

The Private Health Insurance Market in Ireland

April 2003

Amárach Consulting

Methodology

- A sample of 1,001 adults were interviewed at over 100 locations throughout the Republic of Ireland
- Interlocking quota controls were set in terms of age, gender, marital status, region and social class
- Corrective weightings were subsequently applied to age, gender, marital status, region and social class to ensure the sample was nationally representative
- These findings were weighted up to the forecasted total number of adults aged 18+ living in the Republic of Ireland.
- Interviews were conducted face-to-face in respondents' own homes
- The fieldwork was conducted between the 22nd of November and the 20th of December 2002
- *This document sets out the findings of independent quantitative research conducted on behalf of The Health Insurance Authority by Amárach Consulting*

Ownership of PHI

Ownership of PHI among Irish adults aged 18+

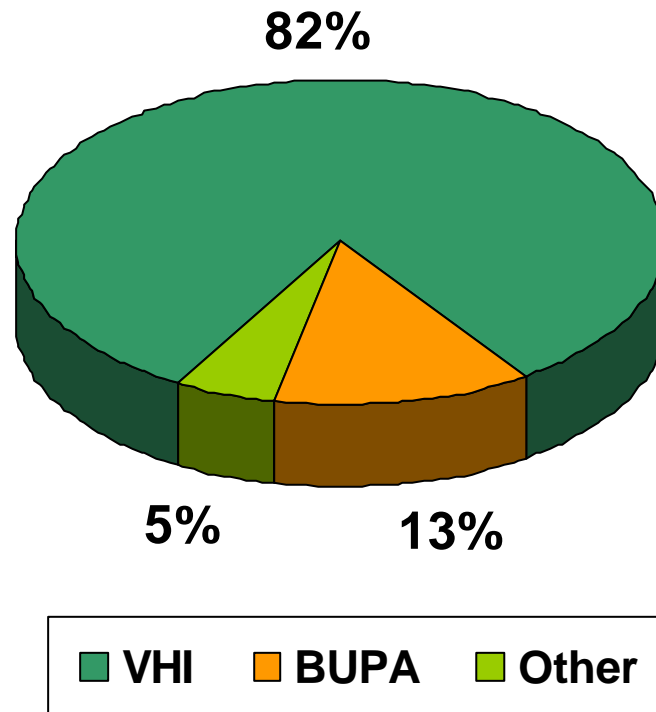


Base: All respondents, n=1,001

- 47% of the sample surveyed were found to have PHI
- 5% of the sample had PHI in the past but were no longer covered by it
- 70% of ABC1s had PHI, compared to only 31% of C2DEs

Market Share

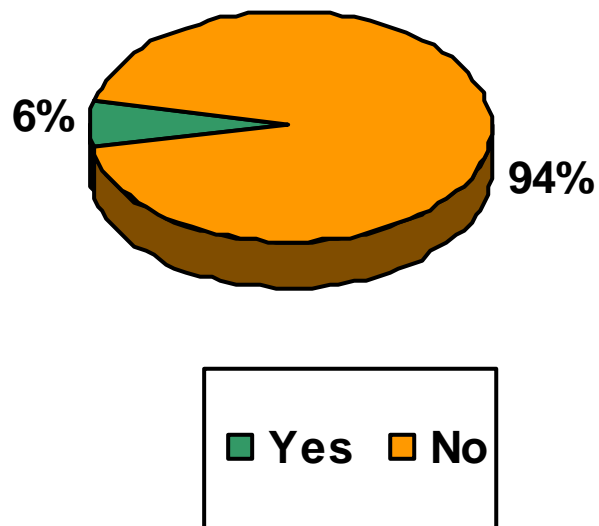
Which company do you have health insurance with?



- Among those surveyed with PHI, 82% were with VHI, 13% with BUPA and 5% with other schemes
- Plan B was found to be the most popular private health insurance plan – 42% of all the consumers sampled were on VHI's Plan B

Switching Activity

Have you ever switched from one health insurer to another in Ireland?

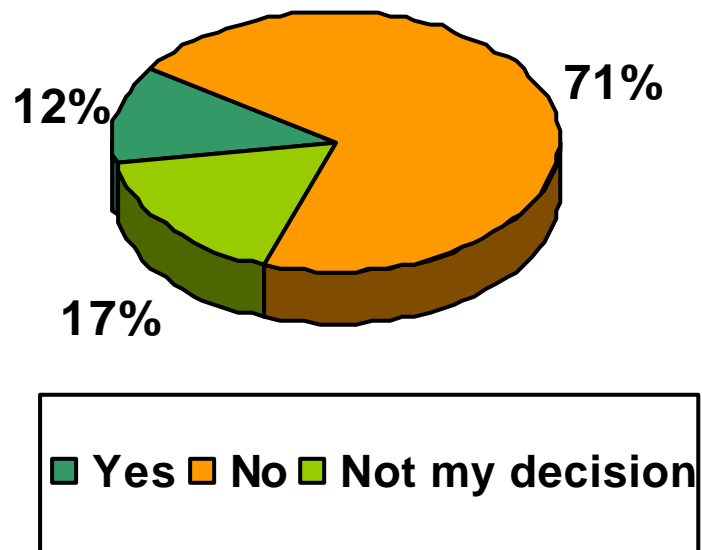


Base: All consumers, n=476

- Only a small number of consumers surveyed were found to have ever switched PHI provider
- Among those who had switched, a majority had switched from VHI to BUPA
- Almost half of switchers cited cost savings as the main factor that led them to change health insurer

Considering Switching

Have you ever seriously considered switching from your current health insurance provider to another?



