An tÚdarás Árachas Sláinte
The Health Insurance Authority

RISK EQUALISATION SCHEME INSPECTION OF REGISTERED UNDERTAKINGS FOR THE PERIOD 2024

1. Background and Objective of the Inspection

The Health Insurance Authority ("Authority") has published in this report the findings of its Risk Equalisation Scheme (RES) inspection for the calendar year 2024 which was carried out in 2025.

The overall objective of the inspection was to assess market compliance with the provisions of the Health Insurance Act 1994 (as amended, "the 1994 Act") as well as the RES Regulations, principally the Health Insurance Act (Risk Equalisation Scheme) Regulations, 2013 (S.I. No. 70 of 2013) as further amended by the Health Insurance Act 1994 (Risk Equalisation Scheme) (Amendment) Regulations 2022 (S.I. No. 147 of 2022). This legislation provides the basis for the RES and the Risk Equalisation Fund ("Fund"); the mechanisms used to implement and support community rating in the Irish health insurance market.

The Authority is responsible for managing, administering and maintaining the Fund. The registered undertakings make transfer payments (as stamp duty on each policy) to the Fund (via the Revenue Commissioners).

Open market registered undertakings submit Risk Equalisation Credit claims to the Authority in two separate ways:

- Interim RES Claims **(submitted monthly)**
  These credits include the Risk Equalisation Premium Credit (REPC), Hospital Utilisation Credit – Overnight Basis (HUCO) and Hospital Utilisation Credit – Day Case Basis (HUCD). REPC is payable to the registered undertakings in respect of insuring older people. This credit varies by age, gender and level of cover of the contract held by the insured person. This credit applies to those aged 65 and over. HUCO and HUCD are payable to the registered undertakings for each night/day that an insured person spends in private hospital accommodation.
- High Cost Claims Pool (HCCP) Credits **(submitted quarterly)**
  These credits were introduced in 2022, under section 6A(1) of the 1994 Act, and reflect the amount that is equal to the high cost claim quota share multiplied by the amount by which the high cost claim (adjusted for other credits) exceeds the high cost claim threshold.

Stamp duty submissions made to the Authority in respect of 2024 totalled c.**€824** million.
Payments made by the Authority for REPC and HUC credits in respect of 2024 totalled c.**€766** million.
Payments made by the Authority for HCCP credits in respect of 2024 totalled c.**€73** million.

The annual RES inspection directly supports the Authority's **Strategic Plan 2025–2028**[1], and in particular **Strategic Priority 2: A Well-Functioning Health Insurance Market**.
It contributes to increasing the level and impact of supervision and assessing market compliance with regulations through the application of a risk-based, intelligence-driven supervisory approach.

In this context, the inspection reflects the importance of safeguarding the security and efficient administration of the Fund, a core statutory function of the Authority. This contributes to ensuring that robust governance, verification and control arrangements are in place in respect of the

[1] See details on https://www.hia.ie/about-us/what-we-do/strategic-plan.

submission, validation and payment of RES claims, and that the Fund is administered prudently and in compliance with legislative and accounting requirements.

The annual RES inspection of registered undertakings is therefore a key supervisory tool under Strategic Priority 2, supporting effective oversight of market activity and the sustainable operation of the RES.

2. Scope and Approach of the Inspection

The inspection focused on the registered undertakings' management of financial and operational controls to ensure the completeness and accuracy of the RES claims submitted. This included oversight of controls when systems were initially implemented, including all updates and ongoing operational controls.

In summary, the objective of the inspection was to assess the adequacy, design and operational effectiveness of internal controls in place that govern the registered undertakings' processes regarding –

- Risk Equalisation Premium Credit (REPC)
- Hospital Utilisation Credit – Overnight Basis (HUCO)
- Hospital Utilisation Credit – Day Case Basis (HUCD)
- High Cost Claims Pool (HCCP) credits
- Interim and annual claims ("claims")
- Stamp duty

to assess compliance with the 1994 Act in relation to the completeness and accuracy of RES claims submitted and stamp duty remitted during the year.

The following registered undertakings were in scope for the inspection

- **Aviva Insurance Ireland DAC (branded as 'Level Health')**
- **Elips Versicherungen AG (trading as 'Laya Healthcare')**
- **Irish Life Health dac (trading as 'Irish Life Health')**
- **Vhi Insurance DAC (trading as 'Vhi Healthcare')**

collectively referred to in this document as the "registered undertakings".

