Bermuda Health Council

Annual Report 2014/15

Bermuda Health Council

The 2014-2015 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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TABLE OF CONTENTS

Government of Bermuda
Ministry of Health, Seniors and Environment
OFFICE OF THE MINISTER

MESSAGE FROM THE MINISTER OF HEALTH, SENIORS AND ENVIRONMENT

As the Minister of Health, Seniors and Environment I welcome the opportunity to provide a brief message for the Bermuda Health Council's Annual Report 2014-15. During this year, the Council has provided tremendous support for the Ministry on various health system initiatives and reform development in Bermuda.

Through-out the years, the Health Council has consistently proven its ability to provide regulatory oversight and enforcement of the health system legislation to ensure the optimal functioning of the system under its existing structure. In particular, the Health Council's continued enforcement of the Health Insurance Act 1970 has been commendable, for example, in bringing to justice employers who fail to provide their employees with health insurance.

I also applaud the Health Council for the roll-out of the Home Medical Services Benefit. In a few short months, the pilot programme delivered cost savings while providing invaluable medical care for patients in their homes. The Ministry is grateful to the Health Council, the Bermuda Hospitals Board and community providers for their hard work setting-up the successful pilot, which has ensured patients will benefit from this on a permanent basis.

Of course, on an annual basis, the Health Council also provides the invaluable review of our National Health Accounts which ensure we have a thorough understanding of our healthcare costs. Without knowing the money spent on our health system we would struggle to achieve the reform the system needs.

Finally, I would also like to take this opportunity to express my sincere thanks to everyone at the Bermuda Health Council for their hard work and support. I look forward to working with the new Health Council Board in the coming year to ensure we continue to provide quality healthcare in the most effective manner.

The Hon. Jeanne Atherden, JP, MP
Minister of Health, Seniors and Environment

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CHAIRMAN'S MESSAGE

Simone J. Barton

It is my pleasure to present the Bermuda Health Council's 2014/15 Annual Report. The work of the Council is deeply rooted in our mission to coordinate, regulate and enhance the delivery of healthcare services in Bermuda.

With our mission as our directive, the Council has structured working groups around three key priorities: Care Quality and Standards, Regulation and Utilization Management. Upholding these priorities ensures our ability to manage a very challenging and complex health system more effectively.

While far from being perfect, we are committed to evolving and strive to improve our core deliverables. With that said, we are also very proud of our 2014/15 accomplishments such as the introduction of the Home Medical Service Benefit.

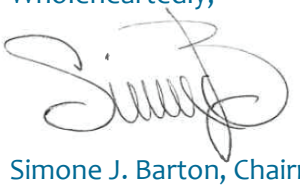
Even our controversial issues had worthwhile results; the issue of pre-certification caused a lot of uproar within the community, but it also highlighted very challenging issues that led to important dialogue and communication on matters that have to be addressed.

Understanding the critical role our health professionals play in the delivery of care, the council takes great pride in the work we have achieved with the health statutory boards. The Council has provided tremendous assistance in the development of Standards of Practice. Our health professionals are essential to the quality and efficiency of the health care system. The Standards of Practice are a great start to ensuring that the level of care is managed and understood by both professionals and patients.

No organization stands alone; it takes a wide cross-section of our community coming together and letting their voices be heard. Through processes of consultation and collaboration, we work closely with stakeholders to ensure the best outcomes for the Bermuda patient. While we may not always agree, we are all passionately committed to improving our local healthcare products and services. I sincerely thank everyone who has given so freely of their time and expertise. Your dedication is highly appreciated.

There is a lot of work ahead of us. The 2015/16 calendar year will no doubt challenge and inspire us to effect change that matters. We are pleased that we have the Ministry's Health Quality Strategies as our base to help guide our actions. The Bermuda Health Council will continue to reach out and collaborate with key stakeholders, encourage effective dialogue and communications, and work diligently to remove the barriers that impede our growth.

Wholeheartedly,



Simone J. Barton, Chairman

CEO'S MESSAGE

Jennifer Attride-Stirling, PhD

There is nothing more pleasing to those who dedicate their life to the health system, than to see tangible improvements in the quality of life of the people we serve. In this respect, the past year gave us some reasons to smile, while reminding us of the continued challenges ahead.

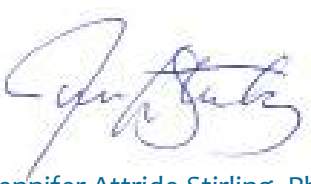
We place the highest priority on conducting our mandated regulatory functions with excellence, such as licensing health insurers, overseeing the regulation of health professionals by the Ministry's statutory boards, publishing health system performance reports, and enforcing employers' health insurance obligations. However, the Health Council also prides itself on ensuring health system gaps are identified and addressed on an on-going basis. Such has been the case with a number of initiatives this year.

Evaluation of the Home Medical Services benefit, developed in 2012 and introduced in 2013, enabled us to see local evidence that providing the right care, at the right time, in the right setting is, indeed, the best deal for patients and for the health system. Working in partnership with staff at the Bermuda Hospitals Board and community providers, this benefit ensured patients could be discharged to receive essential medical services at home, and at better value for the health system.

This year the Health Council partnered with healthcare professionals to develop standards of practice for nurses and for dental practitioners, which help to improve the quality of patient care and professional transparency. We partnered with physician leaders to identify international clinical guidelines that can be applied across Bermuda's health system and are actively working on initiating their roll out in 2015, starting with screening guidelines. With the support of the Minister of Health, Seniors and Environment, we worked with public and private agencies to develop new benefits for the minimum mandated health insurance package to help direct care to more appropriate settings, and reduce the financial burden on those least able to afford it.

In addition, the Health Council continued to monitor various aspects of utilization, finding continued reduction in diagnostic testing across the health system. We applaud the healthcare community that rose to the challenge and modified ordering practices following dialogue and communication. Further, our enforcement efforts with employers have continued in earnest, which has been essential in the current economic climate as some employers are increasingly challenged in meeting insurance obligations. The work of the Health Council ensures employees are protected, and we continue to educate the public through a variety of outreach activities including our popular initiative: SnapFacts. On the operational side, we are proud of another bill of good health from the Office of the Auditor General, and to have been fully PATI-ready ahead of the 1st April 2015 deadline.

As we head into the next fiscal year the priorities are clear: financially-vested self-referrals have been a persistent challenge that will be addressed in 2015, regulation of healthcare businesses will be prioritized as a matter of urgency with a focus on quality and health system capacity, and introducing a unique patient identifier may now be within our reach. Strengthening our regulatory role within Bermuda's health system is a key priority for the Health Council in 2015/16, which we will pursue, as always, with dialogue and consultation with the affected parties.



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

MISSION

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

VISION

Achieving a quality, equitable and sustainable health system

PRIORITIES

During the fiscal year 2014/15, the Bermuda Health Council's (Health Council) objectives were organized around three priority areas in order to meet our legislative mandate. All activities under these priority areas sought to promote quality, contain costs, and ensure accountability and collaboration across the health system. The three priority areas were:

Care Quality and Standards

Regulation

Financing and Economics

Our accomplishments for fiscal year 2014/15 are outlined in the following Annual Report.