Propensity to have considered switching	%
Total	12%
18-24	5%
25-34	13%
35-44	19%
45-54	15%
55-64	13%
65+	-

Base: All non-switchers, n=447

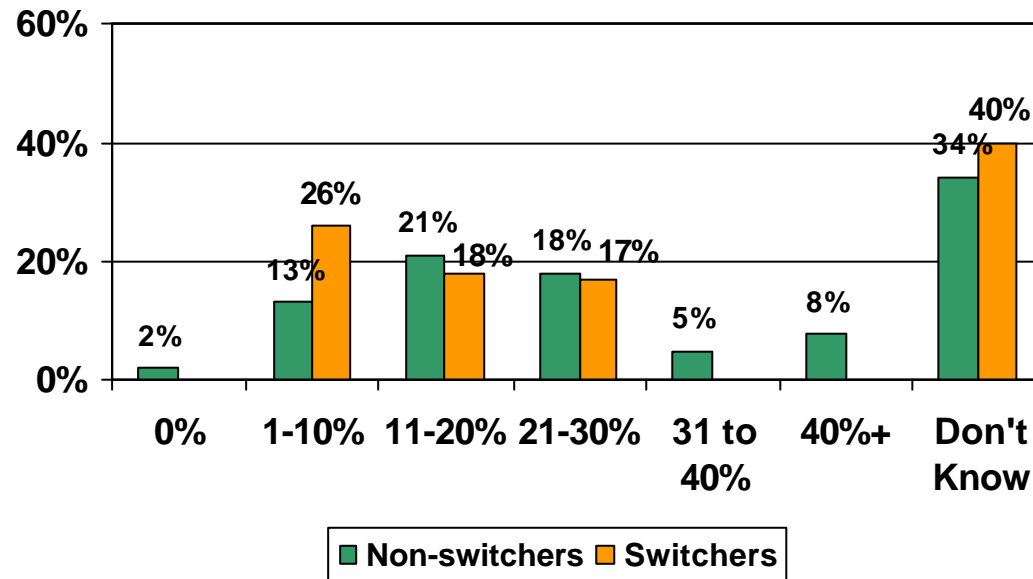
Switching Barriers

Why have you not switched your private health insurance provider? (Unprompted, Multi-response question) <i>TOP 10 REASONS SHOWN</i>	%
Satisfied with current provider	27%
No significant cost savings	17%
Been with existing provider for a long time	14%
Level of cover no better	13%
Too much hassle/paperwork	12%
Couldn't be bothered	12%
Concerned that coverage would not be the same	11%
Prefer to stay with an Irish company	10%
Range of products services no better	7%
No choice/Not my decision	6%

Base: All non-switchers, n=447

Level of Cost Savings Required

What % cost savings would you need to be making on your current health insurance costs that would encourage you to switch to a cheaper PHI provider?



Base: All consumers, n=476

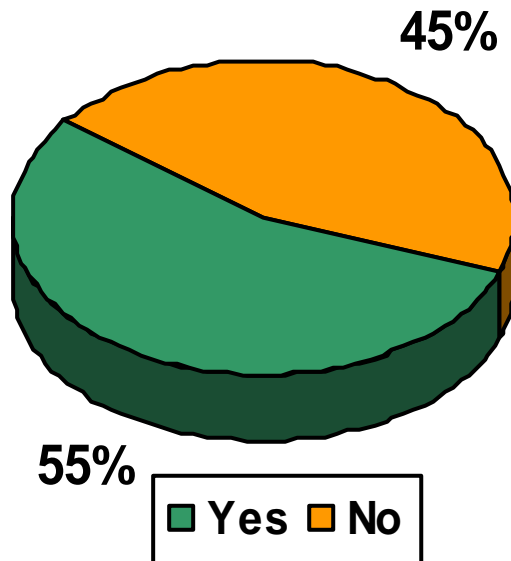
Average % price differential that would encourage switching

Total	26%
18-24	25%
25-34	25%
35-44	23%
45-54	25%
55-64	27%
65+	37%

Base: All non-switchers, n=447

Claims Experience

Have you ever personally made a claim for yourself or a dependant?



Base: All consumers, n=476

- 58% of VHI consumers have made a claim compared to 33% of BUPA consumers. In the last 3 years 40% of VHI consumers have made a claim compared to 28% of BUPA consumers
- 96% of claimants described themselves as very satisfied or satisfied with their claims experience

% in each age cohort who have made a claim	
18-24	16%
25-34	39%
35-44	63%
45-54	65%
55-64	70%
65+	85%

Satisfaction with Range of Products & Services

- 30% of consumers believe they have a full understanding of the level of cover their health insurance plan offers, 50% say they have some understanding, 20% say they have little or no understanding
- However, the research findings suggest that few consumers have a thorough understanding of their plan details and may only take the time to go through their plan details when they have a claim to make
- Despite this, 26% of consumers are very satisfied, 57% satisfied and only 10% dissatisfied with the level of knowledge they have of their health insurance cover
- 92% of consumers are satisfied or very satisfied with the current range of products and services offered by their PHI
- 91% of consumers are satisfied or very satisfied with the level of cover provided by their PHI plan
- Only 3% of consumers have ever made a complaint to their PHI provider

