



THE HEALTH  
INSURANCE  
AUTHORITY

Annual Report and Accounts 2001





## Annual Report and Accounts 2001

## Contents

1. Chairman's Statement	4
2. Membership and Staff of the Authority	6
3. Functions of the Authority	8
4. Resources	10
5. Strategy	11
6. The Registration of Health Benefits Undertakings	15
7. Corporate Governance	15
8. Risk Equalisation	16
9. Accounts	18
Appendix A – "Statistics relating to the Private Health Insurance Market in Ireland, 2001".	27
Appendix B – "The Register of Health Benefits Undertakings".	28

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# 1. Chairman's Statement

## Introduction

In accordance with Section 33(2) of the Health Insurance Act, 1994, I am pleased to present the Annual Report and Accounts of The Health Insurance Authority ("the Authority") for the year ending 31 December, 2001. As the Authority was established on 1 February, 2001, this is the first Annual Report and Accounts.

The Members of the Authority were appointed by the Minister for Health and Children ("the Minister") and their five-year tenure of office began on 1 February, 2001. The Authority held its first meeting in March 2001. Immediate issues which were identified included the creation of the Authority's strategy, setting of objectives to achieve the statutory functions of the Authority and the development of policy. Issues identified in these processes are detailed in this report and include compliance and consumer interests, risk equalisation, community rating, open enrolment, lifetime cover and minimum benefit requirements. The Authority will continue to develop its position on these and other relevant topics in the coming year and looks forward to a constructive interaction with all relevant parties.

I will briefly outline some of the main elements of the Authority's activities in the year 2001.

## Registration of Health Benefits Undertakings

On establishment, the Authority took over the functions of the Health Insurance Unit of the Department of Health and Children ("the Department") in relation to the registration of health benefits undertakings and as such, the Authority is responsible for maintaining "The Register of Health Benefits Undertakings" ("the Register").

## Risk Equalisation

It is understood that Risk Equalisation Regulations will be introduced by the Minister in the near future. The existing legislation on health insurance requires that these regulations give the Authority a role in any decision to commence risk equalisation. If the Minister commences risk equalisation, the Authority will be responsible for the administration of the scheme. The Authority will calculate transfers between undertakings and a risk equalisation fund and manage this fund.

The Minister and the Department have sought the advice of the Authority with regard to the drafting of the Risk Equalisation Regulations and with regard to other issues relating to risk equalisation. The Authority welcomed the opportunity to assist and looks forward to working further with the Minister and the Department in this important area.

The Authority is currently reviewing how best to carry out its functions in relation to risk equalisation in the "best overall interests of health insurance consumers" as prescribed in the Health Insurance (Amendment) Act, 2001. The process that the Authority is engaged in involves consultation with key stakeholders in the private health insurance industry and other interested parties on issues relating to risk equalisation and specifically on the relationship between risk equalisation and consumer interests; the circumstances, if any, in which risk equalisation should be implemented and the methodology that should be applied.

Further details of all of this work are described later in this document.

### **Income**

The Authority is funded by an income levy payable by registered undertakings every quarter as set out by regulation and which became effective from 1 April, 2001. The Authority collects payment of the levy and the relevant information which registered undertakings must submit under the legislation. Details of premium income and numbers of insured persons are included in the body of this report.

### **Conclusion**

I wish to conclude by thanking all the Members of the Authority. In its first year, the Authority has achieved a great deal through their dedicated work.

On behalf of the Authority, I would like to thank the Minister for Health and Children, Mr. Micheál Martin and his Department for their continued support.

The Authority also wishes to thank the Chief Executive/Registrar Mr. Dermot Ryan and his staff whose continued dedication and high standards have seen the fulfilment of the Authority's objectives and goals during its first year in operation.

I look forward to another year of challenges and progress. The interests of consumers of private health insurance are of paramount importance to the Authority and the Authority is confident that it can fulfil an effective independent advisory and regulatory role in the private health insurance market in the coming years.



