An tÚdarás Árachas Sláinte
The Health Insurance Authority

Annual Report and Accounts **2013**

2013

The Health Insurance Authority

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1. Chairman's Statement

In accordance with Section 33(2) of the Health Insurance Act, 1994, I am pleased to present the Annual Report and Accounts of the Health Insurance Authority ("the Authority") for the year ending 31 December 2013.

The year just passed was another significant year for the regulation of the private health insurance market in Ireland and for the work of the Authority. January saw the commencement of a permanent risk equalisation system, replacing the interim system that had applied between 2009 and 2012. Under the new system payments are based on age, gender, hospitalisation and level of cover rather than just age, as had been the case with the interim system. The introduction of these new parameters as well as the amendments to the rates applying in recent years increase the effectiveness of the system in meeting the public policy objectives for the health insurance market. The enhancement of the system is continuing through plans to improve the use of health status measures in risk equalisation. Specifically, the Minister for Health ("the Minister") has decided to introduce a health status measure based on diagnosis related groups on a phased basis between 2016 and 2018. The Authority is working with the Department of Health ("the Department") and the market to implement this decision.

Another major change in 2013 was the establishment of a Risk Equalisation Fund, through which all risk equalisation payments are now administered. This Fund, which in 2014 will have cashflows of c. €600m, is managed and administered by the Health Insurance Authority. The accounts of the Risk Equalisation Fund are included in this Report. While the accounts show a deficit of €23m, this relates to timing issues, as a significant amount of income and expenditure on health insurance contracts renewed or commenced in 2013 will be recognised in 2014. By end of April 2014, it is estimated that the deficit in respect of these contracts has declined from €23m to €12m and it is currently expected that, by the end of 2014, the Fund will be close to breakeven in respect of contracts that commenced or renewed in 2013.

The market environment for private health insurance remains very challenging. While the market is declining, the rate of decline in itself (11% in total over five years) is not unexpectedly high in view of the economic circumstances that have prevailed over this period. The reduction in the take-up rate at younger ages is a concern, however, in view of the fact that a continuing flow of new and younger customers is important for the stability of a voluntary community rated market. The application of lower stamp duties to non-advanced plans from 2013 is helpful in this context, as it facilitates the provision of lower cost contracts. The Minister has also announced his intention to introduce Lifetime Community Rating and discounts for young adults, each of which will provide further support to the market, and the Authority is working with the Department in relation to these matters.

The ageing of the market referred to in the previous paragraph contributes c. 3% to health insurance claims cost inflation but this does little to explain the level of claims cost inflation seen, particularly, in 2012. The Authority received claims data in respect of 2012 in early 2013 and expressed its concerns to the Minister and the Department. The Minister established a Review of Health Insurance Claims Costs under an independent chairman with representatives from the Department of Health, insurers and the Authority. In 2013, the news in relation to claims cost inflation has been more favourable, with a reduction in claims costs per insured person. However, longer term trends will be more important and it is necessary to remain vigilant in relation to claims cost inflation and to introduce measures that will help control costs where appropriate.

The recently published White Paper on Universal Health Insurance provides much information on the planned reform of the health sector in Ireland. The Authority continues to provide advice to the Minister and the Department in relation to these reforms.

The Authority's consumer information function continues to increase in popularity, with more than half a million contacts in 2013, mainly through the Authority's award winning website but also through direct contact with the Authority's staff. The information provided enables consumers to compare benefits and prices across the full range of health insurance plans provided by all insurers, and should assist consumers in mitigating the impact of price increases. The Authority also provides information through other channels such as the media, the distribution of consumer information booklets, and accompanying renewal statements issued by insurers.

I am pleased to recognise the work and dedication of the Members of the Authority during 2013. I would also like to thank the Minister for Health, Dr. James Reilly T.D., as well as officials in the Department of Health, for their support during the year.

Finally, the Authority expresses its appreciation for the work done by the staff of the Authority and for the commitment shown by them throughout 2013.

Mr. Jim Joyce
Chairman

30 June 2014

2. Membership and Management of the Authority

Membership

The Members of the Authority are appointed by the Minister for Health for a term of five years. The Members of the Authority are:

Mr. Jim Joyce (Chairman)

Mr. Joyce became Chairman of the Authority on 1 February 2006 and was reappointed on 1 February 2011. Mr. Joyce is a Fellow of the Institute of Actuaries and the Society of Actuaries in Ireland and served as President of the Society for 1999/2000. His early career was in the Civil Service ending as Assistant Secretary in the Department of Posts and Telegraphs, following which he was Executive Director of Telecom Éireann from 1984 to 1992. He was Actuarial Consultant to the Department of Enterprise, Trade and Employment and then to the Irish Financial Services Regulatory Authority from 1992 to 2005.

Mr. Dónall Curtin

Mr. Curtin is a founder and Senior Partner of Byrne Curtin Kelly (Certified Public Accountants). He is a member of the Institute of Certified Public Accountants in Ireland. He is President of Chambers Ireland and a member of the Institute of Arbitrators with considerable experience in arbitration, mediation and dispute resolution.

Ms. Sheelagh Malin

Ms. Malin is Managing Director of St. James's Place International plc, which is part of the U.K. wealth management group St. James's Place. She has over 20 years management experience in the life assurance industry, including roles in marketing and product development, financial reporting, compliance and the statutory "appointed actuary" function. She is a Fellow of the Society of Actuaries in Ireland and has participated in actuarial working parties on financial reporting, expense reserving and consumer information for cross-border life assurance business.

Prof. Anthony Staines

Professor Staines is a public health specialist and the chair of health systems in the School of Nursing and Human Sciences in Dublin City University. A doctor, he has worked as an academic epidemiologist since 1990 in the UK and Ireland. He works with the ICT unit of the System Reform Group in the Health Services Executive. He has particular expertise in health information systems, and health service financing.

Mr. Paul Turpin

Mr. Turpin is a governance specialist with the Institute of Public Administration (I.P.A.) providing advisory and training services. Before joining the I.P.A. in 2006, he held a number of senior positions in banking and investment management. Previously he has worked in the public sector, including as Economic Adviser to Government Departments, with the National Economic and Social Council and with the European Commission.

Management

The Management of the Authority are as follows:

Mr. Liam Sloyan

Chief Executive/Registrar

Mr. Sloyan is a Fellow of the Society of Actuaries in Ireland and a Fellow of the Institute of Actuaries in the UK. He also has a MSc in Mathematics and Statistics. Prior to joining the Authority, he worked as a consultant in the life assurance industry, mainly in relation to actuarial and compliance matters.

Mr. Eamonn Horgan

Corporate Affairs Manager/Secretary to the Authority

Mr. Horgan holds a Master of Science degree, and post graduate qualifications in business and finance and in corporate governance. He held operations and production management positions in private industry before joining the Authority as Corporate Affairs Manager.

Mr. Brendan Lynch

Head of Research/Technical Services

Mr. Lynch is an economist and also a qualified solicitor. He has a Masters degree in Economics and a Diploma in European Law. He has worked as an economic consultant, stockbroker economist and as an economic adviser to the Minister for Finance.

Mr. Micheal O'Briain

Head of Regulatory Affairs

Mr. O'Briain is a Fellow of the Society of Actuaries in Ireland. He has over 30 years management experience in the life assurance industry. He was Executive Director and Appointed Actuary of an Irish life assurance company prior to joining the Authority.

Mr. Colm Farrell

Accountant

Mr. Farrell is a Fellow of the Association of Chartered Certified Accountants. Prior to joining the Authority in 2013, he held a number of senior management positions in the financial services sector.

The offices of The Health Insurance Authority are located at:

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3. Functions of the Authority

The Authority was established by Ministerial Order on 1 February 2001 under the Health Insurance Act, 1994 and operates in accordance with the provisions of this Act and the Health Insurance (Amendment) Acts (collectively "the Health Insurance Acts").[1]

The Health Insurance Acts provide for the regulation of the business of private health insurance in Ireland following the enactment of the European Union "Third Non-Life Insurance Directive". This Directive sets out the requirements of the internal market for Member States regarding non-life insurance, including health insurance. This European legislation allows individual Member States to adopt the specific requirements in a manner most appropriate to their particular national legal system and national healthcare system.

The Principal Objective of the Health Insurance Acts is set out in legislation as follows:

"The principal objective of this Act is to ensure that, in the interests of the common good and across the health insurance market, access to health insurance cover is available to consumers of health services with no differentiation made between them (whether effected by risk equalisation credits or stamp duty measures or other measures, or any combination thereof), in particular as regards the costs of health services, based in whole or in part on the health risk status, age or sex of, or frequency of provision of health services to, any such consumers or any class of such consumers, and taking into particular account for the purposes of that objective:

(a) the fact that the health needs of consumers of health services increase as they become less healthy, including as they approach and enter old age,

(b) the desirability of ensuring, in the interests of societal and intergenerational solidarity, and regardless of the health risk status or age of, or frequency of provision of health services to, any particular generation (or part thereof), that the burden of the costs of health services be shared by insured persons by providing for a cost subsidy between the more healthy and the less healthy, including between the young and the old, and, without prejudice to the generality of that objective, in particular that the less healthy, including the old, have access to health insurance cover by means of risk equalisation credits,

(c) the manner in which the health insurance market operates in respect of health insurance contracts, both in relation to individual registered undertakings and across the market, and

[1] The Health Insurance Act, 1994 (Establishment Day) Order, 2001 (S.I. No. 40 of 2001).

(d) the importance of discouraging registered undertakings from engaging in practices, or offering health insurance contracts, whether by segmentation of the health insurance market (by whatever means) or otherwise, which have as their object or effect the favouring of the coverage by the undertakings of the health insurance risk of the more healthy, including the young, over the coverage of the health insurance risk of the less healthy, including the old."

Community rating is defined as any measures that support the principal objective. The Acts also set out the other principles of health insurance regulation, open enrolment, lifetime cover and minimum benefit.

