An tÚdarás Árachas Sláinte
The Health Insurance Authority

2015

Annual Report & Accounts

The Health Insurance Authority
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1 Chairman's Statement

In accordance with Section 33(2) of the Health Insurance Act, 1994, I am pleased to present the Annual Report and Accounts of the Health Insurance Authority ("the Authority") for the year ending 31 December 2015.

The year was again a notable year for the regulation of the private health insurance market in Ireland and for the work of the Authority. From 1 May 2015 lifetime community premium loadings came into force following the Minister for Health's signing of a statutory instrument in July 2014 (S.I. No 312 of 2014). Lifetime community rating was introduced to encourage people to take out private health insurance at a younger age, thereby helping to improve the sustainability of the market and control premium inflation. The Authority ran an extensive public information campaign in advance of the 30 April deadline.

As a further measure to improve market penetration at younger ages, the Health Insurance (Amendment) Act 2014 introduced a sliding scale of premium discounts for young adults in the 18-25 age range. From 1 May 2015, where an insurer chooses to apply these discounted rates they must apply for the full range of ages. Also effective from 1 May 2015, after the Minister signed a statutory instrument in March 2015, waiting periods for older ages were reduced to the same duration as those applying to younger ages. The statutory instrument also introduced rights for immediate full cover for adopted children added to an insurance policy within 13 weeks of their date of adoption.

The Authority is responsible for the administration and maintenance of the Risk Equalisation Scheme, an essential support to community rating whereby insurers must apply a single premium rate for each product, regardless of the age, gender or health status of the insured. The 2015 accounts of the Risk Equalisation Fund set up under the Scheme are included in this Report. The Fund currently involves cash flows of around €1 billion. It is managed on the basis that income and outgo will be in balance over time, with any projected surplus or deficit being taken into account in the Authority's annual review and recommendations to the Minister.

The 2016-2020 Risk Equalisation Scheme was notified to the European Commission during 2015 as a State Aid compatible with the internal market and in February 2016 the European Commission stated it was raising no objections to the notified aid Scheme. The new Scheme has a duration of five years compared to three years for the 2013 - 2015 Scheme.

Although the Health Insurance Acts allow consumers to switch between products and insurers without serving a waiting period for the pre-existing level of cover, there is evidence that some, perhaps less healthy, consumers are reluctant to switch even for a material price saving. To better equalise risk in relation to the higher costs of insuring less healthy consumers across all ages will require the recording and submission of data on diagnosis related groups (DRGs) on a consistent basis across all hospitals. The Authority awaits further developments in this regard.

Continued improvements in the wider economy have helped the market for private health insurance. The number insured at the end of 2015 was 2.12m (46% of the population), an increase of 97,000 on the previous year. The turnaround was due to a combination of rising employment in the economy and the introduction of lifetime community rating. It is hoped that the ongoing effect of the latter initiative will help stabilise the market by increasing the flow of new and younger customers.

Research on the health insurance market is commissioned by the Authority every two years and most recently in late 2015. Published in Spring 2016, the report provides valuable information on the health insurance market, including trends over time. Compared to the results in 2013, satisfaction among consumers with all aspects of health insurance improved in 2015. The Authority also commissioned research, conducted in August/September 2015, on the public's attitude to the principles underpinning the current regulatory framework for health

insurance. There was strong support for the policy that states that financial discrimination for health insurance cannot take place regardless of age, health or gender with three quarters agreeing that the policy should continue.

The Authority's consumer information function remains extremely popular with members of the public. There were 435,000 consumer contacts during 2015, mainly through the Authority's award winning website but also through direct contact with the Authority's staff. The information provided enables consumers to compare benefits and prices across the full range of health insurance plans offered by insurers and is intended to assist consumers in accessing the most appropriate policy at the most competitive premium. The Authority also provides information through other channels such as the media, the distribution of consumer information booklets, and material accompanying renewal statements issued by insurers.

During 2015 the Authority developed a strategic plan for the three-year period 2016 to 2018 setting out its Mission, Core Values, Vision, Goals and Strategic Objectives. The plan was developed by way of a review of the Strategic Plan of the Authority for the period 2012 - 2014 and through a series of strategy workshops involving the management of the Authority and Authority Members.

The terms of appointment for all five Authority Members finished on 31 January, 2016. I am pleased to recognise the work and dedication of the outgoing Members of the Authority, Mr J. Joyce (Chairman), Mr D. Curtin, Prof. A. Staines and Mr P. Turpin and thank them for their tenure of service. The Minister appointed Mr S. Coyle, Dr F. Kiernan and Mr J. A. McNamara as Authority Members from 1 February 2016 and Mr I. Britchfield from 20 June 2016. I wish them well in their roles and look forward to working with them. I was re-appointed by the Minister at the same time on 1 February 2016. On the outgoing Authority's behalf, I would like to thank the Minister for Health, Dr Leo Varadkar TD, as well as officials in the Department of Health, for their support during the year.

Finally, the Authority expresses its appreciation of the work done by the staff of the Authority and the commitment shown by them throughout 2015.

Sheelagh Malin
Acting Chairman
30 June 2016

2 Membership & Management of the Authority

Membership

The Members of the Authority are appointed by the Minister for Health ("the Minister") for terms of up to five years. The Members of the Authority are:

Mr. Ian Britchfield

Mr. Britchfield has 24 years experience in the insurance and reinsurance industries. He is a Fellow of the Institute of Chartered Accountants in Ireland and a member of the Institute of Directors. He acts as an Independent Non-Executive Director for a number of companies in the insurance/reinsurance sector. Previously he spent more than ten years with Renaissance Reinsurance where he was Managing Director of their Irish operations and prior to that served as Finance Director with Aon Insurance Managers. He spent the first seven years of his career with PricewaterhouseCoopers in Ireland and Bermuda.

Mr. Sean Coyle – Appointed 1 February, 2016

Mr. Coyle is Managing Director of the Supply Chain Division of UDG Healthcare plc and following the sale of the United Drug businesses to McKesson will move to become Group Finance Director. Prior to joining UDG Healthcare plc he held a number of senior finance and commercial roles in Aer Lingus plc and Ryanair Holdings plc where he was CFO and Director of Scheduled Revenue respectively. He is a Fellow of the Institute of Chartered Accountants in Ireland and trained with KPMG. He has represented Ireland on the European Healthcare Distributors Association and is familiar with various healthcare models across Europe.

Dr. Fiona Kiernan – Appointed 1 February, 2016

Dr. Fiona Kiernan is a Consultant in Anaesthesia and Intensive Care Medicine in Beaumont Hospital, and a Fellow of the College of Anaesthetists of Ireland. Along with her medical degree, she also holds a Masters in Health Economics, Policy and Management from the London School of Economics and Political Science, and is studying for a doctorate in Economics with the Department of Economics in University College Dublin. She has lectured on topics of resource allocation and health economics within the College of Anaesthetists, and has presented internationally on healthcare utilization and access to healthcare. Her current areas of research involve the income-health relationship in Ireland, and health system performance measurement in Irish hospitals.

Ms. Sheelagh Malin – Appointed 6 May, 2010, Re-appointed 1 February, 2016

Ms. Malin is a Fellow of the Society of Actuaries in Ireland. She has over 25 years management experience in the life assurance industry, including Managing Director, Finance Director, Compliance Officer, product development and marketing roles. She has participated in actuarial working parties on financial reporting, expense reserving and consumer information.

Mr. James A. McNamara – Appointed 1 February, 2016

Mr. McNamara has been Chief Executive Officer of Cork University Hospital Group since 1992 and has been a member of various national advisory and consultancy bodies for the Department of Health and Children including the National Cardiovascular Strategy Group (1998) and Comhairle na nOspideal (2004). In 2004 he was appointed to the Change Management Team for the Health Service Executive to plan the transformation of the Irish healthcare system and in this role he managed the national Hospitals Office team. He served for six years as a member of the board of the Irish Blood Transfusion Board and chaired the Finance Committee of this Board for a number of years. He was a member of the board of the Road Safety Authority from 2005 to 2010 and also chaired the audit committee. He has completed an MSc in Management Practice with Trinity College and the Irish Management Institute and is currently studying for his doctorate in Business Administration at Henley Management College & Reading University in London.

Mr. Jim Joyce (Chairman) – Term of Office completed 31 January, 2016

Mr. Dónall Curtin – Term of Office completed 31 January, 2016

Prof. Anthony Staines – Term of Office completed 31 January, 2016

Mr. Paul Turpin – Term of Office completed 31 January, 2016

Management

The Management of the Authority are as follows:

Mr. Don Gallagher
Chief Executive/Registrar

Mr. Gallagher holds an MSc in Management from Trinity College, Dublin and is an experienced international Chief Executive who has managed and served on the Board of national and international insurance and wealth management companies. Most recently Mr. Gallagher was CEO and Executive Director of the European subsidiary of a leading global life insurer. Previously Mr. Gallagher had been Senior Vice President and Managing Director with a major Canadian life insurer both in Ireland and Canada.

Mr. Eamonn Horgan
Corporate Affairs Manager/Secretary to the Authority

Mr. Horgan holds a Master of Science degree, and post graduate qualifications in business and finance and in corporate governance. He held operations and production management positions in private industry before joining the Authority as Corporate Affairs Manager.

Mr. Brendan Lynch
Head of Research/Technical Services

Mr. Lynch is an economist and also a qualified solicitor. He has a Masters degree in Economics and a Diploma in European Law. He has worked as an economic consultant, stockbroker economist and as an economic adviser to the Minister for Finance.

Ms. Corrinna Nolan
Accountant – Appointed 25 April, 2016

Ms. Nolan holds a BA in Accounting and Human Resources and is a member of both Chartered Accountants Ireland and the Insurance Institute of Ireland. Prior to joining the Authority Ms. Nolan worked within the Insurance Supervision Division of the Central Bank of Ireland, and held previous roles in financial services audit.

Mr. Micheal O'Briain
Head of Regulatory Affairs

Mr. O'Briain is a Fellow of the Society of Actuaries in Ireland. He has over 30 years management experience in the life assurance industry. He was Executive Director and Appointed Actuary of an Irish life assurance company prior to joining the Authority.

Mr. Colm Farrell - Accountant – Resigned 17 December, 2015

The offices of The Health Insurance Authority are located at:

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3 Functions of the Authority

The Authority was established by Ministerial Order on 1 February, 2001 under the Health Insurance Act, 1994 and operates in accordance with the provisions of this Act and the Health Insurance (Amendment) Acts (collectively "the Health Insurance Acts"). [1]

The Health Insurance Acts provide for the regulation of the business of private health insurance in Ireland following the enactment of the European Union "Third Non-Life Insurance Directive". This Directive sets out the requirements of the internal market for Member States regarding non-life insurance, including health insurance. This European legislation allows individual Member States to adopt the specific requirements in a manner most appropriate to their particular national legal system and national healthcare system.

The Principal Objective of the Health Insurance Acts is set out in legislation as follows:

"The principal objective of this Act is to ensure that, in the interests of the common good and across the health insurance market, access to health insurance cover is available to consumers of health services with no differentiation made between them (whether effected by risk equalisation credits or stamp duty measures or other measures, or any combination thereof), in particular as regards the costs of health services, based in whole or in part on the health risk status, age or sex of, or frequency of provision of health services to, any such consumers or any class of such consumers, and taking into particular account for the purposes of that objective:

a) the fact that the health needs of consumers of health services increase as they become less healthy, including as they approach and enter old age,

b) the desirability of ensuring, in the interests of societal and intergenerational solidarity, and regardless of the health risk status or age of, or frequency of provision of health services to, any particular generation (or part thereof), that the burden of the costs of health services be shared by insured persons by providing for a cost subsidy between the more healthy and the less healthy, including between the young and the old, and, without prejudice to the generality of that objective, in particular that the less healthy, including the old, have access to health insurance cover by means of risk equalisation credits,

c) the manner in which the health insurance market operates in respect of health insurance contracts, both in relation to individual registered undertakings and across the market, and

d) the importance of discouraging registered undertakings (health insurers) from engaging in practices, or offering health insurance contracts, whether by segmentation of the health insurance market (by whatever means) or otherwise, which have as their object or effect the favouring of the coverage by the undertakings of the health insurance risk of the more healthy, including the young, over the coverage of the health insurance risk of the less healthy, including the old."

Community rating means measures which, whether in whole or in part, apply towards the achievement of the principal objective.

The principal functions of the Authority are as follows:

- To monitor the health insurance market and to advise the Minister (either at his or her request or on its own initiative) on matters relating to health insurance;

- To monitor the operation of the Health Insurance Acts and, where appropriate, to issue enforcement notices to enforce compliance with the Acts;

[1] The Health Insurance Act, 1994 (Establishment Day) Order, 2001 (S.I. No. 40 of 2001).

