Bermuda Health Council

Annual Report

2015/16

Bermuda Health Council

The 2015-2016 Annual Report
of the Bermuda Health Council

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

Mailing Address:
PO Box HM 3381
Hamilton HM PX
Bermuda

Street Address:
Sterling House, 3rd Floor
16 Wesley Street
Hamilton HM11
Bermuda

Phone: 292-6420
Fax: 292-8067
Email: healthcouncil@bhec.bm

Published by:
Bermuda Health Council (July 2016)

Reference as:
Bermuda Health Council (2016)
The 2015-2016 Annual Report of the Bermuda Health Council
Bermuda Health Council: Bermuda

Printed by:
Bermuda Health Council

Table of Contents

Government of Bermuda
Ministry of Health and Seniors

MESSAGE FROM THE MINISTER OF HEALTH AND SENIORS

It brings me great pleasure, as Minister of Health and Seniors, to introduce the Bermuda Health Council's Annual Report 2015-16.

The year in question represented the culmination of ten years of the Health Council's existence in Bermuda's health system. During that time, the Health Council grew and evolved, contributing greatly to the health sector, in particular, and to the community as a whole.

Today the Health Council is solidly embedded as an essential feature of health information and regulation in the country's health system. In particular, its regulation of health insurers and enforcement of employers' obligations with respect to coverage have been invaluable. A decade ago it would have been unthinkable to envision a time when employers who did not pay health insurance could be listed on a website; but today the Health Council provides this service for the public regularly. A decade ago it was a pipe dream that we could routinely know the Island's total health expenditure, or the detailed analysis of the actuarial pricing of the standard premium rate; but today the Health Council publishes this information on its website annually.

Today, under new leadership with the recent appointment of a new Chief Executive Officer, the Health Council is engaged in one of the most significant reforms the health system has seen for a generation: the regulation of healthcare businesses. This process was envisioned in 2004 when the Bermuda Health Council Act was first passed, but its possibility seemed so remote that this power was not made effective at that time. Now, in 2016, we are at the cusp of bringing this authority into effect and the Health Council is well positioned to transform the current voluntary process into a mandated registration. This achieves the Government's desire that healthcare businesses have greater accountability and regulation in order to improve healthcare quality and reduce costs.

I would like to thank everyone at the Bermuda Health Council for their dedication and perseverance. I look forward to a prosperous year ahead as we continue to work towards better quality and cost containment in the health system.

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

Continental Building, 25 Church Street, Hamilton HM 12, Bermuda
P.O. Box HM 380, Hamilton HM BX, Bermuda • Telephone: 441.278.4900, Ext. 4901 • Facsimilie: 441.292.2622

Bermuda Health Council

MESSAGE FROM THE HEALTH COUNCIL

This fiscal year, the Health Council structured its objectives around our expanded focus on increasing transparency and collaboration with key stakeholders to ensure we continue to fulfil our legislated functions. We were successful in achieving our goals and delivering on our mission to regulate, coordinate and enhance the delivery of health services.

Our Board was structured around our priority areas of quality, regulation, health system financing and economic, and accountability as Committees related to the following guided the work of the Secretariat:

- Care quality and standards to monitor the quality of care in the health system
- Finance and economics to oversee health system expenditures and financing
- Audit and governance to manage internal operations and accountability in decision making
- Regulation to enforce compliance and monitor reporting with existing legislation

The Health Council regularly releases a number of reports which provide information about our role in regulating the health system and how it impacts the general public. Of note this year are the *2015 National Health Accounts Report* which provides details of health system financing and expenditure and the *2015 Actuarial Report* which outlines the process for determining the Standard Premium Rate. These documents also provide year-on-year analyses; for 2015/16 we were proud to report the per capital health expenditure had decreased and the Standard Premium Rate remained the same as the previous year.

In keeping with this focus, we collaborated with the Ministry of Health and Seniors to host two symposiums which gave key stakeholders the opportunity to provide their input on health system changes namely, the implementation of clinical screening guidelines and the introduction of the Ministry's *Bermuda Health Strategy 2014 – 2019* and *Bermuda Health Action Plan 2014 - 2019*.

The Health Council mandate includes the enforcement of health legislation, licensing health service providers, and monitoring the regulation of health professionals. In 2015/16 we began publishing the names of non-compliant employers and found that the level of non-compliance has significantly decreased and resulted in the recovery of over $700,000 in health insurance premiums. Additionally, we began planning the framework for health service providers to be licensed by the Health Council and facilitated a voluntary registration process which saw more than 70% of eligible providers register with us as we anticipate enacting Section 13 of the Bermuda Health Council Act 2004. We worked with the Council for Allied Health Professions to develop the Standards of Practice for Allied Health Professions; and published, for the first time, the annual performance report of all statutory boards that regulate health professionals.

Since the establishment of the Health Council in 2004, we have continued to grow and work towards achieving our mission by delivering on our priorities, strengthening our relationships with stakeholders and ensuring efficiency in our operations.

Kirsten Beasley
Care Quality and Standards

Andrew Simons
Finance and Economics

Lorraine Lipschutz
Audit and Governance

Richard Ambrosio
Regulation

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

As the Bermuda Health Council CEO, I am pleased to present our Annual Report for 2015/16. Overseeing Health Council operations and monitoring Bermuda's health system has been an outstanding journey this year for us.

Our work is the result of planting seeds of collaboration ten years ago when we opened our doors. We have heard stories and used them to determine which health related laws to revise and strengthen. We facilitated the addition of new benefits to the Standard Health Benefit (SHB) while recommending that the premium did not increase. We have learned lessons from health professionals and providers while together we developed Standards of Practice, planned Symposiums to encourage consistency in appropriate screening for select health conditions, and released a report on the performance of statutory bodies that regulate health professionals. We advocated for medical care to be delivered in the home setting and saved the health system more than $435,000. We also ensured that employers provided 2,115 employees with health insurance coverage and assisted in recovering $700,348.95 in outstanding premiums.

Our achievements belong to each and every resident who has called us, come into our offices or written to us. Our achievements belong to providers who engaged in a voluntary registration process to let the public know what services they can access. Our achievements belong to each of our stakeholders who have collaborated with us, and trusted our knowledge of the health system such as when reporting expenditure and financing trends. This trust and collaboration led to meaningful publications in the *National Health Accounts*, and the Ministry of Health's release of the *Bermuda Health Strategy 2014-2019* and *Bermuda Health Action Plan 2014-2019*.

As we remember the seeds planted in 2006, I pause to say thank you. Thank you to everyone who has contributed to the growth process as we move towards quality, cost-effective, sustainable healthcare. We look forward to continuing our mission as we ensure that facilities are well-led by trained health professionals who are registered, adhere to practice guidelines consistently, and deliver compassionate and quality care with integrity every day.

Tawanna Wedderburn
Chief Executive Officer

Sterling House, 3rd Floor, 16 Wesley Street, Hamilton HM11, Bermuda | PO Box HM 3381, Hamilton HM PX, Bermuda
Phone: 441-292-6420 | Fax: 441-292-8067 | healthcouncil@bhec.bm | www.bhec.bm

About Us

Mission

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

Vision

Achieving a quality, equitable and sustainable health system

Priorities

At the end of each fiscal year, we identify gaps in delivery of healthcare and collaborate with other entities to find ways to improve the health system for the coming year. Then we set our priorities to reflect the areas that need improving. For fiscal year 2015/16, our objectives focused on four priority areas:

- **Care Quality and Standards** - collaborating with stakeholders to encourage best practice when delivering healthcare
- **Regulation** - ensuring all organizations that contribute to our health are operating according to the law
- **Finance and Economics** - monitoring resources available for improving the health system and the health of the population
- **Accountability** - being transparent to the public about what we do and how we do it