Draft inspection findings were issued to each registered undertaking, which were given an opportunity to provide written responses/submissions. All submissions, including any points of agreement or challenge, were considered by the Authority.

Where findings were contested, the Authority assessed the rationale and any supporting evidence provided and formed a reasoned position in line with the statutory framework. Following this engagement process, the Authority finalised its findings and communicated them, together with the underlying reasons for its decisions, to registered undertakings.

The Authority adopted this approach to facilitate a transparent and reasoned inspection process, consistent with its obligations under the 1994 Act and with principles of fair procedures, including the right to be heard and the requirement to provide reasons.

3. Findings and Recommendations

Based on the review work carried out, the Authority noted that the registered undertakings have policies, procedures and controls in place in relation to the preparation of the RES claims, HCCP credits and stamp duty amounts, which were generally satisfactory and appropriate. These procedures appear designed to provide for an appropriate level of segregation of duties, with the RES claims, HCCP credits and stamp duty amounts subject to a range of financial control checks and stages of review prior to authorisation and submission to the Authority.

Notwithstanding these positive control observations, the Authority has identified a number of findings and recommendations as a result of the inspection. All findings set out below are based on evidence obtained during inspection fieldwork, documentation furnished by the registered undertakings and clarifications provided during the inspection process. They do not constitute findings of misconduct and should be viewed in the context of supervisory engagement with registered undertakings.

The findings are presented on an anonymised and aggregated basis. No inference should be drawn as to the identity of any particular registered undertaking.

The identified areas of particular concern are as follows:

Findings Requiring Immediate Remediation

1. HUC Claimed for Incorrect Location (Claim Paid to Incorrect Hospital)

During the inspection, the Authority identified that, in respect of a registered undertaking, payments were made in error to hospital(s) for procedures carried out by different hospital(s). This resulted in HUC being claimed for the incorrect hospital and subsequent amendments being required to correct the HUC reporting. The Authority noted that weaknesses in controls over the claims settlement cycle increase the risk of inaccurate RES reporting.

The Authority required that the registered undertaking review and strengthen internal controls to ensure that claim payments are made to the correct hospital and that HUC is claimed for the correct facility. The Authority also required the registered undertaking to assess the control deficiencies that gave rise to the incorrect payments and HUC reporting errors, and to demonstrate how those deficiencies have been, or will be, addressed to prevent recurrence.

The Authority recommended the development of automated system controls to reject or flag invalid payment permutations, enhanced supervisory review of claims, continued use and escalation of error logs, and the assessment of invoice formats and rejection thresholds to improve data integrity. The Authority also recommended consideration of additional checks to identify any historical incorrect payments that may not yet have been detected.

2. Supporting Documentation for RES Claims not available

During the inspection, the Authority identified that, in respect of a registered undertaking, sufficient records supporting RES claims were not retained or available for inspection.

Regulation 7(2) of the Health Insurance (Risk Equalisation Scheme) Regulations (S.I. No. 70 of 2013) (as amended) requires insurers to retain all records supporting RES claims for a period of not less than six years from the date on which they were created. For the avoidance of doubt, this reflects the Authority's view that system-stored records are necessary to ensure verifiable traceability and availability for inspection in accordance with Regulation 7(2).

The Authority determined, having regard to the information provided during the inspection process, including confirmation of claims for which supporting documentation was unavailable, that sufficient records for certain 2024 claims were not available to demonstrate compliance with this requirement. The Authority therefore determined that the HUC claims identified were not eligible for payment under Regulation 7(2) of the RES Regulations.

The Authority required that the registered undertaking ensure that supporting documentation for all RES claims is retained in compliance with Regulation 7 and that their data-retention processes are reviewed to identify any remaining gaps. The Authority also required the provision of evidence demonstrating implementation of an updated data-retention policy, updated processes and approvals, confirmation of corrective actions taken, and confirmation that any RES claim amounts identified as unsupported have been addressed, whether through withdrawal or reimbursement, as appropriate.

