

EMPLOYERS' COMPLIANCE WITH  
THE HEALTH INSURANCE ACT 1970



# ANNUAL REPORT



2022

# Employers' Compliance with the Health Insurance Act 1970 2022 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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## **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 31% increase in the total number of inactive policies reported by insurers and a 15% increase in the total number of affected employees reported in 2022 compared to 2021.
- ❖ A minimum of \$566,439 was recovered in Standard Premium Rate (SPR) on behalf of employees.
- ❖ 65 employers were posted on the Health Council's website in 2022.
- ❖ 16 employer compliance complaints were received in 2022, reflecting a 23% increase from 2021.

## **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. Public and private insurers provided data from 1<sup>st</sup> January 2022 – 31<sup>st</sup> December 2022. 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 involves 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

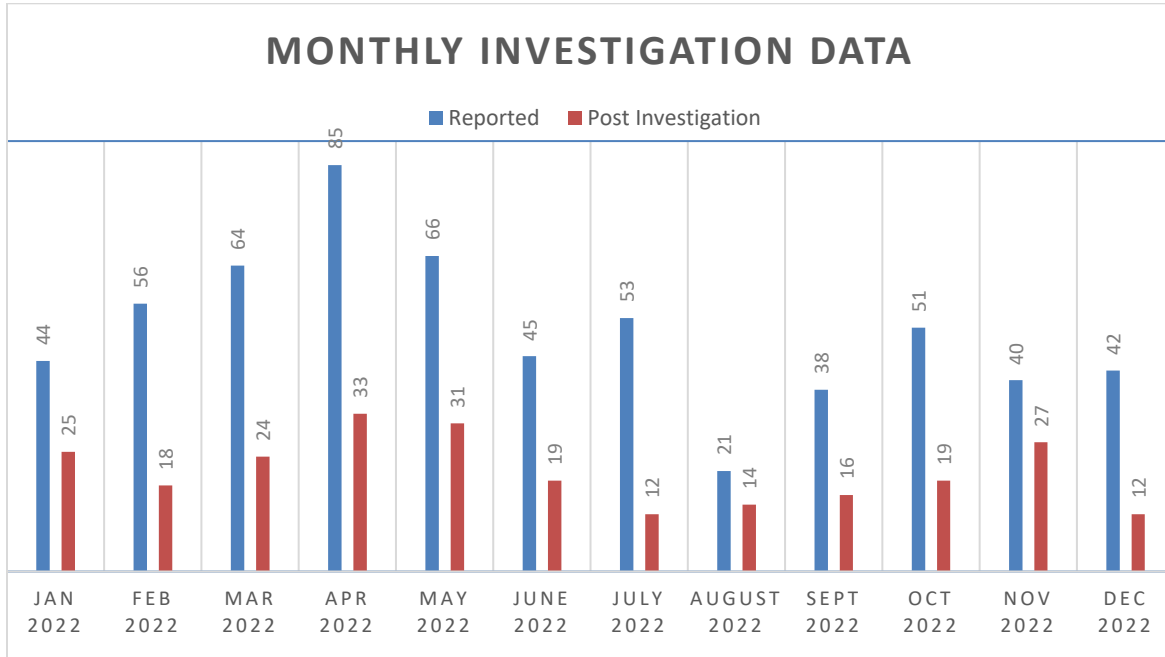
statements from the complainant(s), insurer, Health Council Project Manager, and other relevant individuals. These statements are then provided to the DPP for review.

## **RESULTS:**

5. **605 employer policies were reported by insurers as inactive or terminated in 2022, with 2,748 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 reported as terminated by an insurer but were transitioned to another insurer, thus not impacting employee coverage.
6. **There was a 31% increase in the total number of inactive policies reported, and a 15% increase in the total number of affected employees reported in 2022 compared to 2021.**
7. Of the employers investigated in 2022 for having inactive health insurance policies, **53% of policies were reactivated.** This resulted in **1415 employees regaining health insurance coverage.**
8. A minimum of **\$566,439 was recovered in premiums in 2022.** This figure is based on an uninsured employee's monthly standard premium rate of \$400.31
9. 3% of reported policies transitioned to another insurer, so employee coverage was not impacted. 2% 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 **65 non-compliant employers were posted on the website** in 2022, compared to 86 in 2021.
11. **16 employer compliance complaints** were received in 2022. This compares to 13 complaints received in 2020, reflecting a 23% increase in the number of complaints compared to 2021.

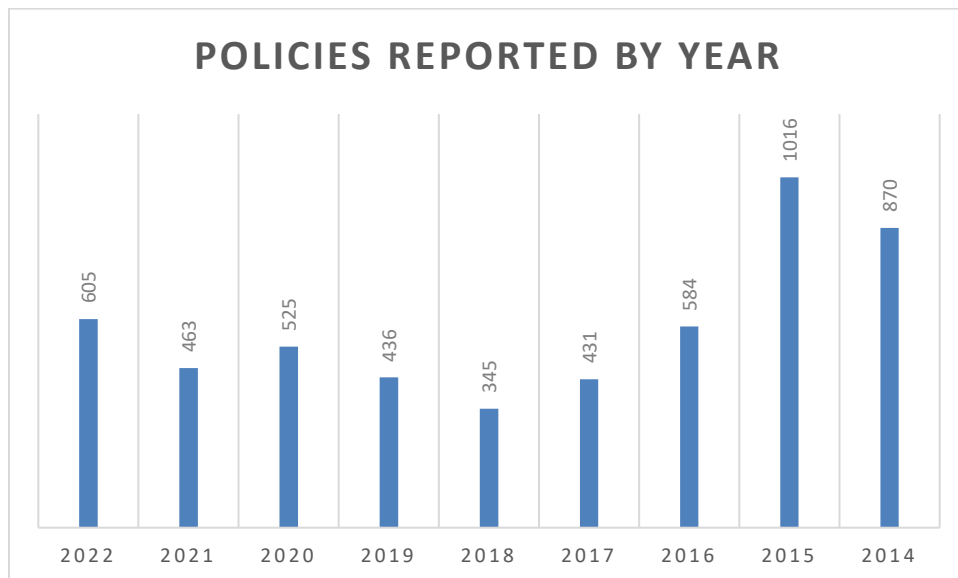
12. Chart 1 shows the number of policies reported as non-compliant by insurers each month and how many remained non-compliant post-investigation.

**Chart 1- 2022 Monthly Investigation Data**



13. Chart 2 provides an annual comparison of the number of policies reported each year by insurers.

**Chart 2- Policies Reported by Year**



## CONCLUSION:

14. There was a significant increase in the number of policies reported by insurers in 2022 compared to 2021. The majority of policies were reported in the first four months of 2022. This was followed by a drop in the number of non-compliant employers reported for the remainder of the year. Given that the highest incidences of non-compliance occurred at the beginning of 2022, it is possible that businesses were still experiencing the financial impact of the Covid-19 pandemic. Hopefully, the reduction in the number of reported policies towards the end of the year indicates an ongoing decline in employer non-compliance.
  
15. Companies with 10 or fewer employees remain the majority of businesses reported monthly by insurers as non-compliant. However, there was an increase in the number of companies with more than 10 employees published on our website. Small businesses state that they struggle to afford their monthly health insurance premium. Many have moved their policies from private insurers to the Health Insurance Department. As such, the Health Insurance Department reports the vast majority of non-compliant businesses.