The functions of the Authority are as follows:

- To monitor the health insurance market and to advise the Minister (either at his or her request or on its own initiative) on matters relating to health insurance;
- To monitor the operation of the Health Insurance Acts and, where appropriate, to issue enforcement notices to enforce compliance with the Acts or take prosecutions;
- To carry out certain functions in relation to risk equalisation, including to manage and administer the Risk Equalisation Fund;
- To take such action as it considers appropriate to increase the awareness of members of the public of their rights as consumers of health insurance and of health insurance services available to them; and
- To maintain "The Register of Health Benefits Undertakings" and "The Register of Health Insurance Contracts".

The Authority shall exercise such powers as are necessary for the performance of its functions. The Minister for Health ("the Minister") may assign further responsibilities to the Authority as provided for in the Acts.

3.1 Regulation

3.1.1 Regulatory Structure of the Market

The Irish private health insurance regulatory system is based on the key principles of community rating, open enrolment, lifetime cover and minimum benefit and aims to ensure that private health insurance does not cost more for those who need it most. The system is unfunded, meaning that there is no fund built up over the lifetime of an insured person to cover their expected claims cost. Instead, the money contributed by insured people is pooled by each insurer and the cost of claims in any given year taken from the pools.

It is in this context that the concept of community rating must be understood. This means that the level of risk that a particular consumer poses to an insurer does not affect the premium paid. In other words, everybody is charged the same premium for a particular plan, irrespective of age, gender and the current or likely future state of their health subject to exceptions in respect of children under 18 years of age, students under 23 in full time education and members of group schemes.

Open enrolment and lifetime cover mean that, except in very limited circumstances specified in legislation, health insurers must accept all applicants for health insurance and all consumers are guaranteed the right to renew their policies regardless of their age or health status.

Under the Minimum Benefit Regulations, all insurance products that provide cover for inpatient hospital treatment must provide a certain minimum level of benefits. It is considered necessary to regulate the minimum level of benefits because of the complex and specialist nature of private health insurance products, which without regulation, could result in consumers being provided with products that do not provide a sufficiently comprehensive level of cover.

Risk equalisation is a process that aims to address differences in insurers' claim costs that arise due to variations in the health status of their members. Risk equalisation involves payments to or from insurers related to the risk profile of their membership. Risk equalisation is a common mechanism in countries with community rated health insurance systems and the introduction of a Risk Equalisation Scheme in Ireland is provided for in the Health Insurance Acts.

3.1.2 Irish Risk Equalisation System

Structure of the Irish Risk Equalisation System

The year 2013 saw the introduction of a new Risk Equalisation System, replacing the interim system that had been in place since the 2003 Risk Equalisation Scheme was set aside by the Supreme Court in 2008. This new system was provided for in the Health Insurance (Amendment) Act 2012.

Like the 2009-2012 Interim System, the 2013 System provides that Open Membership Undertakings receive higher premiums in respect of insuring older people, but that the higher premium charged in respect of older people is paid by way of risk equalisation credits. In this way, all adults pay the same amount (net of risk equalisation credits) for a particular level of cover, but insurers receive higher premiums (gross of risk equalisation credits) in respect of insuring older people to partly compensate for the higher level of claims. The level of credits is set out in Appendix F.

Another similarity with the 2009-2012 Interim System is that the credits are funded by a community rating levy payable by insurers for each person that they insure.

The main differences between the Interim and the 2013 Risk Equalisation System are the following:

- Under the 2013 System, risk equalisation credits are paid from a Fund operated by The Health Insurance Authority rather than in the form of tax credits, as was the case under the interim system.
- Risk equalisation credits payable in respect of premiums vary on the basis of age, gender, and level of cover, rather than just on the basis of age.
- Community rating levy amounts vary between children and adults and between two levels of cover.
- Under the 2013 System, risk equalisation credits are also payable in respect of hospital claims. Specifically, a fixed amount is payable from the Risk Equalisation Fund for each night an insured person spends in private hospital accommodation. This reduces the cost to the insurer of insuring less healthy individuals.

Community rating levy payments for renewals from 1 January 2013 are paid by insurers to the Revenue Commissioners who in turn transfer the money to the Risk Equalisation Fund. Risk equalisation credits are paid out of the Fund to the insurers by The Health Insurance Authority. Any surpluses or deficits in the Fund are carried forward and allowed for in setting future levy amounts. The levels of these payments are set out in Appendix F.

The Health Insurance Acts set out the process around setting risk equalisation credits:

- The Authority evaluates and analyses claims data, data on the insured population and other data included in returns from insurers every 6 months.
- Once a year the Authority issues a report to the Minister on its evaluation and analysis of these returns, if requested to do so by the Minister. This report includes recommendations on the amounts of the risk equalisation credits and the amounts of the community rating levies. The recommendations have regard to the principal objective of the Health Insurance Acts, the aim of avoiding overcompensation, the aim of maintaining the sustainability of the health insurance market and the aim of having fair and open competition.
- If the Minister proposes to change the risk equalisation credits he does so by proposing amendments to the Health Insurance Acts, where the amounts of the credits are specified.
- The Minister may, having regard to the Authority's Report, the principal objective, the aim of avoiding overcompensation, the aim of maintaining the sustainability of the health insurance market and the aim of having fair and open competition, make recommendations to the Minister for Finance on the amounts of the community rating levies, which are provided for in the Stamp Duties Consolidation Acts.
- The amounts of the risk equalisation credits and the community rating levies become law if enacted by the Oireachtas.

European Union State Aid Rules

Under European Union State Aid Rules, the Irish State submitted the 2013 Risk Equalisation System to the European Commission. The Authority advised the Department of Health in relation to the submission and in relation to queries from the Commission. In July 2013, the Commission published its decision not to raise objections to the System[2].

Risk Equalisation Rates Applying in 2013

The rates of the risk equalisation credits and the community rating levy that applied to contracts commencing and renewing in 2013 are set out in Appendix F.

For contracts commencing/renewing before 31 March 2013, the rates of the risk equalisation credits and stamp duty were unchanged from 2012. This recognised that insurers would need some time to prepare for the new risk equalisation system.

From 31 March 2013, the age related credits for advanced cover plans were set so that the projected market claim cost (net of risk equalisation) for all age groups would be less than or equal to 140% of the projected market average claim cost. (Without risk equalisation, the projected claim rate for older age groups would be up to 400% of the market average claim rate). For non-advanced cover plans age credits were 85% of the rates applying for advanced cover plans.

The community rating levy was set at the amount projected to fund the credits with the levy for non-advanced plans equalling 85% of the rate applying for advanced plans.

Risk Equalisation Rates From 1 March 2014

During 2013, the Authority received information returns for the second half of 2012 and for the first half of 2013 from each of the open membership undertakings. Reports on the evaluations and analyses of these returns, were submitted to the Minister in April and October 2013. The October 2013 Report included the Authority's recommendation on the amounts of the Risk Equalisation Credits and Community Rating Levies for policies commencing from 1 March 2014.

The rates applying from 1 March 2014 were given effect in the Health Insurance (Amendment) Act 2013 and are set out in Appendix F. These credits were set so that the projected market claim cost (net of risk equalisation) for all age groups would be less than or equal to 133% of the projected market average claim cost.

The community rating levy was set at the amount projected to fund the credits with the levy for non-advanced plans equalling 75% of the rate applying for advanced plans.

[2] http://ec.europa.eu/competition/elojade/isef/case_details.cfm?proc_code=3_SA_34515.

Overcompensation Assessment

The Authority is also required to assess whether the Risk Equalisation System overcompensates any insurer.

- Once a year, by 1 May, insurers are required to provide the Authority with profit and loss accounts and balance sheets insofar as they relate to Irish health insurance business;
- The Authority assesses if any insurer has been overcompensated by the risk equalisation system, enabling them to earn in excess of a reasonable profit. Reasonable profit is defined as a return on equity not exceeding 12% per annum on a rolling three year basis using approved accounting standards and having regard to the European Union Framework for State aid in the form of public service compensation. If the Authority determines under the Health Insurance Acts that an insurer (which is a net beneficiary of the risk equalisation system) has been overcompensated, the Authority shall issue a draft report to the insurer. The Authority will then take account of any submissions received from that insurer before making a final determination on overcompensation; and
- If the Authority determines that overcompensation has occurred, it issues a report to the Minister and the insurer concerned stating the amount of the overcompensation. The insurer must then refund the amount of overcompensation to the Risk Equalisation Fund.

The annual assessment in 2013, was in respect of the time period 1 January 2010 to 31 December 2012. One undertaking, Vhi Healthcare, was a net beneficiary in this three-year time period. The Authority determined that Vhi Healthcare had not been overcompensated.

Enhancing the Risk Equalisation System

The Authority considers that it is necessary to enhance the Risk Equalisation System, in particular by improving the health status measures used. In May 2013, the Authority wrote to all insurers requesting their views in relation to how this could be done.

Following receipt of submissions from all insurers, the Authority and the Department of Health have begun work on the development of a more refined health status measure using Diagnosis Related Groups (DRGs). The submissions received from insurers are being considered as part of this process.

A key requirement will be more comprehensive data collection, which is also required in the context of Universal Health Insurance (UHI). As set out in the White Paper on UHI, the Government plans to establish mandatory financial reporting requirements across the public and private sectors. This includes expanding the use of the Hospital Inpatient Enquiry (HIPE) system to encompass full coverage of all public and private hospital treatment. This will support the implementation of a DRG-based health status measure on a phased basis between 2016 and 2018.

To allow for the phased introduction of a DRG-based health status measure, it is intended that, with effect from 2016, payment of the Hospital Bed Utilisation Credit (HBUC) will be conditional on the provision of a patient's associated DRG for each corresponding episode of care. This will facilitate the necessary data collection and analysis before replacing the HBUC with credits linked to the varying costs of different DRGs. The full implementation of a DRG-based health status measure will target the support more accurately in respect of the less healthy insured members and ensure the increased effectiveness of the risk equalisation scheme for all ages.

The Authority and the Department of Health will work with insurers, public and private hospitals and all other stakeholders in relation to this matter.

3.1.3 The Risk Equalisation Fund ("REF")

The REF was established in 2013 under the Health Insurance (Amendment) Act 2012. Under the Act, the Authority is responsible for administering and maintaining the REF.

