



An Bille Árachais Sláinte (Leasú), 2019
Health Insurance (Amendment) Bill 2019

Meabhrán Míitheach agus Airgeadais
Explanatory and Financial Memorandum



**AN BILLE ÁRACHAIS SLÁINTE (LEASÚ), 2019
HEALTH INSURANCE (AMENDMENT) BILL 2019**

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 2018 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 credits and corresponding stamp duty levies.

Objects of the Bill

The purpose of this 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 2020 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.

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 2020 as the effective date for revised credits payable from the Risk Equalisation Fund.

Section 3 amends Schedule 3 of the Principal Act with effect from 1 April 2020 whereby the applicable hospital utilisation credits payable from the Risk Equalisation Fund in respect of insured persons are revised.

Section 4 replaces Table 2 in Schedule 4 to the Principal Act with effect from 1 April 2020 whereby the applicable risk equalisation credits payable

from the Risk Equalisation Fund in respect of certain classes of insured persons are revised.

Section 5 amends section 125A of the Stamp Duties Consolidation Act 1999 to specify the applicable stamp duty rates for (i) 1 January 2020 to 31 March 2020 and (ii) 1 April 2020 onwards.

Section 6 provides for the short title, commencement, collective citation and construction of the Bill.

*An Roinn Sláinte,
Samhain, 2019.*