



An Roinn Cosanta
Department of Defence

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I refer to your letter of 19 January 2017 forwarding your Lifetime Community Rating Consultation Paper and inviting submissions from stakeholders and interested parties to propose amendments in the Lifetime Community Rating legislation.

I attach the submission from the Department of Defence regarding the Lifetime Community Rating regulations setting out this Department's position.

Yours sincerely,

PP. **Ciaran Murphy**
Assistant Secretary General

**Submission from the Department of Defence to the Health Insurance Authority
regarding its consultation paper on Lifetime Community Rating**

1. Medical Services provided to Commissioned Officers of the Defence Forces

Defence Forces healthcare, includes, inter alia, an annual occupational medical, primary medical care treatment and the provision of medication prescribed by a doctor, physiotherapy, routine dental treatment and some limited in-house secondary care. Additionally, Commissioned Officers can be referred for out-patient and in-patient treatment through private/semi-private care in civilian hospitals or private consultants' rooms, where it is deemed necessary. Enlisted personnel, in exceptional circumstances may also be referred. There is no cost to the officer for the private/semi private treatment. This is provided as part of the terms and conditions of employment in the Defence Forces. Indeed it is noteworthy that the perceived benefits ensuing, relative to employees generally, have already been examined and factored into account by the Gleeson Commission of 1990, when it considered the total remuneration package and non pay elements pertaining to military personnel.

Essentially, the Defence Forces occupational medical service for Commissioned Officers of the Defence Force is akin to what an in-patient indemnity health insurance contract offers. Therefore given that Commissioned Officers essentially have all the benefits of an in-patient health insurance scheme, provided by the State while serving, it is unfair to penalise them when they retire from the Defence Forces by having to pay a "late-entry" loading if they wish to continue to avail of the benefits of private health insurance. The reality is Officers, because of the nature of their employment and the medical services provided by the State as a result thereof, don't need health insurance for their working lives but yet under the current regulations may accrue a significant levy if they decide to take out insurance after their retirement.

As there is no waiver currently in place, the Department understands that many Commissioned Officers of the Defence Forces (aged over 34) have purchased health insurance plans to negate the future impact of the late entry loadings imposed by the LCR Regulations when they retire from the Defence Forces. There is no need for these plans, as the State already covers the individual's medical costs. In addition, the existing regulatory framework, through

Administrative Instructions, prohibits members of the Defence Forces from using private medical healthcare unless referred by a Defence Forces doctor. The requirements of Defence Forces Regulations and the impositions on Officers arising from these regulations in the area of medical provision are to the effect that Officers effectively cannot avail of or benefit from taking out health insurance in terms of medical benefits. In summary, no benefits accrue to the Defence Forces or the individual member from these plans while in service, essentially making them redundant until the member retires from the Defence Forces.

In light of the foregoing the Department of Defence is of the view that serving Commissioned Officers should be exempt from the provisions of the LCR regulations and thus from the relevant loadings. Providing credits to Commissioned Officers for period spent serving in the Defence Forces or providing an exemption in the legislation would resolve the anomalies arising with the current regulations.

2. Members of the Defence Forces and their dependants returning from Overseas

Defence Forces personnel assigned to longer term overseas administrative posts, where a military occupational health service is not available due to location, are provided with the full cost of global comprehensive medical insurance (VHI Global or equivalent). This medical insurance is provided to ensure personnel serving in these posts are afforded the same level of medical provision as they would be entitled to if they were deployed at home.

In addition the Department covers the full cost of the differential between home rates (VHI Plan B or equivalent) and global rates of comprehensive medical insurance in respect of dependants travelling and staying with these personnel, subject to such dependants having previously taken out medical insurance cover. A similar entitlement is provided to dependants of civilian foreign service officials in the Department of Foreign Affairs and Trade (DFAT).

It is currently the position that these policies are not recognised under the LCR legislation for loading purposes. Consequently, members/dependants returning from these deployments are potentially liable for late entry loadings. It is unfair that members/dependants face the prospect

of incurring loadings upon their return to Ireland as a direct result of being considered absent from the domestic market while serving the State abroad.

The Department understands that officials serving aboard (i.e. being out of the country for more than 180 days in one year) cannot retain a valid domestic policy under existing health insurance legislation. As such, under existing legislation, there is no avenue through which officials serving the State abroad can avoid potential late entry loadings.

In light of the foregoing the Department of Defence is of the view that a legislative solution is required to address the problem identified. Providing credits to members of the Defence Forces and their dependants for periods spent serving the State abroad, or an exemption on their return to Ireland, would resolve the current anomaly.