During the first quarter of 2013, the Authority liaised with different stakeholders including the Department of Health (DoH), the Department of Finance, registered undertakings, Revenue Commissioners and the National Treasury Management Agency (NTMA) regarding the operation of the REF.

The Health Insurance Act 1994 (Risk Equalisation Scheme) Regulations 2013 were introduced in February 2013. These Regulations set out the structures for submitting risk equalisation credit claims and returns by registered undertakings to the Authority and the validation of those claims by the Authority. The Authority, in consultation with the registered undertakings and its own advisors, established procedures in relation to the making of interim claims, as required under the Regulations. The first interim claim covered the period 1 January 2013 to 30 March 2013 and the second interim claim covered the period 31 March 2013 to 30 April 2013. Thereafter, claims were made in respect of each calendar month. Interim claims are submitted by the 21st day of the month immediately following the month to which the interim claim relates. Once the Authority is satisfied that the risk equalisation credits claimed are properly due to an undertaking, the Authority arranges payment of the due amount from the REF.

Stamp duty is collected by the Revenue Commissioners from registered undertakings on a quarterly basis. It is due on the 21st day of the second month following the end of each quarter. The quarterly stamp duty amount is then paid by the Revenue Commissioners into the REF's current account. Funds not immediately required in the REF current account are invested in Exchequer Notes. Exchequer Notes are short term debt instruments issued by the National Treasury Management Agency.

Section 11 (D)(5) of the Act provides that the Minister for Health may, for the purpose of maintaining a sufficient amount of monies in the current account of the Fund, having regard to the sums payable from the current account, request the Minister for Finance to advance monies from the Central Fund to an account established for this purpose in the name of the Minister of Health (the 'Special Account'). In May 2013the Authority requested a payment to the Fund from the Special Account in accordance with Section 11D(5)(f)(ii) of the Act arising from a shortfall in the current account of the Risk Equalisation Fund at its commencement. €78 million was paid from the Special Account to the Risk Equalisation Fund on 20 May 2013. The payment from the Special Account was used to pay the first interim claim to registered undertakings for the period 1 January 2013 to 30 March 2013. On 28 May 2013 repayment of €78 million was made to the Central Fund in accordance with Section 11D(6)(b) of the Act using the stamp duty receipts for the first quarter. There were no further requests for payment from the Special Account during the year.

During the year, the Authority engaged internal audit consultants to carry out a review of the Authority's procedures for administering the REF. Management accounts are prepared and submitted to the Board of The Health Insurance Authority on a monthly basis.

As part of the Authority's role in administering and maintaining the REF, the Authority undertook on-site inspections of each registered undertaking during the last quarter of 2013 and first quarter of 2014. These inspections included a review of the procedures and processes in place for completion of interim claims and sample testing of amounts included in monthly interim claims to underlying books and records.

Financial Position of the Risk Equalisation Fund

Contracts commenced/renewed in 2013 will give rise to significant income and expenditure for the Risk Equalisation Fund throughout 2013 and 2014. There will also be some further (much lower) expenditure in respect of 2013 contracts in 2015 and later years. While the accounts show a deficit of over €23m in respect of 2013, this deficit arose as a result of timing issues. It is projected that the Fund will be close to break even at the end of 2014 in respect of contracts commenced/renewed in 2013.

3.1.4 The Register of Health Benefits Undertakings

The Authority is responsible for the maintenance of "The Register of Health Benefits Undertakings" ("the Register"). Section 14 of the Health Insurance Acts, provides that any health insurer carrying on health insurance business in Ireland is required to register with and obtain a certificate from the Authority.

Application for renewal of registration is required on an annual basis. Upon registration, a certificate is issued to the health insurer, confirming that the insurer may offer private health insurance in accordance with the terms of its rules and within the relevant legislation.

There are two types of health insurance undertaking in Ireland. Open membership undertakings are health insurers that must accept all customers who wish to obtain private health insurance (subject to certain limited restrictions as specified in the legislation). Restricted membership undertakings are mainly vocational schemes, membership of which is restricted to employees of particular organisations. No new restricted membership undertakings may be established.

3.1.5 The Register of Health Insurance Contracts

The Authority is responsible for maintaining the "Register of Health Insurance Contracts". Section 7AC of the Health Insurance Acts states that the Register shall be in such form and shall contain such particulars relating to any type of health insurance contract on offer in the State as may be specified by the Authority. The contents of the Register are available for inspection on the Authority's website at: www.hia.ie/consumer-information/register-of-health-insurance-contracts/ or at the offices of the Authority.

Product Notification

Registered Undertakings are required to submit samples of each new or revised contract to The Health Insurance Authority not later than 30 days before first offering such a product.

An undertaking will maintain all offers for not less than 60 days on the same terms and conditions and the product has to be for a period of 12 months unless there is good and sufficient reason for a different term.

Insurers submitted more than 600 samples of new/revised contracts to the Authority in 2013.

Review of Product Notifications for Compliance

The Authority reviews the details of all product notifications to ensure that they are not contrary to the Health Insurance Acts. Where the Authority has a concern about a contract, it advises the insurer of the contract features that may be in breach of the legislation and discusses the matter with the insurer. On all such occasions during the year, the insurer addressed the Authority's concerns either by amending the contract or by adequately explaining how the contract complies with legislation.

Level of Cover

Under the Health Insurance (Amendment) Act 2012, the Authority determines which types of health insurance contracts are Non-Advanced Contracts, to which the lower levels of risk equalisation credits and community rating levies apply. The definition of a Non-Advanced Contract requires that the contract provides for not more than 66 per cent of the full cost for hospital charges in a private hospital or not more than the prescribed minimum payments under the Minimum Benefit Regulations, whichever is greater. If the Authority is satisfied that a type of health insurance contract is Non-Advanced, it specifies this in Regulations and on the Register of Health Insurance Contracts.

On 31 December 2013 there were 37 types of health insurance contracts specified as being non-advanced by the Authority. These types of health insurance contracts are specified in 7 Regulations promulgated by the Authority during 2013 and on the Register of Health Insurance Contracts. Each of the open membership undertakings has at least one type of non-advanced contract. On 31 December 2013 there were 260 Advanced types of health insurance contracts.

3.2 Research and Advice

3.2.1 Monitoring the Health Insurance Market

Size of the market

The health insurance market is the largest non-life insurance market in Ireland. Premium income in 2013 was €2.4bn, having risen from €2.2bn in 2012. Of the total, €112m was accounted for by restricted membership undertakings.

The number insured in the health insurance market was 2.05m, including children, at end 2013, which represented 45% of the population. After growing for many years, the number insured peaked at 2.3m (50.9% of the population) at the end of 2008 and has now fallen for the last five years. (See appendix A).

The fall in demand for health insurance has been disproportionately manifested in demand from younger adults. Between the end of 2009 and the end of 2013, the number of adults between the ages of 18 and 50 with health insurance fell by 200,000 (-20%), while the number of adults over 50 with health insurance rose by 36,000 (+6%). Consequently, the current declining trend of the health insurance market with a differential trend as between age cohorts increases the rate at which the market in total is ageing.

In a voluntary community rated market based on intergenerational solidarity, retention of existing profitable healthier (mostly younger) members and a regular influx of younger employed adults to the market are key to market stability. The provisions in the Health Insurance (Amendment Act) 2012 for a lower community rating stamp duty in respect of Non Advanced health insurance contracts (which are disproportionately held by younger people) could be of assistance in this area. In its November 2012 Report to the Minister, the Authority also identified two further policy options, allowing insurers to apply limited discounts in premiums for young adults and introducing Lifetime Community Rating (which applies a system of premium loadings for those who wait until they are older before they take out health insurance for the first time).

There are currently four open membership insurers operating in the market. In December 2013, Vhi Healthcare's market share was 54%, having been 95% in the mid 1990s before the market was opened to competition. Laya Healthcare has a 23% market share, Aviva Health has 15% of the market, GloHealth has a 4% share and restricted membership undertakings have a combined 4% market share. Market shares vary significantly by the ages of the insured. For instance, at the end of 2013, Vhi Healthcare continue to insure 79% of those over the age of 70 who are insured with an open membership insurer, whereas its market share of adults between the ages of 18 and 40 is 52%.

Cost of Health Insurance

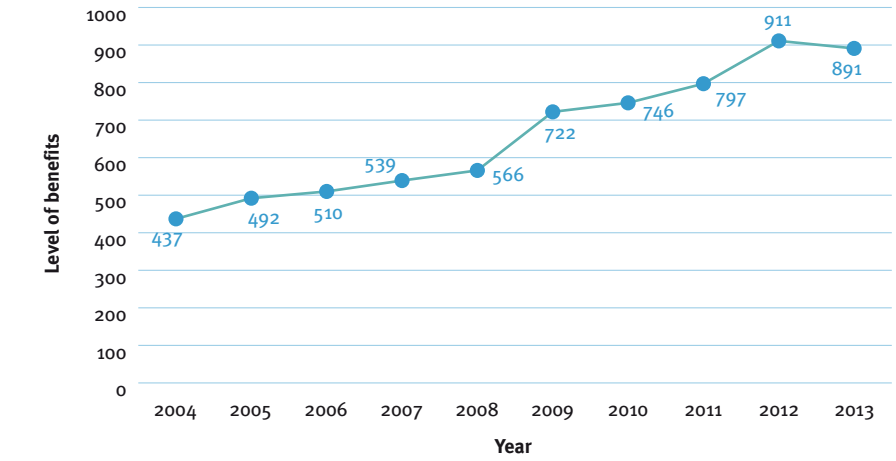
The average health insurance premium paid in 2013 was €1,150, which represented a 10% increase on the average premium paid in 2012 (€1,048). The net premiums that consumers are billed by insurers and that they pay are reduced by income tax relief deducted at source. The tax relief was restricted in the 2014 Budget to a maximum premium of €1,000 per adult and €500 per child and therefore to maximum tax reliefs of €200 and €100 respectively.

The average of the claims paid per insured person fell by 2% in 2013. This reversed the trend of the last ten years when the average claims per insured person had been increasing significantly. For instance, in the four years between 2004 and 2008, the average prescribed benefit paid per insured person increased by 6.7% per annum on average, and by 12.6% on average between 2008 and 2012. The number of treatment days in hospital (including day cases as one-day episodes) fell by approximately 3% in 2013.