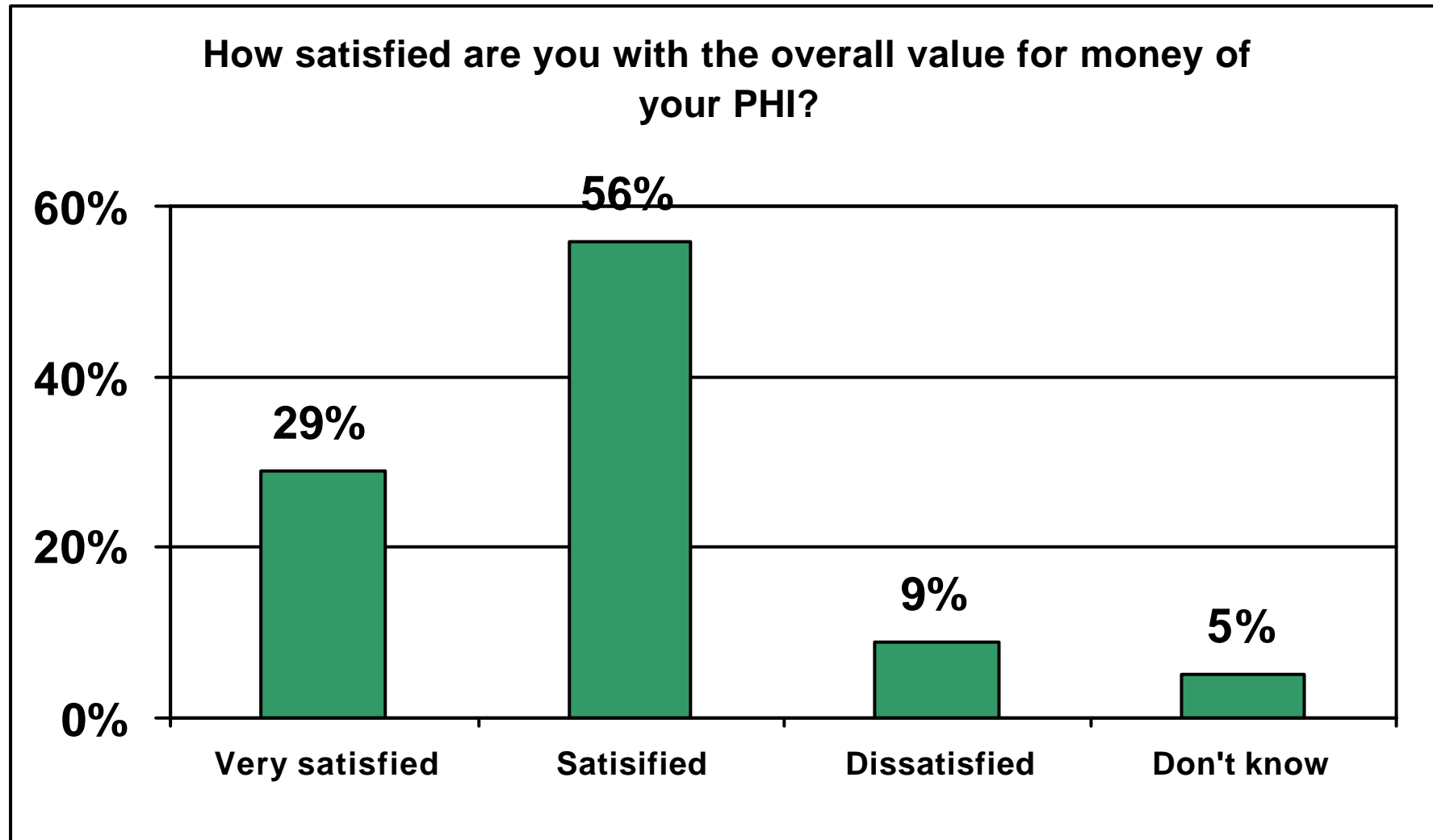
Base: All consumers, n=476

PHI Benefit Improvements

What benefits would you like to see improved or included in your policy? (Unprompted, multiple response allowed)	%
Should cover specialist areas (e.g. dental, optical)	58%
Improved GP cover	18%
Increased medical cover	10%
Improved outpatient cover	9%
Improved hospital accommodation	6%
Lower premiums	5%
Quicker treatment	2%
Better explanation of benefits	1%
Improved maternity cover	1%
Other	5%
Don't know	35%

- 76% said that hospital treatment was the element of health insurance they valued the most, 11% said hospital accommodation

