

BERMUDA HEALTH COUNCIL  
**ANNUAL REPORT**  
**2018-2019**



# BERMUDA HEALTH COUNCIL ANNUAL REPORT 2018-2019

**Contact us:**

If you would like any further information about the Bermuda Health Council, or if you would like to bring a healthcare matter to our attention, we look forward to hearing from you.

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Bermuda Health Council

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# MESSAGE FROM THE MINISTER



*Government of Bermuda*  
Ministry of Health  
OFFICE OF THE MINISTER

I am pleased to present the Bermuda Health Council's Annual Report for the fiscal year 2018 to 2019.

This has been an extremely important year for the Health Council and I am grateful to the Board and staff for their dedicated commitment and expertise.

The year brought many accomplishments and successes, including the provision of key data and analytics to make informed policy decision. The data on the cost of diabetes and dialysis has helped to provide a wake-up call for anyone who doubted that preventable, lifestyle diseases are crippling our health and our premiums.

In addition, the Health Council has been pivotal in redirecting mindsets and providing thought leadership with respect to payment mechanisms. Their data, fact sheets and policy assistance to transition Bermuda away from volume-based payment structures to value-based systems will begin to bear fruit in the coming fiscal year.

Further, the Health Council is doing foundational work in reviewing the cost of pharmaceuticals and looking for ways that we can better manage medication prices through point of sale and procurement interventions. Such advances will help reduce the cost of medicines, to make them more affordable and ease pressure on premiums.

In the coming year, the Health Council will progress its new focus on collaboration and partnership with all stakeholders to improve healthcare access for all. The Health Council is a pivotal part of the Ministry's health reforms and I am grateful for its support and contribution.

The Hon. Kim N. Wilson, JP, MP  
**Minister of Health**



**Hon. Kim Wilson JP, MP**  
**Minister of Health**  
**Government of Bermuda**

# MESSAGE FROM THE CHAIR



It gives me great pleasure to present the 13th Annual Report for the Bermuda Health Council. I am delighted to share that we are progressing with our strategic vision for 2020 and have set significant goals within our priority areas that are being addressed with passion by the Health Council team.

We strive to create value through the promotion of an equitable and sustainable health system by taking a collaborative approach to enhance our health system and care integration. Our accomplishments include successfully lowering the cost of medications to home medical services and end-of-life medications, collaborating with tuberculosis, and cancer treatment providers to promote radiation treatment done in Bermuda, and increasing the Standard Health Benefit providers deliver to the people of Bermuda.

In addition, we have increased oversight and regulations for the insurers, continue to compile the health care data depository to increase decisions that are data driven, and have improved transparency of our board discussions by placing items on the website, which also provides a community forum to process complaints and queries.

We have successfully re-launched voluntary registration via the Provider Advantage Programme that outlines key priorities to enhance access to quality care, have separated the financing of community providers from Bermuda Hospitals Board to Standard Health Benefit, and have embraced changing health care to the universal and affordable mandate of the World Health Organization (WHO).

Understanding our community's needs and ensuring health system sustainability is our priority, and I have the utmost confidence that the dedication demonstrated by the Health Council team will continue to deliver best results for the community of Bermuda.

  
Dr. Alicia Stovell-Washington, MD  
Chairman



**Dr. Alicia Stovell-Washington**  
Board Chair  
Bermuda Health Council

# 2018 - 2019 IN NUMBERS

**\$240,981** 

RECOVERED IN STANDARD PREMIUM RATE (SPR) ON BEHALF OF EMPLOYEES

**320** 

HEALTH SERVICE PROVIDERS

**294**

COMPLAINTS AND QUERIES RECEIVED

**165** 

ADDITIONAL SOCIAL MEDIA FOLLOWERS

 **12** HEALTH TECHNOLOGY REVIEWS (HTRs) WERE CONDUCTED

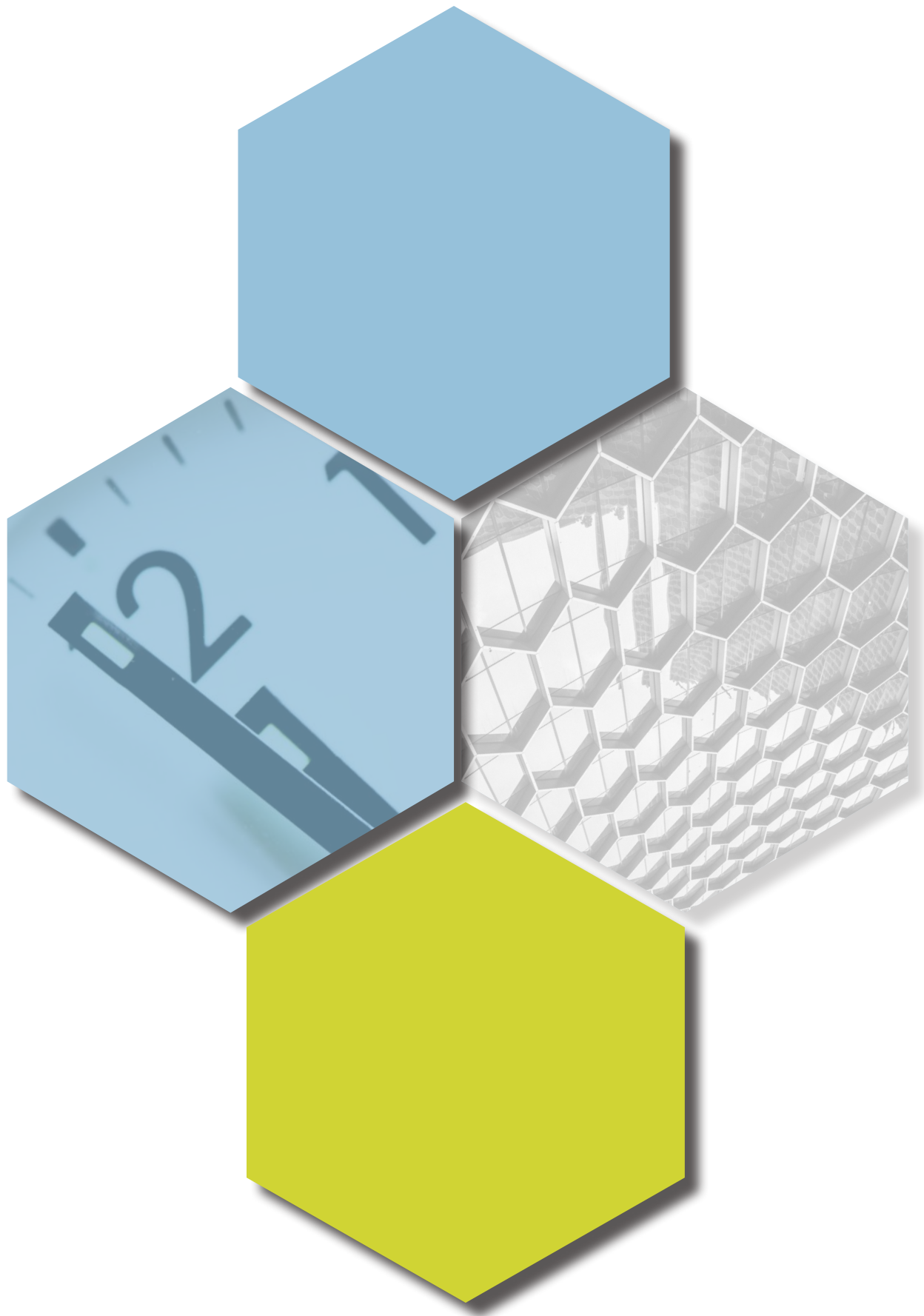
SURVEY RESPONDENTS  
 **700 +**

 **26** COURSES AND CONFERENCES ATTENDED LOCALLY AND OVERSEAS





Bermuda Health Council  
**BHeC**  
Working Together for a Sustainable Healthcare System





# OUR MISSION

To regulate, coordinate and enhance the delivery of health services in Bermuda.

