



An Bille Árachais Sláinte (Leasú), 2018
Health Insurance (Amendment) Bill 2018

Meabhrán Míitheach agus Airgeadais
Explanatory and Financial Memorandum



**AN BILLE ÁRACHAIS SLÁINTE (LEASÚ), 2018
HEALTH INSURANCE (AMENDMENT) BILL 2018**

EXPLANATORY AND FINANCIAL MEMORANDUM

Risk equalisation is a mechanism designed to support the objective of a community rated health insurance market, whereby customers pay the same net premium for the same health insurance product, irrespective of age, gender or health status.

The Health Insurance Acts 1994 to 2017 provide for a Risk Equalisation Scheme for the health insurance market since 1 January 2013. Under the Scheme, insurers receive risk equalisation credits to compensate for the additional cost of insuring older and less healthy members. The credits are funded by stamp duty levies payable by open market insurers in respect of each insured life covered. The stamp duty levies are collected by the Revenue Commissioners and transferred to a Risk Equalisation Fund administered by the Health Insurance Authority. Legislation is required each year to revise the applicable risk equalisation credits and the corresponding stamp duty levies necessary to fund them.

Financial Implications of the Bill

The Risk Equalisation Scheme is designed to be Exchequer neutral, with the amount of the stamp duty levy calculated to offset the costs associated with the provision of the risk equalisation credits. Any surpluses or deficits that arise under the Scheme are rolled over to the following year and are taken into account when recommending revised risk equalisation rates and corresponding stamp duty levies.

Objects of the Bill

The main purpose of the Bill is to specify the amount of risk equalisation credits to be paid from the Risk Equalisation Fund in respect of age, gender and level of cover from 1 April 2019 and to make consequential amendments to the Stamp Duties Consolidation Act 1999 to revise the community rating stamp duty levies required to fund the risk equalisation credits.

In addition, amendments are being made to existing health insurance legislation. This Bill will provide for some necessary amendments to the governing legislation for the Vhi and will also provide for an amendment to the provision of the Health Insurance Act relating to the Board of the Health Insurance Authority.

Section 1 defines the Principal Act as the Health Insurance Act 1994.

Section 2 amends section 11C of the Principal Act to provide for 1 April 2019 as the effective date for revised credits payable from the Risk Equalisation Fund.

Section 3 amends Schedule 1 of the Principal Act to provide for the expansion of the membership of the Board of the Health Insurance Authority from five to seven and an increase in the quorum from three to four.

Section 4 replaces Table 2 in Schedule 4 to the Principal Act with effect from 1 April 2019 whereby the applicable risk equalisation credits are payable from the Risk Equalisation Fund in respect of certain classes of insured persons are revised.

Section 5 amends section 4 of the Voluntary Health Insurance (Amendment) Act 1996 to provide for a change in the composition of the Vhi Board. This amendment will remove the existing restriction on the number of health care providers on the Vhi Board, and includes a new provision that the Minister will give due consideration to the mix of skills present on the Vhi Board when making appointments, thus ensuring the highest standards of governance.

Section 6 amends section 1 of the Voluntary Health Insurance (Amendment) Act 1998 to amend the Vhi's current function as solely an agent for the provision of international healthcare plans, to permit the Vhi to sell international plans directly without an intermediary. The amendment will also remove the requirement for Vhi to seek Ministerial approval before selling these plans.

Section 7 amends section 125A of the Stamp Duties Consolidation Act 1999 to specify the applicable stamp duty rates for (i) 1 January 2019 to 31 March 2019 and (ii) 1 April 2019 onwards.

Section 8 provides for the short title, commencement, collective citation and construction of the Bill.

*An Roinn Sláinte,
Samhain, 2018.*