

2019/20

BERMUDA HEALTH COUNCIL

ANNUAL REPORT



2019/20 BERMUDA HEALTH COUNCIL ANNUAL REPORT

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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MESSAGE FROM THE MINISTER



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



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 2019 to 2020.

This has been an extremely important year for the Health Council and I am grateful to the Board and Secretariat for their dedicated commitment and expertise. It has also been a particularly a unique year due to the COVID-19 pandemic which forced the Health Council to refocus some of their activities for the year. Along that vein, I would like to thank the Health Council for contributing to the country's response to this pandemic.

Despite COVID-19, the year brought many accomplishments and successes, including much work with stakeholders to improve healthcare access for all and to find solutions to Bermuda's burden of chronic diseases.

Specifically, The Health Council launched a Chronic Disease Innovation Fund Programme providing support for innovative solutions to address Bermuda's high rates of non-communicable chronic diseases and associated disability.

In addition, the Health Council should be commended for conducting a Health Technology Review (HTR), on diagnostic imaging.

I wish to congratulate the Health Council on their acceptance into the Health Technology Assessment Network of the Americas. This network is recognized by the Pan-American Health Organisation and World Health Organisation (WHO) as a leader for health technology assessment (HTA) processes in the Americas. I'm sure that through this organization the Health Council will help establish Bermuda as a model country for health innovation and system reform.

The Health Council is a pivotal part of the Ministry's health reforms and I am grateful for their support and contribution.

A handwritten signature in black ink, appearing to read "Kim Wilson".

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

MESSAGE FROM THE CHAIR



I would like to thank the Health Council Board and the Health Council Secretariat as I commence my six-month term as Chair of the Bermuda Health Council. Thank you to Dr. Alicia Stovell-Washington, who served as Health Council Chair with poise and grace.

It is truly an honour to work with an amazing group of individuals as we enhance health system information and transform health in Bermuda. Our capacity for innovation and the impact we have to improve health care is unmatched.

For the Council, 2019-2020 marked a change in tone and behavior in the health system; most significantly with leading the technical aspects of modelling for health system reform and most recently by playing a pivotal role in system re-prioritizing to address the potential and actual impact of the COVID-19 pandemic. These experiences support the increase in expectations of our organization within the health system and the community as a whole.

During 2019-2020, the Health Council continued to provide support to stakeholders by creating solutions for Bermuda's health system through health programmes and initiatives, the transition from use of ICD-9 to ICD-10 and the development of a new interactive online health register and yet still our teams provide so much more.

Some highlights include:

1. Providing support to community groups and community leaders to address Bermuda's response to the growing burden of non-communicable chronic diseases through management of the Chronic Disease Innovation Fund Programme.
2. Implementing a health service provider register with geo-mapping to assist those not familiar with health services provided on the island.
3. Supporting population health through our *Fresh Food Fridays* initiative to increase the health system's focus on making healthy choices as a means to prevention.

I am confident that the opportunities ahead of us will provide our stakeholders with better support to help create healthier communities for a healthier Bermuda.

Dr Wesley A. Miller MBA, MBBS

Chair

A handwritten signature in black ink, consisting of a long horizontal line followed by several loops and a small flourish at the end.

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Dr. Wesley A Miller
Board Chair
Bermuda Health Council



MISSION

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

VISION

Achieving a quality, equitable and sustainable health system.

PRIORITIES

Every year, the Bermuda Health Council reviews its strategic priorities and aligns stakeholder concerns with our legislated mandate. In 2019-2020, we focused on putting action behind our vision in finding solutions to Bermuda's burden of chronic diseases through our programmes, and initiatives; while enhancing health system information through data, research and health technology innovation. In addition to these areas, we found ourselves observing the impact of COVID-19 on the world, and contributing to the country's response to this pandemic. In general, our objectives focused on the following priority areas:

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 2019-2020 are outlined in the following Annual Report.

DELIVERING ON OUR PRIORITIES

PRIORITIES: FINANCE & ECONOMICS

Standards in reimbursement rates

Standard Health Benefit (SHB) is the minimum package of benefits included in every health insurance policy sold in Bermuda and Standard Premium Rate (SPR) is the cost of that package. The Health Council provides recommendations to the Minister of Health for services provided under SHB. This benefit ensures that everyone has access to basic health benefits such as hospitalization, diagnostic imaging and home medical services. SHB and the SPR are reviewed annually in collaboration with the Ministry of Health and the Bermuda Hospitals Board.

Health costs analysis

The Health Council produces an annual National Health Accounts Report (NHA) which analyses health system finance and expenditure and assesses the effectiveness of various health system policies. The Report provides a breakdown of how money enters the health system, and what the money was spent on. The publication aims to provide stakeholders and the public with information necessary to understand, measure and assess our health system.



Previously published NHAs can be viewed on our website, [here](#).

