

2021-2022



BERMUDA HEALTH COUNCIL

COMBINED ANNUAL REPORT

For FYE2021/2022

BERMUDA HEALTH COUNCIL COMBINED ANNUAL REPORT FOR FYE 2021/2022



Contact us:

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

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TABLE OF CONTENTS

INTRODUCTION

Abbreviations	6
Who We Are	7
Message from The Minister	8
Message from the Chair	10
Mission, Vision, Priorities	13
Key Accomplishments FYE2021/2022	14

DELIVERING ON OUR PRIORITIES

Finance & Economics	16
Quality & Standards	16
Accountability	19
Regulation	21
Efficient Operations	22
Audited Financials for the year ended March 31, 2021	25-47
Audited Financials for the year ended March 31, 2022	48-71

LIST OF ABBREVIATIONS

(ACEs) = Adverse Childhood Experiences

(COVID-19) = Coronavirus Disease of 2019

(CPT) = Current Procedural Terminology

(DOH) = Department of Health

(GEHI) = Government Employees Health Insurance

(HIA) = Health Insurance Act 1970

(HTA) = Health Technology Assessment

(RedETSA, Red de Evaluación de Tecnologías en Salud de las Américas) = Health Technology Assessment Network of the Americas

(ICD-9) = International Classification of Diseases, Ninth Revision, Clinical Modification

(ICD-10) = International Classification of Diseases, Tenth Revision, Clinical Modification

(MOH) = Ministry of Health

(MRF) = Mutual Re-insurance Fund

(NHA) = National Health Accounts Report

(NPI) = National Provider Identifier

(PAHO) = Pan-American Health Organisation

(PPE) = Personal Protective Equipment

(SHB) = Standard Health Benefit

(SPR) = Standard Premium Rate

(UPI) = Unique Patient Identifier

The Bermuda Health Council (the “Health Council”) is comprised of a Board appointed by the Minister of Health and a Secretariat (the Health Council team) of 16 employed staff in the FYE2021/2022. As of FYE2021/2022, the number of employed staff remains at 16. We have operated since 2006, focusing on monitoring all aspects of Bermuda’s health system and enforcing compliance with legislative requirements. In the FYE2021/2022, the Health Council welcomed six full-time new staff members who will work to enhance health regulation and policy development. Additionally, the Health Council welcomed three interns for the Summer Programme.

Appointed Board members for the period [1st January 2021 to 31st March 2021](#) were:

Dr. Sylvanus Nawab (Chair)
 Mr. H. Anthony Richardson (Deputy Chair)
 Ms. Kirsten Beasley
 Ms. F. Ann Daniels
 Ms. Shellé Thompson
 Dr. Darrien Ray
 Dr. Michael Richmond
 Mr. Anthony W. Santucci
 Ms. Cynthia M. Thomas
 Ms. Keechia L. Tuckett

Ex-Officio Board members were:

Dr. Ricky Brathwaite, Chief Executive Officer
 Dr. Ayoola Oyinloye, Chief Medical Officer
 Mr. Stephen Gift, Assistant Financial Secretary
 Ms. Shivon Washington, Acting Permanent Secretary, Ministry of Health

Appointed Board members for the period [1st April 2021 to 31st December 2021](#) were:

Dr. Sylvanus Nawab (Chair)
 Mr. H. Anthony Richardson (Deputy Chair)
 Ms. Kirsten Beasley
 Ms. F. Ann Daniels
 Dr. Darrien Ray
 Dr. Michael Richmond
 Mr. Anthony W. Santucci
 Ms. Cynthia M. Thomas
 Ms. Shellé Thompson
 Ms. Keechia L. Tuckett

Appointed Board members for the period [1st January 2022 to 31st March 2022](#) were:

Dr. Sylvanus Nawab (Chair)
 Mr. H. Anthony Richardson (Deputy Chair)
 Ms. Kirsten Beasley
 Ms. F. Ann Daniels
 Ms. Shellé Thompson
 Dr. Darrien Ray
 Dr. Michael Richmond
 Mr. Anthony W. Santucci
 Ms. Cynthia M. Thomas
 Ms. Keechia L. Tuckett

Ex-Officio Board members were:

Dr. Ricky Brathwaite, Chief Executive Officer
 Dr. Ayoola Oyinloye, Chief Medical Officer
 Ms. Cheryl-Ann Lister, Acting Financial Secretary
 Ms. Shivon Washington, Acting Permanent Secretary, Ministry of Health

MESSAGE FROM THE MINISTER

*The Hon. Kim Wilson JP, MP
Minister of Health
Government of Bermuda*



I am pleased to present the Bermuda Health Council's Annual Report for the FYE2021/2022.

The past two years have been challenging for Bermuda, our healthcare industry and the Bermuda Health Council due to the coronavirus pandemic. Bermuda's pandemic response required incredible dedication from every sector. Despite facing an unprecedented increase in workload, the Health Council continued its efforts to protect the safety and health of our most vulnerable.

Specifically, they were tasked with supporting Residential Care Homes and Nursing Homes. The Residential Care Homes and Nursing Homes (Transfer of Functions) Act 2020 was enacted, and provides for the Health Council to carry out certain regulatory responsibilities.

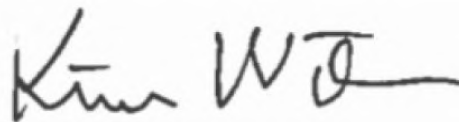
During one of Bermuda's and the health system's most difficult experiences, the Health Council's mandate was to improve the quality of care for our most vulnerable population by regulating nursing and care home facilities, agencies, and individual home care providers (caregivers) and they excelled in this.

Additionally, despite the challenges experienced during the pandemic, the Health Council supported the community through its partnerships, and as part of the coordination of the 'Close to Home' mobile vaccine programme, in collaboration with the Ministry of Public Works, the Ministry of Health, and the Department of Health.

During this period, the Health Council also developed telehealth guidelines so that residents could still receive healthcare services from their homes while sheltering in place.

The Bermuda Health Council contributed tremendously to the island's COVID-19 response efforts while carrying out its core role and taking on additional functions.

I am grateful to the Board and Secretariat for their commitment to their mission, as well as their dedication, expertise and direction.

A handwritten signature in black ink, appearing to read "Kim Wilson". The signature is fluid and cursive, with a long horizontal stroke at the end.

THE HON. KIM WILSON JP, MP
Minister of Health

MESSAGE FROM THE CHAIR

*Health Council Chair
Dr. Sylvanus Nawab, MD*



Dear Stakeholders:

I am pleased to present the Bermuda Health Council's Combined Annual Report for the FYE2021/2022. The past fiscal years were challenging but we had a number of significant achievements such as the announcement of our population health tool COVIDIQ, now repurposed for long-term use as HealthIQ, the launch of the COVID-19 Mobile Vaccine Programme as well as our ongoing response to the pandemic. The COVID-19 pandemic placed immense pressure on people and systems alike, and it has been an honour to work alongside dedicated and talented people at the Ministry of Health, throughout the health sector and, across government the general public, in support of our island during the pandemic.

Leading on our priorities has become critical for the Bermuda Health Council during these unprecedented times. At the top of the pandemic, we continued to support Care Homes in providing personal protective equipment (PPE) to protect our most vulnerable population and to ensure that care services continued. Our ongoing health response included health education, vaccination programme coordination, staying on top of emerging science and evidence, providing telehealth guidelines and an online population tool to track COVID-19 symptoms. From the beginning of the global pandemic, we were flexible and responsive, shifting priorities to meet the needs for Bermudians.

We have always looked ahead with a view to where we wanted to be and how to get there. The Close to Home Mobile Vaccine Programme in partnership with Department of Health in April 2021 supports the national goal of achieving over 75% of the total population becoming fully immunized. The delivery of this Programme was an enormous undertaking and a significant achievement. This achievement reflects successful collaborative efforts by the Bermuda Health Council team, the Department of Health, other Government Departments, and private sector health businesses and professionals who continued to deliver the vaccine, on top of carrying out their usual responsibilities.

The Health Council is proud to have had such an impactful role in managing the response to the pandemic and is proud of the health system and the public's support in executing that role.

The Health Council will continue its focus on health policy, health regulation and, health system analysis and reporting, and we will monitor our progress against our shared goals and objectives for Bermuda.

We will continue to collaborate with those who have a vested interest in improving the health system, encourage best practice when delivering care and we will continue to provide our support and guidance in support of health and wellness for all of Bermuda.

On behalf of the Board, I would like to thank the members of the Health Council Secretariat and Ministry of Health, for their extraordinary efforts over the past three years. Thank you for remaining Bermuda strong. We look toward to the years to come.

A handwritten signature in black ink, appearing to be 'S. Nawab', written in a cursive style.

