

# Annual Report

2011 - 2012



# The 2011-2012 Annual Report of the Bermuda Health Council

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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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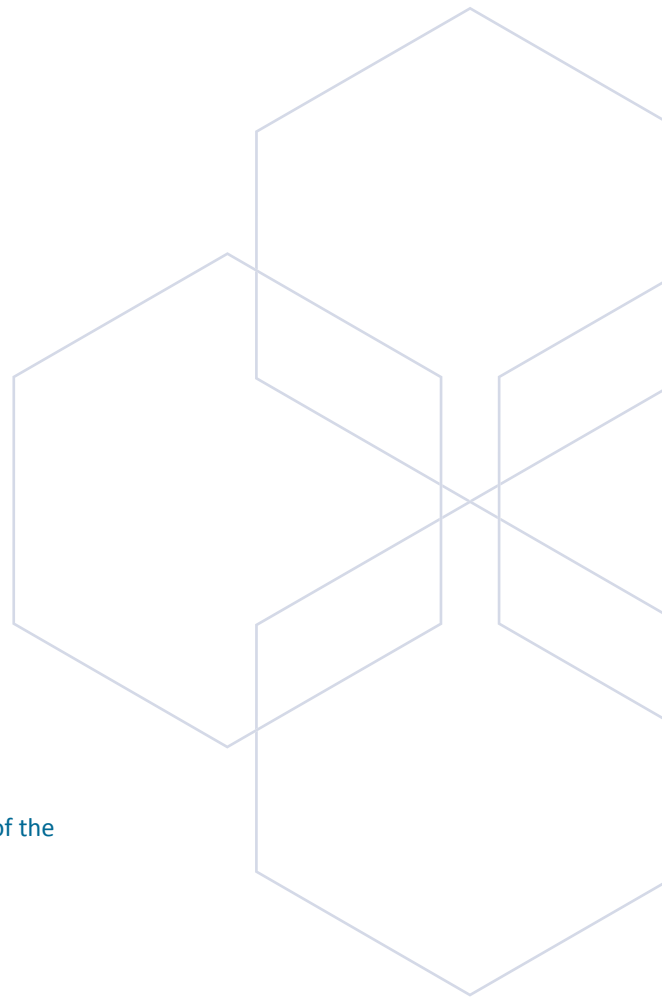
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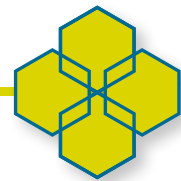
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*Government of Bermuda*  
Ministry of Health

OFFICE OF THE MINISTER



As Bermuda's Minister of Health I am pleased to offer this brief message for inclusion in the Bermuda Health Council 2011/12 Annual Report. Once again, the Council has worked closely and commendably with the Ministry this year on many initiatives and reforms vital to the future of Bermuda.

In October 2011, the Ministry of Health and the Bermuda Health Council collaborated to produce a report entitled the 2011 Health Survey of Adults in Bermuda which would ultimately update our knowledge on the state of the country's health, and the public's views about their own health status. Reports such as this one are vital in directing and inspiring policy and programme development in Bermuda so that we can improve health services and create a healthier population.

Also in October 2011, the Bermuda Health Council and the Ministry of Health collaboratively made two exciting announcements regarding Bermuda's National Health Plan: that the Consultation Feedback Report on the National Health Plan 2011 was complete, and also that six Task Groups had been formed to develop the policy options necessary to implement the National Health Plan goals. These steps helped push us closer to successfully reaching our objective of releasing The National Health Plan: Bermuda Health System Reform Strategy in November 2011, which incorporated the consultation feedback.

The Health Council should also be commended for helping to organize the Health Financing Summit and the Caribbean Conference on Health Financing Initiatives in November 2011, which allowed stakeholder groups to come together to discuss health financing and health reform – and with the beautiful facilities of Rosewood Tucker's Point as the backdrop to these talks!

In March 2012 Council and Ministry members came together again to introduce the Health Insurance (Health Service Providers and Insurers) (Claims) Regulations 2012, which eliminated the practice of charging insured patients the full cost of a health bill at the time of the service – or “upfront payments” as it is commonly known.

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

The Hon. Zane De Silva JP MP  
Minister of Health



# Chairman's Message

I am pleased to present the 2011-2012 Annual Report of the Bermuda Health Council. I was appointed Chair in January 2012 and served as a member of the Council during the reporting period.

The Bermuda Health Council was established under the Bermuda Health Council Act 2004 to have oversight of our health system. Its primary functions are to regulate, coordinate and enhance the delivery of health services on the island. Since its inception the Council has worked to:

- Strengthen the health system by fostering collaboration and coordination of strategic planning for the health system.
- Assure a competent health workforce through improvements in the registration and regulation of health care providers.
- Strengthen our collection of health data to better track, analyze and monitor the health status of the island's population.
- Provide solid data to better inform public policy decisions.
- Move us closer to providing comprehensive, affordable and quality healthcare for all residents.
- Move the focus of the health system towards prevention and wellness as well as therapeutic and clinical curative care.