QUALITY & STANDARDS

Statutory Board compliance

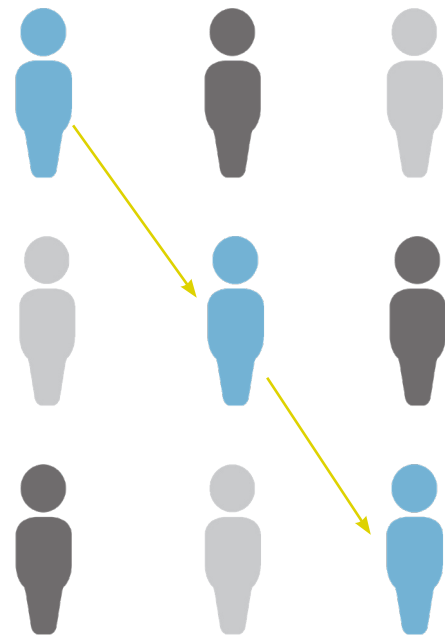
The Health Council monitors the performance of regulated health professionals by asking the statutory boards to submit self-assessments of their complaints and disciplinary procedures, board composition and registration processes to ensure that Bermuda has well-trained health professionals capable of delivering quality care.

For additional information on the Council's latest efforts to improve the quality of Bermuda's health services, read past reports, [here](#).



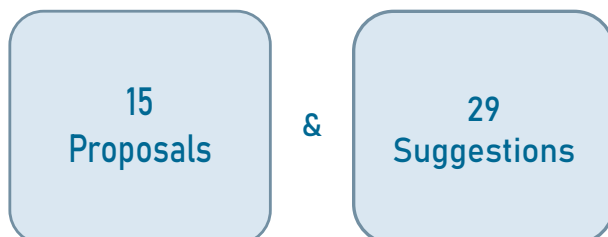
Unique Patient Identifier (UPI)

The Health Council understands the importance of having accurate data. The [Unique Patient Identifier](#) (UPI) database intends to provide the foundation for electronic health records which will support improvements in quality of care and cost-effectiveness through a reduction in administrative errors. This identifier carries patients' primary information such as their name, age, and contact information. This identifier will only be shared among health professionals and businesses, connecting the right patient with the right data and enhancing patient confidentiality. Currently, the Health Council is piloting the use of this identifier and its application for health policy and support of the management of population health.



Stakeholder support through innovation

The Health Council launched a [Chronic Disease Innovation Fund Programme](#) providing support for innovative solutions to address Bermuda's high rates of non-communicable chronic diseases and associated disability. The Health Council has received 15 proposals and 29 suggestions of ways to strengthen the health of the population. The programme allows the Health Council to continue to create opportunities to work collaboratively and to identify solutions for the health system to improve care and enhance efficiencies. While Bermuda's core health system continues to evolve and progress, this Innovation Fund is for programmes that will help to accelerate patient centred care and creative solutions towards better health.



In March 2020, the first cohort of grant recipients received \$240,659 of funding from Chronic Disease Innovation Programme. To learn more about the Chronic Disease Innovation Fund Programme, click [here](#).

Innovations in health services and RedETSA

During 2019-2020, the Health Council conducted a [Health Technology Review](#) (HTR), on diagnostic imaging. HTRs provide a look into what services are available on island and the essential needs of the community. This year, we relied on the expertise of physicians, nurses, dentists, insurers, psychologists, public health experts, policy makers, health economists, and international health agencies to review health service such as dialysis care, palliative care, urology services, medical massage treatment and dental services.

The Health Council was also accepted into the Health Technology Assessment Network of the Americas (RedETSA, Red de Evaluación de Tecnologías en Salud de las Américas). This network is recognized by the Pan-American Health Organisation and World Health Organization (WHO) as a leader for health technology assessment processes in the Americas. This membership allows the Council access to proprietary capacity reports, and value assessments. It also gives the Council access to a range of experts and innovators. The Health Council will use this opportunity to lead on regional issues, and establish Bermuda as a model country for health innovation and system reform.

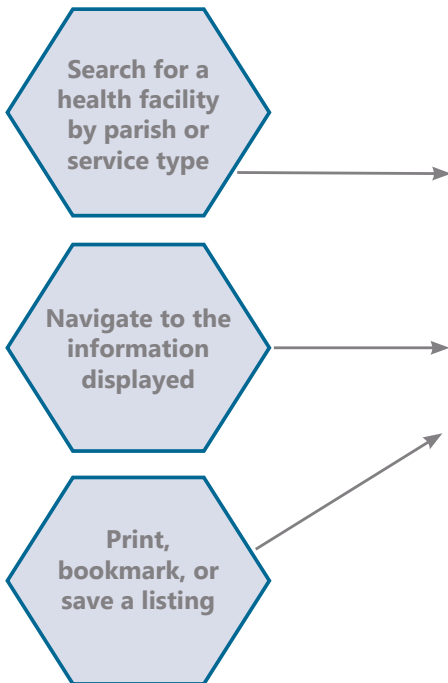


ACCOUNTABILITY

Transparency

The Health Council is committed to providing information about health system costs, regulation and quality care. In 2019, we launched a [health service provider register](#) on our website (www.bhec.bm) to better assist health service providers and the general public in finding and receiving the care they need. This register serves as an essential resource for those not familiar with health services provided on the island and is populated by provider information received through our [Provider Advantage Programme \(PrAP\)](#).

