



Celebrating

400 years of Bermuda's history



The 2008-2009 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: bdahealthcouncil@bhec.bm

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Bermuda Health Council



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The Bermuda Health Council at a Glance

Established by an act of Parliament in 2004, the Bermuda Health Council exists to assure the provision of essential health services in Bermuda and to promote the good health of Bermuda residents. The Council builds knowledge and advances understanding about the health system—the services we need to ensure the best possible health outcomes for all Bermuda residents, what those services cost, how they must be regulated and how they can best interact.

Our Mission

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

Our Vision

To be a world-class body that acts as a beacon to assure quality, affordable healthcare and to promote wellness for all.

Our Mandate

The Bermuda Health Council oversees the provision of health services in Bermuda in many ways. Among its tasks are to identify and promote goals for Bermuda's healthcare system and advise the Minister of Health on a wide range of health issues. The Council exercises regulatory responsibilities for health-service providers and health professionals as well as licensing health insurers. It offers recommendations to the Ministry of Health concerning proposed Standard Hospital Benefits and the Standard Premium Rate.

Introduction

“ We’re in the business of protecting
Bermuda residents’ health.”



In 2008 the Bermuda Health Council embarked on a fresh mission to act as Bermuda’s agent for a well regulated, cost-effective and responsive health system. Created in 2004, and working diligently since then on health system renewal on the island, the Council in 2008–2009 brought fresh ideas, vigor and determination to its activities.

At the foundation of this ambitious enterprise is a new Council membership brought together in January 2008 to ensure the Council provides government with the best possible advice about how to address Bermuda’s most pressing health and regulatory issues.

Made up of key health-system stakeholders — including the Bermuda Hospitals Board, health insurers, health professionals and community representatives — the Council meets regularly in a spirit of collaboration, engaging stakeholders in a consultative process to develop a cohesive, integrated, connected health system. The very diversity of the new Council ensures a dynamic council in which decisions are agreed upon from a broad perspective.

The Council works closely with the Minister of Health, acting swiftly on pressing Ministerial requests and applying its collective knowledge and experience to identify solutions for a wide range of health policy issues.

Most important, the Council is committed to propelling meaningful, evidence-based change in the Bermuda health system; change that will result in more affordable medical care, a safer and more reliable health regulatory environment, and better health services planning for residents.

Bermuda residents are proud of a health system that has traditionally met the needs of most of the population, most of the time. As the Council builds Bermuda’s capacity to assure the provision of high-quality healthcare for all residents, it will continue to make bold decisions based on hard evidence, and seek knowledge and guidance from the widest possible range of stakeholders. Only through such a collaborative process can the Council succeed in its mission to promote greater affordability, access and equity for all.

**The Bermuda Health Council
Engaged.**

Message from the Minister of Health



“*The Bermuda Health Council was established in 2004 with a mandate to regulate, coordinate and enhance the delivery of health services in Bermuda. From its inception, the Council has been a welcome addition to the healthcare scene, offering the government much-needed advice on critical healthcare issues.*”

I wish to thank the former Chairman, Dr. Michael Bradshaw, and former CEO, Anthony Richardson for their devoted service. Under their leadership, the Council has evolved into a living and breathing entity dedicated to creating a health system responsive to the needs of all Bermuda residents. With the appointment of the Council's new Chairman, Linda Merritt, and the new Council membership, the organization has entered into a fresh and exciting phase.

I am confident that the Health Council will keep its finger on the pulse of health issues and bring together all stakeholders in a spirit of openness and collaboration for the betterment of this entire community.

A handwritten signature in black ink, appearing to read 'N Bascome', written in a cursive style.

The Hon. Nelson Bascome, JP, MP
Minister of Health

Message from the Chairman



“ We know we must shape the public dialogue on health services planning and enhance delivery of medical services through technology and caring, and we must also protect the health interests of Bermuda residents by creating a more vigilant regulatory environment on the island.”

I am delighted to communicate to the public through this, my first annual report as Council Chairman, on the activities of the Bermuda Health Council over an exciting year.

In 2008, the Minister of Health changed the membership of Council to reflect our health system's key stakeholder groups, including the Bermuda Hospitals Board, the Bermuda Medical Association, the Bermuda Medical Society, pharmacists, nurses dentists, optometrists, allied health professionals, insurers and

community representatives. The healthcare industry is constantly evolving and the changes to our Council reflect that reality.

