



Pre-Budget Submission 2015

Laya healthcare is a major contributor to the Irish economy, employing almost 450 people between its two offices in Cork and Dublin. Ireland's second largest private healthcare insurance provider has nearly half a million members.

We have major concerns about the sustainability of the private health insurance market in Ireland and the long-term impact on patients and the public.

The private health insurance market in Ireland is reaching crisis point. Since 2008, over 300,000 people have been forced to abandon their health insurance as they can no longer afford to pay. The result is that these people have been driven into the public system, which is already under severe pressure.

Unless urgent action is taken by the Government, thousands more will have no option but to drop their health insurance cover over the coming months. This will further impact on what is already an unsustainable market and a public health system that simply won't be able to cope.

In light of the impending 2015 Exchequer Budget, Laya healthcare is asking all public representatives to give real consideration to two issues in an effort to not only help sustain the health insurance market, but to relieve pressure from the public health system.

LEVIES

- Since the introduction of the Government Health Insurance Levy in 2009, charges have jumped from €160 to €399 per adult, an increase of 149% over the past five years.
- Laya healthcare is asking that tax payers are not penalised further through the introduction of additional levies that will drive more people away from private health insurance and into the public system.

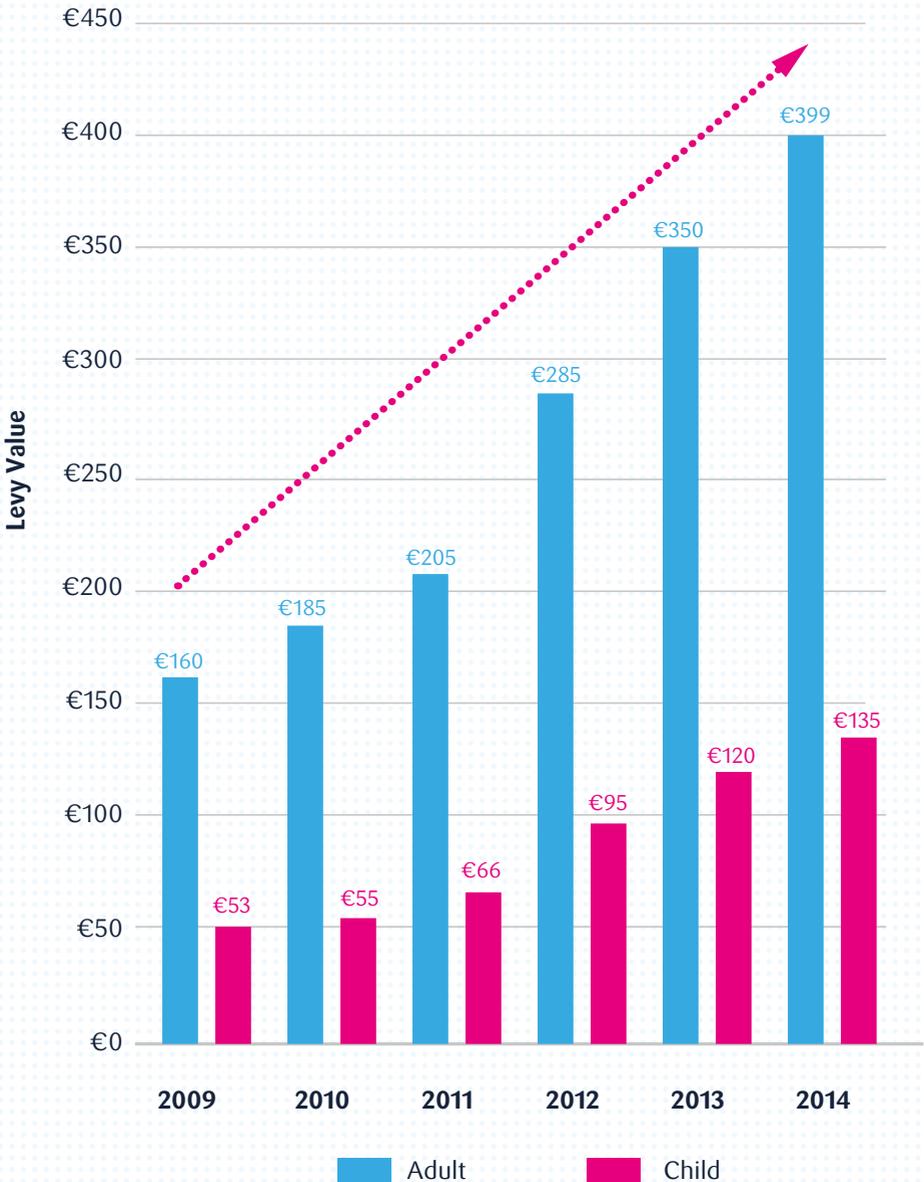
TAX RELIEF

- Budget 2014 reduced the amount of tax relief at source applied to health insurance policies on premiums in excess of €1,000. This impacted 90% of plans and resulted in 9 out of 10 adults having to pay more for their health insurance*.
- 59% of people who have let their health insurance lapse have reported that they simply cannot afford it.

