

# INFORMATION RETURNS INSPECTION OF REGISTERED UNDERTAKINGS FOR THE PERIOD 2023

## 1. Background/Objective of the Inspection

The Health Insurance Authority (the “Authority”) has published in this report the findings of its Information Returns inspection, which was carried out in 2024, that forms part of the annual Risk Equalisation Scheme (“RES”) recommendation to the Department of Health.

The purpose of the inspection was to assess whether the registered undertakings were in compliance with the obligation to make information returns to the Authority pursuant to section 7D of the Health Insurance Act 1994 (as amended) and the Health Insurance Act 1994 (Information Returns) Regulations, 2009 ((S.I. No. 294 of 2009), as amended, “the 2009 Regulations”). The objective of the inspection was to review and assess the effectiveness of the controls operating over the processes of the registered undertakings bi-annual Information Returns submission. This review focused on data for H2 2023.

The aforementioned legislation provides the legislative basis for inclusion of claims and member data within the Information Returns, the mechanisms used to collect the data necessary to calibrate the Risk Equalisation Fund. This forms the basis for the recommendation to the Minister for Health on the risk equalisation credits and stamp duty. The HIA is responsible for administering and maintaining the Risk Equalisation Fund. The registered undertakings submit data to the HIA in two separate ways:

1. Information Return – Benefits
2. Information Return – Members

Information Returns relating to High-Cost Claims Pools were outside the scope of the inspection

The inspection also satisfies one of the key priorities of the HIA –

**HIA’s Strategic Plan 2022-2024 – Priority #2 Ensure compliance and accountability through best regulatory practice:**

*“We will use our powers to ensure effective compliance by insurance companies, through inspections, audits and providing guidance on all aspects of regulatory obligations.”*

This priority reflects the importance of the Information Returns, ensuring robust controls are in place with respect to the validity, completeness and accuracy of claims included with the Information Returns ensuring that claims included are in compliance with the 2009 regulations while maintaining the highest standards of corporate governance. One of the key performance indicators of this goal is to conduct this inspection of the registered undertakings.

## 2. Scope of the Inspection

The inspections focused on the registered undertakings controls to ensure the validity, completeness and accuracy of the data within the Information Returns submitted. This included oversight of controls when systems were initially implemented as well as on-going controls. In summary the objective of the inspections was to assess the adequacy, design and operational effectiveness of internal controls in place that govern the registered undertakings processes regarding:

1. Information Return – Benefits
2. Information Return – Members

in order to assess compliance with the 2009 Regulations in relation to the validity, completeness and accuracy over the Information Returns submitted.

The following registered undertakings were in scope for the inspection

- Elips Versicherungen AG (trading as Laya Healthcare)
- Irish Life Health dac
- Vhi Insurance DAC trading as Vhi Healthcare

Hereinafter together referred to as “the Registered Undertakings”

### 3. Findings and Recommendations

The HIA found that two of the registered undertakings have satisfactory & appropriate policies, procedures and controls in place in respect of the preparation of the Information Returns based on the review work carried out. The HIA is satisfied that these procedures appear designed to ensure adequate segregation of duties, with the Information Returns and the claims data incorporated therein undergoing various financial control checks and stages of review prior to authorisation and submission to the HIA.

Notwithstanding these positive control findings, the HIA has identified a number of findings and recommendations as a result of the inspection. The areas of particular concern identified are as follows:

#### Findings requiring immediate remediation

##### 1. Control Environment

For one registered undertaking the Authority, identified that the control environment is not sufficiently robust to ensure accurate reporting of information returns as required by Section 18 of the Health Insurance Act 1994. Six control deficiencies were identified as follows;

1. No Claims controls were in place in order to review for anomalies in Length of Stay (“LOS”) / Cell Claim Value (“CCV”) prior to submission of the Information Returns.
2. Controls, while performed as described, did not have evidence of review by a supervisor or manager
3. No manager/ supervisor sign off in order to authorise a new plan, hospital/ facility or benefit being incorporated into the Information Returns.
4. No evidence of a senior level review or reasonableness checks on the Information Returns as whole prior to submission.
5. Control not operating as described in the Standard Operating Procedures.
6. No controls in place to ensure the claim details are allocated to the correct cell (being the column as per the Information Return - i.e. public, private, CCV day / night etc.)

The Authority requires that the registered undertaking implements a sufficiently robust control environment to ensure the completeness and validity of Information Returns.

##### 2. Claim Paid to Incorrect Hospital

During the inspection, the Authority identified that one registered undertaking had paid an incorrect hospital for a procedure. On inquiry, the Authority learned that this situation has arisen

on more than one occasion. All Registered Undertakings should have robust internal controls over the claims cycle in order to ensure the accuracy and validity of claims data which ultimately feed into the Information Returns, in addition to protecting patients' privacy.

The Authority requires that the registered undertaking review their internal controls over payment of claims to the appropriate Hospital and devise and implement adequate controls to prevent recurrence. The controls put in place must be adequately robust to at a minimum ensure that claims are correctly allocated within the Information Returns submissions between "cell returned benefits (private hospitals)", "cell returned benefits (publicly funded hospitals)" and ensure that payments to settings that do not meet the definition of "health services provider" are not included in the information returns.

The Authority recommended that the registered undertaking develops automated or system controls to reject payments with invalid permutations i.e. system should reject or at a minimum flag payment where procedure codes do not match Doctor/ Hospital details. Where the process is manual, a supervisor/ manager should review support for and authorise on payments made to Hospitals.