We also developed and published a number of data-related online resources such as, [reference tables](#), claims data analyses and associated [data briefs](#), and [statistical analysis on health services](#) allowing the public to view statistical information about health services, people or programmes in Bermuda.



Advanced Registered Health Service Providers

The published register consists of all health service providers (businesses, organizations, or facilities) who are voluntarily registered with the Council at an Advanced level. While the Basic level of registration requires only the submission of an application form and the few supporting documents, Advanced registrants must additionally provide documents supporting quality provision of services. Quality can be verified in two ways: the facility may give proof of accreditation with an external agency, or a health service provider may choose to complete the Council's Annual Self-Assessment form. The form asks a series of questions related to access, effectiveness, and safety while confirming that the facility is compliant with the legal obligations necessary to operate in Bermuda. For forms and registration, [click here](#). Queries can be directed to us at 292-6420 or healthcouncil@bhec.bm.

For instructions on how to navigate the register, [click here!](#)

Allied Health Profession	14	Clinical Laboratory	2
Complementary & Alternative Medicine	7	Dental	4
Diagnostic Imaging	5	Homecare	4
Medical Office	11	Medical Supplies	2
Pharmacy	1	Psychology	2

Health system engagement

The Health Council continues to encourage confidence in the system by mediating and resolving system concerns and engaging stakeholders in the process. This has been especially true for individuals as they navigate through the local healthcare system and its associated costs. This process also provides a basis for the recommendation, research, development and execution of health system programmes aimed at improving population health and efficiencies of the system. In 2019–2020, some of the key concerns and queries received were about the Bermuda Health Plan, telehealth coverage for COVID-19, the out-of-pocket costs of health services, and employer compliance with their obligation to provide health insurance to their employees.

The Health Council has also made more intentional efforts to engage. Often this came in the form of consulting or presenting on information related to the proposed [Bermuda Health Plan](#) and the unified model for funding our essential health services. In addition to the efforts included in health reform, this year, the Health Council facilitated a site visit by the Pan-American Health Organisation to assess Bermuda’s ability to transition medical coding from ICD-9 to ICD-10; and future considerations for ICD-11 recommendation for enhancing the Health Council’s HTR process.

In partnership with the Family Centre, the Health Council conducted an Adverse Childhood Experiences (ACEs) survey to help provide critical data to determine the scope of ACEs in Bermuda. Over 700 respondents completed the survey and it was the first time that the ACEs study was conducted in Bermuda. The survey has been deployed throughout the world in many countries, allowing for a comparison to other countries. The survey was significant in capturing data on the trauma associated with road traffic crashes, racism, and more extended questions into measures around poverty, including access to health care.

The Health Council also launched “[Fresh Food Fridays](#)”, an initiative to encourage population health and focus on prevention. Through this initiative, the Health Council’s aim was to provide simple solutions to the challenges that some groups face in trying to access healthy foods and has received positive feedback from stakeholders on the social factors that affect our food choices.

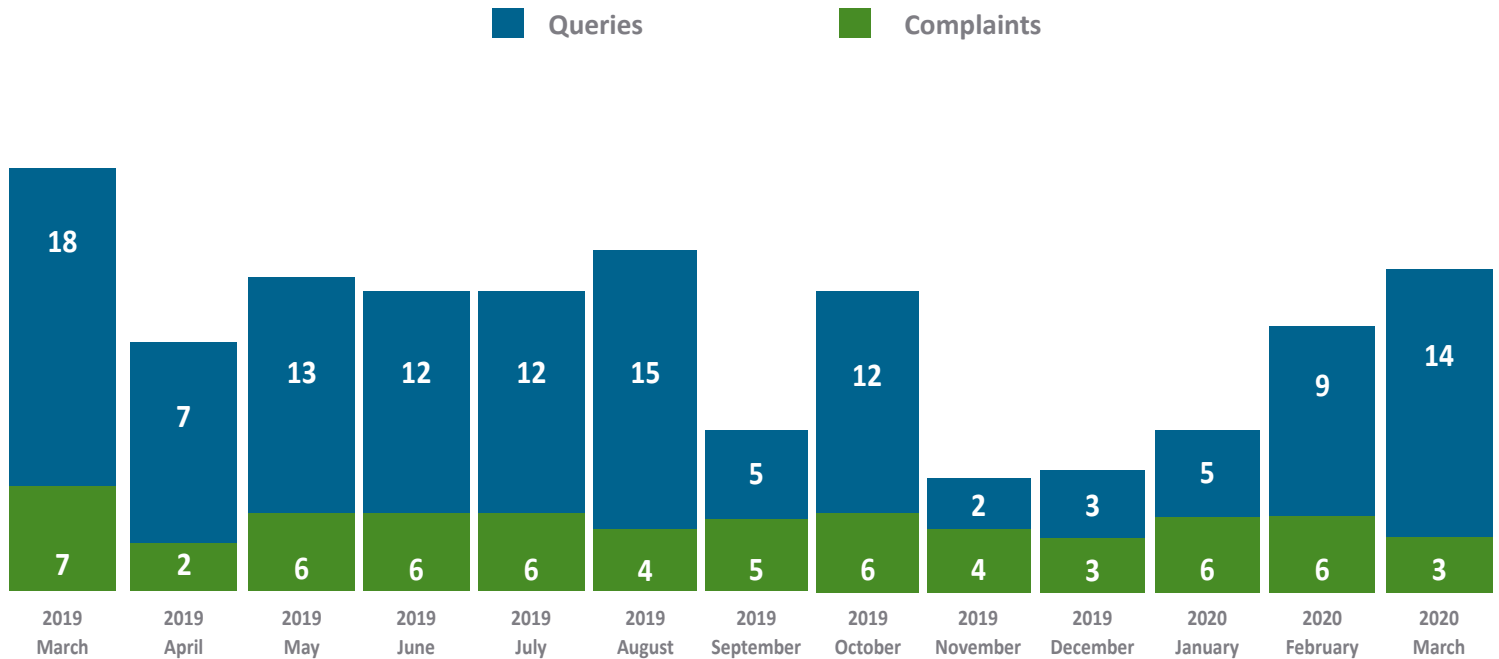
The Health Council receives great feedback from the eye-catching SnapFact videos and visual graphics on health system trends. This year, many of the Health Council’s videos were posted on digital screens in the Washington Mall, and circulated by stakeholders and members of the public thereby further increasing awareness of the Health Council’s role. Some of the graphics developed by the Health Council were used on the back of Bermuda’s buses to spark conversation about the proposed Bermuda Health Plan and what could be provided in the proposed plan.

