



2021



Bermuda Hospitals Board

ANNUAL REPORT

BHB ANNUAL REPORT 2020-2021

ABOUT BHB

Bermuda Hospitals Board (BHB) delivers acute care, chronic care, long-term care, learning disability, substance abuse and mental health services. We are the only provider of 24/7 health care services in Bermuda. Our services are delivered from the King Edward VII Memorial Hospital (KEMH), Mid-Atlantic Wellness Institute (MWI) and Lamb Foggo Urgent Care Centre (UCC) campuses, as well as in various group home and community settings.

BHB serves Bermuda's resident population of approximately 64,000 people, as well as the many visitors who come to the island each year. BHB has the second largest number of employees in Bermuda, with about 1,600 full-time staff and 200 on-call and locum staff.

BHB's mandate is set out in the Bermuda Hospitals Board Act 1970 and its amendments and requires BHB to earn enough surplus to maintain and invest in high-quality, cost-effective services. Given Bermuda's relatively isolated geographic location, the community needs a range of services broader than would commonly be expected of hospitals serving a similar population base in a larger country. Highly specialist services that can't be provided safely on-island are referred overseas.

FUNDING

From June 2019, BHB's funding model was changed by Government to a fixed payment for all services included under the standard health benefit (SHB) legislation from the Mutual Reinsurance Fund (MRF). The total cash received from the MRF for SHB services in this fiscal year (2020-2021) was \$154.5 million. A total of \$24 million was receivable at year end.

Government also pays a subsidy for seniors, youth and indigent patients. In 2020-2021, the amount of subsidy paid by Government in the year was \$116 million, which included a standard premium offset of \$7.8 million related to the prior year.

\$850,000 was paid to BHB by insurance schemes, representing non-SHB services only. For the fiscal year, 64% of this total was from commercial insurers and 36% from Government insurance schemes, including FutureCare, Health Insurance Plan (HIP), and Government Employees Health Insurance Fund.

Government paid a \$39 million grant that contributes towards the provision of mental health, substance abuse and learning disability services at MWI and its group homes, and a \$1.5 million capital grant for the MWI facility.

\$1.5 million was paid by individuals who did not have insurance, and \$2 million came from non-residents who needed urgent or emergency health care services while on island. The decrease was due to the impact of the COVID pandemic.

All fees and rates charged by BHB and all grants are approved through a legislative process. Fees and rates are published by the Government and are available on the BHB website.

GOVERNANCE

BHB operates under the Bermuda Hospitals Board Act 1970. It is overseen by a Government-appointed board, which is Gazetted each calendar year. The following are the Board members and the Board Committees for the calendar year 2020.

BOARD AND COMMITTEES

2020 BOARD AND COMMITTEE MEMBERS 1 January – 31 December

BOARD

William Madeiros, Chair
Dr Edward Schultz, Deputy Chair
Dr Sandy DeSilva
Terry Faulkenberry
Alison Hill (left July)
Dr Victor Scott
Kathy-Ann Swan
Ricky Brathwaite,
Executive Director,
Bermuda Health Council
Matthew Pifer
Venetta Symonds,
CEO (left July)
Dr Michael Richmond,
CEO (appt August)
Vance Campbell
(appt August)
Ianthia Simmons-Wade
(Appt November)
*Lisa Sheppard,
Bermuda Hospitals Charitable Trust
**Shivon Washington,
Permanent Secretary for
Ministry of Health (MoH)
** Dr Cheryl Peek-Ball,
Chief Medical Officer
William (Bill) Shields,
Chief Financial Officer
Dr Chantelle Simmons,
Chief of Psychiatry
Debra Goins-Francis,
General Counsel
Dr Constance Richards,
Chair Active Staff Committee

EXECUTIVE COMPENSATION COMMITTEE

William Madeiros, Chair
Terry Faulkenberry
Dr Sandy DeSilva
Venetta Symonds
Dr Michael Richmond
Alana Rogers

GOVERNANCE AND RISK COMMITTEE

Dr Edward Schultz, Chair
Dr Michael Richmond, Co-Chair
Venetta Symonds
Kathy-Ann Swan
Dr Cheryl Peek-Ball
Matthew Pifer
Alison Hill
Bill Shields
Preston Swan
Dr Chantelle Simmons
Judy Richardson
Danny Moore
Lynnette Bean

RISK MANAGEMENT SUB-COMMITTEE (REPORTS TO GOVERNANCE & RISK)

Dr Michael Richmond, Chair
Venetta Symonds
R Scott Pearman
Bill Shields
Judy Richardson
Preston Swan
Anthony Fitzgerald
Danny Moore
Norma Smith
Lloyd Holder
Arthur Ebbin
Paul Tohill
Lynn Labonte
Kennedy Wainwright

HUMAN RESOURCES & ENGAGEMENT COMMITTEE

Dr Sandy DeSilva, Chair
Dr Edward Schultz
Venetta Symonds
Dr Michael Richmond
Lisa Sheppard
R Scott Pearman
Judy Richardson
Angela Fraser-Pitcher
Denise Riviere
Anna Nowak
Jennifer Smatt
Alana Rogers
Sharon Vesey

FINANCE & AUDIT COMMITTEE

Terry Faulkenberry, Chair
Venetta Symonds
Ricky Brathwaite
Dr Michael Richmond
Bill Shields
R Scott Pearman
Arthur Ebbin
Shksyi Cummings
Nicole Edmunds
Paul Tohill
Anthony Manders
David Pugh
Shivon Washington

PENSION SUB-COMMITTEE

(Reports to Finance & Audit)

Terry Faulkenberry, Chair
Venetta Symonds
Dr Michael Richmond
Bill Shields
R Scott Pearman
Angela Fraser-Pitcher
Zehener Davis
Lori Burchall
Stephen Gift
Union Representatives

CAPITAL & ESTATES SUB-COMMITTEE (REPORTS TO FINANCE & AUDIT)

Bill Shields, Chair
R Scott Pearman
Lloyd Holder
Arthur Ebbin
Anthony Hunter
Danny Moore
Anthony Fitzgerald
Nicole Edmunds
Martha Taruvinga

LEGEND:

Board Member

Staff

Other

* Ex-Officio Voting Board Members

**Ex-Officio Non-Voting
Board Members



Government of Bermuda
Ministry of Health

MESSAGE FROM THE MINISTER, THE HON. KIM N. WILSON, JP, MP



I am pleased to introduce the 2021 Annual Report, which once again includes an unqualified (clean) audit of the BHB's financial statements for the fiscal year 1 April 2020 to 31 March 2021.

There are no words to sum up the experience of this fiscal year. It encompasses the first full twelve months of the global COVID-19 pandemic. It was a hard year for BHB, preparing facilities, training staff and dealing with escalating supply chain troubles. The Government and BHB worked extremely closely, coordinating supply purchases and responses to ensure the Bermuda community's safety.

Due to fast responses by the Government in closing international borders and establishing emergency public health responses, including a shelter-in-place order, Bermuda was spared the huge surges of cases that overwhelmed hospitals in China, US, UK, Italy and other countries during this year. In fact, the worst wave of COVID-19 in Bermuda occurred beyond the fiscal year under review, in the late summer and fall of 2021. But we still had COVID casualties from the beginning.

We feel for all the people whose loved ones passed away from COVID-19 in Bermuda this year as the world tried hard to respond to this new and frightening infection. It took a world-wide effort to identify treatments and vaccinations and a true country-wide effort to protect and care for people in Bermuda, while making sure essential services remained available.

In this report of BHB's fiscal year 2021, I would say thank you on behalf of the Government and the people of Bermuda to BHB staff, leadership and Board members for all they did to keep hospital services running, keeping patients as safe as possible as protocol and treatments were continually updated, while still caring for those in need through such a challenging year.

Sincerely,

The Hon. Kim N. Wilson, JP, MP
Minister of Health



MESSAGE FROM THE CHAIRMAN, MATTHEW PIFER

There is little that happened at BHB throughout this fiscal year under review that was not impacted by the pandemic. Clinical care was continuously transformed by new processes and standards, while finances were severely impacted.

Bermuda entered April with everyone at home other than essential workers. BHB and Bermuda struggled with huge supply chain shortages as the world suddenly needed vast quantities of personal protective equipment (PPE) and medical supplies to deal with the escalating pandemic.

Costs of supplies escalated due to the shortage and the volume of PPE staff had to use. Every patient interaction, every patient room entered required a change in PPE to minimise the risks of cross-infections. The 'burn rate' of PPE (how fast we used it) was many times higher than normal. Cleaning schedules had to increase putting greater burden on our environmental services teams who required more supplies for the increased schedules. A lot of our remaining cash reserves were used for the purchase of these products. Cash dropped from over \$16 million in the 2020 financial statements to just \$9 million by 31 March 2021.

BHB was extremely grateful to the many donations it received during this time which helped us purchase vital equipment such as ventilators, supplies and a new oxygenator. Over \$3 million was donated during this fiscal year. The Bermuda Hospitals Charitable Foundation and Hospitals Auxiliary of Bermuda are our regular donors and were there when we needed them, but many businesses, organisations and individuals also donated and helped immensely in our ability to respond quickly to prepare our hospitals for COVID-19 patients.

Despite the donations, the biggest impact was to revenue which dropped by over \$17 million compared to the fiscal year 2020-21. Included in this is revenue from visiting tourists and business travellers who come to Bermuda and fall ill or have accidents. International borders were closed at the end of March 2020, safeguarding residents and protecting our hospitals, but also cutting off this revenue stream completely.

It is incredible reading over the report to see the huge efforts made to care for patients and keep them safe while in hospital at KEMH or MWI. On behalf of the Board I'd like to salute our amazing staff who shouldered so much in this fiscal year at work and home, and to thank the leadership who worked round the clock to ensure BHB could respond.



MESSAGE FROM THE CEO & PRESIDENT, R SCOTT PEARMAN

In the year under review, I was first the Chief Operating Officer before being promoted in August to the position of Deputy CEO. I want to start by stating how truly proud I was to work along BHB staff during this fiscal year. There are no hard rules to follow for a pandemic. Few of us have seen them and trying to respond to and treat a potentially deadly infection at the same time as we are learning about it makes it feel like having to change the wings on a flying aeroplane.

BHB staff had the same worries and concerns as everyone else, they had the same childcare issues when schools closed and anxieties about the welfare of vulnerable loved ones. This was especially hard for those who had to watch devastating outbreaks in their home countries at a time the international borders were closed. Seventy per cent of our professional staff, including doctors and nurses, are from overseas and they stood alongside the Bermudian staff giving all they had to keep caring for people in Bermuda.

The report itself will speak to the hard work and pressure of responding to the pandemic. In addition to the pandemic, there were also two hurricanes in September 2020, with Hurricane Paulette a direct hit, and Hurricane Teddy skirting to our west. It is incredible, however, that I can report that in addition to the COVID-19 response and busy hurricane season, there were some amazing achievements in improving services and quality.

We started the preparatory planning work for implementing a new electronic medical record in the first three months of 2021. Our substance abuse service, Turning Point, achieved accreditation with the Commission on Accreditation of Rehabilitation Facilities (CARF). The affiliation with Johns Hopkins continued with a shift to remote continuing medical education opportunities. BHB collaborated with the Bermuda Police Service and Court Services to offer mental health support at Hamilton Police Station and within Magistrate's Court. New generators replaced old, faulty generators for the KEMH General Wing, there were electrical upgrades and a kitchen upgrade at MWI, and facilities improvements at Hibiscus Cottage (MWI) and Montrose Cottage (KEMH campus).

I was most pleased by the development of a new strategic plan. This launched in April 2021, but the outreach, discussions, surveys and drafting of the new plan took place between January and March of 2021. A clear message from staff and patients was to put quality and safety at the heart of all we do and this was reflected in a new vision, mission and values.

I salute the BHB staff and leadership and will be forever grateful for the people I worked alongside in one of the biggest health care challenges any of us had experienced. Thank you also to our Board for their support and vision, to Government for its leadership and to our colleagues in the Ministry of Health and all other essential services workers who worked on the frontline through this fiscal year.

BHB PATIENT SATISFACTION SURVEY SUMMARY FY2012-2021

The full patient satisfaction results for each area are published on the Quality & Patient Satisfaction page of the BHB website (bermudahospitals.bm/about-us/quality-and-patient-satisfaction/)

The following are the percentage of people who rated the services of the area at 7 out of 10 or above.

Overall Satisfaction Emergency Department

% Satisfied with Overall Service									
2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
88.3	92.9	90.7	92.3	93.2	90.9	92.4	94.5	94.1	95.2

Overall Satisfaction with Inpatient Units (Maternity, Gosling, Catlin Lindo, Ascendant Partner Re, Ace Barber)

% Satisfied with Overall Service									
2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
88.0	90.8	89.7	90.3	95.3	96.0	93.7	93.9	93.9	95.0

Overall Satisfaction with Outpatient Services (Diagnostic Imaging, Pathology, Oncology, Dialysis)

% Satisfied with Overall Service									
2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
94.6	96.0	95.0	95.5	97.0	99.0	96.5	97.3	97.8	95.5

Overall Satisfaction with Surgical Outpatient Services

% Satisfied with Overall Service									
2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
93.3	96.5	93.1	92.5	97.1	94.0	99.0	99.0	97.5	99.5

Overall Satisfaction with Mid-Atlantic Wellness Services

% Satisfied with Overall Service									
2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
86.5	71.8	73.7	82.1	83.5	81.8	74.7	83.3	85.5%	87.5

Overall Satisfaction with Long Term Care Services

% Satisfied with Overall Service									
2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
n/a	72.9	82.1	84.2	67.5	81.0	68.9	90.2	57.5	92.9

FINANCIAL OVERVIEW OF FISCAL YEAR 2020-2021

The COVID-19 pandemic exacerbated financial pressures that had begun in previous years related to reduced grants and revenue from Government. Prior to the pandemic, BHB had implemented a Financial Recovery Plan, which included a robust cost savings programme. The pressures experienced in the fiscal year under review, however, meant deeper savings had to be made and cash reserves had to be used.

Making fiscal year-by-year comparisons are challenged in this fiscal year when it relates to patient-related revenue from private insurers, government subsidy and Mutual Reinsurance Fund (MRF) payments as the model changed part way through the previous fiscal year in June 2019. BHB changed from fee-for-service business to a capped revenue payment from government. The revenue generated from these sources changed due to the different payment model.

