

Health Insurance (Amendment) Bill 2025

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Abstract

The Health Insurance (Amendment) Bill 2025 seeks to amend the level of credits and stamp duties that form the Risk Equalisation System (RES) that operates in the private health insurance market. This Digest presents the background to the Bill and the analyses its provisions.



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Executive Summary

The [Health Insurance \(Amendment\) Bill 2025](#) was published on 18th November 2024. It is the latest in a series of annual bills seeking to amend the Risk Equalisation Scheme (RES) that operates in the private health insurance market. The purpose of the RES is to support the ‘community rating’ of health insurance – under which all customers pay the same price for the same cover – regardless of age, gender or health status. This is considered to make the health insurance market fairer.

Under the RES, insurers pay stamp duty into a Risk Equalisation Fund (REF) for each policy sold. They can then claim a range of financial payments known as ‘risk equalisation credits’ for older, sicker customers: based on their age/gender and on healthcare use. The purpose of the RES is to make community rating possible by making it easier for insurers who insure people with higher risk profiles, i.e. those more likely to have higher medical costs, to compete with other insurers.

Due to the historical position of the Voluntary Health Insurance (Vhi) organisation in the market, and the older age profile of its customers, Vhi is the net beneficiary of the RES. The RES itself is exchequer-neutral, i.e., it is neither a cost nor a benefit to the State.

The Bill seeks to amend the [Health Insurance Act 1994](#) (the Principal Act), in order to specify the amount of credits to be paid from the REF with regard to specific classes of insured persons, and the rates of stamp duty to be levied on health insurance policies.

In addition, the Bill seeks to amend the term of appointment of the Chairperson of the regulator, the Health Insurance Authority (HIA).

Specifically, the Bill seeks to make the following changes:

- **Term of appointment:** Section 3 looks to amend the Principal Act to substitute that the term of appointment of the Chairperson of the HIA will “not exceed 5 years” for the current provision of a term of five years.
- **Hospital Utilisation Credits (HUCs):** Section 4 seeks to increase the amounts of HUCs payable to health insurers under the RES.
- **Age-related Health Credits (ARHCs):** Section 5 seeks to amend a range of Age-Related Health Credits payable to insurers.
- **High-Cost Claims:** Section 6 seeks to increase, from 45% to 50%, the proportion of high-cost claims that are reimbursed to insurers from the High-Cost Claims Pool. The current threshold of €50,000 will continue to apply.
- **Stamp duty rates:** Section 7 seeks to increase, by approximately 10 per cent, stamp duty rates levied on all health insurance policies from 1 April 2026. Specifically, the rates on child and adult advanced policies (held by 93% of customers) would increase by €16 and €48 and those on non-advanced child and adult policies by €3 and €9, respectively. As stamp duties are levied on the health insurance *companies* rather than on customers, it is up to the companies to decide whether or not to pass on any changes to their customers.

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Glossary and abbreviations

Table 1: Glossary and abbreviations

Term	Meaning
Non-advanced health insurance policy	Broadly speaking, these policies provide a lower level of cover than advanced policies. In general, they provide cover mainly for treatment in public hospitals. Held by 7% of customers.
Advanced health insurance policy	Advanced policies are all other policies – generally those that provide cover for care in private hospitals. These make up 93% of the market.
ARHC	Age-Related Health Credit. This is a financial payment.
Community rating	Community rating means that the level of risk that a particular consumer poses to an insurer does not directly affect the premium they pay. Everyone pays the same amount for the same level of cover – regardless of age, gender or health status. The system is built on inter-generational solidarity – with the premiums paid by younger people subsidising those paid by older people. Older consumers who have long held health insurance will themselves have subsidised the generation(s) before them. Ireland’s system of community rating is adjusted by ‘Lifetime Community Rating’ which applies a penalty for ‘late’ entry and discounts for younger adults.
Health Insurance Authority (HIA)	Health Insurance Authority, which regulates the health insurance sector.
Hospital Utilisation Credit (HUC)	Hospital Utilisation Credit. This is a financial payment to health insurers.
Minister	Minister for Health
Principal Act	<i>Health Insurance Act 1994</i>
Restricted Membership Undertaking (RMU)	Restricted Membership Undertakings are providers of health insurance operating outside of the open market. In the main, these are vocational schemes that are only open to employees of particular organisations (e.g. the Prison Service, ESB). These are not affected by the Risk Equalisation Scheme. See section 2 of the Principal Act .