DELIVERING ON THE PRIORITIES

CARE QUALITY AND STANDARDS

HOME MEDICAL SERVICES

In 2012 the Health Council began work to develop a new Home Medical Services (HMS) pilot benefit in collaboration with the Bermuda Hospitals Board (BHB) and community providers. The intent of the benefit was to enable patients to be cared for in more appropriate settings. The benefit was officially launched in October 2013. The services provided through this benefit not only improved patients' access to quality care, but also saved the Island's health system an estimated $100,000 by covering care in more cost-effective settings. The HMS Benefit allows patients to receive specific medical procedures in their home, covered by their insurance policy. It was introduced as a benefit under the Health Insurance (Standard Hospital Benefit) Regulations and the procedures and fees are regulated by the Health Council.

Following evaluation of the pilot, the benefit was rolled out on a permanent basis and the Health Council has put in place annual registration requirements for Home Medical Service agencies.

CLINICAL GUIDELINES

Close collaboration between the Health Council and physician leaders representing the Bermuda Medical Council, the Bermuda Medical Doctor's Association and the Bermuda Hospitals Board enabled the selection of an international set of guidelines that could be used by healthcare providers in Bermuda.

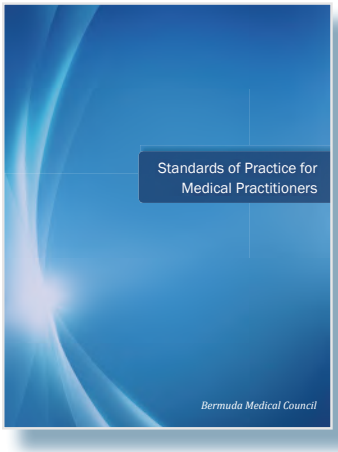
Guidelines from various agencies in the United States, the UK and Canada were reviewed and considered in detail. Ultimately, the guidelines produced by the US Preventive Services Task Force were believed to be the most suitable middle-ground and appropriate for Bermuda. These guidelines provide evidence-based recommendations for health professionals and the public about appropriate screening for specific medical conditions. These will help to standardize care, reduce screening where we have been too aggressive, and increase it where we've neglected best practice.

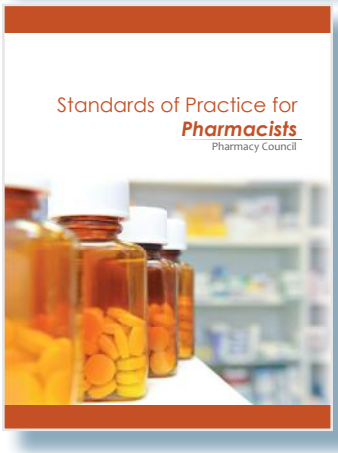
COLLABORATION WITH PROFESSIONAL STATUTORY BODIES

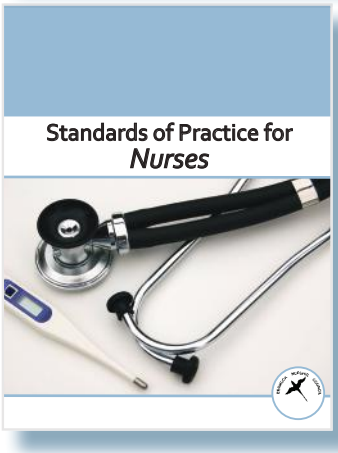
The Health Council works closely with all statutory professional bodies to ensure patients are cared for by a highly qualified healthcare workforce. Through regular communication and annual reporting, the Health Council oversees their annual registers, the number of complaints they handle, and their disciplinary outcomes.

In addition, this year the Health Council collaborated with the Nursing Council and the Dental Board, in developing and rolling-out Standards of Practice for nurses and dentists. These Standards are based on those from Australia, United Kingdom, Canada and the United States and provide clear expectations for areas such as clinical quality, ethical practice, billing, relationships with patients and working with colleagues.

These documents build on the work completed in FY 2013/14 with the Medical Council and Pharmacy Council who introduced Standards for their professionals. These have been well-received throughout the medical community and work has commenced on Standards for Allied Health Professionals.







OVERSEAS CARE REVIEW

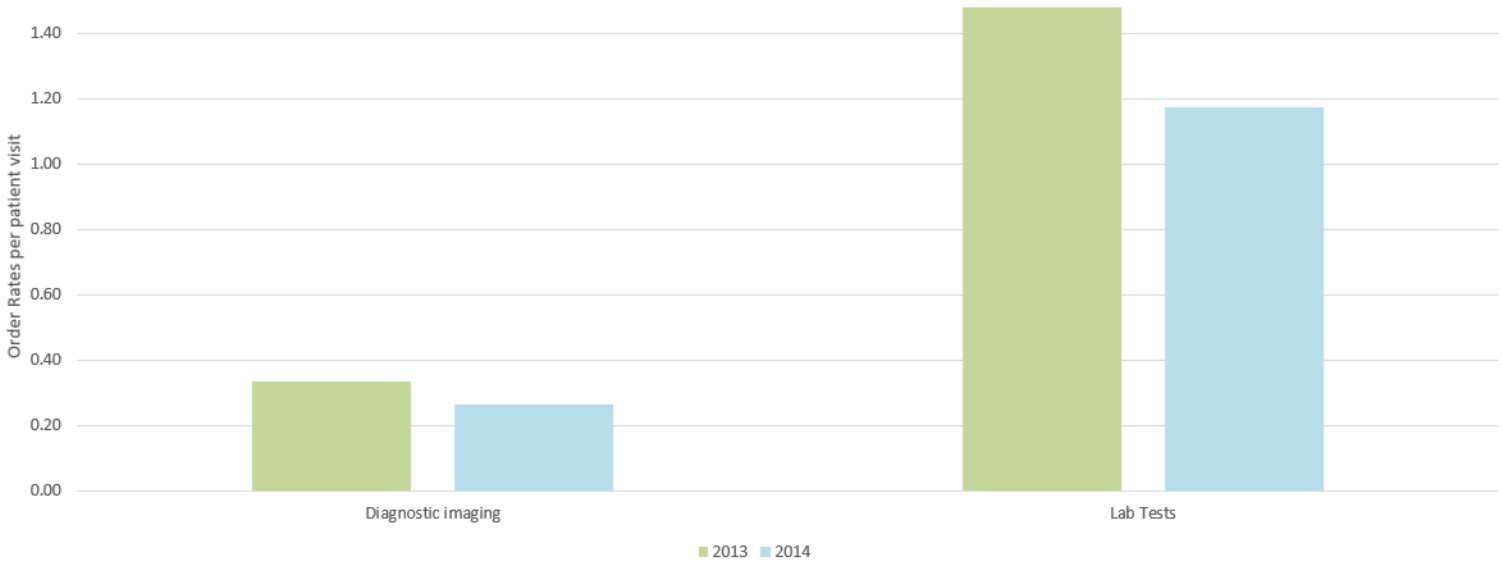
Through FY 2014/15, the Health Council consulted with physicians, statutory bodies, and payors on how we may improve coordination of overseas referrals. As part of this work, the Health Council analysed the cost of procedures locally and overseas, concluding that, even when excluding travel costs, it is more costly to the health system to perform many locally-available procedures overseas. The analysis and consultation is being considered by the Health Council for future health system developments.

