2015

Bermuda Hospitals Board

ANNUAL REPORT

ABOUT BHB

Bermuda Hospitals Board (BHB) provides acute care, chronic care, long-term care, learning disability, substance abuse and mental health services to Bermuda. Our services are delivered from the King Edward VII Memorial Hospital (KEMH), Continuing Care Unit (CCU), Mid-Atlantic Wellness Institute (MWI) and Lamb Foggo Urgent Care Centre (LFUCC), as well as in various group home and community settings.

BHB serves Bermuda's resident population of approximately 60,000 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 fulltime staff and 200 on-call and locum staff.

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

GOVERNANCE

BHB operates under the Bermuda Hospitals Board Act 1970. It is overseen by a Government-appointed Board, which is Gazetted each calendar year. See page 3 for full members of the Board and its Committees for 2014.

FUNDING

In the year under review, BHB was funded in the following ways:

The Government's Hospital Subsidy budget paid $109 million towards services on the standard health benefit fee schedule delivered to the young, seniors and indigent. The total charged to Government based on the services used was $110 million.

$126.3 million was paid by insurance schemes, 55.6% of which was from commercial insurers and 44.4% from Government insurance schemes including Future Care, Health Insurance Plan (HIP) and Government Employees Health Insurance Fund.

Government paid a $37.4 million grant that contributed towards the provision of mental health, substance abuse and learning disability services at MWI and its group homes, and a $10 million grant that contributes towards the delivery of long term care services on the KEMH site.

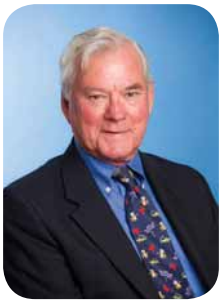
All fees and rates charged by BHB and all grants are approved through a legislative process. Fees and rates are published every year and are available on the BHB website.

BOARD

2014 BOARD MEMBERS 1 January – 31 December

Jonathan Brewin
Chair

Lucille Parker-Swan
Deputy Chair



Dr Colin Couper

Dr Andrew West

Dr Alicia Stovell-Washington

Kathryn Gibbons

Jeanne Atherden
(January to April)

Thad Hollis

Cratonia Smith

Peter Everson
(from June)

VOTING EX-OFFICIO

***WendyAugustus**
(January to March)
BHCT Representative

***Ralph Richardson**
(From April)
BHCT Representative

** **Kevin Monkman**
(Permanent Secretary)

** **Dr Cheryl Peek-Ball**
(Chief Medical Officer)

** **Dr Michael Weitekamp**
(Chief of Staff)

NON-VOTING EX-OFFICIO

Venetta Symonds *(Chief Executive Officer)*
David Thompson *(Chief Financial Officer)*
Judy Richardson *(Chief of Nursing)*
Christine Lloyd-Jennings *(Chief of Human Resources)*
Dr Chantelle Simmons *(Chief of Psychiatry)*
Debra Goins-Francis *(Legal Counsel)*
Dr Constance Richards *(Chair, Active Staff Committee)*

BOARD COMMITTEES

2014 BOARD MEMBERS 1 January – 31 December

EXECUTIVE COMMITTEE
Jonathan Brewin, *Chair*
Lucille Parker-Swan
Kathryn Gibbons
Dr A Stovell-Washington
Jeanne Atherden
Thad Hollis
Venetta Symonds (*Chief Executive Officer)*
David Thompson *(Chief Financial Officer)*
Dr Michael Weitekamp *(Chief of Staff)*

COMMUNICATIONS COMMITTEE
Kathryn Gibbons, *Chair*
Dr Andrew West
Lucille Parker-Swan
Wendy Augustus/Ralph Richardson
Venetta Symonds *(Chief Executive Officer)*
Anna Nowak *(VP, Public Relations)*
Dr Keith Chiappa *(Chief of Medicine)*
Christine Lloyd-Jennings *(Chief of Human Resources)*
Kerry Judd *(community member)*
Mark Selley *(community member)*

CLINICAL GOVERNANCE COMMITTEE
Dr A Stovell-Washington, *Chair*
Lucille Parker-Swan
Dr Colin Couper
Dr Cheryl Peek-Ball
Dr Michael Weitekamp
Wendy Augustus
Venetta Symonds *(Chief Executive Officer)*
Judy Richardson *(Chief of Nursing)*
Patrice Dill *(Chief Operating Officer, MWI)*
Scott Pearman *(Chief Operating Officer, KEMH)*
Preston Swan *(VP, Quality & Risk Management)*

AUDIT & FINANCE COMMITTEE
Jeanne Atherden, *Chair (Until June)*
Peter Everson *(Chair from June)*
Jonathan Brewin
Cratonia Smith
Venetta Symonds *(Chief Executive Officer)*
David Thompson *(Chief Financial Officer)*
Scott Pearman *(Chief Operating Officer, KEMH)*
Arthur Ebbin *(Assistant Controller (Expenditures), Financial Services)*
Roedolf Vd Westhuizen *(Interim Financial Controller)*
Terry Faulkenberry *(community member)*
Simon Everett *(community member)*

MODERNISATION COMMITTEE
(commenced September 2014)
Kathryn Gibbons, *Chair*
Jonathan Brewin
Lucille Parker-Swan
Peter Everson
Thad Hollis
Dr Michael Weitekamp
Venetta Symonds *(Chief Executive Officer)*
David Thompson *(Chief Financial Officer)*
Scott Pearman *(Chief Operating Officer, KEMH)*
Anna Nowak *(VP, Public Relations)*
Paul Jones *(Consultant)*

HUMAN RESOURCES
Thad Hollis, *Chair*
Jonathan Brewin
Kathryn Gibbons
Cratonia Smith
Dr Andrew West
Christine Lloyd-Jennings *(Chief of Human Resources)*
David Thompson *(Chief Financial Officer)*
Angela Fraser-Pitcher *(Director, Human Resources)*
Kendra-Lee Pearman *(Director, Organisational Development)*

PENSION COMMITTEE
Thad Hollis, *Chair*
Kathryn Gibbons
Dr Andrew West
Cratonia Smith
Venetta Symonds *(Chief Executive Officer)*
David Thompson *(Chief Financial Officer)*
Christine Lloyd-Jennings *(Chief of Human Resources)*
Angela Fraser-Pitcher *(Director, Human Resources)*
Lori Burchall *(Manager, Benefits)*
Union Representatives
Anthony Manders *(Ministry of Finance)*

Government of Bermuda
Ministry of Health

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

It is a pleasure to introduce the Bermuda Hospitals Board (BHB) annual report for 2014/15 so soon after the prior year's report was completed. The Board and Executive are working diligently to bring the hospitals financial statements up to date and they are collaborating fully with the Office of the Auditor General complete all outstanding audits.

The year in review was marked by the celebrated opening of the new Acute Care Wing. It was a mammoth undertaking to successfully move in without service disruptions. The BHB team achieved this, and more, for the benefit of all Bermuda.

In addition, the 2014/15 fiscal year was marked by two hurricanes hitting our island home within a week. This tested the new building, but not the stellar team of BHB staff and volunteers who braved the storm onsite and kept patients safe and services running throughout, often sacrificing time with their own families in such difficult circumstances.

Significantly, I applaud BHB for its collaboration with a host of partners during the year in review, including volunteers, donor partners, and many others. Together, they expanded services and improved quality. BHB and Bermuda should be proud of the excellent patient satisfaction results achieved this year again. It is a testament to the diligent, high quality care delivered by the staff and executive.

I thank the Board of that year for its contribution to Bermuda and to making our hospitals better.

Sincerely,

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

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

MESSAGE FROM THE **CHAIRMAN,** MR WILLIAM MADEIROS

This annual report is being published in 2020. Activities, progress and responses to challenges were therefore achieved under a different Board and Chairman. I would like to thank all members of the Board for their hard work in support of this fiscal year.

In the year under review, a key focus for BHB was to meet the financial obligations of the new Acute Care Wing. The ACW was completed in June 2014 at which time financial obligations started, including the monthly payments and a $40 million one-off payment. BHB knew it could not increase revenue to cover these new costs. Spiraling health costs were already too steep to be fully covered by Government and were resulting in high health premiums for individuals. The only option was to cut costs. Following a ten per cent reduction in operating expenses in the 2013-14 fiscal year, a fifteen per cent cut was implemented for this fiscal year. All items of discretionary expenditure were reviewed and spending carefully managed. An ongoing review of vendor contracts helped reduce contract costs. As part of a modernisation project, smarter and more effective procurement practices were established. Value for Money procedures including enhanced business case justifications combined with post project review procedures were implemented with stricter rules and approval mechanisms. Spending on capital improvements was limited to only that which was necessary to protect life and safety within the built environment. Through this tireless and focused work, BHB was able to meet all the financial obligations of the new wing without above-inflation fee rises, or additional grants.

Meeting these financial obligations was achieved even though BHB experienced increasing downward pressure on revenues. BHB experienced a reduction in Government funds. The geriatric subsidy for long-term care, had been replaced the year before with an annual $10 million contribution, which paid for 40 of the 70 beds in the unit. BHB had to find funds to cover the rest. In addition, over the last two years, BHB had been directed to write off almost $30m of money owed by Government insurance plans and subsidy claims for hospital bills.

BHB understands the importance of controlling costs, and needs the help of system partners to reduce admissions through improved management and prevention of chronic illness, as well as facilitate the discharge of seniors after acute illnesses with community care in their homes or more nursing home places. BHB will do all it can to deliver quality, efficient care, but it is as a system that we need to respond to truly reduce healthcare costs and reduce the use of hospital services.

MESSAGE FROM THE **CEO,** MRS VENETTA SYMONDS

The “big move” of several acute care services from the General Wing to the newly opened ACW was a major focus for the year. BHB also worked hard to meet the additional costs of the new ACW without driving up costs for the country through improved processes, efficiencies and meeting restricted budgets. This started at the top. A senior management restructure saw the senior management team reduce from 13 to seven members. Two positions were de-established immediately, and a third phased out over two years, which aimed to save money, focus the top team and make it more accountable.

This backdrop of belt tightening, did not stop an impressive number of improvements. New East and West based ambulance services were established in partnership with the Bermuda Fire & Rescue Service; two new labour and delivery operating rooms were opened in Maternity meaning for the first time mothers did not have to be taken through public areas for emergency caesarians; a new sewage plant was installed at MWI; and a new process in our lab reduced waiting times for patients coming in for blood and urine tests.

BHB was also very proud to be part of the consultation process for the establishment of the Mental Health Court.

Quality remained at the heart of all we did to improve services. Our hospitalist service for inpatients went 24/7. Previously, this was a day time service, with on call coverage overnight. The improvement in quality care from the daytime service alone, made a compelling argument to extend it round the clock.

I must also pay tribute to those who helped BHB weather two hurricanes in the year. Hurricane Gonzalo hit the KEMH campus quite hard, and while the roof of the Continuing Care Unit was being ripped away by the winds of the category two storm, it was staff and volunteers who went into the deteriorating building and managed to evacuate all our senior residents safely.

This annual report is being published four years after the year under review (2014-15). I would like to thank the Board of the day and the management and staff for all they contributed towards this year’s momentous achievements.

PATIENT SATISFACTION SURVEY SUMMARY

Despite a major agenda of change, the staff of Bermuda Hospitals Board continued to work hard to improve levels of patient satisfaction. All services were being provided from old facilities in this year under review, with KEMH and Continuing Care Services having the added inconvenience of providing care right next to a major construction site.

