

ANNUAL REPORT 2015/16

Ownership Agreement

Between

**The Cabinet of the Cayman Islands
Government**

and

Health Services Authority

For the year ended 30 June 2016

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Statement of the CEO

The Health Services Authority (The Authority), continues to focus on a number of strategies which aim to provide the highest quality healthcare whilst improving the well-being of the people of the Cayman Islands.

In order to engage our population in promotion and protection of health and prevention of diseases the Authority is expanding technology and strengthening customer relationships (Strategy 7, Plans 5 & 8 and Strategy 9, Plan 1 & 7).

Chronic Non-communicable Diseases (CNCDs), a global concern presents major challenges. The Authority has developed strategies for prevention and control of CNCDs across the lifespan (Strategy 1 Plan 5).

We will continue to work towards a sustainable tomorrow for the Authority, and are committed to improving collections and reducing doubtful debt while achieving a clean financial opinion by Dec 2018. This will require multi-stakeholder collaboration and support (Strategy 3, Plan 4, 9, 10 & 13).

Sincerely,

A handwritten signature in blue ink, appearing to read 'Lizzette Yearwood', is positioned above the printed name.

Lizzette Yearwood | Chief Executive Officer

Purpose

This Ownership Agreement documents the ownership performance that the Cabinet and the Board of *Health Services Authority* have agreed that *Health Services Authority* will seek to achieve during the 2015/16 financial year.

The purpose of the document is to ensure that the ownership performance expectations for the year are clearly specified and agreed by both parties.

Nature and Scope of Activities

This section outlines the nature and scope of activities within which *Health Services Authority* is to operate during the year.

General Nature of Activities

The *Health Services Authority* is responsible for the provision and administration of health care services in the Cayman Islands.

Scope of Activities

The Health Services Authority (HSA) provides primary and secondary levels of healthcare services, and public health functions for the residents of the Cayman Islands in accordance with the National Strategic Plan for Health as agreed with the Ministry of Health.

The Health Services Authority provides patient care through the 124-beds at the Cayman Islands Hospital, and the 18-beds at the Faith Hospital on Cayman Brac. Primary Health care is offered at district health centres in Grand Cayman and a health centre in Little Cayman. This care being supplemented with dental and eye care services on site at the Health Service Complex in Grand Cayman.

As the nation's principal health care facility, the Cayman Islands Hospital in George Town provides a full range of inpatient and outpatient medical and specialist services.

Specialist services are available in the fields of: surgery, gynaecology & obstetrics, paediatrics, internal medicine, dermatology, anaesthesiology, public health, orthopaedics, psychiatry, cardiology, gastroenterology, radiology, neurology, ophthalmology, ear, nose and throat, periodontology, reconstructive surgery, faciomaxillary surgery, and urology. The Health Services Authority also provides a full range of dental and ophthalmologic services.

In the Sister Islands, residents and visitors can turn for their health care needs to the Faith Hospital in Cayman Brac and the Little Cayman Clinic. The 18-beds hospital serves both islands and provides primary, secondary and emergency care. It features a modern inpatient unit, as well as an operating theatre, maternity, accident and emergency department, outpatient clinics and a public health department. This service is rendered through a purchase agreement with the Ministry of Health Services.

The Little Cayman Clinic is a purpose-built facility, complete with waiting and triage areas, a treatment room, doctors' office and a dental office. A resident registered nurse is on call around-the-clock.

The Health Services Authority through the Public Health Department is responsible for public health programmes through a purchase agreement with the Ministry of Health Services. A team of public health nurses, a public health surveillance officer, a health promotion officer, a genetics counsellor, a nutritionist and administrative staff provide this service under the direction of the Medical Officer of Health.

Public Health services include:

- Health advice and vaccines for international travelers;
- Health assessment, including vision and hearing tests for children;
- Nutrition and dietary counselling;
- Child growth and development monitoring;
- Health Promotion;
- Communicable disease screening; and
- Disease prevention and control programmes, including immunization.

Customers and Location of Activities

The services provided by *Health Services Authority* are provided to all members of the community and visitors. It serves as the primary source of healthcare services to groups of people entitled to healthcare by the Cayman Islands' Government. This includes civil servants and their dependents, public office pensioners and their dependents, school age children, seamen and veterans, indigents and prisoners and mentally ill patients.

Strategic Goals and Objectives

The key strategic goals and objectives (from an ownership perspective) for The Health Services Authority for the 2015/16 financial year are as follows:

Overall Goal: To partner with patients and employees to improve the quality of care, patient safety, customer satisfaction and healthcare economics.