DR. SYLVANUS NAWAB, MD
Health Council Chair



OUR VISION, MISSION & PRIORITIES

OUR VISION

Achieving a quality, equitable and sustainable health system.

OUR MISSION

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

OUR PRIORITIES

This Annual Report celebrates the success of the Health Council's response in times of adversity. Working together with the Ministry of Health (MOH), the Department of Health (DOH) and the Bermuda Government allowed for a coordinated response to the pandemic. We provided funding through our Innovation Programme, assisted in providing residents with public health information and distributed additional personal protective equipment (PPE) for residential care homes. In this report, the Health Council demonstrates how, in a time of significant unanticipated need, we were able to allocate our resources while remaining true to our priorities.



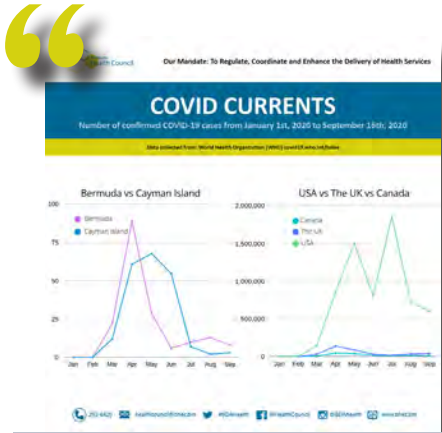
KEY ACCOMPLISHMENTS IN FYE2021



Developed a telehealth guide for health businesses and professionals to expand options for the provision of applicable care across the island.



Launched COVID IQ, an online tool used to track COVID-19 symptoms.



Coordinated communications across digital and traditional platforms to enhance engagement in health system priorities.



Proposed the implementation of the Bermuda National Provider Identifier (NPI) for health businesses and health professionals.



Provided assistance to the Third Sector to ensure regular screenings, testing and personal protective equipment (PPE) training for care homes and nursing homes.

KEY ACCOMPLISHMENTS IN FYE2022



Launched and organised the Close to Home Vaccine Programme in partnership with the Department of Health.



Description	RVU
99.03 or other outpatient visit for the evaluation and management of a new patient	0.93
99.04 or other outpatient visit for the evaluation and management of a new patient	1.42
99.05 or other outpatient visit for the evaluation and management of an established patient	2.43
99.06 or other outpatient visit for the evaluation and management of an established patient	3.17

Facilitated and hosted Current Procedural Terminology (CPT) coding training for health businesses and professionals.



Supplier/Trade Name	Company Name	Registration No. (Canada)	Registration No. (UK)
Abbott BinaxNOW COVID-19 Antigen Test	Abbott Diagnostics	85492	20200000000000000000
BD VeriGen COVID-19 Antigen Test	Becton Dickinson	123456	12345678901234567890
...

Issued an approved list of SARS-CoV-2 rapid antigen tests to ensure uniformed use of quality antigen tests in Bermuda.



Strengthened our relationships with industry partners to foster ongoing support for our mission and vision.



Created the NPI for health businesses and providers.

FINANCE & ECONOMICS

HEALTH ANALYSIS

The Health Council produces the National Health Accounts Report (NHA) annually to help the public understand the island's health financing and expenditure. This report provides information about health system costs and trends in order to identify potential areas for improvement.

The data used to develop NHA is collected from various external stakeholders and is analysed using a standard framework for tracking resources which allows us to compare ourselves with OECD countries.



QUALITY & STANDARDS

EXPANDED CARE THROUGH TELEHEALTH

With COVID-19 restrictions, telehealth was an alternative way for patients to receive care in the comfort of their own homes. The Health Council developed a structure that encourages and facilitates collaboration among health businesses and professionals in the delivery of health care. Between April 1st 2021 to March 31st 2022, there were 6,099 telehealth claims with 2,458 unique patients claiming.



Having an already established telehealth structure in place allowed the Health Council to respond promptly to constant changes during the pandemic. We urged to help meet the needs of the patient and provider by ensuring that guidelines were established in telehealth as it played a key role in maintaining continuity of care. In April 2021, new codes were identified as eligible services that can be provided through telehealth for reimbursement.

Telehealth pricing is updated on a quarterly basis.

ENCOURAGED STANDARDIZATION OF CLAIMS

The Health Council's role in monitoring efficiency and cost effectiveness of the health system relies on information provided by insurers in the form of transaction levels health insurance claims data. As such, the Health Council is constantly looking at ways to enhance the accuracy and reliability of the data as it reflects the movement of health-related funds, out of, and around the health system. In FYE2021/2022, key enhancements to the claims standardization process were: initial phase implementation of NPIs and transition from use of ICD-9 to ICD-10 classification.

In 2021, the Health Council met with insurers to better understand their claims adjudication processes and if and how their systems could accept NPIs. The Health Council also held consultations with select health professional groups to apprise them of the intention to shift toward use of NPIs. Based on these consultations, in 2022, the Health Council updated the standardized health insurance claims forms to include a field for NPIs. While the use of NPIs is not yet enforced, advanced testing of such changes allows us to address potential gaps and supports a smooth transition once

ENCOURAGED STANDARDIZATION OF CLAIMS (CONTINUED)

use of NPIs becomes a requirement.

ICD-10 is the most current system for classification of disease, illness and injuries. Transitioning from ICD-9 to ICD-10 classification allows for better alignment with coding in other jurisdictions and provides a greater level of detail which supports overall monitoring of population health.

IMPROVED HEALTH PROFESSIONAL REGISTRATION

The Health Council became the Registrar for the Bermuda Dental Board, Bermuda Psychologists Council, Council for Allied Health Professions, Optometrists and Opticians Council and the Pharmacy Council. As with all change, there was an initial period of learning and growth during FYE2021/2022 and that experience supported the initial development phases of a more automated electronic registration database which we hope to be able to roll out in the latter part of 2023.

Having a more automated registration database will allow for the streamlining of registration processes through the identification of redundancies in registration criteria and addressing unnecessary breaks in the flow of application review and approval processes.

STATUTORY BODIES

COUNCIL FOR ALLIED HEALTH PROFESSIONS

OPTOMETRISTS AND OPTICIANS COUNCIL

BERMUDA PSYCHOLOGISTS COUNCIL

BERMUDA DENTAL BOARD

PHARMACY COUNCIL

ENHANCED THE UNIQUE PATIENT IDENTIFIER

The Unique Patient Identifier (UPI) database is a central hub of unique identifiers assigned to all residents. During FYE2021/2022, national implementation of the UPI database was put on hold as we sought to enhance its back-end functionality with additional features such as recovering deleted UPIs and linking the Bermuda Hospitals Board electronic medical record with the UPI database.

TRANSFORMED HEALTH WITH THE INNOVATION PROGRAMME

The first cohort of grant recipients received funding at the height of the pandemic. This led to many having to make significant changes to their original proposal due to social distancing parameters and island wide mandates. For Programme administrators, this meant supporting the recipients by prioritizing flexibility and allowing contract amendments as grantees worked towards meeting the needs of the community during this challenging time.

Between April 2021 to March 2022, six proposals received support for risk assessment of social determinants, disease registries, digital health solutions and community mental health.



\$1.4 MILLION

Grants distributed from
March 2021 to March 2022

TRANSFORMED HEALTH WITH THE INNOVATION PROGRAMME (CONTINUED)

During this two year period, feedback received from Application Review Panel members and grant recipients and resulted in the following changes:

- Identification of focus areas
- Shift to invitation only
- Development and publication of proposal acceptance and review

PROMOTED ACCESS TO CARE WITH THE MATERNITY BENEFIT PROGRAMME

The Health Council collaborated with Government's Maternal and Family Planning Clinic, the Health Insurance Department and local obstetricians to develop a Maternity Benefit Programme which aims to enhance access to pre-natal and post-partum care for the uninsured. Since its inception in November 2021, the programme has supported 27 clients resulting in 26 births.

KIDNEY TRANSPLANT COORDINATION PROGRAMME

The Kidney Transplant Coordination Programme (KTC Programme) is managed under the Health Council as a precursor to the development of a national Chronic Kidney Disease Programme. As the kidney transplantation process can be complex, it is advantageous to residents and the health system, to have a programme dedicated to maximizing access to transplantation.

The FYE2021/2022, 42 residents with end-stage renal disease were referred to the KTC Programme by their nephrologist and 7 residents received successful transplants.

PROMOTED INFORMED DECISION MAKING AND REDETSA

The Health Council continued its partnership with RedETSA. During FYE2021/2022, the Health Council participated virtually in the Rede Brasileira de Avaliacao de Tecnologias em Saude (REBRATS) Congress five-day event, and the RedETSA Annual Meeting and webinars covering the following topics:

- Variants of Concern: Public Health, Clinical and Vaccine Implications
- Reducing mortality and morbidity in COVID-19 patients
- Health Technology Assessment and Evidence Based Decision Making in Emerging Contexts

During FYE2021-2022, the Health Council restructured its health technology assessment (HTA) process to better align it with internationally conducted HTAs. Near the end of fiscal year 2022, the first HTA was conducted using this updated process.

