Bermuda Hospitals Board

2010 **Annual Report**

Government of Bermuda
Ministry of Health

On behalf of the Government of Bermuda, I am pleased to present the Bermuda Hospitals Board 2010 Annual Report. I would like to offer my congratulations to the Management and Staff of the Bermuda Hospitals Board for another successful year.

The 2010 financial year was one which focused on the continuing procurement process to find a private partner for the new acute care facility. By the end of the fiscal year under review, an RFP with over 4,000 specifications had been issued that essentially detailed what we needed from our new acute care facility. Improving the patient experience even before the 2014 opening of a new facility also was a key driver.

The Board chose to move forward with several projects this year including; a Succession Planning Programme to help prepare and develop Bermudian leaders at BHB; the KEMH Ward Upgrade Project; and the digitalization of the Diagnostic Imaging department – thus eliminating the use of film to provide patients with faster results. At MWI, it was very pleasing to see a Memorandum of Understanding signed with the Department of Corrections and an exciting new association with Howard University.

The Board has worked in commendable synergy with the Ministry of Health, especially in progressing the KEMH Redevelopment Project. In support of this project, the Ministry of Health headed up the coordination with multiple ministries through a newly established Central Coordinating Committee.

There will be many challenges ahead. Healthcare innovation continues, with emerging treatments, clinical practices and technology that require an ongoing investment just to keep pace with international patient safety and quality standards. We also recognise that Bermuda's economic challenges will require improvements to the healthcare system as a whole, including the hospitals, in order to control costs.

But I am confident that the experienced and knowledgeable staff will rise to the challenge and ensure that top quality service continues to be delivered to the community.

I would like to thank the Members of the Bermuda Hospitals Board who volunteer their time and energy to ensure the effective and efficient operation of our hospitals.

Many other volunteers contribute to the operation of both KEMH and MWI. Your hard work often goes unrecognised, but your efforts provide a huge boost to both the staff and patients. Thank you for your time and energy.

Sincerely,

Zane De Silva, JP, MP
Minister of Health

About BHB

Bermuda Hospitals Board (BHB) provides acute care, chronic disease, and mental health services to Bermuda. Our care is delivered from the King Edward VII Memorial Hospital, Mid-Atlantic Wellness Institute and Lamb Foggo Urgent Care Centre.

BHB serves Bermuda's resident population of approximately 65,000 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 1,800 full time staff and 200 on-call and locum staff.

BHB's mandate, as set out in the Hospitals Act 1970 and subsequent revisions, is to provide Bermuda with quality care either from its own staff, in partnership with others or by helping patients receive care overseas as needed. Given our relatively isolated geographic location, the Bermuda community needs a range of services far broader than would commonly be expected of a hospital with a similar population base in a larger country.

VISION, MISSION, VALUES

Vision: To be Bermuda's first choice for health and wellness.

Mission: To ensure the highest quality healthcare through excellent service, education and leadership.

Values:

Culture – We incorporate and embrace the values and diversity of the Bermuda community.

Quality – We provide safe patient-centred care utilising best practices and technology to achieve optimal clinical outcomes.

Service – We work together to deliver an outstanding patient experience through service excellence.

People – We respect and value our staff as our most powerful asset and invest in their success as they are the foundation of the service and care we provide.

Integrity – We maintain the highest standards of behaviour that encompass honesty, accountability, ethics and doing the right things for the right reasons.

Leadership – We provide expertise and guidance on the provision of healthcare.

Communication – We listen attentively, communicate clearly and collaborate with our many stakeholders.

Stewardship – We manage organisational resources to sustain service continuity and growth.

Message from the Chairman

Herman Tucker, *Chairman*

I am very pleased to introduce the 2009/10 Bermuda Hospitals Board Annual Report. The audited Bermuda Hospitals Board finances were filed in accordance with requirements by 30 September 2010, but this annual report gives us an opportunity to give a fuller picture of what has been achieved throughout the year. I fully recognise that the Bermuda community wants to know that we are continually developing a high quality service in line with their needs.

As Chair of the Board, it gives me great satisfaction to see BHB finances go from strength to strength. A solid financial position is mandated by the Hospitals Act 1970 so that we can reinvest in patient care without requiring any further assistance. Having sound finances has never been so important In 2014, we will be opening the doors to a brand new facility. Once we are satisfied it has been constructed to our very detailed specifications, we begin annual payments to our private partner that will cover finance, design, construction costs and maintenance over a 30-year contract. We are already preparing for those payments. Bermuda Hospitals Charitable Trust will be starting a capital campaign next year in order to raise funds for the initial payment and after that, BHB will manage the annual financial obligations of the contract. Since 2008/9, 1% of our fee uplift has been set aside specifically for the KEMH Redevelopment Project. The good news is that by 2014, we will be well prepared to make the annual payments, without any additional assistance.

For the period of this annual report, from 1 April 2009 to 31 March 2010, we were still in the procurement period for the project. In September 2010, we announced Paget Health Services as the preferred bidder and following public meetings and the gaining of planning approval, they were confirmed as our private partner in December 2010. Work is already underway on site and I look forward to reporting on our progress next year.

The KEMH Redevelopment Project has resulted in a very intense and heavy workload for the Board, management and staff of BHB. I would like to thank all of those who have taken the project this far and continued to keep existing services developing and operations improving. We can never stand still. We must and have continued to keep services running around the clock, while making improvements to ensure a safe and high quality service.

Message from the CEO

David Hill, *Chief Executive Officer*

Healthcare is always dynamic, with constant improvements to practices, developments in technology, and new treatments becoming available. If you add to this constant challenge, the development of 4,000 specifications for the new facility to ensure it meets our needs for decades to come, and the continuation of a very intensive, robust procurement process for a private partner to finance, design, build and maintain the new facility, you will have an idea of the scale of the agenda facing the Board, management and staff of Bermuda Hospitals Board in this fiscal year.

I am extremely proud of how much has been achieved above and beyond the constant progress of the KEMH Redevelopment Project, which has continued on time and on budget throughout the fiscal year under review. Upgrades to the existing KEMH building and MWI have continued, the ward renovation project progressed, and a new emergency entrance was completed.

Access to specialist physicians improved, with visiting vascular surgeons from Lahey – a type of surgery that can save the limbs of diabetic patients, for example. A Men's Clinic was started with a genitor-urinary oncologist from the Dana Farber Cancer Institute visiting Bermuda regularly, and of course we can't forget the robot, who enables patients in hospital in Bermuda to consult with over 90 specialist Lahey physicians in Boston.

More Bermudian physicians are also being attracted to BHB. Nine out of eleven Chiefs at BHB are Bermudian, we have a Bermudian Director of Palliative Care, and a new Bermudian psychiatrist joined us at MWI.

The year was not without its challenges. We activated our pandemic response plans as the H1N1 Flu virus spread across the globe. Thankfully, there was no major impact to our services or to the health of Bermudians. Additionally, the close brush with Hurricane Bill meant we tested the Lamb Foggo Urgent Care Centre response for hurricanes. It was pleasing to see a 24-7 medical service sustained from the east end, even after the causeway closed.

Achievements in this year's report rest on the shoulders of our 1,800 BHB staff members. I'd like to thank them for their continuous dedication to serving the healthcare needs of the community and commitment to helping us achieve our vision of being the first choice for health and wellness.

Board Members - 2009/10

From left to right
Sitting

Kelly Hodsoll

Michael Winfield

Herman Tucker, Chairman

Crystal Burgess

Standing

David Hill, CEO

Dr Donald Thomas III, Chief of Staff

Wendy Augustus, Bermuda Hospitals Charitable Trust

Edward Benevides

Delia Basden, Chief Financial Officer

Missing from picture

Wendell Hollis, Deputy Chairman

Brian Rollinson

Josephine Wright

Liz Titterton, Hospitals Auxiliary of Bermuda

Warren Jones, Ministry of Health Permanent Secretary

Dr John Cann, Chief Medical Officer

KEMH Redevelopment Project

In November of 2008, the Johns Hopkins Medicine International review of the hospital's Estate Master Plan was published. It tested the feasibility of developing King Edward's acute care services on its existing site, and recommended a phased approach over the next two or three decades. The report noted that the hospital needed about 50% more space in order to provide the services needed by our community in the near term. Government approved the first phase of this long term development: a five year project to increase the amount of space available through new construction and upgrading the existing King Edward building. In the report, Johns Hopkins estimated that the construction costs for the new facilities would be about $260 million and the renovation about $55 million.

While the upgrading of the existing King Edward building will be paid for by Bermuda Hospitals Board through traditional procurement methods, in February 2009 it was announced that the new construction piece of the KEMH Redevelopment Project would be procured as a form of Public Private Partnership (PPP) known as Design Build Finance Maintain (DBFM).

A detailed Request for Qualifications was issued in June 2009. Five proposals were evaluated and three bid teams were shortlisted from this process. After months of extensive investigation, evaluation and consultation with BHB staff and others in the community, including Government Departments, utility companies and health-related, community-based entities, BHB and its advisors completed the assessment of KEMH's future needs. These were released to shortlisted bidders in the Request for Proposal in December 2009.

Based on data in the Request for Proposal, the three bid teams were required to submit binding proposals to design, build, finance, and maintain the new facility over the life of the project agreement, a period of approximately 30 years. The RFP was issued at the end of 2009 and proposals were received in July 2010. A contract was signed in December 2010 with Paget Health Services.

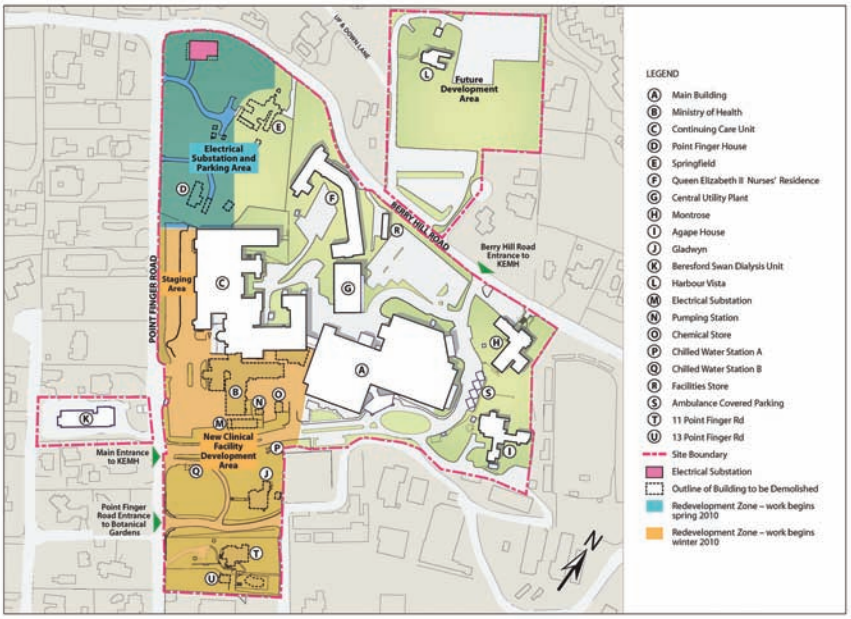
Central Coordinating Committee

A Central Coordinating Committee with representatives of many government departments was established in this fiscal year to support the Bermuda Hospitals Board with its procurement and the bid teams in their design, construction and maintenance of the new facility. This further demonstrates Government's support of this procurement process and recognises that the project is of national importance to Bermuda.