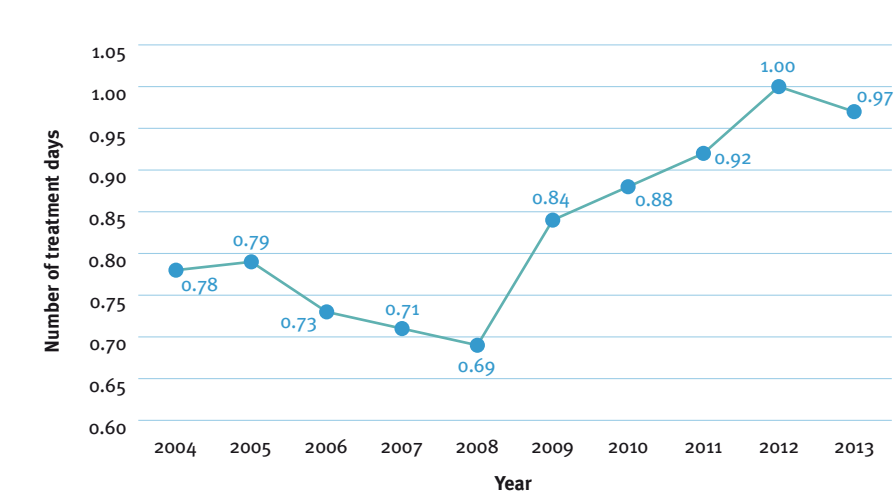
The fall in claims paid per insured person in 2013 is a favourable development for the sustainability of the health insurance market, especially when considered in the context of acknowledged long-term drivers of healthcare costs, viz; lower tolerance of people towards ill-health, new medical and surgical interventions and population ageing.

The following charts show how the rates of claims paid and treatment days per insured person have changed between 2004 and 2013. Children are given a weighting of 1/3rd in these calculations to reflect the lower premium paid.

Market prescribed benefits per injured person from 2004 to 2013



Market treatment days per injured person from 2004 to 2013



Review of Measures to Reduce Costs in the Private Health Insurance Market

Early in 2013, the Authority reported to the Department of Health in relation its analysis of claims data for 2012. The data showed that the rate of increase in claims cost was once more accelerating, having abated somewhat in 2010 and 2011. The Minister subsequently appointed Mr Pat McLoughlin to Chair a "Review of Measures to Reduce Costs in the Private Health Insurance Market". The Authority played an active role throughout this review. Its work included submitting a Working Paper on the claims cost control at the outset of the process, receiving and analysing data from insurers and reporting on its analysis of claims data in June 2014.

Changes to Charging Rates for Public Hospitals

On 1 October 2013, at the request of the Department of Health, the Authority submitted an assessment of the higher revenue that would have arisen from the application of new charges included in the Health (Amendment) Act, 2013 if they had been applied to 2012 data. The amendments in the Act include changes to charging rates for private patients in designated private beds in public hospitals and the application of charges in respect of private patients in undesignated beds. In accordance with the Department's request, the Authority's work in this regard was not intended to assess the impact of trends or second order effects of the changes in the charging rates.

Product Developments

While the number of different products continue to grow, in the main new products are similar to those that had already existed. One significant development was that, during 2013, insurers started selling health insurance products that do not cover all public hospitals. Currently c. 1% of the insured population has such a product.

3.2.2 Commissioned Research on the Health Insurance Market

The Authority commissions research on the health insurance market every two years. The last research was published in 2012. New research was commissioned in 2013 and the field work was done in late 2013. The results were published on the Health Insurance Authority's website in Spring 2014. The series of research reports provides valuable information on the health insurance market, including trends over time in the market.

3.2.3 Universal Health Insurance

The Programme for Government provides for the introduction of a system of Universal Health Insurance (UHI). The Minister published a preliminary paper on UHI in 2012 and a White Paper in 2014. The introduction of UHI will involve major changes in the regulation of the Irish health insurance market and the Authority's policy advice to the Minister reflects both the requirements of the current voluntary health insurance system and the need to establish an appropriate regulatory framework for UHI.

The White Paper outlines a proposed expanded role for the Authority in the proposed UHI system. In addition to the Authority's existing roles, including further development of the risk equalisation system, the White Paper proposed that the Authority would have a role in recommending an "efficient market rate" above which the State will not pay financial support. The Authority would be expected to oversee adherence to standard UHI policy terms and conditions, including the standard plan and receive and manage complaints from consumers concerning the health insurance market. The Authority would have a regulatory monitoring function as regards cost control, including gathering market data relevant to that function and annual reviews of all insurers. In addition, the Authority would manage an "Insolvency Fund" which would be intended to meet the costs associated with a possible health insurer insolvency. The White Paper also described additional cost control measures that might be introduced depending on how the UHI market develops and which would mean additional economic regulatory functions for the Authority. It was also suggested that the expansion of the Authority's powers would necessitate a new system for its accountability to the Government and the Oireachtas.

The Authority provides advice to the Department of Health with regard to work on developing the proposed UHI system.

3.3 Consumer Interests

The Authority's functions include taking "such action as it considers appropriate to increase the awareness of members of the public of their rights as consumers of health insurance and of health insurance services available to them" as well as monitoring and, where necessary, enforcing compliance with the Health Insurance Acts.

3.3.1 Consumer Queries and Complaints

The Authority assists consumers by answering queries regarding health insurance and by assisting them in resolving disputes with insurers. In 2013 the Authority received almost 6,000 queries and complaints from consumers by telephone, e-mail, letter and in person. Topics that were most frequently raised with the Authority were:

- Requests for comparisons between health insurance products;
- Cancellation policies of insurers;
- Rights in relation to switching insurers;
- General queries regarding health insurance products and waiting periods;
- The cost of private health insurance;
- Service standards of insurers; and
- Requests for the Authority's information publications.

During 2013 the Authority intervened successfully on behalf of consumers in relation to issues arising with respect to their health insurance. Two examples of cases addressed by the Authority are set out below.

Case Study 1

The consumer rang to complain that she cancelled her plan on 1 January 2013. Her old insurer continued to take payments from her account for a number of months. When she contacted the insurer she was told that it would take another 6 weeks to arrange the reimbursement.

The Authority contacted the consumer's old insurer to query the delay in reimbursement and the insurer acknowledged a mistake had been made and the customer would be reimbursed immediately. They contacted the consumer to apologise for the error and undertook to retrain staff. The customer was satisfied with the outcome.

Case Study 2

A consumer cancelled two people from his health insurance plan at renewal in January 2013. In February, his insurer debited the incorrect amount from his account. The amount taken did not allow for the calculations.

When the consumer contacted the insurer, the error was acknowledged, however the insurer would not reimburse him the amount in a lump sum. The insurer advised him that it would reduce the amount of his future payments.

The Authority contacted the consumer's insurer to query why the reimbursement could not be made in a lump sum and the insurer acknowledged a mistake had been made and that the customer would be reimbursed immediately.

3.3.2 Website

The Authority maintains a website, which provides information to consumers in line with the consumer information functions allocated to it in the Health Insurance Acts. The website includes a plan comparison facility, which allows consumers to compare benefits and prices of plans side by side, in order to choose the most appropriate plan for their circumstances. This comparison facility provides consumers with access to details of every plan on the market.

The website received over 560,000 visitors in 2013; a 23% increase on website visitors in 2012. The Authority's Facebook and Twitter pages also experienced increases in followers during the year.

The Authority launched a responsive mobile site in May 2013, allowing users to explore our site from their phone or tablet with ease. The health insurance comparison tool is also fully responsive, so comparing health insurance plans can now be carried out with the touch of a button, from a mobile device. Subsequently, mobile use of the website increased from 14% of visits to 23% of visits between May and December 2013.

4. Corporate Affairs

4.1 Strategy

The Authority was established as an independent regulator for the private health insurance market in Ireland. In fulfilment of this role, the Authority developed its work plan to include a vision, mission and values.

The Vision of the Authority

The vision of the Authority is "to benefit the common good by supporting Community Rating, Open Enrolment and Lifetime Cover in a competitive health insurance market".

The Mission of the Authority

The mission of the Authority is to achieve the vision by:

- monitoring and researching health insurance generally;
- advising the Minister on health insurance generally;
- enforcing compliance with the Health Insurance Acts, where necessary;
- carrying out its functions in relation to the Risk Equalisation System;
- implementing other relevant regulations as prescribed;
- providing information to consumers in relation to their rights and options; and
- safeguarding the interests of current and future health insurance consumers.

The Values of the Authority

The Authority has adopted values to apply in its activities. The values of the Authority are to:

- Maintain its independence;
- Act always with impartiality and integrity;
- Work in a professional and effective way;
- Meet its unique challenges by being receptive to new ideas and suggestions from all sources and innovative in its approach;
- Maintain transparency in all its work; and
- Value its people.

4.2 Corporate Governance

Corporate Governance Code of Practice

The Code of Practice for the Governance of The Health Insurance Authority is based on the updated "Code of Practice for the Governance of State Bodies" issued by the Department of Finance in May 2009.

Ethics in Public Office

The Authority is included in Statutory Instrument No. 699 of 2004 for the purposes of the Ethics in Public Office Acts, 1995 and 2001. The Members of the Authority and relevant staff have fulfilled their obligations under this legislation.

Annual Report and Accounts

The Annual Accounts for 2013 were prepared and submitted to the Office of the Comptroller and Auditor General ("the C & A G") for audit. These Accounts have been audited and approved by that office and are set out in section 5 of this Annual Report and Accounts.

Internal Audit

The Authority's Audit Committee met four times in 2013. The Audit Committee has agreed a programme of internal audits and, during 2013, the Committee directed that a number of audits be conducted on its behalf by BDO, the Authority's appointed internal auditors. Three such audits were completed in 2013, namely: review of internal financial controls; review of IT systems and a review of procedures in respect of the 2013 Risk Equalisation Scheme and Risk Equalisation Fund. Reports were submitted to the Audit Committee and the Authority. The Audit Committee met with both the internal and external auditors during the year. Action plans were prepared by the Authority's executive to address audit findings and these were monitored by the Audit Committee.

