



Mr Leo Varadkar TD
Minister for Health
Department of Health
Hawkins House
Dublin 2

16th January 2015

Dear Minister,

The American Chamber of Commerce Ireland welcomes the current reform agenda to lower health insurance costs but there is rising concern that an unintended consequence of changes to the regulation of 'Open Enrolment' will be to discourage the mobility of skills within the country and internationally to the detriment of Irish industry's global competitiveness. On that basis we seek to arrange a meeting with you to discuss those concerns.

Our community of 700 US companies based in Ireland employ 130,000 people directly; accounting for over 70% of all IDA supported employment. Collectively US companies have \$240b in foreign direct investment in Ireland, representing almost 10% of all US investment in the EU. This investment remains instrumental in helping to create and develop a world class labour force; critical in dispersing technology and innovative capabilities across the economy; and key in expanding the global reach of indigenous firms.

Ireland's competitiveness is a central priority for the American Chamber and our members. Despite some relative improvements in recent years we remain a high cost location from which to do business. In October 2014 we made a Submission on the future of private health insurance to your Department highlighting our concerns and our analysis of the difficulties for our members. The Department of Health's subsequent initiatives following recommendations from the 'McLoughlin report' announced in November 2014 are welcome.

We would firstly like to thank the Department for the measures taken in Budget 2015 which not only ensured that no further cuts or additional levies were applied but also allowed for the freeze on hospital bed charges. Furthermore, the American Chamber supports the spirit and intent of the changes which are being introduced from 1st May 2015 including the reductions in both Stamp Duty and the HIA Levy. The most welcome aspect in our view is the introduction of Lifetime Community Rating (LCR) and 'Young Adult rates' with the aim of reversing the decline in the number of younger people availing of health insurance.

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We are, however, concerned by the proposed changes to the 'Open Enrolment' regulations to provide for standardised waiting periods and to 'oblige insurers to apply the same waiting periods to all individuals purchasing the same contract.' American Chamber member companies are significant contributors to the private health insurance market in Ireland, with 80% of our companies providing for the full cost of their employees' insurance and close to two thirds additionally covering the cost of dependents. In total this equates to up to 10% of the private health insurance market in Ireland.

These companies are clear that providing a benefit such as health insurance is a significant factor in making them attractive to potential employees and is regarded as the most important benefit provided to their employees. The unintended consequence of these proposed changes include:

- Making it less attractive for skills to move between organisations and thus damaging the attractiveness of Ireland for needed overseas and returning talent
- Discouraging the uptake of overseas opportunities or secondments by the current employee base and thus curtailing both career and export development
- Placing potential additional pressure on the public health system

Currently many of our member companies have waiting periods waived allowing new staff (and their spouse/dependants), regardless of age or pre-existing conditions, to be covered immediately. Clearly this is a significant advantage when trying to attract staff from overseas in particular as they are new entrants to the Irish health insurance market. The proposed ending of the ability of insurers to waive those waiting periods could have significant negative effects, including making the Irish operations of US multinationals less attractive destinations to work, particularly for staff (or dependants) with pre-existing conditions.

We understand that the new rules in regard to waiting times could in addition apply to Irish staff returning to Ireland from abroad, who would then be treated as new entrants, thereby making it less attractive for talented individuals based here to go out into the world to further their career development and the business of their organisations. If this were to transpire it would be very damaging to the on-going talent development strategies of many of our members and would be contrary to our ambitions to make Ireland a global centre for talent. Ultimately this is a matter of sustaining the competitiveness of our members' operations in Ireland.

In addition, we believe that another negative effect of these changes could be to further increase pressure on the public health system as individuals that would previously have availed of the private system will be forced to rely on public hospitals during the waiting period before they are covered by an insurance policy. As the Department is introducing welcome measures to attract higher numbers into the private system then in instances where waiting periods were removed or reduced this would help in relieving some of the pressure on the public health system.



Minister, the reform agenda to lower health insurance costs is very welcome and one that the American Chamber has been an advocate for. We believe that changes to bolster the volume of young people availing of health insurance are very welcome, but we are concerned that our members could be put in a position where their ability to provide a significant cohort of young people into the system is threatened by the proposed changes to enrolment. We are available for consultation on this matter and look forward to meeting with you to discuss these matters in further detail.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Brian Cotter', written over a horizontal dashed line.

Tony Phelan

Chair, Healthcare Group,
FSM Compensation Consultant,
Intel

Brian Cotter

Public Affairs Director,
American Chamber of Commerce

cc. Mr Richard Bruton TD, Minister for Jobs, Enterprise and Innovation
Mr Jim Breslin, Secretary General, Department of Health
Mr Martin Shanahan, CEO, IDA Ireland