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

- To take such action as it considers appropriate to increase the awareness of members of the public of their rights as consumers of health insurance and of health insurance services available to them; and

- To maintain "The Register of Health Benefits Undertakings" ("the Register") and "The Register of Health Insurance Contracts".

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

3.1 Regulation

3.1.1 Regulatory Structure of the Market

The Irish private health insurance regulatory system is based on the key principles of community rating, open enrolment, lifetime cover and minimum benefit. It aims to ensure that private health insurance does not cost more for those who need it most. The system is unfunded, meaning that there is no fund built up over the lifetime of an insured person to cover their expected claims cost. Instead, the money contributed by insured people is pooled by each insurer and the cost of claims in any given year taken from the pools.

It is in this context that the concept of community rating must be understood. This means that the level of risk that a particular consumer poses to an insurer does not affect the premium paid. In other words, 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 (the latter two exceptions began on 1 May 2015).

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.

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. Risk equalisation is a common mechanism in countries with community rated health insurance.

3.1.2 Regulatory Developments in 2015

Lifetime Community Rating

The Minister signed a statutory instrument in July 2014 (S.I. No 312 of 2014) that enacted lifetime community loadings from 1 May 2015. The purpose of the change was to encourage people to take out private health insurance at a younger age thereby helping to control premium inflation.

There was a grace period up to 30 April 2015, after which loadings applied. From that date, people aged 35 and upwards taking out health insurance for the first time are charged a late entry loading. The loading is 2% of the gross premium for each year in age that the person exceeds 34 when they first take out private health insurance. Credit is given for previous periods of cover and for periods of unemployment since 2008.

The Authority ran an extensive public information campaign in advance of the 30th April 2015 deadline.
The Authority started collecting lifetime community rating data in 2015. The insurers submit half yearly information on the number of insured lives paying lifetime community rating loadings and the amount of the loadings. A summary of this data is in Appendix G.

Young Adult Premium Rates

The Health Insurance (Amendment) Act 2014 introduced, from 1 May 2015, a sliding scale of premium rates for young adults in the age range 18-25. Where an insurer chooses to apply these discounted rates, the discounted rates must apply for the full range of ages. From 1 May 2015 there is no longer a requirement for a young adult to be a student or a dependant in order to qualify for a discounted premium.

Open Enrolment Regulations

The Minister signed a statutory instrument in March 2015 (S.I. No 79 of 2015) with an effective date of 1 May 2015. This reduced the waiting periods for older ages so that they were the same as those applying for younger ages. The definition of a pre-existing condition was changed to an ailment, illness or condition where the signs or symptoms existed at any time in the period of 6 months prior to the insurance commencing.
The statutory instrument also introduced rights for immediate full cover for adopted children added to an insurance policy within 13 weeks of their date of adoption.

Minimum Benefit Regulations

Statutory instrument No. 96 of 2015 was enacted on 13 March 2015. These regulations clarify the minimum payments relating to prescribed health services provided by a publicly funded hospital under Section 52(1) and Section 55 of the Health Act 1970.

Level of Cover

Under the Health Insurance (Amendment) Act 2012, the Authority determines which types of health insurance contracts are Non-Advanced contracts, to which the lower levels of risk equalisation credits and community rating levies apply. The definition of a Non-Advanced contract requires that the contract provides for not more than 66 % of the full cost for hospital charges in a private hospital or not more than the prescribed minimum payments under the Minimum Benefit Regulations, whichever is greater. If the Authority is satisfied that a type of health insurance contract is Non-Advanced, it specifies this in Regulations and on the Register of Health Insurance Contracts. There were four Regulations promulgated by the Authority during 2015.
On 1 January 2016 there were 42 types of health insurance contracts specified as being Non-Advanced by the Authority. Each of the Open Membership Undertakings (health insurers that must accept all customers who wish to obtain private health insurance (subject to certain limited restrictions as specified in the legislation)) has at least one type of Non-Advanced contract. On 1 January 2016 there were 318 Advanced types of health insurance contracts.

3.1.3 Irish Risk Equalisation Scheme

2013 - 2015 Risk Equalisation Scheme

2013 saw the introduction of a new Risk Equalisation Scheme, replacing the interim system that had been in place since the 2003 Risk Equalisation Scheme was set aside by the Supreme Court in 2008. The 2013 – 2015 Risk Equalisation Scheme was approved by the European Commission as an allowable State Aid that is compatible with internal market rules under the 2012 Services of General Economic Interest Framework.
The Risk Equalisation Scheme provides that Open Membership Undertakings receive higher premiums in respect of insuring older less healthy people, with the higher amount paid by way of risk equalisation premium credits from the Risk Equalisation Fund ("the REF"). In this way, all adults pay the same amount (net of risk equalisation premium credits) for a particular level of cover[2], but insurers receive higher premiums (gross of risk equalisation premium credits) in respect of insuring older people to partly compensate for the higher level of claims. The level of premium credits is set out in Appendix F.
The main elements of the Risk Equalisation Scheme are the following:

- Risk equalisation credits are paid from the REF operated by the Health Insurance Authority.
- Risk equalisation credits payable in respect of premiums vary on the basis of age, gender, and level of cover.
- Risk equalisation credits are also payable in respect of hospital claims. Specifically, a fixed amount is payable from the REF for each 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 Act 1970 for such a stay. This reduces the cost to the insurer of insuring less healthy individuals.

[2] Discounts for young adults and group schemes and lifetime community rating loadings vary the community rated premiums that customers pay within the parameters set by the Health Insurance Acts.

- The cost of the credits is recouped by the REF through a community rating levy which varies between children and adults and between two levels of cover (Advanced and Non-Advanced).

Community rating levy payments are paid by insurers to the Revenue Commissioners who in turn transfer the money to the REF. Risk equalisation credits are paid out of the REF to the insurers by the Health Insurance Authority. Any surpluses or deficits in the REF are carried forward and allowed for in setting future levy amounts.

The Health Insurance Acts set out the process around setting risk equalisation credits:

- Claims data on the insured population and other data included in returns from insurers, are evaluated and analysed by the Authority every six months.

- Twice a year the Authority issues a report to the Minister on its evaluation and analysis of these returns. The second report includes recommendations on the amounts of the risk equalisation credits and the amounts of the community rating levies. The recommendations have regard to the principal objective of the Health Insurance Acts, the aim of avoiding overcompensation, the aim of maintaining the sustainability of the health insurance market and the aim of having fair and open competition.

- If the Minister proposes to change the risk equalisation credits he does so by proposing amendments to the Health Insurance Acts, where the amounts of the credits are specified.

- The Minister may, having regard to the Authority's Report, the principal objective, the aim of avoiding overcompensation, the aim of maintaining the sustainability of the health insurance market and the aim of having fair and open competition, make recommendations to the Minister for Finance on the amounts of the community rating levies, which are provided for in the Stamp Duties Consolidation Acts.

- The amounts of the risk equalisation credits and the community rating levies become law if enacted by the Oireachtas.

Risk Equalisation Rates Applying in 2015

The rates of the risk equalisation credits and the community rating levy that applied to contracts commencing and renewing in 2015 are set out in Appendix F. For contracts written before 1 March 2015, the risk equalisation credits were set so that the projected market claim cost (net of risk equalisation) for all age groups would be less than or equal to 133% of the projected market average claim cost. (Without risk equalisation, the projected claim rate for older age groups would be up to 400% of the market average claim rate).

The community rating levy was set at the amount projected to fund the credits with the levy for Non-Advanced plans equalling 75% of the rate applying for Advanced plans.

From 1 March 2015, the age related credits were set so that the projected market claim cost (net of risk equalisation) for all age groups would be less than or equal to 130% of the projected market average claim cost. The community rating levy was set at the amount projected to fund the credits with the levy for Non-Advanced plans equalling 60% of the rate applying for Advanced plans.

Risk Equalisation Rates applying from 1 March 2016

During 2015, the Authority received information returns for the second half of 2014 and for the first half of 2015 from each of the Open Membership Undertakings. Reports on the evaluations and analyses of these returns, were submitted to the Minister in April and September 2015. The September 2015 Report included the Authority's recommendation on the amounts of the Risk Equalisation Credits and Community Rating Levies for policies commencing from 1 March 2016.

The rates applying from 1 March 2016 were given effect in the Health Insurance (Amendment) Act 2015 and are set out in Appendix F. These credits were set so that the projected market claim cost (net of risk equalisation) for all age groups from ages 65-69 and over would be less than or equal to 130% of the projected market average claim cost.

The community rating levy was set at the amount projected to fund the credits with the levy for Non-Advanced plans equalling 50% of the rate applying for Advanced plans.

Overcompensation Assessment
The Authority is also required to assess whether the Risk Equalisation Scheme overcompensates any insurer.

- Once a year, by 1 May, insurers are required to provide the Authority with profit and loss accounts and balance sheets insofar as they relate to Irish health insurance business;

- The Authority assesses if any insurer has been overcompensated by the risk equalisation scheme, enabling them to earn in excess of a reasonable profit. Reasonable profit is defined as a return on equity not exceeding 12% per annum on a rolling three year basis using approved accounting standards and having regard to the European Union Framework for State Aid in the form of public service compensation. 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 shall 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; and

- If the Authority determines that overcompensation has occurred, it issues a report to the Minister and the insurer concerned stating the amount of the overcompensation. The insurer must then refund the amount of overcompensation to the REF.

The annual assessment in 2015 was in respect of the time period 1 January 2012 to 31 December 2014. One undertaking, Vhi Healthcare, was a net beneficiary in this time period. The Authority determined that Vhi Healthcare had not been overcompensated.

2016 – 2020 Risk Equalisation Scheme
The 2016-2020 Risk Equalisation Scheme has been notified to the European Commission as a State Aid that is compatible with the internal market. It will replace the 2013 – 2015 Risk Equalisation Scheme. In February 2016, following negotiations between Irish and EU officials, the European Commission stated that it was not raising objections to the notified aid Scheme.

The principal differences between the 2016 – 2020 Risk Equalisation Scheme and the 2013 - 2015 Risk Equalisation Scheme are as follows:

- To protect competition, Ireland has committed that the net projected average claims cost for any age group in receipt of age-related credits will not go below 125% of the projected market average net claims cost over the entire period 2016-2020.

- The assessment as to whether the 2016 – 2020 Risk Equalisation Scheme results in overcompensation will be 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. The first such overcompensation test will be carried out in 2019 for the period 2016 – 2018 inclusive.

- The payment of risk equalisation credits in respect of hospital claims is extended to include payments in respect of admissions that do not involve an overnight stay.

- The new Risk Equalisation Scheme, 2016 to 2020, has a duration of five years compared to three years for the last scheme.

3.1.4 The Risk Equalisation Fund

The "REF" was established in 2013 under the Health Insurance (Amendment) Act 2012. Under this Act, the Authority is responsible for administering and maintaining the REF.

The Health Insurance Act 1994 (Risk Equalisation Scheme) Regulations 2013 were introduced in February 2013. These Regulations set out the structures for submitting risk equalisation credit claims and returns by registered undertakings to the Authority and the validation of those claims by the Authority. Interim claims are submitted by the 21st day of the month immediately following the month to which the interim claim relates. 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.

The community rating levy is collected as stamp duty by the Revenue Commissioners from registered undertakings on a quarterly basis. It is due on the 21st day of the second month following the end of each quarter. The quarterly levy amount is then paid by the Revenue Commissioners into the REF's current account. Funds not immediately required in the REF current account are invested in Exchequer Notes. Exchequer Notes are short term debt instruments issued by the National Treasury Management Agency.

The Authority engages internal audit consultants to carry out an annual review of the Authority's procedures for administering the REF. Management accounts are prepared and submitted to the Members of the Authority on a monthly basis.

3.1.5 The Register of Health Benefits Undertakings

The Authority is responsible for the maintenance of "The Register of Health Benefits Undertakings" ("the Register"). Section 14 of the Health Insurance Act 1994, provides that any health insurer carrying on health insurance business in Ireland is required to register with and obtain a certificate from the Authority. Application for renewal of registration is required on an annual basis. Upon registration, a certificate is issued to the health insurer, confirming that the insurer may offer private health insurance in accordance with the terms of its rules and within the relevant legislation.
There are two types of health insurance undertaking in Ireland. Open Membership Undertakings, as previously defined, 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.

3.1.6 The Register of Health Insurance Contracts

The Authority is responsible for maintaining the "Register of Health Insurance Contracts". Section 7AC of the Health Insurance Act 1994 states that the Register shall be in such form and shall contain such particulars relating to any type of health insurance contract on offer in the State as may be specified by the Authority. The contents of the Register are available for inspection on the Authority's website at: http://www.hia.ie/consumer-information/register-of-health-insurance-contracts or at the offices of the Authority.