The Health Council continues to maintain sound relationships with key stakeholders and partners. We are members of the Bermuda Hospitals Board’s Ethics Committee, the Health Insurance Committee, and Bermuda National Standards Committee. These groups are consulted regularly in the course of the Health Council’s work.

Refer to page 16 for complaints and queries graph.



Complaints and Queries for the period of March 2019 to March 2020



REGULATION

Health Insurance Compliance

The Health Council monitors and enforces employers' compliance with the Health Insurance Act 1970 to ensure that eligible persons receive the mandated level of health insurance coverage. The Act requires that employers provide no less than Standard Health Benefit insurance coverage to their employees and their non-employed spouses. During the period of January 2019 to December 2019, 4 inspections were conducted reviewing employment records, payroll contracts and other documents relating to employee health insurance. Following these four inspections, a number of policies were reinstated and 2 employers were prosecuted for habitual and/or egregious non-compliance.

Table 1 - Investigation Outcomes by Month

Policy Type	Jan 2019	Feb 2019	March 2019	April 2019	May 2019	June 2019	July 2019	Aug 2019	Sept 2019	Oct 2019	Nov 2019	Dec 2019
Reported Inactive	14	42	14	31	35	30	61	42	36	42	45	44
Remained Inactive	6	12	10	14	10	9	14	19	25	22	22	25
Reactivated	8	28	3	16	22	11	22	12	2	18	16	11

Enhancing data integrity

In 2019–2020, there were explicit objectives to create better standards of coding and more transparency in pricing of services. We understand that the ability to understand the services a patient receives is dependent on the coding and information required as part of the claim. The Health Council put forth a dedicated effort to remind providers and insurers that it was important to include all the required claims information during the submission.

Health insurers licensing

Every year we review and strengthen the licensing criteria, to ensure it aligns with our continued efforts toward a sustainable health system. This process includes enhanced reporting requirements and claims data. These submissions help us to assess the companies' viability and also provides key information for assessing the needs of the health system.

EFFICIENT OPERATIONS

Value

The Health Council monitors health services and coordinates health system stakeholders to ensure Bermuda's residents have access to quality care. To help us achieve our priorities and fulfil our mandate of regulating, coordinating and enhancing the delivery of health services, the Health Council was financed in 2019–2020 by a grant from the Ministry of Health, licensing fees for health insurers, and a Mutual Re-insurance Fund transfer. In addition, the Health Council streamlined resources by incorporating a cloud-based human resources management system and updating its training programme to ensure that it continues to deliver a level of service and expertise stakeholders expect and deserve.

MRF is a collection of a legislated portion of all health insurance premiums used to fund health system operations and pay high cost health claims such as dialysis.

Education and Development

Education has always been a priority of the Health Council. We ensure that members of the Secretariat are adequately trained and maintain continuing education. This year, we attended 14 local and overseas training, learning about intermittent fasting, ICD-10, communications, health economics, policies and law. The partnerships that have been formed during these trainings and conferences are important as we receive information about the region and have created collaborative opportunities to work on projects and conduct research. In addition, we hosted ICD code training for health businesses, and a session for the senior community on the proposed Bermuda Health Plan.

Growing our team

In 2019–2020, the Health Council welcomed three new team members who will work to enhance health regulation and policy development.

