



Rialtas na hÉireann
Government of Ireland



An tÚdarás Árachas Sláinte
The Health Insurance Authority

The Health Insurance Authority

Annual Report and
Accounts 2022



Our Vision

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



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Chairperson's Statement



Patricia Byron

Chairperson

I am pleased to introduce the Health Insurance Authority's 2022 Annual Report.

The foundation of any successful organisation is a clear and coherent strategic direction and in April 2022, we published our 2022-2024 strategy. The strategy builds on the Authority's track record of delivering a well-regulated health insurance market and focuses on empowering consumers to make informed decisions.

The first step in implementing our strategy was to strengthen our infrastructure over the last year, building a new data warehouse which ultimately will facilitate self-service data transfer between regulated entities and the Authority. In addition, we have enhanced our capacity with the hiring of additional staff, leaving us in a stronger position to fulfil our ambitions. We have examined the needs of the organisation across the entire spectrum of people, processes and technology.

These enhancements to our infrastructure were delivered as the external environment continued to change at a rapid pace. Demand for health services continued to rebound as we emerged from the COVID-19 pandemic, with out-patient hospital attendances outstripping in-house hospital stays (a trend which is reversing now as we move through 2023 and where demand/supply constraints in the private hospital sector are evident). Contrary to expectations in many quarters, and as high inflation persisted and the cost of living hit hard across society, consumers continued to value purchasing private health insurance including increasing numbers purchasing cover for the first time; this trend continues into 2023.

Market competition and product proliferation provided ongoing challenges for consumers as they sought to identify appropriate cost-effective health plans, and consumer support is a key focus over 2023/2024 for the Authority, now the build of our enhanced infrastructure is in place.

The management of the Risk Equalisation Fund throughout the year and recommendations made to the Minister for Health on risk equalisation credits and stamp duty remained one of the key outputs in 2022, whilst the broader aspects of our mandate are central to our overall strategic direction as we move on in 2023.

I close with my thanks to our CEO, Laura Brien and her team, my Board colleagues, the Minister for Health and his officials all of whom have provided much valued support as we moved forward in the implementation of the 2022/2024 strategy.

Patricia Byron

Members of the Authority

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. Caroline Barlow succeeded Michael A. O'Sullivan as Chair of the Committee in September 2022. The other members of the Audit and Risk Committee as at 31 December 2022 are Michael A. O'Sullivan and Marcella Flood.

Chief Executive's Statement



Laura Brien
CEO/Registrar

2022 was a year of change and progress for the Health Insurance Authority (HIA). We launched our statement of strategy for the years 2022-24, which was developed during a period of uncertainty regarding the impact of COVID-19 on access to health services. This new strategy sets out a clear vision of a well-regulated, competitive health insurance market where consumers are empowered to make informed decisions.

We concentrated on implementing that vision with a focus on delivering on our five key strategic priorities, consistent with our purpose and values. Our Annual Report reflects this progress on achieving our objectives during the first year of that three-year Strategy.

Throughout 2022 the number of people with health insurance in Ireland continued to rise to 2.4m people. This represents 47.6% of the overall population, reflecting the continued importance of the sector to a significant proportion of people in Ireland, and therefore the HIA's important role in regulating the sector.

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. In 2022, to meet our strategic priority of "Ensure compliance and accountability through regulatory best practice", the Authority published, for the first time the outcomes of the inspections at a market level, to provide both an overview of the findings and good practices identified. We continued with our inspection activities in 2022, broadening into new areas of the registered undertakings obligations under the Health Insurance Acts. We remain committed to publishing the results of our inspections activities.

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, 12 plans were introduced and 5 plans were retired in 2022.

Feedback from our consumer survey shows that many consumers find it difficult to understand their health insurance plans and compare options. The Authority is keenly aware of the importance of providing accurate and targeted information to people looking to purchase health insurance, and as set out in our Strategy, we are actively pursuing a programme for increased consumer engagement.

Consistent with our priority to "Build Consumer Trust and empower consumers to make informed decisions", we expanded scope and frequency of market information that we publish. This included our consumer survey that was published in January 2022, the first Annual Market Report for 2021, and quarterly reports on market and health insurance plan information.

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 also updated its website in January 2023 to make it easier for people to find information on plans, switching, lifetime community rating, break in cover or other consumer issues.

Calls to the Authority help line and use of the Authority's plan comparison tool continued to increase in 2022. 3131 people contacted the Authority's help line for assistance. The main areas included plan comparisons, insurer contact details and information in relation to Lifetime Community Rating.

The HIA's activities in 2022 reflected the recovery in both the health sector and the economy as the various impacts of the COVID-19 pandemic receded. The Authority's consumer engagement function continued to expand in 2022. In addition to online events hosted, we returned to in-person events. The Authority carried out a number of direct engagements with consumer and community groups, employers and government agencies, to help them understand how to navigate the health insurance market, including attending at the National Ploughing Championships, and presenting webinars to employees in several organisations.

In line with our priority to "Develop our people to deliver effective outcomes and high standards of corporate governance" the Board, management and staff moved to a hybrid working environment. 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. We are committed to providing a supportive environment for our staff, ensuring we have the necessary knowledge and skills to fulfil our statutory role, and to continuously improve our support for consumers. With sanction to add new staff to the Authority, our organisational structure has developed so that we can operate more effectively across our remit. We are actively recruiting to expand our capacity and capabilities.

The Authority is responsible for the administration and maintenance of the Risk Equalisation Scheme, an essential support to community rating.

As part of our commitment to improve our digital capacity, the Authority initiated a project to implement a data management system, to better manage the Risk Equalisation Fund claims and to improve our capacity to analyse market and claims data. The complexity of the High-Cost Claims Pool made it imperative for the Authority to invest in this enhanced capability in 2022, to allow it to accurately and reliably pay high cost claims pool credits.

The introduction of the High-Cost Claims Pool (HCCP) credit to the Risk Equalisation Scheme was approved by the European Commission as consistent with the application of State Aid. The new credits applied for claims related to contracts incepted on or after 1st April 2022. The Authority processed HCCP claims to a value of €2.024m for the period 1st April-31st December 2022.

The impact of the COVID-19 pandemic remained visible on health services in 2022, though at a lower level than 2020 or 2021. While hospital activity increased relative to the steep reduction observed in 2020 and 2021, it remained lower than pre-pandemic levels, although the pattern changed. 2022 saw a return to pre-covid levels of day treatments in hospitals, while over-night stays had not yet returned to pre-COVID levels.



As part of our commitment to improve our digital capacity, the Authority initiated a project to implement a data management system, to better manage the Risk Equalisation Fund claims and to improve our capacity to analyse market and claims data.

Given the reduction in claims observed over the two-year period 2020-21, a significant surplus has 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 in Health and came into force for contracts issued from 1st April 2022. A smaller surplus continued to build up in 2022, as hospital utilisation claims remained below estimated levels. The Authority again proposed to the Department of Health that this surplus be used to offset an increase in stamp duty for contracts issued during 2023/24.

I would like to take this opportunity to thank our staff for their hard work over another challenging year. Their enthusiasm and dedication have withstood the challenges of turnover of key members of staff and allowed us to continue to deliver on the purpose of the Authority. I also want to thank the Department of Health for their assistance throughout the year and all of our stakeholders on prioritising effective regulatory oversight of the private health insurance sector, and empowering consumers. We continue to face challenges in particular in the demand for health services, and in embedding the Authority's role in response to new legislation, particularly the introduction of the High-Cost Claims Pool. I am confident the Authority will continue to effectively manage these challenges and deliver on our visions for a well-regulated health insurance market in the consumer interest.

Laura Brien

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**



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 for 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 benefits. 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 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. Lifetime Community Rating was introduced into the Irish private health insurance market on 1 May 2015 with amendments in 2018. Loadings apply to people aged higher than 34 taking out inpatient private health insurance for the first time after 30 April 2015. However, legislation specifies circumstances under which an individual may receive credited periods which can reduce or remove the loading being applied.



Community rating means that the level of risk that a particular consumer poses to an insurer does not affect the premium paid.

1.2 Regulatory Developments in 2022

The Health Insurance (Amendment) Act 2022 was enacted in December 2022. 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 2023;
- To make a consequential amendment to the Stamp Duties Consolidation Act 1999;
- To make allowance for the end of the current approval of the Risk Equalisation Scheme under EU State Aid laws;
- To update and strengthen the enforcement powers of the Authority; and
- To provide for related matters.