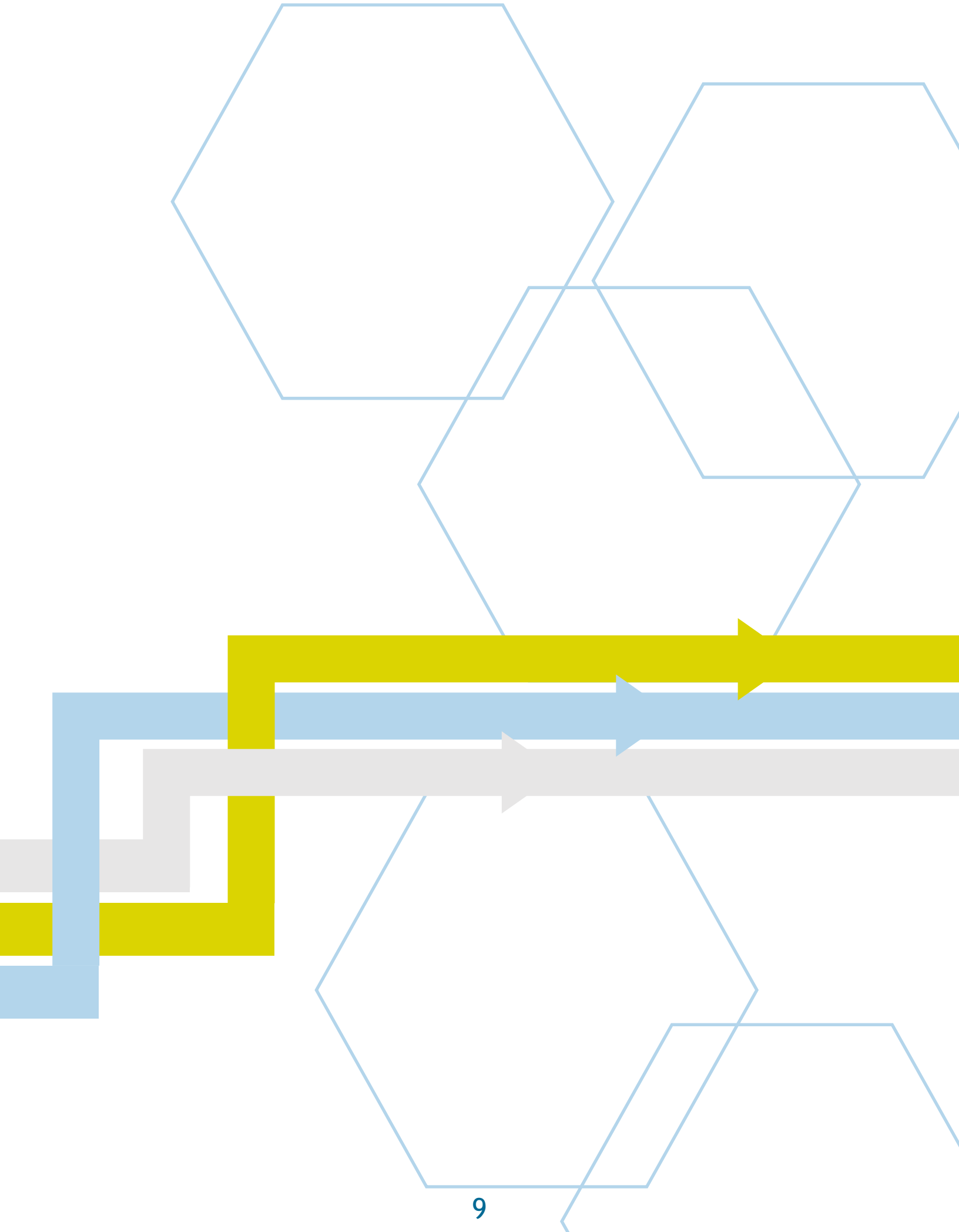
Our accomplishments for fiscal year 2015/16 are outlined in this Annual Report.

DELIVERING ON OUR PRIORITIES

Care Quality and Standards

Regulation

Finance and Economics



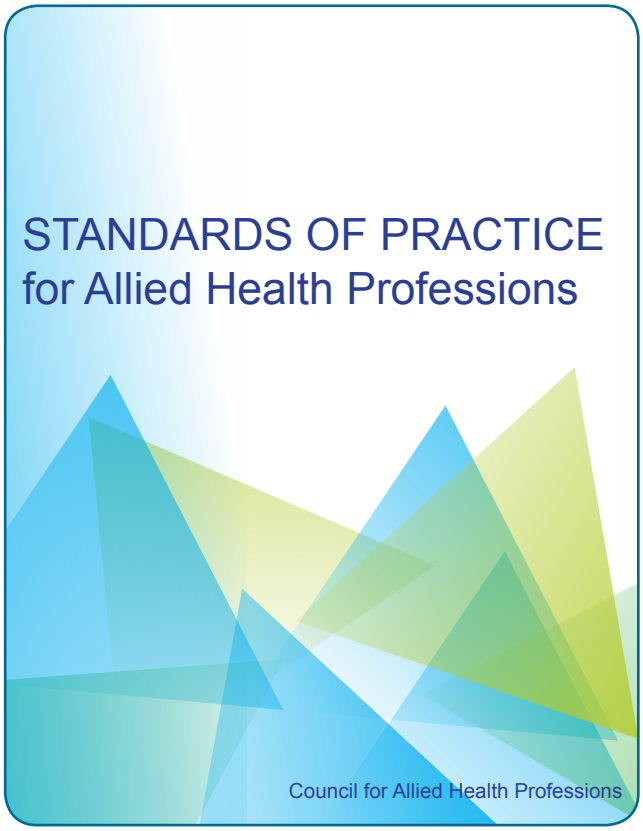
Monitoring Registered Health Professionals

To ensure public safety and enhance the delivery of health services, we ask all statutory boards to report annually about registration processes for regulated health professionals, their complaints and disciplinary procedures, and board composition.

In February 2016, for the first time, we shared this report with the public. Overall, the report indicated that 5 of the 7 Boards, who represent 21 of the 24 health professions, are meeting basic legal requirements. This includes having a complaints handling process, and registering health professionals who meet educational and professional practice standards.

Developing Standards of Practice

In April 2015, we began collaborating with the Council for Allied Health Professions to develop Standards of Practice. The Standards intend to give the public guidance on what they can expect from allied health professionals in areas such as clinical quality, ethical practice, billing, relationships with patients and working with colleagues. The Standards are expected to be introduced by July 2016.



Enhancing Care for Chronic Diseases

In partnership with the Health Insurance Department, the Health Council designed an enhanced care pilot for delivering care to persons living with non-communicable chronic diseases. The pilot aims to partner with primary care physicians to provide comprehensive monitoring, support and management for persons with non-communicable chronic diseases who may have multiple complex needs; all services required by the patient are provided in one setting. The pilot programme is expected to start in 2016/17.

Ensuring Patients are Appropriately Tested

On a semi-annual basis, the Health Council reviews data from insurers about physicians' ordering rates for diagnostic tests done in a laboratory (e.g., blood tests) or diagnostic imaging facility. Each physician's ordering rate is then evaluated against the rate of their peers. The results are only shared with the individual physician in order to provide feedback and stimulate discussion about testing practices locally. This fiscal year, the data was reviewed in February 2016. Over time, the Health Council has found decreases in both the imaging and laboratory test orders as shown in Figures 1 and 2.

