



# Annual Report 2010 - 2011

# The 2010-2011 Annual Report of the Bermuda Health Council

**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

# Table of Contents

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Minister of Health Message	4
Chairman's Message	5
CEO's Message	6
Delivery	7
Quality	8
Equity	10
Efficacy	12
Accountability	14
Efficient Operations	16
Who We Are	17
Financial Statements	21







Government of Bermuda  
Ministry of Health

OFFICE OF THE MINISTER



**Bermuda Health Council 2010/11 Report**

***Message from the Minister of Health:-***

As Bermuda's Minister of Health I was honored to be asked to write a brief message for inclusion in the Bermuda Health Council's 2010/11 Annual Report.

Since taking the helm of the Health portfolio in November of 2010 I have been in constant dialogue with the Bermuda Health Council and I am glad to say that our interactions have always been entirely positive!

Under the astute leadership of Chairperson, Ms. Linda Merritt, and the Chief Executive Officer, Dr. Jennifer Attride-Stirling, the Council has provided me with critical support and beneficial advice.

The Ministry of Health and the Bermuda Health Council have jointly collaborated to produce a report entitled '*Health in Review – An International Comparative Analysis of Bermuda Health System Indicators*' which was published in January of 2011.

This unique document provides a detailed snapshot of health and healthcare in Bermuda, illustrating local trends as well as making direct comparisons to other comparable jurisdictions.

'*Health in Review*' is the first report of its kind to be released in Bermuda and it undoubtedly represents a significant milestone in reporting on Bermuda's healthcare system.

In addition, The Bermuda Health Council is to be commended for their tireless efforts and advice on the groundbreaking '*National Health Plan Consultation Paper*' which aims to redefine the direction of Bermuda's health system and lay the foundation for more affordable, quality healthcare.

I would personally like to take this opportunity to express my sincere thanks to every member of the Bermuda Health Council for their hard work and commitment and for their support in maintaining the Council's outstanding reputation as the leading voice on healthcare issues in Bermuda.

The Hon. Zane De Silva, JP, MP  
***Minister of Health***

# Chairman's Message



The Bermuda Health Council is now five years old, having been legislated into existence in 2004. We are well positioned to becoming the credible, knowledge based entity on Bermuda's healthcare system. In the past year the Council has produced many major first reports, such as *Health in Review: An International Comparative Analysis of Bermuda Health System Indicators*. Our reports can influence the healthcare decisions in Bermuda and are used by our health partners, government and the community.

We diligently continue to work towards enhancing Bermuda's infrastructure and are leaders in health system sustainability. We have a challenging task; nevertheless, are encouraged because there is a real appetite for change as it relates to the high costs of healthcare delivery and the demand for health services. Bermuda has to own the issue; the high costs are as a result of our handiwork, and our unique economy. Therefore, if we own it we can fix it!

The Council and our health partners are aware that interwoven in the fabric of influencing cost reduction, we must not only continue to promote healthy living strategies, but more importantly, promote social equity; improve economic circumstances for residents with little to no income; and promote work life balance for all.

This *Annual Report 2010-2011* reflects on the achievements of the past fiscal year, and Council successes in a health system which is adequately resourced, has more than enough health technologies, and a growing amount of data on Bermuda and her populations' health and costs.

This past fiscal year our Council members met eleven (11) times and held two (2) special meetings. Our standing committees (Audit, Communications and Governance and Human Resources) met on regularly scheduled times. We most recently welcomed Mr. Jerry Rivers to the Council.

I wish to thank our health partners, the Bermuda Hospitals Board, local insurance companies, government departments and other medical professionals. They participated in meetings when asked, submitted data, and collaboratively worked with the Council to assist Bermuda in our goals of achieving a quality healthcare system and pursuing affordable health insurance for employers and families in Bermuda.

Also, thank you to a dedicated team of professionals who work diligently in the secretariat with an attitude which is positive and rewarding. This is indeed a satisfying second term as Chairman of the Council and I look forward to forging ahead with good outcomes for our residents.

A handwritten signature in black ink, appearing to read 'L. Merritt', written in a cursive style with a long horizontal flourish at the end.

Linda A. Merritt, JP, HIA, ACS  
Chairman  
Bermuda Health Council

# CEO's Message



The year 2010/11 was a very good year for the Bermuda Health Council, and it has been a pleasure to see us begin to make a tangible mark on Bermuda's health system. Increased transparency, improved monitoring, and enhanced information placed in the public domain, have all contributed to BHeC taking root in our community as the healthcare watchdog.

The presence of BHeC among our stakeholders is tangible. It has been demonstrated in the growing engagement with health professionals, who increasingly come to the Council for information or feedback. We have also seen greater relevance among the public, who are coming to us with more queries, complaints and requests for data.