KEMH

Inpatient Services

Percentage of people who rate KEMH Inpatient care between 7-10, where 0 = worst care and 10 = best care possible

March 2010	March 2011	March 2012	March 2013	March 2014	March 2015
71.4	82.9	88	90.8	89.7	90.3

Emergency Department

Percentage of people who rate KEMH Emergency care between 7-10, where 0 = worst care and 10 = best care possible

March 2010	March 2011	March 2012	March 2013	March 2014	March 2015
66.9	76.9	88.3	92.9	90.7	92.3

Outpatient Services

Percentage of people who rate KEMH Outpatient care between 7-10, where 0 = worst care and 10 = best care possible

March 2010	March 2011	March 2012	March 2013	March 2014	March 2015
90.4	95.9	94.6	96	95	95.5

Surgical Outpatient

Percentage of people who rate KEMH Surgical Outpatient care between 7-10, where 0 = worst care and 10 = best care possible

March 2010	March 2011	March 2012	March 2013	March 2014	March 2015
94.5	97.7	93.3	96.4	93.1	92.5

MWI

Percentage of people who rate MWI care between 7-10, where 0 = worst care and 10 = best care possible

June 2012	March 2013	April 2014	March 2015
86.5	71.8	73.7	82.1

CONTINUING CARE UNITS

Percentage of people who rate CCU care between 7-10, where 0 = worst care and 10 = best care possible

March 2013	April 2014	May 2015
72.9	82.05	84.2

Full patient satisfaction results for 2014-15 can be found at bermudahospitals.bm

SENIOR MANAGEMENT RESTRUCTURE

From 1 January 2015, the Senior Management Team was reduced from 13 to seven members. The goal of this restructure was to build a more focused team, with a strong clinical drive. The previous structure had been established some years ago at a time when BHB was focused on growth and expansion, and building a new acute care wing. There are four legislated positions in The Bermuda Hospitals Board Act: the Chief Executive Officer, the Chief of Staff, the Chief of Psychiatry and the Chief Financial Officer. All four members were on the newly named Executive Team, with the addition of the Chief of Nursing, and the two Chief Operating Officers from the King Edward VII Memorial Hospital and Mid-Atlantic Wellness Institute. From 2017, the two COO positions were merged, with one COO overseeing all campuses and reducing the Executive Team further to six.

As part of the restructure, three positions were disestablished: the Chief Information Officer, the Chief of Human Resources and the Vice President of Nursing, a position that was not filled as the individual had been on secondment for some years.

FACILIITES AND PROPERTIES

KEMH Redevelopment Project: Preparing to Move

In June 2014, the ACW was substantially completed. This meant it was handed over to BHB, who had three months to finish off the training and orientation of staff before the official opening and move of acute services three months later.

This was the final phase of a major operational readiness project, preparing staff for one of the biggest transfer of services ever experienced by BHB. The move included the switch over of the Emergency Department and Diagnostic Imaging while ensuring constant access for the community, and moving 90 acute patients from the older wing (now called the General Wing) to the new ACW.

It took years to plan the move, almost as long as the construction period. It was not just about physically moving patients. It was about ensuring new connections and processes were in place that supported the new layout, design, equipment and patient journeys. For example, the

Laboratory did not move, so the distance between getting a blood sample between the inpatient units and the lab became much longer, and so the process changed. The delivery of blood and specimens was no longer done by individuals, but using a state-of-the-art pneumatic tube.

Staff had to be fully trained, oriented and well-rehearsed to their new clinical areas. The design of the building was developed based on the latest care standards and using new equipment, which meant practices and processes had to change. Being well drilled was essential to minimise potential patient safety risks. All equipment had to be fully operational and tested.

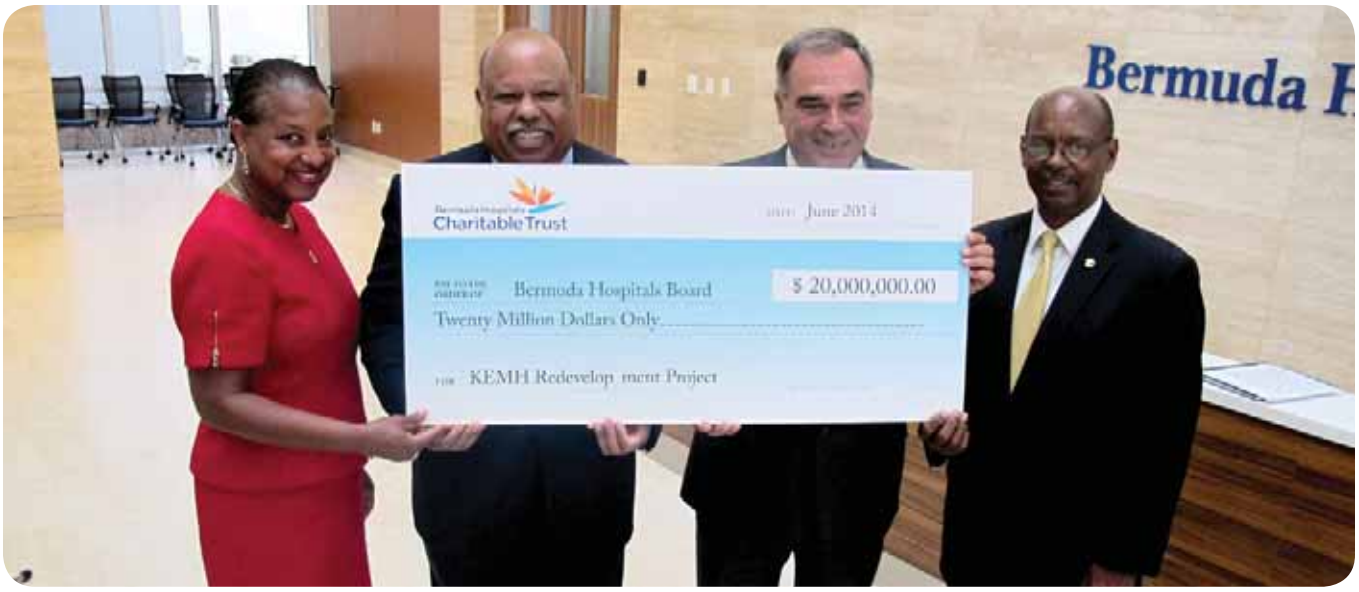
To ensure the community were fully apprised of the project, advertising and island-wide mail drops were undertaken. An exhibition at the Bermuda Society of Arts was launched and, for two weeks, BSoA hosted special open talks about the project.

The building of the new Acute Care Wing required thousands of local and international individuals working on the construction site and on the administrative side of the project, hundreds of BHB staff, two successive governments, two BHB CEOs, three BHB Chairmen, four premiers, at least seven Ministers of Health and multiple Government departments and Permanent Secretaries to complete.

A New Building and New Responsibilities

The new acute care wing was officially handed over on 12 June 2014. A key handover ceremony marked the day and payments started. Up until this point the acute care wing was not an immediate financial obligation. But in June the one-off $40m payment was made and the monthly payments started.

As the handover date was about 10 weeks later than originally planned, about $5 million was saved. This is because the payments started later and, as the contract end date does not change, the result was a saving to the project cost.



The Bermuda Hospitals Charitable Trust handed over $20m of donated funds towards the $40 million down payment, with the remainder paid by BHB. Further money was donated by the BHCT at a later date towards this payment for the new wing.

Staff, dignitaries and members of the public all had a chance to tour the new facility over the summer. Over 700 people attended the free public tours. The public tours took place as training and staff orientations were carried out. It all took meticulous planning.

The ribbon cutting, officially opening the facility, took place on 10 September and on 14 September 2014, BHB commenced services from the Acute Care Wing after a safe, smooth and successful transition process.

At the widely publicized time of 12:01 a.m., the commencement of services in the Acute Care Wing Emergency Department was marked by a gathering of staff members and well-wishers in the Emergency waiting area, including the Board Chairman, Senior Management Team members and the Permanent Secretary for Health. The first patient was received just before 2am. Debriefing sessions were held daily after the move with relevant operational leads at 8am to capture and quickly address teething problems.

Patients who were moved were very positive about the experience.

Utilities Interface Project

Required work to connect the existing KEMH General Wing and Acute Care Wing started in this year. At the time of the move, the utilities connections did not need to be complete, but the plan was for the two to connect to maximize the efficiencies gained from using the new technology of the Central Utilities Plan in the new wing. The Board approved $3.9m in funding for the project.

Planning for the KEMH and MWI Estate

While the maintenance of the ACW is covered by the contract with Paget Health Services, the General Wing of KEMH and the MWI facility need maintenance and repair.

In this fiscal year, work had begun to see the cost benefits of moving Continuing Care Services into the fourth floor space (previously acute care wards) in the old General Wing, once the acute care wards transferred to the new wing. A business case drafted in the summer looked at the benefit of consolidating services into one building and demolishing the existing area housing the old Continuing Care Unit which cost about $2m per year to maintain. Before the business case had been approved, however, Hurricane Gonzalo hit and ripped the roof off the CCU building. The financial case became more compelling given the costs of repairing this damage and the Board approved the move and demolition of the CCU building along with the demolition of the Queen Elizabeth Nursing Residence, which had been vacated some years ago due to safety issues.

New Sewage Plant for MWI

A new sewage plant project started at MWI in this fiscal year, paid for with a grant from Government. MWI's aging sewage plant had been constructed in the early 1970's, and was no longer fit for purpose. It had caused numerous complaints about a sewage smell in the local area.

Following a robust tendering process for the project the contract for the new sewage treatment plant was awarded to Bermudian Company BESCO in November. The new unit, a submerged, high performance, aerated, filter sewage treatment plant, has a filtered vent to eliminate any minor odour emissions. The new plant utilises a proven technology in Bermuda and will produce a clean effluent which poses no threat to the environment. It will be able to treat 12,000 gallons of sewage a day, doubling the capacity of the current plant which was installed in 1972.

to be provided to inpatient and long term care residents. Nearly all departments were represented in these shifts, from dietary staff to nurses, housekeepers to physicians, and administrative staff to EMTs. Provision was made for vulnerable people, including almost 20 pregnant mothers who either had high risk pregnancies or were very near term.

The new plant comes with a Department of the Environment-approved bore hole as well as a FOG unit which removes fats, oils and grease from the system.

Weathering the Storms

Bermuda experienced two hurricanes a week apart in October 2014, both of which tested both the old and new facilities, as well as the bravery of staff.

Hurricane Fay, a Category One storm, took the island by surprise. This first storm did not significantly impact BHB properties, but did cause minor disruption as the storm hit during the morning shift handover on Sunday morning.

Hurricane Gonzalo, just a week later, was much larger in size and strength. There was ample warning for staff to prepare and hurricane preparedness planning paid off. The Hospital Incident Command Centre (HICC) was set up to oversee operations during the storm. Two shifts of core and critical staff were in “lock down” during the storm so that the shifts could rotate and care could continue

While BHB survived Hurricane Gonzalo with minimal interruptions to clinical services, there was substantial damage to the Continuing Care Unit Upper, Montrose Building, Agape House Building, 5th Floor Administration and MWI Campus. Heroic acts by employees ensured that a stroke victim was transported across the ‘closed’ Causeway and almost 40 patients were moved from CCU Upper while it was losing its roof and doors and windows were being damaged at the height of the storm to the safety of the old Emergency Department.

Repair work took some time to complete. The KEMH fourth floor roof took on water, resulting in the evacuation of a large part of the fifth floor administrative staff, the Employee Health Services Department in Montrose had to move to the old Oncology department in the General Wing, the Continuing Care Upper/Alzheimer & Related Disorder's Unit temporarily relocated to the old Emergency department, and Turning Point moved to other areas of MWI.

CLINICAL SERVICE IMPROVEMENTS

East and West Ambulance Services

In a joint initiative between BHB and the Bermuda Fire & Rescue Service (BF&R), ambulances were stationed in locations in the East and West of the Island, not just centrally at KEMH for the first time.

BF&R staff are also trained as Emergency Medical Technicians (EMTs). This meant BF&R first responders could get on the scene quickly and provide on-site care, but their vehicles were not able to pick up individuals and take them to hospital resulting in delays getting patients to the Emergency Department as they had to wait for a centrally-released ambulance from KEMH to pick them up and transport them.

Most calls come from central parishes in the day, when people are at work, so BHB decided to deploy EMTs and an ambulance at the Port Royal Fire Station in the West from 4pm to 8am while the Bermuda Fire & Rescue Service was responsible for an ambulance and trained EMT personnel at the Clearwater Fire Station in the East. These ambulances assumed first responder responsibilities for their respective zones.

Although no additional ambulances were purchased for the enhanced services, BHB expected to incur more costs in association with this project, relating to staff overtime to support the expanded service, increases in fleet fuel, fleet replacement costs, overheads and increased responsibility for the Chief of the service.

Maternity Labour & Delivery ORs

Two rooms in the Maternity Ward were converted into labour and delivery operating rooms and were near completion at the end of the fiscal year. One room was refurbished as a state-of-the-art operating room for both planned and emergency C-sections, and the second room was fully equipped for routine deliveries and as a back-up operating room. Both rooms are located next to birthing rooms making it easier and safer for women who require emergency interventions to be tended to without delay.

These rooms were designed to replicate the new Acute Care Wing operating rooms as much as possible, so that staff members using them in emergency situations were familiar with the layout and equipment. Additional features included dimmable lighting for the comfort of the mother, and two designated areas for the infant cots. Having the rooms adjacent to the Special Care Baby Unit means newborns in distress can be treated quickly in a specialist environment only minutes away.