The Authority has sought the recovery of the amounts claimed, where sufficient records were not kept, for reimbursement to the Fund. Any such reimbursement is undertaken in accordance with section 11D(7) of the 1994 Act, which permits the Authority to recover amounts not payable in accordance with the RES.

In accordance with section 33B of the 1994 Act, the Authority applies these statutory requirements consistently across all registered undertakings. Comparable issues identified during the inspection were addressed on a uniform basis across all registered undertakings.

3. Claims for Remote Psychiatric/Counselling Treatment

During the inspection, the Authority identified that a registered undertaking had claimed HUC for remote psychiatric/counselling treatments/services.

The Authority is of the view that these treatments do not qualify for inclusion as HUC. The rationale for this decision is on the basis that the associated “admission” and “accommodation” do not comply with the definition of HUC and “private hospital accommodation” as per the legislation. This interpretation is based on the definitions in section 6A(1) of the 1994 Act, which require a “hospital stay” involving physical admission and qualifying private hospital accommodation. Remote services do not constitute such admission or accommodation and therefore do not meet the statutory criteria for HUC.

The Authority therefore determined that the HUC claims identified were not eligible for payment.

The Authority required that the registered undertaking cease including remote psychiatric or counselling treatments in HUC claims and conduct a full review of all RES submissions to identify any other incorrectly claimed HUC amounts. The Authority also required that the HUC claiming process be updated to exclude such treatments, with related internal guidance, training, and system controls amended accordingly to prevent recurrence. The Authority further required the provision of a complete listing of all affected HUC claims, revised procedures or controls implemented, and confirmation that any invalid HUC claims identified were addressed through withdrawal or reimbursement, as appropriate.

The Authority has sought the recovery of the HUC amounts claimed for reimbursement to the Fund. Any such reimbursement is undertaken in accordance with section 11D(7) of the 1994 Act, which permits the Authority to recover amounts not payable in accordance with the RES.

In accordance with section 33B of the 1994 Act, the Authority applies these statutory requirements consistently across all registered undertakings. Comparable issues identified during the inspection were addressed on a uniform basis across all registered undertakings.

4. HUC Claims for Oncology Centres[2]

During the inspection, the Authority identified that, in respect of a registered undertaking, HUC was claimed for oncology-centre services where neither the treatment location nor the invoice payee was a hospital included on the "Definitive List of Hospitals for the Purposes of the Hospital Utilisation Credits and Information Returns"[3] ("DHL") document. A review of sample claims confirmed that, in several instances, admissions and billing did not relate to a hospital listed on the DHL.

Based on the evidence available, the Authority concluded that the supporting documentation provided did not demonstrate admission to, or billing by, a DHL-listed hospital, as required under the legislative framework. On that basis, the Authority determined that the HUC claims identified were not eligible for payment.

This finding reflects enhanced evidential scrutiny in applying established legislative requirements. As set out in prior inspection reports (including 2021 and 2022), oncology centres are not eligible for HUC in their own right, and eligibility arises where a patient is admitted to a qualifying hospital and the claim is attributable to that hospital. The underlying interpretation has therefore remained consistent. The present finding arises where the supporting documentation did not demonstrate such linkage to a DHL-listed hospital.

For clarity, where a patient is admitted to a DHL-listed hospital and the associated HUC claim is demonstrably attributable to that hospital, the involvement of an oncology centre as the treatment location does not, of itself, preclude eligibility.

The Authority required that the registered undertaking cease applying HUC to claims arising from oncology centres where the supporting documentation does not demonstrate that the claim is attributable to a DHL-listed hospital, review all RES submissions to identify any similar incorrect HUC claims, quantify the value of incorrect HUC claimed and prepare adjustments for reimbursement to the Fund, and update internal guidance, procedures, and validation steps to ensure HUC is only applied in strict accordance with the 1994 Act and the RES Regulations.

The Authority has sought the recovery of the HUC amounts claimed for reimbursement to the Fund. Any such reimbursement is undertaken in accordance with section 11D(7) of the 1994 Act, which permits the Authority to recover amounts not payable in accordance with the RES.

In accordance with section 33B of the 1994 Act, the Authority applies these statutory requirements consistently across all registered undertakings. Comparable issues identified during the inspection were addressed on a uniform basis across all registered undertakings.