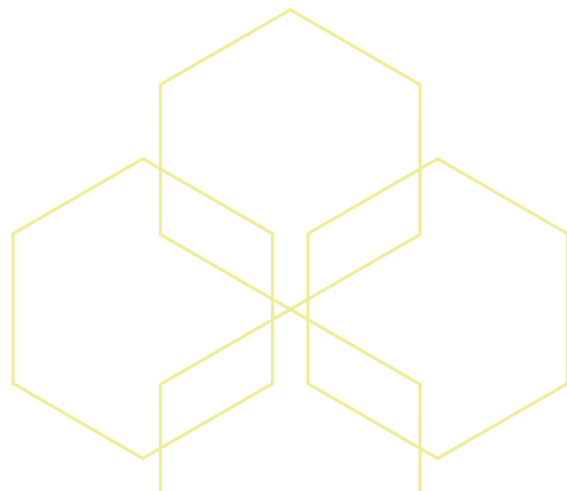
This improved public awareness was in no doubt aided by the extensive consultations we conducted. For example, in enhancing the regulatory framework for health insurers, developing proposals to regulate healthcare businesses, and supporting the Ministry of Health with the National Health Plan consultation process.

In addition, publication of the *"National Health Accounts"* and the *"Health in Review"* reports also contributed to demonstrating the BHeC's value. These seminal reports provide a wealth of new information on the cost and performance of our health system. The latter, produced jointly with the Department of Health, benchmarks us against similar jurisdictions internationally, and it is the first time Bermuda has seen this breadth and depth of information about local healthcare. Professionals and the public clearly appreciated the value of these reports.

Looking ahead to 2011/12 much remains to be done, and in the context of the current economic climate, we must conduct our functions with renewed prudence and efficient use of resources. We can be confident because of the excellent team that has delivered consistently for the past two years. And we look forward to continuing to work with health professionals, insurers, employers, and the public to improve our health system for the benefit of all Bermuda.

A handwritten signature in blue ink, appearing to read 'Jennifer Attride-Stirling'.

Jennifer Attride-Stirling, PhD  
Chief Executive Officer  
Bermuda Health Council



*Delivering on our strategic plan*

# Delivery

## **Mission**

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

## **Vision**

Working together for a sustainable healthcare system

## **Overview**

The Bermuda Health Council (BHeC) Strategic Plan 2009 – 2012 sets out our vision to “work together for a sustainable healthcare system”. The strategy is supported by a companion annual Corporate Plan which details the priorities for a given year. We measure our progress according to the health system goals of quality, equity, efficacy and accountability. BHeC’s achievements against the Corporate Plan 2010/2011 are summarized in this Annual Report.

## **Strategic Goals**

**Quality** - To enhance the regulation of health services, insurers, professionals and prescription drugs, in order to assure quality and patient safety

**Equity** - To enhance coordination of health services to assure equitable access to essential healthcare for all residents

**Efficacy** - To promote healthcare developments in service provision and insurance that will enhance the financial sustainability of the healthcare system

**Accountability** - To ensure all of our functions are conducted in an impartial manner





# Quality

*To enhance the regulation of health services, insurers, professionals and prescription drugs, in order to assure quality and patient safety*

## **Insurers**

This year BHeC released its first public consultation paper entitled *Enhancing the Regulatory Framework for Health Insurers* in July 2010. This process was conducted as part of fulfilling our mandate to regulate health insurers, healthcare services, professionals and prescription drugs. The health insurance regulations proposals recommended 13 reforms to protect the public, promote equity and promote cost-efficiency. The consultation process resulted in 24 submissions from stakeholders across the health system, including insurers, employers and the public. A follow-up report, *Health Insurance Regulations Proposals: Update on the Public Consultation Process*, was published in March 2011.

## **Providers**

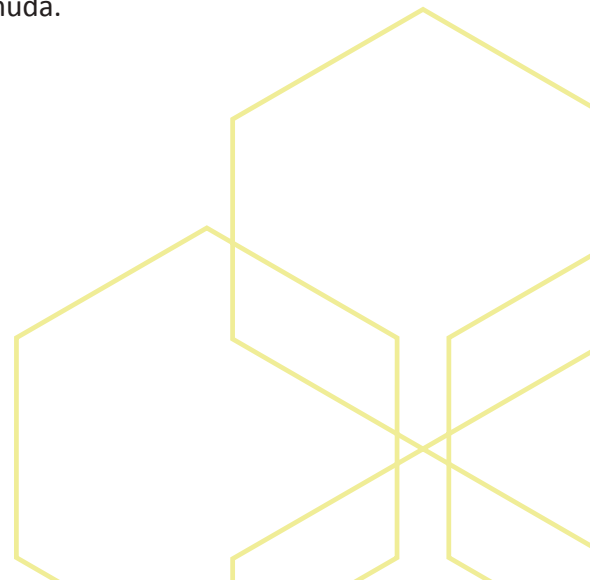
BHeC consulted with professional stakeholders about regulations for health service providers (businesses). The feedback received in this consultation process showed support for enhanced regulation of healthcare facilities. Specifically, there is support for improved monitoring of medical equipment maintenance, cleanliness, and the quality of service. Piloting and implementation will be developed in the upcoming fiscal year.

## **Professionals**

BHeC collaborated with the Ministry of health on regulations for health professionals. New regulations for social workers and counselors were proposed and regulations for embalmers were enhanced. BHeC also published all available professional registers on [www.bhec.bm](http://www.bhec.bm) so the public can know which health professionals are registered to practice and qualified to deliver care.

