



STATUTORY INSTRUMENTS.

**S.I. No. 220 of 2007**



RISK EQUALISATION (AMENDMENT) SCHEME, 2007

**(Prn. A7/0932)**

## RISK EQUALISATION (AMENDMENT) SCHEME, 2007

I, MARY HARNEY, Minister for Health and Children, in exercise of the powers conferred on me by sections 3 and 12 of the Health Insurance Act, 1994 (No. 16 of 1994) as amended and substituted by sections 9, 10 and 13 of the Health Insurance (Amendment) Act, 2001 (No. 17 of 2001), section 5 of the Health Insurance (Amendment) Act, 2003 (No. 11 of 2003) and section 2 of the Health Insurance (Amendment) Act, 2007 (No. 3 of 2007), hereby make the following Scheme—

1. This Scheme may be cited as the Risk Equalisation (Amendment) Scheme, 2007.

2. The Risk Equalisation Scheme, 2003 is hereby amended—

(a) by the substitution in Article 3—

(i) for the definition of “Act” of the following—

“ ‘Act’ means the Health Insurance Act, 1994, (No. 16 of 1994) as amended by the Health Insurance (Amendment) Act, 2001, (No. 17 of 2001), the Health Insurance (Amendment) Act, 2003 (No. 11 of 2003) and the Health Insurance (Amendment) Act, 2007, (No. 3 of 2007);”

(ii) for the definition of “data adjustment” of the following—

“ ‘data adjustment’ has the meaning assigned to it in Article 11 of this Scheme;”

(iii) for the definition of “registered” of the following—

“ ‘registered’ in relation to an undertaking has the meaning assigned to it in section 2 of the Act and also includes undertakings that were formerly registered as set out in section 12(2)(a)(ii) of the Act;”

(iv) for the definition of “scheme undertakings” of the following—

“ ‘scheme undertakings’ means all registered undertakings, having regard to 2(a)(iii) and 2(a)(v);”

(v) for the definition of “undertaking” of the following—

*Notice of the making of this Statutory Instrument was published in “Iris Oifigiúil” of 11th May, 2007.*

“ ‘undertaking’ has the meaning assigned to it in section 2 of the Act taken in conjunction with section 12(2)(a) of the Act, except that it shall exclude the following—

- (a) any restricted membership undertaking to which the provisions of a scheme do not apply pursuant to Article 4, or
- (b) any registered undertaking to which the provisions of a scheme do not apply pursuant to Article 5.”

(b) by the insertion of the following definitions in Article 3—

“ ‘corrected return’ has the meaning assigned to it in Article 9 of this Scheme;”

“ ‘curtailment adjustment’ has the meaning assigned to it in Article 11 of this Scheme;”

(c) by the deletion of the definition of “returning undertaking” in Article 3

(d) by the substitution in Articles 8(1), 9(1), 9(4), 9(5), 9(6), 9(8), and 11(3) for “returning undertaking” of “scheme undertaking”

(e) by the substitution for Article 9(5)(a) of the following—

“ (a) the number of insured persons on the first day of each month of the quarter concerned and the first day of the next following period;”

(f) by the substitution in Articles 9(8) and 9(9) for “data adjustment” of “corrected return”

(g) by the insertion of the following definitions in Article 11(1)—

“ ‘curtailment adjustment’ has the meaning assigned to it in sub-article (3);

‘data adjustment’ means for a scheme undertaking for a particular period the aggregate of

- (a) its return or the most recent corrected return submitted in accordance with sub-article (8) of Article 9, and
- (b) the aggregate of any curtailment adjustments allocated to that period arising from a determination or determinations by the Authority under sub-article (3).”.

(h) by the deletion of “.” at the end of Article 11(3) and the insertion of the following—

“, provided that if the Authority is of the opinion, following, *inter alia*, an analysis of the returns, that during the period a scheme undertaking has, for whatever reason,

(a) ceased to provide cover to insured persons; or

(b) has very substantially curtailed its operations,

so that, as a result, there is in the opinion of the Authority a material lack of correspondence between its number of insured persons and

(a) its amount of equalised benefits; or

(b) its claim value

for a particular cell or group of cells, then the Authority shall disregard that particular return in its calculation of equalisation contributions for the current period and instead it shall allocate that return (to be known for the purposes of this Scheme as a “curtailment adjustment”) to the latest preceding period in respect of which the Authority did not form such an opinion.”

