

# Health Insurance Authority Strategic Plan 2016-2018

(Updated November 2016)

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## 2 Introduction

### 2.1 Opening Statement January 2016

The Health Insurance Authority looks forward to the next three years with optimism and is confident that it can continue to strengthen its role and services in line with its statutory remit, through the application of forward planning and continuous improvement. The Authority takes pride in what has been achieved since its establishment in February 2001, under the Health Insurance Act 1994. It sees the next strategy and planning cycle being concerned with consolidating earlier achievements, ongoing improvement in the execution of its role, while being adaptive to changes in the private health insurance market and to its remit, as required.

The strategic plan details the planning approach used, provides current situation analysis, outlines the major challenges and opportunities to be faced over the next three years and gives direction on how these should be addressed.

The Authority has specifically identified its legal responsibility for monitoring and enforcing compliance with the Health Insurance Acts and for providing consumers with information on their options and rights, and the Authority plans a further strengthening of these primary functions by assigning dedicated strategic goals for the next three years.

Our intentions and planned activities over the coming years are represented in the six overarching strategic goals the Authority has adopted. These goals are expressed in ambitious terms and we will pursue them to the best of our abilities through the course of the next three years. A detailed implementation plan has been developed in support of the strategic plan and sets out specific goals and objectives, identifying key tasks and establishing targets and relevant indicators against which performance can be measured.

We appreciate the strong support we receive from the Minister for Health and his Department and look forward to a continuation of our close working relationship over the duration of the plan.

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J. Joyce

Chairman

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D. Gallagher

Chief Executive/Registrar

## **2.2 Strategy Review November 2016**

The Authority has completed a review of the Strategic Plan for 2016-2018, and has confirmed that the existing Mission, Vision, Core Values and Strategic Goals remain appropriate. Some minor changes to the actions required to support the Authority's objectives have been reflected in this document and in the Service Plan for 2017. I would like to thank the newly appointed members of the Authority, together with the executive team for their support in 2016.

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S. Malin  
Chairperson

### 3 Executive Overview

The Health Insurance Authority (“the Authority”) is an independent regulator of the private health insurance market in Ireland. The Authority was established on 1 February, 2001 under The Health Insurance Act, 1994, as amended (the Health Insurance Acts). The Authority carries out the statutory functions set out in the Acts as described in this document.

The Authority’s last strategic plan covered the period 2012 – 2014. The current strategic plan was developed during 2015 and sets out the Mission, Core Values, Vision, Goals and Strategic Objectives of the Authority for the 3-Year period 2016 to 2018.

The plan was developed by way of:

- A review of the Strategic Plan of the Authority for the period 2012 - 2014.
- A series of strategy workshops involving the management of the Authority and Authority Board Members.
  - Detailed SWOT analysis (Strengths, Weaknesses, Opportunities, Threats).
  - Detailed PEST Analysis (Political, Economical, Social, Technological).
  - Identification of key considerations for the Authority.
  - Development of the Strategic Plan.

The development of the Plan was facilitated by Governance Ireland Management Consultants. The following statements incorporate the core purpose and strategic focus of the HIA for the ensuing three years.

#### 3.1 Mission Statement

*“To benefit the common good by supporting community rating, open enrolment and lifetime cover in a competitive voluntary health insurance market.”*

#### 3.2 Vision Statement

*“To be recognised as an effective independent regulator of, and an authoritative source of information and advice on, the Irish health insurance market.”*

### 3.3 Core Values

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

- act always with independence, impartiality and integrity;
- work in a professional and effective way;
- be a trusted custodian of assets under its management;
- actively engage with stakeholders and be receptive to new ideas and suggestions from all sources;
- be pro-active and innovative in its approach;
- maintain transparency in all of its activities; and
- value its people.

The Authority acknowledges the importance of and is guided by its vision, mission and values in maintaining high standards and quality provision of service.

## 4 Background / Context to The Health Insurance Authority

### 4.1 Statutory Functions

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 Health Insurance Acts set out the principal objective of the Authority 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*
- 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 means measures which, whether in whole or in part, apply towards the achievement of the principal objective

The principal 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;
- To carry out certain functions in relation to health insurance stamp duty and risk equalisation credits and in relation to the risk equalisation scheme;
- 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.