Who We Are

The Health Council is comprised of a Board appointed by the Minister of Health and a Secretariat of 13 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 the period 1st April 2019 to 31st December 2019 were:

Dr Alicia Stovell-Washington
Granville Russell
Claudette Fleming
Dr Annabel Fountain
Sandro Fubler
Michelle Jackson
Dr Darrien Ray
Venetta Symonds
Cynthia Thomas
Laure Marshall

Appointed Board members for the period 1st January 2020 to 31st March 2020 were:

Dr Wesley Miller (Chair)
Cynthia Thomas (Deputy Chair)
Kirsten Beasley
Ann Daniels
Holly Diatelevis
Shelle Hendrickson
Dr Sylvanus Nawab
Darrien Ray
Venetta Symonds
Neville Tyrell

Ex-Officio Board members were:

Anthony Manders, Financial Secretary, Ministry of Finance
Dr Cheryl Peek-Ball, Chief Medical Officer
Shivon Washington, Acting Permanent Secretary for the Ministry of Health until April 2020
Dr Jennifer Attride-Stirling, Permanent Secretary for the Ministry of Health until November 2020
Dr Ricky Brathwaite, Chief Executive Officer (Acting Chief Executive Officer until 14th January 2020)

FINANCIAL STATEMENTS

BERMUDA HEALTH COUNCIL

FINANCIAL STATEMENTS

MARCH 31, 2020

BERMUDA HEALTH COUNCIL

Financial Statements
For the Year Ended March 31, 2020

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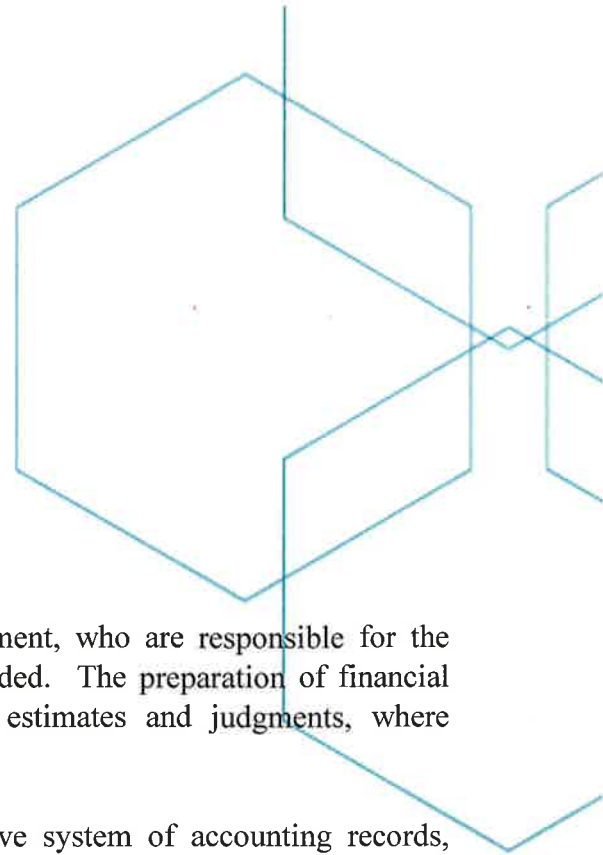
Statement of Financial Position

Statement of Operations and Accumulated Surplus

Statement of Change 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.



Dr. Ricky Brathwaite
Chief Executive Officer



Ms. F. Ann Daniels
Audit & Governance Committee Chair

August 14, 2020



Office of the Auditor General

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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, 2020, 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, 2020, and the results of its operations, changes 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.

Emphasis of Matter

The accompanying financial statements have been prepared assuming that the Bermuda Health Council will continue as a going concern. As more fully described in Notes 3 and 16 to the financial statements, the Bermuda Health Council is economically dependent on the Government of Bermuda and the prescribed sum from the Mutual Reinsurance Fund. In March 2020, the World Health Organization declared the novel coronavirus (COVID-19), a global pandemic. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on the future operating and financial performance of the Bermuda Health Council or to provide a quantitative estimate of this impact. These conditions may give rise to a material uncertainty that could raise doubt about the Bermuda Health Council's ability to continue as a going concern. My opinion is not modified in respect of this matter.

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 Responsibilities 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 I 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. This description forms part of our auditor's report.

Hamilton, Bermuda
August 14, 2020

A handwritten signature in black ink, appearing to read "Heather T.M.", written in a cursive style.

Heather Thomas, CPA, CFE, CGMA
Auditor General

THE BERMUDA HEALTH COUNCIL
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2020

	2020	2019
	\$	\$
FINANCIAL ASSETS		
Cash (Note 4)	2,018,129	512,885
Accounts receivable	965	-
Accrued interest	-	1
Due from the Mutual Re-insurance Fund (Note 9)	51,402	79,885
Rent deposit	30,460	30,460
	<u>2,100,956</u>	<u>623,231</u>
LIABILITIES		
Accounts payable and accrued liabilities	88,908	91,862
Due to the Government of Bermuda (Note 9)	41,827	23,666
Deferred revenue (Note 9)	102,661	75,093
Managed fund (Note 9)	1,380,420	-
	<u>1,613,816</u>	<u>190,621</u>
NET FINANCIAL ASSETS	<u>487,140</u>	<u>432,610</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	59,383	16,931
Tangible capital assets (Note 5)	32,600	42,104
	<u>91,983</u>	<u>59,035</u>
ACCUMULATED SURPLUS	<u>579,123</u>	<u>491,645</u>
CONTRACTUAL OBLIGATIONS (Note 13)		
CONTINGENT LIABILITIES (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, 2020