When the new Operating Rooms opened in the Acute Care Wing in September all surgeries moved there. However, one old Operating Room was left fully functional on the second floor of the General Wing specifically to accommodate emergency C-sections until the new rooms in Maternity were completed, due to the much longer distance to the Acute Care Wing.

The old operating room on the second floor closed and was decommissioned following the completion of the project.

Mothers now can access all the services they need in one area. Even prior to the new operating rooms opening the new Acute Care Wing, mothers had to be transported from Maternity on the first floor to an operating room on the second floor. In an Emergency situation, mothers had to be transported through public areas of the hospital, which was detrimental to privacy and dignity. The close proximity of the new operating rooms within maternity better supports the best possible care for our mothers and babies.

New procedure helps patient breathe

A new procedure, performed for the first time in Bermuda this fiscal year, was introduced to help a young, male Continuing Care Unit patient, paralyzed from the neck down following an accident some years ago, come off a ventilator.

The procedure involved diaphragmatic pacing, a technique that inserted a device attaching electrodes internally to the patient's diaphragm. These electrodes were brought out through the skin and attached to a pacemaker, which automatically did the work of contracting the diaphragm.

It was hoped the patient would be able to make do without his ventilator completely. The plan was for him to eventually be discharged and cared for at home.

It took a great deal of team work to arrange for the surgical procedure. The expert in this technology, Professor of Surgery, Raymond Onders, was based in Cleveland, Ohio. He travels worldwide helping insert these devices. Dr Onders supervised local surgeons, Boris Vestwebber and Hermann Thouet for the procedure. He said, "The team at the hospital was tremendous. The operation could not have been done better anywhere else in the world."

CLINICAL APPOINTMENTS

New cardiologist, Dr Joe Yammine

Dr Joseph Yammine was appointed in this year as a Consultant Cardiologist, reporting to Dr Sam Mir, Director of Cardiology. Before joining BHB, Dr Yammine was a member of the Brigham and Women Cardiovascular Associates at Care New England in Rhode Island. He is Board certified in Cardiovascular Medicine, Clinical Cardiac Electrophysiology, Echocardiography and Cardiac Computer Tomography.

New oncologist, Dr Sein Aung

BHB was very pleased to welcome its new Director of Oncology, Dr Sein Aung, MD, FCAP, in October 2014. Dr Aung had been a Faculty Physician/Oncologist/Hematologist at the Weinberg Cancer Institute at the Franklin Square Hospital Center since 2000. Dr Aung is board certified in Internal Medicine, Medical Oncology and Hematology by the American Board of Internal Medicine. He is a Fellow of the American College of Physicians.

New Geriatrician, Dr Myint

As Bermuda's population is aging, caring for senior populations becomes an increasing challenge and requires specialist physicians. BHB was pleased to announce the appointment of a Consultant Geriatrician, Dr Htay H. Myint, MD, who joined BHB in December 2014. Dr Myint had previously been a Complex Care Physician for Healthspring-Cigna Company looking after the geriatric population. Dr Myint is board certified in Internal Medicine by the American Board of Internal Medicine. She is a Fellow of the American College of Physicians.

New Child & Adolescent Services Consultant Psychiatrist

MWI's Child & Adolescent Services were this year very pleased to welcome Dr Peter Yates as Consultant Psychiatrist for children and youth up to 18 who are dealing with mental health issues and require a full range of services in order to support them through recovery. Dr Yates came to BHB from the UK, where he trained and worked in child psychiatry for about 20 years, both within the NHS and in private practice.

Improved Clinical Care 24/7

In this fiscal year, BHB increased the number of hospitalists from five to eight in order to ensure there was 24/7 on-site coverage for patients. The hospitalists have raised the standard and consistency of clinical care on the inpatient wards since they were introduced in 2008. Since their introduction, mortality rates have dropped, and length of stay has reduced.

Until this year, five Hospitalists were on-site during the week days; night time care was be covered by House Officers, who are trained medical officers who have not finished their specialist Internist Board certification. These physicians were able to contact a Hospitalist on call, but the specialist was not necessarily on-site. It is, however, a clinical best practice to have around the clock Hospitalist cover.

This increase in numbers also enabled a hospitalist to be dedicated to the Emergency Department to help speed up admissions from Emergency to an inpatient ward.

SENIOR CARE

Continuing Care Unit Update

Over the last two years, the number of residents in the Continuing Care Unit has reduced from about 100 to 70. This has been intentional, given the reduction of the geriatric grant that pays for the service and has been achieved through natural reductions. Similarly, there were no staff redundancies. To maximise efficiencies with this smaller number, in this fiscal year, CCU Upper and the Alzheimer's and Related Disorders Unit combined.

QUALITY

COMBATING GLOBAL INFECTIONS

Ebola Preparedness Planning

This fiscal year saw a major Ebola outbreak in Africa, and an increased risk of the epidemic going global. As the island's only hospital, KEMH had to prepare for the possibility of caring for an individual with Ebola, should someone be diagnosed in Bermuda. BHB invested in new equipment and training for staff in caring for Ebola patients, and BHB supported Ebola national preparedness overseen by Bermuda's Chief Medical Officer.

An Ebola subcommittee of BHB's Disaster Committee was formed, co-chaired by the hospital's infectious disease specialist and the Chair of BHB's Disaster Management Committee. This committee met regularly to oversee response planning and introduce a number of new processes at the hospital.

Special personal protective equipment (called PPE for short) was purchased to protect staff. The education component regarding the PPE was critical; other countries had found that healthcare workers were most likely to get infected as they took off protective equipment. An observer therefore watched staff taking off equipment. It was costly in terms of human and financial resources, but was unavoidable if staff were to be properly prepared.

BHB ambulances were all stocked with this special PPE and various departments developed department protocols and action cards. The Facilities Department identified volunteers to manage waste transport and disposal.

Ebola Testing protocols were worked out in collaboration with Laboratory and Department of Health and a flow sheet was developed for other lab testing.

As an added precaution, employee health screening was established for BHB healthcare workers who had travelled to affected/high-risk areas before they were allowed return to work. BHB also implemented Ebola virus precautions for blood donations to help ensure there was no threat of transmission of the virus through its blood supply.

Enterovirus D68 Planning

While the Ebola virus took up a lot of attention in this fiscal year, there were also concerns about a respiratory infection called enterovirus D68 that was spreading through America and Canada. It was endangering the very young, in whom higher than usual infection rates were being experienced.

To respond to the enterovirus D68 threat in the hospital, the maternal child team and the Chief of Pediatrics established protocols around testing, treatment and caring for infected patients, and also restricting visitation for the very young if someone has respiratory symptoms.

QUALITY IMPROVEMENT

Encouraging patients to be more involved in their care

BHB turned the spotlight on ethics in November as it focused on the healthcare professionals' duty to fully inform patients about their conditions and potential treatment options, and encouraged patients and their families to be involved and ask questions. Lobby displays and interviews educated the public about their rights and responsibilities, and BHB put on seminars, continuing education sessions

and grand rounds for medical staff and community partners.

BHB's Ethics Committee comprises about 20 members, including clinical, administrative and community representatives. It offers consultations to patients, families and healthcare professionals when dealing with ethical issues around medical care. Members of the public can contact the Ethics Committee for a consultation by calling 291-HOPE (4673). This committee reports to the Board through the Chief of Staff.

Turning Point – CARF accreditation

Turning Point, BHB's substance abuse service, gained specialist accreditation through the Commission on Accreditation of Rehabilitation Facilities (CARF) in this fiscal year. An independent, nonprofit accreditor of health and human services, the CARF International group of companies accredits more than 50,000 programmes and services at 23,000 locations. More than 8 million individuals of all ages are served annually by 6,700 CARF-accredited service providers. CARF accreditation extends to countries in North and South America, Europe, Asia, and Africa.

Turning Point's three year accreditation with CARF covers: Detoxification: Alcohol and Other Drugs/Addictions (Adults), Intensive Outpatient Treatment: Alcohol and Other Drugs/Addictions (Addictions Pharmacotherapy) and Outpatient Treatment: Alcohol and Other Drugs/Addictions (Adults).

PATIENT EXPERIENCE

Mental health awareness week

An educational promotion about living with schizophrenia was undertaken in Mental Health Awareness Week this year. Global research indicates that about 0.7% to 1% of any population suffers from this condition, which translates to 450 to 600 people in Bermuda.

A number of activities were undertaken, including educational presentations for local physicians and BHB staff, numerous media interviews with staff and people with schizophrenia, a Book Club in partnership with the Bermuda National Library reading the book 'Psychiatric Tales', and a free showing of the movie 'The Soloist' about a cello prodigy who suffers from schizophrenia.

Art for Therapy and Community Education

The MindFrame PhotoVoice Exhibition is a major annual event for artists and photographers who use MWI services and is organised by BHB Occupational Therapists. The exhibition is the culmination of therapeutic art and photography programmes at MWI. They provide a creative voice for people who are often stigmatised and marginalized. The exhibit gives the community a chance to view these people in a new light, hopefully gaining insights and understanding from the art and photography.

For the first time this year, the PhotoVoice Project included Continuing Care Unit residents. Many residents are seniors who require skilled nursing care, and there are some younger, disabled residents. Ten CCU residents joined the PhotoVoice project with the oldest participant being Mrs Louise Franks, who was 100 years old at the time. All residents were taught how to use a digital camera, and participated in numerous field trips.

CCU staff hoped the work would highlight that our seniors have rich perspectives and unique creative visions to share. Enjoying the CCU submissions would help people re-think the potential of their own older family members.

Wheelchair art was also included in this exhibition. The Wheelchair Art Project was undertaken in celebration of World Alzheimer's Month. Sponsored and supported by The Alzheimer's Family Support Group Bermuda, the project gave CCU residents in wheelchairs a fun activity in which to get creative.

The Child & Adolescent Services Department also held a 'Mini Mindframe' in May in celebration of National Children's Mental Health Awareness Day. There was an art exhibition and open mic event for young service users and their families along with a silent auction, with part proceeds going towards art and photography supplies. Art from the CAS programme was included in the main MindFrame exhibition.

Mental Health Treatment Court

MWI was very pleased to support the consultative process for the Mental Health Treatment Court and support it during the one year pilot programme. MWI's forensic psychiatrist completed psychiatric assessments for service users to determine eligibility for the Mental Health Treatment Court Programme. For those accepted on the programme, MWI's forensic psychiatrist provided consultant coverage throughout the duration. This included diagnostic assessments, medication management and feedback to the Courts upon request. About 20 service users were part of this programme in the fiscal year under review.

Laboratory Waiting Time Reduced

Laboratory Services restructured its wait room process in order to reduce waiting times for patients this year. Services were previously offered on a first come first served basis with patients presenting at 6:30am for a 7am first call, and the morning rush often resulted in long, disorganised waiting lines.

Laboratory services introduced two phlebotomy lines - one dedicated to walk-in clients and the second dedicated to appointments which took walk-ins during appointment gaps. A numbered card system was introduced to enable patients to self-organise upon arrival.

The incorporation of appointments reduced the wait time for the first patient at 7a.m. from 15-20 minutes to 6-8 minutes, and shorten the turnover cycle between patients. Weekly patient throughput increased by 20 in the hour from 7a.m. and by 50 patients in the hour from 9a.m. The department averages approximately 20 appointments and 75 or more walk-ins per day.

Blood Donor Corporate Drive

BHB announced in June that The Bank of N.T. Butterfield & Son Limited ("Butterfield") had won the first-ever Corporate Blood Drive. Launched in partnership with the Ministry of Health, Seniors and the Environment, the blood drive was designed to increase the Bermuda Blood Donor Centre's current donor base.

Local businesses and international companies were invited to participate in the first phase, which began in February and ended on 14 June. During that time period, Butterfield achieved the most points and was presented with an engraved trophy and certificate.

UTILISATION MANAGEMENT

Utilisation Management at BHB is a hospital-wide effort to provide quality, affordable healthcare for patients. BHB's Utilisation Management Committee's goal was to ensure the delivery of safe, quality, cost-effective healthcare services in the most appropriate treatment location and in a timely manner. This means the right care at the right time in the right setting. Unnecessary or ineffective treatment and tests can be costly and potentially harmful to patients. By providing care supported by scientific evidence, healthcare can become safer, more effective and more affordable.

