



Employers' Compliance with the Health Insurance Act 1970

# ANNUAL REPORT

# 2021

# Employers' Compliance with the Health Insurance Act 1970 2021 Annual Report

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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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## Published by:

Bermuda Health Council (March 2021)  
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## Reference as:

Bermuda Health Council (2021)  
Employers' Compliance with the Health Insurance Act 1970, 2021 Annual Report  
Bermuda Health Council: Bermuda.

## Printed by:

Bermuda Health Council

## **AUTHORITY:**

Per Section 20 of the [Health Insurance Act 1970](#) (the Act), the Bermuda Health Council monitors the extent to which employers are compliant with obtaining health insurance coverage for employees.

## **SUMMARY:**

- ❖ There was a 12% decrease in the total number of inactive policies reported by insurers and a 4% decrease in the total number of affected employees reported in 2021 compared to 2020.
- ❖ A minimum of \$257,023 was recovered in Standard Premium Rate (SPR) on behalf of employees.
- ❖ 86 employers were posted on the Health Council's website in 2021.
- ❖ 13 employer compliance complaints were received in 2021, reflecting a 46% decrease from 2020.
- ❖ 1 employer was sentenced in magistrate's court for failure to comply with the Health Insurance Act 1970.

## **METHODOLOGY:**

1. The Health Council monitors employer compliance with the Act by investigating complaints received from members of the public and monthly reports obtained 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 1<sup>st</sup> January 2021 – 31<sup>st</sup> December 2021. Insurers provide a monthly report that includes a list of policies in arrears or terminated with claims not being paid. The Health Council then sends each employer a letter via email to notify them of their non-compliant status and legal obligations according to the Act. Employers are given two-weeks to provide proof of coverage, such as a statement or email from their insurer. 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.
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 complainant's policy status and history. Once evidence is collected, the employer is contacted regarding the complaint. If necessary, an inspection of employer financial and employment records is conducted. Resolution of complaints involve the repayment of unlawful deductions, payment of medical bills incurred during non-coverage, and activation of health insurance coverage.

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, Health Council Project Manager, and any other relevant individuals. These statements are then provided to the DPP for review.