Legislation Sets Parameters To Development

Legislation was passed in this fiscal year that set very clear parameters for the bid teams to work within. The legislation ensured the construction would stay within the boundaries of the King Edward site and limits the height of the building. This legislation gave the bid teams clear guidelines on what was needed to meet planning requirements on the site.

Property Purchased to Assist Project



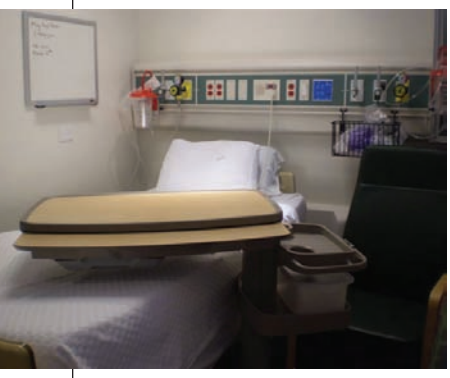
BHB purchased property to the south of and immediately adjacent to its Gladwyn House property on Point Finger Road in the fiscal year under review. (11/13 Point Finger Road) The purchase of the 0.7 acre site adjacent to the area earmarked for construction of the new facility represented a rare and timely opportunity to expand the site. It gave greater scope for more flexible use of its site, helping reduce the overall cost and also ensured there was capacity to maintain access to the Botanical Gardens from Point Finger Road during construction.

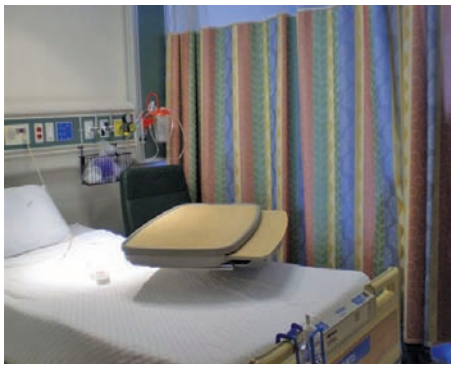
Maintenance & Upgrade of Hospital Facilities

The upgrade of the existing KEMH building is as important a part of the overall KEMH Redevelopment Project as the new construction in ensuring adequate space to meet long term, acute healthcare needs of Bermuda. Part of the upgrades in this year included a new floor cleaning technique by Housekeeping staff that is returning KEMH's high quality, terrazzo floors to their original pristine white.

In the year under review, over $10 million of Bermuda Hospitals Board's operational funds were invested in improvements to equipment and facilities.

Ward Upgrades & New Beds – Better Environment Better Care





Following a review of feedback from patients, visitors and staff on two pilot rooms, a ward upgrade programme was initiated this fiscal year, starting in Perry Ward. There has been clear and consistent feedback from patients that BHB needs to upgrade the KEMH rooms. Ninety en-suite single rooms are planned in the new facility, but as they will not be available until 2014, the ward upgrade project was approved to ensure patients are cared for in better surroundings until then. The upgrades include painting, new air conditioning and ceiling tiles, refurbished floors using a new cleaning technique, upgraded bathroom facilities and new windows. The upgrade will be phased over time to ensure there is no service interruption for patients.

New Beds for Patients Improve Comfort and Reduce Ulcers

To further improve the patient experience on the wards, 66 new beds were installed in this fiscal year. The new Stryker Secure hospital beds use innovative technology designed to meet everyday requirements necessary for optimal patient care. The electromechanical platform has state of the art features that meet standards set by leading medical facilities internationally. The control features are user-friendly and allow multiple positioning for patient comfort and satisfaction.

The new beds are especially relevant for wound care patients because the hospital can position and move patients in ways that reduce the risk of skin damage. In addition, the mattress provides pressure relief for each part of the body and automatically adjusts to individual patient size and weight. The force exerted when turning a patient is reduced, and this means less risk of pressure ulcers for patients.

Emergency Entrance Upgrade

A new Emergency Room entrance replaced the old wooden portico in this fiscal year to improve protection for people visiting the Emergency Department, or waiting for pick up. In four years, there will be an entirely new Emergency Department in the new facility. However, before that time there will be about 150,000 visits to Emergency. The number of visits to Emergency each year is comparable to half Bermuda's population.

Backup Data Centre

A back-up data centre has been established at MWI which will benefit all the Bermuda Hospitals Board systems. It is a significant step that ensures business continuity for the Bermuda Hospitals Board. Should a disaster or unexpected failure occur at the main data centre at KEMH, the data centre at MWI will be able to seamlessly take on all the Bermuda Hospitals Board's systems, including life-saving and diagnostic equipment at KEMH.

New Director of Facilities Appointed

A new Director of Facilities was appointed this year. Mr Geoff Yeomans oversaw an infrastructure review for KEMH within this fiscal year, and began work on a similar review for the Mid-Atlantic Wellness Insititute. These reviews will help plan the necessary work required to strengthen the infrastructure of the two facilities.

Clinical Relationships

BHB is improving its service offering through Clinical Partnerships with world-renowned East Coast partners – Lahey Clinic, Johns Hopkins, Howard University and Partners Healthcare System, which includes Dana Farber Cancer Institute, Massachusetts General Hospital, Spaulding Rehabilitation Hospital and Brigham and Women's.

Strengthened Procurement Processes

As Bermuda Hospitals Boards is facing a larger number of upgrades, a highly controlled, consistent, fair and robust procurement process has been established as policy. A new position of Procurement Manager was appointed this year to ensure all procurements, whether capital projects, or equipment or software purchases, follow the correct processes. An increased number of controls and oversight have been incorporated to ensure full compliance by all Bermuda Hospitals Board employees.

Improving Cancer Services On-Island

A Prostate Cancer Programme was established this year with a genito-urinary oncology specialist visiting from Dana Farber Cancer Institute in Boston. The specialist will see any man or woman locally who has cancer of the kidneys or urinary tract, as well as men with prostate cancer. BHB also has a cancer association with Lahey, which sees a regular Radiation Oncologist visit Bermuda to see patients. While there have not been significant enough numbers of patients requiring radiation treatment to warrant the treatment on - Island to date, people who have to undergo radiation treatment can now undertake their consultations here in Bermuda.

BHB, with the support of clinical partner, Dana Farber and the Ministry of Health, is working with local physicians and cancer partners to update and keep current the tumour registry. To truly be an accurate resource, all healthcare partners need to work together. People can go to different places for screening and overseas for treatment, so the coordination of information between healthcare stakeholders is essential in order for us to have a true and accurate picture of cancer incidence in Bermuda.

Use of the Robot Brings Visiting Surgical Specialists to Bermuda

This year, patients in Bermuda had almost immediate access to over 90 Lahey specialists through the use of a robot. These specialist physicians are credentialed by Bermuda Hospitals Board to provide remote care either in an emergency or to facilitate visiting specialist surgeons. The robot is currently being used about 20 times a month.

The robot also enables more services to be brought on-island, like visiting vascular surgeons from Lahey. They do pre- and post-surgical follow up remotely through the robot, but come here for the surgeries. Vascular surgery is often needed as a complication of diabetes. This type of specialised surgery can save limbs and controls healthcare costs by bringing the service to Bermuda, which is better for patients. Evidence shows we respond best to medical care when we have our family and loved ones near us. This is also more cost-effective for the Bermuda healthcare system.

Stock photo image

Critical Care Bermuda

Massachusetts General continues to be our trauma advisor. Mass General is itself a level one trauma centre – the most specialised type. This year they expanded the trauma review for Bermuda Hospitals Board to include Island-wide, emergency services. In Intensive Care and Anaesthesiology we are working closely with Johns Hopkins. They are providing clinical advisors for this specialist area of care, and helped us complete an anaesthesia review this year.

Mental Health

BHB made a clinical association this year with the Department of Psychiatry and Behavioral Sciences at Howard University in Washington, DC and the physicians at the Mid-Atlantic Wellness Institute, Bermuda. The collaboration will allow an exchange of residents and other trainees. A transcultural psychiatry fellowship programme is being reviewed, and faculty shared between sites here in Bermuda and at Howard in Washington.

Modern technology is assisting this relationship- both tele-psychiatry and visits to treatment facilities will allow cross fertilization of treatment approaches and methods.

Hiring of On-Island Physicians for Sustained, Quality Healthcare

While it is expected that BHB will always need close associations with overseas specialist hospitals as part of its overall healthcare service, we also need to continue to encouraging physicians to come to Bermuda in order to enhance our on-Island care.

A key focus of Bermuda Hospitals Board this year has been to fill vital positions to ensure sound medical leadership of our services on-Island.

Interventional Radiologist

This fiscal year has also seen the appointment of an Interventional Radiologist- Dr Raj Koppola. Interventional radiologists are board-certified physicians who specialise in minimally invasive, targeted treatments. Interventional radiologists are the pioneers of minimally invasive modern medicine. Interventional radiology treatments offer less risk, less pain and less recovery time compared to open surgery. With Dr Koppola's appointment, Bermuda Hospitals Board will be able to offer this kind of specialised nonsurgical treatment on-Island, again improving our local service and reducing the need to travel.

Encouraging Bermudian Doctors Home

Ten out of the fourteen Chief physicians on the Medical Staff Committee at BHB are Bermudian, and a continued recruitment of Bermudian physicians is required to ensure long term stability in medical leadership.

The involvement and achievements of our overseas physicians will always be important. However, the future strength and stability of our medical leadership rests on the shoulders of our Bermudian physicians, who are here to develop healthcare on the Island over many years.