1.2.1 Risk Equalisation Scheme

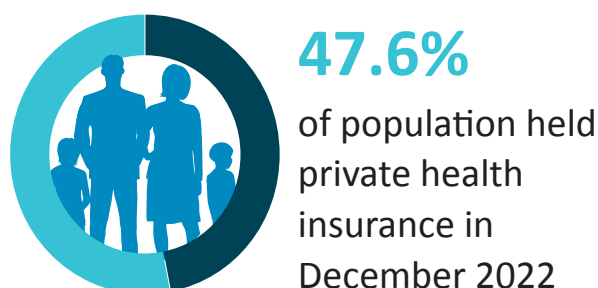
A risk equalisation credit is a payment to health insurers made from the Risk Equalisation Fund (REF). These payments are made in order to support community rating, which is a system that means that health insurance companies must charge the same rate for a given level of coverage regardless of factors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

The Risk Equalisation Scheme was 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.

In early 2022, the Irish Government notified the European Commission of the following modifications to the Risk Equalisation Scheme -

- (i) the introduction of a 'high-cost claims pool', whereby the excess of claims over €50,000 will be reimbursed at 40%, while all other claims will continue to be reimbursed based on age of the insured person and the number of days/nights spent in a hospital;
- (ii) an increase from 4.4% to 6% in the return on sales made by the net beneficiary of the scheme on the basis of the sales of private health insurance services; and
- (iii) the prolongation of the scheme until 31 March 2027.

The Commission assessed the proposed modifications under the EU State aid rules, and in particular the EU framework for State aid in the form of public service compensation. The Commission found that, following the modifications, the scheme remains in line with EU State aid rules. On this basis, the Commission approved the modifications and the prolongation of the scheme under EU State Aid rules, and the modifications were implemented with effect from 1 April 2022.



1.3 The Irish Health Insurance Market in 2022

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, 2.44 million people (including children), had health insurance at the end of 2022, corresponding to 47.6% of the total population. There were 79,553 more people with health insurance than at the end of 2021, which is a 3% increase.

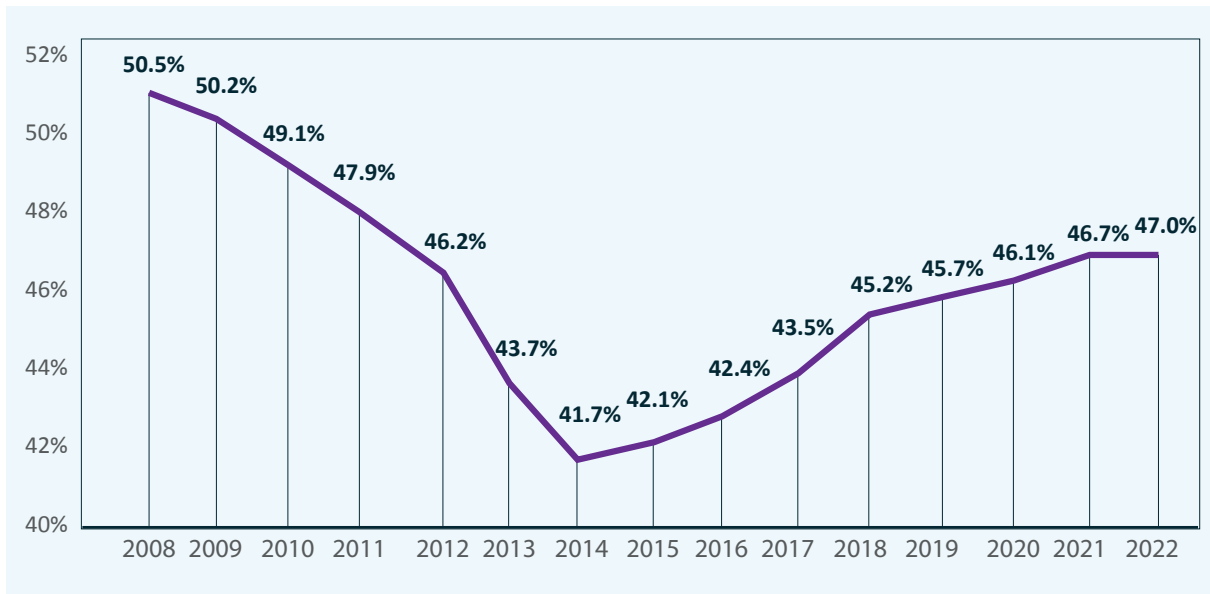


Figure 1: Yearly average percentage of population insured.

Slightly more women (51%) took out health insurance than men (49%). The difference is greatest for females in the 60-74 age groups. However, the proportion of males is higher than for females aged 85 and over.

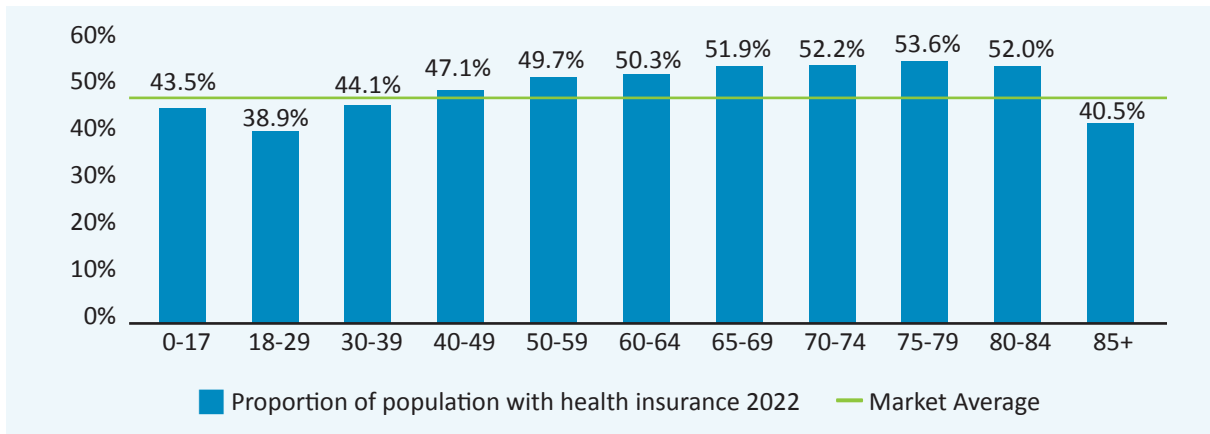


Figure 2: Market penetration by age.

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 have been rising faster than the average, although this has moderated in 2022. The percentage of the insured population aged over 60 has increased by 0.5% per annum since 2009 and was 23% at the end of 2022.

At year-end 2022, there were three Open Membership Undertakings operating in the market (Vhi Healthcare, Laya Healthcare¹ and Irish Life Health). In December 2022, Vhi Healthcare's market share was 48.4%. Laya Healthcare had a 27.6% market share and Irish Life Health had 20.5%. Restricted Membership Undertakings (RMUs) have a combined 3.5% market share. The rate of decline in Vhi Healthcare's market share has slowed considerably compared to several years ago, their market share having been 95% in the mid-1990s before the market was opened to competition.

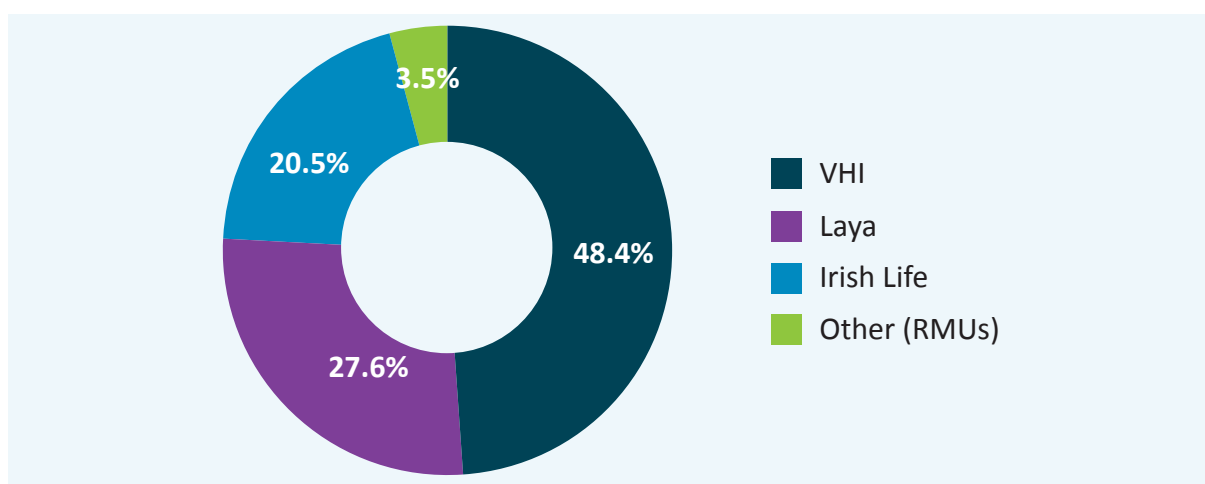


Figure 3: Market share of insurers.