- (i) by the substitution in Article 11(5) for “been submitted” of “arisen”
- (j) by the deletion of “plus 5 percentage points” in Articles 11(5)(a) and 11(5)(b)
- (k) by the substitution in Article 11(5)(a) for “or the most recent previous data adjustments received” of “received or the most recent data adjustments which have arisen”
- (l) by the substitution in Article 11(5)(b) for “any newly submitted data adjustment” of “any new data adjustment which has arisen”
- (m) by the substitution in Article 1 of the Second Schedule for the definition of “commencement date” of the following—
 

“ ‘commencement date’ as it relates to an undertaking shall be the date on which it first becomes a scheme undertaking;”
- (n) by the substitution in Article 4 of the Second Schedule for the definition of “cell insured population” and “CIP” of the following—
 

“ ‘cell insured population’ and ‘CIP’ means one sixth of the sum of the following;

  - (i) half of the number of insured persons in that cell on the 1st day of the period and on the 1st day of the following period, and

- (ii) the number of insured persons in that cell on the first day of each month within the period but excluding the 1st day of the period;”
- (o) by the substitution for Article 7, 8 and 9 of the Second Schedule of the following—

“ 7. Age, Gender and Health Status (AGHS) Calculations shall be determined in accordance with the following provisions—

‘cell standardised benefits — age, gender and health status basis’ and ‘CSBAGHS’ with respect to a specific period, each scheme undertaking and a specified cell, means an amount calculated in accordance with the formula:

$$\text{CEBA} \times \text{MP}(\text{Cell}) \times \text{MU}(\text{Cell}) \times \text{UIP}$$

Except where CEB is less than €5,000, or if CIP is less than 20, or if CCV is less than 20 for that cell, in which case, CSBAGHS shall be

$$80\% \times \text{MEBA}(\text{Cell}) \times \text{MP}(\text{Cell}) \times \text{MU}(\text{Cell}) \times \text{UIP}$$

‘undertaking standardised benefits — age, gender and health status basis — first calculation ’ and ‘USBAGHS1’ with respect to a specific period and each scheme undertaking means the sum for all cells of

CSBAGHS

‘undertaking standardised benefits — age, gender and health status basis’ and ‘USBAGHS’ with respect to a specific period and each scheme undertaking means a value determined in accordance with the formula:

$$\text{USBAGHS1} \times \frac{\text{UEAR}}{\text{MEAR}}$$

‘undertaking equalisation adjustment — age, gender and health status basis’ and ‘UEAAGHS’ with respect to a specific period and each scheme undertaking shall be determined in accordance with the formula:

$$\text{USBAGHS} - \text{UEB}$$

8. Age and Gender (AG) Calculations shall be determined in accordance with the following provisions:

‘cell standardised benefits — age and gender basis’ and ‘CSBAG’ with respect to a specific period, each scheme undertaking and a specified cell means an amount calculated in accordance with the formula:

$$\frac{\text{CEB}}{\text{CIP}} \times \text{UIP} \times \text{MP}(\text{Cell})$$

Except where CEB is less than €5,000, or if CIP is less than 20, in which case CSBAG shall be

$$80\% \times \frac{\text{MEB}(\text{Cell})}{\text{MIP}(\text{Cell})} \times \text{UIP} \times \text{MP}(\text{Cell})$$

‘undertaking standardised benefits — age and gender basis — first calculation’ and ‘USBAG1’ with respect to a specific period and each scheme undertaking means the sum for all cells of

CSBAG

‘undertaking standardised benefits — age and gender basis’ and ‘USBAG’ with respect to a specific period and each scheme undertaking means a value determined in accordance with the formula:

$$\text{USBAG1} \times \frac{\text{UEAR}}{\text{MEAR}}$$

‘undertaking equalisation adjustment — age and gender’ and ‘UEAAG’ with respect to a specific period and each scheme undertaking means an amount determined in accordance with the formula:

USBAG — UEB

9. Determination of Market Equalisation Percentage and Equalisation Contributions shall be in accordance with the following provisions:

‘undertaking equalisation adjustment’ and ‘UEA’ with respect to a specific period and each scheme undertaking means an amount determined in accordance with the following formula:

$$\text{HSW} \times \text{UEAAGHS} + (100\% - \text{HSW}) \times \text{UEAAG}$$

‘undertaking phased positive equalisation adjustment’ and ‘UPPEA’ with respect to a specific period and each scheme undertaking means for all scheme undertakings in respect of which the determined UEA is greater than zero an amount determined in accordance with the following formula:

UEA x P

where P is 0.8

provided that in the case of a scheme undertaking which became a registered undertaking on the 18th October 2004, a value for P determined in accordance with the following table should be substituted for the above, if lower,

Total number of periods (with part of a period to count as a full period) from the commencement date of that undertaking up to the current period inclusive	Value
6 or less	0
7	T/365
8	0.5
9 or more	1.00

where “T” is the number of days from, and including, the third anniversary of the commencement date of that undertaking to the end of the period in which it acquired that status.

