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EU law and voluntary health insurance: Developments in Ireland - Abstract

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The private health insurance market in Ireland was established in 1957, with the establishment of the Voluntary Health Insurance Board (VHI), a statutory body given the task of providing private health insurance for the 15% of the population not then eligible for public hospital services. Since then access entitlements have been broadened, and now any resident of the State is entitled to free access to the public hospital system, subject to some nominal charges for those not eligible for a medical card. Despite this, the proportion of the population covered by private health insurance has increased well beyond the initial target market, and currently over 2 million people (over 50% of the population) is covered by private health insurance.

The Irish private health insurance market is based on three 'pillars', namely community rating, open enrolment and lifetime cover. These requirements have broad support in the Irish parliament and are considered public policy objectives. These 'pillars' are supported by regulations specifying a minimum level of benefits that must be provided by qualifying health insurance contracts.

A system of risk equalisation has been provided for in legislation since 1994 and such a scheme is currently in operation, although transfers have not yet been made under this scheme, and it is currently the subject of legal challenges.

The risk equalisation scheme is not the only controversial aspect of the market, however. The Act which established VHI exempted it from the provisions of the Insurance Acts. VHI's status as a State body has also led to it being treated differently from other competitors in the market, and this has led to complaints to the European Commission. In particular, VHI is not subject to the same prudential requirements as its competitors and has not had to establish subsidiaries in order to explore other areas of business.

This presentation will outline the background to the Irish market, from a legislative point of view and also from the point of view of the development of competition. It will also examine the current regulatory system in Ireland, both from the point of view of prudential regulation and the regulation of health insurance business. The two main areas of contention – risk equalisation and prudential regulation – will then be examined in further detail.