Quality	
Strategy 2	Obtain access to clinical evidence
Strategy 1	Enhance accessibility to Primary Health Care
Strategy 8	Identify adequate sources for procurement of drugs
Strategy 8	Develop a phase implementation plan for accreditation
People	
Strategy 6	Revise management responsibilities at the unit level to ensure departmental accountability
Strategy 6	Develop and fund rewards and recognition program
Community	
Strategy 13	Strengthen communicable disease surveillance programs
Strategy 2	Develop an affordable equivalent formulary (based on WHO essential list)
Information	
Strategy 7	Implement the process for Clinical document scanning
Strategy 7	Expand patient portal
Finance	
Strategy 3	Enhance revenue capture policy and procedure
Strategy 8	Develop and implement Marketing plan for services

Overall Highlight of Achievements:

The organisation's priorities for 2015-2016 were identified in the context of the HSA's strategic plan under the broad categories of quality, people, community, information and finance as outlined above.

Following are the achievements for the year in the relation to the 2015/16 strategic plans:

- Weekly after-hours clinics commenced in Ophthalmology and Women's Health to enhance revenue, increase patient satisfaction, improve access and reduce waiting times. Additional after hours clinics in other specialties are to be added in the coming year.
- Additional access to electronic clinical evidence, "Up to date," has been obtained for the use of the clinical staff.
- Additional vendors for pharmaceuticals added in the last tender period have provided more sources for procurement of drugs. The current vendors are able to source good quality drugs from a wider variety of countries allowing for adequate shipments and a reduced incidence of drugs being out of stock in the main pharmacy.
- A phased implementation plan for hospital accreditation has been developed.
- The organisation's rewards and recognition program was revamped and funded.
- A staff immunization programme which includes Hepatitis B, Influenza and MMR has been developed and will be fully implemented by January 1, 2017.
- An Acute Care Walk-in-Clinic in General Practice has been added following a successful pilot to enhance accessibility to Primary Health Care services.
- An affordable alternate formulary for pharmaceuticals, based on WHO essential drug list, has been developed and implemented.
- Additional features have been added to the online patient portal.
- The organisation's payment policy has been revised and a phased roll out, starting with the pharmacy, is planned to enhance revenue capture.
- Improvements in operations such as the updated and phased roll out of the payment policy, staff immunization policy, and acute care clinic pilot were organisational goals implemented during the year to improve efficiencies. These were achieved in collaboration with all the sections involved.
- A Speech Therapist was successfully recruited for Faith Hospital following the identification of a gap in the services especially for children. Since then the numbers of treatments have been growing monthly from 4 in February 2016 when the service commenced to 28 in August 2016

The Senior Management Team had oversight of all the planned objectives for the year and enlisted the assistance of line managers and employees to meet the objectives.

The major challenge Health Services Authority faced with this year is the enforcement of the organisation's payment policy, which started in the operating theatres and as of 1 Jan 2016 was enforced in the pharmacy department. The Authority has been working closely with the Needs Assessment Unit to identify and assist patients who require indigent financial assistance to ensure that there are no barriers to accessing health care for those who are in need of funding to access their prescriptions.

Ownership Performance Targets

The ownership performance (as specified in schedule 5 to the Public Management and Finance Law (2010 Revision) for *Health Services Authority* for the 2015/16 financial year are as follows.

Financial Performance

	2015/16 Actual \$	2015/16 Budget \$	2014/15 Actual \$
Revenue from Cabinet	27,075,848	27,909,600	25,907,058
Revenue from ministries, portfolios, statutory authorities and government companies	42,891,385	45,175,618	45,045,266
Revenue from other persons or organisations	35,268,703	33,863,196	32,035,381
Surplus/deficit from outputs	0	0	0
Other expenses	105,168,342	106,447,116	106,056,671
Other comprehensive (loss) income	-1,752,000	0	1,209,000
Net Surplus/(Deficit)	-1,684,406	501,298	-1,859,966
Total Assets	115,303,880	108,478,211	101,960,985
Total Liabilities	21,214,358	25,730,447	24,715,552
Net Worth	94,089,522	82,747,764	77,245,433
Cash flows from operating activities	-1,061,414	1,034,983	-7,773,691
Cash flows from investing activities	-2,054,712	-3,602,993	-3,882,840
Cash flows from financing activities	379,951	747,907	612,421
Change in cash balances	-2,736,175	-1,820,103	-11,044,110