EDUCATED AND COLLABORATED WITH STAKEHOLDERS (CONTINUED)

We organised and managed the Close to Home Vaccine Programme with the Department of Health (DOH) and other Government Ministries to ensure that the COVID-19 vaccine was accessible for all residents. This programme allowed residents to ask health experts questions regarding the vaccine and reached those who were unable to commute to get the vaccine.



The Health Council continued to demonstrate its credibility by publishing reports which helped to form the basis of conversations and policy direction, and provided stakeholders with objective information about the flow of the health system.

During FYE2021/2022, we published reports on system trends and statistical information about health services, people and programmes in Bermuda. We continued to build and maintain solid relationships with stakeholders and partners by meeting regularly with the Bermuda Hospitals Board's Ethics Committee, the Health Insurance Committee, Bermuda National Standards Committee, Disabilities Advisory Council, and the Bermuda College Nursing Programme Review Committee.



Collaborated with stakeholders to secure file transfers of sensitive data under the Personal Information Protection Act 2016 for best practice.



Coordinated COVID vaccination drive for potential transplant patients (transplant hospital requirement) and achieved 86.6% vaccination rate.



Commenced development of a national organ donor registry to be maintained under the Health Council.

EDUCATED AND COLLABORATED WITH STAKEHOLDERS (CONTINUED)



Expanded the KTC Programme team to ensure adequate resource allocation in support of kidney transplantation.

REGULATION

PROTECTED OUR MOST VULNERABLE

The Residential Care Homes and Nursing Homes (Transfer of Functions) Act 2020 was amended to reflect the transition of the regulation of care homes to the Health Council.

During FYE2021/2022, the Health Council faced an unprecedented workload due to COVID-19, while continuing with specific efforts of protecting the safety and health of our most vulnerable. In collaboration with the Department of Health, Ministry of Health and the pandemic response COVID Care Home Team, we prepared a plan for care homes in response to the multiple outbreaks of COVID-19, to reduce the spread of the disease in long-term care facilities.

Prepared Care Homes for COVID-19 through training sessions on how to prevent the spread of infectious disease in their families

Requested Care Homes to provide a list of their supplies while also giving them guidance on how much supply they should have in stock

Facilitated in-person training with 15 care home administrators and additional staff to review the COVID-19 guidance

Ensured electronic reporting measures were put in place for monitoring COVID-19 symptoms and potential outbreaks in the care homes

Worked with Department of Health (DOH) to ensure regular screenings, testings and personal protective equipment (PPE training) was provided

Ensured with the assistance of the Third Sector that each home had Wi-Fi and telecommunications devices for periods when visitation was restricted

Held regular monthly meetings virtually with all care home administrators to ensure there was communication and a chance for dialogue to address concerns

Coordinated with the Third Sector to provide assistance to care homes with purchasing groceries and supplies

A total of 19 Care Homes were licensed and inspected, including 6 compliance inspections

EFFICIENT OPERATIONS

ACHIEVING VALUE

The Health Council is funded through licensing and registration fees in relation to regulatory oversight of select health system stakeholders; an MRF transfer; and a grant from the Ministry of Health in relation to technical support for health policy and monitoring, analysis and oversight of the health system.

DEVELOPING OUR TEAM

The Secretariat successfully capitalized on local, overseas, and online development opportunities. Overseas training allowed the Secretariat to enhance its skills and capacity. The training courses covered a range of topics, such as fundamental health care concepts, creating and managing databases, palliative care and policy exchange.

Considering the challenges posed by the pandemic, during FYE2021/2022, the Secretariat actively engaged in and benefited from online training sessions covering a wide range of topics, including communication, financial and technical skills, performance and productivity, as well as leadership and management.



Sterling House
16 Wesley Street

RAJOO & RAJOO

AUDITED FINANCIALS

For the year ended March 31st 2021 and March 31st 2022

BERMUDA HEALTH COUNCIL

FINANCIAL STATEMENTS

MARCH 31, 2021

BERMUDA HEALTH COUNCIL

Financial Statements
For the Year Ended March 31, 2021

Index

Statement of Financial Position

Statement of Operations and Accumulated Surplus

Statement of Changes in Net Financial Assets

Statement of Cash Flows

Notes to the Financial Statements

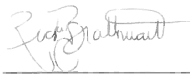
Management's Responsibility for the Financial Statements

These financial statements have been prepared by management, who are 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 Board through the Audit and Governance Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Audit and Governance Committee meets periodically with management to discuss matters relating to financial reporting, internal control and audits. The Audit and Governance Committee also reviews the financial statements before recommending approval by the Board. The financial statements have been approved by the Board and have been examined by the Office of the Auditor General.

The accompanying Independent Auditor's Report is presented herein.



Dr. Ricky Brathwaite
Chief Executive Officer



F. Ann Daniels (Jul 14, 2022 08:50 ADT)

Ms. F. Ann Daniels
Audit & Governance Committee Chair

July 14, 2022
DATE



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INDEPENDENT AUDITOR'S REPORT

To the Minister of Health

Opinion

I have audited the financial statements of the Bermuda Health Council, which comprise the statement of financial position as at March 31, 2021, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bermuda Health Council as at March 31, 2021, 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.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in Bermuda and Canada. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Bermuda Health Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in Bermuda, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Bermuda Health Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bermuda Health Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bermuda Health Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Bermuda and Canada will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Bermuda and Canada, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements (whether due to fraud or error), design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Bermuda Health Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bermuda Health Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Bermuda Health Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements (including the disclosures), and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, related safeguards.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the Office of the Auditor General website at: www.oagbermuda.bm. This description forms part of my auditor's report.



Hamilton, Bermuda
July 14, 2022

Heather Thomas, CPA, CFE, CGMA
Auditor General

THE BERMUDA HEALTH COUNCIL
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2021

	2021	2020
	\$	\$
FINANCIAL ASSETS		
Cash (Note 4)	3,391,122	2,018,129
Accounts receivable	640	965
Due from the Government of Bermuda (Note 9b)	6,020	-
Due from the Mutual Re-insurance Fund (Note 9a)	68,860	51,402
Rent deposit	30,460	30,460
	<u>3,497,102</u>	<u>2,100,956</u>
LIABILITIES		
Accounts payable and accrued liabilities	180,442	88,908
Due to the Government of Bermuda (Note 9b)	34,799	41,827
Deferred revenue (Note 9f)	100,480	102,661
Managed fund (Note 9e)	2,535,091	1,380,420
	<u>2,850,812</u>	<u>1,613,816</u>
NET FINANCIAL ASSETS	<u>646,290</u>	<u>487,140</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	16,910	59,383
Tangible capital assets (Note 5)	149,125	32,600
	<u>166,035</u>	<u>91,983</u>
ACCUMULATED SURPLUS	<u>812,325</u>	<u>579,123</u>
CONTRACTUAL OBLIGATIONS (Note 13)		
CONTINGENT LIABILITIES (Note 15)		

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, 2021

	2021	2021	2020
	\$	\$	\$
	Budget	Actual	Actual
	(Note 12)		
REVENUES			
Government of Bermuda grant (Note 9a)	1,100,000	1,210,385	799,615
Prescribed sum from the Mutual Re-insurance Fund (Note 9a)	711,563	556,565	528,358
Licensing fees (Note 10)	362,500	287,500	337,500
Special grants (Note 9d)	-	203,000	440,093
Kidney Transplant Coordinator (Note 9f)	142,312	136,974	3,112
Other income	-	68,673	6
Rental income	2,500	29,159	-
Restricted donations (Note 16)	-	15,000	-
Donated services (Note 9c)	-	1,900	2,350
Professional registration fees (Note 12)	73,862	1,245	-
Interest	-	209	14
Facility registration fees (Note 12)	16,065	-	-
	<u>2,408,802</u>	<u>2,510,610</u>	<u>2,111,048</u>
EXPENSES			
General administration (Note 6)	2,161,798	1,752,961	1,553,979
Legal and professional services	165,200	485,378	433,202
Amortization of tangible capital assets (Note 5)	58,800	34,719	31,139
Council meetings (Note 14)	20,650	4,350	5,250
	<u>2,406,448</u>	<u>2,277,408</u>	<u>2,023,570</u>
ANNUAL SURPLUS	<u>2,354</u>	233,202	87,478
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>579,123</u>	<u>491,645</u>
ACCUMULATED SURPLUS, END OF YEAR		<u>812,325</u>	<u>579,123</u>