Overall, however, we earned \$17.3 million less revenue than the previous fiscal year, and this takes into consideration about \$3.3 million in unexpected donations that were directly related to alleviating the costs of COVID-19 supplies and equipment. Details about the donations are reported on later in this report. Without those donations, the revenue reduction would be about \$21 million.

Overseas revenue was almost non-existent in this year as a consequence of closing international borders at the end of March 2020. This move most certainly protected Bermuda from the early waves of COVID-19 that were so deadly in many countries, but it severely disrupted vacation and business travel.

Cash reserves had begun to fall prior to the pandemic, due to previous shortfalls in revenue. In this fiscal year, however, cash was needed to procure emergency COVID-19-related supplies for BHB and Bermuda at a time of global shortages and supply chain interruptions. Our cash reserve declined from about \$16 million to \$9 million.

The cost of COVID-19 supplies related to the need for more personal protective equipment and medical supplies than normal, as well as price inflation due to the shortage of global supplies as countries around the world scrambled to source what they needed. These absolutely essential supplies were needed for the safe delivery of health care services. BHB worked closely with Government and the Ministry of Health. This collaboration and cooperation helped set up processes to secure national supplies, which BHB took responsibility for through its Procurement Department.

BIU and non-unionised staff financial contribution

BHB had to look beyond its planned savings programme to find new ways to save money through the worst of the pandemic's impact. It reached out to the Bermuda Industrial Union (BIU), the Bermuda Professional Services Union (BPSU) and non-unionised staff to request they participate in various schemes to help reduce BHB costs.

BIU staff entered into an agreement with BHB early to reduce overtime rates, forfeit a cost-of-living salary increase and agree to pension and social insurance holidays for the employer. This was a true example of the BIU's commitment to Bermuda's health care system during these difficult times.

Non-unionised staff, a group which includes various administrative roles, physicians, and all senior leaders, including VPs and Executive Team also agreed to forfeit cost-of-living increases, and many voluntarily participated in a salary cut of 5%.

The selfless actions of these staff members at this time made a big difference to keeping the hospitals financially viable in this fiscal year. The BPSU membership declined to participate.

CLINICAL RESPONSE TO THE COVID-19 PANDEMIC 2020-21

While the worst of the pandemic in terms of sickness and deaths in Bermuda was to be experienced in the following fiscal year 2021-22, in this fiscal year the world was in turmoil, and standards and practices were constantly being updated as new information emerged about the novel coronavirus.

In hindsight, we know that the fast response of Bermuda, including the shelter-in-place order, COVID public health emergency laws, testing requirements and closing international borders saved many lives. But it was an anxious time for the community and within the health care services.

Education and preparation



BHB started educating staff organisation-wide from January 2020 about the novel coronavirus that was beginning to spread from Asia.

Testing was not available on-island initially, so tests were sent overseas and this caused delays in results which could take up to a week. This meant there was a delay in knowing exactly the extent of the spread in Bermuda at first. On 15 March, BHB cancelled non-urgent, elective surgeries, and the first restrictions to visiting were introduced so that only immediate family and carers were allowed and walk-in outpatient appointments were suspended. Bermuda's first COVID-19 case was officially reported on 18 March 2020.

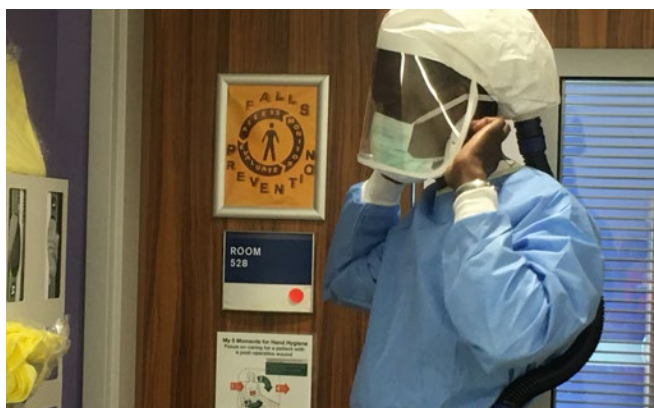


On Saturday 4 April, Bermuda came under a 24-hour shelter-in-place order, initially for 14 days. At this point all visitation whether at MWI, KEMH or group homes effectively ceased as people were not allowed out other than to seek medical care. By Monday 6 April, there had been 39 confirmed active cases of COVID-19 in Bermuda and two deaths.

By the beginning of April 2020, BHB was having daily leadership meetings to quickly respond and adapt services and facilities to an escalating threat and deal with breakdown in global supplies as countries desperately tried to secure personal protective equipment and medical supplies and medications at much higher levels than was normal.

Safety and infection prevention

Adequate personal protective equipment was critical to infection prevention, as was ensuring staff were educated on what level of PPE was needed for which types of interactions. Universal masking within BHB was introduced and as testing became available on-island and then at BHB, all admissions to hospital and transfers between departments were tested for COVID-19. This was key in minimising the risks of hospital-acquired infections for patients and staff.



Testing became available on island early in this fiscal year, and BHB's Pathology Department started on-site testing in July 2020.



There was great foresight in designing the ACW for a potential pandemic. All patient rooms could be adapted to be negative pressure and this helped to further minimise the spread of COVID-19 in the hospital. A negative pressure room stops air flowing out. If someone coughs, the expelled droplets and aerosols stay in the room because the pressure only ever draws air in, not out. Initially, it was thought there would be a 'pandemic floor' under negative pressure, but all inpatient and emergency treatment rooms were adapted to be negative pressure as numbers of hospitalisations rose. There were even negative pressure dialysis rooms so that dialysis patients who might have COVID could still be treated. The extended ICU overflow, which was in an adapted area of surgery in the ACW, was also adapted to negative pressure.



A small number of negative pressure rooms already existed in the Emergency Department and selected rooms of the ACW because the hospital is always dealing with infectious diseases - from influenza to tuberculosis and other infectious diseases. But nearly every patient room in the ACW was converted to negative pressure during the pandemic helping us keep all patients in hospital safe.

Building capacity

As the only hospital on-island, there was a need to increase the number of available beds in case of a surge. There was nowhere else people could go.

With only a nine-bed intensive care unit (ICU) available for critically ill patients, a section of the ACW surgical area was converted into an ICU overflow unit that could be maintained under negative pressure - tripling our potential critical care bed capacity.

An old surgical area in the old hospital also came into its own for potential acute care overflow. The space had been used for storage, but this was cleared in case additional acute care beds were needed. BHB had been in the midst of replacing its bed stock when the pandemic struck and this was fortunate timing. An order for about 100 new beds had been made late in 2019. They arrived on island in the late spring and could be used in this and the ICU extended spaces.

The greatest concern, as cases started to be identified in Bermuda and hospitalisations went up, was not just about beds, however, but staffing. As an isolated jurisdiction we did not have hospital staff in other facilities on island who could be brought over to assist. It was not just nurses and doctors, but the support staff and cleaning staff needed to cope with the anticipated increase in patients. As international borders closed and travel was disrupted, the employees on-island were all we had.

Staff did everything possible to keep hospital services at King Edward VII Memorial Hospital and the Mid-Atlantic Wellness Institute running. BHB Facilities staff in BHB buildings and Black & Macdonald in the ACW worked tirelessly to clean out, upgrade and prepare safe spaces. Environmental Services staff worked tirelessly to sanitise additional spaces, move patients and increase the usual schedule of cleaning in all patient waiting and care areas.



Surgical nurses cross-trained to work in critical care to ensure additional ICU beds could be staffed. Although elective surgeries were postponed during lockdown freeing up some surgical time, emergency and urgent surgeries - including those related to cancer and cancer diagnoses - continued.

New pathways, new processes

New pathways were set up during the pandemic, with all patients admitted to an inpatient unit or transferred between units having to be tested for COVID-19. It impacted all clinical and support areas, from critical care and pharmacy to laundry and security.



MWI set up a separate unit where admitted inpatients stayed while they were tested and waited for results, before going on the acute mental health wards.



Hotlines in the Emergency Department and for mental health support were set up to support the community and physicians started to use telemedicine to keep in contact with patients.

The Infection Prevention and Control team undertook countless training sessions and oversaw patient testing and managed outbreaks, and the Employee Health Services team managed testing and contact tracing processes for staff, working closely with the Department of Health.

Staff adapted to changing advisories on precautions, testing and how to work safely. People who could work remotely, but most BHB staff still had to come on-site through the surges and outbreaks, lockdowns and despite personal challenges, such as managing childcare when schools closed, to ensure patients could receive the care they need. BHB worked hard to keep staff updated with daily COVID updates in daily e-newsletters, and also to help provide some calm and support shared mental health, wellness and 'how to get help' information, as well as poetry and meditations.





The Emergency Department, in partnership with the Ministry of Health, the Chief Medical Officer and the island's primary care providers, created an easy-to-follow one-page COVID-19 self-assessment guide for members of the community. The COVID-19 Patient Symptom Check List and Self-Assessment assigned a score from 1-3 to each COVID-19 symptom. Mild symptoms had low scores while severe symptoms carried a score of 3. The assessment results then guided patients on whether they could self-care, needed to call a physician or contact the Emergency Department.

Promotional animations, video, adverts and flyers were also developed by BHB to warn people of symptoms, how to protect themselves and how to access emergency services.

Preparing for the worst...

BHB worked with its Ethics Committee to develop guidelines, similar to those used in other overwhelmed countries, for how care would be rationed if we ran of beds, staffing, oxygen or ventilators.

Even with the very generous donations from community businesses for supplies, which by May took the number of available ventilators from 9 to 30, BHB's oxygen supply would not have been adequate for a major surge and there was no other oxygen supplier in Bermuda. An oxygenator bought with the donation from the Bermuda Hospitals Charitable Foundation resolved this issue but was not installed until August 2020. Without that additional oxygenator, when Bermuda experienced its worst outbreaks later in 2021, BHB identified at least 10 days when oxygen utilisation exceeded its original capacity level which meant more lives would have been lost, had the donation of the new oxygen concentrator not occurred.

The actions by Government protected Bermuda from the worst of the early waves. Closing borders, enforcing a shelter-in-place then only slowly opening up and the requirements for testing and masking were critical in bending the curve of early infections so the hospitals could cope and avoiding the terrifying scenes seen around the world of overwhelmed healthcare services. BHB remains relieved that the ethics guidelines for allocating resources that were drawn up early on were never needed.

In fact, the largest surge the hospitals experienced in 2020 was in April when there were 28 inpatient admissions, four admissions to critical care and six deaths. Numbers in the acute care wards and ICU dropped again in May, although sadly three more people died in that month. The second surge was over December and January when 23 people were admitted to inpatient wards, and there were two ICU admissions and tragically three more deaths.

However, by the end of March a new surge of infections and hospitalisations were being experienced. Caused by the alpha variant, the numbers going into the next fiscal year were higher than any surge before.

Vaccination

COVID-19 vaccination for staff and patients started at BHB on 11 January 2021, while Government ran a major external vaccination clinic for the community. Over the first five days, 744 COVID-19 vaccinations were given by BHB. Of these, 584 vaccinations were given to hospital workers in the BHB COVID-19 Vaccination Clinic, and 160 were given to long term care patients at KEMH and MWI (including group homes). This internal clinic helped BHB staff get vaccinated quickly and in large numbers, making work safer for them and helping ensure services could continue through the waves still to come.



Bermuda Hospitals Board

COVID-19 Patient Symptom Checklist and Self-Assessment

Add the score points for all the symptoms below that you are experiencing, then use the total to identify your next steps, whether you need help and who to call.

	New and constant cough	SCORE 1
	Fever (back or chest feel hot, or thermometer reads 100.4° Fahrenheit/38° Celsius or higher) OR chills	SCORE 1
	Sudden loss of smell and taste	SCORE 1
	Diarrhea and/or vomiting (able to tolerate fluids)	SCORE 1
	Diarrhea and/or vomiting (unable to tolerate fluids)	SCORE 3
	Sore throat and feeling tired	SCORE 1
	Headache	SCORE 1
	Muscle or body aches	SCORE 1
	New shortness of breath/difficulty breathing	SCORE 3

If you are under 60, have no other health issues and have a symptoms score of less than 3 points:

Stay at home and self-isolate, following Government guidelines. Continue to monitor yourself for any changes in your symptoms.

Drink plenty of fluids and take Tylenol and/or ibuprofen as needed.

If you have any of the following:

- Symptoms score of less than 3 points and you are over 60
- Symptoms score of less than 3 points and you have known health issues (diabetes, heart disease, hypertension, etc.)
- Symptoms score of 3 or more
- Worsening symptoms

Immediately call your primary care provider, the Government COVID-19 hotline (444-2498) or Emergency Department telephone triage (239-2009) for advice.

Tell your primary care provider or call the COVID-19 hotline if you have any of the above symptoms and you or someone you have been in contact with has travelled overseas in the last 14 days, or you have been in contact with someone who is suspected of having COVID-19.

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BHB also became a public COVID-19 vaccination centre and ran every day. By the end of the fiscal year BHB was vaccinating about 250 people a day. This vaccination programme extended well beyond this fiscal year, but in this fiscal year it brought great hope and saved many, many lives given what was to come.



BHB KEY PERFORMANCE INDICATORS

While the COVID-19 response dominated this fiscal year BHB continued to maintain its focus on establishing and monitoring key performance indicators.

A quarterly Quality & Patient Safety Data report has been posted to the BHB website every quarter for the public to view since 2018, including MRSA and C-Difficile infections, readmission rates, falls and pressure injury numbers. This report continued to be shared through this fiscal year and beyond.

A more detailed set of indicators were shared as an internal performance card for leadership and the Board. This was, by all standards, a very abnormal year. Shelter-in-place orders in 2020 impacted activity at BHB, but by the end of the fiscal year in 2021, there was increasing pressure within the acute inpatient wards, where capacity was at 97.2%.

Additional capacity was put in place to reduce waiting times for routine endoscopy. The amount of time it took to wait for the procedure had gone up between April to June during shelter-in-place periods due to elective surgery postponements. While urgent endoscopy procedures, for example for a potential cancer diagnosis, continued uninterrupted, many people who would have had routine screening exams were rescheduled.