REGULATION

DIAGNOSTIC ORDER RATES

Using claims data collected annually from insurers, the Health Council analysed the clinical laboratory and imaging order rates among physicians for laboratory and imaging tests. For the first time in May 2014, physicians received personalised letters with their individual diagnostic order rates benchmarked against the rates of various local specialties. Each physician's individual scores were shared only with them. These order rates were intended for use by individual physicians, and to stimulate education and discussions about testing practices locally. The analysis was repeated again six months later, finding six months later, finding decreases in both imaging and laboratory orders (Figure 1). The year over year trending (Diagnostic Imaging and Laboratory Comparisons) is the island's first opportunity to collaboratively review baseline rates of ordering and monitor trends in testing practices.

Figure 1: Mean Diagnostic Imaging and Lab Test Order Rates for all Physicians



HEALTH INSURANCE COMPLIANCE

The Health Council monitors and enforces employers' compliance with the Health Insurance Act 1970 (HIA) to ensure that eligible persons receive the mandated level of health insurance coverage. The Act requires that employers provide Standard Hospital Benefit insurance coverage to their employees and their non-employed spouses.

Employer fined for not insuring workers

By Jonathan Bell

An employer has been fined a total of $1,500 for failing to insure all his workers, after a member of staff was left with lingering injuries from a traffic collision.

Percy Caines was convicted in Magistrates' Court for the offence, between June 12, 2012 and January 7, 2013. The court found that Caines, 47, also failed to notify his staff that they weren't covered by insurance. Caines, of Spice Hill Road, Warwick, initially denied the offences, but was found guilty on May 29.

He was fined $500 for the first offence by magistrate Khamisi Tokunbo, and $1,000 for his second charge.

One of his employees, Jahni Holder, was left injured by a serious multi-vehicle collision on November 9, 2012, near Marley Beach on South Road, Warwick.

It subsequently emerged that Mr Holder, who was 18 at the time of the crash, didn't have insurance through his workplace. Providing staff and their non-employed spouses with health insurance is a legal requirement for employers, including self-employed workers.

Although *The Royal Gazette* often fields workers claiming ployer has not pro investigations in delinquent bosses view of the Berm Council, which ca them before the c complaints prove

A statement fro added: "The Hea has authority to e pliance with this and we do so in

Delinquent employers to be named and shamed

The Royal Gazette

One Dollar — Friday, August 29, 2014

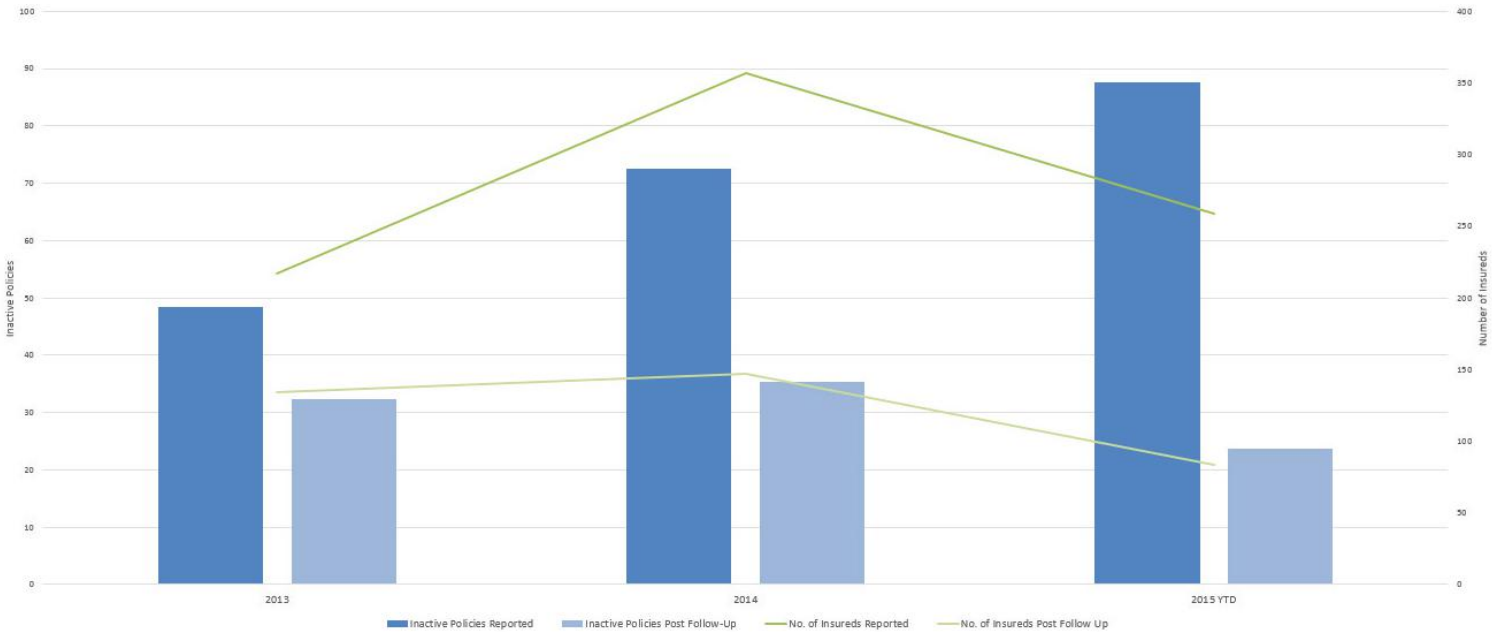
Farm trio's $86k wages fight

Workers fear for money as dairy goes bust

During the last fiscal year, the Health Council collaborated with the Department of Public Prosecutions (DPP) to successfully prosecute three non-complaint employers in Magistrates' Court for failing to meet their obligations under the HIA. The Council further supported employees pursuing civil actions against non-complaint employers by providing documented evidence to the court of employees' lost financial benefit.

While the Health Council was able to hold employers accountable in court, consistent monitoring has led to improved reporting and decreased number of employees without active health insurance policies The Health Council follows up on all reports of non-compliance received from the public, health professionals and insurers. Following up with reported employers, leads to re-enactment of insurance policies in most cases (Figure 2). Egregious cases are taken to court and additional deterrents will be put in place in 2015.

