# 2015 NATIONAL HEALTH ACCOUNTS REPORT

## Bermuda health system finance and expenditure for fiscal year 2013-2014

**REVISED AUGUST 2016**

Bermuda Health Council

# National Health Accounts Report 2015

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# National Health Accounts Report 2015:

Bermuda health system finance and expenditure
for fiscal year ending March 2014

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# SECTION 1 - INTRODUCTION

Improving the standard of living and health status is an important objective for health policy and the management of Bermuda's public health. Health system stakeholders and the public are engaging in creating a long term vision for the country that is consistent with international standards and local expectations. To be efficient in implementing and successfully accomplishing this vision, there must be strategic initiatives for improving the access to and rational use of health services. This vision should focus on ensuring that the right care is delivered in the right setting and at the right time. The National Health Accounts Report 2015 describe the financial flows that accompany the delivery and consumption of healthcare goods and services in Bermuda. This report assists in meeting the increasing demands of system analysts and policy makers who are devoted to progressing an attainable vision.

The goals of this 2015 report are as follows:

1) to provide the most up-to-date information on health expenditure, covering the fiscal year ending 2014 (FYE 2014)[1];
2) to enable comparison of health expenditure between categories of spending and trends;
3) to incorporate a standard framework for producing a set of comprehensive, consistent and internationally comparable accounts; and
4) to provide inputs for further analysis, forming the basis for monitoring and assessing health system performance.

National Health Accounts provide essential information upon which further analysis can be based. An essential ingredient for these reports is reliable data. Analysis of high quality data has the potential to increase healthcare efficiency, improve the quality of services, and expand system monitoring[2]. Globally, use of big data[3] is bringing changes to decision-making in various areas, including individual behaviour, business practices and public policy. Against this backdrop, there is greater expectation for the National Health Accounts in Bermuda to provide and facilitate the generation of more sophisticated information.

This report builds on OECD[4], World Health Organization (WHO), and European Commission guidelines of a global framework for producing health expenditure accounts that can help track resource flows from sources to uses. In addition to data extracts that present trends over the last eight years, this report highlights OECD standard data summaries that enable a broader comparison of health measures between Bermuda's global health system contemporaries. **Unlike prior years, this 2015 report includes OECD-guided summary tables that expand the measures of expenditure on public health initiatives and include additional elements of personal health expenditures such as rehabilitative and long term care.** Defining these broader areas of expansion is a direct result of utilizing the 2011 OECD System of Health

[1] Fiscal year 2014 is the period between 1st April 2013 and 31st March 2014.
[2] Ghani, K. R., K. Zheng, et al. (2014). "Harnessing big data for health care and research: are urologists ready?" European Urology 66(6): 975-977.
[3] "Big Data" involves extremely large data sets that may be analysed computationally to reveal patterns, trends, and associations, especially relating to human behaviour and interactions.
[4] OECD stands for Organisation for Economic Co-operation and Development, an international economic organization of 34 countries.

Accounts model[5]. In the future, more OECD elements will be incorporated in Bermuda's National Health Accounts for a more robust and transparent look into the state of the country's health sector.

As health systems evolve – through the diffusion of innovations in medical technology, advancements in health service organization and delivery, changes in disease and demographic patterns, shifting health policy priorities, and developments in financing mechanisms – the collection of higher quality and more timely data that anticipate and reflect such developments can potentially be one of the most immediately effective activities for policy makers. This is an outlook that arises beyond the context of the compilation of National Health Accounts; though in Bermuda's context, the National Health Accounts contribute materially to this endeavour. The report is therefore organized as follows:

- Section 1 – **Introduction**, provides a contextual description of the goals of the National Health Accounts
- Section 2 - **Health System Finance And Expenditure In FYE 2014**, provides an analysis of health financing and expenditure in Bermuda
- Section 3 - **Health Costs In Context**, provides some observations that place Bermuda's financing and expenditure into context with other OECD countries
- Section 4 - **Discussion**, concludes the report with a summary of the key findings

[5] A System of Health Accounts 2011 is an OECD, Eurostat and World Health Organization guidebook based on a four-year extensive and wide-reaching consultation process gathering inputs and comments from a multitude of national experts and other international organisations around the world.

# SECTION 2 - HEALTH SYSTEM FINANCE AND EXPENDITURE IN FYE 2014

In FYE 2014, Bermuda's healthcare sector was comprised of one acute hospital, a psychiatric hospital, long term care services, ambulatory care, ancillary services, medical goods, preventive care, and administrative services for the provision of healthcare and public health services (refer to Appendix A.7).

Using data provided from various health system sources, Table 2.0.1 provides a breakdown of health financing and expenditure during FYE 2014 based on methods from Bermuda's 2013 National Health Accounts. The total health system financing and expenditure for FYE 2014 was $693.1 million, which represents a 1.7% decrease from FYE 2013 (refer to Appendix A.1) or a 1.0% decrease once adjusted for the 0.7% decline in Bermuda's population between FYE 2013 and FYE 2014. The appendix provides more details of the components of health financing and expenditure from FYE 2007 to FYE 2014[6].

### Table 2.0.1 - FYE 2014 Bermuda Health System Finance and Expenditure

| Health Finance | In BD $'000 | % of Total | Health Expenditure | In BD $'000 | % of Total |
|---|---|---|---|---|---|
| Consolidated Fund – Ministry of Health (MoH) ♦ | 201,815 | 29% | Ministry of Health (MoH) | 13,348 | 2% |
| Consolidated Fund – Department of Social Insurance (DOSI)* | 4,677 | <1% | Department of Health (DoH) | 27,370 | 4% |
| Grants from Ministry of Youth, Families & Sports | 916 | <1% | Bermuda Hospitals Board (BHB)† | 299,736 | 43% |
| Public Sector Sub-Total | 207,409 | 30% | Public Sector Sub-Total | 340,454 | 49% |
| Health Insurance | 414,589 | 60% | Local Practitioners – Physicians | 43,888 | 6% |
| Individual Out-of-Pocket | 66,423 | 10% | Local Practitioners – Dentists | 29,757 | 4% |
| Donations to Non-Profit Organizations | 4,726 | <1% | Other Health Providers, Services & Appliances | 73,041 | 11% |
| | | | Prescription Drugs | 42,694 | 6% |
| | | | Overseas Care | 96,311 | 14% |
| | | | Health Insurance Administration | 67,002 | 10% |
| Private Sector Sub-Total | 485,738 | 70% | Private Sector Sub-Total | 352,693 | 51% |
| **Grand Total** | **693,147** | **100%** | **Grand Total** | **693,147** | **100%** |

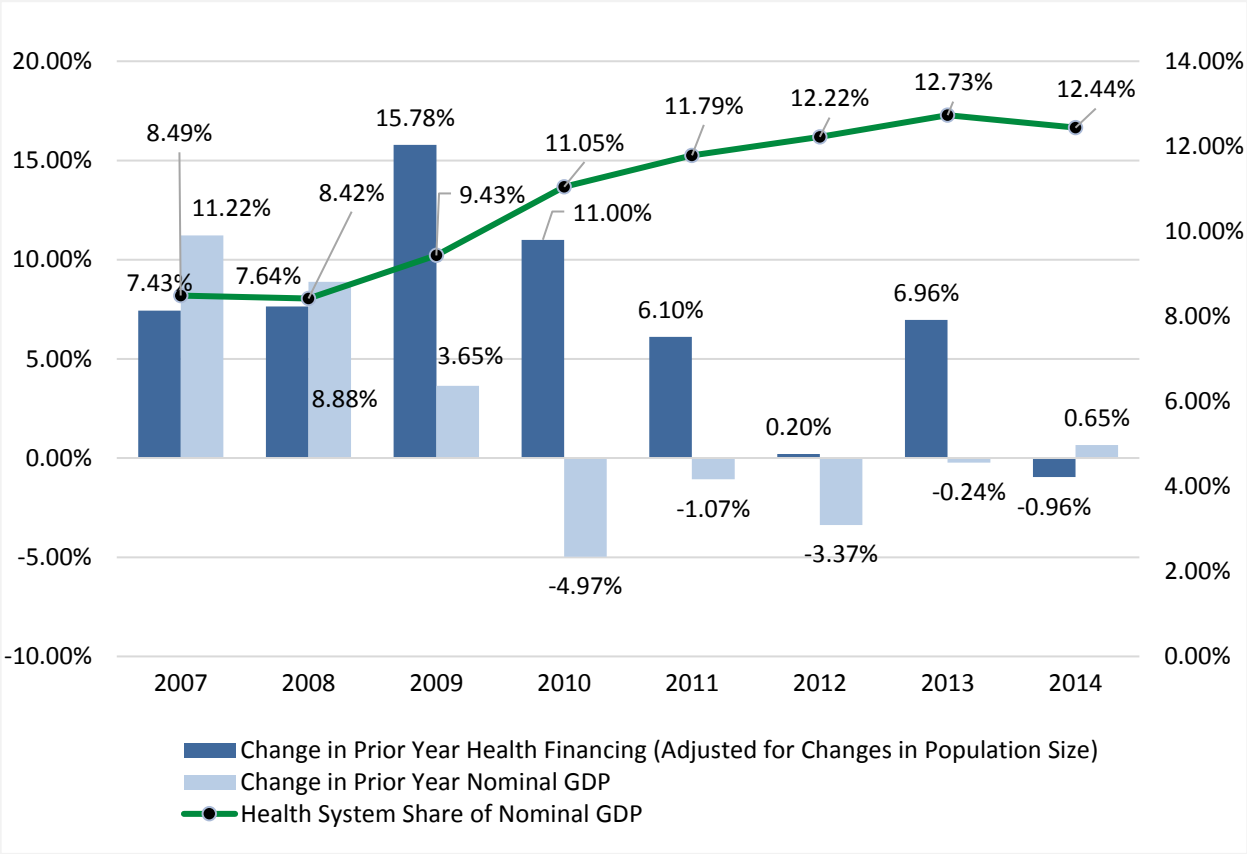
*Sources: Bermuda's Ministry of Finance, Bermuda Hospitals Board (BHB), Bermuda Health Council (BHeC), FYE 2014 health insurance claims returns, Bermuda Monetary Authority (BMA), 2014 statutory insurance financial returns, and the financial statements of approved schemes and leading health sector non-profit entities.*

♦ The MoH funding includes $4.0 million for FutureCare.
* The DOSI funding is for the War Veterans Association.
† This is from the unaudited BHB financial statements and is inclusive of $42.4 million for the operation of the Mid-Atlantic Wellness Institute (MWI). The figure also includes $11.4 million in service write-offs.

[6] For data from FYE 2004 – current, please visit the Bermuda Health Council's website (www.bhec.bm).

