



Bermuda Hospitals Board

Board Quarterly Press Conference

1.30pm, KEMH Lobby, Wednesday 24 July 2013

Jonathan Brewin Chair, BHB

- Good afternoon, everyone and thank you for attending today.
- I am Jonathan Brewin, Chairman of Bermuda Hospitals Board and our goal today is to provide an overview of activity undertaken by BHB and be open to any questions.
- The Board has committed to have a similar press conference every quarter to ensure a high level of accountability to the community. We will share relevant documents, update you on major projects and report on where BHB is with regards quality and financial measures.
- These press conferences are an opportunity to dig deeper on key issues, and ask us questions about hospital operations, activities and plans, and so there will be plenty of time at the end for members of the media to ask questions.
- This Board remains committed to ensuring openness, fairness and accountability. Regular press conferences are just one of the ways we will work to build greater trust with the media and community through honest and open discussion.
- Every quarter I will bring Board members and the Chairs of the Board Sub-Committees to report on their areas. Today, our focus is on finance.
- With me is Board member and Chair of the Audit and Finance Committee, Jean Atherden; Board member and Chair of the Community & Stakeholders Committee, Kathryn Cole Gibbons; CEO, Venetta Symonds and Interim Chief Financial Officer, David Thompson.
- The Board has already gone through a restructure process. We now have a high level of clinical expertise on the Board. Mrs Parker has nursing and nurse leadership experience; Dr Andrew West, Dr Colin Couper and Dr Alicia Stovell provide physician experience alongside ex-officio members, Dr Cheryl Peek-Ball, Chief Medical Officer for Bermuda and Dr Michael Weitekamp, BHB's Chief of Staff. Mrs Gibbons has communications and healthcare industry experience, Cratonia Smith is a lawyer, and Thad Hollis has labour relations experience. Mrs Atherden is an accountant, Mrs Wendy Augustus represents the donor community and the Ministry is represented by Permanent Secretary for Health & Seniors, Kevin Monkman. I would like to formally thank this very hard working Board who have worked diligently over the last six months.

- I am going to start with a short update on where we are with our strategic planning process. The financial situation of the hospital, and indeed, of Bermuda, requires us to take a focused look at hospital services within the context of the Bermuda and international market and ask questions about who is best placed to provide which services.
- We are at an unprecedented moment in healthcare history in Bermuda. Certainly, the struggle for money for the hospital is not new. You can look back to the 1970's and see the hospital was challenged for revenues. However, at this point in time, it is not just the hospitals that are hurting. All Bermuda is feeling financial pain. Healthcare costs are unsustainable for the island, and there simply is not the money, whether you look at individuals, businesses, or Government to support the rate of increase we have experienced over the last ten years.
- So the first question is what is BHB doing to address it?
- We are looking at what services BHB currently delivers. A big cause of BHB's escalating costs relates to increasing the range of services over the last few years. We employ about 30 more physicians than we did nine years ago, including cardiologists, anaesthetists, oncologists, hospitalists and a neurologist, endocrinologist, infectious disease specialist, palliative care specialist and nephrologist. We also have new services, such as cardiac rehab and new tests that came with the specialists, such as nuclear stress testing.
- But in this market, the key issues are not about more and faster access – it is about appropriate and timely access, with a keen focus on cost control.
- BHB is therefore assessing which services it has to offer– such as emergency, inpatient wards and support services, surgery, complicated diagnostics tests, and acute mental health services. No one else offers these services, but they are vital to the running of the island.
- The next stage is to see whether other services could actually be provided more effectively and efficiently by either Government or the private sector. Long term care is a good example. It might have made headlines recently, but there is opportunity for more partnership working in this area. Be in no doubt, that if BHB is asked by Government to play a role in this service, we will. We are a service provider. But it is right that Government should look into a community-based solution for the island.
- Solutions such as these cannot be implemented by BHB in isolation. They force innovative and collaborative thinking with many different stakeholders. It is therefore not possible at this point to identify which services will move from BHB and which will stay, but we are reviewing everything BHB delivers.
- Much has been written about how BHB has impacted healthcare costs, but the rest of the healthcare market has inflated at the same rate. BHB doesn't take much more of the pie than it did five or more years ago. Dealing with just BHB alone will therefore not address the spiralling costs we are experiencing, it will simply divert them to the private sector or overseas. If only BHB acts, that could leave our hospitals at a distinct disadvantage over the long run that would be detrimental to the island.
- It is not in our remit to change the system, but we at BHB accept that we must be a full participant in the process.
- Our strategic process should be completed early in the fall and Board committees are focusing on their areas. The Senior Management Team will be pulling together a draft strategy in August,

supported by appropriate data and business cases, for approval at Committee, Board and Ministerial level, as necessary.