Term	Meaning
Risk Equalisation Fund (REF)	Administered by the Health Insurance Authority , this Fund is the pool of money that finances the various Risk Equalisation Credits. The REF is directly financed by the stamp duties levied on health insurance providers for any ‘open market’ health insurance policies. The stamp duties collected do not go to the Exchequer – they go directly into the REF. These funds are then redistributed in the form of credits to insurers, to compensate for the additional cost of insuring older and less healthy people.

Introduction

This *Bill Digest* examines the provisions of and context to the Health Insurance (Amendment) Bill 2025 (**the Bill**). The Bill, published on 18 November 2025, was not subject to pre-legislative scrutiny.

The purpose of the Bill is to adjust the rates of risk equalisation credits and stamp duties that form the Risk Equalisation Scheme (RES), operating in the private health insurance market. The RES supports a ‘community rating’ of health insurance – so that every customer is charged the same amount for the same policy, subject to an adjustment under the lifetime community rating (allowing discounts for younger adults and a two per cent levy per year that the customer is over the age of 35 and not insured). This differs to risk-related pricing as used in the car insurance industry, for example, where insurance companies assess each individual’s risk, and price their products accordingly.

The Bill also seeks to adjust the term of service for the Chair of the Board of the Health Insurance Authority, the statutory regulator.

The *Digest* describes and analyses the background to and provisions of the Bill. It is designed to assist Oireachtas Members with their scrutiny of the Bill, and is presented in sections as follows:

- Background to the Bill;
- Broader policy context;
- Legislative proposal; and
- Conclusion

The Library & Research Service has also published a **Bill Resource Page** on this Bill (available to internal Houses of the Oireachtas system users). The Explanatory Memorandum to the Bill can be found [here](#).

Background

This section presents the background to the Bill as follows:

- Private health insurance and the Risk Equalisation Scheme;
- Health insurance market data; and
- Health insurance in the context of overall health spending.

Private Health Insurance and the Risk Equalisation Scheme (RES)

Private health insurance has been available in Ireland since 1957.¹ At present, 46% of the population (2.53 million people) have private health insurance with an average adult premium of €1,830.²

Until 1997, the sole provider of health insurance was the Voluntary Health Insurance Board (Vhi). There are currently four health insurers³ operating in the open health insurance market in Ireland and the market is highly regulated. The legislation requires all insurers to apply:

- **Open enrolment:** meaning anyone can take out health insurance, that is, a person cannot be excluded because they are considered too sick or too old, for instance;
- **Minimum benefits:** ensuring that all consumers obtain an appropriate minimum level of health insurance cover regardless of what plan they purchase, and that every plan available is inclusive of a minimum suite of benefits/procedures;
- **Lifetime cover:** guaranteeing that health insurance cannot be cancelled for an age-related reason; and
- **Community rating:** meaning that each customer is charged the same price for the same level of cover (regardless of age or illness), subject to a lifetime community rating (allowing discounts for younger adults⁴ and a two per cent levy per year that the customer is over the age of 35 and not insured). This is of particular relevance to the current Bill.

The last of these, the ‘community rating’ of health insurance is financially supported by the implementation of the Risk Equalisation Scheme (RES) which spreads risks across insurers. It compensates insurers for insuring older, sicker customers. The purpose of RES is to make it easier for insurers which have customers with higher risk profiles, i.e. people more likely to have higher medical costs, to compete with other insurers.⁵

¹ See [Voluntary Health Insurance Act 1957](#).

² HIA, *Annual Market Report – Press Release*, 15 April 2025; HIA Market Bulletin, Q2, 2025. <https://www.hia.ie/news-and-research/market-reports-and-bulletins>

³ VHI healthcare, Laya, Irish Life Health and Level (entered the market in November 2024).

⁴ Discounts may be applied for younger adults aged 18 to 25 years, and child rates cannot be more than 50% of adult rates.

⁵ Community rating is an approach in which an insurer spreads the cost of insuring risks evenly across the entire group of people being insured, rather than those with a higher risk profile paying higher premiums than those with lower risk profiles.

Due to the historical position of VHI in the health insurance market, and the older age profile of its customers, VHI is the net beneficiary of the RES.⁶ The RES is Exchequer-neutral, i.e. it is neither a cost nor a benefit to the State.