Figure 2: Annual Average of Inactive Policies and the Number of Insureds Affected



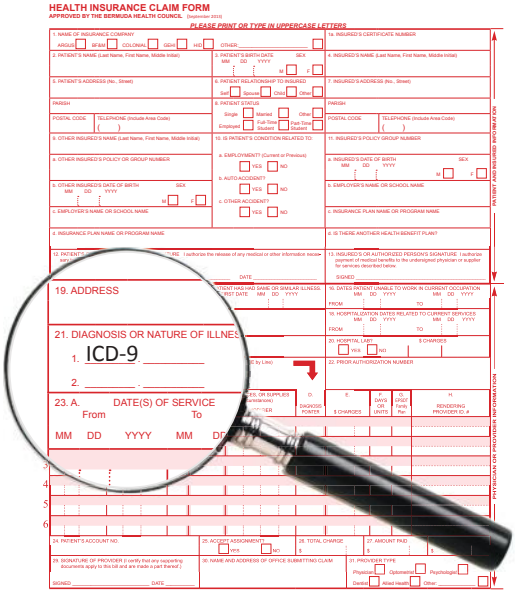
CLAIMS PROCESSING

Introduced in 2012, the Health Insurance (Health Service Providers and Insurers) (Claims) Regulations prohibited the practice of upfront charges and established basic requirements to process claims. The Health Council monitors and enforces compliance with the Regulations. In 2014/15, there was strong evidence of compliance by health professionals to not charge upfront and increased understanding of the responsibilities by all stakeholders for the processing of claims.

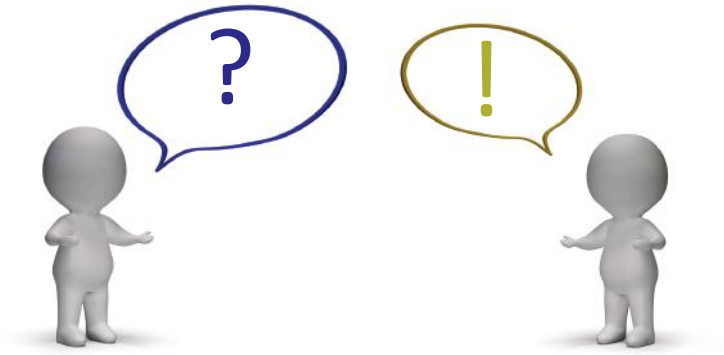
The Health Council also worked closely with the insurers, the Bermuda Hospitals Board and professionals to ensure a firm understanding of their requirements for submission of Standard Hospital Benefit claims. Compliance with the Regulations, ultimately, increases efficiency in the health system.

DIAGNOSTIC IMAGING FEE SCHEDULE

The Health Council annually reviews and sets the fees for the eight (8) facilities that are approved to provide diagnostic imaging (DI) services as part of every health insurance package on the Island. Published in February 2015, the new DI fee schedule for FY 2015/16 represents a key transition for the Island to a more transparent fee-setting standard. Beginning in 2013, extensive consultation was conducted to determine an objective methodology. Key objectives were to identify a standardized system that properly accounts for costs and value of services provided. The outcome was a recommendation to utilise a Resource-based Relative Value Scale (RBRVS) benchmark. The RBRVS assigns a unit value to a service based on what resources are required to complete a procedure. To ensure the fees are set with



Bermuda's cost of living in mind, the relative values units (RVUs) are then multiplied by a Bermuda-specific conversion factor to determine payments to providers. The US Medicare RVU list was chosen as a benchmark because it is credible, transparent, publicly available, and constantly undergoing regulatory validation. Revisions to the RVU list are released at least annually and the Health Council will use this list to ensure the fees we set are competitive and fair.



NAVIGATING THE HEALTH SYSTEM

Assisting the public with their concerns and queries about the health system is a key component to the work of the Health Council. Handling complaints and queries from the public allows the Health Council to help mediate concerns between health system stakeholders and identify broad health system issues that may need addressing.

Fiscal year 2014/15 represented the sixth year since the Council introduced the complaints and queries process and this year the number of complaints increased slightly, while the number of queries decreased slightly (Figure 3). In 2014/15, the majority of complaints were about employers' health insurance (33%) (Figure 4), while the majority of queries were about costs, fees and billing (26%) (Figure 5).

The Health Council's increased role in addressing health system issues demonstrates stakeholders' confidence in the Council's ability to mediate and resolve concerns. Nevertheless, the strain placed on scarce resources is considerable, and by necessity, the Health Council works collaboratively with statutory bodies to ensure complaints are handled by the entities with the necessary legislated authority.