Market shares vary significantly by the ages of the insured. For instance, at the end of 2022, Vhi Healthcare insured 50% of the market excluding restricted undertakings and insured 54% of those aged 70-79 with insurance, compared to 72% at the end of 2014.

1.3.2 Healthcare Claims Costs

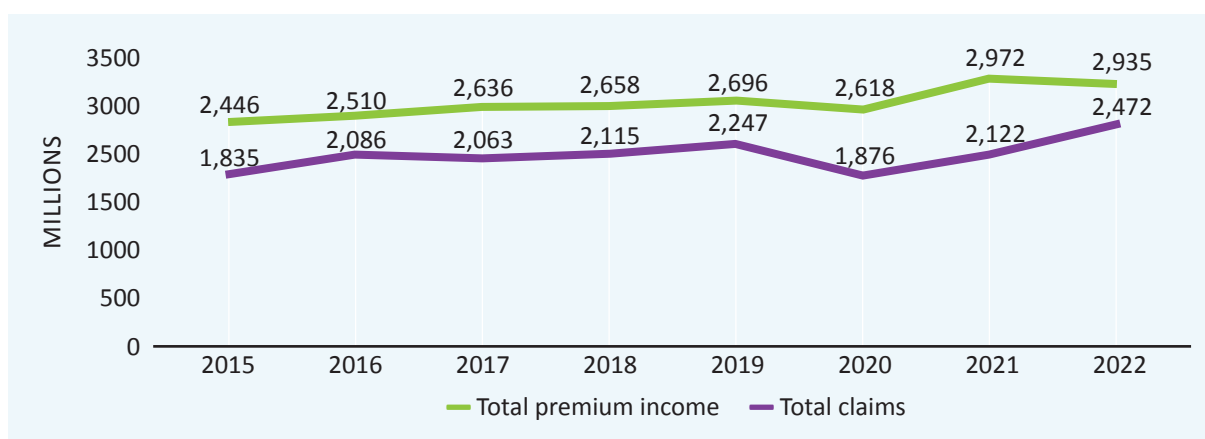


Figure 4: Total premium income versus total claims paid by health insurers 2022.

¹ 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.

Total premium income has decreased slightly over the previous 12 months and now stands at €2.93 billion. Although still higher than pre-pandemic levels, it has decreased slightly on 2021. A combination of factors has contributed to this, including price reductions by two insurers and refunds to customers.

The total level of claims paid in 2022 increased by 16.5% on 2021. Total claims paid by insurers in 2022 have exceeded claims paid in 2019 before the pandemic (€2,25 billion) for the first time since COVID-19 impacted claims on health insurance.

In 2022, most claims were for treatment in private hospitals (46%). Claims for out-patient/GP/other treatments have seen an increase year to year, with a 54% increase since 2019. Meanwhile, claims for public hospitals may have modestly increased on 2021, however they are still 11% lower than in 2019.

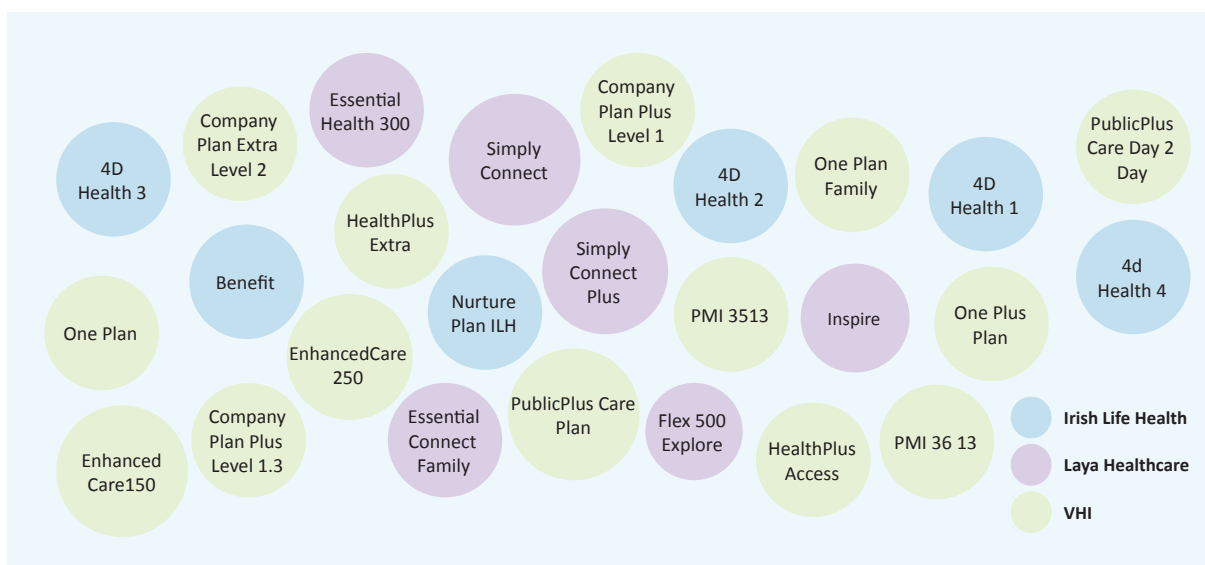
Million €	2022	2021	2020	2019	% Change 2021-22	% Change 2020-22	% Change 2019-22
Public hospital	418 (17%)	310 (15%)	397 (21%)	471 (21%)	35%	5%	-11%
Private hospital	1146 (46%)	1072 (50%)	851 (45%)	1070 (48%)	7%	35%	7%
Consultant	478 (19%)	416 (20%)	355 (19%)	428 (19%)	15%	35%	12%
Other (out-patient/ GP fees)	430 (17%)	324 (15%)	271 (15%)	279 (12%)	33%	59%	54%
Total	2472	2122	1876	2248	16%	32%	10%

Table 1: Breakdown of claims paid.

1.3.3 Product Developments and price of health insurance

On 1 January 2023 there were 327 active in-patient plans. In 2022, 5 plans were retired, and 12 new plans were introduced. 93% of customers held advanced plans. The number of people with non-advanced plans decreased on last year (8%) and now stands at 7%.

50% of people with health insurance are on one of 27 plans. Therefore, the choice between plans is concentrated even though there are 327 plans in the market.



750,000 people are on one of the 5 most popular plans across all three insurers. This represents 32% of the population covered by health insurance. When we look at comparisons between prices in 1 January 2022 and 1 January 2023, Irish Life Health increased the adult prices for all of their 5 most popular plans, Laya Healthcare did not change the prices of their 5 most popular plans and Vhi Healthcare reduced the prices for 4 of their 5 most popular plans.

The cost of health insurance has decreased compared to last year. The average of the premiums paid by adult members was €1,448 on 1 January 2023, which is a 1.2% decrease on the previous year. This figure is based on prices at 1 January 2023 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.

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 2022 with 64% 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 (70% have restricted orthopaedic benefits).
- The number of people paying Lifetime Community Rating loadings has increased year on year. Currently just over 92,000 people (4%) with health insurance are paying a loading on their health insurance premium. The majority of those paying LCR loadings are in the 40-49 age group (49%).



The cost of health insurance has decreased compared to last year. The average of the premiums paid by adult members was €1,448 on 1 January 2023, which is a 1.2% decrease on the previous year.

2

Ensure compliance and accountability



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 (REPC) payable in respect of premiums which vary on the basis of age, gender, and level of cover.
- Risk Equalisation Credits are also payable in respect of Hospital Claims (HUC). 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.
- High-Cost Claims Credits were introduced in 2022 by the introduction of a High Cost Claims Pool (HCCP), this involves compensating insurers directly for individual claims costs which are much higher than the market average. The aim of the new scheme is to target high-cost low incidence claims. The level of the "High-Cost Claims Threshold" has been set at €50,000 and "High Cost Quota Level" at 40%.

