



An tÚdarás Árachas Sláinte  
The Health Insurance Authority

# The Health Insurance Authority

## Annual Report and Accounts 2021



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## OUR VISION

**“Our vision is a well-regulated, competitive health insurance market where consumers are empowered to make informed decisions.”**

# Chairperson's Statement



**On behalf of the Board, I am pleased to present the Annual Report and Accounts of the Health Insurance Authority (“the Authority”) for the year ending 31 December 2021. The Authority fulfils a number of important regulatory functions, all more important than ever during an ongoing pandemic where continuity of healthcare access remained a key priority. Supporting the key legislative principles of community rating, open enrolment, lifetime cover and minimum benefits continued to guide us as we prioritized our outputs throughout the year.**

The health insurance market has shown remarkable resilience in response to the pandemic, reflecting the continued importance of the sector in Ireland. The Authority played its part, continuing to deliver information through our helpline, website and an extensive information campaign. We moved customer presentations online, providing workplace seminars and increased our outreach to local, regional radio and community organisations. We also moved oversight of regulated entities online and harnessed technology to improve remote access.

Research continues to inform and direct policy, our recently published Market Report 2021 identifying market trends and providing an analysis on available health plans, as well as reporting on consumer complaints and queries.

The Authority is committed to supporting the necessary regulatory amendments to reflect changes in access for those with health insurance to public hospitals and to support well-regulated private health insurance offerings. Following a public consultation process in early 2021, the Authority advised the Department of Health on proposed refinements to the scheme, in particular the introduction of a high cost claims pool. The Scheme was notified to the European Commission and approved in March 2022.

The introduction of a high cost claims pool refines the risk equalization scheme, segmenting higher cost claims; it reinforces our role in supporting a fair community rating scheme and will ensure the distribution of funds on health status data.

The Board engaged in a strategic review over the last year and a new direction has been articulated in the Authority's Strategic Plan 2022-2024 which was launched by Minister Frank Feighan TD in April 2022. Our strategic priorities span consumer driven health insurance regulation, compliance / accountability and building consumer trust with a view to empowering consumers in their decision making. These deliverables are dependent on building our digital and HR capacity and capability over 2022.

In conclusion, I would like to thank the Minister and the officials in the Department of Health, the CEO, Laura Brien and her team for their support throughout the year. It is an exciting time for the organization and I would like to extend my sincere thanks to the Board who have given so much of their time and support as we embarked upon a new strategic journey.

A handwritten signature in black ink, appearing to read 'Patricia Byron', written over a thin horizontal line.

Patricia Byron  
Chairperson



# Members of the Authority



Patricia Byron  
**Chair of the Authority**



Caroline Barlow



John Armstrong



John Evans



Michael A. O'Sullivan



Damien McShane



Marcella Flood

The Authority consists of a Chairperson (Patricia Byron) and six ordinary members, all of whom are appointed by the Minister for Health. The members of the Authority were appointed for periods of between three to five years and meet at least eight times a year.

The Authority has one sub-committee, the Audit and Risk Committee, which is chaired by Michael A. O'Sullivan. The other members of the Audit and Risk Committee are Caroline Barlow and Marcella Flood.

# Chief Executive's Statement



**Our Annual Report for 2021 provides an overview of the activities we carried out in 2021 to meet the commitments of the Health Insurance Authority as set out in the Health Insurance Acts. Our Corporate Strategy 2019-2021 guided our activities and priorities and our Annual Report reflects progress on achieving our objectives during the final year of that three-year Strategy.**

The HIA's activities in 2021 continued to be dominated by the various impacts of the COVID-19 pandemic. In terms of the Authority's governance and operations, the Board, management and staff moved to online meetings and working from home with minimal disruption. I'd like to acknowledge the continued high level of commitment by all the HIA staff in delivering on our priorities during these challenging times.

The impact of the COVID-19 pandemic on the market continued in 2021, though at a lower level than 2020. While hospital activity increased relative to the steep reduction observed in 2020, it remained lower than pre-covid levels. Given the reduction in claims observed over the two-year period 2020-21, a significant surplus had built up in the Risk Equalisation Fund. The Authority, therefore, recommended to the Department of Health that some of this surplus be used to reduce the level of stamp duty. This reduction in stamp duty was approved by the Department OF Health and came into force for contracts issued from 1st April 2022.

Demand for health insurance remains strong. In spite of the impact of COVID-19 on the economy and employment levels there was an increase in the numbers who have health insurance. Insurers continue to be proactive in adjusting individual product benefits and prices and adding new services and features so that the complexity of the market

for consumers remains high. With more than 320 different plans on the market, the Authority is keenly aware of the importance of providing accurate and targeted information to people looking to purchase health insurance. Calls to the Authority help line and use of the Authority's plan comparison tool continued to increase in 2021.

The Authority is responsible for the administration and maintenance of the Risk Equalisation Scheme, an essential support to community rating. Working closely with the Department of Health, the Authority developed a recommendation to include a High Cost Claims Pool (HCCP) to the Risk Equalisation Scheme. This recommendation was accepted by the Minister for Health, and incorporated into the Health Insurance Amendment Act, 2021 and notified to the European Commission for State Aid Approval. The new credits will apply from 1st April 2022.

The Authority's consumer engagement function continued to expand in 2021. Feedback from our consumer survey shows that many consumers find it difficult to understand their health insurance plans and compare options. The comparison tool enables consumers to compare the benefits and prices of all plans available on the market and is the most popular website landing page. In addition to regular updates made to the website on changes to health insurance plan details, the Authority carried out a number of direct engagements with consumer and

community groups, to help them understand how to navigate the health insurance market. A new campaign across broadcast media, print and social media was launched in November 2021 in order to increase awareness of the Authority's role as a trusted source of information on health insurance and encourage consumers to compare prices and benefits of plans.

The Authority is in the process of introducing website upgrades which will include enhanced user experiences, and an easier to use comparison tool based on results from behavioural economics research. This will provide consumers with up-to-date independent information and empower consumers to make the best decision for themselves and their family.

Public and industry trust in the HIA role is a key priority for the organisation. The Authority continues to inspect and audit the health insurance companies for compliance with their obligations under the Health Insurance Acts, particularly claims made to the Risk Equalisation Fund. As it grows in magnitude, currently around €800m, and complexity with the introduction of the high cost claims pool, we are conscious of our responsibility

in managing public funds from stamp duty paid by those with health insurance. The action taken by registered undertakings to address the findings from the 2021 inspections will be monitored throughout 2022 and validated as part of the next inspection cycle. In the interest of transparency, the Authority will publish the outcomes of the inspections at a market level, to provide both an overview of the findings and good practices identified.

The board and staff worked intensively in 2021 to develop a new strategic plan for 2022-24 that was published in April 2022. The strategy was developed in the context of the current market for health insurance taking into account the significant impact that COVID-19 has had on the health sector in Ireland, and the market for health insurance. We look forward to working cooperatively with all our stakeholders as we deliver on the new strategic plan.



Laura Brien  
CEO



**MANAGEMENT TEAM** – MAEVE KEARNS (HEAD OF CORPORATE AFFAIRS) LAURA BRIEN (CHIEF EXECUTIVE) JOANNE GEORGE (HEAD OF REGULATORY AFFAIRS) BRENDAN LYNCH (HEAD OF RESEARCH) GRAINNE CAMPBELL (HEAD OF FINANCE)

# Our Strategic Vision

**This strategic plan, for the years 2022-24, was launched in April 2022 and takes account of the Authority's role as a regulator, a provider of consumer information, an adviser to the Minister for Health, a custodian of the risk equalisation fund, and as a competent, effective, learning organisation committed to excellent governance standards.**

This strategy is an ambitious one, reflecting a step up in activities in two key areas. The first is consumer engagement and information. We want health insurance customers to be aware of their options in the private health insurance market and to know their rights. We are focused on making it easier for consumers to learn about health insurance plans and make decisions regarding what plan is right for them. This will be based on our research of the market.

The second is the importance of the Authority's role in managing the Risk Equalisation Fund, and oversight of other key aspects of health insurance regulation. In order to build and maintain trust in the Authority's role, we will place an increased emphasis on oversight of the health insurers and ensuring that they achieve high levels of compliance with the broad range of their obligations.

This strategy was developed with input from all our key stakeholders across industry, government, consumer representatives and fellow regulators.





# 1

Drive consumer  
focused health  
insurance regulation

**Given the pace at which technology, society and health services continue to evolve, there is a distinct need to make sure that health insurance regulation remains appropriate for the way that services are delivered today and evolution in government policy. This includes not only the key components of health insurance policy, but also the role that regulation of the health insurance sector can play in supporting broader government policy goals, including its Environmental, Social and Governance Goals.**

**The Authority continuously assesses the market environment and identifies needed changes to regulations so that the Risk Equalisation Scheme remains fit for purpose and delivers on the key policy objectives of community rating, lifetime cover, open enrolment and minimum benefits.**

## **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. It 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.

Community rating means that the level of risk that a particular consumer poses to an insurer does not affect the premium paid. 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, discounts for members of group schemes, young adults and lifetime community rating loadings.

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.

Lifetime Community Rating was introduced into the Irish private health insurance market on 1 May 2015 with amendments in 2018. Lifetime community rating is a system whereby the premium that individuals pay for health insurance rises with the age they enter the private health insurance market but does not vary in relation to their current age. Loadings apply to people aged higher than 34 taking out inpatient private health insurance for the first time after 30 April 2015 but legislation specifies circumstances under which an individual may receive credited periods which can reduce the loading being applied.

## 1.2 Regulatory Developments in 2021

The Health Insurance (Amendment) Act 2021 was enacted in December 2021. It amended the [Health Insurance Act 1994](#) as follows:

- ▶ To specify the amount of premiums to be paid from the Risk Equalisation Fund in respect of certain classes of insured persons from 1 April 2022
- ▶ To make a consequential amendment to the Stamp Duties Consolidation Act 1999; and
- ▶ To legislate for the introduction of a High Cost Claims Pool to be effective by Ministerial order
- ▶ To amend the benchmark for overcompensation assessment under Section 7F of the Act
- ▶ To provide for related matters.

### 1.2.1 Risk Equalisation Scheme

A risk equalisation credit is a payment to health insurers made from the Risk Equalisation Fund (REF). These payments are made in order to support community rating, which is a system that means that health insurance companies must charge the same rate for a given level of coverage regardless of factors like age. The community rating levy is a levy against insurers paid to the Risk Equalisation Fund.

The Risk Equalisation Scheme was due to be renewed in 2020 and as such needed to be notified to the European Commission for appraisal under State Aid regulations. In light of the COVID-19 pandemic the Department of Health decided to extend the existing scheme until 31 March 2022, which the European Commission had no objections to.

During 2021 the Authority made a recommendation to the Department of Health on changes to the Risk Equalisation Scheme from 2022 to incorporate a high cost claims pool. Subsequent to a public consultation, the Authority recommended a redistribution of existing risk equalisation

credits to incorporate the high cost claims pool. The Department of Health accepted the recommendation and notified the European Commission of the new Risk Equalisation Scheme for the period 2022-2027.

In making its annual recommendation on the amounts of the risk equalisation credits and Community Rating Levies, for policies commencing from 1 April 2022, the Authority did so on the assumption that a high cost claims pool would form part of the next Risk Equalisation Scheme.

The Authority also took into consideration the projected surplus expected to arise in the Risk Equalisation Fund reflecting lower claims as a result of COVID-19 and the Cyber attack on the HSE which took place in 2021, which disrupted the provision of health services. This surplus served to reduce the stamp duty that would have otherwise applied for the period from 1 April 2022.

47%



Of the population held private health insurance in 2021

321 Plans



## 1.3 The Irish Health Insurance Market in 2021

To deliver effective regulation, the Authority will leverage its thought leadership of the health insurance sector, based on its research activities and monitoring of the health insurance market and related sectors in Ireland. Our data on prices, customers, plans, claims paid by health insurers and lengths of stay by patients in hospitals provides excellent insights into the market, to both inform consumers as to what options are available to them, as well as helping the Authority understand how the consumer interacts with the market. This understanding will enable us to identify what regulations need to be adapted to changing market conditions.

### 1.3.1 Size of the Market

Health insurance coverage continues to grow. Although it has not yet reached levels seen before 2008, 2.4 million people (including children), had

health insurance at the end of 2021, corresponding to 47.1% of the total population. There were 53,469 more people with health insurance than in 2020, which is a 2% increase.

Slightly more women (51%) took out health insurance than men (49%). Although coverage has increased amongst all age groups, uptake still under-indexes among younger adults under the age of 39 years old and older adults over the age of 85 years old. People aged 40 to 80 are most likely to have health insurance.

The average age of the population is increasing and the percentage of the population in the oldest age cohorts is steadily rising. This leads to an increased demand for healthcare. The proportion of the population with health insurance varies significantly by age. The proportions in the oldest age groups are rising faster than the average. The percentage of the insured population aged over 60 has increased by 0.6% per annum since 2009 and was 23% at the end of 2021.