Figure 3: Complaints and queries since 2009

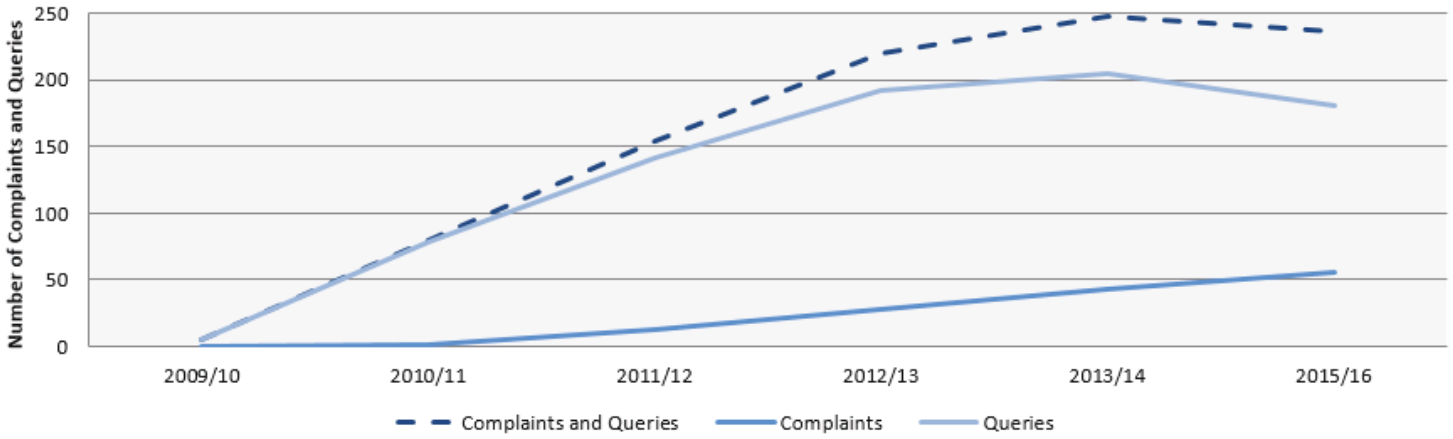


Figure 4: Nature of Complaints in 2014/15

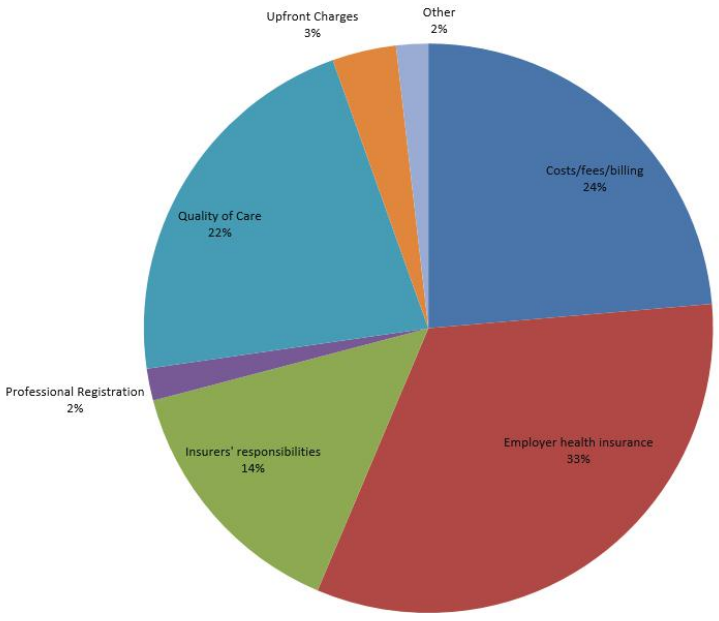
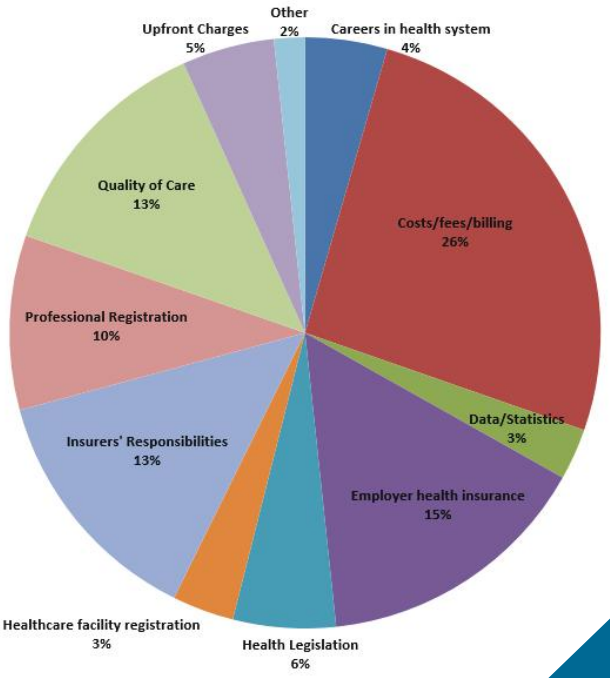


Figure 5: Nature of Queries in 2014/15



FINANCING AND ECONOMICS

HEALTH INSURER LICENSING

Annually, the Health Council licenses insurers and approved schemes, in order to provide regulatory oversight. The Health Insurance Amendment Act 2012 introduced increased reporting requirements for re-licensing, which have benefited health system intelligence and enabled evidence-based policy decisions. In the second year under these enhanced regulations, the Health Council was provided with increasingly more detailed data which allows a more thorough understanding of the costs and utilization patterns in Bermuda's health system.

HEALTH COSTS

The Health Council produces the National Health Accounts annually - a report that is crucial to understanding the Island's health financing and expenditure. This report is always widely anticipated because it provides transparency and vital information about health system costs and trends, in order to identify potential areas for improvement.

The 2014 National Health Accounts reported financing and expenditure up to fiscal year ending March 2013. The analysis found that Bermuda's total health spending that year was $705 million dollars or $11,297 per capita. This showed a slight increase in health costs from the previous fiscal year (See Figure 6). While the report showed a decline in spending on local physicians, it also showed an increase in spending on overseas care and in health insurance administration.

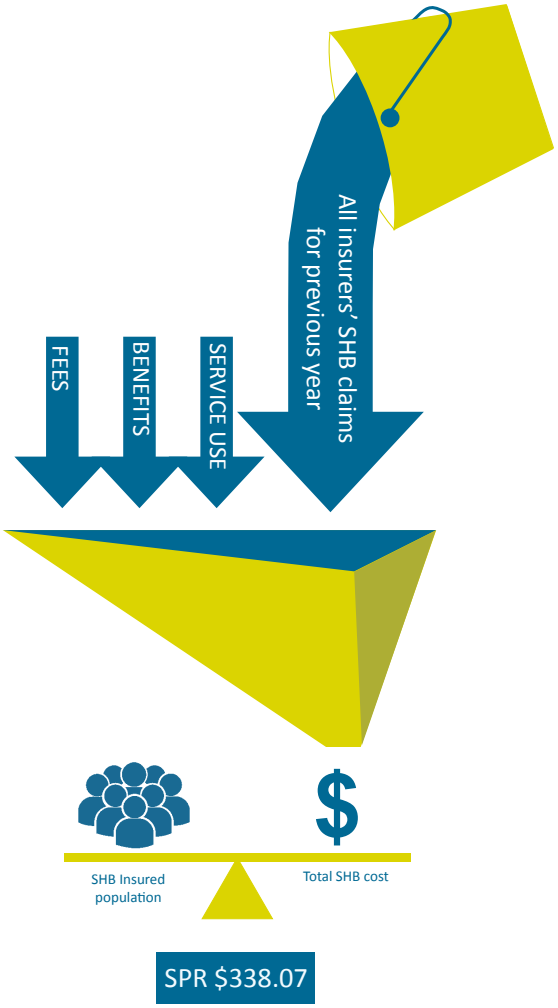
Unfortunately the increased cost in healthcare also partnered with a decline in Bermuda's population by 2.8%. These factors led to an overall increase in per capita health spending of 8.2% for FYE 2013, and an increase in health spending as a percentage of GDP. Health spending rose from 12.2% of GDP in FYE 2012 to 12.7% in FYE 2013.