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 2022 in relation to Risk Equalisation Credits totalled €778 million (including €260k in HCCP payments). Stamp Duty paid into the fund in 2022 amounted to €801 million.

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.



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.

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.

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 2022, 11 insurers registered with the Authority, 7 of which were Restricted Membership Undertakings.

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: <https://www.hia.ie/regulations/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 must be offered for a period of 12 months unless there is good and sufficient reason for a different term.

3

**Build Consumer
Trust and
empower
consumers to
make informed
decisions**



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. Customers need both to know what products are available and a straightforward way to compare them, to be confident that they are getting the right product at the right price.

The Authority is legislatively mandated to inform the public of health insurance services available to them and of their rights as consumers of health insurance. Providing free, comprehensive, accurate information to the public is an important way for the Authority to deliver on our strategic aim to empower consumers in making decisions regarding health insurance.

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 engagement strategies, including communications campaigns, consumer research and 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.



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.

3.2 Consumer Information Phone and Email service

Phone and Email service

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 2022 the Authority received 3131 queries and complaints from members of the public.

The most frequent query was a request for comparisons between health insurance products (72% of total contacts to the Authority)

Other topics that were most frequently raised with the Authority were:

- Moving in/out of the country
- Lifetime Community Rating
- Queries relating to waiting periods
- Rights in relation to switching insurers

3.3 Website and Price Comparison Tool

The Health Insurance Authority's website (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 2022, our website had almost 199,000 unique users. 25% of visits were from returning users, as users tend to return to use the comparison tool when their policy is up for renewal. 40.5% 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 4:08 minutes on our site.

3.4 Events and Outreach

3.4.1 Webinars

We continued to deliver 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 staff within an organisation a comprehensive introduction to health insurance and answer any questions they have.

3.4.2 In person events

This year saw a return to in-person events and the Authority participated in the National Ploughing Championships, from 20 – 22 September. This was a unique opportunity to interact with some of our key target demographics. The HIA staff were able to help consumers with queries and offer in-person health insurance comparison. Following on from the success of this type of consumer interaction, the Authority intends to attend similar events in the future.

3.5 Media and advertising

3.5.1 Advertising

The Communications Campaign 2022/23 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 2022/23 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 a variety of mediums, including radio, VOD (video on demand), social media and online news. We also effectively used podcasts in order to be able to target key audience segments with our message. For instance, our research has shown that consumer awareness of lifetime community rating rules is very low, so as part of this year’s 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. The use of podcasts also gave us the opportunity to go into further detail on the more difficult to understand elements of health insurance products, providing additional value to the consumer in assisting them to make informed decisions.

3.5.2 Radio interviews

The Authority availed of opportunities 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.

3.5.3 Social Media

Social media allows us to engage with audiences of all ages and target specific audience segments. It also provides rich data in terms of consumer engagement. The audience for our posts, continues to grow with our posts reaching over 1.5 million people. With an “always on” communications campaign with a heavy focus on social media advertising through promoted posts, we expect that this number will continue to increase into 2023.

We also used 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.

Our current communications campaign uses Google adwords/search to ensure that we are highly visible to consumer when they are searching for information about health insurance online. It also uses other tools such as promoted posts and home page takeovers as part of the paid media element. We support these actions with our own organic posts on our social media channels.



Figure 5: Example of Facebook advertising

4

**Invest in digital
capacity to
enhance our
capabilities**



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 comprehensive review was conducted across the Authority's ICT infrastructure over the autumn of 2022. This review included penetration testing, Microsoft 365 security, security and infrastructure and web site and web applications. Recommendations relating to findings arising from this review have been, and continue to be, implemented including the implementation of two factor authentication and upgrading of laptops to facilitate the use of current access security applications.

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 provided the infrastructure for the provision and oversight of a blended work environment in 2022 delivering a better work/life balance for staff. Measures continue to be implemented to support blended/remote working including the provision of modern, reliable IT hardware, software and security infrastructure and a move towards digital platforms for all processes.

Blended working arrangements are offered at the discretion of the HIA. This arrangement will continue to be kept under review.

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 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 completed development and improvement of 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 and implementation of the 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.



The Authority has completed development and improvement of 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.

4.3 Increase the robustness of our Risk Equalisation Fund

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. With the introduction of the High Cost Claims Pool (HCCP) Credit in April 2022 considerably more data has and will be submitted to the HIA as part of the assessment of HCCP Claims. This data is increasing in complexity, in part arising from the developments of the risk equalisation scheme (RES). Payments in 2022 in relation to risk equalisation credits totalled €778 million while community rated levies paid into the fund in 2022 amounted to €801m.

5

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



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.



Figure 6: Staff at Strategic Plan launch, April 2022. Top: Grainne Campbell, Cora Rattigan, Sandra Eaton, Nora O'Reilly, Joanne George, Michael Suttle, Maeve Kearns. Bottom: Diarmaid Morley, Laura Brien, Sinead Pembroke.

5.1 Developing Our People

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

In order to implement the new structure of the organisation as set out in the Strategy 2022-24 and restructure the organisation from a three division to four division model, we undertook a number of recruitment campaigns during 2022, to fill a variety of roles, including Head of Communications and Stakeholder Engagement and Head of Operations. This increased our capability to deliver on our objectives and to continue to expand the total number of staff.

Continuous professional development is one of our core priorities and ensures that knowledge and skills within the organisation continuously align with the Authority's strategic priorities. Training and professional development courses were made available to staff.

We worked to promote a culture of equality, diversity and inclusion across our organisation and actively promoted staff wellbeing, which was particularly important in the context of the new way of working post pandemic.

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.

5.2 Corporate Governance

5.2.1 Corporate Governance Code of Practice

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 2022 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 2022 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.

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 2022, 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 2022 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 Section 6 of this Annual Report and Accounts.



The Authority continues to meet its obligations in relation to the Freedom of Information Act 2014. In 2022, five Freedom of Information requests were received by the Authority.

5.2.8 Audit and Risk Committee/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 2022. Membership and attendance at meetings of the Audit & Risk Committee throughout 2022 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 2022 the Committee directed that a number of audits be conducted on its behalf by Mazars, 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 and a review of Information Returns. 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 to achieve 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 2022, 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 of 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 using 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. In addition, annual penetration testing is conducted across the Authority's ICT infrastructure and implementation of recommendations arising from this testing is monitored.
- The Authority employed 10 members of staff in 2022. The 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 a mix of internal and external resources, the availability of external service providers, the ability to reprioritise workloads, and sanction from the Department of Health to increase staff number to 18.
- 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 2022, the Authority consumed 120,181 kWh of energy, consisting of:

- 73,527kWh (2020: 21,106kWh) of electricity and
- 46,654kWh (2020: 14,865kWh) of fossil fuels (heating)

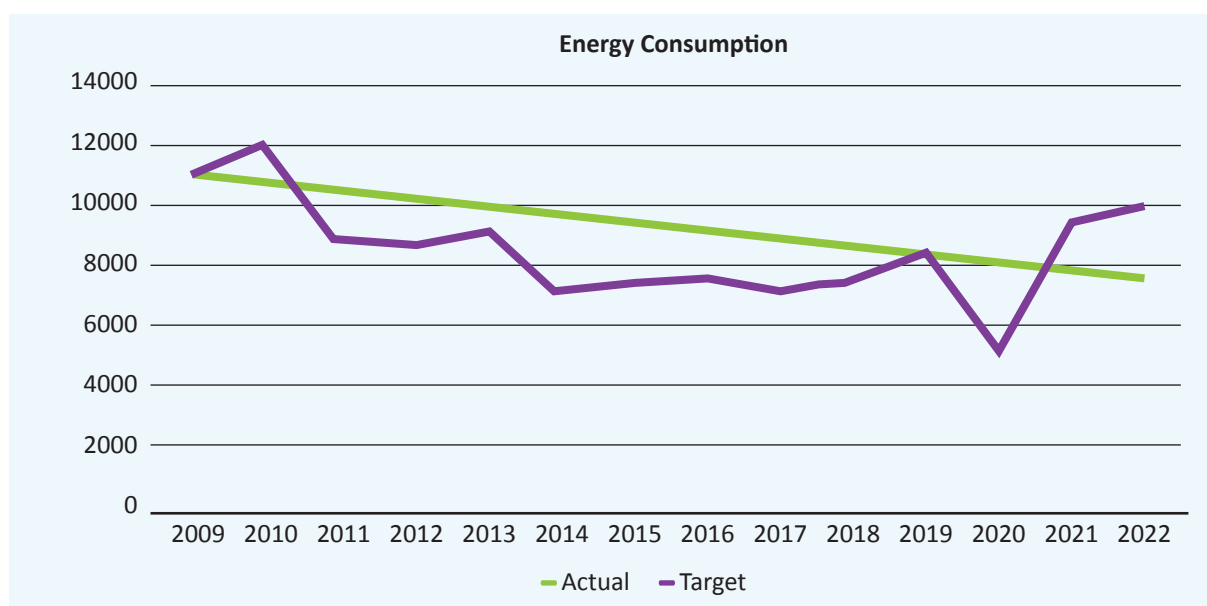


Figure 7: Energy performance indicator, Total Primary Energy Requirement per Full Time Employee, 2009 to 2022.