Medical Staff Committee - 2009/10

Pictured left to right-Standing:
Dr Daniel Stovell, Chief of Diagnostic Imaging
Dr Keith Chiappa, Chief of Medicine
Dr Steven Trott, Chief of Clinical Affiliates
Dr David Harries, Chief of Geriatric, Rehabilitative & Palliative Care
Dr Richard Hammond, Chief of Anaesthesia
Janie Brown, DDS, Chief of Dental Division
Dr Wesley Miller, Chief of Surgery
Dr Eugene Outerbridge, Chief of Paediatrics
Dr Edward Schultz, Chief of Emergency & Hyperbaric Medicine

Pictured left to right-Sitting:
Dr Kered James, Chief of Pathology
Dr Burton Butterfield, Chief of General & Family Practice
Dr Donald Thomas III, Chief of Staff
Dr Michael Radford, Chief of Psychiatry

Missing from picture:
Dr Alicia Stovell, President of Active Staff
Dr Dale Wilmot, Chief of Obstetrics
Dr Arlene Basden, Director of the Hospitalist Programme
Harlean Saunders-Fox, VP Medical Staff Operations

Ensuring Services for Bermuda's Mums

With its commitment to maintaining a high quality and comprehensive healthcare service for the community, BHB this fiscal year worked with obstetricians to provide a solution to the spiralling malpractice insurance costs that threatened the viability of the service on-Island.

Obstetricians are medical specialists in labour and delivery. Previously in Bermuda, all obstetricians practiced privately and had their own individual insurance with a specialist overseas malpractice insurer. Last year, obstetricians announced that in light of the drastic increases in medical malpractice for their discipline, they were faced with either increasing the cost of deliveries to prohibitive levels or ceasing practicing obstetrics altogether. If fees were hiked to cover the insurance increases, there was a danger that deliveries would become unaffordable for some families in Bermuda. If obstetricians ceased practicing on-Island, Bermuda residents would be forced to go overseas for a basic delivery, or present to the Emergency Department knowing there were no specialist obstetricians to assist.

The solution was to hire the obstetricians for the post-24 week gestation period that includes delivery. This allows obstetricians to participate in the hospital's group insurance, and helped to control costs. While there was still an increase in fees required for this specialist service, it was far smaller than if this had not taken place. Local obstetricians still maintain pre-24 week gestation services and gynaecological services as part of their private practice, but for labour and delivery, mothers and babies are assured an on-Island solution.

Palliative Care

Another area strengthened with a new medical lead was Bermuda's palliative care service. Dr Sharon Alikani is now Director of Palliative Care. Palliative Care is any form of medical care or treatment that concentrates on reducing the severity of disease symptoms rather than striving to halt, delay, or reverse progression of the disease itself or provide a cure. It therefore includes pain management and hospice care, which is caring for patients who are near the end-of-life. This is the first time Agape House has had specialised physician leadership to work in partnership with the nurse leadership in this area. BHB is very pleased to see this type of specialised care receiving the attention it is due.

Pandemic Planning

More focus than ever was put on preventing the spread of infectious diseases through the pandemic planning that took place ahead of the flu season in this fiscal year. Concerns about H1N1 Flu virus meant the hospital was on a heightened state of alert. A Flu Pandemic TaskForce was established to oversee preparations in case the hospital's Pandemic Plans was activated. The Plan includes how to deal with increases in seriously ill people needing hospital treatment, and for the impact of higher numbers of staff being off sick. Signs went up advising people on hand washing, wearing masks and also asking visitors to postpone visiting patients if they felt unwell to avoid exposure. Thankfully, the pandemic did not have a major impact and established protocol ensured appropriate infection control processes were applied for all infected patients coming into the hospitals.

Improvements to Hospitalist Programme Further Benefits Patients

KEMH changed to a hospitalist based standard of care last fiscal year, moving from the previous system where GPs would have to leave busy private practices to tend to their patients in hospital. The current Hospitalist system ensures patients are seen every day by a specialist physician who has extensive training, evaluation and examination in the types of complex conditions from which people in hospital often suffer. This fiscal year, additional communication protocols were instituted to improve the level of cooperation and coordination with GPs. This takes both Hospitalist and GP willingly working together for the benefit of the patient. Unlike before, the GP does not have to visit each day, but they are welcome if they wish to see their patients or discuss treatments.

Bermuda Hospitals Board monitors patient satisfaction with physicians, and this rose about 20% after the Hospitalist Programme was instituted and a high level of satisfaction has been maintained. The programme has been so successful, it was felt this standard of care would also benefit surgical patients. While the specialist surgeon remains in charge of their patient's care, a surgical hospitalist was appointed to the team this fiscal year to ensure the same high quality of daily visits and consistent reporting.

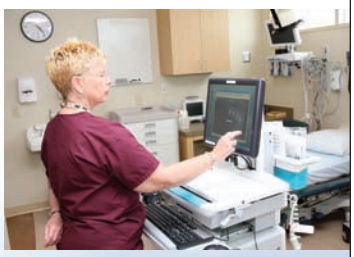
Lamb Foggo Urgent Care Centre

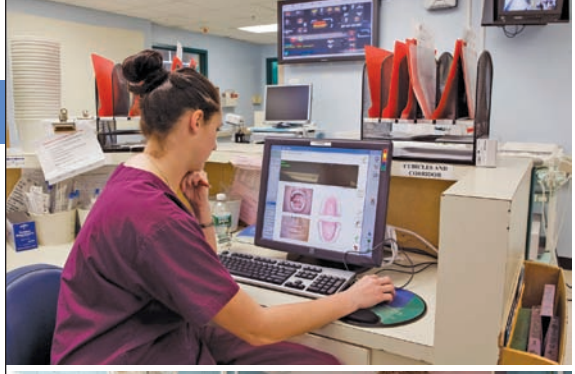
On 1 April 2009, the Lamb Foggo Urgent Care Centre opened its doors with a formal ceremony held just two weeks later, on 14 April.

The Lamb Foggo Urgent Care Centre has two primary service functions. On Monday to Friday, 8am to 4pm it is open to people who need diagnostic tests. If your doctor refers you for an x-ray, ultrasound or blood or urine test, you can take your referral sheet to the facility and be seen almost immediately.

Between 4pm and midnight on weekdays, and midday to midnight on weekends and public holidays, the Lamb Foggo Urgent Care Centre is open for walk-in urgent care cases. For many who would otherwise go to the Emergency Department at the hospital, the wait at the Lamb Foggo Urgent Care Centre is only about 20 minutes.

Volumes have been higher than expected. Between 1 April 2009 and 31 March 2010, over 4,500 people attended the Urgent Care Centre. While it was opened primarily as a medical service, the importance of the Lamb Foggo Urgent Care Centre to the local community is felt most during storms and hurricanes when the causeway is closed and can get damaged. The passing of Hurricane Bill during this fiscal year provided a good practice run and all went smoothly.





New Systems Introduced to Improve Care & Patient Data – New Emergency System

KEMH's Emergency Department continued to see in excess of 34,000 people this fiscal year. To improve the process and also to provide better data on waiting times for patients in Emergency, a new system was installed this year.

The Medhost Emergency Department Information System (EDIS) incorporates a number of evidence-based safety features to improve patient care and generates diagnosis-specific instructions and medication information that is helpful to patients after they have been discharged. The new system also relays important findings to primary care physicians in a timely manner.

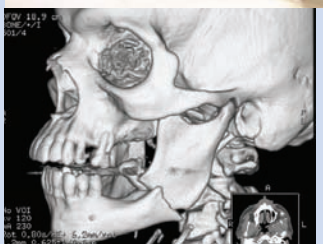
Nurses and physicians utilise a touch screen interface for effective patient tracking, nurse charting, physician documentation and order entry. Electronic patient records are now the industry standard and the system at KEMH is used in some of the best medical facilities abroad. The same system is used at the Lamb Foggo Urgent Care Centre.

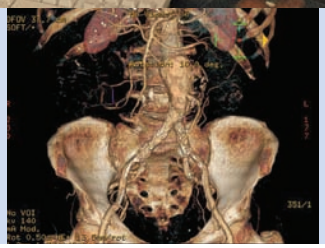
Picture Archive Communications System (PACS)

In October 2009, King Edward's Diagnostic Imaging Centre went live with a Picture Archive Communications System – known as PACS. PACS essentially enables the hospital to generate and store digital diagnostic images. This is the only full PACS system in Bermuda and means that anyone who goes for an x-ray, ultrasound, MRI or CT scan will benefit.

Up until this October, most diagnostic tests were being printed on film, which made it a longer process for patients , who had to wait for the film to develop before being released from the test. The radiologist also had to wait to read the film. The process is now seamless and digital. This means faster tests and faster results.

PACS technology also means physicians and surgeons can access your images almost immediately, if you are a patient in Emergency or the operating room. If you have to travel overseas, you can take your image on a CD – you no longer have to carry the huge film in an envelope. For patients being treated by Lahey specialists in Boston using the robot, images can now be accessed as soon as they are taken.





Wireless Technology

The introduction of Bermuda Hospitals Board's robot required the introduction of wireless throughout the hospital. To date, 75% of King Edward is now wireless. As the robot can be controlled by a remote physician, this greatly improves which patients can be seen.

However, other beneficiaries of the wireless technology are patients and visitors. The hospital is providing free wireless access to both while they are in the hospital. This means patients and visitors can access the internet while in the hospital. This access enables patients to stay in touch with their friends and family, who can provide a valuable and much needed support network, even if they can't visit themselves.

Improving Standards & Quality of Nursing Care

Last year, BHB established a new Office of Nursing, Quality & Risk in order to strengthen the voice of nursing in the organisation and ensure a strong and consistent focus on professional practices around the hospitals. Most of the care patients receive in the hospitals is from nursing staff. The quality of their care and how they behave have a profound impact on both the clinical outcomes and the experience of the patient.

Appointments to the Office of Nursing, Quality & Risk

The Office of Nursing, Quality & Risk was established and Judy Richardson was announced as the new Chief of Nursing, Quality & Risk. Additionally, the existing position of Vice President of Quality & Risk Management was filled by Preston Swan, and a new Nursing Education Manager, Synda Perry, appointed. This strengthening of the nursing office is helping focus attention on the nursing professionals at BHB and raise standards.

Additionally, this office has a clinical advisory agreement with Massachusetts General Hospital, which has one of the strongest reputations in nursing in the US. A previous Board had abolished the Chief of Nurse position and office, both of which were re-established at BHB in this fiscal year under the guidance of Massachussett's General Hospital.

