



Relate

The journal of developments in social services, policy and legislation in Ireland

Contents

Page No.

1 Medical cards for people over 70

The legislation provides for a specific means test for people aged 70 and over

3 Private health insurance

New tax credits for private health insurance are being introduced for older people

3 Finance Act

The Finance Act includes the details of the new income levy and the parking levy

5 Citizens Information Board and MABS

The Social Welfare Act provides for MABS to come under the auspices of the Citizens Information Board and for new functions for the Board

6 Change in the public service

Plans for improvements in the public service

8 Homeless strategy

This sets out the plans for 2008-2013

Medical cards for people over 70

The legislation to change the entitlement of people aged 70 and over to medical cards has been passed by the Oireachtas. The Health Act 2008 abolishes the automatic entitlement of everyone aged 70 or over to a medical card and provides for a separate means test for this group. The Act came into effect on 1 January 2009 but the new rules will not affect those who are already aged 70 or over until 2 March 2009. (It was originally announced that they would be affected from 1 January 2009.) In summary, this means:

- If you are aged 70 or over and have a medical card, you keep it at least until 2 March 2009. If your income is greater than the limits being introduced, you must tell the Health Service Executive (HSE) this before 2 March 2009 and you will not be entitled to a medical card from that date; if your income is below the limits, you do not need to do anything.
- If you reach the age of 70 on or after 1 January 2009, you must apply for a medical card and you will qualify if your income is below the stated limits.

The following describes the situation in more detail. The Health Act 2008 is available on www.oireachtas.ie. You may get more information from the HSE at www.hse.ie or by telephone: Callsave 1850 24 1850.

The legal provisions

In general, entitlement to a medical card is governed by Section 45 of the Health Act 1970. This section has now been amended on a number of occasions. It was amended by the Health (Miscellaneous Provisions) Act 2001 to provide for the automatic entitlement of everyone aged 70 or over. For everyone else, the criterion for the award of a medical card is that they are "unable without undue hardship to arrange general practitioner medical and surgical services" for themselves and their dependants. (Certain people, including those covered by EU rules and

certain Hepatitis C sufferers, are entitled to a medical card without a means test.) The section was further amended by the Health (Amendment) Act 2005 which provides that, in deciding whether or not you meet this criterion, the HSE must look at your "overall financial situation" (including your own means and that of your spouse) in view of your "reasonable expenditure" in relation to yourself, your spouse and your dependants.

The Health Act 2008 replaces the relevant parts of the 2001 Act with the requirement that people aged 70 or over must have incomes below the stated limits in order to qualify for a medical card. So, the criterion for the award of a medical card to people aged under 70 remains unchanged while a new arrangement is put in place for those aged 70 or over.

Means test for people aged 70 or over

If you are single, you qualify for a medical card if your gross income is less than €700 a week or €36,500 a year. If you are a couple, you qualify if your gross income is less than €1,400 a week or €73,000 a year. A couple means a husband and wife who are living together or an opposite-sex cohabiting couple.

If your income is above these limits, it may still be possible to get a "discretionary" medical card if you have exceptional medical expenses.

Gross income

Your gross income includes your income from all sources including employment, pensions, savings and investments and rental income.

Income from property

Your house or any other property is not taken into account unless you receive an income from it. Any rental income is taken into account – the amount is the gross income from the rent less any necessary costs incurred.

Savings and investments

The total value of your savings and investments (capital) is not taken into account in the means test. It is only the actual interest earned on capital that is taken into account, not the capital amount. Income from the first €36,000 of capital for a single person and €72,000 for a couple is disregarded.

Exempt payments and income

The capital amount of certain compensation and redress payments is not taken into account, nor is the income received from those payments. The payments in question are those made under the following schemes:

- Hepatitis C Compensation scheme
- Lourdes Hospital Redress scheme

- Residential Institutions Redress scheme
- Health Repayments Scheme (for illegal nursing home charges)

The Act provides that the Minister may make regulations exempting other similar payments.

Review of income limits

The Act requires the Minister for Health and Children to review the income limits for people aged 70 and over in September each year, taking account of the increase in the Consumer Price Index. The Minister then may increase the limits with effect from the following January. The Act does not require the Minister to actually increase the limits.

Dependants

If one member of a couple is aged 70 or over, they both qualify for a medical card if their combined income is not more than €1,400 a week; the person under 70 need not be a dependant. The medical card also covers child dependants in the normal way.

Widowed people

If you are aged over 70 and become a widow or widower (or your cohabiting partner dies) after 1 January 2009 and you have a medical card, you retain it for three years provided your income is below the income limit for couples – that is, €1,400 a week. In all other cases the relevant income limits for a single person will apply.

