

## Health Costs by Age Group

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### Key Point

Ireland's share of older people is expected to increase significantly in the next decade. The cost of claims in the private health insurance market is rising steeply for the over 80 age group in particular.

### Introduction

In 2015, over 2.1 million people in Ireland had private health insurance. Forty-six percent of the population were covered by either open enrolment or restricted undertakings schemes. This note considers the cost of claims paid per insured life of those with open membership insurance.

### Age Structure

The age profiles of those with health insurance are broken down into eight different groups in table 1. The table shows the change in numbers insured between 2014 and 2015<sup>1</sup>.

**Table 1 - Age Structure of Market in 000's**

Age Structure of Market in Thousands (000's)				
Age Group	2014	2015	Variance	% Variance
0-17	454	475	21	4.6%
18-29	203	210	7	3.4%
30-39	281	297	16	5.7% <sup>2</sup>
40-49	293	322	29	9.9%
50-59	261	276	15	5.7%
60-69	217	224	7	3.2%
70-79	125	132	7	5.6%
80+	52	55	3	5.8%
Total (million)	1.886	1.991	0.105	5.6%

(Source: HIA (2016) *Annual Report and Accounts 2015*)

<sup>1</sup> The table excludes those who are serving initial waiting periods, people insured with restricted membership undertakings and people who are insured with products that are not subject to the health insurance stamp duty and the age related health credits. Restricted membership undertakings include those providing insurance cover for An Garda Síochána, ESB employees and Prison Officers.

<sup>2</sup> The 5.7% annual increase in those aged 30 – 39 years (a 9.9% increase among those aged 40 – 49 years) with health insurance may be attributable to the introduction of an age-related levy (Lifetime Community Rating) for those over 35 years old in May 2015.

Key Points:

- The total number of people insured by age group has increased by 105,000 or 5.6% between 2014 and 2015
- In both absolute and percentage terms, those aged 40 – 49 years old increased their share of insurance cover by 29,000 or 9.9% over the period respectively.
- Those aged 60 years and older accounted for 21% of those insured in 2015. Over 80's account for 2.8% of total number insured.

**Value of Claims**

The average value of insurance claims per insured life in 2015 is compared with those paid in 2013 in the table below. People over the age of 80 have seen the cost of their claims increase the most in both absolute and percentage terms in recent years<sup>3</sup>.

**Table 2 –Average Claims by Age Group and Year**

Age Group	Claim 2013 €	Claim 2015 €	Change € 2013 - 2015	% Change 2013 - 2015
0-17	208	232	24	12%
18-29	299	311	12	4%
30-39	513	497	-16	-3%
40-49	562	551	-11	-2%
50-59	926	957	31	3%
60-69	1,708	1,770	62	4%
70-79	2,945	3,204	259	9%
80+	4,083	5,078	995	24%

(Source: HIA, *Annual Report and Accounts*, and *Market Statistics*)

Average claims for those aged 80 and over have increased by 24% or €995 between 2013 and 2015. Their claims are 22 times higher than those aged 0 – 17 years, or almost 3 times those aged 60 – 69 years. The second highest absolute increase in claims was among those aged 70-79 years by €259 (9%).

Between 2014 and 2015, the highest percentage increase in average claims was found in those aged 0 – 17 years (21%), followed by those aged 80+ years (10%).

<sup>3</sup> Average claims represents the total claims paid in each age group divided by the number of insured people in that age group (including those who made no claims).

### Claim Variation by Age

Table 3 shows the average cost of claims by age group between 2010 and 2015. The cost of claims of each age group has increased.

**Table 3 – Value of Claims Paid €, by Age Group and Year**

Average claims paid per insured life €, by Age Group and Year								
	0-17	18-29	30-39	40-49	50-59	60-69	70-79	80+
<b>2010</b>	153	214	397	458	781	1,407	2,377	3,054
<b>2011</b>	164	224	409	469	793	1,469	2,442	3,333
<b>2012</b>	208	312	538	582	988	1,839	3,099	4,344
<b>2013</b>	208	299	513	562	926	1,708	2,945	4,083
<b>2014</b>	191	298	494	559	921	1,714	2,995	4,610
<b>2015</b>	232	311	497	551	957	1,770	3,204	5,078
<b>€ Change 2010 - 2015</b>	79	97	100	93	176	363	827	2,024
<b>% Change 2010 - 2015</b>	52%	45%	25%	20%	23%	26%	35%	66%

(Source: HIA (2016) *Annual Report and Accounts 2015*)

### Conclusion

Those aged 80+ have seen their average claims increase by 66% or €2,024 between 2010 and 2015. Indeed, this age cohort has seen their claims increase in absolute terms more than twenty times that of those aged 40-49 years. Those aged 80 years and over account for 2.8% of those with insurance, but they account for 14% of total claims costs.

These figures highlight the cost of providing health insurance to an ageing Irish population; especially those aged 80 and over. As of January 2015, there were 141,566 people aged 80 or over in Ireland, accounting for 3.1% of the total population (EU average 5.3%, UK 4.8%)<sup>4</sup>. This age cohort in Ireland is expected to increase by over 260% (by between 342,000 and 356,000) over the next thirty years<sup>5</sup>.

<sup>4</sup> CSO estimate population aged 80 years or over of 147,200 in 2016; 3.1% of total population.

<sup>5</sup> CSO (2013) [Population and Labour Force Projections 2016 – 2046](#)