An exciting new service at BHB in this fiscal year was called the 'See My Radiology' system, a secure internet, cloud-based system for sharing radiology images between hospitals and doctors around the world. This cost-effective initiative prevents the unnecessary repetition of tests, while saving time.

Avoiding unnecessary blood tests

Following discussion with physicians and specialists, to further assist in eradicating unnecessary testing, BHB discontinued three tests for Reverse T3, 1,25 hydroxy Vitamin D and ionized Calcium in this fiscal year. This meant that a community physician can no longer refer someone for these tests, although they are still available by specialist approval. A test such as Reverse T3, for example, would have to be approved by the Endocrinologist.

PEOPLE

Supporting young people interested in healthcare careers remains a strategic goal for BHB. Forty five students were accepted as part of the BHB summer programme this year:

- 10 Students for Nursing
- 8 Students for Allied Health
- 5 Students each for the Laboratory and Chief of Staff
- 3 Students each for Pharmacy and CAS
- 2 students each for Rehabilitation and Communications
- 1 Student each for Human Resources, DI, Critical Care, IT, Tumour Registry, Turning Point and Accounting

BHB also awarded $30,000 in scholarships for this fiscal year to three students studying in fields that are projected to be in demand by the hospitals. These include Nursing and Radiology. In addition, BHB administered a $30,000 scholarship from GlaxoSmithKline, a Bermuda-based subsidiary of GlaxoSmithKline plc, which was awarded to a Bermudian student studying Physiotherapy. The scholarship winners demonstrated a strong commitment to service in the community and the hospitals, as well as maintaining a solid academic performance.

The scholarship winners were:

- **Zaire Burgess-Robinson,** Bachelor of Science in Nursing Degree at Southern Adventist University, Collegedale, Tennessee, USA - **awarded $10,000 over two years**
- **Gerteikquia Hatherley,** Bachelor of Science in Nursing Degree at Oakwood University, Huntsville, Alabama, USA- a**warded $10,000 over two years**
- **Kimberly Simons,** Associate of Science in Radiologic Technology at Keiser University, Daytona Beach, Florida, USA - **awarded $10,000 for one year**
- **Stephen Lightbourne,** Bachelor of Science degree in Physiotherapy at St. George's University, London, United Kingdom- **awarded $15,000 over two years from GlaxoSmithKline**

DONOR PARTNERS

Hospitals Auxiliary of Bermuda

BHB remains indebted to its long term fundraising partner, the Hospitals Auxiliary of Bermuda. This year, the HAB donated funds to purchase two new ambulances and a van for MWI, at a cost of over $300,000. This is just a part of an allocation of over $600,000 that the HAB agreed to donate this year for the vehicles and much-needed equipment for the Emergency Department and Operating Rooms.

BHB was very grateful for the assistance of the St John's Ambulance who helped when its vehicles were out of service, due to the age of its existing fleet. The purchase of the new vehicles meant BHB could rely on its own fleet, especially as it began work with the Bermuda Fire & Rescue Service to expand the service across the island.

Equipment funded by the HAB:

- Two ambulances for use by BHB Emergency Medical Technicians (EMTs)
- One van for transporting Mid-Atlantic Wellness Institute service users
- A Glidescope and 2 Sonosite Ultrasound Devices for the Emergency Department
- A Sterrad Sterilizer and Endoscopy Reprocessing Unit for the Operating Rooms

The HAB raises funds for the Bermuda Hospitals Board through their three business enterprises, The Barn, The Pink Cafe and the Gift Shop. They also receive donations and annual membership dues from their members. HAB volunteers work throughout many areas in the hospital, including Information Desk, CCU, Hospitality Cart, Lending Library, assisting patients with their menu selections on the Wards, Fracture Clinic, Pharmacy, Chapel Services as well as assisting overseas patients and their families. In addition to their adult volunteers, there were also 105 junior members of the Auxiliary in this year, known as Candy Stripers. These students enter the programme at age 14 and commit to a minimum of two years with the majority remaining in the programme for four years. These students are trained in all areas that the adults train in as additional areas in the hospital such as such as Dialysis, Lab, Gosling, Maternity, Environmental Services, Surgical Admin, Laundry, ICU and Sterile Processing. The students work every school holiday and give the adults a much welcome relief. On average 36,500 hours of service are donated to the hospital every year by HAB adult and junior members.

Bermuda Hospitals Charitable Trust

The Bermuda Hospitals Charitable Trust donated $20 million to BHB in this fiscal year which contributed towards the one off $40 million payment on completion of the Acute Care Wing. It was decided to extend the fundraising for the capital campaign, as donations continued to come in and there was great support for the Legacy Walkway initiative, which enabled families, individuals and groups to purchase a brick with their name on for $1,000. The bricks can be seen near the ACW entrance.

New Learning Disability Group Home from Project 100

BHB is once more very grateful to Project 100 which provided another group home for Learning Disability service users. Six women moved to the new home at Turtle Bay enabling the Learning Disability Service to facilitate the most appropriate placements for individuals.

Donated device will benefit patients

An Alternative and Augmentative Communication (ACC) device was donated to the Speech and Language Pathology department this year by Susan Oatley, in honour of her husband Brian, who passed away in December from Lou Gehrig's disease (also called Amyotrophic Lateral Sclerosis or ALS). The ACC permits patients who are no longer able to speak as the result of illness or injury to communicate using a voice-activated keyboard. In addition, the device, which provides access to the internet, email and entertainment, generates written or oral communication by following eye movements, in the event keyboarding is no longer an option.

Unfortunately Brian did not survive long enough to use the device, which was purchased in the USA and brought back to the island. His widow made a decision to donate the Dynavox Eyemax to the hospital in hopes it would benefit others.

Other Donors and Volunteers

There are number of charities and organisations who support BHB:

Friends of Agape continue to fundraise for hospice care and provide support services at Agape House.
The Kiwanis' Club have also continued to raise funds for paediatrics, and make a special donation this year for children's equipment in the Emergency Department in the new acute care wing.

Finally, pastoral services are provided by local ministers who come to the hospital to see patients and also provide services in BHB's Chapel.

BHB Employee Compensation Report for 2014/15

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, EMT's, Facilities, Dietary, Laundry and Materials Management. Salaries are negotiated under the Collective Bargaining Procedure.	$42,800 to $86,800	$43,900 to $91,000	$53,100 to $102,200
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 Resident, Psychiatric Resident & Surgical Residents, Registered Nurses, Allied Health Professionals1, Pharmacists, Pathology staff and Diagnostic Imaging Technicians. Salaries are negotiated under the Collective Bargaining Procedure.	$38,700 to $180,600	$38,900 to $202,100	$51,200 to $224,400
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 in 2012/13.	$88,200 to $135,200	$88,200 to $135,700	$101,100 to $153,100
Physicians	This group includes all physicians employed by BHB (except Medical Resident, Psychiatric Resident and Surgical Resident physicians which are included under BPSU). Physician salaries and compensation are determined by the Chief of Staff in relation to the Towers Watson review and recommendations.	$200,800 to $513,600	$201,300 to $858,300	$222,500 to $901,500
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 2014/15.	$134,000 to $468,200	$134,000 to $513,000	$150,800 to $565,700

Notes

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, Social insurance payments, health insurance payments, payroll tax and pension deductions.
4. In 2014/15, the CEO received base Pay of $468,172, total compensation of $469,979 and the CEO's total cost to BHB is $502,646, There was no performance pay (which was suspended for Executives) nor housing benefit for this position. In 2014/15, ten (10) positions received total compensation in excess of the Chief Executive Officer.
5. Changes from previously issued PATI Report were made to properly classify physicians which were originally included under BPSU and Non-Union staff. Upper limit of the salary band for both BPSU and Non-Union decreased as a result. One employee was likewise moved from Non-Union to BPSU, this resulted to a decrease in BPSU lower limit of the salary band and an increase in the Non-Union lower limit of the salary band.

Assumptions

- Salary data ranges were correct as of 31 March 2015.
- 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.

BERMUDA HOSPITALS BOARD ANNUAL REPORT STATISTICS

STATISTICAL ANALYSIS - KING EDWARD VII MEMORIAL HOSPITAL

	APRIL 2012 - MARCH 2013	APRIL 2013 - MARCH 2014	APRIL 2014 - MARCH 2015
INPATIENT - *GENERAL WING			
Beds	232	217	196
Patient Days	52,714	52,027	36,365
Discharges (incl. Deaths)	6,062	6,030	3,694
Length of Stay	8.7	8.6	9.8
Births	668	617	573
Percentage of Occupancy	62%	67%	51%
INPATIENT - **NEW ACUTE CARE WING - OPENED 14/09/2014			
Beds			90
Patient Days			15,609
Discharges (incl. Deaths)			2,043
Length of Stay			7.6
Percentage of Occupancy			87%
CONTINUING CARE UNITS			
Beds	121	121	121
Patient Days	42,820	37,515	28,011
Discharges	76	71	42
Length of Stay	563.4	528.4	666.9
Percentage of Occupancy	97%	85%	63%
HOSPICE			
Beds	9	9	9
Patient Days	1,887	1,991	2,054
Discharges	106	105	145
Length of Stay	17.8	19	13.6
Percentage of Occupancy	57%	68%	63%
ALL PATIENTS			
Emergency Dept. Visits - KEMH	33,439	32,538	31,968
Lamb Foggo Urgent Care Centre Visits	5,587	4,617	4,560
Operations (Inpatients) & (SDA)	2,101	1,762	1,745
Operations (Outpatients)	6,659	5,882	6,275
Physiotherapy (units) (Inpatients)	28,017	28,963	22,602
Physiotherapy (units) (Outpatients)	20,938	17,390	20,628
Physiotherapy (units) (CCU)	1.218	1,289	674
X-Ray Exams (In & Out)	31,221	29,753	28,158
Laboratory (Thousand Units)(In & Out)	3,434,037	3,311,405	3,103,340
Cardiac Investigations (ECG & EEG)(In & Out)	11,367	10,678	9,220
Ultrasound Exams(In & Out)	8,669	6,681	5,997
Nuclear Medicine (In & Out)	856	773	664
Chemotherapy Treatments (Outpatients)	2,122	2,494	2,198
Cat Scans (In & Out)	9,955	9,972	9,783
MRI (In & Out)	5,231	3,496	3,019
Occupational Therapy (units)(Inpatients)	8,495	9,182	6,779
Occupational Therapy (units)(Outpatients)	4,289	3,380	2,985

STATISTICAL ANALYSIS - KING EDWARD VII MEMORIAL HOSPITAL cont'd

	APRIL 2012 - MARCH 2013	APRIL 2013 - MARCH 2014	APRIL 2014 - MARCH 2015
Occupational Therapy (units) (CCU)	2,146	2,492	660
Speech/Language Pathology (Inpatient)	6,838	7,668	6,339
Speech/Language Pathology (Outpatient)	1,400	1,330	797
Speech/Language Pathology (CCU)	546	470	798
Hyperbarics patients	35	22	19
Hyperbarics treatments	279	157	146
Wound care patients	1,798	2,155	1,987
Wound care treatments	6,586	7,300	6,496
Rehab Day Hospital - new patients	54	226	239
Rehab Day Hospital - # of clients	32	733	733
Rehab Day Hospital - # of discharges	13	1,26	184
Home Care visits	3,158	4,066	5,038
Blood donations	1,990	1,769	1,716

*PLEASE NOTE: Acute Care beds decreased due to the following:
Curtis ward - Private beds decreased from 3 to 1 bed as of October 2013
Curtis ward - Semi-Private beds decreased from 20 to 16 beds as of October 2013
Perry ward - Private beds decreased from 3 to 1 bed as of October 2013
Perry ward - Semi-Private decreased from 20 to 16 beds as of October 2013
Maternity ward - Semi-private decreased from 12 to 10 as of 3 January 2014
Maternity ward - Public ward decreased from 8 to 7 as of 3 January 2014
*Perry and Cooper wards - 68 beds - no longer operational as of 14 September 2014
**New Acute Care Wing - 90 beds - opened 14 September 2014