**Professor Alastair Wood**  
*Chairman*

## 2. Membership and Staff of the Authority

### Members of the Authority

The Authority was appointed on 1 February, 2001 and is comprised of a Chairman and four Members.



**Professor Alastair Wood** *Chairman*

*School of Mathematical Sciences, Dublin City University*

Nominated and appointed by Mr. Micheál Martin T.D., Minister for Health and Children following consultation with relevant representative organisations.



**Ms. Mary Doyle** *Project Manager, Bank of Scotland Ireland*

Nominated and appointed by Mr. Micheál Martin T.D., Minister for Health and Children.



**Mr. Tom Greene** *Accountant*

Nominated by the Office of the Director of Consumer Affairs and appointed by Mr. Micheál Martin T.D., Minister for Health and Children.



**Ms. Anne Maher** *Chief Executive, The Pensions Board*

Nominated and appointed by Mr. Micheál Martin T.D., Minister for Health and Children.



**Mr. Aidan O'Donnell** *Actuary*

Nominated by the Irish Insurance Federation and appointed by Mr. Micheál Martin T.D., Minister for Health and Children.

## Management

The management team of the Authority is as follows:

### *Chief Executive/Registrar*



**Mr. Dermot Ryan** was appointed *Chief Executive/Registrar to the Authority* by Mr. Micheál Martin T.D., Minister for Health and Children.

### *Management*



**Ms. Imelda Gallagher** *Secretary to the Authority, Corporate Affairs Manager*



**Mr. Liam Sloyan** *Head of Compliance Services*



**Mr. Brian Turner** *Head of Research/Technical Services*



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### 3. Functions of the Authority

The Authority was established on 1 February, 2001.<sup>1</sup> The Health Insurance Act, 1994 and the Health Insurance (Amendment) Act, 2001 provide for the regulation of the business of private health insurance in Ireland following the enactment of the European Union "Third Non-Life Insurance Directive".<sup>2</sup> This Directive sets out the requirements for the internal market for Member States regarding non-life insurance, including health insurance. This European legislation allows individual Member States to adopt the specific requirements in a manner most appropriate to their particular national legal system and national healthcare system.

This Directive was transposed into Irish law through the enactment of the Health Insurance Act, 1994 which enshrined the three principles of private health insurance, namely, community rating, open enrolment and lifetime cover in Irish law. There is also an emphasis on the best overall interests of consumers and the operation of competition provided for in the legislation.

The principal functions of the Authority as provided for in the Health Insurance Acts, 1994 and 2001 are:

1. to evaluate and analyse returns made to it under any risk equalisation regulations introduced and to prepare and furnish a report to the Minister in relation to:
  - (a) this evaluation and analysis, and
  - (b) matters concerning the carrying on of health insurance business and developments in relation to health insurance generally that the Authority considers ought to be included in the report as a result of that evaluation and analysis;
2. to carry out its role (described in detail in section 8) in relation to the Minister's decision whether or not risk equalisation should be commenced;
3. if risk equalisation is commenced, to manage and administer the process and establish and maintain the risk equalisation fund and also to make an annual report to the Minister evaluating the operation of the scheme for each 12 month period during which any risk equalisation payments are being made;
4. to maintain "The Register of Health Benefits Undertakings";
5. to advise the Minister (either at his own request or on its own initiative) on matters relating to:
  - (a) his functions under the Acts;
  - (b) the Authority's own functions; and
  - (c) health insurance generally;

<sup>1</sup> The Health Insurance Act, 1994 (Establishment Day) Order, 2001. (S.I. No. 40 of 2001).

<sup>2</sup> Council Directive 92/49/EEC of 18 June, 1992 on the coordination of laws, regulations and administrative provisions relating to direct insurance other than life assurance and amending Directive 73/239/EEC and 88/357/EEC (third non-life insurance Directive). (OJ L 228, 11.8.1992, p.1).