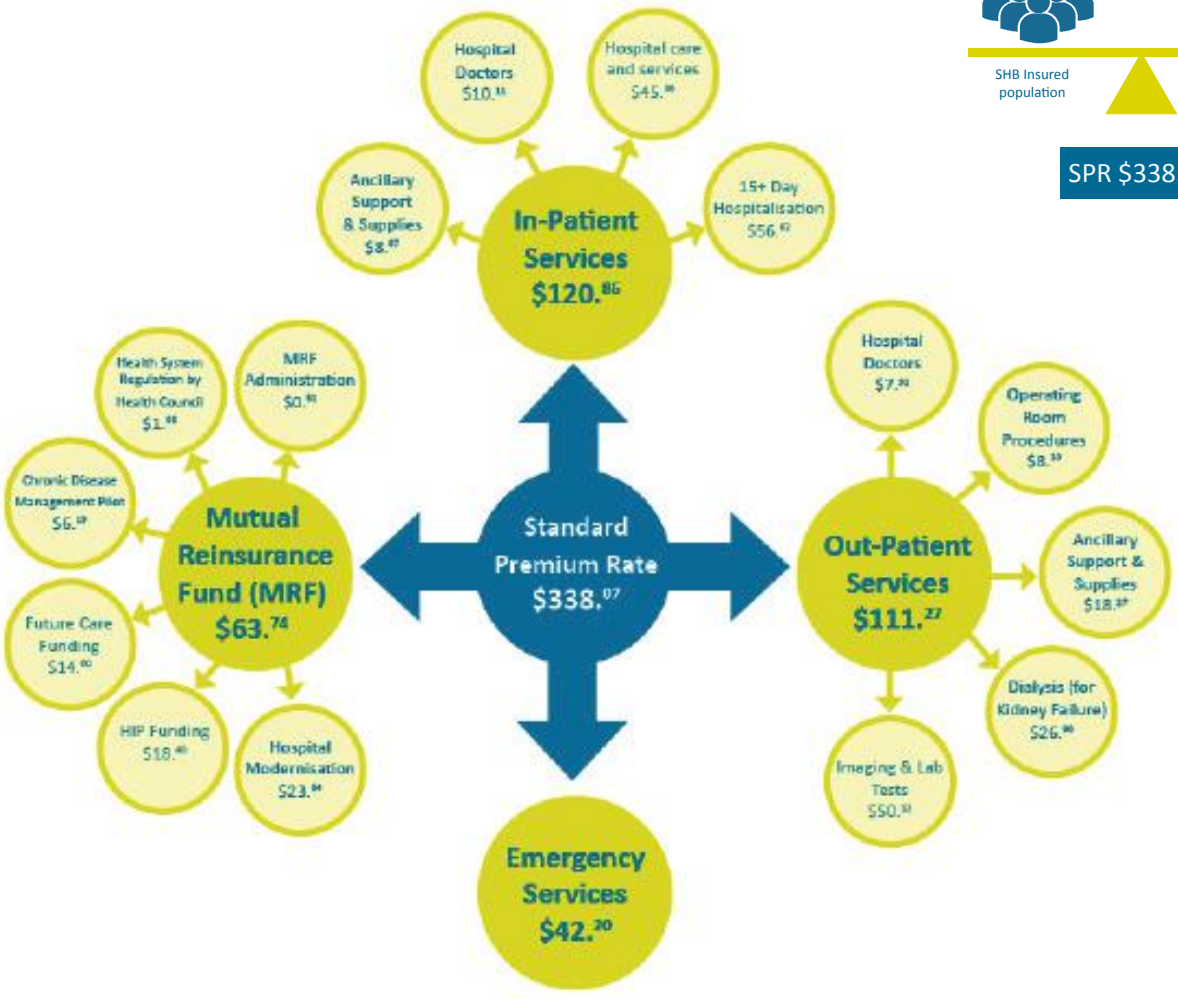
Figure 6: Per capita health expenditure

SETTING BERMUDA'S STANDARD PREMIUM RATE

The Health Council conducts an actuarial review of the Standard Hospital Benefit (SHB) and the Mutual Reinsurance Fund (MRF) in order to recommend the Standard Premium Rate (SPR) annually. The actuarial review is based on claims data received from all private and public health insurers.

The Actuarial Review Report is published to ensure transparency in setting the SPR, and to provide information on headcount, utilization and claims trends with respect to Standard Hospital Benefits. The latest report setting the premium for 2015/16 was published in May 2015.



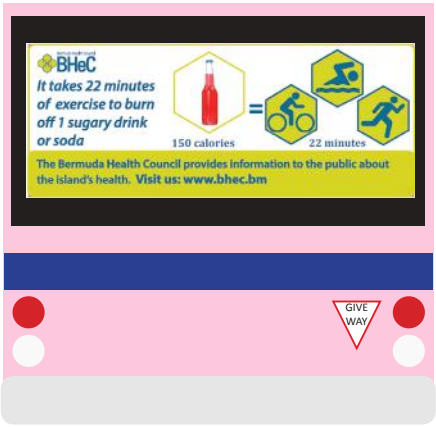


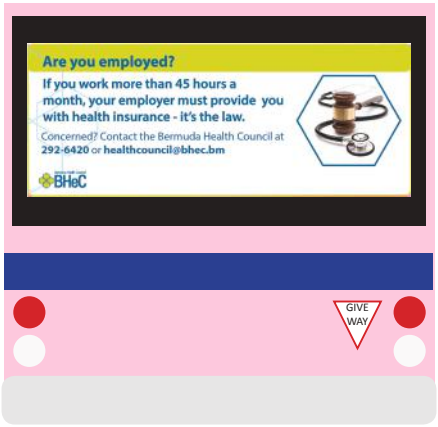
STAKEHOLDER RELATIONS

PUBLIC EDUCATION

The Health Council recognizes the importance of providing information to the public on the Island's health system, developments and any changes that may be underway. In order to do so, we provide a monthly Q&A article in Bernews – *Matters in Healthcare* – that addresses current concerns. We also seek to reach the public through supplements in The Royal Gazette as well as publishing information on our website: www.bhec.bm. Every quarter, the Health Council also disseminates a Newsletter to more than 700 stakeholders, which provides regular health system updates.

Changes to the health system can be complex, which is why the Health Council has also developed tools such as the *In Brief* and *Need to Know* which provide lay-friendly formats. These summary documents help explain reports such as the National Health Accounts, as well as new services such as the Home Medical Services Benefit. In the past year, the Council has expanded its reach of these documents to post in the National Libraries and employer partners across the Island.





SNAPFACTS

Short, sweet and to the point, the Health Council provides updates and information on the health system trends in visually impactful, 30-words-or-less SnapFacts. These are disseminated by email to more than 6,000 stakeholders, including health professionals, employers, Government employees and the legislature every two weeks.

The Health Council has had tremendously positive feedback from the SnapFacts, with their eye-catching images and thought-provoking facts. So much so, that this year, three of our most popular facts were used to cover the back of Bermuda's buses to ensure the public is aware of their rights and options. In the first running, the buses carried messages on the responsibility of employers to provide insurance, finding healthcare providers on our online Healthcare Directory and exercise requirements.

STAKEHOLDER ENGAGEMENT

This fiscal year, the Health Council coordinated 15 discussion forums and seminars, attended by more than 400 stakeholders, to inform, educate or consult on a range of issues. These forums assisted with the roll-out of Clinical Guidelines, Home Medical Services and the changes to the Standard Hospital Benefit.

The Health Council maintains strong relations with key stakeholders and partners. We actively hold a seat on BHB's Ethics Committee and Utilization Management Committee, and on the Health Insurance Committee, which oversees HIP and FutureCare. We also maintain on-going positive relations with the Bermuda Medical Doctors' Association and the Health Insurers Association of Bermuda. These groups are consulted regularly in the course of the Health Council's work.

ONLINE

Our website is updated regularly to ensure current health system information is provided to the public. The website has also been streamlined to ensure user friendliness with the introduction of an online form for health professionals to request being added to our Healthcare Directory. The Healthcare Directory is one of the only places to find a listing of health services on the Island and is one of our most visited pages. We are also present on social media, hosting a Facebook page where we share our latest articles and health system information.

ADVICE

The Health Council is here to assist the Ministry of Health, Seniors and Environment through informal and formal communication means on matters ranging from health system planning, cost containment and regulated non-BHB healthcare fees. The Health Council serves as a source of technical expertise and stakeholder engagement to provide the Ministry with sound evidence-based advice to inform policy decisions.

OUTREACH

Following requests from stakeholders, this year the Health Council made a concerted effort to reach-out to the public to explain our mission and help them understand how we can help. This resulted in bus advertising, as well as increased presence on the radio.

