



Feidhmeannacht na Seirbhíse Sláinte
Health Service Executive

HSE EMT, ARC and Board Briefing Template

Subject: Approval of HSE Special Legislative Accounts 2021
Submitted for Board meeting 16 th December 2022
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Why is this information being brought to the Boards attention? In addition to the Annual Financial Statements (AFS) the HSE is required to prepare certain accounts under legislation as follows: <ul style="list-style-type: none">• Patient Private Property Accounts (PPP) as required by Health (repayment scheme) Act 2006• Hepatitis C Insurance Scheme Accounts as regulated by the Hepatitis C Compensation Tribunal (amendment) Act, 2006.• Long Stay Repayments Account as regulated by Section 18 of the Health Act 2006.• Long Stay Donations fund as regulated by Section 11 of the Health Act 2006. <p>These special legislative accounts have been audited by the C&AG and now require the support and approval of the Board so that they can be submitted to the Minister and laid before the Oireachtas in line with protocol and legislation.</p>
Is there an action by the Board required, if so please provide detail? The Board are asked to consider these special legislative accounts for their approval and signing as part of the Boards reserved functions. All accounts were submitted within statutory timelines and have been audited without any material changes or amendments. As part of normal protocol these accounts have been brought to the ARC when they were submitted to the C&AG. These have been brought to the EMT on 22 nd November and ARC on 8 th December who have supported this recommendation.
Please indicate which of the Boards objectives this relates to ; <ul style="list-style-type: none">▪ The development and implementing of an effective Corporate Governance Framework, incorporating clinical governance and a performance management and accountability system;
Brief summary of link to Board objectives. Approval of Financial Statements
Background - provide context in order to ensure that the Board fully understand the issue. Please see briefing below.
Recommendation to the Board The Board are asked to approve these special legislative accounts and to sign them in line with their reserved functions. <ul style="list-style-type: none">• PPP Accounts to be signed by Chair of Board and CEO with Board approval and Crowleys Accountants Report to be inserted thereafter• Letter of Representation (LOR) for PPP Accounts to be signed by CEO with Board approval• Hepatitis C Insurance Scheme accounts and LOR to be signed by CEO with Board approval

- Long Stay Repayments accounts and LOR to be signed by CEO with Board approval
- Long Stay donations funds accounts and LOR to be signed by CEO with Board approval

1. Introduction

In addition to the Annual Financial Statements (AFS). The HSE is required to prepare certain accounts under legislation as follows:

- Hepatitis C Insurance Scheme Accounts as regulated by the Hepatitis C Compensation Tribunal (amendment) Act, 2006.
- Long Stay Repayments Account as regulated by Section 18 of the Health Act 2006.
- Long Stay Donations fund as regulated by Section 11 of the Health Act 2006.
- Patients Private Property (PPP) Accounts as regulated by the Health (Repayment Scheme) Act 2006.

An executive summary of all said accounts is provided further in this briefing note.

2. Format of Special Legislative Accounts and Audit Status

The format of each set of accounts has been specified by the Minister after consultation with the Comptroller and Auditor Generals (C&AG).

In each case, the legislation provides that accounts must be submitted to the C&AG for audit as soon as it is practicable after the end of the financial year to which they relate, but, in any case not later than 6 months after the end of that year, ie, by 30 June 2022.

All 4 sets of accounts were submitted to the C&AG in line with this statutory requirement. The Audit and Risk Committee (ARC) reviewed these drafts at their June and July 2022 meeting. Subsequently these accounts have been audited and there have been no material changes to the accounts. Once the signed accounts are with the C&AG the audit certs will be released and in line with good procedure these accounts will be submitted to the Minister by the end of the year.

The Board will be asked to nominate the following signature protocols as agreed with the C&AG.

- Hepatitis C Insurance Scheme Accounts to be signed by the CEO
- Long Stay Repayments Accounts to be signed by the CEO
- Long Stay Donations Fund to be signed by the CEO
- Patients Private Property Accounts to be signed by the Chair of the Board and CEO
- Letters of Representation re all 4 accounts to be signed by the CEO.

3. Relationship to HSE Annual Financial Statements

All income and expenditure relating to the Hepatitis C Insurance Scheme and the Long Stay Repayments Scheme are accounted for across the relevant headings (income, pay and non pay expenditure) in the AFS income and expenditure account. There are separate detailed disclosure notes on these schemes also included in the AFS.

The PPP fund balances are not accounted for in the books of the HSE. The HSE is responsible for the administration of these accounts only. As these monies are not the property of the

HSE, these accounts are not included on the HSE's balance sheet. The HSE acts as trustee of the funds and these accounts are independently audited annually.

4. Executive Summary

4.1 Hepatitis C Insurance Scheme Account 2021

The Hepatitis C Compensation Tribunal (Amendment) Act 2006 established a statutory scheme with effect from 2007 to address insurance issues experienced by persons infected with Hepatitis C and/or HIV through the administration within the state of blood and blood product. This scheme addresses the problems faced by these persons due to their inability to purchase mortgage protection and life assurance policies as a result of contaminated blood products being administered to them.

The life assurance element of the scheme was launched in September 2007 with the travel insurance cover added in March 2009.

