

# 2018

## EMPLOYERS' COMPLIANCE

### ANNUAL REPORT



# Employers' Compliance with the Health Insurance Act 1970 2018 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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# EMPLOYERS' COMPLIANCE

## 2018 ANNUAL REPORT

*For the period 1st January 2018 to 31st December 2018*

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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 20% decrease in the total number of inactive policies reported and a 5% decrease in the total number of affected employees reported in 2018 compared to 2017.
- ❖ A minimum of \$240,981 was recovered in Standard Premium Rate (SPR) on behalf of employees.
- ❖ 62 employers were posted on the Health Council's website.
- ❖ 55 employers' compliance complaints and 47 employers' compliance queries were received in 2018.
- ❖ There was a 161% increase in the number of complaints and a 6% increase in the number of queries received compared to 2017.
- ❖ 14 inspections were conducted during the reporting period of 1<sup>st</sup> January 2018 - 31<sup>st</sup> December 2018.
- ❖ 3 non-compliant employers were heard in criminal court in 2018.

## **METHODOLOGY:**

1. The Health Council monitors employers' compliance with the Act 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 1<sup>st</sup> January 2018 – 31<sup>st</sup> December 2018. Insurers provide a monthly report that includes a list of policies in arrears or terminated with claims not being paid. The Project Officer 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, 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. 14 inspections of employment records occurred in 2018.

- 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. Three cases were referred to the DPP for prosecution in 2018. One defendant pled guilty and received a fine of \$1,250. The other two employers' trials are pending, as at 31<sup>st</sup> December 2018.

## RESULTS:

- Per Table 1, the reported number of non-compliant employers fluctuated throughout the year. There was a significant decline in September and October 2018 compared to previous months, with only 11 inactive policies reported each month. February, March and July 2018 had a noticeably higher number of inactive policies reported, with 45 policies or more each month.
- There was a 20% decrease in the total number of inactive policies reported and a 5% decrease in the total number of affected employees reported in 2018 compared to 2017.

**Table 1 - Summary of Reported Health Insurance Policies**

		<b>2018</b>											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Inactive Policies</b>	<b>Reported</b>	21	48	45	29	20	22	45	29	11	11	32	32
	<b>Post Follow-Up</b>	12	21	18	8	4	11	20	12	10	5	14	8
<b>Insureds Affected</b>	<b>Reported</b>	102	331	220	127	80	86	227	140	104	77	141	249
	<b>Post Follow-Up</b>	41	89	113	19	12	39	70	56	70	55	68	65

- Of the employers investigated during the year for having inactive health insurance policies, 143 (41%) settled their arrears and re-established their policies. This resulted in 697 (37%) employees regaining health insurance coverage, as per Figure 2. In 2017, 182 (42%) settled their arrears and established their policies, which resulted in 899 (45%) employees regaining health insurance coverage.
- As a result, a minimum of \$240,981 was recovered in premium in 2018. This figure is based on an uninsured employee's monthly SPR coverage: 313 employees x \$334 (SPR from January 2018-June 2018) + 384 employees x \$355.31 (SPR from July 2018 to December 2018). In 2017, \$296,926 was recovered in SPR.
- Web publication of non-compliant employers on the Health Council's website was implemented on 3<sup>rd</sup> June 2015. A total of 62 non-complaint employers were posted on the website in 2018.

10. In 2018, the Health Council responded to 55 complaints and 47 queries related to employer health insurance. This compares to 21 complaints and 44 queries received in 2017. There was a 161% increase in the number of complaints and a 6% increase in the number of queries received compared to 2017. It was noted that a significant number of complaints were received from work permit-holding employees, as well as individuals employed by nursing homes and preschools.

## **CONCLUSION:**

11. Overall, the number of non-compliant employers continues to decline. The significant increase in the number of complaints reported to the Health Council resulted in greater employer accountability, which helps to improve compliance.
12. Increasing penalties for non-compliance will further assist with decreasing prevalence. In 2019, the Health Council will focus on strengthening penalties for non-compliance, as its legislative focus for the Employers Compliance project.