## **Monitoring**

The report *Health in Review: An International Comparative Analysis of Bermuda Health System Indicators* was produced and published jointly by BHeC and the Department of Health in January 2011. This seminal report provides an overview of local trends in healthcare, and compares Bermuda to other high income countries of the Organization for Economic Cooperation and Development (OECD). It also highlights health system strengths and opportunities for improvement. Publication of *Health in Review* has enabled stakeholders to review the performance of our health system and influence policies to help improve the health of Bermuda.



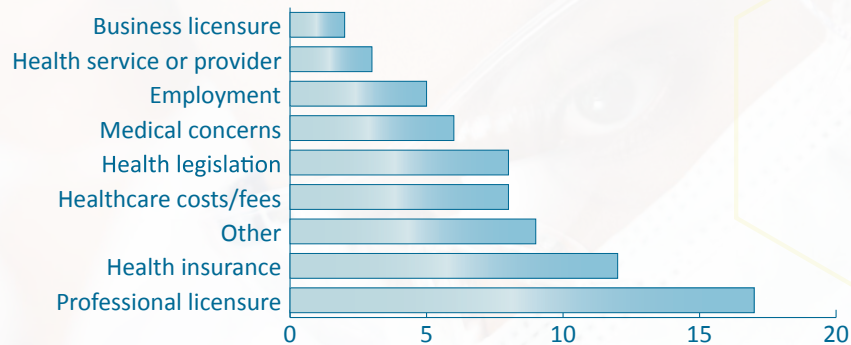


## Queries

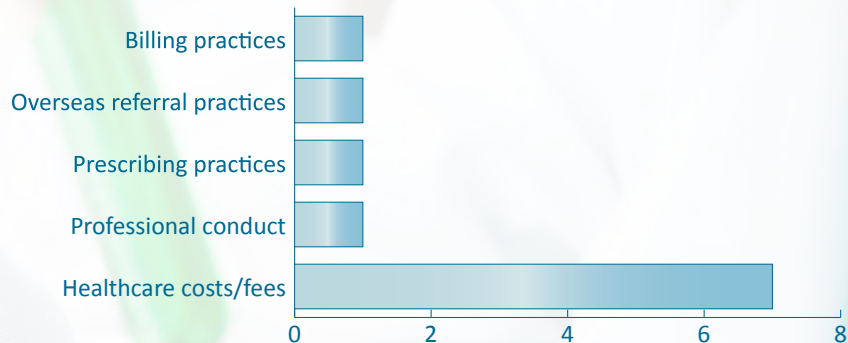
BHeC's complaints and queries function serves as a central point for the public to voice concerns about Bermuda's health system. In 2010/11 BHeC received 12 complaints and recorded 70 queries. The majority of queries (24%) were about

professional licensure as indicated in Figure 1. Most complaints (58%) were about the lack of regulated fees for non-hospital services and lack of information for patients about cost of services. Figure 2 indicates the nature of all complaints.

**Figure 1 - Nature of queries**



**Figure 2 - Nature of complaints**



# Equity

*To enhance coordination of health services to assure equitable access to essential healthcare for all residents*

## **Insurance**

Enhancing access to essential healthcare is a vital role of the Bermuda Health Council. To this end, we enhanced the licensing process for health insurers, and issued licenses to eight health insurers and approved schemes under improved data requirements and oversight. This fiscal year BHeC implemented a process to monitor employers' compliance with the Health Insurance Act 1970. This has served to ensure employers meet their legal obligations to provide health insurance for their employees and non-working spouses, in order to assure the greatest level of coverage possible under the existing health insurance framework.

## **Upfront Payments**

BHeC conducted its second telephone survey of healthcare businesses to monitor the extent to which insured patients are required to pay in full at the time of receiving services. This is commonly referred to as "upfront payments". This matter is of concern to BHeC due to the high level of public complaints, and the research literature demonstrating that patients may avoid seeking care in a timely way, or suffer cash flow problems when they have to pay for healthcare "upfront". A total of 138 businesses participated in the survey, which found that the prevalence of upfront payments remained relatively consistent between 2009 and 2010. However, in 2010 more chiropractors, chiropractors, physiotherapists and medical labs required upfront payments; while less dentists, pharmacists and opticians did so. The

survey also found that since the *Upfront Payment Guidelines* were published, 66% of providers reported that they were being paid faster by insurers. In addition, 25% of providers said they displayed their fees to patients.

## **Education**

In September 2010 BHeC conducted a public education campaign on health insurance rights, benefits and obligations. A flyer was sent to every household in Bermuda which highlighted the purpose and benefit of insurance coverage, particularly with respect to protection against financial hardship due to unexpected illness or injury. The flyer also reminds the public of their rights, and employers of their responsibilities under the Health Insurance Act 1970.