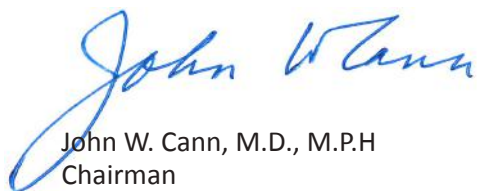
The Health Council is now firmly established and its role in coordinating our health system accepted.

However, the Council faces a number of challenges, including limitations on human and fiscal resources. The Annual Report outlines these challenges, as well as the many activities and notable achievements of the Council during the reporting period this past year.

Of particular note, the Council has worked with the Ministry of Health to establish clear, consistent administrative procedures and processes for carrying out its oversight responsibilities and monitoring our health system.

This should put us in a good position to move towards assuring that all residents enjoy access to affordable, quality health care.

We are fortunate to have knowledgeable, competent and innovative staff.



John W. Cann, M.D., M.P.H.  
Chairman



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## CEO's Message



Since its inception in 2006, the Bermuda Health Council has been on a growth trajectory, establishing itself as the watchdog for Bermuda's health system. The year 2011/12 was yet another year of increased activity with many achievements we can be proud of as an organization.

In particular, I have to mention the publication of the Health Survey of Adults 2011, which we conducted jointly with the Department of Health. The Survey produced invaluable information for the Health Council and all health system stakeholders, as it enables us to monitor trends on the public's health, behaviours, healthcare access and perceptions of healthcare. These measures are priceless and we look forward to continuing to bring such information to the public.

Another significant milestone this year was the hosting of the Health Financing Summit 2011 and the 6th Caribbean Conference on Health Financing Initiatives in close collaboration with the Health Insurance Department. We are grateful to the sponsors and organizers who enabled stellar events of the highest calibre to be held for local and international stakeholders; and we were delighted with the enthusiastic dialogue of the participants, which energized the dynamic phase of reform Bermuda is entering.

It would be remiss of me not to mention that BHeC's high-level of performance this year was achieved despite significant resource challenges. The economic climate has had an impact on us and staffing changes resulted in temporary gaps that were filled (seamlessly to outsiders) by the extraordinary efforts of the BHeC team – old and new! I am unspeakably grateful to them for their technical expertise, hard work, perseverance and passion. I feel honoured to be part of such a team.

To end, I would like to thank the outgoing Board, which served diligently until December 2011, and to welcome the new Board led by Dr John Cann. It is a privilege to serve under Bermuda's longest-serving Chief Medical Officer, and I know with his leadership the Health Council will soar.

A handwritten signature in blue ink, which appears to read "Jennifer Attride-Stirling".

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



# Mission, Vision, Strategic Goals 2009-12

## MISSION

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

## VISION

To achieve a quality, equitable and sustainable health system

## OVERVIEW

The Bermuda Health Council (BHeC) Strategic Plan 2009 – 2012 focused on our vision of “working together for a sustainable healthcare system”. March 2012 marked the end of this period’s strategic plan with a number of accomplishments towards our strategic goals: quality, equity, efficacy and accountability. Our achievements for fiscal year 2011-2012 are contained in this Annual Report.

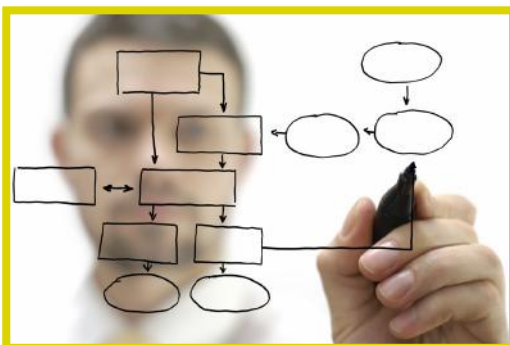
## STRATEGIC GOALS

**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



# Delivering on Our Strategic Plan

## QUALITY

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

### Licensing and Registration

This year, BHeC collaborated with the Ministry of Health to bring about the Health Insurance Amendment Act 2012, following consultation and collaboration with insurers over the previous two years. The Act was passed in March 2012.

The Health Insurance Amendment Act 2012 increased the financial reporting requirements for annual re-licensing, changed the licensing timeline to align with returns in respect of the Bermuda Monetary Authority and increased the annual licensing and penalties' fees. The new financial reporting requirements will enable BHeC to continue to improve data collection in order to better monitor health costs and utilization patterns. Better data will also enable us to produce Bermuda National Health Accounts aligned with the standards of the Organization for Economic Cooperation and Development (OECD) standards.

BHeC updated all professional registers on [www.bhec.bm](http://www.bhec.bm) to ensure the public

and healthcare stakeholders have easy access to information on which health professionals are registered to practice locally.

Also available on our website this year, is the full membership lists of the Boards or Councils of the statutory bodies. Publishing these lists are part of BHeC's commitment to access of information.