What happens between now and March 2009

If you reached the age of 70 before the end of December 2008 and you have a medical card, that medical card remains valid at least until 2 March 2009. After that, it remains valid if your income is below the relevant limit. You will get a letter from the HSE outlining the new arrangements.

If your income is below the limit set out you do not have to do anything. It is not necessary to reply to the letter or contact the HSE. You will continue to be entitled to use your medical card.

If your income is above the limit you are expected to reply to the HSE before 2 March 2009 and state that this is the case. You are not required to declare the amount of your income or assets – you are simply required to declare that your income is above the limit.

If your income is above the limit and your health circumstances are causing undue financial hardship you may apply for a medical card. These cards are known as

“discretionary” medical cards. You will have to undergo a means test. You will have to provide details of your income and assets and of your health circumstances and expenditure.

If you reach the age of 70 on or after 1 January 2009 you will have to apply for a medical card. You will be required to undergo a means test to establish that your income is below the limits. The means limits set out above will apply. If your income is above the limits you will be able to apply for a discretionary card.

Health levy

The Health Contributions Act 1979 sets out the rules about who is liable to pay the health contribution, or health levy as it is generally called. The Health Act 2008 amends that Act to provide that everyone aged 70 or over is exempt from the health levy regardless of whether or not they have a medical card. All medical card holders are already exempt from this levy. Medical card holders are also exempt from the new income levy introduced in Budget 2009 – see below.

Private health insurance

The Government has announced additional tax credits for private health insurance premiums. These arrangements are expected to be in place for three years – 2009, 2010 and 2011.

The Health Insurance (Miscellaneous Provisions) Bill 2008 provides for the new tax credits and also deals with other aspects of private health insurance. We will describe these other aspects in a later issue of *Relate*.

The extra tax credits will be age-related, as follows:

Aged under 50: no extra tax credit

Aged 50-59 €200

Aged 60-69 €500

Aged 70-79 €950

Aged 80 or over €1,175

These extra credits will be applied at source in the same way as the general tax credit for health insurance is applied.

The Bill has been published but has not yet been discussed in the Oireachtas.

The new arrangements are being introduced because the risk equalisation measures which the Government planned to introduce have been overruled by the courts.

The health insurance companies will be obliged to pay a Community Rating levy. This will be at a rate of €160 for each adult and €53 for each child under 18. This will apply to all policies from 1 January 2009 to the end of 2011. The obligation to pay the charge will be imposed on the health insurance companies.

Finance Act

The Finance (No. 2) Act 2008 has been passed by the Oireachtas. The Act provides a statutory basis for the changes outlined in the Budget and for a number of other changes. The main tax changes affecting individuals were outlined in the November 2008 issue of *Relate*. Here we outline the changes which were not covered in that issue or about which more information is now available. The text of the Act is available at www.oireachtas.ie

Income levy

The main features of the new income levy were described in the November 2008 issue of *Relate*. The Finance Act provides for some further changes – in particular it provides for new exemptions for medical card holders, for people earning less than €18,304 a year, and for older people on low incomes. It

also provides for a new rate of 3% for incomes above €250,120 a year.

It is expected that those who pay at the 3% rate will contribute 20% of the total take from the levy.

This means that the income levy applies as follows from 1 January 2009:

Income band (per week)	Income band (per year)	Rate of levy
Up to €352	Up to €18,304	No levy applies
Between €352 and €1,925	Between €18,304 and €100,100	1%
Between €1,925 and €4,810	Between €100,100 and €250,120	2%
Over €4,810	Over €250,120	3%

The levy applies to all income except social welfare and similar payments. The similar payments include weekly payments by the HSE, Rural Social Scheme payments, payments made by FÁS to non-craft trainees, Community Employment and Job Initiative payments.

The following groups of people will be exempt from the levy:

- Medical card holders
- People whose income is less than €18,304 a year
- People aged 65 or over whose income is less than the income exemption limits (see below)

The income exemption limits for people aged 65 or over are €20,000 a year for a single or widowed person and €40,000 a year for a married couple. These limits are increased by €575 for each of the first and second dependent children and by €830 for subsequent children.

For people aged 70 or over the income exemption limits are effectively €36,500 for a single or widowed person and €73,000 for a married couple, as all medical card holders are exempt.

If your income is above these income limits, you must pay the levy on all of your income. The levy is deducted by your employer in the same way as income tax and PRSI.