Figure 1: Year-On-Year Comparison of DI Test Order Rates

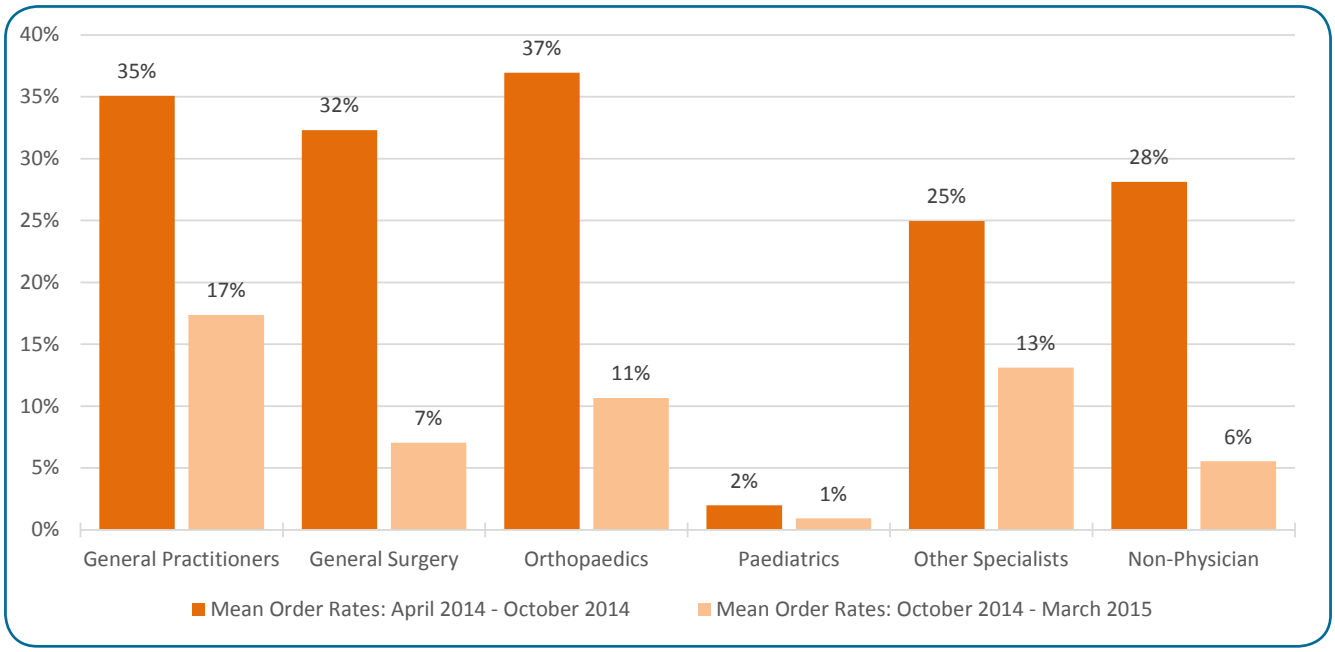
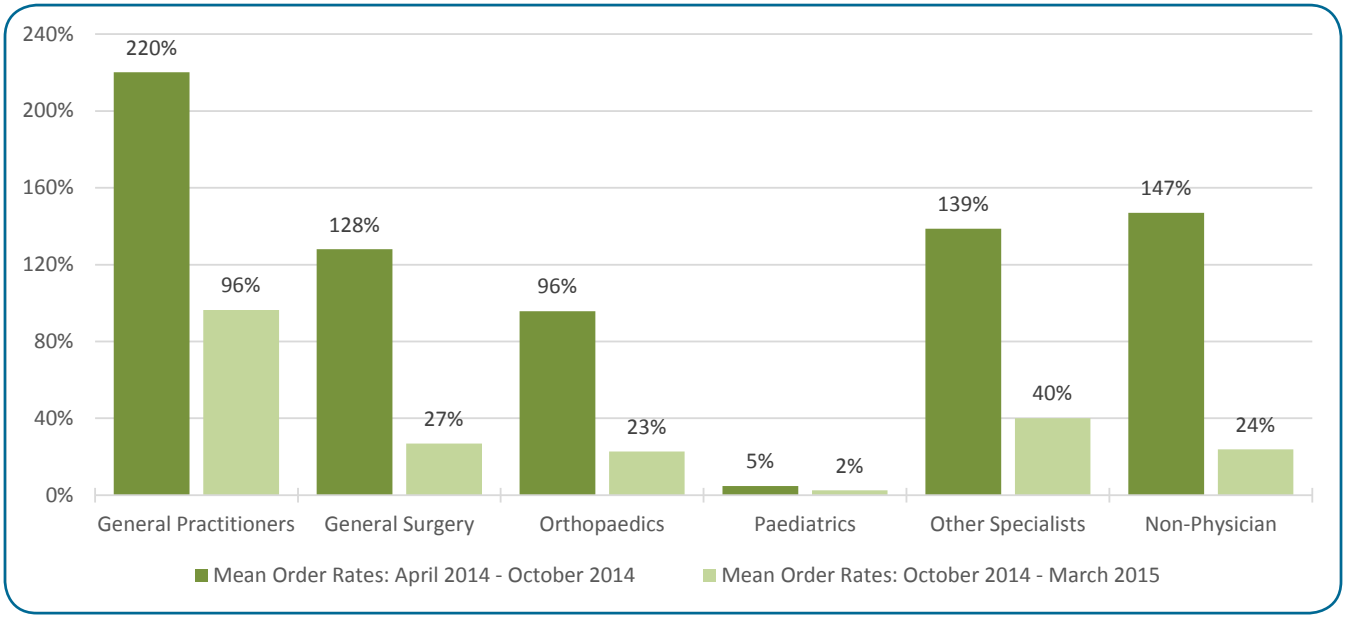


Figure 2: Year-On-Year Comparison of Lab Test Order Rates

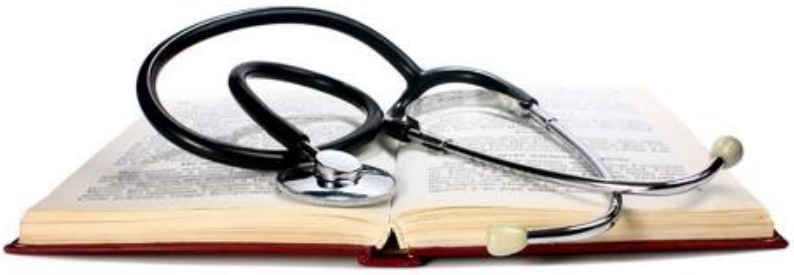


Voluntarily Registering Health Service Providers

To improve patient protection and health system planning by knowing what care is available and working well, more than 220 health service providers (businesses) voluntarily registered with the Health Council between September 2015 and January 2016. The voluntary registration process included providing information about the facility, medical equipment, services offered, and select business practices. The information was reviewed to see if the practice met the Health Council's criteria of being safe and well-led. Each practice was issued a temporary registration certificate and listed on our website if they met the criteria.

Agreeing Clinical Screening Guidelines

In May 2015, we teamed up with the Ministry of Health and Seniors, the Bermuda Medical Council, the Bermuda Medical Doctors Association and the Bermuda Hospitals Board to organize a Symposium for all health professionals on the Island. The Symposium featured Dr. Gilbert Welch, a professor of Medicine at the Dartmouth Institute for Health Policy and Clinical Research and author of "Overdiagnosed: Making People Sick in Pursuit of Health"; and Dr. Michael LeFevre, Future of Family Medicine Professor and Vice Chair in the Department of Family and Community Medicine at University of Missouri and Co-Chair of the US Preventive Service Task Force. There was also a panel of health system representatives who answered questions from the audience. The Symposium focused on the feasibility of using the US Preventive Services Task Force Screening Guidelines in Bermuda. The Symposium was the end result of consultation and collaboration with the medical community to select screening guidelines for the Island in an effort to provide consistency in appropriate screening for select health conditions.