The Audit Committee also reviewed the Authority's financial statements and accounts and provided oversight of the Authority's risk management structure and risk register.

Official Languages

The Authority is compliant with the Official Languages legislation and maintains contact with the Department of Arts, Heritage and the Gaeltacht in this regard.

Freedom of Information and Parliamentary Questions

The Authority continues to meet its obligations in relation to responding to freedom of information requests and parliamentary questions.

The Health Insurance Authority came within the scope of the Freedom of Information Act with the passage of the Freedom of Information Act 1997 (Prescribed Bodies) Regulations 2006, effective from 31 May 2006.

In addition to processing requests made under the Freedom of Information Acts as they are received, the Authority published two booklets, "A Guide to the Functions of and Records Held by the Authority" and "A Guide to the Rules, Procedures, and Practices of the Authority", which together guide applicants through the Freedom of Information process. The guides are compiled in accordance with the Freedom of Information Acts and are published on the Authority's website.

The Authority received two freedom of information requests during 2013 and provided information in respect of 22 parliamentary questions.

Communications Strategy

The Authority operates a policy of openness, consultation and discussion with relevant interested parties. The Authority welcomes communication with consumers, stakeholders and other interested parties in the provision of a regulatory service and in the performance of its functions.

Energy Consumption

The Authority has one office which is located in Canal House, a building shared with the Construction Workers Pension Scheme. The Authority reports on its energy performance under SI No 542/2009 – European Communities (Energy End Use Efficiency and Energy Services) Regulations 2009. The report on the energy consumption is based on the proportion of Authority staff within the whole building. This approach has been taken as some floors within the building were unoccupied during the year.

In 2013, the Authority consumed 77MWh of energy, consisting of:

- 43MWh of electricity and
- 34MWh of fossil fuels (heating)

Actions Undertaken in 2013

- Heating managed in line with current weather conditions;
- Information Technology and other equipment replaced with more energy efficient equipment as required; and
- Energy-saving related emails sent to all staff encouraging energy efficiency best practice.

Actions Planned for 2014

- Procuring energy efficient multi-functional devices when replacing equipment;
- The introduction of night-time and weekend monitoring of electric energy usage in order to identify further savings;
- Introduction of socket timers on various high output electronic devices to ensure automatic shutdown of these units at night time and weekends as appropriate;
- The promotion of increased use of digital correspondence; and
- The continued promotion of responsible energy usage.

4.3 Resources

Staff

The Authority employs eleven members of staff.

Funding

The operations of the Authority are funded by a levy on registered undertakings in accordance with Section 17 of the Health Insurance Act, 1994. The 2010 Levy Regulations[3] set the rate to be paid by registered undertakings at 0.12% of premium income of registered undertakings. The levy is payable to the Authority on a quarterly basis. Registered undertakings are also obliged to submit details of the numbers of insured persons and the premium income. These statistics are summarised in Appendix A. The Register of Health Benefits Undertakings as at 31 December 2013 is set out in Appendix D.

3 The Health Insurance Act, 1994 (Section 17) Levy (Amendment) Regulations, 2010 (S.I. No. 539 of 2010).

5. Report and Accounts 2013

Report and Accounts for the year 1 January 2013 to 31 December 2013

To the Minister for Health

In accordance with the terms of Section 32(2) of the Health Insurance Act, 1994, The Health Insurance Authority presents its Report and Accounts for the twelve-month period ended 31 December 2013.

Contents

Authority Information

Members of the Authority

Jim Joyce (Chairman)

Dónall Curtin

Sheelagh Malin

Paul Turpin

Professor Anthony Staines

Chief Executive/Registrar

Liam Sloyan

Secretary

Eamonn Horgan

Bankers

AIB plc.
40/41 Westmoreland Street
Dublin 2

Permanent TSB
56/59 St Stephen's Green
Dublin 2

RaboDirect
Charlemont Place
Dublin 2

Auditors

Comptroller and Auditor General
Dublin Castle
Dublin 2

Offices

Canal House
Canal Road
Dublin 6

Report of the Comptroller and Auditor General

The Health Insurance Authority

I have audited the financial statements of the Health Insurance Authority for the year ended 31 December 2013 under the Health Insurance Act 1994. The financial statements, which have been prepared under the accounting policies set out therein, comprise the statement of accounting policies, the income and expenditure account, the balance sheet and the related notes. The financial statements have been prepared in the form prescribed under Section 32 of the Act, and in accordance with generally accepted accounting practice in Ireland.

Responsibilities of the Authority

The Authority is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the state of the Authority's affairs and of its income and expenditure, and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and to report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Authority's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

In addition, I read the Authority's annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the Financial Statements

In my opinion, the financial statements, which have been properly prepared in accordance with generally accepted accounting practice in Ireland, give a true and fair view of the state of the Authority's affairs at 31 December 2013 and of its income and expenditure for 2013.

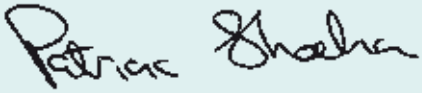
In my opinion, proper books of account have been kept by the Authority. The financial statements are in agreement with the books of account.

Matters on which I Report by Exception

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the information given in the Authority's annual report is not consistent with the related financial statements, or
- the Statement on internal financial control does not reflect the Authority's compliance with the Code of Practice for the Governance of State Bodies, or
- I find there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.



Patricia Sheehan
For and on behalf of the
Comptroller and Auditor General

26 June 2014

Statement on Internal Financial Control

The Chairman and Members of the Authority acknowledge that the board of the Authority is responsible for The Health Insurance Authority's system of internal financial control.

The Chairman and Members also acknowledge that such a system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and any material errors or irregularities are either prevented or would be detected in a timely manner.

The Members of the Authority have set out the following key procedures designed to provide effective internal financial control within the Authority:

As provided for in Section 26(5) of the Health Insurance Act, 1994, the Chief Executive/Registrar ("the CE") is responsible for carrying on and managing and controlling generally the administration and business of the Authority and shall perform such other functions as may be determined by the Authority. The Members of the Authority have agreed that the CE and staff are responsible for operational matters. The CE reports to the Members at their meetings which are usually held on a monthly basis.

A formal process for the identification, evaluation, mitigation and management of business risk has been undertaken and includes:

- The identification and nature of risks;
- The likelihood of occurrence;
- The financial or other implications;
- Mitigating factors;
- Measures to manage the identified risks; and
- Monitoring and reporting on the process.

The Members have adopted a Code of Practice for the Governance of The Health Insurance Authority based on the Department of Finance Code of Practice for Governance of State Bodies as updated in 2009. The Members have adopted rules in relation to the procedure and business of the meetings of The Health Insurance Authority for their meetings.

The Authority implements a set of financial procedures setting out the financial instructions, notes of procedures and delegation practices. The Audit Committee reviews the management accounts, annual financial statements, budgeting and financial procedures generally. The Committee met to review the financial matters relating to the year 2013. Consultants have been engaged in key areas where such services were deemed appropriate including accountants and internal audit consultants.

The Authority has in place a computer software system incorporating an accounting package and a payroll package to facilitate the internal financial controls of the Authority.

Due to the size of the organisation and the number of staff employed, the Authority engaged an external accounting firm to prepare and monitor the financial statements for the Authority and to perform a monthly financial reporting mechanism on the management of the accounts generally, including budgets.

We confirm that a review of the effectiveness of the system of internal financial controls was carried out in respect of 2013.

Signed on behalf of the Members of the Authority

J. Joyce
Chairman
The Health Insurance Authority

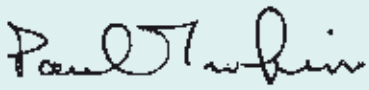
23 June 2014

Statement of Responsibilities of the Authority

Section 32(2) of the Health Insurance Act, 1994, requires the Members of the Authority to prepare financial statements in such form as may be approved by the Minister for Health after consultation with the Minister for Finance. In preparing those financial statements, the Authority is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Authority will continue in operation.

The Authority is responsible for keeping proper books of account, which disclose in a true and fair manner at any time the financial position of the Authority and which enable it to ensure that the financial statements comply with Section 32(2) of the Act. The Authority is also responsible for safeguarding the assets of the Authority and for taking reasonable steps for the prevention and detection of fraud and other irregularities.



J. Joyce
Chairman

P. Turpin
Member

23 June 2014

Statement of Accounting Policies

The significant accounting policies adopted in these financial statements are as follows:

Basis of Accounting

The financial statements are prepared in accordance with generally accepted accounting principles and under the historical cost convention and comply with the financial reporting standards of the Accounting Standards Board.

Levy Income

The levy income represents the amount receivable by the Authority in respect of the period. This takes account of payments made to the Authority in accordance with the Health Insurance Acts, 1994-2012 and the reasonableness of this figure is checked against the expected levy income based on the Authority's profile of private health insurance schemes.

Expenditure Recognition

Expenditure is recognised in the financial statements on an accruals basis as it is incurred.

Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation, charged to the Income and Expenditure Account, is calculated in order to write off the cost of fixed assets over their estimated useful lives, under the straight-line method, at the annual rate of 33 $\frac{1}{3}$% for computer equipment and 20% for all other assets from date of acquisition.

Foreign Currencies

Transactions denominated in foreign currencies are converted into euro during the year and are included in the Income and Expenditure Account for the period.

Monetary assets and liabilities denominated in foreign currencies are converted into euro at exchange rates ruling at the balance sheet date and resulting gains and losses are included in the Income and Expenditure Account for the period.

Superannuation

In accordance with Section 28 of the Health Insurance Act, 1994, the Authority may, with the consent of the Minister for Health and the Minister for Public Expenditure and Reform, make a scheme for the granting of superannuation benefits to staff members of the Authority. The Authority has drafted a scheme for its employees based on the Public Service Model and approval by the Minister for Health and Minister for Public Expenditure and Reform is awaited. The Authority is making the necessary deductions from salaries which are retained by the Authority, but are not recognised as income. The Authority is also providing for employer contributions to the Scheme. For the purposes of Financial Reporting Standard 17, the Authority considers the scheme to be equivalent to a defined contribution scheme, from its point of view, and it has accounted for it accordingly.