BERMUDA HOSPITALS BOARD ANNUAL REPORT STATISTICS
STATISTICAL ANALYSIS - MID-ATLANTIC WELLNESS INSTITUTE

	APRIL 2013-MARCH 2014	APRIL 2014-MARCH 2015
INPATIENT - ACUTE CARE		
Beds	23	23
Discharges (including deaths)	219	211
Length of Stay	13	14
Admissions	218	217
Percentage of Occupancy	63%	69%
Patient Days	5,320	5,795
LONG TERM & - REHABILITATION		
Beds	58	41
Discharges (excl. deaths)	54	39
Patient Days (excl. respite)	13,004	12,994
Length of Stay	269	334
Deaths	0	1
Transfer from Acute	N/A	N/A
Percentage of Occupancy	62%	87%
Average Years of Stay of Deaths	0	409 days
TURNING POINT (SUBSTANCE ABUSE - DETOX UNIT)		
Beds	8	8
Discharges	91	89
Patient Days	1,145	1,024
Length of Stay	13	12
Admissions	91	89
Percentage of Occupancy	39%	35%
CHILD & ADOLESCENT SERVICES (CAS)		
Beds	4	4
Discharges	12	16
Patient Days	148	249
Length of Stay	12	14
Admissions	13	15
Percentage of Occupancy	10%	17%
OUTPATIENTS (Child & Adolescent/ Mental Health/ Substance Abuse/ Learning Disability) (The MWI Outpatients section has been revised to reflect the current reporting practice of the services)		
Total No. of New Admissions / Referrals	312	308
Total No. of Re-Admissions / Referrals	111	101
Total No. of Follow-up appointments	5,042	4,562
Total No. of Day Patients Visits	13,208	11,683
Total No. of walk-in / unscheduled Visits	11,088	10,054
Total No. of DNA to scheduled Appointments	1,474	1,324
Total No. of T.O.P's	122	38
Total No. of Home Visits	6,729	6,411

* Reid Ward has 25 beds

* Devon Lodge has 18 beds

* Clients have been moved into Community Group homes.
* *The Long Term and Rehab length of stay increase for the previous fiscal year may be due to clients being admitted to KEMH for medical intervention and re-admitted to MWI.
*****Previously counted encounters and not the number of patients, therefore one client may have been seen and counted four or five times in one day .
In 2010 stats were only collected on the client once when he/she was first engaged with the service daily.

Bermuda Hospitals Board

Management's Responsibility for the Consolidated Financial Statements

These consolidated financial statements have been prepared by management, who are responsible for the reliability, integrity and objectivity of the information provided. The preparation of financial statements necessarily involves using management's best estimates and judgments, where appropriate.

Management is responsible for maintaining a comprehensive system of accounting records, internal controls, policies and management practices, designed to provide reasonable assurance that transactions are properly authorized and in compliance with legislation, assets are safeguarded, and reliable financial information is available on a timely basis.

The Bermuda Hospitals Board's board members through the Audit and Risk Committee, is responsible for ensuring that management fulfills 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 consolidated financial statements before recommending approval by the board members. The consolidated 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.

Mr. William Shields
Chief Financial Officer
June 26, 2018

Mrs. Venetta Symonds
Chief Executive Officer and President
June 26, 2018

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Hamilton HM 11, Bermuda

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Website: www.oagbermuda.bm

INDEPENDENT AUDITOR'S REPORT

To the Minister of Health

I have audited the accompanying consolidated financial statements of the Bermuda Hospitals Board, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated statements of operations, changes in net assets, remeasurement gains and losses and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in Bermuda and Canada. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bermuda Hospitals Board as at March 31, 2015, and its consolidated results of operations, changes in net assets, remeasurement gains and losses and 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.

Heather T.

Hamilton, Bermuda
June 26, 2018

Heather Thomas, CPA, CFE, CGMA
Auditor General

BERMUDA HOSPITALS BOARD
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2015

	2015	2014
ASSETS	$	$
Current Assets		
Cash and term deposits	81,294,336	86,167,595
Restricted cash, term deposits and investments (Note 4)	2,998,716	4,257,110
Accounts receivable (net of allowance for doubtful accounts (Note 20)	12,161,553	19,712,869
Prepaid expenses	2,060,539	1,195,428
Inventories	7,653,371	7,546,171
	106,168,515	118,879,173
Non-current Assets		
Capital assets (Note 11)	492,414,501	367,003,966
Term deposits	1,440,754	1,434,840
Other investments (Note 5)	1,411,684	2,960,994
	495,266,939	371,399,800
Total Assets	601,435,454	490,278,973
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities (Note 20)	24,135,065	18,798,858
Accrued salary and payroll expenses (Note 10 & 20)	22,932,290	22,636,879
Current portion of long-term debt (Note 7)	4,313,995	3,605,797
Capital lease obligations (Note 8)	-	17,903
	51,381,350	45,059,437
Long-term Liabilities		
Long-term debt (Note 7)	287,961,614	220,955,512
Deferred capital contributions (Note 9)	56,034,231	35,714,454
Pension accrual (Note 10)	4,967,618	5,089,904
Accrued health insurance (Note 10)	27,989,817	38,640,125
	376,953,280	300,399,995
Total liabilities	428,334,630	345,459,432
Net assets (Notes 12 & 21)		
Invested in capital assets	444,870,231	317,371,887
Internally restricted for Acute Care Wing (ACW)	41,432,371	41,432,371
Internally restricted for education	266,883	298,839
Deficit	(313,570,623)	(214,498,726)
	172,998,862	144,604,371
Accumulated remeasurement gain	101,962	215,170
	173,100,824	144,819,541
Total Liabilities and net assets	601,435,454	490,278,973

Contractual obligations and contingencies (Notes 17 & 18)

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

BERMUDA HOSPITALS BOARD
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2015

	2015 Budget (Note 23)	2015	2014
	$	$	$
REVENUES			
Outpatient (Note 16)	159,875,553	152,615,259	158,308,589
Inpatient (Note 16)	95,439,604	96,443,689	93,981,418
Extended care unit (Note 13)	14,000,000	12,461,775	16,777,168
Claims in excess of cap threshold (Note 13)	(4,000,000)	(2,461,775)	(6,777,168)
Non-medical (Note 16)	2,927,832	3,065,802	3,783,025
Amortisation of deferred capital contributions (Note 9)	1,650,000	2,013,484	1,671,921
Donation in kind (Note 19)	-	568,593	308,506
Interest income	28,969	64,969	84,201
Government grants (Note 16)	37,343,500	37,464,000	37,464,000
Total revenues	307,265,458	302,235,796	305,601,660
EXPENSES			
Salaries and employee benefits (Notes 10 & 16)	154,592,121	170,476,036	174,311,066
General supplies and services (Note 16)	27,725,774	30,870,725	32,073,859
Medical supplies	23,897,787	26,562,166	28,625,999
Amortisation of capital assets	15,712,000	15,095,126	11,618,668
Repairs and maintenance	6,534,358	11,405,461	9,903,284
Utilities (Note 16)	7,653,274	9,951,656	8,765,829
Interest (Note 7)	705,494	9,745,391	218,052
Bad debt	2,023,000	5,627,226	7,956,725
Food	2,919,113	2,996,873	3,148,915
Realised loss on sale of other investment (Note 5)	-	493,965	-
Impairment of other investment (Note 5)	-	399,990	-
Business social cost (Note 14)	-	163,100	262,213
Scholarships issued	-	124,000	30,000
Loss on disposal of capital assets	-	66,479	146,677
ACW overhead expenses (Note 23)	24,500,000	-	-
Accrued health insurance gain (Note 10)	-	(10,650,309)	(18,067,773)
Total expenses	266,262,921	273,327,885	258,993,514
Excess of revenues over expenses	41,002,537	28,907,911	46,608,146

Management charge (Note 15)

KEMH and MWI statements of operations (Note 22)

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

BERMUDA HOSPITALS BOARD
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2015

	2015				
	Invested in capital assets	Internally restricted for Acute Care Wing	Internally restricted for education	(Deficit) / Unrestricted Net assets	Total
Net Assets	$	$	$	$	$
Balance, beginning of year	317,371,887	41,432,371	298,839	(214,498,726)	144,604,371
Excess (deficiency) of revenues over expenses	(13,081,642)	-	(31,956)	42,021,509	28,907,911
Opening balance adjustment	-	-	-	(513,420)	(513,420)
Net change in investment in capital assets	140,579,986	-	-	(140,579,986)	-
Balance, end of year	**444,870,231**	**41,432,371**	**266,883**	**(313,570,623)**	**172,998,862**

	2014				
	Invested in capital assets	Internally restricted for KEMH New Acute Care Wing Project	Internally restricted for education	(Deficit)/ Unrestricted Net assets	Total
Net Assets	$	$	$	$	$
Balance, beginning of year	230,242,845	29,840,088	264,269	(163,930,916)	96,416,286
(Deficiency) excess of revenues over expenses	(9,946,747)	11,592,283	34,570	44,928,040	46,608,146
Opening balance adjustment	-	-	-	1,579,939	1,579,939
Net change in investment in capital assets	97,075,789	-	-	(97,075,789)	-
Balance, end of year	**317,371,887**	**41,432,371**	**298,839**	**(214,498,726)**	**144,604,371**

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

BERMUDA HOSPITALS BOARD
CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES
FOR THE YEAR ENDED MARCH 31, 2015

	2015		
	Internally restricted for education	Unrestricted Net assets (Deficit)	Total
	$	$	$
ACCUMULATED REMEASUREMENT GAINS AND (LOSSES)			
Balance, beginning of year	161,378	53,792	215,170
Unrealised losses attributable to equity instruments	(84,906)	(28,302)	(113,208)
Balance, end of year	76,472	25,490	101,962

	2014		
	Internally restricted for education	Unrestricted Net assets (Deficit)	Total
	$	$	$
ACCUMULATED REMEASUREMENT GAINS AND (LOSSES)			
Balance, beginning of year	294,901	98,300	393,201
Unrealised losses attributable to equity instruments	(133,523)	(44,508)	(178,031)
Balance, end of year	161,378	53,792	215,170

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

BERMUDA HOSPITALS BOARD
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES	$	$
Excess of revenues over expenses	28,907,911	46,608,146
Amortisation of capital assets	15,095,126	11,618,668
Loss on disposal of capital assets	66,479	146,677
Realised loss on sale of other investment	493,965	-
Impairment of other investment	399,990	-
Amortisation of deferred capital contributions	(2,013,484)	(1,671,921)
Bad debt expense	(5,627,226)	(7,956,725)
Interest income	(64,969)	(84,201)
Interest expense	9,745,391	218,052
Unrealised loss on investments	(113,208)	(178,031)
Net change in non-cash working capital	7,073,102	(3,901,554)
Open balance adjustment	(513,420)	1,579,939
Net cash generated through operating activities	53,449,657	46,379,050
CASH FLOWS FROM CAPITAL ACTIVITIES		
Purchase of capital assets	(140,579,986)	(97,101,299)
Deferred capital contributions	22,333,261	525,512
Net cash used in capital activities	(118,246,725)	(96,575,787)
CASH FLOWS FROM INVESTING ACTIVITIES		
Changes in investments	649,442	(227,147)
Interest income received	64,969	84,201
Net cash generated through (used in) investing activities	714,411	(142,946)
CASH FLOWS FROM FINANCING ACTIVITIES		
Acquisition of long-term debt	68,690,965	90,414,056
Repayment of long-term debt	(976,667)	(932,167)
Interest paid	(9,745,391)	(218,052)
Repayment of capital leases	(17,903)	(31,731)
Net cash generated through financing activities	57,951,004	89,232,106
Net (decrease) / increase in cash and cash equivalents	(6,131,653)	38,892,423
Cash and cash equivalents, beginning of year	90,424,705	51,532,282
Cash and cash equivalents, end of year	84,293,052	90,424,705
Cash and cash equivalents consist of the following:		
Cash and term deposits	81,294,336	86,167,595
Restricted cash, term deposits and investments	2,998,716	4,257,110
	84,293,052	90,424,705

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

1. AUTHORITY AND ORGANISATION

a. Authority

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

b. Organisation

The Board is responsible for operating the King Edward VII Memorial Hospital ("KEMH"), Mid- Atlantic Wellness Institute ("MWI") the Lamb Foggo Urgent Care Centre (UCC) and Healthcare Partners Ltd. ("HPL"). The Board 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 241 acute care beds and an extended care unit of 121 beds.

MWI is a psychiatric facility with 31 inpatient acute care beds, 4 beds for children and adolescents, and 58 long-term rehabilitation beds.

The Board incorporated HPL in accordance with Section 62(2) of the Companies Act 1981 on September 24, 2008. It was created as a holding company to provide a vehicle for the Board to participate in partnerships and/or joint venture businesses, provided BHB remain in control at the governance level and hold a minimum of 51% equity position. Engaging in joint ventures, particularly with physician partners, is a recognized best practice in North America. In Bermuda, the objective is for HPL to close gaps and increase efficiencies in the healthcare market that would not otherwise exist when the public and private sector act in isolation. HPL issued 10,000 common voting shares with a par value of $1 per share, to BHB on October 23, 2008.