# OUR VISION

Achieving a quality, equitable, and sustainable health system.

# OUR PRIORITIES

Our strategic priorities are focused on a continuum of care to guide and support Bermuda's health system; ensuring everyone in Bermuda receives safe and quality health care services. The Health Council's strategic priorities are:



**Finance & Economics** – Monitoring available resources for improving the health system.



**Quality & Standards** – Collaborating to encourage best practice when delivering healthcare.



**Accountability** – Being transparent about what we do and how we do it.



**Regulation** – Ensuring health services are provided in accordance with the law.

Our accomplishments for fiscal year 2018- 2019 are outlined in the following Annual Report.

## DELIVERING ON OUR PRIORITIES: FINANCE & ECONOMICS

In accordance with our legislation, we aim to increase access to, decrease the costs of, and enhance affordability of prescription medications for residents of Bermuda. In the past we provided an [online tool](#) as a resource to help inform residents about how pricing for medication occurs and available pricing for select medications in Bermuda. During fiscal year 2018-2019, we continued our commitment towards collaboration by having multiple meetings and consultation sessions to talk about developing and implementing a formulary. A formulary would be a set of medications with regulated pricing and would take into consideration the affordability of dispensing fees, the reimbursement of pharmacy services and bulk procurement through international partnerships. The information gathered during 2018-2019 provided an important framework for the types of projects we will be working on in the next fiscal year to finalize a formulary and enhance affordability of medications.

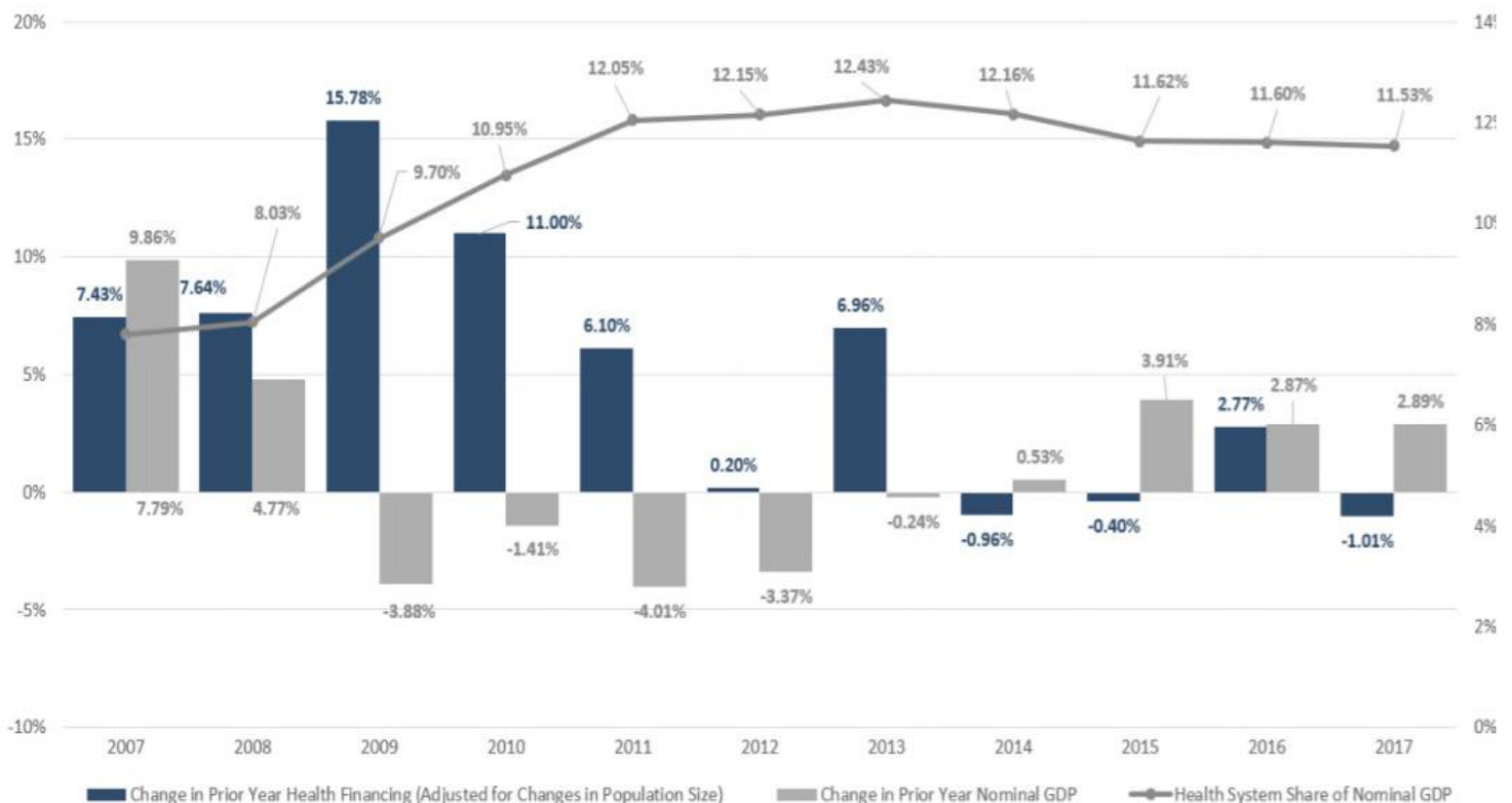
*Providing  
Consumer  
Guidance on  
Fair Market  
Pricing of  
Medication*

Drug Name	Lowest Price per Pill, in Bermuda	Lowest Dispensing Fee, in Bermuda
Acetazolamide- 250/var	\$0.07	\$15
Amitriptyline- 10 mg, 20 mg	\$0.03	\$15
Azathioprine- 50 mg	\$0.44	\$15
Beclomethasone- 50 mcg	\$0.07	\$15
Brimonidine- 0.2% Drop	\$3.35	\$15
Bupropion- 150 mg (XL)	\$1.09	\$15
Celecoxib- 200 mg	\$0.25	\$15
Citalopram- 10 mg	\$0.15	\$15
Citalopram- 20 mg	\$0.20	\$15
Clozapine- 100 mg	\$2.05	\$15

Every year, we produce a [National Health Accounts \(NHA\) Report](#) which reviews health finance and expenditure in Bermuda, and how policies have affected the success of our health system. The 2018 NHA Report showed a total expenditure near \$723 million in 2016 - 2017. The development and publication of the NHA report will continue to highlight the various efforts taking place within Bermuda to ensure cost effectiveness and access to appropriate health services.