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, 2021

	2021 \$ Budget (Note 12)	2021 \$	2020 \$
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>487,140</u>	<u>487,140</u>	<u>432,610</u>
Annual surplus	2,354	233,202	87,478
Change in prepaid expenses	-	42,473	(42,452)
Acquisition of tangible capital assets (Note 5)	-	(151,244)	(21,635)
Amortization of tangible capital assets (Note 5)	<u>58,800</u>	<u>34,719</u>	<u>31,139</u>
Change in net financial assets during the year	<u>61,154</u>	<u>159,150</u>	<u>54,530</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>548,294</u></u>	<u><u>646,290</u></u>	<u><u>487,140</u></u>

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, 2021

	2021	2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual surplus	233,202	87,478
Adjustment for items not affecting cash:		
Amortization of tangible capital assets	34,719	31,139
	<u>267,921</u>	<u>118,617</u>
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable	325	(965)
Decrease in accrued interest	-	1
Increase in due from the Government of Bermuda	(6,020)	-
(Increase) decrease in due from the Mutual Re-insurance Fund	(17,458)	28,483
Increase (decrease) in accounts payable and accrued liabilities	91,534	(2,954)
(Decrease) increase in due to the Government of Bermuda	(7,028)	18,161
(Decrease) increase in deferred revenue	(2,181)	27,568
Increase in managed fund	1,154,671	1,380,420
Decrease (increase) in prepaid expenses	42,473	(42,452)
	<u>1,524,237</u>	<u>1,526,879</u>
CASH FLOWS FROM CAPITAL ACTIVITY		
Acquisition of tangible capital assets	<u>(151,244)</u>	<u>(21,635)</u>
Net cash used in capital activities	<u>(151,244)</u>	<u>(21,635)</u>
NET INCREASE IN CASH	1,372,993	1,505,244
CASH, BEGINNING OF YEAR	<u>2,018,129</u>	<u>512,885</u>
CASH, END OF YEAR	<u><u>3,391,122</u></u>	<u><u>2,018,129</u></u>

The accompanying notes are an integral part of these financial statements

THE BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

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

Cash includes all cash held with a financial institution that can be withdrawn without prior notice or penalty. Restricted cash is maintained separately in a call deposit account.

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 software	- 3 years
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

The 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

THE BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Revenue recognition (continued)

companies and approved schemes information available from the Health Insurance Department. For months where remittances have not yet been received, an accrual is made relating to the expected premiums using information available from the Health Insurance Department.

Licensing fees pertain to fees charged by the Council to health insurers and approved schemes to undertake insurance business in Bermuda. Licensing fees are paid based on a tiered system of Annual Gross Premium Written (“AGPW”) from the current calendar year and are recognized as revenue on the statement of operations and accumulated surplus. During the subsequent re-licensing process, the previously reported AGPW is compared with the audited AGPW and any adjustments to that previous licensing fee is billed to the health insurers and approved schemes.

Special grants from the Ministry of Health are received and receivable for unanticipated legal costs of the Council. The amounts recognized as revenue on the statement of operations and accumulated surplus are based on the actual costs spent by the Council to satisfy its performance obligations to the Ministry. Discounts received, if any, related to these legal costs are recorded as other income.

Professional registration fees pertain to the fees charged by the Council to regulated health professionals for initial registration, re-registration and registration-related services such as but not limited to, certification of professional standing. The fees and the frequency at which they are paid, is in accordance with the legislation applicable to the specific registered professional.

Rental income is received and receivable from external stakeholders’ use of the Council’s collaborative working spaces, meeting rooms and/or work stations. Rental income is billed at an hourly rate for short-term use or a monthly rate for long-term use.

Other transfers to the Council may be provided based on approval from the Ministry of Health. These transfers are recorded based on best accounting practices and the purpose for which the funds are provided to the Council unless otherwise directed by the Ministry.

Mutual Re-insurance Fund transfers pertaining to the Kidney Transplant Coordinator (the “KTC”) are recorded as deferred revenue in the statement of financial position and as relevant KTC expenses are incurred, the deferred revenue is reclassified as KTC revenue in the statement of operations and accumulated surplus to offset the KTC expenses for a net effect of \$0.

Interest and other income are recognized on the accrual basis.

THE BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Managed fund

Mutual Re-insurance Fund transfers pertaining to the Chronic Disease Innovation Fund are classified as managed fund and are recognized as a liability on the statement of financial position.

e) 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.

f) Government transfers

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations and accumulated surplus as the stipulation liabilities are met.

g) 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.

h) 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 tangible capital assets, licensing fees for insurers and accruals.

THE BERMUDA HEALTH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Measurement uncertainty (continued)

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.

i) Financial instruments

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

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.

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

j) Expenses

Operating expenses are reported on the accrual basis. The cost of all goods consumed and services received during the year are expensed. Advanced payments for goods or services to be received in the future are recognized as prepaid expenses.

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

Maturities and effective yields to cash are as follows:

	2021	Effective Yield	2020	Effective Yield
	\$	%	\$	%
Cash at bank	672,301	-	535,048	-
Call deposit	2,718,821	0.010	1,483,081	0.002
	<u>3,391,122</u>		<u>2,018,129</u>	

THE BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

4. CASH (continued)

As of March 31, 2021, the call deposit includes restricted funds relating to the Chronic Disease Innovation Fund and the KTC Fund amounting to \$2,535,091 (2020 - \$1,380,420) and \$100,480 (2020 - \$102,661), respectively (see Note 9e) and Note 9f).

5. TANGIBLE CAPITAL ASSETS

	2021				
	Furniture & Fixtures \$	Computer & Tele- communications Equipment \$	Leasehold Improvements \$	Computer Software \$	Total \$
Opening cost	125,522	68,740	74,158	44,928	313,348
Additions	5,000	9,675	122,345	14,224	151,244
Closing cost	130,522	78,415	196,503	59,152	464,592
Opening accumulated amortization	109,101	67,917	65,030	38,700	280,748
Amortization	5,244	2,435	21,246	5,794	34,719
Closing accumulated amortization	114,345	70,352	86,276	44,494	315,467
Net book value of tangible capital assets	16,177	8,063	110,227	14,658	149,125
	2020				
	Furniture & Fixtures \$	Computer & Tele- communications Equipment \$	Leasehold Improvements \$	Computer Software \$	Total \$
Opening cost	114,122	68,740	69,532	39,319	291,713
Additions	11,400	-	4,626	5,609	21,635
Closing cost	125,522	68,740	74,158	44,928	313,348
Opening accumulated amortization	105,316	65,122	54,512	24,659	249,609
Amortization	3,785	2,795	10,518	14,041	31,139
Closing accumulated amortization	109,101	67,917	65,030	38,700	280,748
Net book value of tangible capital assets	16,421	823	9,128	6,228	32,600

THE BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

6. GENERAL ADMINISTRATION

	2021	2021	2020
	\$	\$	\$
	Budget	Actual	Actual
	(Note 12)		
Salaries and employee benefits	1,776,421	1,384,240	1,284,968
Rent	197,990	206,996	144,984
Land and corporation taxes	27,713	29,747	23,332
Repairs and maintenance	19,200	28,121	16,075
Telecommunications	14,520	18,816	9,406
HealthIQ.bm	-	16,134	-
Electricity	16,400	13,244	7,675
Network and infrastructure	8,700	10,669	3,246
Office supplies	11,040	10,627	11,148
Marketing	16,020	8,571	9,518
Subscriptions and memberships	4,939	7,713	5,405
Training and workshops	45,000	7,567	22,141
General and miscellaneous	6,000	6,001	7,044
Insurance	7,775	1,798	3,529
Bank charges	1,080	1,416	952
Entertainment	3,600	1,109	4,556
Research and development	4,200	192	-
Printing	1,200	-	-
	<u>2,161,798</u>	<u>1,752,961</u>	<u>1,553,979</u>

7. 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, 2021:

a) Credit Risk

Credit risk arises from cash held with banks, accounts receivable, due from the Mutual Re-Insurance Fund and due from the Government of Bermuda. 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 BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

7. FINANCIAL RISK MANAGEMENT (continued)

a) Credit Risk (continued)

The significant amount outstanding at year-end, related to funds 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 liabilities 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.

(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. It is management's opinion that the Council is not exposed to significant interest rate risk.

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

THE BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

8. CAPITAL MANAGEMENT

The Council has not officially set a threshold for a sufficient accumulated surplus to enable it to withstand negative unexpected financial events. However, the Council's objective when managing capital is to regularly monitor its cash flows, consistently looking to streamline processes and improve cost efficiency of operations resulting in additional savings throughout the year. The Council is not subject to any externally imposed capital requirements.

9. RELATED PARTY TRANSACTIONS

The Council is related to all Government agencies, 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 \$1,210,385 during the year (2020 - \$799,615) 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 for each insured person the sum of \$1.00 per month, effective June 1, 2019. The amount recognized as revenue was \$556,565 (2020 - \$528,358) and the amount accrued at year-end was \$68,860 (2020 - \$51,402).

