

Plaza 255
Blanchardstown Corporate Park 2
Ballycoolin Road
Dublin 15



Telephone: 01 899 1604.
Fax: 01 899 1707.
E-mail: customerservice@medicalaid.ie
Website: www.medicalaid.ie

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Dear Member,

REDUCTION IN YOUR INCOME TAX RELIEF ON GMA CONTRIBUTIONS ARISING FROM BUDGET 2014.

The Minister for Finance shocked the holders of Private Health Insurance in his budget speech on 16th October 2013 when he announced a fundamental change to the Income Tax Relief allowed for individuals against private medical insurance premiums. For many years now, you as a member of the Society have been entitled to claim 20% income tax relief against **the full** (Gross) GMA annual premium. Originally members claimed this relief annually as part of their P60 income tax return, but from 2001, Government directed that GMA (like other insurers) collect the relief directly from the Revenue Commissioners on behalf of each member. This has also meant that since that time you have paid 80% of your gross subscription direct from either your salary or pension and the Society collected the balance of 20% directly from the Revenue Commissioners through the Tax Relief at Source system (TRS).

Arising from this budget announcement, the 20% relief will be “capped” and will only apply to a portion of your premium. **In the case of adults it will be capped at 20% up to €1000 of the annual premium and for children and students it will be capped at 20% up to €500 per annum.** These changes are totally out of the control of the Society and will have a major impact on our income and indeed all other insurer’s income in a full year. The Society’s total income in 2013 will be €65 million of which €52 million will be collected in subscriptions from you and €13 million by way of transfer from the Revenue Commissioners under the TRS scheme. Arising from the budget changes, the transfer from the Revenue Commissioners will reduce by €5 million to €8 million. This means our income will fall to €60 million in 2014 and our members medical claims will be at least €65 million and increasing year on year. We cannot sustain or carry this level of shortfall.

On an individual member basis the income tax change will mean that **each adult member’s** contribution will need to increase by €135 per annum and the premium for all children up to 18 years and students will have to increase by €41 per annum. This extra charge would merely make up for the €5 million of lost income and makes no provision for ongoing medical inflation. The Minister for Health’s decision that all persons with private health insurance using a public hospital bed will pay the full economic cost through their insurer with no account taken of their entitlement under their PRSI contributions record will also mean a substantial additional increase in the Society’s costs in 2014.

The Society which is non profit making, will have to recover this lost income brought about by this Government decision and unfortunately we have no where else to turn but to you the membership. The Committee are very conscious of the difficult economic circumstances of members and have avoided applying any increases in premiums. The last being on 1st January 2010 at 3.5% while all the main insurers have applied cumulative increases of 70% plus over the same four year period. This income tax relief reduction is in fact a further income hit on the so called “squeezed middle” that pay for everything and get little assistance with anything from any quarter. The Minister stated that this proposal would only hit “gold plated” medical insurance policies – this is not correct as over 90% of all policies on the market will face a substantial premium increase to recover the reduced income tax relief.

The Committee are engaged in a major lobbying effort with Government Ministers and TD’s explaining the serious financial effects of this change to income tax relief on the income of the Society and the possibility that it will force people out of private health insurance and onto an already over stretched public health system. The Committee has also commenced a major review of our benefits and subscription rates in light of this unforeseen Government decision to decide how best to recover the lost income which may include a combination of reduced benefits and a subscription increase.

The only bit of relief for you the membership is that whatever **subscription increase/reduction in benefit** is forced on the Committee from this Government decision, it will not take effect until our next renewal date on the 1st July 2014 so it gives a little breathing space and time to consider how best to deal with it.

Email Address

As you have received this circular by post, it means we do not have an email address for you on our computer system and I would ask you to please consider providing us with your email address or you could provide us with your spouse or partners or an email address of one of your children if you so wished. There is no problem whatsoever if you would prefer not to provide an email address.

There are many advantages for you and for the Society in communicating with you by email as follows;

- When your claim is authorised for payment an email is sent to you setting out the details of the different elements of your claim and how each element was assessed and the level of benefit to be paid to you.
- This email will provide you with the name of the staff member who assessed your claim and their email address which means you can raise any query direct with them on your claim.
- Our assessor can send an email query to you on any aspect of a claim rather than writing out to you for clarification of some issue and therefore speed up payment of your claim.
- As email communication is free, there is a substantial saving to the Society and therefore to you in avoiding postage and stationery and time costs when using email.

Please consider this request and if agreeable send us an email address to communicate with you.

Website

The Claims Record section of our website has been upgraded to allow you to up date the following information that we hold on our system; (1) Current Email address (2) Contact Phone Number (3) Postal Address (4) Rank if serving (5) Garda Station if serving. Also, don't forget you can print off the past four years claims records for use in making a claim for a refund of Income Tax against medical expenses not refunded by the Society.

Accident and Emergency in Private Hospitals

The Committee wishes to remind members that the Society contributes €75 towards the cost of attending Accident and Emergency Departments in Public or Private Hospitals. If you choose to attend **A & E in a private hospital** – you will have a substantial financial shortfall of at least €100 and up to €300 which you will have to pay compared to a €25 shortfall in A&E in a public hospital. The choice is yours, but all claims must be assessed equally – i.e. we pay €75 towards the cost of A&E in Public or Private Hospitals and you will be responsible for the balance.

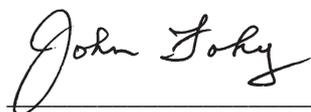
Cheque Payments to Members

A very small number of members are still receiving their benefit payments by cheque which costs the Society €1.50 per payment including postage as compared to a cost of 7 cents when paid electronically into your bank or credit union account. You have access to your funds immediately and avoid visiting your bank to lodge the cheque and pay the bank fee for the lodgement.

In order to reduce costs, the Committee have decided that cheque payments will be made on one occasion per month as compared to electronic payments on 4 occasions per month. To avoid waiting a month for your benefit payment, you are requested to sign up for electronic payments by providing your Bank or Credit Union Account Number and Sort Code – you can do this when submitting your next claim in the relevant section of the Members Claim Form. We look forward to your co-operation with this initiative to reduce costs and for you to receive earlier payment of your claims directly into your account.

Dental Implants

The Society does not and never did provide a benefit towards the cost of dental implants no matter what symptoms are diagnosed and cannot entertain any such claims from members. More and more dentists are advising patients to avail of this solution to dental problems which is fine but members must understand that if they avail of this option that they will have to cover the full cost of the implant treatment and no benefit will be available towards the cost from the Society. Income Tax relief at 20% of the cost is available through a claim on a Med 2 Form to the Revenue Commissioners.



JOHN FAHY
SECRETARY