On April 29, 2010, HPL purchased 60% of the shares in Ultimate Imaging Limited ("UIL"), a company providing diagnostic imaging services in Bermuda.

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".

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

a. Principles of consolidation

The consolidated financial statements include the accounts of the Board and its 100% owned subsidiary, HPL. All significant balances and transactions between the entities have been eliminated.

b. Other investments

BHB's investment in UIL, of which it owned 60% of the outstanding voting shares, is accounted for by the equity method due to the fact that BHB did not exercise control over UIL as a result of certain special voting rights held by the other shareholders. Under this method, the investment was initially recorded at cost and was increased for the proportionate share of any post acquisition earnings and was decreased by any post acquisition losses and dividends received.

On October 14, 2011, the Board purchased 25% of the shares in Mill Reach Properties Limited ("MRP"). MRP currently owns the building located on 2 Mill Reach Lane, which leases warehouse space to BHB for the Materials Management Department. The MRP investment is accounted for by the cost method due to the fact that BHB does not have significant influence over the strategic operations and financing policies of this investment.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

c. Revenue recognition

The Board 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 to be received 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 discharge. Prior to discharge, a reasonable estimate of DRG revenue is accrued; this accrual is reversed at discharge when the actual DRG is recognised.

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

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.

d. Capital assets and leases

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Capital leases are recorded as an asset and an obligation. Capital lease obligations are recorded at the present value of the minimum lease payments. The discount rate used to determine the present value of the lease payments is the interest rate implicit in the lease.

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

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

Buildings	2.5%
Equipment	10.0%
Software	20.0%
Computer equipment	20.0%

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Construction in progress ("CIP")

All direct costs of material and labor incurred as part of various projects which have not been completed by the Board are capitalised and recorded as CIP. Indirect project costs such as professional and consultants fees related to these projects are also capitalised and included as CIP. These costs are not amortised until the various projects are complete.

e. Cash and cash equivalents

The Board 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 externally restricted by legal or contractual requirements, internally restricted by the Board or unrestricted.

f. Inventories

Inventories consisting of general stores, medical stores, orthopedic supplies, pharmacy, 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 ("FIFO") method of accounting, and net realisable value.

g. 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.

h. Financial instruments

BHB measures its financial instruments as either fair value or, cost or amortised cost. BHB's accounting policy for each category is as follows:

(i) Fair value

This category includes equity instruments quoted in an active market.

They 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 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 recognized in the statement of operations. On sale, the amount held in accumulated remeasurement gains and losses associated with that instrument is removed from net assets and recognised in the statement of operations.

(ii) Cost or amortized cost

Cash and term deposits are recognized at cost.

Restricted cash, term deposits and investments, accounts receivable, other receivables, accounts payable and accrued liabilities, accrued salary and payroll expenses, long-term debt, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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 then written down to net recoverable value with the write-down being recognised in the statement of operations.

i. Employee health insurance plan

The Board 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.

Under the agreement, the Board is liable for any deficit as set out in the agreement, which incorporates net premium, incurred claims, interest and administration charges. However, should the plan generate a cumulative surplus, the administrator is allowed up to 25% of the surplus in addition to the standard annual fee, with the balance being returned to BHB. A flat administration fee is paid monthly.

The establishment of the provision for incurred claims is based on known facts and interpretation of circumstances and is therefore a complex and dynamic process, influenced by a large number of factors. These factors include the Board's previous experience and historical trends involving claim payment patterns, pending levels of unpaid claims, claims severity and claim frequency patterns such as those caused by employee illnesses, accidents or work related injuries. The provision for incurred claims is periodically reviewed and evaluated in the light of emerging claims experience and changing circumstances.

j. Measurement uncertainty

The preparation of financial statements in conformity with PSAS for GNFPOs 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, bad debt allowance, amounts to settle retirement obligations, contingent liabilities, accruals and future cost to settle employee benefit obligations. Estimates are based on the best information available at the time of preparation of the consolidated 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 of Bermuda ("Government"), entities in which the Board has shareholding without significant influence and key management personnel. The Board enters into transactions with these entities in the normal course of business and transactions and balances due to/from related parties are disclosed separately.

3. ECONOMIC DEPENDENCE

The Board receives a significant amount of its revenues from the Government Ministry of Health ("MoH"). Accordingly, any disruption in that funding could have a significant impact on the operations of the Board.

4. RESTRICTED CASH, TERM DEPOSITS AND INVESTMENTS

	2015	2014
Restricted cash	$ 2,813,756	$ 3,987,244
Restricted investments	184,960	269,866
	$ 2,998,716	$ 4,257,110

The restricted investment is comprised of 75% of BHB's total investment in Ascendant Group Limited common shares as follows:

	2015		2014	
	Market value	Cost	Market value	Cost
Ascendant Group Limited	$ 246,614	$ 144,651	$ 359,821	$ 144,651

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

	2015	2014
External		
Patient comfort funds	$ 1,971,202	$ 1,885,320
Construction projects and capital assets	-	1,300,631
	1,971,202	3,185,951
Internal		
Educational purposes	$ 1,027,514	$ 1,071,159
	2,998,716	4,257,110

5. OTHER INVESTMENTS

Other investments are comprised of the following:

	2015	2014
UIL shares	$ -	$ 865,754
Equity share of UIL's net income	-	255,265
UIL shares, total	-	1,121,019
Ascendant Group Limited, at market value	61,654	89,955
MRP shares, at cost	1,350,030	1,750,020
	$ 1,411,684	$ 2,960,994

On March 20, 2015 HPL entered into an agreement with the Directors of UIL in which parties agreed that HPL will sell 100% of its shares to the Directors of UIL for the sum of $600,000. It was agreed that HPL would receive $450,000 at closing and the remaining balance of $150,000 in three equal annual installments of $50,000 beginning in March 2016.

On November 28, 2017 BHB sold its shares in MRP Limited received in December 2017, as discussed in Note 26 (Subsequent Events). In fiscal year 2015 BHB recognized an impairment loss of $399,990 based on proceeds.

6. FINANCIAL INSTRUMENT CLASSIFICATION

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, 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).

2015	Level 1	Level 2	Level 3	Total
Ascendant Group Limited	$ 246,614	$ -	$ -	$ 246,614

There were no transfers between Level 1 and Level 2 for the year ended March 31, 2015. There were also no transfers in or out of Level 3. For a sensitivity analysis of financial instruments recognized in Level 3, see Note 20 – Interest rate risk, as the prevailing interest rate is the most significant input into the fair value of the instrument.

2014	Level 1	Level 2	Level 3	Total
Ascendant Group Limited	$ 359,821	$ -	$ -	$ 359,821

There were no transfers between Level 1 and Level 2 for the year ended March 31, 2014. There were also no transfers in or out of Level 3. For a sensitivity analysis of financial instruments recognized in Level 3, see Note 20 – Interest rate risk, as the prevailing interest rate is the most significant input into the fair value of the instrument.

7. LONG-TERM DEBT

	2015	2014
Long-term bank debt	$ 3,653,952	$ 4,677,012
Long-term debt related to ACW	284,307,662	216,278,500
	$ 287,961,614	$ 220,955,512

Long-term bank debt

The Bank of N.T. Butterfield & Son Limited ("BNTB") bond refinanced loan of US$4,004,141, interest rate of 4.85% per annum, with repayments quarterly in arrears of principal and interest of $126,928 up to February 15, 2018. The loan is unsecured.	$ 1,429,607	$ 1,853,975
BNTB loan of $5,563,617 interest rate of 0.75% per annum over the BNTB's Bermuda Dollar Base Rate, with repayments in equal blended monthly installments of principal and interest of $59,343 up to September 30, 2020. The loan is secured by a charge over the related capital assets.	3,248,579	3,800,878
	4,678,186	5,654,853
Less: Current portion	(1,024,234)	(977,841)
	$ 3,653,952	$ 4,677,012

7. LONG-TERM DEBT (Cont'd)

Principal repayments on long-term debt with BNTB scheduled for the next five years and thereafter are as follows:

Year	Amount
2016	1,024,234
2017	1,072,829
2018	1,140,296
2019	660,192
2020-2021	780,635
	$ 4,678,186

The fair value of long-term debt with the BNTB is approximately $4.7 million (2014: $5.8 million) based on the estimated present value of contractual future payments of principal and interest, discounted at the current market rates of interest available to the BHB for the same or similar debt instruments.

Long term debt related to ACW

On September 14, 2014, BHB opened the ACW to the public. BHB paid $40 million as a service commencement payment to PHS on June 1, 2014 under the terms of the PPP Agreement. In 2011, the Bermuda Hospitals Charitable Trust ("BHCT") launched the campaign "Why it Matters" to raise the $40 million required in 2014. Through June 2015, the Board received $24 million from BHCT, and paid the difference from its own resources.

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, maintaining and running the hard facilities management (structural, mechanical and electrical) of the building. Included in interest expense is an amount of $9,112,200 (2014: $Nil), relating to ACW debt.

	2015	2014
Long term debt related to ACW	$ 287,597,423	$ 218,906,456
Less: Current Portion	(3,289,761)	(2,627,956)
	$ 284,307,662	$ 216,278,500

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

Year	Amount
2016	3,289,761
2017	3,726,000
2018	4,090,000
2019	4,408,000
2020-2044	272,083,662
	$ 287,597,423

8. CAPITAL LEASE OBLIGATIONS

	2015	2014
Obligations under capital leases for photocopying equipment, interest rate of 5% per annum, with repayments monthly of principal and interest expiring in 2014	$ -	$ 17,903
Less: Current portion	-	(17,903)
	$ -	$ -

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

	2015	2014
Balance, beginning of year	$ 35,714,454	$ 36,860,863
Add: contributions received	22,333,261	525,512
Less: amounts amortised to revenue	(2,013,484)	(1,671,921)
Balance, end of year	$ 56,034,231	$ 35,714,454

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

	2015	2014
Unamortised capital contributions used to purchase assets	$ 53,733,599	$ 34,413,823
Unspent contributions	2,300,632	1,300,631
	$ 56,034,231	$ 35,714,454

10. EMPLOYEE FUTURE BENEFITS

The Board has a number of defined benefit and defined contribution plans providing pension, post-employment benefits and compensated absences to most of its employees. The Board accrues its obligations under employee benefit plans and the related costs, net of plan assets. The Board has adopted the following policies:

- The cost of pensions and other retirement benefits for deferred benefit plans earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs.
- For the purpose of calculating the expected return on plan assets, those assets are valued at fair value.
- 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 (2014: Nil years). The average remaining service life of the active employees covered by the other retirement benefit plans is 9.5 years (2014: 9.5 years).

10. EMPLOYEE FUTURE BENEFITS (Cont'd)

a. Pension plans and retirement benefits

Defined contribution plan

There is a defined contribution pension plan in place for all employees, whereby the Board contributes 6% of gross salary and the employee contributes 4% of gross salary. Prior to January 1, 2000, vesting rights began to accrue after five years with respect to the Board's contributions. Beginning January 1, 2000, 100% of the Board's contributions vest after two years. When an employee ceases employment with the Board, other than through retirement, the Board's unvested contributions are reflected as a reduction in employee benefits expense. The expense for the year ended March 31, 2015 totaled $5,226,711 (2014: $6,358,656).

Defined benefit plan

The Hospital Nurses Superannuation Act 1948 (the "1948 Act") established a non-contributory defined benefit final average pension plan, which covered certain nurses employed prior to January 1, 1971. The cost of these pensions is shared with Government, with BHB being liable for pension benefits earned by these nurses since January 1, 1977.

	2015	2014
Pension accrual		
Balance, beginning of year	$ 5,089,904	$ 5,993,230
Pension expense		
Interest	279,946	344,610
Benefits paid	(459,172)	(463,817)
Experience loss/(gain)	56,940	(784,119)
Balance, end of year	$ 4,967,618	$ 5,089,904

BHB and Government have obtained an actuarial valuation of the accrued pension benefits at March 31, 2015, which estimates that the Board's portion of the liability under the 1948 Act is approximately $5 million as at March 31, 2015 (2014: $5.1 million). The significant actuarial assumptions adopted in measuring the Board's accrued benefit obligations include a discount rate of 5.5% (2014: 5.75%) and a salary escalation rate of 4% (2014: 4%).