### Upfront Payments

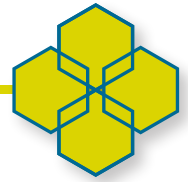
In March 2012 the Ministry of Health introduced the Health Insurance (Health Service Providers and Insurers) (Claims) Regulations 2012. These new regulations were developed with assistance from BHeC; their purpose is to ensure that the insured portion of a health bill is not charged directly to patients at the time of the visit, but is claimed by healthcare providers from the insurer. Insurers are required to pay electronic claims within 30 days. The regulations take effect 1st August 2012.

These regulations were introduced following a lengthy period of development, as well as consultation and collaboration with insurers and health providers. The Ministry of Health first asked BHeC to assist with this problem in April 2008, given the number of complaints it was receiving from the public. In 2010 BHeC developed voluntary guidelines to promote fair charging and reimbursement practices.

quality







BHeC monitored the practice of charging upfront via surveys in July 2009, October 2010 and April 2012. As there was no reduction in the practice and complaints to the Ministry of Health continued to come from the public, the Ministry sought BHeC's assistance in developing a legislative solution, which resulted in the creation of the Health Insurance (Health Service Providers and Insurers) (Claims) Regulations 2012.

Although highly controversial legislation among some healthcare providers, it is intended to remove barriers to accessing health services for the insured population. Published literature has demonstrated internationally that health costs can prevent people from seeking care in a timely manner; and, in Bermuda, a Total Marketing Omnibus question commissioned by BHeC in March 2012, found that 14% of residents had gone without treatment or a medical visit because they would have had to pay the full fee at the time of service.

The regulations come into force in August 2012, and BHeC will have a role in enforcing compliance among insurers and providers. The legislation has been well received by the public and by patient advocacy groups. It is hoped that it will help to reduce barriers in

access to healthcare, improve efficiency in claims-processing for insurers, and enable faster insurance reimbursement for healthcare providers.

### Pharmaceuticals

This year BHeC worked jointly with insurers and pharmacies to monitor progress on the Pharmaceutical Coding Project (PCP). This collaborative initiative introduced pharmaceutical coding standards for the Island's insurers and pharmacies last year. As a result 93% of the prescription drug claims from the Island's pharmacies are compliant with the standards. The PCP will continue to expand, which will enable BHeC to monitor utilization and cost of prescription drugs, and to develop policy solutions as proposed in our Pharmaceuticals Policy Options Report 2011.

### Complaints and Queries

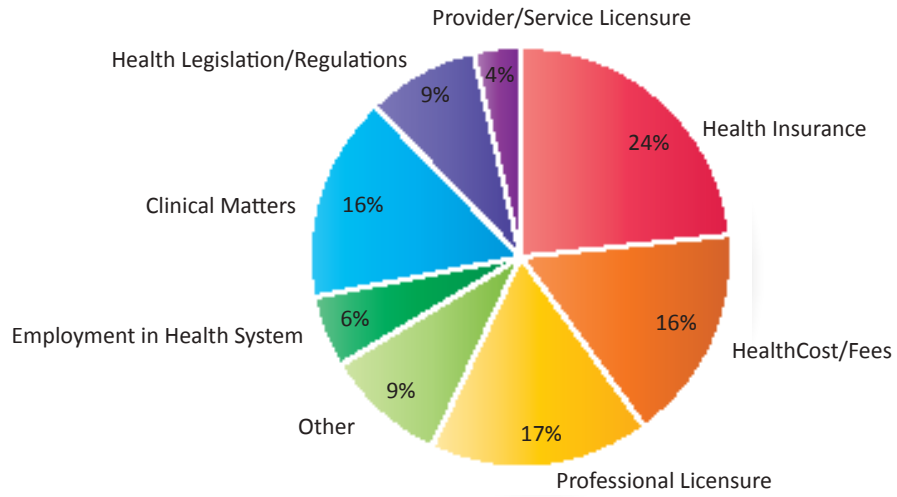
BHeC's complaints and queries process continues to serve as a productive venue for stakeholders to address questions and concerns about Bermuda's healthcare system. In 2011/12 BHeC received 14 complaints and recorded 140 queries. The majority of complaints (57%) and queries (24%) were about health insurance as indicated in Figure 1 and Figure 2 respectively.