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6. to monitor the following:

- (a) the operation of the Acts;
- (b) the carrying on of a health insurance business; and
- (c) health insurance developments generally.

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

The Authority looks forward to fulfilling its role in order that it can provide the fullest possible service to the consumer.

#### **Photo A**

The inaugural meeting of the Authority on 9 March, 2001.

From left to right: Mr. Aidan O'Donnell, Mr. Tom Greene, Ms. Anne Maher, Professor Alastair Wood, Mr. Dermot Ryan and Ms. Mary Doyle.

#### **Photo B**

Meeting with the Minister for Health and Children on 10 April, 2001.

Standing left to right: Mr. Dermot Ryan, Ms. Mary Doyle, Ms. Anne Maher and Mr. Tom Greene.

Seated left to right: Professor Alastair Wood, Minister Micheál Martin and Mr. Aidan O'Donnell.



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## 4. Resources

### Staff

Senior managers and staff took up post with the Authority in December 2001 and January 2002. The Authority is pleased that experienced capable staff have been recruited who will assist the Authority in fulfilling its statutory obligations. The Authority has a staff complement of nine including the Chief Executive/Registrar.

### Accommodation

Accommodation was sourced which the Authority agreed to refurbish and this was completed in November 2001. The Authority took up occupancy formally in Canal House, Canal Road, Dublin 6 with effect from 1 December, 2001.

### Funding

The Authority received an advance of €507,895 (£400,000) from the Department in order to fund its establishment costs. This money was provided by the Department of Finance in the form of an interest free loan.

In accordance with Section 17 of the Health Insurance Act, 1994, a levy on registered undertakings was introduced by regulation in order to fund the operations of the Authority.<sup>3</sup> (A registered undertaking is the term used for a health insurer which carries on the business of health insurance in Ireland and is included on "The Register of Health Benefits Undertakings".) The regulations introduced by the Minister set the rate to be paid at 0.14% of premium income payable on a quarterly basis and became effective from 1 April, 2001. Registered undertakings are also obliged to submit details of premium income and numbers of insured persons in their schemes. Details of the income and statistics on the health insurance market are detailed in *Appendix A*.

### Appointment of Advisors

In recognition of the complexity of its tasks, the Authority engaged a number of consultants and advisors to assist it in the performance of its functions.

<sup>3</sup> The Health Insurance Act, 1994 (Section 17) Levy Regulations, 2001 (S.I. No. 255 of 2001).

## 5. Strategy

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

### The Vision of the Authority

The vision of the Authority is *“To benefit the common good by facilitating a competitive health insurance market whilst preserving community rating, open enrolment and lifetime cover”*.

### The Mission of the Authority

The mission of the Authority is:

To achieve our vision by:

- *monitoring and researching health insurance generally;*
- *making recommendations on the implementation or otherwise of risk equalisation and managing and administering any risk equalisation scheme;*
- *advising the Minister on health insurance generally;*
- *implementing other relevant regulations as prescribed; and*
- *safeguarding the interests of current and future health insurance consumers.*

### The Values of the Authority

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

- *maintain our independence;*
- *act always with impartiality and integrity;*
- *work in a professional and effective way;*
- *meet its unique challenges by being receptive to new ideas and suggestions from all sources and innovative in our approach;*
- *maintain transparency in all our work; and*
- *value our people.*

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

## Strategic Goals/Roles and Responsibilities

The Authority identified the following roles and responsibilities for the organisation, some of which are listed below:

### 1. *Interests of consumers*

The interests of consumers of private health insurance are of paramount importance to the Authority. The Authority assesses the effect of any regulations or new legislation on consumers. Together with other bodies with responsibilities in this area, the Authority will aim to ensure that consumers are aware of their rights; that policies and publicity material describe cover in a fair and comparable way; that community rating, open enrolment and lifetime cover are advocated and that health insurance providers have appropriate procedures for dealing with consumer complaints. In pursuing the above goals, the Authority may carry out public information campaigns, promote a voluntary code of conduct or recommend new regulations.