Product Notification
Registered Undertakings are required to submit samples of each new or revised contract to the Health Insurance Authority not later than 30 days before first offering such a product.
An undertaking will maintain all offers for not less than 60 days on the same terms and conditions and the product has to be for a period of 12 months unless there is good and sufficient reason for a different term.
Insurers submitted more than 1,150 samples (2014: 850) of new/revised contracts to the Authority in 2015. The increase can be attributed to the introduction of Young Adult Rates.

Review of Product Notifications for Compliance
The Authority reviews the details of all product notifications to ensure that they are not contrary to the Health Insurance Acts. Where the Authority has a concern about a contract, it highlights to the insurer the contract features that may be in breach of the legislation and discusses the matter with the insurer. On all such occasions during the year, the insurer addressed the Authority's concerns either by amending the contract or by adequately explaining how the contract complies with legislation.

3.2 Research and Advice

3.2.1 Monitoring the Health Insurance Market

Size of the Market

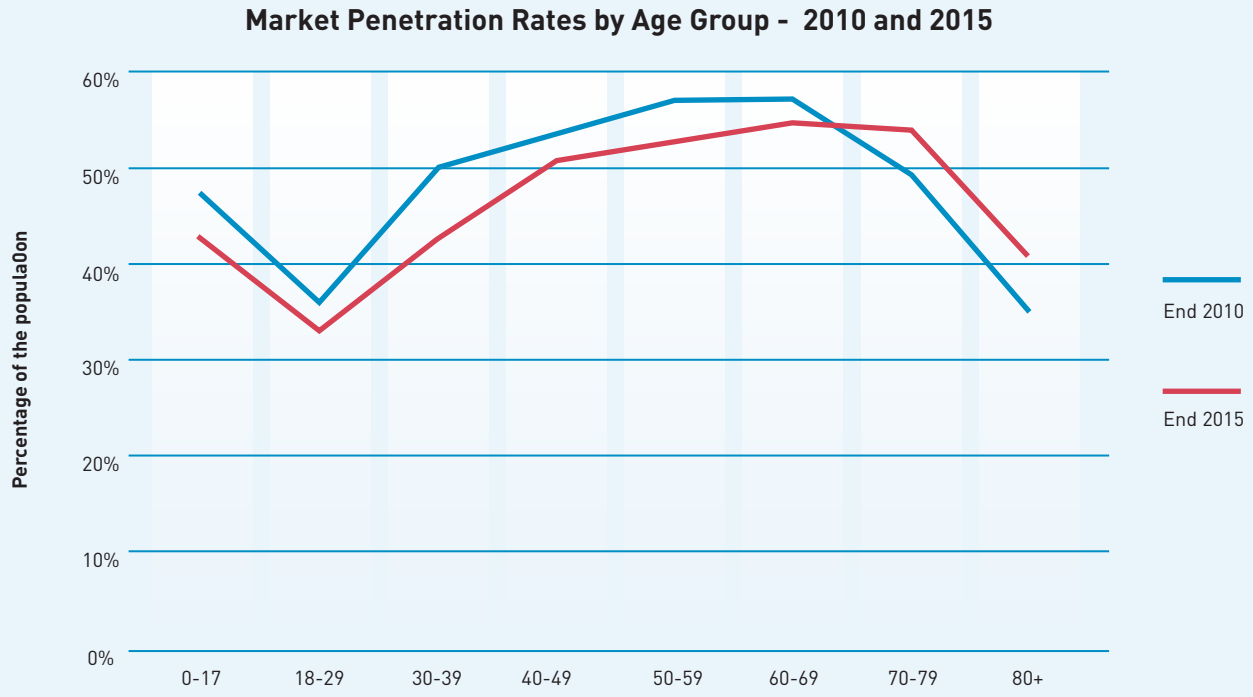
The health insurance market is the largest non-life insurance market in Ireland. Premium income in 2015 was €2.45bn. Of the total, €116m was accounted for by Restricted Membership Undertakings. The rate of growth of premiums per person insured has slowed considerably in the 2013 to 2015 period from the immediate preceding period. Premiums per person actually fell in 2015. The fall was influenced by some people switching to cheaper policies.

The number insured at the end of 2015 in the health insurance market was 2.12m (including children), which represented 46% of the population. The turnaround to a rising market trend in 2015 was due to a belated effect from rising employment in the economy as well as the stimulating effect of the introduction of lifetime community rating (See Appendix A, Table 1).

Since the beginning of 2009, insured numbers had been continuously falling from a previous peak of 2.3m (50.9% of the population) in 2008, due to the deep recession in the 2009 to 2012 period. Numbers insured ceased falling in the third quarter of 2014.

At the end of 2015, the market penetration rate for Open Membership Undertakings is c.44% (46% when Restricted Membership Undertakings and those serving waiting periods are included) compared to 47% at the end of 2010. The following chart shows how market penetration rates vary by age for Open Membership Undertakings and how the rates of penetration have changed in the last 5 years.

It can be seen that the penetration rate fell for all age groups up to age 70 and increased for older age groups. The increase in the penetration rate for older groups reflects the ageing of the insured population.



In 2015, the previous trend of a disproportionate decline in the number of adults under age 40 insured may have been reversed by the combined introduction of lifetime community rating and discounts for young adults. In 2015, numbers insured in the 18 to 39 cohort increased by 5%, as well as an increase of 5% for the total market, whereas in 2014, the 18 to 39 cohort fell by 4% and the total market fell by 1%. Between the end of 2009 and the end of 2014, the number of adults between the ages of 18 and 50 with health insurance fell by 225,000 (-23%) and

this had increased the rate at which the market in total was ageing. (Lifetime community rating and young adult discounts are summarised in paragraph 3.1.2 of this Report).

As at year end 2015, there were four Open Membership Undertakings operating in the market. In December 2015, Vhi Healthcare's market share was 51%, having been 95% in the mid 1990s before the market was opened to competition. Laya Healthcare had a 26% market share, Aviva Health had 14% and GloHealth a 5% share. Restricted Membership Undertakings have a combined 4% market share (See Appendix A, Table 3). Market shares vary significantly by the ages of the insured as set out in Appendix C. For instance, at the end of 2015, Vhi Healthcare insured 69% (72% at end 2014) of those aged 70-79 with insurance. However, the high proportions of the oldest age cohorts insured by Vhi were gradually declining.

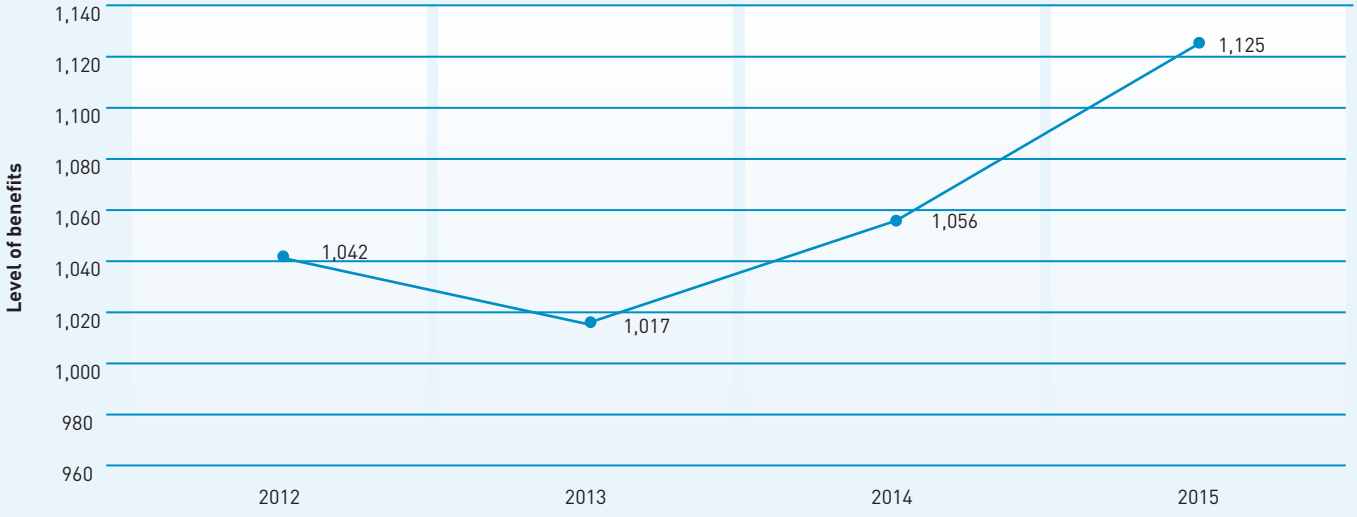
Cost of Health Insurance and Healthcare Claims Costs

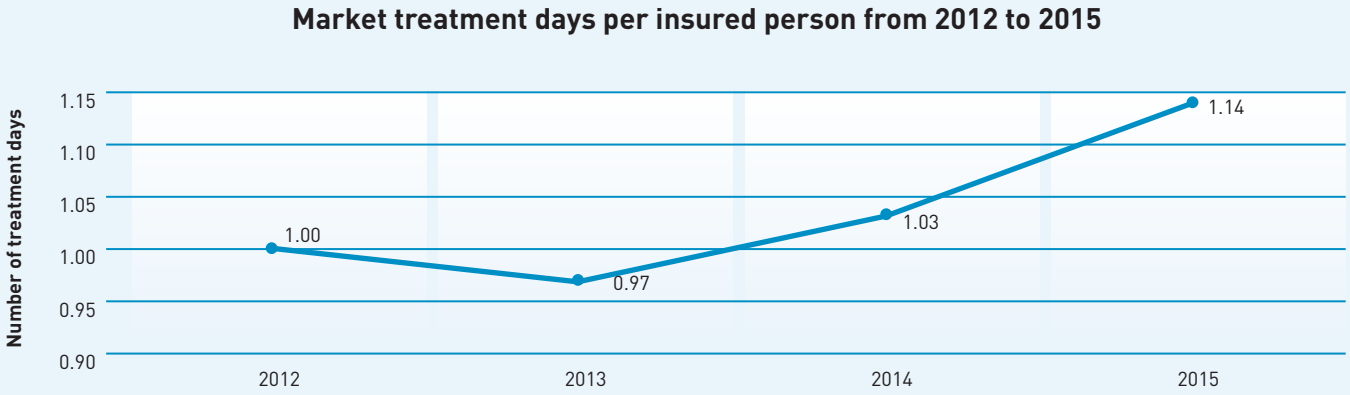
The average health insurance premium for in-patient cover paid in 2015 was €1,173 (for contracts within the scope of the Risk Equalisation Scheme), which represented a 2% decrease on the average premium paid in 2014 (€1,200). This is the first time that the average premium fell since the Authority's records began in 2001. The average premium had increased by 4% in 2014 and 10% in 2013. These figures are based on gross premium levels but child premiums and young adult discounts have a lowering effect on the average figure. The net premiums that consumers are billed for by insurers are reduced by income tax relief, which is 20% of the gross premium up to a maximum of €200 and which the insurers receive directly from the Revenue Commissioners.

The average of the claims paid per insured person increased by 6.5% in 2015, following a 3% increase in 2014. These increases were probably higher because of the change in rules for charging private patients in public hospitals in January 2014, which is described below. Nevertheless, the rate of increase is still lower than the 12.6% average between 2008 and 2012. During 2014 and 2015, both overall consumer price inflation and health sector inflation were close to zero. Restraining the growth in insurance claims is critical to the sustainability of the voluntary health insurance market, especially when considered in the context of acknowledged long-term drivers of healthcare costs, viz; lower tolerance of people towards ill-health, new medical and surgical interventions and population ageing.

The following charts show how the rates of claims paid and treatment days per insured person have changed between 2012 and 2015 inclusive. Children are given a weighting of 1/3rd in these calculations to reflect the lower premium paid. (The claims figures are based on a technical definition in the Information Returns Regulations of "returned benefits". For claims figures quoted before 2012, a less comprehensive technical definition of "prescribed benefits" is used).

Market returned benefits per insured person from 2012 to 2015





Changes to Charging Rates for Public Hospitals

From the beginning of 2014, new charges for private accommodation in public hospitals applied as set out in the Health (Amendment) Act, 2013. While some charges were lower than before, the biggest change was that anyone that decided to waive their right to be treated publicly (and thus be a private patient) would be liable to a minimum daily charge of €813 for each night in most acute public hospitals, irrespective of the designation of the bed that they occupied (€1000 for a single room and €407 for a daycase). The effect of this change on claims appears to have occurred with a time lag with more of the increasing effect on claims occurring in 2015.