Over the past fiscal year, the new Council has demonstrated a capacity to meet the critical issues of the day by engaging in an open and collaborative approach to problem solving. Much of our efforts focused on reviewing proposed regulations for health-professionals and health-related businesses, and on mandatory annual review processes, which include licensing insurers, setting fees for regulated service, enhancing the hospital insurance plan with additional benefits and reviewing Bermuda's system for reimbursing physicians for hospital-based services.

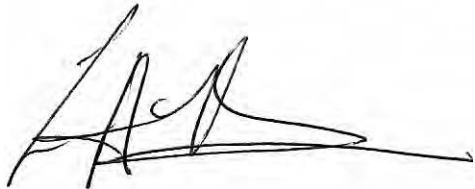
While we are a young, relatively small organization—at times I feel as if we are in a David and Goliath arena—I have found that all health-system stakeholders, including insurers, medical providers and members of the public have been supportive, helpful, collaborative and empathetic to our legislative mandate. Truly, we are learning to work effectively together.

Our members are satisfied, knowing there is great desire among Bermuda residents to see the Council succeed. Members have come to understand that the Council serves not its own self-interest, but the interests of all Bermuda residents. We know we must shape the public dialogue on health service planning and enhance delivery of medical services through technology and caring, and we must also protect the health interests of Bermuda residents by creating a more vigilant regulatory environment.

And we must accomplish this without impeding the success of Bermuda's health-system entrepreneurs, all the while remaining mindful of the cost implications of health services and the rights of consumers. It is a tall order, indeed. And one on which we are determined to deliver.

We believe that for Bermuda residents to see the Council as an organization able to meet today's substantial health regulatory challenges, we must function effectively from an operational perspective. In 2008 we completed an operational assessment of the organization and are now implementing significant changes that will help build capacity and critical mass among the Council's staff.

I am thankful for the opportunity to be of service by chairing the Bermuda Health Council. Above all, I am thankful to the devoted, resourceful staff and the commitment of Council members. I believe that every strategy on which the Council delivers must have a meaningful social impact for the residents of the island. It is just those ideals that we have stitched into the fabric of our strategy moving forward.



Linda Merritt
Chairman

The Bermuda Health Council's Achievements for 2008–2009

ENGAGED IN CHANGE

“ With a revamped Council membership and healthy interaction among the many elements of the Bermuda health system, the Council went a long way in 2008–2009 toward developing a systemic response to the healthcare needs of Bermuda residents.



Safe and Consistent Regulations

A core function of the Council is to review health-related regulations for professionals and businesses in Bermuda and correct regulatory failures wherever they occur. After engaging with all relevant stakeholders to gather knowledge and insights about specific regulatory issues facing the Bermuda health system, the Council makes recommendations to the Ministry of Health that help accomplish many key goals. Among those goals is to protect the public by ensuring healthcare is delivered by adequately licensed professionals and to assure that healthcare providers meet practice standards that promote safe service delivery.

To help draft responsive and visionary new regulations in 2008–2009, the Council met with 13 professional associations and 18 statutory bodies throughout the fiscal year. This led to the review of new regulations for six major stakeholder groups. Two reviews have resulted in new legislation; these include the Optometrists and Opticians Act and the Dental Amendment Act. (The Dental Amendment Act was in abeyance at the end of the reporting period.) Two reviews are in the drafting phase with the Attorney General's Chambers, including legislation for complementary and alternative medicine, and businesses that provide health-related services. Two reviews are awaiting introduction into the House of Assembly, including the Pharmacy and Poisons Act and Public Health (food labeling) Regulations.

The Council's regulatory work helped create consistency between professions and improve professional practice standards. It also led to further improvements to public safety and quality of service in Bermuda. More, specifically, proposed regulations in 2008–2009 recommend inspections for businesses that deliver health-related services, guidelines for medical equipment, critical safety precautions, and procedures for business registration.



Swift Action on Critical Projects

Electronic Health Records

The use of electronic health records (EHRs) can save lives and significantly improve medical care. In 2008–2009 the Council completed preliminary research into the benefits and barriers of switching to an EHR system, in part by reviewing national EHR strategies in Canada, England, Australia and Denmark.