## **4.2 Structure**

The Health Insurance Authority has five Members who are appointed by the Minister of Health for terms of no more than five years. The Authority consists of a Chairman and four Ordinary Members.

The Authority employs eleven members of staff. The Chief Executive/Registrar is appointed by the Authority with the consent of the Minister. The Authority has four functional areas: Corporate Affairs, Regulation (including consumer information), Research and the Risk Equalisation Fund. Each functional area has a manager and support staff.

## **4.3 Actions and Initiatives Undertaken During the Period 2012 -2015**

In 2009 the Government enacted the Health Insurance (Miscellaneous Provisions) Act, 2009 which gave effect to a Risk Equalisation Scheme structured on age-based tax credits to support community rating. This scheme was known as the Interim Risk Equalisation System and operated between 2009-2012. In 2012 the Health Insurance (Amendment) Act 2012 provided for the Risk Equalisation Scheme from 1 January 2013. Under the Risk Equalisation Scheme 2013 levies continued to be collected by the Revenue Commissioners but are now transferred to a Risk Equalisation Fund operated by the Health Insurance Authority (HIA) who make risk equalisation payments to open market insurers as provided for by primary legislation. This legislation put risk equalisation on a permanent footing and gave the Authority additional powers and functions in relation to the Scheme.



Each year the Authority recommends revised risk equalisation credits and associated stamp duty to the Minister to ensure that they remained appropriate for the protection of the Irish voluntary community rated health insurance market. Since 2013, cash flow of in excess of €1.5 Billion has been administered by the Authority in respect of the Fund. The Authority has worked on investigating possible improvements to the Scheme that would incorporate more refined health status measures to better equalise risks relating to the higher costs of insuring less healthy patients across all age groups.

The Authority continued to provide a consumer information service to consumers. In particular, consumers were assisted in accessing the most appropriate policy for them at the most competitive premium rate through utilising the Authority's award winning website, the dedicated consumer helpline or through direct contact with Authority staff. Since 2012 there have been approximately 2,000,000 separate contacts with consumers.

The Authority analysed the causes of the high health insurance claims inflation of 12.6% per annum in the years 2008 -2012 and reported on same to the Minister for Health in early 2013. Following from this report the Minister set up a Claims Review Group in which the Authority played an active part. The Claims Review Group made a number of recommendations, the majority of which have been implemented. This work had contributed to substantial reduction in average claims costs inflation per insured person to an increase of 0.7% per annum over the years 2012-2014. The average health insurance premium per person had increased by 9.5% per annum in the years 2008-2012. As a result of the abatement of the increase in the average claims costs, the average premium per insured person has increased by 1.4% per annum in the last two years.

The Authority has worked with the Department on researching various aspects of Universal Health Insurance including a review of other models used internationally. The Authority also assisted the Department of Health in costing of various baskets of benefits in a Universal Health Insurance market environment.

The following HIA recommendations have recently been implemented by the Minister: -

- Young Adult Rates were introduced in 2015 replacing dependant student rates. The purpose of their introduction was to remove sudden dramatic changes in premiums in the progression from children to adult premium rates.
- Lifetime Community Rating regulations were enacted in 2014 and commenced in 2015 with the Authority conducting an extensive consumer information campaign across a range of media outlets. As part of the introduction of lifetime community rating the open enrolment regulations were amended to remove variation in waiting periods by age was removed in 2015.
- The definition of a pre-existing condition was also changed from being based on medical advice as to whether the condition was present at the date of commencement of insurance, too being based on the signs and symptoms of the condition being visible in the previous six months.

- The treatment of adopted children was amended in 2015. No waiting periods now apply for adopted children if insured within 13 weeks of their adoption. This brings the rules for adopted children into line with other infants.

## 5 PEST & SWOT Analysis

Both a PEST and a SWOT analysis was carried out in the development of this strategic plan.

### 5.1 PEST Analysis:

PEST analysis (political, economic, social, technological) assesses a market, including competitors, from the standpoint of a particular proposition or organisation.