Wait times in the Emergency Department were increasingly impacted by pressures on capacity by the end of the year. The last month of this fiscal year also saw the emergence of the alpha wave of COVID-19 infections, which caused a surge of hospitalisations into April. In March 2021, the wait time for triage after arrival was at 19 minutes, and the overall wait time for all patients (between arrival and discharge) was 3 hours and 26 minutes.

It is hard to make easy comparisons for the year-to-date figures, as they cover times when the Emergency department was quieter than normal during the shelter-in-place, when many people were worried about infections so put off seeking medical assistance. Communication was shared with the community to remind people to attend if they have serious medical symptoms, including stroke, as many treatments are time-sensitive.

At MWI all patients (100%) received followed up within seven days throughout the fiscal year 2020-21, and patient satisfaction, which is measured every six months, rose to 85%.

The impact of the pandemic, especially for guest workers who were cut off from their home countries, did cause an increase in the vacancy rate as borders re-opened. Services were not impacted by this turnover. Although it was certainly harder to recruit in such a very uncertain environment that was still in the midst of a global pandemic, the vacancy rate was reduced from a high of 11.26% in January to 9.87% in March due to an increase in new hires.

IMPROVEMENTS, ACTIVITIES AND UPDATES

Accreditation for substance abuse services

BHB's substance abuse programme at Turning Point, achieved accreditation with the Commission on Accreditation of Rehabilitation Facilities (CARF) following a survey between 26 and 28 August 2020.



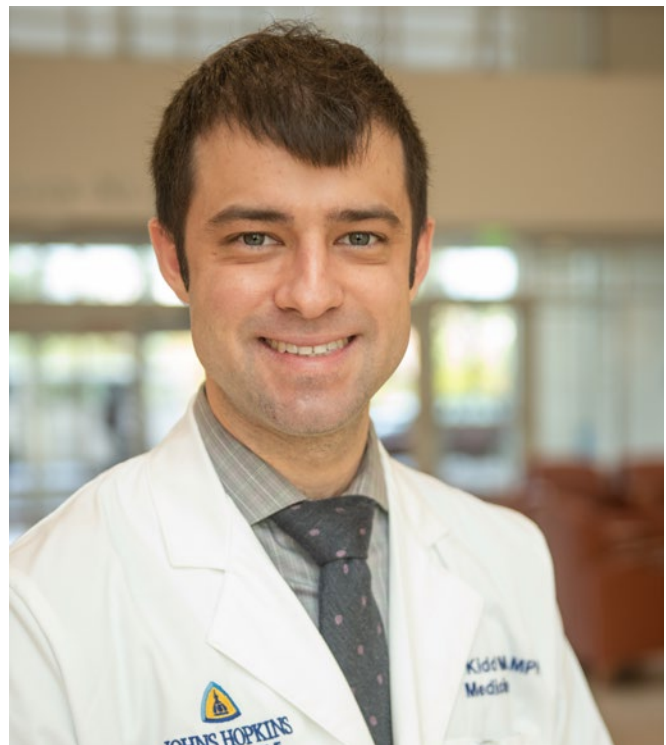
Director of Substance Abuse Services, Shirley Place said that "although the survey had to be completed remotely due to the pandemic, the usual survey components were covered, including reviewing of documentation, a virtual tour and remote interviews of staff and clients. CARF surveyors selected clients at random to ensure a fair review of standards."

Despite the pressure of the pandemic, Turning Point passed the accreditation survey and received the highest level of accreditation, which means they do not need to be surveyed again for three years. This is the fourth accreditation survey over twelve years by Turning Point, each of which it has passed at the highest level.

Johns Hopkins Affiliation

BHB was very proud to announce its clinical affiliation contract with Johns Hopkins in 2019 following a robust and lengthy RFP process in which six highly acclaimed hospitals applied and went through extensive review.

Achievements from the start of the contract through to this fiscal year included a joint continuing medical education programme for local medical staff, a residency programme that saw some of Johns Hopkins' brightest young physicians undertake a rotation at BHB, the establishment of an integrated stroke programme, planned improvements and training in psychiatry, and support for clinical quality initiatives.



An on-island medical education conference for physicians that was planned for April 2020 had to be cancelled due to the pandemic. BHB's contract with Johns Hopkins was renewed in this fiscal year for another year at a cost of \$800,000.

Court Liaison Position

BHB collaborated in this fiscal year with the Bermuda Police Service and Court Services to offer mental health support to individuals in need at the Hamilton Police Station and within Magistrate's Court. The goal was to provide early intervention for individuals with mental health conditions presenting before the Courts and to provide real time clinical guidance in cases in which a formal psychiatric report is not required. A Liaison and Diversion Officer (LDO) role, funded by BHB, was created and retired MWI psychiatric nurse Geraldine Smith took on the role.



Winter Planning

BHB established a 'Winter Plan' to create resilience within KEMH for an expected upsurge in demand through the peak winter season, following the plan it had put in place the previous year for the first time. This included reducing the weekday hours and service at the Lamb Foggo Urgent Care Centre from 16 December, so that diagnostic and clinical resources could be focused in the Emergency Department where the need was greatest.

In the 2019-20 fiscal year, this led to improved flow as patients in the Emergency Department were seen faster and admitted to wards faster. This year, it also proved helpful. The prevalence of many of the usual respiratory diseases at this time, such as flu, were much lower as people followed public health guidelines on masking and gathering. There were, however, still a significant number of patients who required a lot of staff time and diagnostics, due to chronic illnesses or age-related co-morbidities.

Savings Programme

The focus on making health care more affordable, by running as effectively and efficiently as possible was a goal of the BHB strategy's aim to reduce the per capita cost of care. KPMG had first partnered with BHB in 2018 to provide support to BHB projects seeking to make cost savings. Since then and up to the end of this fiscal year, nearly \$30 million has been saved.

Work included improving patient flow through admission and discharge without delays, to seeking better deals in drug procurement, more efficient scheduling of professional staff, including nurses, doctors and imaging technicians and reducing overtime, to financial efficiencies such as contract reviews, and the sale of unused properties.

The KPMG contract was renewed in this fiscal year. The total cost of all KPMG contracts since 2018 up to the fiscal year under review was about \$3.1 million.

Facilities Improvements

BHB's facilities and infrastructure required investment this year. Earlier in September, BHB had ordered a new generator at a cost of \$1 million for the General Wing (old hospital) after a risk review highlighted issues with the old generator should there be an island-wide outage.

Unfortunately, before the generator had been installed, an island-wide BELCO power outage occurred in December and there was a delay in transferring power to the generator. Critical systems in the older part of the hospital had access to a temporary battery power supply, but many offices and outpatient services were interrupted. There were no patient harm events, but the black-out highlighted why the investment was needed and the new generator was installed in 2021.



Work on the electrical supply at MWI was undertaken, costing \$216,000, while upgrades to the MWI kitchen which prepares patient meals and supplies a staff cafeteria was undertaken, at a cost of \$430,000.

Capital projects at Hibiscus Cottage at MWI and Montrose Cottage were completed at a cost of \$209,000 and \$719,000 respectively.

Systems Upgrades

Two BHB systems were upgraded in this fiscal year. The first was a replacement of BHB's procurement and supplies system, and the second was an upgrade of BHB's time and attendance system, through which payroll and scheduling of all staff is managed. Both systems had been delayed due to the pandemic and although training for the systems had to switch from classroom to remote learning, they were both successfully implemented.

A new cybersecurity training programme was introduced at BHB in December, along with regular tests, such as fake phishing emails, to test if staff were using their training. A cybersecurity mascot was introduced – a wily BHB fox – to help draw attention to the programme and remind staff about the importance every day of being vigilant.



Electronic medical record implementation

As BHB's main clinical system was no longer supported by the vendor and was a major clinical risk for BHB, a plan to replace it with an electronic medical record (EMR) had been originally set to start in April 2020.

COVID-19 caused a year's delay in BHB's plans. Implementing an EMR is a massive undertaking requiring widespread staff engagement and training, and this was just not possible in a year when the focus had to be on

responding to the pandemic. The year's pause enabled BHB and Cerner to discuss how to make this more affordable and a contract was signed in the fiscal year under review that would spread costs spread over a longer time period than initially expected, helping to reduce the initial project costs.

Additionally, more of the implementation activities were planned to be managed remotely, which represented a cost savings in travel and hotel accommodation, and avoided potential risks of the type of pandemic-related travel interruptions that had been experienced throughout 2020.

Preparation work began through February and March of 2021, including leadership and governance workshops, with an official organisation-wide kick-off planned for April 2021.

New Strategic Plan Development

With the last BHB strategic plan due to end at the end of March 2021, BHB started work on reviewing the previous strategy in late 2020 and early 2021 and taking stock of the current environment to understand what had changed and what should continue.

The 2021-2026 BHB Strategic Plan was completed by the end of this fiscal year, ready to launch on 1 April 2021. Staff and community feedback were an integral part of the review process, with about 400 community members responding to a survey in the last quarter and over 300 BHB staff involved through focus groups and surveys.

Review of data, environmental scans and SWOT analyses highlighted that many of the issues remained the same – Bermuda as an aging population with increasing co-morbidities and high incidences of chronic illnesses. However, many issues were more pressing, including the deteriorating financial situation exacerbated by COVID-19.

Senior Leadership Changes

After three years as Chief of Staff, Michael Richmond was appointed as Chief Executive Officer & President from August 2020 on a three-year contract, following the retirement of Venetta Symonds. Scott Pearman was appointed as Deputy CEO.



Mrs Symonds worked at BHB for 40 years, starting in diagnostic imaging, and had been the CEO for eight years from 2012. As Deputy CEO and then CEO, Mrs Symonds oversaw the Acute Care Wing construction project, which was completed in 2014. She led the development and implementation of the BHB Strategic Plan 2016-2021 and a clinical services plan that involved hundreds of local stakeholders in its development. Under her leadership in 2019, BHB achieved the highest level of accreditation, following an on-site survey of BHB's patient safety and quality.

In December 2020, Dr Wesley Miller was appointed as BHB Chief of Staff. Dr Miller had been BHB's Chief of Surgery, a role that was subsequently taken on by Dr Alicia Stovell-Washington.



Public Access to Information Award

BHB's Information Officer, Debi Goins-Francis won the Information Commissioner's Award on International Right to Know Day on 28 September. Information Officers are the individuals who are responsible for the Public Access to Information queries and responses. The award honors individuals who have excelled in their role in the area of communication, innovation, leadership or service.

When presenting the award, Government Information Commissioner Gitanjali Gutierrez said Debi "continues to inspire her colleagues to adhere to the principles of accountability, transparency and openness with the public at a time when the BHB was under tremendous stress from the COVID-19 pandemic."



BHB Scholarships

Despite all the disruptions to countries and education systems around the world, twelve scholarships were awarded in the summer of 2020. The eleven BHB scholarships in this year were funded by the Bermuda Hospitals Charitable Foundation, with one funded by Glaxo Smith-Klein. BHB is grateful to the support of the BHCF in making the BHB scholarships possible.

BHB Donations

Most donations in the year were made to support the pandemic response. The Bermuda Hospitals Charitable Foundation donated \$1 million towards the purchase of an oxygenator, which was ordered in April and installed in August, and also raised funds to support the BHB vaccination clinic.

International and local donors also combined forces to donate over \$1 million by mid-April for essential supplies, such as ventilators and personal protective equipment.

CEO of Hiscox Bermuda, Mike Krefta, helped coordinate the industry's fundraising efforts, which included contributions from Allied World, AmTrust Group, Aon, Ascot Bermuda, Aspen, Assured Guaranty, Australia-Japan Cable Limited, AXA XL, Axis, Bermuda Chiropractic Association, Bermuda Dental Association, Bermuda International Long Term Insurers and Reinsurers, Bermuda Medical Doctors Association, BF&M, Catalina Holdings, Chubb, Colonial, CPGB Insurance Management, Enstar, Fidelis, Fidelity International, Guy Carpenter, Hannover Re, Hiscox, Jardine Matheson, KPMG, Lancashire, Liberty Specialty Markets, Markel, MS Amlin, OIL & OCIL, Orbis Management, Par-La Ville Dental, QIC Global, Sampo International, Third Point Re, Transatlantic Re and Willis Re.

The total from all donors in this period totalled over \$3 million. There were also donations of food and flowers and other gifts to thank healthcare staff. Donors in this fiscal year included Demco, who donated roses to nurses in Nurses Week, Lili Bermuda who donated gift bags for staff, MEF who gave gifts of food for Emergency Department staff, a nurses lunch from the Hamilton Princess. Wonderful cards and signs of support from local children were deeply appreciated by staff.

A YEAR IN PICTURES:

1 APRIL 2020 TO 31 MARCH 2021



APRIL 2020

A motorcade of Police, Fire and Regiment vehicles drove by King Edward VII Memorial Hospital to applaud staff for being on the front line of treating Bermuda's severe COVID-19 patients.

Long Term Care Activities Coordinator Capri Smith brought Easter to our long-term care residents by dressing up as the Easter bunny and sharing sweets. Activities were restricted to avoid the risks of infection at this time, so individual visits were arranged for all residents.



MAY 2020

There was a temporary road closure at King Edward VII Memorial Hospital on 26 May to accommodate the delivery of a containerful of beds, ordered before the pandemic as part of a bed replacement scheme. The arrival was perfectly timed to help increase capacity at BHB.



Long Term Care Activities Coordinator made sure that mothers in the long-term care unit got special attention on Mother's Day. This was an especially hard time as visiting had be stopped during the pandemic.



JUNE 2020

Freisenbruch-Meyer won the Corporate Blood Drive Competition, an award that is presented on Blood Donor Day in June. Special thanks were given for the dedication of the unsung heroes – our local blood and apheresis donors



– who continued to donate throughout the pandemic. The Bermuda Islands Pip Band came to play opposite the BHB hospital in this month to provide support to healthcare workers on the front line of care.



JULY 2020

Cup Match came to BHB despite the pandemic this year cancelling the event itself. There was an in-house decorating competition to raise staff and patient morale, and an outdoor Cup Match Extravaganza event for staff.



AUGUST 2020

BHB celebrated pride month with a rainbow flag in the lobbies of all its facilities to celebrate diversity and support LGBTQI+ patients and staff. At BHB we treat all people with dignity and respect.



SEPTEMBER 2020

September is dementia month and long-term care staff aimed to bring awareness through videos and interviews, to promote better understanding of dementia patients.