Due to variations in the number and profile of those with health insurance and based on the regulator's⁷ analysis of likely claims, the level of payments to insurers under the RES is adjusted annually (by way of legislation). This is done to try to ensure the desired balance is achieved in the compensation of insurers under the Scheme. The current Bill is the latest in a series of annual bills seeking to do this.

The RES is subject to the approval of the European Commission, under State Aid rules. It has been approved up to 2027. For more detail see the Health Insurance Authority's [Guide to the Risk Equalisation Scheme](#).

How the Risk Equalisation Scheme works

The Risk Equalisation Scheme (RES) is described in detail in the box below.

Box 1: How the Risk Equalisation Scheme Works

(see Glossary for definitions)

The [Health Insurance \(Amendment\) Act 2012](#) provided for the **RES** from 1 January 2013. The RES applies to **open-membership** health insurance providers only, not to restricted membership providers. Each open-membership health insurance provider claims credits from the Health Insurance Authority (HIA). They receive a greater amount in respect of policy holders who are older and less healthy.

The RES involves a transfer of credits (financial payments) from the Risk Equalisation Fund (REF) to health insurance providers in respect of older and less healthy customers. The REF is administered by the HIA and is funded by stamp duties levied on health insurance providers for issuing 'open market' health insurance policies. The levels of credits and the stamp duty payable are reassessed annually. Each year, having analysed the market, the HIA makes recommendations to the Minister for Health on annual risk equalisation credit rates and on the corresponding stamp duty required to fund them under the RES. The Minister for Health takes this into consideration when proposing rates for RE credits and recommends the corresponding stamp duty levy to the Minister for Finance.

There are four rates of stamp duty. The rate that applies to each policy depends on whether the policy provides for advanced cover or non-advanced cover and whether the policy holder is a child or an adult.

⁶ <https://www.hia.ie/sites/default/files/2025-09/hia-overcompensation-report-2025.pdf>

⁷ The Health Insurance Authority.

In 2023, stamp duty of €798m was collected and credits of €805m were paid out to insurers.

An open membership health insurance provider may claim a number of types of credit under the RES, taking account of age, gender, health status and type of cover held by customers.

Age-related Health Credits (AHRCs) are currently paid out to the health insurance companies in respect of the premiums of people aged 65 and over. The amount of the credit depends on the person's age, gender and the type of insurance cover (current and proposed rates are set out in the Principal Provisions section below).

Health status is also taken into account in two ways. A Hospital Utilisation Credit (HUC) is awarded based on each visit to hospital by an insured person. In effect, a hospital visit is used as the main indicator of a policy holder's health status. The greater the number of hospital visits and the longer the stay in hospital, the sicker an insured person is deemed to be (for the purpose of HUC) and, as a result, the greater the number of credits their insurer receives. At present, this credit is set at €163 for each overnight stay and €81 for each day case visit for insured people of all ages.

There is also a **High-Cost Claims Credit (HCCC)** (introduced in 2022) which pays out a proportion of high-cost claims. These arise where an insured person is very ill and has a long stay in hospital. At present the HCCC covers a 45% share of claims over €50,000 (described in more detail below).

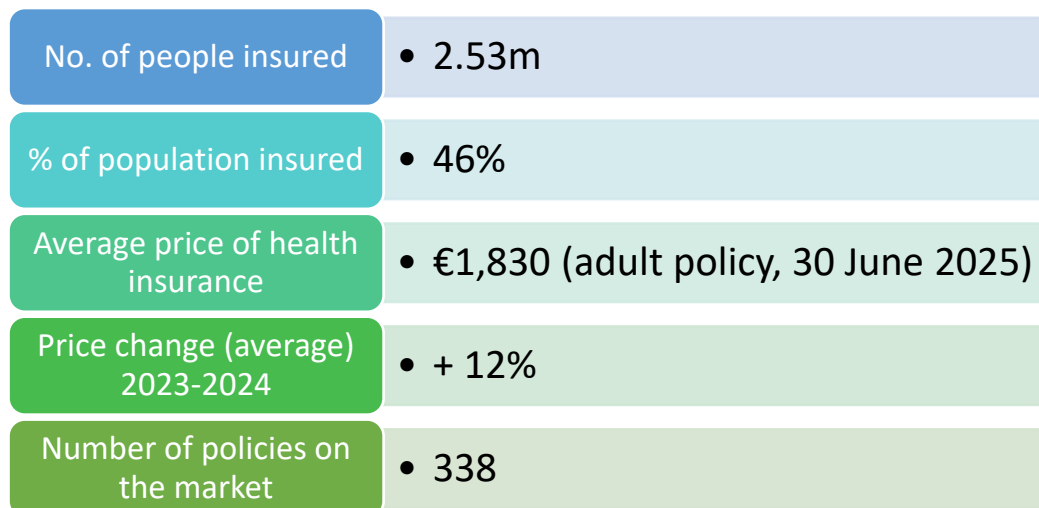
Any changes to the RES are introduced by way of primary legislation. The current Bill is one of a series of annual bills proposing such changes.