Figure 2.0 indicates the year-over-year change in the total system expenditure (adjusted for Bermuda's population), the change in Bermuda's nominal gross domestic product (GDP), and the health system's share of Bermuda's GDP. The trend of decline in Bermuda's nominal GDP between fiscal years 2009 and 2013 saw a reversal during 2014 with a 0.65% growth. GDP shifts can result from changes such as social attitudes towards consumption and debt, and the demographics of an ageing workforce. The current year's growth in nominal GDP represents higher demand for market goods. Despite increases in job loss, 2013 saw 40% of Bermuda's industries record growth in value added. The GDP growth translated into a 0.4% rise in GDP per capita which was measured at $85,747 per person in 2013.[7]

**Figure 2.0 - Change in Health Expenditure and Nominal GDP (2007 – 2014)**



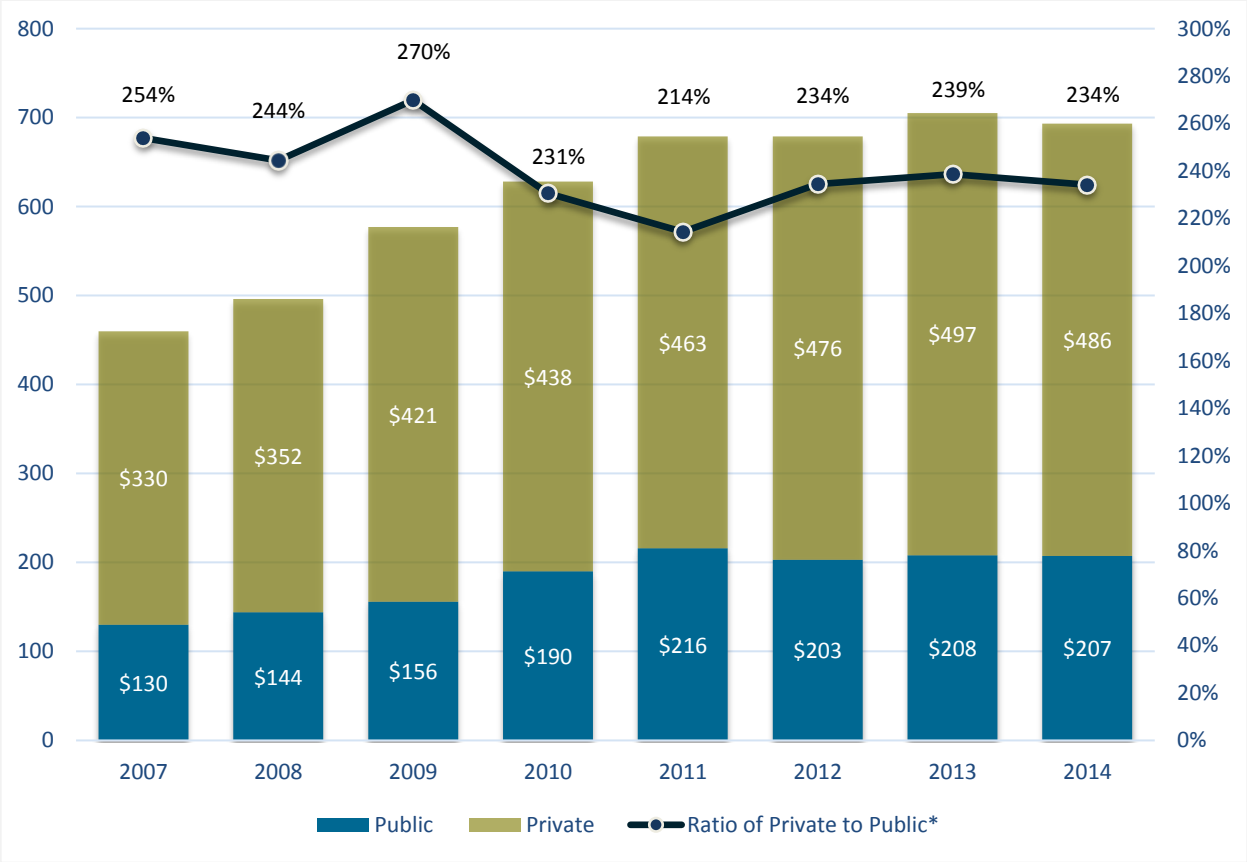

As a significant component of Bermuda's economy, health expenditure during FYE 2014 declined as a portion of the GDP. Total health expenditure amounted to 12.4% of Bermuda's 2013 nominal GDP[8], compared to 12.7% in the previous year[9].

[7] Government of Bermuda, Department of Statistics. Gross Domestic Product 2013 Highlights.
[8] Bermuda's GDP calculation spans calendar years instead of fiscal years. Hence the FYE 2014 health expenditure is compared with the GDP of calendar year 2013, so that their reporting periods coincide for 9 months.
[9] The Bermuda health system fiscal year is from 1st April to 31st March. Therefore health system fiscal data as at 31st March of each year is compared to the nominal GDP data for the prior year ended 31st Dec.

## 2.1 Health System Financing

Accounting for the proportion of GDP allocated towards health requires a broader contextualization of the current financing of healthcare in Bermuda. In general, health financing systems mobilize and allocate money, within the health system, to meet the current health needs of the population (individual and collective). It is also pertinent that health systems take a strategic view to manage future forecasted needs. Within the current system structure, individuals may have access to care by means of out-of-pocket payment for services, through Standard Hospital Benefit (SHB) [10], with support of patient subsidies, or through purchase of supplemental health insurance. Figure 2.1.1 shows the relative size of the public and private sectors as sources of this health system funding.

**Figure 2.1.1 - Public and Private Health Financing (in $m)**

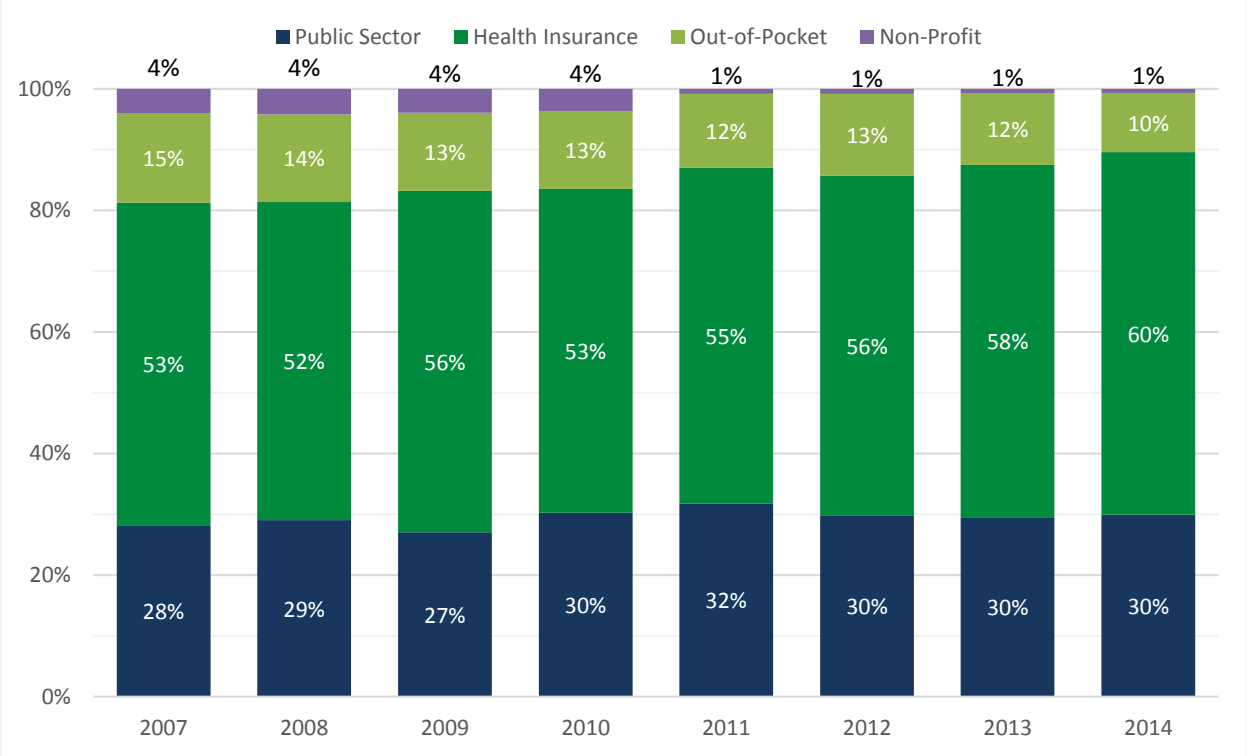



During FYE 2014, private sector funding accounted for $485.7 million compared to $207.4 million within the public sector. From 2007 to 2014, the private sector funding was, on average, 2.4 times greater than that of the public sector. In 2012 and 2013, the relative proportion of funding from the private sector compared to the public sector increased after consecutive decreases in 2010 and 2011. The recent (FYE 2014) decrease in the private sector's share is mostly due to reductions in the calculated individual out-

[10] "Standard Hospital Benefit" was re-defined as "Standard Health Benefit" in 2015 due to expansion of services and delivery locations.

of-pocket financing as this component decreased by 18.3% in FYE 2014. Figure 2.1.2 provides further breakdown of the major sources of health financing and is followed by their respective descriptions.

**Figure 2.1.2 - Sources of Health Financing**




1. **Public sector** financing represents direct financing of health promotion and prevention; financing of public health services and primary care provided by the Department of Health (DoH); subsidies and grants for secondary care; health administration financing by the Ministry of Health (MoH); funding for the Health Insurance Department administration and FutureCare[11]; and financing of the various grants to non-profit organizations[12] for health-related purposes (Appendix A.1). Government subsidies and grants constitute the majority (approximately 74%) of public sector financing. Since 2007, subsidies have increased by 64.3%.

2. **Health insurance** includes financing of healthcare via insurance premiums through Bermuda's health insurers: three private health insurance companies (Argus, BF&M, and Colonial Group International), the Health Insurance Department (for the Health Insurance Plan (HIP) and FutureCare), three Approved Schemes (employer-funded plans including Butterfield Bank, HSBC Bank Bermuda Limited, and Government Employees Health Insurance (GEHI)), and the Mutual Re-insurance Fund (MRF). A

[11] FutureCare and the Health Insurance Plan (HIP) are Bermuda's two affordable, open enrolment health insurance plans provided by the Health Insurance Department of MoH. FutureCare is available only to persons aged 65 and over. HIP is available to any adult.
[12] Prior to 2011, the financing of government grants were included in private sector financing.

significant proportion of the funds that finance the claims are compulsory contributions[13] from employees (including self-employed persons) and employers[14].

3. **Individual out-of-pocket** financing includes co-payments, self-financing amounts for uninsured individuals, and full out-of-pocket payments to practitioners and providers for non-covered health related services.

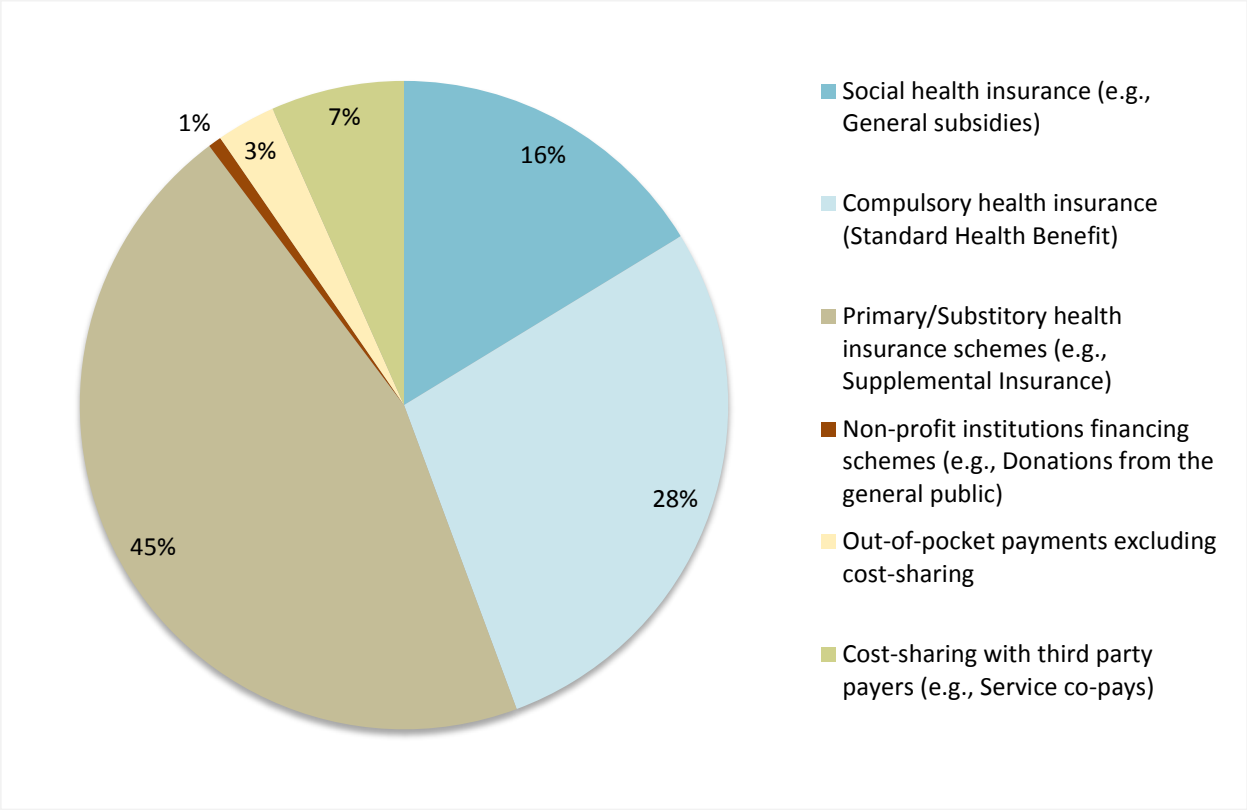
4. **Non-profit** includes donations to non-profit health related organizations. A change in methodology for this item, together with a reclassification of financing received by non-profits from the public sector, has led to a more modest non-profit proportion since FYE 2011.