Value for Money Perceptions

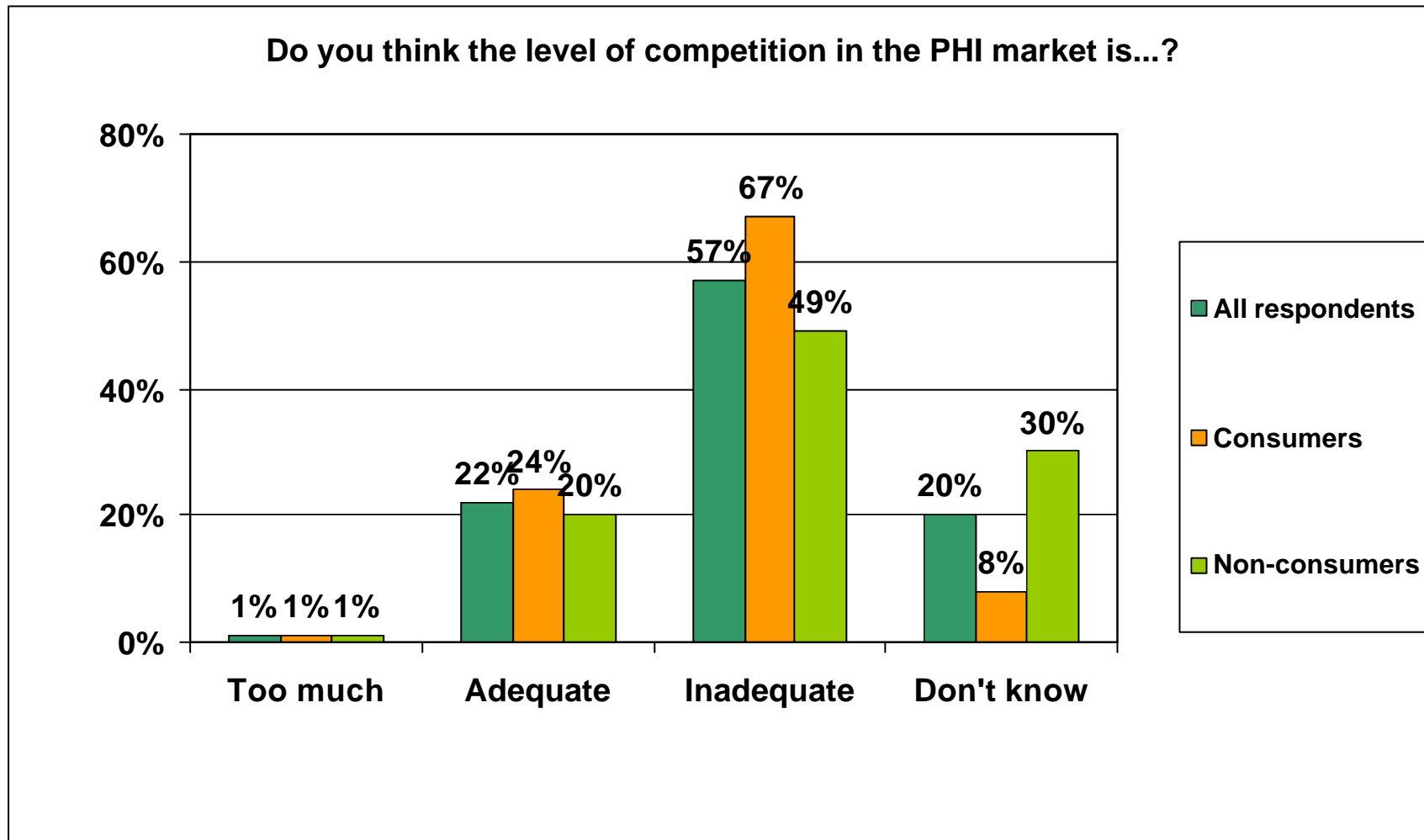


Base: All consumers, n=476

Attitudes to Premium Increases

Which one of the following statements most closely reflects your attitude to premium increases that have occurred in recent years?	%
The increases are appropriate given the costs of treatment and service	44%
The increases are inappropriate and are not justifiable by the costs of treatment and service	40%
Insurers are keeping premium increases to a minimum	8%
Don't know	8%

Perceptions of Competition



Base: All respondents, n=1,001

Reasons for Not Having Private Health Insurance

Main Reason for not Having Private Health Insurance	Main reason %
Too expensive/premiums too high/can not afford it	42%
Have a medical card	25%
Haven't thought about it	14%
I'm healthy/I don't need it	5%
Satisfied with public services	5%
Will get it when I'm older	4%
Don't approve of it	2%
Other	4%
Don't know	1%