***Affecting a Small Change in Health Financing***

Health Expenditure and Gross Domestic Product (GDP)



# QUALITY AND STANDARDS

## ***Protecting Stakeholders and Monitoring Risks to Patients***

Our responsibility extends to regulating health professionals. The Minister of Health appoints each statutory board. Boards meet regularly and have registration criteria for the professionals of which they have oversight. Within a collaborative environment, we regulate health professionals by monitoring licensing, certification, standards, and codes of practice. During 2018-2019, the Council partnered with the relevant statutory boards to support the improvement and communication of standards. The work that we continue to do improves how health professionals are registered, the level of responsiveness in handling the public's complaints, and creates greater efficiencies in how care is delivered.

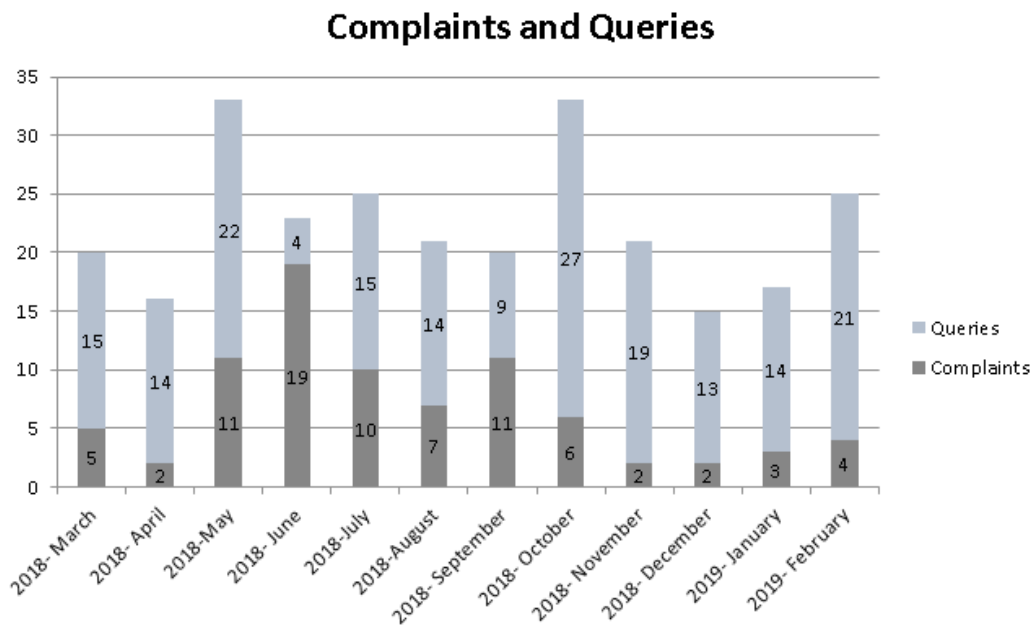
*"Achieving a quality, equitable, and sustainable health system."*

## ***Improving Patient Care***

A Unique Patient Identifier (UPI) used by providers and insurers in Bermuda will provide broad health system benefits for patient safety and quality of care through correct patient identification. We developed a UPI database called the Bermuda Patient Register (BPR) which assigns unique identifiers to all residents listed with a registered social insurance number. The aim going forward is to establish these UPIs within the entire health system for all patient records and information sharing. This will be our initial entry into connecting Bermuda's information networks to support the enhancement of health outcomes.

**Understanding  
Our  
Stakeholders’  
Concerns**

During 2018-2019 we improved the efficiency of our internal process of receiving and reporting on the public’s complaints and queries of the health system. Our external facing complaints and queries process continues to serve as a productive resource for stakeholders to address concerns and questions about Bermuda’s health system. In 2018-2019 the Health Council received 89 complaints and recorded 205 queries. A significant portion of the complaints and queries we reviewed related to Employer’s Compliance as indicated in graph respectively.



**Enhancing  
Health Care  
Delivery**

Health Technology Reviews (HTRs) provide an opportunity for our team and our partners to look at what services are available on island and what additional services could add evidence-based value to the local community. Our focus during these reviews is on the capacity, risks, and needs associated with new technologies or services that are being proposed to be established on island. Our team facilitates these meetings to opine on the various concerns that may be held within the health market. We also leverage this process to identify new opportunities for growth and innovation in patient care. While the HTRs is not a legislated activity, it does enforce and validate sector opinions and recommendations.

It is a process that local health insurers, local providers, and our international partners are rapidly adopting to make the best possible decisions on reimbursement, capacity, and service provision. We are in the process of strengthening the HTR process through training and participation in international forums; and will continue to communicate such improvement through the publication of a HTR log on the Council’s website - outlining the dates and outcomes of each

### Health Technology Reviews (HTRs) Reports Table

More information at [www.bhec.bm/health-technology-reviews](http://www.bhec.bm/health-technology-reviews)

Topic and Service Type	Requesting Body	Submission Date	Outcome	Description
Phycology and Psychiatry	GOV	25 September 2017	Supported	Integrated mental health practice
Anaesthesiology	GOV	19 September 2017	Supported	Outpatient pain management
Dialysis	SHB Approval	29 September 2017	Supported with Conditions	Outpatient peritoneal and hemodialysis
Ultrasound	SHB Approval	24 October 2017	Not Supported	Diagnostic sonic imaging
Tele-Medicine	Insurer	26 September 2017	Not Supported	Primary care provided remotely
Ortho/Rehab/DMD	HSP	24 October 2017	Supported	Cold compression device
Nutrition	SHB Approval	27 October 2017	Supported	Community based dietitian service
Laboratory	SHB Approval	27 October 2017	Supported with Conditions	Clinical diagnostic laboratory services

*“HTRs are designed to analyse Bermuda’s health system capacity and risks based on requests from: businesses, health providers, insurers, and other health system stakeholders. The information provided by the Council allows stakeholders to make informed decisions on how to best position their business, and to determine if the market has the capacity to support their proposed operations.” - Dr. Ricky Brathwaite, Acting Chief Executive Officer*

### ***Strengthening Policy with Health Insurers***

The Health Council formally met with insurers on five occasions during 2018-2019, to discuss health system updates and Council initiatives. Renewed focus on submission criteria such as mutual reinsurance headcounts, and health insurance claims data will continue, ensuring that consumers are clear on the methodology and process used to capture information. More robust data will strengthen the accuracy of the evidence used to make policy recommendations and ensure patients are receiving value for money.

### ***Transforming Health for the Better***

Our team continues to remain innovative through technology assessments with acceptance into Health Technology Assessment Network of the Americas [RedETSA, Red de Evaluación de Tecnologías en Salud de las Américas]. Being accepted into this prestigious group, provides the Council with access to value assessments and proprietary reports. This access helps as we evaluate the health system in partnership with other jurisdictions. The network endeavors to balance the value of new health technologies and services, while ensuring equitable access to clinical care. We plan to use this opportunity to continue establishing Bermuda as a model country for health innovation and system reform.

