

**STATEMENT OF THE VIEWS OF EMPLOYERS
IN THE IRISH FREE STATE
ON THE SYSTEM OF NATIONAL HEALTH
INSURANCE.**

By J. C. M. EASON, B.A.

[Read before the Society on April 26th, 1928.]

There are no ready sources of information to which one can turn for collective or individual statements as to the views of employers, and the only body representative of the business community which gave evidence before the Health Commission was the Dublin Chamber of Commerce. That is why, for the purpose of this discussion to-night, I rely mainly upon the opinions then expressed, supplementing them in certain directions and bringing them up to date.

Health insurance schemes have been set up in every civilised country, and it was not, I think, seriously questioned in any responsible quarter that a scheme of some kind was required in Ireland, but it is well to recognise that the present system was adopted for the United Kingdom as a whole, and, except as regards the omission of medical benefit, was applied to Ireland without any special consideration being given to local circumstances and without any express demand from workers or employers as to the form which it could suitably take.

This comment refers only to questions of detail, because the Dublin Chamber of Commerce in evidence on the 7th November, 1924, definitely approved of the Health Insurance Scheme and recommended that it be continued. That approval was, however, subject to certain qualifications, as set out in the following paragraph:—

“Enquiries amongst traders make it clear that a large body of employers question its utility and value. Many firms appear to consider that the benefits received by their employees are small in comparison with the combined contributions which have to be paid. A case was submitted to us by a trader who on investigation found that in his works a sum of £280 had

been contributed and only £9 and £10 had been received in benefits. We consider that these views are due—

1. To (a) the considerable amounts they are called upon to pay as their contribution, and which form a heavy item in the expenses of their business;
(b) their experience of the vexatious detail work arising from the deduction from wages of the employees' contribution and the stamping of cards;
2. To want of knowledge as to the nature and extent of the benefits received by their employees.

“As regards (1) no practical suggestion has been put forward which could be recommended in substitution of the present system. It is, of course, necessary that employees should make direct contributions to the insurance funds, and that it should be administered by independent societies in order that payment of the benefit may be under the supervision of persons with knowledge of the facts and some interest in economical administration. The actual operation of the collection of contributions is simple in the case of large firms with competent staffs and a high percentage of permanent employees, though even there it entails expense, but it is most difficult and irksome to small firms and individuals who have not got expert help and whose percentage of permanent employees is low.”

If you wish to construct the picture which presents itself to the mind of the ordinary employer when he is asked a question about National Health Insurance you can safely place in the foreground the irritating detailed work and expense entailed in making deductions from employees' wages, stamping cards, etc., while in the background, with vague and shadowy outlines, if indeed they are present at all, stand the benefits distributed under the scheme. It is not, therefore, surprising that the question of publicity received considerable attention from the Chamber. This is what was stated:—

“With regard to (2) we register this opinion because it points to a state of affairs which it should be one of the objects of your Committee to remedy. It is essential that wide publicity should be given to the salient features of the scheme, its financial position and method of working. The transactions of the approved societies who administer the scheme are outside the scope of the employers' knowledge, and it therefore becomes difficult to obtain a considered view from our members. The members of our Council think it desirable that facts should be available to show—

- (1) the number of persons insured;
- (2) the number of those to whom the various forms of benefits are paid;
- (3) the total payments in each section of benefit;
- (4) the contributions of employer and employed; and
- (5) State contributions."

From this it will be seen that, as the result of the enquiries made for the purpose of preparing the evidence submitted, the Council of the Chamber was impressed by the absence of public information as to the real working of the scheme. On this point valuable assistance was received from the Health Insurance Commission, and figures were submitted, and the Chamber is indebted to the Commission for a further general statement of the more recent statistics of operation, etc., from which I quote the figures relating to the year 1926:—