To date, no contributions have been made by the Board and the plan remains unfunded. Benefits are paid by the Government, and at March 31, 2015, the Board's payable to the Government totals $5,977,973 (2014: $5,518,401) and is included in accounts payable and accrued liabilities.

The values of the liability for the 2015 and 2014 fiscal years are based on an independent actuarial valuation report dated April 8, 2017.

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 or 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 as at March 31, 2015 is $437,658 (2014: $607,401) and is included in accrued salary and payroll expenses.

Sick leave does not accumulate or vest, and like maternity leave, a liability is recorded only when extended leave is applied for and approved. As at March, 31, 2015, the liability is $157,327 (2014: $45,374) and is included in accrued salary and payroll expenses.

10. EMPLOYEE FUTURE BENEFITS (Cont'd)

Vacation days accumulate and vest and therefore a liability is accrued each year. As at March 31, 2015 the leave pay liability was $9,579,852 (2014: $9,601,120). The expense for the year ended March 31, 2015 is $11,101,991 (2014: $11,073,442) and the benefits paid out is $10,985,729 (2014: $11,775,864).

The Board pays 50% of the health insurance premiums for employees who retire from the Board. The significant actuarial assumptions adopted in measuring the Board's accrued benefit obligations include a discount rate of 5.5% (2014: 5.75%) and a medical trend rate of 7% decreasing by 1% per annum to an ultimate rate of 3% after 5 years.

	2015	2014
Accrued health insurance		
Balance, beginning of year	$ 38,640,125	$ 56,707,898
Current cost	1,259,817	1,804,000
Interest	2,130,000	3,108,422
Benefits paid	(860,125)	(790,195)
Experience gain	(13,180,000)	(22,190,000)
Balance, end of year	$ 27,989,817	$ 38,640,125

As at March 31, 2015, the BHB Health Plan had a net surplus of $490,210 (2014: $144,319). The significant change in the experience gain was as a result of the change of the benefits plan to the "signal" plan in 2015 (2014: amendment to a lower health inflation trend). The overall accrued health insurance liability estimate decreased by $10,650,309 from the prior year. The values of the liability for the 2015 and 2014 fiscal years are based on an independent actuarial valuation report dated April 8, 2017.

c. Accrued pension under contributions

During the years 2006 to 2015 BHB under contributed employer pension contributions for certain employees. A project was undertaken to recalculate missed employer pension contributions for each individual employee affected for this ten year period. Previously, an estimated liability of $3.3M was accrued and expensed in fiscal 2013. This amount was revised to $4.8M and adjusted in fiscal 2014.

On March 16, 2018, BHB paid the $4.8 million liability, as discussed in Note 26 (Subsequent Events).

11. CAPITAL ASSETS

	Cost	Accumulated Amortisation	2015 Net Book Value	2014 Net Book Value
Construction in progress	$ -	$ -	$ -	$ 242,876,343
Land and buildings	523,274,490	66,817,306	456,457,184	97,433,632
Equipment	86,370,633	54,331,725	32,038,908	21,918,289
Software	14,797,319	11,591,185	3,206,134	3,010,983
Computer equipment	11,120,787	10,408,512	712,275	1,764,719
	$ 635,563,229	$ 143,148,728	$ 492,414,501	$ 367,003,966

The insured value of the Board's buildings, contents and business interruption coverage is approximately $501 million (2014: $458 million).

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

11. CAPITAL ASSETS (Cont'd)

Acute Care Wing Project (ACW)
The ACW construction commenced in December 2010. The design, construction, financing and maintenance of the new facilities are being delivered in the form of a Public Private Partnership ("PPP"). The ACW is a joint undertaking between the Board and Paget Health Services ("PHS"). On December 1, 2010 the Board signed a Project Agreement with PHS after a competitive bidding process.

The Board included the design and construction-related costs of the ACW incurred by PHS in CIP in 2014 based on the amount reported by PHS which was independently verified by their lenders' technical advisors. All direct and related indirect costs for the ACW incurred by the Board were included as CIP and subsequently capitalized into Land and Buildings during the 2015 reporting period.

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 project 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. On September 14, 2014, ACW became available for operations and amortisation commenced over its estimated useful life of the building. Correspondingly, an obligation net of the contributions received is recorded as a liability and included in long-term debt. The obligation is being met via the monthly payments over the term of the project agreement.

Upon substantial completion, the private sector partner, PHS, commenced to receive monthly payments to cover their maintenance cost, life cycle replacement cost, financing cost and a return of their capital.

12. INTERNAL RESTRICTIONS ON NET ASSETS

The Education Fund reflects an accumulation of investment income designated for educational purposes. The balance of the Education Fund at March 31, 2015 is $266,883 (2014: $298,839).

The Board has established a KEMH ACW Fund to ensure that there is adequate funding available in operations when the annual service payments for the new building commenced in 2014. The reserve consists of 1% of annual patient revenues as well as an annual contribution from KEMH operational savings. The balance of the KEMH ACW Fund at March 31, 2015 is $41,432,371 (2014: $41,432,371).

These internally restricted amounts are not available for other purposes without the approval of the Board.

13. CLAIMS IN EXCESS OF THRESHOLD CAP

The Geriatric (Extended Care Unit) subsidy was approved via cabinet conclusion 27(13)17 which was passed on July 9, 2013.The cabinet conclusion approved a subsidy amount of $10,000,000, consequently, any revenue amounts billed relating to Extended Care in excess of the cap are written off.

14. BUSINESS SOCIAL COST

The BHB, as a part of its mandate, is required to provide service to all patients, irrespective of their ability to pay. During the course of its operations, the BHB provided services to a number of persons who were unable to pay. These expenses are classified as business social costs.

15. MANAGEMENT CHARGE

A number of administrative services are provided by KEMH to MWI and HPL 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. The 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 with MWI and HPL. The amount charged by KEMH to MWI for the year ended March 31, 2015 is $2,000,000 (2014: $2,812,391). The management fee charged by KEMH to HPL for the year ended March 31, 2015 is $Nil (2014: $508,669).

16. RELATED PARTY TRANSACTIONS AND BALANCES

Included within operating revenues are grants and subsidies from Government as discussed in the following paragraphs:

a. Government grants

Government grants were as follows:

	2015	2014
Operating grant - MWI	$ 37,344,000	$ 37,344,000
Minor Works/Maintenance grant - MWI	120,000	120,000
Total Non-Capital Grants	$ 37,464,000	$ 37,464,000
Capital grant (special) - MWI	1,000,000	-
	$ 38,464,000	$ 37,464,000

b. Government subsidy programs

The Health Insurance Department ("HID") approved claims in respect of services rendered to patients covered under the Government's subsidy programs as follows:

	2015	2014
Aged subsidy	$ 72,859,122	$ 70,002,000
Youth subsidy	15,989,624	18,213,000
Geriatric subsidy	10,000,000	10,000,000
Indigent subsidy	6,885,830	6,265,000
Clinical drugs	2,392,000	2,368,479
Other subsidy	-	8,633,521
	$ 108,126,576	$ 115,482,000

As at March 31, 2015, $1,027,586 (2014: $11,482,000) was outstanding from Government for subsidy programs. This amount is included in accounts receivable.

In years preceding 2015, "Other Subsidy" was granted for dialysis treatment. In 2015, dialysis was converted to a standard health benefit and was therefore absorbed into the remaining categories of subsidies.

c. Mutual Re-insurance Fund

The HID approved the following claims:

	2015	2014
Haemodialysis treatments	$ -	$ 16,259,144
Long stay patients	-	3,434,268
Home health care	-	358,207
	$ -	$ 20,051,619

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

As at March 31, 2015, $Nil (2014: $5,111,465) is receivable from the Mutual Re-insurance Fund. This Fund was financed by the commercial insurers and managed by the HID. Services that were previously provided under the Mutual Re-Insurance Fund were converted to a standard health and removed from the Mutual Re-Insurance Fund.

d. Health Insurance Fund

The HID approved the following claims:

	2015	2014
Health Insurance Fund	$ 18,885,846	$ 14,854,156

As at March 31, 2015, $3,858,782 (2014: $4,098,733) is receivable from the Health Insurance Fund. This amount is included in accounts receivable. The Health Insurance Committee administers the Health Insurance Fund, a program for individuals who are between the ages of 18 - 65 providing standard medical benefits.

e. FutureCare Fund

The HID approved the following claims:

	2015	2014
Future Care Fund	$ 9,467,041	$ 3,595,173

As at March 31, 2015, $1,559,194 (2014: $ 508,255) is receivable from the FutureCare Fund. This amount is included in accounts receivable. The Health Insurance Committee administers the FutureCare Fund, a program for individuals who are over the age of 65 providing standard medical benefits.

f. Government Employees Health Insurance Fund

The Government Employees Health Insurance Fund ("GEHI") approved the following claims:

	2015	2014
GEHI	$ 25,076,070	$ 21,821,742

As at March 31, 2015, $1,059,642 (2014: $1,414,204) is receivable from GEHI. This amount is included in accounts receivable. GEHI is government issued insurance for government employees, ministers and members of the legislature and their enrolled dependents.

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

g. Other amounts

War Veteran Association claims, in the amount of $279,511 (2014: $391,024) were billed during the year. During the year, the BHB paid salaries for Bermuda College nurses amounting to $75,123 (2014: 75,123) underwritten by the Ministry of Health ("MoH"). The receivable amount from MoH at March 31, 2015 is $75,123 (2014: $75,123). During the year, the BHB paid salaries for the Tumor Registry amounting to $79,172 (2014: $97,027) underwritten by MoH. The receivable amount from MoH at March 31, 2015 is $79,172 (2014: $97,027). This amount is included in accounts receivable.

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

	2015	2014
Payroll tax	$ 4,109,786	$ 4,498,588
Social insurance	2,549,228	2,696,551
Non-refundable duty	1,529,756	1,404,960
Services provided by the Ministry of Public Works	1,379,245	1,314,859
Miscellaneous charges	765,217	396,053
Rent paid to MRP	593,554	576,062
Nurses' annual pensions	459,172	463,817

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

	2015	2014
Payroll tax	$ 6,879,119	$ 7,008,314
Social insurance	2,480,947	2,554,212
	$ 9,360,066	$ 9,562,526

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

	2015	2014
Accounts receivable		
Net amounts due (to)/from the Government on behalf of the War Veterans Association	$ 11,314	$ 51,407
Other receivables		
Refundable deposits paid for duty	$ 264,003	$ 141,575
Miscellaneous departmental charges	63,016	75,105
Accounts payable and accrued liabilities		
Nurses' annual pensions accrual	$ 5,982,899	$ 5,523,737
Ministry of Public Works	261,771	261,771
Accrued salary and payroll expenses		
Payroll tax	$ 2,960,948	$ 2,758,394
Social insurance	531,076	442,471

BHB provided security in the form of a guarantee of $700,000 to BNTB for a credit facility UIL has with BNTB.

17. CONTRACTUAL OBLIGATIONS

a. Property leases

The Board has entered into significant operating lease agreements with third parties for the rental of five properties. The annual commitment schedule for the next year is as follows:

Year		Amount
2016	$	744,272

b. Acute Care Wing

As a result of the contractual obligation to PHS in respect to ACW, BHB has entered into the following long term contractual obligations. These payments commenced upon completion of construction.

Operating costs

Operating/maintenance costs relating to the PPP arrangement with PHS estimated for the next five years and thereafter are as follows:

Year		Amount
2016	$	4,060,035
2017		4,411,359
2018		4,948,031
2019		5,337,768
2020-2044		241,513,060
	$	260,270,253

Interest expenses

Interest expenses are comprised of debt interest and equity dividend relating to the PPP arrangement with PHS. The payments for the next five years and thereafter are estimated as follows:

Year		Amount
2016	$	19,293,143
2017		19,394,209
2018		19,139,077
2019		18,845,808
2020-2044		379,195,500
	$	455,867,737

18. CONTINGENCIES

In the ordinary course of business, the Board is routinely 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. The Board believes that it has meritorious defences to all asserted claims and intends to defend vigorously against them.

The Board has medical malpractice insurance in place of up to $10 million per claim and $30 million in the aggregate.

The Board has Directors' and Officers' Liability and Company Reimbursement insurance in place with an indemnity limit of $10 million in the aggregate, including defense costs and expenses.

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

19. DONATION IN KIND

Donation in kind relates to services donated by volunteers and the related expense is included in the general supplies and services expense.