Detailed information on the income levy is available at www.revenue.ie/en/practitioner/law/income-levy.pdf

Parking levy

The car-parking levy of €200 a year will apply to employees who have an entitlement to use a car-parking space which is provided directly or indirectly by the employer. The levy will apply in the main urban centres – Cork, Dublin, Galway, Limerick and Waterford. The precise areas involved will be designated by the Minister for Finance.

You are regarded as having an entitlement to a car-parking space if you are authorised to use the space. It does not have to be designated for your sole use. If you may use a space on a “first come first served” basis, you are considered to have an entitlement and so may be liable for the levy. If you do not use your space, you may disclaim your entitlement and so not be liable for the levy.

The levy will only apply to private cars and not, for example, to vans or official vehicles. It will not apply to disabled drivers or to employees of the emergency services when they are responding to an emergency. If the car-parking space is shared the levy will be €100 for each employee entitled to use it. The levy will be reduced for part-time workers, for people working certain shifts and for women on maternity leave (or about to take it).

The car-parking levy will be collected by employers. Further information is available at www.revenue.ie/en/practitioner/law/parking-levy.pdf

Pension contributions

The income ceiling for tax relief on pension contributions is reduced from €275,237 to €150,000.

In 2006, legislation was introduced to provide for a maximum allowable pension fund on retirement for tax purposes – see *Relate*, March 2006. This set a general limit of €5 million on the total capital value of pension benefits that you can draw from tax-relieved pension arrangements. This is known as the Standard Fund Threshold (SFT). This amount was to be increased from 2007 in line with inflation. It was so increased in 2008 and the limit is now €5,418,085. The Finance Act provides that the Minister for Finance has discretion as to whether or not to increase it. The limit will not increase in 2009.

Deferral of annuity purchase

The Minister for Finance has said he is to provide an option for members of defined-contribution occupational pension schemes to defer the purchase of a retirement annuity with their pension funds for a specified two-year period. At present, members of such schemes are, in general, obliged to use their pension fund to buy an annuity immediately they retire and after taking their tax-free lump sum. This arrangement is not provided for in the Finance Act but will be operated on an administrative basis by the Revenue Commissioners.

Air travel tax

This tax is being introduced from 30 March 2009 and was described in the November issue of *Relate*. A change is being made to provide that the lower rate of €2 applies to travel from any Irish airport to destinations which are 300 kilometres or less from Dublin airport.

Capital Acquisitions Tax (CAT)

The CAT rate is increased from 20% to 22%.

The group thresholds have changed, as follows:

	2008	2009
Group A	€521,208	€542,544
Group B	€52,121	€54,254
Group C	€26,020	€27,127

Bicycle tax exemption

Your employer may provide you with a bicycle and associated safety equipment for cycling to work and this is not liable for tax as benefit in kind. There is a limit of €1,000 for each employee. An employee can avail of the exemption once in every 5 years.

Further information is available at:

www.revenue.ie/en/practitioner/law/bik-exemption-for-bicycles.pdf

Capital allowances for palliative care units

Capital allowances for the development of palliative care units were introduced in the Finance Act 2008. The conditions attached are being changed to reduce the minimum number of in-patient beds that must be provided from 20 to 8 beds. This applies from 13 March 2008.

Penalties

Changes are being made in the arrangements for the charging of penalties by the Revenue Commissioners. These were recommended in the Law Reform Commission's Report *A Fiscal Prosecutor and a Revenue Court*. www.lawreform.ie

The main change is that, if you are being charged penalties, you will be able to have the courts examine whether or not you are liable.

Aspects of the current penalty arrangements are being put on a statutory basis and a number of fixed penalties are being increased.

Motor Vehicle (Duties and Licences) (No. 2) Act 2008

This Act provides for the increases in motor tax rates which were announced in the Budget. Motor taxes are paid directly into the local government funds and are used mainly to finance non-national roads and other local authority activities.

Citizens Information Board and MABS

The Social Welfare (Miscellaneous Provisions) Act 2008 has been passed by the Oireachtas. It provides for the changes which were announced in the Budget – these were described in the November 2008 issue of *Relate*.

The Act provides for the extension of the functions of the Citizens Information Board (CIB) to include responsibility for the provision of the Money Advice and Budgeting Service (MABS). This means that the CIB will have the statutory responsibility for promoting, developing and disseminating information and education about debt, money management and related matters. The relevant sections of the Act have not yet come into effect.

The 53 MABS companies will continue as they are. There are over 240 money advice staff operating the service and it had a budget of almost €18 million in 2008. The average debt owed by new clients when they first approached MABS in 2008 was €11,600. In 2007 the average debt was €7,600. Of the total debt owed by the over 12,000 new clients who approached MABS in the first nine months of 2008, 63% was owed to banks and financial institutions, 17% to credit unions, 3% to utility companies (such as gas, electricity) and 2% to moneylenders.