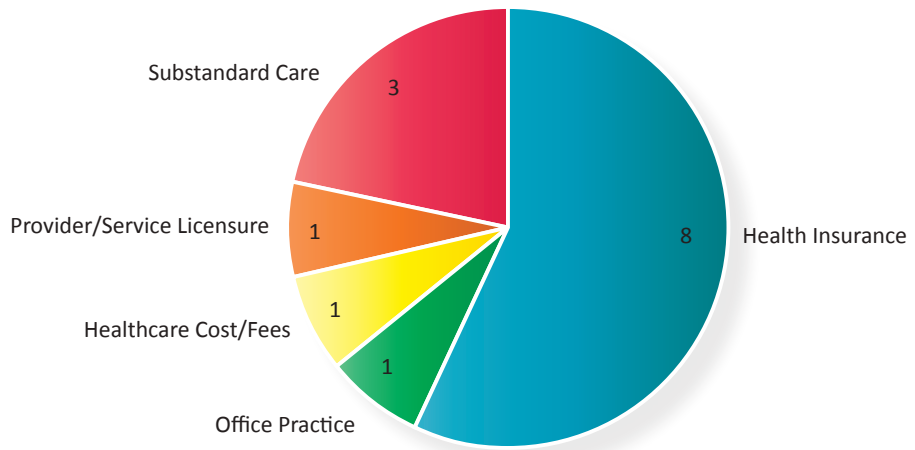
Quality

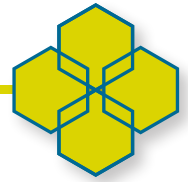


**Figure 1 - The nature of queries**



**Figure 2 - The nature of complaints**





## **EQUITY**

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

### **National Health Plan**

This fiscal year began with BHeC coordinating the public's feedback to the Ministry of Health's National Health Plan Consultation Paper 2011. The feedback, along with the Consultation Paper, resulted in the National Health Plan: Bermuda Health System Reform Strategy (NHP), released at the Health Financing Summit 2011, hosted jointly by the BHeC and the Health Insurance Department in November.

BHeC also assisted the Ministry of Health in coordinating National Health Plan developments, including the establishment of a Steering Committee and six Task Groups to develop policy options to implement the NHP. The Task Groups are: Benefit Design, Financing & Reimbursement, Long Term Care, Health IT, Overseas Care and Prevention. BHeC was asked to lead two of the Task Groups and to participate in the others.

To date, the BHeC-led Benefit Design Task Group has developed three policy options to enhance the current minimum healthcare package – the Standard Hospital Benefit. The options

have been presented to the Steering Committee and were submitted to the actuarial team to be priced.

BHeC also chairs the Financing and Reimbursement Task Group which is developing a new financing structure for the NHP. The financial modelling is currently underway.

### **Insurance**

BHeC monitors employers' compliance with the Health Insurance Act 1970. The Act requires employers to provide health insurance for at least the Standard Hospital Benefit for employees and their non-working spouses. Compliance is monitored through health insurers' reports on policies that are in arrears, on hold or terminated. BHeC investigates all terminated policies to ensure the employer has joined a new plan and liaises with the Department of Social Insurance (DOSI) regarding non-compliant employers.

### **Health Status**

In October, BHeC published the Health Survey of Adults in Bermuda 2011, in partnership with the Department of Health. The study reported on health behaviours and perceptions of healthcare, and provided an update to the adult data from the 2006 Health Survey of Adults and Children in Bermuda. The report is a vital gauge of the health system, and it enables BHeC



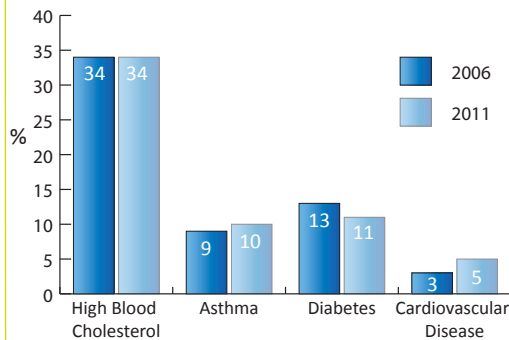
equity



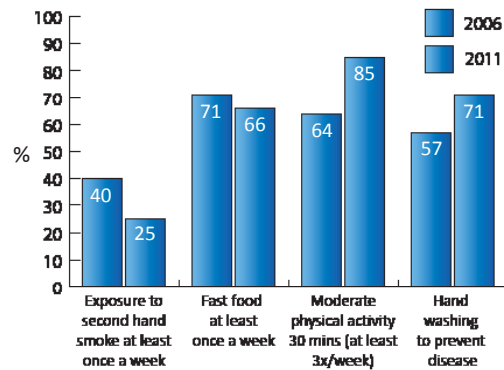
and other health system stakeholders to develop appropriate policies and programmes to address the health needs of the population.

Overall the survey found some areas of stability, improvement and deterioration in comparison with the 2006 study. For example, the prevalence of chronic diseases in the adult population appears to have remained steady since 2006 (see Figure 3) and there was improvement in some lifestyle choices (see Figure 4) such as eating habits and physical activity. There was, however, a worsening in some areas of adult health such as health checks and screenings (e.g. HIV test, mammograms), reports of physical abuse and hypertension (see Figure 5).

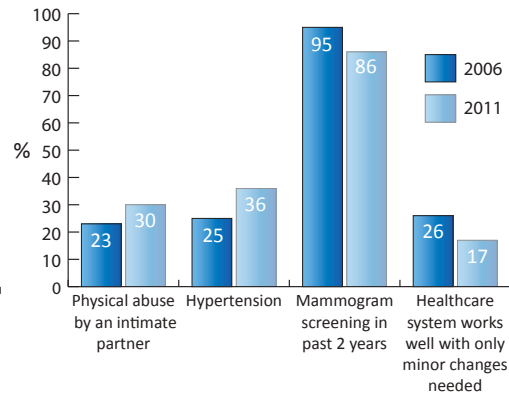
**Figure 3 - Prevalence of select chronic diseases**