5. Administrative practices not described in internal approved procedure notes

During the inspection, the Authority identified that, in respect of a registered undertaking, certain administrative practices applied in the preparation and submission of RES claims were not fully documented in internal approved procedure notes. The Authority noted that these practices

[2] To mean specialised medical facilities focused on the diagnosis, treatment, and management of cancer and where cancer care (such as chemotherapy, radiotherapy, and related treatments) is provided.
[3] Latest document at https://www.hia.ie/definitive-hospital-list.

were not clearly reflected in documented controls and that evidence of formal approval had not been provided.

The Authority required the registered undertaking to review and update its internal procedure notes to ensure that all administrative practices applied in RES submissions are fully documented and formally approved. Such documentation should include a clear internal justification for each practice, with references to the relevant legislation and/or regulations, together with any key interpretations adopted and any reliance placed on those interpretations.

The Authority also required evidence of strengthened governance and oversight arrangements, including senior management approval of procedures, a reconciliation of past practices against approved documentation, and confirmation that any necessary corrective actions affecting RES submissions, payments, or claims had been completed, as appropriate.

6. Inconsistencies Between the Annual RES Claim and the Annual RES Return

During the inspection, the Authority identified that, in respect of a registered undertaking, the Annual RES Claim (ARC) and the Annual RES Return (ARR) submitted for the 2024 period were not aligned, with the ARR reporting a higher overall amount than the ARC. The Authority determined that this misalignment arose from the application of late-arriving adjustments to the ARR only, resulting in the ARC and ARR not reflecting a consistent underlying claim population, contrary to the requirements of the RES Regulations.

The Authority required the registered undertaking to document and explain its existing practices (including the reasons for the adjustments) and to implement system changes to ensure that the ARC and ARR are prepared on a consistent basis. The Authority also required revised process documentation demonstrating alignment across returns and an explanation of the impact of the revised approach on future RES submissions.

7. Control Environment (Evidence of Internal Reviews)

During the inspection, the Authority identified that, in respect of a registered undertaking, although review processes were documented in internal procedure notes, evidence of internal checks and formal sign-off was not consistently retained. The Authority noted that this reduced traceability and limited assurance that required controls had been applied.

The Authority required that the registered undertaking ensure that appropriate evidence of internal reviews is retained in accordance with Regulation 7 and available for inspection. This reflects the expectation that controls operate on a continuous basis, and that sufficient evidence of their performance is maintained.

Concluding comment:
Where findings have been identified, individual remediation and implementation plans have been issued to the relevant registered undertakings. These plans are currently being monitored and followed up by the Authority to ensure timely and satisfactory completion.

The Authority expects that all required changes will be implemented in full and will continue to monitor the implementation process.

Best Practice Recommendations

1. Governance and Oversight of Shared RES Processes

During the inspection, the Authority noted that where responsibility for RES processes is shared across different organisational areas or functions, this can limit end-to-end control ownership and oversight.

As a matter of best practice, the Authority recommended consideration of strengthened governance arrangements, such as a joint committee or oversight forum, to support clearer accountability for RES activities. Such arrangements could track RES processes from initiation through to final submission, provide documented consideration of key issues and actions, and monitor the completion of tasks and controls through formal meeting agendas and minutes. This would support transparency, timely escalation of risks, and clearer oversight of shared RES responsibilities.

2. System Enhancements and Control Considerations for RES Processes

During the inspection, the Authority noted plans to enhance systems supporting RES processes. Such enhancements can support stronger data integrity, reduced manual risk, and improved control environments over time.

As a matter of best practice, the Authority recommended that system enhancements embed appropriate validation, control, and traceability features. Where changes to RES processes occur, the Authority noted that evidence of system testing, approval, and control effectiveness may be required during future inspections.

4. Appendix

Table: Abbreviations used

Abbreviation	Defined Term
RES	Risk Equalisation Scheme
REPC	Risk Equalisation Premium Credit
HUC	Hospital Utilisation Credit
HUCO	Hospital Utilisation Credit – Overnight Basis
HUCD	Hospital Utilisation Credit – Day Case Basis
HCCP	High Cost Claims Pool
ARC	Annual RES Claim
ARR	Annual RES Return
DHL	Definitive List of Hospitals for the Purposes of the Hospital Utilisation Credits and Information Returns