PERCENTAGE OF POPULATION INSURED

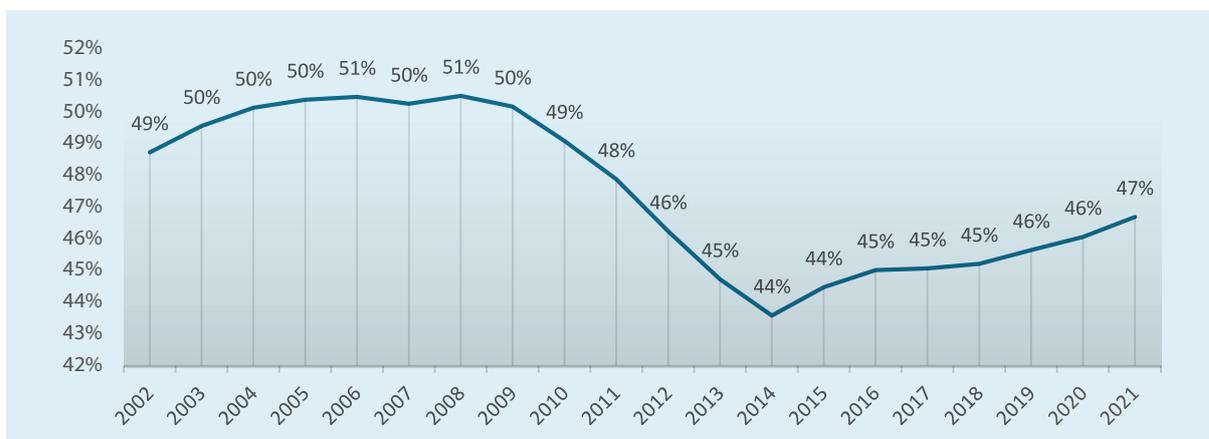


Figure 1: Yearly average percentage of population Insured

PERCENTAGE OF POPULATION INSURED BY AGE



Figure 2: Market penetration by age.

At year-end 2020<sup>1</sup>, there were three Open Membership Undertakings operating in the market (VHI Healthcare, Laya Healthcare and Irish Life Health). In December 2021, Vhi Healthcare's market share was 49%. Laya Healthcare had a 27% market share and Irish Life Health had 20%. Restricted Membership Undertakings have a combined 4% market share. The rate of decline in Vhi Healthcare's market share has slowed considerably compared to several years ago, having been 95% in the mid-1990s before the market was opened to competition.

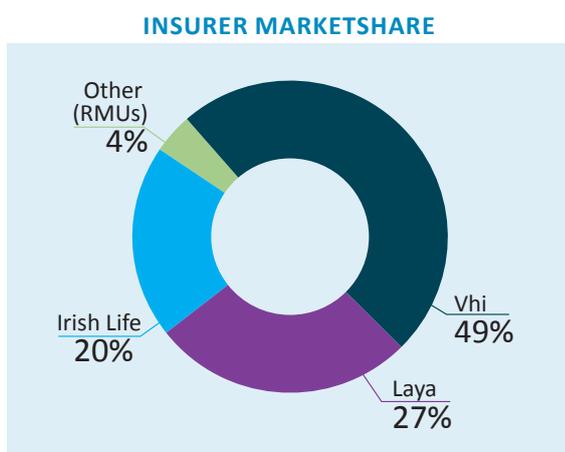


Figure 3: Marketshare of the open membership insurers.

Market shares vary significantly by the ages of the insured. For instance, at the end of 2021, Vhi Healthcare insured 51% of the market excluding restricted undertakings and insured 56% of those aged 70-79 with insurance, compared to 72% at the end of 2014. See table below for more information.

### 1.3.2 Healthcare Claims Costs

The health insurance market is the largest non-life insurance market in Ireland. Premium income in 2021 was €2.97bn. The total level of claims paid declined sharply in 2020, because of the health sector response to COVID-19 (graph excludes refunds paid by insurers to health insurance policy holders in 2020 and 2021). Overall level of claims has increased in 2021, but they remain below 2019 levels, even though the number of people with health insurance has increased.

In 2021, most claims were for treatment in private hospitals (50%). Claims for out-patient/GP treatment have also seen an increase year to year, with a 16% increase since 2019. Meanwhile, claims in public hospitals has decreased significantly, from 21% in 2019 to 15% in 2021. It should be noted however, that COVID-19 has exaggerated this trend. The table below shows the claims paid by health insurers for hospital and outpatient/GP treatment from 2019-21.

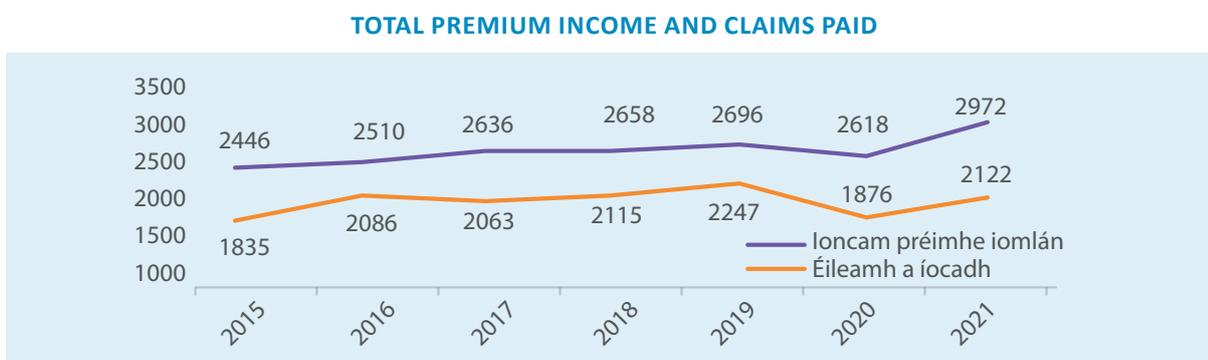


Figure 4: Total premium income and total claims paid by health insurers from 2015 to 2021.

**TABLE 1: BREAKDOWN OF CLAIMS PAID.**

Million €	2021	2020	2019	% Change 2020-21	% Change 2019-21
Public hospital	310 (15%)	397 (21%)	471 (21%)	-22%	-34%
Private hospital	1072 (50%)	851 (45%)	1070 (48%)	26%	0.2%
Consultant	416 (20%)	355 (19%)	428 (19%)	17%	-3%
Other (out-patient/GP fees)	324 (15%)	271 (15%)	279 (12%)	20%	16%
Total	2122	1876	2248	13%	-6%

<sup>1</sup> Laya Healthcare Ltd is an insurance intermediary that sells the health insurance policies underwritten by Elips Insurance Limited, which is a registered undertaking with the Authority. Laya Healthcare Ltd is not regulated by the Authority but is regulated by the Central Bank of Ireland.

**TABLE 2: A BREAKDOWN OF PLANS ACCORDING TO THE FIVE LEVELS OF COVER. THE MAJORITY HAVE A PLAN THAT HAS AN OUT-OF-POCKET COST OF AT LEAST 150 EUROS FOR TREATMENT IN A PRIVATE HOSPITAL.**

Level		Plans	% On Plan
Level 1	Public hospitals only.	24	7%
Level 2	Semi-private room in a private hospital, with high out of pocket costs, for example a high excess of more than €150 per claim.	42	13%
Level 3	Semi-private room in a private hospital, with low out of pocket costs, for example an excess of less than €150 per claim.	56	30%
Level 4	Private room in a limited number of private hospitals, with high out of pocket costs for example, an excess of more than €150 or a shortfall for orthopaedic claims	177	48%
Level 5	Private room in all private hospitals, with low out of pocket costs, for example no orthopaedic shortfall, and excess less than €150 per claim.	22	3%

## 1.4 Product Developments and price of health insurance

On 1<sup>st</sup> January 2022 there were 321 active in-patient plans. In 2021, 25 plans were retired, and 30 new plans were introduced. 92% of customers held advanced plans, and this has remained the case for several years.

The cost of health insurance continues to increase. The average premium is €1,466, which is a 2% increase on the previous year (€1,440). This figure is based on prices at 1<sup>st</sup> January 2022 and the products held by the insured population at that date. This change is due to a mix of price increases, changes in population and product choices.

**TABLE 3: A BREAKDOWN OF THE LOWEST, HIGHEST, AND AVERAGE PREMIUM FOR EACH LEVEL OF COVER. IN 2021, THE AVERAGE PRICE INCREASE WAS 4%. PRICE CHANGES VARY FROM PLAN TO PLAN AND RANGED FROM -6% TO 9% (THIS IS VALID FOR THE PERIOD 1ST JANUARY 2021 TO 1ST JANUARY 2022).**

	Lowest premium	Highest premium	Average premium
Level 1	€504	€1,164	€577
Level 2	€776	€1,767	€1,090
Level 3	€992	€4,030	€1,459
Level 4	€627	€5,178	€1,464
Level 5	€2,045	€9,037	€3,572

Features of the market include:

- ▶ People over 65 years old are paying on average 44% more for health insurance.
- ▶ 10% of the insured population had policies that did not cover all public hospitals. These policies are at the cheaper end of the range but vary somewhat.
- ▶ Plans where some high profile orthopaedic/ ophthalmic benefits are restricted (the cost of the procedure will not be fully reimbursed by the insurer), have increased in popularity over the years. This trend has continued in 2021 with 62% of people who have health insurance have a plan with restricted orthopaedic cover. These plans tend to have lower premiums than those that do not have restrictions and are most popular with those under 65-year-olds (68% have restricted orthopaedic benefits).
- ▶ The number of people paying Lifetime Community Rating loadings has increased year on year. Currently just over 64,000 people (3%) with health insurance are paying a loading on their health insurance premium. This is a 22% increase from the previous year (52,653).



2

Ensure compliance  
and accountability

**Public and industry trust in the Authority's role is a key priority for the organisation. One of the ways that the Authority generates public trust is by ensuring that the insurers comply with their obligations under the Health Insurance Act. This includes managing the Risk Equalisation Scheme, processing payments under the Risk Equalisation Fund as well as compliance with other aspects of the health insurance legislation. The Authority's compliance activities also include assessment of whether or not the RES leads to overcompensation of the net beneficiary.**

## 2.1 Irish Risk Equalisation Scheme

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.

The Authority has two main functions under the RES. It makes recommendations to the minister each year regarding the level of credits payable under the scheme and associated community rated levies. It also manages the Risk Equalisation Fund ("REF"), receives claims from the insurers and makes payments from the Fund.

The main elements of the Risk Equalisation Scheme are the following:

- ▶ Risk equalisation credits payable in respect of premiums vary on the basis of age, gender, and level of cover.
- ▶ Risk equalisation credits are also payable in respect of hospital claims. Specifically, a fixed amount is payable from the REF for each overnight and day-case stay which an insured person spends in private hospital accommodation or in a publicly funded hospital where a charge is payable under Section 55 of the Health Act 1970 for such a stay.

The Authority is responsible for administering and maintaining the Risk Equalisation Fund ("REF") which was established in 2013 under the Health Insurance (Amendment) Act 2012. The Registered insurers submit risk equalisation credit claims and returns to the Authority. The Authority validates

those claims and determines the payable claims. 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. Payments made in 2021 in relation to risk equalisation credits totalled €761 million. Community rated levies paid into the fund in 2021 amounted to €809m.

## 2.2 Overcompensation Assessment

The Authority is also required to assess whether the Risk Equalisation Scheme overcompensates any insurer. Each year, the Authority assesses if any insurer has been overcompensated by the risk equalisation scheme, enabling them to earn more than a reasonable profit. The assessment as to whether the 2016 – 2020 Risk Equalisation Scheme results in overcompensation is based on whether a net beneficiary's Return on Sales gross of reinsurance and excluding investment activities exceeds 4.4% per annum, calculated on a rolling three-year basis. If the Authority determines under the Health Insurance Acts that an insurer (which is a net beneficiary of the risk equalisation scheme) has been overcompensated, the Authority must 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, which is provided to the Minister for Health, an insurer that has been compensated must then refund the amount of overcompensation to the REF.

For the period 2018 to 2020 inclusive, the Authority evaluated and analysed the information provided to it by the three participants in the RES and made a determination that the net beneficiary had not been overcompensated as a result of the risk equalisation scheme.

The Health Insurance Acts have been amended to change the maximum allowable return on sales profit of beneficiaries of the Risk Equalisation Scheme to 4.9% for the three-year period 2020 to 2022, 5.4% for 2021 to 2023 and 6% for subsequent three year periods. The Minister has also made Regulations in 2022 concerning the preparation of financial statements by registered undertakings for the purposes of the overcompensation assessment.

## 2.3 Inspections

On an annual basis, the Authority carries out an inspection of each of the registered undertakings to ensure compliance with the regulations of the REF. The objective of this inspection is to assess market compliance with the provisions of these Regulations and the Authority reports on any areas of non-compliance and details the findings and recommended actions that should be taken by the market to address such non-compliance.

The inspections also reflect the importance of the security and the efficient administration of the Risk Equalisation Fund (the “Fund”), ensuring robust controls are in place with respect to the verification and payment of RES claims.

In 2021, the inspection found that the registered undertakings have appropriate policies, procedures and controls in place in respect of risk equalisation credits. The Authority is satisfied that these procedures have been designed to ensure adequate segregation of duties, with the RES claims undergoing various financial control checks and stages of review prior to authorisation and submission. The Authority found these checks and reviews to be both appropriate and thorough.

Notwithstanding these positive control findings, the Authority has identified a number of findings and recommendations as a result of the inspection, and also validated progress to date in the implementation of previous inspection recommendations.

The action taken by registered undertakings to address the findings will be monitored throughout 2022 by the Head of Finance, and validated as part of the next inspection cycle. Furthermore, in the interest of transparency, the Authority will publish the outcome of the inspection in Q2 2022, at a market level, to provide both an overview of the findings and good practices identified in the course of the inspection.

## 2.4 The Register of Health Benefits Undertakings

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.

Any health insurer carrying on health insurance business in Ireland is required to register with and obtain a certificate from the Authority, on an annual basis. In 2021, 11 insurers registered with the Authority.

## 2.5 The Register of Health Insurance Contracts

The Authority is responsible for maintaining the “Register of Health Insurance Contracts”. Section 7AC of the Health Insurance Act 1994 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: <http://www.hia.ie/consumer-information/register-of-health-insurance-contracts> or at the offices of the Authority.

## 2.6 Product Notification

Registered undertakings are required to submit samples of each new or revised contract to the Authority, not later than 30 days before first offering such a product, to ensure that they are not contrary to the Health Insurance Acts.