## **ACCOUNTABILITY**

### ***Building Trust in the Health Council Through Transparency***

We remain committed to the unique role of providing information about health system costs, quality and standards in the provision of care, and regulation. To fulfil this responsibility, we improved our website ([www.bhec.bm](http://www.bhec.bm)) by adding an easy-to-use chat feature. This new feature enhances public engagement and provides another option for submitting complaints and queries. Members of the public can submit their questions or concerns directly to our team through this feature with ease.

We also released the *Health Council Quarterly* publication, a newsletter that gives subscribers updates and an overview of health system changes. To subscribe to the Quarterly, email [healthcouncil@bhec.bm](mailto:healthcouncil@bhec.bm) or sign up using the form at the bottom of the website's homepage.

## ***Promoting Value and Understanding in Healthcare***

In 2018-2019, we encouraged conversations and policy direction towards enhancing the quality of care and reducing health costs continued.

We conducted an online feedback survey which was completed by over 500 people to assess views on Bermuda's health system and gaps seen by stakeholders. Responses included the need for cost regulation and greater provider regulation. The results from this survey are being considered for future programmes and health system reforms.

During 2018-2019 we also worked in concert with The Family Centre (TFC)<sup>1</sup> on their Adverse Childhood Experiences (ACEs) survey. This online survey collects information from adults in Bermuda about events they experienced during the first 18 years of their lives and the impact of those events on their current state. This survey was a continuation of work we participated in previously with SCARS Bermuda and is associated with social determinants of health. Survey results will be

published later this year. We expanded our forms of communication by implementing video content with weekly SnapFact videos. During 2018-2019, our number of social media followers increased on Facebook (612 to 638), Instagram (273 to 389), and Twitter (183 to 196).

We continue to build and maintain solid relationships by meeting regularly with stakeholders, and participating on external committees - namely the Bermuda Hospital's Board and Ethics Committee, Health Insurance Committee, Bermuda National Standards Committee, Disabilities Advisory Council, and the Bermuda College Nursing Programme Review Committee. Membership in these committees enables the team to maintain awareness of a number of factors influencing the success of the health system such as local research, workforce capacity and planning, patient care access and advocacy, and best practice standards.

<sup>1</sup> The Family Centre (TFC) is an organization that provides early intervention services to children who suffer from family-based problems such as abuse, neglect, and other emotional challenges.



*“Partnering with community organisations, like The Family Centre, has enabled the Health Council to put health economics into the context of trauma and other social determinants.”  
- Tara Hines, Project Associate, Data Analytics and Outcomes Research*

### **Encouraging Engagement with the Health System**

The Bermuda Health Council values transparency and accountability including reports of our work, real time updates of project progress, and regular postings of projects, meetings and achievements to the Behind the Scenes tool on our [website](#). Consistent with this approach, posting of outgoing correspondence to groups of health system stakeholders are listed on our website.

Quarterly meetings with approved Standard Health Benefit (SHB) providers in the community also began this fiscal year. This forum allowed 19 health service provider representatives to share best practices, learn about health system updates and be informed of SHB changes. Emphasis was placed on the goal of SHB which is to provide persons with access to quality care regardless of their ability to pay. SHB providers began working with the Council in January of 2019 to establish quality measures and indicators that can be monitored to show how their facilities meet the SHB goal.

## **REGULATION**

Monitoring and enforcing employers’ compliance with the Health Insurance Act 1970 (HIA) supports eligible persons in receiving the mandated level of health insurance coverage. The HIA requires that employers provide Standard Health Benefit coverage to their employees and their non-employed spouses. During 2018-2019, we worked with the Department of Public Prosecutions to successfully prosecute 3 non-compliant employers in Magistrates’ Court for failing to meet their obligations under the HIA.

### **Ensuring Legislative Compliance**

Continued on next page.

Consistent monitoring and enforcement has led to improved reporting and a decrease in the number of employees without active health insurance. Our team follows up on all reports of non-compliance received from the public, health professionals and insurers, which leads to re-enactment of insurance policies in the majority of cases.

### ***Improving Regulatory Enforcement***

The Health Council continued to strengthen its monitoring and enforcement of the Health Insurance (Health Service Providers and Insurers) (Claims) Regulations 2012 (Claims Regulations) prohibits the practice for the insured portion of care and establishes basic requirements to process claims. We work with insurers, the Bermuda Hospitals Board and other healthcare professionals to ensure a firm understanding of their requirements for submission of claims. Compliance with Regulations increases efficiency in the health system.

### ***Creating a Better Health System with the Provider Advantage Programme***

This year we re-launched our voluntary registration as the Provider Advantage Programme which provides residents with important information about the healthcare choices available to them. This updated programme has a set of requirements for different registration levels to reflect the information provided during registration and the defined provider's services. Health service providers can register for the basic, advanced or premier levels, each with a focus on enhancing access to quality care.

Continued on next page.

## Basic Level

This level of registration provides us with the health service provider's general information about the facility and its services. It does not comment on a health service provider's safety or effectiveness.

## Advanced Level

This level of registration requires the basic level of registration and proof of accreditation with an external body. This shows us how the practice has implemented and enforces the policies and protocols reported for advanced level and includes an inspection of the facility.

## Premier Level

This level of registration will require the participation in the Council's Assessment Programme and the advanced level of registration. [Premier Level is available later in the year.]

Medicines represent one of the largest out-of-pocket individual health costs on the island. A review of policy was undertaken to develop a national drug formulary as part of health system reforms. Given that the authority to regulate the price at which drugs are sold is already a function outlined in the Bermuda Health Council Act 2004, the Council actively engaged a Request for Proposal to secure a pharmacy provider to offer prescription medicines.

## *Promoting Access to Prescription Medication*

As a result, patients were able to receive home medical services medicines in their home as part of the Home Medical Services (HMS) benefit under the Standard Health Benefit (SHB). Cost savings of \$79,219 has been achieved for the year with an anticipated \$185,522 in 12 months savings. Lessons learned from this project will be applied during the development of a national formulary of select medications. The Council also continued its work toward increased access to care by constantly looking to improve benefits covered by the mandatory health insurance package. This fiscal year we engaged a Request for Proposals to secure a pharmacy provider to offer prescription medicines for the home medical services benefit. As a result the system saw a savings of \$186,000 on prescription medications.

# EFFICIENT OPERATIONS

## Obtaining Value

We are committed to health system cost effectiveness. In order to maintain a high level of operations and to deliver on our mandate, we continued to support cost efficiency and collaboration with relevant organisations to extend the impact and further improve the quality of the health system.

*“The Health Council believes the centre of our health system is the patient and ensuring the best care in the right setting is what we are consistently working towards. We engage in health innovation and creativity to transform health and improve our local system through modern health policy and innovative research.” - Dr. Ricky Brathwaite, Acting Chief Executive Officer Health Council*

## Fulfilling our Mandate

Our team was able to take advantage of development opportunities and connect with other health organisations and professionals in 2018-2019, locally, and overseas. Overseas conferences provided the Secretariat with the opportunity to strengthen skills and capacity such as presenting at the *12<sup>th</sup> Caribbean Conference on National Health Financing Initiatives in Suriname*, the *CARPHA research Conference*, and the *PAHO Health Technology Management (HTM) Workshop*.