	2020	2020	2019
	\$	\$	\$
	Budget	Actual	Actual
	(Note 12)		
REVENUES			
Government of Bermuda grant (Note 9)	799,615	799,615	699,615
Prescribed sum from the Mutual Re-insurance Fund (Note 9)	527,323	528,358	392,894
Special grants (Note 9)	-	440,093	43,207
Licensing fees (Note 10)	362,500	337,500	362,500
Kidney Transplant Coordinator (Note 9)	-	3,112	-
Donated services (Note 9)	-	2,350	3,650
Interest	-	14	13
Other income	-	6	34
Professional registration fees (Note 12)	56,355	-	-
Facility registration fees (Note 12)	16,065	-	-
	<u>1,761,858</u>	<u>2,111,048</u>	<u>1,501,913</u>
EXPENSES			
General administration (Note 6)	1,627,142	1,553,979	1,442,685
Legal and professional services	244,700	433,202	272,754
Amortization of tangible capital assets (Note 5)	55,357	31,139	30,125
Council meetings (Note 14)	20,650	5,250	12,350
	<u>1,947,849</u>	<u>2,023,570</u>	<u>1,757,914</u>
ANNUAL SURPLUS (DEFICIT)	<u>(185,991)</u>	87,478	(256,001)
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>491,645</u>	<u>747,646</u>
ACCUMULATED SURPLUS, END OF YEAR		<u><u>579,123</u></u>	<u><u>491,645</u></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, 2020

	2020 \$ Budget (Note 12)	2020 \$	2019 \$
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>432,610</u>	<u>432,610</u>	<u>665,545</u>
Annual surplus (deficit)	(185,991)	87,478	(256,001)
Change in prepaid expenses	-	(42,452)	(7,059)
Acquisition of tangible capital assets (Note 5)	-	(21,635)	-
Amortization of tangible capital assets (Note 5)	<u>55,357</u>	<u>31,139</u>	<u>30,125</u>
Change in net financial assets during the year	<u>(130,634)</u>	<u>54,530</u>	<u>(232,935)</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>301,976</u></u>	<u><u>487,140</u></u>	<u><u>432,610</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, 2020

	2020	2019
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus (deficit)	87,478	(256,001)
Adjustment for items not affecting cash:		
Amortization of tangible capital assets	31,139	30,125
	<u>118,617</u>	<u>(225,876)</u>
Changes in non-cash working capital:		
(Increase) decrease in accounts receivable	(965)	80
Decrease in accrued interest	1	-
Decrease in due from the Mutual Re-insurance Fund	28,483	78,301
(Decrease) increase in accounts payable and accrued liabilities	(2,954)	26,148
Increase (decrease) in due to the Government of Bermuda	18,161	(11,783)
Increase in deferred revenue	27,568	75,093
Increase in managed funds	1,380,420	-
Increase in prepaid expenses	<u>(42,452)</u>	<u>(7,059)</u>
Net cash provided by (used in) operating activities	<u>1,526,879</u>	<u>(65,096)</u>
CASH FLOWS FROM CAPITAL ACTIVITY		
Acquisition of tangible capital assets	<u>(21,635)</u>	<u>-</u>
Net cash used in capital activities	<u>(21,635)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	1,505,244	(65,096)
CASH, BEGINNING OF YEAR	<u>512,885</u>	<u>577,981</u>
CASH, END OF YEAR	<u><u>2,018,129</u></u>	<u><u>512,885</u></u>

The accompanying notes are an integral part of these financial statements

THE BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

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

Cash includes all cash held with financial institutions that can be withdrawn without prior notice or penalty. Restricted cash is maintained separately in a call deposit account with a financial institution.

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, 2020

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 information available from the Health Insurance Department. For months where remittances have not yet been received, an accrual is made relating to the expected premiums 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 and unanticipated legal costs of the Council. A special grant from the Ministry of Finance is received and receivable to support the Council’s payment of a five-week stipend to the summer project officer. The amounts recognized as revenue on the statement of operations and accumulated surplus are based on the actual costs spent by the Council to satisfy its performance obligations to the Ministries.

Other transfers to the Council may be provided based on approval from the Ministry of Health. These transfers are recorded based on best accounting practices and the purpose for which the funds are provided to the Council unless otherwise directed by the Ministry. For the fiscal year ended March 31, 2020, Mutual Re-insurance Fund transfers pertaining to the Kidney Transplant Coordinator (the “KTC”) are recorded as deferred revenue in the statement of financial position and as relevant KTC expenses are incurred, the deferred revenue is reclassified as KTC revenue in the statement of operations and accumulated surplus to offset the KTC expenses for a net effect of \$0.