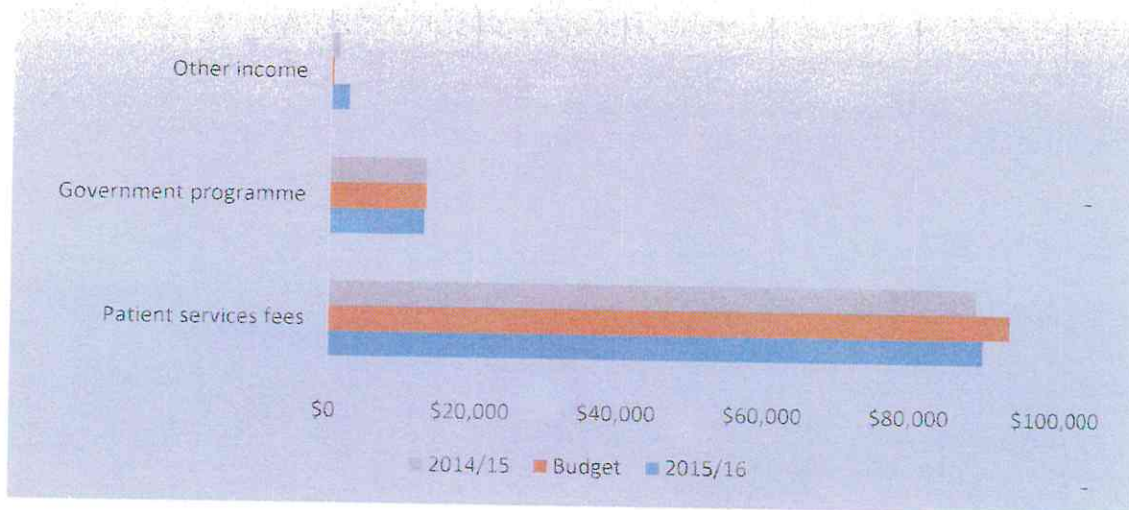
Financial Performance Ratio	2015/16 Actual \$	2015/16 Budget \$	2014/15 Actual \$
Current Assets: Current Liabilities	2.12	1.91	1.67
Total Assets: Total Liabilities	5.44	4.22	4.13

A: Revenue

Revenue	Actual 2015/16	Budget 2015/16	Actual 2014/15
	\$105,235,936	\$106,948,414	\$102,987,705

As presented in the attached financial statements, the revenue of Health Services Authority are presented into 3 major categories as shown below, about 85% represents the revenues generated from **patient services fees** which also include government outputs such as indigent, uninsured children, antenatal etc. Revenue from **Government programmes** is the second driver which encompasses the outputs that are being subsidized by the Government such as the district clinics, mental health, ambulance etc. The third category is **other income** from other sources such as insurance reimbursements, donations, rental and miscellaneous sales.

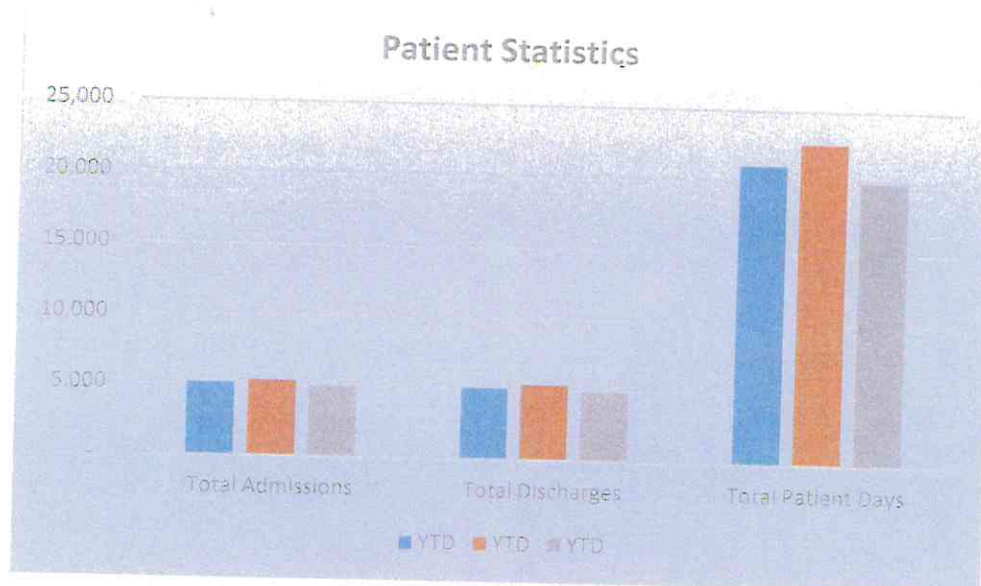
Revenue by Category (\$000)



There are several revenue enhancement measures that has been implemented by Health Services Authority for 2015/16 such as:

- Weekly after-hours clinics for Ophthalmology and Women's Health were implemented to enhance revenue, increase patient satisfaction, improve access and reduce waiting times. Additional after hours clinics in other specialties are to be added in the coming year.
- An Acute Care Walk-in-Clinic in General Practice has been added following a successful pilot to enhance accessibility to Primary Health Care services.
- A Speech Therapist was recruited for Faith Hospital following the identification of a gap in the services especially for children who were requiring multiple therapy interventions. Since then the numbers of treatments have been increasing.