## **Prescriptions**

This year, BHeC investigated mechanisms to enhance affordability of prescription drugs in Bermuda. A study was commissioned from the Institute of Health Economics, Canada. The resulting *Pharmaceuticals Policy Options Report* identifies policy instruments that may be applied to address drug coverage, drug importation and distribution, retail pharmacy, quality use of medicines, data systems and prescription drug financing. The report has not yet been published, but BHeC is working with the Ministry of Health to establish policies that will make prescription drugs more accessible and affordable for the public.





## Life can be unpredictable

“... BHeC conducted a public education campaign on health insurance rights, benefits and obligations.”

# Efficacy

*To promote healthcare developments in service provision and insurance that will enhance the financial sustainability of the healthcare system*

## **Health Accounts**

Financial sustainability of our healthcare system is vital. In keeping with international best practice, BHeC published the first *National Health Accounts Report* in June 2010. The report details health system financing and expenditure, tracking these over the previous five years since 2004. In the fiscal year ending March 2009, Bermuda's health system cost \$557.7 million, or \$8,661 per capita. This represented 9.2% of our Gross Domestic Product. The *Health Accounts* report represents another mechanism introduced by BHeC to monitor Bermuda's health system.

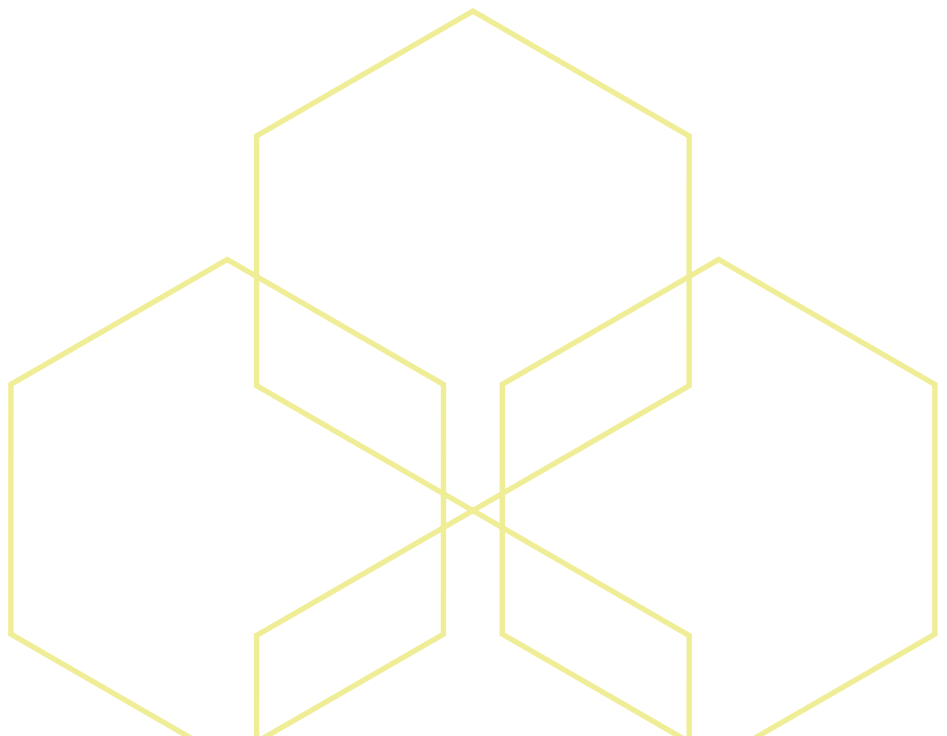
## **Premiums**

As part of its annual processes, BHeC reviewed the minimum package of insurance, the Standard Hospital Benefit (SHB), and commissioned the actuarial review to determine its price, the Standard

Premium Rate, in 2011. BHeC collaborated with the Bermuda Hospitals Board and health insurers to develop cost-containment measures to minimize the annual increase, while ensuring fiscal sustainability of the SHB. The Actuarial Report 2010 is published on our website. Cost-containment measures were also extended to the other regulated fees under Diagnostic Imaging Schedule, and the Medical and Dental Charges Order.

## **Technology**

This year, BHeC investigated further mechanisms that may be introduced to assist in regulating health technologies. The development process will continue in the coming fiscal year. Its focus is on establishing a way to monitor the entry of high cost medical equipment to the health system by using a multi-disciplinary review committee.







“... establishing a way to monitor the entry of high cost medical equipment to the health system...”

# Accountability

*To ensure all of our functions are conducted in an impartial manner*

## Consultation

Throughout 2010 BHeC participated in the Ministry of Health's production of its *National Health Plan Consultation Paper*, which was published in February 2011. The National Health Plan provides a strategy for health reform in Bermuda, with the aim of making our health system more affordable, equitable and sustainable. BHeC was asked to lead in the consultation process. By the end of the fiscal year, BHeC had conducted 32 presentations and meetings about the Plan, involving over 340 stakeholders, in addition to print, radio and television audiences. Public input will be collated and reported to the Ministry of Health in the upcoming fiscal year.

## Reports

BHeC achieved increased visibility in the community in 2010/11. We published 12 reports, resulting in positive public feedback and international attention, including a report by the British Broadcasting Company (BBC) Caribbean news. Publications focused on informing stakeholders about proposed regulations, healthcare costs, insurance, patient rights, and BHeC achievements.