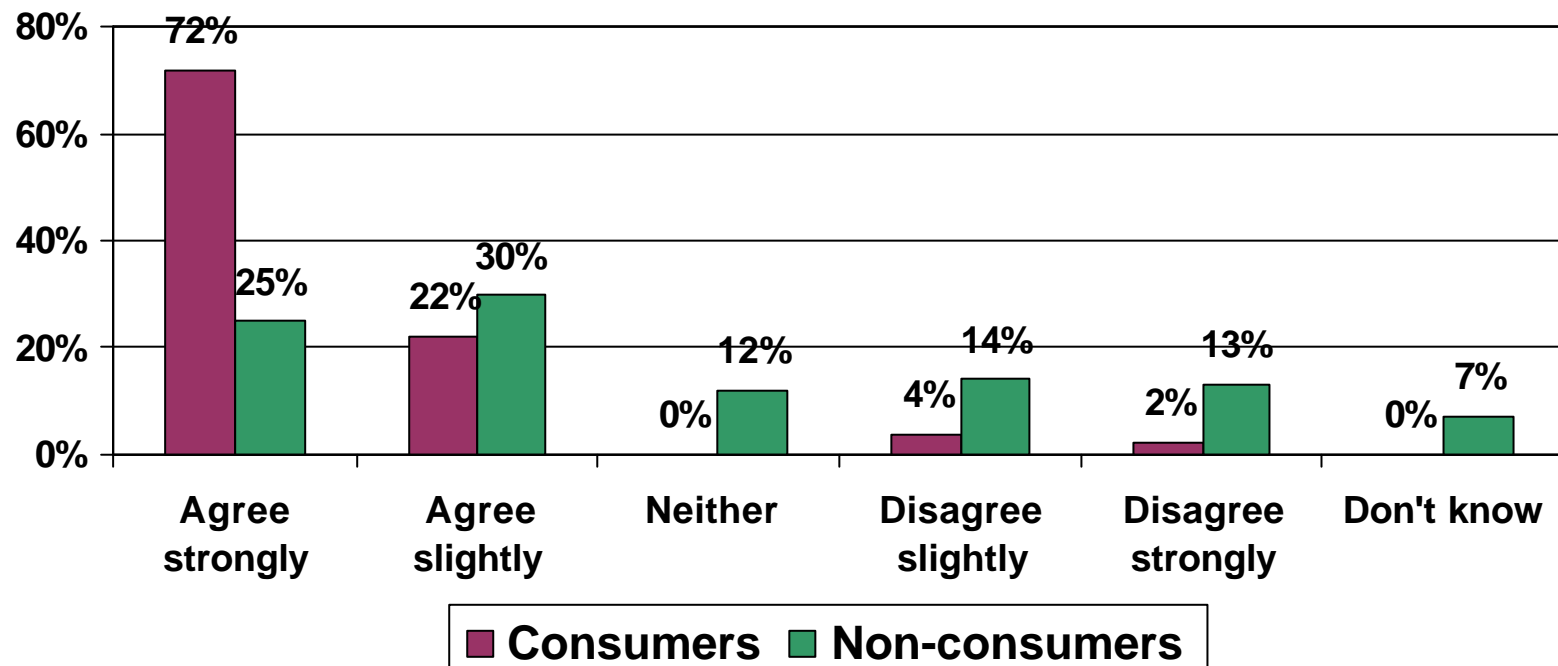
Base: All those who never had PHI, n=479

Motivators to Getting Private Health Insurance

What would encourage you to get Private Health Insurance	%
If I had more money	28%
If premiums were reduced/if it were cheaper	22%
When I get older	10%
If I get married	7%
If public health services deteriorate	7%
If I got sick	7%
If I have children	5%
If a family member got sick	5%
Other	9%
Don't know	2%
Nothing/I will never get PHI	32%