The Authority recommended that the registered undertaking implement an error log to document errors and to assess whether additional controls are required to prevent reoccurrence. The error log should be reviewed by a supervisor/ manager. An implementation plan should be devised and monitored for new preventative controls relating to historical errors.

### **3. Calculation of A/B Factor**

For one registered undertaking, the Authority identified that the A/B Factor was calculated to be exactly 100% for both Q3 and Q4<sup>1</sup>.

The registered undertaking in question had corrective payments included in the workings and an A/B Factor of 100% is not possible where there are corrective payments.

The Authority required that the registered undertaking in question review the regulations in S.I. 294/2009 Section 4. (2) with respect to the interpretation of A in the A/B Factor and incorporates the corrective payments into the calculations. The Authority notes that a recommendation with respect to the A/B Factor was also included in the prior inspection report which specifically referred to the requirement to incorporate actual corrective payments in the calculations. The registered undertaking in question is required to incorporate all elements of the regulations and document the process for manual entries in relation to third party recoveries and clawbacks.

### **4. Independent Accountant's Report**

For all three registered undertakings, the Authority noted that the Independent Accountant's Report should include and refer to audit work performed in the following areas:

- Cell Returned Benefits and Cell Claim Value for that quarter are categorised under the correct Age Band on the Second Schedule Report for each of the quarters included in the Report.
- Cell Returned Benefits are calculated in accordance with the Regulations.

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<sup>1</sup> As defined in Section 4(2) of S.I. No. 294/2009 - Health Insurance Act 1994 (Information Returns) Regulations 2009

- Cell Returned Benefits and Cell Claim Values appearing on the Second Schedule Report relate to claims that have been paid in the period under review.

For two of the registered undertakings, the Authority noted that the Independent Accountant's Report should refer to audit work performed over Returned Benefits in the following:

- Cut-off of Cell Returned Benefits and Cell Claim Values is correct.

For one registered undertaking, the Authority noted that the Independent Accountant's Report for the six months ended 30 June 2024 should refer to the Second Schedule Report in the following areas:

- Insured person numbers at the beginning of each month and of the next following period are correctly categorised under each Age Band category.
- Cell Returned Benefits and Cell Claim Value for that quarter are categorised under the correct Age Band for each of the quarters included in the Report.
- Split of Cell Claim Values under the relevant columns, namely Publicly Funded Hospital and Private Hospital and the split for overnight stays.
- The output from the registered undertaking's System includes the correct Gender.

The Authority considers Returned Benefits to be a material aspect of the 2009 Regulations. The Authority requires that the independent accountant performs audit work on Returned Benefits to ensure the completeness and accuracy of data returned to the Authority. The Authority requires the independent accountant to comment on returned benefits in the Second Schedule of the 2009 Regulations in the report by the independent accountant.

#### **5. Overseas Claims – Returned Benefits – Private hospital**

The Authority identified that one registered undertaking had included claims related to health services providers outside the state in the Information Returns, under the "Returned Benefits Private hospitals" classification. This is out of line with the definition of Private Hospital in the 2009 Regulations.

The Authority required that the registered undertaking puts processes in place to exclude claims incurred outside the state in Returned Benefits – Private Hospitals.

The Authority requested that the registered undertaking should document data inclusion methodology for claim inclusion in the Information Returns, showing traceability from legislation, HIA guidance, HUC/CCV applicability, including selection criteria for each claim type and analysis of each claim for in or out of scope.

#### **6. Remote Psychiatric treatment claims**

The Authority identified that one registered undertaking had included claims relating to Remote Psychiatric treatment claims in the in the information returns, under the "Cell Claim Value" classification. This should not have occurred as such claims do not meet the definition of "in-patient day" or "day-patient day".

The Authority required that the registered undertaking puts processes in place to exclude claims where the policyholder has not been admitted as an in-patient or day-patient as set out in the 2009 Regulations from Cell Claim Value.

## **7. Claims relating to Eating Disorders**

During the inspection, the Authority identified that one registered undertaking had included a claim relating to treatment for an eating disorder in the Information Returns. Eating Disorders are specifically excluded from “Prescribed Health Services” in S.I 294/2009.

The registered undertaking in question, has been including Eating Disorders in the Information Returns. Following a request from the registered undertaking, the Authority has clarified that Eating Disorders must be excluded from the Information Returns in accordance with S.I. 294/2009.

The Authority requires that the registered undertaking updates the system to exclude claims relating to Eating Disorders from the Information Returns.

## **4. Best Practice Recommendations**

### **1. Standard Operating Procedure does not reflect the control environment**

The Authority obtained the Standard Operating Procedures document from each of the registered undertakings. The Authority asked a significant number of questions related to controls and procedures over the Standard Operating procedures, particularly where potential control deficiencies or weaknesses had been identified in the documentation. At each of the registered undertakings, the Authority identified that there were additional controls in place at each of the registered undertakings, which were not included in the Standard Operating procedures documents.

The Authority recommended that the registered undertakings review their Standards Operating Procedure Document to include all internal controls related to the generation of Information Returns.

### **2. Independent Accountant’s Report**

The Authority recommends that the Independent Accountant includes the below noted Key Procedures, to ensure claims included in the Information Return are included within the correct columns and are included in the correct period.

- Check the split of Cell Claim Values under the relevant columns on the Second Schedule Report, namely publicly funded hospital and private hospital and split for overnight stays
- Check that the cut-off of Cell Returned Benefits and Cell Claim Values is correct.