THE BERMUDA HEALTH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2021

9. RELATED PARTY TRANSACTIONS (continued)

b) Expenses, payables and receivables

The Council entered into the following transactions with the Government:

	Transactions for the year		Due to/(from) at year-end	
	2021	2020	2021	2020
	\$	\$	\$	\$
Payroll Tax	-	-	17,007	-
Superannuation	31,781	73,534	-	13,142
Health Insurance	81,604	59,669	17,433	21,609
Social Insurance	7,148	21,013	359	7,076
Others	27,773	-	(6,020)	-
	148,306	154,216	28,779	41,827

The amount due to the Government of Bermuda represents year-end accruals. The payroll tax amount due to the Government of Bermuda at year end represents the employee portion. Others includes rent, city taxes and other recoverable expenses from the Ministry of Health.

c) Donated services

Five council members (2020 – five) declined the fees (\$50 per meeting) for attendance at meetings resulting in donated services of \$1,900 (2020 - \$2,350).

d) Special grants

In March 2021, the Council received a special grant totalling \$203,000 (2020 - \$360,000) from the Ministry of Health restricted for legal fees incurred as a result of the former Chief Executive Officer's separation in December 2018. As at March 31, 2021, the Council had spent accumulated costs of \$563,311 (of which \$391,411 was recorded as at March 31, 2020) and \$563,000 was paid using the special grant funding received over the fiscal periods ended March 31, 2020 and March 31, 2021. These amounts have been recognized as special grants revenue and expensed as legal and professional services in the statement of operations and accumulated surplus.

Prior year special grants of \$5,000 and \$75,093 related to the Ministry of Finance restriction for student stipends and the Ministry of Health restriction for Health Financing Reform costs, respectively.

THE BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

9. RELATED PARTY TRANSACTIONS (continued)

e) Managed fund

Effective June 1, 2019, the Ministry of Health approved a Mutual Re-insurance Fund premium allocation of \$3.40 per insured person per month to a Chronic Disease Innovation Fund established to support community-based programmes to manage patients' chronic non-communicable diseases. The funds are collected by the Mutual Re-insurance Fund and transferred to the Council to manage the programme, including developing and implementing criteria, policies and procedures to allocate/award funds and oversee their proper administration. As at March 31, 2021, \$2,535,091 (2020 - \$1,380,420) was recognized as managed fund liability in the statement of financial position.

The amounts held at fiscal year-end are as follows:

Balance, beginning of year \$	Amount received \$	Amount paid \$	Balance, end of year \$
<u>1,380,420</u>	<u>1,833,176</u>	<u>(678,505)</u>	<u>2,535,091</u>

f) Deferred revenue

Effective June 1, 2019, the Ministry of Health approved a Mutual Re-insurance Fund premium allocation of \$0.25 per insured person per month for the national KTC as a component of the funds for dialysis and kidney transplant associated services. The funds are collected by the Mutual Re-insurance Fund and transferred to the Council to oversee the performance of the KTC and provide necessary resources to support the kidney transplant coordination programme. As at March 31, 2021, \$100,480 (2020 - \$102,661) of unused KTC funds were recognized as deferred revenue in the statement of financial position and \$136,974 (2020 - \$3,112) in actual KTC expenses incurred during the fiscal year were recognized as KTC revenue and general administration expenses in the statement of operations and accumulated surplus.

10. LICENSING FEES

Effective December 20, 2017, the Council receives annual re-licensing fees from three health insurers and two approved schemes.

In early December of each year, health insurers and approved schemes provide their projected AGPW for the current calendar year ending December 31. Fees are paid based on a tiered system of AGPW as mandated by the Health Insurance Amendment Act 2017 Section 5 (4) and Section 6 (4).

THE BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

10. LICENSING FEES (continued)

As per Section 5 of the Health Insurance (Licensing of Insurers) Regulations 1971, insurers are required to provide audited financials for their most recent fiscal year. The insurers' projected AGPW figures are verified against their audited financials with any differences in licensing fee tier, applied to the next licensing fee payment. For insurers whose fiscal year ends in March, reasonability is applied when verifying their audited AGPW against their projected AGPW.

As per Section 3 of the Health Insurance (Approved Scheme) Regulations 1971, schemes are required to provide financial statements for their most recent fiscal year, signed by a senior financial officer of the company or organization sponsoring the scheme. The schemes' projected AGPW figures are verified against their signed financials with any differences in licensing fee tier, applied to the next licensing fee payment. For schemes whose fiscal year ends in March, reasonability is applied when verifying their signed AGPW against their projected AGPW.

11. EMPLOYEE FUTURE BENEFITS

a) Pension plan

The Council's employees are enrolled in the Public Service Superannuation Fund (the "Fund"), which is a defined benefit plan administered by the Government. Contributions to the Fund are 8% (2019- 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.

The Council's contributions to the Fund totalled \$31,781 (2020 - \$73,534) (see Note 9b).

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 \$10,118 (2020 – \$nil) and is included in salaries

THE BERMUDA HEALTH COUNCIL
NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

11. EMPLOYEE FUTURE BENEFITS (continued)

b) Compensated absences (continued)

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 and paternity 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, 2021 is \$43,239 (2020 - \$33,853) and is included in accounts payable and accrued liabilities.

12. BUDGET

The amounts represent the revised operating budget which was approved by the Council on December 5, 2019.

The approved budget for fiscal year ended March 31, 2021 includes revenue line items for professional registration fees and facility registration fees. The line items were originally included in the budget in anticipation of legislative changes, which would grant authority to the Council to recognize fees from the registration of health professionals and health facilities. In the case of health facilities, the necessary legislative amendments were not finalized prior to, or during this fiscal year and thus the affected revenue remains with the Consolidated Fund. On December 11, 2020, the Health Professionals (Miscellaneous Amendments) Act 2020 came into effect granting authority to the Health Council to collect fees from the registration of select health professional, however, given the delay in effecting this legislation, the revenue recorded for professional registration fees is less than budgeted.

13. CONTRACTUAL OBLIGATIONS

In August 2019, the Council renegotiated a new lease agreement for its office premises to include an additional floor. The new five-year lease expires on July 31, 2024. The remaining obligation under this lease is \$659,967 (2020 - \$857,957).

In February 2020, the Council entered into a two-year contract for mobile data services which expires in February 2022. The remaining obligation under this contract is \$11,979 (2020 - \$25,418).

THE BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

13. CONTRACTUAL OBLIGATIONS (continued)

In January 2021, the Council signed a 12-month lease for its office premises to include an additional floor. The 12-month lease expires on December 31, 2021. The remaining obligation under this lease is \$62,353 (2020 -\$nil) and although it is the contractual obligation of the Council, the full contract amount is recoverable from the Ministry of Health.

In January 2021, the Council renewed its accounting services contract which expires on December 31, 2021. The remaining obligation under this contract is \$24,300 (2020 - \$19,800).

During the year, the Council manages the disbursement of funds from the Chronic Disease Innovation Fund (See Note 9e). The remaining obligations under these fund agreements total \$218,325 (2020- \$80,200).

14. COUNCIL MEETINGS

The Council members are appointed by the Minister of Health to serve for fixed periods of time.

Council members and the Chairman are paid a fee of \$50 and \$100 per meeting, respectively, for attendance of the Council meetings.

15. CONTINGENT LIABILITIES

a) Standard health benefit approvals

The Council is subject to potential claims related to legal action filed by health businesses which are denied approval to provide, and be reimbursed for, services under standard health benefit. The effect of legal claims cannot be determined until they are settled or dismissed. No liability has been admitted and no provision for claims is included in the financial statements.

Any resulting losses will be recorded and charged to operations in the year when the liability has been incurred and the amount can be reasonably determined.

b) Former employee

The matter relating to a former employee was resolved and there are no further claims accruing to the Council.

THE BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

16. RESTRICTED DONATION

Restricted donation pertains to a grant received from the Bermuda Emergency Fund - COVID19 Crisis Relief to support the HealthIQ tool which the Health Council was responsible for facilitating the design, development and implementation. HealthIQ is a database that was used for monitoring residents' health status and the impact of COVID-19 Regulations during calendar year 2020. For the year ended March 31, 2021, expenses incurred for HealthIQ.bm are recorded under general administration (see Note 6).

17. COVID-19 PANDEMIC

The Council continues to closely monitor the evolution of this pandemic, including how it may affect its operations or financial conditions and its related economic, social and public health implications remain uncertain. The Council has not observed any material impact on its operations or financial position as a result of the COVID-19 outbreak at the issuance of these financial statements.

18. SUBSEQUENT EVENTS

There were no significant events requiring disclosure in the financial statements.