*Insurance Ireland, October 2013

A reduction in tax relief and any further levy increases would only serve to drive even more people out of the health insurance system leading to an unsustainable market in Ireland. We cannot allow this to happen. The facts are startling and the trend, which shows a rapidly diminishing market, alarming.

GOVERNMENT HEALTH INSURANCE LEVY INCREASE

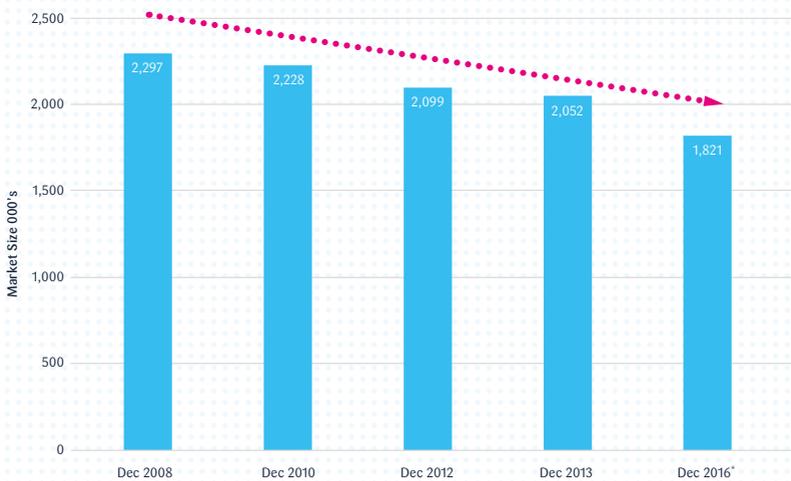


...€160 to €399 per adult, an increase of 149%...

THE FACTS

- In 2008 almost **2.3 million people** in Ireland held private health insurance but by 2014, this figure had fallen to just over 2 million.
- The market has declined from a peak of **50.9% of the population in 2008 to 44.2% currently.**
- These figures from the Health Insurance Authority demonstrate that there are almost **300,000 more people relying on the public health system in 2014**, than there were in 2008.
- Current trends indicate a rapid market decline with an average of **7,000 people abandoning their private health insurance**, each month. If these trends continue over **210,000** people will drop their private health insurance between now and the end of 2016.
- People are leaving the private health insurance market in droves, no longer in a position to afford cover. **Health insurance is optional, although for many a necessity**, but when faced with a number of new mandatory payments such as property tax and water charges, people are having to make extremely difficult, lifechanging choices.

PMI MARKET DECLINE



*Predicted Decline

WHAT CAN BE DONE?

- We welcome plans for the introduction of Lifetime Community Rating in 2015, as announced by the former Minister for Health to encourage people and in particular, young adults, into the private health insurance system.
- However, private health insurance needs to be made affordable if customers are to join the system. This means no further increase to the Government Health Insurance Levy and no more caps on tax relief.
- Ireland needs to create a more equitable health system for all; a community-based model that will support and benefit the entire population.
- This requires young and healthy people to enter the market in order to ensure its sustainability and affordability for all ages.
- The model is not complicated, but getting there from our current position is a significant challenge.
- By taking small steps now to stem the huge flow of people leaving health insurance, we can create opportunities that could lead to the development of a world-class system that will benefit all patients in Ireland, equally.
- This means no increase in health insurance levies.
- This means no further caps on tax relief on private health insurance that for many is not a luxury but rather, a necessity, a life-line.

...create a more equitable health system for all...

LAYA HEALTHCARE'S POSITION

- We have a huge responsibility to all of our members – the healthy and the sick – and our team of almost 450 people who rely on laya healthcare for their economic well being.
- Laya healthcare is in a fortunate position in that we employ a great team of people who are working hard to grow our company. We recently announced the creation of 50 new jobs for Dublin and Cork.
- Our ethos is built around trust and the promise to look after our people always and this includes representing them on important issues such as levies and premium increases.
- We continue to monitor the market carefully because increased charges are affecting patients, our members and indeed, laya healthcare's long-term ability to do business in Ireland.
- We are relying on you, our public representatives, to give serious consideration to the issues of levies and tax relief and recognise the impact they are having on the health system.

On behalf of the team at laya healthcare and our nearly half a million members, I am seeking your direct support in protecting the public from further premium increases and in doing so, we can all work towards the creation of a health system for Ireland that is effective and fair.



Dónal Clancy
Managing Director
Laya Healthcare



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