Within Bermuda, SHB is the minimum benefits package that must be included in any health insurance policy sold. SHB services and the licensed providers delivering these services are defined by government regulation and Bermuda Health Council (BHeC) provisions. SHB covers a majority of local hospital services; and some diagnostic imaging and home medical service procedures outside of the hospital, without co-pays. The financing associated with these benefits have historically been measured within the private sector's proportion of the health sector (as seen in Figure 2.1.2). As OECD guidelines are incorporated as the framework for Bermuda's ongoing National Health Accounts, these SHB costs will be aligned to public sector financing due to their compulsory nature. This change in financing structure would lead to a re-balancing of public and private sector measures of financing resulting in 44.4% financing due to government regulated coverage and 55.6% financing due to voluntary and out-of-pocket financing (Figure 2.1.3 and Appendix A.6). This compares to the current calculation of financing of 30% and 70% for public and private sectors, respectively (Figure 2.1.2).

[13] Due to the compulsory nature of health insurance for employed (and self-employed persons).

[14] The *Health Insurance Act 1970* mandates employers to provide SHB insurance for employees and their non-employed spouses and to pay 50% of its premium (FYE 2014 Full SHB Premium = $301.85).

**Figure 2.1.3 - OECD Adjusted Chart of Health System Financing - Bermuda FYE 2014 (BD$, '000)**




## Ministry of Health Subsidies

Within the public sector, the Ministry of Health (MoH) patient subsidies are delivered largely through Bermuda Hospitals Board's (BHB) medical services[15]. Patient subsidies reduce monthly premiums and out-of-pocket costs in an effort to expand access to health insurance and care for the youth, aged and low-income – particularly those without access to coverage through an employer. The patient subsidies delivered at BHB constitute 55.7%[16] of public sector financing and play an important role in ensuring comprehensive care and access to required services for eligible individuals. During FYE 2014 inpatient and outpatient services reimbursed through government subsidy increased due to increased demand for services. Additionally while MoH subsidies increased 1.3%, overall public health financing decreased by 0.4%. In FYE 2014, the MoH capped the Geriatric Subsidy payable to the BHB at $10 million. Also, during FYE 2014 Indigent Subsidy increased by 45.3%. The Indigent Subsidy is designed to assist those with no health insurance and unable to pay for hospitalization. The significant percentage increase of this subsidy year-over-year is due to the yearly fluctuations in the relevant eligible populations and variations in the timing of SHB claims adjudication. Other subsidies such as the Continuing Care Unit/Geriatric subsidy, which decreased by 4%, contribute to the provision of care received by aged and disabled populations within the hospital (Table 2.1).

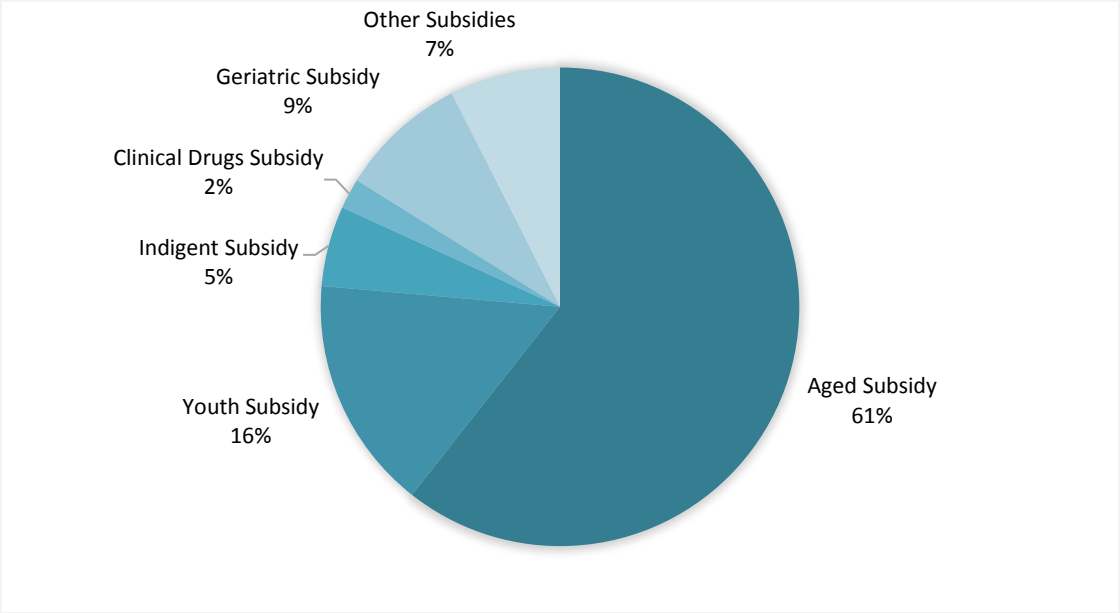
[15] The MoH patient subsidies were portable (up to March 2014) so include some overseas care, in addition to services delivered through BHB.
[16] $115.482 million in MoH subsidies within the $207.409 million of total public sector financing.

### Table 2.1 - Ministry of Health (MoH) Subsidies at BHB (BD $'000)

| | FYE 2014 | FYE 2013[17] | % Change |
|---|---|---|---|
| Patient Subsidies (Legislated) | 94,480 | 91,989 | 2.7% |
| • Aged Subsidy | 70,002 | 71,409 | -2.0% |
| • Youth Subsidy | 18,213 | 16,270 | 11.9% |
| • Indigent Subsidy | 6,265 | 4,310 | 45.3% |
| Other Subsidies (Non-Legislated) | 21,002 | 22,011 | 2.7% |
| • CCU/Geriatric Subsidy | 10,000 | 10,412 | -4.0% |
| • Clinical Drugs Subsidy | 2,368 | 2,368 | 0.0% |
| • Other Subsidies | 8,634 | 9,231 | -6.5% |
| **Grand Total** | **115,482** | **114,000** | **1.3%** |

Figure 2.1.4 depicts the breakdown of the MoH subsidies for FYE 2014. The largest proportion of the subsidies were represented in the Aged Subsidy (61% of $115.4M), which subsidizes SHB for individuals aged over 65 years.

### Figure 2.1.4 - Components of the Ministry of Health (MoH) Subsidies

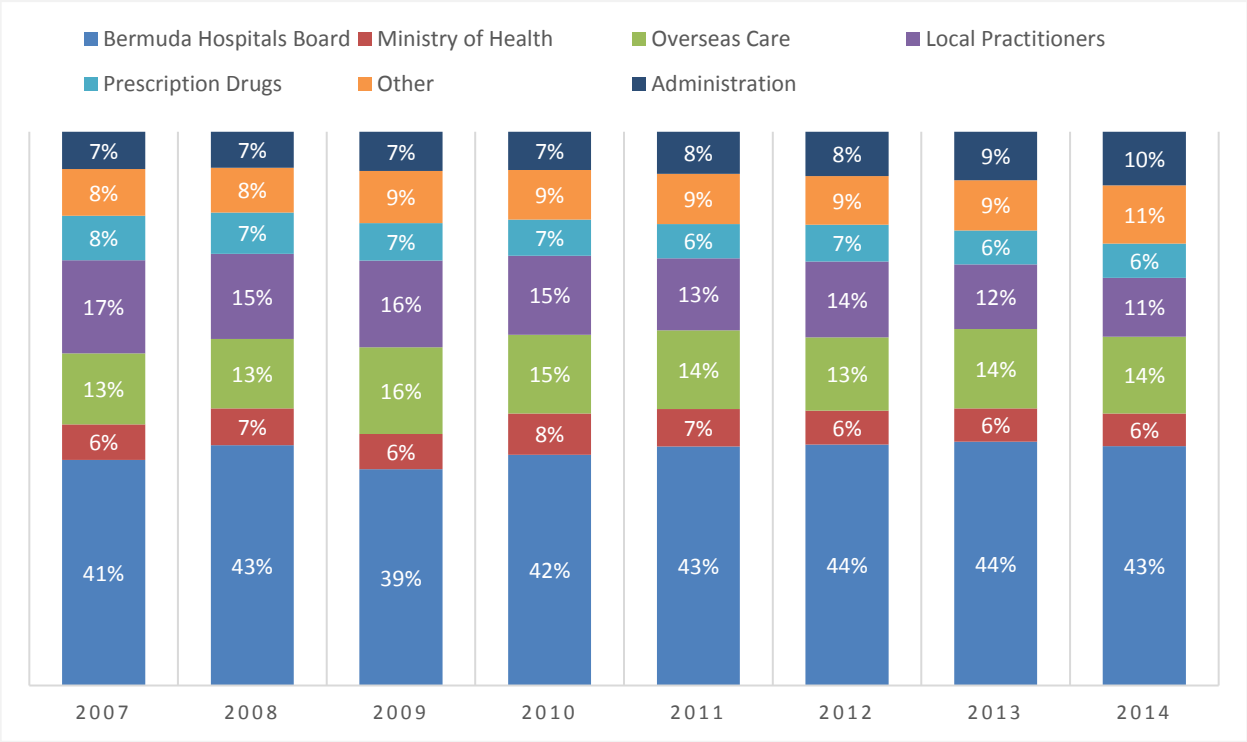



[17] The subsidy reported for FYE 2013 was revised from $109.8 million (as reported in last year's National Health Accounts) to $114 million.

## 2.2 Health System Expenditure

As a balance to the financing of health, total health system expenditure for FYE 2014 was $693.1 million (refer to Appendix A.1). Figure 2.2.1 denotes the breakdown of health expenditure into the system components in which the funding was spent[18].

### Figure 2.2.1 - Components of Health Expenditure




The components of health expenditure are classified as either public sector or private sector health expenditures (refer to Appendix A.3). Generally, health expenditures were lower during FYE 2014 within the public sector at $340.5 million (49.1%) while the private sector health expenditure remained consistent with FYE 2013 at $352.7 million (50.9%). In contrast to this balance of expenditures, the mix of public and private financing was approximately 30% and 70% respectively as previously discussed in section 2.1.

Figures 2.2.2 and 2.2.3 below show the relative importance and growth of the components (Total components; Public vs. Private) of health expenditure during the period 2007 to 2014.

[18] The MoH includes $4.0 million of funding for FutureCare medical claims; delivery of services and functions such as budget management, human resource management; the management of the health system and legislative processes; and grants to charitable, non-governmental organizations. Further, the MoH (through the HID) administers the subsidy programmes, the Mutual Reinsurance Fund, as well as FutureCare and the Health Insurance Plan (HIP). The DoH includes expenditure on environmental health, epidemiology, health promotion, preventative care and curative care.