20. FINANCIAL RISK MANAGEMENT

The Board has exposure to counterparty credit risk, liquidity risk and market risk associated with its financial assets and liabilities. The Board of Directors has overall responsibility for the establishment and oversight of the Board's risk management framework. The Board of Directors has established the Finance and Audit Committee which is responsible for developing and monitoring the Board's compliance with risk management policies and procedures. The Finance and Audit Committee regularly reports to the Board of Directors on its activities. The Board's risk management program seeks to minimize potential adverse effects on the Board's financial performance. The Board 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. The Board 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 minimized substantially by ensuring that these financial assets are invested with financial institutions whose rating and status are consistently monitored by the Board.

Accounts receivable

Accounts receivable consist primarily of trade accounts receivable from billings of services provided. The Board's credit risk arises from the possibility that a counterparty which owes the Board money is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the Board, which would result in a financial loss for the Board. This risk is mitigated through established credit management techniques and supplemented by use of professional credit agencies. In the year ended March 31, 2015, the maximum credit risk to which the Board is exposed represents the fair value of its accounts receivable.

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

20. FINANCIAL RISK MANAGEMENT (Cont'd)

2015	Total	Current	31- 60 days	61 - 90 days	91 + days
Subsidy and grants	$ 12,012,258	$ 2,959,562	$ 324,143	$ 292,823	$ 8,435,730
Commercial insurers	12,389,471	2,655,198	1,181,445	749,542	7,803,286
Non insured	10,404,646	973,746	698,783	559,141	8,172,976
Other receivables	2,949,686	2,949,686	-	-	-
Gross receivables	37,756,061	9,538,192	2,204,371	1,601,506	24,411,992
Less: impairment allowance	(25,594,508)	(1,397,666)	(1,397,666)	(1,397,666)	(21,401,510)
Net receivables	$ 12,161,553	$ 8,140,526	$ 806,705	$ 203,840	$ 3,010,482

2014	Total	Current	31- 60 days	61 - 90 days	91 + days
Subsidy and grants	$ 33,225,750	$ 5,080,247	$ 3,481,708	$ 694,392	$ 23,969,403
Commercial insurers	7,684,593	4,200,682	490,739	251,172	2,742,000
Non insured	7,673,184	1,307,823	588,093	483,908	5,293,360
Other receivables	1,363,614	1,363,614	-	-	-
Gross receivables	49,947,141	11,952,366	4,560,540	1,429,472	32,004,763
Less: impairment allowance	(30,234,272)	-	(456,054)	(714,736)	(29,063,482)
Net receivables	$ 19,712,869	$ 11,952,366	$ 4,104,486	$ 714,736	$ 2,941,281

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.

b. Liquidity risk

Liquidity risk is the risk the Board will not be able to meet its financial obligations as they fall due. The Board's objective in managing liquidity is to ensure that it will always have sufficient liquidity to meet its commitments when due, without incurring unacceptable losses or risking damage to the Board's reputation. The Board manages exposure to liquidity risk by closely monitoring supplier and other liabilities, focusing on debtor 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):

2015	Within 1 year	2 – 5 years	> 5 years	Total
Accounts payable and accrued liabilities	$ 24,135,065	$ -	$ -	$ 24,135,065
Accrued salary and payroll expenses	22,932,290	-	-	22,932,290
Long-term debt - bank loans	1,024,234	3,653,952	-	4,678,186
Long-term debt - ACW liability	22,986,000	92,925,000	171,686,424	287,597,423
	$ 71,077,589	$ 96,578,952	$ 171,686,424	$ 339,342,964

20. FINANCIAL RISK MANAGEMENT (Cont'd)

2014	Within 1 year	2 – 5 years	> 5 years	Total
Accounts payable and accrued liabilities	$ 18,798,858	$ -	$ -	$ 18,798,858
Accrued salary and payroll expenses	22,636,879	-	-	22,636,879
Long-term debt - bank loans	977,841	3,897,551	779,461	5,654,853
Long-term debt - ACW liability	2,627,956	15,513,761	200,764,739	218,906,456
Capital lease obligations	17,903	-	-	17,903
	$ 45,059,437	$ 19,411,312	$ 201,544,200	$ 266,014,949

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.

c. Market risk

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

Foreign exchange risk

The Board's business transactions are mainly conducted in Bermuda dollars and the Board does not have any material transactions or financial instruments denominated in foreign currencies; as such, 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.

The Board is exposed to this risk through its interest bearing short-term deposits and interest expense on long-term debt.

The BHB's long-term debt has interest rates ranging from 0.75% to 4.85%.

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.

21. CAPITAL DISCLOSURES

BHB considers its capital to be the balance retained in net assets, which includes its deficit, net assets invested in capital assets and internally restricted net assets, as well as deferred capital contributions and obligations. BHB receives funding from the Government for the delivery of its services.

BHB's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide delivery of its services to the public.

Management maintains its capital by ensuring that annual operating and capital budgets are developed and approved by the Board of Directors and the MoH based on both known and estimated sources of funding and financing available each year.

22. KEMH AND MWI STATEMENTS OF OPERATIONS

2015

REVENUE	KEMH	MWI	HPL	TOTAL
Outpatient (note 16)	$ 152,484,723	$ 130,536	$ -	$ 152,615,259
Inpatient (note 16)	89,795,353	6,648,336	-	96,443,689
Extended care unit (note 13)	12,461,775	-	-	12,461,775
Claims in excess of cap threshold (note 13)	(2,461,775)	-	-	(2,461,775)
Non-medical (note 16)	2,715,251	350,551	-	3,065,802
Amortisation of deferred capital contributions (note 9)	1,425,226	588,258	-	2,013,484
Donation in kind (note 19)	568,593	-	-	568,593
Interest income	64,969	-	-	64,969
Government grants (note 16)	-	37,464,000	-	37,464,000
Total Revenues	$ 257,054,115	$ 45,181,681	$ -	$ 302,235,796
EXPENSES				
Salaries and employee benefits (notes 10 and 16)	$ 151,110,173	$ 19,365,863	$ -	$ 170,476,036
General supplies and services (note 16)	27,317,974	3,552,751	-	30,870,725
Medical supplies	25,778,111	784,055	-	26,562,166
Amortisation of capital assets	14,108,336	986,790	-	15,095,126
Repairs and maintenance	10,333,109	1,072,352	-	11,405,461
Utilities (note 16)	8,398,678	1,552,978	-	9,951,656
Interest	9,745,391	-	-	9,745,391
Bad debt (note 13)	5,627,226	-	-	5,627,226
Food	2,008,376	988,447	50	2,996,873
Realised loss on sale of other investment (Note 5)	-	-	493,965	493,965
Impairment of other investment (Note 5)	399,990	-	-	399,990
Business social cost (note 14)	163,100	-	-	163,100
Scholarships issued	124,000	-	-	124,000
Loss on disposal of capital assets	66,479	-	-	66,479
Accrued health insurance (note 10)	(10,650,309)	-	-	(10,650,309)
Management charge	(2,146,000)	2,000,000	146,000	-
	$ 242,384,634	$ 30,303,236	$ 640,015	$ 273,327,885
Excess / (Deficiency) of revenues over expenses	$ 14,669,481	$ 14,878,445	$ (640,015)	$ 28,907,911

22. KEMH AND MWI STATEMENTS OF OPERATIONS (Cont'd)

2014

REVENUE	KEMH	MWI	HPL	TOTAL
Outpatient (note 16)	$ 157,963,483	$ 345,106	$ -	$ 158,308,589
Inpatient (note 16)	90,569,915	3,411,503	-	93,981,418
Extended care unit (note 13)	16,777,168	-	-	16,777,168
Claims in excess of cap threshold	(6,777,168)	-	-	(6,777,168)
Non-medical (note 16)	3,085,763	412,015	285,247	3,783,025
Amortisation of deferred capital contributions (note 9)	928,072	743,849	-	1,671,921
Donation in kind (note 19)	308,506	-	-	308,506
Interest income	84,201	-	-	84,201
Government grants (note 16)	-	37,464,000	-	37,464,000
Total Revenues	$ 262,939,940	$ 42,376,473	$ 285,247	$ 305,601,660
EXPENSES				
Salaries and employee benefits (notes 10 and 16)	$ 145,522,755	$ 28,398,567	$ 389,744	$ 174,311,066
General supplies and services (note 16)	27,872,663	4,153,337	47,859	32,073,859
Medical supplies	27,775,117	850,882	-	28,625,999
Amortisation of capital assets	10,530,077	1,088,591	-	11,618,668
Repairs and maintenance	8,818,446	1,084,421	417	9,903,284
Utilities (note 16)	7,065,734	1,696,889	3,206	8,765,829
Bad debt	7,956,725	-	-	7,956,725
Food	2,185,057	963,639	219	3,148,915
Business social cost (note 14)	262,213	-	-	262,213
Interest	218,052	-	-	218,052
Loss on disposal of capital assets	146,677	-	-	146,677
Scholarships issued	30,000	-	-	30,000
Accrued health insurance	(18,067,773)	-	-	(18,067,773)
Management charge	(2,958,391)	2,812,391	146,000	-
	$ 217,357,352	$ 41,048,717	$ 587,445	$ 258,993,514
Excess / (Deficiency) of revenues over expenses	$ 45,582,588	$ 1,327,756	$ (302,198)	$ 46,608,146

23. BUDGET FIGURES

Budgeted ACW overhead expenses represent the estimated costs of operating the Acute Care Wing upon commencement of operations in September 2014. Due to the fact that the ACW overhead expenses were budgeted for prior to the commencement of ACW operations in September, the expenses were budgeted for as a single line item. The ACW actual expenses for the 2015 reporting period are presented within their respective specific expense categories. Subsequent to the 2015 reporting period, ACW overhead expenses are budgeted for in accordance to their respective specific expense categories. The budget was approved by the Board of Directors on July 15, 2014.

24. COMPARATIVE FIGURES

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

25. GOVERNMENT GUARANTEEE FOR THE PPP AGREEMENT

On December 1, 2010, the Minister of Finance provided an irrevocable Guarantee to Paget Health Services Limited on behalf of BHB to facilitate the completion of the new Acute Care Wing. The Government of Bermuda guarantees all debt and contractual obligations of the agreement as disclosed in Notes 7 and 17.

26. SUBSEQUENT EVENTS

Paget Health Services ("PHS")

In November 2015, BHB agreed with PHS to refinance PHS's loans with third party banks. The Public Private Partnerships "PPP" agreement required PHS to share any update of such re-financing arrangement with BHB. BHB's share of the refinancing savings is $525,000 per year for the remainder of the PPP agreement.

In August 2016, BHB settled the BNTB loans disclosed in Note 7 in full.

HealthCare Partners Limited "HPL" and Ultimate Imaging Limited "UIL"

On March 20, 2015, HPL entered into an agreement with the Directors of UIL in which parties agreed that HPL will sell 100% of its shares to the Directors of UIL for the sum of $600,000. It was agreed that HPL would receive $450,000 at closing and the remaining balance of $150,000 in three equal annual installments of $50,000 beginning in March 2016, of which $100,000 has been received. The subsequent liquidation of HPL was finalised in fiscal year 2017.

Mills Reach Properties ("MRP")

On October 24, 2017, the Board of Directors and Executive team determined it would be to BHB's long term advantage to exit the lease. Conditions have occurred which amounted to a repudiation of the lease, and thus BHB terminated the lease with effect from April 30, 2017.

On November 28, 2017, the Board accepted an offer by MRP to purchase the shares held by BHB in MRP and to settle all lease obligations and claims in the amount of $1.35 million, payable in cash forthwith. The funds were subsequently received in full on December 20, 2017.

Employee Future Benefits - Accrued Pension Under Contributions

On September 26, 2017, the Board resolved to authorize the finance department to ensure all outstanding pension funds be reinstated to employees with a lump sum payment in the amount of $4.8 million.

The funds were subsequently paid in full on March 16, 2018.

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, 2017:

PS 1201 – Financial Statement Presentation (only when PS 2601 and PS 3450 are adopted)
PS 2200 – Related Party Disclosures
PS 2601 – Foreign Currency Translation
PS 3041 – Portfolio Investments
PS 3210 – Assets
PS 3320 – Contingent Assets
PS 3380 – Contractual Rights
PS 3420 – Inter-Entity Transactions
PS 3430 – Restructuring Transactions
PS 3450 – Financial Instruments

The extent of the impact on adoption of these accounting standards is not known at this time.

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