#### HIA – Sectoral Analysis

<p><b>Political</b></p> <ul style="list-style-type: none"> <li>• Health Sector Reforms</li> <li>• Public / political support for community rating</li> <li>• European approval required for the Risk Equalisation Scheme</li> <li>• Possibility of legal challenge – delay and uncertain outcome</li> <li>• Interaction between health insurance and wider healthcare objectives</li> <li>• Varying perceptions of the Risk Equalisation System</li> </ul>	<p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• Improving economic environment in Ireland and internationally</li> <li>• Increasing health insurance numbers</li> <li>• Premium affordability</li> <li>• Expenditure / pressures in the public health system</li> <li>• Tax relief</li> <li>• Charges for private patients in public hospitals</li> <li>• Increased private hospital capacity</li> </ul>
<p><b>Social</b></p> <ul style="list-style-type: none"> <li>• Health insurance is highly valued</li> <li>• Ageing insured population</li> <li>• High, but falling, unemployment</li> <li>• Consumer understanding of Health Insurance</li> </ul>	<p><b>Technological</b></p> <ul style="list-style-type: none"> <li>• Internet, specifically the HIA website and comparison tool provide, a strong means for communicating to a large section of the population (increased relevance of tablets / smart phones / applications)</li> <li>• Another significant section of the population is without internet access</li> <li>• Data privacy requirements.</li> <li>• Social media, smart technology.</li> </ul>

**Note:** PEST analysis can be useful before SWOT analysis because PEST helps to identify SWOT factors. PEST and SWOT are two different perspectives but can contain common factors.

## 5.2 SWOT Analysis

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Small organisation allowing flexible and integrated approaches to challenges, lean structure and attractive work environment.</li> <li>• Knowledgeable and experienced Board and staff</li> <li>• Sufficient funding</li> <li>• Efficient organisation</li> <li>• Respected by policymakers</li> <li>• Statutory support for functions</li> <li>• Strong corporate governance framework</li> <li>• Appropriate relationships with stakeholders</li> <li>• Valued consumer website</li> <li>• Consumers highly value private health insurance</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Compact organization scale imposes some limitations on efficiency, scope and depth of activities</li> <li>• Inflexible staff approval regime</li> <li>• High dependence on key personnel</li> <li>• Assymetry of resources v insurers</li> <li>• Limited scope for separation of functions</li> <li>• Relative size may impact on perception of organisation effectiveness</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Government support for reform</li> <li>• Public and Government support for effective regulation</li> <li>• Advising on and close involvement in the development of legislation</li> <li>• Strong need for information by consumers</li> <li>• Use of technology to provide consumer information</li> <li>• Universal Healthcare</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Market segmentation / confusopoly</li> <li>• Threat to long-run sustainability of voluntary PHI model (e.g. enrolment trends, cost/pricing pressures, shift in public attitudes, profitability of insurers and health care providers)</li> <li>• Reliance on co-operation from insurers in implementing reforms</li> <li>• Legislative change and uncertainty from interaction with EU and Courts</li> <li>• Uneven work flows</li> <li>• Insurers claims cost control</li> <li>• Continued public support for intergenerational solidarity</li> </ul>

## 6 Strategic Goals

The following goals have been identified by the Health Insurance Authority as being the primary drivers of Board and management for the 3-Year duration of this Strategic Plan:

### Goal 1

*"We will monitor the operation of the health insurance market and ensure **compliance** with health insurance legislation."*

This priority reflects the fact that the Authority is the statutory body with legal responsibility for monitoring and enforcing compliance with the health insurance acts.

### Goal 2

*"We will provide an authoritative source of **information** to consumers on their rights and the options available to them."*

This priority reflects the Authority's consumer information function, the importance of consumer information in supporting community rating and the other very significant consumer benefits (including with respect to cost savings) available to consumers who are aware of their rights and options.

### Goal 3

*"We will monitor health insurance market developments and provide **high quality advice** to the Minister in relation to health insurance"*

This priority reflects the Authority's advisory function, the importance of the Authority's principal objective and the Authority's vision in respect of a competitive community rated market operating in the interests of consumers.

### Goal 4

*"We will maintain a standard of excellence in **corporate governance** and in carrying out our **statutory functions** and will be **cost effective** in doing so."*

This priority reflects the statutory and other functions that the Authority is required to carry out. These functions can have significant impacts on its stakeholders and, as such, it is necessary to maintain a standard of excellence in this work. Additionally, this priority reflects the importance of being cost effective in the use of public money and the importance of a public body maintaining high standards of corporate governance.