### Figure 2.2.2 - Growth of Health Expenditure Items (BD $'000)

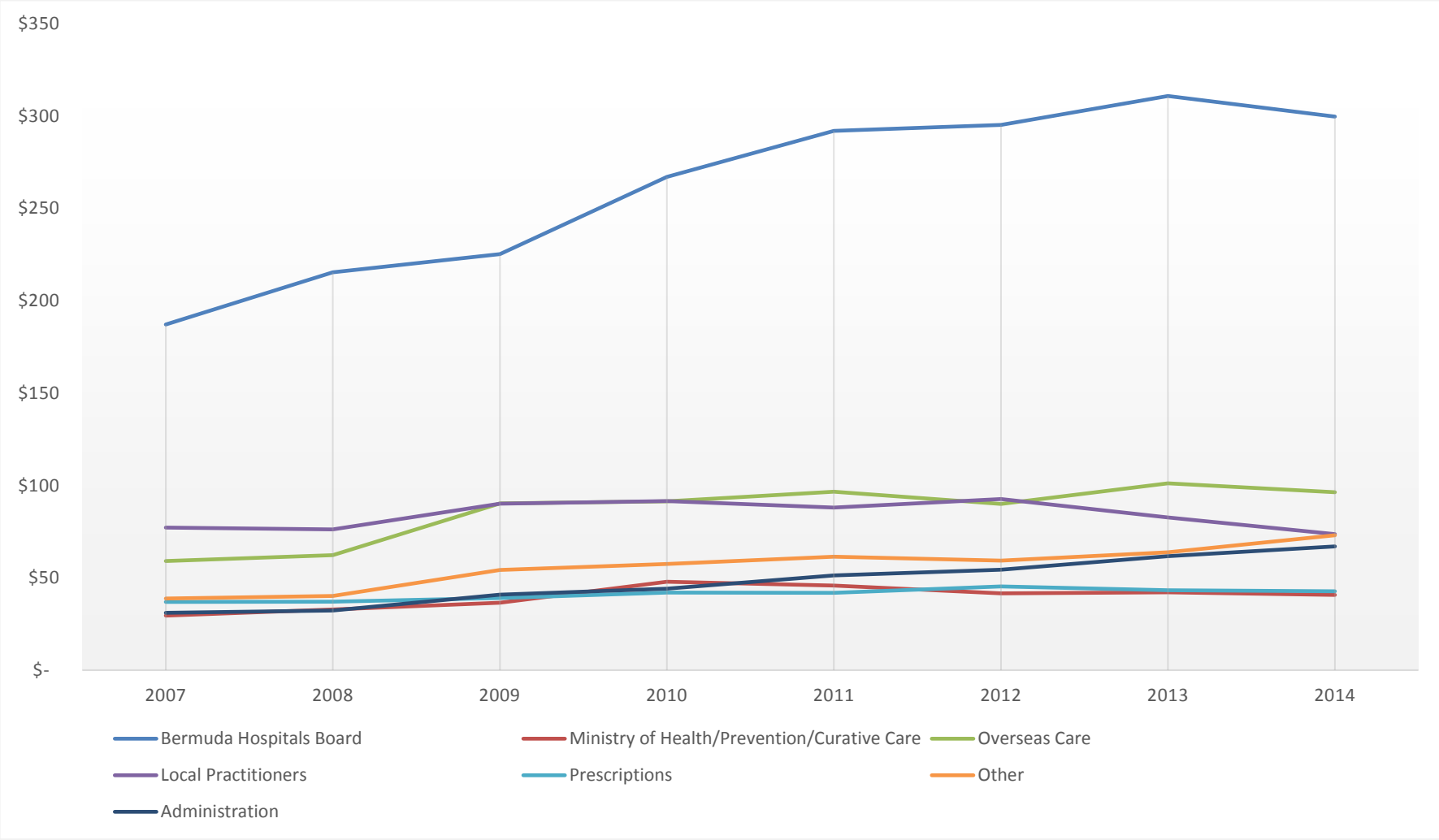
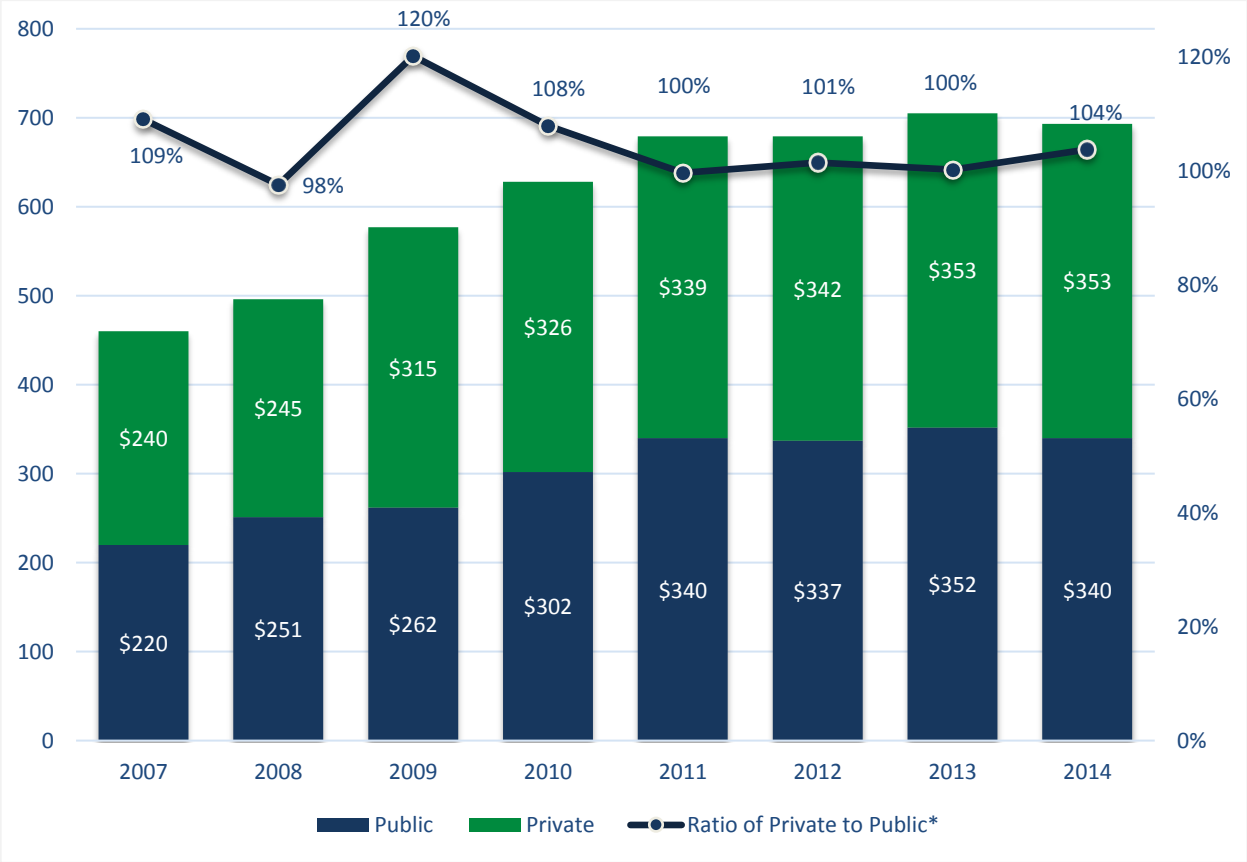


**Figure 2.2.3 - Public and Private Health Expenditure (in $m)**




In the public subsector, $40.7M of public health services were delivered by the Ministry of Health (MoH) for promotion of health and prevention of disease. Additionally, $299.7M of the total $340M in public sector expenditure was allocated to the provision of clinical services delivered through patient subsidies, grants, and SHB reimbursement at the country's single hospital system. The BHB remained as the leading organizational provider of acute healthcare services resulting in the associated principal component of total health expenditure during the fiscal period. On average during the FYE 2014, BHB percentage of system costs declined by 0.8% to account for 43.2% of the island's health expenditure[19]. In FYE 2014, 50.8% of BHB's $299.7M in revenue came from government funding for inpatient and outpatient care within the hospital[20].

Within the health sector's provision of services, outpatient services have accounted for significant revenue growth between 2010 to reach the peak in 2013. During the most recent fiscal year, BHB implemented procedures to better manage the appropriate utilization of their outpatient services with specific focus on quality care in diagnostic imaging and laboratory services. These modernization

[19] Since FYE 2011, the BHB expenditure item is based on total BHB revenue (or operating costs, if greater); whereas the prior periods are based on total BHB operating costs (we note that in some years, there is not a significant difference between these items). See the notes below Appendix A.3 for certain items that are included in the BHB revenue.

[20] Mostly through $115.5 million of patient and other subsidies (in Table 2.2) and a $37.4 million operating grant for the Mid-Atlantic Wellness Institute.

measures contributed to decreases in expenditure at BHB between FYE 2013 ($310.8M) and FYE 2014 ($299.7M) of an estimated $11.1 million.

In the private subsector, the largest individual component of private health expenditure was overseas care. In FYE 2014, overseas care expenditure totalled $96.3 million or 14% of total health expenditure. Inpatient and outpatient care from overseas hospitals totalled 55.5% of overseas health expenditure in FYE 2014. The remainder of overseas care spending comprised of fees paid for services such as overseas physicians, dentists and "other categories of healthcare providers", overseas prescription drugs, overseas diagnostic imaging and laboratory, and hotel and transportation costs. Overseas care declined by 4.8% in FYE 2014.

Local practitioners and "Other Providers/Services" accounted for $146.7 million of the private health expenditures during FYE 2014. Specifically, the expenditure on local physicians and dental practitioners declined by 13.3% and 7.4% respectively. Expenditure in the "Other Health Providers, Services, and Appliances" category increased by 14.3%. This category is predominantly comprised of expenditure on local diagnostic imaging and laboratory services, but also includes the professional services of a wide range of local healthcare providers (including dieticians, specialized disease management counsellors, physiotherapists, optometrists, podiatrists, and psychologists), immunizations, and home healthcare. Spending on prescription drugs during FYE 2014 decreased by 1.2% to $42.7 million. The amount spent on health insurance administration[21] was $67 million, which represents 9.7% of total FYE 2014 expenditure and is an increase of 8.5% from the previous year. Of all the categories of expenditure, this item has grown most rapidly over the period 2007 – 2014, followed by the "Other Health Providers, Services, and Appliances Category". Expenditures attributed to Local Physicians have decreased by 17.4% during the same period (2007 – 2014).

As noted above, components of health expenditure are based on the definition and framework used. **OECD guidance expands upon current calculations and classifications of health expenditure by detailing aspects of prevention and public health services, additional costs associated with long term home care, and ancillary services provided by government agencies for disability care** (refer to Appendix A.5 for details). Additionally table 2.2 presents Bermuda's re-classification of health expenditures according to OECD guidance. As a basis for future comparison, the updated methodology results in a larger health sector than previously assessed.

[21] Health insurance administration expenditure includes the selling, general, and administrative expenses of all licensed health insurers (which includes claims processing, payroll and advertising costs, sales expenses, and information technology costs).