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



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*Payments made in 2021 in relation to risk equalisation credits totalled €761 million. Community rated levies paid into the fund in 2021 amounted to €809m.*

# 3

Build Consumer  
Trust and empower  
consumers to make  
informed decisions

**Purchasing health insurance can be a complex matter, given the large numbers of products available and the complexities of different options. To be confident that they are getting the right product at the right price, customers need both to know what products are available and a straightforward way to compare them.**

**The Authority is mandated by its legislation to inform members of the public of their rights as consumers of health insurance and of health insurance services available to them. Providing free to use, comprehensive, accurate and useful information to the public is an important way for the Authority to deliver benefits to consumers.**

**The Authority uses its knowledge and understanding of the health insurance market to identify how consumers interact with the market, what barriers exist to comparing products and switching providers. Feedback from ESRI research shows that there were significant levels of customer confusion regarding health insurance products, what different benefits mean and how to compare between different health insurance products.**

**The Authority has employed a range of media engagement strategies, as well as direct engagement with consumers and stakeholder groups**

### **3.1 Attitudes Towards Health Insurance**

In 2021, Kantar Millward Brown conducted the survey on behalf of the Authority looking at the details of demand for health insurance in Ireland and the public's attitudes and perceptions to it.

**Key findings from the survey include:**

- ▶ Health insurance is seen as a necessity, and not a luxury.
- ▶ The primary reason for having health insurance is the perceived lack of access to public services, long waiting lists, and the associated costs for treatment and accommodation.
- ▶ The average number of years for having a policy is 18 years, and the average number of years with the current health insurance provider is 13 years.
- ▶ Over half (56%) have kept their level of cover the same over the past two years, and plan to stick with this for the next year. This is particularly pronounced amongst those who are 55+.

### Satisfaction with health insurance:

▶ People with health insurance were least satisfied with the level of out-patient/ non-hospital cover on their plan, and the decrease in the level of cover. Nearly half felt that premium increases were not justified.

▶ People with health insurance were most satisfied with the customer service received from their health insurer.

### Switching:

▶ The majority (61%) have never switched health insurance providers.

▶ Among those who have switched, cost considerations stand out, with 56% of switchers mentioning price as a factor.

▶ On average, savings of 30% would be required to encourage consumers to consider switching.

▶ Reasons for not switching include, finding it difficult to switch, too much hassle, too difficult to compare plans, not enough savings could be made, and being satisfied with their current provider.

### Reasons for not having health insurance:

▶ Just over three in ten claim they previously held health insurance, with the average duration being ten years.

▶ Price considerations are the greatest barrier.

▶ Changes in employment status also feature, along with the perception that it didn't represent value for money.

▶ Among those without health insurance, 46% acknowledge that health insurance is a necessity and not a luxury. This suggests that if they could afford it, they would.

▶ 50% say that Lifetime Community Rating will not entice them to take out health insurance and 60% have never heard of it.

## 3.2 Consumer Information

The Authority operates a consumer information service via telephone and email. It answers consumer queries regarding health insurance and provides assistance in resolving disputes with insurers.

In 2021 the Authority received 3693 queries and complaints from members of the public. Topics that were most frequently raised with the Authority were:

▶ Requests for comparisons between health insurance products

▶ Moving in/out of the country

▶ Lifetime Community Rating

▶ Queries relating to waiting periods

▶ Rights in relation to switching insurers



### CASE STUDY

*During 2021, the Authority intervened successfully on behalf of consumers in relation to issues arising with respect to their health insurance. The following is an example of a case addressed by the Authority.*

*A consumer contacted the authority to query the lifetime community rating loading they had received from a new provider they were switching to. Their new provider asked them for proof of previous cover from 15 years ago. The consumer had provided them with information from their previous provider that dates to 2015 and the consumer had sent documentation that shows they had cover with another provider from 2013. The consumer was advised that they would have to provide proof of earlier cover. Applying a lifetime community rating loading for the 7 years of undocumented cover would have resulted in the consumer paying an extra 14% for their health insurance for the next 10 years.*

*The consumer reached out to the authority and we in turn contacted his new provider to ask on what legislative basis he needed to provide proof of cover from 15 years ago. The insurer replied to us to say they had contacted the consumer to clear up any confusion and to advise no loading would apply.*

*A consumer after receiving help comparing their health insurance options.*



*It's rare these days to find someone with the interest and dedication with which you did your job. The Health Insurance Authority are most fortunate to have you on their team. Thanks again and best wishes to you and the rest of your colleagues.*

### 3.3 Price Comparison Tool

The Health Insurance Authority's website ([www.hia.ie](http://www.hia.ie)) provides consumers with a range of independent information on health insurance issues which will answer all of their questions and arm them with the information they need to make the best decision for themselves and their family.

The Authority's comprehensive plan comparison tool, accessible on its website, allows consumers to choose the most appropriate plans for their circumstances and compare benefits and prices of plans side by side. The comparison tool provides details of every plan on the market allowing consumers to compare plans based on price, level of cover, excess, and a range of other benefits. Consumers can compare up to four plans at any one stage and can browse the website on multiple devices including phone, laptop, or desktop.

In 2021, our website had 236,953 unique users. 26% of visits were from returning users, as users tend to return to use the comparison tool when their policy is up for renewal. 71% of visitors to the website visited the comparison tool pages while *waiting*

*periods, selecting a plan, frequently asked questions, and lifetime community rating were the most popular consumer information pages. Consumers spent an average of 4:38 minutes on our site.*

### 3.4 Webinars

COVID-19 affected our ability to deliver in person presentations and as a result our consumer affairs staff launched a series of webinars to workplaces, community groups and other organisations. The webinars provided an opportunity for us to engage with those who may not be aware of the services the Authority provides or their rights as health insurance consumers. We reached out to the Irish Countrywomen's Association, the INTO, the CCPC, Bank of Ireland as well as many others. The webinars allowed us to give members of the organisation a thorough introduction to health insurance and answer any questions they have.



Figure 5: Aoife Cooney delivering a webinar.

### 3.5 Radio interviews

The Authority never missed an opportunity to increase our reach to consumers in regional and rural areas. We took part in radio interviews on local and community radio to provide information to listeners on various health insurance topics and our staff took part in broadcasts on topical health insurance issues on regional and national news stations. This provided us with the possibility to spread our messaging to audiences around the country and provided an avenue of directly

informing the public of health insurance matters and raising our profile so consumers know that they can trust us to provide them with free, impartial information.

### 3.6 Advertising

The Communications Campaign 2021/22 was designed to deliver greater awareness of the Authority and our website hia.ie through an advertising campaign supported by consumer engagement activities and a social media always on campaign.

The focus of the 2021/22 campaign was on raising awareness of the Authority and used a central character “Dad” and the tag line “There’s only one authority on health insurance and it’s us – The Health Insurance Authority”. The message reached consumers through TV, radio, social media and online news. This was the first year that the Authority used podcasts to target key audience segments with our message. For instance, our research has shown that consumers awareness of lifetime community rating rules is very low, so as part of this years campaign, we focussed on making younger people aware of the importance of

understanding lifetime community rating and the impact of the loadings on their premiums if they don’t take out health insurance before the age of 35. We used targeted radio and podcast ads on selected programs to reach a younger audience.

### 3.7 Social Media

Social media allows us to engage with audiences of all ages and allows us to respond to queries in real time. The potential audience for our posts is very large, with our posts reaching over 1.5 million people. We use social media to promote our consumer engagement opportunities and important consumer information themes – for instance we promote posts on LCR, or explainers on how the use of excesses can reduce costs for consumers.

The campaign uses tools like search, promoted posts, home page takeovers as part of the paid media element. We support these actions with regular posts on twitter and promotion of press releases, TV or radio mentions on Linked In and Facebook. We ensure maximum exposure for all our other communication activities by promoting them online and building an online network.

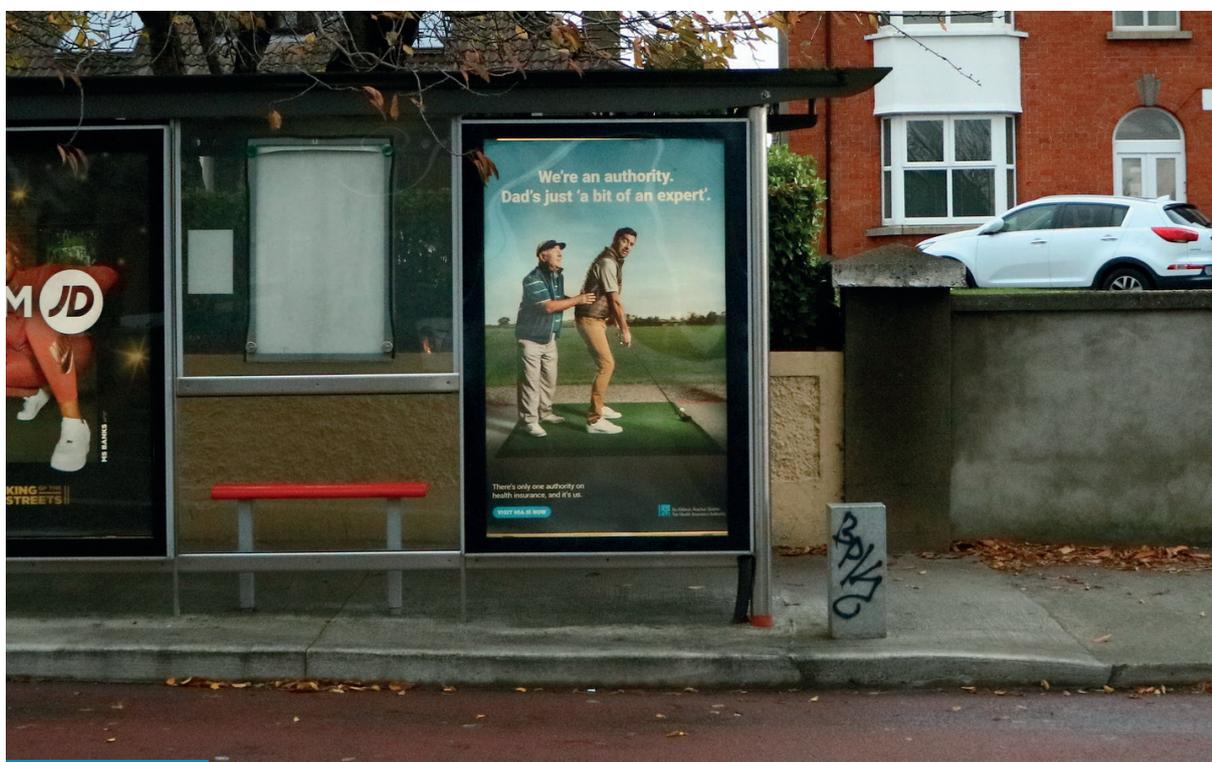


Figure 6: Bus shelter ad, November 2021.



*In 2021, our website had 236,953 unique users. 26% of visits were from returning users, as users tend to return to use the comparison tool when their policy is up for renewal. 71% of visitors to the website visited the comparison tool page while waiting periods, selecting a plan, frequently asked questions, and lifetime community rating were the most popular consumer information pages.*

# 4

Invest in digital  
capacity to enhance  
our capabilities

**The Authority is committed to establishing the resources and capabilities required to ensure we develop and maintain a technical infrastructure that is secure, highly available, fit for use, and provides users with the devices and connectivity required to enable users to readily access the systems and information they require where and when they need it.**

## 4.1 Enhance our Processes

### 4.1.1 Cybersecurity

Recent events such as the HSE hack have highlighted the importance of a robust cybersecurity system to assist in defending against cyber-borne threats. The Authority continuously enhances the protection of its data and systems, with a risk-focused culture across the organisation to raise awareness of the role internal staff play in protecting the organisation from cyberattacks, and to have robust recovery responses in place to support the organisation's business continuity plans.

A penetration test into the Authority's cyber security was conducted over the summer of 2021, examining both system security and the Authority's business continuity procedures. Enhancements were introduced to increase security. These include increased use of two factor authentication on laptops and the website, implementation of DMARC records to increase email security and installation of advanced antivirus software on all devices.

The Authority continues to ensure that there will be minimal disruption in the event of system failure.

### 4.1.2 Blended/Remote Working

The COVID-19 pandemic necessitated an urgent move to remote working for all staff. Meeting the challenge of providing staff with secure laptops and collaborative software facilitated a secure work from home environment and provided continuity of service. The COVID-19 response drove several organisational efficiencies including upgrades to our software, enhanced cloud collaboration, business continuity and security. These improvements have laid the groundwork for the provision and oversight of an enduring blended work environment which will deliver a better work/life balance for staff

and allow increased efficiencies. Such measures included the provision of modern, reliable IT hardware, software and security infrastructure and a move towards digital platforms for all processes.

### 4.1.3 Website Usability

The Authority, as the health insurance regulator, has a key role in providing comprehensive, accurate and timely information to consumers, to help them navigate their health insurance options. We do this by providing a comprehensive, free to use comparison tool that lists all available health insurance plans.

This information is kept up to date in response to changes in plan benefits by the health insurers. The [hia.ie](http://hia.ie) website is also a key resource for any holder of health insurance or prospective customer to understand complex terminology around their plans and benefits.

## 4.2 Inform our Research and Policy Recommendations

### Data Management and Analytics

The Authority has begun work on enhancing our data management and analytics capabilities which will work towards delivering the strategic goal of using technology to analyse market information to inform our research and policy recommendations.

The establishment of data management and analytics capabilities will support the Authority in obtaining the data analytics and visualisation required for evidence-based planning, policy development and financial management as well as gaining administration efficiencies by implementing data management best practice across the organisation.

## 4.3 Increase the robustness of our Risk Equalisation Fund claims management process, including the high cost claims pool.

