To the Seimas of the Republic of Lithuania

The Government of the Republic of Lithuania

The Ministry of Health of the Republic of Lithuania

The State Health Insurance Fund under the Ministry of Health

PUBLIC AUDITOR'S REPORT

ON THE 2025 SET OF ACCOUNTS OF THE COMPULSORY HEALTH INSURANCE FUND

15 May 2026 No. FAE-3

Vilnius

QUALIFIED OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the 2025 set of consolidated financial statements of the Compulsory Health Insurance Fund, which comprises the consolidated statements of financial position, activities, cash flows and changes in net assets, and the notes to the consolidated financial statements.

In our opinion, except for the effects of the matters described in the section of our report entitled "Basis for the Qualified Opinion on the Consolidated Financial Statements", the consolidated financial statements of the Compulsory Health Insurance Fund present a true and fair view of the financial position as at 31 December 2025, the results of its activities, changes in net assets and cash flows for the year ended 31 December 2025 in accordance with the Public Sector Accounting and Financial Reporting Standards of the Republic of Lithuania.

BASIS FOR THE QUALIFIED OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have identified material misstatements in the 2025 consolidated statement of financial position (receivables due within one year) of the Compulsory Health Insurance Fund and in the corresponding notes to the financial statements (section 1.1.1 of the statement, paragraphs 2–7), which were caused by deficiencies in the data required for accounting purposes recorded in the information systems, identified during the financial audit of the 2021 financial statements and which remain unresolved:

1. Data regarding amounts to be recovered (from individuals and legal entities) for damages caused to the Fund are not recorded in the registration information system (specific amounts receivable upon establishing the fact of damage, the recognition

period, the deadlines for repayment and default) required for the proper management of accounts receivable. The calculation of the impairment of receivables and the assumptions used for this purpose are not substantiated. For this reason, we are unable to confirm the accuracy of the balance of the item C.III.6 "Other receivables" (EUR 6,790.31 thousand out of EUR 90,947.59 thousand) in the Fund's consolidated statement of financial position as at 31 December 2025, under the "Receivables due within one year").

2. Compensation receivables (from the liaison bodies of the EU, EEA countries and Switzerland) for services provided in Lithuanian healthcare institutions to insured persons from these countries, the data required for the proper accounting of receivables (payment deadlines) is not recorded in the registration information system. For this reason, we are unable to assess the portion of the balance shown in item C.III.6 "Other receivables" in the consolidated statement of financial position as at 31 December 2025, the amount by which "Other receivables" (EUR 9,592.50 thousand out of EUR 90,947.59 thousand) should be lower, and accordingly, the balance in item A.III. "Non-current financial assets" (EUR 63,354.23 thousand) should be higher due to existing deferred payments of amounts to be compensated for a period exceeding 12 months.

3. Due to the aforementioned shortcomings in the information systems, we are unable to confirm the data as at 31 December 2024 presented in the consolidated statement of financial position (items relating to amounts receivable within one year and accumulated surplus or deficit) and in the statement of changes in net assets (item relating to the accumulated surplus or deficit before the effect of the equity method), and we are unable to assess what portion of other receivables should have been included in the long-term financial assets item.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the set of consolidated financial statements.

EMPHASIS OF MATTER REGARDING THE CONSOLIDATED FINANCIAL STATEMENTS

We would like to draw attention to an observation which does not affect the opinion but is significant. During the period under audit, the different practice established in 2024 for recording the revenue of healthcare institutions for healthcare services provided remained unchanged – some institutions record revenue and receivables for patients whose treatment has not been completed in their accounts at the end of the year, even though the State Health Insurance Fund does not collect such information from healthcare institutions and does not record such liabilities and expenses in its accounts.

In response to the recommendation made to it, the Ministry of Finance has carried out an analysis of current practice and plans to draw up and publish methodological guidelines on the accounting treatment of revenue from healthcare services not yet provided by the end of 2026 (Section 1.1.3 of the audit report, paragraphs 17–18).