Figure 7 shows the historical energy performance for the Authority starting at the base line year of 2009 up to 2022. 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.

6

**Report and
Accounts 2022**

The Health Insurance Authority

Report and Financial Statements for the year 1 January 2022 to 31 December 2022

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 2022.

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Authority Information

Members of the Authority	Patricia Byron (Chair) Caroline Barlow Michael A. O’Sullivan Damien McShane Marcella Flood (resigned 28th June 2023) John Armstrong Dr John Evans
Chief Executive/Registrar	Laura Brien (resigned on 7th July 2023)
Secretary	Maeve Kearns (to December 2022) Michelle Keane (BDO) (from February 2023)
Bankers	AIB plc. 7/12 Dame Street Dublin 2 Permanent TSB 56/59 St Stephen’s Green Dublin 2
Auditors	Comptroller and Auditor General 3A Mayor Street Upper Dublin 1 D01PF72
Offices	Beaux Lane House Mercer Street Lower Dublin 2 D02 DH60

Governance Statement and Authority Members' Report

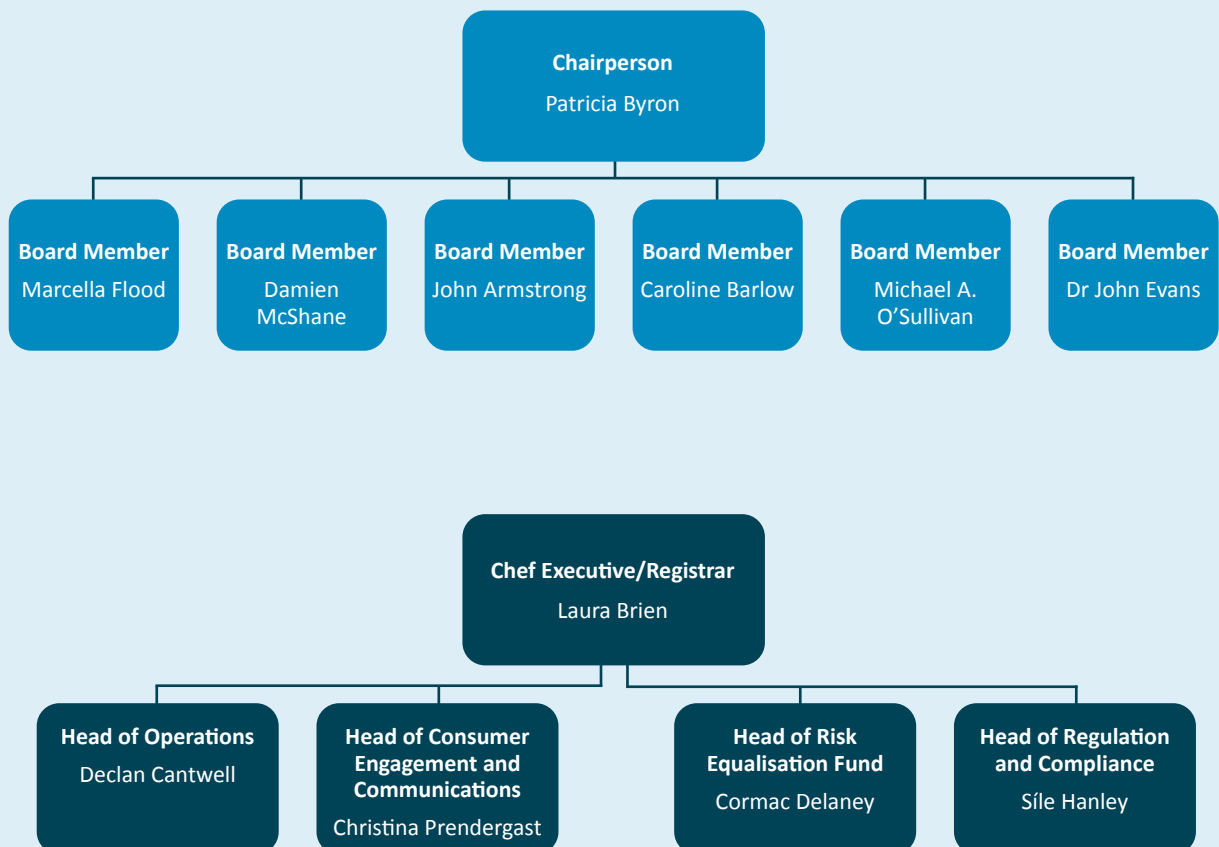
Governance

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, NDP Delivery 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 14 December 2022 and by reference to the full year financial results on 28 March 2023.

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 2022.

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
Patricia Byron	Chairperson	1 July 2021	30 June 2026
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 Reappointed 5th July 2022	4 July 2027
Marcella Flood	Ordinary Member	5 July 2019 Reappointed 5th July 2022	4 July 2027 Resigned 28 June 2023
John Armstrong	Ordinary Member	18 September 2019 Reappointed 18th September 2022	17 September 2027

Board and Governance Effectiveness

The Authority undertook an annual self-assessment evaluating its own performance in September 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 up to September 2022), Caroline Barlow (Chairperson from September 2022) and Marcella Flood (resigned on 28th March 2023). Marcella Flood resigned as a member of the ARC on 28th March 2023 and was replaced by John Evans. There were 4 meetings of the ARC in 2022.

2. Performance Liaison Committee: consists of three HIA Authority Members. The Performance Liaison Committee (PLC) was set up in December 2022 and met one time in 2022. The role of the PLC is to provide for an effective mechanism to facilitate the HIA in considering the performance of the HIA's CEO; in conjunction with the Chairperson of the HIA, liaise with the CEO thereon; and assist in the setting of appropriate objectives as well as monitor discharge of the same in a full, effective, and transparent manner. The Committee reports to the HIA on its activities by way of verbal update from the Committee's Chairperson to the HIA at the meeting of the HIA which follows that of the Committee.

Members of the PLC are: Michael O'Sullivan, John Armstrong, Damien McShane.

Schedule of Attendance, Fees and Expenses

A schedule of attendance at the Authority and committee meetings for 2022 is set out below including the fees and expenses received by each Member:

	Authority	Audit & Risk	Fees	Expenses
Number of Meetings	10	4		
Patricia Byron	10		8,978	17
Dr John Evans	10			
Caroline Barlow	10	4	5,985	
Michael O'Sullivan	10	4	5,985	335
Damien McShane	10		5,985	
Marcella Flood	10	4	4,489	
John Armstrong	9		5,985	
			37,407	352

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

Key Personnel Changes

The initial period of appointment for Marcella Flood and Damien McShane ended on 4 July 2022 and both were reappointed for a further five-year term. The initial period of appointment for John Armstrong ended on 17 September 2022. He was reappointed for a further 5 years.

Michael O'Sullivan stood down as Chair, Audit and Risk Committee and was replaced by Caroline Barlow. Laura Brien resigned as Chief Executive/Registrar on 7th July 2023. Marcella Flood resigned as Authority member on 28th June 2023. Marcella Flood resigned as a member of the Audit and Risk Committee on 28th March 2023 and was replaced by John Evans.

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:

Employee Short-Term Benefits Breakdown

Employees' short-term benefits in excess of €60,000 are categorised into the following bands:

	Range		Number of Employees	
	From	To	2022	2023
€60,000	-	€69,999	2	1
€70,000	-	€79,999	1	2
€80,000	-	€89,999	1	1
€90,000	-	€99,999	-	1
€100,000	-	€109,999	-	-
€110,000	-	€119,999	-	1
€120,000	-	€129,999	1	1
€130,000	+		-	-

Note: For the purposes of this disclosure, short-term employee benefits in relation to services rendered during the reporting period include salary, overtime allowances and other payments made on behalf of the employee but excluding employer's PRSI.