### 4.3.1 The Risk Equalisation Scheme

The Authority manages significant amounts of data in delivering on its functions. This includes managing claims data from the health insurers to facilitate payment from the Risk Equalisation Fund. We also receive a broad range of information on holders of health insurance, claims data etc. This data is increasing in complexity, in part arising from the developments of the risk equalisation scheme (RES).

Payments in 2021 in relation to risk equalisation credits totalled €761 million while community rated levies paid into the fund in 2021 amounted to €809m.

A new Risk Equalisation Scheme, effective for contracts commencing from 1 April 2022 will see the introduction of a third type of credit based on a High Cost Claims Pool (HCCP). The new scheme will now see credits distributed based on age and sex, hospital utilisation and high cost claims.

The Authority is expanding its data management and analytics capabilities to increase the robustness of our Risk Equalisation Fund claims management process and facilitate the introduction of the high-cost claims pool. The introduction of a coordinated system for data submissions from insurers will enable our staff to perform analysis on the data and produce more timely reporting and information which will improve processes for staff particularly in respect of the additional administrative burden of the introduction of the HCCP.



*A new Risk Equalisation Scheme, effective for contracts commencing from 1 April 2022 will see the introduction of a third type of credit based on a High Cost Claims Pool (HCCP). The new scheme will now see credits distributed based on age and sex, hospital utilisation and high cost claims.*

# 5

Develop our people to deliver effective outcomes and high standards of corporate governance

**The Authority recognises that our staff are our most critical asset. We continue to focus on building our capability and performance as a regulator so that we continue to develop and foster our thought leadership. The Authority applies high standards of governance in its operations and actively manages risks faced by the Authority.**

## 5.1 Developing Our People

Recruitment continued to be a priority in 2021 and over the course of the year, training and professional development courses were made available to staff. Continuous professional development is one of our core priorities and ensures that knowledge and skills within the organisation continuously grow in line with best practice. We worked to embed a culture of equality, diversity and inclusion across our organisation and actively promoted staff wellbeing, which was particularly important in the context of the ongoing pandemic.

The Authority prides itself in the quality, experience, knowledge and dedication of its staff. Our recruitment campaigns seek suitably qualified

candidates, with the skills and experience to meet the demands of a busy office with a large caseload. To help us meet these aims we undertook 5 recruitment campaigns during 2021, to fill a variety of roles; Senior Legal Assistant Regulatory Affairs, Research Assistant/Policy Analyst, Executive Officer and Clerical Officers.

One of the core elements of our Strategic Plan is to enhance the overall level of core workplace skills and in turn, the performance of the organisation. To this end, the Authority provided staff training in key areas such as IT, risk management, presentation skills, insurance law, compliance, procurement and HR management. Upskilling of our staff is an essential aspect to developing the knowledge available within our organisation and ensuring we have the necessary skills and competencies to meet our objectives.



Figure 7: Staff at Strategic Plan launch, April 2022. Top: Grainne Campbell, Cora Ratiggan, Sandra Eaton, Nora O'Reilly, Michael Suttle, Maeve Kearns. Bottom: Diarmaid Morley, Laura Brien, Sinead Pembroke.

## 5.2 Corporate Governance

### 5.2.1 Corporate Governance Code of Practice

The Code of Practice for the Governance of The Health Insurance Authority complies with the revised Code of Practice for the Governance of State Bodies (2016) (the “Code”) which came into effect on 1 September 2016.

### 5.2.2 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.

### 5.2.3 Protected Disclosure

In accordance with Section 21 of the Protected Disclosures Act, 2014 the Authority has established and maintains procedures for current or former employees to make protected disclosures in relation to the Authority and its work and for dealing with such disclosures. Written information in relation to these procedures has been provided to all employees. The Authority’s policy can be found on its website at <https://www.hia.ie/about-us/governance>.

In respect of 2021 no disclosures were made to the Authority under the Protected Disclosures Act 2014.

### 5.2.4 Human Rights and Equality

In accordance with Section 42 of the Irish Human Rights and Equality Commission Act, 2014 the Authority has established and maintains procedures to eliminate discrimination, promote equality and protect the human rights of people that use the Authority’s services, people affected by its policies and people employed by the Authority.

In respect of 2021 no disclosures were made to the Authority under the Irish Human Rights and Equality Commission Act, 2014.

### 5.2.5 Official Languages

The second Health Insurance Authority Language Scheme 2020 – 2023 was confirmed by the Minister for the Department of Culture, Heritage, and the Gaeltacht, and came into effect on the 1 October 2020. The Scheme sets out the measures to be adopted to ensure that a range of some services not provided through the medium of Irish will be so

provided within the agreed timeframe. The Scheme is available on the Authority’s website at [www.hia.ie](http://www.hia.ie).

### 5.2.6 Freedom of Information and Parliamentary Questions

The Authority continues to meet its obligations in relation to the Freedom of Information Act 2014. In 2021, five Freedom of Information requests were received by the Authority. Of these, two were part granted, one was granted, one was refused, and one request was withdrawn. The Authority also provided information in respect of nine parliamentary questions.

### 5.2.7 Annual Report and Accounts

The Annual Accounts for 2021 for both the Health Insurance Authority and the Risk Equalisation Fund (administered by the Authority) were prepared and submitted to the Office of the Comptroller and Auditor General (“the C&AG”) for audit. These Accounts have been audited and approved by that office and are set out in Sections 6 and 7 of this Annual Report and Accounts.

### 5.2.8 Internal Audit

The functions of the Authority are set out in Section 21(1) of the Health Insurance Acts. The Authority has established an Audit and Risk Committee (ARC) whose function is to support the Authority in relation to its responsibility for issues of risk, control and governance and associated assurance.

The ARC met four times in 2021. Membership and attendance at meetings of the Audit & Risk Committee throughout 2021 can be found in the Governance Statement contained in the Accounts set out in Section 6 of this Annual Report and Accounts. The ARC agreed a programme of internal audits and during 2021 the Committee directed that a number of audits be conducted on its behalf by BDO, the Authority’s appointed internal auditors. The internal auditors conducted separate audits on the internal financial controls for the Health Insurance Authority and the Risk Equalisation Fund, Compliance with the Code of Practice and a review of the Overcompensation Process. Reports on each audit containing audit descriptions, audit findings and management comments were submitted to the ARC and the Authority. The ARC 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 ARC.

The ARC oversaw the annual financial statements

and accounting policy, risk management, internal controls and value for money issues.

### 5.3 Risk Management

The 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 Authority seeks to manage and mitigate risks which have the potential to affect its ability to effectively carry out and achieve its functions and objectives.

Risk is managed in the Authority through formal reviews and approval by the Board of changes to the Corporate Risk Register, which identifies the principal risks to the organisation. These reviews take place three times annually, or more frequently, if required.

The Authority has a comprehensive risk management policy in place and related risk management processes that operate across the organisation. The Board of the Authority has ultimate responsibility for the Authority's system of internal control including risk management. The Board is responsible for approving the organisation's risk management policy including risk appetite, and monitoring the effectiveness of the overall system of risk management. Management and staff, Chief Risk Officer and the Audit and Risk Committee each have responsibilities in meeting the Authority's risk policy commitments.

A summary of the Authority's principal risks and uncertainties, as at December 2021, is provided below.

▶ The Risk Equalisation Scheme underpins the community rated private health insurance market and supports the principal objective of the Authority. The risk that lack of capability to manage and process market claims and data related to the scheme will be mitigated by the introduction of a cross divisional data management system and through the use of external consultants and training and skills development for staff.

▶ The Authority relies on technology to enable the delivery of our functions. The Authority carries risks related to operational effectiveness and service user access and experience owing to aging website

functionality while new infrastructure is being developed, and risk to the Authority's business continuity should this be impacted by malicious cyber activity. To mitigate these risks the Authority has taken steps that ensure ongoing systems updates and testing takes place, a business continuity plan is established, and antivirus software and cybersecurity infrastructure is in place. A security user awareness and training programme has been completed by all staff.

▶ The Authority employs eleven members of staff. The resulting risk to continuing operational effectiveness that the HIA will not be able to retain/recruit a suitably qualified senior management team as a result of our grading system compared to other regulators/state agencies is addressed by the Authority's succession plan and the availability of external service providers.

▶ The risk that the HIA staff is too limited in number to deliver on its strategic plan is mitigated by the development of a workforce plan to identify mix of internal and external resources, the availability of external service providers, the ability to reprioritise workloads, and a request to department for additional headcount.

▶ The Authority is awaiting confirmation from the Department of Public Expenditure & Reform (DPER) with a view to gaining clarity from that Department on the funding of pension liabilities for the Authority's Superannuation Scheme. 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. The risk that this issue remains unresolved is included on the Authority's Risk Register.

### 5.4 Energy Consumption

The public sector has been set a target by the Government of a 50% energy efficiency savings by 2030. The Authority has one office in a multi-occupancy office building. The Authority reports on its energy performance to the Sustainable Energy Authority of Ireland in accordance with Statutory Instrument 426 of 2014 – European Communities

(Energy End Use Efficiency and Energy Services) Regulations 2009.

In 2021, the Authority consumed 77,631 kWh of energy, consisting of:

- ▶ 45,234kWh (2020: 21,106kWh) of electricity and
- ▶ 32,397kWh (2020: 14,865kWh) of fossil fuels (heating)

2009 up to 2021. The significant increase in energy usage stems from a move to a bigger office which is not as energy-efficient as expected, and the 2020 energy-usage reduction was related to the move to working from home during the COVID-19 pandemic. To address this increased consumption, the Authority will more closely monitor its energy usage and implement energy-saving projects including awareness programmes for staff, energy-efficient procurement, and work with building management to find ways in which energy consumption could be reduced.

Figure 8 shows the historical energy performance for the Authority starting at the base line year of

### ENERGY CONSUMPTION

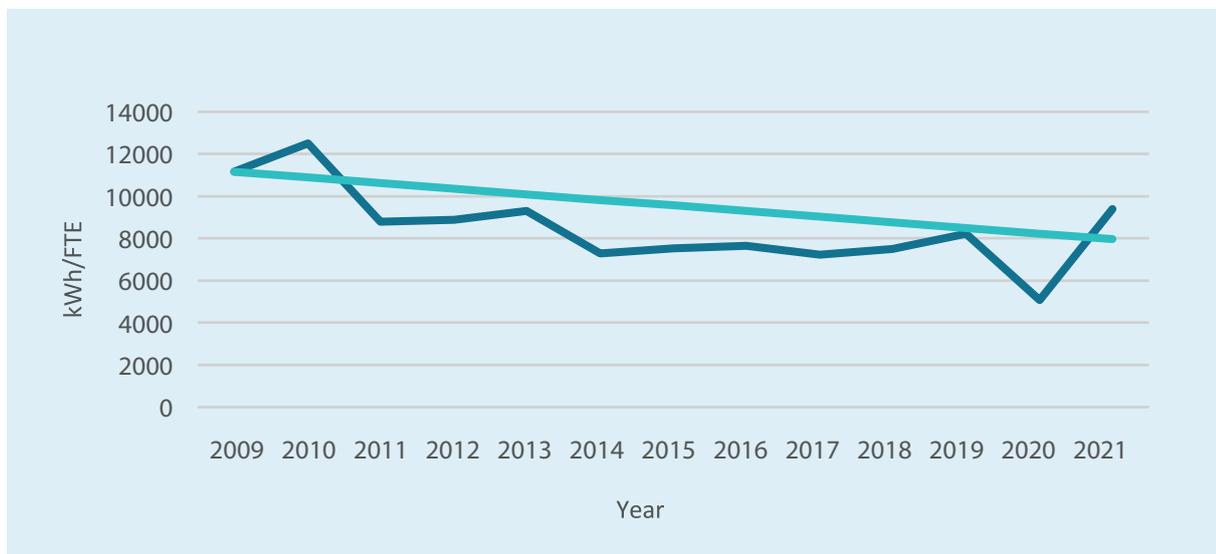


Figure 8. Energy performance indicator, Total Primary Energy Requirement per Full Time Employee, 2009 to 2021.