### 2. *Register of insurers*

See section 6.

### 3. *Risk equalisation*

See section 8.

### 4. *Community rating, open enrolment and lifetime cover*

The Authority recognises the inherent instabilities associated with single rate community rating and has advocated the introduction of unfunded lifetime community rating as provided for in the Health Insurance (Amendment) Act, 2001. The Authority will comment on how unfunded lifetime community rating should be regulated and will monitor the health insurance market and compliance with community rating, open enrolment and lifetime cover legislation and regulations.

### 5. *Competition*

The Health Insurance (Amendment) Act, 2001 stipulates that the Authority has regard to "the best overall interests of health insurance consumers", which includes a reference to the need to facilitate competition in the context of risk equalisation. The Authority considers it appropriate that such an emphasis is placed on the need to facilitate competition, since it is clear that competition can benefit consumers in numerous ways.



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#### 6. *Minimum benefit*

Given the complex and specialist nature of private health insurance products, without regulation, consumers could be sold policies that do not provide a sufficiently comprehensive level of cover. There is provision in the Health Insurance Act, 1994 for the Minister to issue regulations specifying the minimum level of cover that a health insurance contract must include. Minimum benefit regulations were issued under this legislation in 1996. The Department has indicated that revised regulations may be issued in 2002. The Authority will provide assistance in the drafting of these regulations if requested to so do. The Authority will also monitor the operation of the current regulations and any new regulations that may be issued.

#### 7. *Developing and maintaining a relationship with key stakeholders*

The Authority will maintain transparency in its work and will be receptive to suggestions and ideas from all sources. Whenever possible, the Authority intends to consult with stakeholders in relation to how it should best carry out its functions. Therefore, to function effectively, the Authority will need to maintain ongoing relationships with key stakeholders in the private health insurance market.

#### 8. *New entrants*

The Authority would welcome new entrants to the private health insurance market in Ireland as the arrival of a new entrant would increase the level of competition. The Authority is available to give information to potential new entrants on:

- *the legislative environment in which private health insurance in Ireland operates;*
- *the private healthcare delivery system in Ireland; and*
- *non commercially sensitive statistical information on private health insurance in Ireland.*



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#### 9. *Product issues*

The Authority is working to maintain standards in health insurance. To this end, the Authority is developing processes to monitor health insurance products being sold in Ireland as well as other products that may have an impact on the private health insurance market such as hospital cash plans. It will also monitor the way in which health insurance products are sold.

#### 10. *Relationship with insurance regulator*

The Authority maintains a good working relationship with the Department of Enterprise, Trade and Employment which also has responsibilities in the private health insurance area.

#### 11. *Policy environment*

The Authority is also concerned with monitoring and evaluating the general policy environment insofar as it relates to private health insurance in Ireland; issues relating to state aid and relevant European Union legislation and developing and maintaining a relationship with the European Commission.

The Authority recognises that the examination of these issues and the implementation of policy will require considerable skill and expertise and the effective use of its resources. The Authority has begun the process of examining the above mentioned issues and will be addressing these and other issues that arise during the coming year and beyond.

## 6. The Registration of Health Benefits Undertakings

One of the primary functions of the Authority is the maintenance of "The Register of Health Benefits Undertakings" ("the Register"). In order to carry on the business of health insurance in Ireland, it is necessary for health insurers to be registered and to obtain a certificate of registration from the Authority under Section 14 of the Health Insurance Act, 1994.<sup>4</sup> There is no fee or charge for a certificate which is valid for 12 months. The Authority only issues a certificate once it has examined the scheme and it is satisfied that the proposed scheme of the health insurer complies with all relevant legislative provisions. The issuing of a certificate confirms that a health insurer may offer private health insurance in accordance with the terms of their rules and with the legislation. Any registered undertakings that has ceased to provide health insurance must be removed from the Register.