BERMUDA HEALTH COUNCIL

FINANCIAL STATEMENTS

MARCH 31, 2022

BERMUDA HEALTH COUNCIL

Financial Statements
For the Year Ended March 31, 2022

Index

Statement of Financial Position

Statement of Operations and Accumulated Surplus

Statement of Changes in Net Financial Assets

Statement of Cash Flows

Notes to the Financial Statements

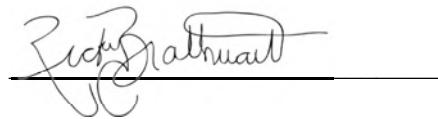
Management's Responsibility for the Financial Statements

These financial statements have been prepared by management, who are 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 Board through the Audit and Governance Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Audit and Governance Committee meets periodically with management to discuss matters relating to financial reporting, internal control and audits. The Audit and Governance Committee also reviews the financial statements before recommending approval by the Board. The financial statements have been approved by the Board and have been examined by the Office of the Auditor General.

The accompanying Independent Auditor's Report is presented herein.



Dr. Ricky Brathwaite
Chief Executive Officer



F. Ann Daniels (Mar 30, 2023 15:09 ADT)

Ms. F. Ann Daniels
Audit & Governance Committee Chair

March 30, 2023



Office of the Auditor General

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INDEPENDENT AUDITOR'S REPORT

To the Minister of Health

Opinion

I have audited the financial statements of the Bermuda Health Council, which comprise the statement of financial position as at March 31, 2022, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bermuda Health Council as at March 31, 2022, 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.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in Bermuda and Canada. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Bermuda Health Council in accordance with the ethical requirements that are relevant to my audit of the financial statements in Bermuda, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Bermuda Health Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bermuda Health Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bermuda Health Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Bermuda and Canada will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Bermuda and Canada, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements (whether due to fraud or error), design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Bermuda Health Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bermuda Health Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Bermuda Health Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements (including the disclosures), and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, related safeguards.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the Office of the Auditor General website at: www.oagbermuda.bm. This description forms part of our auditor's report.



Heather Thomas, CPA, CFE, CGMA
Auditor General

Hamilton, Bermuda
March 30, 2023

BERMUDA HEALTH COUNCIL
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2022

	2022	2021
	\$	\$
FINANCIAL ASSETS		
Cash (Note 4)	4,568,229	3,391,122
Accounts receivable	3,092	640
Due from the Mutual Re-insurance Fund (Note 9a)	168,039	68,860
Due from the Government of Bermuda (Note 9b)	1,412	6,020
Rent deposit	30,460	30,460
	<u>4,771,232</u>	<u>3,497,102</u>
LIABILITIES		
Accounts payable and accrued liabilities	197,810	180,442
Due to the Government of Bermuda (Note 9b)	65,945	34,799
Deferred revenue (Notes 9e and 9g)	517,670	100,480
Managed fund (Note 9d)	3,730,923	2,535,091
	<u>4,512,348</u>	<u>2,850,812</u>
NET FINANCIAL ASSETS	<u>258,884</u>	<u>646,290</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	34,418	16,910
Tangible capital assets (Note 5)	181,787	149,125
	<u>216,205</u>	<u>166,035</u>
ACCUMULATED SURPLUS	<u>475,089</u>	<u>812,325</u>
CONTRACTUAL OBLIGATIONS (Note 13)		
CONTINGENT LIABILITIES (Note 15)		
CONTINGENT ASSETS (Note 16)		

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, 2022

	2022 \$ Budget (Note 12)	2022 \$ Actual	2021 \$ Actual
REVENUES			
Government of Bermuda grant (Note 9a)	1,000,385	1,000,000	1,210,385
Prescribed sum from the Mutual Re-insurance Fund (Note 9a)	1,511,542	550,377	556,565
Licensing fees (Note 10)	287,500	287,500	287,500
Kidney Transplant Coordinator (Note 9e)	281,768	229,483	136,974
Rental income	10,000	92,137	29,159
Professional registration fees	33,000	47,785	1,245
Other income	-	36,236	68,673
Facility registration fees	10,000	5,025	-
Donated services (Note 9c)	-	1,400	1,900
Interest	-	73	209
Special grants (Note 9f)	-	-	203,000
Restricted donations (Note 14)	-	-	15,000
	<u>3,134,195</u>	<u>2,250,016</u>	<u>2,510,610</u>
EXPENSES			
General administration (Note 6)	2,284,697	1,995,879	1,615,986
Legal and professional services	513,400	296,701	485,378
KTC Program general expenses (Note 9e)	281,768	229,504	136,975
Amortization of tangible capital assets (Note 5)	33,600	61,818	34,719
Council meetings (Note 9b)	20,650	3,350	4,350
	<u>3,134,115</u>	<u>2,587,252</u>	<u>2,277,408</u>
ANNUAL (DEFICIT) SURPLUS	<u>80</u>	(337,236)	233,202
ACCUMULATED SURPLUS, BEGINNING OF			
YEAR		<u>812,325</u>	<u>579,123</u>
ACCUMULATED SURPLUS, END OF YEAR		<u>475,089</u>	<u>812,325</u>

The accompanying notes are an integral part of these financial statements

BERMUDA HEALTH COUNCIL
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED MARCH 31, 2022

	2022 \$ Budget (Note 12)	2022 \$	2021 \$
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>646,290</u>	<u>646,290</u>	<u>487,140</u>
Annual (deficit) surplus	80	(337,236)	233,202
Change in prepaid expenses	-	(17,508)	42,473
Acquisition of tangible capital assets (Note 5)	-	(94,480)	(151,244)
Amortization of tangible capital assets (Note 5)	<u>33,600</u>	<u>61,818</u>	<u>34,719</u>
Change in net financial assets during the year	<u>33,680</u>	<u>(387,406)</u>	<u>159,150</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>679,970</u></u>	<u><u>258,884</u></u>	<u><u>646,290</u></u>

The accompanying notes are an integral part of these financial statements

**BERMUDA HEALTH COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2022**

	2022	2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Annual (deficit) surplus	(337,236)	233,202
Adjustment for items not affecting cash:		
Amortization of tangible capital assets	<u>61,818</u>	<u>34,719</u>
	(275,418)	267,921
Changes in non-cash working capital:		
(Increase) decrease in accounts receivable	(2,452)	325
Decrease (increase) in due from the Government of Bermuda	4,608	(6,020)
Increase in due from the Mutual Re-insurance Fund	(99,179)	(17,458)
Increase in accounts payable and accrued liabilities	17,368	91,534
Increase (decrease) in due to the Government of Bermuda	31,146	(7,028)
Increase (decrease) in deferred revenue	417,190	(2,181)
Increase in managed funds	1,195,832	1,154,671
(Increase) decrease in prepaid expenses	<u>(17,508)</u>	<u>42,473</u>
Net cash provided by operating activities	<u>1,271,587</u>	<u>1,524,237</u>
CASH FLOWS FROM CAPITAL ACTIVITY		
Acquisition of tangible capital assets	<u>(94,480)</u>	<u>(151,244)</u>
Net cash used in capital activities	<u>(94,480)</u>	<u>(151,244)</u>
NET INCREASE IN CASH	1,177,107	1,372,993
CASH, BEGINNING OF YEAR	<u>3,391,122</u>	<u>2,018,129</u>
CASH, END OF YEAR	<u><u>4,568,229</u></u>	<u><u>3,391,122</u></u>

The accompanying notes are an integral part of these financial statements

BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

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

Cash includes all cash held with a financial institution that can be withdrawn without prior notice or penalty and call account with an original maturity of three month or less. Restricted cash is maintained separately in a call deposit account. Cash classified as restricted if externally restricted by legal or contractual requirements or internally restricted by the Council.

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 software	- 3 years
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, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Revenue recognition

The 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 approved schemes information available from the Health Insurance Department. For months where remittances have not yet been received, an accrual is made relating to the expected premiums using information available from the Health Insurance Department.

Licensing fees pertain to fees charged by the Council to health insurers and approved schemes to undertake insurance business in Bermuda. Licensing fees are paid based on a tiered system of Annual Gross Premium Written (“AGPW”) from the current calendar year and are recognized as revenue on the statement of operations and accumulated surplus. During the subsequent re-licensing process, the previously reported AGPW is compared with the audited AGPW and any adjustments to that previous licensing fee is billed to the health insurers and approved schemes.

Special grants from the Ministry of Health are received and receivable for unanticipated legal costs of the Council. The amounts recognized as revenue on the statement of operations and accumulated surplus are based on the actual costs spent by the Council to satisfy its performance obligations to the Ministry. Discounts received, if any, related to these legal costs are recorded as other income.

Professional registration fees pertain to the fees charged by the Council to regulated health professionals for initial registration, re-registration and registration-related services such as but not limited to, certification of professional standing. The fees and the frequency at which they are paid, is in accordance with the legislation applicable to the specific registered professional.