‘market positive equalisation adjustments’ and ‘MPEA’ (with respect to a specific period) means the sum, for all scheme undertakings in respect of which the determined UEA is greater than zero of

UEA

‘market negative equalisation adjustments’ or ‘MNEA’ (with respect to a specific period) means the mathematically absolute value of the sum, for all scheme undertakings in respect of which the determined UEA is less than or equal to zero, of

UEA

‘market positive phased equalisation adjustments’ and ‘MPPEA’ (with respect to a specific period) means the sum, for all scheme undertakings in respect of which the determined UEA is greater than zero of

UPPEA

‘undertaking phased negative equalisation adjustment’ and ‘UPNEA’ (with respect to a specific period and each scheme undertaking) means, for all scheme undertakings in respect of which the determined UEA is less than or equal to zero an amount determined in accordance with the following formula:

$$\frac{\text{UEA} \times \text{MPPEA}}{\text{MNEA}}$$

‘equalisation contribution’ (with respect to a specific period and each scheme undertaking) means:

- (a) UPPEA for all scheme undertakings in respect of which the determined UEA is greater than zero and / or
- (b) UPNEA for all scheme undertakings in respect of which the determined UEA is less than or equal to zero

‘market equalisation percentage’ with respect to a specific period shall be a percentage determined in accordance with the following formula:

$$\frac{\text{MPEA} \times 100}{\text{MEB(Total)}}$$

(p) by the substitution for the “Third Schedule” of the following—

### THIRD SCHEDULE

**Return to the Health Insurance Authority, pursuant to Article 9 of the Risk Equalisation Scheme, 2003.**

**Return for the Period Ending.....**

**Form No. 1**

**PART 1 OF RETURN**

Data for First Quarter of Period:

Gender: Female

Scheme undertaking:.....

Cell	Number of insured persons on first day of the first month of that quarter	Number of insured persons on first day of the second month of that quarter	Number of insured persons on first day of the third month of that quarter	Cell equalised benefits for that quarter (€000s)	Cell claim value for that quarter
Age 17 and under					
Age 18 to age 29					
Age 30 to age 39					
Age 40 to age 49					
Age 50 to age 59					
Age 60 to age 69					
Age 70 to Age 79					
Age 80 and over					
All cells for that gender combined					

**(Page 1 of 5)**



**PART 1 OF RETURN (Continued)**

Data for First Quarter of Period:

Gender: Male

Scheme undertaking:.....

Cell	Number of insured persons on first day of the first month of that quarter	Number of insured persons on first day of the second month of that quarter	Number of insured persons on first day of the third month of that quarter	Cell equalised benefits for that quarter (€000s)	Cell claim value for that quarter
Age 17 and under					
Age 18 to age 29					
Age 30 to age 39					
Age 40 to age 49					
Age 50 to age 59					
Age 60 to age 69					
Age 70 to Age 79					
Age 80 and over					
All cells for that gender combined					

**PART 2 OF RETURN**

Data for Second Quarter of Period:

Gender: Female

Scheme undertaking:.....

Cell	Number of insured persons on first day of the first month of that quarter	Number of insured persons on first day of the second month of that quarter	Number of insured persons on first day of the third month of that quarter	Number of insured persons on first day of the next following period	Cell equalised benefits for that quarter (€000s)	Cell claim value for that quarter
Age 17 and under						
Age 18 to age 29						
Age 30 to age 39						
Age 40 to age 49						
Age 50 to age 59						
Age 60 to age 69						
Age 70 to Age 79						
Age 80 and over						
All cells for that gender combined						

**PART 2 OF RETURN (Continued)**

Data for Second Quarter of Period:

Gender: Male

Scheme undertaking:.....

Cell	Number of insured persons on first day of the first month of that quarter	Number of insured persons on first day of the second month of that quarter	Number of insured persons on first day of the third month of that quarter	Number of insured persons on first day of the next following period	Cell equalised benefits for that quarter (€000s)	Cell claim value for that quarter
Age 17 and under						
Age 18 to age 29						
Age 30 to age 39						
Age 40 to age 49						
Age 50 to age 59						
Age 60 to age 69						
Age 70 to Age 79						
Age 80 and over						
All cells for that gender combined						

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**Form No. 1**

Return for the Period Ending ..... as confirmed by:

Name:..... Name:.....

\*Position:..... Position:.....

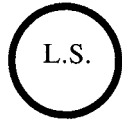
Signature:..... Signature:.....

Date:..... Date:.....

\*One of the signatories to be the Managing Director, Chief Executive Officer, Company Secretary, Board Member, Trustee, or a person of similar status.

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3. This Scheme shall come into operation on the 1st day of May, 2007.



GIVEN under my Official Seal,  
1 May 2007

MARY HARNEY.  
Minister for Health and Children.

#### EXPLANATORY NOTE

*(This note is not part of the Instrument and does not purport to be a legal interpretation).*

This scheme amends the Risk Equalisation Scheme, 2003. Inter alia, it amends the scheme to reflect the provisions of the Health Insurance (Amendment) Act, 2007.

BAILE ÁTHA CLIATH  
ARNA FHOILSIÚ AG OIFIG AN tSOLÁTHAIR  
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