In addition, as an organization, we support staff in attending local training courses and conducting regular Learning Lunches to enhance the team’s understanding of the community we service. The topics this year included management of chronic conditions, Bermuda’s water system, and opportunities in long-term care.

# WHO WE ARE

The Health Council is comprised of a Board appointed annually by the Minister of Health and a Secretariat of 12 employed staff. We have operated since 2006 focusing on monitoring all aspects of Bermuda's health system and enforcing compliance with legislative requirements.

Appointed Board members for April 2018 to March 2019 were:

Dr Alicia Stovell-Washington, Chairman  
*Ophthalmologist, Bermuda Eye Centre*

Granville Russell, Deputy Chairman  
*Registered Nurse Clinical Director of Long Term Care at the Bermuda Hospitals Board (BHB)*

Claudette Fleming  
*Executive Director of Age Concern*

Dr Annabel Fountain  
*Endocrinologist at Fountain Medical and President of the Bermuda Medical Doctors Association*

Sandro Fubler  
*Registered Physiotherapist at Bermuda Prevention Rehabilitation Alliance LTD*

Michelle Jackson  
*Senior Vice President, Health and Life at BF&M*

Laure Marshall  
*Senior Business Intelligence Analyst for Healthcare Projects, Nova Limited*

Dr Darrien Ray  
*Clinical Psychologist, The Association of Diagnostic and Psychological Services*

Cynthia Thomas  
*Legal Counsel at Arch Reinsurance Ltd*

Venetta Symonds  
*CEO of Bermuda Hospital Board (BHB)*

Peter Parker (Resigned March 2019)  
*Former Executive Vice President and Chief Financial Officer of Bermuda Properties Limited*

Ex-Officio Board members for April 2018 to March 2019 were:

Dr Jennifer Attride-Stirling, Permanent Secretary for the Ministry of Health  
Dr Ricky Brathwaite, Acting Chief Executive Officer (Appointed December 2018)  
Anthony Manders, Financial Secretary for the Ministry of Finance  
Dr Cheryl Peek-Ball, Chief Medical Officer  
Tawanna Wedderburn, Chief Executive Officer (Until December 2018)

# *FINANCIAL STATEMENTS*

**BERMUDA HEALTH COUNCIL**

**FINANCIAL STATEMENTS**

**MARCH 31, 2019**

# ***BERMUDA HEALTH COUNCIL***

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Financial Statements  
For the Year Ended March 31, 2019

## **Index**

Statement of Financial Position

Statement of Operations and Accumulated Surplus

Statement of Changes in Net Financial Assets

Statement of Cash Flows

Notes to the Financial Statements




## **Management's Responsibility for the Financial Statements**

These financial statements have been prepared by management, who are responsible for the reliability, integrity and objectivity of the information provided. The preparation of financial statements necessarily involves using management's best estimates and judgments, where appropriate.

Management is responsible for maintaining a comprehensive system of accounting records, internal controls, policies and management practices, designed to provide reasonable assurance that transactions are properly authorized and in compliance with legislation, assets are safeguarded, and reliable financial information is available on a timely basis.

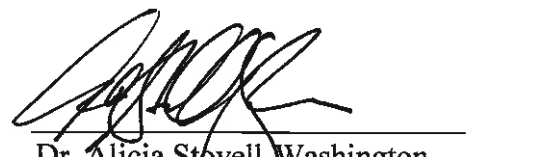
The Bermuda Health Council's Board through the Audit and Governance Committee is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Audit and Governance Committee meets periodically with management to discuss matters relating to financial reporting, internal control and audits. The Audit and Governance Committee also reviews the financial statements before recommending approval by the Board. The financial statements have been approved by the Board and have been examined by the Office of the Auditor General.

The accompanying Independent Auditor's Report is presented herein.



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Dr. Ricky Brathwaite  
Acting Chief Executive Officer



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Dr. Alicia Stovell-Washington  
Audit & Governance Committee Chair

July 22, 2019



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### **INDEPENDENT AUDITOR'S REPORT**

To the Minister of Health

#### **Opinion**

I have audited the financial statements of the Bermuda Health Council, which comprise the statement of financial position as at March 31, 2019, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bermuda Health Council as at March 31, 2019, and the results of its operations, change in its net financial assets and its cash flows for the year then ended in accordance with public sector accounting standards generally accepted in Bermuda and Canada.

#### **Basis for Opinion**

I conducted my audit in accordance with auditing standards generally accepted in Bermuda and Canada. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Bermuda Health Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in Bermuda, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with public sector accounting standards generally accepted in Bermuda and Canada, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bermuda Health Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bermuda Health Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bermuda Health Council's financial reporting process.

## **Auditor's Responsibility for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Bermuda and Canada will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Bermuda and Canada, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements (whether due to fraud or error), design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bermuda Health Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bermuda Health Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Bermuda Health Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements (including the disclosures), and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, related safeguards.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the Office of the Auditor General website at: [www.oagbermuda.bm](http://www.oagbermuda.bm). This description forms part of our auditor's report.



Heather Thomas, CPA, CFE, CGMA  
Auditor General

Hamilton, Bermuda  
July 22, 2019

**THE BERMUDA HEALTH COUNCIL**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (Note 4)	512,885	577,981
Accounts receivable	-	80
Accrued interest	1	1
Due from the Mutual Re-insurance Fund (Note 9)	79,885	158,186
Rent deposit	<u>30,460</u>	<u>30,460</u>
	<u>623,231</u>	<u>766,708</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	91,862	65,714
Due to the Government of Bermuda (Note 9)	23,666	35,449
Deferred revenue (Note 9)	<u>75,093</u>	<u>-</u>
	<u>190,621</u>	<u>101,163</u>
<b>NET FINANCIAL ASSETS</b>	<u>432,610</u>	<u>665,545</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 5)	42,104	72,229
Prepaid expenses	<u>16,931</u>	<u>9,872</u>
	<u>59,035</u>	<u>82,101</u>
<b>ACCUMULATED SURPLUS</b>	<u>491,645</u>	<u>747,646</u>
CONTRACTUAL OBLIGATIONS (Note 13)		
CONTINGENT LIABILITY (Note 15)		

The accompanying notes are an integral part of these financial statements

**THE BERMUDA HEALTH COUNCIL**  
**STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

	<b>2019</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	<b>(Note 12)</b>		
<b>REVENUES</b>			
Government of Bermuda grant (Note 9)	699,615	699,615	799,615
Prescribed sum from the Mutual Re-insurance Fund (Note 9)	297,317	392,894	631,013
Licensing fees (Note 10)	337,500	362,500	337,500
Special grant (Note 9)	118,300	43,207	3,000
Donated services (Note 9)	-	3,650	2,950
Gain on sale of tangible capital asset	-	-	200
Other income	-	34	64
Interest	-	13	13
	<u>1,452,732</u>	<u>1,501,913</u>	<u>1,774,355</u>
<b>EXPENSES</b>			
General administration (Note 7)	1,531,049	1,442,685	1,401,423
Legal and professional services	241,500	272,754	132,900
Amortization of tangible capital assets (Note 5)	8,734	30,125	27,685
Council meetings (Note 14)	20,650	12,350	9,150
	<u>1,801,934</u>	<u>1,757,914</u>	<u>1,571,158</u>
<b>ANNUAL (DEFICIT) SURPLUS</b>	<u>(349,202)</u>	(256,001)	203,197
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>		<u>747,646</u>	<u>544,449</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>		<u>491,645</u>	<u>747,646</u>