Rental income is received and receivable from external stakeholders’ use of the Council’s collaborative working spaces, meeting rooms and/or work stations. Rental income is billed at an hourly rate for short-term use or a monthly rate for long-term use.

Other transfers to the Council may be provided based on approval from the Ministry of Health. These transfers are recorded based on accounting practices and the purpose for which the funds are provided to the Council unless otherwise directed by the Ministry.

Mutual Re-insurance Fund transfers pertaining to the Kidney Transplant Coordinator (the “KTC”) are recorded as deferred revenue in the statement of financial position and as relevant KTC expenses are incurred, the deferred revenue is reclassified as KTC revenue in the statement of operations and accumulated surplus to offset the KTC expenses for a net effect of \$0.

Interest and other income are recognized on the accrual basis.

BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Managed fund

Mutual Re-insurance Fund transfers pertaining to the Chronic Disease Innovation Fund (the “CDI”) are classified as managed fund and are recognized as a liability on the statement of financial position.

e) 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.

f) Government transfers

Government transfers, which do not contain a stipulation that creates a liability, are recognized as revenues when the transfer is authorized and any eligibility criteria are met. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations and accumulated surplus.

g) 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.

h) 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 tangible capital assets, licensing fees for insurers and accruals, prescribed sum from the Mutual Re-insurance Fund and accruals.

BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Measurement uncertainty (continued)

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.

i) Financial instruments

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

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

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

j) Expenses

Operating expenses are reported on the accrual basis. The cost of all goods consumed and services received during the year are expensed. Advanced payments for goods or services to be received in the future are recognized as prepaid expenses.

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 operating cash flow and capital acquisitions.

4. CASH

Maturities and effective yields to cash are as follows:

	2022	Effective Yield	2021	Effective Yield
	\$	%	\$	%
Cash at bank	806,351	-	672,301	-
Call deposit	3,256,395	0.002	2,718,821	0.010
Restricted Funds	505,483		-	
	<u>4,568,229</u>		<u>3,391,122</u>	

BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

4. CASH (continued)

As of March 31, 2022, the restricted cash for the CDI and KTC Funds amounted to \$3,730,922 (2021 - \$2,535,091) and \$54,367 (2021 - \$100,480), respectively (see Note 9d) and Note 9e)).

As per the Chief Medical Officer (Transfer of Functions and Validation) Act 2018 and subsequently the Public Health Act 1948 and in respect to the Radiation Act 1972, the Council is responsible for maintaining the register of maternity homes, clinical labs, diagnostic facilities and hospitals, and has been delegated the function of conducting the licensing process for irradiating apparatus by the Minister of Health as prescribed by the Government Fees Regulations 1976. As the Council is not listed as a public authority under the Government Authorities (Fees) Act 1971, the Minister of Health directed the Council to hold the fees collected in a restricted account pending legislative amendments to allow for recognition of said fees by the Council as revenue. As at March 31, 2022 the amount received in relation to the facility licensing fees totals \$5,958.

Effective November 1, 2021, the Minister of Health approved an increase in the MRF transfer to the Health Council from \$1.00 to \$3.06 per insured person per month. As this increase was not legislated, the additional funds received are classified as deferred revenue. As at March 31, 2022, the amount received in relation to this increase totals \$463,303.

5. TANGIBLE CAPITAL ASSETS

	2022				
	Furniture & Fixtures	Computer & Tele- communications Equipment	Leasehold Improvements	Computer Software	Total
	\$	\$	\$	\$	\$
Opening cost	130,522	78,415	196,503	59,152	464,592
Additions	14,663	23,360	3,017	53,440	94,480
Closing cost	145,185	101,775	199,520	112,592	559,072
Opening accumulated amortization	114,345	70,352	86,276	44,494	315,467
Amortization	7,211	7,118	31,971	15,518	61,818
Closing accumulated amortization	121,556	77,470	118,247	60,012	377,285
Net book value of tangible capital assets	23,629	24,305	81,273	52,580	181,787

BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

5. TANGIBLE CAPITAL ASSETS (Continued)

	2021				
	Furniture & Fixtures	Computer & Tele- communications Equipment	Leasehold Improvements	Computer Software	Total
	\$	\$	\$	\$	\$
Opening cost	125,522	68,740	74,158	44,928	313,348
Additions	5,000	9,675	122,345	14,224	151,244
Closing cost	130,522	78,415	196,503	59,152	464,592
Opening accumulated amortization	109,101	67,917	65,030	38,700	280,748
Amortization	5,244	2,435	21,246	5,794	34,719
Closing accumulated amortization	114,345	70,352	86,276	44,494	315,467
Net book value of tangible capital assets	16,177	8,063	110,227	14,658	149,125

6. GENERAL ADMINISTRATION

	2022 \$ Budget (Note 12)	2022 \$ Actual	2021 \$ Actual
Salaries and employee benefits	1,705,678	1,553,855	1,247,265
Rent	130,196	246,446	206,996
Land and corporation taxes	27,713	39,298	29,747
Electricity	14,500	27,432	13,244
Repairs and maintenance	27,600	24,304	28,121
Training and workshops	47,625	20,273	7,567
Marketing	42,300	20,228	8,571
Telecommunications	15,780	17,262	18,816
Subscriptions and memberships	7,866	8,969	7,713
General and miscellaneous	9,000	8,693	6,001
Office supplies	9,840	6,209	10,627
Inspections	-	5,794	-
Entertainment	9,000	5,253	1,109
Network and infrastructure	210,000	4,971	10,669
HealthIQ.bm	-	2,390	16,134
Bank charges	1,800	2,352	1,416
Insurance	1,199	1,209	1,798
Research and development	24,000	731	192
COVID Related	-	210	-
Printing	600	-	-
	<u>2,284,697</u>	<u>1,995,879</u>	<u>1,615,986</u>

BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

7. 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, 2022:

a) Credit Risk

Credit risk arises from cash held with banks, accounts receivable, due from the Mutual Re-Insurance Fund and due from the Government of Bermuda. 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 amounts outstanding at year-end from accounts receivable, due from the Government of Bermuda and due from the Mutual Re-insurance Fund are 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 liabilities 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.

BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

7. FINANCIAL RISK MANAGEMENT (continued)

c) Market Risk

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

(i) Foreign exchange 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. It is management's opinion that the Council is not exposed to significant interest rate risk.

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

8. CAPITAL MANAGEMENT

The Council has not officially set a threshold for a sufficient accumulated surplus to enable it to withstand negative unexpected financial events. However, the Council's objective when managing capital is to regularly monitor its cash flows, consistently looking to streamline processes and improve cost efficiency of operations resulting in additional savings throughout the year. The Council is not subject to any externally imposed capital requirements.

9. RELATED PARTY TRANSACTIONS

The Council is related to all Government agencies, 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.

BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

9. RELATED PARTY TRANSACTIONS (continued)

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 \$1,000,000 during the year (2021 - \$1,210,385) to cover the operations of the Council.

In accordance with the Health Insurance (Mutual Re-insurance Fund) (Prescribed Sum) Order 2014 (“Order”), the Council received a prescribed sum from the Mutual Re-insurance Fund for each insured person the sum of \$1.00 per month, effective June 1, 2019 (see Note 9g).

The amount recognized as revenue was \$ 550,377 (2021 - \$556,565) and the amount accrued at year-end was \$168,039 (2021 - \$68,860).

b) Expenses, payable and receivable

The Council entered into the following transactions with the Government:

	Transactions for the year		Due to/(from) at year-end	
	2022	2021	2022	2021
	\$	\$	\$	\$
Payroll Tax	-	-	21,798	17,007
Superannuation	83,122	31,781	21,755	-
Health Insurance	94,813	81,604	18,728	17,433
Social Insurance	19,792	7,148	3,664	359
Others	119,371	27,773	(1,412)	(6,020)
	<u>317,098</u>	<u>148,306</u>	<u>64,533</u>	<u>28,779</u>

The amount due to the Government of Bermuda represents year-end accruals. The payroll tax amount due to the Government of Bermuda at year end represents the employee portion. Others includes rent, city taxes and other recoverable expenses from the Ministry of Health.

BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

9. RELATED PARTY TRANSACTIONS (continued)

c) Donated services

The Council members are appointed by the Minister of Health to serve for fixed periods of time. Council members and the Chairman are paid a fee of \$50 and \$100 per meeting, respectively, for attendance of the Council meetings.

Four council members (2021 – five) declined the fees (\$50 per meeting) for attendance at meetings resulting in donated services of \$1,400 (2021 - \$1,900).

d) Managed fund

Effective June 1, 2019, the Ministry of Health approved a Mutual Re-insurance Fund premium allocation of \$3.40 per insured person per month to the CDI established to support community-based programmes to manage patients' chronic non-communicable diseases. The funds are collected by the Mutual Re-insurance Fund and transferred to the Council to manage the programme, including developing and implementing criteria, policies and procedures to allocate/award funds and oversee their proper administration.