September was a busy month for hurricanes this year, with Hurricane Paulette (a direct hit) and Hurricane Teddy requiring a lock down of staff in hospital to care for patients and keep services running through the storm.



OCTOBER 2020

Mental health awareness week this year focused on kindness. BHB asked the public to carry out acts of kindness, as well as share their thoughts about kindness on social media. Everyone was encouraged to wear green on Friday 9 October to celebrate mental health.



BHB celebrated stroke awareness week by focusing on education, risk assessment and prevention. Walks, runs and yoga were organized for staff to promote health living to reduce the risks of stroke. The staff running the activities were presented with appreciative awards.



Safety-Care training took place in October for staff, to develop their skills in preventing and managing behavioural challenges in the workplace with dignity and safety.



KEMH Occupational Therapists celebrated World OT Day in October, a time to recognize the work of these professionals and spread the word about how OT helps patients.



NOVEMBER 2020

A special, free thanksgiving meal was put on for staff in November with executive leaders coming down to help Food Services staff serve.



DECEMBER 2020

BHB celebrated International Day of People with Disabilities on 3 December with its first motorcade. Launched by the Minister for Social Development and Seniors, Tinee Furbert, intellectual disability clients and staff joined in 10 BHB vehicles, with two vehicles from partner organisations and a police escort.



BHB Celebrations for Christmas included visits from Santa (observing all infection prevention guidance) for long term care residents and a decorating competition for staff.



JANUARY 2021

Bermuda's first baby of 2021 arrived at King Edward VII Memorial Hospital to parents Danielle Pacheco and Daniel Hayward. Staff of the Maternity Unit welcomed the little girl at 1:40pm on 5 January 2021. Kalysta Rayne Hayward weighed in at 6lb 2oz.



FEBRUARY 2021

Seventeen members of the Food Services team completed a 16-week nutrition course this month. The sessions were led by registered dietitian Arlene MacGuinness, owner of ANEW – Applied Nutrition, Exercise and Wellness.



Six Bermuda College students enrolled in the Applied Science and Technology programme toured the solar thermal panel installation at King Edward VII Memorial Hospital in February. Accompanied by their technical sciences lecturer, engineer Joseph Weeks, the students were shown the control room and the solar thermal panels on the roof of the Acute Care Wing. The tour was led by the Acute Care Wing facility manager, who provided detailed information on how the system works and how the panels are secured.



22

MARCH 2021

The Community Rehabilitation Team didn't let the pandemic stop their annual book day effort this year. On 24 March, Acting COO Preston Swan, Clinical Manager Karla Looby and Operations Assistant Kijana Robinson visited preschoolers at Little Achievers Nursery and donated books, a tradition started by their late colleague Darcy Gimás.



BHB Employee Compensation Report for 2020/21

LEVELS	Notes	Base Pay Range	Total Compensation ²	Total Cost ³
BIU	This group includes Nursing Aides, and non-management staff in support departments including Environmental Services, Facilities, Dietary, and Laundry. Salaries are negotiated every two years with the BIU.	\$44,670.00 to \$95,900.00	\$48,600.00 to \$114,370.00	\$51,650.00 to \$129,540.00
BPSU	This group includes Managers, Clinical Directors, staff in support departments such as HR, IT, Finance, Materials Management, Procurement and Health Information Management Services, and health care professionals, including Medical & Surgical Residents, Psychiatrists, Registered Nurses, Allied Health Professionals, Pharmacists, Pathology staff, Diagnostic Imaging Technicians. Salaries are negotiated every two years with the BPSU.	\$49,630.00 to \$174,960.00	\$50,370.00 to \$262,660.00	\$60,030.00 to \$284,780.00
Non-union Staff and Directors	This group comprises employees who are exempt from joining a union and non-clinical directors. Salaries for this group were set by an HR Compensation team in consultation with the Executive.	\$84,890.00 to \$295,570.00	\$85,550.00 to \$371,110.00	\$97,440.00 to \$431,290.00
Physicians	This group includes all physicians employed by BHB (except Medical Residents, Psychiatrists and Surgical Resident physicians which are included under BPSU). Physician salaries and compensation are determined by the Chief of Staff.	\$222,770.00 to \$590,010.00	\$270,610.00 to \$732,600.00	\$295,640.00 to \$771,650.00
Executive	This group includes Chiefs and Vice Presidents. Changes to salaries and compensation were made with the oversight of Board sub-committees or the Chairman during this period. There was no performance pay for this group in 2020/21.	\$143,570.00 to \$561,550.00	\$145,680.00 to \$633,550.00	\$163,980.00 to \$656,650.00

1. Allied Health includes: Physiotherapy, Occupational Therapy, Speech Pathology, Dietitians, and Medical and MWI Social Workers
2. Total Compensation includes base pay, performance pay and, for work permit holders, housing benefits and relocation expenses.
3. Total Cost includes Total Compensation, current year's movement in leave pay provision, and the following deductions: social insurance, health insurance, payroll tax and pension.

Notes:

- Salary data ranges were correct as of 31 March 2021.
- The above is based on employees who worked more the 1560 hours during the year.
- All employees receive the same pension, health and life insurance benefits.

Key Executives Compensation Report -FY2021

Group	Basic Pay	Total Compensation	Total Cost
CHIEF EXECUTIVE OFFICER	581,497	641,767	667,087
CHIEF OF STAFF	358,831	382,831	428,784
CHIEF FINANCIAL OFFICER	410,304	483,921	567,935
CHIEF OF NURSING	217,551	217,551	243,241
CHIEF OPERATING OFFICER	226,641	236,209	259,756
DEPUTY CEO (partial year)	117,106	133,504	148,000

BERMUDA HOSPITALS BOARD ANNUAL REPORT STATISTICS

STATISTICAL ANALYSIS - KING EDWARD VII MEMORIAL HOSPITAL

APRIL 2018– MARCH 2019 APRIL 2019– MARCH 2020 APRIL 2020– MARCH 2021

INPATIENT – GENERAL WING (Curtis, Gosling, ICU, Maternity, Nursery, SCBU)

Beds (at 31 March)	97	97	98
Patient Days	11,925	14,972	13,838
Discharges (incl. deaths)	1,870	2,166	1,806
Length of Stay	4.5	5.1	5.6
Births (Live & Stillborn)	528	542	527
Percentage of Occupancy	34%	42%	39%

INPATIENT – ACUTE CARE WING (Ace Barber, Ascendant Partner Re, Catlin Lindo)

Beds (at 31 March)	90	90	90
Patient Days	30,465	30,947	30,833
Discharges (incl. deaths)	3,941	3,785	3,113
Length of Stay	7	7.5	8.3
Percentage of Occupancy	93%	94%	94%

LONG TERM CARE UNITS – COOPER, GORDON & PERRY

Effective 1 June 2017 (included Curtis Unit 1 June 2017-31 July 2018)

Beds (at 31 March)	105	105	105
Patient Days	36,883	37,383	36,219
Discharges (incl. deaths)	173	72	55
Length of Stay	153.6	352.7	441.7
Percentage of Occupancy	96%	97%	95%

HOSPICE

Beds (at 31 March)	8	8	8
Patient Days	1,768	1,507	1,458
Discharges (incl. deaths)	102	60	39
Length of Stay	17	25.1	36.5
Percentage of Occupancy	61%	52%	50%

ALL PATIENTS

Emergency Dept. Visits – KEMH	31,594	30,847	21,830
Lamb Foggo Urgent Care Centre Visits	4,817	4,826	1,985
Operations (Inpatients & SDA)	1,676	1,410	1,393
Operations (Outpatients)	7,119	6,191	4,607
X-Ray (exams) (In & Out)	31,832	32,513	24,520
Laboratory (Thousand Units) (In & Out)	3,539,246	3,434,440	3,072,005
Cardiac Investigations (ECG & EEG) (In & Out)	11,353	11,547	9,490
Ultrasound Exams (In & Out)	5,604	5,685	5,305
Nuclear Medicine (In & Out)	978	1,148	1,069
Chemotherapy Treatments (Outpatients)	3,500	3,943	3,984
Cat Scans (In & Out)	14,478	14,962	15,050
MRI Scans (In & Out)	4,221	4,378	3,539

BERMUDA HOSPITALS BOARD ANNUAL REPORT STATISTICS

STATISTICAL ANALYSIS - KING EDWARD VII MEMORIAL HOSPITAL cont'd

Hyperbarics Patients	14	16	4
Hyperbarics Treatments	127	119	19
Wound Care Patients	1,967	1,994	1,485
Wound Care Treatments	6,112	5,913	4,490
Rehab Day Hospital – New Patients	218	229	185
Rehab Day Hospital – # of Clients	1,179	1,298	516
Rehab Day Hospital – # of Discharges	221	225	69
Home Care Visits	3,471	3,949	2,704
Blood Donations	1,668	1,751	1,816

BERMUDA HOSPITALS BOARD ANNUAL REPORT STATISTICS

STATISTICAL ANALYSIS - MID-ATLANTIC WELLNESS INSTITUTE

APRIL 2018– MARCH 2019 APRIL 2019– MARCH 2020 APRIL 2020– MARCH 2021

INPATIENT – ACUTE CARE

Beds (at 31 March)	23	23	23
Discharges (including deaths)	231	259	266
Length of Stay	20	17	13.7
Admissions	239	258	255
Percentage of Occupancy	87%	81%	78%
Patient Days	7,275	6,842	6,559

LONG TERM & REHABILITATION

Beds (at 31 March)	40	40	40
Discharges (excluding deaths)	20	10	6
Patient Days (excluding respite)	14,198	14,583	14,273
Length of Stay	979	1,325	1,784
Deaths	0	0	0
Percentage of Occupancy	97%	100%	98%
Average Length of Stay of Deaths (days)	N/A	0	0

TURNING POINT (Substance Abuse Detox Unit)

Beds (at 31 March)	8	8	8
Discharges	83	90	66
Patient Days	1,076	1,135	540
Length of Stay	12	12	6.7
Admissions	81	89	75
Percentage of Occupancy	37%	39%	18%

CHILD & ADOLESCENT SERVICES

Beds (at 31 March)	4	4	4
Discharges	32	33	11
Patient Days	621	481	565
Length of Stay	19	15	47
Admissions	33	32	10
Percentage of Occupancy	43%	33%	39%

OUTPATIENTS (Child & Adolescent, Mental Health, Substance Abuse, Intellectual Disability)

Total New Admissions / Referrals	482	379	261
Total Re-admissions / Referrals	179	158	106
Total Follow-up Appointments	7,199	6,205	6,778
Total Day Patient Visits	17,317	9,404	1,150
Total Walk-ins / Unscheduled Visits	14,937	9,357	5,586
Total DNA to Scheduled Appointments	2,637	1,959	1,104
Total Terminations of Pregnancy	6	11	27
Total Home Visits	8,010	7,114	10,689



Bermuda Hospitals Board

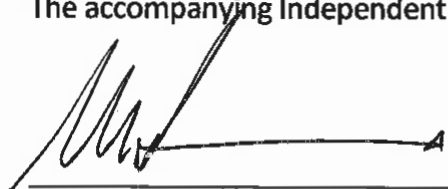
Management's Responsibility for the Financial Statements

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 the management's best estimates and judgments, where appropriate.

Management are 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 Hospitals Board's board members through the Audit and Risk Committee, is responsible for ensuring that management fulfils its responsibility for financial reporting and internal controls. The Audit and Risk Committee meets periodically with management to discuss matters relating to financial reporting, internal control and audits. The Audit and Risk Committee also reviews the financial statements before recommending approval by the board members. The financial statements have been approved by the board members and have been examined by the Office of the Auditor General.

The accompanying Independent Auditor's Report is presented herein.



Dr. Michael Richmond
Chief Executive Officer and President
August 2, 2023

Mr. Arthur Ebbin
Chief Financial Officer
August 2, 2023



Office of the Auditor General

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INDEPENDENT AUDITOR'S REPORT

To the Ministry of Health

Opinion

I have audited the financial statements of the Bermuda Hospitals Board, which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in net assets, remeasurement gains and losses 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 Hospitals Board as at March 31, 2021, and the results of its operations, changes in its net assets, its remeasurement gains and losses and its cash flows for the year then ended in accordance with public sector accounting standards for government not-for-profit organizations 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 Hospitals Board 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 for government not-for-profit organizations 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 Hospitals Board'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 Hospitals Board or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility 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 Hospitals Board'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 Hospitals Board'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 Hospitals Board 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.