Consultancy Costs

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

	2022 €	2021 €
Organisational Plan Consultancy	29,520	-
Procurement Support Services	-	6,458
Database Consultancy	107,130	-
	136,650	6,458
Consultancy Costs Capitalised	-	-
Consultancy costs charged to the Income and Expenditure and Retained Revenue Reserves	136,650	6,458
Total	136,650	6,458

Legal Costs and Settlements

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

	2022 €	2021 €
Legal proceedings		3,004
Legal costs recovered		
Total		3,004

Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

	2022 €	2021 €
Domestic		
Authority	352	239
Employees	1,145	139
International		
Authority		
Employees		
Total	1,497	378

Hospitality Expenditure

The Income and Expenditure Account includes the following hospitality expenditure:

	2022 €	2021 €
Staff and Authority hospitality	2,568	2,913
Total	2,568	2,913

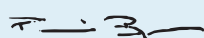
Statement of Compliance

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 338 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.



Patricia Byron
Chairperson



Caroline Barlow
Member

Date 2nd August 2023

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, NDP Delivery and Reform, has been in place in the Authority for the year ended 31 December 2022 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 2022.

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 2022 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. Matters arising regarding controls over procurement are highlighted under control issues below.

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 2022 in March 2023 and was approved by the Authority at its meeting in March 2023.

Internal Control Issues

Non-Compliant Procurement

In 2022, the Authority ensured that there was an appropriate focus on good practice in procurement and purchasing and that procedures were in place to ensure compliance with all relevant guidelines. The Health Insurance Authority complied with the guidelines with the below exceptions:

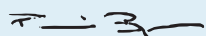
In 2022, the HIA awarded a contract following a public tender process for the development of a new database system. Unfortunately, the member of staff assigned to conduct the project management of the database system development work resigned just as work was about to commence on the project. This left the HIA with an urgent requirement for project management expertise. The urgency of the requirement to find project management expertise meant that the time rules for the Open or Restricted Procedure or Competitive Procedures with Negotiation could not be complied with. A previous public tender competition for the development of system specification requirements for the development of the database system had resulted in three tenders being received for this work. One of the unsuccessful tenderers for this work was subsequently identified as having the necessary knowledge and expertise to conduct the project management role that had now become vacant. This was supported by the fact that this tenderer had acquired the appropriate knowledge of the database system project through the preparation of its tender for the database system development work. The knowledge and understanding of this supplier's capabilities was the basis for awarding a contract for the provision of project management services under the Negotiated Procedure without Prior Publication process. Expenditure totalled €77,117 and a quote was obtained in advance. This supplier had not been engaged previously for the provision of similar services by the HIA and no relationships existed that would represent a conflict of interest in the decision to award this contract. The supplier in question is a large organisation which has previously provided other services to the HIA and is currently providing Company Secretarial services, but the HIA has satisfied itself that no conflict of interest has arisen.

In late 2022, the Head of Finance at the HIA resigned giving one month's notice, leaving the organisation in a position where it had to fill a critical role at very short notice. This role involves the management of significant sums of money (up to €800m annually) with overview of complex financial and treasury management procedures. Due to the importance of this role, the HIA needed to recruit a replacement as quickly as possible to facilitate a comprehensive handover from the departing Head of Finance. The urgency surrounding this requirement coupled with the need to find a candidate with very specific finance skills, meant that a competitive procurement procedure in compliance with current procurement rules and guidelines was not possible. To address the urgent requirement to fill this role, the HIA entered into a contract with a recruitment agency for the provision of a suitably qualified candidate to fill this role on an interim basis. In 2022, the HIA incurred expenditure of €64,578 in respect of this contract. The HIA has regularised the procurement of this service in 2023 by conducting a competitive procurement to recruit a permanent employee responsible for the provision of this service in accordance with current procurement rules and guidelines.


The HIA has recognised the desirability of professional procurement support to ensure full compliance with all relevant guidelines. Following a public tender, HIA has awarded a contract for the provision of procurement support and training services. This contract will ensure that future procurements will be fully compliant and will develop the organisations internal knowledge of procurement guidelines. The HIA has developed a procurement plan for 2023- 26 which identifies contracts for goods and services that require competitive tendering and schedules the conduct of appropriate tender processes.

While no other material control weaknesses were identified in relation to 2022, the Authority notes that during 2022 the level of staff turnover was exceptionally high when compared with previous years, and that such turnover may increase the risk of control weaknesses when experienced staff are lost. This risk is being monitored closely and is being mitigated by the recruitment and induction of suitably qualified new staff.

On behalf of the Members of the Authority;



Patricia Byron
Chairperson



Caroline Barlow
Member

Date 2nd August 2023



Ard Reachtaire 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 2022 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 2022 and of its income and expenditure for 2022 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

Non-recognition of accrued pension liabilities

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.

As explained in note 10 to the financial statements, the Authority has estimated the liability in relation to the Employee Superannuation Scheme (for pre-2013 staff) at €2.6 million at 31 December 2022. Pension contributions (from the employer and employees) in relation to members of that scheme are retained by the Authority and held as a reserve and are applied to meet pension payments as they arise. The balance in that reserve is recognised as an accumulated pension provision (€2.4 million at 31 December 2022).

Basis of audit

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 of the C&AG (continued)

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

10 August 2023

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.

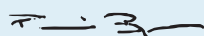
Reporting on other matters

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.

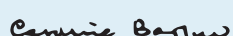
I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them.

**Statement of Income and Expenditure and Retained Revenue Reserves
for the year ended 31 December 2022**

	Notes	12 months ended 31 December, 2022 €	12 months ended 31 December, 2021 €
Income	2	2,812,418	2,869,434
Administration costs	3	(2,931,030)	(3,026,994)
Excess of (expenditure over income)/ income over expenditure		(118,612)	(157,560)
Interest receivable		1,038	672
(Deficit) / Surplus for the year		(117,574)	(156,888)
Retained revenue reserves at beginning of year		9,693,136	9,850,024
Retained revenue reserves at end of year		9,575,562	9,693,136



Patricia Byron
Chairperson



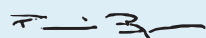
Caroline Barlow
Member

Date 2nd August 2023

Notes 1 to 14 form part of these Financial Statements.

Statement of Financial Position as at 31 December 2022

	Notes	2022 €	2021 €
Fixed assets			
Tangible assets	6	286,171	414,155
Assets Under Development	6	105,129	
		391,300	414,155
Current assets			
Cash and cash equivalents		10,812,857	10,978,318
Prepayments and other debtors	7	1,225,276	1,088,995
		12,038,133	12,067,313
Creditors (amounts falling due within one year)			
Creditors and accruals	8	(2,853,871)	(2,788,332)
Net current assets		9,184,262	9,278,981
Total assets less current liabilities		9,575,562	9,693,136
Net assets		9,575,562	9,693,136
Represented by			
Retained revenue reserves		9,575,562	9,693,136
		9,575,562	9,693,136



Patricia Byron
Chairperson



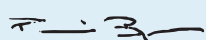
Caroline Barlow
Member

Date 2nd August 2023

Notes 1 to 14 form part of these Financial Statements.

Statement of Cash Flows for the year ended 31 December 2022

	Notes	2022 €	2021 €
Reconciliation of operating surplus to net cash inflow from operating activities			
Operating (deficit) / surplus for year		(117,574)	(156,888)
Depreciation	6	127,984	174,547
(Increase) / Decrease in debtors	7	(136,281)	136,105
Increase / (Decrease) in creditors	8	65,539	(197,766)
Net cash (outflow) / inflow from operating activities		(60,332)	(44,002)
Cashflow from investing activities			
Payments to acquire tangible fixed assets	6	(105,129)	(23,154)
		(165,461)	(67,156)
Cashflow from financing activities			
Interest earned		(1,038)	(672)
Interest received		1,038	672
(Decrease) / Increase in cash and cash equivalents		(165,461)	(67,156)
Cash and cash equivalents at 1 January		10,978,318	11,045,474
Cash and cash equivalents at 31 December		10,812,857	10,978,318
(Decrease)/ Increase in cash and cash equivalents		(165,461)	(67,156)



Patricia Byron
Chairperson



Caroline Barlow
Member

Date 2nd August 2023

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 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 (€2,439,533 as at 31st December 2022). By direction of the Minister for Health, no provision has been made in respect of benefits payable in future years.