EVALUATION

The Health Council strives to deliver quality and effective service to everyone we reach. To assess our performance we seek our stakeholders' feedback on how we are doing annually through evaluation and public opinion surveys. The results for 2014/15 indicate a good level of satisfaction with the Health Council (Figure 7), in addition to directing us to areas for improvement. In particular the responses indicated increasing public awareness of what we do and more collaboration would be welcome. We are grateful for the feedback and will strive to meet this important need.

Figure 7: Contact with the Health Council in the past year

	Courtesy and friendliness of the Health Council's staff	Helpfulness of the Health Council's staff	Timeliness of the service or information provided	Quality of the services or information provided	Usefulness of the services or information provided	Your overall experience with the Health Council
Excellent	54%	47%	44%	37%	33%	36%
Good	36%	38%	40%	46%	47%	45%
Fair	8%	12%	14%	13%	15%	15%
Poor	2%	3%	3%	4%	4%	3%

EFFICIENT OPERATIONS

VALUE

The Health Council is committed to its mission to *regulate, coordinate and enhance the delivery of health services in Bermuda*. In 2014/15, the Health Council received the same level of grant from the Ministry of Health, Seniors and Environment as the previous year, and continued the Furlough Day agreement between Government and the Unions. In order to ensure delivery of the level of service our stakeholders expect and deserve, the Council streamlined resources to maximise efficiency. While we had reduced resources, our Corporate Plan was met thanks to the commitment and sacrifices of a dedicated team of employees and Board members. In addition, a transfer from the Mutual Reinsurance Fund to the Health Council began in April 2014 to assist with funding. This transfer allowed the Council to continue to meet its core obligations, while reducing the burden on the Government's Consolidated Fund.

TEAM DEVELOPMENT

The Health Council's team was able to take advantage of development opportunities in 2014/15 locally, overseas and online. Overseas training provided the Secretariat with the opportunity to strengthen skills and capacity with courses at the *Harvard School of Public Health, the University of Birmingham and the 9th Caribbean Conference on Health Financing Initiatives in Trinidad.*

In addition, the Health Council supports staff in attending local training courses and conducts regular Learning Lunches to enhance the team's understanding of the community we serve. The topics this year ranged from: consumer affairs, clinical case management, Government finances, going green and domestic abuse.

The Health Council continues to maintain membership with the Employee Assistance Program, Bermuda Employers Council, and we maintain professional membership with the Society for Human Resources Management.

WHO WE ARE

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

Appointed Board members from April 2014 were:

Mrs Jeanne Atherden, Chairman
Mrs Simone Barton, Deputy Chairman
Mrs Naz Farrow
Mr Richard Ambrosio
Dr Joanna Sherratt-Wyer
Mrs Jane "Jasen" Moniz
Ms Alison Hill
Miss Katura Horton-Perinchief
Dr Wesley Miller
Mr Andrew Simons
Mrs Venetta Symonds

Appointed Board members from January 2015 are:

Mrs Simone Barton, Chairman
Mr Andrew Simons, Deputy Chairman
Mr Richard Ambrosio
Mr Collin Anderson
Mrs Kirsten Beasley
Ms Alena Crockwell
Dr Henry Dowling
Mrs Lorraine Lipschutz
Dr Fiona Ross
Mrs Venetta Symonds
Mr Richard Winchell

Ex-Officio Board members are:

Dr. Jennifer Attride-Stirling, BHeC CEO
Mr Anthony Manders, Financial Secretary
Mr Kevin Monkman, Permanent Secretary for Health, Seniors and Environment
Dr Cheryl Peek-Ball, Chief Medical Officer

FINANCIAL STATEMENTS

Bermuda Health Council

Management's Responsibility for the Financial Statements

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

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

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

The accompanying Independent Auditor's Report is presented herein.

On behalf of the Bermuda Health Council

Ms. Lorraine Lipschutz
Audit & Governance Committee Chair

Ms. Tawanna Wedderburn
Acting Chief Executive Officer

13th July 2015

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INDEPENDENT AUDITOR'S REPORT

To the Minister of Health, Seniors and Environment

I have audited the accompanying financial statements of the Bermuda Health Council, which comprise the statement of financial position as at March 31, 2015, 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, 2015, 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
July 20, 2015

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

THE BERMUDA HEALTH COUNCIL

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2015

	2015 $	2014 $
FINANCIAL ASSETS		
Cash and cash equivalents (note 4)	160,292	159,388
Accounts receivable	1,496	-
Due from the Mutual Re-insurance Fund (note 9)	147,891	-
Rent deposit	30,460	30,460
	340,139	189,848
LIABILITIES		
Accounts payable and accrued liabilities	76,876	60,806
Due to the Government of Bermuda (note 9)	28,219	24,933
Deferred contributions (note 9)	4,000	-
	109,095	85,739
NET FINANCIAL ASSETS	231,044	104,109
NON-FINANCIAL ASSETS		
Tangible capital assets (note 5)	5,556	3,290
Prepaid expenses	2,684	3,198
	8,240	6,488
ACCUMULATED SURPLUS	239,284	110,597

CONTRACTUAL OBLIGATIONS (note 12)

Approved by:

Chair, Audit & Governance Committee

Acting Chief Executive Officer

The accompanying notes are an integral part of these financial statements

THE BERMUDA HEALTH COUNCIL

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

FOR THE YEAR ENDED MARCH 31, 2015

	2015 $ Budget (Note 11)	2015 $ Actual	2014 $ Actual
REVENUES			
Government of Bermuda grant (note 9)	886,000	886,000	886,000
Prescribed sum from the Mutual Re-insurance Fund (note 9)	400,000	379,352	-
Other income	12,000	12,934	12,860
Donated services (note 9)	-	4,050	6,900
Interest	-	17	144
	1,298,000	1,282,353	905,904
EXPENSES (note 7)			
General administration	1,102,818	1,026,704	1,064,312
Professional services	123,200	110,596	110,557
Council meetings (note 9)	24,300	12,150	11,200
Amortization of tangible capital assets (note 5)	-	4,216	3,830
	1,250,318	1,153,666	1,189,899
ANNUAL SURPLUS (DEFICIT)	47,682	128,687	(283,995)
ACCUMULATED SURPLUS, BEGINNING OF YEAR		110,597	394,592
ACCUMULATED SURPLUS, END OF YEAR		239,284	110,597

The accompanying notes are an integral part of these financial statements

THE BERMUDA HEALTH COUNCIL
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2015

	2015 $	2014 $
NET FINANCIAL ASSETS, BEGINNING OF YEAR	104,109	383,110
Annual surplus (deficit)	128,687	(283,995)
Change in prepaid expenses	514	1,164
Acquisition of tangible capital assets (note 5)	(6,482)	-
Amortization of tangible capital assets (note 5)	4,216	3,830
Changes in net financial assets during the year	126,935	(279,001)
NET FINANCIAL ASSETS, END OF YEAR	231,044	104,109

The accompanying notes are an integral part of these financial statements

THE BERMUDA HEALTH COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015

	2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus (deficit)	128,687	(283,995)
Adjustment for items not affecting cash:		
Amortization of tangible capital assets	4,216	3,830
Changes in non-cash working capital	(125,517)	(102,679)
Net cash provided by (used in) operating activities	7,386	(382,844)
CASH FLOWS FROM CAPITAL ACTIVITY		
Acquisition of tangible capital assets	(6,482)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	904	(382,884)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	159,388	542,232
CASH AND CASH EQUIVALENTS, END OF YEAR	160,292	159,388

The accompanying notes are an integral part of these financial statements

THE BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

1. AUTHORITY

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Revenue recognition (continued)

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

Interest and other income are recognized on the accrual basis.

d) Donated services

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

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

e) Deferred contributions

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the year the related expenses are incurred, services performed or when the stipulations are met.

f) Translation of foreign currencies

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Measurement uncertainty

These financial statements are prepared in accordance with public sector accounting standards generally accepted in Bermuda and Canada. These standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. 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 (the "Government") to fund its daily operations, cash flow, capital development and capital acquisitions.