## Online

All publications are available on our website, [www.bhec.bm](http://www.bhec.bm), which provides up to date health information for the public, including

new regulations and professional registers. Our online Healthcare Directory remains the most popular page on the site.

Website traffic increased by over 40% in 2010, with nearly 50% of all traffic coming from overseas. We launched the Bermuda Health Council Facebook page to network with the public, and introduced the new BHeC Quarterly Newsletter to keep health professionals and providers abreast of what we are doing.

## Awareness

Public awareness of BHeC increased from 60% in 2009 to 71% in 2011, demonstrating our increased visibility. We conducted nearly 100 presentations and media appearances throughout the year, and participated in the Health Financing Summit with a presentation and information booth.

## Advice

As part of one of our key functions, the BHeC provided advice to the Ministry of Health on health related matters throughout the year, including workmen's compensation, generic drugs, medical transcription, insurance coverage, and policies from the United Nations and Pan American Health Organization.





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“...conducted presentations and meetings about the National Health Plan, involving over 340 stakeholders...”

# Efficient Operations

## Value

In 2010/2011 the Ministry of Health grant to BHeC was reduced by 22% as compared to the previous years. We instituted cost-containment measures and used reserves to achieve a high level of performance. The Audit and Finance Committee of the Council oversaw the introduction of new Financial Instructions, and monitored adherence to these throughout the year.

## Team

Staffing level was maintained at eight employees, and human resource policies were updated in 2010 to enhance efficiency, green office practices, and promote work-life balance.

## Partnership

Throughout the year, we were invited to participate in and speak at conferences including the National Office for Seniors' *Ageing Conference* and the Health Insurance Department's *Health Financing Summit*. In addition, we participated in a work study on ageing in Ireland facilitated by Age Concern.

## Learning

To fulfill our mandate, BHeC strengthened its ties with local partners and enhanced relationships with overseas health agencies. This included expanding our Learning Lunch series to incorporate presentations from

Argus, Bermuda Ombudsman, Bermuda Hospitals Board and Department of Health. Further, staff attended local training by the Bermuda Human Resources Association, Bermuda Ombudsman, Employee Assistance Programme and Gateway Systems Ltd. Professional development was also enhanced with training from the following overseas organizations:

- ❖ Emphasis Business Writing Trainers
- ❖ International Health Economics Association
- ❖ Pan-American Health Organization
- ❖ Public Relations Society of America
- ❖ World Bank and Harvard School of Public Health
- ❖ World Health Organization

## Linked

BHeC is a member of the following organizations:

- ❖ Accountant General's Quango Advisory Committee
- ❖ Employee Assistance Programme
- ❖ Bermuda Employers Council
- ❖ Bermuda Hospitals Board Ethics Committee
- ❖ Bermuda Human Resource Association
- ❖ Bermuda Society for Healthcare Risk Management
- ❖ Society for Human Resources Management



# Who We Are

The BHeC operates with a Secretariat of eight employed staff and a Board of 15 members. It has operated since 2006 and focuses on monitoring all aspects of Bermuda's health system. Our Board members are indicated below.

## Council Members



*Linda Merritt, Chairman*

Linda Merritt, JP, is Principal Associate of The Lily Group. Appointed as Chairman of the Bermuda Health Council in 2008, Ms. Merritt's legendary integrity and leadership skills have earned her a respected place in the business communities of the US and Bermuda. Ms. Merritt has academic credentials in Business Administration and Communication in addition to professional designations in the health-insurance industry. She serves on various Boards and is an active member of the Bermuda community.



*Dr. Ian Campbell, Deputy Chairman*

Dr. Campbell is a practicing dentist who represents dentists on the Bermuda Health Council. He returned to Bermuda immediately upon graduation in 1979, has practiced dentistry in Bermuda for 30 years and is president of Positive Image Dental. Dr. Campbell is a member of the Royal College of Dental Surgeons of Ontario, is past president of the Bermuda Dental Association, and has served on the Bermuda Dental Board.



*Dr. Gerard Bean*

Dr. Bean has been a practicing optometrist for more than 45 years and represents optometrists on the Bermuda Health Council. Currently a Fellow of the American Academy of Optometry (F.A.A.O.), Dr. Bean is a longtime community activist, having served on numerous community and statutory bodies in Bermuda, including the Race Relations Council, the Sports Development Council, the Optometrists and Opticians Council, the Bermuda Optometric Association, the Bermuda Football Association, the Bermuda Olympic Association and the National Sports Centre.



***Mrs. Shirlene Dill***

Mrs. Dill is a physiotherapist who represents the allied health professions on the Bermuda Health Council. She owns and operates her own clinic HANDS-ON-THERAPY. Since earning a Physiotherapy Degree more than 27 years ago, Mrs. Dill has worked at various hospitals and clinics in the United States and Bermuda. She has lectured at the Bermuda College and served on the Health Council's Collaboration Committee, the Allied Health Council, the Physiotherapy Board, (currently Chairman), and the Bermuda Physiotherapy Association Executive.