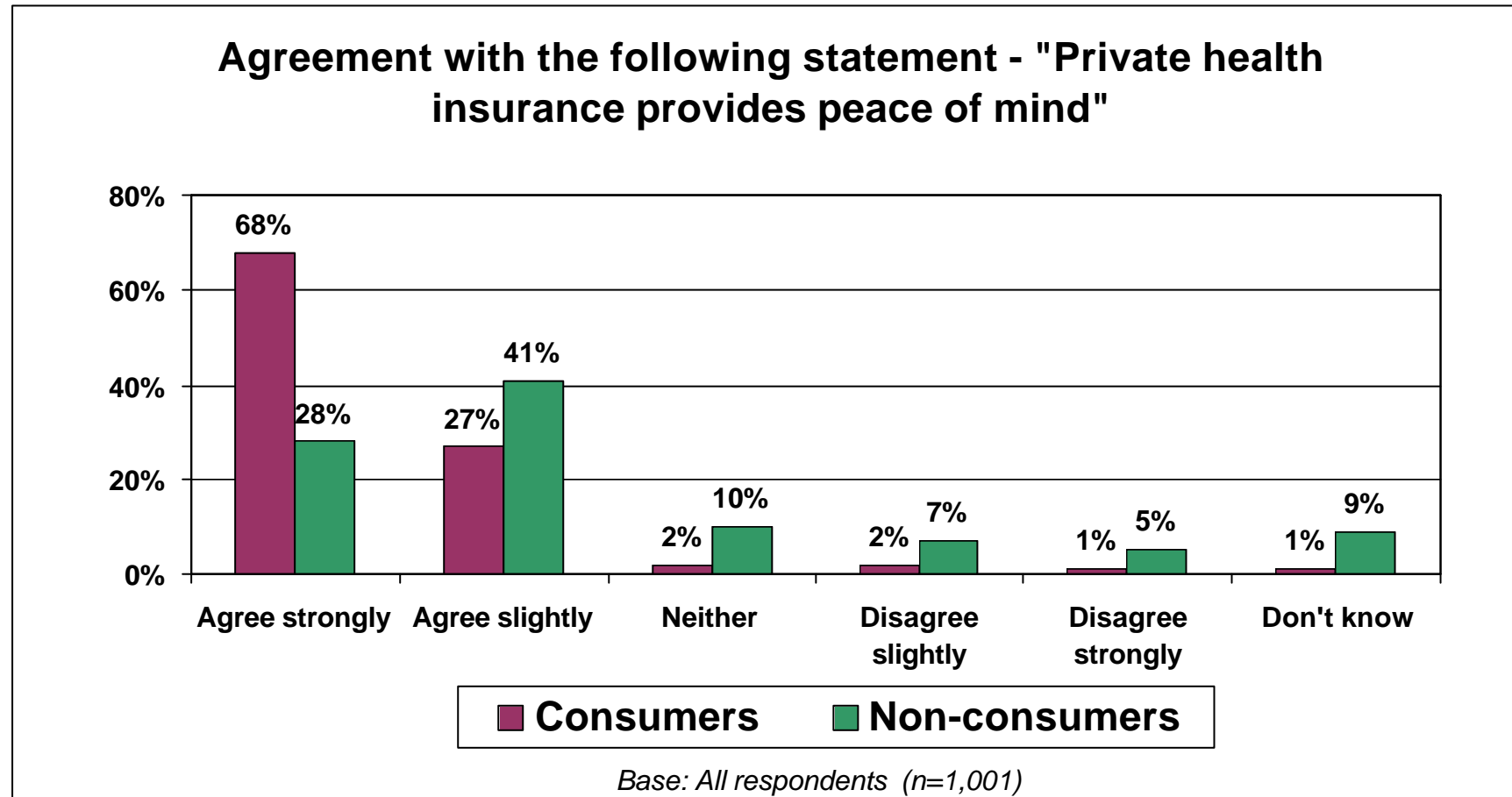
Attitudes to Private Health Insurance

Agreement with the following statement - "Private health insurance is a necessity not a luxury"

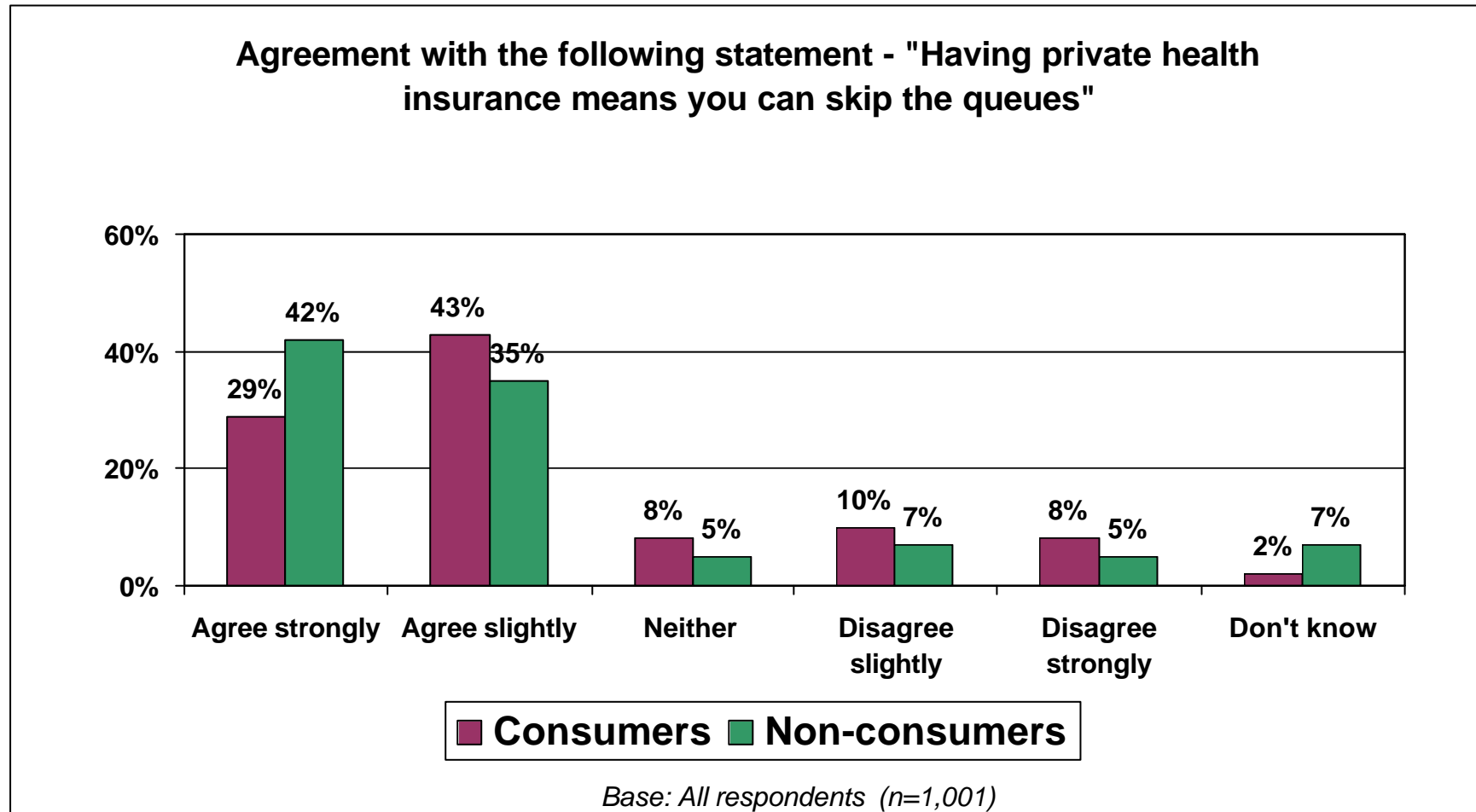


Base: All respondents (n=1,001)