Sources: PRS based on Citizens Information Board (2013) *Relate*, March 2013; Health Insurance Authority (2022) *Report of the Authority to the Minister for Health on an evaluation and analysis of returns from 1 July 2021 to 30 June 2022, including advice on Risk Equalisation Credits*, and *Health Insurance Acts 1994 to 2023*; and Health Insurance Authority (2024) *Annual Report and Accounts, 2023*.

Market Data

This section presents background to the health insurance market in data. Figure 1 below presents some headline figures.

Figure 1: Key data on the health insurance market, 2024/2025



Sources: Health Insurance Authority, [Q2 Market Bulletin, 2024](#) and Department of Health (2025) *Health Insurance (Amendment) Bill 2025 – Briefing from Department of Health* [to Oireachtas Library & Research Service]. November 2025.

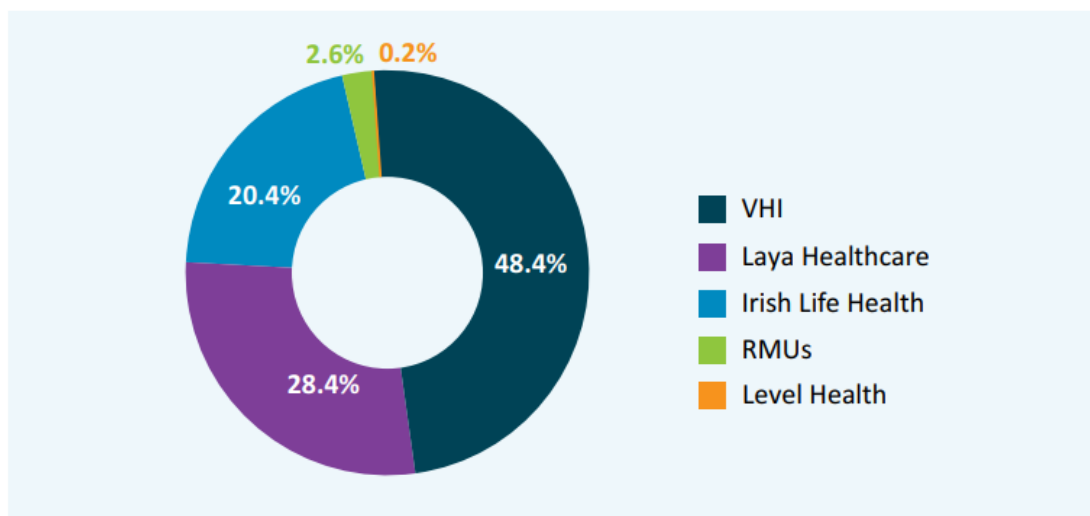
Total premium income in the health insurance market in 2024 was **€3.6bn** - an increase on €3.2bn in 2023. The size the market grew by 1.3% in 2024 over 2023. This was a slower rate of growth than the previous year. The Health Insurance Authority (HIA) [highlights price increases and their research shows](#) that affordability is the main obstacle to people taking out insurance.

In June 2025, 2.53m people had health insurance (an increase on the figure in June 2024 of 2.49m). This accounts for approximately 46% of the population (see [HIA data here](#) and comparison for 2024 [here](#)). The average price of an adult health insurance policy is €1,830 (30 June 2025)⁸ an increase over the €1,683 average policy cost in July 2024. In 2024, the average [price of plans increased 12.2%](#).