The accompanying notes are an integral part of these financial statements

**THE BERMUDA HEALTH COUNCIL**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

	<b>2019</b> <b>\$</b> <b>Budget</b> <b>(Note 12)</b>	<b>2019</b> <b>\$</b>	<b>2018</b> <b>\$</b>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>665,545</u>	<u>665,545</u>	<u>457,056</u>
Annual (deficit) surplus	(349,202)	(256,001)	203,197
Change in prepaid expenses	-	(7,059)	4,186
Acquisition of tangible capital assets (Note 5)	-	-	(26,579)
Amortization of tangible capital assets (Note 5)	<u>8,734</u>	<u>30,125</u>	<u>27,685</u>
<b>Change in net financial assets during the year</b>	<u>(340,468)</u>	<u>(232,935)</u>	<u>208,489</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u><u>325,077</u></u>	<u><u>432,610</u></u>	<u><u>665,545</u></u>

The accompanying notes are an integral part of these financial statements

**THE BERMUDA HEALTH COUNCIL**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Annual (deficit) surplus	(256,001)	203,197
Adjustment for items not affecting cash:		
Amortization of tangible capital assets	30,125	27,685
Gain on sale of tangible capital assets	-	(200)
Changes in non-cash working capital	<u>160,780</u>	<u>7,780</u>
Net cash (used in) provided by operating activities	<u>(65,096)</u>	<u>238,462</u>
<b>CASH FLOWS FROM CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	-	(26,579)
Proceeds from sale of tangible capital assets	<u>-</u>	<u>200</u>
Net cash used in capital activities	<u>-</u>	<u>(26,379)</u>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(65,096)</b>	<b>212,083</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u><b>577,981</b></u>	<u><b>365,898</b></u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u><u><b>512,885</b></u></u>	<u><u><b>577,981</b></u></u>

The accompanying notes are an integral part of these financial statements

# THE BERMUDA HEALTH COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

### 1. AUTHORITY

The Bermuda Health Council (the “Council”) was established under the Bermuda Health Council Act 2004, which gained assent on July 20, 2004. The primary functions of the Council are to regulate, coordinate and enhance the delivery of health services in Bermuda.

### 2. SIGNIFICANT ACCOUNTING POLICIES

Pursuant to standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, the Council is classified as an other government organization. These financial statements are prepared in accordance with public sector accounting standards generally accepted in Bermuda and Canada and the accounting policies considered particularly significant are as follows:

#### a) Cash and cash equivalents

Cash and cash equivalents include all cash held with financial institutions that can be withdrawn without prior notice or penalty, and time deposits with an original maturity of 90 days or less.

#### b) Tangible capital assets and amortization

Tangible capital assets are stated at cost less accumulated amortization. Capital assets are classified according to their functional use. Amortization is recorded on a straight- line basis over their estimated useful lives as follows:

Computer software	- 3 years
Computer and telecommunications equipment	- 3 years
Furniture and fixtures	- 5 years
Leasehold improvements	- lesser of 10 years or term of lease

Tangible capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to the Council’s ability to provide goods and services, or the value of future economic benefits associated with the capital asset is less than its net book value. In either case, the cost of the tangible capital asset is reduced to reflect the decline in the asset’s value.

#### c) Revenue recognition

Government of Bermuda grants are operating grants received and receivable for use in the day-to-day operations of the Council and are recognized as revenue on the statement of operations and accumulated surplus in the year to which they relate.



# THE BERMUDA HEALTH COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### c) Revenue recognition (continued)

The prescribed sum from the Mutual Re-insurance Fund pertains to the transfer received from the Mutual Re-insurance Fund based on the contributions from the Standard Premium Rate. This amount which is recognized as revenue on the statement of operations and accumulated surplus is based on actual remittances from the insurance companies and an estimate relating to the expected premiums for the months where remittances have not been received. The estimate is determined by management using information available from the Health Insurance Department.

Licensing fees pertain to fees charged by the Council to health insurers and approved schemes to undertake insurance business. Licensing fees are paid based on a tiered system of Annual Gross Premium Written (“AGPW”) from the current calendar year and are recognized as revenue on the statement of operations and accumulated surplus. During the subsequent re-licensing process, the previously reported AGPW is compared with the audited AGPW and any adjustments to that previous licensing fee is billed to the health insurers and approved schemes.

Special grants from the Ministry of Health are received and receivable to support the Health Financing Reform initiative of the Ministry. The amount recognized as revenue on the statement of operations and accumulated surplus is based on the actual costs spent by the Council to satisfy its performance obligations to the Ministry.

Interest and other income are recognized on the accrual basis.

#### d) Donated services

For donated services where, in the opinion of the Council, an estimate of the fair value of such services can be made, the Council records a value based on the costs associated with obtaining the equivalent service on the open market. The amount is included within expenses and a corresponding amount is included in revenues as donated services.

For donated services where, in the opinion of the Council an estimate of fair value of such services cannot be reasonably made, no amount is recorded.

#### e) Government transfers

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations and accumulated surplus as the stipulation liabilities are met.

# THE BERMUDA HEALTH COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### f) Translation of foreign currencies

Assets and liabilities in foreign currencies are translated to Bermuda dollars at rates of exchange in effect at the statement of financial position date.

Revenues and expenses are translated at the exchange rate in effect at the transaction date.

#### g) Measurement uncertainty

These financial statements are prepared in accordance with public sector accounting standards generally accepted in Bermuda and Canada. These standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant areas requiring the use of estimates include the estimated useful lives of capital assets, due from Mutual Re-insurance Fund, licensing fee for insurers and accruals. Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from these estimates.

#### h) Financial instruments

The Council's financial instruments consist of cash and cash equivalents, accounts receivable, accrued interest, due from the Mutual Re-insurance Fund, accounts payable and accrued liabilities, and due to the Government of Bermuda. These financial instruments are measured at cost or amortized cost.

Transaction costs related to financial instruments in the cost or amortized cost category are added to the carrying value of the instrument when initially recognized.

The carrying value of these financial instruments approximates their fair value due to their relative short-term nature.

### 3. ECONOMIC DEPENDENCE

The Council is economically dependent upon the financial assistance provided by the Government of Bermuda (the "Government") and the prescribed sum from the Mutual Re-insurance Fund to fund its daily operations, cash flow, capital development and capital acquisitions.