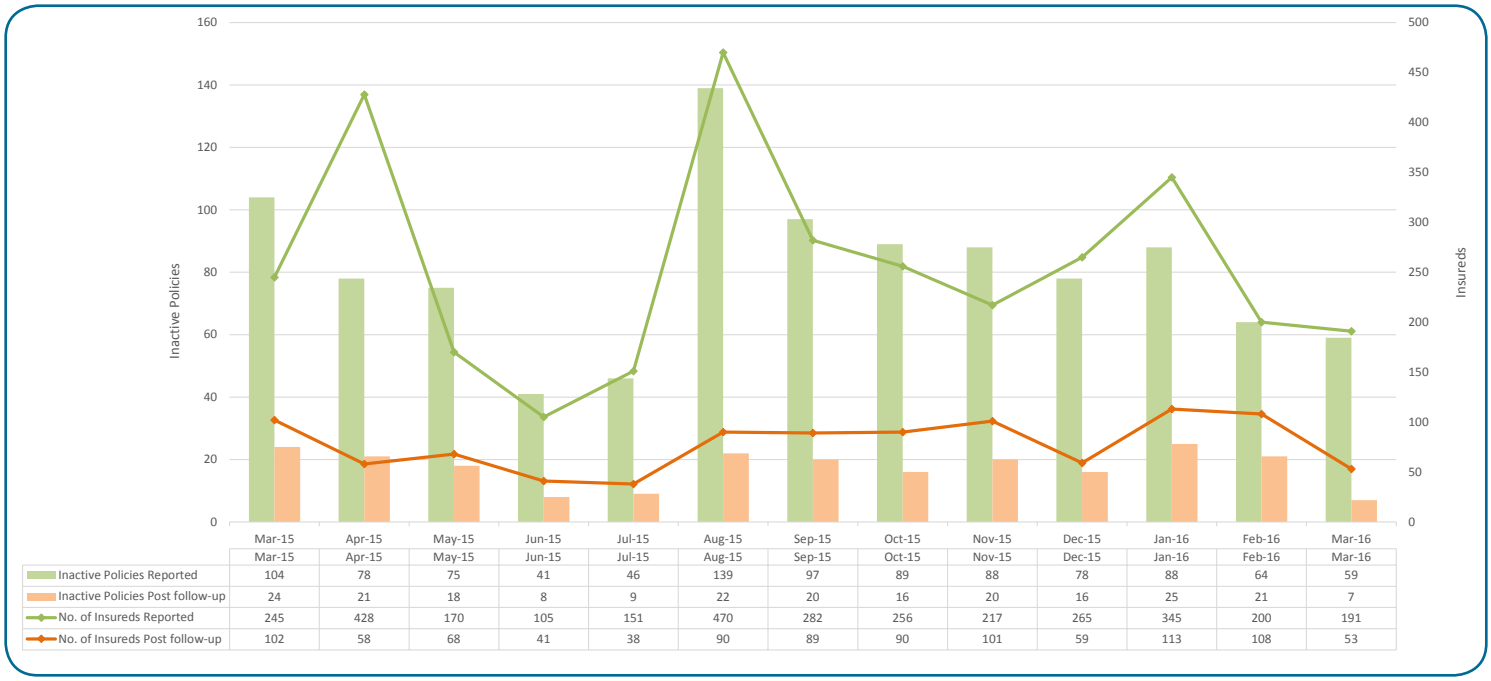


Encouraging Health Insurance Coverage

The Health Council continues to protect the right of employees to have health insurance through their employers, conducting thorough investigations during the year to ensure compliance with the Health Insurance Act 1970. The Act requires employers to provide Standard Health Benefit (SHB) insurance coverage for their employees and non-employed spouses. Between 1st January 2015 and 31st December 2015, our enforcement and monitoring efforts resulted in health insurance coverage for 2,115 employees and the recovery of an estimated $700,348 in health insurance premiums of which $215,749 was owed to Government. The report of our work during calendar year 2015 can be found on our website.

In addition, in June 2015 we increased accountability by publishing the names of all employers who did not provide health insurance coverage to employees on our website for the first time.

Figure 3: Inactive Policies and Affected Insureds for 2015/16

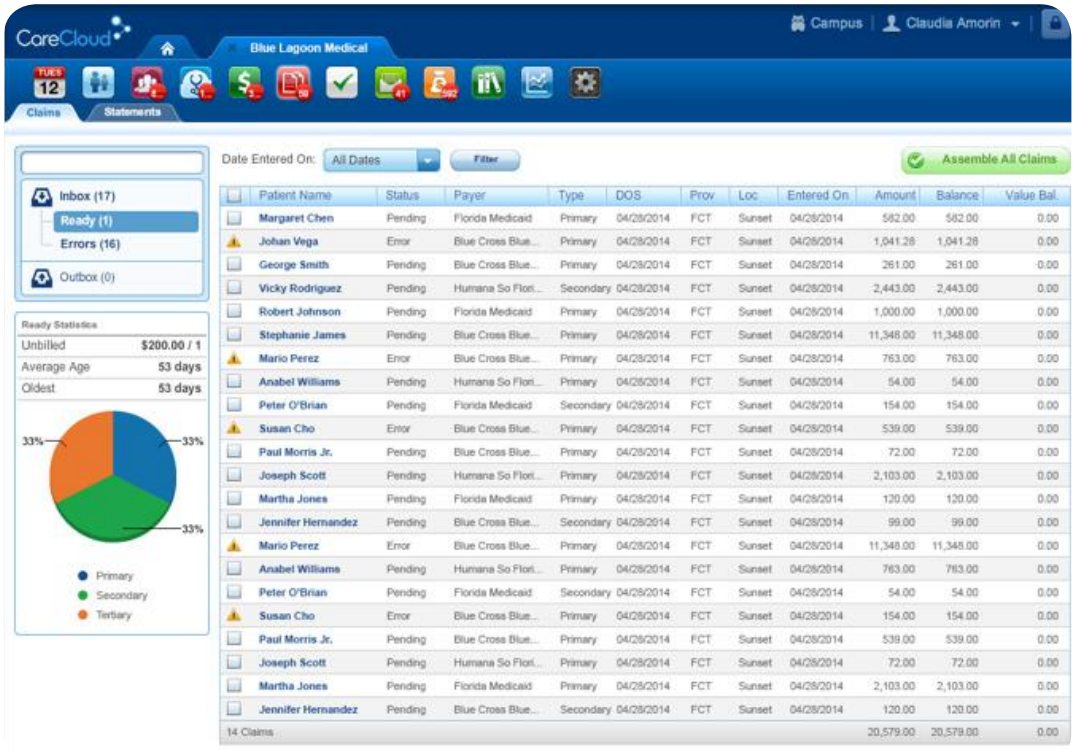


	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Inactive Policies Reported	104	78	75	41	46	139	97	89	88	78	88	64	59
Inactive Policies Post follow-up	24	21	18	8	9	22	20	16	20	16	25	21	7
No. of Insureds Reported	245	428	170	105	151	470	282	256	217	265	345	200	191
No. of Insureds Post follow-up	102	58	68	41	38	90	89	90	101	59	113	108	53

Promoting Electronic Claims

Since 2012, the practice of charging insured patients for their health professional visits upfront has been prohibited by the Health Insurance (Health Service Providers and Insurers) (Claims) Regulations 2012. What these Regulations also did was establish basic requirements to process claims, thereby encouraging the movement towards using electronic systems and claims.

We have been monitoring compliance with this legislation, and while the practice of charging insured patients upfront has ended, many claims continue to be submitted in paper format and payment is delayed to providers. Between February 2015 and January 2016, we found that 62% of claims received by insurers were submitted electronically. There is room for improvement and we will continue to work with insurers and health service providers to ensure all systems can accept and process electronic claims.



Licensing Health Insurers

In order to provide regulatory oversight and ensure the continued viability of health insurers, annually the Health Council licenses all health insurers on the Island. The licensing process requires insurers to provide us with claims data, proof of their financial soundness and compliance with the Bermuda Monetary Authority (BMA) requirements. This fiscal year, we began working with insurers to capture more accurate data about the number of insured persons. This will better assist with health system planning and upcoming health financing reforms.

Monitoring the Health System

As we listen to feedback from the public, insurers, health professionals and providers, and local companies, the Health Council tracks the number of complaints and queries received. Tracking allows us to educate stakeholders about their rights within the health system and work collaboratively to identify solutions that improve care.

In our seven years of monitoring complaints and queries, we find that most complaints are about whether employees have health insurance coverage; these complaints represented 33% (18) of all 55 complaints received in the last fiscal year. Of the 178 queries received, 46 (26%) were about costs, fees and billing as people seek to understand the bills received for healthcare services. Figures 5 and 6 detail the nature of complaints and queries received.