Hourly Rounding

The Office of Nursing, Quality & Risk instituted a programme of Hourly Rounding this fiscal year, starting with a successful pilot in two wards. The programme essentially requires a nurse to visit each patient every hour in the day, and every other hour at night, and checks three key elements: first if the patient is comfortable, second if the patient is in pain and third if the patient needs to visit the bathroom. While this sounds simple, it is an evidence-based process. By checking patient position, not only are patients more comfortable, but evidence from other hospitals has shown a reduction in the incidence of pressure sores. Managing pain effectively is understandably important for the patient's experience, and by checking on their need for the bathroom, we can reduce the incidence of falls, according to hospitals who have established this programme. Not surprising, patient satisfaction in the pilot wards has started going up. In fact, the Hourly Rounding Programme is now being rolled out to all four medical surgical wards, and will include Maternity and Gosling.

Nursing School

BHB has been working closely with the Ministry of Health and Bermuda College to improve nurse training on the Island. A Bermuda Certified Nursing Assistant Programme has already been established. Now in its second year, a total of about 40 students have graduated from the programme, many of whom are now BHB employees.

More recently, a pathway towards a nursing degree was established. This is a forward thinking strategy to address the global shortage of nurses. By establishing a nursing school on island, more Bermudians will be encouraged into nursing and, over time, this will help alleviate some of the pressure to source nurses from overseas.

Update on 2008 Clinical Restructure

Last year Bermuda Hospitals Board undertook a public consultation on its clinical structure. The goal was to put patients at the heart of healthcare and structure clinical management around them. Since then, the new structure has been finalised. Four Assistant Unit Managers were hired in this fiscal year to strengthen nurse leadership on the wards. Additionally, as part of the process, job titles and descriptions have also been streamlined and updated to ensure parity, clarity and fairness of responsibility.

Accreditation & Awards

Accreditation Canada Confirmed as Hospital-Wide Accrediting Body

Last year, it was announced that Bermuda Hospitals Board had achieved the highest category of accreditation with Accreditation Canada, a level achieved only by the top 20% of Canadian hospitals.

A review of the accrediting body used by Bermuda Hospitals Board was undertaken during the fiscal year by the Governance Committee. On review, the Accreditation Canada process and standards were preferred, as they offer a robust survey process and enable Bermuda Hospitals Board to be measured against the same standards as Canadian hospitals. This means we can benchmark the quality of our hospitals against the leading Canadian hospitals.

Blood Donor Centre

The Blood Donor Centre is currently accredited as part of the Pathology Department. One of the standards of accreditation is to staff the Centre with paid staff. This meant a change in how the Blood Donor Centre was managed, after almost 50 years support by Bermuda Red Cross volunteers. It is a development in line with international best standards, and in December, Bermuda Hospitals Board organised a celebration achievements by Red Cross volunteers and also recognised Dr Gregory E Shaw, who pioneered the first blood donor drive in Bermuda. Dr Shaw's widow and sons attended the event.

(Pictured Right) 1. *Donating blood* 2. *The Shaw Family* 3. *Red Cross Volunteer Tea*

Pathology

In April 2009, King Edward's Pathology Department achieved Accreditation with Joint Commission International. While Accreditation Canada sets hospital-wide standards, this accreditation focuses specifically on Pathology. The Pathology Department provides diagnosis testing, such as blood, urine and cancer screening tests for patients.

King Edward's Pathology Department is the only laboratory service that has accreditation with Joint Commission International. While this demonstrates a very high standard of clinical quality, the Pathology department has also been ensuring it meets the needs of the community.

This year, it extended its hours in the week to 7am to 5pm and opened a walk-in clinic for blood and urine tests on Saturday mornings between 9am and 11am. The department also held a special open day for local students, to encourage them into the pathology profession during Pathology Week in April 2009.

Diabetes Centre – International Research Centre

BHB's Diabetes Centre, under the management of Debbie Jones, has been ranked the leading site in the international ORIGIN trial. In a letter to Mrs Jones, who is the study co-ordinator, Joint Principal Investigator for ORIGIN, Hertzel Gerstein, MD, who is also Professor of Medicine at McMaster University stated:

"we thought it only appropriate to send a note to officially acknowledge the consistently outstanding performance of your site in terms of patient follow-up and data quality. This performance has earned you a #1 ranking in the study, out of the 557 centres participating."

Mrs Jones also spearheaded bringing four endocrinologists to Bermuda Hospitals Board in January 2010 to help establish the Government's Diabetes Guidelines throughout the hospital and community. Hospital physicians, including hospitalists, nursing staff and community physicians all had access to these specialists and a community event was sponsored by the Bermuda Diabetes Association for the public to attend.

Improvements to the Patient Experience

A number of projects have been undertaken that may initially look unremarkable, but are based directly on strong feedback from patients and visitors, as they make a big difference to their experience.

Improved Environment

The patient experience is impacted by non-clinical items from the quality of the bedsheets to the cleanliness of their room. New linens were introduced in the fiscal year under review, including sheets with a higher thread count to improve comfort, and larger towels. New curtains have been put up, and a new floor treatment is returning the King Edward terrazzo floors to a perfect white. A pilot is also being undertaken testing the use of removable microfibre mops. Environmental Services staff use one mophead per room, and each used mophead is thoroughly cleaned before being used again, improving infection prevention and cleanliness.

Wayfinding

A wayfinding programme was established in this fiscal year and the resulting new signage around King Edward better directs patients and visitors to the areas they need. Feedback from patients consistently highlighted that signage needed to be updated and improved. While this appears a small project, the complexity of services and layout at King Edward has meant much groundwork has been undertaken, including the involvement of stakeholder groups to test the signage system.

Mid-Atlantic Wellness Institute Services

Single Medical Record

In order to ensure a holistic approach to patients, a single medical record has been introduced that will include a patients full information from both KEMH and MWI. While the mental health and acute care hospitals are situated in separate locations, the line between a patient's mental and physical health is not so defined. Often physical symptoms can be felt as part of a mental illness, and certainly the prescribing of any psychiatric drugs has to consider a patient's physical health. This advancement, therefore, improves the overall medical care for patients of both facilities.

Learning Disability

This has been an exciting year for Learning Disability services. Great strides have been made in de-institutionalising Learning Disability clients and giving them a residence in a more home-like setting. This shift is better for the wellbeing of our clients and is also enabling MWI to review the useage of space in its facility.

Two group homes have been opened this fiscal year, giving places to thirteen clients. In partnership with Project 100, a new group home, Westside Villa, was opened in Sandys and houses eight Learning Disability clients. A group home was also opened on Smith Hill Road for five Learning Disability clients.

While the new facilities are wonderful, MWI also focuses on staff development to ensure the quality of care provided to clients continues to improve. Twelve new graduates went through the City & Guilds Programme this fiscal year. This means over half of the nursing aides (that's 52 out of 98) have now gone through the programme.

MWI Physicians

This year, MWI was pleased to announce the appointment of Dr Chantelle Simmons, a Bermudian psychiatrist returning home. A new Chief of Psychiatry was also hired, Dr Michael Radford, who has worked in Bermuda previously and knows our Island very well. A fifth consultant psychiatrist was also hired. This means there is a full staff in place for resident physicians. Given the focus on Mental Health in the coming fiscal year, it is vitally important to have this stable, strong and committed group of physicians to help drive a very exciting programme of improvement.

Smoking Cessation for Substance Abuse Clients

While the focus of clients in Turning Point is very much on recovering from serious addictions, often to illegal substances, in February 2009, ten Turning Point staff were trained to facilitate the QuitSMART Smoking Cessation Programme. Smoking is still an addiction with potentially deadly consequences, and as such, this programme was instituted to improve the health of these clients.

Developed by Dr. Robert Shipley of Duke University Medical Center, the QuitSMART Smoking Cessation Programme is designed to educate clients about the health effects of smoking, how to quit, withdrawal symptom management, stress management, relapse prevention, obtaining social support for new ex-smokers and weight control after smoking cessation.

Turning Point piloted the programme in 2009. Nine clients registered and five of those clients completed the programme. Plans are being made to open the programme to clients throughout the Mid-Atlantic Wellness Institute in the next few months.

Child & Adolescent Services – Improving Services for Autistic & ADHD Clients

Child & Adolescent Services continue to build an impressive range of services in order to support and treat the children and adolescents in Bermuda, no matter with what behavioural or mental health issues they are struggling with. This fiscal year, special attention has been paid to youth with autism and Attention Deficit Hyperactivity Disorder (known as ADHD).

Two summer camps were run for ADHD and Autistic clients, as these young people often have behavioural issues that can exclude them from joining camps.

MOU with the Department of Corrections

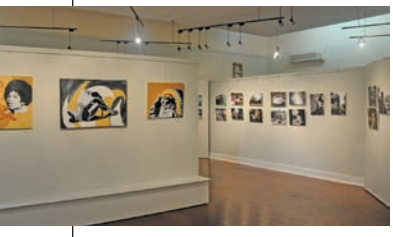
To better manage offenders who have mental health problems, a Memorandum of Understanding was signed in the fall of 2009 with the Bermuda Department of Corrections. Monthly meetings for transfers have begun, heralding a new era of collaboration between these two agencies.

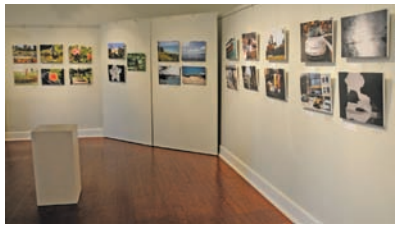
Community Engagement & Education

Building stronger relations with the community and educating them about mental health is a key part of de-stigmatising mental health issues. The annual Pre-Heritage Day Parade opened up the MWI grounds for clients who can't always attend the Heritage Day Parade on Bermuda Day and invites the community on site to enjoy the festivities.

Mental Health Awareness Week in October included a visiting psychiatrist specialist, as well as an 'Amazing Race' for physicians, court officials and other healthcare workers to educate them about services at MWI. The community was also invited onto the grounds for a screening of 'The Soloist'.

This was followed up by the MindFrame/PhotoVoice Exhibit, an exhibition of photography and art by mental health clients at the Bermuda Society of Arts last October. The goal of the exhibition is to improve understanding of mental health issues, giving a compelling insight into both suffering from a mental health condition and also the potential for recovery.





Ombudsman's Report & Diversity

Following the highly publicised report by the Ombudsman back in 2007, called A Tale of Two Hospitals, all 15 recommendations have now been addressed. The only outstanding issue in this fiscal year relates to hiring anaesthetists. As recommended, a review was undertaken by Johns Hopkins. In this fiscal year, one anaesthetist was hired by the hospital, and all had signed contracts by the following fiscal year.