	Cash Benefits.		No. of Persons.																												
Sickness ...	£ 273,268	...	62,826																												
Disablement ...	205,420	...	14,970																												
Maternity ...	52,915	...	26,162																												
	£ 531,603		103,958																												
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 20%; text-align: center;">Contributions.</th> <th style="width: 20%;"></th> <th style="width: 20%; text-align: center;">No. of Contributors.</th> </tr> </thead> <tbody> <tr> <td>Workers ...</td> <td style="text-align: right;">£ 237,325</td> <td style="text-align: center;">...</td> <td style="text-align: right;">463,300</td> </tr> <tr> <td>Employers ...</td> <td style="text-align: right;">256,675</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">£ 494,000</td> <td></td> <td></td> </tr> <tr> <td>State ...</td> <td style="text-align: right;">178,770</td> <td></td> <td></td> </tr> <tr> <td>Interest ...</td> <td style="text-align: right;">129,580</td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">£ 308,350</td> <td></td> <td></td> </tr> </tbody> </table>					Contributions.		No. of Contributors.	Workers ...	£ 237,325	...	463,300	Employers ...	256,675				£ 494,000			State ...	178,770			Interest ...	129,580				£ 308,350		
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Average payment to individuals in receipt of benefit	£5 2 3																												
Average sum contributed by workers and employers per insured person	£1 0 5																												

The figures available in 1924, when the evidence was being prepared, showed similar results, and obviously impressed employers who at first were doubtful as to the value of the scheme.

It was not previously realised that on the average over 2,000 persons each week should be in receipt of benefit to an amount of over £10,000. That the combined contributions of employer and worker were being used wholly for the purpose of benefit and in fact required to be supplemented by a portion of the State contribution convinced those who previously were doubtful that the operation of the scheme really provides substantial benefits.

Employers, therefore, pressed strongly for wider publicity, not merely to help in some way towards remedying the evil of non-compliance, but mainly to secure that a large scheme affecting the public welfare in vital matters should be more thoroughly and widely understood, which understanding can only come by a knowledge of the facts.

The business community was strongly critical of the administration cost; it had already been ascertained that the cost represented 30 per cent. of the total contributions from employers and workers.

The witness was asked if he could give the views of the Council of the Chamber of Commerce on the subject of unification of societies which it was declared would save 60 per cent. of this cost. Assuming that to be correct, what were the views of the business community on the subject? Had they given the matter consideration? It was explained that the subject had not been discussed, but the witness promised to have it carefully considered. While the conclusion has not been published as yet by the Commission in any report we ascertain the views of the Chamber by referring to their Annual Report for the year 1925. The communication to the Insurance Commission expressed the following views:—

“(a) Reduction in cost of management is essential.

“(b) That it will improve administration and possibly allow minimum benefits to be increased or contributions to be reduced.

“(c) That the pooling of results over all the compulsory insured persons is a fundamental principle.

“(d) That the removal of present freedom of choice is not a serious matter. Membership is, in fact, determined by occupation or some other reason than a comparison of benefits.

“(e) That the present scheme fails in that it is compulsory and does not guarantee minimum benefits.

“(f) That voluntary amalgamation, which has been proposed by the societies, is opposed to (c) and will accentuate, not remove, present variations.

“We consider further that a unified society should be allowed to evolve schemes of additional benefits to be obtained by members willing to contribute at a relatively higher rate.”

It is important to state that this opinion in no wise overlooks the valuable services done by the societies in the working of the scheme. The criticism of the business community does not arise from the method by which the societies have conducted their business, but from the inherent difficulties under which they and the Commission work.

On the question of medical benefit it is instructive to summarise the general position expressed in the evidence given in 1924 :—

“It appears to us desirable that societies should be able to provide medical relief and thus shorten the period of illness when the members have to make a claim for assistance. We are impressed with the necessity of an efficient medical service throughout the country, and the advantage it is to the community as a whole that the health of all its members should be fully looked after.

“We find on investigation that the operation of medical benefit was suspended in Ireland because of the peculiar condition of affairs created by the operation of the Medical Charities Act through the Poor Law system. At present medical relief is obtainable by the class concerned in the enquiry through the medium of—

1. Ordinary private practice;
2. Friendly society doctors;
3. Poor Law Dispensary system;
4. Voluntary hospitals.

“Serious overlapping and want of co-ordination is the result.

“We note that in the ‘Report of the Committee (1913) appointed to consider the Extension of Medical Benefit under the N. I. Act of Ireland’ Section 29 reads as follows :—

“We are of opinion that the funds now available for the purpose of the Medical Charities Act, together with the further monies which would be forthcoming if the contributions and Exchequer grants under the National Insurance Act were raised to the English level, would be sufficient not only to provide for poor law medical treatment at least equal in quality to that provided for insured persons in Great Britain, but also to leave a balance available for other medical services (includ-

ing nursing) not at present included in medical benefit under the Insurance Act. This we regard as the real solution of the present problem.'