There are two types of health insurer in Ireland: those insurers such as Vhi Healthcare and BUPA Ireland, that must accept, subject to certain limited terms and conditions, all persons who wish to purchase private health insurance cover; and other schemes, mainly vocational, whose membership is restricted to employees of particular organisations. These schemes are also subject to certain terms and conditions. The registered undertakings on the Register at 31 December, 2001 are listed in *Appendix B*.

## 7. Corporate Governance

The Department of Finance recently circulated the "Code of Practice for the Governance of State Bodies" addressing the key elements of corporate governance for state bodies. The Authority is preparing its corporate governance documentation and procedures in accordance with guidelines issued by the Department of Finance.

A Finance Committee has been established within the Authority in keeping with the corporate governance guidelines.

This document will function as a "Code of Practice" setting out the highest standards for the conduct of business in the interests of transparency and accountability and will be updated as appropriate on a regular basis.

<sup>4</sup> The Health Insurance Act, 1994 (Registration) Regulations, 1996 (S.I. No. 80 of 1996).

## 8. Risk Equalisation

Risk equalisation is a process that aims to equitably neutralise differences in insurers' costs due to variations in the health status of their members. Risk equalisation results in cash transfers from health insurers with lower risk members to health insurers with higher risk members.

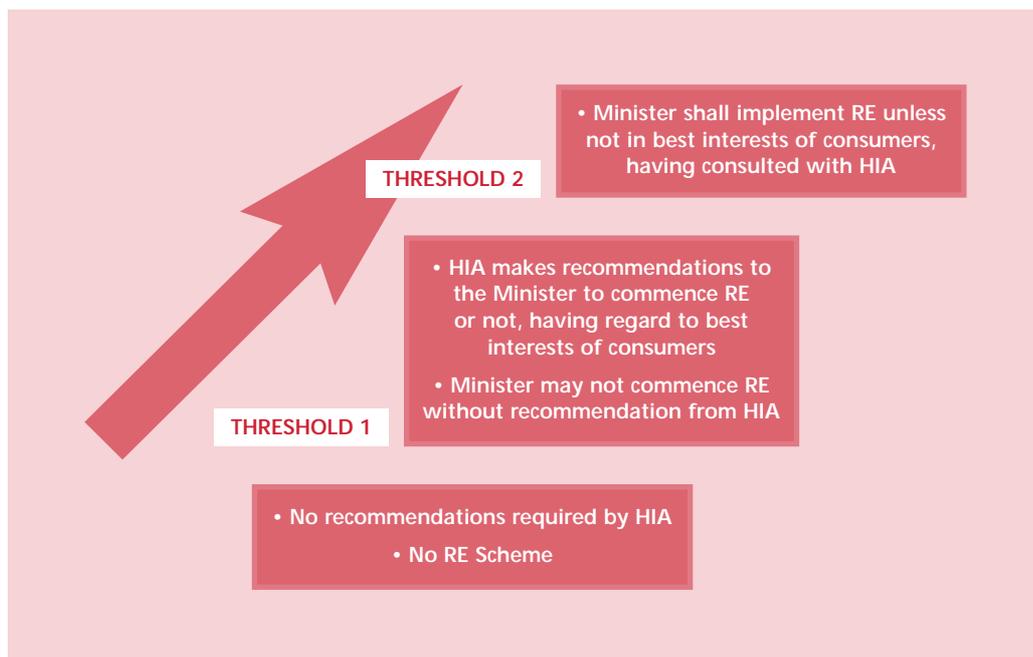
### The Authority's Role in Relation to Risk Equalisation

The role of the Authority as set out in legislation includes, *inter alia*, specific responsibilities with regard to any risk equalisation regulations introduced by the Minister.

A key role of the Authority in relation to any regulations that the Minister might introduce is in recommending to the Minister whether risk equalisation should be commenced. This role differs at three levels of risk difference between health insurers.