Today, there are four providers in the open market - Vhi, Laya Healthcare, Irish Life Health and Level Health (since November 2024). Figure 2 below presents data on the **market share** held by each provider at the end of 2024.

⁸ Department of Health (2025) *Health Insurance (Amendment) Bill 2025 – Briefing from Department of Health* [to Oireachtas Library & Research Service]. November 2025.

Figure 2: Health insurance market share by insurer, end of 2024



Source: Health Insurance Authority, [Market Report, 2024](#).

Figure 2, above, shows that Vhi is the largest insurer in terms of market share (over 48% of customers). It also has a larger proportion of older customers than its competitors and, as noted above, it is the 'net beneficiary' of the Risk Equalisation Scheme.

Having entered the market in November 2024, by year end, Level Health had gained 0.2% market share by the end of the year (it grew further to 0.7% of the market by 30 June 2025). Laya Healthcare increased its market share in 2024, finishing the year with over 28% of all customers. And Irish Life Health's share of the market remained steady in 2024 at 20.4%.⁹

Besides the 'open market' providers - that anyone can take out a policy with - there are a small number of 'Restricted Membership Undertakings' (RMUs) – in the main, these are vocational schemes that are only open to employees of particular organisations (e.g. the Prison Service, ESB). They insure 2.6% of customers. RMUs are not affected by the Risk Equalisation Scheme.

Health insurance in the context of overall health spending

Provisional figures from the CSO show that in 2024, the Government financed 77% of healthcare expenditure, while private health insurance paid for 12% (CSO, 2024). The remaining 11% was paid for by household out-of-pocket payments (on things like GP visits and care not covered by public provision or private insurance).

⁹ Health Insurance Authority, [Quarter 2 Market Bulletin](#).

Broader policy context

Equity is a commonly occurring theme in debates on healthcare. As noted above, the Risk Equalisation Scheme seeks to address issues of equity of access to private health insurance in Ireland, so that, in general, premiums can be (with the exception of young adult discounts and the loadings under Lifetime Community Rating) charged at the same price to all customers. This is considered more equitable than charging older or sicker people more than younger or healthier people.

More broadly, the issue of equity of access to healthcare is also relevant to the Bill. There have been long-running concerns about fairness in the Irish health system.¹⁰ Ireland has a mix of public and private healthcare, in terms of both finance and delivery. While there is universal eligibility for public hospital care in Ireland, as noted above, a large minority (46%) of the population pay for private health insurance.

Due to the different levels of access provided to the insured and uninsured groups it has become known as a 'two-tier health system'. Professor Brian Nolan, in an Economic and Social Research Institute (ESRI) paper, argued that the "...two-tier system is now widely regarded as problematic from an equity perspective."¹¹

While there is no universally-agreed definition of equity, healthcare research in this area has focused on adherence to two principles: that healthcare should be financed according to ability to pay and delivered according to need.¹² In Ireland, those with private health insurance have the capacity to benefit from quicker access to care, by being in a better financial position to avail of private care. The OECD notes that:

“Against the backdrop of significant capacity constraints in public outpatient and inpatient care services, nearly half of the population purchases PHI to obtain expedited access to care and some coverage for copayments.”¹³

There is a recognised link between access to care and health outcomes. A recent HSE Public Health Position Paper on Health Inequalities emphasised:

“Inequalities in access to healthcare and other services, along with differences in the experience and quality of healthcare, contribute to unequal health outcomes across Ireland. This is of particular relevance in the context of a two-tier private and public healthcare system, where disparities in access to care vary by health insurance status and ability to pay. Ireland remains a relative outlier by European standards in the extent to which differences in healthcare access exist between

¹⁰ See for example, National Economic and Social Forum Report Equity of Access to Hospital Care - Forum Report No. 25 (2002).

¹¹ Nolan, B. (2001) [Health Insurance in Ireland: Issues and Challenges](#); ESRI Working Paper No. 10

¹² Smith, S (2009) [Equity in Health Care – A view from the Irish Health Care System](#), Adelaide Hospital Society, and University of Dublin, Trinity College.