Pharmaceutical Costs

A key function of the Council is to assure that Bermuda residents can afford the medicines they need to protect their health. In recent years the cost of prescription drugs has escalated significantly; total spending increased from BDA\$19,313 (in thousands of dollars) in 2000 to BDA\$37,279 in 2004 (Ramella, 2005). Per capita spending increased from BDA\$307 to BDA\$588 during the same period. In 2008–2009 the Council began preliminary research into and consultation with local and overseas pharmacists to learn the most effective ways to regulate the price of prescription drugs.

Rigorous and Reliable Processes

Aside from its regulatory work, the Council follows a rigorous schedule of annual processes to ensure the health system in Bermuda continues to function as smoothly and seamlessly as possible. In instances where the Council helps set fees and establish insurance rates, it considers first and foremost how altered fee structures will affect Bermuda residents and businesses. The following are some highlights of the Council's annual processes.

Annual Review of Proposals for Standard Hospital Benefits

The Council staff undertook a process improvement review of the workflow for this important annual activity, which consists of recommending the new standard hospital benefit premium rates. Council staff engaged the services of a new actuarial consultant firm that presented the actuarial report to Council members. This was the first time in many years that the data collection report from insurers was received in a timely manner and that the actuarial reports were delivered early to Council for review and recommendation to the Minister.

Increases in Health Fees

The Council recommended to the Minister of Health a 6.5% increase in medical charges and a 26% increase in dental charges for hospital based procedures. (The large increases for dental charges took into account that no increases had taken place between 2000 and 2006.)

Facilitate the licensing and collection of fees for seven licensed health insurers and three approved insurance plans

This is a task that has been traditionally performed by the Ministry of Finance. It is now performed by the Council.

ENGAGED WITH PEOPLE

“ Without all stakeholders present at the boardroom table, it is difficult to implement change. The Council has fostered a culture in which all parties sit together to devise solutions for pressing healthcare issues. Of the Council’s many accomplishments, this is perhaps its greatest.”



Open and Receptive

The Council is committed to a collaborative approach to health system renewal that engages with as wide a range of stakeholders as possible. The Council welcomes professional associations and statutory bodies to the boardroom table to shape much needed regulatory improvements and offer knowledge and guidance on a host of other health system issues.

While Council members met with some significant challenges in 2008–2009, it has emerged from the fiscal year with stakeholder relationships not merely intact, but genuinely thriving. It is no exaggeration that the Council’s regulatory work over the fiscal year demonstrated a level of collaboration unprecedented in the history of Bermuda’s health system.

The Council also consulted the general public on a regular basis. It solicited concerns about Bermuda’s health system and obtained feedback on proposed regulations for health professionals through focus groups, and welcomed complaints and concerns from the public. Every resident of Bermuda is invited to bring issues to the Council and can rest assured their concerns will be thoroughly researched and assigned an appropriate priority.

Efficient and Transparent

Another area of stakeholder engagement was the Council’s work helping to establish a new physician fee schedule. In September 2008, PricewaterhouseCoopers (PwC) was contracted to research options into a new schedule. Insurers provided eight years of claims data (2000–2008) from all providers to derive speciality revenue trends. The Council arranged several meetings that included representatives from the hospital, doctors, insurers and PwC. Although the project was not completed in 2008–2009, excellent progress has been achieved which will enable evidence-based decisions in the future.

The process has worked in part because the Council took time to hear the concerns of all parties, assess the quality of data that supported the proposed rate change, communicate the process with stakeholders and submit a draft report for stakeholder review.

ENGAGED WITH GOVERNMENT

“ At the Bermuda Health Council, we work closely with government, taking direction from elected representatives as we tackle issues head on and address them in an open and receptive atmosphere among key stakeholders.

”

The Process

The Minister of Health submits to the Council specific work requests on a regular basis. Requests can target any issue related to the delivery of healthcare services. Some requests represent significant social, financial or legislative issues; others are targeted at ongoing policy issues in which the Minister needs assistance with the decision-making process. The following are examples of specific Ministerial requests the Council addressed in 2008–2009.