Risk Equalisation Fund

The Risk Equalisation Fund (the Fund) was established on 1 January 2013 under the Health Insurance (Amendment) Act 2012. The Authority is responsible for maintaining, protecting, administering and applying the Fund and recoups the costs incurred from the Fund. The basis for recouping costs comprises full apportionment of costs which are directly related to the Fund and partial apportionment of costs incurred by the Authority as set out in Note 12 of the financial statements. Separate financial statements are prepared by the Authority on an annual basis.

Income and Expenditure Account

for the year ended 31 December, 2013

	Notes	12 months ended 31 December, 2013 €	12 months ended 31 December, 2012 €
Income	1	2,826,681	2,706,824
Administration Costs	2	(1,365,954)	(1,312,150)
Excess of income over expenditure		1,460,727	1,394,674
Interest Receivable		126,475	179,683
Surplus for the year		**1,587,202**	**1,574,357**
Accumulated Surplus at beginning of year		7,111,180	5,586,823
Transfer from/(to) General Reserve	9	1,457,895	(50,000)
Accumulated Surplus at end of year		**10,156,277**	**7,111,180**

There are no recognised gains or losses, other than those dealt with in the Income and Expenditure Account.

J. Joyce
Chairman

P. Turpin
Member

23 June 2014

The Statement of Accounting Policies and notes 1 to 13 form part of these Financial Statements.

Balance Sheet

at 31 December 2013

	Notes	2013	2012
		€	€
Fixed assets			
Tangible assets	5	73,674	17,269
Current assets			
Bank and Cash		10,721,994	9,189,138
Prepayments and other debtors	6	913,224	757,821
		11,635,218	9,946,959
Creditors (amounts falling due within one year)			
Creditors and accruals	7	(1,552,615)	(1,395,153)
Net current assets		10,082,603	8,551,806
Total assets less current liabilities		10,156,277	8,569,075
Net assets		**10,156,277**	**8,569,075**
Representing			
Accumulated excess income over expenditure	9	10,156,277	7,111,180
General reserve		–	1,457,895
		10,156,277	**8,569,075**

J. Joyce
Chairman

P. Turpin
Member

23 June 2014

The Statement of Accounting Policies and notes 1 to 13 form part of these Financial Statements.

Notes

(forming part of the financial statements)

1. Income

Section 17 of the Health Insurance Act, 1994 provides for the payment of an income levy by registered undertakings to the Authority every quarter in order to fund the operations of the Authority and make adequate provision for contingencies. The Health Insurance Act, 1994 (Section 17) Levy Regulations, 2001 set the rate for the income levy at 0.14% of the assessable amount paid to all commercial and restricted undertakings in Ireland. The rate has subsequently been reduced to 0.12% by the Health Insurance Act 1994 (Section 17) Levy (Amendment) Regulations 2010.

	2013	2012
	€	€
Income Levy	2,671,800	2,704,150
Recharged Risk Equalisation Fund costs **(Note 12)**	154,851	–
Insurance Claim Proceeds	–	2,674
Freedom of information	30	–
	2,826,681	**2,706,824**

2. Administration Costs

	2013	2012
	€	€
Salaries and staff costs **(Note 3)**	761,706	662,269
Training costs	13,151	13,630
Directors Fees **(Note 3)**	20,948	20,948
Recruitment	95	13,772
Rent, Service Charges and Maintenance	81,143	108,989
Consultancy **(Note 4)**	329,419	372,125
Insurance	17,987	17,156
Computer and Stationery Costs	31,990	27,237
Other Administration Costs*	31,939	25,788
Consumer Information	49,383	20,759
Audit	14,680	12,220
Depreciation	13,513	17,257
	1,365,954	1,312,150

2. Administration Costs continued

The Health Insurance Authority rents offices at Canal House, Canal Road, Dublin 6 at a cost of €50,000 per annum. The Authority entered into a 10 year lease for the offices in May 2012.

Administration expenses in respect of the Risk Equalisation Fund are recouped from the Fund.

The amount expended on foreign travel in the year was nil (2012: €1,629).

* Other Administration Costs include €1,216 (2012: €759) in relation to staff and board related events.

3. Directors Fees and CEO Remuneration

Fees payable to individual board members for 2013 were Jim Joyce (Chairman) €8,978 (2012: €8,978), Dónall Curtin €5,985 (2012: €5,985), Sheelagh Malin €5,985 (2012: €5,985), Paul Turpin €0 (2012: €667), Prof Anthony Staines €0. No expenses were paid to board members.

The Chief Executive's annual salary for 2013 was €103,536 (2012: €103,967). The CEO received travel and subsistence expenses of €539 (2012: €725) and €0 (2012: €0) in respect of other expenses. The CEO's pension entitlements are in line with standard entitlements in the model public sector defined benefit superannuation scheme. The CEO did not receive any perquisites or benefits in 2013.

The number of staff employed by the Authority at 31 December 2013 was 11 or 10.6 WTE (2012: 10 or 9.6 WTE). The Authority reports 11 staff under the employment control framework.

4. Consultancy Costs

	2013 €	2012 €
Accountancy	55,021	48,608
Actuarial Services	103,285	183,941
Legal Services	55,034	120,263
Refund of legal costs	–	(93,562)
Public Relations	44,280	44,280
Research	20,279	23,213
Superannuation	663	(230)
Translation Services	1,658	1,203
Economic consultancy	49,199	44,409
	329,419	**372,125**

In May 2012 the Health Insurance Authority received funds of €183,562 in respect of legal costs incurred in previous years regarding High Court judicial review proceedings. In 2011 the Authority included €90,000 in prepayments in respect of this, thus resulting in a refund of €93,562 in 2012.

Consultancy costs of €1,125 in respect of Risk Equalisation included in the total consultancy costs of €329,419 are recouped from the Risk Equalisation Fund.

5. Tangible Fixed Assets

	Computer Equipment	Office Fitting, Furniture & Equipment	Website Development	Office Fit Out	Total
	€	€	€	€	€
Cost					
At 31 December 2012	66,603	322,672	47,390	–	436,665
Additions during period	9,065	8,154	3,690	49,005	69,914
Disposals during period	(21,518)	(2,473)	–	–	(23,991)
At 31 December 2013	54,150	328,353	51,080	49,005	482,588
Depreciation					
At 31 December 2012	60,555	321,648	37,190	–	419,395
Charge for period	3,793	948	6,322	2,450	13,513
Depreciation on disposals	(21,518)	(2,473)	–	–	(23,991)
At 31 December 2013	42,830	320,123	43,512	2,450	408,915
Net Book Value					
At 31 December 2013	11,320	8,231	7,568	46,555	73,674
At 31 December 2012	6,045	1,024	10,200	–	17,269

6. Prepayments and other debtors

	2013	2012
	€	€
Accrued income	682,144	725,353
Prepayments and Other Debtors	52,251	31,134
Travel Cards	1,458	1,334
Cycle to Work	346	–
Risk Equalisation Fund	177,025	–
	913,224	**757,821**

7. Creditors (amounts falling due within one year)

	2013	2012
	€	€
Trade creditors and accruals	174,317	164,113
Pensions provision (Note 8)	1,337,805	1,165,141
Pension levy	3,064	2,706
PAYE/PRSI	17,130	14,812
Professional Services Withholding Tax	4,609	15,413
Value Added Taxation	15,690	32,968
	1,552,615	**1,395,153**

8. Pensions Provision

The Authority has drafted a defined benefit pension scheme for its employees. The scheme structure is based on the Public Service Model and approval by the Minister for Health and the Minister for Public Expenditure and Reform is awaited. Contributions including employer contributions are at a rate of 25% from July 2006 (16.66% previously) of pensionable pay and are charged to the Income and Expenditure Account. The accumulated contributions are held for the account of the Minister for Health, and the Minister has agreed to reimburse the Authority in respect of benefits arising under the scheme. The following contributions are included in the heading "Salaries and Staff Costs" (Note 2):

	2013	2012
	€	€
At beginning of period	1,165,141	1,015,480
Employee Contributions	31,105	26,384
Employer Contributions	141,559	123,277
Total	**1,337,805**	**1,165,141**

In addition €37,796 (2012: €34,185) was deducted from staff by way of pension levy and was paid over to the Department of Health.

9. Accumulated Surplus on Income and Expenditure Account

	Income & Expenditure Account	General Reserve
	€	€
At 1 January 2013	7,111,180	1,457,895
Excess of income over expenditure in year	1,587,202	xxx
Transfer from General Reserve	1,457,895	(1,457,895)
At 31 December 2013	**10,156,277**	–

The Authority built up a General Reserve balance of €1,457,895 at the end of 2012. The General Reserve was established to fund additional costs should they arise given the Authority's role as the regulator and advisor for the Irish Health Insurance Market.

In 2013, the Authority considered that it no longer required a general reserve in view of its accumulated revenue reserves.

10. Capital Commitments

There were no commitments for capital expenditure at 31 December 2013.

11. Disclosure of Interests

The Authority has adopted procedures in accordance with the guidelines issued by the Department of Finance in relation to the disclosure of interests by Authority Members and the Authority has adhered to these procedures. There were no transactions in the year in relation to the Authority's activities in which board members had an interest.

12. Risk Equalisation Fund

The Health Insurance (Amendment) Act 2012 provides for the establishment of the Risk Equalisation Fund (the Fund) from 1 January 2013. Stamp Duty payments for policies commencing or renewing on or after 1 January 2013 are paid by insurers to the Revenue Commissioners who in turn transfer the money to the Fund. Risk Equalisation Credits are paid, on behalf of consumers, out of the Fund to the health insurance undertakings by the Health Insurance Authority. Separate financial statements are prepared in respect of the Fund on an annual basis. The Authority is responsible for administering and maintaining the Fund.

12. Risk Equalisation Fund continued

There are no employees directly employed by the Fund. Total costs of €154,851 in respect of the Fund were charged by the Authority for 2013 as follows:

Type of cost	Total recharged to Fund €
Salary and staff costs	126,419
Rent, service charges and maintenance	12,329
Computer and stationery costs	5,082
Other administrative costs	9,896
Other consultancy costs	1,125
	154,851

13. Approval of Financial Statements

The Financial Statements were approved by the Members of the Authority on 23 June 2014.