¹³ OECD (2023) [State of Health in the EU: Ireland - Country Health Profile](#).

public and private patients.”¹⁴

In 2017, the Oireachtas Committee on the Future of Healthcare (32nd Dáil), in its [Sláintecare report](#), set out a vision “...to move decisively towards equitable access to a high quality, universal single-tier system.”¹⁵ This objective is repeated in subsequent policy statements and implementation plans.¹⁶ The most recent of these, the *Path to Universal Healthcare: Sláintecare & Programme for Government 2025+*, known as [Sláintecare25+](#), looks to deliver “..an ambitious and multifaceted programme designed to move Ireland towards a universal healthcare service.”¹⁷

The plan describes a programme of work to increase access and affordability of healthcare, saying:

“...The primary goal is to complete a comprehensive review and appraisal of the arrangements that underpin the existing eligibility framework [for publicly-funded healthcare]. This will enable the development of evidence-based policy options for a future eligibility framework to support a progressive move towards universal healthcare.”¹⁸

Tax relief on health insurance

A public subsidy, by way of a tax relief at source, is available to help offset the cost of medical and dental insurance policies (under [section 470 of the Taxes Consolidation Act 1997](#)). In 2022, the cost to the Exchequer, i.e. revenue forgone, of health insurance relief was €405.2 million.¹⁹

¹⁴ HSE Public Health (2025) [Health Inequalities Position Paper](#). Citing: Deane A. Giving Health Inequality a Voice. Dublin: European Anti-Poverty Network Ireland; 2020. And Thomas S, Barry S, Johnston B, Siersbaek R, Burke S. “Embracing and Disentangling from Private Finance: The Irish System.” In *Is Two-Tier Health Care the Future?*, edited by Colleen M. Flood and Bryan Thomas, 291–314. University of Ottawa Press, 2020. <https://doi.org/10.2307/j.ctv5vdctx.16>.

¹⁵ Committee on the Future of Healthcare (2017) [Sláintecare Report](#).

¹⁶ See [HSE Sláintecare webpage](#).

¹⁷ Department of Health (2025a) [Path to Universal Healthcare: Sláintecare & Programme for Government 2025+](#).

¹⁸ Department of Health (2025b) [Press release: Minister for Health publishes The Path to Universal Healthcare – Sláintecare and Programme for Government 2025+](#). 14 May 2025.

¹⁹ Revenue (2025) [Cost of tax expenditures](#). See also: Dáil Éireann Debate, [PQ response, Insurance Industry](#), 7 October 2025.

Academics Brian Turner and Samantha Smith²⁰ note that this tax relief on premiums has been justified on the basis:

“...that those who opt for private cover effectively forgo a statutory entitlement while continuing to contribute to the funding of the public health service through taxation.”²¹

The [Commission on Taxation and Welfare](#) (2022) has recommended that this tax relief be phased out as the [Sláintecare](#) recommendations for healthcare reform are implemented.²²

²⁰ Turner, B and Smith, S (2020) ‘[Uncovering the complex role of private health insurance in Ireland](#)’ in Eds. Thomson, S, *et al*, [Private Health Insurance: History, Politics and Performance](#), World Health Organization, European Observatory for Health Systems and Policies and Cambridge University Press.

²¹ Turner and Smith cite this quote from Department of Health and Children (1999) *White paper on health insurance*. p.24. (This document can be found on HSE’s Lenus database: [Lenus the Irish Health Repository](#)).

²² This is the programme of work arising from the implementation of the Oireachtas [Committee on the Future of Health Care – Sláintecare Report](#) (2017).

Legislative proposal

The Health Insurance (Amendment) Bill 2025 comprises eight Sections.

Purpose of the Bill

As noted above, the purpose of the Bill is to adjust the rates of risk equalisation credits and stamp duties that form the Risk Equalisation Scheme (RES) that operates in the private health insurance market. It also seeks to adjust the term of appointment for the Chair of the Board of the Health Insurance Authority, the statutory regulator.

Principal provisions of the Bill

This section of the *Bill Digest* examines the principal provisions of the [Health Insurance \(Amendment\) Bill 2025](#).

Section 1 defines the Principal Act as the [Health Insurance Act 1994](#).

Section 2 provides that the proposed revised risk equalisation credits would come into effect from 1 April 2026.

Chairman of the Authority - Term of appointment

Section 3 seeks to change the term of appointment for the Chairman of the Health Insurance Authority from “shall be 5 years” to “shall not exceed 5 years”. This would allow for greater flexibility in the term of appointment, while not extending the maximum term of office. It would also align the potential term of appointment of the Chairman with that of the ordinary members of the Authority (see [Schedule 1, Clause 9 to the Principal Act](#)).