### **Goal 5**

*“We will operate the **Risk Equalisation Fund in a secure and efficient manner.**”*

This priority reflects the importance of the security and the efficient administration of the Risk Equalisation Fund (the ‘Fund’), ensuring robust controls are in place in respect of the verification and payment of claims and that the Fund is administered prudently while maintaining the highest standards of corporate governance.

### **Goal 6**

*“We will operate as a **competent, effective and learning organisation.**”*

This priority acknowledges the professionalism and commitment of the Authority’s staff. It reflects a commitment to value employee contributions and the encouraging knowledge transfer in daily operations. Additionally it supports the Authority’s commitment to continuous employee learning and development.

## 7 Strategic Objectives

### Goal 1

*"We will monitor the operation of the health insurance market and ensure **compliance** with health insurance legislation"*

Goal 1 Objectives	Desired outcome	Ownership	Timeline	KPIs/Board Monitoring	Tasks
a) Monitor the health insurance market and ensure compliance with the legislation	Compliance with the legislation	Board of the Authority/ Executive Team	Ongoing	Quarterly reports to the Authority  Key task set into the annual agenda for Authority meetings	Review and report on market developments and compliance
b) Review new and existing products to the market	Ensure all contracts comply with the legislation	Board of the Authority/ Executive Team	Ongoing	Management market reports to the Authority  The Authority review of Section 7AB reports and determinations made	All contracts to be reviewed within 30 days of submission by Health Insurers
c) Achieve a better understanding of consumer needs and aspirations	Greater market intelligence	Executive Team	Ongoing	Report to the Authority on the health insurance market  Management review annually	Proactively seek, review and analyse consumer data

**Goal 2**

*"We will provide an authoritative source of **information** to consumers on their rights and the options available to them"*

<b>Goal 2 Objectives</b>	<b>Desired outcome</b>	<b>Ownership</b>	<b>Timeline</b>	<b>KPIs/Board Monitoring</b>	<b>Tasks</b>
a) Provide transparent and impartial information to consumers	Increased public awareness of rights and health insurance products	Executive Team	Ongoing	Biennial Consumer Research Survey	Review and monitor market developments to provide relevant consumer information  Review consumer contacts  Review of consumer information provided
b) Review and enhance the HIA's Communications Strategy	Optimise communication to consumers and other stakeholders	Board of the Authority/ Executive Team	Ongoing	Report to Authority on communication strategy	Develop a comprehensive communication strategy
c) Ensure relevance of consumer information	Greater understanding of consumer perspective	Executive Team	Ongoing	Report to Authority on consumer information	Review consumer contact data



**Goal 3**

*"We will monitor the health insurance market developments and provide **high quality advice** to the Minister in relation to health insurance"*

Goal 3 Objectives	Desired outcome	Ownership	Timeline	KPIs/Board Monitoring	Tasks
a) Advise the Department on the development and improvement of the Risk Equalisation Scheme (RES)	Maintain and develop a 'fit for purpose' Risk Equalisation Scheme	Board of the Authority/ Executive Team	Annually and multi annual	Timely submission of RES statutory reports	Comply with statutory reporting requirements in relation to the Risk Equalisation Scheme
b) Recommend annually on credits and stamp duty aspects of RES.	Maintain and develop a 'fit for purpose' Risk Equalisation Scheme	Board of the Authority/ Executive Team	Annually	Submit statutory report to Minister	Comply with statutory reporting requirements in relation to the RES
c) Initiate and leverage research, within our mandate, on developments in health insurance generally and other PHI markets	Proactively advise the Minister  Inform policy thinking and decision making	Board of the Authority/ Executive Team	Ongoing	Report to Authority and Minister	Identify relevant research opportunities and conduct appropriate research projects using a combination of in-house and out-sourced capacity.
d) Research and advise in support of relevant Ministerial policy of health sector reform	Advise the Minister inform policy thinking and decision making	Board of the Authority/ Executive Team	Ongoing	Report to Authority and Minister  Lifetime Community Rating review	Carry out or commission appropriate research within our mandate.

