



**Ministerial Statement to the House of Assembly
By the Minister of Health, Seniors and Environment
The Honourable JEANNE ATHERDEN, JP, MP
On 17th August 2015**

Tabling of Financial Statements for the Health Insurance Fund (HIF), the Mutual Reinsurance Fund (MRF) and the FutureCare Fund (FCF) (the Funds) for the fiscal years April 1, 2010 to March 31, 2014

Good Day Mr. Speaker and Esteemed Colleagues:

Mr. Speaker,

The Health Insurance Act 1970 requires the Health Insurance Committee (HI C) to maintain financial accounts for the Health Insurance Fund, the Mutual Reinsurance Fund and the FutureCare Fund (the Funds) and to have those accounts audited by the Auditor General. Today I am presenting to this Honourable House the audited financial statements for the Funds for the 4 fiscal periods ended March 31st 2011, 2012, 2013 and 2014.

Mr. Speaker, you will note that the Auditor General has issued a denial of opinion in each of the fiscal years in question. A combination of a previous back-log of audited financial statements, lack of automation, deficiencies in internal controls and insufficient operational resources resulted in material errors in the financial statements.

Mr. Speaker in 2012, it was agreed with the Auditor General that accepting denials of opinion would be the prudent course of action for all the then-outstanding fiscal years. Since that time the Health Insurance Department has been working with the Auditor General to resolve these issues. In addition, the Department has, since 2009, been systematically addressing operational back-logs while concurrently implementing automated systems and modernizing the Department. One key change was the

outsourcing of claims administration as a new business strategy. Mr. Speaker, this has proved to be an overwhelming success with anticipated cost savings and increased efficiencies being realized. As these improvements occurred Management was better equipped to assess the effectiveness of existing processes.

Mr. Speaker, in spite of significant changes to Departmental procedures, such as successfully outsourcing claims administration, requiring audited headcounts from insurers, implementation of electronic payments to service providers, the enhancement of reconciliation procedures and the restructure of HID staffing resources and responsibilities, ongoing review revealed serious deficiencies in intra-Government reporting, thus affecting the reliability of HID's data. After further consultation with the Auditor General in May of 2014, it was agreed that the level of unreliability rendered the records unauditable. A list of items to be resolved was produced by the Auditor General and I am pleased to report that resolution of these items is near completion and regular audits will resume with the 2014/15 fiscal year.

At this time, management expects to receive a qualified opinion on these statements as a result of the opening balances carried forward from the 2014 financials. Thereafter, management is diligently working towards receiving a clean audit opinion.

Mr. Speaker, restoring confidence in the integrity of the HID accounting records has been a long and arduous process, spanning almost 6 years. The resolution of the final items for the Auditor General and the resumption of regular audits will mark the completion of this effort. I wish to commend the previous and current Directors and the HID management team and staff who worked through this process for their perseverance and hard work to get us to this point.

In closing, **Mr. Speaker**, while we are not yet where we want to be, the tabling of these Financial Statements represents the clearing of the last major legacy issue faced by the Department. Coupled with the recently completed HID Strategic Plan which includes the implementation of an Enterprise Risk Management strategy which has already been

completed, the application of a Case Management Strategy to better manage chronic illness and several pilot programmes that will directly impact population wellness and system sustainability, all of which are in development, together with the new supplemental benefits for the current fiscal year which will begin to be rolled out effective September 1st, I believe that much better days are ahead.

Thank you, **Mr. Speaker.**