Cosmetic procedures

The Council embarked on an in-depth mission to determine the extent of healthcare providers performing unregulated and potentially dangerous cosmetic procedures. (At present, Bermuda has no legislation regarding medical or quasi-medical offices that perform cosmetic procedures.) In particular, the Council was interested in promoting public safety for cosmetic procedures, identifying the nature and extent of regulations required in this realm, and controlling healthcare costs by monitoring the entry of businesses into the system.

Upfront Payments

In Bermuda 94% of persons aged 18 – 35, 97.7% of persons aged 36 – 54, and 76% of persons aged 55 and older have health insurance (Profiles of Bermuda, 2008). Insured Bermuda residents expressed concern about upfront payments including avoidance of necessary medical procedures and family cash flow problems. Employers, insurers and providers also expressed concerns about claims reimbursement and administration and imprecise patient data contributing to upfront payments.



Better Value for Patients

As the Government of Bermuda works within today's challenging economic climate, the Council takes into consideration how fees, insurance premiums and other financials issues affect the well-being of Bermuda residents. In Bermuda, standard hospital benefits are a basic component of every insurance plan. In 2008–2009, the Council oversaw the addition of new benefits to Standard Hospital Benefits (SHB), the Health Insurance Plan (HIP) and the Mutual Reinsurance Fund (MRF). Following an actuarial review of the SHB and MRF, the Council recommended the standard premium rate to the Ministry of Health.

Our Council Members



Ms. Linda Merritt, Chairman

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



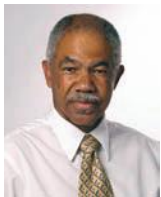
Dr. Ian Campbell, Deputy Chairman

Dr. Campbell is a practicing dentist representing dentists on the Council. He returned to Bermuda immediately upon graduation in 1979, has practiced dentistry in Bermuda for 29 years and is president of Positive Image Dental. Dr. Campbell is a member of the Royal College of Dental Surgeons of Ontario, is past president of the Bermuda Dental Association, and has served on the Bermuda Dental Board.



Dr. Gerard Bean

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



Dr. Burton Butterfield

Dr. Butterfield is a practicing physician who represents medical doctors on the Council. After earning a medical degree, Dr. Butterfield practiced for eight years in California, entering private practice in Bermuda in 1984. President of the Bermuda Medical Association, he is a member of the National Medical Association, the American Academy of Family Physicians, Alpha Omega Alpha Honour Medical Society, past member of the Union of American Physicians and Dentists and has served on the Bermuda Hospitals Board.



Mrs. Holly Flook

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



Mrs. Shirlene Dill

Mrs. Dill is a physiotherapist who represents the allied health professions on the Council. She owns and operates her own clinic HANDS-ON-THERAPY. Since earning a Physiotherapy Degree more than 25 years ago, Mrs. Dill has worked at various hospitals and clinics in the United States and Bermuda. She has lectured at The Bermuda College and served on The Health Council's Collaboration Committee; The Allied Health Council; The Physiotherapy Board, (currently Chairman), and The Bermuda Physiotherapy Association Executive.



Dr. John Gaugain

Dr. Gaugain, President of the Bermuda Medical Society for the past four years, represents members of the medical profession on the Health Council. Dr. Gaugain is currently a Consultant in Anesthesia and Intensive Care at KEMH. He is also qualified in pain management and runs the Bermuda Chronic Pain Clinic and is Vice President of the Bermuda Chronic Pain Support Group.



Mr. David Hill

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



Mr. D. Mark Selley

A longtime healthcare activist, Mr. Selley represents the community on the Council. He founded the Bermuda Stroke Association in 1991, is a stroke survivor and is Chairman of the Bermuda Health Care Consortium, which he established in November 2002. Mr. Selley has organized the Annual Special Needs Children's Christmas Party for the last 34 years. He is past President of the Eastern Lions, a former Chairman of the Bermuda Water Safety Council and current Chairman of the Bermuda Bravery Awards Association. Mr. Selley has received the Paul Harris Fellow Award from Rotary and a Queen's Certificate and Badge of Honor.



Ms. Stephanie Simons

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



Ms. Sharon Swan

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

Ex-officio Council Members



Jennifer Attride-Stirling, Ph.D.