Attitudes to Private Health Insurance

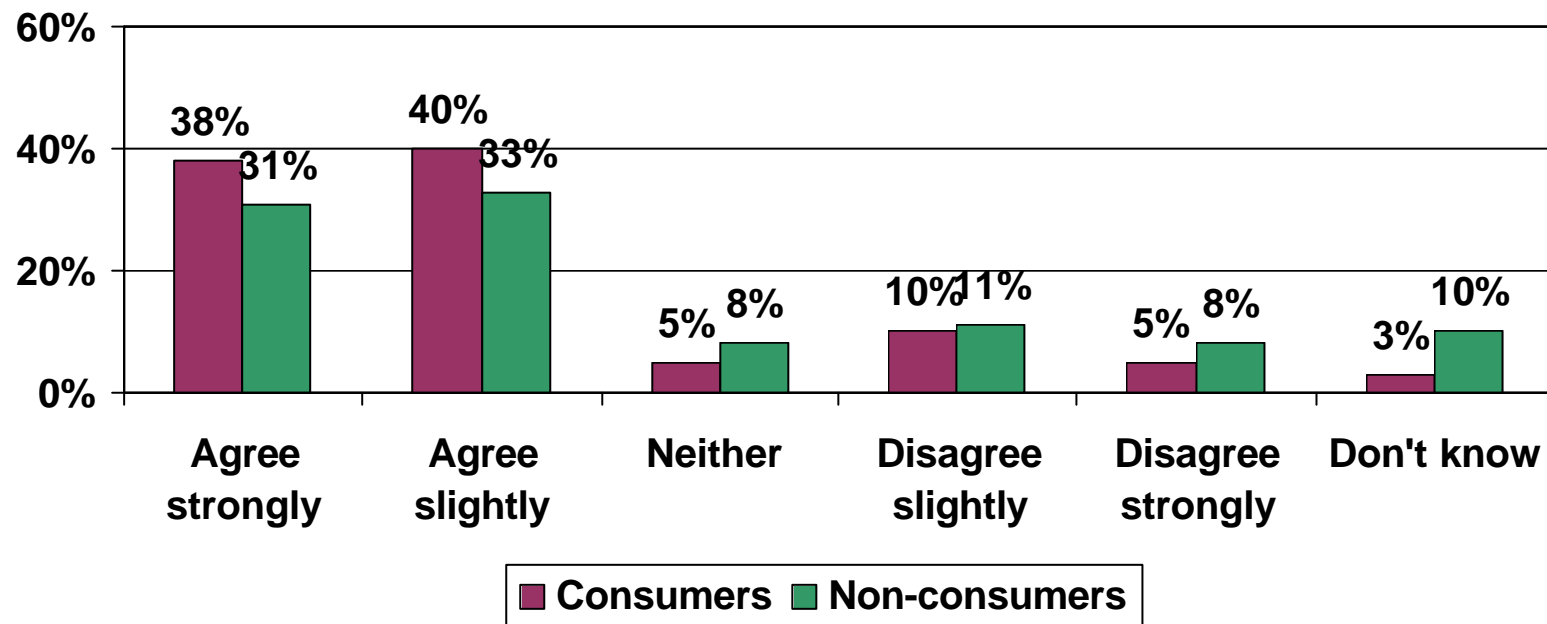


Attitudes to Private Health Insurance



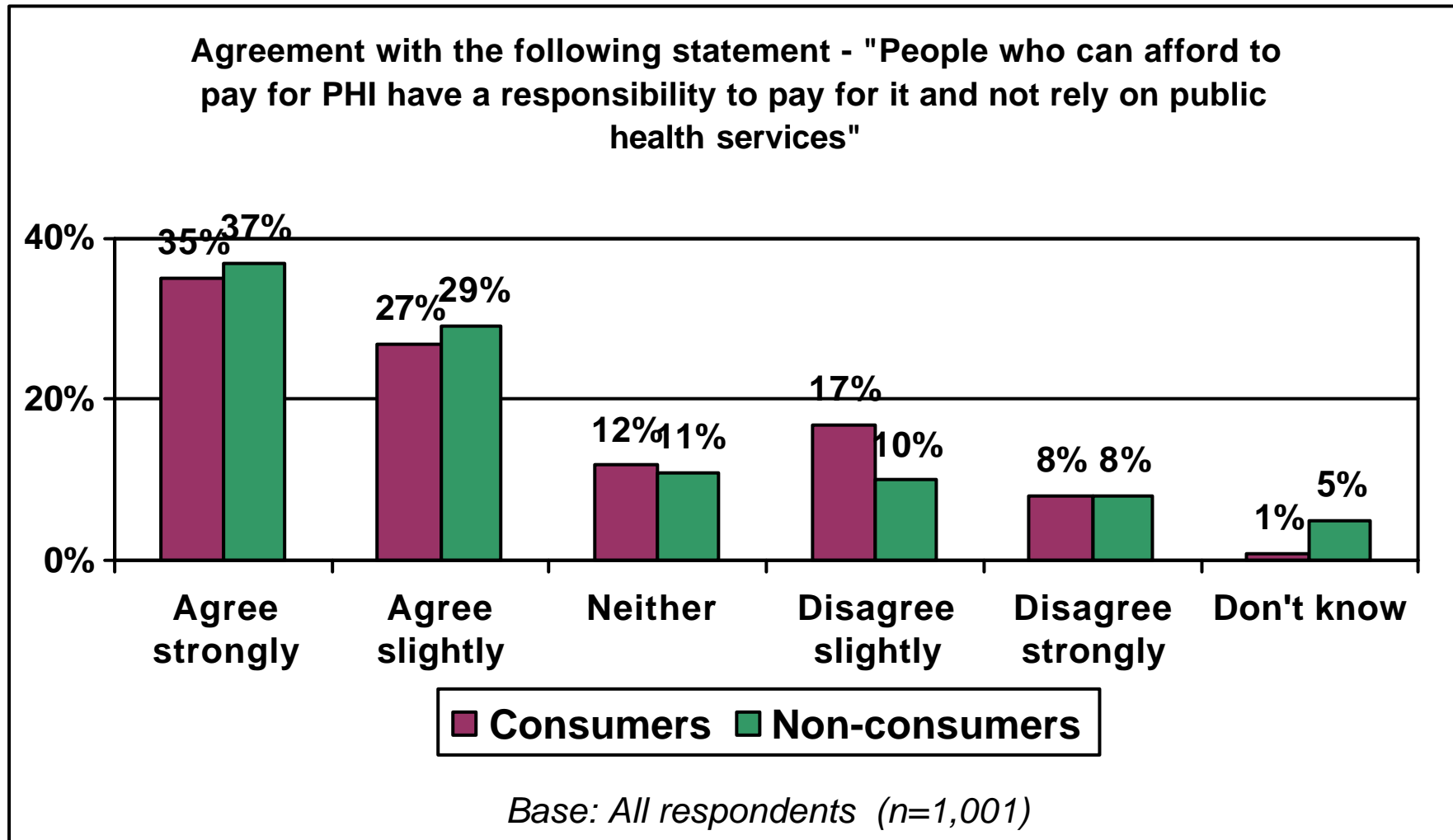
Attitudes to Private Health Insurance

Agreement with the following statement - "Having private health insurance