Product Developments

The number of products being marketed continued to grow marginally in 2015 with 360 products being marketed at end 2015 (355 at end 2014). Features of the market include:

- The market continues to age primarily due to only 33% of the population aged 18-29 holding private health insurance with an Open Membership Undertaking compared to 43% coverage across all ages and 52% coverage across ages 60-74.
- 10% of in force contracts at end 2015 are subject to the lower Non-Advanced rate of stamp duty (6% at end 2014).
- At the end of 2015, 7% of the insured population had policies that did not cover all public hospitals (4% at end 2014).
- The market is heavily segmented by age with Vhi Healthcare insuring 53% of the market by lives but 83% of the insured population aged 80 and above. Its market share of premium income is 61% and it is 67% of claims paid. By contrast, the other insurers have their highest market shares by lives in the younger age groups.
- The combined effect of targeted product features (e.g. older ages are likely to have a greater requirement for full orthopaedic cover) and the difference in premiums for different products means that those over the age of 60 pay, on average, premiums that are 31% higher (33% higher in 2014) than the premiums paid by those under the age of 60 for the most popular levels of cover.

3.2.2 Commissioned Research on the Health Insurance Market

The Authority commissions consumer research on the health insurance market every two years. Its latest round of opinion research was carried out in late 2015 by Millward Brown and published in spring 2016 and available for inspection on the Authority's website at: http://www.hia.ie/publication/consumer-surveys/2016. The series of research reports provides valuable information on the health insurance market, including trends over time. The main reasons cited for having health insurance concern the cost of medical treatment, along with the perceived standard of, and perceived lack of access to, public services. Another reason for having health

insurance that was given by 17% of those surveyed is that they were offered insurance in a work-based group scheme.

After falling back in 2013, satisfaction with all aspects of health insurance improved in 2015. 56% of the survey gave a rating of at least eight out of ten to their current health insurer. There was a sharp decrease in the proportion who feel that premium increases are inappropriate.

Nearly one in four in the survey have switched health insurer at some time with a quarter of those having switched more than once. The main reason for switching is cost saving (65%).

Not surprisingly with voluntary insurance, 62% of those with health insurance are in the ABC1 socio-demographic category compared to 41% of the population generally. 70% of adults with health insurance are married compared to 50% of the adult population.

The survey was conducted face to face with a nationally represented sample of 1,832. Quotas were set around gender, social class and region.

3.2.3 Other commissioned research

In cooperation with the Department of Health, the Authority commissioned a number of research notes from its financial and economic advisers on methodologies for assessing overcompensation with regard to the Risk Equalisation Scheme (RES) in the context of European Union State Aid law and Services of General Economic Interest. Ultimately, some of this research was used by the Department and the European Commission for establishing an overcompensation benchmark in Ireland's notification to the European Commission of the new RES for 2016 to 2020. (The European Commission decided not to raise objections to RES 2016 to 2020.)
The Authority also continues to advise the Department separately on the RES.

3.2.4 Universal Health Insurance (UHI)

In response to a request from the Minister, the Authority participated in a project to cost "baskets of services" in relation to the proposed Universal Health Insurance (UHI) system. The Authority procured a report from its actuarial advisers in relation to this work.
A draft of the report was presented to the Minister in May 2015 and a final version given to the Department in September 2015. Among a range of results in the report, an adult premium in UHI was costed at between €2,228 and €3,232 per annum, depending on the "basket of services" that would be a mandatory standard in UHI.

The Minister made a statement in November 2015, in which he said, inter alia, that high costs for the particular model of health insurance that was proposed were not acceptable either now or any time in the future. He said that he did not believe that a new funding model for healthcare could be implemented in the term of the next Government as reforms that he considers a necessary precondition will take at least five years to complete, in particular the increases in capacity and staffing. He also reiterated that the Government remains committed to effective universal healthcare, which he defined as access to affordable, effective quality care for everyone in a timely way.

The Programme for Government (February 2011 to February 2016) provided for the introduction of a system of UHI. The Minister published a preliminary paper on UHI in 2012 and a White Paper in 2014.
The White Paper envisaged an expanded role for the Authority in the proposed UHI system. In addition to the Authority's existing roles, including further development of the Risk Equalisation system, the White Paper proposed that the Authority would have substantial functions in relation to standard UHI policy terms and conditions including the standard UHI plan and would be responsible for recommending an "efficient market rate" above which the State would not pay financial support.

3.3 Consumer Interest

The Authority's functions include taking "such action as it considers appropriate to increase the awareness of members of the public of their rights as consumers of health insurance and of health insurance services available to them" as well as monitoring and, where necessary, ensuring compliance with the Health Insurance Acts.

3.3.1 Consumer Queries and Complaints

One of the functions of the Authority as provided for in the Health Insurance Acts is "to take such action as it considers appropriate to increase the awareness of members of the public of their rights as consumers of health insurance and of health insurance services available to them".
Within this remit, the Authority aims to increase consumer awareness of their rights and assist them in understanding health insurance products. The Authority also monitors the provision of information to consumers by insurers as well as monitoring compliance with the Health Insurance Acts.

Consumer Information

The Authority assists consumers by answering queries regarding health insurance and by assisting them in resolving disputes with insurers. In 2015 the volume of queries and complaints received by the Authority decreased by 11% to 7,083 contacts (2014: 7991). The level of queries in January 2015 was significantly lower than in January 2014, with 972 calls logged in January 2015 in comparison to 2182 calls being logged in January 2014 due to significant price increases. Topics that were most frequently raised with the Authority were:

- Requests for comparisons between health insurance products;
- Cancellation policies of insurers;
- Rights in relation to switching insurers;
- General queries regarding health insurance products and waiting periods;
- The cost of private health insurance;
- Service standards of insurers; and
- Requests for the Authority's information publications.

During 2015, the Authority intervened successfully on behalf of consumers in relation to issues arising with respect to their health insurance. Two examples of cases addressed by the Authority are set out below.

Case Study 1

A consumer contacted the Authority to query the application of waiting periods. The consumer had served one year of her pre-existing condition waiting period and her insurer advised her that when her plan renews the consumer will move to the new set of waiting periods which were introduced in May but will have a five year waiting period from her renewal date. The insurer did not take into account the one year the consumer has already served.

The Authority contacted the consumer's insurer to query this issue. The insurer acknowledged that a mistake had been made when calculating the consumers waiting periods. Upon reviewing the query the insurer confirmed that the period of continuous cover should be accounted for and the correct waiting period was four years.
The insurer undertook to communicate to all contact teams to clarify the waiting period open enrolment regulations and to contact the consumer to apologise and confirm the correct waiting periods. The customer was satisfied with the outcome.

Case Study 2
A consumer contacted the Authority with a complaint regarding his insurer's service standards. The consumer had contacted his insurer on numerous occasions requesting a premium breakdown between his weekly payments, his employer's contribution and his total annual payment.

The consumer had been given two different answers regarding this premium breakdown on separate calls with the insurer. The insurer in question had agreed to email the consumer with the premium breakdown, the day prior to the consumer's call to the Authority.

The Authority contacted the consumer's insurer to query this issue. The insurer acknowledged that a mistake had been made when the consumer contacted them to request the breakdown. The insurer undertook to contact the customer to apologise for the poor service, to provide him with the correct breakdown and to retrain staff. The customer was satisfied with the outcome.

3.3.2 Website

The Authority maintains a website, which provides information to consumers in line with the consumer information functions allocated to the Authority in the Health Insurance (Miscellaneous Provisions) Act, 2009. The website includes a plan comparison facility, which allows consumers to choose the most appropriate plans for their circumstances and compare benefits and prices of plans side by side. This comparison facility provides consumers with access to details of every plan on the market and is the only resource where this information is available.

The website received over 428,000 visitors in 2015, significantly lower than 2014. The number of visitors to the website in January 2015 was 45,000 in comparison to 115,000 in January 2014 where there was significant price increases across a range of products. Our Facebook and Twitter pages continued to gain additional followers during this year.

The Authority launched a redevelopment of the website in June 2015, which allows users to compare plans with greater ease. New features include an excess slider which will allow the consumer to choose plans with an excess that suits their needs, sliders for displaying various young adult and child ages and a facility to refine a search by removing plans with restricted hospital lists.
The new functionality has proven to be very popular with our website users.

4 Corporate Affairs

4.1 Strategy

During 2015 the Authority developed a strategic plan for the three-year period 2016 to 2018 setting out the Mission, Core Values, Vision, Goals and Strategic Objectives. The Authority looks forward with confidence that it can continue to strengthen its role and services in line with its statutory remit, through the application of forward planning and continuous improvement. The Authority takes pride in what has been achieved since its establishment in February 2001, under the Health Insurance Act 1994. It sees the next strategy and planning cycle being concerned with consolidating earlier achievements, ongoing improvement in the execution of its role, while being adaptive to changes in the private health insurance market and to its remit, as required.

The plan was developed by way of:

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

The Authority has specifically identified its legal responsibility for monitoring and enforcing compliance with the Health Insurance Acts and for providing consumers with information on their options and rights as one of its primary functions, and the Authority plans a further strengthening of these primary functions by assigning dedicated strategic goals for the next three years. The Plan is available in on the Authority's website at www.hia.ie

The following statements incorporate the core purpose and strategic focus of the HIA for the ensuing three years.

The Vision of the Authority
"To be recognised as an effective independent regulator of, and an authoritative source of information and advice on, the Irish health insurance market."

The Mission of the Authority
The mission of the Authority is:
"To benefit the common good by supporting community rating, open enrolment and lifetime cover in a competitive voluntary health insurance market."

The Values of the Authority
The Authority has adopted the following values to apply in its activities:

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

The Authority acknowledges the importance of and is guided by its Vision, Mission and Values in maintaining high standards and quality provision of service.

4.2 Corporate Governance

Corporate Governance Code of Practice

The Code of Practice for the Governance of The Health Insurance Authority is based on the updated "Code of Practice for the Governance of State Bodies" issued by the Department of Finance in May 2009.

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.

Annual Report and Accounts

The Annual Accounts for 2015 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 5 of this Annual Report and Accounts.

Internal Audit

The Authority's Audit Committee met four times in 2015. The Audit Committee Members were Mr. P. Turpin (Chairman), Mr. D. Curtin and Ms. S. Malin. The Audit Committee agreed a programme of internal audits and during 2015 the Committee directed that a number of audits be conducted on its behalf by BDO, the Authority's appointed internal auditors. The internal auditors conducted separate audits on the internal financial controls for the Health Insurance Authority and the Risk Equalisation Fund. Reports were submitted to the Audit Committee and the Authority. The Audit Committee 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 Audit Committee.

The Audit Committee oversaw the annual financial statements and accounting policy, risk management, internal controls and value for money issues.

Official Languages

The Authority is compliant with the Official Languages legislation and maintains contact with the Department of Arts, Heritage and the Gaeltacht in this regard.
During 2015, the Authority began preparing its first Irish Language Scheme under Section 11 of the Official Languages Act 2003. Section 11 provides for the preparation by public bodies of a statutory scheme detailing the services they will provide

- through the medium of Irish;
- through the medium of English; and
- through the medium of Irish and English.

The Scheme has been developed by the Authority having regard to the Guidelines prepared under Section 12 of the Official Languages Act 2003 by the Department of Arts, Heritage & the Gaeltacht. On approval by the Minister for the Department of Arts, Heritage and the Gaeltacht, the Scheme will set 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, on approval, will be available on the Authority's website at www.hia.ie

Freedom of Information and Parliamentary Questions

The Authority continues to meet its obligations in relation to responding to Freedom of Information requests and parliamentary questions. The Authority came within the scope of the Freedom of Information Act with the passage of the Freedom of Information Act 1997 (Prescribed Bodies) Regulations 2006, effective from 31 May 2006. The Authority remains within the scope of Freedom of Information legislation following the enactment of the Freedom of Information Act 2014.

In addition to processing requests made under the Freedom of Information Act 2014 as they are received, the Authority published two booklets, "A Guide to the Functions of and Records Held by the Authority" and "A Guide

to the Rules, Procedures, and Practices of the Authority", which together guide applicants through the Freedom of Information process.

The guides are compiled in accordance with the Freedom of Information Acts and are published on the Authority's website. A new Freedom of Information Act 2014 was signed into law on 14 October 2014 and gave effect to significant changes to the operation of Freedom of Information requests. The Authority has updated its policies and procedures in accordance with the new legislation.

In compliance with Section 8 of the Freedom of Information Act 2014, the Authority prepared and published a Publication Scheme having regard to the principles of openness, transparency, and accountability. The Publication Scheme allows for the publication or giving of records in an open and accessible manner on a routine basis outside of Freedom of Information provided that such publication or giving of access is not prohibited by law. The Scheme commits the Authority to making information available as part of its normal business activities in accordance with the Scheme.