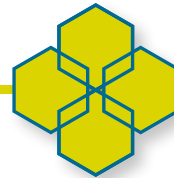


**Figure 4 - Improvements in select health behaviors and outcomes**



**Figure 5 - Deterioration in select health behaviors and outcomes**





## EFFICACY

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

### National Health Accounts

Bermuda, like other countries, is concerned about healthcare costs. BHeC recognizes that to improve the financial sustainability of the health system, the public and stakeholders should understand how much healthcare costs, how it is paid for, who pays for it and what can be done to contain costs. To this end, BHeC produces the National Health Accounts Report annually; the 2011 version was published in June. This report details the health system's financing and expenditure and provides a consistent means of monitoring costs, trends and estimating projections. The report is widely used by healthcare stakeholders locally and overseas.

### Premiums

Every year the minimum insurance package for employed residents and spouses, the Standard Hospital Benefit (SHB), is reviewed by BHeC in order to recommend its price to the Ministry of Health. BHeC's independent contractors conduct the actuarial review of the SHB and the Mutual Reinsurance Fund, and recommend the Standard Premium Rate. This year BHeC assisted in identifying mechanisms to minimize the annual increase in the SHB, and worked with the Ministry of Health and the Bermuda Hospitals Board to reduce hospital-based diagnostic imaging fees.

Any increase in costs, BHeC understands, reverberates in the public's pockets; however, there remains a fine-line between balancing high expectations for coverage and the need to contain premium increases. To ensure the public has an opportunity to understand the increases, we published articles and advertisements explaining the process. In addition, beyond our annual actuarial review, our membership on all of the NHP Task Groups, maintains our commitment to finding solutions to further containing costs.



efficacy





## ACCOUNTABILITY

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

### Impartiality

BHeC remains committed to our role as moderator of the healthcare system, which requires impartiality, accountability and trust. To fulfil this responsibility, we have maintained collaboration with stakeholders to end “upfront payments”, enhanced data collection methods for the National Health Accounts and improved the process for licensing insurers.

### Education

Perhaps the largest undertaking by BHeC last year was the coordination of the 6th Caribbean Conference on Health Financing Initiatives (CCHF) and the Health Financing Summit (HFS) with the Health Insurance Department. Attracting a diverse number of stakeholders from around the Caribbean and Bermuda, and one of the largest groups the annual conference has ever attracted, the CCHF and HFS were a resounding success.

Throughout the year, our team members were invited to participate in, and speak at, conferences including the Cayman Islands National Healthcare Conference,



6th Caribbean  
Conference on Health  
Financing Initiatives,  
Rosewood Tucker's  
Point Resort,  
22<sup>nd</sup> - 24<sup>th</sup> Nov. 2011



Accountability

the Annual Bermuda Financial Services Conference (New York), the University of Hartford (visiting students), the Seniors Learning Centre, and the Centre on Philanthropy.

### Online

We updated our website, www.bhec.bm, this year to increase accessibility while continuing to provide useful information via our Healthcare Directory, BHeC reports, legislation and constant updates on health system changes.

Our Healthcare Directory is a listing of all healthcare providers available in Bermuda, and is extremely popular with the public showing up consistently as receiving the most number of hits on our web site.

In addition, we post daily on our Facebook page and produce a well-

received, quarterly BHeC Newsletter for our stakeholders, which is also available on our web site.

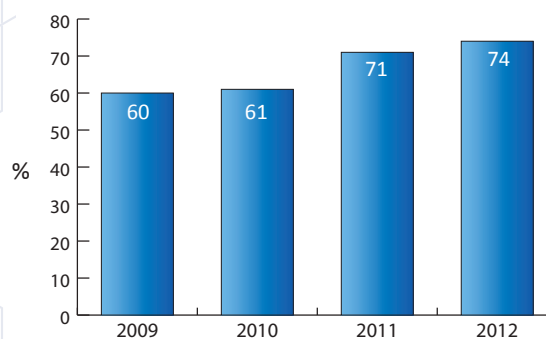
### Advice

One of our primary functions is to provide advice to the Ministry of Health on healthcare related issues. This year, we assisted with advice on “upfront payments”, fees for healthcare professionals, FutureCare, setting the Standard Premium Rate, the Bermuda Hospitals Board fee schedule, the Standard Hospital Benefit and feedback on the National Health Plan.

### Public Awareness

With our reporting and enhanced web presence, there should be no surprise that public awareness of BHeC continues to increase - a trend since 2009 (see Figure 6).

Figure 6 - Public Awareness of BHeC Provided by Omnibus Surveys



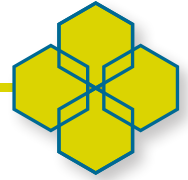
## In the Media

BHeC constantly engages with the public through the media. In September we launched our monthly Matters in Healthcare segment in the *Bermuda Sun*, and we have published numerous articles in *The Royal Gazette* and *The Bermudian* magazine. We have consistently offered comment on healthcare system issues in almost 100 articles, presence on various radio talk shows and appearances on CiTV, Governments' TV station, and the current events' TV show *Let's Talk*.