UNQUALIFIED OPINION ON THE SET OF CONSOLIDATED BUDGET IMPLEMENTATION REPORTS

We have audited the 2025 set of consolidated budget implementation reports of the Compulsory Health Insurance Fund, comprising the consolidated budget implementation report and the notes to the consolidated budget implementation report.

In our opinion, the 2025 set of consolidated budget implementation reports of the Compulsory Health Insurance Fund has been prepared and presented, in all material respects, in accordance with the legal acts of the Republic of Lithuania governing the preparation of this set of reports.

BASIS FOR AN UNQUALIFIED OPINION ON THE SET OF CONSOLIDATED BUDGET IMPLEMENTATION REPORTS

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for an unqualified opinion on the consolidated budget implementation reports.

EMPHASIS OF MATTER REGARDING THE SET OF CONSOLIDATED BUDGET IMPLEMENTATION REPORTS

We would like xto draw attention to an observation which does not affect the opinion but is significant. At the end of 2025, the balance of the Compulsory Health Insurance Fund's budget reserve amounted to EUR 723.70 million (EUR 59.10 million in the principal portion and EUR 664.60 million in the risk management portion), of which EUR 607.11 million (83.9 percent) held in a bank account and EUR 116.58 million (16.1 percent) invested in securities issued by the Government of the Republic of Lithuania. During the reporting period, EUR 96.21 million from the risk management component of the reserve was used for personal healthcare services (including services exceeding contractual obligations) and EUR 6.20 million to finance functions delegated by the state.

Following the entry into force on 1 January 2026 of amendments to the Constitutional Law on the Implementation of the Fiscal Treaty, a general fiscal discipline rule for the general government sector has been established: the annual growth in net expenditure, expressed as a percentage, must not exceed the established limits on net expenditure growth. In view of this, unplanned healthcare expenditure (including expenditure on functions delegated by the state) may be covered by funds planned but not used (saved) in the Compulsory Health Insurance Fund's budget, whilst the Fund's budget surplus and reserve may be used without breaching the fiscal discipline rules of the general government sector.

Decisions on the management of the Fund's reserve will be relevant to the implementation of the recommendations made by the National Audit Office to the Ministry of Finance regarding the establishment of general state reserves and the setting of management principles in conjunction with the state borrowing policy (by the end of 2026) (Section 1.2.2 of the audit report, paragraphs 31–43).

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Director of the State Health Insurance Fund under the Ministry of Health is responsible for the preparation and fair presentation of the consolidated financial statements of the Compulsory Health Insurance Fund in accordance with the Public Sector Accounting and Financial Reporting Standards of the Republic of Lithuania, as well as in accordance with the laws of the Republic of Lithuania governing the preparation of these statements, and for such internal control as management deems is necessary to ensure that the consolidated financial and budget implementation accounts are free from material misstatement, whether due to fraud or error.

THE AUDITOR'S RESPONSIBILITY FOR THE AUDIT

We conducted the audit in accordance with the International Standards of Supreme Audit Institutions, which incorporate International Standards on Auditing. We are independent of the audited entity in accordance with the Law on the National Audit Office and the Code of Ethics for National Audit Office Employees, and we have complied with the other ethical requirements set out in this Code.

Our objective is to obtain reasonable assurance as to whether the 2025 consolidated financial and budget implementation accounts of the Compulsory Health Insurance Fund, taken as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report setting out our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee, that an audit conducted in accordance with International Standards of Supreme Audit Institutions will always detect a material misstatement when it exists. Misstatements, which may arise from fraud or error, are considered material if it can reasonably be expected that, individually or in the aggregate, they could have a significant influence on the economic decisions of users taken on the basis of the financial and budget implementation accounts.

A more detailed description of the auditor's responsibilities is available on the National Audit Office's website (https://www.valstybeskontrole.lt/EN/PublicAudit). This description forms an integral part of the auditor's report.

We present the public auditor's report together with the public audit report and attach the audited 2025 set of accounts of the Compulsory Health Insurance Fund.

Auditor General Irena Segalovičienė