Hamilton, Bermuda
August 2, 2023



Heather Thomas, CPA, CFE, CGMA
Auditor General

BERMUDA HOSPITALS BOARD
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021 (PRESENTED IN BERMUDA DOLLARS)

	2021	2020
	\$	\$
ASSETS		
Current assets		
Cash	8,993,781	16,257,293
Term deposits (Note 5a)	14,020,765	25,105,478
Restricted cash (Note 4)	4,862,660	4,664,612
Restricted investments (Note 4)	-	1,065,723
Accounts receivable (net of allowance for doubtful accounts) (Notes 16i & 20a)	24,667,013	28,249,169
Other receivables (Notes 16i & 20a)	2,081,846	3,323,071
Prepaid expenses	4,281,105	4,455,219
Inventories	15,876,515	10,048,623
	<u>74,783,685</u>	<u>93,169,188</u>
Non-current assets		
Acute Care Wing building (Note 11)	299,830,798	305,564,073
Capital assets (Note 12)	140,131,624	146,297,876
Deferred Lifecycle Asset	2,444,625	-
Term deposits (Note 5b)	878,639	-
Other investments (Note 6)	-	355,241
	<u>443,285,686</u>	<u>452,217,190</u>
Total assets	<u>518,069,371</u>	<u>545,386,378</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities (Notes 16i & 20b)	21,235,518	18,288,671
Accrued salary and payroll expenses (Notes 10a & 16i)	26,374,884	26,165,711
Current portion of other liability (Notes 8 & 20b)	9,240,823	7,271,075
Current portion of deferred capital contributions (Note 9)	2,306,450	2,306,450
	<u>59,157,675</u>	<u>54,031,907</u>
Non-current liabilities		
Other liability – Acute Care Wing (Notes 8 & 20b)	251,051,889	260,516,588
Deferred capital contributions (Note 9)	44,306,782	46,610,229
Accrued health insurance (Notes 10b & 20b)	29,327,626	28,449,247
	<u>324,686,297</u>	<u>335,576,064</u>
Total liabilities	<u>383,843,972</u>	<u>389,607,971</u>
Net assets		
Internally restricted for education (Note 4 & 13)	424,645	582,145
Unrestricted net assets	133,800,754	153,919,950
	<u>134,225,399</u>	<u>154,502,095</u>
Accumulated remeasurement gain	-	1,276,312
	<u>134,225,399</u>	<u>155,778,407</u>
Total liabilities and net assets	<u>518,069,371</u>	<u>545,386,378</u>
Contractual obligations and contingencies (Notes 17 & 18)		

The accompanying notes are an integral part of these financial statements

BERMUDA HOSPITALS BOARD
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2021 (Presented in Bermuda Dollars)

	2021 Budget (Note 22)	2021	2020
REVENUE (Note 21)	\$	\$	\$
Mutual Re-insurance Fund (MRF) (Note 16g)	172,067,260	154,476,228	132,561,945
Subsidy (Note 16c)	108,330,364	108,330,364	116,169,781
Government grant MWI (Note 16a)	40,441,000	40,441,000	41,964,000
Patient related revenue – other	6,128,978	5,889,579	40,215,039
Non-medical	9,166,954	4,047,814	3,305,634
Donations – other (Note 19)	-	3,277,707	874,222
Amortisation of deferred capital contributions (Note 9)	2,100,000	2,303,447	2,306,450
Realized gain on the sale of investment (Note 4)	-	1,546,413	-
Interest income	96,924	37,917	168,079
Donations in kind (Note 19)	-	26,059	131,531
Total revenues	338,331,480	320,376,528	337,696,681
EXPENSES (Note 21)			
Salaries and employee benefits (Notes 10 & 16i)	215,168,049	204,700,449	208,623,492
General supplies and services	28,402,627	29,780,022	28,176,900
Repairs and maintenance	20,141,332	25,681,733	24,626,669
Medical supplies	30,828,058	25,120,680	30,025,429
Amortisation of capital assets	10,752,727	18,561,996	9,906,167
Interest (Note 11)	16,072,973	16,071,501	18,812,824
Utilities	11,005,975	9,441,629	10,910,800
Amortisation of Acute Care Wing building (Note 11)	5,733,275	5,733,275	5,733,275
Food	3,252,355	3,030,534	3,257,644
Bad debt	70,386	1,468,455	8,334,870
Accrued health insurance loss/(gain) (Note 10b)	-	878,379	(730,155)
Scholarships issued	-	184,571	131,586
Business social cost (Note 14)	-	-	211,838
Reserves	3,392,207	-	-
Vacancy Factor	(2,151,680)	-	-
Non-recurring cost savings	(5,600,000)	-	-
Total expenses	337,068,284	340,653,224	348,021,339
(Deficiency)/ Excess of revenues over expenses	1,263,196	(20,276,696)	(10,324,658)

The accompanying notes are an integral part of these financial statements

BERMUDA HOSPITALS BOARD
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2021 (Presented in Bermuda Dollars)

	2021			
	Budgeted net assets	Internally restricted for education	Unrestricted net assets	Total
Net assets	\$	\$	\$	\$
Balance, beginning of year	154,502,095	582,145	153,919,950	154,502,095
(Deficiency)/Excess of revenues over expenses	1,263,196	(157,500)	(20,119,196)	(20,276,696)
Balance, end of year	155,765,291	424,645	133,800,754	134,225,399

	2020			
	Budgeted net assets	Internally restricted for education	Unrestricted net assets	Total
Net assets	\$	\$	\$	\$
Balance, beginning of year	164,826,753	721,377	164,105,376	164,826,753
(Deficiency) Excess of revenues over expenses	389,497	(139,232)	(10,185,426)	(10,324,658)
Balance, end of year	165,216,250	582,145	153,919,950	154,502,095

The accompanying notes are an integral part of these financial statements

BERMUDA HOSPITALS BOARD
STATEMENT OF REMEASUREMENT GAINS AND LOSSES
FOR THE YEAR ENDED MARCH 31, 2021 (Presented in Bermuda Dollars)

	2021		
	Internally restricted for education	Unrestricted net assets	Total
	\$	\$	\$
ACCUMULATED REMEASUREMENT GAINS			
Balance, beginning of year	957,235	319,077	1,276,312
Amounts reclassified to statement of operations	(957,235)	(319,077)	(1,276,312)
Balance, end of year	-	-	-

	2020		
	Internally restricted for education	Unrestricted net assets	Total
	\$	\$	\$
ACCUMULATED REMEASUREMENT GAINS			
Balance, beginning of year	666,583	222,193	888,776
Unrealised gains attributable to equity and debt instruments	290,652	96,884	387,536
Balance, end of year	957,235	319,077	1,276,312

The accompanying notes are an integral part of these financial statements

BERMUDA HOSPITALS BOARD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2021 (Presented in Bermuda Dollars)

	2021	2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficiency of revenues over expenses	(20,276,696)	(10,324,658)
Amortisation of capital assets	18,561,996	9,906,167
Amortisation of Acute Care Wing building	5,733,275	5,733,275
Amortisation of deferred capital contributions	(2,303,447)	(2,306,450)
Bad debt expense	(1,468,455)	(8,334,870)
Interest income	(37,917)	(168,079)
Interest expense	16,071,501	18,812,824
Realised gains on sale of other investment	(1,546,413)	-
Net change in non-cash working capital (Note 23)	4,672,457	6,559,456
Net cash flows from operating activities	19,406,301	19,877,665
CASH FLOWS FROM CAPITAL ACTIVITIES		
Purchase of capital assets	(12,395,744)	(10,723,074)
Deferred lifecycle asset	(2,444,625)	-
Net cash used in capital activities	(14,840,369)	(10,723,074)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal and redemption of investments	812,426	854,662
Interest income received	37,917	168,079
Net cash generated from investing activities	850,343	1,022,741
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of other liability	(7,494,951)	(4,597,479)
Interest paid	(16,071,501)	(18,812,824)
Net cash used in financing activities	(23,566,452)	(23,410,303)
Net decrease in cash and cash equivalents	(18,150,177)	(13,232,971)
Cash and cash equivalents, beginning of year	46,027,383	59,260,354
Cash and cash equivalents, end of year	27,877,206	46,027,383
Cash and cash equivalents consist of the following:		
Cash	8,993,781	16,257,293
Term deposits	14,020,765	25,105,478
Restricted cash	4,862,660	4,664,612
	27,877,206	46,027,383

The accompanying notes are an integral part of these financial statements

1. AUTHORITY AND ORGANISATION

a. Authority

Bermuda Hospitals Board (“BHB”) was established under the provisions of the Bermuda Hospitals Board Act 1970 as amended.

b. Organisation

The Board of Directors of BHB (“Directors”) are responsible for operating both the King Edward VII Memorial Hospital (“KEMH”), Mid-Atlantic Wellness Institute (“MWI”) and Lamb Foggo Urgent Care Centre. BHB receives donations, subsidies, government grants as well as income from commercial insurers and individual patients based on services rendered.

KEMH is an inpatient acute care and extended care hospital with 116 acute care beds (2020: 116 beds) and 215 general and continuing care beds (2020: 215 beds).

MWI is a psychiatric facility with 4 beds (2020: 4 beds) for children and adolescents and 72 long-term rehabilitation beds (2020: 72 beds).

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the Public Sector Accounting Standards (“PSAS”) for government not-for-profit organisations (“GNFPOs”) issued by the Canadian Public Sector Accounting Board (“PSAB”).

For financial reporting purposes, BHB is classified as a GNFPO and has adopted accounting policies appropriate for this classification. The policies considered significant are as follows:

a. Revenue recognition

BHB follows the deferral method of accounting for contributions, which include donations, government subsidies and grants. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of the accounting period are accrued. Where a portion of the grant relates to a future period, it is deferred and recognised in that subsequent period.

Unrestricted contributions and pledges are recognised as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognised as revenue in the year in which the related expenses are recognised. Contributions restricted for the purchase of capital assets are deferred and amortised into revenue at a rate corresponding with the amortisation rate for the related capital assets.

Revenue from patient care, consulting and other activities is recognised when the service is provided. Diagnostic Related Group (“DRG”) revenue can only be accurately calculated upon patient discharge. Prior to discharge, an estimate of DRG revenue is accrued; this accrual is reversed at discharge when the actual DRG revenue is recognised.

Starting June 1, 2019, BHB moved from a fee for service to a fixed funding model where all SHB related services delivered to locally insured patients, are funded by the Government of Bermuda by a fixed portion of the MRF premiums paid to BHB (refer to note 16(g)). All SHB services are delivered to locally insured patients as well as subsidy claims. BHB recognises revenue for these services based on the pre-agreed amount expected to be received for the year. BHB is still able to bill overseas patients as well as certain miscellaneous services, and the revenue related to these services continue to be accounted for as before, based on the service provided.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

a. Revenue recognition (cont'd)

Non-medical income comprises revenue that is not derived directly from the treatment of patients or contributions, and is recognised on an accrual basis when the services are provided or goods are sold.

Restricted investment income is recognised as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognised as revenue when earned.

Investment income includes dividends and interest income and realised investment gains and losses. Gains and losses on financial instruments carried at fair value are recognised in the statement of remeasurement gains and losses until they are realised, then they are transferred to the statement of operations.

b. Capital assets and leases

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at estimated fair value at the date of contribution. Capital assets are stated at historical cost, or estimated fair value, less impairment losses and are amortised, using the straight-line method, over their estimated useful lives.

Betterments, which extend the estimated life of an asset, are capitalised. When a capital asset no longer contributes to BHB's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortised on a straight-line basis using the following annual rates:

Land	Nil years	(0.0%)
ACW Building	60 years	(1.9%)
Buildings	40 years	(2.5%)
Equipment	10 years	(10.0%)
Software	5 years	(20.0%)
Computer equipment	5 years	(20.0%)

Capital assets are subject to an impairment review if there are indications that the carrying amount may not be recoverable. The recoverable amount of an asset is calculated as the greater of its value in use and its fair value less costs to sell. Impairment losses are recognised in the statement of operations.

There were no capital leases and assets under construction as at March 31, 2021 (2020: \$nil).

c. Cash and cash equivalents

BHB considers all cash on hand, deposits with financial institutions that can be withdrawn without prior notice or penalty, and short-term deposits with an original maturity of 90 days or less, as equivalent to cash. Cash and term deposits are classified as restricted if externally restricted by legal or contractual requirements or internally restricted by BHB.

d. Inventories

Inventories consisting of general stores, medical stores, pharmacy, orthopaedic supplies, and stationery are valued at the lower of cost, using the weighted average method of accounting, and net realisable value. Operating room inventories are valued at the lower of cost, using the first-in first-out method of accounting, and net realisable value. An allowance is provided where inventory is considered obsolete.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

e. Donated services

BHB receives substantial donated services from volunteers in the normal course of operations. These services are recognised when fair value can be reasonably estimated and services are used in the normal course of the organisation's operations and would otherwise have been purchased.

f. Financial instruments

BHB measures its financial instruments at fair value on initial recognition. Subsequently financial instruments are recorded at either fair value, cost or amortised cost. BHB's accounting policy for each category is as follows:

(i) Fair value

This category includes bonds and equity instruments quoted in an active market. Other investments consist of investment in equity shares, which are quoted on the Bermuda stock market.

These are initially recognised at cost and subsequently carried at fair value. Gains and losses on financial instruments carried at fair value are recognised in the statement of remeasurement gains and losses until they are realised, then they are transferred to the statement of operations.

Transaction costs related to financial instruments in the fair value category are expensed as incurred. Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognised in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed and recognised in the statement of operations.

(ii) Cost or amortised cost

Cash, restricted cash and term deposits are recognised at cost.

Investments, accounts receivable, other receivables, accounts payable, other liability, pension accrual and accrued health insurance are initially recognised at cost and subsequently carried at amortised cost using the effective interest rate method, less any impairment losses on financial assets.

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

Write-downs on financial assets in the cost or amortised cost category are recognised when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are written down to their estimated net recoverable value with the write-down being recognised in the statement of operations.

g. Employee future benefits

BHB has defined benefit and defined contribution plans providing pension, post-employment benefits and compensated absences to most of its employees.

The cost related to the defined contribution pension plan is expensed as incurred.

BHB accrues its obligations under defined benefit plans and the related costs, net of plan assets. The defined benefit plans consist of a Retirement insurance plan and Nurses superannuation plan. BHB has adopted the following policies:

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

g. Employee future benefits (cont'd)

- The cost of pensions and other retirement benefits for defined benefit plans earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of expected, salary escalation, retirement ages of employees and expected future health care costs.
- No plan asset is maintained for the post-employment defined benefit plans.
- The excess net actuarial gain (loss) is amortised over the average remaining service period of active employees. The average remaining service period of the active employees covered by the pension plan is nil years (2020: nil years) as there are no active employees in the plan. The average remaining service life of the active employees covered by the health benefit plan is 4.70 years (2020: 4.90 years).

h. Employee health insurance plan

BHB has a policy funding agreement with a third party health insurance administrator, which covers both active and retired employees. In substance, this agreement results in BHB self-insuring its employees' healthcare benefits.

The plan's cumulative deficit or surplus incorporates the net premium, incurred claims, interest and administration charges. BHB is liable for any deficit incurred by the plan and can address the deficit by restructuring the plan, changing premiums paid or by depositing funds into the plan. BHB accrues all gratuitous payments to the fund as approved by the Directors. The cumulative surplus allocated to BHB shall be available to BHB plan, to fund transactions, which benefit its employees who are insured under the health insurance plan. The cumulative surplus may also be carried forward to the next period or transferred to a Human Resources Benefits Fund. BHB elected to carry the balance forward to the following financial year.