## Table 2.2 – OECD Table of Health System Expenditure - Bermuda FYE 2014 (BD$, '000)

| OECD Code | Description | Amount (BD$, '000) | % of Total Current Expenditure |
|---|---|---|---|
| **HC.1** | **Services of Curative Care (local and overseas)** | **397,039** | **55.97%** |
| HC.1.1 | Inpatient Curative Care | 179,811 | |
| HC.1.3 | Outpatient Curative Care | 217,238 | |
| **HC.2** | **Services Of Rehabilitative Care** | **4,021** | **0.56%** |
| HC.2.2 | Day Cases Of Rehabilitative Care | 766 | |
| HC.2.3 | Outpatient Rehabilitative Care | 2,300 | |
| HC.2.4 | Services Of Rehabilitative Home Care | 955 | |
| **HC.3** | **Service Of Long-Term Nursing Care** | **62,288** | **8.78%** |
| HC.3.1 | Inpatient Long-Term Nursing Care (includes psychological and behavioural rehabilitation that affect the life and well-being of individuals) | 52,446 | |
| HC.3.4 | Long-Term Nursing Care: Home Care | 9,842 | |
| HC.4 | **Ancillary Services To Medical Care** | **81,471** | **11.49%** |
| HC.4.1 | Clinical Laboratory | 41,330 | |
| HC.4.2 | Imaging Diagnosis | 39,084 | |
| HC.4.3 | Patient Transportation and Emergency Rescue Services | 443 | |
| HC.4.9 | All Other Miscellaneous Ancillary Services | 614 | |
| HC.5 | **Medical Goods (Non-Specified By Function)** | **55,107** | **7.77%** |
| HC.5.1 | Pharmaceuticals And Other Medical Non-Durable Goods | 50,054 | |
| HC.5.2 | Therapeutic Appliances And Other Medical Durables | 5,053 | |
| | Total Expenditure On Personal Health | 599,926 | |
| HC.6 | **Prevention And Public Health Services** | **25,790** | **3.63%** |
| | Maternal And Child Health; Family Planning And Counseling; School Health | 3,782 | |
| | Prevention Of Communicable Diseases | 681 | |
| | Prevention Of Non-communicable Diseases | 17,531 | |
| | Occupational Healthcare | 3,234 | |
| | All Other Miscellaneous Public Health Services | 562 | |
| HC.7 | **HC.7 Health Administration And Health Insurance** | **77,216** | **10.89%** |
| | General Government Administration Of Health (Except Social Security) | 10,214 | |
| | Health Administration And Health Insurance | 67,002 | |
| | Total Expenditure On Collective Health | 103,006 | |
| HC.9 | **HC.9 Expenditure Not Specified By Kind** | **6,424** | **0.91%** |
| | **Total Current Expenditure** | **709,355** | |

# SECTION 3 - HEALTH COSTS IN CONTEXT

When comparing a country's health financing system and the associated expenditures, it is observed that health costs and health sector inflation have been increasing in many countries. Bermuda has experienced similar sector trends over the last decade. However since 2011, the annual growth rate has declined with 2012 and 2014 marking reductions in expenditure from the prior year. The slowdown in healthcare spending in Bermuda, comes at a time when global health spending has also slowed in association with global financial crises, price controls, and a slowdown in the introduction of expensive new technologies[22]. Accounting for an estimated decline in population size of 0.7% during the FYE 2014, the decline in total health expenditure in Bermuda of 1.7% results in an overall per capita health expenditure reduction during the period at a rate of 1.0%.

Despite the most recent FYE 2014 decrease in expenditure, Bermuda's trend of declining population of working age adults and a relative increase in the proportion of seniors within the population has had an impact on individual costs. Per capita health system expenditure grew from $7,181 in FYE 2007 to $11,297 in FYE 2013. During FYE 2014, health expenditure per-capita lowered to $11,188 (refer to Appendix A.4). In perspective, despite the decline, the annual health expenditure per-capita remains significant as the 2013 average monthly household income is $11,990[23] or $143,880 for a 12-month annual work cycle. In addition to current trends in expenditure, Bermuda faces a common global challenge in managing complex care costs for an ageing population, and ensuring that demographic change does not compromise other major government programmes and debt control. Clinical interventions, initiated by providers, and funding mechanisms, such as the Mutual Re-insurance Fund (MRF), are seeking to establish new paradigms for more cost effective quality care through health system modernization.

Despite FYE 2014's decrease, Bermuda's latest per capita health expenditure was twice the OECD average ($6,993 vs $3,484 Purchasing Power Parity (PPP)[24] adjusted). There are also similar significant differences reported in health expenditure when comparing Bermuda to other island nations[25]. Figure 3.1 shows the calculated rates and trends in per capita health expenditure for the period FYE 2007 – FYE 2014 and the OECD derivation of per capita expenditure in FYE 2014.

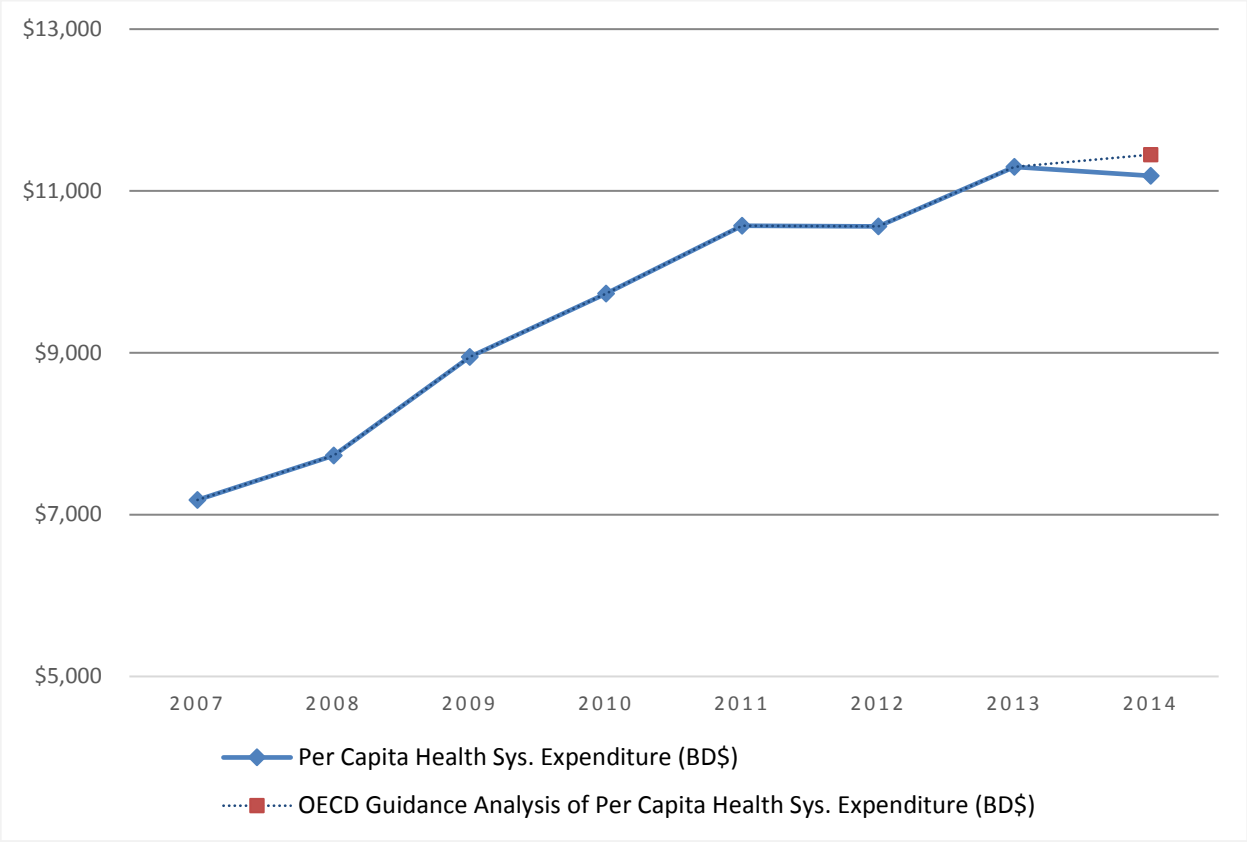
[22] Ryu, A., Gibson, T. B., McKellar, M. R., & Chernew, E.E. (2013). The Slowdown In Healthcare Spending In 2009-11 Reflected Factors Other Than The Weak Economy And Thus May Persist. Health Affairs, 32(5), 835-840.

[23] According to Bermuda's 2013 Household Expenditure Survey Report by the Government of Bermuda Department of Statistics. Monthly household income of $11,990.

[24] Purchasing power parity (PPP) is a component of some economic theories and is a technique used to determine the relative value of different currencies. OECD analyses use the United States as the common basis for adjustment and it is a general weighting technique used by all participating countries.

[25] KPMG Report. (2015). Key Issues in Healthcare – An Island Healthcare Perspective.

**Figure 3.1 - Per capita health expenditure**

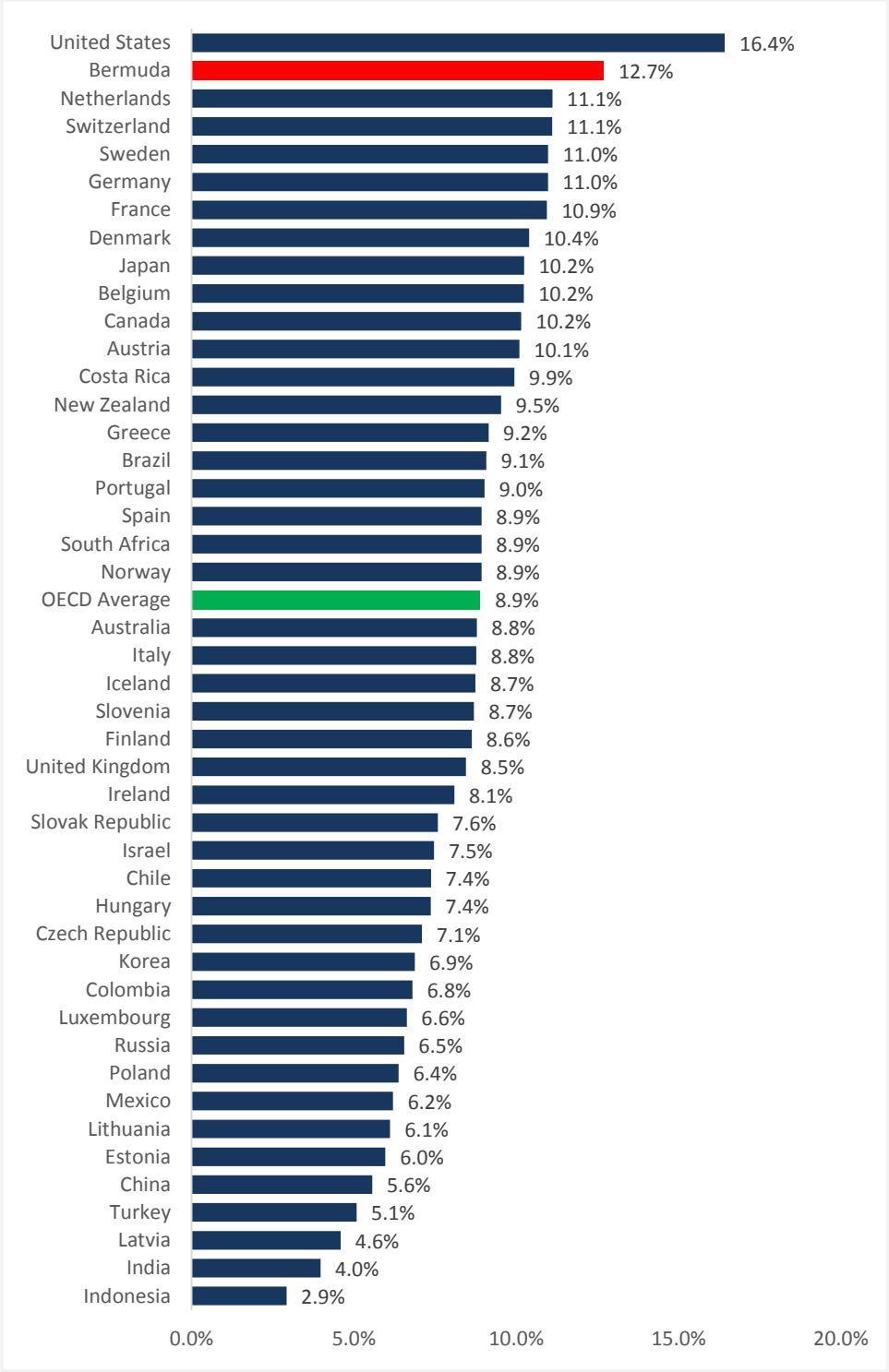



Health expenditure, reflecting health-related activity, continues to constitute a large share of total economic activity. The decline in Bermuda's population, a 1.8% reduction in insured headcount, and the island's prevalence of chronic conditions can lead to a healthcare system requiring greater levels of government subsidies. These factors put the country at risk of expanding the current levels of long term and complex care for complications of chronic disease. In addition to considering the absolute amount of health expenditure, it is important to consider what is affordable given the size of GDP.