For a small team, we have been active in publishing several reports over the year including:

- ❖ Actuarial Review of the Standard Hospital Benefit 2011
- ❖ Corporate Plan 2012-2013
- ❖ Health Survey of Adults 2011
- ❖ Pharmaceuticals Policy Options Report 2011
- ❖ Review of Regulated Physician Fees 2009





# Efficient Operations

### Value

In 2011/2012 we received the same level of grant from the Ministry of Health as in 2010/11. In order to maintain a high level of operations and to deliver on our mandate we continued to institute cost containment measures and partnered with other organizations such as the Health Insurance Department, to broaden our reach and cut costs.

### Team

Two staff joined BHeC this year. The new members, our Health Economist and Corporate Office Manager, maintain the staffing levels at eight after two departures. This year, we also developed our strategic goals and priorities for 2012-2015 and introduced new HR policies to ensure we comply with the auditor's requirements. Our compliance with Financial Instructions has also increased efficiency.

### Learning

To fulfil our mandate, BHeC strengthened its ties with local partners and increased its partnerships with overseas health agencies. Locally, this included continuing our Learning Lunch

series to feature presentations and workshops by the Bermuda Employers' Council, the Health Insurance Department, and law firm Mello, Jones and Martin, and other agencies. To produce the 6th Caribbean Conference on Health Financing Initiatives and the Health Financing Summit 2011 with the Health Insurance Department, BHeC worked closely with Social Insurance Departments from across the Caribbean, IBM, Morneau Shepell and Apollo Health Street, forming stronger ties. Staff also attended local training facilitated by the Women's Resource Centre and Gateway Systems Ltd.

BHeC also maintains memberships with the Accountant General's Quango Advisory Committee, Employee Assistance Programme, Bermuda Employers Council, Health Insurance Committee and Bermuda Hospitals Board Ethics Committee. In addition, we maintain professional membership with the Bermuda Human Resource Association, Bermuda Society for Healthcare Risk Management and the Society for Human Resources Management.



# Who We Are

BHeC operates with a Secretariat of eight employed staff and a Board of 13 members. It has operated since 2006 and focuses on monitoring all aspects of Bermuda’s health system.

In January 2012 a new Board was put at the helm of the Bermuda Health Council. The membership is detailed below and the previous Board that served up to December 2011 is listed thereafter.

## Board Members



**Dr. John Cann,  
Chairman**

Dr. Cann retired as Bermuda’s Chief Medical Officer in December 2011 after almost 30 years of service at the Ministry of Health. He has served on the Bermuda Hospitals Board, the Caribbean Health Research Council and as an ex-officio member of the Hospital Insurance Commission. He is a member of the American Public Health Association, the Canadian Public Health Association and the American College of Preventive Medicine.



**Mr. Jerry Rivers,  
Deputy Chairman**

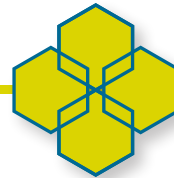
Mr. Rivers is Senior Vice-President & Chief Operating Officer of Oil Casualty Insurance, Ltd. (OCIL). Mr. Rivers is responsible for the day-to-day management, strategic planning and execution, setting policies and procedures, interacting with rating agencies, acquiring reinsurance, overseeing the underwriting 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.). Mr. Rivers is also Chairman of SCARS (Saving Children and Revealing Secrets), a Bermuda registered charity whose sole purpose is to combat child sexual abuse in Bermuda.



**Dr. Sandy DeSilva**

Dr. DeSilva, Psy. D. is the Director of Clinical Services at Family Centre. Prior to joining Family Centre in this post, she was a full-time Clinical Psychologist at Child and Adolescent Services, Mid-Atlantic Wellness Institute (MWI). She completed her doctoral internship and postdoctoral training at MWI and wrote and published her dissertation as a “Handbook for Providing Mental Health Services for Portuguese-Bermudians” completed in June, 2002. She obtained her Doctorate in Clinical Psychology from the Graduate Institute of Professional Psychology- University of Hartford in September, 2003. She completed her undergraduate studies at McGill University in 1999. Her clinical research has focused on the impact of various social factors on mental health. She has served on multiple committees and Government Boards.





Miss George has been practising as a lawyer since 1985; originally in England and since 1995 in Bermuda. She is one of the founding partners of Attride-Stirling & Woloniecki (established in 1999), which is a specialist corporate and commercial law firm.



Miss Kehinde  
George

Mr. Hill has been the C.E.O. of the Bermuda Hospitals Board (BHB) since 2006. 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. David Hill

Mr. Parker retired in 2009 after several years as Executive Vice President and Chief Financial Officer of Bermuda Properties Limited where he was strategically involved with the re-development of the Castle Harbour Hotel property for over twenty years. He remains on the Board of Directors and also serves as Corporate Secretary. Prior to that he had served in senior executive positions in both a major retail company and insurance company in Bermuda. He holds a BA degree (Economics) from the University of Western Ontario and a FLMI insurance degree and has been actively involved in community organizations for many years.