While the Ombudsman's Report focused on medical staff, Bermuda Hospitals Board has taken this opportunity to focus on diversity in the workplace. A Diversity Oversight Council was set up, chaired by the Deputy Chief Executive Behaviours around diversity were defined and measured through questions in patient and employee satisfaction surveys, exit interviews and onboarding processes. Diversity criteria are also now included in both reward and recognition programmes and as a criteria that could lead to disciplinary action.

Development of Bermudians – Technology Leadership Forum (TLF) Programme

It takes over 200 different professions to run a hospital and so the pressure for qualified staff in support, as well as clinical areas, is constant.

In this fiscal year, Bermuda Hospitals Board participated in the Technology Leadership Forum (TLF) Programme, which was led by the Ministry of Energy, Telecommunications & E-Commerce to encourage young Bermudians into the IT profession. This sponsorship included financial support, as well as taking on two interns during the 12-week programme. The purpose of the programme is to provide Bermudians studying IT with an opportunity to gain valuable knowledge through training and on-the-job work experience. Two graduates of this programme were hired by Bermuda Hospitals Board. Technology is increasingly involved in healthcare environments and having qualified personnel who can support the hospital is vital for its ongoing modernisation.

Colin Outerbridge interned at BHB as part of the TLF. Following his summer internship, Colin began full time employment at the hospital as a Network Analyst.

" My goal was not only to do my job as an intern, but to go beyond and show what I am really capable of," he said. ***"Following a career path in IT has always been my first choice. Working in the IT department at the hospital is a perfect match for my skills and interests."***

What brings Colin the most satisfaction at work is finding solutions to challenges and impacting patient care.

" There's never just one solution that enables users to benefit through the use of technology. And it is very rewarding to know my work directly helps patients and saves lives."

Scholarships

Investing in our future healthcare professionals is a one of the ways Bermuda Hospitals Board encourages Bermudian students to choose careers in healthcare. Having a solid stream of healthcare professionals is vital to the health of our hospitals, not only to provide care over the long term, but to develop and become future leaders.

In 2009, BHB awarded four new student scholarships, while supporting a total of 25 students over a two to four year period. The total financial support in 2009 was $243,027

Volunteers

Encouraging young people to volunteer at the hospital can also ignite a passion to become a healthcare professional or work at the hospital in another capacity. It gives our youth a wonderful opportunity to experience the full range of professions the hospitals need. Volunteers at the hospital undertake meaningful work, and while there is a focus on youth, many adults volunteer also.

In 2009, BHB had a total of 510 student and adult volunteers who assisted throughout the hospitals with running errands, clerical duties, transporting patients, and helping with Activities. Students and interested adults were permitted to shadow professionals in areas of interest, such as Nursing, Medicine, Pathology and Allied Health Services.

The Hospitals Auxiliary of Bermuda (HAB) also provides volunteers who take on important roles around the hospital, such as the information desk in the lobby, selling snacks and newspapers to patients and taking menu requests. In 2009, the HAB had 265 active volunteers and 65 Candy Stripers. They donated a total of 33,402 hours of service in 2009.

Developing the Workforce

While encouraging people into healthcare is essential, so is developing and promoting the talent that already exists. In 2009, BHB supported thirteen employees who were pursuing their undergraduate or graduate degree by providing Tuition Reimbursement worth a total of $14,000. BHB promotes and supports continuous medical education through its CME programme, which provides regular accredited presentations on the latest clinical practices for physicians, nurses and healthcare providers. One hundred and twenty-five CME programmes were run in 2009, with a total of 3,519 attendances.

BHB also encourages its own workforce to develop and think about alternative career paths within the organisation. About 400 staff attended an internal developmental career fair for employees that included booths representing hospital departments and external training groups such as BEC, Labour & Training, P.A.C.E, and Bermuda College attending.

Additionally, Succession Planning remains a BHB priority. Last fiscal year, a Request for Proposal wasissued, and in the fiscal year under review, the contract was awarded to DDI, a world-renowned proven leader in Succession Planning assessments and Talent Management. All managers who are Bermudian, spouse of Bermudian or PRC holders at Bermuda Hospitals Board are to be assessed for their potential. By the end of the fiscal year under review, at the Director level and above, 13 leaders had been assessed and have now been provided with development plans to place them on a path to a higher level leadership position. In addition, over 150 Bermudian managers and supervisors have committed to the assessment process, and are currently at various stages of the process at our on-site assessment centre in Bermuda.

Thank you to our Donors

CT Scanner

The HAB raise funds for the hospital through the Gift Shop, Pink Café and the Barn. They donate about half a million dollars to the hospital each year, and pay for vital healthcare equipment. In 2009, the HAB donated money towards the new 64-slice CT Scanner, which should be installed early in the coming fiscal year and will enable King Edward to offer new diagnostic tests, such as angiography.

Paediatric Chairs in Emergency

A group of mums donated chairs to the paediatric room in Emergency this year. Two children's chairs and one chair for mothers who are breastfeeding were donated.

Blood Donor Chairs

The Red Cross Blood Donor Centre at King Edward VII Memorial Hospital recently installed five reclining chairs for their donors. The new Dacor recliners are ergonomically designed with automatic positioning for improved safety and comfort. Donors can now make adjustments with the touch of a button and have been unanimous in their praise of the equipment.

Purchase of the chairs was prompted by a generous contribution from donor Michael Mello and his wife, Lucy. The Mellos decided to fund a new chair in honour of their 18-year old cousin, Miguel Franco, who passed away last year following a road traffic accident.

Management Team - 2010

Sue Labus, Chief Operating Officer, KEMH

Delia Basden, Chief Financial Officer

Judy Richardson, Chief of Nursing Quality & Risk

Harlean Saunders-Fox, Director of Decision Support

Preston Swan, VP Quality & Risk Management

Patrice Dill, Chief Executive Officer, MWI & CCU

Venetta Symonds, Deputy Chief Executive Officer

Scott Pearman, Chief of Business Development

David Hill, Chief Executive Officer

Dr Donald Thomas III, Chief of Staff

Dion Tucker, Chief Information Officer

Anna Nowak, VP Public Relations

Kerry Garrigan, VP Human Resorces

Community Support Photo Voice

A number of community donors helped support PhotoVoice: Can you Hear Me Now? a project initiated by MWI occupational therapists (OT) in 2009, that had users of mental health services at the Mid-Atlantic Wellness Institute go through a photography training course. The photos were exhibited as part of the annual art exhibition, MindFrame,at the Bermuda Society of Arts in September.

Argus supported the project early on with a donation of cameras and memory for the camers. The Pembroke Rotary Club generously donated $4,300 to cover the cost of printing 50 photos on canvas, as well as having them framed. Total Marketing Communications supported the project by providing design services and support for the exhibition, and ColorLab provided a generous discount on printing.

STATISTICAL ANALYSIS - KING EDWARD VII MEMORIAL HOSPITAL

	April 2007 March 2008	April 2008 - March 2009	April 2009- March 2010
INPATIENT - ACUTE CARE			
Beds	224	224	230
Patient Days	56,131	54,097	55,283
Discharges (incl. Deaths)	6,655	6,339	6,130
Length of Stay	8.4	8.5	8.9
Births	863	827	781
Percentage of Occupancy	70%	66%	66%
CONTINUING CARE UNITS			
Beds	104	120	120
Patient Days	36,817	38,165	39,543
Discharges	68	71	58
Length of Stay	504.3	537.5	681.8
Percentage of Occupancy	97%	91%	90%
HOSPICE			
Beds	12	12	12
Patient Days	3,426	2655	2431
Discharges	50	53	71
Length of Stay	68.5	50.1	34.2
Percentage of Occupancy	78%	61%	56%
ALL PATIENTS			
Emergency Dept. Visits	35,804	36,182	34,439
Operations (Inpatients) & (SDA)	2,147	1,892	2,088
Operations (Outpatients)	6,452	7,012	7,271
Physiotherapy treatments (Inpatients)	8,152	10,020	27,670
Physiotherapy treatments (Outpatients)	7,389	9,607	23,025
Physiotherapy treatments (CCU)	103	358	1575
X-Ray Exams (In & Out)	31,214	30,548	32,150
Laboratory (Thousand Units)(In & Out)	3,739	3,950	3,864,575
Cardiac Investigations (ECG & EEG)(In & Out)	10,560	10,598	11,164
Ultrasound Exams(In & Out)	9,222	8,278	8,909
Nuclear Medicine (In & Out)	1,549	854	448
Chemotherapy Treatments (Outpatients)	1,555	1,790	1,644
Cat Scans (In & Out)	6,535	7,698	9,179
Occupational Therapy Treatments (Inpatients)	2,088	1,223	4,649
Occupational Therapy Treatments (Outpatients)	644	791	2676
Occupational Therapy Treatments (CCU)	1,279	1,473	2,111
Speech/Language Pathology (Inpatient)	924	1,304	4,725
Speech/Language Pathology (Outpatient)	241	614	1550
Speech/Language Pathology (CCU)	125	298	1029

STATISTICAL ANALYSIS - MID-ATLANTIC WELLNESS INSTITUTE

	April 2007 - March 2008	April 2008 - March 2009	April 2009 - March 2010
INPATIENT - ACUTE CARE			
Beds	24	24	23
Discharges (including deaths)	266	257	242
Patient Days	6,817	6,515	6535
Length of Stay	11.4	11.9	13
Admissions	281	283	251
Percentage of Occupancy	77%	74%	77%
LONG TERM & - REHABILITATION			
Beds	71	71	58
Discharges (excl. deaths)	69	83	87
Patient Days (excl. respite)	21,674	20,606	17,474
Length of Stay	376	245.3	47.88
Deaths	4	1	2
Transfer from Acute	N/A	N/A	N/A
Percentage of Occupancy	83%	80%	83%
Average Years of Stay of Deaths	4	33	4
TURNING POINT (SUBSTANCE ABUSE - DETOX UNIT)			
Beds	8	8	8
Discharges	161	132	106
Patient Days	1394	1699	1553
Length of Stay	9	12.7	15
Admissions	157	134	105
Percentage of Occupancy	48%	58%	53%
CHILD & ADOLESCENT SERVICES (CAS)			
Beds	4	4	4
Discharges	20	25	22
Patient Days	360	192	173
Length of Stay	18	6.9	8
Admissions	19	22	23
Percentage of Occupancy	24%	13%	12%
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	289	254	361
Total No. of Re-Admissions / Referrals	495	337	240
Total No. of Follow-up appointments	14,077	16,063	16234
Total No. of Day Patients Visits	13,398	*1869	10161
Total No. of walk-in / unscheduled Visits	44,231	40,269	****13793
Total No. of DNA to scheduled Appointments	1,922	2,772	2281
Total No. of T.O.P's	143	156	136
Total No. of Home Visits	4,901	3,612	3924

* 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.

