Lifetime Community Rating
Frequently Asked Questions

After 30th April 2015, if you are over the age of 34 when you first take out health insurance, you will have to pay extra for your cover. It works out at an extra 2% of your premium for each year above 34, up to a maximum of 70%. If you're already a laya healthcare member, this won't affect you.

Please see below all the information you should need to know as well as some technical terms you may hear in relation to this topic:

1. What is Lifetime Community Rating (LCR)?

Lifetime Community Rating (LCR) has been signed into law by the Minister for Health to support sustainability and competitiveness in the health insurance market. Effective after 30th April 2015, the planned outcome from this measure is to encourage people to take out health insurance earlier in life and to control premium inflation across the health insurance market. The introduction of Lifetime Community Rating (LCR) will see customers over the age of 34 pay an extra 2% loading per year in addition to their health insurance premium.

Up to now, a person could enter the health insurance market at any age and be charged the same premium regardless of their age. With the implementation of Lifetime Community Rating (LCR) you need to enter the health insurance market by the age of 34 to avoid loadings. If you take out private health insurance earlier in life and retain it, you will pay lower premiums compared to someone who joins when they are older (over 34).

2. When is the introduction of Lifetime Community Rating (LCR) taking place?

Loadings will apply on health insurance policies written after the 30th April 2015 for anyone over the age of 34. Some reductions and exceptions are allowed. See further details below.

3. So what's changing?

Currently in Ireland, everybody is charged the same price for a particular health insurance scheme, irrespective their age, gender or state of their health. This is called community rating.

Under the proposed new system of lifetime community rating, community rating will be changed to reflect the age at which a person takes out private health insurance. You may be charged an additional loading if you join the health insurance market when over the age of 34.

4. Why is the government bringing this in?

The primary reason for introducing Lifetime Community Rating (LCR) is to encourage younger people to purchase health insurance. Encouraging more people to join the market at a younger age will help spread the costs of claims by older and less healthy people across the market, helping to support affordable premium levels for all.

5. Can you explain the loadings to me/how will they be calculated?

The level of loading will depend on the age at which you take out private health insurance. Prior to the introduction of Lifetime Community Rating after 30th April 2015, individuals of any age can purchase private health insurance without incurring loadings. From 1st May 2015, the only way to avoid paying these loadings is to take out private health insurance before reaching the age of 35.

For example if you are 45 and have never held private health insurance you will pay 0% loading if you buy no later than 30th April 2015, but after the 30th April you would pay a 22% loading on your premium for life (11 years from the age of 35 to 45 x 2%). See some further examples here

6. **Will I have to pay a loading for the rest of my life if I continue to maintain my private health insurance cover?**

Yes. The age dependent loading that applies if you purchase private health insurance after the 30 April 2015 will continue to apply in subsequent years.

7. **Is there any way the loading would not apply to me?**

Yes. Everyone who has health insurance on 30th April 2015 will be assumed to have a continuous period of cover, irrespective of their age, and therefore no loadings will apply once you maintain your cover.

8. **Why is Lifetime Community Rating (LCR) being introduced from age 35 rather than a younger or older age?**

The government considers 35 to be the most appropriate age to allow young people sufficient time to complete education and to achieve secure employment for a number of years.

9. **If I cancel my policy with my provider do I have to pay the loadings?**

In order to totally avoid the loadings you must not have a break in cover in excess of 13 weeks. If you have a break in cover in excess of 13 weeks loadings may apply to your premium. The level of loading will be reduced by the number of previous year's health insurance cover you have.

10. **Is there any way that I will be subject to a reduced loading?**

You can reduce your loadings where you have a qualifying credited period. A credited period can apply where individuals previously had health insurance.

In addition, provision is made for a credited period (in total not exceeding 3 years) for individuals who previously had health insurance cover, but who stopped their cover since 1 January 2008 because of unemployment.

11. **Will my age affect my health insurance premium?**

Yes, unless you have or take out private health insurance by 30th April 2015.

After 30th April 2015, if you are 34 years of age or younger, you will pay no loading. If you are 35 and over, you may be subject to a loading depending on your circumstances and any credited periods you have built up.

Please be aware that if you are over 34 and have a break in cover in excess of 13 weeks, you will incur a 2% loading per year on top of your premium. The 2% loading will increase for every year of your life you spend without health insurance.

12. What is the maximum loading that will apply?

The maximum loading that can apply is 70% of the total premium. A loading of 70% will only arise on very rare occasions, where a person aged 69 or older is purchasing private health insurance for the first time.

13. Why should persons in older age brackets taking out private health insurance for the first time be penalised with a 70% loading?