Dr. Attride-Stirling is Acting Chief Executive Officer of the Bermuda Health Council. On secondment from the Department of Health, where she has been the Health Promotion Coordinator since 2004, Dr. Attride-Stirling has worked at the regulatory body for the National Health Service in England and Wales, and lectured at the London School of Economics. Dr. Attride-Stirling has published papers in international, peer-reviewed journals and books on health regulation, health promotion, mental health and research methodology. Her work in Bermuda has led to the introduction of various national initiatives by the Department of Health.



Dr. John Cann

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



Mr. Warren W. Jones

Mr. Jones is the Permanent Secretary of Health, responsible for providing policy advice to the Minister of Health and managing the Ministry of Health, which includes the Department of Health administered by the Chief Medical Officer. Mr. Jones has more than 15 years of experience as a senior manager. He is a former Assistant Cabinet Secretary (Policy) and was the first Director of the Government's Central Policy Unit.



Mr. Donald Scott

Mr. Scott represents the Ministry of Finance on the Bermuda Health Council. With more than 20 years of experience as a senior manager and executive in the Civil Service of Bermuda, Mr. Scott has held the positions of Chief Statistician, Assistant Financial Secretary (Economics and Finance), and Permanent Secretary in the Ministry of Health and Family Services. He became Financial Secretary in April 2000.



Our Staff

About Us

Established in January 2006, the Bermuda Health Council assures healthcare quality and sustainability. During the fiscal year 2008-2009, the Council was staffed by a team of eight professionals with experience in administration, healthcare and finance. The team draws upon the expertise and experience of its 15 Council members to oversee the healthcare system in Bermuda.

Operational Improvements

The Council has had a dynamic and successful year for an organization still in its formative stage. Part of its development in 2008-2009 included an organizational review of its operations and implementation of organisational improvements. This, combined with the Council's own insights into how operations could be enhanced, resulted in a host of process improvements.

BERMUDA HEALTH COUNCIL

FINANCIAL STATEMENTS

MARCH 31, 2009



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.gov.bm

AUDITOR'S REPORT

To the Minister of Health

I have audited the statement of financial position of the Bermuda Health Council as at March 31, 2009 and the statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. 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 plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Bermuda Health Council as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Bermuda and Canada.

Hamilton, Bermuda
October 10, 2011

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

BERMUDA HEALTH COUNCIL
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2009

	2009	2008
	\$	\$ Restated (Note 10)
FINANCIAL ASSETS		
Cash and cash equivalents	1,182,860	1,742,722
Accounts receivable	1,795	3,751
Rent deposit	43,786	43,786
Due from the Government of Bermuda (note 7)	288,454	-
	<u>1,516,895</u>	<u>1,790,259</u>
LIABILITIES		
Accounts payable and accrued liabilities (notes 7 and 8)	244,990	124,020
Due to the Department of Social Insurance (note 7)	21,302	21,302
Due to the Government of Bermuda (note 7)	7,537	7,907
	<u>273,829</u>	<u>153,229</u>
NET FINANCIAL ASSETS	<u>1,243,066</u>	<u>1,637,030</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	3,640	2,021
Tangible capital assets (note 4)	55,210	89,954
	<u>58,850</u>	<u>91,975</u>
ACCUMULATED SURPLUS	<u>1,301,916</u>	<u>1,729,005</u>
COMMITMENT (note 11)		

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

BERMUDA HEALTH COUNCIL
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2009

	2009 \$	2009 \$	2008 \$ Restated (Note 10)
REVENUES	Budget (Note 9)	Actual	Actual
Government of Bermuda grant (note 7)	1,311,200	1,271,854	1,311,200
Donated services (note 7)	-	39,346	39,000
Interest	-	21,806	31,068
	<u>1,311,200</u>	<u>1,333,006</u>	<u>1,381,268</u>
 EXPENSES			
Salaries and employee benefits	800,000	773,717	593,558
Legal and professional fees (note 7)	117,200	524,552	51,057
Rent	250,000	199,997	200,209
Amortization of tangible capital assets (note 4)	-	38,489	40,394
Conferences and meetings	-	34,014	10,264
Board member fees (note 7)	-	24,150	42,150
Telecommunications	20,000	22,322	14,815
Office supplies	-	22,278	22,787
Repairs and maintenance	14,000	19,683	22,842
Marketing	-	19,452	13,504
Research and development	-	16,926	-
Electricity	60,000	14,887	11,385
Printing	-	10,996	555
Training and workshops	30,000	5,406	6,892
Miscellaneous	20,000	33,226	30,706
	<u>1,311,200</u>	<u>1,760,095</u>	<u>1,061,118</u>
 ANNUAL (DEFICIT) SURPLUS	 <u>-</u>	 <u>(427,089)</u>	 <u>320,150</u>
 ACCMULATED SURPLUS, BEGINNING OF YEAR		 1,729,005	 1,344,098
Adjustment (note 10)		<u>-</u>	<u>64,757</u>
ADJUSTED ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>1,729,005</u>	<u>1,408,855</u>
ACCUMULATED SURPLUS, END OF YEAR		<u>1,301,916</u>	<u>1,729,005</u>

