
So what is Lifetime community Rating?
laya healthcare
looking after you always

It’s on the horizon…

+0%

34 or YOUNGER

34

YEARS OLD

35 or OLDER

+2%

PER YEAR

… all you need to know as an employer

Why was LCR Introduced by the Government?

- To encourage people to take out health insurance earlier in life.
- To control and stabilise premium inflation across the health insurance market.

Before & After the Introduction of LCR

After
30th April

+2%
per
year

People over the age of 34 who take out health insurance for the first time may pay an extra 2% loading for each year above 34.
This is up to a maximum of 70%.

Before
30th April

Everybody is charged the same price for a particular health insurance scheme, irrespective of a person's age, gender or state of their health. This is called community rating.

How does this work for your employees?

LCR will see new entrants to the market over the age of **34** pay an extra **2% loading** per year on their premium

Loadings **do not** increase or decrease with time unless you have a break in cover of more than 13 weeks

Any of your employees who hold health insurance* **on 30th April 2015** and maintain their cover will **never be impacted** by LCR

The age that your employee first takes out health insurance after 30th April 2015 will determine how much of a loading they will pay for the **rest of their lives**

Cash plans are not recognised under Lifetime Community Rating

LCR Credits

Allowable in the following scenarios, reducing any loadings:

1

If your employee has had health insurance in the past

2

If your employee previously held a health insurance policy but had to cancel it due to unemployment

3

If your employee lived abroad on the 1st May 2015 and returns to Ireland after this date, and they take our health insurance within 9 months

Examples of LCR Calculations

Loadings can be paid by the employee or the employer on their behalf

John is 50 years old

He has had no previous health insurance, has not been unemployed or has not been living abroad – therefore has no credits against his loading

Calculation: 50 years – 34 years = 16 @ 2% = 32% loading applicable

Emma is 35 years old

She moved to Ireland for work on the 17th May 2015 and took out health insurance the following day – Emma took out a health insurance policy within the 9 month grace period therefore has no loading. If she waited more than 9 months then LCR loadings would apply.

Mark is 38 years old

He held a health insurance policy for 2 years from 2009 to 2011 and therefore can avail of 2 years of credits off his loading.

Calculation: 38 years – 2 years credit = 36 (age of entry) .

Applicable loading =2 (years above 34) @ 2% = 4% loading applicable

Examples of Employer and Employee Paid Loadings

A company hires a 45 year old who has not held health insurance in the past. His loading is 11 years at 2% = 22%. He has no credits to reduce his loading.

What are the payment, BIK and Tax Relief at Source (TRS) implications if any?

Employer pays loading

There are no implications on the TRS amount. The employees BIK will be calculated on the gross rate. However the gross rate will now include the LCR loading, in this case 22%.

Employee pays loading

TRS is split proportionally between the employer and employee as it is assumed that the premium is inclusive of the LCR loading. The employee's BIK is calculated on the gross rate of the premium paid by the employer, and the employee is liable to pay the applicable loading

What's Next?

Whether you or your employee pays the LCR loading, Laya Healthcare can accommodate both scenarios

All reports will be updated to reflect any implications of LCR going forward

Share www.lcr.ie with your employees to make sure they are fully aware of the implications of LCR.

Encourage any employees including those that have recently moved to Ireland and who are over the age of 34 to take out health insurance no later than 30th April 2015

Ensure any employees leaving your company are aware that they need to take out their own health insurance within 13 weeks to avoid LCR loadings post 30th April.

Thank you

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