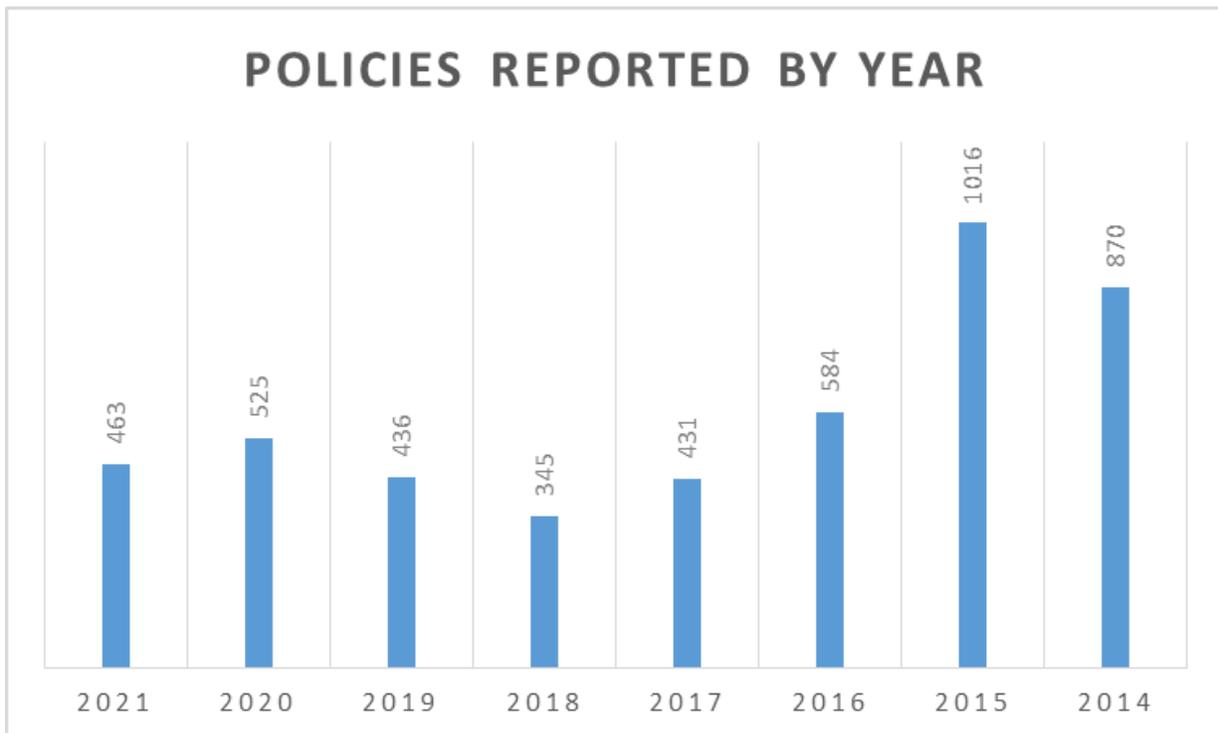
## **RESULTS:**

5. 463 employer policies were reported by insurers as inactive or terminated in 2021, with 2,397 employees affected. It is important to note that these calculations include some policies that were reported for two or more consecutive months and therefore counted two or more times. These figures also include policies that were reported as terminated by an insurer, but were transitioned to another insurer, thus not impacting employee coverage.
6. There was a 12% decrease in the total number of inactive policies reported and a 4% decrease in the total number of affected employees reported in 2021 compared to 2020.
7. Of the employers investigated in 2021 for having inactive health insurance policies, 61% of policies were reactivated. This resulted in 704 employees regaining health insurance coverage.
8. A minimum of \$257,023 was recovered in premium in 2021. This figure is based on an uninsured employee's monthly SPR coverage: The standard premium rate from January to October 2021 was \$355.31 and in November and December 2021 it increased to \$400.31.
9. 10% of reported policies transitioned to another insurer, so employee coverage was not impacted. 5% of businesses closed or removed all employees from the plan.
10. Web publication of non-compliant employers on the Health Council's website was implemented in June 2015. A total of 86 non-complaint employers were posted on the website in 2021, compared to 92 in 2020.
11. 13 employer compliance complaints were received in 2021. This compares to 24 complaints received in 2020, reflecting a 46% decrease in the number of complaints compared to 2020.
12. One of the two cases referred to the Department of Public Prosecutions in 2020 was completed in 2021. The employer pled guilty and received an \$800 penalty for failing to provide an employee with coverage for a three month period. The other case was adjourned in 2021 and is still outstanding.
13. Table 1 shows the outcome of the Health Council's investigation efforts for each month in 2021.

**Table 1- Investigation Outcomes by Month**

Policy Type	Jan 2021	Feb 2021	March 2021	April 2021	May 2021	June 2021	July 2021	Aug 2021	Sept 2021	Oct 2021	Nov 2021	Dec 2021
Reported Inactive	30	29	36	58	36	34	28	29	35	38	46	64
Remained Inactive	5	9	15	25	20	23	8	11	15	10	24	22
Reactivated	20	15	17	119	10	2	12	13	13	24	15	22
Transitioned	2	3	0	2	2	5	4	3	4	2	5	17
Business Closed	2	3	0	2	2	4	4	2	2	2	2	1

14. Chart 1 provides an annual comparison of the number of policies reported each year by insurers.



## **CONCLUSION:**

15. The Covid-19 pandemic significantly impacted employer compliance in 2020, with the highest number of policies reported by insurers since 2016. In 2021, the Council noticed a decline in the number of policies reported compared to 2020. This is may be indicative of a return to an overall decline in the instance of employer non-compliance. A reduction in the number of complaints received in 2021 compared to 2020 supports this premise.
16. Companies with 10 or fewer employees are the majority of businesses reported monthly by insurers as non-compliant. Small businesses state that they struggle to afford their monthly health insurance premium. The recent trend of employers transitioning to less expensive plans may result in an increase in compliance over time. However, employees may lose access to supplemental benefits and pay more out-of-pocket expenses due to reduced coverage.