Upon termination of the agreement, the cumulative surplus, if any, will be refunded to BHB within 31 days of the end of the 12-month period following termination, subsequent to the deduction of any unpaid premiums.

i. Acute Care Wing (ACW) building

The ACW is recorded at cost, which is considered to represent its initial fair value. The ACW cost includes development and financing costs estimated at fair value, which required the extraction of cost information from the financial model embedded in the Agreement. Interest during construction was also included in the ACW cost and was calculated on the ACW repayment schedule. The interest rate used was the project internal rate of return. BHB has capitalized these costs as a separate non-current asset on the Statement of Financial Position (see Note 11 – ACW Building). Correspondingly, a liability, net of the contributions received, is recorded as "Other liability". The liability is being met via the monthly payments over the term of the Agreement. These costs are detailed in Note 8 – Other Liability. The "Other liability" represents the unpaid obligation related to costs incurred by Paget Health Services Limited ("PHS"), for the ACW construction. PHS is a consortium of Bermuda and international companies which was formed to design, build, finance and maintain the ACW. The "Other liability" does not represent the future commitments for annual service payments, which are not yet "due".

On September 14, 2014, the ACW became available for operations and amortisation commenced. The ACW building is amortised over the estimated useful life of the building of 60 years (1.7% per annum).

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

j. Measurement uncertainty

The preparation of financial statements in conformity with PSAS for GNFPs requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant areas requiring the use of estimates include the estimated useful lives of capital assets and ACW building, bad debt allowance, amounts to settle retirement obligations, contingent liabilities, accruals, future cost to settle employee benefit and health insurance plan obligations and ACW contractual obligations. 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.

k. Related parties

Related parties are identified as entities under the common control or shared control, directly or indirectly of the Government, entities in which BHB has shareholding with significant influence and key management personnel. BHB enters into transactions with these entities in the normal course of business and transactions and balances due to/from related parties are disclosed separately. Related party transactions are recorded at the exchange amount as agreed between the respective parties.

3. ECONOMIC DEPENDENCE

BHB receives a significant amount of its revenues from the Ministry of Health ("MoH") with proceeds from the Mutual Re-insurance Fund (MRF). Accordingly, any disruption in that funding could have a significant impact on the operations of BHB (See Note 20a – Credit Risk).

4. RESTRICTED CASH AND RESTRICTED INVESTMENTS

	2021	2020
Restricted cash	\$ 4,862,660	\$ 4,664,612
Restricted investments	-	1,065,723
	<u>\$ 4,862,660</u>	<u>\$ 5,730,335</u>

On October 16, 2020, Ascendant Group Limited announced that they welcomed the approvals of the Regulatory Authority and the Minister of Finance in completing the sales of Ascendant Group to Algonquin Power & Utilities Corp. As a result of the pending sale, Ascendant closed its share register as at the close of trading on the Bermuda Stock Exchange on Wednesday, November 4, 2020. Shareholders received US\$36 per common share. Proceeds received from the sale of shares were \$1,691,064, which resulted in realized gains of \$1,546,413.

	2021			2020		
	Fair value		Cost	Fair value		Cost
Ascendant Group Limited	\$	-	\$ -	\$ 1,420,964	\$	144,651

BERMUDA HOSPITALS BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

4. RESTRICTED CASH AND RESTRICTED INVESTMENTS (Cont'd)

The balance is externally and internally restricted for specific purposes, as follows:

	2021	2020
External		
Special Project – Biological Oxidizer	\$ 1,964,558	\$ 1,964,558
Patient comfort funds	1,908,331	1,460,840
Forensic mental health funds (Note 16a)	460,657	480,864
COVID Clinic	98,372	-
Construction projects and capital assets (Note 9)	6,097	19,235
COVID-19	-	157,000
	<u>4,438,015</u>	<u>4,082,497</u>
Internal		
Educational purposes (Note 13)	424,645	1,647,838
	<u>\$ 4,862,660</u>	<u>\$ 5,730,335</u>

5. TERM DEPOSITS

Term deposits are fixed-term investments that includes the deposit of cash into an account at a financial institution. Term deposits usually carry short or long-term maturities ranging from 3 months to a few years. BHB has several term deposits comprising the following:

	2021	2020
a. Current:		
The Bank of N.T. Butterfield – matures April 30, 2021	\$ 14,020,765	\$ 21,013,398
The Bank of N.T. Butterfield – matures April 2, 2020	-	2,000,000
HSBC Bermuda Limited – matures March 31, 2021	-	1,221,596
The Bank of N.T. Butterfield – matures August 15, 2020	-	870,484
	<u>\$ 14,020,765</u>	<u>\$ 25,105,478</u>
b. Non-Current:		
The Bank of N.T. Butterfield – matures August 15, 2025	878,639	-
	<u>878,639</u>	<u>-</u>
	<u>\$ 14,899,404</u>	<u>\$ 25,105,478</u>

BERMUDA HOSPITALS BOARD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

6. OTHER INVESTMENTS

Other investments are comprised of the following:

	2021	2020
Ascendant Group Limited, at fair value	\$ -	\$ 355,241
	<u>-</u>	<u>355,241</u>

7. FINANCIAL INSTRUMENT CLASSIFICATION

The following table provides an analysis of financial instruments that, subsequent to initial recognition, are measured at fair value. The fair value movement is reflected in the statement of remeasurement gains and losses. The financial instruments are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities using the last bid price;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2021	Level 1	Level 2	Level 3	Total
Ascendant Group Limited	\$ -	\$ -	\$ -	-
2020	Level 1	Level 2	Level 3	Total
Ascendant Group Limited	\$ 1,420,964	\$ -	\$ -	1,420,964

8. OTHER LIABILITY – ACW

	2021	2020
Other liability	\$ 260,292,712	\$ 267,787,663
Less: Current portion	<u>(9,240,823)</u>	<u>(7,271,075)</u>
	<u>\$ 251,051,889</u>	<u>\$ 260,516,588</u>

Principal repayments to PHS on the long-term obligation relating to ACW scheduled for the next five years and thereafter are as follows:

Year	Amount
2022	9,240,823
2023	9,993,080
2024	11,002,701
2025	11,930,178
2026	12,950,461
2027-2044	<u>205,175,469</u>
	<u>\$ 260,292,712</u>

BHB's contractual obligations to PHS in respect of the ACW are disclosed in Note 17b – Contractual Obligations.

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortised and unspent amount of donations and grants received for the acquisition of capital assets. The amortisation of capital contributions is recorded as revenue in the statement of operations.

	2021	2020
Deferred capital contributions	\$ 46,613,232	\$ 48,916,679
Less: Current portion	(2,306,450)	(2,306,450)
	\$ 44,306,782	\$ 46,610,229

The change in deferred capital contributions during the year is as follows:

	2021	2020
Balance, beginning of year	\$ 48,916,679	\$ 51,223,129
Less: amounts amortised to revenue	(2,303,447)	(2,306,450)
Balance, end of year	\$ 46,613,232	\$ 48,916,679

The balance of deferred capital contributions is comprised of the following:

	2021	2020
Amortised capital contributions used to purchase assets	\$ 46,607,135	\$ 48,897,444
Unspent contributions (Note 4)	6,097	19,235
	\$ 46,613,232	\$ 48,916,679

10. EMPLOYEE FUTURE BENEFITS

a. Pension plans and retirement benefits

Defined contribution plan

There is a defined contribution pension plan in place for all employees, whereby BHB contributes 5% (2020: 5%) of gross salary and the employee contributes 5% (2020: 5%) of gross salary. Prior to January 1, 2000, vesting rights began to accrue after five years with respect to BHB's contributions. Beginning January 1, 2000, 100% of BHB's contributions vest after two years. When an employee ceases employment with BHB, other than through retirement, BHB's unvested contributions are reflected as a reduction in employee benefits expense. The expense for the year ended March 31, 2021 totalled \$5,746,107 (2020: \$6,958,127) and is included in salaries and employee benefits.

b. Post-employment benefits and compensated absences

Post-employment benefits and compensated absences include maternity leave, sick leave, vacation days and health insurance. All of these benefits are unfunded.

Maternity leave does not accumulate nor vest and therefore an expense and liability is only recognised when leave has been applied for and approved or when a settlement amount can be reasonably determined. The total approved maternity leave for the year ended March 31, 2021 was \$630,385 (2020: \$673,704) and is included in accrued salary and payroll expenses.

10. EMPLOYEE FUTURE BENEFITS (Cont'd)

b. Post-employment benefits and compensated absences (Cont'd)

Sick leave does not accumulate or vest, and like maternity leave, a liability is recorded only when sick leave is applied for and approved. For the year ended March 31, 2021, the amount was \$155,613 (2020: \$111,296) and is included in accrued salary and payroll expenses.

Vacation days accumulate and vest and therefore a liability is accrued each year. As at March 31, 2021 the leave pay liability was \$14,494,189 (2020: \$11,652,583) and is included in accrued salary and payroll expenses. The expense for the year ended March 31, 2021 was \$13,115,625 (2020: \$12,818,706) and the benefits paid out were \$10,274,018 (2020: \$12,063,026).

BHB pays 50% of the health insurance premiums for eligible employees who retire from BHB. The significant actuarial assumptions adopted in measuring BHB's accrued benefit obligation include a discount rate of 3.0% (2020: 3.0%) and an annual increase in health insurance premiums of 7% per annum, decreasing by 1% per annum to an ultimate rate of 3% per annum after 5 years.

	2021	2020
Accrued health insurance		
Balance, beginning of year	\$ 28,449,247	\$ 29,179,402
Current cost	207,846	249,753
Interest	1,300,000	1,280,000
Benefits paid	(1,080,000)	(1,120,000)
Current year amortisation of experience loss/(gain)	450,533	(1,139,908)
Balance, end of year	\$ 29,327,626	\$ 28,449,247

During the 2017 financial year, a plan curtailment was approved. As part of the plan curtailment, the required employee service period was increased from 10 years to 20 years. Under the amended health insurance plan, only employees with twenty years of service (calculated at April 1, 2016) who reach mandatory or early retirement prior to April 1, 2021, will be eligible for this health insurance benefit.

An actuarial gain of \$1,227,626 (2020: \$2,332,896) is deferred and will be amortised over a period of 4.70 years (2020: 4.90 years). The values of the liability for the 2021 and 2020 fiscal years are based on an independent actuarial valuation report.

c. Health insurance plan

As at March 31, 2021, the BHB Health Plan had a net surplus of \$1,254,448 (2020: \$2,634,940). In the 2019 financial year, BHB made a gratuitous payment of \$1 million into the BHB Health Plan, which was offset against the net deficit from prior year. There were no gratuitous payments made during the current or prior financial year.

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11. ACUTE CARE WING BUILDING

After a competitive bidding process, on December 1, 2010 BHB entered into a Public Private Partnership (“PPP”) Agreement (“Agreement”) with PHS to develop the new Acute Care Wing (“ACW”) (“Project”).

Under the terms of the Agreement, PHS has the responsibility to design, build, finance, operate and maintain the ACW for a period of 30 years from the date the Agreement commences. The ACW construction commenced in December 2010 and on September 14, 2014, the ACW became available for operations. Under the terms of the Agreement, BHB retains ownership of the ACW.

PHS has raised finance through senior debt and equity. Commencing June 1, 2014, BHB started paying a monthly service fee to PHS for the repayment of the principal debt, interest on principal debt, life cycle replacement cost, and maintaining and running the hard facilities management (structural, mechanical and electrical) of the building. These contractual obligations have been disclosed in Note 17b – Contractual Obligations: Acute Care Wing.

BHB paid \$40 million as a service commencement payment to PHS on June 1, 2014 under the terms of the Agreement. This service commencement payment was capitalized as part of the cost of ACW.

In 2011, the Bermuda Hospitals Charitable Trust (“BHCT”) launched the campaign “Why it Matters” to raise the \$40 million required to be paid. BHB received \$25 million from BHCT and the difference was paid from BHB’s own resources. The table below outlines the impact of the Agreement as at March 31:

Statement of Financial Position	2021	2020
Capital assets – land and buildings (ACW PPP Agreement)		
Cost	\$ 337,251,486	\$ 337,251,486
Accumulated amortisation	(37,420,688)	(31,687,413)
Net book value	<u>\$ 299,830,798</u>	<u>\$ 305,564,073</u>
Other liability	<u>\$ 260,292,712</u>	<u>\$ 267,787,663</u>
Statement of Operations	2021	2020
Repairs and maintenance expense	\$ (3,657,786)	\$ (5,338,301)
Interest expense	(16,071,501)	(18,812,824)
Amortisation expense	(5,733,275)	(5,733,275)
	<u>\$ (25,462,562)</u>	<u>\$ (29,884,400)</u>

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12. CAPITAL ASSETS

	Cost	Accumulated Amortisation	2021 Net Book Value	2020 Net Book Value
Land and buildings	\$ 198,917,831	\$ 90,617,290	\$ 108,300,541	\$ 109,805,177
Equipment	107,598,236	85,924,789	21,673,447	26,926,047
Software	28,872,254	20,938,412	7,933,842	9,213,053
Software: work in progress	1,885,360	-	1,885,360	-
Computer equipment	11,796,560	11,458,126	338,434	353,599
	\$ 349,070,241	\$ 208,938,617	\$ 140,131,624	\$ 146,297,876

The total cost of the capital assets as at March 31, 2021 was \$349,070,241 (2020: \$346,246,924) and the accumulated amortisation was \$208,938,617 (2020: \$199,949,048).

On March 27, 1997, the land on which the hospital buildings stand was conveyed to BHB by the Government. As part of this transfer, the Government has right of first refusal on any sales of the land and buildings.

The insured value of BHB's buildings, contents and business interruption coverage is approximately \$705 million (2020: \$704 million).

13. NET ASSETS

Internally restricted amounts are not available for other uses unless approved by BHB. The Education Fund reflects an accumulation of donations and investment income designated for educational purposes. The balance of the Education Fund at March 31, 2021 is \$424,645 (2020: \$582,145).

14. BUSINESS SOCIAL COST

BHB, as a part of its mandate, is required to provide service to all patients, irrespective of their ability to pay. During the course the year, BHB provided services to a number of persons who were unable to pay. The expenses of \$nil (2020: \$211,838) are classified as business social costs in the statement of operations.

15. MANAGEMENT CHARGE

A number of administrative services are provided by KEMH to MWI for which a management charge is made. These services include information system management, employee recruitment and administration, facility repairs, purchasing, pharmacy, telecommunications, dietary, accounting, and general administration. BHB uses the employee cost for each department and cost of hardware and software maintenance contracts to calculate the management charge. The management charge is calculated based on the estimated percentage of time that each department spends working on matters related to MWI. The amount charged by KEMH to MWI for the year ended March 31, 2021 was \$2,000,000 (2020: \$2,000,000). These amounts are eliminated on consolidation. See Note 21 – KEMH and MWI Statements of Operations.