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AUDITOR'S REPORT

To the Minister of Health

I have audited the consolidated statement of financial position of the Bermuda Hospitals Board as at March 31, 2010 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in Bermuda and Canada. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Bermuda Hospitals Board as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in Bermuda and Canada.

Hamilton, Bermuda
September 29, 2010

Heather Jacobs Matthews, JP, CA, CFE
Auditor General

BERMUDA HOSPITALS BOARD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2010

	2010 $	2009 $
ASSETS		
Current assets		
Cash and time deposits	7,019,277	13,440,662
Restricted cash, term deposits and investments (note 3)	3,483,369	3,317,153
Accounts receivable (net of allowance for doubtful accounts 2010 - $4,389,880; 2009 - $2,093,417 (note 8))	32,029,614	16,139,751
Other receivables (note 8)	1,524,769	3,690,741
Pledges receivable (note 5)	120,000	120,000
Prepaid expenses	1,054,433	2,351,333
Inventories	5,004,950	5,336,508
	50,236,412	44,396,148
Long-term assets		
Time deposits and investments (note 7)	1,519,318	1,481,363
Pledges receivable (note 5)	-	120,000
Capital assets (note 6)	131,314,359	115,818,064
	132,833,677	117,419,427
	183,070,089	161,815,575
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	14,656,623	13,585,140
Accrued salary and payroll expenses (notes 8 and 12)	15,771,665	16,862,368
Current portion of long-term debt (note 9)	784,644	1,597,337
Capital lease obligations - current portion (note 9)	144,970	141,389
	31,357,902	32,186,234
Long-term liabilities		
Pension accrual (note 12)	5,535,026	5,902,055
Accrued health insurance (note 12)	30,632,029	24,819,740
Long-term debt (note 9)	8,439,094	9,296,913
Capital lease obligations (note 9)	89,150	130,292
Deferred capital contributions (note 10)	30,079,399	30,846,553
	74,774,698	70,995,553
Commitments and Contingencies (notes 14 & 15)		
Net assets		
Invested in capital assets	87,933,190	70,852,179
Internally restricted for KEMH Redevelopment Project (note 11)	6,931,337	-
Internally restricted for education (note 11)	541,513	500,777
Deficit	(18,468,551)	(12,719,168)
	76,937,489	58,633,788
	183,070,089	161,815,575

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, 2010

	KEMH	MWI	HPL	2010	2009
	$	$	$	$	$
OPERATING REVENUES					
Outpatient (note 8)	125,711,809	371,147	-	126,082,956	113,001,651
Inpatient (notes 8 and 13)	80,151,525	3,048,539	-	83,200,064	62,963,958
Extended care unit (note 8)	17,030,372	-	-	17,030,372	15,508,694
Non-medical (note 8)	3,472,362	616,389	-	4,088,751	5,005,322
Amortisation of deferred capital contributions (note 10)	965,012	608,672	-	1,573,684	1,537,715
Donations	237,899	-	-	237,899	313,333
Investment Income	144,180	-	-	144,180	196,262
Donation in kind (note 16)	138,345	-	-	138,345	230,990
Surcharge to non-residents	-	-	-	-	337,968
Government grants (note 8)	-	39,948,495	-	39,948,495	34,646,832
Total operating revenues	227,851,504	44,593,242	-	272,444,746	233,742,725
SALARIES AND EMPLOYEE BENEFITS					
Direct medical staff	49,530,645	14,019,309	-	63,549,954	59,615,086
Supporting medical services	24,241,909	7,413,264	-	31,655,173	26,592,668
Employee benefits (notes 8 and 12)	18,774,038	4,820,702	-	23,594,740	16,917,487
Ancillary services	18,648,515	2,500,280	-	21,148,795	20,642,979
Administrative services	12,010,940	277,887	-	12,288,827	9,011,911
	123,206,047	29,031,442	-	152,237,489	132,780,131
OPERATING EXPENSES					
General supplies and services (note 8)	25,788,406	3,985,914	1,500	29,775,820	25,876,907
Medical supplies	25,599,983	632,897	-	26,232,880	25,498,465
Repairs and maintenance	10,135,092	2,266,478	2,869	12,404,439	11,616,987
Amortisation of capital assets	7,637,568	786,260	-	8,423,828	7,170,113
Consulting and business expenses	7,128,701	1,080,182	365	8,209,248	7,046,242
Utilities (note 8)	5,438,811	1,213,810	-	6,652,621	7,132,047
Bad debt expenses	3,661,170	-	-	3,661,170	1,493,488
Food	2,173,445	1,005,359	-	3,178,804	3,189,818
Miscellaneous (note 8)	2,679,396	-	-	2,679,396	2,175,999
Interest expense	479,718	-	-	479,718	568,293
Business social cost (note 17)	160,252	-	-	160,252	49,538
Scholarships issued	19,000	-	-	19,000	209,000
Loss on disposal of capital assets	2,893	-	-	2,893	37,398
Management charge (note 18)	(2,466,378)	2,466,378	-	-	-
	88,438,057	13,437,278	4,734	101,880,069	92,064,295
Total expenses	211,644,104	42,468,720	4,734	254,117,558	224,844,426
Excess (deficiency) of revenues over expenses	16,207,400	2,124,522	(4,734)	18,327,188	8,898,299

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, 2010

2010

	Invested in capital assets	Internally restricted for KEMH Redevelopment Project	Internally restricted for education	Internally restricted for pensions	Unrestricted	Total
	$	$	$	$	$	$
NET ASSETS						
Balance, beginning of year	70,852,179	-	500,777	-	(12,719,168)	58,633,788
Excess (deficiency) of revenues over expenses	(6,853,037)	6,931,337	58,351	-	18,190,537	18,327,188
Changes in unrealised gains and losses on available for sale financial assets	-	-	(17,615)	-	(5,872)	(23,487)
Net change in investment in capital assets	23,934,048	-	-	-	(23,934,048)	-
Balance, end of year	**87,933,190**	**6,931,337**	**541,513**	**-**	**(18,468,551)**	**76,937,489**

2009

	Invested in capital assets	Internally restricted for KEMH Redevelopment Project	Internally restricted for education	Internally restricted for pensions	Unrestricted	Total
	$	$	$	$	$	$
NET ASSETS						
Balance, beginning of year	59,734,298	-	1,062,881	458,344	(11,261,677)	49,993,846
Excess (deficiency) of revenues over expenses	(5,669,793)	-	(368,336)	-	14,936,428	8,898,299
Changes in unrealised gains and losses on available for sale financial assets	-	-	(193,768)	-	(64,589)	(258,357)
Net change in investment in capital assets	16,787,674	-	-	(458,344)	(16,329,330)	-
Balance, end of year	**70,852,179**	**-**	**500,777**	**-**	**(12,719,168)**	**58,633,788**

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, 2010

	2010 $	2009 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	18,327,188	8,898,299
Amortisation of capital assets	8,423,828	7,170,113
Loss on disposal of capital assets	2,893	37,398
Amortisation of deferred capital contributions	(1,573,684)	(1,537,715)
Pension benefit expense	(367,029)	169,128
Interest income	(144,180)	(196,262)
Interest expense	479,718	568,293
Unrealized loss on investments	(23,487)	(258,357)
Net change in non-cash working capital	(6,569,566)	(3,674,926)
Net cash generated through operating activities	18,555,681	11,175,971
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(23,923,016)	(23,226,110)
Changes in pledges for capital assets	120,000	120,000
Changes in investments	(37,955)	7,074
Interest income received	145,983	210,224
Deferred capital contributions	806,530	9,028,485
Change in grants receivable from government	276,818	1,303,903
Net cash used in investing activities	(22,611,640)	(12,556,424)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term debt	(1,670,512)	(1,611,761)
Proceeds from capital leases	132,052	134,352
Repayment of capital leases	(169,613)	(159,411)
Interest paid	(491,137)	(587,097)
Net cash used in financing activities	(2,199,210)	(2,223,917)
Net decrease in cash and cash equivalents	(6,255,169)	(3,604,370)
Cash and cash equivalents, beginning of year	16,757,815	20,362,185
Cash and cash equivalents, end of year	10,502,646	16,757,815
Cash and cash equivalents consist of the following:		
Cash and time deposits	7,019,277	13,440,662
Restricted cash, term deposits and investments	3,483,369	3,317,153
	10,502,646	16,757,815

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") and Healthcare Partners Ltd. ("HPL"). The Board receives donations, subsidies and government grants, which are included in the financial statements.

KEMH is an inpatient acute care and extended care hospital with 244 acute care beds and an extended care unit of 121 beds.

MWI is a psychiatric facility with 35 inpatient acute care beds including four 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. HPL is a wholly-owned subsidiary of BHB. Engaging in joint ventures, particularly with physician partners, is a recognised best practice in North America. In Bermuda, the objective is for HPL to close gaps and increase efficiencies in the healthcare market that would 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 the BHB on October 23, 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with accounting principles generally accepted in Bermuda and Canada applicable to a 'going concern', which assume that the Board will continue its operations in the foreseeable future and will be able to realise its assets and discharge its liabilities in the normal course of operations.

Management regularly reviews and considers the current and forecast activities of the Board in order to satisfy itself as to the viability of operations. These ongoing reviews include current and future business opportunities, customer and supplier exposure and forecast of cash requirements and balances. Based on these evaluations management considers that the Board is able to continue as a going concern.

For financial reporting purposes, the Board is classified as government not-for-profit organisation and has adopted accounting policies appropriate for this classification. The policies considered particularly significant are set out below:

(A) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Board and its subsidiary, Healthcare Partners Ltd. (100% owned).

(B) 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.

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. Unrealised gains and losses on available-for-sale financial assets are included in the fund balances until the asset is realised.

(C) CAPITAL ASSETS

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

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 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%
Capital leases	20.0%
Capital leases – copiers	over lease term

(D) 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 is classified as restricted externally by legal or contractual requirements and internally by the Board.

(E) 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.

(F) DONATED SERVICES

The 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.