Mr. Peter Parker

Dr. 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 is the President of Active Staff at the Bermuda Hospitals Board.



Dr. Alicia Stovell-  
Washington



Mrs. Venetta Symonds

Mrs. Symonds has been the Chief Executive Officer for Bermuda Hospitals Board since April 2012. From 2006 to 2012 she was the Deputy Chief Executive Officer and had the key responsibility of procuring and delivering the KEMH Redevelopment Project – Bermuda’s largest construction project to date. Mrs. Symonds received a Bachelor’s Degree in Radiologic Technology in 1980 from the University of Tennessee, has a M.A. Degree in Human Resource Development, is a member, and a Fellow, of the American College of Healthcare Executives and is a member of their International Liaison Committee.



Mr. Gary Weller

Mr. Weller, HIA, ACS, has worked in the health insurance industry for 34 years. He is currently the Assistant Vice President of Client Relations at the Argus Group and heads a team of Relationship Managers.

### Ex-Officio Council Members



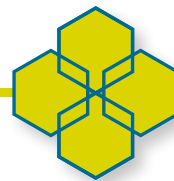
Jennifer Attride-Stirling, Ph.D.

Dr. Attride-Stirling is the Chief Executive Officer of the Bermuda Health Council. She has worked at the Bermuda Department of Health, 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. She 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.



Cheryl Peek-Ball, MD, MPH

Dr. Peek-Ball was appointed Acting Chief Medical Officer effective 1st January 2012. Previously, she was the Senior Medical Officer for the Department of Health from December 2009. She served the department as Medical Officer for Maternal Health & Family Planning for 19 years, beginning in 1990. Dr. Peek-Ball is originally from the United States where she received her medical and public health education. She obtained her Bachelor of Arts degree from Swarthmore College (PA) in 1979, Medical Degree from Jefferson Medical College of Thomas Jefferson University in Philadelphia in 1986, and Master of Public Health degree from the University of North Carolina at Chapel Hill in 2006.



Mr. 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.



Mr. Kevin  
Monkman

Mr. Manders, Financial Secretary, who has served as 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.



Mr. Anthony  
Manders

BHeC's Board members up to December 2011 were:

- Linda Merritt, **Chairman**
- Dr. Ian Campbell, **Deputy Chairman**
- Mr. Jerry Rivers
- Dr. Gerard Bean
- Mrs. Shirlene Dill
- Mrs. Holly Flook
- Mr. David Hill
- Mr. D Mark Selley
- Ms. Stephanie Simons
- Dr. Alicia Stovell-Washington
- Mrs. Sharon Swan
- Jennifer Attride-Stirling, **ex-officio**
- Mr. Kevin Monkman, **ex-officio**
- Mr. Anthony Manders, **ex-officio**
- Dr. John Cann, **ex-officio**

**BERMUDA HEALTH COUNCIL**

**FINANCIAL STATEMENTS**

**MARCH 31, 2012**



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## INDEPENDENT AUDITOR'S REPORT

To the Minister of Health and Seniors

I have audited the accompanying financial statements of the Bermuda Health Council, which comprise the statement of financial position as at March 31, 2012, 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, 2012, 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.

Hamilton, Bermuda  
February 11, 2013



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

BERMUDA HEALTH COUNCIL  
STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2012

	2012	2011
	\$	\$
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (note 4)	561,830	937,052
Due from the Government of Bermuda (note 8)	100,000	-
Accounts receivable	236	10,946
Rent deposit	43,786	43,786
	<u>705,852</u>	<u>991,784</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	96,735	97,967
Due to the Government of Bermuda (note 8)	32,783	18,194
	<u>129,518</u>	<u>116,161</u>
<b>NET FINANCIAL ASSETS</b>	<u>576,334</u>	<u>875,623</u>
<b>NON-FINANCIAL ASSETS</b>		
Prepaid expenses	15,885	1,981
Tangible capital assets (note 5)	6,940	19,165
	<u>22,825</u>	<u>21,146</u>
<b>ACCUMULATED SURPLUS</b>	<u>599,159</u>	<u>896,769</u>
<b>COMMITMENT (note 11)</b>		

The accompanying notes are an integral part of these financial statements.

BERMUDA HEALTH COUNCIL  
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS  
FOR THE YEAR ENDED MARCH 31, 2012

	2012 \$ Budget (Note 10)	2012 \$ Actual	2011 \$ Actual
<b>REVENUES</b>			
Government of Bermuda grant (note 8)	882,200	982,200	1,048,200
Other income	-	12,379	9,551
Interest (note 4)	1,450	1,440	3,174
	<u>883,650</u>	<u>996,019</u>	<u>1,060,925</u>
<b>EXPENSES</b>			
Salaries and employee benefits	824,727	765,754	816,612
Rent	215,806	210,279	202,504
Legal and professional fees	144,532	140,717	119,755
Marketing	22,246	24,785	37,354
Telecommunications	21,575	23,724	21,137
Repairs and maintenance	19,995	23,458	18,931
Office supplies	30,956	16,206	15,487
Amortization of tangible capital assets (note 5)	-	15,713	25,995
Training and workshops	6,000	12,269	49,204
Electricity	13,062	11,753	12,306
Board member fees (note 8)	13,667	6,500	13,850
Research and development	500	3,500	1,538
Printing	3,000	3,255	18,108
Miscellaneous	28,531	35,716	26,110
	<u>1,344,597</u>	<u>1,293,629</u>	<u>1,378,891</u>
<b>ANNUAL DEFICIT</b>	<u>(460,947)</u>	(297,610)	(317,966)
<b>ACCMULATED SURPLUS, BEGINNING OF YEAR</b>		<u>896,769</u>	<u>1,214,735</u>
<b>ACCMULATED SURPLUS, END OF YEAR</b>		<u>599,159</u>	<u>896,769</u>