The pension liability for the employee superannuation scheme at 31 December 2022 is €2,600,000. The pension liability for this scheme is not reflected in these financial statements. See **Note 10** for further details.

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, NDP Delivery 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 2021 and 2022.

	2022 €	2021 €
Income Levy	2,500,591	2,549,690
Recharged Risk Equalisation Fund costs (Note 13)	311,827	319,744
	2,812,418	2,869,434

3. Administration Costs

	2022 €	2021 €
Salaries, pension cost and other staff costs (Note 4)	1,036,976	1,040,133
Training costs	16,799	27,107
Directors' Fees (Note 4)	37,407	38,903
Rent, Service Charges and Maintenance	291,180	283,904
Consultancy (Note 5)	507,282	599,455
Insurance	29,133	21,357
Computer and Stationery Costs	63,887	27,604
Other Administration Costs	86,462	76,206
Consumer Information	720,620	724,478
Audit	13,300	13,300
Depreciation	127,984	174,547
	2,931,030	3,026,994

Administration expenses of €311,827 (2021: €319,744) in respect of the Risk Equalisation Fund are recouped from the Fund and treated as income. This figure includes the REF share of Salary and Staff Costs, Rent/Service Charges/Maintenance, Computer and Stationery Costs together with other Administration Costs as set out in Note 13.

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 2022 Patricia Byron (Incoming Chairperson) €8,978 (2021: €2,245), Dr John Evans €Nil, Michael A O'Sullivan €5,985 (2021: €5,985), Damien McShane €5,985 (2021: €5,985), Caroline Barlow €5,985 (2021: €5,985), John Armstrong €5,985 (2021: €5,985) and Marcella Flood €4,489 (2021: €5,985).

Expenses paid to board members in 2022 were €352 (2021: €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

	2022 €	2021 €
Salaries	721,459	792,659
Employers contribution to social welfare	81,461	87,846
Employer Pension cost (Note 10)	100,645	105,967
Employer SPSPS (DPER)	60,183	53,661
Contracted staff	73,228	
Total	1,036,976	1,040,133

In addition in 2022: €25,759 (2021: €26,201) 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 2022 was 10 (2021: 14).

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

	2022 €	2021 €
Basic pay	721,459	792,659
Overtime		
Allowances		
Total	721,459	792,659

(c) Key Management Personnel

Key management personnel in the Authority consists of Members of the Authority, the CE/R, the Head of Operations, the Head of Consumer Engagement and Communications, the Head of Risk Equalisation Fund and the Head of Regulation and Compliance. The total value of employee benefits for key management personnel is set out below:

	2022 €	2021 €
Salary	454,144	564,551
Allowances		
Termination benefits		
Health Insurance		
Contracted staff	43,504	
Total	497,648	564,551

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:

	2022	2021
	€	€
CE/R	125,713	118,457
Total	125,713	118,457

The CE/R received travel and subsistence for 2022 of €Nil (2021: €66).

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 2022.

5. Consultancy Costs

	2022	2021
	€	€
Accountancy and Internal Audit	45,344	59,093
Actuarial Services	3,321	147,140
Legal Services	50,171	94,218
Communications	45,183	48,510
Research	52,758	88,146
Recruitment	39,668	
Database Consultancy	107,130	
Procurement Support		6,458
Superannuation	7,815	3,574
Organisational Plan Consultancy	29,520	
Translation Services	2,214	3,486
Economic consultancy	124,158	148,830
	507,282	599,455

6. Tangible Fixed Assets

	Computer Equipment €	Office Fitting, Furniture & Equipment €	Website Develop- ment €	Office Fit Out €	Assets Under Develop- ment €	Total €
Cost						
At 31 December 2021	94,798	124,864	333,442	432,581	-	985,685
Additions during year	-	-	-	-	105,129	105,129
Disposals during year	-	-	-	-	-	-
Prior Year Adjustment	135	1,304	-	(535)	-	904
At 31 December 2022	94,933	126,168	333,442	432,046	105,129	1,091,718
Depreciation						
At 31 December 2021	66,412	39,719	333,442	131,957	-	571,530
Charge for year	17,618	23,957	-	86,409	-	127,984
Depreciation on disposals	-	-	-	-	-	-
Prior Year Adjustment	904	535	-	(535)	-	904
At 31 December 2022	84,934	64,211	333,442	217,831	-	700,418
Net Book Value						
At 31 December 2022	9,999	61,957	-	214,215	105,129	391,300
At 31 December 2021	28,386	85,145	-	300,624	-	414,155

In respect of prior year

	Computer Equipment €	Office Fitting, Furniture & Equipment €	Website Develop- ment €	Office Fit Out €	Assets Under Develop- ment €	Total €
Cost						
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	94,798	124,864	333,442	432,581	-	985,685
Depreciation						
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	66,412	39,719	333,442	131,957	-	571,530
Net Book Value						
At 31 December 2021	28,386	85,145	-	300,624	-	414,155
At 31 December 2020	41,371	105,666	47,040	371,471	-	565,548

7. Prepayments and Other Debtors

	2022 €	2021 €
Accrued Income	677,941	662,533
Prepayments and Other Debtors	23,210	27,428
Travel Cards / Bike to Work	750	58
Risk Equalisation Fund	487,966	365,514
Other Debtors	35,409	33,462
	1,225,276	1,088,995

8. Creditors (amounts falling due within one year)

	2022 €	2021 €
Trade creditors and accruals	335,697	313,063
Pensions provision (Note 10)	2,439,533	2,396,268
Additional Superannuation Contributions	1,788	2,247
Single Public Service Pension Scheme	5,594	5,986
PAYE/PRSI	32,150	46,540
Professional Services Withholding Tax	17,770	23,938
Value Added Taxation	21,339	290
	2,853,871	2,788,332

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:

	2022 €	2021 €
within 1 year	228,575	228,575
Later than one year but within 5 years	914,300	914,300
Later than 5 years	419,054	647,629
	1,561,929	1,790,504

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, NDP Delivery 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:

	2022	2021
	€	€
At beginning of period	2,396,268	2,279,899
Employee Contributions (deducted from salaries)	23,839	22,372
Employer Contributions (Note 4)	100,645	105,967
Pensions Paid	(81,219)	(11,970)
Total	2,439,533	2,396,268

In 2022: €20,061 (2021: €17,887) was deducted from staff in respect of the Single Public Service Pension Scheme and transferred to the Department of Public Expenditure, NDP Delivery and Reform. €60,183 (2021: €53,661) in employer contributions were also remitted to DPER.

The pension liability for the employee superannuation scheme at 31 December 2022 is €2,600,000 (2021: €3,700,000). 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 2022.

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 €487,966 (2021: €365,576) in respect of the Fund were charged by the Authority for 2022 as follows:

Type of Cost	Total Recharged to Fund	
	2022 €	2021 €
Salary and staff costs	196,339	208,278
Rent, service charges and maintenance	55,555	57,478
Computer and stationery costs	11,161	4,724
Other administrative costs	48,772	49,264
Recharged Risk Equalisation Fund costs	311,827	319,744
Costs directly charged to the fund	176,139	45,832
	487,966	365,576

Costs directly charged to the fund are not accounted for within HIA expenditure, and therefore, there is no requirement for HIA to recognise corresponding income relating to these costs.

14. Approval of Financial Statements

The Financial Statements were approved by the Authority on 27 July 2023.

The Risk Equalisation Fund Report and Financial Statements for the year 1 January 2022 to 31 December 2022

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 2022.

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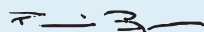
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Statement of Responsibilities

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



Caroline Barlow
Member

Date 2nd August 2023



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 2022 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 2022 and of its income and expenditure for 2022 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

10 August 2023

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 annual 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.

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.