Functions of the Citizens Information Board

The functions of the Citizens Information Board are now contained in Section 7 (1) of the Comhairle Act 2000 as amended by the Citizens Information Act 2007 and the Social Welfare (Miscellaneous Provisions) Act 2008. This means that, when the relevant sections of the 2008 Act come into effect, the functions of the Board will be as follows:

- To support the provision of or, where the Board considers it appropriate, to provide directly, independent information, advice and advocacy services so as to ensure that individuals have access to accurate, comprehensive and clear information relating to social services and are referred to the relevant services
- To support the provision of or, where the Board considers it appropriate, to provide directly, advocacy services to individuals, in particular those with a disability, that would assist them in identifying and understanding their needs and options and in securing their entitlements to social services
- To provide, or to arrange for the provision of, a Personal Advocacy Service

- To support, promote and develop (a) greater accessibility, co-ordination and public awareness of social services, and (b) the provision and dissemination of integrated information in relation to such services by statutory bodies and voluntary bodies
- To support the provision of a Money Advice and Budgeting service (MABS) – see below for details
- To support, promote and develop the provision of information on the effectiveness of current social policy and services and to highlight issues which are of concern to users of those services
- To promote and support the development of voluntary bodies providing social services including the MABS services
- To furnish advice, information and assistance to the Minister in relation to the development of any aspect of social services
- Whenever the Minister so requests, to design schemes relating to social services to address needs identified by the Minister concerning such services, and, where the Board considers it appropriate to do so, to provide such services directly
- To promote, develop, encourage and assist, through the provision of financial or other resources, the work in relation to social services of such bodies as the Minister may specify

The Board's new functions in relation to MABS include:

- Supporting the provision of a Money Advice and Budgeting service (MABS) to provide advice to individuals for the purpose of the management, avoidance, reduction and discharge of personal debt and in relation to money management
- Promoting and developing the MABS service
- Providing financial assistance to MABS
- Promoting and developing education in respect of money management

When performing its functions in respect of MABS, the Board must have regard to the provision of MABS services to people on low income who are, or are at risk of becoming, over-indebted, and to Government policy, in particular social inclusion policy.

Change in the public service

The Report of the Task Force on the Public Service Transforming public services: *Citizen centred – performance focused* has been published. It is available on www.bettergov.ie or in hard copy from the Government Publications Sales Office, price €5.

The Task Force on the Public Service was appointed in 2008 to develop an action plan in response to the OECD's review of the Irish Public Service – *Towards an Integrated Public Service*, published in April 2008.

The Report of the Organisational Review Programme (Pilot Phase) has also been published. This report covers the Departments of Transport; Agriculture, Fisheries and Food; and Enterprise, Trade and Employment.

The Task Force on the Public Service report endorses the OECD's analysis and recommends a range of initiatives which the Task Force believes should start immediately and be implemented over the next three years. The actions are focused on:

- Achieving improved performance by organisations and individuals
- Creating flexibility in deployment of people, assets and other resources
- Identifying the precise transformation agenda in each sector and engaging and mobilising the necessary actors and
- Achieving greater efficiency, effectiveness and economy

Among the recommendations are:

- The development of output targets for individuals and organisations

- Greater engagement of citizens in policy and service delivery issues
- A move from a system of "organisations that provide services" to one of "services provided by or on behalf of organisations"
- Greater use of shared services (for internal administration and direct service delivery); shared services include finance, IT, human resource management and procurement
- More e-government
- A move towards a unified labour market across the public service
- Development of leaders in the public service and the creation of a Senior Public Service (SPS)

Implementation of these proposals

Following the publication of the report, the Government announced a number of implementation plans.

Public service numbers and expenditure

A Special Group on Public Service Numbers and expenditure programmes has been established to examine the current expenditure programmes in each department and to make recommendations for reducing public service numbers.

The objectives of the Special Group are to:

- a) Review the scope for reducing or discontinuing expenditure programmes with a view to eliminating the current budget deficit by 2011
- b) To this end, analyse and make recommendations on the numbers employed in each area of the public service having regard to:
 - The need to identify and prioritise particular output targets and areas
 - The achievement of greater efficiency and economy in the delivery of all services and
 - The scope for rationalising and streamlining delivery of public services in the consumers' interest
- c) Make recommendations on reallocation of staffing or expenditure resources between public service organisations as appropriate to deliver the objectives set out in the Programme for Government and
- d) Examine and make recommendations for further rationalisation of State agencies beyond the rationalisation proposals and principles set out in Budget 2009

The Special Group is expected to submit a final report by the end of June 2009.