BERMUDA HEALTH COUNCIL  
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS  
FOR THE YEAR ENDED MARCH 31, 2012

	2012	2011
	\$	\$
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>875,623</u>	<u>1,174,187</u>
Annual deficit	(297,610)	(317,966)
Change in prepaid expenses	(13,904)	(53)
Acquisition of tangible capital assets (note 5)	(3,488)	(6,540)
Amortization of tangible capital assets (note 5)	<u>15,713</u>	<u>25,995</u>
Changes in net financial assets during the year	<u>(299,289)</u>	<u>(298,564)</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>576,334</u></u>	<u><u>875,623</u></u>

The accompanying notes are integral part of these financial statements.

BERMUDA HEALTH COUNCIL  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2012

	2012	2011
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Annual deficit	(297,610)	(317,966)
Adjustments for items not affecting cash:		
Amortization of tangible capital assets (note 5)	15,713	25,995
Decrease in non-cash working capital	<u>(89,837)</u>	<u>(4,081)</u>
Net cash used in operating activities	<u>(371,734)</u>	<u>(296,052)</u>
<b>CASH FLOWS FROM CAPITAL ACTIVITY</b>		
Purchase of tangible capital assets (note 5)	<u>(3,488)</u>	<u>(6,540)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(375,222)	(302,592)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>937,052</u>	<u>1,239,644</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>561,830</u></u>	<u><u>937,052</u></u>

The accompanying notes are integral part of these financial statements.

BERMUDA HEALTH COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2012

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.

(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.



BERMUDA HEALTH COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenue recognition (continued)

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.

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.

BERMUDA HEALTH COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2012

4. CASH AND CASH EQUIVALENTS

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

	2012		2011	
	\$	Effective Yield %	\$	Effective Yield %
Petty cash	255	-	258	-
Cash	30,789	-	139,482	-
Call deposit	3,490	0.050%	271,331	0.250%
Fixed deposit (maturing within 3 months)	527,296	0.250%	525,981	0.250%
	561,830		937,052	

5. TANGIBLE CAPITAL ASSETS

	Furniture and fixtures	Computer and tele-communications equipment	Leasehold improvements	2012	2011
	\$	\$	\$	\$	\$
Opening cost	99,123	53,331	27,339	179,793	173,253
Additions	-	3,488	-	3,488	6,540
Closing cost	99,123	56,819	27,339	183,281	179,793
Opening accumulated amortization	86,585	46,704	27,339	160,628	134,633
Amortization	10,640	5,073	-	15,713	25,995
Closing accumulated amortization	97,225	51,777	27,339	176,341	160,628
Net book value of tangible capital assets	1,898	5,042	-	6,940	19,165

6. FINANCIAL INSTRUMENTS

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

BERMUDA HEALTH COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2012

6. FINANCIAL INSTRUMENTS (continued)

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, 2012.

*(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.

*(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.

BERMUDA HEALTH COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2012

7. FINANCIAL RISK MANAGEMENT (continued)

*(c) Market risk (continued)*

*(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 \$982,200 (2011 - \$1,048,200) during the year to cover the operations of the Council. As of March 31, 2012, \$100,000 is due from the Government of Bermuda.

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

During the year, the Council paid ordinary members of the Council, fees in the amount of \$6,500 (2011 - \$13,850). As of March 31, 2012, \$100 (2011 - \$1,400) 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 "Fund"), 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.

BERMUDA HEALTH COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2012

9. EMPLOYEE BENEFITS (continued)

(a) Pension plan (continued)

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 total pension expense contributed by the Council during the year amounted to \$56,896 (2011 - \$62,290).

(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 extended leave is applied for and approved. There were no maternity leave 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.

Vacation days accumulate and vest and therefore a liability has been accrued at year end. The accrued vacation liability as of March 31, 2012 is \$25,746 (2011 - \$18,453) and is included in accounts payable and accrued liabilities.

10. BUDGET

These amounts represent the operating budget approved by the Board.

11. COMMITMENT

The Council has renewed its existing lease agreement for its office premises for a four-year period which expires on March 26, 2016. The remaining obligation under this lease is \$591,250.

BERMUDA HEALTH COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
MARCH 31, 2012

12. COMPARATIVES

Certain comparative figures have been reclassified to conform to the current year's presentation.