**THE BERMUDA HEALTH COUNCIL**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2019**

**4. CASH AND CASH EQUIVALENTS**

Maturities and effective yields to cash and cash equivalents are as follows:

	2019	Effective	2018	Effective
	\$	Yield	\$	Yield
		%		%
Cash at bank	380,242	-	445,226	-
Call deposit	132,642	0.01	132,755	0.01
	<u>512,885</u>		<u>577,981</u>	

**5. TANGIBLE CAPITAL ASSETS**

	2019				
	<u>Furniture &amp; Fixtures</u>	<u>Computer &amp; Tele-communications Equipment</u>	<u>Leasehold Improvements</u>	<u>Computer Software (Note 9)</u>	<u>Total</u>
	\$	\$	\$	\$	\$
Opening cost	114,122	68,740	69,532	39,319	291,713
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Closing cost	<u>114,122</u>	<u>68,740</u>	<u>69,532</u>	<u>39,319</u>	<u>291,713</u>
Opening accumulated amortization	102,577	60,856	44,498	11,553	219,484
Amortization	2,739	4,266	10,014	13,106	30,125
Disposals	-	-	-	-	-
Closing accumulated amortization	<u>105,316</u>	<u>65,122</u>	<u>54,512</u>	<u>24,659</u>	<u>249,609</u>
Net book value of tangible capital assets	<u>8,806</u>	<u>3,618</u>	<u>15,020</u>	<u>14,660</u>	<u>42,104</u>

**THE BERMUDA HEALTH COUNCIL**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2019**

5. TANGIBLE CAPITAL ASSETS (continued)

	2018				Total
	Furniture & Fixtures	Computer & Tele-communications Equipment	Leasehold Improvements	Computer Software (Note 9)	
	\$	\$	\$	\$	\$
Opening cost	103,798	63,803	69,532	30,000	267,133
Additions	12,323	4,937	-	9,319	26,579
Disposals	(1,999)	-	-	-	(1,999)
Closing cost	<u>114,122</u>	<u>68,740</u>	<u>69,532</u>	<u>39,319</u>	<u>291,713</u>
Opening accumulated amortization	102,327	56,987	34,484	-	193,798
Amortization	2,249	3,869	10,014	11,553	27,685
Disposals	(1,999)	-	-	-	(1,999)
Closing accumulated amortization	<u>102,577</u>	<u>60,856</u>	<u>44,498</u>	<u>11,553</u>	<u>219,484</u>
Net book value of tangible capital assets	<u>11,545</u>	<u>7,884</u>	<u>25,034</u>	<u>27,766</u>	<u>72,229</u>

6. GENERAL ADMINISTRATION

	2019 \$ Budget (Note 12)	2019 \$ Actual	2018 \$ Actual
Salaries and employee benefits	1,265,406	1,194,590	1,121,003
Rent	122,723	122,723	122,983
Training and workshops	33,078	25,162	65,271
Repairs and maintenance	19,492	19,563	18,537
Land and corporation taxes	11,761	14,104	10,864
Network and infrastructure	7,752	12,063	3,166
Marketing	8,000	11,907	10,166
Office supplies	13,171	11,384	10,174
Telecommunications	16,126	10,027	10,359
Electricity	11,115	7,618	8,040
General and miscellaneous	6,956	4,820	4,231
Insurance	4,131	4,146	3,900
Entertainment	2,000	2,023	3,649
Subscriptions and memberships	2,198	1,532	3,269
Bank charges	2,040	1,023	1,296
Research and development	5,100	-	3,700
Printing	-	-	815
	<u>1,531,049</u>	<u>1,442,685</u>	<u>1,401,423</u>

# THE BERMUDA HEALTH COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

### 7. FINANCIAL RISK MANAGEMENT

The Council is exposed to various risks through its financial instruments. The Council members have overall responsibility for the establishment and oversight of its risk management framework. The Council manages its risks and risk exposures through sound business practices. The following analysis provides a measure of the risks at the reporting date, March 31, 2019.

#### (a) Credit Risk

Credit risk arises from cash held with banks and other receivables. The maximum exposure to credit risk is equal to the carrying value of these financial assets. The objective of managing counterparty credit risk is to prevent losses on financial assets. The Council determines, on a continuous basis, amounts receivable on the basis of amounts it is virtually certain to receive based on their estimated realizable value. It is management's opinion that the Council is not exposed to significant credit risk.

The significant amount outstanding at year-end, related to funds due from the Mutual Re-insurance Fund, is current.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods to measure credit risk.

#### (b) Liquidity Risk

Liquidity risk is the risk the Council will not be able to meet its financial obligations as they fall due. The Council's objective in managing liquidity is to ensure that it will always have sufficient liquidity to meet its commitments when due, without incurring unacceptable losses or risking damage to the Council's reputation. The Council manages exposure to liquidity risk by closely monitoring supplier and other liabilities, focusing on generating positive cash flows from operations and establishing and maintaining good relationships with various financial institutions.

The expected cash flows of financial liabilities for accounts payable and accrued liabilities and due to the Government of Bermuda are current.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods to measure liquidity risk.

#### (c) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the fair value of recognized assets and liabilities or future cash flows of the Council's results of operations. The Council has minimal exposure to market risk.

**THE BERMUDA HEALTH COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MARCH 31, 2019**

7. FINANCIAL RISK MANAGEMENT (continued)

(c) Market Risk (continued)

(i) Foreign exchange risk

The Council's business transactions are mainly conducted in Bermuda dollars and, as such, it has minimal exposure to foreign exchange risk.

(ii) Interest rate risk

The Council is exposed to changes in interest rates, which may impact interest revenue on cash deposits. It is management's opinion that the Council is not exposed to significant interest rate risk.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods to measure market risk.

8. CAPITAL MANAGEMENT

The Council has not officially set a threshold for a sufficient accumulated surplus to enable it to withstand negative unexpected financial events. However, the Council's objective when managing capital is to regularly monitor its cash flows, consistently looking to streamline processes and improve cost efficiency of operations resulting in additional savings throughout the year. The Council is not subject to any externally imposed capital requirements.

9. RELATED PARTY TRANSACTIONS

The Council is related to all Government agencies, departments, ministries, funds and quasi-autonomous non-governmental organizations under the common control of the Government. Also, the Council is related to organizations that the Government jointly controls or significantly influences.

The Council enters into transactions with these entities in the normal course of business and such transactions are measured at the exchange amount which is the amount of consideration established and agreed by the related parties. The Council had the following transactions with the Government:

a) Revenues and receivables

The Government provided the Council with a grant of \$699,615 during the year (2018 - \$799,615) to cover the operations of the Council.

# THE BERMUDA HEALTH COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

### 9. RELATED PARTY TRANSACTIONS (continued)

#### a) Revenues and receivables (continued)

In accordance with the Health Insurance (Mutual Re-insurance Fund) (Prescribed Sum) Order 2014, the Council received a prescribed sum from the Mutual Re-insurance Fund. The amount recognized as revenue was \$392,894 (2018 - \$631,013) and the amount accrued at year-end was \$79,885 (2018 - \$158,186).

In March 2018, the Health Insurance (Mutual Re-insurance Fund) (Prescribed Sum) Order 2014 was amended to decrease the prescribed sum from the Mutual Re-insurance Fund from \$1.09 per month to \$0.55 per month effective July 1, 2018.

