

Employers' Compliance with the Health Insurance Act 1970

2017 **ANNUAL REPORT**



Employers' Compliance with the Health Insurance Act 1970 2017 Annual Report

Contact us:

If you would like any further information about the Bermuda Health Council, or if you would like to bring a healthcare matter to our attention, we look forward to hearing from you.

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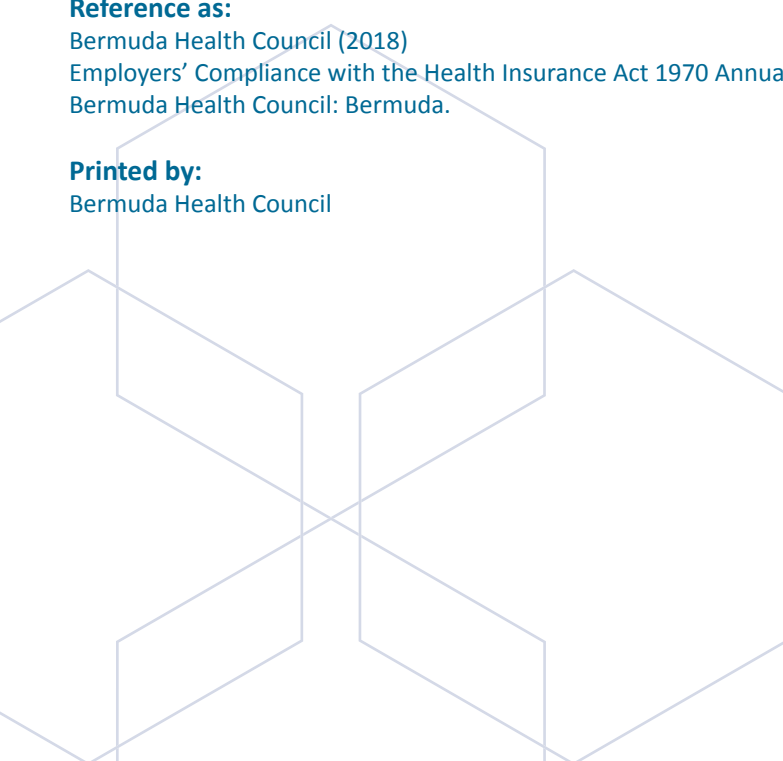
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EMPLOYERS' COMPLIANCE 2017 ANNUAL REPORT

For the period 1st January 2017 to 31st December 2017



AUTHORITY:

Per Section 20 of the Health Insurance Act, the Bermuda Health Council monitors the extent to which employers are compliant with obtaining health insurance coverage for employees.

SUMMARY:

- ❖ *899 employees regained health insurance coverage in 2017*
- ❖ *431 employers were investigated, representing 1,993 employees*
- ❖ *Fewer non-compliant employers and affected employees were reported in 2017 compared to 2016*
- ❖ *5 inspections were conducted during the reporting period of 1st January 2017-31st December 2017*
- ❖ *A minimum of \$296,926 was recovered in Standard Health Benefit (SHB) Premium on behalf of employees*
- ❖ *133 employers were posted on the Health Council's website in 2017*
- ❖ *No legal action was pursued in criminal court in 2017*

METHODOLOGY:

1. The Health Council monitors employers' compliance with the Health Insurance Act 1970 by investigating queries from the public regarding businesses with inactive health insurance policies and requiring reporting from local insurers about employers with:
 - Inactive policies (with claims not being paid)
 - Terminated policies
 - New policies
2. Data was provided from the public and private insurers for 1st January 2017 – 31st December 2017. Insurers provide a monthly report that includes a list of policies in arrears with claims not being paid. The Compliance Officer then sends each employer a letter via email to notify them of their non-compliant status and legal obligations according to the Health Insurance Act 1970. Employers are given one week to provide a copy of an insurance statement that indicates they are no longer in arrears or to provide an email from their insurer stating that the policy is current. If a response is not received, follow-up emails and phone calls are conducted. Those employers who fail to provide evidence of a current policy face having their company name published on the Health Council's website, the inspection of employment records, and/or criminal prosecution.
3. The Health Council investigates all complaints reported by members of the public regarding employer compliance. Investigating complaints involves the collection of evidence such as pay stubs, medical bills and employment contracts. Insurers are also asked to verify the complainants' policy status and history. Once evidence is collected, the employer is contacted regarding the complaint. If necessary, an on-site inspection of employer financial and employment records is conducted.