Expenditure in relation to this scheme for 2021 was €0.314m representing an decrease of €0.473m from the previous year. There has been a decrease in the payments of insurance premium of €0.014m. There has also been a reduction of €0.500m in respect of unisurable death benefits. The total expenditure for 2021 reflects administration costs, payments of insurance premium loadings and payments of unisurable benefits to claimants.

To date the overall expenditure under the terms of this scheme as shown in Note 4 to the accounts amounts to €11.998m. Circa 1700 people are covered under the terms of this scheme. At inception it was expected that this scheme could cost the State in the region of €90 million.

The Special Account is funded from moneys provided by the Oireachtas through the Vote for the Minister for Health.

Note 10 to the Annual Financial Statements (AFS) 2021 of the HSE refers.

4.2 Long Stay Repayments Account 2021

The Health (Repayment Scheme) Act 2006 was enacted in June 2006 to provide a legal basis for the repayment of long stay charges for in-patient services which were wrongfully imposed on eligible persons since 1976 under the Health (Charges for In-Patient Services) Regulations 1976 as amended in 1987 or the Institutional Assistance Regulations 1954 as amended in 1965.

A Special Account was established on 30 June 2006 and all transactions related to this account must receive the Sanction of the Minister of Finance.

Those entitled to repayments were:

- eligible people who are alive and who were wrongfully charged at any time since August 1976
- the estates of eligible people who were wrongfully charged and died after 9th December 1998
- the spouses of children of eligible people who paid recoverable health charges from their own resources

The Health Repayment Scheme applied to eligible residents of public long stay facilities and public contracted beds who were wrongfully charged.

Total expenditure in relation to this scheme decreased to €0.022m in 2021 from €0.098m in 2020 representing a decrease of €0.076m. The actual number of claims decreased from 2 to 1 in 2021 resulting in a decreased cost of €0.036m in 2021. In addition, there was also a decrease of €0.040m in pay and administration costs 2021 when key staff were redeployed to COVID-19 activities.

The scheme cannot conclude until all offers are brought to a conclusion. The legislation does not provide for an end or closing date in completing these cases. In FY2014 an additional 3 S39 agencies were granted departmental approval to join the scheme which accounts for the significant increase in expenditure in FY2014 and FY2015.

To date there have been 20,303 cases actioned under this scheme totalling €485.9m.

Note 9 to the Annual Financial Statements (AFS) of the HSE refers.

4.3 Long Stay Donations Fund 2021

In accordance with section 11 of the Health (repayments scheme) Act 2006 an applicant under the repayments scheme may direct that any and all of a repayment due could be paid into the Long Stay Donations fund.

This fund has essentially been wound down and the fund value as at 31 December 2021 is Nil. Due to lack of activity on this Donation Fund bank account over recent years this account was closed by Ulster Bank in April 2018. All of the Donation Funds received to date are fully allocated and expended for their intended purposes in accordance with the Health (Repayment Scheme) Act 2006. There are no funds in the account at the end of 2021.

4. Patients Private Property Accounts 2021

The HSE operates client PPP accounts on the basis of the Health (Repayment Scheme) Act 2006.

Fund Value

The level of funds held in the PPP fund decreased by €0.570m to €102.607m during 2021 versus 2020. This is the smallest annual decrease indicating that many of the high value Health Repayment Scheme recipients have been paid out to estates.

Investment Income

Investment Income on the fund during 2021 was NIL reflecting a ZERO% interest rate on the investment funds held with the NTMA – down from €0.045m in 2015, the last year interest was received. Since September 2022 the NTMA has recommenced paying interest on the fund at a rate of 0.2%.

Number of PPP Accounts

The number of PPP accounts retained at 154 Care Centres (no change from 2020) at 31/12/2021 was 5,154 which is an increase of 117 on previous year.

Retained Interest

Note 7 in the National Accounts recognises the progress made in the project currently ongoing to allocate the €14.5m past interest earned, currently held in PPPCU, to entitled patients. Since 2017 to October 2022 over €7.7m has been paid out to entitled

clients/estates and the exercise will continue right through 2022 and likely much longer as sites work to source entitled persons/estates and ensure indemnities/probate are in order before issuing payment.

The Statement of Internal Control (SIC) notes a number of internal control issues which have been identified by the findings of the audit as noted in the 2021 Management Letter (ML). While the majority of the findings in the ML were rated as low (6 out of 7 ML findings were low) the SIC refers to the below issues:

- Funds of Deceased Clients/Inactive Accounts (high)
- Segregation of Duties (low)
- Bank Mandates – excess cheque signatories (low)
- Inactive accounts (low)
- Use of Withdrawal Forms (low)
- Client Ledger Differences (low)
- Monthly Bank and Cash Reconciliations (low)

The HSE is committed to and gives high priority to the continuous quality improvement of PPP service and addressing the issues raised in audit. Management Letters from external audits evidence year on year improvements.

5. 2022 and Future years

The Hepatitis C Insurance Scheme is expected to continue to operate in the immediate future.

A timeframe for close down of the Health Repayment Scheme has yet to be agreed. The Department of Health in conjunction with the HSE's National Co-Ordinating Unit for the Health Repayment Scheme will review the level of potential claims remaining and consider measures necessary to bring the scheme to a closure, including any legislative revisions that may be required. The Donations Fund is expected to be closed out at the same time as the Long Stay Repayments has concluded.