#### b) Expenses and payables

The Council entered into the following transactions with the Government:

	Transactions for the year		Due at year-end	
	2019	2018	2019	2018
	\$	\$	\$	\$
Superannuation	81,576	75,654	11,946	13,956
Health Insurance	57,607	55,756	9,421	18,735
Social Insurance	17,428	16,304	2,299	2,758
Payroll Tax	-	-	-	-
	<u>156,611</u>	<u>147,714</u>	<u>23,666</u>	<u>35,449</u>

The amount due to the Government of Bermuda represents year-end accruals.

#### c) Donated services

Five council members (2018 – eight) declined the fees (\$50 per meeting) for attendance at meetings resulting in donated services of \$3,650 (2018 - \$2,950).

#### d) Special grant

During the year, the Council received special grants totalling \$118,300 from the Ministry of Health restricted for Health Financing Reform's actuarial, communications and technical

# THE BERMUDA HEALTH COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

### 9. RELATED PARTY TRANSACTIONS (continued)

#### d) Special grant (continued)

service costs. As at March 31, 2019, the Council had spent \$93,207, of which \$43,207 was paid using the special grant funding. This amount has been recognized as special grant revenue in the statement of operations and accumulated surplus. The remaining special grant balance of \$75,093 was recorded as deferred revenue in the statement of financial position and will be used in the next fiscal year to cover similar costs.

In March 2017, the Council received a special grant of \$33,000 from the Ministry of Health (formerly the Ministry of Health and Seniors) restricted for the purchase and development of a Unique Patient Identifier (UPI) database. On March 21, 2017, the Council spent \$30,000 to purchase the UPI database. The cost of the database was recorded as computer software under tangible capital assets and the remaining \$3,000 was recorded as deferred revenue to be used in the future development of the UPI database. The deferred portion was recognized as revenue during the year upon incurring additional expenses to complete the development phase.

### 10. LICENSING FEES

Effective December 20, 2017, the Council receives annual re-licensing fees from three health insurers and two approved schemes.

In early December of each year, health insurers and approved schemes provide their projected AGPW for the current calendar year ending December 31. Fees are paid based on a tiered system of AGPW as mandated by the Health Insurance Amendment Act 2017 Section 5 (4) and Section 6 (4).

As per Section 5 of the Health Insurance (Licensing of Insurers) Regulations 1971, insurers are required to provide audited financials for their most recent fiscal year. The insurers' projected AGPW figures are verified against their audited financials with any differences in licensing fee tier, applied to the next licensing fee payment. For insurer whose fiscal year ends in March, reasonability is applied when verifying their audited AGPW against their projected AGPW.

As per Section 3 of the Health Insurance (Approved Scheme) Regulations 1971, schemes are required to provide financial statements for their most recent fiscal year, signed by a senior financial officer of the company or organisation sponsoring the scheme. The schemes' projected AGPW figures are verified against their signed financials with any differences in licensing fee tier, applied to the next licensing fee payment. For schemes whose fiscal year ends in March, reasonability is applied when verifying their signed AGPW against their projected AGPW.



# THE BERMUDA HEALTH COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

### 11. EMPLOYEE FUTURE BENEFITS

#### a) Pension plan

The Council's employees are enrolled in the Public Service Superannuation Fund (the "Fund"), which is a defined benefit plan administered by the Government. Contributions to the Fund are 8% of gross salary and are matched equally by the Council.

The Council is not required under present legislation to make contributions with respect to actuarial deficiencies of the Fund. As a result, the current year contributions to the Fund represent the total liability of the Council.

The Council's contributions to the Fund totalled \$81,576 (2018 - \$75,654).

#### b) Compensated absences

Compensated absences include maternity leave, paternity leave, sick leave and vacation days.

Maternity and paternity leave does not accumulate or vest and therefore an expense and liability is only recognized when extended leave is applied for and approved. Maternity benefits to employees for the current year amounted to \$25,962 (2018 – nil) and is included in salaries and employee benefits. There were no paternity leave benefits applied for or approved during the current year and therefore, no liability has been accrued in the accounts.

Sick leave does not accumulate or vest, and like maternity and paternity leave, a liability is recorded only when extended-leave is applied for and approved. Extended sick leave was not applied for or approved during the current year and therefore, a liability has not been accrued in the accounts.

Vacation days accumulate and vest and therefore a liability has been accrued at year end. The accrued vacation liability as of March 31, 2019 is \$22,013 (2018 - \$37,189) and is included in accounts payable and accrued liabilities.

### 12. BUDGET

The amounts represent the revised operating budget which was approved by the Council on April 5, 2018. Subsequently, the Council approved an amendment to the budget to include the recognized portion of special grant revenue from the Ministry of Health and related expenses for Health Financing Reform.

# THE BERMUDA HEALTH COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

### 13. CONTRACTUAL OBLIGATIONS

In March 2016, the Council extended the lease agreement for its office premises which expires on March 26, 2020. The remaining obligation under this lease is \$122,723 (2018 - \$245,447).

In March 2018, the Council entered into a three-year actuarial services contract to obtain an actuarial review of the Standard Premium Rate. The contract will expire on March 31, 2021. The remaining obligation under this contract is \$77,000 (2018 - \$115,500).

In January 2019, the Council entered into an accounting services contract which expires on December 31, 2019. The remaining obligation under this contract is \$18,000 (2018 - \$18,000).

In April 2018, the Council entered into a two year contract for equipment lease which expires on April 30, 2020. The remaining obligation under this contract is \$4,160 (2018 - nil)

### 14. COUNCIL MEETINGS

The Council members are appointed by the Minister of Health to serve for fixed periods of time.

Council members and the Chair are paid a fee of \$50 and \$100 per meeting, respectively, for attendance of the Council meetings.

### 15. CONTINGENT LIABILITY

The Council is subject to claims and potential claims related to legal action filed by former Chief Executive Officer. The effect of legal claims cannot be determined until they are settled or dismissed. No liability has been admitted and no provision for claims is included in the financial statements.

Any resulting losses will be recorded and charged to operations in the year when the liability has been incurred and the amount can be reasonably determined.

### 16. SUBSEQUENT EVENTS

Effective June 1, 2019, as per the Chief Medical Officer (Transfer of Functions and Validation) Act 2018, the Council will be responsible for licensing clinical laboratories, diagnostic imaging facilities and hospitals. Effective April 1, 2019, the Health Council has employed a part-time Regulations Officer to assist with the transfer of these functions. This part-time employment contract does not have an end date, however the obligation for the fiscal year ending March 31, 2020 is \$31,868.

**THE BERMUDA HEALTH COUNCIL**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2019**

16. SUBSEQUENT EVENTS (continued)

Effective June 1, 2019, as per the Health Insurance Amendment Act 2019, Section 13 (b) increases the MRF transfer to the Health Council from \$0.55 to \$1.00.

Effective June 1, 2019, as per the Health Insurance Amendment Act 2019 approval of the Standard Premium Rate, the Council will be responsible for management of a chronic disease innovation fund. The fund is in its conceptual stages with specifics to be confirmed.

Effective June 1, 2019, the Council began the initial registration and re-registration of optometrists and opticians. The transition of administrative support for statutory boards from the Ministry of Health to the Council is expected to take place in fiscal year 2020.



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