***Mrs. Holly Flook***

Mrs. Flook represents the Health Insurance Association of Bermuda on the Bermuda Health Council. Trained as a nurse, and having worked at the Bermuda Hospitals Board and in the United States, she now serves as Vice President of Underwriting & Claims at BF&M Insurance Company in Bermuda. After working as a nurse, Mrs. Flook joined the Accountant General's Office with the Government Employees Health Insurance Scheme. Mrs. Flook became President of the Health Insurance Association of Bermuda in September 2008.



***Mr. David Hill***

Mr. Hill, C.E.O. of the Bermuda Hospitals Board since 2006, represents the hospitals on the Bermuda Health Council. A 20-year veteran in the health-service field, Mr. Hill led the James Paget Healthcare Trust (a hospital) to a top UK ranking for clinical excellence and also achieved Foundation Trust and University Hospital Status. Mr. Hill has held a variety of senior, Board-level hospital posts and began his career as a qualified accountant prior to entering hospital management.



***Mr. D. Mark Selley***

A longtime health-care activist, Mr. Selley represents the community on the Bermuda Health Council. He founded the Bermuda Stroke Association in 1991, is a stroke survivor and is Chairman of the Bermuda Healthcare Consortium, which he established in November 2002. Mr. Selley has organized the Annual Special Needs Children's Christmas Party for the last 36 years. He is past President of the Eastern Lions, a former Chairman of the Bermuda Water Safety Council and current Chairman of the Bermuda Bravery Awards Association. Mr. Selley has received the Paul Harris Fellow Award from Rotary and a Queen's Certificate and Badge of Honor.



***Ms. Stephanie Simons***

Ms. Simons is a practicing pharmacist who represents pharmacists on the Bermuda Health Council. After earning academic credentials in the United States as a pharmacist, she returned to Bermuda where she worked for many years for Phoenix Stores Ltd. Ms. Simons eventually joined Lindo's Group of Companies and was instrumental in the establishment of Lindo's Pharmacy. Ms. Simons is an active member of the Bermuda Pharmaceutical Association and a long-serving member of the Bermuda Pharmacy Council.



***Dr. Alicia Stovell-Washington***

Dr. Alicia Stovell-Washington is a Certified American Board Ophthalmologist working out of her own practice, the Bermuda Eye Centre. Dr. Stovell-Washington has been in practice for 18 years which includes 7 years in Bermuda. She represents the Physicians on the Council as the President of Active Staff at the Bermuda Hospitals Board.



***Mrs. Sharon Swan***

Mrs. Sharon W. Swan is currently the Executive Director of the Transitional Living Center. Mrs. Swan represents the Nurses Association on the Bermuda Health Council. Previously, she provided nursing leadership and service at St. Brendan's Hospital, Lefroy House and the Department of Corrections. She is a past-President of the Bermuda Nurses' Association, past member of the Bermuda Nursing Council and a former Nurse of the Year. Mrs. Swan has a keen interest in complementary and alternative approaches to wellness and is a meditation instructor.



***Mr. Jerry Rivers***

Mr. Rivers is Senior Vice-President & Chief Operating Officer of Oil Casualty Insurance, Ltd., Mr. Rivers is responsible for the management of OCIL; leading the strategic planning process, setting policies and procedures, interacting with rating agencies, acquiring reinsurance, overseeing the underwriting department, etc. Mr. Rivers' insurance career, which began in 1982, is quite diverse including claims adjusting, underwriting, employee recruitment, and consulting in alternative risk transfer arrangements such as captives and rent-a-captives. Mr. Rivers holds a B.S. in Business Administration from the University of Scranton; Scranton, Pennsylvania (U.S.A.).

## Ex-officio Council Members



*Jennifer Attride-Stirling, Ph.D.*

Dr. Attride-Stirling is the Chief Executive Officer of the Bermuda Health Council. Prior to joining BHeC she was the Health Promotion Coordinator at the Department of Health from 2004. Dr. Attride-Stirling has worked at the regulatory body for the National Health Service in England and Wales, and at the London School of Economics, where she obtained her doctoral degree in 1998. Dr. Attride-Stirling has an Executive Diploma in Strategic Management from the Chartered Management Institute, UK. And in 2010 she completed the Flagship Course on Health System Strengthening and Sustainable Financing from Harvard School of Public Health & World Bank. Dr. Attride-Stirling has published articles on health regulation, health promotion, mental health and research methodology.



*Mr. Kevin Monkman*

Mr. Kevin Monkman is the Permanent Secretary for the Ministry of Health, a post which he has held since November 2010. He is a career civil servant, having served in various positions over the last 29 years as Permanent Secretary in several Ministries including Health and Family Services, Social Rehabilitation, the Environment and Sports, as well as the Ministry of Education. His formal training is in entomology, plant protection and acarology (the study of mites). He received his education at the University of Georgia and the University of Florida. After returning from University, he spent most of his career at the Department of Agriculture and Fisheries where he rose to the level of Assistant Director, after starting in high school as a summer student in the Plant Protection Lab.



