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Dear Brendan

**Consultation paper on Minimum Benefit Regulations  
A response by HSF health plan Limited**

Thank you for your letter of 13 July 2010 inviting a response to the above consultation paper. We are pleased to do so given the risk that extending the range of defined treatments covered by the Minimum Benefit Regulations could reduce or, worse, eliminate the provision of benefits by health cash plan insurers.

By way of background HSF health plan Ltd is the trading subsidiary of the Hospital Saturday Fund, a registered charity providing donations to medical/health related charities and individuals with health needs in Ireland and the United Kingdom. As such no dividends are paid to commercial shareholders and all contributions/premiums received are applied for the benefit of individual contributors and their families, in many cases, or for the benefit of society at large through our parent company.

In considering the provision of health care in Ireland the Government makes use of insurance companies to assist delivery. The core delivery assistance is through private medical insurers who must supply sufficient funds to allow treatment of or significant health impairments in hospitals. Given the scale of benefits the cost of such insurance is expensive and many individuals cannot afford to purchase this type of cover. Increasing the range of treatments covered by the Minimum Benefit Regulations will act to make private health insurance even more expensive and reduce the public take-up of this cover. A further potential adverse outcome would be, if the legislation is not drafted carefully and judiciously, to limit the benefits that health cash plan insurers can provide and potentially eliminate a range of low-cost health assistance protection for the public.

Health cash plans typically provide insurance cover with benefits capped according to the level of payment chosen by the contributor. Health cash plans may comprise the following elements:-

- Reimbursement of dental and optical charges.
- Assistance with the cost of access to health care with payments towards GP's fees, prescriptions, and visits to an A&E department.
- Grants to assist with expenses associated with a hospital admission or the birth of a baby.
- Reimbursement of the costs of a range of treatments provided in the community e.g. physiotherapy, osteopathy, homoeopathy, etc. Many of these treatments reduce the risk of individuals requiring treatment in hospital.



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Founded 1873 Incorporated 1890 Chief Executive Keith R Bradley MCMI  
The trading company of The Hospital Saturday Fund a Registered Charity  
President The Lord Mayor of London



- Reimbursement of specialist consultation fees (not treatment fees), associated investigations and health screening undertaken on an outpatient basis. The emphasis here is to assist an individual in clarifying whether treatment is required rather than providing the treatment itself which falls within the remit of private medical insurance.
- Reimbursement of the costs of surgical appliances and hearing aids.
- Other coverages might include accident benefits, counselling, and helplines.

The focus of health cash plans is to provide low-cost assistance to help individuals remain healthy rather than provide treatment when they are unhealthy. In patient hospital assistance is not provided with most support taking the form of non hospital and discretionary treatments.

The consultation paper discusses the subject of which benefits are subject to the Minimum Benefit Regulations and how they might be chosen. We would comment as follows regarding the current system and the potential alternatives mentioned:-

- The current regulations provide a long list of procedures and monetary amounts. This has the substantial benefits of clarity and stability (ie changes are kept to a minimum). It also avoids drift in coverage away from what government intended. As such we consider this to be the best approach subject to requiring all costs to be updated annually by a suitable inflation adjustment.
- Expanding on the prescribed minimum benefits by incorporating all of health services provided by the public hospital system. This would be a major expansion of the conditions covered by Minimum Benefit Regulations including conditions that are usually dealt with by the private sector (e.g. physiotherapy to ease a strained back), but might occasionally be dealt with in hospital (e.g. physiotherapy following a broken leg). These will also lead to more use of hospitals to provide health care services which are currently provided in the community. We suggest that the reduced flexibility and increased costs are inappropriate at a time of financial austerity.
- Assign powers to the Health Insurance Authority (HIA) to determine/specify the particular services to be covered and their cost level. Our experience of government delegating powers to an authority is that this leads to an ever increasing cost and complexity/instability - we therefore strongly recommend that this approach is not adopted. The scope of which specific services are covered by Minimum Benefit Regulations is best dealt with by government. There are some areas where an organisation such as the HIA could serve a useful function. Having the HIA review the services to be covered at, say, 10 yearly intervals (probably about the minimum time to control instability) to provide government with guidance on the services that might reasonably be included/excluded could be helpful. A very useful function that the HIA (or other organisations for that matter) could perform is that of analysing costs of treatment of services covered and setting the minimum benefits required from a private medical insurance policy. This will help the objective of private medical insurance realistically providing minimum benefits which reflect the true cost of providing current treatments.

The consultation paper considers the issue of amending the Minimum Benefit Regulations to reflect the government's wishes for a change in emphasis in health care provision. Traditionally healthcare, and certainly private medical insurance, has focussed on dealing with you when you are ill. Quite reasonably, the government is interested in developments to improve health and avoid illness (thus reducing the demand for remedial health treatments). The Minimum Benefit Regulations are aimed at ensuring that private medical insurers provide sufficient funds for most hospital treatments. We strongly doubt that these regulations can be adapted to the promotion of good health, rather than dealing with the consequences of bad health. Health cash plans go some way towards encouraging good health by providing funds for routine non-life-threatening health conditions e.g. poor


eyesight, a bad back, etc. Encouraging good health is usually about changing attitudes/motivation (e.g. improved diet/healthy lifestyle), regular checkups, and education - which are best dealt with by public provision rather than private-sector insurers.

We suggest that if benefits currently provided by health cash plan insurers are brought under the umbrella of the Minimum Benefit Regulations they will have to be provided by private medical insurers, and will be prevented from being provided by health cash plan insurers. For example, one of the HSF schemes with a total annual premium of €104 could not possibly adhere to minimum benefit levels. Private medical insurance will therefore become much more expensive, whilst health cash plans (if they continue to exist) will only be capable of providing a narrower range of benefits aimed at encouraging good health. Furthermore, the consumer choice on levels of cover, ie the customer decides the level of cover for the cost involved, will be removed, which we believe will benefit neither the government nor the public. Health cash plans facilitate choice in that individuals with this insurance cover can themselves decide whether to purchase cheap or expensive spectacles, have teeth crowns rather than extractions, determine the duration of osteopathic treatment, and so on. Public sector provision, or inclusion under the Minimum Benefit Regulations will remove choice ie given that it is non-life-threatening the public will be given a take it or leave it choice.

If there is anything further which you would find helpful, please do not hesitate to contact me.

Kind regards

Yours sincerely



**K R BRADLEY**  
CHIEF EXECUTIVE