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***The Authority prides itself in the quality, experience, knowledge and dedication of its staff.***

# 6

## The Health Insurance Authority Report and Financial Statements

for the year 1 January 2021  
to 31 December 2021

## 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 2021.

## The Health Insurance Authority

### Authority Information

<b>Members of the Authority</b>	Sheelagh Malin (Ended term as Chairperson on 30 June 2021) Patricia Byron (Appointed as Chairperson on 1 July 2021) Dr Fiona Kiernan (Ended term on 31 January 2021) Caroline Barlow Michael A. O’Sullivan Damien McShane Marcella Flood John Armstrong Dr John Evans (Appointed on 1 July 2021)
<b>Chief Executive/Registrar</b>	Laura Brien
<b>Secretary</b>	Maeve Kearns
<b>Bankers</b>	AIB plc. 7/12 Dame Street Dublin 2  Permanent TSB 56/59 St Stephen’s Green Dublin 2
<b>Auditors</b>	Comptroller and Auditor General 3A Mayor Street Upper Dublin 1 D01PF72
<b>Offices</b>	Beaux Lane House Mercer Street Lower Dublin 2 D02 DH60

# Governance Statement and Authority Members' Report

## Governance

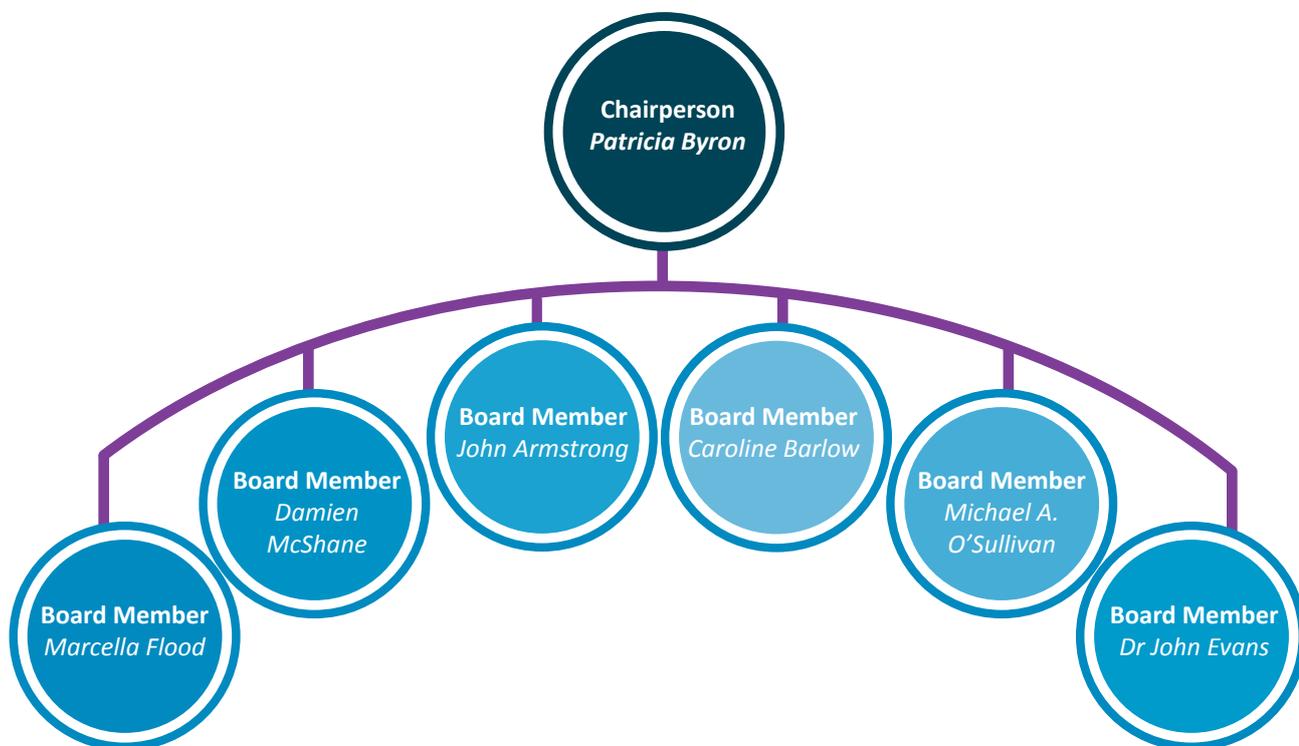
The Authority was established by Ministerial Order on 1 February 2001, under the Health Insurance Act, 1994 as amended (the "Health Insurance Acts"). Schedule 1 of the Health Insurance Acts establishes the Authority as a corporate body and the arrangements for appointing the Chairperson and Members of the Authority. The Authority consists of seven members appointed by the Minister for Health, one of whom is appointed as Chairperson.

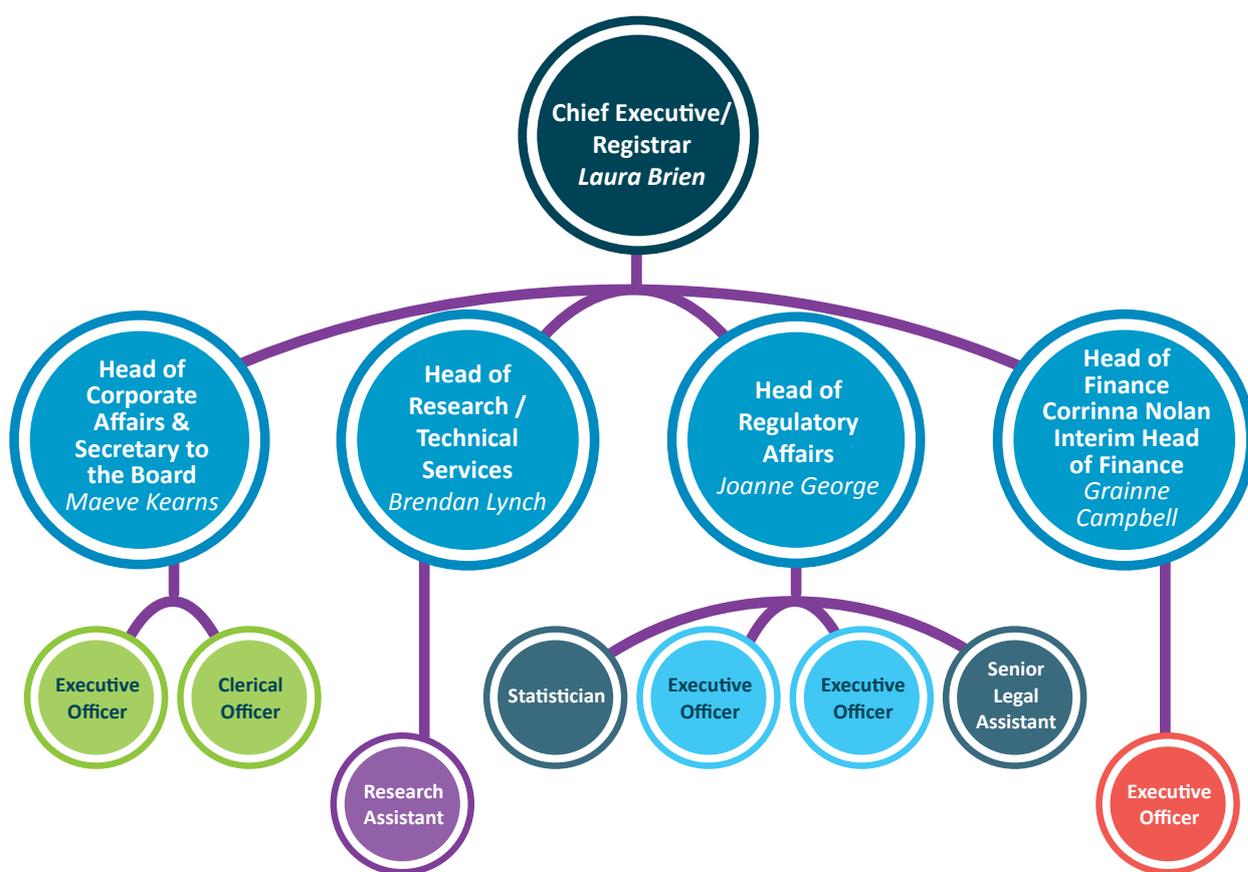
The Authority has put in place Rules of Business (Terms of Reference) which set out the arrangements for Authority membership, the calling and conducting of meetings, the role of the Secretary of the Authority, and the Authority's duties and reporting responsibilities. The Rules are in line with the Code of Practice for the Governance of State Bodies 2016 (the "Code") as published by the Department of Public Expenditure and Reform in August 2016.

These arrangements also apply to the Risk Equalisation Fund, responsibility for which, rests with the Authority under the Acts.

## Organisational Structure

The functions of the Authority are set out in section 21(1) of the Health Insurance Acts. The Authority reports, in respect of its governance arrangements, to the Minister for Health and is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day-to-day management, control and direction of the Health Insurance Authority are the responsibility of the Chief Executive/Registrar (CE/R) and the senior management team. The CE/R and the senior management team must follow the broad strategic direction set by the Authority, and must ensure that all Members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise. The CE/R acts as a direct liaison between the Authority and management.





## Authority Responsibilities

The work and responsibilities of the Authority are set out in the Terms of Reference of the Authority, which also contain the matters specifically reserved for Authority decision. Standing items considered by the Authority include:

- ▶ declaration of interests,
- ▶ reports from committees,
- ▶ financial reports/management accounts,
- ▶ performance reports, and
- ▶ reserved matters.

Section 32(2) of the Health Insurance Acts, requires the Members of the Authority to keep, in such form as may be approved by the Minister for Health with consent of the Minister for Public Expenditure and Reform, all proper and usual accounts of money received and expended by it.

In preparing these financial statements, the Authority is required to:

- ▶ select suitable accounting policies and apply them consistently,
- ▶ make judgements and estimates that are reasonable and prudent,
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that it will continue in operation, and
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Authority is responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, its financial position and enables it to ensure that the financial statements

comply with Section 32(2) of the Health Insurance Acts. The maintenance and integrity of the corporate and financial information on the Health Insurance Authority’s website is the responsibility of the Authority.

The Authority is responsible for approving the annual plan and budget. An evaluation of the performance of the organisation by reference to the annual plan and budget was carried out by the Authority on 26 November 2021 and by reference to the full year financial results on 21 March 2022.

The Authority is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Authority is responsible for the establishment, administration and maintenance of the Risk

Equalisation Fund (“the Fund”). The Members of the Authority are responsible for the production and approval of financial statements for the Fund.

The Authority considers that the financial statements of both the Health Insurance Authority and the Fund give true and fair views of the financial performance and the financial positions of both entities at 31 December 2021.

## Authority Structure

The Authority consists of a Chairperson and six ordinary members, all of whom are appointed by the Minister for Health. The Members of the Authority were appointed for periods of between three to five years and meet at least 8 times per year. The table below details the appointment period for current Members:

Authority Member	Role	Date Appointed	Date Appointment Ends
Sheelagh Malin	Chairperson	6 May 2010 Reappointed 1 February 2016	30 June 2021
Patricia Byron	Chairperson	1 July 2021	30 June 2026
Dr Fiona Kiernan	Ordinary Member	1 February 2016	31 January 2021
Dr John Evans	Ordinary Member	24 June 2021	23 June 2026
Caroline Barlow	Ordinary Member	24 June 2019	23 June 2024
Michael A.O’Sullivan	Ordinary Member	24 June 2019	23 June 2024
Damien McShane	Ordinary Member	5 July 2019	4 July 2022
Marcella Flood	Ordinary Member	5 July 2019	4 July 2022
John Armstrong	Ordinary Member	18 September 2019	17 September 2022
Corne Mouton	Member of the Audit and Risk Committee	12 March 2021	31 May 2021

## Board and Governance Effectiveness

The Authority undertook an annual self-assessment evaluating its own performance in respect of 2021 in March 2022.

The Authority has established two committees, as follows:

**1. Audit and Risk Committee:** consists of at least two Authority Members. The role of the Audit and Risk Committee (ARC) is to support the Authority in relation to its responsibilities for issues of risk, control and governance and associated assurance. The ARC is independent from the financial management of the organisation. In particular the ARC ensures that the internal control systems including audit activities are monitored actively and independently. The ARC reports to the Authority after each meeting, and formally in writing annually.

The Members of the ARC are: Michael A. O’Sullivan (Chairperson), Caroline Barlow and Marcella Flood. There were 4 meetings of the ARC in 2021.

**2. COVID-19 Committee:** consists of at least two

Authority Members. The role of the COVID-19 Committee is to consider the impacts that the COVID-19 pandemic may have on the private health insurance market in Ireland and on the Risk Equalisation Fund and to provide guidance to the Authority to assist it in the performance of its functions. The COVID-19 Committee reports to the Authority after each meeting. The members of the COVID-19 Committee are: Caroline Barlow (Chairperson) and John Armstrong.

Following a review of the initial 12 months of the COVID-19 sub-committee and based on the status of the health sector response to the COVID-19 pandemic, the Authority decided that it was not necessary to extend the term of the committee beyond its initial 12 month duration.

## Schedule of Attendance, Fees and Expenses

A schedule of attendance at the Authority and committee meetings for 2021 is set out below including the fees and expenses received by each Member:

	Authority	Audit & Risk Committee	COVID-19 Committee	Fees 2021 €	Expenses 2021 €
<b>Number of Meetings</b>	<b>9</b>	<b>4</b>	<b>2</b>		
Sheelagh Malin	5	-	-	6,734	-
Patricia Byron	4	-	-	2,245	-
Dr John Evans	4	-	-	-	-
Caroline Barlow	9	4	2	5,985	-
Michael O’Sullivan	8	4	-	5,985	239
Damien McShane	8	-	-	5,985	-
Marcella Flood	9	4	-	5,985	-
John Armstrong	9	-	2	5,985	-
				<b>38,904</b>	<b>239</b>

One Member of the Authority, Dr John Evans did not receive a fee under the One Person One Salary (OPOS) principle.

## Key Personnel Changes

Sheelagh Malin ended her term as Chairperson of the Authority on 30 June 2021. Patricia Byron was appointed to the Chair on 1 July 2021.

Dr Fiona Kiernan ended her term as an ordinary member on 31 January 2021 and Dr. John Evans was appointed as an ordinary member on 1 July 2021.

## Disclosures Required by Code of Practice for the Governance of State Bodies (2016)

The Authority is responsible for ensuring that the Health Insurance Authority has complied with the requirements of the Code. The following disclosures are required by the Code:

## Consultancy Costs

Consultancy costs include the cost of external advice to management and exclude outsourced 'business-as-usual' functions.