4. For persistent non-compliance, the Health Council facilitates legal action in the criminal courts. Preparing a case file for the Department of Public Prosecution (DPP) entails obtaining witness statements from the complainant(s), insurer, Compliance Officer, and any other relevant individuals. These statements are then provided to the DPP for review.
5. In reviewing our processes, the Health Council recognizes areas that if addressed, would improve efficiency of the programme. These areas include obtaining complete data from insurers, timely reporting by insurers, accurate employer contact information and enhancing the length of time taken to complete the criminal court process. In 2017, the Health Council started sending Notice of Non-Compliance letters electronically. This significantly improved the rate of response from employers. However, not all insurers have email addresses for their policy holders, which results in time spent contacting employers in order to obtain this information.

RESULTS:

6. Per Table 1, the reported number of non-compliant employers fluctuated throughout the year. There was a significant decline in December 2017 compared to previous months, with only 22 inactive policies reported and 74 affected employees reported. This represents a 56% decline in reported inactive policies and a 65% decline in reported insureds affected compared to January 2017. January 2017 had the most reported inactive policies. The decline in December may be attributed to a press release published in December which named non-compliant employers listed on the Health Council's website. As seen in Figure 2 below, there was also a decline noticed in February and August, which were the other two months where a press release was published.
7. There was a 6% decrease in the total number of inactive policies reported and a 23% decrease in the total number of affected employees reported in 2017 compared to 2016.

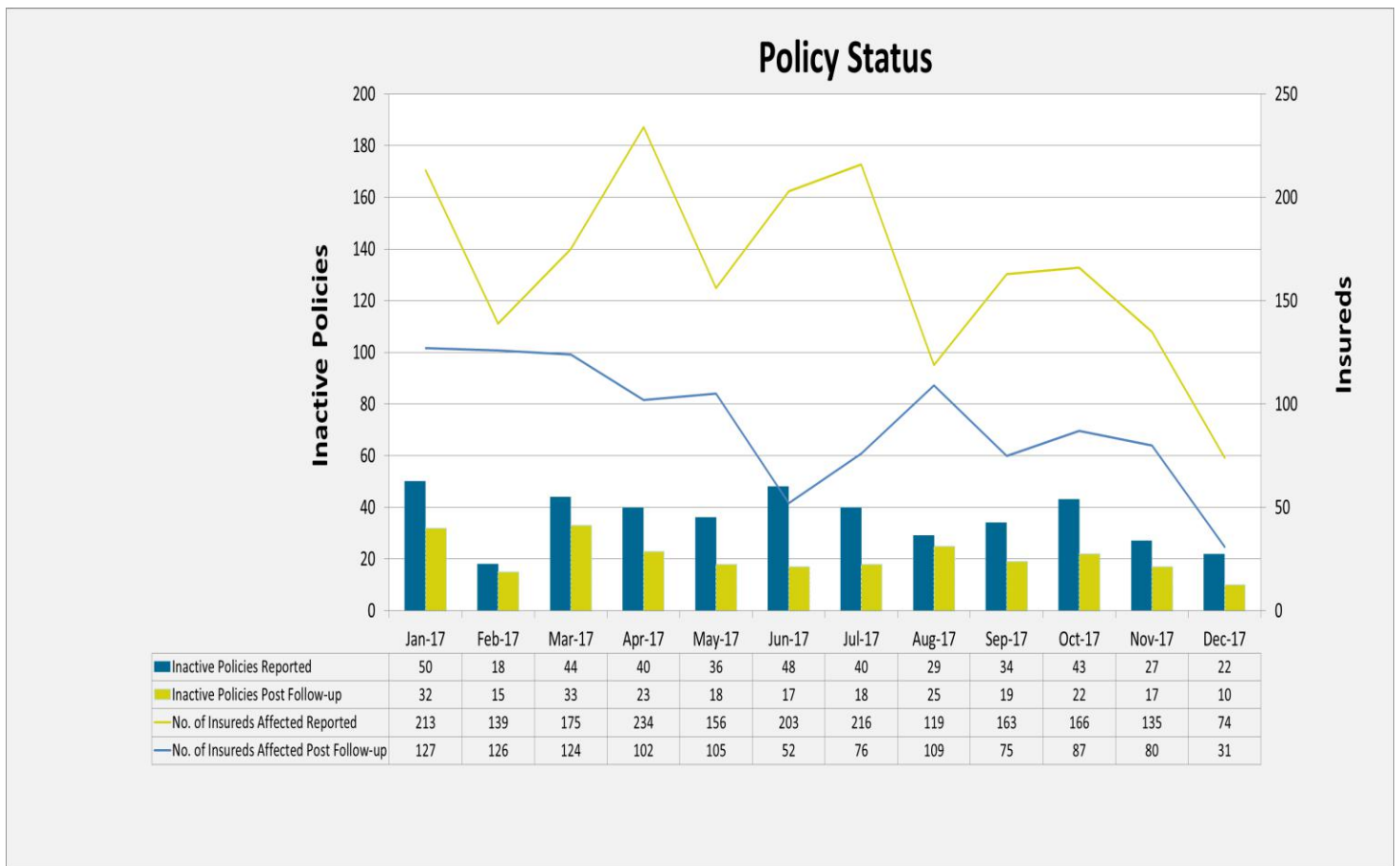
Table 1 - Summary of Reported Health Insurance Policies