*Anthony Manders, CGA*

Mr. Anthony Manders is currently the Acting Financial Secretary. He has been the Assistant Financial Secretary (Economics and Finance) in the Ministry of Finance Headquarters since March 2004. Previously he was one of two Assistant Accountant Generals in the Accountant General's department of the Bermuda Government. He has over thirty years experience in the accounting and finance field. Mr. Manders graduated from The Berkeley Institute and attended Bermuda College. He then enrolled in the Certified General Accountant's program and received his designation in 1994. Mr. Manders serves on various Government Boards and is an active member of the Bermuda community.



*Dr. John Cann*

Dr. Cann is Bermuda's Chief Medical Officer. A longtime civil servant, he sits on the Bermuda Hospitals Board and served as an ex-officio member of the Hospital Insurance Commission. He is a member of the Caribbean Health Research Council, the American Public Health Association, the Canadian Public Health Association and the American College of Preventive Medicine.



**BERMUDA HEALTH COUNCIL**

**FINANCIAL STATEMENTS**

**MARCH 31, 2011**



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## INDEPENDENT AUDITOR'S REPORT

To the Minister of Health

I have audited the accompanying financial statements of the Bermuda Health Council, which comprise the statement of financial position as at March 31, 2011, and the statement of operations and accumulated surplus, the statement of changes in net financial assets and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation and fair presentation of these 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.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in Bermuda and Canada. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Bermuda Health Council as at March 31, 2011, 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.

A handwritten signature in black ink, appearing to read 'HJM', followed by a long horizontal line extending to the right.

Hamilton, Bermuda  
March 27, 2012

Heather A. Jacobs Matthews, JP, FCA, CFE  
Auditor General

BERMUDA HEALTH COUNCIL  
STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2011

	2011	2010
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (note 4)	937,052	1,239,644
Accounts receivable	10,946	2,774
Rent deposit	43,786	43,786
	<u>991,784</u>	<u>1,286,204</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (notes 8 and 9)	104,398	100,091
Due to the Government of Bermuda (note 8)	11,763	11,926
	<u>116,161</u>	<u>112,017</u>
<b>NET FINANCIAL ASSETS</b>	<u>875,623</u>	<u>1,174,187</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	1,981	1,928
Tangible capital assets (note 5)	19,165	38,620
	<u>21,146</u>	<u>40,548</u>
<b>ACCUMULATED SURPLUS</b>	<u>896,769</u>	<u>1,214,735</u>
<b>COMMITMENT (note 11)</b>		



BERMUDA HEALTH COUNCIL  
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
FOR THE YEAR ENDED MARCH 31, 2011

	2011 \$ Budget (Note 10)	2011 \$ Actual	2010 \$ Actual
<b>REVENUES</b>			
Government of Bermuda grant (note 8)	1,048,200	1,048,200	1,311,200
Other income	-	9,551	-
Interest (note 4)	9,717	3,174	9,941
Donated services (note 8)	-	-	44,062
	<u>1,057,917</u>	<u>1,060,925</u>	<u>1,365,203</u>
<b>EXPENSES</b>			
Salaries and employee benefits	762,830	816,612	808,937
Rent	203,334	202,504	199,347
Legal and professional fees	151,756	119,755	191,579
Training and workshops	36,500	49,204	20,195
Marketing	66,177	37,354	77,862
Amortization of tangible capital assets (note 5)	-	25,995	26,810
Telecommunications	20,045	21,137	20,140
Repairs and maintenance	21,360	18,931	22,160
Printing	7,950	18,108	21,135
Office supplies	18,997	15,487	16,671
Board member fees (note 8)	17,533	13,850	13,050
Electricity	15,000	12,306	14,760
Research and development	4,520	1,538	-
Miscellaneous	31,914	26,110	19,738
	<u>1,357,916</u>	<u>1,378,891</u>	<u>1,452,384</u>
<b>ANNUAL DEFICIT</b>	<u>(299,999)</u>	<u>(317,966)</u>	<u>(87,181)</u>
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>		<u>1,214,735</u>	<u>1,301,916</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>		<u>896,769</u>	<u>1,214,735</u>

BERMUDA HEALTH COUNCIL  
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED MARCH 31, 2011

	2011 \$	2010 \$
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>1,174,187</u>	<u>1,243,066</u>
Annual deficit	(317,966)	(87,181)
Change in prepaid expenses	(53)	1,712
Acquisition of tangible capital assets (note 5)	(6,540)	(10,220)
Amortization of tangible capital assets (note 5)	<u>25,995</u>	<u>26,810</u>
Changes in net financial assets during the year	<u>(298,564)</u>	<u>(68,879)</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>875,623</u></u>	<u><u>1,174,187</u></u>

BERMUDA HEALTH COUNCIL  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2011

	2011	2010
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Annual deficit	(317,966)	(87,181)
Adjustment for items not affecting cash:		
Amortization of tangible capital assets (note 5)	25,995	26,810
(Increase) decrease in non-cash working capital	<u>(4,081)</u>	<u>127,375</u>
<b>Net cash (used in) generated through operating activities</b>	<u>(296,052)</u>	<u>67,004</u>
 <b>CASH FLOWS FROM CAPITAL ACTIVITY</b>		
Purchase of tangible capital assets (note 5)	<u>(6,540)</u>	<u>(10,220)</u>
 <b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	 (302,592)	 56,784
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	 <u>1,239,644</u>	 <u>1,182,860</u>
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	 <u><u>937,052</u></u>	 <u><u>1,239,644</u></u>



BERMUDA HEALTH COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2011

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

These financial statements are prepared in accordance with generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

For financial reporting purposes, the Council is classified as an other government organization and has adopted accounting policies appropriate for this classification. The accounting policies considered particularly significant are set out below:

(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 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.