Effective November 1, 2021, the premium allocation decreased from \$3.40 per insured person per month to \$1.80 per insured person per month. As at March 31, 2022, \$3,730,922 (2021 - \$2,535,091) was recognized as managed fund liability in the statement of financial position.

The amounts held at fiscal year-end are as follows:

Balance, beginning of year \$	Amount received \$	Amount paid \$	Balance, end of year \$
<u>2,535,091</u>	<u>1,709,570</u>	<u>(513,739)</u>	<u>3,730,922</u>

e) Deferred revenue - KTC

Effective June 1, 2019, the Ministry of Health approved a Mutual Re-insurance Fund premium allocation of \$0.25 per insured person per month for the national KTC as a component of the funds for dialysis and kidney transplant associated services. Effective November 1, 2021, the premium allocation increased from \$0.25 per insured person per month to \$0.50 per insured person per month.

BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

9. RELATED PARTY TRANSACTIONS (continued)

e) Deferred revenue – KTC (continued)

The funds are collected by the Mutual Re-Insurance Fund and transferred to the Council to oversee the performance of the KTC and provide necessary resources to support the kidney transplant coordination programme. As at March 31, 2022, \$54,367 (2021 - \$100,480) of unused KTC funds were recognized as deferred revenue in the statement of financial position, Actual KTC expenses incurred during the fiscal year amounted to \$229,504 (2021 - \$136,974) were recognized as KTC revenue and KTC programme general expenses in the statement of operations and accumulated surplus.

The following represents the KTC expenses incurred during the year:

	2022 \$ Budget (Note 12)	2022 \$ Actual	2021 \$ Actual
KTC Salaries and employee benefits	213,973	190,583	136,975
KTC Building expenses	29,291	30,658	-
KTC Operational expenses	38,504	8,263	-
	<u>281,768</u>	<u>229,504</u>	<u>136,975</u>

f) Special grants

There were no special grants during fiscal year 2022. For the years ended March 2021 and March 2020, the Council received special grants totalling \$563,000 from the Ministry of Health restricted for legal fees incurred as a result of the former Chief Executive Officer's separation in December 2018. As at March 31, 2021, the Council had spent accumulated costs of \$563,311 in relation to this matter. These amounts were recognized as special grants revenue and expensed as legal and professional services in the statement of operations and accumulated surplus for the applicable fiscal periods.

g) Deferred revenue – MRF

Effective November 1, 2021, the MRF transfer to the Council was approved to increase from \$1.00 to \$3.06 per insured person per month, however the change was not legislated. In the absence of amendments to the Order, there is no legal guarantee that the increase be provided to the Council. Thus, the additional funds transferred to the Council cannot be recognized as revenue and is therefore recorded as deferred revenue on the statement of financial position.

BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

10. LICENSING FEES

Effective December 20, 2017, the Council receives annual re-licensing fees from three health insurers and two approved schemes.

In early December of each year, health insurers and approved schemes provide their projected AGPW for the current calendar year ending December 31. Fees are paid based on a tiered system of AGPW as mandated by the Health Insurance Amendment Act 2017 Section 5 (4) and Section 6 (4).

As per paragraph 5 of the Health Insurance (Licensing of Insurers) Regulations 1971, insurers are required to provide audited financials for their most recent fiscal year. The insurers' projected AGPW figures are verified against their audited financials with any differences in licensing fee tier, applied to the next licensing fee payment. For insurers whose fiscal year ends in March, reasonability is applied when verifying their audited AGPW against their projected AGPW.

As per paragraph 3 of the Health Insurance (Approved Scheme) Regulations 1971, schemes are required to provide financial statements for their most recent fiscal year, signed by a senior financial officer of the company or organization sponsoring the scheme. The schemes' projected AGPW figures are verified against their signed financials with any differences in licensing fee tier, applied to the next licensing fee payment. For schemes whose fiscal year ends in March, reasonability is applied when verifying their signed AGPW against their projected AGPW.

11. EMPLOYEE FUTURE BENEFITS

a) Pension plan

The Council's employees are enrolled in the Public Service Superannuation Fund (the "Fund"), which is a defined benefit plan administered by the Government. Contributions to the Fund are 8% (2021- 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.

The Council's contributions to the Fund totalled \$83,122 (2021 - \$31,781) (see Note 9b).

BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

11. EMPLOYEE FUTURE BENEFITS (continued)

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 \$20,564 (2021 – \$10,118) 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 and paternity 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, 2022 is \$51,396 (2021 - \$43,239) and is included in accounts payable and accrued liabilities.

12. BUDGET

The amounts represent the revised operating budget which was approved by the Council on April 1, 2021.

The approved budget for fiscal year ended March 31, 2022 includes revenue line items for professional registration fees and facility registration fees. The line items were originally included in the budget in anticipation of legislative changes, which would grant authority to the Council to recognize fees from the registration of health professionals and health facilities.

The Health Professionals (Miscellaneous Amendments) Act 2020 came into effect on December 11, 2020 granting authority to the Council to collect fees from the registration of select health professionals, however given the time needed to refine processes for registration and fund collection, the budgeted revenue for professional registration was based on an expectation that optimal efficiency would not be reached in the first cycle. As such the budgeted revenue for professional registration fees is less than the recorded revenue.

In the case of health facilities, the necessary legislative amendments still were not finalized prior to, or during this fiscal year. The affected revenue has been designated to be collected by the Council (effective April 1, 2021) to be held in a restricted account pending the development of the appropriate legislative regulations (Note 4).

BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

13. CONTRACTUAL OBLIGATIONS

Effective June 2019, the Council manages the disbursement of funds from the CDI (See Note 9d and Note 16) in accordance with signed Funding Agreements. The remaining obligations under these Funding Agreements total \$274,350 (2021- \$218,325).

In August 2019, the Council renegotiated its lease agreement for its office premises to include an additional floor. The new five-year lease expires on July 31, 2024. The remaining obligation under this lease is \$461,239 (2021 - \$659,967).

In December 2021, the Council signed a three-year contract with CaseWorthy, a database that assists with the tracking and collation of client data for the KTC Programme. The contract expires on November 30, 2024. The remaining obligation under this contract is \$31,890.

In December 2021, the Council signed a contract with Data Innovation Labs for website development and cloud hosting security related to the www.bhec.bm website. The remaining obligation under this contract is \$19,500.

In January 2022, the Council signed a 12-month lease for its office premises to include an additional floor. The 12-month lease expires on December 31, 2022. The remaining obligation under this lease is \$62,353 and although it is the contractual obligation of the Council, the full contract amount is recoverable from the Ministry of Health.

In January 2022, the Council renewed its accounting services contract which expires on December 31, 2022. The remaining obligation under this contract as at March 31, 2022 is \$24,300.

In January 2022, the Council contracted LEMH Group LLC for fifteen months to provide long term care project management services. The contract expires on March 31, 2023. The remaining obligation under this contract is \$114,000.

14. RESTRICTED DONATION

Restricted donation pertains to a \$15,000 grant received in prior year from the Bermuda Emergency Fund - COVID19 Crisis Relief to support the HealthIQ.bm tool which the Health Council was responsible for facilitating the design, development and implementation. HealthIQ.bm is a database that was used for monitoring residents' health status and the impact of COVID-19 Regulations during calendar year 2020. The entire \$15,000 was expensed for HealthIQ.bm in the prior year and was recorded under general administration (see Note 6).

BERMUDA HEALTH COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

15. CONTINGENT LIABILITIES

Standard health benefit approvals

The Council is subject to potential claims related to legal action filed by health businesses which are denied approval to provide, and be reimbursed for, services under standard health benefit. The effect of legal claims cannot be determined until they are settled or dismissed. No liability has been admitted and no provision for claims is included in the financial statements.

Any resulting losses will be recorded and charged to operations in the year when the liability has been incurred and the amount can be reasonably determined.

16. CONTINGENT ASSETS

Managed Fund

The Council disburses funds for approved grant proposals through the Innovation Programme (“Programme”) (funded by the CDI). The Funding Agreement (“Agreement”) requires that the recipient of the grant return any part of the grant which remains unused at the end of the Agreement or should the approved programme terminate early.

Any resulting returned funds will be recorded and allocated to the Managed Fund (CDI, Note 9d) in the year when the funds have been returned and the amount can be confirmed or reasonably determined.

As at March 31, 2022, an unspent Programme fund estimated to be more or less \$31,000 is expected to be returned by a Programme grant recipient to the Council subject to the Council’s final review of Programme grant recipient’s reports.

17. SUBSEQUENT EVENTS

There were no significant events requiring disclosure in the financial statements.



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