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

BERMUDA HEALTH COUNCIL
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2009

	2009	2008
	\$	\$ Restated (Note 10)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>1,637,030</u>	<u>1,342,048</u>
Annual (deficit) surplus	(427,089)	320,150
Change in prepaid expenses	(1,619)	29
Acquisition of tangible capital assets (note 4)	(3,745)	(65,591)
Amortization of tangible capital assets (note 4)	<u>38,489</u>	<u>40,394</u>
Changes in net financial assets during the year	<u>(393,964)</u>	<u>294,982</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>1,243,066</u></u>	<u><u>1,637,030</u></u>

BERMUDA HEALTH COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2009

	2009	2008
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual (deficit) surplus	(427,089)	320,150
Adjustment for items not affecting cash:		
Amortization of tangible capital assets (note 4)	38,489	40,394
(Decrease) increase in non-cash working capital	<u>(167,517)</u>	<u>56,102</u>
Net cash (used in) generated through operating activities	<u>(556,117)</u>	<u>416,646</u>
CASH FLOWS FROM CAPITAL ACTIVITIES		
Purchase of tangible capital assets (note 4)	<u>(3,745)</u>	<u>(65,591)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(559,862)	351,055
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,742,722</u>	<u>1,391,667</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>1,182,860</u></u>	<u><u>1,742,722</u></u>

The accompanying notes are integral part of these financial statements.

BERMUDA HEALTH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2009

1. AUTHORITY

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

(a) Cash and cash equivalents

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

(b) Tangible capital assets and amortization

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

Computer and telecommunications equipment	- 3 years
Furniture and fixtures	- 5 years
Leasehold improvements	- lesser of 10 years or term of lease

Tangible capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to the Council's ability to provide goods and services, or the value of future economic benefits associated with the capital asset is less than its net book value. In either case the cost of the tangible capital asset is reduced to reflect the decline in the asset's value.

BERMUDA HEALTH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenue recognition

Government of Bermuda grants are operating grants received and receivable for use in the day-to-day operations of the Council and are recognized as revenue on the statement of operations and accumulated surplus in the year to which they relate.

Interest income is recognized on the accrual basis.

Grants received by the Council for purposes other than for capital or operating expenses, are recognized on the statement of financial position as a liability, and reduced when the Council has carried out the activities related to the grant.

(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) Translation of foreign currencies

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

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

(f) Measurement uncertainty

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

BERMUDA HEALTH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2009

3. ECONOMIC DEPENDENCE

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

4. TANGIBLE CAPITAL ASSETS

	Furniture & Fixtures	Computer & Telecom- munications Equipment	Leasehold Improvements	2009	2008
	\$	\$	\$	\$	\$
Opening cost	93,052	38,897	27,339	159,288	93,697
Additions	2,650	1,095	-	3,745	65,591
Closing cost	95,702	39,992	27,339	163,033	159,288
Opening accumulated amortization	28,236	22,787	18,311	69,334	28,940
Amortization	19,140	10,321	9,028	38,489	40,394
Closing accumulated amortization	47,376	33,108	27,339	107,823	69,334
Net book value of tangible capital assets	48,326	6,884	-	55,210	89,954

BERMUDA HEALTH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2009

5. FINANCIAL INSTRUMENTS

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

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

6. FINANCIAL RISK MANAGEMENT

The Council is exposed to various risks through its financial instruments. The Council has overall responsibility for the establishment and oversight of its risk management framework. The Council manages its risks and risk exposures through sound business practices. The following analysis provides a measure of the risks at the reporting date, March 31, 2009.