Figure 5: Nature of Complaints in 2015-2016

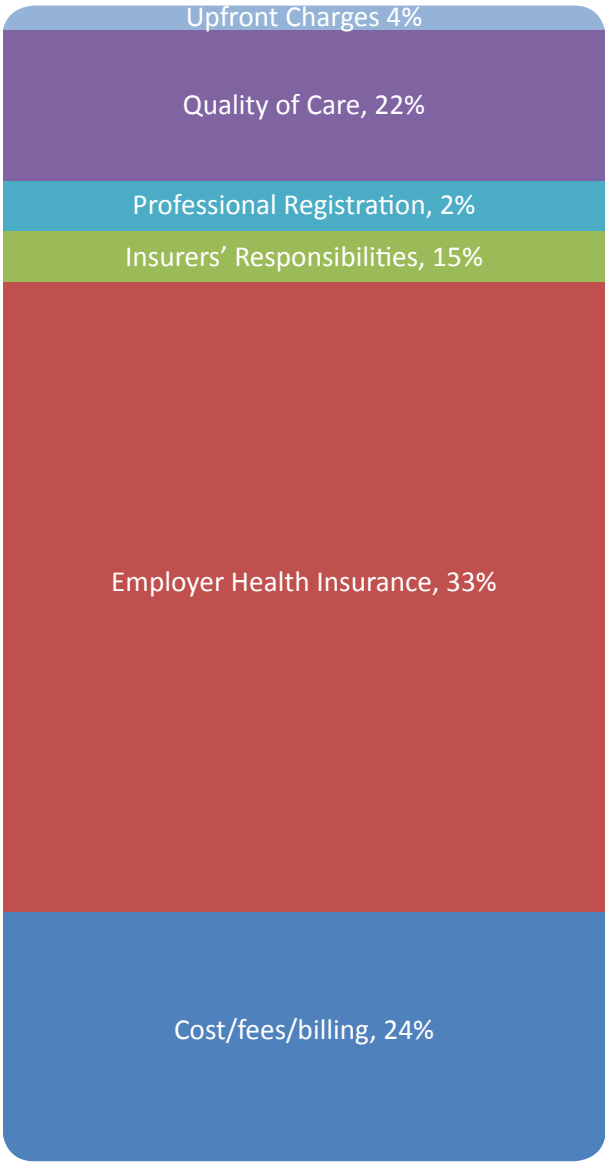
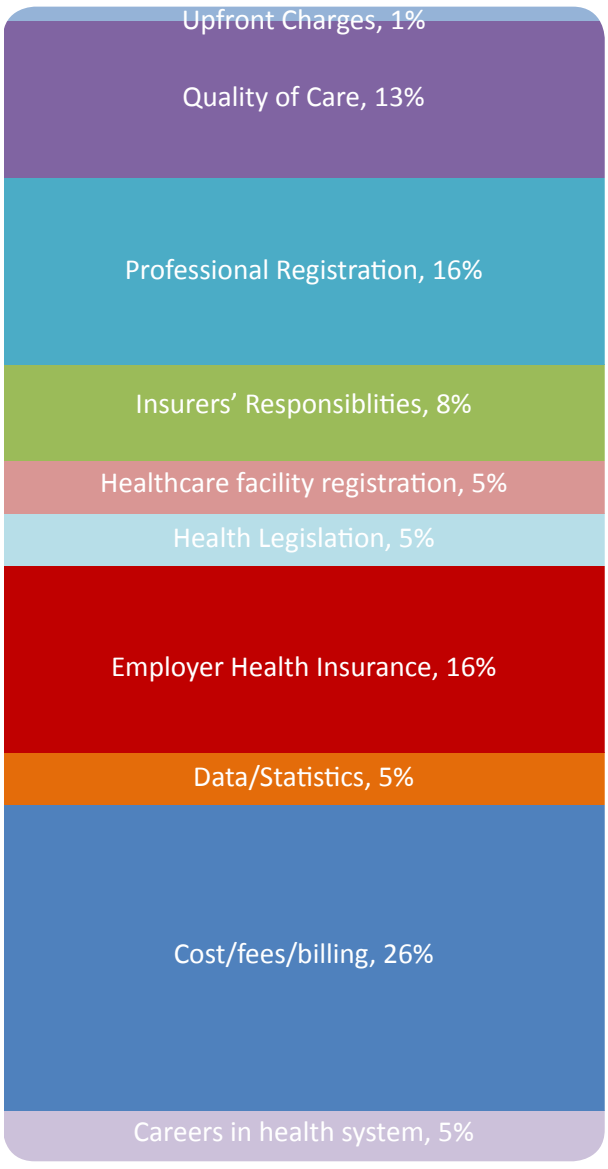
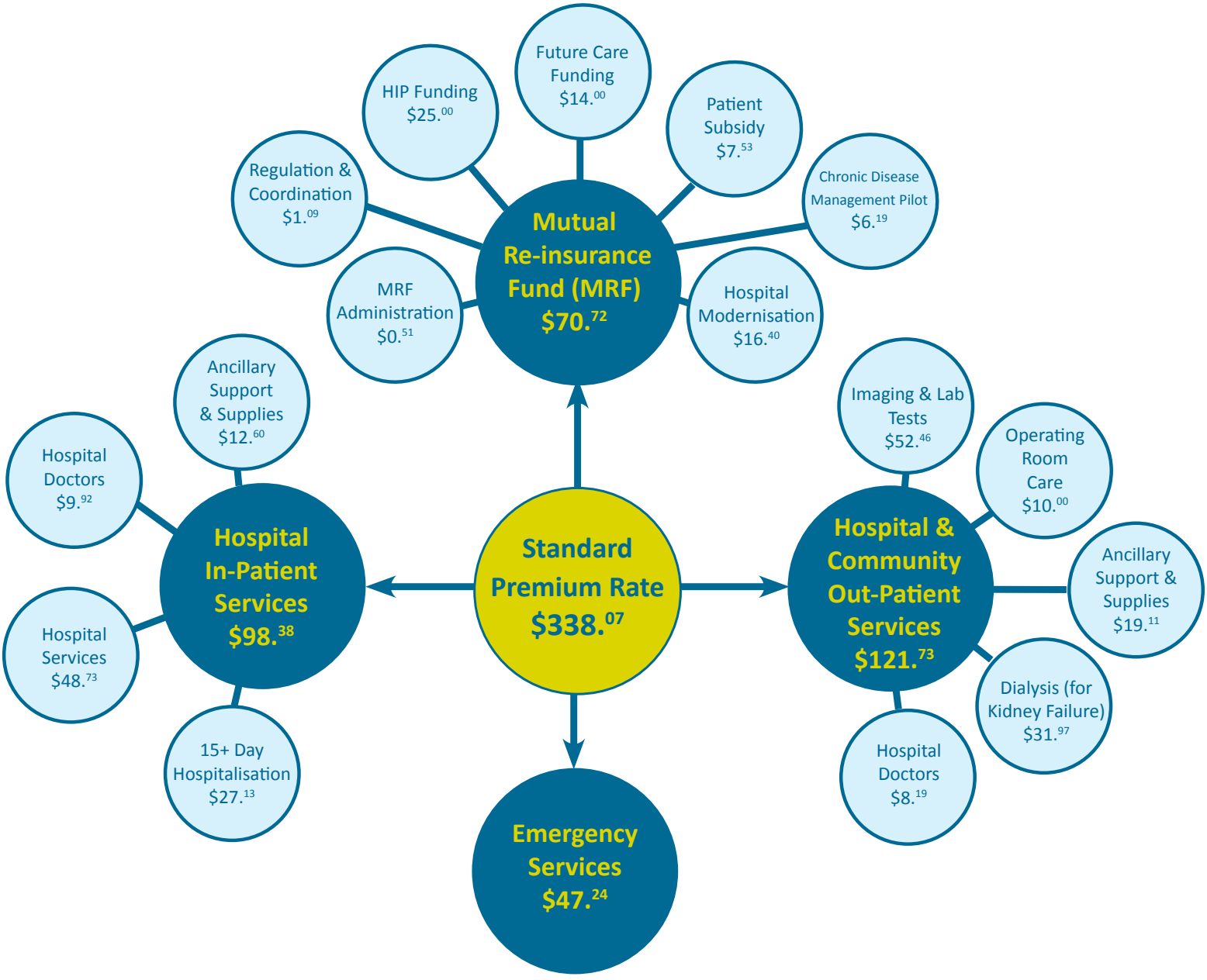


Figure 6: Nature of Queries in 2015-16



Reviewing health insurance premium

Using data from all private and public health insurers, each year we review the community's utilisation of health services that are included in the basic package of each health insurance policy (Standard Health Benefit (SHB)). Based on this review, and in collaboration with the Ministry of Health and Seniors and the Bermuda Hospitals Board, the monthly cost of SHB is set; this cost is known as the Standard Premium Rate (SPR). We publish the results of this review in an Actuarial Report to ensure transparency and to provide information on the trends in healthcare utilisation.



