

Out-of-pocket costs for workers: Healthcare

Introduction

Ireland was already the second most expensive country in the European Union before the ongoing inflation surge. In 2020, when inflation was below 0%, the price of a sample basket of 2,000 consumer goods and services was more than a third higher than the EU27 average.¹

Together with collectively bargained pay increases to offset the effects of soaring inflation, Government can ease the squeeze on wages by widening access to public services.

Free or low-cost public services reduce people's out-of-pocket expenses. They act as a virtual income top-up to people's cash income from work or welfare.

But Ireland is unusual among EU member states in means testing access to publicly-funded essential services like housing, healthcare and childcare. Because the maximum income cut-off point is so low, full-time workers rarely qualify. Public services in Ireland are only for people on the lowest incomes unable to meet their basic needs from their own resources.²

In other EU countries access to public services is based on need. If, for example, you have a child and a job you need childcare. You are eligible for public childcare at little or no charge regardless of the size of your pay packet.

In other words, workers in Ireland earning above a low wage must pay market prices for essentials, driving up their cost of living, that all workers across the EU can freely access.

This paper shows workers are needlessly spending their hard-earned money providing for their own healthcare and that reform is long overdue. Establishing and resourcing a universal single tier healthcare system with services that are free at the point of access is both economically responsible and morally imperative.

Background

Ireland is atypical in means testing access to public healthcare.

Countries in the rest of Europe treat people on the basis of health need, not their income.

A third (32%) of the population in Ireland hold a medical card, which gives them free at the point of access to GP care and any medicines prescribed, out-patient and in-patient health services, eye, ear and dental checks. 11% hold a GP visit card, which entitles card holders to GP care free at the point of access and nothing else.³

¹ Eurostat (June 2021) Comparative price levels of consumer goods and services.

² The exception to this rule is free compulsory education for all children, free travel for everyone over 66, and free GP visits for those under the age of 6, over 70 years and family carers in receipt of a carer's payment.

³ ESRI (March 2022) *An analysis of the primary care systems of Ireland and Northern Ireland*

All children under the age of 6 and people over 70 are entitled to GP care, regardless of income. Family carers in receipt of the contributory Carer's Benefit or means tested Carer's Allowance, at the full or half rate, can also visit their GP for free at the point of access.

In Budget 2022 GP care was extended to children aged 6 and 7. This commitment has yet to be delivered. In-patient hospital charges for children under 16 were only recently abolished (from September 2022) as part of the Government's first cost of living package. Prior to then, parents without a medical card were charged €80 a night in a public hospital, up to a maximum €800 a year.

A free at point of access contraceptive care package, which covers the cost of up to two consultations per year with a GP or other doctors, was introduced in Budget 2022 for all women between 17 and 25. (*Note: Free contraception was subsequently extended in Budget 2023 to include women aged 16 and up to age 30. This does not come into effect until September 2023*).

Employees, the self-employed and retired workers with the necessary social insurance contributions qualify for a limited financial contribution towards dental, eye and ear treatments. The full cost of hearing aids and repairs, up to a maximum amount, and a hairpiece or wig, where the hair loss is caused by a disease or treatment, is also covered. The qualifying contributions for Treatment Benefit was reduced for young workers aged 25-28 from June 2022.

Taxpayers can claim 20% tax relief on medical expenses that they pay for themselves and for any other person.

Qualifying Financial Thresholds

Eligibility for a medical and GP visit card is assessed primarily based on an income means test, with the threshold for GP visit cards about 50% higher than for the full medical card.

The qualifying financial thresholds are complicated and differ by family status, age and number/age of dependent children in the family.

Because the reckonable income limits (earnings minus allowable deductions) to qualify are so low, especially for single workers (€184 for a medical card and €304 for a GP visit card), **very few workers in full-time employment are covered for publicly-funded healthcare.**

The Healthy Ireland Survey Wave 5, commissioned by the Department of Health, shows an estimated 14.6% of people (1 in 7) aged 18-64 working for payment or profit (i.e. employees and self-employed) hold a medical card, while a mere 3.6% hold a GP visiting card.

(*Note: Budget 2023 subsequently increased the income threshold for the GP visit card to include households with below median earnings (€46,000 or less). This does not come into effect until April 2023.*)

Recent analysis estimated that **31% of individuals eligible for a medical card do not take up a card**, with a lack of information about eligibility status and social stigma contributing to the non-take up.⁴ Not only is this resulting in avoidable out-of-pocket healthcare costs, but given that the medical card is a gateway to accessing many other publicly-funded services, especially in education, workers are needlessly spending more money on other essentials.