- We are working closely with the Bermuda Health Council, who do have the system overview, and have also co-opted members of the community onto our Committees so that individuals from outside of BHB can bring their expertise into the heart of the decision making process.
- BHB will reshape services so that it can operate at an appropriate level of quality and safety.
- However, our financial forecasts currently indicate a deteriorating position that is compounded by lost revenues and future obligations of the new acute care wing. Fees did not rise this year, and we did not receive the final 1% for the new acute care hospital. Additionally, BHB is no longer reimbursed by Government funding for CCU. Up until last year, the majority of our CCU resident fees were paid out of the Geriatric Subsidy. This is a separate fund from the Hospital Subsidy, which was held flat this year, and the MWI grant which was held level following a \$1 million cut last year.
- The CCU service costs over \$14 million a year to run. Absorbing this cost over the long run is not sustainable for BHB. It will impact the acute care services we are mandated to deliver and push us further into debt. We therefore need to look at how we reduce the costs in CCU in the coming years, while a solution is worked on. At the moment we have stopped admitting new residents to CCU, resulting in a natural attrition. This will slowly reduce the number of clients and through the natural turnover or redeployment of staff, we expect to be able to gradually reduce the workforce in this area. We know Government is seeking ways to try and assist BHB throughout this transition and we thank them for their continued efforts.
- We will continue to use Gordon Ward for patients in whom the most acute reasons for their hospital care have been addressed and we are seeking safe and appropriate post-acute services.
- The issues relating to CCU bring into focus the challenging and complex issues the Board is facing. The balancing of clinical quality against the drive to control costs is never easy and we will never forget that at the heart of this challenge are patients, and also the 1,800 staff who work at BHB.
- The Board has today made public summaries of the KPMG reports that look at the memoranda of understanding with private insurers and Government, as well as BHB's ability to meet its service payments for the new acute care wing.
- Finally, we have also made a summary of the Towers Watson Report public today.
- Although these reports highlight cost and revenue issues at BHB, I would reiterate that costs have risen in the private, non-profit and overseas healthcare sectors too. Additionally, it would be erroneous to seek individuals to blame as the cause of BHB's issues. Quite simply, we are operating in one of the worst economic times in living memory. The previous Board had already begun to recognise this and initiated the KPMG and Towers Watsons reports, as well as the Governance Report. The economy is not expected to turn around soon, so it comes to the current Board to ensure that we navigate this turmoil and maintain viable hospital services for the island.
- It cannot be ignored that previous Boards, in conjunction with management teams have worked incredibly hard over a number of years, and it would be inappropriate and unfair not to focus on the many good and successful things that has happened in the past. It is hoped that some

previous Board members might be able to help us in our work going forward related to sustainability.

- I would now like to invite to speak Mrs Atherden, who Chairs the Audit & Finance Committee.

Jeanne Atherden **Chair, Audit & Finance**

- Thank you, Mr Brewin.
- The Audit & Finance Committee is appointed by the Board. There are three Board members – myself, Jonathan Brewin, and Cratonia Smith on the Committee. We are joined by the CEO, the Interim CFO, the Chief Operating Officer of King Edward, and the Financial Controller, along with an administrator.
- This Board also took the unprecedented step of inviting three members of the community to the Committee to enhance the financial expertise and acumen of the Committee.
- These members are Simon Everett, CEO of IMG International Ltd, Peter Everson who is the President of PE Consultants Limited, and Terry Faulkenberry, Operations Manager, Property Reinsurance at Aspen Bermuda Limited.
- We hold meetings monthly, and not less than ten times a year, and report directly to the Board.
- The main purposes of the Committee are to assist the Board in fulfilling its responsibility for ensuring financial integrity and credibility, ensure that an effective internal financial control system is maintained throughout the organization and ensure that the financial planning and resource management processes support the strategic directions and operate objectives of the Board.
- Our main duties include reviewing the audited financial statements, approving risk assessments, reviewing and advising the Board of BHB's financial strategy, approve Capital Requests from the Capital Resources Committee, specify metrics to be included in the Board's financial dashboard, reviewing the appropriateness and effectiveness of management's financial planning process, and advising the Board on all borrowings.
- We recognise there is a national interest in controlling healthcare costs; ensuring efficiency and sound financial planning for the hospitals is a vital piece. It is not the only piece that must be addressed if Bermuda is to see its healthcare costs better controlled. Private and non-profit providers also need to be a part of the solution. However, we only have direct control over BHB, which accounts for less than 50% of the national spend.
- Because BHB is a quango, with about one third of our revenues from the taxpayer, the community has a right to know a great deal about its activities and finances. It is important to note, however, that while the Board has been open with the issues that have impacted BHB costs, it is erroneous to believe that the current situation is only down to BHB.

