

Risk Equalisation Scheme Consultation,
Health Insurance Authority
Beaux Lane House
Mercer Street Lower
Saint Peter's
Dublin 2

Good morning,

We act as Healthcare Advisors for large multinational corporations with significant headcount in Ireland, working with hundreds of companies.

While most of the companies we work with are happy to work within the parameters of local public and private healthcare systems, there is a growing concern that the cost of providing private medical insurance for employees in Ireland is unsustainable. Irish medical insurance is in many cases the largest benefit expense outside of the US for a number of these companies with significant headcount here.

There is also a sense that companies are being asked to bear a disproportionate burden in supporting the community rating system, based on the assumptions and points:

- that 25% of the market is Corporate sponsored, with 5%-7% employee paid through upgrades, additions wither through payroll or allowances
- the low risk profile of the membership in comparison to the rest of the market, by definition, the vast majority of employees are under the threshold where age related credits become relevant
- they provide a comprehensive level of benefit, across inpatient, outpatient and added value benefits
- employers are liable for the gross premium, (net premium and tax relief)
- it is a taxable benefit, employees have a benefit in kind liability against this gross premium, while the consumer market receives the tax relief at source.
- there are tax advantageous in providing company health insurance in other countries that acknowledges the relief that private cover offers public systems
- the significant contribution of corporation tax to the exchequer
- the significant investment made by these companies in health and wellbeing, potentially reducing the health risk of employees and insurers
- the inclusion of preventative and early intervention benefits into plans, again with a view to reducing the health risk for employees and therefore insurers

In relation to the specific questions:

(1) Given that Ireland has a voluntary community rated market for health insurance, do you agree with the principle and overall substance of the Risk Equalisation Scheme? Yes, as long as it is fair and equitable to all participants, acknowledges the importance of the corporate market and does not penalise the corporate payor through cross-subsidisation to the extent that they change their funding mechanisms that could impact levels of membership of lower risk employees or withdraw cover.

(2) Would the changes proposed affect your involvement in the private health insurance market? No, but potentially would affect the involvement of client companies in the market if it is not equitable and increases the cost for the levels of benefit that they current pay for

(3) Are there risks or vulnerabilities that do not feature and should be included, and why? There is no acknowledgement that outpatient benefits, screening, primary care refunds, fertility and gender

dysphoria support are an increasing component of the cost of claims. There is a preventative, early intervention element to these claims, which can potentially reduce inpatient claims, and they also support the diversity and inclusion policies for companies and society.

(4) Do you have additional suggestions for refinement of the Risk Equalisation Scheme in Ireland?

An acknowledgement that the corporate market is critical to the operation of the community rated market may include:

- a larger discount open to employers, say a 20% cap. This would acknowledge the aforementioned challenges and inequities and the impact of the cost of outpatient benefits, without including in the risk equalisation calculation.

Other suggestions include:

- a more progressive levy, proportionate to the specific premium and not linked to a flat amount for advanced or non-advanced plans, which is anti-selective
- more advantageous tax arrangements for employers to incentivise an increased number of employers to support employees, and maintain the level of support that employers are currently struggling to pay for

Many thanks,

Gary Fearon | Director – Health & Benefits
Health Solutions
Aon