(G) FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are initially recognised at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the Board's designation of such instruments. Settlement date accounting is used.

Financial Asset/Liability	Classification
Cash and time deposits and restricted cash and time deposits	Held for trading
Accounts receivable, other receivables and pledges receivable	Loans and receivables
Investments	Available-for-sale
Accounts payable and accrued liabilities, accrued salary and payroll expenses, long-term debt, and capital lease obligations	Other liabilities

Certain items such as prepaid expenses, obligations for employee future health benefits and pension obligations are excluded from fair value disclosure.

Held for trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the statement of financial position date. Fair value fluctuations including interest earned, interest accrued, gains and losses realised on disposal and unrealised gains and losses are included in investment income.

Financial liabilities designated as held for trading are those non-derivative financial liabilities that BHB elects to designate on initial recognition as instruments that it will measure at fair value through other interest expense. These are accounted for in the same manner as held for trading assets. The Board had not designated any non-derivative financial liabilities as held for trading.

Receivables

Receivables are accounted for at amortised cost using the effective interest method. The fair value of accounts receivable approximates their carrying values due to their short-term maturity.

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale, or that are not classified as loans and receivables, held to maturity and held for trading investments. Available-for-sale financial assets are carried at fair value with unrealised gains and losses included in unrestricted net assets and net assets internally restricted for education purposes until realised when the cumulative gain or loss is transferred to investment income.

Other liabilities

Other liabilities are recorded at amortised cost using the effective interest method and include all financial liabilities, other than derivative instruments. The fair value of accounts payable and accrued liabilities approximates their carrying values due to their short-term maturity.

(H) 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 the 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 the 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. It is reasonably possible that changes in future conditions in the near term could require a material change in the amount estimated.

(I) USE OF ESTIMATES

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

(J) ADOPTION OF ACCOUNTING POLICIES

Effective April 1, 2009, the Board adopted the new recommendations of the Canadian Institute of Chartered Accountants ("CICA") Handbook Section

1000, Financial Statement Concepts, to clarify the criteria for recognition of an asset and the timing of expense recognition. The new requirements are effective for annual financial statements relating to fiscal years beginning on or after October 1, 2008. The adoption of this standard did not have a material impact on the Board's financial statements.

Effective April 1, 2009, the Board adopted the new recommendations of the CICA Handbook Section 4400, Not-for-Profit Organizations, which revises existing standards for not-for-profit organisations. The new standards are effective for annual financial statements relating to fiscal years beginning on or after January 1, 2009. The adoption of this standard did not have a material impact on the Board's financial statements.

3. RESTRICTED CASH, TERM DEPOSITS AND INVESTMENTS

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

	2010	2009
External		
Patient comfort funds (externally)	$ 1,671,018	$ 1,545,537
Construction projects and capital assets (externally)	862,353	862,353
	2,533,371	2,407,890
Internal		
Educational purposes	949,998	909,263
	$ 3,483,369	$ 3,317,153

The equity investment is comprised of:

	2010		2009	
	Market Value	Cost	Market Value	Cost
Ascendant Group Limited	$ 681,123	$ 144,651	$ 704,610	$ 144,651

At March 31, 2010, the investment in Ascendant Group Limited amounted to $681,123 (2009: $704,610) of which 75% is restricted for educational purposes. The remainder of the restricted funds presented are held in cash and term deposits.

4. OVERDRAFT FACILITY

The BHB has an overdraft facility with The Bank of N.T. Butterfield and Son Limited (the "Bank") of up to $12.45 million (2009: $2.45 million), which bears interest at a rate of 2% above the Bank's Base Rate, and is available until June 30, 2011. The overdraft facility will then revert to $2.45 million and will be subject to an annual review and renewal by the Bank. The increase in the overdraft facility relates to the Board's requirements to make payments related to the KEMH Redevelopment Project (Note 14) and other related projects.

5. PLEDGES RECEIVABLE

Pledges receivable relate to a $600,000, five-year pledge from Bacardi International Limited, for the purchase of new X-ray equipment. At March 31, 2010, $120,000 (2009: $240,000) was outstanding and is due in the subsequent year.

6. CAPITAL ASSETS

	Cost	Accumulated Amortisation	2010 Book Value	2009 Book Value
Land and buildings	$ 134,102,746	$ 44,749,515	$ 89,353,231	$ 81,228,314
Equipment	51,795,182	32,997,959	18,797,223	17,329,630
Construction in progress	14,368,450	-	14,368,450	10,693,239
Computer equipment	8,294,087	3,599,212	4,694,875	2,666,846
Software	9,237,386	5,364,731	3,872,655	3,550,957
Capital leases- copiers	783,800	555,875	227,925	349,078
	$ 218,581,651	$ 87,267,292	$ 131,314,359	$ 115,818,064

Photocopying equipment held under capital leases is included in capital assets and amortised on a straight-line basis over its lease term. These leases are for a period of 24 to 36 months, with an option to purchase, upon renewal, at a nominal value.

The insured value of the Board's buildings, contents and business interruption coverage is approximately $352 million (2009: $335 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. The land and buildings are held as security for the bonds payable, as described in Note 9a.

7. LONG-TERM INVESTMENTS

The cost and fair value of time deposits included in long-term investments at March 31, 2010 is $1,349,037 (2009: $1,305,210).

8. RELATED PARTY TRANSACTIONS AND BALANCES

(A) GOVERNMENT PROGRAMMES

Included within operating revenues are subsidies and grants from the Consolidated Fund of the Government of Bermuda as discussed in paragraphs (I) and (II), as follows:

(I) Government subsidy programmes

The Health Insurance Department approved claims totaling $88,738,165 (2009: $82,742,141) in respect of services rendered to patients covered under the Government's subsidy programs as follows:

	2010	2009
Aged subsidy	$ 46,164,685	$ 46,877,124
Youth subsidy	14,719,370	10,176,445
Geriatric subsidy	13,473,129	13,727,528
Other subsidy	6,986,042	6,829,618
Indigent subsidy	5,026,460	2,916,713
Clinical drugs	2,368,479	2,214,713
	$ 88,738,165	$ 82,742,141

As at March 31, 2010, $3,118,015 (2009: $1,347,290) was outstanding from Government for subsidy programs. This amount is included in the accounts receivable balance.

(B) GOVERNMENT GRANTS

Government grants received are as follows:

	2010	2009
Operating grant - MWI	$ 39,948,495	$ 34,646,832
Capital grant - MWI	746,018	1,592,643
Special grant, Consulting and business expenses – KEMH	-	336,777
Capital grant - KEMH	-	5,242,648
Maintenance grant - KEMH	-	2,999,746
	$ 40,694,513	$ 44,818,646

(C) MUTUAL RE-INSURANCE FUND

The Health Insurance Department approved the following claims:

	2010	2009
Hemodialysis treatments	$ 10,922,359	$ 8,397,314
Long stay patients	3,991,166	2,634,265
Home health care	510,366	294,392
Anti-rejection drugs	273,307	320,526
	$ 15,697,198	$ 11,646,497

As at March 31, 2010, $4,486,704 (2009: $1,049,061) is receivable from the Mutual Re-insurance Fund. This amount is included in the accounts receivable balance.

(D) HEALTH INSURANCE FUND

The Health Insurance Department approved the following claims:

	2010	2009
Health Insurance Fund claims	$ 7,806,339	$ 12,286,108

As at March 31, 2010, $1,158,060 (2009: $1,208,943) is receivable from the Health Insurance Fund. This amount is included in the accounts receivable balance. The Health Insurance Fund administers the Health Insurance Plan, a program for individuals who are between the ages of 18 - 65 providing standard medical benefits.

(E) FUTURECARE FUND

The Health Insurance Department approved the following claims:

	2010	2009
FutureCare Fund claims	$ 3,228,118	$ -

As at March 31, 2010, $276,080 (2009: $Nil) is receivable from the FutureCare Fund. This amount is included in the accounts receivable balance. The Health Insurance Fund administers the FutureCare Plan, a program for individuals who are over the age of 65 providing standard medical benefits.

(F) GOVERNMENT EMPLOYEES HEALTH INSURANCE FUND

The claims billed to the Government Employees Health Insurance Fund ("GEHI") are as follows:

	2010	2009
GEHI claims	$ 14,994,991	$ 15,496,937

As at March 31, 2010, $1,236,479 (2009: $1,549,427) is receivable from GEHI. This amount is included in the accounts receivable balance.

(G) OTHER AMOUNTS

During the year, the BHB expensed the following:

	2010	2009
Payroll Tax	$ 3,953,985	$ 3,400,145
Social insurance	2,331,560	2,121,008
Services provided by the Ministry of Works and Engineering	861,035	716,808
Nurses' annual pensions	365,970	396,072
Superannuation	9,139	5,682
Land tax	506	434
Miscellaneous charges	95,693	86,991
	$ 7,617,888	$ 6,727,140

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

	2010	2009
Payroll tax	$ 5,423,381	$ 4,798,817
Social insurance	2,352,402	2,092,753
	$ 7,775,783	$ 6,891,570

Non-refundable duty of $847,717 (2009: $742,227) was paid during the year. War Veteran Association Claims, in the amount of $2,693,207 (2009: $1,577,583) were billed during the year.

The following are balances at March 31:

	2010	2009
Accounts receivable		
Miscellaneous departmental charges	$ 145,963	$ 99,091
Payable by the Government on behalf of the War Veterans Association	417,124	670,484
	$ 563,087	$ 769,575
Other receivables		
Refundable deposits paid for duty	$ 200,000	$ 200,000
Accounts payable and accrued liabilities		
Ministry of Works and Engineering	$ 79,049	$ 77,613
Nurses' annual pensions accrual	3,783,574	3,417,604
	$ 3,862,623	$ 3,495,217
Accrued salary and payroll expenses		
Payroll tax	$ 2,439,453	$ 2,112,806
Social insurance	506,800	550,178
	$ 2,946,253	$ 2,662,984

9. LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

(A) LONG-TERM DEBT

	2010	2009
Bonds payable of US$5,450,000, bearing interest of 3.95% per annum is due April 19, 2010. The bonds are secured by a second mortgage on land and buildings.	$ 50,000	$ 950,000
Loan of $1,000,000, bearing interest of 0.75% per annum over the Bank's Bermuda Dollar Base Rate, payable in equal blended monthly installments of principal and interest of $14,489 up to January 29, 2015. The note is unsecured.	711,570	849,999
Bond refinanced loan of US $4,004,141, bearing interest of 5.25% per annum, paid quarterly in arrears of principal and interest of $126,928 up to February 15, 2018. The loan is unsecured.	3,358,153	3,690,532
Loan of $2,100,000 bearing interest of 0.75% per annum over the Bank's Bermuda Dollar Base Rate, payable in equal blended monthly installments of $16,650 up to February 1, 2020. The loan is secured by a charge over the related capital assets.	1,586,062	1,711,388
Loan of $4,000,000 bearing interest of 0.75% per annum over the Bank's Bermuda Dollar Base Rate, payable in equal blended monthly installments of principal and interest of $28,084 up to September 9, 2027. The loan is secured by a charge over the related capital assets.	3,517,953	3,692,331
	9,223,738	10,894,250
Less: Current portion	784,644	1,597,337
	$ 8,439,094	$ 9,296,913

Principal repayments scheduled for the next five years are as follows:

Year	Amount
2011	$ 784,644
2012	773,964
2013	815,408
2014	859,092
2015	855,402
Thereafter	5,135,228
	$ 9,223,738

The fair value of long-term debt is approximately $10.1 million (2009: $11.8 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.