The Authority received four Freedom of Information requests during 2015 and provided information in respect of 15 parliamentary questions.

Communications Strategy

The Authority operates a policy of openness, consultation and discussion with relevant interested parties. The Authority welcomes communication with consumers, stakeholders and other interested parties in the provision of a regulatory service and in the performance of its functions.

Energy Consumption

The public sector has been set a target by the Government of a 33% energy efficiency savings by 2020, equal to 3,240 GWh. This represents 10% of the energy saving required by 2020 for the entire economy (a national target of 20% saving has been set for the economy as a whole). To achieve the targeted saving the National Energy Efficiency Action Plan (NEEAP) was developed which along with the European Communities (Energy End-Use Efficiency and Energy Services) Regulations 2009 mandated the following obligations and targets;

- All public sector bodies from 1 January 2011 shall include in annual reports, a statement describing the actions it is taking to improve its energy efficiency and an assessment of its progress towards the 33% target;
- Put energy efficiency programmes in place for Government Departments, State Agencies, Local Authorities, the Health Service and all other areas of the public sector;
- Implement energy-efficient procurement practices; and
- All public sector buildings over 1,000m^2 must have a Display Energy Certificate on show to demonstrate actual energy use and the Building Energy Rating.

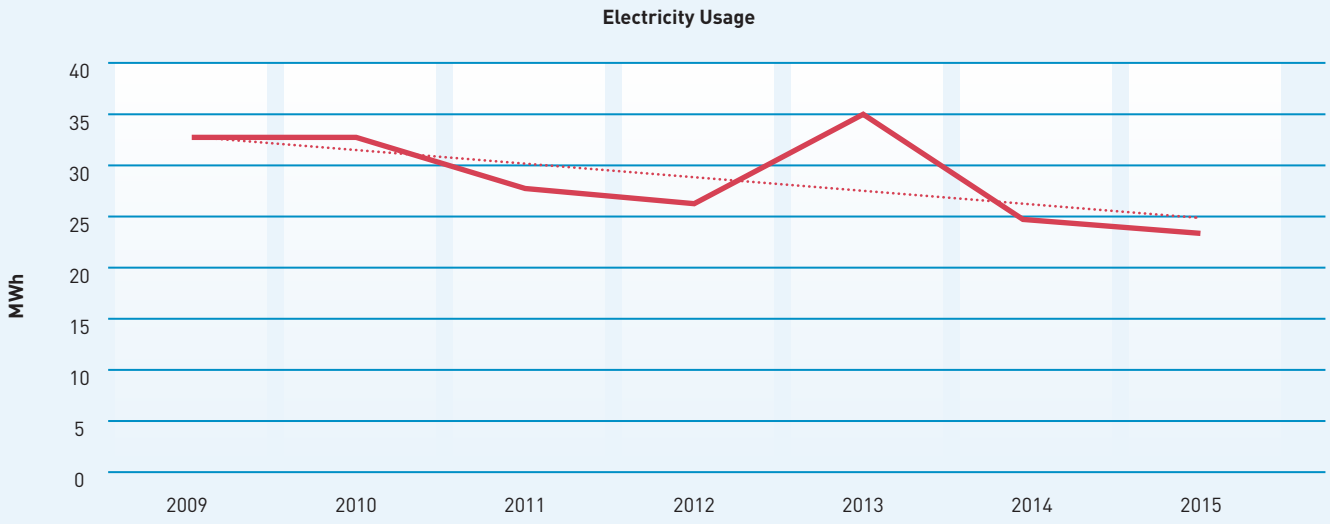
The Authority has one office which is located in Canal House. The offices are situated on one floor of a multi occupancy office building owned by the Construction Workers Pension Scheme Trustees Limited. The floor area leased does not exceed 1,000m^2 where a Display Energy Certificate is required.

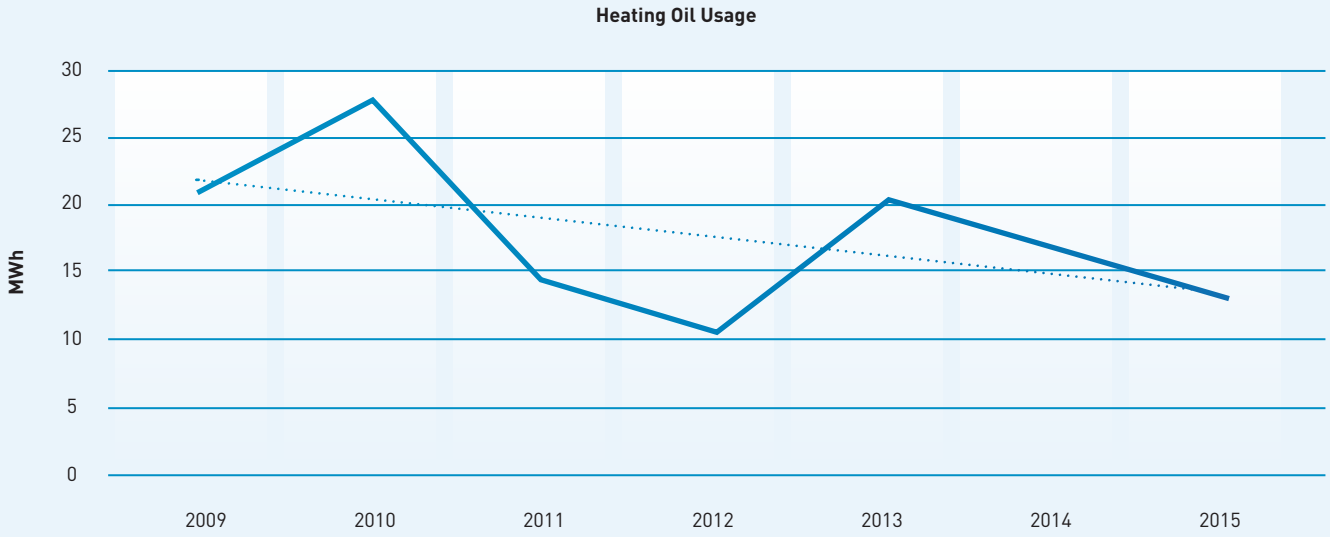
The Authority reports on its energy performance to the Sustainable Energy Authority of Ireland under SI No 542/2009 – European Communities (Energy End Use Efficiency and Energy Services) Regulations 2009. The report on the energy consumption is based on the proportion of Authority staff within the whole building. This approach has been taken as some floors within the building were unoccupied during the reporting period.

In 2015, the Authority consumed 40MWh of energy, consisting of:

- 23MWh of electricity and
- 17MWh of fossil fuels (heating)

Graphs 1 and 2 show the reported historical usage of electricity and heating fuel oil respectively with trendlines.





Energy Efficiency Programme Actions Undertaken in 2015

- Heating managed in line with current weather conditions;
- Information Technology and other equipment replaced with more energy efficient equipment as required;
- The promotion of increased use of digital correspondence; and
- The continued promotion of responsible energy usage.

Energy Efficiency Programme Actions Planned for 2016

- Procuring energy efficient multi-functional devices when replacing equipment;
- To work with Construction Workers Pension Scheme Trustees Ltd and its agents on energy usage reduction measures;
- The promotion of increased use of digital correspondence; and
- The continued promotion of responsible energy usage.

The Authority is currently on target to meet the target of 33% energy efficiency saving by 2020.

4.3 Resources

Staff

The Authority employs eleven members of staff.

Funding

The operations of the Authority are funded by a levy on registered undertakings in accordance with Section 17 of the Health Insurance Act, 1994. The 2010 Levy Regulations[3] set the rate to be paid by registered undertakings at 0.12% of premium income of registered undertakings. Statutory Instrument 528/2014, Health Insurance Act 1994 (Section 17) Levy Regulations 2014 further amended the income levy setting the rate at 0.01% for 2015 and 2016 and at 0.09% from 2017. The levy is payable to the Authority on a quarterly basis. Registered undertakings are also obliged to submit details of the numbers of insured persons and the premium income. These statistics are summarised in Appendix A. The Register of Health Benefits Undertakings as at 31 December 2015 is set out in Appendix D.

[3] The Health Insurance Act, 1994 (Section 17) Levy (Amendment) Regulations, 2010 (S.I. No. 539 of 2010).

5 Report and Accounts 2015

5.1 The Health Insurance Authority Report and Financial Statements for the year 1 January 2015 to 31 December 2015

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 2015.

The Health Insurance Authority
("the Authority")
Report and Financial Statements

Contents

Authority Information

Members of the Authority

Jim Joyce (Chairman)	Term ended 31 January, 2016
Dónall Curtin	Term ended 31 January, 2016
Paul Turpin	Term ended 31 January, 2016
Professor Anthony Staines	Term ended 31 January, 2016
Sheelagh Malin (Chairman Designate)	Appointed 6 May, 2010 Reappointed 1 February, 2016
Ian Britchfield	Appointed 20 June, 2016
Sean Coyle	Appointed 1 February, 2016
Dr Fiona Kiernan	Appointed 1 February, 2016
James A McNamara	Appointed 1 February, 2016

Chief Executive/Registrar

Don Gallagher

Secretary

Eamonn Horgan

Bankers

AIB plc.
40/41 Westmoreland Street
Dublin 2

Permanent TSB
56/59 St Stephen's Green
Dublin 2

RaboDirect
Charlemont Place
Dublin 2

Auditors

Comptroller and Auditor General
3A Mayor Street Upper
Dublin 1

Offices

Canal House
Canal Road
Dublin 6

Report of the Comptroller and Auditor General

The Health Insurance Authority

I have audited the financial statements of The Health Insurance Authority for the year ended 31 December 2015 under the Health Insurance Act 1994 (as amended). The financial statements comprise the statement of income and expenditure and retained revenue reserves, the statement of comprehensive income, the statement of financial position, the statement of cash flows and the related notes. The financial statements have been prepared in the form prescribed under Section 32 of the Act, and in accordance with generally accepted accounting practice.

Responsibilities of the Authority

The Authority is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and to report on them in accordance with applicable law. My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.
My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to the Authority's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.
In addition, I read the Authority's annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the financial statements

In my opinion, the financial statements:

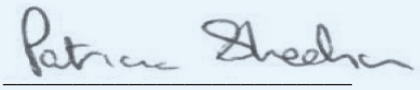
- give a true and fair view of the assets, liabilities and financial position of the Authority's as at 31 December 2015 and of its income and expenditure for 2015; and
- have been properly prepared in accordance with generally accepted accounting practice.

In my opinion, the accounting records of the Authority were sufficient to permit the financial statements to be readily and properly audited. The financial statements are in agreement with the accounting records.
Matters on which I report by exception

I report by exception if I have not received all the information and explanations I required for my audit, or if I find

- any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the information given in the Authority]'s annual report is not consistent with the related financial statements or with the knowledge acquired by me in the course of performing the audit, or
- the statement on internal financial control does not reflect the Authority]'s compliance with the Code of Practice for the Governance of State Bodies, or
- there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.



Patricia Sheehan
For and on behalf of the Comptroller and Auditor General
24 June 2016

Statement on Internal Financial Control

The Chairman and Members of the Authority acknowledge that the board of the Authority is responsible for The Health Insurance Authority's system of internal financial control.

The Chairman and Members of the Authority also acknowledge that such a system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded and any material errors or irregularities are either prevented or would be detected in a timely manner.

The Chairman and Members of the Authority have set out the following key procedures designed to provide effective internal financial control within the Authority: -

As provided for in Section 26(5) of the Health Insurance Act, 1994 (as amended), the Chief Executive/Registrar ("the CE") is responsible for carrying on and managing and controlling generally the administration and business of the Authority and shall perform such other functions as may be determined by the Authority. The Members of the Authority have agreed that the CE and staff are responsible for operational matters. The CE reports to the Members at their meetings which are usually held on a monthly basis.

A formal process for the identification, evaluation, mitigation and management of business risk has been undertaken and includes:

- The identification and nature of risks;
- The likelihood of occurrence;
- The financial or other implications;
- Mitigating factors;
- Measures to manage the identified risks; and
- Monitoring and reporting on the process.

The Members of the Authority have adopted a Code of Practice for the Governance of The Health Insurance Authority based on the Department of Finance Code of Practice for Governance of State Bodies as updated in 2009. The Members of the Authority have adopted rules in relation to the procedure and business of the Authority meetings.

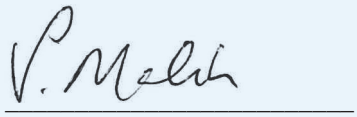
The Authority implements a set of financial procedures setting out the financial instructions, notes of procedures and delegation practices. The Audit Committee oversees the annual financial statements and statements of accounting policy, risk management, internal controls (including internal and external audit) and value for money issues. The Audit Committee met to review the financial matters relating to the year 2015. Consultants have been engaged in key areas where such services were deemed appropriate including accountants and internal audit consultants.