The Explanatory Memorandum to the Bill states that changing the term of appointment as provided for in Section 3 would bring it into alignment with the Code of Practice for the Governance of State Bodies.

The current Chairperson was appointed, following a Public Appointments Service campaign, by the then Minister in 2021 with a term due to expire on 30 June 2026.²³ The current post holder is also the Chairperson of the Health & Safety Authority.²⁴

²³ Department of Health, [Press release: Appointments to the Health Insurance Authority](#). 11 August 2021.

²⁴ Health & Safety Authority, [Press release](#), 13 July 2023.

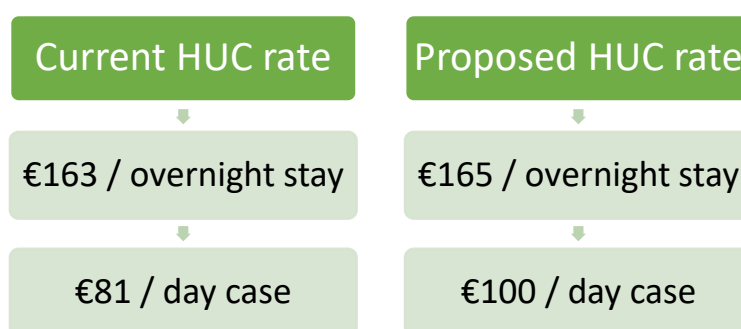
https://www.hsa.ie/eng/news_events_media/archive/press_releases_archive/press_releases_2023/minister_richmond_appoints_patricia_byron_as_chairperson_of_the_health_and_safety_authority.html

Hospital Utilisation Credit

Section 4 provides for increases in the amounts of Hospital Utilisation Credits (HUC) payable from the Risk Equalisation Fund. As noted above, these Credits, seek to compensate, to some extent, insurers of customers who have made claims for hospital care during the relevant period. It aims to spread the risk of insuring sicker customers among insurers.

There are two rates – one relates to overnight admissions and one to day cases. The Bill proposes increases (effective from 1 April 2026) to both: from €163 to €165 for overnight admissions and from €81 to €100 for day cases (also set out in Figure 3 below).

Figure 3: Rates of Hospital Utilisation Credit (HUC), present and provided for in the Health Insurance (Amendment) Bill 2025



Source: PRS, based on Health Insurance Act 1994 as amended and Health Insurance (Amendment) Bill 2025.

Age-related risk equalisation credits

Section 5 seeks to amend Schedule 4 of the Principal Act to provide for revised credits payable from the Risk Equalisation Fund from 1 April 2026.

The different amounts for the various credits reflect the different level of risk estimated for men and women, and the higher risk associated with older policy holders (credits are only payable for customers aged 65 years and older). The rates are also different for advanced policies and non-advanced policies (held by 7% of policy holders).²⁵ The Table shows that the Bill proposes that almost all rates for all advanced policies be increased (other than non-advanced policies held by men aged 80 and over, which would remain the same).

The new amounts would apply from 1 April 2026.

The current and proposed rates are set out in Table 2 below.

²⁵ Department of Health (2025) *Health Insurance (Amendment) Bill 2025 – Briefing from Department of Health* [to Oireachtas Library & Research Service]. November 2025.

Table 2: Age-related Health Credits – current rates (inserted by 2024 Act) and those proposed in the Health Insurance (Amendment) Bill 2025 (to apply from 1 April 2026)

Age Bands (yrs)	Advanced Policies (€)				Non-Advanced Policies (€)			
	Men		Women		Men		Women	
	Current	Proposed	Current	Proposed	Current	Proposed	Current	Proposed
50-64	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
65-69	975	1,125	525	600	275	300	150	175
70-74	1,625	1,700	975	1,100	350	425	250	325
75-79	2,225	2,350	1,500	1,625	550	625	400	450
80-84	2,625	2,750	1,775	1,875	650	650	475	500
85 and over	2,625	2,750	1,775	1,875	650	650	475	500

Source: PRS, based on *Health Insurance (Amendment) Act 2024* (current rates) and section 5 of the Bill.

High-Cost Claims Credit

Section 6 proposes amending the High-Cost Claims Credits (HCCC) part of the RES.