The Risk Equalisation Fund ("the Fund") Report and Financial Statements

for the year 1 January 2013 to 31 December 2013

To the Minister for Health

In accordance with the terms of the Health Insurance Act 1994 (as amended), The Health Insurance Authority presents the Financial Statements of the Risk Equalisation Fund for the twelve-month period ended 31 December 2013.

Contents

Report of the Comptroller and Auditor General

Risk Equalisation Fund

I have audited the financial statements of the Risk Equalisation Fund for the year ended 31 December 2013 under the Health Insurance Act 1994 (as amended). The financial statements, which have been prepared under the accounting policies set out therein, comprise the statement of accounting policies, the income and expenditure account, the balance sheet, the cash flow statement and the related notes. The financial statements have been prepared in the form prescribed under Section 11D(8) of the Act, and in accordance with generally accepted accounting practice in Ireland.

Responsibilities of the Health Insurance Authority

The Health Insurance Authority is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the transactions of the Fund and of the state of its affairs and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

In addition, I read the Health Insurance Authority's annual report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the Financial Statements

In my opinion, the financial statements, which have been properly prepared in accordance with generally accepted accounting practice in Ireland, give a true and fair view of the transactions of the Fund for the year ended 31 December 2013 and the state of its affairs at that date.

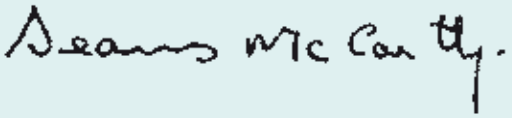
In my opinion, proper books of account have been kept by the Health Insurance Authority. The financial statements are in agreement with the books of account.

Matters on which I Report by Exception

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the information given in the Health Insurance Authority's annual report is not consistent with the related financial statements, or
- I find there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.



Seamus McCarthy
Comptroller and Auditor General

30 June 2014

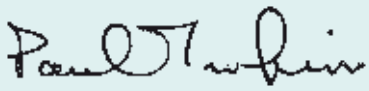
The Risk Equalisation Fund

Statement of Responsibilities

Section 11D(8) of the Health Insurance Act of 1994 (as amended) (the 'Act') requires the Health Insurance Authority (the 'Authority') to prepare financial statements. In preparing those financial statements, the Authority is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Fund will continue in operation.

The Authority is responsible for keeping proper books of account, which disclose in a true and fair manner at any time the financial position of the Fund and which enable it to ensure that the financial statements comply with Section 11D(8) of the Act. The Authority is also responsible for safeguarding the assets of the Fund and for taking reasonable steps for the prevention and detection of fraud and other irregularities.



J. Joyce
Chairman

P. Turpin
Member

30 June 2014

The Risk Equalisation Fund

Statement of Accounting Policies

The significant accounting policies adopted in these financial statements are as follows:

Basis of Accounting

The financial statements have been prepared on an accruals basis, under the historical cost convention and in accordance with generally accepted accounting practice in Ireland. Financial reporting standards of the Financial Reporting Council are adopted as they become applicable.

The Fund was established under Section 11D of the Act. The Fund was established by and is administered and maintained by the Health Insurance Authority. The Act provided that all stamp duty paid by virtue of the Section 125A of the Stamp Duties Consolidation Act 1999 in respect of health insurance contracts commencing on or after 1 January 2013 be paid into the Fund.

Payments out of the Fund include:

- Risk equalisation premium credit – Registered undertakings (health insurers) receive higher premiums in respect of certain higher risk groups on the basis of age and gender, but the additional amounts charged are paid by the Fund to the registered undertakings on behalf of insured persons so that the net payment made by the insured person is not affected by age or gender.
- Hospital bed utilisation credit – a payment to registered undertakings on behalf of insured persons by the Fund of part of each health insurance claim involving payments in respect of qualifying overnight stays in private hospital accommodation.

The current Risk Equalisation Scheme is provided for in the Act. This replaced the Interim Risk Equalisation Scheme of age related tax credits and community rating levy which had operated since 2009 and was administered by the Revenue Commissioners.

Accounting Period

The financial statements are for the twelve month period from 1 January 2013 to 31 December 2013. This is the first accounting period of the Fund.

Income

Stamp Duty income is recognised in the financial statements over the term of the relevant insurance contract, assumed to be twelve months in all cases. Stamp duty on policies commencing on or after 1 January 2013 is paid by registered undertakings to the Revenue Commissioners on a quarterly basis. The stamp duty is then paid into the Fund. The receipts of the Fund in the financial year are adjusted to take account of:

- Accrued stamp duty which represents outstanding stamp duty due to the Fund at the year end and represent amounts payable by registered undertakings in relation to the last quarter of the financial year. This amount due is recorded as a debtor to the Fund.
- Un-earned stamp duty represents the estimated proportion of stamp duty paid into the Fund during the financial year and accrued at year end which relates to the unexpired term of the relevant insurance contracts at the balance sheet date. This amount is recorded as a provision at the balance sheet date (See Note 1).

Expenditure Recognition

Expenditure is recognised in the financial statements on an accruals basis as it is incurred.

Risk Equalisation Premium Credit

Risk equalisation premium credit is accounted for on an accruals basis. Insurers claim risk equalisation premium credit from the Fund on a monthly basis. In determining the amount to be recognised as an expense in the financial year, the payments made from the Fund are adjusted to take account of:

- Amounts claimed and payable to registered undertakings which have not been paid at the balance sheet date.
- Un-expensed risk equalisation premium credit – a majority of individuals pay insurance policies either by monthly instalments or annually in advance. Credits claimed in relation to monthly instalments are expensed in the month to which the claim relates. Credits claimed for policies paid annually in advance are expensed uniformly over the twelve months of the contract. At the balance sheet date any amounts paid to insurers which have not been expensed are recognised as a debtor (See Note 2).

Hospital Bed Utilisation Credit

The hospital bed utilisation credit is accounted for on an accruals basis. In determining the amount to be recognised as an expense in the financial year, the payments made from the Fund are adjusted to take account of:

- Amounts claimed by and payable to registered undertakings which have not been paid at the balance sheet date.
- A provision for hospital bed utilisation credit arising in respect of hospital episodes which had occurred in the financial year but had not been claimed by registered undertakings at year end. The provision assumes that the number of nights in private hospital accommodation is uniform across contracts commencing on different dates and that hospitalisation occurs uniformly throughout the policy period.

The Risk Equalisation Fund

Income and Expenditure Account

for the year ended 31 December 2013

	Notes	**12 months ended 31 December 2013** **€000**
Income		
Stamp Duty	*1*	316,938
Expenditure		
Risk equalisation premium credit	*2*	319,151
Hospital bed utilisation credit	*3*	20,952
Staff and other costs	*4*	193
Total Expenditure		340,296
Excess of expenditure over income		(23,358)
Investment income		54
Deficit for the year		(23,304)

There are no recognised gains or losses, other than those dealt with in the Income and Expenditure Account.

J. Joyce
Chairman

P. Turpin
Member

30 June 2014

The Statement of Accounting Policies and notes 1 to 10 form part of these Financial Statements.

The Risk Equalisation Fund

Balance Sheet

at 31 December 2013

	Notes	**2013**
		€
Current assets		
Short term deposits		113,504
Bank		50
Prepayments and other debtors	*5*	159,822
		273,376
Creditors (amounts falling due within one year)		
Creditors and accruals	*6*	(76,933)
Provisions	*7*	(219,747)
		(296,680)
Net liabilities		(23,304)
Representing		
Accumulated excess expenditure over income		(23,304)

J. Joyce
Chairman

P. Turpin
Member

30 June 2014

The Statement of Accounting Policies and notes 1 to 10 form part of these Financial Statements.

The Risk Equalisation Fund

Cashflow Statement

for the year ended 31 December 2013

	Notes	**2013**
		€000
Reconciliation of operating deficit to net cash inflow from operating activities		
Operating deficit for year		(23,304)
Increase in debtors	*5*	(159,822)
Increase in creditors	*6 & 7*	296,680
Net cash inflow from operating activities		113,554
Increase in cash		113,554
Net funds at 1 January		–
Net funds at 31 December		113,554
Increase in cash		113,554

J. Joyce
Chairman

P. Turpin
Member

30 June 2014

The Statement of Accounting Policies and notes 1 to 10 form part of these Financial Statements.

The Risk Equalisation Fund

Notes

(forming part of the financial statements)

1. Income

Stamp duty payments for policies commencing or renewing on or after 1 January 2013 are paid by registered undertakings to the Revenue Commissioners who in turn transfer the money to the Risk Equalisation Fund.

	2013 €000
Stamp duty paid into the Fund	412,930
Accrued stamp duty receivable (note 5)	111,632
Un-earned stamp duty provision (note 7)	(207,624)
	316,938

2. Risk equalisation premium credit

	2013 €000
Payments made to registered undertakings in 2013	294,812
Risk equalisation premium credit payable to registered undertakings (note 6)	72,519
Un-expensed risk equalisation premium credit (note 5)	(48,180)
	319,151

3. Hospital bed utilisation credit

	2013 €000
Payments made to registered undertakings in 2013	4,608
Hospital bed utilisation credit payable to registered undertakings (note 6)	4,221
Hospital bed utilisation credit provision (note 7)	12,123
	20,952

4. Staff and other costs

	2013 €000	2013 €000
Health Insurance Authority re-charged costs:		
Salaries and staff costs	121	
Training costs	2	
Directors Fees	4	
Rent, service charge and maintenance	12	
Insurance	3	
Computer and stationery	5	
Other administration costs	6	
Depreciation	2	
		155
Costs directly charged to the Fund:		
Consultancy	23	
Audit	10	
Legal	3	
Insurance	2	38
		193

Re-charged costs are included in the expenditure side of the Health Insurance Authority accounts.

Pre-establishment costs of the Fund were not re-charged by the Health Insurance Authority.