Procurement

The Government intends to establish, within six months, a National Operations Unit (NOU) within the Office of Public Works to provide professional procurement advice across the entire public service.

Value for money reviews

A series of specific policy and programme value for money reviews will be carried out. They will target areas of significant spending in the areas of health, education, social welfare and justice. These reviews will look at how effective various activities and grant schemes are in achieving stated objectives and will identify possible efficiencies or alternative measures. It is expected that the first of these reviews will be published within a year.

Outcome targets

The Government intends to specify priority outcomes for all sectors together with the relevant performance indicators by which achievement will be assessed. These will include performance indicators which cover groups of organisations involved in areas such as children and disability.

The Government will require all public agencies (in addition to departments) to produce output statements relating resources to planned achievements.

Dealing with citizens

All public service organisations will be required to publish a customer charter setting out the service standards which the public can expect. Local government will be given a leadership role in providing integrated responses to the needs of citizens through case working and other methods, while elected councils will be the focus for consultation and feedback on all services delivered at local level. A database of all publicly-funded programmes and projects will be established and maintained at county level, to avoid duplication and encourage integration.

An "administrative burden reduction programme for citizens" will be introduced to reduce the volume and frequency of data required from the public. It is intended to publish catalogues of services available to specific customer groups, for example, targeting the particular needs of specific sub-groups of children, families, those with disabilities, older people and small business, to make it easier to access related services.

A database of all public services available by county level will be published. Government departments and agencies will explore the feasibility of devolving more responsibility for service delivery of national programmes at local level to individual local authorities. The County and City Development Boards (CDBs) will be strengthened to improve the co-ordination of local service delivery.

State agencies

The Special Group on Public Service Numbers and Expenditure Programmes will report on the scope for further rationalisation of State agencies, and no new agencies will be created pending the development of new performance management and governance arrangements. Departments will put in place, with those agencies involved in service provision, service level agreements which commit agencies to delivering agreed volumes and standards of service to the public, and agencies will, in general, be compelled to use shared services.

Further information on these plans is available at www.taoiseach.ie

The Citizens Information Board is the statutory body which supports the provision of information, advice and advocacy on the broad range of social and civil services to the public. It provides the Citizens Information website and supports the voluntary network of Citizens Information Services and the Citizens Information Phone Service.

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Homeless strategy

The Way Home – A Strategy to Address Adult Homelessness 2008-2013 was published in August 2008.

The objectives of the homeless strategy are to:

- Eliminate long-term occupation of emergency homeless facilities
- Eliminate the need to sleep rough
- Prevent the occurrence of homelessness as far as possible
- Meet long-term housing needs
- Ensure effective services for homeless people and
- Better co-ordinate funding arrangements

The strategy sets out timelines for the major actions proposed. A more detailed implementation plan is being drawn up which will spell out how the various objectives will be pursued and who will be responsible for pursuing them.

The objective of eliminating long-term occupation of emergency accommodation will involve directing expenditure on homelessness away from emergency responses towards long-term and mainstream housing for people moving out of emergency accommodation, with appropriate supports while these are needed. It is proposed that, from 2010, long-term homelessness (that is, the occupation of emergency accommodation for longer than 6 months) and the need for people to sleep rough will be eliminated. (This objective is also included in the social partnership agreement *Towards 2016*.)

Preventing, as far as possible, the occurrence or recurrence of homelessness requires action to tackle a variety of causes involving services across a wide range of areas, including health, welfare, addiction, family support, domestic and gender-based violence, education, family budgeting, training, prison and probation.

Homeless services include street outreach, temporary accommodation, settlement, post settlement, tenancy sustainment and advice, information and day centres and specialised homeless services. In order to ensure a consistent standard in the quality of services, it is proposed to develop and apply national quality standards for homeless services, which will include arrangements for monitoring compliance.

As part of this process, the Homeless Agency has published three reports on homeless services in Dublin. The Implementation Plan is expected to be published early in 2009.

The Homeless Agency is currently carrying out service evaluation and value for money studies and these will be used to decide on allocating resources. The strategy involves setting clear roles and responsibilities to the various voluntary and statutory services. The benefits of experience and development of best practice models in Dublin will be extended nationally in the implementation of the strategy.

The strategy document and further information are available at [www.viron.ie](http://www.environ.ie)

Correction

In December's *Relate* we said that when the Nursing Homes Support Scheme Bill becomes law, the maximum long-stay charge will be €151.44 per week, as per the Summary of Budget Measures 2009. However, the figure will be €153.25 per week, as set out in the Health (Charges for In-patient Services) (Amendment) Regulations 2008.

Citizens Information 

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