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.

Liquidity risk

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

BERMUDA HEALTH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2009

6. FINANCIAL RISK MANAGEMENT (continued)

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.

(a) Foreign exchange rate

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

(b) Interest rate

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

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

7. RELATED PARTY TRANSACTIONS

The Council is related in terms of common ownership to all Government of Bermuda departments, funds and agencies. The Council enters into transactions with these entities in the normal course of business and such transactions are measured at the exchange amount which is the amount of consideration established and agreed by the related parties. The Council received the following grants from the Government of Bermuda:

(a) Operating grant

The Government of Bermuda provided the Council with a grant of \$1,271,854 (2008 - \$1,311,200) during the year to cover the operations of the Council. The amount due from the Government of Bermuda represents grant receivable at year-end.

During the year, the Government of Bermuda provided \$39,346 (2008 - \$39,000) of contributed staffing resources, recorded as donated services.

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

BERMUDA HEALTH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2009

7. RELATED PARTY TRANSACTIONS (continued)

(a) Operating grant (continued)

During the year, the Council paid ordinary members of the Council, fees in the amount of \$24,150 (2008 - \$42,150) of which \$2,950 (2008 - \$3,350) was unpaid as at March 31, 2009 and is included in accounts payable and accrued liabilities.

During the year, the Council paid the Chair \$75,000 for services rendered as a consultant.

(b) Specific grant

During the period ended March 31, 2007, the Government of Bermuda provided the Council with \$50,000 specifically to provide assistance to the Department of Social Insurance in establishing their Washington Mall office. As at March 31, 2009, a total of \$28,698 (2008 - \$28,698) of these funds had been used.

8. EMPLOYEE BENEFITS

(a) Pension plan

Bermudian employees of the Council are covered under a private, defined contribution pension plan through Argus Insurance Company Ltd. Contributions to the plan of 5% of gross salary are required equally from both the employees and the Council. The Council's contributions to the plan during the year were \$45,932 (2008 - \$20,382).

(b) Other benefits

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

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

BERMUDA HEALTH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
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8. EMPLOYEE BENEFITS (continued)

(b) Other benefits (continued)

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

Vacation days accumulate and vest and therefore a liability has been accrued at year end. The accrued vacation liability as of March 31, 2009 is \$7,404 and is included in accounts payable and accrued liabilities.

9. BUDGET

These amounts represent the operating budget approved by the Board.

10. PRIOR PERIOD ADJUSTMENT

Operating grants utilized for the acquisition of capital assets were recorded as deferred capital contributions in prior years in error. Therefore, deferred capital contributions, Government of Bermuda grant, amortization of deferred capital contributions, and accumulated surplus were misstated as at March 31, 2008. As a result, the 2008 balances have been restated and are shown below:

Deferred Capital Contributions

As previously stated (March 31, 2008)	\$89,954
As restated	\$0

Government of Bermuda Grant

As previously stated (March 31, 2008)	\$1,245,609
As restated	\$1,311,200

Amortization of Deferred Capital Contributions

As previously stated (March 31, 2008)	\$40,394
As restated	\$0

BERMUDA HEALTH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2009

10. PRIOR PERIOD ADJUSTMENT (continued)

<u>Accumulated Surplus, End of Year</u>	
As previously stated (March 31, 2008)	\$1,639,051
As restated	\$1,729,005

11. COMMITMENT

The Council has entered into a three-year operating lease agreement for office premises which expires on March 26, 2012. The remaining obligation under this lease is \$614,334. The future minimum annual lease payments as per the agreement is \$199,997.