- If the level of risk difference between health insurers is below a specified minimum level (defined as threshold 1), then a recommendation is not required from the Authority to the Minister and risk equalisation will not be commenced under any circumstances.
- If the level of risk difference between health insurers is between threshold 1 and a higher specified level (defined as threshold 2), then the Authority is required to make a recommendation to the Minister whether or not to commence risk equalisation having regard to the best overall interests of health insurance consumers. The Minister may not commence risk equalisation without a recommendation from the Authority whilst the risk difference between health insurers falls between threshold 1 and threshold 2.
- Above threshold 2 the Act states that the Minister shall implement risk equalisation unless he believes it not to be in the best overall interests of consumers, having consulted with the Authority (referred to as HIA in the graph below).

Fig 8.1





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In practice, the procedure to be followed if risk equalisation regulations are introduced will be as follows: the Authority will receive regular returns from health insurers and will then calculate the level of difference in risk profile between health insurers and, if this difference falls between threshold 1 and threshold 2, make its recommendation to the Minister.

It is expected that threshold 1 will be set at a low level and threshold 2 at a reasonably high level. The Authority therefore believes that its role in recommending risk equalisation is likely to be significant.

If the Minister commences risk equalisation, the Authority will be responsible for the administration of the scheme. The Authority will calculate transfers and operate a fund that would receive and pay contributions.

### **Work to Date**

As stated in the Chairman's Statement, the Minister and his Department have sought the Authority's advice on a number of issues relating to risk equalisation and the Authority has welcomed the opportunity to assist.

The Authority is currently determining how best it can serve the "best overall interests of health insurance consumers" when carrying out its statutory functions in this area. This involves consultation with stakeholders in the private health insurance industry and other interested parties. The consultations focus on the relationship between risk equalisation and consumer interests, the circumstances, if any, in which risk equalisation should be implemented and the methodology that should be used. When this process comes to a conclusion, the Authority hopes to be in a position to issue a policy paper setting out its views on these matters.

Papers relating to the Authority's consultation process on *Risk Equalisation in the Private Health Insurance Market in Ireland* can be found on the Authority's website at [www.hia.ie](http://www.hia.ie).

## **9. Report and Accounts *for the period from 1 February 2001 to 31 December 2001***

**To the Minister for Health and Children**

*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 eleven month period ended 31 December 2001.*

## **Report and Financial Statements**

### **Contents**

Report of the Comptroller and Auditor General	19
Statement of Responsibilities of the Authority	20
Financial Statements	21

# Report of the Comptroller and Auditor General

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

I have audited the financial statements on pages 21 to 26 under Section 32 of the Health Insurance Act, 1994.

### **Respective Responsibilities of the Authority and of the Comptroller and Auditor General**

The accounting responsibilities of the Authority Members are set out in the Statement of Responsibilities of the Authority on page 20. It is my responsibility, based on my audit, to form an independent opinion on the financial statements presented to me by the Authority and to report on them.

### **Basis of Audit Opinion**

In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the financial statements in accordance with auditing standards issued by the Auditing Practices Board and by reference to the special considerations which attach to State bodies in relation to their management and operation.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statements and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. I also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In my opinion proper books of account have been kept by the Authority and the financial statements, which are in agreement with them, give a true and fair view of the state of the affairs of The Health Insurance Authority at 31 December 2001 and of its income and expenditure for the year then ended.



**John Purcell**  
*Comptroller and Auditor General*

24 July 2002

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## Statement of Responsibilities of the Authority

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

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

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



**Alastair Wood**  
*Chairman*



**Mary Doyle**  
*Member*

17 July 2002

# Statement of Accounting Policies

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

## 1. *Basis of Accounting*

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

## 2. *Levy Income*

The levy income represents the amount estimated by the Authority as collectable in respect of the period. This estimate takes account of payments made to the Authority in accordance with the Health Insurance Acts, 1994 and 2001, and the reasonableness of this figure is checked against the expected levy income based on the Authority's profile of private health insurance schemes.