The loadings increase with age reflecting the higher claims experienced in older age groups. If the loadings did not apply to older persons, the rate of loading for young persons would be far higher, and potentially be disproportionate to the point of being a financial disincentive.

It is important to note that there is a window before the application of Lifetime Community Rating (LCR) loadings that will allow all customers enter the market with no loadings. This is up to 30th April 2015.

14. Can you give me some examples of how this will work

Example 1
I am 43 years old and I take out health insurance for the first time on or before 30th April 2015, will loadings apply?

No. As you have joined no later than 30th April 2015, no loadings will apply

Example 2
I am 45 years old and I take out health insurance for the first time after 30th April 2015, will loadings apply?

Chronological Age	45
Less any qualifying credit – Prior PHI cover	0
Qualifying period of unemployment	0
Age at entry (for loading purposes)	45
Applicable loading (11 x 2% per year)	22%

Example 3
I am 45 years old and I take out health insurance after 30th April 2015, having had health insurance cover for 7 years (up to 2008) - will loadings apply to me?

Chronological Age	45
Less any qualifying credit – Prior PHI cover	7
Qualifying period of unemployment	0
Age at entry (for loading purposes)	38
Applicable loading (4 x 2% per year)	8%

Example 4

I am 50 years old and had health insurance previously for 10 years but lost my job in 2010 and have three years qualifying periods of unemployment - if I take out health insurance after 30th April 2015, will I have to pay loadings and if so how much?

Chronological Age	50
Less any qualifying credit – Prior PHI cover	10
Qualifying period of unemployment	3
Age at entry (for loading purposes)	37
Applicable loading (3 x 2% per year)	6%

15. Can a health insurer make an exemption for me from the LCR loading?

Unfortunately not; applying the loadings will be mandatory and cannot be waived by an insurer.

16. If I join a PMI provider, what happens if I switch from one insurer to another?

Switching from one insurer to another or from one policy to another does not affect the applicable loading. Loadings, if any, will continue to apply and insurers are required to supply each other with proof of an individual's prior cover.

17. Where can I get information about private health insurance policies?

Laya healthcare can provide you with all the information you need in regards to Lifetime Community Rating (LCR). We will also be able to provide a suitable level of cover for your own circumstances based on the excellent schemes we offer.

Independent information can be sought from the Health Insurance www.HIA.ie

18. I currently have a Cash Plan/HSF policy how does to Lifetime Community Rating (LCR) affect me?

All cash plans in the market do not fall under the definition of an inpatient private health insurance plan. Therefore, Lifetime Community Rating (LCR) will affect you if you do not take out a health insurance policy on or before the 30th April 2015.

After the 30th April 2015, if you are purchasing a private health insurance policy for the first time and are over the age of 34 you will pay a 2% loading on top of your premium for every year you are aged over 34, regardless of having a cash plan in the past.

19. My insurance is paid by my employer; will the loading affect my BIK?

Should you be subject to a loading and if your employer covers the total cost of your health insurance premium, including the loading, then yes.

Overleaf is an example of how this will work.

Example:
Employee aged 40 entering the health insurance market for the first time with no credits.

Example gross health insurance premium: €1,200
Total LCR loading: 6 years x 2% = 12% (€144)

Health Insurance Premium only	Gross Cost	BIK Charge Lower Tax Bracket	BIK Charge Higher Tax Bracket
Adult as per example	€1,200.00	€372.00	€624.00

Health Insurance Premium & Loading	Gross Cost	BIK Charge Lower Tax Bracket	BIK Charge Higher Tax Bracket
Adult as per example	€1,344.00	€416.64	€698.88

20. What are my options as an employer for any employees that might be subject to a loading?

For new employees joining your scheme after the 30th of April who don't have health insurance and are over 34 years old, you will need to make a decision whether or not to pay the loading for them. We will be able to accommodate both scenarios and our reporting will reflect these changes.

21. Will my reports look different on a monthly/annual basis?

Yes, there will be new columns added to your existing reports, effective as of 1st May 2015. These columns will detail what loading is applied for each individual employee/dependant.

22. Will I have to calculate the loading for my employees?

No, we will look after this for you; however, if you need further clarification on how LCR loadings are calculated please don't hesitate to contact us.

23. How do you check that the credited periods provided by employees is correct?

Previous Private Health Insurance credits will be verified by all insurers. Once members advise that they have X months of Previous PMI that they can receive credits for, we will send a daily file to all other insurers to check had the person ever been with them and for how long. Members do not need to send any proof.
In an update to earlier communications, previous PMI credits can now count from age 18 (not 23 as previously communicated). If there is a discrepancy with the information received by Laya Healthcare we will contact the employee directly in relation to this.