		2017											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Inactive Policies	Reported	50	18	44	40	36	48	40	29	34	43	27	22
	Post Follow-up	32	15	33	23	18	17	18	25	19	22	17	10
Insureds Affected	Reported	213	139	175	234	156	203	216	119	163	166	135	74
	Post Follow-up	127	126	124	102	105	52	76	109	75	87	80	31

8. Of the employers investigated during the year for having inactive health insurance policies, 182 (42%) settled their arrears and re-established their policies. This resulted in 899 (45%) employees regaining health insurance coverage, as per Figure 2. In 2016, 393 (67%) settled their arrears and established their policies, which resulted in 1,962 (70%) employees regaining health insurance coverage. In 2015, 787 (77%) settled their arrears and re-established this policies, resulting in 2,115 (70%) employees regaining health insurance coverage.

9. As a result, a minimum of \$296,926 was recovered in SHB premium in 2017. This figure is based on an uninsured employee’s monthly SHB coverage: 899 employees x \$334 = \$296,926. (The Standard Premium Rate (SPR) remained the same from January – December 2017.) The total amount of premium recovered, including supplemental benefits, exceeds \$296,926. In 2016, \$663,293.23 was recovered in SHB premium and in 2015, \$700,348.95 was recovered.

Figure 2. Policy Status/Number of Insureds (Pre/Post Follow-up)



10. Web publication of non-compliant employers on the Health Council’s website was implemented on 3rd June 2015. A total of 133 non-complaint employers were posted on the website in 2017.

11. In 2017, the Health Council responded to 21 complaints and 44 queries related to employer health insurance. This compares to 20 complaints and 35 queries received in 2016.
12. Press releases regarding employer compliance were published in February, August and December 2017. These press releases referred to the Health Council's website list of non-compliant employers and the need for employers to provide health insurance for their employees so they have access to healthcare.

CONCLUSION:

13. The Health Council continues to collaborate with other agencies that ensure compliance with legislation on behalf of employees such as the Department of Social Insurance and Pension Commission. This allows information sharing regarding non-compliant employers and strengthening of the regulatory infrastructure. The Health Council is in the process of developing a formal recommendation to standardise the penalties for failing to comply with statutory obligations, which includes higher monetary fines.
14. Overall, the number of non-compliant employers continues to decline. This can be attributed to increased awareness of the legislation by publishing the names of non-compliant employers, as well as increased communication online and in print. The public and affected employees continue to report inactive health insurance coverage and generally, employers are responsive to the Health Council's investigations. The Health Council is seeking to strengthen employer compliance with the goal of seeing further decreases overtime.