In FYE 2014, using OECD methods[26], calculations of health expenditure in Bermuda reached 12.7% of GDP[27], which is high compared to OECD countries (refer to Appendix A.5). On average OECD countries allocated 8.9% of GDP to health expenditures[28]. The following graphs indicate that Bermuda's health expenditure as a share of GDP in FYE 2014 is higher than all OECD countries reported with the exception of the United States.

[26] Includes additional expenditure categories as shown in Table 2.2.
[27] The additions of health system components as a result of OECD framework guidance leads to a higher total expenditure and therefore a higher percentage of GDP for more accurate comparison with other international regions.
[28] OECD Health Statistics 2014.

**Figure 3.2 – OECD Current expenditure on health as share of country GDP, 2013 (or latest year available)[29]**




[29] November 2014, Health Data from the Organization of Economic Co-operation and Development (OCED) - http://stats.oecd.org/.

***Source**: OECD Health Data 2014*

Despite the high health expenditure, life expectancy in Bermuda is lower than in a majority of OECD member countries. Countries such as Canada, United Kingdom and Portugal have higher life expectancy despite spending less per capita in healthcare dollars than Bermuda (PPP adjusted[30]; see Figure 3.3).

**Figure 3.3 - Life expectancy at birth (Y axis) and health expenditure per capita (X axis), 2013 (or latest year available)**

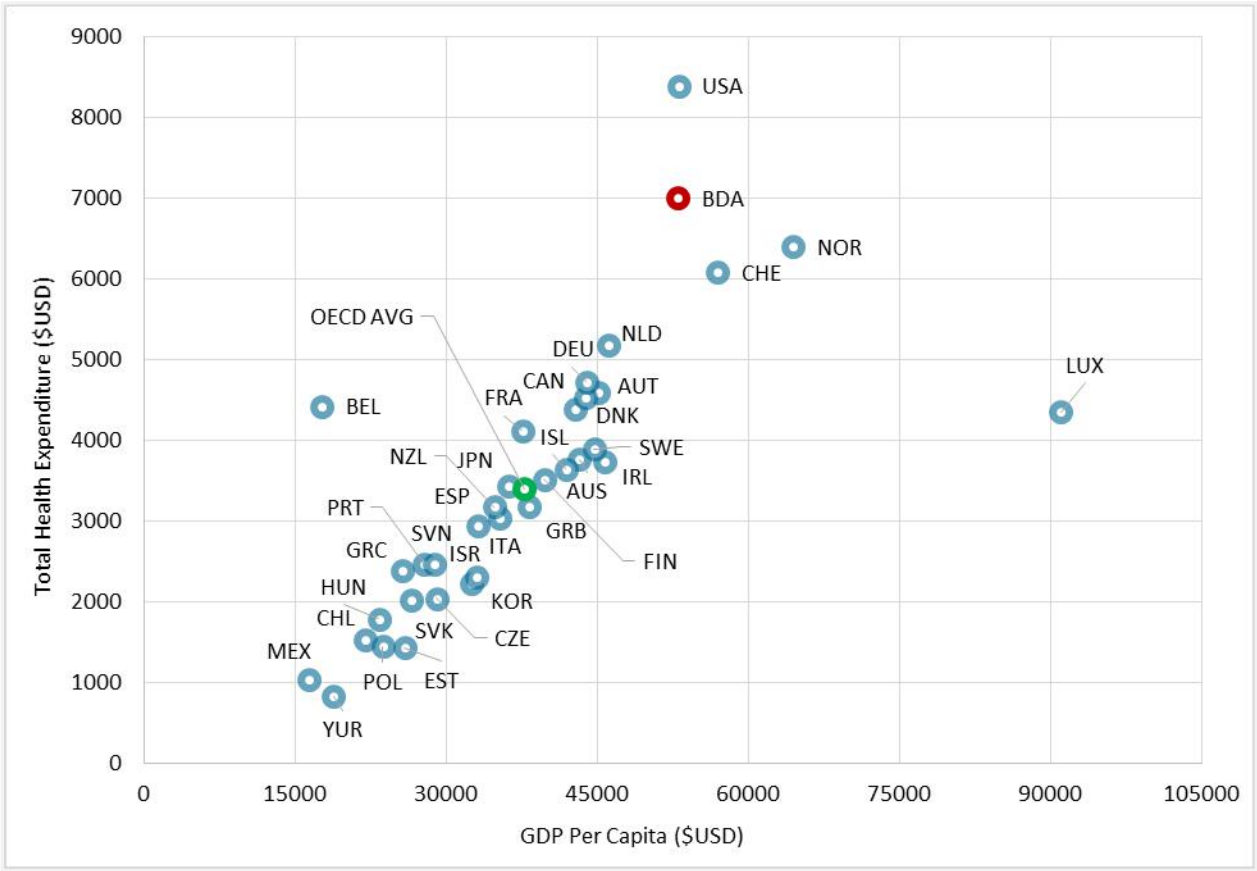

***Source**: OECD Health Data 2014*

While countries tend to spend more on health when per capita GDP is higher (Figure 3.4), with the exception of the United States, Bermuda spends more on health than similarly affluent countries, such as

[30] PPP means Purchasing Power Parity. PPP adjustment is a technique to determine the relative value (purchasing power) of currencies. In Figures 3.3 and 3.4, Health expenditures and GDP are PPP adjusted to enable comparison between countries. PPP was obtained from the University of Pennsylvania's Center of International Comparisons of Production, Income and Prices.

Switzerland, the Netherlands, Norway and Luxemburg, but life expectancy is lower in Bermuda than in all four countries (Figure 3.3).

**Figure 3.4 - Total health expenditure per capita (Y axis) and nominal GDP per capita (X axis), 2013 (or latest year available)**




***Source**: OECD Health Data 2014; GDP per capita, PPP (current international $)*

As globalization of healthcare and evidence based services continue to evolve, Bermuda is implementing a gradual and stepwise approach to improve the classifications and accounting methods used in these Health Accounts. The classifications of healthcare functions and financing schemes can then be used in standardized format to compare to measures submitted by 34 other countries identified under OECD. Appendices A.5 and A.6 provide more details of the categories generated for use with OECD comparisons.

# SECTION 4 - DISCUSSION

National Health Accounts are an internationally accepted tool for collecting, cataloguing and estimating financial flows through the health system regardless of the origin or destination of funds. These documents are designed particularly as a policy tool for improving the capacity of countries to manage their public and private health systems. Bermuda's 2015 Health Accounts serves as a tool for policy makers and healthcare stakeholders for improving the provision, financing, and evaluation of healthcare services.

During the FYE 2014 period in Bermuda, health financing and expenditure decreased by 1.7%. On a per capita basis, a 1.0% decrease was seen in expenditure after adjusting for the decrease in the size of Bermuda's population. The decline in the population size is likely realized most amongst those of relatively good health and of a working age. However despite the change in population demographics, the health system had lower expenditures for the delivery of health related services.

Initiatives were introduced from 2012 to create greater cost transparency and quality of care such as provider-based feedback in the form of utilization reports, discussion on best approaches to reducing non-critical procedures, exposure to global clinical guidelines, and generally greater collaboration and consultation between system stakeholders. These actions were in alignment with broader priorities of the Bermuda government for greater long term health system sustainability. These efficiency pattern changes occurred in parallel to health costs accounting for a decreased percentage of the country's GDP.

Legislative constraints regarding subsidies and the appropriation of the government's Consolidated Fund, resulted in observed reductions in public and private sector financing by 0.4% and 2.2% respectively. Out of pocket costs (including service co-pays) were estimated as 18.3%[31] lower than FYE 2013. Lower out of pocket costs allow some participants of the health system to have greater financing flexibility to better manage their health. Lower out of pocket costs can also be the result of individuals delaying treatment. Also within the private sector, donations continued their downturn with an additional decrease of 13.5%.

Expenditures were highlighted by a decrease in Bermuda Hospital Board expenditures and an increased use of home medical services. Public sector health expenditure decreased by 3.4% while private sector health expenditure remained constant. The overall decrease in health financing and expenditure is likely the result of an interplay of multiple factors. The potential and evidence-based impact of such changes on the health status and life expectancy of the population should be further explored through broader stakeholder discussions. Despite conservative declines in financing and expenditures on health during 2014, there remains a persistently high per capita allocation of resources appropriated towards health compared to OECD countries, without relative gains in life expectancy. It will be a continued challenge for the country to identify opportunities to improve access, quality, and outcomes of care delivery while reducing the comparably high resource expectations and requirements of its system's participants.

[31] Methodology for estimating the Health Insurer Share of Expenditures for Physician Expenditure was revised based on transaction level data (calculation of procedure charges and payment to providers).

# APPENDIX[32]

## Appendix A.1 - Health System Financing FYE 2007 – FYE 2014 (BD$, '000)

| Health Finance Sector | 2007 | 2008 | 2009 | 2010 | 2011 | ¤2012 | 2013 | 2014 | ¤14 vs 13 | '07-'14 | AAGR[33] |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Public Health Financing | 129,735 | 144,056 | 155,772 | 190,111 | *215,886 | *202,641 | *208,224 | *207,409 | -0.4% | 59.9% | 8.6% |
| Ministry of Health (MoH) | 4,993 | 3,396 | 8,505 | ♦28,737 | ♦35,194 | ♦30,250 | ♦28,896 | ♦29,285 | 1.3% | 486.5% | 69.5% |
| Department of Health | 24,540 | 29,463 | 28,023 | 29,135 | 30,508 | 29,693 | 30,513 | 25,298 | -17.1% | 3.1% | 0.4% |
| Patient subsidies & Operating Grants | 100,202 | 111,197 | 119,244 | 132,239 | 150,184 | 142,699 | 148,815 | 152,826 | 2.7% | 52.5% | 7.5% |
| | | | | | | | | | | | |
| Private Health Financing | 329,909 | 352,263 | 420,532 | 438,343 | 463,076 | 475,801 | 496,804 | 485,738 | -2.2% | 47.2% | 6.7% |
| Health Insurance | 243,755 | 259,877 | 323,778 | 334,893 | 374,686 | 379,160 | 408,602 | 414,589 | 1.5% | 70.1% | 10.0% |
| Individual Out-of-Pocket Financing | 67,707 | 71,633 | 74,101 | 80,103 | 82,748 | 90,985 | 82,736 | 66,423 | -19.7% | -1.9% | -0.3% |
| Charitable Non-Govt. Organizations† | 18,447 | 20,753 | 22,653 | 23,347 | 5,642 | 5,655 | 5,466 | 4,726 | -13.5% | -74.4% | -10.6% |
| | | | | | | | | | | | |
| **Total Health Financing** | **459,644** | **496,319** | **576,304** | **628,454** | **678,962** | **678,442** | **705,028** | **693,147** | **-1.7%** | **50.8%** | **7.3%** |

*Source: Department of Statistics, The Accountant General, Ministry of Finance, Government of Bermuda, and BHeC annual health insurance claims returns.*

¤ Despite subsequent revisions (in particular see footnote 6) the figures throughout the Appendices for FYE 2012 are unadjusted from those tabled in last year's report.

* 2011 - 2014, this item includes the Ministry of Health (MoH), Department of Social Insurance (expenditure on behalf of the War Veterans Association), and grants from Ministry of Community, Culture & Sports to a few health-related charities. The prior periods contain the Ministry of Health (MoH) only.

♦ Items include funding for FutureCare, the War Veterans, various grants, funding for the HID, and other MoH services and functions.

† Estimated from 2007-2014 financial data supplied by non-profit organizations. Due to a change in methodology since FYE 2011 for donations to non-profit organizations, together with a reclassification of financing received by non-profits from the public sector, FYE 2011 to FYE 2014 is not comparable with prior period figures.

[32] For additional data from FYE 2004 – FYE 2006 please visit the Bermuda Health Council's website (www.bhec.bm).
[33] AAGR means Average Annual Growth Rate.