**Goal 4**

*“We will maintain a standard of excellence in **corporate governance** and in carrying out our **statutory functions** and will be **cost effective** in doing so.”*

<b>Goal 4 Objectives</b>	<b>Desired outcome</b>	<b>Ownership</b>	<b>Timeline</b>	<b>KPIs/Board Monitoring</b>	<b>Tasks</b>
a) Remain fully compliant with appropriate legislation and governance standards	Exemplar in practice of good governance	Board of the Authority/ Executive Team	Ongoing	Report by exception on statutory and governance requirements  Internal and External Audit reports	Adhere to legislative governance and reporting requirements
b) Be cost effective in the HIA’s financial responsibilities	Provide value for money	Board of the Authority/ Executive Team	Ongoing	Executive/Authority approval	Adhere to financial and procurement best practice
c) Maintain the highest standards of financial controls	Effective control environment	Board of the Authority/ Executive Team	Ongoing	Internal and External Audit reports	Maintain appropriate financial policies and procedures
d) To comply with statutory functions of maintaining the Register of Health Benefits Undertakings & Register of Health Insurance contracts	Register eligible companies & health insurance contracts	Chief Executive / Registrar	Ongoing	Properly maintain the Register of Health Benefits Undertakings & the Register of Health Insurance Contracts	Maintain integrity in the registration of Health Benefit Undertakings & Health Insurance Contracts, new & existing

**Goal 5**

*"We will operate the **Risk Equalisation Fund** in a secure and efficient manner."*

<b>Goal 5 Objectives</b>	<b>Desired outcome</b>	<b>Ownership</b>	<b>Timeline</b>	<b>KPIs/Board Monitoring</b>	<b>Tasks</b>
a) Administer the Fund in compliance with legislation and accounting standards	<p>Compliance with regulations and standards</p> <p>Satisfactory sign off following Audits that there are appropriate procedures and controls in place to mitigate the identified key risks.</p>	Board of the Authority/ Executive Team	Ongoing	<p>Report by exception on statutory and governance requirements in relation to the Fund</p> <p>Internal and External Audit reports</p>	<p>Adhere to legislative governance and reporting requirements</p> <p>Maintain control procedures for operation of the REF</p>
b) Maintain appropriate controls in administration of the Fund	<p>Effective control environment</p> <p>Satisfactory sign off following Audits that there are appropriate procedures and controls in place to mitigate the identified key risks.</p>	Executive Team	Ongoing	<p>Internal and External Audit reports</p> <p>Periodic independent audit by external source of procedures, accounting assumptions, etc.</p> <p>Annual inspections reports on the HIA inspections of Registered Undertakings</p>	<p>Maintain internal control procedures for operation of the Fund</p> <p>Conduct annual inspections of Registered Undertakings claims, procedures and processes</p>

**Goal 6**

*"We will operate as a **competent, effective and learning organisation.**"*

<b>Goal 6 Objectives</b>	<b>Desired outcome</b>	<b>Ownership</b>	<b>Timeline</b>	<b>KPIs/Board Monitoring</b>	<b>Tasks</b>
a) Ensure full complement of human and auxiliary resources required to deliver remit and strategy	Sufficient resources to carry out the work of the organisation and implement the strategy	Board of the Authority and Chief Executive /Registrar	Ongoing	By exception report to Authority annually	Ensure staffing and resources are sufficient to deliver on strategic goals
b) Developing and harnessing staff competencies	Appropriately skilled team to manage and control the administration and business of the organisation	Board of the Authority and Chief Executive /Registrar	Ongoing	Management review of performance against relevant tasks	Maintain staff training & development policy aligned with organisational goals
c) Contingency/ Succession Planning in place for Key Personnel	Succession plan in place	Board of the Authority and Chief Executive /Registrar	Annual	Authority/management review annually	Develop and maintain a relevant contingency/succession plan
d) Maintaining a flexible work environment responsive to change	Work environment capable of adapting and responding appropriately to changing external environment	Board of the Authority and Chief Executive /Registrar	Ongoing	Management workforce planning and appropriate HR procedures	Develop and maintain workforce plan  Maintain staff training & development policy  Ensure sufficient financial resources

## 8 Risk Management

### 8.1 Policy on Risk Management

The Health Insurance Authority in undertaking its role and functions, is exposed to a variety of strategic, operational and financial risks. These risks may arise from either internal or external sources and may prevent, or seriously affect the ability of the Authority in achieving its objectives.

