VALSTYBĖS KONTROLĖ
PUBLIC AUDIT

RESULTS OF FINANCIAL AUDIT OF 2021 SETS OF CONSOLIDATED FINANCIAL AND BUDGET EXECUTION REPORTS OF THE COMPULSORY HEALTH INSURANCE FUND

03 October 2022

No FAE-8

SUMMARY

Objective and Scope of the Audit

Pursuant to the Law on National Audit Office[1] and the Law on Public Sector Accountability[2], we have carried out an audit to assess the regularity of the 2021 sets of consolidated financial and budget execution reports of the Compulsory Health Insurance Fund.

The audit has been performed in accordance with International Standards on Auditing and International Standards of Supreme Audit Institutions. The scope of the audit and the applied methods are described in more detail in Annex 2 "The Scope and Methods of the Audit" (pp. 20–21).

[1] Law on National Audit Office, Article 8(2)(2)
[2] Law on Public Sector Accountability, Article 30

Key Results of the Audit:

1. 2021 set of financial reports contains material misstatements of data, the set of budget execution reports is correct in all material respects

The set of consolidated financial reports of the Compulsory Health Insurance Fund has not been prepared, in all material respects, in accordance with the provisions of the Public Sector Accounting Standards. We have identified material misstatements in the data of the financial position statement (in receivables within one year) and the performance statement (in operating income and in social benefit costs), due to the following circumstances (Section 1.1, p. 2–22):

- The Compulsory Health Insurance Fund in its set of reports unduly misstated other operating income and social benefit costs by EUR 41.84 million. These funds consist of funds transferred to the Fund by the registrars (their representatives) of the medicinal product or legal entities with a wholesale distribution licence under the treatment access improvement and risk-sharing agreements, as well as funds reimbursed by the EU, EEA Member States and Switzerland for the healthcare services they have provided to their insured in Lithuania. In economic terms, these funds are reimbursements of costs recognised by the Fund in prior periods for healthcare services provided and (or) reimbursable medicine and medical care supplies. These funds cannot be recognised as income in the Fund's accounts but should be deducted from the costs incurred by the Fund.
- We cannot confirm the balance (of EUR 5.56 million) of current assets (other receivables from natural and legal persons in respect of damage caused to the Fund) in the consolidated statement of financial position, as well as the regularity of the share of other operating income (EUR 2.19 million) included in the statement of performance related to these receivables. These funds are administrated in the Information System for Recovery of Damages, the parameters of which do not ensure the traceability of the details (the period of recognition of the specific receivable after the fact of damage, the settlement of the debt and its overdue date) needed to keep the accounts.
- It is not possible to estimate by what amount, in the consolidated statement of financial position as of 31/12/2021, the balance (of EUR 7.28 million out of the total of EUR 32.86 million) of current assets (other receivables from foreign countries for services provided in Lithuania to the insured of these countries) should be lower and, correspondingly, the balance of non-current financial assets (of EUR 41.3 million) should be higher due to deferred payments of reimbursable amounts for more than 12 months, as there are no accounts of reimbursement of a specific receivable.
- The accounts of the short-term receivables do not include EUR 642.94 thousand of accrued financing amounts receivable and financing income, including EUR 581.76 thousand for care services provided to migrants (costs reimbursable by the EU and State budgets); and EUR 61.18 thousand for services provided to patients who are not entitled to State guaranteed (free) personal healthcare (expenses to be reimbursed from the State budget).

2. Payment procedure for personal healthcare services used for 2020–2022 was not in line with the Law on Health Insurance

In the previous audit, we concluded that the payment for the planned provision of personal healthcare services, which has been established by the Order of the Minister of Health since March 2020, cannot be considered as the establishment of basic prices, and the Minister has not been entrusted the right to establish a different procedure for such a procedure of payments with personal health care institutions by the Law on Health Insurance. We considered such a payment procedure as not aligned with the provisions of the Law on Health Insurance, service provision and payment agreements.

The Ministry had planned to consider the incompatibility of the payment procedure with the Law in the light of the results of the 2020 financial audit, but the Fund's payment procedure for the planned provision of personal healthcare services was applied until 30 September 2022.

For 2021, the Fund's budget paid EUR 1,032.46 million for personal health care services actually provided and EUR 119.60 million for services planned to be provided within the scope of the agreements. From 1 October 2022, it is planned to return to the payment only for personal healthcare services actually provided (Section 2, p. 17–18).

Recommendations

During the audit, the National Audit Office, in its Letter[3], made two recommendations to the National Health Insurance Fund. The recommendations addressed the assessment of the receivables management processes (from natural and legal persons for damage caused to the Fund and from the EU, EEA countries and Switzerland for the treatment of the insured) and to the compilation of all the information necessary for the accounting process.

Relevant information on the status of implementation of the recommendations, results and developments is published as open data on the National Audit Office's website https://www.valstybeskontrole.lt/LT/AtviriDuomenys.

[3] National Audit Office's 19/07/22 Letter No SD-(100- 6-9.1.1-E-6116)-734.