

Submission to propose an amendment to LCR legislation

Good afternoon,

We act as Healthcare Advisors for large multinational corporations with significant headcount in Ireland, we work with hundreds of companies, including Apple, Johnson & Johnson, Medtronic, Boston Scientific, IBM, Intel, Google, Salesforce, Eli Lilly, Indeed & Amgen.

While most of the companies we work with are happy to work within the parameters of local public and private healthcare systems, there is increased concern that the cost of providing private medical insurance in Ireland is unsustainable. Irish medical is the largest benefit expense outside of the US for a number of these companies. There is also an increased awareness that companies are being asked to bear a disproportionate burden in supporting the community rating system. This awareness is based on the low risk profile of the membership in comparison to the rest of the market, the generous level of benefits that are being provided and the fact that they are liable for the gross premium and their employees have a benefit in kind liability against this gross premium, while the consumer market receives the tax relief at source.

It could be argued that the lean non advanced plans that were introduced by the insurers to encourage new entrants ahead of the introduction of LCR are a drag on the market in terms of premiums versus claims costs, so the main boon for the health insurance market over the past two years has been the growth in headcount of these multinational companies, with 11,842 jobs added in 2016 and total employment at overseas companies standing at 200,000.

There are high levels of frustration within the corporate market on how difficult LCR is to manage on online benefit portals, which most of our larger clients have or are considering introducing. The level of frustration is compounded by the complexity that is added by what they see as an unnecessary additional cost and the view that the insurers are slow to collaborate and share information, with no uniform or consistent approach.

We are also having tough conversations at C Suite level about the cost of benefits and the weakening competitive positioning of Ireland even against the US, these conversations are compounded by the evolving political landscape Stateside. The late entry loadings either add additional costs for these companies or dilutes the appeal of this benefit where they pass on the LCR charge to an employee, who may not appreciate the importance of the benefit in the first instance.

We note that the Authority believes that a significant proportion of those paying loadings are members of group schemes. Considering the rationale for the loading in the first place is to force behaviour change and looking at the relatively low amount raised by the late entry loadings across the piece, our ask is that the insurers have the ability to waive the late entry loadings on a company by company basis, similar to the way they can waive the various waiting periods that apply in the market.

This would also remove the need for a relaxation of LCR for assignees who are working abroad for long periods of time where waived, but a simple solution for assignees may be required for schemes where there is no waiver in place, potentially similar to a defence force solution.

We look forward to hearing back from you on this important issue.

Many thanks,

Gary

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