The HIA has developed a policy document outlining its approach to Risk Management based on identifying, evaluating and managing the risks it faces. These risks also include those in respect of the administration and maintenance of the Risk Equalisation Fund (the REF). Effective risk management allows the Authority improve its strategic, operational and financial management.

Advising on key risks is a matter for the Authority. The Audit and Risk Committee should support the Authority in this role by offering an independent view in relation to risks and risk management systems. Risk Management is a standard agenda item for both the Audit and Risk Committee and the Authority.

### 8.2 Risk Appetite

#### Introduction

The mission of the Health Insurance Authority (“the Authority”) is to ensure that the Principal Objective of the Health Insurance Acts is upheld, to benefit the common good by supporting community rating, open enrolment and lifetime cover in a competitive voluntary health insurance market.

We rely on the Health Insurance Acts when ensuring compliance with the health insurance legislation. In addition, the Authority relies on its reputation in order to influence and secure the engagement of the regulated community, industry participants and stakeholders. The compliance (where appropriate) and support of these parties is essential to achieving our objectives and to be recognised as an effective independent regulator of, and an authoritative source of information and advice on, the health insurance market. We retain an overall **cautious** risk appetite with regard to our reputation. However, we are prepared to take a stance which may be opposed by some of our audience where we believe it is necessary for the achievement of one or all of our statutory objectives.

The Authority is committed to establishing and maintaining a robust risk management framework that supports the ongoing management of risk in accordance with the established risk appetite and corporate strategy.

In support of effective governance and risk-informed decision-making, the Authority has set out a risk appetite statement for those risks which, to a lesser or greater extent,

are within its control to mitigate and manage. The risk appetite statement specifies the amounts and types of risk the Authority is willing to accept in fulfilling its mandate and informs policies on the allocation of accountabilities and resources to managing its risk exposures.

The risk appetite statement contributes to the Authority's commitment to uphold the highest standards of governance and professional conduct, consistent with maintaining credibility with its broad-ranging stakeholder groups and in compliance with applicable legal obligations.

## Risk Appetite

The Code of Practice for the Governance of State Bodies 2016 establishes a requirement for the Members of the Authority to develop the organisation's risk appetite.

Risk appetite can be defined as the amount of risk that an organisation is prepared to accept, tolerate, or be exposed to at any point in time.

Our risk appetite statement sets out how we balance risk and opportunity in pursuit of achieving our objectives.

It forms a key element of our governance and reporting framework and is set by the Authority, and is subject to annual review.

### HEALTH INSURANCE AUTHORITY RISK APPETITE STATEMENT

The Authority is averse to risks which threaten our ability to perform our regulatory functions (i.e. visibility over regulated entities) or pose a significant or systemic risk to our objectives.

However, in acknowledgment of the growth and operational maturity of our multiple regulatory functions, we maintain a **cautious** risk appetite towards sustaining appropriate operational processes, systems and controls to support delivery but adopt a more **open** appetite for the development and enhancement of these systems that create opportunities for discernible benefits and clear improvement in our ability to achieve our objectives.

The Authority is not willing to accept unreasonable risks in circumstances that may result in reputational damage, financial loss or exposure, major breakdown in information systems or information integrity. As such it does not have a **high** risk appetite in relation to any areas of activity.

The Authority recognises that to deliver on its mission statement, the Authority must accept, tolerate and be exposed to a certain level of risk. Risk is inherent in every activity that the Authority is responsible for performing (from taking strategic decisions to implementing supporting actions).

The Authority is committed to utilising its defined risk framework as a tool to provide transparency on the risks inherent in its activities and to inform the Authority about potential or actual deviations from risk appetite. The management of risk within the risk appetite of the Authority is supported by the wider risk framework set out in its risk management policy.

The Authority will annually review its risk appetite in light of changing circumstances in its wider environment, its organisational capacity to bear risk and the potential rewards associated with taking on an additional level of additional risk.