	2021 €	2020 €
Project Management - Construction	-	60,103
Procurement Support Services	6,458	-
Office Accommodation – Project	-	3,383
	<b>6,458</b>	<b>63,486</b>
Consultancy Costs Capitalised	-	-
Consultancy costs charged to the In-come and Expenditure and Retained Revenue Reserves	6,458	63,486
<b>Total</b>	<b>6,458</b>	<b>63,486</b>

## Legal Costs and Settlements

The legal costs relating to legal proceedings, or settlements are as follows:

	2021 €	2020 €
Legal proceedings	3,004	75,329
Legal costs recovered	-	(184,929)
<b>Total</b>	<b>3,004</b>	<b>(109,600)</b>

## Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

	2021 €	2020 €
Domestic		
Authority	239	947
Employees	139	5
International		
Authority	-	-
Employees	-	-
<b>Total</b>	<b>378</b>	<b>952</b>

## Hospitality Expenditure

The Income and Expenditure Account includes the following hospitality expenditure:

	2021 €	2020 €
Staff & Authority hospitality	2,913	2,196
Client hospitality	-	179
<b>Total</b>	<b>2,913</b>	<b>2,375</b>

## Statement of Compliance

The Health Insurance Authority has materially complied with the requirements of the Code, with the following exceptions:

The Authority has agreed with the Department of Health to modify its compliance with Paragraph 8.48 of the Code on legal disputes where it is stated that *“where a legal dispute involves another State body, unless otherwise required by statute, every effort should be made to mediate, arbitrate or otherwise resolve before expensive legal costs are incurred.*

*State bodies should pursue the most cost effective course of action in relation to legal disputes.”* The Authority has qualified the requirement by inserting *“(other than a registered undertaking)”* after *“State body”*. This reflects the fact that Section 33B of the Health Insurance Acts requires that *“the Authority shall perform the functions conferred on them by or under this Act in such a manner as will result in registered undertakings being treated equally in similar circumstances.”*

The Authority has agreed with the Department of Health to modify its compliance with Appendix C, the Framework for a Code of Conduct of the Code, where it is suggested that the Authority’s Code of Conduct should address the issue of loyalty by acknowledging *“the responsibility to be loyal to the State body and fully committed in all its business activities while mindful that the organisation itself must at all times take into account the interests of the shareholder.”* The corresponding section in the Authority’s Code of Conduct states that *“...the organisation must at all times take into account the requirements of its governing legislation”,* rather than the *“interests of the shareholder”*.

The Authority has agreed with the Department of Health the interpretation of Paragraph 3.3 of the Code which states that *“if a Board member/Director finds evidence that there is non-compliance with any statutory obligations that apply to the State body, he/she should immediately bring this to the attention of their fellow Board members/Directors with a view to having the matter rectified. The matter should also be brought to the attention of the relevant Minister by the Chairperson indicating (i) the consequences of such non-compliance and (ii) the steps that have been or will be taken to rectify the position. It is the Chairperson’s responsibility to make such issues known to the Minister.”* The Authority interprets this requirement as relating to any material non-compliance.

The Authority has agreed with the Department of Health to not disclose aggregate details of the compensation as required under Paragraph 1.4 (vi) of the Business and Financial Reporting Requirement document accompanying the Code. The Authority does not disclose details of the compensation of employees due to the small size of the organisation and the likelihood of an individual’s compensation being identified.

The Authority has agreed with the Department of Health to not disclose details of employee salaries and pension costs over €60,000 in bands of €10,000 as required by Paragraph 1.4 (viii) of the Business and Financial Reporting Requirement document accompanying the Code. The Authority does not disclose details of the salaries and pension costs due to the small size of the organisation and the likelihood of an individual’s compensation being identified.



**Patricia Byron**  
Chairperson



**Michael A. O’Sullivan**  
Member

20 June 2022

Date

# Statement on Internal Control

## Scope of Responsibility

On behalf of The Health Insurance Authority (“the Authority”) I acknowledge the Authority’s responsibility for ensuring that an effective system of internal control is maintained and operated in respect of the Authority and the Risk Equalisation Fund. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

## Purpose of the System of Internal Control

The System of Internal Control is designed to manage risk to a tolerable level rather than to eliminate it. The System can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and that material errors or irregularities are either prevented or detected in a timely way.

The System of Internal Control, which accords with guidance issued by the Department of Public Expenditure and Reform, has been in place in the Authority for the year ended 31 December 2021 and up to the date of approval of the financial statements.

## Capacity to Handle Risk

The Authority has an Audit and Risk Committee (“ARC”) comprising at least two Members of the Authority with financial and audit expertise, one of whom is the Chairperson. The ARC met four times in 2021.

The Authority engages an independent Internal Auditor that operates in accordance with the approved Internal Audit Charter and reports to the ARC. An Internal Audit Plan is approved by the ARC and revised annually. The Internal Audit Plan is developed using a risk based approach.

The Authority has set the organisation’s risk appetite and this is laid out in a Risk Appetite Statement. The ARC has developed a Risk Management Framework which sets out the Risk Management Processes in place and details the roles and responsibilities of staff in relation to risk. The policy has been issued to all staff who are expected to work within the Authority’s Risk Management Policies, to alert management on emerging risks and control weaknesses and to allow staff to assume responsibility for risks and controls within their own area of work.

## Risk and Control Framework

The Authority has implemented a Risk Management System which identifies and reports key risks and the management actions being taken to address and, to the extent possible, to mitigate those risks.

Risk management is a standing item on the agenda of both the ARC and the Authority. A Risk Register is in place which identifies the key risks facing the Authority and these have been identified, evaluated and graded according to their significance. The Authority, three times a year, review the key risks identified on the Risk Register and the management plan for mitigating the identified risks. Risks identified throughout the year are added to the Risk Register on an on-going basis. The outcome of these assessments is used to plan and allocate resources to ensure risks are managed to an acceptable level.

The Risk Register details the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff. I confirm that a control environment containing the following elements is in place:

- ▶ procedures for all key business processes have been documented,
- ▶ financial responsibilities have been assigned at management level with corresponding accountability,
- ▶ there is an appropriate budgeting system with an annual budget which is kept under review by senior management and the Authority,
- ▶ there are systems aimed at ensuring the security of the information and communication technology systems and
- ▶ there are systems in place to safeguard the Authority’s assets.

## Impact of COVID-19 pandemic to the Control Environment

The onset of the COVID-19 pandemic in early 2020, and the resulting public health advice and safety measures, rapidly and fundamentally changed the working practices of the HIA throughout 2021 with remote and virtual working becoming the norm for most HIA staff.

HIA has monitored the developments closely, looking to mitigate the risks that may affect the HIA and Risk Equalisation Fund business operations, staff and stakeholders. Actions taken by the

Authority includes: -

- ▶ Transition the Authority's business operations to a remote working environment where most business processes can continue as normal.
- ▶ Continual assessment of significant risks pertaining to the COVID-19 pandemic and the agility of HIA to respond effectively.
- ▶ Ensuring robust segregation of duties remains and adequate cover is in place should specific approving authorities be unavailable.
- ▶ Ensuring all existing data protection and records management policies and procedures continue to apply in the remote working environment and are monitored and reported on as normal.
- ▶ Ensuring that staff members access HIA's network using HIA's approved ICT equipment and that all staff members working remotely have been equipped with the necessary ICT equipment.
- ▶ Assessing potential for weaknesses in internal controls resulting from COVID-19 and monitoring and updating internal controls where necessary.
- ▶ Transition the on-site inspections of the insurers to a remote inspection via Microsoft Teams and Webex. Walkthrough tests of key processes were performed online via screen sharing, and controls in place were tested to assess their adequacy and effectiveness.

## Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Authority, where relevant, in a timely way. I confirm that the following ongoing monitoring systems are in place:

- ▶ key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies,
- ▶ reporting arrangements have been established at all levels where responsibility for financial management has been assigned, and

- ▶ there are regular reviews by senior management and the Authority of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.
- ▶ In relation to the REF, procedures and controls for reconciliation of stamp duty, claim payments and bank accounts are in place and are completed in a timely manner. The financial reports which indicate the performance of the fund are regularly reviewed by senior management and the Authority.
- ▶ The outcomes of the yearly inspections of the insurers are reviewed by the Authority.

## Procurement

I confirm that the Authority has procedures in place to ensure compliance with current procurement rules and guidelines and that during 2021 the Authority complied with those procedures.

## Review of Effectiveness

I confirm that the Authority has procedures to monitor the effectiveness of its Risk Management and Control Procedures. The Authority's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the Internal and External Auditors, the ARC which oversees their work, and the senior management within the Authority responsible for the development and maintenance of the internal financial control framework.

I confirm that the Members of the Authority conducted an annual review of the effectiveness of the Internal Controls in respect of 2021 in March 2022 and was approved by the Authority at its meeting in June 2022.

## Internal Control Issues

No material weaknesses in Internal Control were identified in relation to 2021.

On behalf of the Members of the Authority;



**Patricia Byron**  
Chairperson

Date: 20 day of June 2022

# Report of the Comptroller and Auditor General



## Ard Reachtair Cuntas agus Ciste Comptroller and Auditor General

### Report for presentation to the Houses of the Oireachtas

#### Health Insurance Authority

#### Qualified opinion on the financial statements

I have audited the financial statements of the Health Insurance Authority for the year ended 31 December 2021 as required under the provisions of section 32 of the Health Insurance Act 1994. The financial statements comprise

- the statement of income and expenditure and retained revenue reserves
- the statement of financial position
- the statement of cash flows, and
- the related notes, including a summary of significant accounting policies.

In my opinion, except for the non-compliance with the requirements of FRS 102 in relation to retirement benefit entitlements referred to below, the financial statements give a true and fair view of the assets, liabilities and financial position of the Health Insurance Authority at 31 December 2021 and of its income and expenditure for 2021 in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

#### *Basis for qualified opinion on financial statements*

In compliance with the directions of the Minister for Health, the Health Insurance Authority does not account for its accrued retirement benefit liability. This does not comply with FRS 102 which requires that the financial statements recognise the full accrued liability at the reporting date. Note 10 to the financial statements discloses that the Authority has estimated the liability in relation to the Employee Superannuation Scheme (for pre-2013 staff) at €3.7 million at 31 December 2021. Pension contributions (employer and employee) in relation to members of that scheme are retained by the Authority and held as a reserve to be applied, as required, to meet pension payments that arise. The balance in that reserve is recognised as an accumulated pension provision (€2.4 million at 31 December 2021).

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Health Insurance Authority and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Report on information other than the financial statements, and on other matters

The Health Insurance Authority has presented certain other information together with the financial statements. This comprises the annual report including the governance statement and Authority members' report, and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

**Seamus McCarthy**  
Comptroller and Auditor General

23 June 2022

## Appendix to the report

### Responsibilities of Authority members

As detailed in the governance statement and Authority members' report, the Authority members are responsible for

- the preparation of annual financial statements in the form prescribed under section 32 of the Health Insurance Act 1994
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibilities of the Comptroller and Auditor General

I am required under section 32 of the Health Insurance Act 1994 to audit the financial statements of the Health Insurance Authority and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Health Insurance Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Health Insurance Authority to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

### Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

### Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

# Statement of Income and Expenditure and Retained Revenue Reserves

for the year ended 31 December 2021

	Notes	12 months ended 31 December, 2021 €	12 months ended 31 December, 2020 €
Income	2	2,869,434	2,724,564
Administration costs	3	(3,026,994)	(2,689,836)
<b>Excess of (expenditure over income) / income over expenditure</b>		<b>(157,560)</b>	<b>34,728</b>
Interest receivable		672	1,667
<b>(Deficit) / Surplus for the year</b>		<b>(156,888)</b>	<b>36,395</b>
Retained revenue reserves at beginning of year		9,850,024	9,813,629
<b>Retained revenue reserves at end of year</b>		<b>9,693,136</b>	<b>9,850,024</b>



**Patricia Byron**  
Chairperson



**Michael A. O'Sullivan**  
Member

20 June 2022  
Date

Notes 1 to 14 form part of these Financial Statements

# Statement of Financial Position

as at 31 December 2021

	Notes	2021 €	2020 €
<b>Fixed assets</b>			
Tangible assets	6	414,155	565,548
<b>Current assets</b>			
Cash and cash equivalents		10,978,318	11,045,474
Prepayments and other debtors	7	1,088,995	1,225,100
		12,067,313	12,270,574
<b>Creditors (amounts falling due within one year)</b>			
Creditors and accruals	8	(2,788,332)	(2,986,098)
<b>Net current assets</b>		9,278,981	9,284,476
<b>Total assets less current liabilities</b>		9,693,136	9,850,024
<b>Net assets</b>		<b>9,693,136</b>	<b>9,850,024</b>
<b>Represented by</b>			
Retained revenue reserves		9,693,136	9,850,024
		<b>9,693,136</b>	<b>9,850,024</b>



**Patricia Byron**  
Chairperson

20 June 2022  
Date



**Michael A. O'Sullivan**  
Member

Notes 1 to 14 form part of these Financial Statements

# Statement of Cash Flows

for the year ended 31 December 2021

	Notes	2021 €	2020 €
Reconciliation of operating surplus to net cash inflow from operating activities			
Operating (deficit) / surplus for year		(156,888)	36,395
Depreciation	6	174,547	147,562
Decrease / (Increase) in debtors	7	136,105	(325,643)
(Decrease) / Increase in creditors	8	(197,766)	79,514
Loss on Disposal		-	553
Net cash (outflow) / inflow from operating activities		(44,002)	(61,619)
<b>Cashflow from investing activities</b>			
Payments to acquire tangible fixed assets	6	(23,154)	(575,692)
		(67,156)	(637,311)
<b>Cashflow from financing activities</b>			
Interest earned		(672)	(1,667)
Interest received		672	1,068
<b>(Decrease) / Increase in cash and cash equivalents</b>		<b>(67,156)</b>	<b>(637,910)</b>
Cash and cash equivalents at 1 January		11,045,474	11,683,384
Cash and cash equivalents at 31 December		10,978,318	11,045,474
<b>(Decrease) / Increase in cash and cash equivalents</b>		<b>(67,156)</b>	<b>(637,910)</b>



**Patricia Byron**  
Chairperson



**Michael A. O'Sullivan**  
Member

20 June 2022  
Date

Notes 1 to 14 form part of these Financial Statements

## Notes (forming part of the financial statements)

### 1. Accounting Policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

#### Statement of Compliance

The financial statements have been prepared in accordance with Financial Reporting Standard 102 “The Financial Reporting Standard Applicable in the UK and Republic of Ireland” (“FRS102”), as modified by the directions of the Minister for Health in relation to superannuation. In compliance with the directions of the Minister for Health, the Authority accounts for the costs of superannuation entitlements only as they become payable (see Retirement Benefit accounting policy below). The basis of accounting does not comply with FRS 102, which requires such costs to be recognised in the year in which the entitlement is earned.

