RESULTS OF THE FINANCIAL AUDIT OF THE SET OF ACCOUNTS OF THE COMPULSORY HEALTH INSURANCE FUND FOR 2023

15 May 2024

No FAE-4

SUMMARY

Objective and scope of the audit

We have carried out financial audit of the set of accounts of the Compulsory Health Insurance Fund for 2023 in accordance with the Law on the National Audit Office and the Law on Public Sector Accountability.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions, which include International Standards on Auditing. The scope of the audit and the methods applied are described in more detail in Annex 2 “Audit scope and methods” (pages 17-18).

Key audit results

1. The set of consolidated financial statements for 2023 contains material misstatements. The set of budget implementation reports is correct in all material respects.

The set of financial statements of the Compulsory Health Insurance Fund has not been prepared, in all material respects, in accordance with public sector accounting and financial reporting standards. We identified material misstatements in the consolidated statement of financial position (receivables within one year, accumulated surplus or deficit items) and in the report on changes in net assets (accumulated surplus or deficit before equity method), as at 31 December 2023 and 31 December 2022, as well as in the related explanatory notes.

This was due to the persistence of circumstances regarding the amounts receivable from natural and legal persons for damage caused to the Fund, and in the compensations receivable from foreign liaison services for reimbursements for treatment of insured persons in Lithuanian healthcare institutions, and deficiencies in the data recorded in the information systems for accounting purposes. Some of the accounting errors have been corrected in the preparation of the 2023 set of accounts in the light of the observations made, but a review and modernisation of the information systems is needed to address the deficiencies. The National Health Insurance Fund postponed the modernisation of the information systems, which was planned to be carried out by 30 June 2024, pending the decisions of the Seimas on the optimisation of the activities of the National Health Insurance Fund and the territorial health insurance funds. In view of this, we were unable to verify the 27% (EUR 15.16 million) balance of other receivables as at 31 December 2023 and the accuracy of data related to these receivables.

Due to the persisting circumstances, where the timing of reimbursement of amounts receivable from the EU, EEA and Swiss liaison services for services rendered in Lithuania to the insured persons of these countries is not recorded in the accounts, we were not able to assess the amount by which the balance (EUR 9.74 million of EUR 56.87 million) of the current assets—other receivables within one year—should be reduced in the consolidated statement of financial position as at 31 December 2023 and the amount by which the balance (EUR 54.49 million) of long-term financial assets should be correspondingly increased (section 1.1.1, paragraphs 2-11, pages 9-12 of the statement).

2. From 2024, the CHIF resources used to perform the functions delegated by the state will have to be recovered from the state budget

In 2023, the state budget allocated EUR 204.09 million to finance the functions delegated by the state in the CHIF budget. Due to a shortage of appropriations, the Fund's money was additionally used for these purposes (e.g., EUR 2.62 million from the risk management part of the CHIF reserve was used to reimburse the costs of orthopaedic equipment). We could not estimate how much of the total CHIF resources were used for additional financing of other functions delegated by the state, as the National Health Insurance Fund did not administer separately the state budget funds allocated until 2024.

As a result of the recommendations made by the National Audit Office, the Law on Amendments and Supplements to the Law on Health Insurance was adopted on 11 May 2023. Among other things, it introduces the obligation from 2024 to administer separately the funds allocated to the CHIF budget and used for the functions delegated by the state. This will allow an objective assessment of the true extent of the resources needed to perform the functions delegated by the state and the identification of the resources used for this purpose and the resources needed to restore the CHIF budget (Chapter 2, paragraphs 19-23, pages 14-15 of the statement).

Recommendations

No recommendations were made during the audit. To ensure the accuracy of the annual accounts, the implementation of the recommendations made during the CHIF financial audit of 2021 remains relevant to ensure the collection of the information necessary for the bookkeeping of the amounts due from natural and legal persons for the damage caused to the Fund, and from the liaison offices of the EU, EEA and Switzerland for the treatment of insured persons from these countries in Lithuania, which is planned to be implemented following the adoption of decisions by the Seimas on optimising of the activities of the health insurance funds.

Up-to-date information on the status of the implementation of the recommendations, results and developments is published in open data on the website of the National Audit Office at https://www.valstybeskontrole.lt/LT/AtviriDuomenys.