(B.) CAPITAL LEASE OBLIGATIONS

	2010	2009
Obligations under capital leases for photocopying equipment, with minimum lease payments of $244,332 less interest of $10,212. Capital leases bearing interest between 4.5% and 6% per annum, payable in monthly installments of principal and interest expiring between April 29, 2010 and May 14, 2012.	$ 234,120	$ 271,681
Less: Current portion	144,970	141,389
	$ 89,150	$ 130,292

Future minimum commitments for the remainder of the obligations are as follows:

Year	Capital lease Obligations	Interest	Total Minimum lease Payments
2011	$ 144,970	$ 8,051	$ 153,021
2012	81,381	2,108	83,489
2013	7,769	53	7,822
	$ 234,120	$ 10,212	$ 244,332

10. 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 balance of the deferred capital contributions is as follows:

	2010	2009
Balance, beginning of year	$ 30,846,553	$ 23,355,783
Add: contributions received	806,530	9,028,485
Less: amounts amortised to revenue	(1,573,684)	(1,537,715)
Balance, end of year	$ 30,079,399	$ 30,846,553

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

	2010	2009
Unamortised capital contributions used to purchase assets	$ 29,097,046	$ 29,744,200
Unspent contributions	982,353	1,102,353
	$ 30,079,399	$ 30,846,553

11. INTERNAL RESTRICTIONS ON NET ASSETS

The Educational Fund reflects an accumulation of investment income designated for educational purposes.

The Board has established a KEMH Redevelopment Project Fund to ensure that there is adequate funding available in operations when the annual service payments for the new building commence in 2014. The reserve consists of 1% of annual patient revenues as well as an annual contribution from KEMH operational savings.

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

12. EMPLOYEE BENEFITS

The Board has a number of defined benefit and defined contribution plans providing pension, other retirement and post-employment benefits 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 of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets 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 0.5 year (2009: 1.18 years). The average remaining service life of the active employees covered by the other retirement benefit plans is 9.05 years (2009: 8.86 years).

(A) PENSION PLANS

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, 2010 totaled $4,405,606 (2009: $3,968,700).

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.

	2010	2009
Long-term liability		
Balance, beginning of year	$ 5,902,055	$ 5,732,927
Pension expense		
Current cost	62,929	123,965
Interest	355,174	343,976
Benefits paid	(365,970)	(396,072)
Experience (gain)/loss	(419,162)	97,259
Balance, end of year	$ 5,535,026	$ 5,902,055

BHB and Government have obtained an actuarial valuation of the accrued pension benefits at March 31, 2010, which estimates that the Board's portion of the liability under the 1948 Act is approximately $5.5 million as at March 31, 2010 (2009: $5.9 million). The significant actuarial assumptions adopted in measuring the Board's accrued benefit obligations include a discount rate of 6% (2009: 6%) and a salary escalation rate of 4% (2009: 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, 2010, the Board's payable to the Government totals $3,783,574 (2009: $3,417,604) and is included in the accounts payable and accrued liabilities balance.

(B) OTHER EMPLOYEE BENEFITS

Other employment benefits 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, 2010 is $274,909 (2009: $344,979) and is included in accrued salary and payroll expenses.

Sick leave accumulates but does not vest, and like maternity leave, a liability is recorded only when extended leave is applied for and approved. As at March, 31, 2010, the liability is $14,329 (2009: $120,716) and is included in accrued salary and payroll expenses.

Vacation days accumulate and vest and therefore a liability is accrued each year. The expense for the year ended March 31, 2010 is $9,050,505 (2009: $8,656,051) and the benefits paid out total $8,644,088 (2009: $7,528,572) resulting in a liability as at March 31, 2010 of $8,075,029 (2009: $7,668,612).

The Board pays 50% of the health insurance premiums for employees who retire from BHB. The accrued benefit obligation as at March 31, 2010 of $30,632,029 (2009: $24,819,740) was determined by actuarial valuation. The accrued benefit liability at March 31, 2010 was $30,632,029 (2009: $24,819,740). The expense recognised for the year ended March 31, 2010 was $6,765,325 (2009: $1,471,449) and the benefits paid during the year were $953,036 (2009: $867,866). The significant actuarial assumptions adopted in measuring the Board's accrued benefit obligations include a discount rate of 6% and a medical trend rate of 10% decreasing by 1% per annum to an ultimate rate of 6% after five years. The BHB Health Plan had a net surplus of $198,745 as at March 31, 2010 (2009: $129,275).

13. NEW INPATIENT REIMBURSEMENT SYSTEM

On April 1, 2009, the Bermuda Hospitals Board (Hospital Fees) Regulations 2009 came into effect. These new regulations changed the reimbursement model for inpatient services from the historical per diem method to a combination of per diem and Diagnosis Related Group (DRG) charges. The DRG charge covers inpatients for the first 15 days of care. From the 16th day until discharge a per diem is also charged. The 2009 Regulations also include a schedule of fees for BHB Physician Services.

14. COMMITMENTS

As of March 31, 2010, the Board has operating commitments of $363,076 (2009: $560,000) relating to a cleaning service contract which will expire on August 16, 2010; $2,975,522 (2009: $2,319,926) for laboratory equipment maintenance contracts which will expire between December 8, 2010 and March 31, 2015; $388,911 (2009: $697,354) for grounds and gardens maintenance which will expire on March 31, 2011 and $341,027 (2009: $111,787) for other equipment rentals and maintenance which will expire between March 31, 2012 and January 31, 2014.

The Board has, in the ordinary course of business, entered into operating lease agreements with third parties for the rental of 65 properties. The aggregate monthly charge is $225,012 (2009: $191,483) and the agreements can be cancelled at the Board's option provided 90 days prior notice is given.

The Board entered into a management services contract which will expire on June 30, 2013. As of March 31, 2010, the outstanding commitment is $3.4 million (2009: $6.5 million).

In November 2008, the Board announced that the KEMH Redevelopment Project had been approved by Government. The new facilities are expected to be completed in five years. The design, construction, financing and maintenance of the new facilities will be delivered in the form of a public/ private partnership. Advisors have been appointed to guide the Board through the process.

15. 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 Board believes that it has meritorious defenses to all asserted claims and intends to defend vigorously against them.

The Board has medical malpractice insurance in place of up to $10.0 million per claim and $30.0 million in the aggregate.

The Board has Directors' and Officers' Liability and Company Reimbursement insurance in place with an indemnity limit of $10.0 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 $5.0 million in the aggregate.

16. 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.

17. 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. The amount recognised as business social cost for the year ended March 31, 2010 is $160,252 (2009: $49,538).

18. MANAGEMENT CHARGE

A number of administrative services are provided by KEMH to MWI for which a management charge is made. These services include information system management, employee recruitment and administration, facility repairs, purchasing, pharmacy, telecommunications, dietary, accounting, and general administration. 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. The amount charged for the year ended March 31, 2010 is $2,466,378 (2009: $2,261,175).

19. 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 highly rated financial institutions.

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, 2010, the maximum credit risk to which the Board is exposed represents the fair value of its accounts receivable.

(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.

(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

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

Interest rate

The Board is exposed to changes in interest rates, which may impact interest income on short-term investments and interest expense on long-term debt.

20. CAPITAL DISCLOSURES

The Board's objectives when managing capital (net assets) are to maintain a strong statement of financial position and develop the business to safeguard its assets structure that ensures adequate liquidity to maintain its core business. In addition, the Board works with all relevant stakeholders to ensure the safety of its operations and employees, and remain in compliance with all environmental regulations.

The Board constantly monitors and assesses its financial performance in order to ensure that its net debt levels are prudent taking into account the anticipated direction of the business cycle.

The Board is not subject to any externally imposed capital requirements other than those restrictions disclosed elsewhere in the financial statements.

21. SUBSEQUENT EVENTS

(A.) Purchase of subsidiary

On April 29, 2010, the Board's wholly-owned subsidiary, Healthcare Partners Ltd. (HPL) signed an agreement to purchase 60% of the shares in Ultimate Imaging Ltd.

(B.) New leases

Subsequent to year-end, the Board has entered into four leases of properties to house its staff during the renovation of the Nurses Residence and due to the impending demolition of Gladwin and Point Finger House to make way for the new building. The Board has also signed leases for four floors of an office building in Hamilton for administrative staff working in the Nurses Residence.

In August 2010, the Board signed a ten-year lease for a new distribution centre. The Board has moved its warehouse to this location in Pembroke. The Board has purchased approximately 25% of the shares of the Company that owns the building.

(C.) New hospital building

The selection of the preferred bidder to construct the new hospital building using the design, build, finance and maintain model of procurement was made on September 28, 2010 and awarded to Paget Health Services. It is anticipated that construction will commence in early 2011.

(D.) Capital grant

The Government has approved a $10 million capital grant to be paid to the Board during fiscal year 2010/2011 in relation to expenses for the new building.

22. FUTURE ACCOUNTING PRONOUNCEMENTS

In March 2010, the Public Sector Accounting Board of CICA issued an Exposure Draft that sets out the financial reporting proposals for those not-for–profit organisations that are controlled by a government.

The Board will monitor the results of the CICA's "Invitation to Comment on Financial Reporting by Government Not-for-Profit Organizations" and any resulting accounting changes that will affect the Board. The Board is not yet able to determine what the impact will be. The effect on the Board's financial statements by applying these standards will be determined once complete deliberations have been undertaken by the Public Sector Accounting Board.

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Bermuda Hospitals Board

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