5. Prepayments and other debtors

	2013 €000
Un-expensed risk equalisation premium credit	48,180
Accrued stamp duty receivable	111,632
Accrued investment income	10
	159,822

6. Creditors and accruals

	2013 €
Risk equalisation premium credit payable to registered undertakings (note 2)	72,519
Hospital bed utilisation credit payable to registered undertakings (note 3)	4,221
Health Insurance Authority	177
Accrued expenses	16
	76,933

7. Provisions

	2013 €
Un-earned stamp duty provision (note 1)	(207,624)
Hospital bed utilisation credit provision (note 3)	(12,123)
	(219,747)

8. Special funding requirement under Act

Section 11(D)(5) of the Act provides that the Minister for Health may, for the purpose of maintaining a sufficient amount of moneys in the current account of the Fund, having regard to the sums payable from the current account, request the Minister of Finance to advance moneys from the Central Fund to an account established for this purpose in the name of the Minister of Health (the 'Special Account'). In May 2013 the Authority requested a payment to the Fund from the Special Account in accordance with Section 11D(5)(f)(ii) of the Act arising from a shortfall in the current account of the Risk Equalisation Fund at its commencement. €78 million was paid from the Special Account to the Risk Equalisation Fund on 20 May 2013. The payment from the Special Account was used to pay the first interim claim to registered undertakings for the period 1 January 2013 to 30 March 2013. On 28 May 2013 repayment of €78 million was made to the Central Fund in accordance with Section 11D(6)(b) of the Act using the stamp duty receipts for the first quarter. There were no further requests for payment from the Special Account during the year.

9. Disclosure of Interests

The Authority has adopted procedures in accordance with the guidelines issued by the Department of Finance in relation to the disclosure of interests by Authority Members and the Authority has adhered to these procedures. There were no transactions in the year in relation to the Fund's activities in which Authority members had an interest.

10. Approval of Financial Statements

The Financial Statements were approved by the Members of the Authority on 30 June 2014.

6. Appendices

Appendix A

Statistics Relating to the Private Health Insurance Market in Ireland, 2013

Table 1: Insured Persons [4] [5]

Year Ended	Total Insured Persons (000s)	Private Health Insurance Coverage as % of Population
December 2001	1,871	48.2%
December 2002	1,941	49.2%
December 2003	1,999	49.8%
December 2004	2,054	50.2%
December 2005	2,115	50.4%
December 2006	2,174	50.3%
December 2007	2,245	50.5%
December 2008	2,297	50.9%
December 2009	2,260	49.7%
December 2010	2,228	48.8%
December 2011	2,163	47.2%
December 2012	2,099	45.7%
December 2013	2,049	44.6%

4 All figures relate to the total private health insurance market, i.e. open enrolment and restricted undertakings.
5 Population figures are based on Central Statistics Office population estimates.

Table 2: Premium Income

Year	Total Income (€m)	Year	Total Income (€m)
2002	821.9	2008	1,652.2
2003	978.2	2009	1,846.7
2004	1,061.1	2010	1,949.1
2005	1,152.7	2011	2,061.4‡
2006	1,299.5	2012	2,240.7‡
2007	1,477.8	2013	2,388.5‡

Market Shares

The Following table shows how market shares have changed since the establishment of the Authority.

December	Aviva Health* %	Laya Healthcare** %	Vhi Healthcare %	GloHealth %	Restricted Membership Undertakings*** %
2001	–	13%	82%	–	5%
2002	–	15%	80%	–	5%
2003	–	17%	78%	–	5%
2004	–	19%	76%	–	5%
2005	1%	21%	74%	–	4%
2006	3%	21%	72%	–	4%
2007	5%	21%	70%	–	4%
2008	8%	22%	67%	–	4%
2009	10%	23%	63%	–	4%
2010	14%	21%	62%	–	4%
2011	18%	21%	57%	–	4%
2012	17%	22%	56%	1%	4%
2013	15%	23%	54%	4%	4%

‡ Includes H.S.F.

* In respect of 2007 and earlier years the data relates to VIVAS Health.

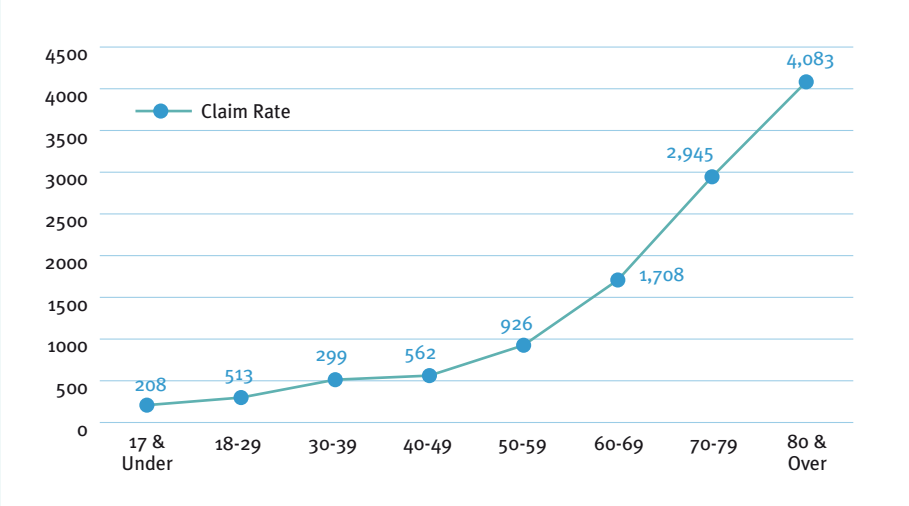
** In respect of 2012, the data is a sum of the market shares of Quinn Insurance Ltd (Under Administration) and Elips Insurance Ltd. Previous years relate to Quinn Healthcare or (2006 and earlier) BUPA Ireland.

*** Theses mainly consist of the Garda, ESB and Prison Officer Schemes.

Appendix B

Claim Variation by Age

Claims included in Returns per Insured Person in 2013



The source of the data in the above chart is information returns submitted to the Authority by insurers. These returns exclude c. 8% of claims.

Appendix C

Age Structure of Market

The following table shows how the age structure of the market has changed since the end of 2010. The tables in this section are based on information returns received from open membership insurers. The data in these returns differs from data included in earlier tables in that it excludes people who are serving initial waiting periods, people who are insured with restricted membership undertakings and people who are insured with products that are not subject to the health insurance stamp duty and the age related health credits.

Age Group	2010	2011	2012	2013
0-17	505	495	479	462
18-29	284	256	230	211
30-39	351	331	312	295
40-49	315	308	302	296
50-59	272	269	266	263
60-69	204	208	211	215
70-79	106	110	114	119
80+	42	44	46	49

The following table shows how market shares varied with age at the end of 2013. The table below refers to open membership insurers only and excludes the restricted membership undertakings.

Age Group	Aviva Health %	Laya Healthcare %	Vhi Healthcare %	GloHealth %
0-49	17%	26%	52%	5%
50-59	18%	23%	58%	2%
60-69	16%	22%	62%	1%
70-79	10%	15%	75%	0%
80+	6%	7%	87%	0%
Total	16%	24%	56%	4%

Appendix D

The Register of Health Benefits Undertakings as at 31 December 2013

Open Membership Undertakings

1. Aviva Health Insurance Limited (trading as Aviva Health);
2. Elips Versicherungen AG (Elips Insurances Ltd.) (trading as Laya Healthcare);
3. Great Lakes Reinsurance (UK) PLC (trading as Glo Health);
4. H.S.F. Health Plan Limited (trading as Hospital Saturday Fund);
5. Quinn Insurance Limited (Under Administration); and
6. The Voluntary Health Insurance Board (trading as Vhi Healthcare).

Restricted Membership Undertakings

1. E.S.B. Staff Medical Provident Fund;
2. Irish Life Assurance Plc Outdoor Staff Benevolent Fund;
3. Irish Life Medical Aid Society;
4. New Ireland/Irish National Staff Benevolent Fund;
5. Prison Officers' Medical Aid Society;
6. St. Paul's Garda Medical Aid Society; and
7. The Goulding Voluntary Medical Scheme.

Appendix E

Attendance of Authority Meetings for 2013

Authority Member	Meetings Attended*
Mr. Jim Joyce, Chairman	9
Mr. Donall Curtin	10
Ms. Sheelagh Malin	9
Prof. Anthony Staines	9
Mr. Paul Turpin	10

* There were a total of ten Authority meetings held in 2013.

Appendix F

Risk Equalisation Rates

Rates Applying for Contracts Commencing/Renewing from 1 January 2013 to 30 March 2013

Tax Credit	
60-64	€600
65-69	€975
70-74	€,400
75-79	€2,025
80-84	€2,400
85+	€2,700

In order to fund the system, insurers paid a community rating stamp duty in respect of all individuals that they cover that was €285 for adults and €95 for children.

Rates Applying for Contracts Commencing/Renewing from 31 March 2013 to 28 February 2014

Risk Equalisation Credits

Contract Type	Non-Advanced		Advanced	
	Male	Female	Male	Female
60-64	€375	€250	€425	€275
65-69	€900	€650	€1,050	€775
70-74	€1,450	€975	€1,700	€1,150
75-79	€2,050	€1,550	€2,425	€1,800
80+	€2,850	€1,925	€3,375	€2,275

A hospital bed utilisation credit of €75 is paid in respect of each charged qualifying night spent in hospital by an insured person.

Community Rating Stamp Duties

Community Rating Stamp Duties	Non-Advanced	Advanced
Adult	€290	€350
Child	€100	€120

Renewals from 1 March 2014

Risk Equalisation Credits

Contract Type	Non-Advanced		Advanced	
	Male	Female	Male	Female
60-64	€250	€200	€450	€325
65-69	€575	€400	€1,150	€775
70-74	€925	€625	€1,850	€1,200
75-79	€1,200	€950	€2,500	€1,925
80-84	€1,575	€1,150	€3,200	€2,250
85+	€1,975	€1,325	€4,000	€2,725

A hospital bed utilisation credit of €60 is paid in respect of each night spent in hospital by an insured person.

Community Rating Stamp Duties

Community Rating Stamp Duties	Non-Advanced	Advanced
Adult	€290	€399
Child	€100	€135