Out of Pocket Costs

Workers not covered by the medical card or a GP visit card have to pay the full cost of GP and other primary and community care services. A GP visit is €53 on average per visit nationally, with fees higher in cities and large urban centres.⁵

Non-medical card holders either access public hospital care free of charge (public outpatient appointment) or are subject to a statutory charge. If they present to the Emergency Department without a GP referral they are charged €100. Inpatient hospital care is charged at €80 per day, capped at €800 per year.

Approximately **46% of the population hold private health insurance**.⁶ The average monthly cost for private health insurance in 2022 was €122.50 a month, with an average price increase of 4% on 2021. This is a sizeable out-of-pocket cost burden that workers across the EU do not have to bear. Indeed, the European Commission in a country report noted “Ireland has the largest duplication [of a public and private health insurance] market across the EU.”⁷

Because of length waiting lists and waiting times for elective care many workers are genuinely reluctant to forgo this monthly expense. At a minimum, more could be done to enforce competition law powers in the insurance sector and make price comparisons easier.

The European Commission has called on Government to go further. To avoid preferential treatment of privately-insured patients in public hospitals - faster access to medical services where there are waiting times in the public system, the Commission called on Government to address the perverse incentives generated by the co-existence of a public and private health insurance market.⁸

⁴ Keane, C. et al (2021) ‘Failure to take-up public healthcare entitlements: Evidence from the medical card system in Ireland’, *Social Sciences & Medicine*, Vol. 281, pp. 114069.

⁵ ESRI (March 2022) *An analysis of the primary care systems of Ireland and Northern Ireland* p.16

⁶ *ibid* p.11

⁷ European Commission (May 2019) *Country Report: Ireland*

⁸ *ibid* p.6

Prescription Drugs

Prescription drugs are one of the main sources of out-of-pocket healthcare costs in Ireland, and a major cause of unaffordable expenditure for people.⁹

If the monthly spend on prescription medication by a person or a family without a medical card goes above €80 (down from €100 since March 2022) they qualify for a subsidy under the Drugs Payment Scheme. However, the Scheme remains inadequate for many workers on a modest wage and for young working families in particular.

Historically, Ireland has had some of the highest prescription drug prices in Europe. While the price of prescription medicines has dropped 16% between 2016 and 2021, there are **wide variations and a lack of price transparency from pharmacies**.¹⁰

As a result, paying customers often pay too much for their medication. Or worse, some are not buying their medication because of the high cost, putting their health at risk.

In Denmark, for example, prices are the same across all community pharmacies due to State regulation. At a minimum, consideration needs to be given by Government to measures that enforce price transparency.

The 2021 Recovery and Resilience Plan includes a commitment to roll out eHealth initiatives including investment in ePharmacy, in at least 36 hospitals by the end of 2025.

“Investment in ePharmacy will include the deployment of new pharmacy systems within hospitals which will not only provide better visibility of medications usage and costs but also enable the possible extension of these systems for use as ePrescribing tools across many of our hospitals. *Investment in ePharmacy may also include development of national drug files and delivery of ePrescribing solutions for the community.* It is seen as a key enabler for integrated care as it makes it possible to manage the client pathway between different sectors and organisations within the health and social care space.”¹¹

⁹ Johnston, Bridget et al (October 2019) ‘Private health expenditure in Ireland: assessing the affordability of private financing of health care’. *Health Policy* 2019; Vol.123 (Issue 10)

¹⁰ None of the more than 1,500 pharmacies recently surveyed displayed prices on their websites, and one in eight that replied to a call or email did not provide a price, despite regulatory guidance stating pharmacies should provide medicine prices to patients. Larkin, James et al (May 2022) ‘Variation of prescription drug prices in community pharmacies: A national cross-sectional study’ *Research in Social and Administrative Pharmacy* 2022; Vol. 18 (Issue 6)

¹¹ Government of Ireland (June 2021) *Ireland’s National Recovery and Resilience Plan* p.24

Actions Required:

In the medium term:

- **Implement Sláintecare** and establish a universal single tier healthcare system with services free at the point of access, and invest in community and primary care to ease pressures on hospital services.

In the short-term:

- Raise significantly and simplify the **qualifying earned income threshold** for a medical card and GP visit card to widen coverage to full-time workers on average earnings. This extension to public healthcare services must go hand in hand with investment in capacity and workforce increases.
- Commit to **multi-annual targets for GP care which is free at the point of access for all**. Again, this must be done bearing in mind available capacity in GP services and resourced accordingly.
- Commit to a timetable for introducing measures that enforce **medicine prices transparency**, such as extending the ePharmacy initiative to community pharmacies.
- Remove all **hospital inpatient and outpatient charges** in public hospitals.
- Enforce **competition law** powers in the private health insurance sector and make **price comparisons** easier.

Irish Congress of Trade Unions
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