## 3. *Expenditure Recognition*

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

## 4. *Tangible Fixed Assets*

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

## 5. *Foreign Currencies*

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

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

## 6. *Superannuation*

In accordance with Section 28 of the Health Insurance Act, 1994, the Authority may, with the consent of the Minister for Health and Children and the Minister for Finance, make a scheme for the granting of superannuation benefits to staff members of the Authority. The Authority is preparing such a scheme. Deductions from salaries made in anticipation of the establishment of the scheme are retained by the Authority, but are not recognised as income.

## Income and Expenditure account *for the* *11 months from 1 February 2001 to 31 December 2001*

	Notes	2001 €	2001 IR£
Income	1	752,645	592,756
Administration Costs	2	(386,088)	(304,069)
<b>Excess of income over expenditure</b>		<b>366,557</b>	<b>288,687</b>
Interest Receivable		5,649	4,449
<b>Surplus for the period</b>		<b>372,206</b>	<b>293,136</b>

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



**Alastair Wood**  
*Chairman*

17 July 2002



**Mary Doyle**  
*Member*

The Statement of Accounting Policies and notes 1 to 10 form part of these financial statements.

## Balance Sheet at 31 December 2001

	Notes	2001 €	2001 IR£
<b>Fixed assets</b>			
Tangible assets	3	331,630	261,180
<b>Current assets</b>			
Bank and Cash		518,415	408,285
Prepayments and accrued income	4	261,747	206,143
		780,162	614,428
<b>Creditors (amounts falling due within one year)</b>			
Creditors and accruals	5	(231,691)	(182,472)
<b>Net current assets</b>		548,471	431,956
<b>Total assets less current liabilities</b>		880,101	693,136
<b>Creditors (amounts falling due after one year)</b>	6	(507,895)	(400,000)
<b>Total net assets</b>		<b>372,206</b>	<b>293,136</b>
<b>Representing</b>			
Excess income over expenditure	7	<b>372,206</b>	<b>293,136</b>



**Alastair Wood**  
Chairman

17 July 2002



**Mary Doyle**  
Member

The Statement of Accounting Policies and notes 1 to 10 form part of these financial statements.

## Notes (forming part of the financial statements)

### 1. Income Levy

Section 17 of the Health Insurance Act, 1994 provides for the payment of an income levy by registered undertakings to the Authority every quarter. The Health Insurance Act, 1994 (Section 17) Levy Regulations, 2001 sets the actual rate for the income levy at 0.14% of basic health insurance premiums paid to all commercial and restricted undertakings in Ireland.

### 2. Administration Costs (for the 11 months from 1 February 2001 to 31 December 2001)

	2001 €	2001 IRE
Salaries and staff costs (Including training)	104,348	82,181
Members' remuneration	25,607	20,167
Premises	8,930	7,033
Recruitment costs	64,435	50,747
Administration	20,615	16,235
Consultancy	139,989	110,250
Audit	3,250	2,560
Depreciation	18,914	14,896
	<u>386,088</u>	<u>304,069</u>

### 3. Tangible Fixed Assets

	Computer Equipment IRE	Office Furniture & Equipment IRE	Total IRE
<b>Cost</b>			
Additions during period	32,773	243,303	276,076
At 31 December 2001	<u>32,773</u>	<u>243,303</u>	<u>276,076</u>
<b>Depreciation</b>			
Charge for period	2,731	12,165	14,896
At 31 December 2001	<u>2,731</u>	<u>12,165</u>	<u>14,896</u>
<b>Net Book Value</b>			
At 31 December 2001	<u>30,042</u>	<u>231,138</u>	<u>261,180</u>
	€	€	€
At 31 December 2001	<u>38,145</u>	<u>293,485</u>	<u>331,630</u>

## Notes (forming part of the financial statements)

### 4. Prepayments and accrued income

	2001 €	2001 IR€
Accrued income	247,233	194,712
Prepayments	14,514	11,431
	<hr/>	<hr/>
	261,747	206,143