The following table outlines a practical approach to deciding the risk appetite of the Authority:

Assessment	Description
High Risk Appetite	Eager to be innovative and choose activities that focus on maximising opportunities (additional benefits and goals) and offering potentially very high reward, even if these activities carry a very high residual risk.
Open Risk Appetite	Undertakes activities with a high likelihood of successful delivery and a high degree of reward and value for money. Activities themselves may potentially carry, or contribute to, a high degree of residual risk.
Cautious Risk Appetite	Willing to accept / tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where we have identified scope to achieve significant reward and/or realise an opportunity. Activities undertaken may carry a high degree of inherent risk that is deemed controllable to a large extent.
Minimalist Risk Appetite	Predilection to undertake activities considered to be very safe in the achievement of key deliverables or initiatives. Activities will only be taken where they have a low degree of inherent risk. The associated potential for reward / pursuit of opportunity is not a key driver in selecting activities or where risks can be managed effectively.
Averse Risk Appetite	Avoidance of risk and uncertainty in achievement of key deliverables or initiatives is paramount. Activities undertaken will only be those considered to carry virtually no inherent risk or where risks can be managed very effectively.

## Risk Appetite Objectives:

In support of the Authority's mission, the risk appetite focusses on four overarching risk management objectives, namely;

- Upholding the highest ethical standards of conduct;
- Preserving the long-term financial resilience of the Authority;
- Ensuring compliance with legal and regulatory obligations;
- Fulfilling its statutory functions and strategic objectives; and
- Maintaining a robust internal control environment and safeguarding operational continuity.

## Principal Organisational Risks:

The main risk exposures to the Authority are strategic, financial, governance, operational, communication and regulatory duties. These risks are relevant to the Authority's risk appetite as they are its own organisational risks which arise as a consequence of it performing its statutory role.

Risk Category	Assessment	Risk Appetite Guiding Statements
Strategic	Cautious Risk Appetite	<p>Strategic risks relate to factors that could prevent the Authority from fulfilling its mission, with particular emphasis on meeting the objectives set out in its Strategic Plan. Strategic risks can arise due to a wide range of internal and external factors.</p> <p>The Authority's risk appetite in relation to certain new strategic and policy decisions is generally <b>cautious</b> but it is willing accept / tolerate a degree of risk in achieving its strategic goals where we have identified scope to achieve significant reward and/or realise an opportunity.</p>
HIA Finance	Minimalist Risk Appetite	<p>The Authority will maintain its high financial management standards in relation to the HIA's financial activities and will continue to ensure that financial commitments do not exceed available resources.</p> <p>The Authority will only engage in activities where they have a low degree of inherent risk that may result in financial loss and</p>



		<p>reputational damage through failure of operational, financial or compliance controls.</p> <p>Its risk appetite in relation to financial management of the Health Insurance Authority is <b>minimalist</b>.</p>
Management of the Risk Equalisation Fund	Averse Risk Appetite	<p>The Authority administers the Risk Equalisation Fund ("the REF").</p> <p>The Authority will maintain its high financial management standards in relation to the REF. The Authority will only engage in activities considered to carry virtually no inherent risk or where risks can be managed very effectively in relation to financial loss and reputational damage through failure of operational, financial or compliance controls.</p> <p>As such it has an <b>averse</b> risk appetite in relation to any areas of activity.</p>
Governance and Compliance	Averse Risk Appetite	<p>The Authority implements policies and procedures to support its governance and compliance requirements.</p> <p>The Authority is not willing to accept risks that may result in reputational damage, financial loss or exposure, major breakdown in information system or information integrity.</p> <p>The Authority has developed a comprehensive and rigorous framework including policies and procedures to support operational management and as such its appetite for risk in the area of Governance and Compliance is <b>averse</b>.</p>
Operational & IT	Cautious Risk Appetite	<p>Operational risk is defined as the risk of direct or indirect losses, or of reputational damage, arising from inadequate or failed internal processes, people and systems or from external events. The primary categories of operational risk of concern to the Authority are those relating to technology, data, fraud, physical and information security and business continuity. The Authority recognises the potential for significant and material adverse consequences</p>