16. RELATED PARTY TRANSACTIONS AND BALANCES

BHB entered into various related party transactions with the Government and Government controlled entities. Refer to Note 3 – Economic Dependence, outlining BHB's dependence on these related parties. BHB also transacted with non-government related parties. During the 2017 financial year, BHB entered into a contract with People's Pharmacy. People's Pharmacy in conjunction with BHB, manages the drug subsidy programme, by providing pharmacy services to outpatients. People's Pharmacy is identified as a related party because a former senior executive has shares in the company. This relationship was declared prior to the contract coming into effect. The contract tendering process was conducted blind and there were specific criteria that were measured in determining which company would get the contract. Once the blind process was completed, the company was identified. The former senior executive plays no role in the decision making process around this entity. All transactions are conducted in accordance with the terms of the contracts agreed between BHB and People's Pharmacy.

a. Government grants

Government grants included in operating revenue were as follows:

	2021	2020
Operating grant - MWI	\$ 38,921,000	\$ 37,344,000
Minor Works/Maintenance grant - MWI	120,000	120,000
MWI Capital grant	1,400,000	4,500,000
Total grants	<u>\$ 40,441,000</u>	<u>\$ 41,964,000</u>

In the 2017 financial year, BHB was granted \$1,327,000 from the MoH. These funds relate to the Forensic Mental Health programme that commenced in the 2018 financial year. The balance payable by BHB to this programme, as at March 31, 2021, was \$460,657 (2020: \$480,864) and is included in Accounts payable and accrued liabilities. This balance is also included in Restricted cash (Note 4 – Restricted Cash and Restricted Investments).

b. Dialysis

The Dialysis fund refunded BHB for dialysis related costs incurred. Dialysis services are classified as Standard Health Benefit (SHB) services, therefore, as of 1 June 2019, BHB can no longer bill for Dialysis related services. Under the new funding model, BHB receives \$35.22 per insured person from the MRF funding, to fund dialysis services delivered (Note 16g).

	2021	2020
Total claims approved and paid in the year	\$ -	\$ 3,342,463

As at March 31, 2021, \$nil (2020: \$nil) is receivable from the MRF Dialysis Fund. The total amount included in revenue for the year ended March 31, 2021 was \$nil (2020: \$2,135,282).

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NOTES TO THE FINANCIAL STATEMENTS
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16. RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd)

c. Government subsidy programme

The Government's Health Insurance Department ("HID") funds claims in respect of services rendered to patients covered under the Government's subsidy programme. HID funds cover Aged, Youth, Geriatric and Indigent subsidies respectively.

	2021		2020
Final subsidy funding budgeted for the year	\$ 105,748,916	\$	105,748,916
Consolidated Fund Payment	-		7,839,417
Clinical drug subsidy budgeted for the year	2,581,448		2,581,448
Total subsidy revenue	\$ 108,330,364	\$	116,169,781

	2021		2020
Subsidy payments received in the year	\$ 116,169,781	\$	110,030,364

As at March 31, 2021, \$nil (2020: \$7,839,417) was outstanding from the Government for subsidy programmes. The balance receivable in the 2020 financial year represents the Standard Premium rate offset.

During the 2020 and 2021 financial year, the budgeted amount was final, and there was no expectation that additional funds would be received. This resulted in subsidy revenue being recorded only up to the amount budgeted for, and paid for by Government.

d. Health Insurance Plan (HIP)

During the financial year, the HID approved and paid the following claims:

	2021		2020
Payments received in the year	\$ 63,970	\$	7,483,170

As at March 31, 2021, \$847,166 (2020: \$878,825) is receivable from the HIP. This amount is included in accounts receivable.

The Health Insurance Committee (HIC) administers the HIP, a programme for individuals who are between the ages of 18 - 65 providing standard medical benefits. Due to the change in the funding model, only non-SHB services can still be claimed from this fund. This caused a material decrease in the claims approved and paid.

e. FutureCare Plan

The HID approved and paid the following claims:

	2021		2020
Payments received in the year	\$ 52,633	\$	3,838,377

As at March 31, 2021, \$203,896 (2020: \$197,183) is receivable from the FutureCare Plan. This amount is included in accounts receivable. The HIC administers the FutureCare Plan, a programme for individuals who are over the age of 65 providing certain medical benefits. Due to the change in the funding model, only non-SHB services can still be claimed from this fund. This caused a material decrease in the claims approved and paid.

16. RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd)

f. Government Employees Health Insurance Plan

The Government Employees Health Insurance Plan ("GEHI") approved and paid the following claims:

	2021	2020
Payments received in the year	\$ 148,091	\$ 6,741,685

As at March 31, 2021, \$34,378 (2020: \$79,528) is receivable from GEHI. This amount is included in accounts receivable. GEHI is a Government issued insurance for the Government employees, ministers and members of the legislature and their enrolled dependents. Due to the change in the funding model, only non-SHB services can still be claimed from GEHI. This caused a material decrease in the claims approved and paid.

g. Mutual Re-insurance Fund – Standard Health Benefits

The MRF is financed by all persons who pay SHB premiums through a Bermuda licensed insurer, and every employer who operates an approved scheme. These funds are transferred to and managed by the HID. A prescribed sum of these MRF premiums received by HID, is then transferred to BHB.

The portion of the MRF transferred to BHB, in relation to the payment of the Dialysis MOU (Note 16h), is excluded from the below balances. The total MRF revenue recognised for the year, is:

	2021	2020
Total MRF revenue old funding model	\$ -	\$ 1,316,471
New funding model effective June 1, 2019:		
MRF SHB	129,379,767	113,414,159
MRF Dialysis	19,698,073	17,267,442
MRF Dialysis MOU	4,755,208	-
MRF PCMH	643,180	563,873
Total MRF revenue new funding model	154,476,228	131,245,474
Total MRF revenue	\$ 154,476,228	\$ 132,561,945

As at March 31, 2021, \$23,958,008 (2020: \$17,981,954) is receivable from the MRF, and is included in accounts receivable.

In May 2019, the Health Insurance Amendment Act 2019 was passed in the House of Assembly, which changed how BHB is funded. This new funding replaced the fee-for-service arrangement previously in place. Starting June 1, 2019, all SHB provided to eligible persons, are no longer billed to insurance providers. These services are to be covered in full by BHB, through MRF funding received.

BERMUDA HOSPITALS BOARD
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16. RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd)

g. Mutual Re-insurance Fund – Standard Health Benefits (cont'd)

The change in the funding model on June 1, 2019, resulted in an increase in the MRF as follows:

	2021	2020
MRF funding SHB	\$ 231.33	\$ 13.16
MRF PCMH	1.15	-
MRF Dialysis	35.22	-
Total MRF revenue new funding model	\$ 267.70	\$ 13.16
Dialysis MOU	\$ 8.50	\$ 1.74

During the 2021 financial year, the Dialysis MOU was repaid, and all additional funding received was recognized as MRF Dialysis MOU revenue.

h. Memorandum of understanding with Government

During the 2019 financial year, BHB entered into two memoranda of understandings (MOU's) with the HID, related to dialysis and long-term care (LTC) costs incurred by BHB during the 2018 and 2019 financial years. These came about due to various changes in legislation during the 2018 financial year that resulted in certain LTC and dialysis claims remaining unpaid. In the MOUs, HID agreed to pay the LTC and dialysis claims to BHB.

Of the MRF funding received \$8.50 (2020: \$1.74) is transferred to BHB in payment of the Dialysis MOU and therefore does not form part of the current year revenue. The dialysis MOU was repaid in full during the 2021 financial year. All payments received in excess of the dialysis MOU, is recognized as MRF revenue (refer to Note 16g).

Balances receivable at March 31:

	2021	2020
Dialysis MOU	\$ -	\$ 419,492
LTC MOU	\$ 3,079,443	\$ 3,329,443

i. Other amounts

During the year, BHB received revenue from People's Pharmacy in the amount of \$145,392 (2020: \$90,375) and the receivable amount from Peoples Pharmacy at March 31, 2021 was \$nil (2020: \$210,914). This amount is included in accounts receivable.

During the year, BHB recorded the following additional related party expenses:

	2021	2020
Payroll tax	\$ 6,491,195	\$ 6,311,009
Social insurance	2,311,874	2,991,774
Non-refundable duty	1,111,742	2,115,402
Services provided by the Ministry of Public Works	780,330	627,365
Miscellaneous charges	681,323	505,533

BERMUDA HOSPITALS BOARD
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16. RELATED PARTY TRANSACTIONS AND BALANCES (Cont'd)

i. Other amounts (cont'd)

The following amounts were remitted to the Government on behalf of BHB's employees:

	2021		2020
Payroll tax	\$ 10,393,267	\$	10,288,000
Social insurance	2,534,045		3,111,766
	\$ 12,927,312	\$	13,399,766

The following are other related party balances with the Government at March 31:

	2021		2020
<i>Other receivables</i>			
Refundable deposits paid for duty	\$ 93,589	\$	252,787
<i>Accounts payable and accrued liabilities</i>			
Ministry of Public Works	\$ 125,550	\$	44,524
<i>Accrued salary and payroll expenses</i>			
Payroll tax	\$ 4,123,643	\$	4,276,213
Social insurance	(205,217)		350,600

17. CONTRACTUAL OBLIGATIONS

a. Property leases

BHB has entered into various operating lease agreements, which include commercial properties for business purposes, as well as residential properties used to provide accommodations to staff and patients. The minimum annual commitment scheduled for the next year is \$1,676,908 (2020: \$1,927,720).

b. Acute Care Wing

As a result of the contractual obligation to PHS in respect of the ACW, BHB has entered into the following long term contractual obligations. These payments commenced upon completion of construction. The contractual commitment outlined below excludes the annual commitment disclosed as part of Note 8 – Other Liability – ACW.

2022	20,245,061
2023	20,259,253
2024	20,303,084
2025	20,768,867
2026-2044	445,814,264
	\$ 527,390,529

17. CONTRACTUAL OBLIGATIONS (Cont'd)

c. Other contractual obligations

In addition to the above contractual obligations, BHB also entered into various other long-term contracts, resulting in an estimated average annual contractual commitment of \$5.2 million (2020: \$4.1 million).

18. CONTINGENCIES

BHB is a defendant in or party to a number of pending or threatened legal actions and proceedings, the outcomes of which are not presently determinable. The loss, if any, from these contingencies will be accounted for in the period in which the outcomes of such matters become known and determinable.

BHB has medical insurance in place of up to \$20 million per claim and \$40 million in the annual aggregate. BHB has Directors' and Officers' Liability and Company Reimbursement insurance in place with an indemnity limit of \$10 million in the annual aggregate, including defence costs and expenses.

BHB also has Crime Insurance and Employment Practice Liability Insurance in place with each policy having indemnity limits of \$5 million in the annual aggregate.

19. DONATIONS

Donations received during the year amounted to \$3,277,707 (2020: \$874,222) and relates to general donations as well as donations for COVID-19. Donations in kind of \$26,059 (2020: \$131,531) relates to services donated by volunteers and is recognised as revenue. The related expense is included in the general supplies and services expense.

20. FINANCIAL RISK MANAGEMENT

BHB has exposure to counterparty credit risk, liquidity risk and market risk associated with its financial assets and liabilities. The Directors have overall responsibility for the establishment and oversight of BHB's risk management framework. The Directors established finance, audit and risk committees that are responsible for developing and monitoring BHB's compliance with risk management policies and procedures. These committees regularly report to the Directors on their activities. BHB's risk management programme seeks to minimize potential adverse effects on BHB's financial performance. BHB manages its risks and risk exposures through a combination of insurance and sound business practices.

a. Credit risk

Credit risk arises from cash held with banks and credit exposure to customers, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value (net of allowances) of the financial assets. The objective of managing counterparty credit risk is to prevent losses on financial assets. BHB assesses the credit quality of counterparties, taking into account their financial position, past experience and other factors.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits with financial institutions that can be withdrawn without prior notice or penalty, and short-term deposits with an original maturity of 90 days or less. Credit risk associated with cash and cash equivalents is minimised substantially by ensuring that these financial assets are invested with financial institutions whose rating and status are consistently monitored by BHB. Cash and cash equivalents are held with financial institutions rated BBB+ or above by Standard & Poor's.

Accounts receivable and other receivables

Accounts receivable consist primarily of trade accounts receivable from billings of services provided and Government subsidies and grants receivable. BHB's credit risk arises from the possibility that a counterparty, which owes BHB money, is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with BHB, which would result in a financial loss for BHB. This risk is mitigated through established credit management techniques and supplemented by use of professional credit agencies. For the year ended March 31, 2021, the maximum credit risk to which BHB is exposed represents the fair value of its accounts receivable.