BERMUDA HEALTH COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2011

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

Interest income is 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 revenue 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) 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.

(f) Measurement uncertainty

The preparation of financial statements in accordance with PSAB accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates.

BERMUDA HEALTH COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2011

3. ECONOMIC DEPENDENCE

The Council is economically dependent upon the financial assistance provided by the Government of Bermuda to fund its daily operations, cash flow, capital development and capital acquisitions.

4. CASH AND CASH EQUIVALENTS

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

	2011		2010	
	\$	Effective Yield %	\$	Effective Yield %
Petty cash	258	-	27	-
Cash	139,482	-	438,862	-
Call deposit	271,331	0.250%	277,099	0.500%
Fixed deposit (maturing within 3 months)	525,981	0.250%	523,656	1.000%
	937,052		1,239,644	

5. TANGIBLE CAPITAL ASSETS

	Furniture and fixtures	Computer and tele-communications equipment	Leasehold improvements	2011	2010
	\$	\$	\$	\$	\$
Opening cost	99,123	46,791	27,339	173,253	163,033
Additions	-	6,540	-	6,540	10,220
Closing cost	99,123	53,331	27,339	179,793	173,253
Opening accumulated amortization	67,201	40,093	27,339	134,633	107,823
Amortization	19,384	6,611	-	25,995	26,810
Closing accumulated amortization	86,585	46,704	27,339	160,628	134,633
Net book value of tangible capital assets	12,538	6,627	-	19,165	38,620

BERMUDA HEALTH COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2011

6. FINANCIAL INSTRUMENTS

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

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

7. FINANCIAL RISK MANAGEMENT

The Council is exposed to various risks through its financial instruments. The Council has 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, 2011.

*(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 values 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.

*(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.



BERMUDA HEALTH COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2011

7. FINANCIAL RISK MANAGEMENT (continued)

*(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 rate*

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*

The Council is exposed to changes in interest rates, which may impact interest revenue on term deposits.

The Council's receivables and payables are non-interest bearing.

8. RELATED PARTY TRANSACTIONS

The Council is related in terms of common ownership to all Government of Bermuda departments, funds and agencies. 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 received the following grants from the Government of Bermuda:

*(a) Operating grant*

The Government of Bermuda provided the Council with a grant of \$1,048,200 (2010 - \$1,311,200) during the year to cover the operations of the Council.

During the year, the Government of Bermuda provided \$nil (2010 - \$44,062) of contributed staffing resources, recorded as donated services.

BERMUDA HEALTH COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2011

8. RELATED PARTY TRANSACTIONS (continued)

(a) Operating grant (continued)

The amount due to the Government of Bermuda represents year-end accruals for payroll tax and social insurance.

During the year, the Council paid ordinary members of the Council, fees in the amount of \$13,850 (2010 - \$13,050). As of March 31, 2011, \$1,400 (2010 - \$nil) was unpaid and is included in accounts payable and accrued liabilities.

9. EMPLOYEE BENEFITS

(a) Pension plan

The Council employees' pension plan are covered by the Public Service Superannuation Fund (the "PSSF"), which is a defined benefit plan administered by the Government of Bermuda. 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 PSSF. As a result, the current year contributions to the PSSF represent the total liability of the Council.

The total pension expense contributed by the Council during the year amounted to \$62,290 (2009 - \$48,940).

(b) Other benefits

Other employee benefits include maternity leave, sick leave and vacation days. All these benefits are unfunded.

Maternity leave does not accumulate or vest and therefore an expense and liability is only recognized when applied for and approved. There were no maternity benefits applied for or approved during the current year and therefore, no liability has been accrued in the accounts.

Sick leave accumulates but does not vest, and like maternity leave, a liability is recorded only when extended leave is applied for and approved. There was no extended sick leave applied for or approved during the current year and therefore, no liability has been accrued in the accounts.

BERMUDA HEALTH COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2011

9. EMPLOYEE BENEFITS (continued)

(b) Other benefits (continued)

Vacation days accumulate and vest and therefore a liability has been accrued at year end. The accrued vacation liability as of March 31, 2011 is \$ \$18,453 (2009 - \$14,444) and is included in accounts payable and accrued liabilities.

10. BUDGET

These amounts represent the operating budget approved by the Council's Board.

11. COMMITMENT

The Council has entered into a three-year operating lease agreement for its office premises which expires on March 26, 2012. The remaining obligation under this lease is \$208,966.