

Department of Jobs, Enterprise and Innovation

Submission to the Health Insurance Authority (HIA) Public Consultation: Review of the Lifetime Community Ratings (LCR) Scheme

Introduction

The Department of Jobs Enterprise and Innovation welcomes the consultation process currently under way and has considered the issue from the perspectives of the Department as an employer, of its family of agencies some of whom have a considerable overseas staff presence similar to that of the diplomatic service (e.g. IDA Ireland, Enterprise Ireland etc.) as well as from the perspective of impacts on the enterprise sector and jobs generally.

Impacts on Enterprise and Jobs Sector

Currently, as the LCR operates, employees of organisations operating in Ireland are at a disadvantage when moving from and subsequently returning to Ireland upon assignment. This is an important consideration given the very open globally-trading nature of the Irish economy. In this regard, the Department has been advised that the current regime has the potential to negatively impact Ireland's ability to both attract international talent into strategically important sectors of the economy, and to compete in the global economy. Furthermore, where an employer decides to absorb the costs in relation to their affected staff, it would increase their cost base and impact the competitiveness of that individual enterprise, many of which are in the SME sector.

Department as Employer

In relation to Civil Servants posted abroad, this Department would like to refer to the submission made on behalf of the Department of Foreign Affairs and Trade (DFAT). This sets out in detail the potential impact of LCR for staff posted abroad and the problems this poses to Government Departments seeking to represent Ireland abroad. This Department has not repeated the points made in that submission here, but fully supports the arguments made regarding the current situation and the suggestions on how to address the problems that LCR has presented.

This Department assigns a number of our staff on temporary placement – typically 3 or 4 year terms - to serve in DFAT Missions abroad (in London, Brussels and Geneva). The roles that such staff play are vital to developing and representing the Irish position within the EU and International fora and the Department would be keen that we not place any disincentives in

the way of such postings attracting maximum interest from among serving staff. Key policy areas that staff from DJEI posted overseas manage would include Trade Policy, Competitiveness, Company Law (including Competition and Consumer Policy), Employment Rights and Labour Market Policy, Occupational Health and Safety, and Manufacturing and Commercial Standards. We are also involved in a number of other critical cross-Departmental policy areas such as Taxation, Climate Change and Financial Markets.

The need to attract talent into these posts to ensure that Irish interests are represented at suitable levels is increasing, particularly given the considerable challenges and opportunities that Ireland faces within a changing EU and International environment. These posts can be difficult to attract applications for in normal circumstances given the upheaval required for officers, and their families in some cases; and a potentially punitive impact for individuals, in respect of loadings applied upon return, could be detrimental to the Department's ability to continue to service these critical posts. In this regard I note the comments made by DFAT regarding legal advice received in respect of the liability for such loadings falling to the employer. This would be extremely problematic to administer, in respect of: calculating the percentage of the loading for which the employer is responsible for (some may be carried by individuals for entering the private health insurance market late); and administering ongoing payment to employees, retirees' and former employee's (and spouses - who may have no employment connection with the employer).

Conclusion

In conclusion, this Department supports calls for legislative change to be put in place to protect employees representing the interests of the State abroad from incurring loadings. In this regard this Department points to the potential legislative solutions put forward by DFAT as viable options for the Department of Health to consider. This Department would also propose further discussion and engagement with the Department of Health on how to protect employees of enterprises and organisations based in Ireland who either move into or out of Ireland on assignment which have significant benefits to the Irish economy and our competitiveness within the global economy. In this regard, a potential solution may be to consider how international health insurance plans could integrate with the LCR rules. A solution may be possible through recognising coverage of such international health insurance policies as representing equivalent cover under LCR.