

MoneyComment – July 26

By Jill Kerby

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Health insurance is one of those consumer services that certainly hasn't enjoyed (sic) a place in the -5.6% fall of the consumer price index rate for the year to June, as recorded by the CSO.

The cost of "Health", says the CSO, has gone up by +3.4%.

If only. The cost of "health" for my family is up over 20% - the annual increase in our health insurance policy this year. And while our family's income is down, like so many others employed in the private sector, our GP, dentist or medical consultants haven't reduced their charges in line with the CPI.

That said, the loss-making Vhi, has just announced that they've brought down the price of covering a child member on their three most popular Plan Bs by another €20, lowering the child member's cost by as much as €140 since April.

This is a welcome reduction for any parent paying the bill, but health insurance brokers like Jeremy Tucker of [buyhealthinsurance.ie](http://buyhealthinsurance.ie) and Dermot Goode of [healthinsurancesavings.ie](http://healthinsurancesavings.ie), who review health insurance costs for companies and individuals, describe the latest reduction as a "PR stunt" and "window dressing".

The claims record for children attending hospital "is tiny in this country", says Tucker "and the cost to the Vhi or the other insurers is very small in their overall level of claims."

Dermot Goode says the €20 is a "token" reduction. If the Vhi "starts reducing the cost of adult premiums", he says, "that would be significant news." Both also point out that even with these child premium reductions, a family of four – two parents and two children - are still better off price-wise in the equivalent plans offered by rivals Quinn Healthcare and Hibernian Vivas.

The cost of health insurance is quickly reaching a tipping point, something that was always inevitable given how many people are losing their jobs. They don't have much choice but to drop their membership, and hope they will find work soon enough in order to rejoin their insurer before the time restrictions for pre-existing conditions kick in.

Anyone who is still employed, but under financial pressure can drop to a cheaper plan or to a cheaper provider – and clearly many are: Vhi has reportedly lost 40,000 members in the past year, some of them switching to Quinn or Hibernian Vivas.

Are the insurers, especially Vhi doing enough to cut their own costs? The independent consultants are not convinced. “If the Vhi, which says it has made a loss this past year, had to operate like any other insurer, which they do not because they are owned by the Department of Health, they'd probably be closing down some of their ancillary offices and introducing other cost cutting measures,” says Dermot Goode. They may claim to be the most efficient private health insurance operator, “but there is no independent evidence.”

Meanwhile, a professional review of your family's existing health insurance policy will, at least, let you in on a well kept Vhi (or Quinn or Hibernian Vivas) secret – that there is nothing to stop you accessing any of the three insurer's equivalent corporate health plans. Not only can the price of the corporate policy be lower than those sold to individuals or families, say the independent advisors, but the benefits might be superior too.

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