- Additionally, while the obligations of the new acute care wing will increase pressures, they haven't even kicked in – and yet we are already struggling. We would be in a challenged position even without the new facility, due to the economic situation of Bermuda and the inability of the island to support the growing costs of healthcare.
- The most recent data from our finance department raises serious concerns about BHB's finances and indicates we will be in debt before the end of the year unless we take action.
- Our long term prognosis remains even more challenged. We expect that strategies to reshape services and cut costs will help, as will improved regulation of the system. This is a long term financial challenge for us and the country to address.
- The Government's Department of Internal Audit has completed its auditing process at BHB on the financials for 2011-12 and we have just this week received the draft report. We are now reviewing it and will then prepare our response to the Auditors, which will include an action plan to address recommendations. This will help us to further improve controls within BHB and ensure higher standards of Governance, and regulation.
- A Financial Sustainability Steering Committee has been set up and the first meeting was attended by Brian Duperreault of the SAGE Commission. We will be looking to co-opt more community members to this committee to ensure the appropriate breadth and depth of financial planning expertise is available and we will provide future updates to be shared with the community as we make progress.
- I would now like to hand over to Mrs Venetta Symonds.

Venetta Symonds President & CEO

- Thank you, Mrs Atherden.
- I want to pause for just one moment. Right now there hundreds of people at King Edward and the Mid-Atlantic Wellness Institute receiving care; Patient care is on-going 24/7 – it doesn't stop.
- For the majority of people walking through our corridors, sitting in waiting areas, keeping a loved one company, or about to slide into the MRI tube, the hospitals' issues are less important than their own personal situation. This is how it should be. When your health is in need, it is the **only thing you** need to worry about.
- However, in order to ensure you have the services you need, when you need them, the Board, the staff here, the Ministry and other healthcare stakeholders have to address **major** operational, structural and strategic issues.
- In order to ensure the **safe** transition of services to the new acute care wing, we have a major **Operational Readiness project underway**. If you are an inpatient on the day we transfer services, you want to find yourself in a new room, knowing where things are, and with staff who know where, for example, the crash cart is if there is an emergency such as cardiac arrest. So

we are preparing, changing processes, testing multiple times and educating staff so that you are safe. We are working on communications, so that the day emergency moves everyone is aware when they should divert to the new location.

- During the next year, we will be undergoing our regular accreditation process with Accreditation Canada – and this will help us test our systems and see if we are meeting the standards necessary. This process requires a huge amount of focus from staff, and so education and preparation is required along with Operational Readiness preparations. There is a lot of synergy between the two as the accreditation process will test international patient-safety standards we want to transfer to the new facility, but it is still a lot of extra work. We are undertaking a mock accreditation survey in the coming months to test our readiness and enable us to focus resources based on the results.
- We have just completed an Employee Opinion Survey, and results will be communicated to staff in the next few weeks. We will be able to share the results at the next quarterly press conference. Our ability to keep services running while successfully preparing for the new acute care wing and accreditation rests on the shoulders of the nurses, doctors, technicians, housekeepers, dietary teams, allied health and social workers and administrative staff. So listening to them and addressing their concerns, hopes and expectations helps us motivate and focus the workforce.
- There are some major deliverables that BHB is also working toward that are important to ensure quality.
- Peer Review is high on our agenda, but this requires Shield Legislation so that physicians can participate without the fear of legal action. The process enables clinical issues to be fully reviewed and learned from. We are and will continue to work with the Ministry on required legislation.
- Care Maps will help us provide a consistent standard of care for people based on their conditions. Although led by medical staff, care maps require close collaboration between multiple disciplines.
- Utilisation has been discussed many times in many different forums. The Bermuda Health Council's reports have indicated that there is a very high level of utilisation in Bermuda. People in Bermuda simply have more blood tests, more MRIs and more CTs than almost any other country. The concern is that this is not resulting in improved outcomes for patients. We don't live longer than people in countries who get tested less; in fact, we are generally an unhealthy population with very high incidences of chronic diseases that decrease of quality of life and cut our lives short.
- There is a cost to over-utilisation. We pay for tests we don't need. While they may satisfy our desires and most likely allay our fears, they don't help us live longer, healthier lives. And they drive up our insurance premiums.
- For BHB, there is also a cost to over-utilisation – we have a limited ability to raise revenue and after certain caps are reached, we no longer are compensated for the work we do.
- Our challenge is to set the bar so that every clinically appropriate test is carried out in a timely manner, but that we need to ensure that tests that are not needed are not carried out. This requires us to act as gatekeepers and ensure that there are evidence-backed guidelines that flag unnecessary tests. This process is ongoing, and is informed by our specialists.

- A major project is the introduction of an electronic medical record at the hospitals. This project will bring an unprecedented level of coordination and efficiency to the medical process. It also is proven to improve patient safety as medical staff has immediate access to results, planned tests, medication and medication histories. This is an expensive project and also one that requires medical staff especially to be fully involved and engaged to ensure the system is structured appropriately and is used. We look forward to updating you on the project.
- Finally, the new acute care wing itself. Mr Brewin and Mrs Atherden have already touched on the financial aspects of this project. I am pleased to note that the project is still going well. Over a million man hours have been worked on the project, and 1,470 people in total have worked on the site. At peak times, there are about 400 people on site and 65% of them are Bermudian and spouses of Bermuda. **Our planned move to the new acute care wing is June 2014.**