#### Basis of Preparation

The financial statements have been prepared on the accruals basis of accounting in accordance with generally accepted accounting principles and under the historical cost convention.

The financial statements of the Authority are presented in Euro (“€”) which is also the functional currency of the Authority.

The Authority is of the opinion that there are no critical judgements that have a significant impact on the amounts recognised in the financial statements.

#### 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 Act 1994 as amended. 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 Statement of Income and Expenditure and Retained Revenue Reserves, 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 1/3% for computer equipment and website development 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 Statement of Income and Expenditure and Retained Revenue Reserves for the period.

Monetary assets and liabilities denominated in foreign currencies are converted into Euro at exchange rates ruling at the reporting date and resulting gains and losses are included in the Statement of Income and Expenditure and Retained Revenue Reserves for the period.

#### 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 and administering 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 13** of the financial statements. Separate financial statements are prepared by the Authority for the Fund on an annual basis.

#### Retirement Benefits

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 Employee Superannuation Scheme (SI 637 of 2016) (“the Scheme”) was signed 21 December 2016 in which the Rules set out in the Schedule to the Rules for Pre-existing Public Service Pension Scheme Members Regulations 2014 (S.I. No. 582 of 2014) are adopted as a Scheme for the granting of superannuation benefits to or in respect of members of the staff, including the Registrar, of the Authority, as appropriate. 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

## Notes (forming part of the financial statements)

employer contributions to the Scheme. The Authority is in discussion with the Department of Health in regard to the Authority's pension funding mechanism. The Scheme is a defined benefit superannuation scheme for employees. Pending the outcome of these discussions pension payments under the scheme are met from the accumulated pension provision. By direction of the Minister for Health, no provision has been made in respect of benefits payable in future years. See **Note 10** for further details.

The pension liability for the employee superannuation scheme at 31 December 2021 is

€3,700,000. The pension liability for these schemes is not reflected in these financial statements.

New Entrant staff employed by the Authority after 1 January 2013 are members of the Single Public Service Pension Scheme in accordance with Public Service Pensions (Single Scheme and Other Provisions) Act 2012. The Authority makes the necessary deductions from salaries for staff who are part of the scheme. Employee and employer contributions are transferred to the Department of Public Expenditure and Reform on a monthly basis in accordance with the Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

## 2. 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. Statutory Instrument 528/2014, Health Insurance Act 1994 (Section 17) Levy Regulations 2014 amended the income levy to its current rate of 0.09% which applied in 2020 and 2021.

	2021 €	2020 €
Income Levy	2,549,690	2,246,172
Recharged Risk Equalisation Fund costs ( <b>Note 13</b> )	319,744	293,463
Legal costs recovered	-	184,929
	<b>2,869,434</b>	<b>2,724,564</b>

## 3. Administration Costs

	2021 €	2020 €
Salaries, pension cost and other staff costs ( <b>Note 4</b> )	1,040,133	924,470
Training costs	27,107	13,826
Directors' Fees ( <b>Note 4</b> )	38,903	38,904
Rent, Service Charges and Maintenance	283,904	256,200
Consultancy ( <b>Note 5</b> )	599,455	655,521
Insurance	21,357	22,970
Computer and Stationery Costs	27,604	32,853
Other Administration Costs	76,206	62,856
Consumer Information	724,478	522,574
Audit	13,300	12,100
Depreciation	174,547	147,562
	<b>3,026,994</b>	<b>2,689,836</b>

Administration expenses of €319,744 (2020: €293,463) in respect of the Risk Equalisation Fund are recouped from the Fund and treated as income (see **Note 13**).

## Notes (forming part of the financial statements)

### 4. Remuneration

The objective of the disclosure is to provide information on remuneration in State bodies, in terms of the total expenditure incurred by the State body and remuneration arrangements of key staff including the CE/R and other key management. Employee benefits, as defined by Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" ("FRS 102"), includes salaries and pension costs, termination benefits, post-employment benefits, other long-term benefits and share based payment transactions.

#### Directors Fees

Fees payable to individual board members for 2021 Sheelagh Malin (Outgoing Chairperson)

€6,734 (2020: €8,979), Patricia Byron (Incoming Chairperson) €2,245 (2020: €Nil), Dr. Fiona Kiernan €Nil (2020: €Nil), Dr John Evans €Nil, Michael A. O'Sullivan €5,985 (2020: €5,985), Damien McShane €5,985 (2020: €5,985), Caroline Barlow €5,985 (2020: €5,985), John Armstrong €5,985 (2020: €5,985) and Marcella Flood €5,985 (2020: €5,985).

Expenses paid to individual board members for 2021 were Michael A. O'Sullivan €239.

#### Employee Remuneration

Under FRS102 key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

#### (a) Aggregate Employee Benefits

	2021 €	2020 €
Salaries	792,659	725,862
Employers contribution to social welfare	87,846	62,791
Employer Pension cost (Note 10)	105,967	68,727
Employer SPSPS (DPER)	53,661	66,048
Agency staff	-	1,042
<b>Total</b>	<b>1,040,133</b>	<b>924,470</b>

In addition in 2021: €26,201 (2020: €20,254) was deducted from staff by way of additional superannuation contributions and was paid over to the Department of Health.

The total number of staff employed (WTE) at year end of 31 December 2021 was 14 (2020: 11).

#### (b) Staff Salaries, Pension & Short-Term Benefits

	2021 €	2020 €
Basic pay	792,659	725,862
Overtime	-	-
Allowances	-	-
<b>Total</b>	<b>792,659</b>	<b>725,862</b>

## Notes (forming part of the financial statements)

### (c) Key Management Personnel

Key management personnel in the Authority consists of Members of the Authority, the CE/R, the Head of Finance, the Head of Corporate Affairs, the Head of Regulatory Affairs and the Head of Research. The total value of employee benefits for key management personnel is set out below:

	2021 €	2020 €
Salary	564,551	539,906
Allowances	-	-
Termination benefits	-	-
Health Insurance	-	-
<b>Total</b>	<b>564,551</b>	<b>539,906</b>

This does not include the value of retirement benefits earned in the period. The key management personnel are members of the Health Insurance Authority pension scheme or the Single Public Service Pension Scheme and their entitlements in that regard do not extend beyond the terms of the model public service pension scheme or the Single Public Service Pension Scheme.

### (d) Chief Executive/Registrar Salary and Benefits

The CE/R remuneration package for the financial period was as follows:

	2021 €	2020 €
CE/R (from 08/12/2020)	118,457	5,397
Former CE/R (01/01/2020 - 07/12/2020)	-	119,698
<b>Total</b>	<b>118,457</b>	<b>125,095</b>

The amount for 2020 comprise of €119,698 for the CE/R who resigned on 7th December 2020 and €5,397 for the existing CE/R who was appointed on 8th December 2020.

The CE/R received travel and subsistence for 2021 of €66 (2020: €Nil).

The CE/R is a member of the Employee Superannuation Scheme, and her entitlements in that regard do not extend beyond the terms of that scheme. The value of retirement benefits earned in the period is not included above.

The CE/R did not receive any perquisites or benefits in 2021.

## Notes (forming part of the financial statements)

### 5. Consultancy Costs

	2021 €	2020 €
Accountancy and Internal Audit	59,093	112,300
Actuarial Services	147,140	126,090
Legal Services	94,218	143,072
Communications	48,510	50,496
Research	88,146	53,557
Recruitment	-	41,002
Relocation Costs	-	63,486
Procurement Support	6,458	-
Superannuation	3,574	2,809
Translation Services	3,486	2,349
Economic consultancy	148,830	60,360
	<b>599,455</b>	<b>655,521</b>

## Notes (forming part of the financial statements)

### 6. Tangible Fixed Assets

	Computer Equipment €	Office Fitting, Furniture & Equipment €	Website Development €	Office Fit Out €	Total €
<b>Cost</b>					
At 31 December 2020	88,391	121,649	333,442	419,049	962,531
Additions during year	6,407	3,215	-	13,532	23,154
Disposals during year	-	-	-	-	-
At 31 December 2021	<b>94,798</b>	<b>124,864</b>	<b>333,442</b>	<b>432,581</b>	<b>985,685</b>
<b>Depreciation</b>					
At 31 December 2020	47,020	15,983	286,402	47,578	396,983
Charge for year	19,392	23,736	47,040	84,379	174,547
Depreciation on disposals	-	-	-	-	-
At 31 December 2021	<b>66,412</b>	<b>39,719</b>	<b>333,442</b>	<b>131,957</b>	<b>571,530</b>
<b>Net Book Value</b>					
At 31 December 2021	<b>28,386</b>	<b>85,145</b>	-	<b>300,624</b>	<b>414,155</b>
At 31 December 2020	<b>41,371</b>	<b>105,666</b>	<b>47,040</b>	<b>371,471</b>	<b>565,548</b>
<b>In respect of prior year</b>					
<b>Cost</b>					
At 31 December 2019	69,198	327,548	333,442	51,383	781,571
Additions during year	42,456	114,722	-	418,514	575,692
Disposals during year	(23,263)	(320,621)	-	(50,848)	(394,732)
At 31 December 2020	<b>88,391</b>	<b>121,649</b>	<b>333,442</b>	<b>419,049</b>	<b>962,531</b>
<b>Depreciation</b>					
At 31 December 2019	56,722	326,124	209,371	51,383	643,600
Charge for year	13,561	9,927	77,031	47,043	147,562
Depreciation on disposals	(23,263)	(320,068)	-	(50,848)	(394,179)
<b>At 31 December 2020</b>	<b>47,020</b>	<b>15,983</b>	<b>286,402</b>	<b>47,578</b>	<b>396,983</b>
<b>Net Book Value</b>					
At 31 December 2020	<b>41,371</b>	<b>105,666</b>	<b>47,040</b>	<b>371,471</b>	<b>565,548</b>
At 31 December 2019	<b>12,476</b>	<b>1,424</b>	<b>124,071</b>	-	<b>137,971</b>

## Notes (forming part of the financial statements)

### 7. Prepayments and Other Debtors

	2021 €	2020 €
Accrued Income	662,533	632,379
Accrued Interest	-	966
Prepayments and Other Debtors	27,428	28,897
Travel Cards / Bike to Work	58	591
Risk Equalisation Fund	365,514	354,815
Other Debtors	33,462	207,452
	<b>1,088,995</b>	<b>1,225,100</b>

### 8. Creditors (amounts falling due within one year)

	2021 €	2020 €
Trade creditors and accruals	313,063	650,099
Pensions provision (Note 10)	2,396,268	2,279,899
Pension levy	2,247	(22)
Single Public Service Pension Scheme	5,986	8,904
PAYE/PRSI	46,540	13,414
Professional Services Withholding Tax	23,938	11,194
Value Added Taxation	290	298
Other Creditors	-	22,312
	<b>2,788,332</b>	<b>2,986,098</b>

### 9. Commitments under Operating Leases

The Health Insurance Authority rents offices at Beaux Lane House, Lower Mercer Street, Dublin 2 at a cost of €219,655 for the property and €8,920 for two car parking spaces. The Authority entered into a 10 year lease for the offices in October 2019.

At the year end, the Authority has the following annual commitments that fall due as follows:

	2021 €	2020 €
within 1 year	228,575	228,575
Later than one year but within 5 years	914,300	914,300
Later than 5 years	647,629	876,204
	<b>1,790,504</b>	<b>2,019,079</b>

## Notes (forming part of the financial statements)

### 10. Pensions Provision

The Authority operates two pension schemes; the Employee Superannuation Scheme (for pre-2013 employees) and the Single Public Service Pension Scheme. All new employees to the Authority, who are new entrants to the Public Sector, on or after 1 January 2013 are members of the Single Scheme.

#### a) Employee Superannuation Scheme

The Authority Employees Superannuation Scheme (SI 637 of 2016) (“the Scheme”) was signed 21 December 2016 in which the Rules set out in the schedule to the Rules for Pre-existing Public Service Pension Scheme Members Regulations 2014 (S.I No 582 of 2014) are adopted as a Scheme for the granting of superannuation benefits to or in respect of members of the staff, including the Registrar, of the Authority, as appropriate.

Employer contributions are at a rate of 25% of pensionable pay and are charged to the Statement of Income and Expenditure and Retained Revenue Reserves. The accumulated contributions are held for the account of the Minister for Health.

Benefit entitlements of employees will be a function of their service with the Authority and of their previous service in the civil or public service, where appropriate. The Authority is not funded in respect of such benefit entitlements. By direction of the Minister for Health, no provision has been made in respect of benefits payable in future years.

#### b) Single Public Service Pension Scheme

New Entrant staff employed by the Authority after 1 January 2013 are members of the Single Public Service Pension Scheme in accordance with Public Service Pensions (Single Scheme and Other Provisions) Act 2012. The Authority makes the necessary deductions from salaries for staff who are part of the scheme. Employee and employer contributions are transferred to the Department of Public Expenditure and Reform on a monthly basis in accordance with the Public Service Pensions (Single Scheme and Other Provisions) Act 2012.

The accumulated pension provision at year end is as follows:

	2021 €	2020 €
At beginning of period	2,279,899	2,208,778
Employee Contributions (deducted from salaries)	22,372	14,184
Employer Contributions (Note 3)	105,967	68,727
Pensions Paid	(11,970)	(11,790)
<b>Total</b>	<b>2,396,268</b>	<b>2,279,899</b>

In 2021: €17,887 (2020: €22,015) was deducted from staff in respect of the Single Public Service Pension Scheme and transferred to the Department of Public Expenditure and Reform. €53,661 (2020: €66,048) in employer contributions were also remitted to DPER.