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

	2001 €	2001 IR€
Trade creditors and accruals	215,403	169,644
Accrued pensions	13,933	10,973
PAYE/PRSI	2,355	1,855
	<hr/>	<hr/>
	231,691	182,472

### 6. Creditors (amounts falling due after more than one year)

	2001 €	2001 IR€
Department of Health and Children	507,895	400,000
	<hr/>	<hr/>

The Minister for Health and Children may, with the consent of the Minister for Finance, advance sums of money to the Authority for the purposes of expenditure by the Authority in the performance of its functions. A repayable advance of €507,895 was made to the Authority and has been used for establishment costs. The timing of the repayments of this amount has yet to be agreed.

## Notes (forming part of the financial statements)

### 7. Accumulated Surplus on Income and Expenditure Account

	2001 €	2001 IR£
At beginning of period	NIL	NIL
Surplus for the period	372,206	293,136
Retained surplus	372,206	293,136

### 8. Capital Commitments

Commitments for capital expenditure included in accruals at 31 December 2001 amounted to €61,924 (IR£48,769).

### 9. Contingent Liabilities

There were no contingent liabilities at 31 December 2001.

### 10. Approval of financial statements

The financial statements were approved by the Members of the Authority on 17 July 2002.

## Appendix A

**Table 1:**  
**Statistics Relating to the Private Health Insurance Market in Ireland, 2001**

Quarter Ending	30-Jun-01	30-Sep-01	31-Dec-01
<b>Membership<sup>1</sup></b>			
<b>Total Insured Persons</b>	<b>1,837,984</b>	<b>1,853,923</b>	<b>1,871,260</b>
Total Population <sup>2</sup>	3,838,900	3,848,303	3,857,729
Private Health Insurance Coverage as a % of Total Population	47.9%	48.2%	48.5%

Premium Income	Total for 3 Quarters of 2001
Total Premium Income	<b>€537,439,332</b> (£423,267,870)

<sup>1</sup> All figures relate to the total private health insurance market, i.e. commercial and restricted undertakings.

<sup>2</sup> Total Population figure for quarter ending June 2001 is CSO estimate as at April 2001;  
Projections are based on interpolation using CSO projections for 2006.

## Appendix B

### The Register of Health Benefits Undertakings (at 31 December, 2001)

	Name
1.	<u>Saville Medical Benefits Society</u>
2.	<u>BUPA Insurance Limited</u>
3.	<u>CMG Ireland Mediplus Society</u>
4.	<u>CIE Clerical Staff Hospital Fund</u>
5.	<u>ESB Marina Staff Medical Provident Fund</u>
6.	<u>ESB Staff Medical Provident Fund</u>
7.	<u>Gallaher (Dublin) Limited Medical Benefits Society</u>
8.	<u>Health Shield Friendly Society Limited</u>
9.	<u>HSBC Group Medical Scheme</u>
10.	<u>Irish Life Medical Aid Society</u>
11.	<u>Irish Life Assurance Plc Outdoor Staff Benevolent Fund</u>
12.	<u>Motorola Medical Aid Society</u>
13.	<u>New Ireland/Irish National Staff Benevolent Fund</u>
14.	<u>PKS Systems Integration (Ireland) Limited Medical Benefits Society</u>
15.	<u>Pioneer Mediplus</u>
16.	<u>Prison Officers Medical Aid Society</u>
17.	<u>Scottish Amicable Medical Benefits Society</u>
18.	<u>Royal &amp; SunAlliance (Republic of Ireland) Staff Medical Expenses Scheme</u>
19.	<u>SAP (Ireland) Mediben Society</u>
20.	<u>St. Paul's Garda Medical Aid Society</u>
21.	<u>The Goulding Voluntary Medical Scheme</u>
22.	<u>The Voluntary Health Insurance Board</u>
23.	<u>Viking Ireland Medical Benefits Society</u>
24.	<u>Xilinx Ireland Medical Benefits Society</u>