The Authority has in place a computer software system incorporating an accounting package and a payroll package to facilitate the internal financial controls of the Authority.

Due to the size of the organisation and the number of staff employed, the Authority engaged an external accounting firm to prepare and monitor the financial statements for the Authority and to perform a monthly financial reporting mechanism on the management of the accounts generally, including budgets.

We confirm that a review of the effectiveness of the system of internal financial controls was carried out in respect of 2015.

Signed on behalf of the Members of the Authority



Sheelagh Malin
Acting Chairman
The Health Insurance Authority

16 June 2016
Date

The Health Insurance Authority

Statement of Responsibilities of the Authority

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

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

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

Sheelagh Malin
Acting Chairman

Sean Coyle
Member

16 June 2016
Date

Statement of Income and Expenditure and Retained Revenue Reserves

for the year ended 31 December, 2015

	Notes	**12 months ended 31 December 2015**	**12 months ended 31 December 2014 Restated**
		€	€
Income	2	381,493	2,963,172
Administration Costs	3	(2,340,037)	(1,434,927)
Excess of (expenditure over income) / income over expenditure		**(1,958,544)**	**1,528,245**
Interest Receivable		51,608	86,724
(Deficit) / Surplus for the year		**(1,906,936)**	**1,614,969**
Retained revenue reserves at beginning of year		11,732,584	10,117,615
Retained revenue reserves at end of year		**9,825,648**	**11,732,584**

There are no recognised gains or losses, other than those dealt with in the Statement of Income and Expenditure and Retained Revenue Reserves.

Sheelagh Malin
Acting Chairman

Sean Coyle
Member

16 June 2016
Date

Notes 1 to 16 form part of these Financial Statements.

Statement of Financial Position as
at 31 December 2015

	Notes	2015 €	2014 Restated €
Fixed assets			
Tangible assets	6	84,338	92,324
Current assets			
Cash and cash equivalents		11,343,106	12,400,137
Prepayments and other recievables	7	285,902	947,535
		11,629,008	13,347,672
Current Liabilities (amounts falling due within one year)			
Payables and accruals	8	(1,887,698)	(1,707,412)
Net current assets		**9,741,310**	**11,640,260**
Total assets less current liabilities		9,825,648	11,732,584
Net assets		**9,825,648**	**11,732,584**
Represented by			
Retained revenue reserves	11	9,825,648	11,732,584
		9,825,648	**11,732,584**

Sheelagh Malin
Acting Chairman

Sean Coyle
Member

16 June 2016
Date

Notes 1 to 16 form part of these Financial Statements.

Statement of Cash Flows

or the year ended 31 December, 2015

	Notes	**2015**	**2014 Restated**
		€	€
Net cash flows from operating activities			
Operating (deficit) / surplus for year		(1,906,936)	1,614,969
Bank interest receivable		(51,608)	(86,724)
Depreciation	6	42,928	28,559
(Increase) / decrease in receivables	7	668,478	(38,662)
Increase / (decrease) in payables	8	180,286	116,136
Net cash flows from operating activities		**(1,066,852)**	**1,634,278**
Cashflow from investing activities			
Payments to acquire tangible fixed assets	6	(34,941)	(47,210)
Net cash flows from investing activities		**(34,941)**	**(47,201)**
		(1,101,793)	**1,587,068**
Cashflow from financing activities			
Interest received		44,762	91,075
Net cash flows from financing activities		**(1,057,031)**	**1,678,143**
Net increase/(decrease) in cash and cash equivalents		**(1,057,031)**	**1,678,143**
Cash and cash equivalents at 1 January		12,400,137	10,721,994
Cash and cash equivalents at 31 December		11,343,106	12,400,137

Sheelagh Malin
Acting Chairman

Sean Coyle
Member

16 June 2016
Date

Notes 1 to 16 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. The Authority adopted FRS 102, "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" ("FRS 102"), for the first time in the current year and an explanation of how transition to FRS 102 has affected the reported financial position and performance is given in **Note 12**.

Basis of Preparation

The financial statements have been prepared in compliance with 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 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 (other than those involving estimates) 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 year. 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 33Ð% for computer equipment 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 year.

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

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, protecting, administering and applying 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 15 of the financial statements. Separate financial statements are prepared by the Authority on an annual basis.

Superannuation

In accordance with Section 28 of the Health Insurance Act, 1994 (as amended), 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 Health Insurance Authority Employee Superannuation Scheme 2014 (S.I. No. 318 of 2014) was signed 3 July 2014. The Authority has drafted a Spouses and Children's scheme based on the Public Service Model and approval by the Minister for Health and Minister for Public Expenditure and Reform is awaited. 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. For the purposes of FRS 102, the Authority considers the scheme to be equivalent to a defined contribution scheme, from its point of view, and it has accounted for it accordingly. Subject to finalisation of the arrangements with the Department, the Authority does not consider it is probable that the Authority will be required to transfer resources embodying economic benefits (other than for normal employer contributions) for benefits payable to members. Actuarial risk and investment risk are not expected to arise for the Authority.

As a result the accounting policy with regard to pensions is to treat them as a defined contribution plan in accordance with section 28.13 of FRS 102. 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 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 (as amended) 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. The Health Insurance Act, 1994 (Section 17) Levy Regulations, 2001 set the rate for the income levy at 0.14% of the assessable amount paid to all commercial and restricted undertakings in Ireland. The rate was subsequently reduced to 0.12% by the Health Insurance Act 1994 (Section 17) Levy (Amendment) Regulations 2010. Statutory Instrument 528/2014, Health Insurance Act 1994 (Section 17) Levy Regulations 2014 further amended the income levy setting the rate at 0.01% for 2015 and 2016 and at 0.09% from 2017.

	2015 €	2014 Restated €
Income Levy	235,404	2,805,955
Recharged Risk Equalisation Fund costs **(Note 15)**	146,089	157,187
Freedom of information	-	30
	381,493	**2,963,172**

3. Administration Costs

	2015 €	2014 Restated €
Salaries, pension cost and other staff costs **(Note 4)**	760,046	762,509
Training costs	25,863	13,454
Directors Fees **(Note 4)**	20,948	20,948
Recruitment	9,040	16,943
Rent, Service Charges and Maintenance	79,883	94,921
Consultancy **(Note 5)**	455,653	360,466
Insurance	18,979	20,898
Computer and Stationery Costs	28,952	38,028
Other Administration Costs	36,787	35,557
Consumer Information	851,758	34,264
Audit	9,200	8,380
Depreciation	42,928	28,559
	2,340,037	**1,434,927**

[4] Other Administration Costs include €1,095 (2014: €1,328) in relation to staff and board related events.

[5] Expenditure on consumer information increased in 2015 due to a public information campaign conducted by the HIA in the run up to the introduction of lifetime community rating at a cost of €815,715.

Administration expenses of €146,089 (2014: €157,187) in respect of the Risk Equalisation Fund are recouped from the Fund and treated as income (see **note 15**).
The amount expended on foreign travel in the year was nil (2014: nil).

4. Directors Fees and Chief Executive/Registrar Remuneration

Fees payable to individual board members for 2015 were Jim Joyce (Chairman) €8,978 (2014: €8,978), Dónall Curtin €5,985 (2014: €5,985), Sheelagh Malin €5,985 (2014: €5,985), Paul Turpin €0 (2014: €0), Prof Anthony Staines €0 (2014: €0). No expenses were paid to board members.

The Chief Executive/Registrar (the 'CE/R') Don Gallagher's salary for 2015 was €85,127 (2014: €2,330 – appointed 7 December 2014). The CE/R received travel and subsistence of €416 (2014: €0). The CE/R's pension entitlements are in line with standard entitlements in the model public sector defined benefit superannuation scheme. The CE/R did not receive any perquisites or benefits in 2015.

The number of staff employed by the Authority at 31 December 2015 was 10 (2014: 10 or 9.6 WTE). The Authority reports 11 staff under the employment control framework.

5. Consultancy Costs

	2015 €	2014 Restated €
Accountancy	58,417	41,060
Actuarial Services	125,995	142,145
Legal Services	22,909	23,609
Communications	48,178	44,280
Research	43,081	24,418
Superannuation	1,740	1,220
Translation Services	2,186	2,662
Economic consultancy	153,147	81,072
	455,653	**360,466**

[6] Increased economic consultancy expenditure between 2014 and 2015 arose mainly form additional work in respect of the approval process for the 2016 Risk Equalisation Scheme.

6. Tangible Fixed Assets

	Computer Equipment	Office Fitting Furniture & Equipment	Website Development	Office Fit Out	Total
	€	€	€	€	€
Cost					
At 31 December 2014	58,903	328,354	87,888	51,383	526,528
Additions during year	19,957	547	14,437	-	34,941
Disposals during year	(9,804)	-	-	-	(9,804)
At 31 December 2015	69,056	328,901	102,325	51,383	551,665
Depreciation					
At 31 December 2014	45,768	322,058	54,126	12,251	434,203
Charge for year	12,161	1,985	18,505	10,277	42,928
Depreciation on disposals	(9,804)	-	-	-	(9,804)
At 31 December 2015	48,125	324,043	72,631	22,528	467,327
Net Book Value					
At 31 December 2015	20,931	4,858	29,694	28,855	84,338
At 31 December 2014	13,135	6,296	33,762	39,132	92,324
In respect of prior year					
Cost					
At 31 December 2013	54,150	328,354	51,080	49,005	482,589
Additions during year	8,024	-	36,808	2,378	47,210
Disposals during year	(3,271)	-	-	-	(3,271)
At 31 December 2014	58,903	328,354	87,888	51,383	526,528
Depreciation					
At 31 December 2013	42,830	320,123	43,512	2,450	408,915
Charge for year	6,209	1,935	10,614	9,801	28,559
Depreciation on disposals	(3,271)	-	-	-	(3,271)
At 31 December 2014	45,768	322,058	54,126	12,251	434,203
Net Book Value					
At 31 December 2014	13,135	6,296	33,762	39,132	92,325
At 31 December 2013	11,320	8,231	7,568	46,555	73,674

7. Prepayments and other receivables

	2015 €	2014 Restated €
Levy income receivable **(Note 2)**	59,166	698,258
Accrued interest	23,270	16,425
Prepayments and Other Receivables	33,057	48,661
Travel Cards	-	566
Risk Equalisation Fund	170,409	183,625
	285,902	**947,535**

8. Current Liabilities (amounts falling due within one year)

	2015 €	2014 Restated €
Trade payables and accruals	145,110	148,304
Pensions provision **(Note 10)**	1,678,990	1,508,743
Pension levy	4,237	2,041
Single Public Service Pension Scheme	635	151
PAYE/PRSI	28,114	13,089
Professional Services Withholding Tax	5,170	25,046
Value Added Taxation	25,442	10,038
	1,887,698	**1,707,412**

9. Commitments under Operating Leases

The Health Insurance Authority rents offices at Canal House, Canal Road, Dublin 6 at a cost of €50,000 per annum. The Authority entered into a 10 year lease for the offices in May 2012.

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

	2015 €	2014 Restated €
within 1 year	50,000	50,000
Later than one year but within 5 years	200,000	200,000
Later than 5 years	100,000	150,000
	350,000	**400,000**

10. Retirement Benefits Provision

The Authority operates a defined benefit pension scheme for its employees. The scheme structure is based on the Public Service Model and was approved by the Minister for Health and the Minister for Public Expenditure and Reform on 3 July 2014. The Authority has drafted a Spouses' and Children's Superannuation Scheme based on the Public Service Model and approval by the Minister of Health and the Minister of Public Expenditure and Reform is awaited.

Contributions including employer contributions are at a rate of 25% from July 2006 (16.66% previously) of pensionable pay and are charged to the Statement of Income and Expenditure and Retained Revenue Reserves. The accumulated contributions for both schemes are held for the account of the Minister for Health, and the Minister has agreed to reimburse the Authority in respect of benefits arising under the scheme.

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. It is not probable that the Authority will have an obligation to transfer resources embodying economic benefits (other than for normal employer contributions) for benefits payable to members. Actuarial risk and investment risk is not expected to arise for the Authority.

As a result the requirements in FRS 102 with regard to defined benefit plans are not deemed to apply and no further disclosures are considered necessary.

The following contributions are included in the heading "Salaries and Staff Costs" **(Note 3):**

	2015 €	2014 Restated €
At beginning of period	1,508,743	1,337,805
Employee Contributions	24,422	30,614
Employer Contributions	145,825	140,324
Total	**1,678,990**	**1,508,743**

In addition in 2015 €34,969 was deducted from staff by way of pension levy and was paid over to the Department of Health.