4. CASH AND CASH EQUIVALENTS

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

	2015 $	Effective Yield %	2014 $	Effective Yield %
Petty cash	25	-	176	-
Cash at bank	27,275	-	35,580	-
Call deposit	132,992	0.01	123,632	0.05
	160,292		159,388	

5. TANGIBLE CAPITAL ASSETS

	2015			
	Furniture & Fixtures	Computer & Tele-communications Equipment	Leasehold Improvements	Total
	$	$	$	$
Opening cost	100,629	58,210	29,477	188,316
Additions	3,169	3,313	-	6,482
Disposals	-	(5,580)	-	(5,580)
Closing cost	103,798	55,943	29,477	189,218
Opening accumulated amortization	99,959	56,659	28,408	185,026
Amortization	918	2,229	1,069	4,216
Disposals	-	(5,580)	-	(5,580)
Closing accumulated amortization	100,877	53,308	29,477	183,662
Net-book value of tangible capital assets	2,921	2,635	-	5,556

	2014			
	Furniture & Fixtures	Computer & Tele-communication Equipment	Leasehold Improvements	Total
	$	$	$	$
Opening cost	100,629	58,210	29,477	188,316
Additions	-	-	-	-
Closing cost	100,629	58,210	29,477	188,316
Opening accumulated amortization	98,592	55,265	27,339	181,196
Amortization	1,367	1,394	1,069	3,830
Closing accumulated amortization	99,959	56,659	28,408	185,026
Net-book value of tangible capital assets	670	1,551	1,069	3,290

6. FINANCIAL INSTRUMENTS

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

It is management's opinion that the Council is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

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

7. EXPENSES BY OBJECT

	2015 $ Budget (Note 11)	2015 $ Actual	2014 $ Actual
General Administration			
Salaries and employee benefits	808,271	778,125	807,533
Rent	149,528	142,156	147,091
Repairs and maintenance	16,300	21,223	17,394
Telecommunications	16,400	14,647	14,665
Training and workshops	32,400	14,207	19,549
Office supplies	15,700	13,652	15,695
Electricity	10,269	8,597	9,392
Land and corporation taxes	8,080	7,923	7,923
Research and development	3,000	6,679	1,748
General and miscellaneous	6,553	6,599	5,221
Marketing	19,300	5,789	7,667
Entertainment	1,300	1,942	622
Membership fees	1,600	1,700	1,191
Insurance	1,963	1,034	954
Bank charges	4,000	982	2,480
Subscriptions and memberships	1,300	589	332
Printing	6,000	476	3,958
Postage and courier	232	369	457
Network and infrastructure	622	15	440
	1,102,818	1,026,704	1,064,312

7. EXPENSES BY OBJECT (continued)

	2015 $ Budget (Note 11)	2015 $ Actual	2014 $ Actual
Professional services	123,200	110,596	110,557
Council meetings	24,300	12,150	11,200
Amortization of tangible capital assets	-	4,216	3,830
	1,250,318	1,153,666	1,189,899

8. FINANCIAL RISK MANAGEMENT

The Council is exposed to various risks through its financial instruments. The Council Members have overall responsibility for the establishment and oversight of its risk management framework. The Council manages its risks and risk exposures through sound business practices. The following analysis provides a measure of the risks at the reporting date, March 31, 2015.

(a) Credit Risk

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

(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.

8. FINANCIAL RISK MANAGEMENT

(c) Market Risk

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

(i) Foreign exchange risk

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

(ii) Interest rate risk

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

9. RELATED PARTY TRANSACTIONS

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

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

a) Revenues and receivables

The Government provided the Council with a grant of $886,000 in 2015 (2014 - $886,000) during the year to cover the operations of the Council.

In accordance with the Health Insurance (Mutual Re-insurance Fund) (Prescribed Sum) Order 2014, the Council received a prescribed sum from the Mutual Re-insurance Fund. The amount recognized as revenue was $379,352 and the amount accrued at year-end was $147,891.

9. RELATED PARTY TRANSACTIONS (continued)

b) Expenses and payables

The Council entered into the following transactions with the Government:

	Transactions for the year		Due at year-end	
	2015 $	2014 $	2015 $	2014 $
Superannuation	60,620	62,428	7,823	8,013
Health Insurance	43,318	44,125	7,359	6,552
Social Insurance	14,875	14,816	2,405	1,737
Payroll Tax	9,615	6,894	10,632	8,631
	128,428	128,263	28,219	24,933

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

c) Donated services

Seven council members declined the fees ($50 per meeting) for attendance at meetings resulting to donated services of $4,050 (2014 - $6,900).

d) Deferred contributions

The Council received $4,000 from the Ministry of Health, Seniors and Environment as a special grant restricted for a health symposium to be held in May 2015.

10. EMPLOYEE BENEFITS

a) Pension plan

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

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

10. EMPLOYEE BENEFITS (continued)

a) Pension plan (continued)

The Council's contributions to the Fund totalled $60,620 (2014 - $62,428).

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. Maternity benefits to employees for the current year amounted to $Nil (2014 - $Nil).

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

Vacation days accumulate and vest and therefore a liability has been accrued at year end. The accrued vacation liability as of March 31, 2015 is $29,712 (2014 - $22,230) and is included in accounts payable and accrued liabilities.

11. BUDGET

The amounts represent the operating budget which was approved by the Council on April 24, 2014.

12. CONTRACTUAL OBLIGATIONS

The Council has a lease agreement for its office premises which expires on March 26, 2016. The remaining obligation under this lease is $147,091 (2014 - $294,183).

13. SUBSEQUENT EVENT

In March 2015, Cabinet approved a recommendation to increase the prescribed sum from the Mutual Re-insurance Fund from $0.67 to $1.00 commencing in fiscal year 2015/16.

Council members and key management compensation

The Council Members are appointed by the Minister of Health, Seniors and Environment to serve for fixed periods of time. Council members are paid a fee of $50 per meeting, and the Chair receives a fee of $100 per meeting.

The Chief Executive Officer is paid an annual salary of $134,946.

The compensation paid or payable to Council members and key management is shown below.

	2015	2014
	$	$
Council members' fees	12,150	11,200
Executive management salary and other short-term employee benefits	163,699	166,490