Managing Health Costs

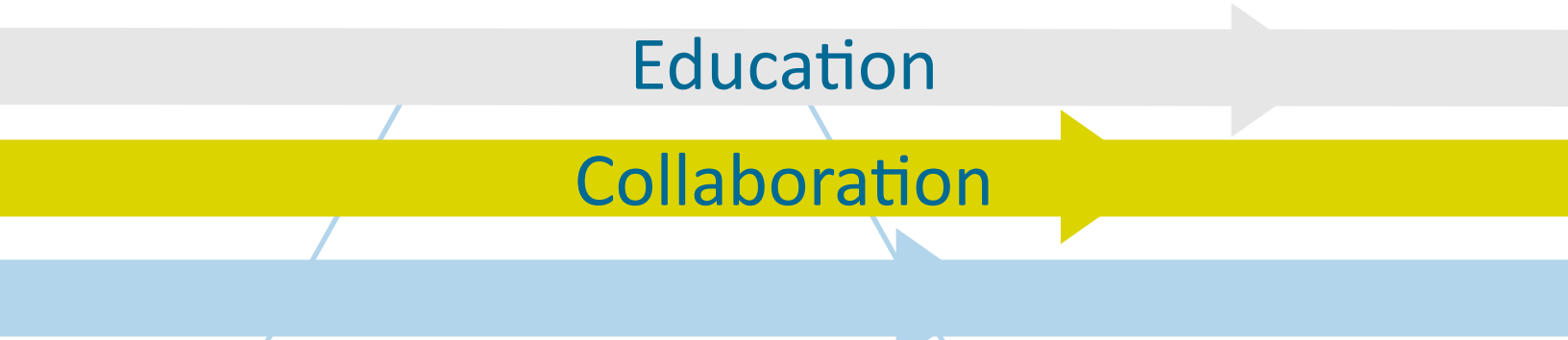
To enhance the public's understanding of how the Island spends money in the health system and where that money comes from, the Health Council produces the National Health Accounts annually. In October 2015, we published the *National Health Accounts Report 2015* which reviewed and summarized the health system financing and expenditure for 2014/15. Our analysis found that Bermuda's total health spending for 2014/15 was $693 million dollars or $11,188 per capita. This represents a slight decrease of 1.7% in health costs from the previous fiscal year.

Though we saw a decrease in total health spending, as a share of Gross Domestic Product, Bermuda's spending is 43% higher than the Organization for Economic Co-operation and Development (OECD) average. The report also shows that whilst the spending in the public sector decreased by 3.4% to $340.5 million, spending in the private sector remained consistent year-over-year at $352.7 million.

Adding New Health Benefits

With an increasing trend of persons diagnosed with non-communicable chronic diseases and a focus on end-of-life care, in July 2015, the Health Council invited health professionals and providers to submit proposals for services that address these conditions and that could be included in SHB. Including benefits that would target chronic diseases and end-of-life care could improve patient outcomes, contain health insurance premiums and reduce healthcare costs. After deliberations in December 2015, four new benefits were added to SHB including a chest-attached device for more accurate diagnosis of heart conditions, screening and diagnostic services for vascular disease, podiatry services for patients at risk for lower limb amputations, and plasma exchange services to assist patients with long-term immune conditions.

STAKEHOLDER RELATIONS



Health Strategy Symposium

In January 2016, the Ministry of Health and Seniors (MOHS) released the *Bermuda Health Strategy 2014-2019* and *Bermuda Health Action Plan 2014-2019* which provides the vision for health in Bermuda and outlines the strategic reform priorities for our health system. The *Strategy* and *Action Plan* were released at a Symposium organised by the Health Council and held at the Bermuda Underwater Exploration Institute with invited guests including patients, seniors, health professionals, insurers, government agencies, and members of the legislature. Feedback about the event was positive, and there are plans to hold future Symposiums to provide regular progress updates.

Providing Public Information

To keep the public aware of developments in the health system and any changes that may affect them, the Health Council routinely publishes information. This year, we answered questions submitted by the public in a monthly Question & Answer article on Bernews, published monthly articles in the online magazine Bermuda Bliss, and provided regular press releases, *In Brief* and *Need to Know* documents with information about our latest projects. On a quarterly basis, we also disseminated a newsletter to more than 900 stakeholders.

Disseminating SnapFacts

In 30-words or less, we provide short, sweet and to-the-point health system updates every two weeks. Alongside images that make the facts visually interesting, SnapFacts are disseminated by email to more than 6,000 stakeholders, including health professionals, employers, Government employees and the legislature. They are also featured on our website and Facebook page. They have proven to be one of the most popular and widely circulated items we produce.

Maintaining our Online Presence

Our website and Facebook page provide the Health Council's online presence and options for the public to reach us to ask questions and access a wealth of information. Our website also provides access to an online Healthcare Directory which has an extensive listing of health services on the Island. With the addition of the register of health service providers, the Council's website became very popular with patients.

Engaging and Collaborating with Stakeholders

We actively seek feedback from and consultation with our stakeholders on a range of issues. This year, we participated in 25 local forums and seminars that were attended by more than 450 stakeholders. These forums provided information to seniors about health insurance, educated local reinsurers about health system financing, presented trends to physicians on diagnostic test order patterns, encouraged the registration of health service providers, and updated stakeholders on elements related to Electronic Health Records. Internationally, we presented at the World Congress in Health Economics in Italy.

Our work can only be accomplished through strong collaboration with key stakeholders and partners. We are members of the Bermuda Hospital Board's Ethics Committee and the Utilisation Management Committee. We are also members on the Health Insurance Committee which oversees HIP and FutureCare. We maintain ongoing relationships with health professional associations such as the Bermuda Medical Doctors' Association, and all statutory boards. We maintain partnerships with international organisations such as Pan American Health Organization.

Providing Advice

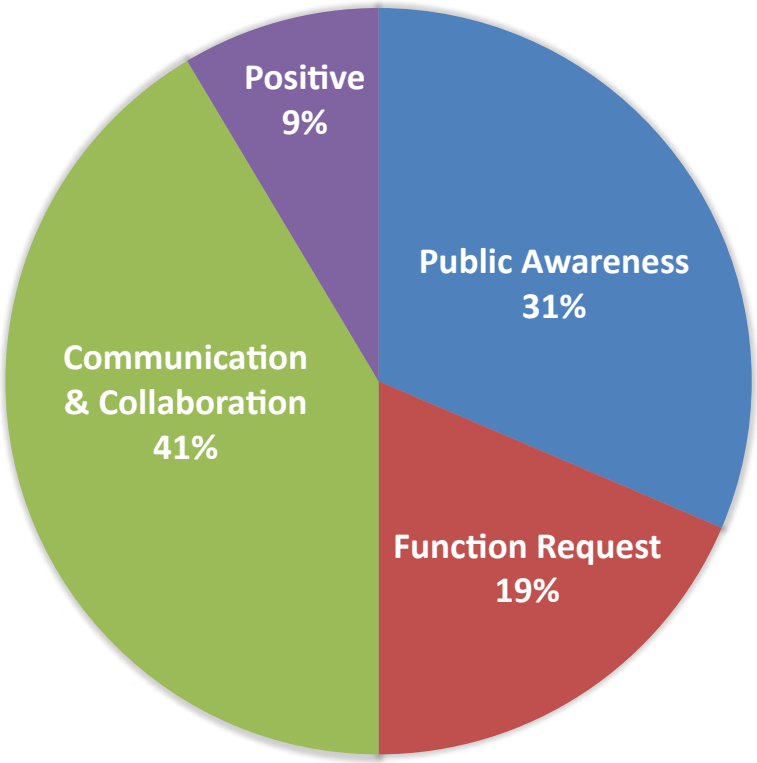
The Health Council assists the MOHS by providing informal and formal technical evidence-based advice about matters in the health system including the performance of statutory boards who regulate health professionals, how to reduce health spending in select areas, and information to support health system planning. Our advice assists the MOHS with making decisions about health policy and legislation.