## Appendix A.1 (Continued) – Health System Financing FYE 2007 – FYE 2014 (BD$, '000)

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | Avg '07-'14 |
|---|---|---|---|---|---|---|---|---|---|
| Public Health Financing % of Total Govt. Expenditure | 13.6% | 14.1% | 14.0% | 16.2% | 17.0% | 16.3% | 16.6% | 19.7% | 15.9% |
| Health Insurance % of Total Health System Financing | 53.0% | 52.4% | 56.2% | 53.3% | 55.2% | 55.9% | 58.0% | 59.8% | 55.5% |
| Individual Out-of-Pocket Financing % of Total Health System Financing | 14.7% | 14.4% | 12.9% | 12.7% | 12.2% | 13.4% | 11.7% | 9.6% | 12.7% |
| Annual Growth in Patient Subsidies & Operating Grants | 8.5% | 11.0% | 7.2% | 10.9% | 13.6% | -5.0% | 4.3% | 2.7% | 6.6% |

## Appendix A.2 – Bermuda Government Subsidies (FYE 2007 – FYE 2014 in BD$, '000)

| Bermuda Government Patient and Other Subsidies | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 * | 2014 | 14 vs 13 | 2007 - 2014 | AAGR |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Patient Subsidies (Legislated) | | | | | | | | | | | |
| • Aged Subsidy | 35,462 | 41,358 | 46,877 | 46,165 | 55,802 | 59,798 | 71,409 | 70,002 | -2.0% | 97.4% | 13.9% |
| • Youth Subsidy | 8,708 | 9,631 | 10,176 | 14,719 | 16,433 | 14,638 | 16,270 | 18,213 | 11.9% | 109.2% | 15.6% |
| • Indigent Subsidy | 7,476 | 5,176 | 2,917 | 5,026 | 5,894 | 8,951 | 4,310 | 6,265 | 45.3% | -16.2% | -2.3% |
| Total Patient Subsidies | 51,646 | 56,165 | 59,970 | 65,910 | 78,129 | 83,387 | 91,989 | 94,480 | 2.7% | 82.9% | 11.8% |
| Other Subsidies (Non-Legislated) | | | | | | | | | | | |
| • CCU/Geriatric Subsidy | 11,602 | 12,673 | 13,728 | 13,473 | 15,188 | 16,583 | 10,412 | $10,000 | -4.0% | -13.8 | -2.0% |
| • Clinical Drugs Subsidy[34] | 2,522 | 2,549 | 2,215 | 2,368 | 2,368 | - | 2,368 | 2,368 | 0.0% | -6.1 | -0.9% |
| • Other Subsidies | 4,537 | 5,447 | 6,830 | 6,986 | 6,847 | 7,391 | 9,231 | $8,634 | -6.5% | 90.3% | 12.9% |
| Total Other Subsidies | 18,661 | 20,668 | 22,772 | 22,828 | 24,403 | 23,974 | 22,011 | $21,002 | -10.1% | 12.5% | 1.8% |
| **Grand Total** | **70,307** | **76,833** | **82,742** | **88,738** | **102,532** | **107,360** | **114,000** | **115,482** | **1.3%** | **64.3%** | **9.2%** |

* Based on revised BHB subsidy figures from $109,768.

[34] There was no Clinical Drugs Subsidy for FYE 2012.

## Appendix A.3 - Health System Expenditure FYE 2007 – FYE 2014 (BD$, '000)

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 14 vs 13 | 2007 - 2014 | AAGR |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Public Sector Health Expenditure | 219,667 | 251,317 | 261,770 | 314,938 | *337,924 | 336,766 | 352,287 | 340,454 | -3.4% | 55.0% | 7.9% |
| Ministry of Health (MoH) | 32,533 | 35,859 | 36,528 | 47,872 | 45,800 | 41,601 | 42,082 | 40,718 | -3.2% | 25.2% | 3.6% |
| • Promotion/ Prevention/ Curative Care | 24,540 | 29,463 | 28,023 | 29,135 | 30,508 | 29,693 | 30,513 | 27,370 | -10.3% | 11.5% | 1.6% |
| • Grants and Administration† | 7,993 | 6,396 | 8,505 | 18,737 | 15,292 | 11,908 | 11,569 | 13,348 | 15.4% | 67.0% | 9.6% |
| Bermuda Hospitals Board (BHB) | 187,134 | 215,458 | 225,242 | *267,066 | *292,124 | ♦295,165 | ♦310,838 | ♦299,736 | -3.6% | 60.2% | 8.6% |
| | | | | | | | | | | | |
| Private Sector Health Expenditure | 239,977 | 245,003 | 314,534 | 326,464 | 339,152 | 341,676 | 352,741 | 352,693 | -0.0% | 47.0% | 6.7% |
| Local Practitioners | 77,122 | 76,206 | 90,123 | 91,516 | 87,998 | 92,648 | 82,739 | 73,645 | -11.0% | -4.5% | -0.6% |
| • Physicians | 53,110 | 53,526 | 61,870 | 60,826 | 58,217 | 59,912 | 50,621 | 43,888 | -13.3% | -17.4% | -2.5% |
| • Dentists | 24,012 | 22,680 | 28,253 | 30,690 | 29,781 | 32,736 | 32,118 | 29,757 | -7.4% | 23.9% | 3.4% |
| Other Providers, Services, Appliances & Products | 35,795 | 37,113 | 54,239 | 57,422 | 61,449 | 59,334 | 63,878 | 73,041 | 14.3% | 104.1% | 14.9% |
| Prescription Drugs | 36,935 | 37,121 | 39,046 | 41,969 | 41,847 | 45,334 | 43,229 | 42,694 | -1.2% | 15.6% | 2.2% |
| Overseas Care | 59,074 | 62,267 | 90,264 | 91,384 | 96,556 | 89,933 | 101,151 | 96,311 | -4.8% | 63.0% | 9.0% |
| Health Insurance Administration | 31,051 | 32,296 | 40,863 | 44,173 | 51,302 | 54,427 | 61,744 | 67,002 | 8.5% | 115.8% | 16.5% |
| | | | | | | | | | | | |
| **Total Health Expenditure** | **459,644** | **496,320** | **576,304** | **641,402** | ***677,076** | **§678,442** | **705,028** | **693,147** | **-1.7%** | **50.8%** | **7.3%** |

*Source: The Accountant General, The Ministry of Finance, The Bermuda Hospitals Board, BHeC annual health insurance claims returns*

*In FYE 2011 the methodology to present BHB expenditure was changed to report total BHB revenue (or operating costs, if greater). Prior periods were based on total BHB operating costs. The change in methodology impacts Public Sector Health Expenditure and Total Health Expenditure (THE). Using BHB operating costs for 2010 & 2011, THE increased by 5.1%. Using BHB revenue for 2010 & 2011, THE increased by 5.0%. Revenue amounts for these years have been audited. In 2015, the FYE 2010 revenue was revised from $254.1 million to $267.1 million, FYE 2011 revenue declined from $294 million to $292.1 million. Further, these revised amounts include service write-offs ($3.7 million in FYE 2010; $0.18 million in FYE 2011).

♦These revenues remain unaudited. FYE 2012 revenue are revised from $295.2 million to $281.5 million. Further, these adjusted items include service write-offs ($24.7 million in FYE 2012; $13.6 million in FYE 2013; and $11.3 million in FYE 2014).

†This item includes funding for FutureCare medical claims (since FYE 2010); delivery of MoH related services and functions, and grants to charitable, non-governmental organizations. It also includes the Health Insurance Plan Administration (for the subsidy programmes, the MRF, FutureCare and HIP), which was reported in the previous National Health Accounts as a separate item. The DoSI Health Insurance Plan Administration was transferred from DOSI to MoH in FYE 2009.

§The revised FYE 2012 health system expenditure is $664.8 million (a 2.1% decline over FYE 2011).

## Appendix A.4 - Analysis of Health System Expenditure FYE 2007 – FYE 2014 (BD$, '000)

| Analysis of Expenditure | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 14 vs 13 | Avg '07-'14 |
|---|---|---|---|---|---|---|---|---|---|---|
| National Government Current Expenses | 952,606 | 1,022,899 | 1,112,193 | 1,176,834 | 1,272,651 | 1,245,741 | 1,253,712 | 1,052,497 | -16.0% | 10.5 |
| Total Health Expenditure (THE) (BD$) | 459,644 | 496,320 | 576,304 | 641,402 | 677,076 | 678,442 | 705,028 | 693,147 | -1.7% | - |
| Estimated Population | 64,009 | 64,209 | 64,395 | 64,566 | 64,237 | 64,237 | *62,408 | 61,954 | -0.7% | - |
| Per Capita Health Expenditure (BD$) | 7,181 | 7,730 | 8,950 | 9,934 | 10,540 | 10,562 | 11,297 | 11,188 | -1.0% | - |
| Public Health Expenditure (BD$) | 219,667 | 251,317 | 261,770 | 314,938 | 337,924 | 336,766 | 352,287 | 340,454 | -3.4% | - |
| Public Health Exp % of Natnl. Govt. Exp | 23.1% | 24.6% | 23.5% | 26.8% | 26.6% | 27.0% | 28.1% | 32.3% | - | 40.3% |
| Public Health Exp % of GDP | 4.1% | 4.3% | 4.3% | 5.4% | 5.9% | 6.1% | 6.4% | 6.1% | - | 50.6% |
| Public Health Exp Per Cap.(BD$) | 3,432 | 3,914 | 4,065 | 4,878 | 5,261 | 5,243 | 5,645 | 5,495 | -2.7% | - |
| Public Health Expenditure as % of THE | 47.8% | 50.6% | 45.4% | 49.1% | 49.9% | 49.6% | 50.0% | 49.1% | - | 2.8% |
| BHB Expenditure as % of THE | 40.7% | 43.4% | 39.1% | 41.6% | 43.1% | 43.5% | 44.0% | 43.2% | - | 6.2% |
| Prescription Drug Exp % of THE | 8.0% | 7.5% | 6.8% | 6.5% | 6.2% | 6.7% | 6.1% | 6.2% | - | -23.3% |
| Nominal GDP (BD$) ♦ | 5,414,299 | 5,895,048 | 6,109,928 | 5,806,378 | 5,744,414 | 5,550,771 | 5,537,537 | 5,573,710 | 0.7% | - |
| Total Health Exp share of GDP (%)♦ | 8.5% | 8.4% | 9.4% | 11.0% | 11.8% | 12.2% | 12.7% | 12.4% | - | 46.5% |
| Nominal GDP YoY Growth Rate (%)♦ | 11.2% | 8.9% | 3.6% | -5.0% | -1.1% | -3.4% | -0.2% | 0.7% | - | -94.2% |
| THE YoY Growth Rate (%) | 7.8% | 8.0% | 16.1% | 11.3% | 5.6% | -0.1% | 3.9% | -1.7% | - | -121.6% |
| Health & Personal Care Price Index (%) | 6.8% | 6.6% | 6.7% | 8.1% | 7.5% | 6.6% | 8.3% | 6.7% | - | -1.5% |
| Overseas Care % of THE | 12.9% | 12.5% | 15.7% | 14.2% | 14.3% | 13.3% | 14.3% | 13.9% | - | 8.1% |

*Source: Department of Statistics.*

*The population figure was determined from "Bermuda's Population Projections 2010-2020" prepared by the Department of Statistics. For 2011 and 2012, the population figure was kept the same due to the projection of stability in the population and the lack of consistent estimates during the time the report was prepared. Prior to the publication of the results of the 2010 census, the population figures are from the Department of Statistics' 2006 projection "Mid-Year Population Projections July 1, 2000 to July 1, 2030".

♦The GDP figures shown are for 2006 – 2013. GDP is reported on a calendar year basis. The Bermuda health system fiscal year is from 1st April to 31st March. Therefore health system fiscal data as at 31st March of each year is compared to the nominal GDP data for the prior year ended 31st Dec.