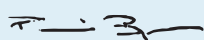
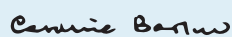
Reporting on other matters

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 2022

	Notes	12 months ended 31 December, 2022 €'000	12 months ended 31 December, 2021 €'000
Income			
Stamp duty	2	809,761	802,613
Investment Income		120	
Total Income		809,881	802,613
Expenditure			
Risk Equalisation Premium Credit	3	614,388	645,398
Hospital Utilisation Credit	4	174,085	127,637
High Cost Claims Pool	5	23,225	
Staff and other costs	6	489	369
Total Expenditure		812,187	773,404
Excess of Income over Expenditure		(2,306)	29,209
(Deficit)/Surplus for the year		(2,306)	29,209
Retained Revenue Reserves at beginning of year		115,307	86,098
Retained Revenue Reserves at end of year		113,001	115,307

Patricia Byron
Chairperson

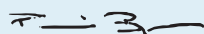
Caroline Barlow
Member

Date 2nd August 2023

Notes 1 to 15 form part of these Financial Statements

Statement of Financial Position at 31 December 2022

	Notes	2022 €'000	2021 €'000
Current Assets			
Short Term Deposits	7	378,809	371,179
Cash and Cash Equivalents		14,992	20
Prepayments and Other Debtors	8	221,984	232,856
		615,785	604,055
Creditors (amounts falling due within one year)			
Creditors and Accruals	9	(428,584)	(445,032)
High Cost Claims Pool Provision	11	(21,200)	
Hospital Utilisation Credit provision	10	(53,000)	(43,716)
		(502,784)	(488,748)
Net Assets		113,001	115,307
Representing			
Retained Revenue Reserves		113,001	115,307



Patricia Byron
Chairperson



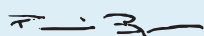
Caroline Barlow
Member

Date 2nd August 2023

Notes 1 to 15 form part of these Financial Statements.

Statement of Cash Flows for the year ended 31 December 2022

	Notes	2022 €'000	2021 €'000
Reconciliation of operating surplus to net cash inflow from operating activities			
Operating excess of income over expenditure for year		(2,306)	29,209
Bank Interest Received		(120)	
Decrease / (Increase) in debtors	8	10,872	(881)
Increase in creditors	9&10&11	14,036	18,852
Net cash inflow from operating activities		22,482	47,180
Cash inflow from investing activities			
Bank interest received		120	
Net cash inflow from investing activities		120	
Increase in cash and cash equivalents		22,602	47,180
Cash and cash equivalents at 1 January		371,199	324,019
Cash and cash equivalents at 31 December		393,801	371,199
Increase in cash and cash equivalents		22,602	47,180




Patricia Byron
Chairperson

Caroline Barlow
Member

Date 2nd August 2023

Notes 1 to 15 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, introduced 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 Risk Equalisation Fund (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 – Under S.6 A (1) of the Health Insurance Acts, 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 for registered undertakings to 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- Under S.6A(1) of the Health Insurance Acts, 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.
- High Cost Claims Pool Credit (HCCP) – Under S.6A(1) of the Health Insurance Acts, means the amount that is equal to the high cost claim quota share multiplied by the amount by which the high cost claim exceeds the high cost claim threshold.

The 2016 Risk Equalisation Scheme (RES) 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. Certain legislative changes were also introduced during 2022.

On 31 March 2022 the European Commission also approved the extension and modification of the Risk Equalisation Scheme.

The new RES, was approved by the European Commission from 1 April 2022 to 31 March 2027 (a term of 4 years, 11 months, 30 days excluding the end date). It was also updated to include the High Cost Claims Pool Credit (HCCP).

Under section 7F(1) of the Act, every provider of private health insurance in Ireland is required to provide the Authority with a statement of its profits and losses and its balance sheet in respect of its health insurance business. The 2016 RES did not provide specific rules as to which accounting standards should be used, other than to use “approved accounting standards”.

The Government introduced the Health Insurance Act 1994 (preparation of Financial Statements) Regulations 2022. These Regulations set down the rules that apply to financial statements furnished to the Authority pursuant to section 7F(1) of the Act. They introduced accounting regulations to improve the consistency of how undertakings reported profits and losses for the purpose of assessing financial statements for overcompensation.

These Accounts reflect the application of provisions of the Health Insurance (Amendment) Act, 2021, as supported by the Risk Equalisation Scheme and Financial Statements Regulations of 2022, where applicable.

Accounting Period

The financial statements are for the year from 1 January 2022 to 31 December 2022.

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.
- Deferred 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 9 – 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 8 – 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.

High Cost Claims Pool

The High Costs Claims Pool, new to 2022, 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 high cost claims arising in respect of high cost claims which had occurred in the financial year but had not been claimed by registered undertakings at year end. The provision assumes that claims are uniform across contracts commencing on different dates and that hospitalisation occurs uniformly throughout the policy period. The settlement period for high cost claims can vary considerably. This may result in registered undertakings making a claim for a high cost claim 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.

2. Income

Stamp duty payments for policies commencing or renewing on or after 1 January 2013 are paid by registered undertakings to the transfer the money to the Fund. Revenue Commissioners who in turn transfer the money to the Fund.

	2022 €'000	2021 €'000
Stamp duty paid into the Fund	800,952	808,999
Stamp duty receivable movement in year	(9,431)	3,960
Deferred stamp duty movement in year	18,240	(10,346)
	809,761	802,613

3. Risk Equalisation Premium Credit

	2022 €'000	2021 €'000
Payments made to registered undertakings	616,445	643,479
Risk equalisation premium credit payable to registered undertakings movement in year	(3,499)	(1,160)
Un-expensed risk equalisation premium credit movement in year	1,442	3,079
	614,388	645,398

4. Hospital Utilisation Credit

	2022 €'000	2021 €'000
Payments made to registered undertakings	161,397	117,983
Hospital utilisation credit payable to registered undertakings movement in year	3,404	5,122
Hospital utilisation credit provision movement in year	9,284	4,532
	174,085	127,637

5. High Costs Claims Pool

	2022 €'000	2021 €'000
Payments made to registered undertakings	260	
High Cost Claims payable to registered undertakings movement in year	1,765	
High Cost Claims provision movement in year	21,200	
	23,225	

6. Staff and Other Costs

	2022 €'000	2021 €'000
Health Insurance Authority recharged costs:		
Salaries and staff costs	186	196
Training costs	3	5
Directors Fees	7	7
Rent, service charge and maintenance	56	54
Insurance	6	4
Computer and stationery	11	5
Other administration costs	19	16
Depreciation	24	33
	312	320
Costs directly charged to the Fund:		
Audit	9	9
Accountancy	16	14
Actuarial	126	20
Legal	4	
Economic Consultancy	18	
Insurance	3	3
	176	46
Costs directly incurred by the Fund:		
Bank charges	1	3
	489	369

7. 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. There was €119,970 in interest received during the period (2021: €Nil).

8. Prepayments and Other Debtors

	2022 €'000	2021 €'000
Un-expensed risk equalisation premium credit	53,983	55,424
Accrued stamp duty receivable	168,001	177,432
	221,984	232,856

9. Creditors and Accruals

	2022 €'000	2021 €'000
Deferred Stamp Duty	300,623	318,863
Risk equalisation premium credit payable	97,246	100,745
Hospital utilisation credit payable	28,462	25,058
High Cost Claims Pool Payable	1,765	
Health Insurance Authority	488	366
	428,584	445,032

10. Hospital Utilisation Credit Provision

	2022 €'000	2021 €'000
At start of year	43,716	39,184
Arising during the year	174,085	127,637
Utilised during the year	(164,801)	(123,105)
At end of year	53,000	43,716

11. High Cost Claims Pool Provisions

	2022 €'000	2021 €'000
At start of year		
Arising during the year	23,225	
Utilised during the year	(2,025)	
At end of year	21,200	

12. Financial Position of the Risk Equalisation Fund

As per the Statement of Income and Expenditure and Retained Revenue Reserves, the retained reserves were €113m (2021: €115.31m). 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 2022, the Fund held cash and cash equivalents of €394m (2021: €371m).

13. Disclosure of Interests

The Authority has adopted procedures in accordance with the guidelines issued by the Department of Public Expenditure, NDP Delivery 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.

14. Events After the Reporting Period

The Health Insurance (Amendment) Act 2022 was enacted on 21st December 2022 (2022 Amending Act). Section 8 of the 2022 Amending Act commenced sections 1, 4, 5, 7 and 8 on 1 January 2023 and sections 2, 3 and 6 on 1 April 2023. The provisions of this Health Insurance Act amendment will provide for the appointment of authorised officers, report use of enforcement powers, extend authorised officer powers to deal with non-registered undertakings or to require a person believed to have committed an offence to provide their name and address. These provisions were not in force for the year ended 31 December 2022.

15. Approval of Financial Statements

The Financial Statements were approved by the Authority on 27 July 2023.



An tÚdarás Árachas Sláinte
The Health Insurance Authority

The Health Insurance Authority,

Beaux Lane House,
Mercer Street Lower,
D02 DH60

T: (01) 406 0080

E: info@hia.ie Website:
www.hia.ie