The pension liability for the employee superannuation scheme at 31 December 2021 is €3,700,000 (2020: €3,500,000). The pension liability for these schemes is not reflected in these financial statements.

### 11. Capital Commitments

There were no commitments for capital expenditure at 31 December 2021.

## Notes (forming part of the financial statements)

### 12. Related Party Disclosure

The Authority has adopted procedures in accordance with the guidelines issued by the Department of Finance in relation to the disclosure of interests by the 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 Authority Members had an interest.

### 13. 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.

There are no employees directly employed by the Fund. Total costs of €319,744 (2020: €293,463) in respect of the Fund were charged by the Authority for 2021 as follows:

Type of cost	Total recharged to Fund	
	2021 €	2020 €
Salary and staff costs	208,278	190,294
Rent, service charges and maintenance	57,478	54,326
Computer and stationery costs	4,724	5,111
Other administrative costs	49,264	43,732
	<b>319,744</b>	<b>293,463</b>

### 14. Approval of Financial Statements

The Financial Statements were approved by the Authority on 20 June 2022.



***The Authority consists of a Chairperson and six ordinary members, all of whom are appointed by the Minister for Health.***

# 7

## The Risk Equalisation Fund Report and Financial Statements for

for the year 1 January 2021  
to 31 December 2021

## 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 12 month period ended 31 December 2021.

## Statement of Responsibilities

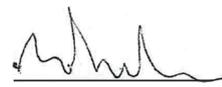
Section 11D(8) of the Health Insurance Act of 1994 (as amended) (the 'Act') requires the Health Insurance Authority (the "Authority") to prepare financial statements in respect of the Risk Equalisation Fund (the "Fund"). In preparing those financial statements, the Authority is required to:

- ▶ Select suitable accounting policies and then apply them consistently;
- ▶ Make judgements and estimates that are reasonable and prudent;
- ▶ State whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reason for any material departure from those standards; and
- ▶ 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 adequate accounting records which correctly explain and record the transactions of the Fund, enable at any time the assets, liabilities and financial position of the Fund to be determined with reasonable accuracy and 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



**Patricia Byron**  
Chairperson



**Michael A. O'Sullivan**  
Member

20 June 2022  
Date

# Report of the Comptroller and Auditor General



## Ard Reachtaire Cuntas agus Ciste Comptroller and Auditor General

### Report for presentation to the Houses of the Oireachtas

### Risk Equalisation Fund

#### Opinion on the financial statements

I have audited the financial statements of the Risk Equalisation Fund prepared by the Health Insurance Authority for the year ended 31 December 2021 as required under the provisions of section 11D (9) of the Health Insurance Act 1994 (as amended). The financial statements comprise

- the statement of income and expenditure and retained revenue reserves
- the statement of financial position
- the statement of cash flows, and
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Fund at 31 December 2021 and of its income and expenditure for 2021 in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

#### *Basis of opinion*

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Health Insurance Authority and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Report on information other than the financial statements, and on other matters

The Health Insurance Authority has presented the financial statements together with certain information in relation to the operation of the Fund. This comprises the Authority's annual report, the governance statement and Authority members' report, and the statement on internal control. My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

**Seamus McCarthy**  
Comptroller and Auditor General

23 June 2022

## Appendix to the report

### Responsibilities of the Health Insurance Authority

As detailed in the statement of responsibilities for the Fund, the Authority members are responsible for

- the preparation of financial statements in the form prescribed under section 11 D (8) of the Act
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Responsibilities of the Comptroller and Auditor General

I am required under section 11 D (9) of the Act to audit the financial statements of the Fund and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

#### Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

#### Reporting on other matters

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

# Statement of Income and Expenditure and Retained Revenue Reserves

for the year ended 31 December 2021

	Notes	12 months ended 31 December 2021 €000	12 months ended 31 December 2020 €000
<b>Income</b>			
Stamp duty	2	802,613	770,799
<b>Expenditure</b>			
Risk equalisation premium credit	3	645,398	629,393
Hospital utilisation credit	4	127,637	102,725
Staff and other costs	5	369	393
Total expenditure		773,404	732,511
<b>Excess of income over expenditure</b>		29,209	38,288
<b>Surplus for the year</b>		<b>29,209</b>	<b>38,288</b>
Retained revenue reserves at beginning of year		86,098	47,810
Retained revenue reserves at end of year		115,307	86,098



**Patricia Byron**  
Chairperson

20 June 2022  
Date



**Michael A. O'Sullivan**  
Member

Notes 1 to 12 form part of these Financial Statements

# Statement of Financial Position

at 31 December 2021

	Notes	2021 €000	2020 €000
<b>Current Assets</b>			
Short term deposits	6	371,179	324,003
Cash and cash equivalents		20	16
Prepayments and other debtors	7	232,856	231,975
		604,055	555,994
<b>Creditors (amounts falling due within one year)</b>			
Creditors and accruals	8	(445,032)	(430,712)
Hospital utilisation credit provision	9	(43,716)	(39,184)
		(488,748)	(469,896)
<b>Net assets</b>		<b>115,307</b>	<b>86,098</b>
<b>Representing</b>			
Retained revenue reserves		<b>115,307</b>	<b>86,098</b>

  
**Patricia Byron**  
 Chairperson

  
**Michael A. O'Sullivan**  
 Member

20 June 2022  
 Date

Notes 1 to 12 form part of these Financial Statements.

# Statement of Cash Flows

for the year ended 31 December 2021

	Notes	2021 €000	2020 €000
<b>Reconciliation of operating surplus to net cash inflow from operating activities</b>			
Operating excess of income over expenditure for year		29,209	38,288
Decrease / (increase) in debtors	7	(881)	(11,486)
Increase in creditors	8 & 9	18,852	6,039
<b>Net cash inflow from operating activities</b>		<b>47,180</b>	<b>32,841</b>
<b>Cash inflow from investing activities</b>			
Bank interest received		-	-
<b>Net cash inflow from investing activities</b>		<b>-</b>	<b>-</b>
<b>Increase in cash and cash equivalents</b>		<b>47,180</b>	<b>32,841</b>
Cash and cash equivalents at 1 January		324,019	291,178
<b>Cash and cash equivalents at 31 December</b>		<b>371,199</b>	<b>324,019</b>
<b>Increase in cash and cash equivalents</b>		<b>47,180</b>	<b>32,841</b>



**Patricia Byron**  
Chairperson



**Michael A. O'Sullivan**  
Member

20 June 2022  
Date

Notes 1 to 12 form part of these Financial Statements.

## Notes (forming part of the financial statements)

### 1. Accounting Policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

#### Basis of Preparation

The financial statements have been prepared in compliance with Financial Reporting Standard 102 “The Financial Reporting Standard Applicable in the UK and Republic of Ireland” (“FRS 102”). The financial statements have been prepared on the accruals basis of accounting in accordance with generally accepted accounting principles and under the historical cost convention.

The financial statements of the Fund are presented in Euro (“€’000”) which is also the functional currency of the Fund.

#### General Information

The Health Insurance Act 1994, as amended by the Health Insurance (Amendment) Act 2012, provided for risk equalisation whereby registered undertakings receive credits in relation to certain classes of insured persons so that they do not collect a premium payable in respect of provision of health insurance to the individual. The 2012 Act also provided for the establishment of the Fund.

The Authority is responsible for the establishment, administration and maintenance of the Fund. The Members of the Authority are responsible for the production and approval of financial statements for the Fund. The Authority is responsible for the authorisation and approval of all Fund transactions. Details of the Authority’s governance and control systems and procedures are set out in the Internal Controls and Governance Statements disclosed in the Authority’s financial statements.

The Act provided that all stamp duty paid by virtue of 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 – the level of risk that a particular consumer poses to a registered undertaking does not affect the premium paid. All insured individuals are 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, discounts for members in group schemes, young adults and lifetime community rating loadings. The Fund provides that registered undertakings receive higher premiums in respect of insuring older, and generally less healthy people, with the higher amount paid by way of a risk equalisation premium credit from the Fund. The level of risk equalisation credits payable from the Fund in respect of premiums vary on the basis of age, gender and level of cover.

- ▶ Hospital utilisation credit – a specified amount is payable from the Fund for each stay an insured person spends in private hospital accommodation or in a publicly funded hospital where a charge is payable under Section 55 of the Health Insurance Act 1970 for such a stay.

The Risk Equalisation Scheme was due to be renewed in 2020. Due to the COVID-19 pandemic and its potential to impact the private health insurance market the Department of Health decided to extend the existing scheme until 31 March 2022. The European Commission confirmed in December 2020 that they had no objections to the prolongation of the Risk Equalisation Scheme to 31 March 2022. The EU Commission approved the extension and modification of the Risk Equalisation Scheme on the 31 March 2022.

#### Accounting Period

The financial statements are for the year from 1 January 2021 to 31 December 2021.

#### 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.

## Notes (forming part of the financial statements)

- ▶ 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 reporting date. This amount is recorded as un-earned stamp duty at the reporting date (see **Note 8** – Creditors and Accruals).

### 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. Registered undertakings 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 reporting 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 reporting date any amounts paid to registered undertakings which have not been expensed are recognised as a debtor (See Note 7 – Prepayments and Other Debtors).

### Critical Accounting Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those

estimates. The following judgements have had the most significant effect on the amounts recognised in the financial statements.

The level of reserves in respect of future claims included in the financial statements should at least be as strong as a best estimate and should at all times be sufficient to cover any liabilities arising in respect of hospital episodes yet to be claimed as far as can reasonably be foreseen. The hospital utilisation credit provision is calculated based on independent actuarial advice using a number of generally accepted actuarial techniques to arrive at the central estimate and a range of reasonable estimates. The provision recorded in the financial statements is at least as strong as a best estimate derived using generally accepted actuarial methods plus a margin for uncertainty of 10%. The margin for uncertainty of 10% has been informed by the level of uncertainty in the provision and the uncertainties in the claim environment.

### Hospital Utilisation Credit

The hospital 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 reporting date.

- ▶ A provision for hospital 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 and days in private hospital accommodation is uniform across contracts commencing on different dates and that hospitalisation occurs uniformly throughout the policy period. The settlement period for hospital claims can vary considerably. This may result in registered undertakings making a claim for a hospital utilisation credit a year or more after a hospital episode.

- ▶ An adjustment in respect of any under or over provision for unclaimed credits in respect of prior financial years that remains outstanding at the reporting date.

## Notes (forming part of the financial statements)

### 2. 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 Fund.

	2021 €000	2020 €000
Stamp duty paid into the Fund	808,999	773,824
Stamp duty receivable movement in year	3,960	9,332
Un-earned stamp duty movement in year	(10,346)	(12,357)
	<b>802,613</b>	<b>770,799</b>

### 3. Risk Equalisation Premium Credit

	2021 €000	2020 €000
Payments made to registered undertakings	643,479	626,893
Risk equalisation premium credit payable to registered undertakings movement in year	(1,160)	4,654
Un-expensed risk equalisation premium credit movement in year	3,079	(2,154)
	<b>645,398</b>	<b>629,393</b>

### 4. Hospital Utilisation Credit

	2021 €000	2020 €000
Payments made to registered undertakings	117,983	113,805
Hospital utilisation credit payable to registered undertakings movement in year	5,122	(3,203)
Hospital utilisation credit provision movement in year	4,532	(7,877)
	<b>127,637</b>	<b>102,725</b>

## Notes (forming part of the financial statements)

### 5. Staff and Other Costs

	2021 €000	2020 €000
<b>Health Insurance Authority recharged costs:</b>		
Salaries and staff costs	196	180
Training costs	5	2
Directors Fees	7	7
Rent, service charge and maintenance	54	52
Insurance	4	5
Computer and stationery	5	5
Other administration costs	16	15
Depreciation	33	27
	320	293
<b>Costs directly charged to the Fund:</b>		
Audit	9	9
Accountancy	14	15
Actuarial	20	36
Insurance	3	2
	46	62
<b>Costs directly incurred by the Fund:</b>		
Bank charges	3	38
	369	393

### 6. Short Term Deposits

Short term deposits comprise investments in exchequer notes issued by the National Treasury Management Agency. Exchequer notes are short term interest bearing notes. Excess income, capital or other benefit received that is not immediately required for the purposes of the Fund may be invested in exchequer notes. In the current low interest rate environment there was no interest earned on the Exchequer Notes for the period (2020: €Nil).

## Notes (forming part of the financial statements)

### 7. Prepayments and Other Debtors

	2021 €000	2020 €000
Un-expensed risk equalisation premium credit	55,424	58,503
Accrued stamp duty receivable	177,432	173,472
	<b>232,856</b>	<b>231,975</b>

### 8. Creditors and Accruals

	2021 €000	2020 €000
Stamp duty un-earned	318,863	308,517
Risk equalisation premium credit payable	100,745	101,905
Hospital utilisation credit payable	25,058	19,935
Health Insurance Authority	366	355
	<b>445,032</b>	<b>430,712</b>

### 9. Hospital Utilisation Credit Provision

	2021 €000	2020 €000
At start of year	39,184	47,061
Arising during the year	127,637	102,725
Utilised during the year	(123,105)	(110,602)
At end of year	<b>43,716</b>	<b>39,184</b>

### 10. Financial Position of the Risk Equalisation Fund

As per the Statement of Income and Expenditure and Retained Revenue Reserves, the retained reserves were €115.30m (2020: €86.09m). Any surplus or deficit arising in respect of past and current contract periods is taken into account when making recommendations to the Minister on risk equalisation credits and stamp duty.

At 31 December 2021, the Fund held cash and cash equivalents of €371m (2020: €324m).

### 11. Disclosure of Interests

The Authority has adopted procedures in accordance with the guidelines issued by the Department of Public Expenditure and Reform 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.

### 12. Approval of Financial Statements

The Financial Statements were approved by the Authority on 20 June 2022.











An tÚdarás Árachas Sláinte  
The Health Insurance Authority

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