In 2015 €5,241 was deducted from staff in respect of the Single Public Service Pension Scheme and transferred to the Department of Public Expenditure and Reform.

11. Retained Revenue Reserves

	2015 €	2014 Restated €
At beginning of year	11,732,584	10,117,615
(Deficit) / Surplus for year	(1,906,936)	1,614,969
Retained reserves at end of year	**9,825,648**	**11,732,584**

12. Transition to FRS 102

This is the first year that the Authority has presented its results under FRS 102. The last financial statements under the Irish GAAP were for the year ended 31 December 2014. The date of transition to FRS 102 was 1 January 2014. Set out below are the adjustments which reconcile the total reserves as at 1 January 2014 and 31 December 2014 and surplus for the financial year ended 31 December 2014 between Irish GAAP as previously reported and FRS 102.

Reconciliation of Reserves

	1 January 2014 Restated €	31 December 2014 Restated €
Reserves (as previously reported)	10,156,277	11,773,393
Holiday pay accrual (Adjustment 1)	(38,662)	(40,809)
Reserves restated	**10,117,615**	**11,732,584**

Transition to FRS 102 (continued)

Reconciliation of Surplus for the year ended 31 December 2014

Surplus (as previously reported)	1,617,116
Increase in holiday pay accrual (Adjustment 1)	(2,147)
Surplus restated	**1,614,969**

Adjustment 1: Holiday Pay

The Health Insurance Authority had previously not accrued for holiday pay earned by employees but not availed of at the reporting date. Under FRS 102, the financial statements must recognise such accruals.

The impact of this change is an increase of €38,662 in creditors at the transition date and €40,809 at 31 December 2014. The surplus is reduced by €2,147 for the year ended 31 December 2014.

13. Capital Commitments

There were no commitments for capital expenditure at 31 December 2015.

14. Related Parties Disclosure

Key management personnel in the Authority consist of the CE/R and Members of the Board of the Authority. Total compensation paid to key management personnel, including Members' fees and expenses and total CE/R remuneration amounted to €106,491 (2014: €121,693). For a breakdown of the remuneration and benefits paid to key management personnel please refer to **Note 4**.

The Authority has adopted procedures in accordance with the guidelines issued by the Department of Finance 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 Authority's activities in which board members had an interest.

15. 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 €146,089 (2014: €157,187) in respect of the Fund were charged by the Authority for 2015 as follows:

Type of cost	Total recharged to fund 2015 €	Total recharged to fund 2014 Restated €
Salary and staff costs	116,464	123,938
Rent, service charges and maintenance	11,379	14,653
Computer and stationery costs	4,260	4,183
Other administrative costs	13,754	14,413
Other consultancy costs	232	-
	146,089	**157,187**

16. Approval of Financial Statements

The Financial Statements were approved by the Members of the Authority on 16 June 2016.

The Risk Equalisation Fund Report and Accounts 2015

5.2 The Risk Equalisation Fund Report and Financial Statements for the year 1 January 2015 to 31 December 2015

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 2015.

The Risk Equalisation Fund
("the Fund")
Report and Financial Statements

Contents

Report of the Comptroller and Auditor General

Risk Equalisation Fund

I have audited the financial statements of the Risk Equalisation Fund for the year ended 31 December 2015 under the Health Insurance Act 1994 (as amended). The financial statements comprise the statement of income and expenditure and retained revenue reserves, the statement of comprehensive income, the statement of financial position, the statement of cash flows and the related notes. The financial statements have been prepared in the form prescribed under Section 11D(8) of the Act, and in accordance with generally accepted accounting practice.

Responsibilities of the Health Insurance Authority

The Health Insurance Authority is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view and for ensuring the regularity of transactions.

Responsibilities of the Comptroller and Auditor General

My responsibility is to audit the financial statements and to report on them in accordance with applicable law. My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.
My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement,

- whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Authority's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.
In addition, I read the Health Insurance Authority's annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies, I consider the implications for my report.

Opinion on the financial statements

In my opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Fund as at 31 December 2015 and of the transactions of the Fund for 2015; and have been properly prepared in accordance with generally accepted accounting practice.
- In my opinion, the accounting records of the Health Insurance Authority were sufficient to permit the financial statements to be readily and properly audited. The financial statements are in agreement with the accounting records.

Matters on which I report by exception

I report by exception if I have not received all the information and explanations I required for my audit, or if I find

- any material instance where money has not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the information given in the Authority]'s annual report is not consistent with the related financial statements or with the knowledge acquired by me in the course of performing the audit, or
- there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to those matters upon which reporting is by exception.

Seamus McCarthy
Comptroller and Auditor General
24 June 2016

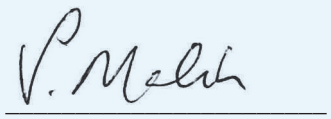
The Risk Equalisation Fund

Statement of Responsibilities of the Health Insurance Authority

Insurance Authority (the 'Authority') to prepare financial statements. 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 Risk Equalisation Fund (the 'Fund') will continue in operation.

The Authority is responsible for ensuring that the Fund keeps or causes to be kept 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 them 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



Sheelagh Malin
Acting Chairman

Sean Coyle
Member

16 June 2016
Date

The Risk Equalisation Fund

Statement of Income and Expenditure and Retained Revenue Reserves

for the year ended 31 December 2015

	Notes	**12 months ended 31 December 2015**	**12 months ended 31 December 2014**
		€'000	**€'000**
Income			
Stamp Duty	2	638,516	570,344
Expenditure			
Risk equalisation premium credit	3	512,512	479,228
Hospital bed utilisation credit	4	95,669	79,128
Staff and other costs	5	161	183
Total Expenditure		608,342	558,539
Excess of income over expenditure		**30,174**	**11,805**
Investment Income		22	211
Surplus for the year		**30,196**	**12,016**
Retained Revenue Reserves at beginning of year		(11,288)	(23,304)
Retained Revenue Reserves at end of year		18,908	(11,288)

There are no recognised gains or losses, other than those dealt with in the Statement of Income and Expenditure and Retained Revenue Reserves.

Sheelagh Malin
Acting Chairman

Sean Coyle
Member

16 June 2016
Date

Notes 1 to 11 form part of these Financial Statements

Statement of Financial Position

at 31 December 2015

	Notes	**2015**	**2014**
		€'000	**€'000**
Current Assets			
Short term deposits		227,744	173,314
Bank		250	17
Prepayments and other receivables	6	175,675	174,019
		403,669	347,350
Current Liabilities (amounts falling due within one year)			
Payables and accruals	7	(336,761)	(326,234)
Provisions	8	(48,000)	(32,404)
		(384,761)	(358,638)
Net Assets/ (Liabilities)		**18,908**	**(11,288)**
Representing			
Retained Revenue Reserves		**18,908**	**(11,288)**

Sheelagh Malin
Acting Chairman

Sean Coyle
Member

16 June 2016
Date

Notes 1 to 11 form part of these Financial Statements

Statement of Cash Flows

at 31 December 2015

	Notes	**2015**	**2014**
		€'000	**€'000**
Net cash inflow from operating activities			
Operating surplus for year		30,196	12,016
Bank interest receivable		(22)	(211)
Increase in receivables	6	(1,656)	(14,197)
Increase in payables	7 & 8	26,123	61,958
Net cash flows from operating activities		**54,641**	**59,566**
Cash flows from investing activities			
Bank interest received		22	211
Net Increase in cash and cash equivalents		**54,663**	**59,777**
Cash and cash equivalents at 1 January		173,331	113,554
Cash and cash equivalents at 31 December		227,994	173,331

Sheelagh Malin
Acting Chairman

Sean Coyle
Member

16 June 2016
Date

Notes 1 to 11 form part of these Financial Statements

The Risk Equalisation Fund

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. The Authority adopted Financial Reporting Standard 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" ("FRS 102") for the first time in the current year. The transition to FRS 102 did not affect the Fund's financial position or financial performance in respect of the prior year's financial statements as there were no material adjustments on adoption of FRS 102 in the current year.

Basis of Preparation

The financial statements have been prepared in compliance with 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 ("€") which is also the functional currency of the Fund.

The Fund was established under Section 11D of the Act. The Fund was established by and is administered and maintained by the Health Insurance Authority. 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 – Registered undertakings (health insurers) receive higher premiums in respect of certain higher risk groups on the basis of age and gender, but the additional amounts charged are paid by the Fund to the registered undertakings on behalf of insured persons so that the net payment made by the insured person is not affected by age or gender.
- Hospital bed utilisation credit – a payment to registered undertakings on behalf of insured persons by the Fund of part of each health insurance claim involving payments in respect of qualifying overnight stays in private hospital accommodation or in publicly funded hospitals.
- The 2013-2015 Risk Equalisation Scheme is provided for in the Act. This replaced the Interim Risk Equalisation Scheme of age related tax credits and community rating levy which had operated since 2009 and was administered by the Revenue Commissioners.

Income

Stamp Duty income is recognised in the financial statements over the term of the relevant health 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 receivable to the Fund.
- Un-earned stamp duty represents the estimated proportion of stamp duty paid into the Fund during the financial year and accrued at year end which relates to the unexpired term of the relevant health

insurance contracts at the financial reporting date. This amount is recorded as un-earned stamp duty at the financial reporting date (see **Note 7** – Payables 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 financial reporting date.
- Un-expensed risk equalisation premium credit – a majority of individuals pay health insurance contracts 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 health insurance contract. At the financial reporting date any amounts paid to registered undertakings which have not been expensed are recognised as a receivable (See **Note 3)**.

Hospital Bed Utilisation Credit (HBUC)

The hospital bed 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 financial reporting date.
- A provision for hospital bed 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 qualifying nights in private and public hospital accommodation is uniform across health insurance 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 hospital bed utilisation credit a year or more after a hospital episode.

Critical Accounting Judgements and Estimates – HBUC Provision

The preparation of financial statements in conformity with FRS 102 may require the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. As management judgement involves an estimate of the likelihood of future events, actual results could differ from those estimates, which could affect the future reported amounts of assets and liabilities.

Management believes that the underlying assumptions used are appropriate and that the financial statements therefore present the financial performance and position of the Fund fairly. The following assumptions and judgements used in respect of the hospital bed utilisation credit provision are considered to have had the most significant effect on amounts recognised in the financial statements:

The hospital bed utilisation provision at the end of December 2015 was calculated at €48 million (2014: €32.404 million) in respect of qualifying hospital episodes which had occurred on/after 31 March 2013 but had not been claimed by registered undertakings at the year end. The provision assumes

- that the number of qualifying nights in public and private accommodation is uniform across contracts

commencing on different dates and

- that hospitalisation occurs uniformly throughout the policy period. However, the settlement period for hospital claims can vary considerably which may result in registered undertakings making a claim for hospital bed utilisation credit a year or more after a hospital episode.

2. Income

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

	2015 €'000	2014 €'000
Stamp duty paid into the Fund	641,522	581,709
Stamp duty receivable movement in year	4,425	11,134
Un-earned stamp duty movement in year	(7,431)	(22,499)
	638,516	**570,344**

3. Risk equalisation premium credit

	2015 €'000	2014 €'000
Payments made to registered undertakings	512,260	472,652
Risk equalisation premium credit payable to registered undertakings movement in year	(2,480)	9,612
Un-expensed risk equalisation premium credit movement in year	2,732	(3,036)
	512,512	**479,228**

4. Hospital bed utilisation credit

	2015 €'000	2014 €'000
Payments made to registered undertakings	74,472	49,287
Hospital bed utilisation credit payable to registered undertakings movement in year	5,601	9,560
Hospital bed utilisation credit provision movement in year	15,596	20,281
	95,669	**79,128**

5. Staff and other costs

	2015 €'000	2014 €'000
Health Insurance Authority recharged costs:		
Salaries and staff costs	110	119
Training costs	4	2
Directors Fees	4	2
Rent, service charge and maintenance	11	16
Insurance	3	3
Computer and stationery	6	4
Other administration costs	4	7
Depreciation	6	4
	148	**157**
Costs directly charged to the Fund:		
Consultancy	7	9
Audit	3	13
Legal	1	2
Insurance	2	2
	13	26
	161	**183**

The cost included in the Statement of Income and Expenditure and Retained Revenue Reserves for the year 2015 is prepared using the accruals basis of accounting. The actual costs incurred by the Authority on behalf of the Fund in the year end 31 December 2015 was €146,089 (2014: €157,187).