This year, the Health Council has also provided formal technical advice about health system trends and costs to insurers, private providers, government agencies, and local companies.

Evaluating Our Performance

As we illuminate gaps in healthcare and collaborate with everyone to identify ways to improve the health system, we continuously evaluate our performance and seek feedback from those we work with. This fiscal year's evaluation and public opinion surveys indicate increasing satisfaction about the Health Council's work. Stakeholders would like us to improve on our collaboration with others and increase awareness about our role. We value this feedback and are working assiduously to improve.

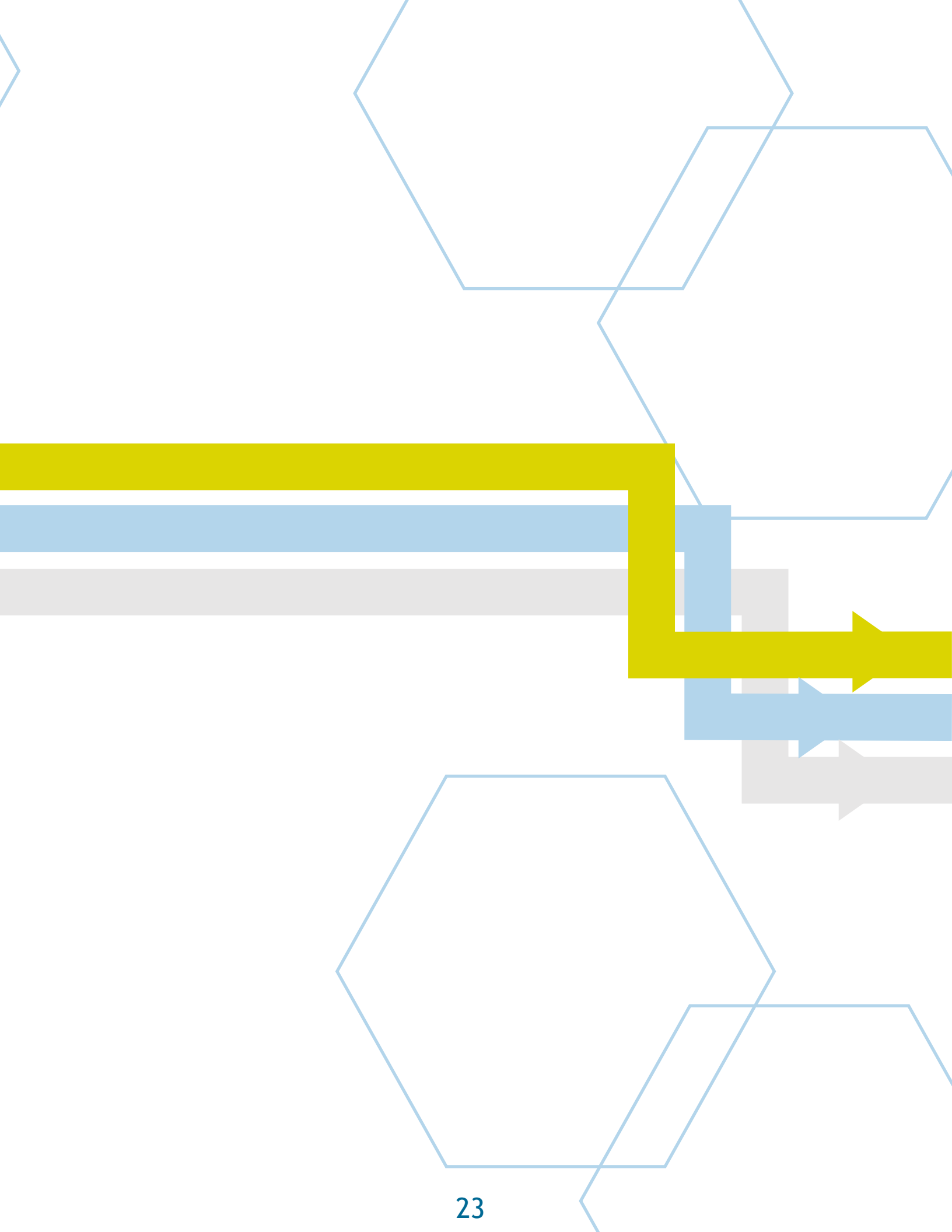
Figure 8: Stakeholder Feedback on Areas of Improvement



OUR TEAM

Efficient Operations

Who We Are



Efficient Operations

Developing our Team

Given the challenges associated with our complex health system, our team has benefitted from both local and overseas training opportunities in 2015/16. Overseas training provided the team with the opportunity to strengthen skills and learning based on expertise from the American Public Health Association, World Congress – International Health Economics Association, and Harvard School of Public Health.

Our team also actively participates in local training courses, and learning lunch seminars on diverse subjects such as patient safety, dementia, chronic diseases, immunizations, privacy legislation, and health financing.

The Health Council maintains membership with the Employee Assistance Programme, Centre on Philanthropy, Bermuda Employers Council, Society for Human Resources Management, Public Relations Society of America, and the American Public Health Association.

Achieving Value

The Health Council monitors health services and coordinates health system stakeholders to ensure Bermuda's residents have access to health insurance and safe, high quality care. To achieve our mission to regulate, coordinate and enhance the delivery of health services, we received a grant from the MOHS; this fiscal year our grant was reduced by 5% as compared with the previous year. To allow us to continue to meet our core legal functions, there was a slight increase in the monthly transfer from every health insurance policy to us (via the Mutual Re-insurance Fund). Though our financial resources were reduced, together our skilled team and committed Board members were able to deliver on our 2015/16 Corporate Plan.

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. We have operated since 2006 focusing on monitoring all aspects of Bermuda's health system and enforcing compliance with legislative requirements.

Appointed Board members from April 2015 were:
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

Appointed Board members from January 2016 are:
Mrs Simone Barton, Chairman
Mrs Kirsten Beasley, Deputy Chairman
Mr Richard Ambrosio
Ms Alena Crockwell
Mr Edgar Griffith
Mrs Lorraine Lipschutz
Dr Darrien Ray
Dr Fiona Ross
Mr Andrew Simons
Miss Alexis Swan
Mrs Venetta Symonds

Ex-Officio Board members are:
Dr Jennifer Attride-Stirling, Permanent Secretary for Health and Seniors
Mr Anthony Manders, Financial Secretary
Dr Cheryl Peek-Ball, Chief Medical Officer
Mrs Tawanna Wedderburn, Health Council CEO

FINANCIAL STATEMENTS

THE BERMUDA HEALTH COUNCIL

FINANCIAL STATEMENTS

MARCH 31, 2016

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. Tawanna Wedderburn
Chief Executive Officer

Ms. Lorraine Lipschutz
Audit & Governance Committee Chair

June 28 2016

Office of the Auditor General
Reid Hall, Penthouse
3 Reid Street
Hamilton HM 11, Bermuda

Tel: (441) 296-3148
Fax: (441) 295-3849
Email: oag@oagbermuda.bm
Website: www.oagbermuda.bm

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, 2016, and the statements of operations and accumulated surplus, change in net financial assets and 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, 2016, 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
June 24, 2016

