

Other points to consider :

- if you up grade your policy, the loading percentage will be static, but costs will increase proportionately.
- (medical) inflation has pushed cost increases in recent years, and may continue.

Both of these could multiply the impact of the loading

What happens if I want to upgrade?

The same percentage loading will apply to the higher price of your upgraded plan.

As is currently the case, you may have to serve additional waiting periods before some of your upgrades become effective.

Allowances for previous cover?

Yes, if you miss the deadline and take out cover at a later date, your previous periods of cover will be taken into account, but You will have to provide proof of previous cover

e.g. if you had cover for five years in your twenties, but then cancelled it, and are starting again at age 50, these five years can be taken into account, and you will be charged a similar loading as a 45-year old. Credit does not apply to periods of cover as a child.

If you stopped cover since January 1st, 2008, because you became unemployed, you will get a credit.. This means that your loading will be calculated on the basis that you had cover for these years (up to a maximum of three) that you were unemployed.

An allowance is also available for emigrants. If you currently live away from home, but aim to move back at some point in the future, you will also be given a credit, and will have nine months from your time of your return (or arrival for people coming to the State for the first time) to take out health cover and avoid a loading on your policy.

What should I do?

If you are interested in having [private health cover](#) but have postponed getting it for reasons such as lack of funds or lack of effort, and are approaching the age of 35, it makes sense to go ahead and get cover now.

All of the health insurance companies operating in Ireland have launched low-cost plans as a carrot to get people to sign up before May 1st and it's worth spending some time going through the various offers before selecting a plan.

We can help you figure out what is best for you.

The benefits on offer while broadly similar do vary. For example, Glohealth's plan may be the cheapest, but it works on a "pay and claim" basis which may mean that you are faced with a hefty bill for hospitalisation which you have to pay first yourself, and reclaim later whereas other plans have direct hospital settlement

However, it does give you the option of upgrading – without having to incur waiting periods – to its Initiate plan (€425) in such cases, which pays via direct settlement so you don't have to put your hand in your pocket for hospital bills.

You get what you pay for when it comes to health insurance.

If you want some cover in private hospitals, you'll have to pay considerably more, of the order of between €800 and €1,000 for a decent policy.

Cancelling my cover?

If you have to cancel your health insurance cover for some reason, provided that you take it out again within 13 weeks, your loading won't be affected.

Outside this timeframe, however, and you might face a loading, depending on your age, although credits will be given for the period of time that you did have cover.

Employer Schemes

Employers who pay health insurance for their workforce will need to decide whether they are going to absorb this cost for any new employees they recruit post May 1st who have no cover and are 35 years old or older.