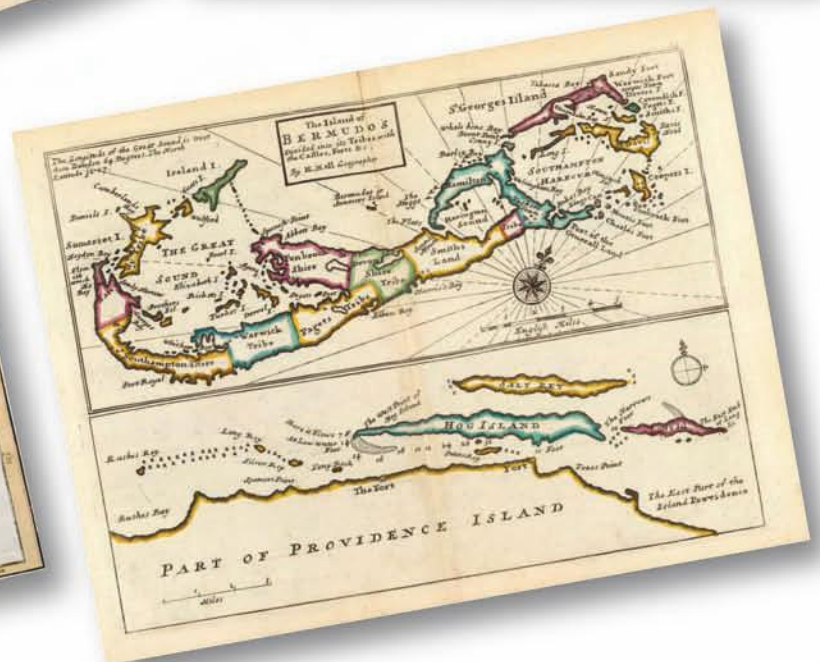
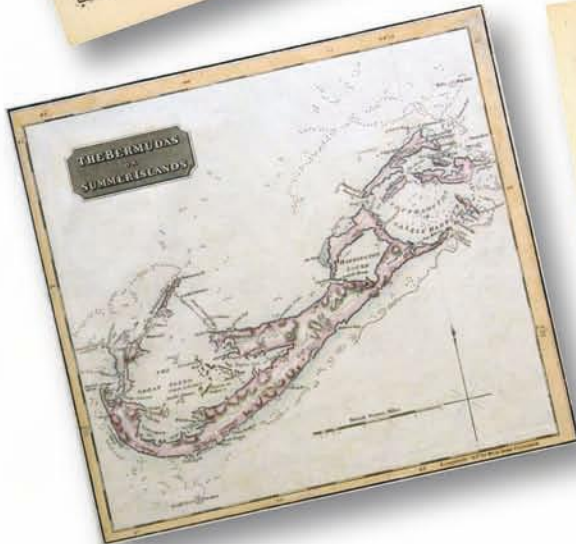
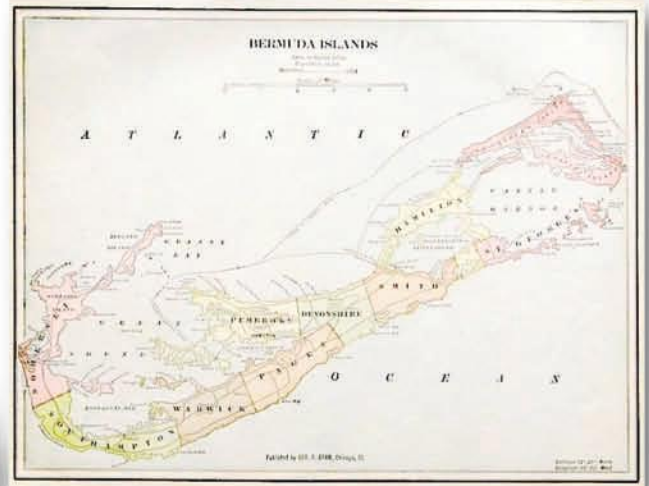
12. SUBSEQUENT EVENTS

(a) On August 1, 2009, the Council transferred its employees' pension plan from Argus Insurance Company Ltd. to the Public Service Superannuation Fund (the "PSSF"). The PSSF is a defined benefit plan administered by the Government of Bermuda. Effectively, contributions were increased from 5% to 8% of gross salary, both equally matched by both the employees and the Council.

(b) As of December 15, 2009, the Bermuda Health Council was replaced by the Health Insurance Committee under the Health Insurance Amendment (No. 2) Act 2009.

13. COMPARATIVE FIGURES

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



Bermuda takes its name from Spanish explorer, Juan de Bermudez, who sighted the island in 1503. In 1609, the vessel Sea Venture, captained by Sir George Somers was shipwrecked in Bermuda. This led to the formal colonization of the island and the founding of the town of St. George, the oldest continuously inhabited English-speaking settlement in the Western Hemisphere.