6. Prepayments and other receivables

	2015 €'000	2014 €'000
Un-expensed risk equalisation premium credit	48,484	51,216
Accrued stamp duty receivable	127,191	122,766
Accrued investment income	-	37
	175,675	**174,019**

7. Payables and accruals

	2015 €'000	2014 €'000
Stamp duty un-earned	237,555	230,123
Risk equalisation premium credit payable	79,651	82,131
Hospital bed utilisation credit payable	19,383	13,781
Health Insurance Authority	172	183
Accrued expenses	-	16
	336,761	**326,234**

8. Provisions - Hospital Bed Utilisation Credit

	2015 €'000	2014 €'000
At start of year	32,404	12,123
Arising during the year	93,670	84,128
Utilised during the year	(80,074)	(58,847)
Movement in unused amounts	2,000	(5,000)
At end of year	**48,000**	**32,404**

9. Financial Position of the Risk Equalisation Fund

The Statement of Income and Expenditure and Retained Revenue Reserves shows a surplus of €30.2m in 2015 compared with a surplus of €12.0m in 2014. 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 2015, the Risk Equalisation Fund held cash and cash equivalents of €227.7m (2014: €173.3m).

10. Related Party Disclosures

Key management personnel in the Authority consist of the Chief Executive/Registrar (the "CE/R") and Members of the Board of the Authority. Total compensation paid to key management personnel, including Members' fees and expenses and total CE/R remuneration amounted to €106,491 (2014: €121,693). Of the total compensation paid to key management in 2015 €15,116 was charged to the Fund (2014: €18,595).

The Authority has adopted procedures in accordance with the guidelines issued by the Department of

Finance in relation to the disclosure of interests by Members of the Authority 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.

11. Approval of Financial Statements

The Financial Statements were approved by the Members of the Authority on 16 June 2016.

6 Appendices

Appendix A

Statistics Relating to the Private Health Insurance Market in Ireland, 2015

Table 1: Insured Persons [7] [8]

Year Ended	Total Insured Persons (000s)	Private Health Insurance Coverage as % of Population
December 2001	1,871	48.2%
December 2002	1,941	49.2%
December 2003	1,999	49.8%
December 2004	2,054	50.2%
December 2005	2,115	50.4%
December 2006	2,174	50.3%
December 2007	2,245	50.5%
December 2008	2,297	50.9%
December 2009	2,260	49.7%
December 2010	2,228	48.8%
December 2011	2,163	47.2%
December 2012	2,099	45.7%
December 2013	2,049	44.6%
December 2014	2,025	43.9%
December 2015	2,122	45.8%

[7] All figures relate to the total private health insurance market, i.e. open enrolment and restricted undertakings.

[8] Population figures are based on Central Statistics Office population estimates.

Table 2: Premium Income

Year	Total Income (€m)	Year	Total Income (€m)
2002	821.9	2009	1,846.7
2003	978.2	2010	1,949.1
2004	1,061.1	2011	2,061.4‡
2005	1,152.7	2012	2,240.7‡
2006	1,299.5	2013	2,388.5‡
2007	1,477.8	2014	2,444.9‡
2008	1,652.2	2015	2,462.4‡

‡ includes HSF from 2011 when they were first registered with the Authority

Table 3: Market Shares+

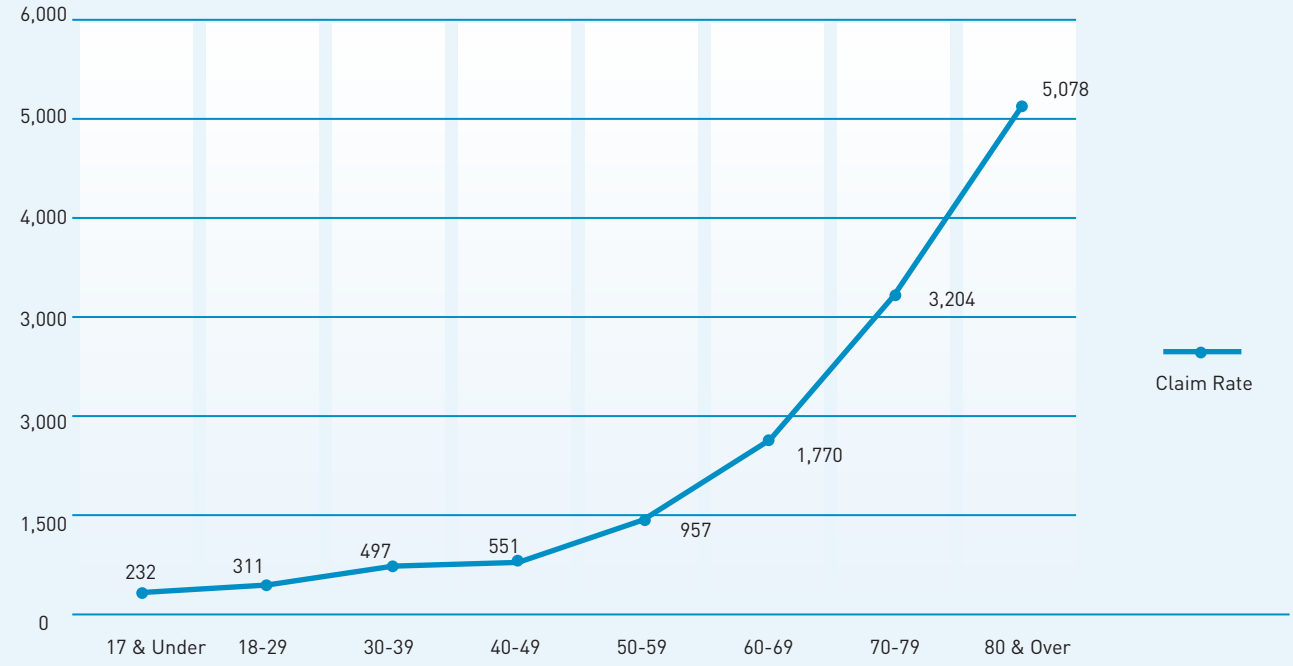
December	Aviva Health* %	Laya Healthcare** %	Vhi Healthcare %	GloHealth %	Restricted Membership Undertakings*** %
2001	–	13%	82%	–	5%
2002	–	15%	80%	–	5%
2003	–	17%	78%	–	5%
2004	–	19%	76%	–	5%
2005	1%	21%	74%	–	4%
2006	3%	21%	72%	–	4%
2007	5%	21%	70%	–	4%
2008	8%	22%	67%	–	4%
2009	10%	23%	63%	–	4%
2010	14%	21%	62%	–	4%
2011	18%	21%	57%	–	4%
2012	17%	22%	56%	1%	4%
2013	15%	23%	54%	4%	4%
2014	15%	23%	53%	5%	4%
2015	14%	26%	51%	5%	4%

\+ Numbers insured with in-patient cover
* In respect of 2007 and earlier years the data relates to VIVAS Health.
** In respect of 2012, the data is a sum of the market shares of Quinn Insurance Ltd (Under Administration) and Elips Insurance Ltd. Previous years relate to Quinn Healthcare or (2006 and earlier) BUPA Ireland.
*** Theses mainly consist of the Garda, ESB and Prison Officer Schemes.

Appendix B

Claim variation by age

Claims included in Returns per insured Person in 2015



Appendix C

Age Structure of Market

The following table shows how the age structure of the market has changed since the end of 2012. The tables in this section are based on information returns received from Open Membership Undertakings. The data in these returns differs from data included in earlier tables in that it excludes people who are serving initial waiting periods, people who are insured with Restricted Membership Undertakings and people who are insured with products that are not subject to the health insurance stamp duty and the age related health credits.

	Numbers insured in 000s			
Age Group	2012	2013	2014	2015
0-17	479	462	454	475
18-29	230	211	203	210
30-39	312	295	281	297
40-49	302	296	293	322
50-59	266	263	261	276
60-69	211	215	217	224
70-79	114	119	125	132
80+	46	49	52	55

The following table shows how market shares varied with age at the end of 2015. The table below refers to Open Membership Undertakings only and excludes the Restricted Membership Undertakings.

Age Group	Aviva Health %	Laya Healthcare %	Vhi Healthcare %	GloHealth %
0-49	15%	28%	49%	7%
50-59	17%	26%	54%	3%
60-69	15%	26%	56%	2%
70-79	10%	20%	69%	1%
80+	6%	10%	83%	1%
Total	15%	27%	53%	5%

Appendix D

The Register of Health Benefits Undertakings

as at 31 December 2015

Open Membership Undertakings

1. Aviva Health Insurance Ireland Limited (trading as Aviva Health);
2. Elips Versicherungen AG (Elips Insurances Ltd.) (trading as Laya Healthcare);
3. Great Lakes Reinsurance (UK) PLC (trading as GloHealth);
4. H.S.F. Health Plan Limited (trading as Hospital Saturday Fund);
5. Vhi Insurance DAC (trading as Vhi Healthcare);
6. The Voluntary Health Insurance Board;

Restricted Membership Undertakings

7. ESB Staff Medical Provident Fund;
8. Goulding Voluntary Medical Society;
9. Irish Life Assurance plc Outdoor staff Benevolent Fund;
10. Irish Life Medical Aid Society;
11. New Ireland/Irish National Staff Benevolent Fund;
12. Prison Officers Medical Aid Society; and
13. St Paul's Garda Medical Aid Society.

Appendix E

Attendance of Authority Meetings for 2015

Authority Member	Meeting Attended[9]
Mr. Jim Joyce, Chairman	10
Mr. Donall Curtin	9
Ms. Sheelagh Malin	9
Prof. Anthony Staines	9
Mr. Paul Turpin	9

Attendance of Audit Committee Meetings for 2015

Audit Committee Member	Meeting Attended[10]
Mr. Paul Turpin, Chairman	4
Mr. Donall Curtin	4
Ms. Sheelagh Malin	3[11]

[9] There were a total of ten Authority meetings held in 2015

[10] There were a total of four Audit Committee meetings held in 2015.

[11] Ms Sheelagh Malin was appointed to the Audit Committee after the first meeting had taken place.

Appendix F

Risk Equalisation Rates

Rates Applying for Contracts Commencing/Renewing from 1 March 2014 to 28 February 2015

Risk Equalisation Premium Credits

Contract Type	Non-Advanced		Advanced	
	Male	Female	Male	Female
60-64	€250	€200	€450	€325
65-69	€575	€400	€1,150	€775
70-74	€925	€625	€1,850	€1,200
75-79	€1,200	€950	€2,500	€1,925
80-84	€1,575	€1,150	€3,200	€2,250
85+	€1,975	€1,325	€4,000	€2,725

A hospital bed utilisation credit of €60 is paid in respect of each qualifying night spent in hospital by an insured person.

Community Rating Stamp Duties

Community Rating Stamp Duties (Contract Type)	Non-Advanced	Advanced
Adult	€290	€399
Child	€100	€135

Rates Applying for Contracts Commencing/Renewing from 1 March 2015 to 28 February 2016

Risk Equalisation Premium Credits

Contract Type	Non-Advanced		Advanced	
	Male	Female	Male	Female
60-64	€200	€150	€425	€300
65-69	€525	€350	€1,075	€725
70-74	€825	€600	€1,750	€1,200
75-79	€1,025	€800	€2,250	€1,700
80-84	€1,475	€1,025	€2,975	€2,125
85 +	€1,750	€1,125	€3,725	€2,475

A hospital bed utilisation credit of €90 is paid in respect of each qualifying night spent in hospital by an insured person.

Community Rating Stamp Duties

Dleachtanna Stampa Rátáil Phobail (Cineál Conartha)	Conradh Neamh-Bhreischumhdaigh	Conradh Breischumhdaigh
Aosach (18 mbliana d'aois nó níos sine)	€240	€399
Leanbh (17 mbliana d'aois nó níos óige)	€80	€135

Rates Applying for Contracts Commencing/Renewing from 1 March 2016

Risk Equalisation Premium Credits

Contract Type	Non-Advanced		Advanced	
	Male	Female	Male	Female
64 and under	€0	€0	€0	€0
65-69	€575	€375	€1,125	€800
70-74	€900	€675	€1,800	€1,300
75-79	€1,175	€850	€2,550	€1,900
80-84	€1,550	€1,100	€3,375	€2,375
85 and above	€1,775	€1,250	€4,150	€2,775

A hospital utilisation credit of €90 is paid in respect of each qualifying night spent in hospital by an insured person. A hospital utilisation credit of €30 is paid in respect of each qualifying day admission to a hospital by an insured person.

Community Rating Stamp Duties

Community Rating Stamp Duties (Contract Type)	Non-Advanced	Advanced
Adult (18 and over)	€202	€403
Child (17 and under)	€67	€134

Appendix G

Age Structure of Market

Number of lives paying lifetime Community Rating loadings in 2015 was 5,000.

Total Lifetime Community Rating loadings paid in 2015 was €711,000.