"We have further noted that the Irish Public Health Council Report of 1920 recommended a comprehensive scheme of reform. We would welcome any effort made to give effect to the main idea contained in these reports, but we consider it essential that the question of its cost should receive most careful scrutiny. Both reports apparently contemplate that to provide a really efficient medical service the existing sources of revenue must be supplemented by additional sums raised on a contributory basis.

"Our members feel that if the contributions of employers and employees are to be increased some relief should be given in respect of the payments at present made from the rates and taxes. We ask for definite estimates to show the cost of administering the poor law dispensary system as far as medical services at the patient's home and at the dispensaries are involved, and that such information should distinguish between the cost of service rendered (*a*) to the insured person and (*b*) to the insured person and his or her dependants."

Since this matter was treated in its general aspect the Commission has issued its Final Report. The business community has not had an opportunity of considering the facts submitted, which, to a large extent, answer the questions formulated by the witness in 1924. Though the questions are answered the problem does not appear to be any easier to solve, and while the reasons for the diversity of opinion recorded in the final report are fairly obvious there will be a disappointment that unanimity was not achieved and that important minority reports had to be appended.

Meantime the Dublin Chamber has placed at my disposal replies received to a circular issued to some 600 of its members on this and other subjects connected with health insurance. In answer to the question as to whether they would approve of a contributory scheme for medical benefit involving payment of 1d. per week from employer and worker, with a State contribution of two-ninths, 98 replies were received, of which 52 were in the negative and 46 in the affirmative.

A further question as to the adequacy of the present treatment given to the insured persons was answered affirmatively by 43 and negatively by 46. It is not possible to draw any definite conclusion from these replies; they reveal what was noticeable when the original enquiry was being prosecuted that opinion is greatly divided.

This covers the ground so far as it has been the subject of consideration by the business community. It will be an advantage, however, to put forward certain conjectures as to what may be the attitude of employers in considering the future operations of the scheme. The interim report agrees with the views set forth in the evidence already quoted, but since it was published the societies have intimated clearly their antagonism to the proposals, and the consideration of the whole matter has been indefinitely postponed by the Executive Council. The business point of view I think is that the reorganisation advocated in the report is desirable and constitutes what would be known in the industrial sphere as rationalisation. It is inevitable that there should be certain vested interests to consider, but I find it hard to believe that they will ultimately prevent the necessary changes.

In the Final Report the recommendations for a contributory scheme for medical benefit agree with the opinions expressed in the evidence, except in so far as they fail to recommend any economy on existing expenditure which could offset the extra contributions required. These appear to amount to some £120,000, of which some 55 per cent. is contributed by employers. The subject of increased cost was in 1924 regarded as a serious obstacle, and it is clear that in the interval conditions have changed in such a way as to accentuate difficulties rather than to remove them.

It is also doubtful whether the recommendations for a State Medical Service will appeal to employers. True, the report sets forth such a service more as an ideal to be achieved than as a practical proposition at the moment; but the fact that such a scheme would not be contributory deprives it of a feature to which employers attach great importance. The extent to which the insured persons receive medical treatment at present is dealt with in one of the minority reports as follows:—

*Extract from Reservation by Dr. E. F. Stephenson
(1st February, 1927).*

“Seventy-five per cent. of insured persons and their dependents obtain free treatment under the dispensary medical service in rural districts, so, in those areas, the poorer classes of the insured population continue to enjoy the same benefits under the medical charities system as they did before the introduction of national health insurance. In large urban areas precise data are not available, but there are grounds for believing that from 30 per cent. to 40 per cent. of insured persons make use of the dispensary medical service. In these districts

the medical charities system is supplemented by voluntary arrangements on a contract or contributory basis, or else by a system of small fees for persons who are unable to pay the usual fees."

When one turns to the majority report no effective answer is found. The necessity for further arrangements requires to be set forth with greater detail if a clear case is to be made, and it is to be hoped that this point will receive attention from those representing the insured classes.

It is clear that one radical defect in the arrangements for insurance is the complete detachment of employers from the operations to which they contribute such a very large sum, amounting as it did in 1926 to £256,675. One of the advantages of a unified scheme would be the possibility of obtaining co-operation from employers and consequently giving them an added interest in the results. There is, I am satisfied, no failure on their part to appreciate the importance of having a healthy staff, there is no desire to evade their responsibilities, and they are ready to help in any scheme to supplement the payments of employees or through public funds to provide for the relief of the classes in the community who clearly cannot be expected to help themselves; but surely the very large sums set forth in the report which are collected from the public should be adequate for that purpose.