## Appendix A.5 – OECD Table of Health System Expenditure and their Financing Sources - Bermuda FYE 2014 (BD$, '000)

| OECD Code | Description | Amount (BD$, '000) | % of Total Current Expenditure |
|---|---|---|---|
| **HC.1** | **Services of Curative Care** | **397,039** | **55.97%** |
| HC.1.1 | Inpatient Curative Care | 179,811 | |
| | *Local Inpatient Claims* | *47,168* | |
| | *Overseas Inpatient Claims* | *30,689* | |
| | *Inpatient Estimated Co-pays* | *7,474* | |
| | *Aged Subsidy Inpatient Claims* | *70,002* | |
| | *Youth Subsidy Inpatient Claims* | *18,213* | |
| | *Indigent Subsidy Inpatient Claims* | *6,265* | |
| | | | |
| HC.1.3 | Outpatient Curative Care | 217,238 | |
| | | | |
| HC.1.3.1 | Basic Medical And Diagnostic Services | 135,700 | |
| | *Local Hospital Outpatient Claims (Excludes Local Imaging)* | *48,334* | |
| | *Overseas Hospital Outpatient Claims (Excludes Overseas Imaging)* | *15,022* | |
| | *Outpatient Co-pays* | *11,040* | |
| | *Local Physician Service Claims* | *29,988* | |
| | *Overseas Physician Service Claims* | *8,782* | |
| | *Physician Services Patient Co-pays* | *10,095* | |
| | *Out of Pocket Outpatient Expenses* | *3,805* | |
| | *Other/Haemodialysis Claims* | *8,634* | |
| | | | |
| HC.1.3.2 | Outpatient Dental Care | 30,541 | |
| | *Local Dental Claims* | *19,050* | |
| | *Overseas Dental Claims* | *784* | |
| | *Dental Service Co-pays* | *8,500* | |
| | *Out of Pocket Dental Expenses* | *2,207* | |
| | | | |
| HC.1.3.9 | All Other Outpatient Curative Care | 50,997 | |
| | *All Other Local Claims* | *10,512* | |
| | *All Other Overseas Claims* | *27,264* | |
| | *Other Service Co-pays* | *6,570* | |
| | *Out of Pocket Other Expenses* | *6,651* | |
| | | | |
| **HC.2** | **Services Of Rehabilitative Care** | **4,021** | **0.56%** |
| | | | |
| HC.2.2 | Day Cases Of Rehabilitative Care | 766 | |

| | | | |
|---|---|---|---|
| HC.2.3 | Outpatient Rehabilitative Care | 2,300 | |
| HC.2.4 | Services Of Rehabilitative Residential Care | 955 | |
| **HC.3** | **Service Of Long-Term Healthcare** | **62,288** | **8.78%** |
| HC.3.1 | Inpatient Long-Term Nursing Care (includes Psychological and behavioural rehabilitation that affect the life and well-being of individuals) | 52,446 | |
| | *Mid Atlantic Wellness Institute* | *42,446* | |
| | *Geriatric Subsidy/Extended Care Unit* | *10,000* | |
| HC.3.4 | Long-Term Nursing Care: Residential, Day and Respite Care | 9,842 | |
| | *Lefroy Care Community* | *4,787* | |
| | *Sylvia Richardson Care Facility* | *5,055* | |
| HC.4 | Ancillary Services To Medical Care | **81,471** | **11.49%** |
| HC.4.1 | Clinical Laboratory | 41,330 | |
| | *Department of Health Clinical Laboratory* | *256* | |
| | *Laboratory Local Claims* | *37,479* | |
| | *Laboratory Overseas Claims* | *3,595* | |
| HC.4.2 | Imaging Diagnosis | 39,084 | |
| | *Local Diagnostic Imaging* | *30,322* | |
| | *Overseas Diagnostic Imaging* | *8,762* | |
| HC.4.3 | Patient Transportation and Emergency Rescue Services | 443 | |
| | *BHB Non-Medical / HWL* | *443* | |
| HC.4.9 | All Other Miscellaneous Ancillary Services | 614 | |
| | *Urine Drug Testing* | *86* | |
| | *Forensic Analysis* | *528* | |
| HC.5 | Medical Goods (Non-Specified By Function) | **55,107** | **7.77%** |
| HC.5.1 | Pharmaceuticals And Other Medical Non-Durable Goods | 50,054 | |
| HC.5.1.1 | Prescribed Medicines | 50,054 | |
| | *Local Prescription Claims* | *31,320* | |
| | *Overseas Prescription Claims* | *1,423* | |
| | *Prescription Co-pays* | *8,186* | |
| | *Out of Pocket Prescription Expenses* | *3,187* | |
| | *Clinical Drugs Subsidy* | *2,368* | |
| *GG* | *BHB Pharmacy* | *3,570* | |

| | | | |
|---|---|---|---|
| HC.5.2 | Therapeutic Appliances And Other Medical Durables | 5,053 | |
| HC.5.2.1 | Glasses And Other Vision Products | *3,785* | |
| HC.5.2.9 | All Other Medical Durables, Including Medical Technical Devices | *1,268* | |
| | | | |
| | **Total Expenditure On Personal Health** | **599,926** | |
| | | | |
| HC.6 | Prevention And Public Health Services | **25,790** | **3.63%** |
| | | | |
| | Maternal And Child Health; Family Planning And Counselling; School Health | 3,782 | |
| | *Maternal Health* | *441* | |
| | *Child Health* | *1,449* | |
| | *Community Health* | *1,892* | |
| | | | |
| | Prevention Of Communicable Diseases | 681 | |
| | *Communicable Disease* | *347* | |
| | *Office Of Chief Medical Officer Epidemiology And Surveillance* | *334* | |
| | | | |
| | Prevention Of Non-communicable Diseases | 17,531 | |
| | *Administration of Health Promotion* | *322* | |
| | *Oral Health Control* | *638* | |
| | *Oral Health Prevention* | *586* | |
| | *Other Ministry of Health Headquarters Programmes (e.g., MoH Headquarters Grants)* | *7,846* | |
| | *Other Department of Health Programmes (e.g., National Office for Seniors and Physically Challenged; Maternal Health and Family Planning; Child Health; School and Adolescent Health; Dental Health; Community Health; Allied Health, Nutrition)* | *8,138* | |
| | *Health Education (e.g., Health fair)* | *1* | |
| | | | |
| | Occupational Healthcare | 3,234 | |
| | *Occupational Therapy & Physiotherapy* | *872* | |
| | *Physiotherapy* | *831* | |
| | *Speech And Language* | *1,531* | |
| | | | |
| | All Other Miscellaneous Public Health Services | 562 | |
| | *Nutrition* | *175* | |
| | *Adult Health* | *387* | |
| | | | |
| HC.7 | HC.7 Health Administration And Health Insurance | **77,216** | **10.89%** |
| | | | |
| | General Government Administration Of Health (Except Social Security) | 10,214 | |
| | *Ministry of Health, Seniors and Environment General Administration* | *5,502* | |
| | *Department of Health Administration* | *99* | |
| | *Community Health Admin* | *922* | |

| | | | |
|---|---|---|---|
| | *Oral Health Admin* | *220* | |
| | *Office Of Chief Medical Officer Administration* | *538* | |
| | *Ministry of Health, Seniors and Environment Corporate Services* | *513* | |
| | *Environmental Health Administration* | *837* | |
| | *Health Insurance Administration - General Administration* | *802* | |
| | *Health Insurance Administration - Automation* | *779* | |
| | *Comprehensive School Health Administration* | *2* | |
| | Health Administration And Health Insurance | 67,002 | |
| | *Health Administration And Health Insurance: MRF, HIP, FC* | *5,212* | |
| | *Health Administration And Health Insurance: Private* | *61,790* | |
| | Total Expenditure On Collective Health | 103,006 | |
| HC.9 | HC.9 Expenditure Not Specified By Kind | 6,424 | **0.91%** |
| | *Grants to Charities* | *3,843* | |
| | *Office Of The Physically Challenged* | *275* | |
| | *National Office For Seniors* | *325* | |
| | *Orange Valley Centre* | *931* | |
| | *Opportunity Workshop* | *1,050* | |
| | **Total Current Expenditure** | **709,355** | |
| HC.R | Health Related Functions | | |
| HC.R.1 | Capital Formation For Healthcare Provider Institutions | 128,161 | |
| | *Buildings & Improvements* | *59,531* | |
| | *Equipment* | *48,971* | |
| | *Software* | *10,324* | |
| | *Computer Equipment* | *9,335* | |
| HC.R.4 | Food, Hygiene And Drinking-Water Control | 1,104 | |
| | *Food And Beverage Safety* | *48* | |
| | *Water And Sanitary Engineering Control* | *4* | |
| | *Institutional Hygiene* | *614* | |
| | *Water And Food Analysis* | *438* | |
| HC.R.5 | Environmental Health | 1,930 | |
| | *Public Health Nuisance Poll* | *6* | |
| | *Housing Conditions* | *5* | |
| | *Vector Control* | *1,509* | |
| | *Occupational Safety And Health* | *410* | |
| | **Total: Further Health Related Functions** | **131,195** | |

## Appendix A.6 – OECD Table of Health System Financing - Bermuda FYE 2014 (BD$, '000)

| OECD Code | Description | Amount (BD$, '000) | % of Total Financing |
|---|---|---|---|
| **HF.1** | **Government schemes and compulsory contributory healthcare financing schemes** | **314,604** | **44.35%** |
| HF.1.2.1 | *Social health insurance (e.g., General subsidies)* | *115,482* | |
| HF.1.2.2 | *Compulsory insurance (Standard Health Benefit)* | *199,122* | |
| | | | |
| **HF.2** | **Voluntary healthcare payment schemes (other than out-of-pocket)** | **326,709** | **46.06%** |
| HF.2.1 | *Voluntary health insurance schemes* | | |
| HF.2.1.1 | *Primary/Substitory health insurance schemes (i.e., Supplemental Insurance)* | *321,983* | |
| HF.2.2 | *Non-profit institutions financing schemes (e.g., Donations from the general public)* | *4,726* | |
| | | | |
| **HF.3** | **Household out-of-pocket payment** | ***68,042*** | ***9.59%*** |
| HF.3.1 | *Out-of-pocket payments excluding cost-sharing* | *20,903* | |
| HF.3.2 | *Cost-sharing with third party payers (e.g., Insurance co-pays)* | *47,139* | |
| | Total: Financing | 709,355 | |

## Appendix A.7 – FYE 2014 Bermuda Health System Providers

| Descriptions (Volume) | Count |
|---|---|
| **Hospitals** | 2 |
| General Hospitals (1) | |
| Mental Health Hospitals (1) | |
| **Residential Long Term Facilities** | 17 |
| Long-term Nursing Facilities (8) | |
| Mental Health and Substance Abuse Facilities (3) | |
| Other residential long-term care facilities (6) | |
| **Providers of Ambulatory Care** | 193 |
| Medical Practices (66) | |
| *Offices of general medical practitioners (24)* | |
| *Offices of mental medical specialists (1)* | |
| *Offices of other medical specialists (41)* | |
| Dental Practices (29) | |
| Other healthcare practitioners (96) | |
| *Ambulatory healthcare centres* | |
| *Family planning centres* | |
| *Ambulatory mental health and substance abuse centres* | |
| *Free-standing ambulatory surgery centres* | |
| *Dialysis care centres* | |
| *All other ambulatory centres* | |
| Providers of home health services (2) | |
| **Providers of ancillary services** | 16 |
| Providers of patient transportation and emergency rescue (2) | |
| Medical and diagnostic laboratories (14) | |
| **Retailers and other providers of medical goods** | 18 |
| Pharmacies (15) | |
| Retail sellers and other suppliers of durable medical goods and medical appliances (3) | |
| **Providers of preventive care** | 1 |
| **Providers of healthcare system administration and financing** | 17 |
| Government health administration agencies (1) | |
| Social health insurance agencies (2) | |
| Private health insurance agencies (3) | |
| Other administrative agencies (11) | |