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20. FINANCIAL RISK MANAGEMENT (Cont'd)

a. Credit risk (cont'd)

BHB measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on BHB's historical experience regarding collections. The amounts outstanding at year-end were as follows:

2021		Total	Current	31- 60 days	61 - 90 days	91 + days
Subsidy and grants/ Government insurers	\$	28,601,648	\$ 13,089,193	\$ 4,959,127	\$ 250,420	\$ 10,302,908
Non-insured, overseas		6,881,619	617,337	333,934	399,729	5,530,619
Other receivables		2,081,846	623,094	143,361	50,933	1,264,458
Gross receivables		37,565,113	14,329,624	5,436,422	701,082	17,097,985
Less: impairment allowance		(10,816,254)	-	-	(193,409)	(10,622,845)
Net receivables	\$	<u>26,748,859</u>	<u>\$ 14,329,624</u>	<u>\$ 5,436,422</u>	<u>\$ 507,673</u>	<u>\$ 6,475,140</u>

2020		Total	Current	31- 60 days	61 - 90 days	91 + days
Subsidy and grants/ Government insurers	\$	31,373,957	\$ 13,573,101	\$ 1,971,495	\$ 1,137,655	\$ 14,691,706
Commercial insurers		228,448	228,448	-	-	-
Non-insured		13,267,530	1,531,309	795,256	747,900	10,193,065
Other receivables		3,323,071	886,763	160,498	27,623	2,248,187
Gross receivables		48,193,006	16,219,621	2,927,249	1,913,178	27,132,958
Less: impairment allowance		(16,620,766)	-	-	-	(16,620,766)
Net receivables	\$	<u>31,572,240</u>	<u>\$ 16,219,621</u>	<u>\$ 2,927,249</u>	<u>\$ 1,913,178</u>	<u>\$ 10,512,192</u>

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure credit risk, other than the risk related to the COVID-19 Pandemic as outlined in Note 26 – Subsequent Events. The following table provides an analysis of the significant credit risk concentration to which BHB is exposed as at March 31, 2021:

	2021	2020
MRF Grant	\$ 23,958,008	\$ 17,981,954
Dialysis and LTC MOUs with HID	3,079,443	3,748,935
Sunbelt International	2,004,829	4,238,935
Standard premium rate offset	-	7,839,417

20. FINANCIAL RISK MANAGEMENT (Cont'd)

b. Liquidity risk

Liquidity risk is the risk BHB will not be able to meet its financial obligations as they fall due. BHB'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 BHB's reputation. BHB manages exposure to liquidity risk by closely monitoring supplier and other liabilities, focusing on receivables collection, generating positive cash flows from operations and establishing and maintaining good relationships with various financial institutions.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows of financial liabilities):

2021		Within 1 year		2 – 5 years		> 5 years		Total
Accounts payable	\$	13,609,485	\$	-	\$	-	\$	13,609,485
Other liability – ACW		9,240,823		45,876,421		205,175,468		260,292,712
Accrued health insurance		970,000		3,784,905		23,345,095		28,100,000
	\$	<u>23,820,308</u>	\$	<u>49,661,326</u>	\$	<u>228,520,563</u>	\$	<u>302,002,197</u>

2020		Within 1 year		2 – 5 years		> 5 years		Total
Accounts payable	\$	10,111,866	\$	-	\$	-	\$	10,111,866
Other liability – ACW		7,271,075		42,166,782		218,349,806		267,787,663
Accrued health insurance		970,000		4,070,162		21,076,189		26,116,351
	\$	<u>18,352,941</u>	\$	<u>46,236,944</u>	\$	<u>239,425,995</u>	\$	<u>304,015,880</u>

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

Contractual commitments contained in Note 17 are not included in the above liquidity risk assessment.

c. Market risk

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

Foreign exchange risk

BHB's business transactions are mainly conducted in Bermuda dollars and the PPP Agreement is also denominated in US dollars and Bermuda dollars. The Bermuda dollar is pegged to the US dollar. For this reason BHB believes it has minimal exposure to foreign exchange risk.

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. BHB has minimal exposure to interest rate risk.

20. FINANCIAL RISK MANAGEMENT (Cont'd)

c. Market risk (cont'd)

Inflation risk

The PPP Agreement (Note 2i – Acute Care Wing PPP Agreement) exposes BHB to inflation risk. On an annual basis the contractual payments are adjusted based on the difference between the base inflation rate and the actual inflation rate. Both the Bermuda Consumer Price Index as published by the Government and the United States Consumer Price Index for All Urban Consumers (CPI-U) as published by the United States Department of Labour, are applied in calculating the actual inflation rate.

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

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21. KEMH AND MWI STATEMENTS OF OPERATIONS

2021

REVENUE	KEMH	MWI	Total
MRF (Note 16g)	\$ 149,687,465	\$ 4,788,763	\$ 154,476,228
Subsidy (Note 16c)	104,972,123	3,358,241	108,330,364
Government grant MWI (Note 16a)	-	40,441,000	40,441,000
Patient related revenue – other	5,706,993	182,586	5,889,579
Non-medical	3,937,533	110,281	4,047,814
Donations – other (Note 19)	3,277,707	-	3,277,707
Amortisation of deferred capital contributions (Note 9)	1,575,831	727,616	2,303,447
Realized gains from the sale of investments	1,546,413	-	1,546,413
Interest income	37,917	-	37,917
Donations in kind (Note 19)	26,059	-	26,059
Total revenues	\$ 270,768,041	\$ 49,608,487	\$ 320,376,528
EXPENSES			
Salaries and employee benefits (Notes 10 and 16i)	\$ 172,962,021	\$ 31,738,428	\$ 204,700,449
General supplies and services	25,593,040	4,186,982	29,780,022
Repairs and maintenance	24,147,670	1,534,063	25,681,733
Medical supplies	23,989,179	1,131,501	25,120,680
Amortisation of capital assets	17,646,141	915,855	18,561,996
Interest (Note 11)	16,071,501	-	16,071,501
Utilities	8,416,751	1,024,878	9,441,629
Amortisation of Acute Care Wing Building (Note 11)	5,733,275	-	5,733,275
Food	2,231,559	798,975	3,030,534
Bad debt	1,468,455	-	1,468,455
Accrued health insurance (Note 10b)	878,379	-	878,379
Scholarships issued	184,571	-	184,571
Management charge (Note 15)	(2,000,000)	2,000,000	-
Total expenses	\$ 297,322,542	\$ 43,330,682	\$ 340,653,224
(Deficiency)/ Excess of revenues over expenses	\$ (26,554,501)	\$ 6,277,805	\$ (20,276,696)

BERMUDA HOSPITALS BOARD
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21. KEMH AND MWI STATEMENTS OF OPERATIONS (Cont'd)

2020

REVENUE	KEMH	MWI	Total
MRF (Note 16g)	\$ 129,018,317	\$ 3,543,628	\$ 132,561,945
Subsidy (Note 16c)	113,033,197	3,136,584	116,169,781
Government grant MWI (Note 16a)	-	41,964,000	41,964,000
Patient related revenue – other	39,129,233	1,085,806	40,215,039
Non-medical	2,959,035	346,599	3,305,634
Amortisation of deferred capital contributions (Note 9)	1,627,616	678,834	2,306,450
Donations - other (Note 19)	874,222	-	874,222
Interest income	168,079	-	168,079
Donations in kind (Note 19)	131,531	-	131,531
Total revenues	\$ 286,941,230	\$ 50,755,451	\$ 337,696,681
EXPENSES			
Salaries and employee benefits (Notes 10 and 16i)	\$ 173,132,268	\$ 35,491,224	\$ 208,623,492
Medical supplies	29,021,377	1,004,052	30,025,429
General supplies and services	23,478,365	4,698,535	28,176,900
Repairs and maintenance	23,093,847	1,532,822	24,626,669
Interest (Note 11)	18,812,824	-	18,812,824
Utilities	9,700,643	1,210,157	10,910,800
Amortisation of capital assets	8,910,167	996,000	9,906,167
Bad debt	8,334,870	-	8,334,870
Amortisation of Acute Care Wing Building (Note 11)	5,733,275	-	5,733,275
Food	2,266,504	991,140	3,257,644
Business social cost (Note 14)	211,838	-	211,838
Scholarships issued	131,586	-	131,586
Accrued health insurance (Note 10b)	(730,155)	-	(730,155)
Management charge (Note 15)	(2,000,000)	2,000,000	-
Total expenses	\$ 300,097,409	\$ 47,923,930	\$ 348,021,339
(Deficiency)/Excess of revenues over expenses	\$ (13,156,179)	\$ 2,831,521	\$ (10,324,658)

22. BUDGET FIGURES

The budget was approved by the Board of Directors on April 21, 2020.

23. NET CHANGE IN NON-CASH WORKING CAPITAL

The net change in non-cash working capital consists of the following:

	2021	2020
Accounts and other receivables	\$ 6,291,836	\$ 10,293,574
Prepaid expenses	174,114	(1,436,671)
Inventory	(5,827,892)	(1,724,347)
Accounts payable and other liabilities	3,156,020	157,055
Accrued health insurance (Notes 10b & 19b)	878,379	(730,155)
	<u>\$ 4,672,457</u>	<u>\$ 6,559,456</u>

24. COMPARATIVE FIGURES

No material adjustments were made to comparative figures. Certain comparative figures have been adjusted to conform to current year's presentation.

25. GOVERNMENT GUARANTEE FOR THE PPP AGREEMENT

On December 1, 2010, the Government of Bermuda provided an irrevocable guarantee to PHS on behalf of BHB to facilitate the completion of the new ACW. The Government guarantees all debt and contractual obligations under the Agreement as disclosed in Note 8 – Other Liability – ACW and Note 17 – Contractual Obligations.

26. SUBSEQUENT EVENTS

COVID-19 Pandemic

During the year ended March 31, 2021, the COVID-19 pandemic continued to impact BHB's operations and financial performance. BHB implemented various measures to protect the health and safety of its patients, staff and community, including cancelling elective procedures and increasing personal protective equipment. BHB also received financial assistance from the Government and local businesses in the form of grants and donations to help cover the additional costs associated with responding to the pandemic.

The impact of the COVID-19 pandemic on BHB's financial statements for the year ended March 31, 2022 and future years is uncertain at this time. BHB continues to monitor the situation and assesses the impact on its financial statements as more information becomes available. Any such material impact will be reflected in the period in which it is determined.

Management is closely monitoring the evolution of this pandemic, including how it may affect Bermuda's economy, health insurance system and general population. COVID-19 has caused significant disruption to businesses and economic activity in Bermuda and has resulted in a number of people being furloughed or laid off. The going concern basis of preparation assumption for BHB's financial statements is dependent upon the continued effective operation of the health insurance system in Bermuda and the future financial support from the Government. The impact on BHB's operations of additional procurement of equipment and supplies in response to the pandemic was weathered by BHB's cash reserves and donations. The forward impacts of the pandemic are not expected to have a long term impact on BHB at this stage.

26. SUBSEQUENT EVENTS (Cont'd)

BHB enter into exclusive licensing contract for an Electronic Medical Record system

On December 31, 2019, BHB entered into a 10-year agreement with an external software provider for the configuration, delivery and implementation of an Electronic Medical Record ("EMR") system. This agreement provides BHB with a non-exclusive, non-transferable right to use the vendor's proprietary Licensed Software, Sublicensed Software and certain Equipment pursuant to the creation of BHB's EMR system. The agreement also covers the provision of necessary Support services for the ongoing maintenance of the Software as well as related Functional and Service Warranties. Contractually agreed payments commence April 2021 and will be capitalised to a work in progress capital asset (software) account up to the date that BHB is able to exercise "First Productive Use" of the Software, anticipated to occur within 18 months from the date of first payment and subject to discussions between BHB and the vendor on the specific needs of the EMR. As of the date of these financial statements, while BHB was able to exercise productive use of the completed EMR system during November 2022, discussions with the vendor were ongoing as to the finalization of additional modules of the system.

27. FUTURE CHANGES IN ACCOUNTING STANDARDS

A number of new standards and amendments to standards issued by PSAB are not yet effective and have not been applied in preparing these financial statements.

In particular, the following accounting standard amendments are effective for financial statements on or after April 1, 2021:

PS1000 – Financial Statement Concepts
PS1150 – Generally Accepted Accounting Principles
PS1201 – Financial Statement Presentation*
PS2601 – Foreign Currency Translation
PS3041 – Portfolio Investments
PS3160 – Public Private Partnerships
PS3280 – Asset Retirement Obligations
PS3400 – Revenue
PS3450 – Financial Instruments
PSG8 – Purchased Intangibles

** When sections of PS2601 and PS3450 are adopted.*

The extent of the impact on adoption of these accounting standards are as follows:

PS1000 – Financial Statement Concepts

This section has been amended to allow for the recognition of purchased intangibles (i.e. patents, trademarks, intellectual property). However, this is not applicable, as BHB does not currently hold any intangible assets.

PS1150 – Generally Accepted Accounting Principles

Under PSAS, BHB will be required to consult the International Public Sector Accounting Standards (IPSAS) first before consulting Canadian IFRS in determining whether there are any applicable pronouncements. If there are none, BHB may consult other authorized International Standards.

*PS1201 – Financial Statement Presentation**

The amendment under this standard relates to intangible assets. This is not applicable to BHB as BHB does not hold any intangible assets.

27. FUTURE CHANGES IN ACCOUNTING STANDARDS (Cont'd)

PS2601 – Foreign Currency Translation

This section relates to transactions whose terms are denominated in a currency other than BHB's reporting currency, including transactions arising when BHB either:

- Borrows or lends funds when the amounts payable or receivable are denominated in a foreign currency; or
- Becomes a party to a contract involving foreign currencies.

At transaction date, assets, liabilities and amounts reported in the Statement of Operations arising from foreign currency transactions, must be translated into Bermudian dollars by applying the exchange rate in effect at that date.

PS3041 – Portfolio Investments

The amendment under this standard relates to how BHB would account for and reports portfolio investments in the financial statements. However, this is not applicable as BHB do not currently hold any investments.

PS3160 – Public Private Partnerships

The main features of the new section are:

- PPP infrastructure is procured by a public sector entity using a private sector partner that is obligated to design, build, acquire or better infrastructure; finance the infrastructure past the point where the infrastructure is ready for use; and operate and/or maintain the infrastructure.
- PPP infrastructure is recognized as an asset when the public sector entity acquires control of the infrastructure. A liability is recognized when the public sector entity recognizes an asset.
- An infrastructure asset acquired in a private partnership arrangement is recorded at the public sector entity's cost. The liability is initially measured at the cost of the infrastructure asset. Subsequent measurement of the infrastructure asset is based on the asset cost amortized in a rational and systematic manner over the useful life of the asset.
- Subsequent measurement of a financial liability should be at amortized cost using the effective interest method. For a performance obligation, revenue should be recognized and the liability reduced in accordance with the substance of the public private partnership agreement.

PS3280 – Asset Retirement Obligations

This standard requires BHB to establish a liability for any costs associated with the retirement of its asset retirement (i.e. decommissioning or dismantling, remediation, post retirement costs). BHB would need to account for the liability required at the end of the assets' lifecycle.

PS3400 – Revenue

This standard establishes how revenue should be accounted for and reported. It separates revenue transactions into those with and without performance obligations. All public sector entities are required to recognize revenue arising from transactions with no associated performance obligations, at net realizable value. BHB will now be required to disclose its revenue in accordance with the above.

PS3450 – Financial Instruments

The amendment to this standard requires that all changes in the fair value of financial instruments be identified in the statement of remeasurement as opposed to the statement of operations. However, this is not applicable as BHB does not currently hold any investments.

PSG8 – Purchased Intangibles

The amendment to this standard requires BHB to recognise intangibles purchased through an exchange transaction. However, this is not applicable as BHB does not currently own any purchased intangible assets.

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