Heather Thomas, CPA, CFE, CGMA
Auditor General

THE BERMUDA HEALTH COUNCIL

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2016

	2016 $	2015 $
FINANCIAL ASSETS		
Cash and cash equivalents (note 4)	303,434	160,292
Accounts receivable	-	1,496
Due from the Mutual Re-insurance Fund (note 9)	141,660	147,891
Rent deposit	30,460	30,460
	475,554	340,139
LIABILITIES		
Accounts payable and accrued liabilities	43,643	76,876
Due to the Government of Bermuda (note 9)	19,533	28,219
Deferred contributions (note 9)	-	4,000
	63,176	109,095
NET FINANCIAL ASSETS	412,378	231,044
NON-FINANCIAL ASSETS		
Tangible capital assets (note 5)	3,818	5,556
Prepaid expenses	5,789	2,684
	9,607	8,240
ACCUMULATED SURPLUS	421,985	239,284

CONTRACTUAL OBLIGATIONS (note 12)

Approved by:

Chair, Audit & Governance Committee

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, 2016

	2016 $ Budget (Note 11)	2016 $ Actual	2015 $ Actual
REVENUES			
Government of Bermuda grant (note 9)	842,000	842,700	886,000
Prescribed sum from the Mutual Re-insurance Fund (note 9)	508,874	523,693	379,352
Other income	12,000	12,957	12,934
Donated services (note 9)	-	1,900	4,050
Interest	-	13	17
	1,362,874	1,381,263	1,282,353
EXPENSES			
General administration (note 7)	1,241,200	1,105,138	1,026,704
Professional services	97,700	82,533	110,596
Council meetings (note 9)	22,800	9,153	12,150
Amortization of tangible capital assets (note 5)	4,000	1,738	4,216
	1,365,700	1,198,562	1,153,666
ANNUAL SURPLUS (DEFICIT)	(2,826)	182,701	128,687
ACCUMULATED SURPLUS, BEGINNING OF YEAR		239,284	110,597
ACCUMULATED SURPLUS, END OF YEAR		421,985	239,284

The accompanying notes are an integral part of these financial statements

THE BERMUDA HEALTH COUNCIL
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2016

	2016 $	2015 $
NET FINANCIAL ASSETS, BEGINNING OF YEAR	231,044	104,109
Annual surplus	182,701	128,687
Change in prepaid expenses	(3,105)	514
Acquisition of tangible capital assets (note 5)	-	(6,482)
Amortization of tangible capital assets (note 5)	1,738	4,216
Increase in net financial assets during the year	181,334	126,935
NET FINANCIAL ASSETS, END OF YEAR	412,378	231,044

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, 2016

	2016 $	2015 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus	182,701	128,687
Adjustment for items not affecting cash:		
Amortization of tangible capital assets	1,738	4,216
Changes in non-cash working capital	(41,297)	(125,517)
Net cash provided by operating activities	143,142	7,386
CASH FLOWS FROM CAPITAL ACTIVITY		
Acquisition of tangible capital assets	-	(6,482)
NET INCREASE IN CASH AND CASH EQUIVALENTS	143,142	904
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	160,292	159,388
CASH AND CASH EQUIVALENTS, END OF YEAR	303,434	160,292

The accompanying notes are an integral part of these financial statements

1. AUTHORITY

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

a) Cash and cash equivalents

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

b) Tangible capital assets and amortization

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

Computer 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. Significant areas requiring the use of estimates include the estimated useful lives of capital assets and accruals. Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from these estimates.

3. ECONOMIC DEPENDENCE

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

4. CASH AND CASH EQUIVALENTS

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

	2016 $	Effective Yield %	2015 $	Effective Yield %
Petty cash	-	-	25	-
Cash at bank	170,453	-	27,275	-
Call deposit	132,981	0.01	132,992	0.01
	303,434		160,292	

5. TANGIBLE CAPITAL ASSETS

	2016			
	Furniture & Fixtures	Computer & Tele-communications Equipment	Leasehold Improvements	Total
	$	$	$	$
Opening cost	103,798	55,943	29,477	189,218
Additions	-	-	-	-
Closing cost	103,798	55,943	29,477	189,218
Opening accumulated amortization	100,877	53,308	29,477	183,662
Amortization	634	1,104	-	1,738
Closing accumulated amortization	101,511	54,412	29,477	185,400
Net book value of tangible capital assets	2,287	1,531	-	3,818

	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

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.

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

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

7. GENERAL ADMINISTRATION

	2016 $ Budget (Note 11)	2016 $ Actual	2015 $ Actual
Salaries and employee benefits	916,871	829,386	778,125
Rent	152,519	145,726	142,156
Training and workshops	44,600	42,627	14,207
Repairs and maintenance	21,076	18,161	21,223
Marketing	22,300	13,971	5,789
Telecommunications	15,500	11,647	14,647
Office supplies	13,000	10,989	13,652
Land and corporation taxes	8,242	9,322	7,923
Electricity	10,474	8,168	8,597
General and miscellaneous	6,684	3,600	6,599
Research and development	5,000	3,064	6,679
Membership fees	1,600	2,080	1,700
Entertainment	1,300	1,712	1,942
Insurance	2,002	1,692	1,034
Bank charges	4,000	1,191	982
Postage and courier	232	548	369
Subscriptions and memberships	1,300	481	589
Printing	10,000	425	476
Network and infrastructure	4,500	348	15
	1,241,200	1,105,138	1,026,704

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, 2016.

(a) Credit Risk

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

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

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

(b) Liquidity Risk

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

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

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

(c) Market Risk

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

8. FINANCIAL RISK MANAGEMENT (continued)

(c) Market Risk (continued)

(i) Foreign exchange risk

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

(ii) Interest rate risk

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

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

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 $842,700 during the year (2015 - $886,000) 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 $523,693 (2015 - $379,352) and the amount receivable at year-end was $141,660 (2015 - $147,891).

In June 2015, the Health Insurance (Mutual Re-insurance Fund (Prescribed Sum) Order 2014 was amended to increase the prescribed sum from the Mutual Re-insurance Fund from $0.67 per month to $1.00 per month effective June 29, 2015.

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	
	2016 $	2015 $	2016 $	2015 $
Superannuation	69,927	60,620	9,708	7,823
Health Insurance	54,226	43,318	8,158	7,359
Social Insurance	14,624	14,875	1,667	2,405
Payroll Tax	11,119	9,615	-	10,632
	149,896	128,428	19,533	28,219

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

c) Donated services

Four council members (2015 – seven) declined the fees ($50 per meeting) for attendance at meetings resulting to donated services of $1,900 (2015 - $4,050).

d) Deferred contributions

In April 2015, the Council received an additional $4,000 (2015 - $4,000) as a special grant from the Ministry of Health and Seniors restricted for a health symposium held in May 2015. The net revenue from this special grant amounting to $965 is included in other income. Gross revenues and expenses related to this symposium were $8,000 and $7,035, respectively.

10. POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES

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% (2015 - 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. POST–EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES (continued)

a) Pension plan (continued)

The Council's contributions to the Fund totalled $69,927 (2015 - $60,620).

b) Compensated absences

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

Maternity and paternity leave do 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 $17,533 (2015 - $Nil) and is included in salaries and employee benefits. There were no paternity leave benefits applied for or approved during the current year and therefore, no liability has been accrued in the accounts.

Sick leave does not accumulate or vest, and like maternity 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, 2016 is $15,426 (2015 - $29,712) and is included in accounts payable and accrued liabilities.

11. BUDGET

The amounts represent the operating budget which was approved by the Council on March 25, 2015.

12. CONTRACTUAL OBLIGATIONS

The Council has a lease agreement for its office premises which expires on March 26, 2020. The remaining obligation under this lease is $490,893.

On June 2015, the Council entered into an actuarial services contract to obtain an actuarial review of the standard premium rate. The remaining obligation under this contract is $70,000.

On October 2015, the Council entered into an accounting services contract for the period from October 2, 2015 to December 31, 2016. The remaining obligation under this contract is $18,000.

13. SUBSEQUENT EVENT

The Health Insurance (Mutual Re-insurance Fund (Prescribed Sum) Order 2014 was amended in March 2016 increasing the prescribed sum from the Mutual Re-insurance Fund from $1.00 per month to $1.09 per month effective April 1, 2016.