means always getting a better level of health care service"

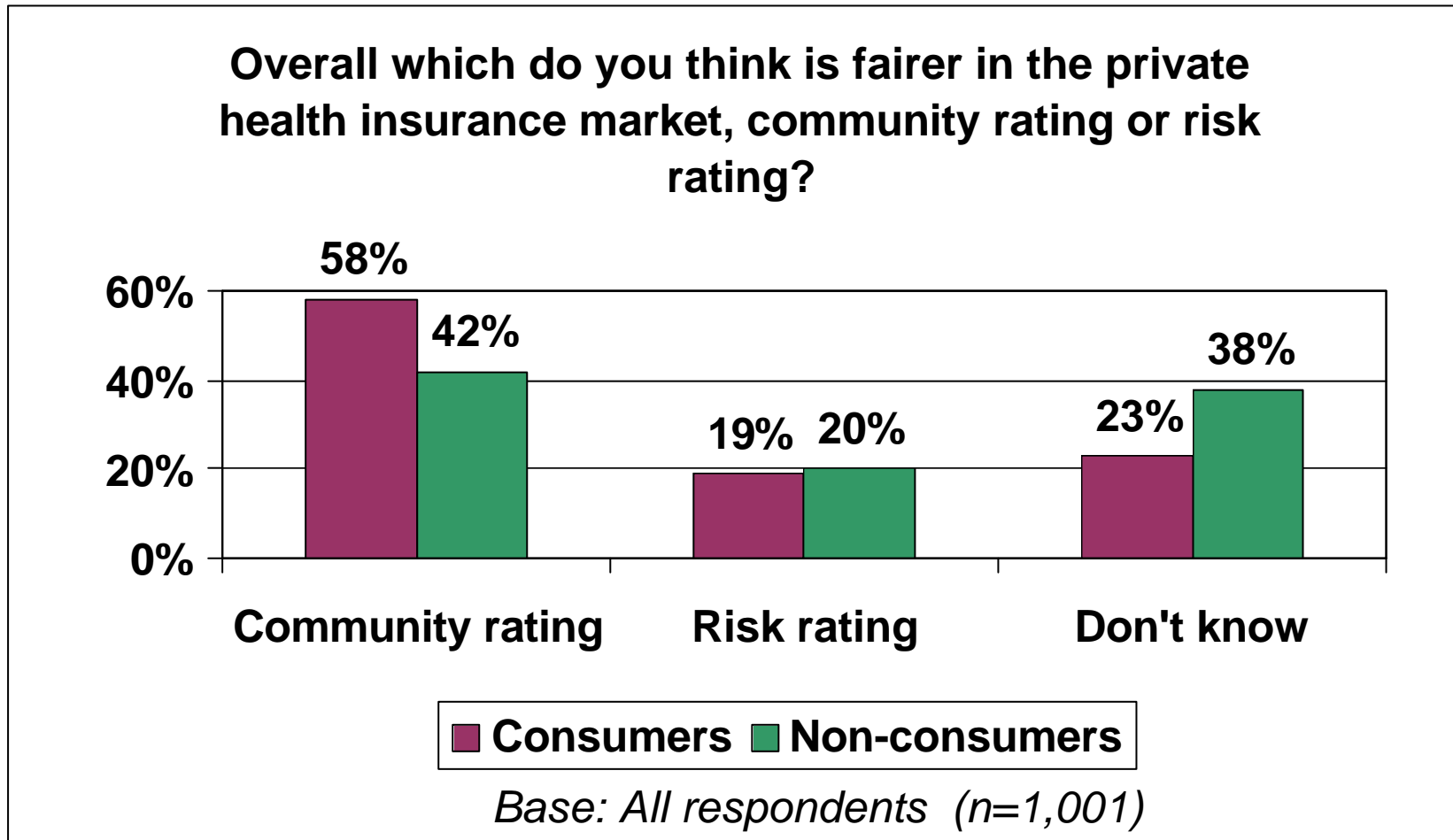


Base: All respondents (n=1,001)

Attitudes to Private Health Insurance



Community Ratings Versus Risk Rating



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