For **Previous Unemployment credits**, we will accept this information from the employee. Verification may be requested at some stage in the future; however we will not be requesting proof at time of joining.

24. What additional information will I need to provide if I want to add new employees to my health insurance scheme?

If the new employees/dependants are 34 or younger, there is no change to the information you provide.
If the new employees/dependants are over the age of 34 we will require information on any credited periods they would have e.g. Previous PMI, Previous Unemployment or Non-Residency(see technical terms for more)

We will provide you with a template of the information that is required prior to joining.

25. How does the overseas waiver work?

The non-residency credited period will only apply to people that are non-resident in Ireland on the 1st May 2015 onwards – no loading will apply to them if they are over 34 and take out health insurance within 9 months of establishing residency in Ireland after this date.

However, this means if someone living in Ireland is transferred to the US for a year with work in June 2015 and moves back to Ireland the following year, if they are over 34, normal loadings will apply (as they were not living out of the country on 1st May 2015) – there may however be reductions to their loadings if they have previous insurance or previous periods of unemployment to use as credits against their loadings.

Validation Process
Two pieces of proof are required to validate if someone is availing of the Non-Residency waiver. Proof they were abroad on 1st May and proof they are now a resident in Ireland. Members have 9 months from the day they return to Ireland to take out PMI and incur No Loadings. This information is sent to our usual address.

Examples of proof someone can send in are:

Proof Abroad on 1st May
- Utility Bill
- Tax Cert
- Tenancy Agreement
- Wage Slip
- Visa (Passport Visa)

Resident in Ireland
- Flight Receipts
- Utility Bill
- Tenancy Agreement
- Application for PSS Number
- Job Contract
- Tax Cert
- Wage Slip

26. What happens if my employees upgrade their scheme?

If you currently pay the loading on behalf of employees, the loading applicable to the upgrade costs will be passed to the employee.

27. Some Technical Terms:

Credited Period

In some instances a person will have credits applied to their loadings. These can be the sum (in years and months) of any period of previously held Health Insurance and/or a recognised period of unemployment, so your loading will be dependent on your age as well as any credited period you may have. The more credited periods you have, the less the loading that is applied.

Update to Previous Information

The credits someone can receive for having previously held PMI, which reduces their loading, can now be counted for adult policies held from **age 18 (not 23 as previously communicated).** Time spent as a dependant paying the adult rate on a health insurance policy is credited towards potential LCR loadings from age 18 onwards; however, time spent as a dependant on a policy paying the child rate / student rate does not count towards your credited period.

Recognised Period of Unemployment

Where a person had insurance on 1st January 2008 and subsequently cancelled their Health Insurance as a result of unemployment (either their own, or a person they were dependent on) and either they or the person they were dependent on were in receipt of social welfare, they can receive a credited period from 6 months up 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.

Age at Entry

You may hear this term a lot when Life Time Community Rating (LCR) is discussed. This is the age of the insured person in years and months when they take out a Health Insurance contract, minus any applicable credited period (see above for more information on this). The age of entry is the determining factor in deciding what loading a person receives on their health insurance premium. The age of entry is always rounded down to the nearest whole month. So if your age of entry is 37 years and 7 months, this will be rounded down to 37 years. If a person is 40 and has a credited period of 3 years due to having health insurance for 3 years previously, then their age of entry is 40-3 = 37. So they pay 6% loading (3 years x 2%)

Overseas Waiver

If you live overseas on or after the 1st May 2015 and return to Ireland, you will be given a 9 month grace period in order to buy health insurance on entering Ireland, where no loadings will apply. Once this grace period has expired, if you are over the age of 34, then loadings will be applied as normal.

Young Adult Rate

The Health Insurance (Amendment) Bill provides for 'Young Adult Rates' of premiums. This aims to address the sudden increase in premium rates that occurs for most young adults after their 21st birthday, where premiums can increase by 100% or more. This will come into effect after the 30th April 2015

The new rates will be age-based rather than student-based and are designed to graduate the premium payable between the child rate and a full adult rate.

Insurers will retain the discretion whether or not to provide Young Adult Rates on some or all of their products. Where an insurer chooses to provide them, they must provide the full range of rates within the specified bands:

Age	% of Full Adult Rate
18-20	up to 50%
21	51% to 60%
22	61% to 70%
23	71% to 80%
24	81% to 90%
25	91% to 100%
26	100%

This policy change also removes the requirement for young people to be a dependant of an adult policy holder, or a full-time student dependent on parents**.**