Interest and other income are recognized on the accrual basis.

d) Managed fund

For the fiscal year ended March 31, 2020, Mutual Re-insurance Fund transfers pertaining to the Chronic Disease Innovation Fund have been classified as managed fund and have been recognized as a liability on the statement of financial position.

THE BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e) 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.

f) 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.

g) 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.

h) 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 tangible capital assets, licensing fees 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.

THE BERMUDA HEALTH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) Financial instruments

The Council's financial instruments consist of cash, 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.

j) Prepaid expenses

Prepaid expenses includes land tax and leasehold improvement deposit charged to expense over the periods expected to benefit.

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.

4. CASH

Maturities and effective yields to cash are as follows:

	2020	Effective Yield	2019	Effective Yield
	\$	%	\$	%
Cash at bank	535,048	-	380,242	-
Call deposit	1,483,081	0.002	132,643	0.010
	<u>2,018,129</u>		<u>512,885</u>	

THE BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

4. CASH (continued)

As of March 31, 2020, the call deposit includes restricted funds relating to the Chronic Disease Innovation Fund and the KTC Fund amounting to \$1,380,420 and \$102,661, respectively (see Note 9e) and Note 9f)).

5. TANGIBLE CAPITAL ASSETS

	2020				
	Furniture & Fixtures \$	Computer & Tele- communications Equipment \$	Leasehold Improvements \$	Computer Software (Note 9) \$	Total \$
Opening cost	114,122	68,740	69,532	39,319	291,713
Additions	11,400	-	4,626	5,609	21,635
Closing cost	125,522	68,740	74,158	44,928	313,348
Opening accumulated amortization	105,316	65,122	54,512	24,659	249,609
Amortization	3,785	2,795	10,518	14,041	31,139
Closing accumulated amortization	109,101	67,917	65,030	38,700	280,748
Net book value of tangible capital assets	16,421	823	9,128	6,228	32,600
	2019				
	Furniture & Fixtures \$	Computer & Tele- communications Equipment \$	Leasehold Improvements \$	Computer Software (Note 9) \$	Total \$
Opening cost	114,122	68,740	69,532	39,319	291,713
Additions	-	-	-	-	-
Closing cost	114,122	68,740	69,532	39,319	291,713
Opening accumulated amortization	102,577	60,856	44,498	11,553	219,484
Amortization	2,739	4,266	10,014	13,106	30,125
Closing accumulated amortization	105,316	65,122	54,512	24,659	249,609
Net book value of tangible capital assets	8,806	3,618	15,020	14,660	42,104

THE BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

6. GENERAL ADMINISTRATION

	2020 \$ Budget (Note 12)	2020 \$ Actual	2019 \$ Actual
Salaries and employee benefits	1,322,200	1,284,968	1,194,590
Rent	122,723	144,984	122,723
Land and corporation taxes	15,076	23,332	14,104
Training and workshops	53,800	22,141	25,162
Repairs and maintenance	20,700	16,075	19,563
Office supplies	11,640	11,148	11,384
Marketing	14,400	9,518	11,907
Telecommunications	13,558	9,406	10,027
Electricity	8,200	7,675	7,618
General and miscellaneous	5,040	7,044	4,820
Subscriptions and memberships	8,963	5,405	1,532
Entertainment	3,600	4,556	2,023
Insurance	7,700	3,529	4,146
Network and infrastructure	12,900	3,246	12,063
Bank charges	1,242	952	1,023
Research and development	4,200	-	-
Printing	1,200	-	-
	<u>1,627,142</u>	<u>1,553,979</u>	<u>1,442,685</u>

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, 2020:

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.

THE BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

7. FINANCIAL RISK MANAGEMENT (continued)

a) Credit Risk (continued)

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.

(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.

THE BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

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 \$799,615 during the year (2019 - \$699,615) to cover the operations of the Council.

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 \$528,358 (2019 - \$392,894) and the amount accrued at year-end was \$51,402 (2019 - \$79,885).

In June 2019, the Health Insurance (Mutual Re-insurance Fund) (Prescribed Sum) Order 2014 was amended to increase the prescribed sum from the Mutual Re-insurance Fund from \$0.55 per month to \$1.00 per month effective June 1, 2019.

b) Expenses and payables

The Council entered into the following transactions with the Government:

THE BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

9. RELATED PARTY TRANSACTIONS (continued)

b) Expenses and payables (continued)

	Transactions for the year		Due at year-end	
	2020	2019	2020	2019
	\$	\$	\$	\$
Superannuation	73,534	81,576	13,142	11,946
Health Insurance	59,669	57,607	21,609	9,421
Social Insurance	<u>21,013</u>	<u>17,428</u>	<u>7,076</u>	<u>2,299</u>
	<u>154,216</u>	<u>156,611</u>	<u>41,827</u>	<u>23,666</u>

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

c) Donated services

Five council members (2019 – five) declined the fees (\$50 per meeting) for attendance at meetings resulting in donated services of \$2,350 (2019 - \$3,650).

d) Special grants

During the year, the Council received a special grant totalling \$360,000 (2019 - \$Nil) from the Ministry of Health restricted for legal fees incurred as a result of the former Chief Executive Officer's separation in December 2018. As at March 31, 2020, the Council had spent accumulated costs of \$391,411 (of which \$100,486 was recorded as at March 31, 2019) and \$360,000 was paid using the special grant funding. These amounts have been recognized as special grants revenue and legal and professional services expenses in the statement of operations and accumulated surplus.