The High Cost Claims Credit is one of the credits paid to insurers from the Risk Equalisation Fund (REF). These credits compensate insurers directly for individual claim costs which are much higher than the market average. The aim is to target high-cost, low incidence claims.

This works by taking claims which are above a certain monetary threshold (the ‘excess’, currently €50,000) and paying a percentage of the total cost of that claim (the ‘quota share’, currently 45%) from the REF.²⁶ For example, for a claim of €100,000, the credit payable to the insurer would be €45,000.

Under Section 6 the threshold of €50,000 would stay the same and the ‘quota share’ (or ‘percentage specified’) would increase from 45% to 50%. So, applying this change to the example above, for a claim of €100,000, the credit payable to the insurer would be increased to €50,000. This increase would apply from 1 April 2026.

²⁶ HIA (2020) *Public Consultation - Community-rated health insurance market in Ireland and proposed changes to the Risk Equalisation Scheme*.

The Department has stated that:

“Increasing the percentage of the claim to be covered is in line with the move towards increasing the share of credits related to health status.”²⁷

Stamp duties

The RES is funded by stamp duty contributions. The estimated amount of stamp duties needed to support the recommended level of risk equalisation credits from 1 April 2026 to 31 March 2027 is €1.02bn. The stamp duties are collected by the Revenue Commissioners and paid directly into the REF, administered by the HIA.

To raise this amount, Section 7 of the Bill seeks to increase stamp duties on all health insurance policies. There are four stamp duty rates – for adult and child policies and for advanced and non-advanced policies in each age group.²⁸ Stamp duties are levied on insurance companies based on the number of policies issued, not consumers. Therefore, it will fall to the insurance companies to decide on whether or not to pass on any increased costs to their customers.

Specifically, section 7 seeks to amend section 125A of the *Stamp Duties Consolidation Act 1999* to provide revised definitions of “specified rate” for relevant contracts renewed or entered into for the periods 1 January to 31 March 2026, and from 1 April 2026 onwards.

The Bill proposes increasing all stamp duty rates on health policies by approximately 10 percent from 1 April 2026. Specifically, by raising the rates by €16 and €48 per year for advanced policies for children and adults, respectively. These policies are held by 93% of health insurance customers.

Increases are proposed in rates of duty on non-advanced policies, of €3 and €9 for child and adult policies, respectively. As noted above, ‘non-advanced’ policies mainly provide cover for stays in private or semi-private accommodation in public hospitals and are held by small minority of customers (7%).

The current and proposed rates are set out in Table 3, below.

²⁷ Department of Health (2025) *Health Insurance (Amendment) Bill 2025 – Briefing from Department of Health* [to Oireachtas Library & Research Service]. November 2025.

²⁸ Child stamp duty rates have historically been set at one third the adult rates. See: <https://www.hia.ie/sites/default/files/2025-04/assumptions-paper-2025.pdf>

Table 3: Stamp duty rates proposed by the Bill, by age and cover category

Applicable dates	Advanced policies (93% of policies)		Non-Advanced policies (7% of policies)	
	Persons 17 years or under	Persons 18 years or over	Persons 17 years or under	Persons 18 years or over
1 Jan – 31 Mar 2026 (this is also the <u>current</u> rate)	€156	€469	€31	€94
1 April 2026 onwards (and change)	€172 (+€16)	€517 (+€48)	€34 (+€3)	€103 (+€9)

Source: PRS, based on section 7 of the Bill.

Commencement and citation

Section 8 provides that, if enacted, different sections of the Act would come into force on different dates:

- Sections 2, 4, 5 and 6 would come into operation on 1 April 2026; and
- Other sections would come into operation on 1 January 2026.

If enacted, the collective citation of the legislation (other than s.7) and other health insurance primary legislation would be the *Health Insurance Acts 1994 to 2025*.

Conclusion

The Health Insurance (Amendment) Bill 2025 seeks to revise the credits and stamp duties payable in the Risk Equalisation Scheme that underpins the private health insurance market. The proposed changes to the credits seek to put more weight than previously on the health status, rather than age and gender, of insured people. This would compensate insurers more than currently for post-treatment care and for actual costs of insuring sicker customers rather than the projected costs (for the age/gender-related credits).

Stamp duty rates applying to all insurance policies would be increased under the provisions of the Bill. These are levied on the insurers, but in practice they may be passed on to customers, increasing the cost of health insurance.