		<p>of operational risks materialising as incidents. The Authority aims therefore to ensure the systematic identification, mitigation, monitoring and reporting of operational risks and incidents.</p> <p>The Authority has developed a comprehensive and rigorous framework including policies and procedures to support operational management and as such its appetite for risk in the area of Operational &amp; IT is generally <b>cautious</b>.</p>
Information & Communication	Open Risk Appetite	<p>Communication relates to risks associated with the provision of consumer information. Also considered is the risk of negative public perception of the Health Insurance Authority arising from inappropriate communication with external stakeholders and prevailing perceptions in the media.</p> <p>The Authority employs experienced and competent staff who are supported by communication and legal professionals in fulfilling its communication functions.</p> <p>The Authority has an <b>open</b> risk appetite to consumer confidence in relation to the provision of consumer information and will seek to achieve a balance between a high likelihood of successful delivery and a high degree of reward and value for money.</p>
Regulatory Functions of the HIA	Cautious Risk Appetite	<p>The Authority is cautious to risks which threaten the operation of the health insurance market and to ensuring compliance with health insurance legislation.</p> <p>The Authority retains a <b>cautious</b> risk appetite in respect of compliance with the Health Insurance Acts and is willing to accept / tolerate a degree of risk in selecting which regulatory actions to undertake to achieve regulatory compliance.</p>

### 8.3 **DRAFT CURRENT** Risks to the PHI Market & Mitigating Actions

The Authority operates a full Risk Register that is reviewed by Management and the Board annually and the significant changing and new risks are reviewed on a further two occasions through the year.

*Figure 1.0 – Risk Mitigation Plan*

<b>Risk Definition</b>	<b>Mitigating Action</b>
<b>Consumer Information</b> Inadequate consumer understanding of health insurance cover leading to a significant negative impact for consumers	<ul style="list-style-type: none"> <li>• Authority's consumer information function</li> <li>• Advise the Minister on market issues</li> <li>• All open insurers to comply with Central Bank of Ireland Consumer Protection Code</li> <li>• Advise the Central Bank on LCR loading issues</li> </ul>
<b>Regulation</b> Increased risk segmentation between and within insurers leading to an undermining of the 'principal objective'	<ul style="list-style-type: none"> <li>• Risk Equalisation Scheme</li> <li>• Consumer information functions</li> <li>• Statutory provisions to comply with Health Insurance Acts</li> <li>• Six monthly reports to the Department</li> <li>• Advise on updating Minimum Benefits Regulations</li> <li>• Continue to advise on the RES</li> <li>• Monitor difference in average premium for different age groups</li> <li>• Central Bank of Ireland Consumer Protection Code</li> <li>• Recommended legislative changes to waiting periods legislation</li> </ul>
<b>Consumer Information</b> Risk of a failure issue with the HIA website	<ul style="list-style-type: none"> <li>• Software up to date and security patch installed</li> <li>• Website security processes</li> <li>• Completed website security testing</li> <li>• Secure website hosting and backup procedures</li> <li>• Service contract with competent website developers</li> </ul>
<b>Corporate Governance</b> Risk of failure in IT systems security	<ul style="list-style-type: none"> <li>• Software up to date and security patch installed</li> <li>• Use of up to date spam ware and antivirus software</li> <li>• Access to IT systems is limited physically and password protected</li> <li>• IT security processes</li> <li>• Completed Internal Audit of IT systems</li> <li>• Completed website security testing</li> </ul>
<b>Corporate Governance</b> Risk of resource/time limitations impacting on work (e.g. legal action and associated FOI requests)	<ul style="list-style-type: none"> <li>• Delegation of work to consultants</li> <li>• Reprioritisation of work</li> <li>• Internal sharing of work</li> <li>• Caveating of work where appropriate</li> <li>• Process for stressed work flow</li> </ul>

	<ul style="list-style-type: none"> <li>• Maintain significant reserves</li> <li>• Use external resources if appropriate</li> <li>• Internal review</li> <li>• External review including legal review of processes related to potentially contentious decisions</li> </ul>
<b>Regulation</b> Risk of major non-compliance with health insurance legislation by a non-registered insurer or related entity	<ul style="list-style-type: none"> <li>• Authority function to monitor the market and the information provided</li> <li>• Enforcement powers for the Authority</li> <li>Proposed legislative amendments to DoH</li> </ul>
<b>Regulation</b> Risk of legislation or lack of appropriate legislation leading to unintended negative consequences	<ul style="list-style-type: none"> <li>• Legislation is drafted by appropriately qualified people in the Attorney General's office</li> <li>• On-going advice on legislation by HIA</li> </ul>