During the year, the Council received a special grant totalling \$5,000 (2019 - \$Nil) from the Ministry of Finance restricted for student stipends. As at March 31, 2020, the Council had spent \$9,400, and \$5,000 was paid using the special grant funding. These amounts have been recognized as special grants revenue and general administration expense in the statement of operations and accumulated surplus.

In February 2019, the Council received a special grants totalling \$118,300 from the Ministry of Health restricted for Health Financing Reform's actuarial, communications and technical service costs. As at March 31, 2019, the Council spent \$93,207, of which \$43,207 was paid using the special grant funding and was recognized as special grants 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 as at March 31, 2019.

THE BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

9. RELATED PARTY TRANSACTIONS (continued)

d) Special grants (continued)

As at March 31, 2020, \$75,093 was recognized as special grants revenue and legal and professional services expenses in the statement of operations and accumulated surplus upon incurring additional Health Financing Reform expenses.

e) Managed fund

Effective June 1, 2019, the Ministry of Health approved a Mutual Re-insurance Fund premium allocation of \$3.40 per insured person per month to a Chronic Disease Innovation Fund established to support community-based programmes to manage patients' chronic non-communicable diseases. The funds are collected by the Mutual Re-insurance Fund and transferred to the Council to manage the programme, including developing and implementing criteria, policies and procedures to allocate/award funds and oversee their proper administration. As at March 31, 2020, \$1,380,420 was recognized as managed fund liability in the statement of financial position.

The amounts held at fiscal year-end are as follows:

Balance, beginning of year \$	Amount received \$	Amount paid \$	Balance, end of year \$
<u>-</u>	<u>1,438,520</u>	<u>(58,100)</u>	<u>1,380,420</u>

f) Deferred revenue

Effective June 1, 2019, the Ministry of Health approved a Mutual Re-insurance Fund premium allocation of \$0.25 per insured person per month for the national KTC as a component of the funds for dialysis and kidney transplant associated services. The funds are collected by the Mutual Re-insurance Fund and transferred to the Council to recruit, hire and oversee the performance of the KTC and provide necessary resources to support kidney transplant coordination programme. As at March 31, 2020, \$102,661 of unused KTC funds were recognized as deferred revenue in the statement of financial position and \$3,112 actual KTC expenses incurred during the fiscal year were recognized as KTC revenue and general administration expense in the statement of operations and accumulated surplus.

10. LICENSING FEES

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

THE BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

10. LICENSING FEES (continued)

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 insurers 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.

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% (2019- 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 \$73,534 (2019 - \$81,576) (see Note 9b).

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 \$nil (2019 – \$25,962) 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.

THE BERMUDA HEALTH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2020

11. EMPLOYEE FUTURE BENEFITS (continued)

b) Compensated absences (continued)

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, 2020 is \$33,853 (2019 - \$22,013) 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 18, 2019.

The approved budget for fiscal year ending March 31, 2020 includes two revenue line items for professional registration fees and facility registration fees that were not actually received during the year. The line items were originally included in the budget in anticipation of legislative changes, which would grant authority to the Council to recognize fees from the registration of health professionals and health facilities. However, these anticipated changes were not finalized prior to, or during this fiscal year and thus the affected revenue remains with the Consolidated Fund.

13. CONTRACTUAL OBLIGATIONS

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 \$38,500 (2019 - \$77,000).

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 \$320 (2019 - \$4,160).

In August 2019, the Council renegotiated a new lease agreement for its office premises to include an additional floor. The new five-year lease expires on July 31, 2024. The remaining obligation under this lease is \$857,957 (2019 - \$122,723).

In January 2020, the Council renewed its accounting services contract which expires on December 31, 2020. The remaining obligation under this contract is \$19,800 (2019 - \$18,000).

THE BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

13. CONTRACTUAL OBLIGATIONS (continued)

In February 2020, the Council entered into a two-year contract for mobile data services which expires in February 2022. The remaining obligation under this contract is \$25,418 (2019 - \$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 Chairman are paid a fee of \$50 and \$100 per meeting, respectively, for attendance of the Council meetings.

15. CONTINGENT LIABILITIES

a) Former employee

The Council is subject to claims and potential claims related to legal action filed by the 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.

b) Standard health benefit approvals

The Council is subject to potential claims related to legal action filed by health businesses which are denied approval to provide, and be reimbursed for, services under standard health benefit. 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.

THE BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

16. SUBSEQUENT EVENT

Given the impact of COVID-19 on the financial position of the Government and the reliance of the Council on Government and Government-related financing, it is conceivable that there may be a future impact to the Council whether in the level of support received from Government for operational costs or in additional support from special grants. However, it is not practicable at this time to forecast accurately any potential negative impact on the Council, and the going concern basis of preparation assumption is appropriate for the Council's financial statements.



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