However, with the enhancement in services, the Health Services Authority fell short of its revenue target for Patient services fees by \$3.7 million or 4% this is due to the consistent downward trend of total inpatient discharges by 4%, decrease in total admission by 3% and total patient days by 7%. The downward statistics is attributed to the growing competition in healthcare services on the islands. See below the trend of Patient Statistics. As compared to the previous year revenue of \$88.5 million, the 2015/16 balance of \$89.5 million generated revenue is almost at par with a \$947 thousand or 0.11% variance. In addition, we also budgeted \$2.1 million potential increase on the revenue for 2015/6 for the revenue to generated by the new physicians. This target was not significantly met either because of vacancies.



To address competition in the market: The HSA remains focused on core business which is primary and secondary care and continue to improve the service delivery e.g. waiting time.

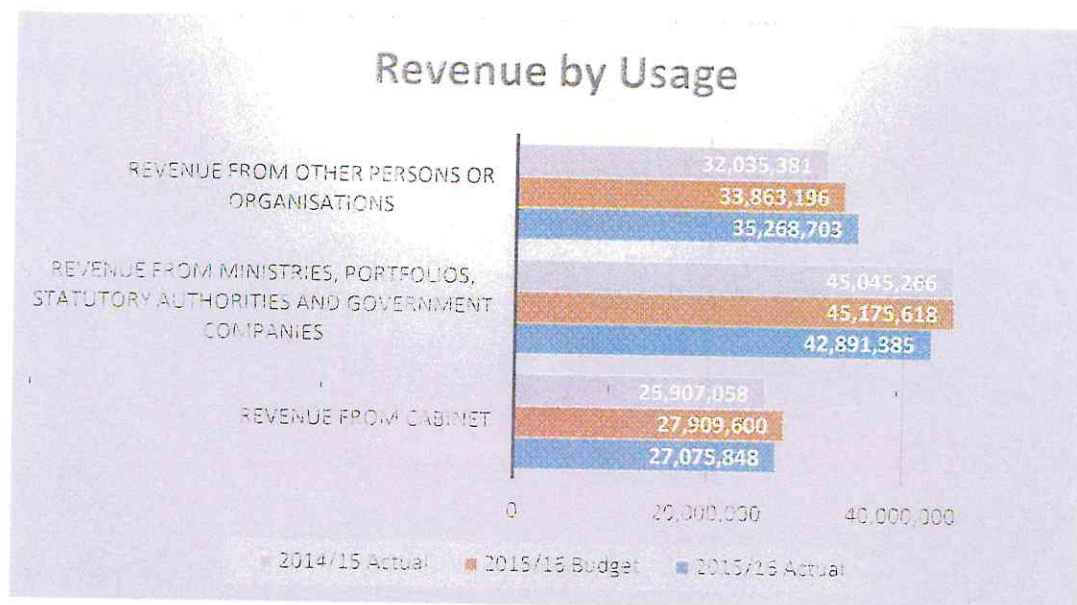
1. An acute care clinic was established over the past year which has assisted in reducing the waiting time in A&E and facilitating more appropriate use of the emergency services. The waiting room time on average ranges from 1 to 3-4 hours.
2. Gynae Clinic has been established in 2 District Health Centres (Bodden Town and West Bay).
3. Customer Service Training: A Service Plus training program has been implemented to reinforce the core values and to improve the staff and patient engagement and mostly customer experience/satisfaction.

Pursuant to the general and supplemental appropriation for the year ended 30 June 2016, the Health Services Authority billed the Government's Cabinet \$27,075,848 (*target: \$27,909,600*) during the year for the outputs that have been purchased by the Government to provide medical care for indigent persons and under/uninsured children (included in patient services fees) and other **Government programmes** totalling \$13,077,623 (*2015 actual: \$13,327,533*) including the maintenance of Faith Hospital in the amount of \$3,445,158 (*2015 actual: \$3,445,158*).

It should be noted that the **other income** for 2015/16 had materially surpassed the budget and previous year balance by \$2.6 million plus due to insurance reimbursements received from BritCay (Stop Loss Insurance Provider for HSA's Staff and Dependents).

Overall, an unfavorable variance of \$1.7 million on the total revenue (\$105 million) as compared to the budget (\$106 million) this is mainly due to unmet patient revenue target. However, it should be noted that there's a revenue qualification that has been issued by the Auditor General as to the completeness of the recorded revenue of the Health Services Authority which could impact the numbers presented herein either materially or immaterially.

For the purposes of the annual report, **revenue is also presented by usage** as depicted below. The largest portion of the revenue is related party transaction with Government entities.



Revenue from other persons or organizations includes the other Income (refer to preceding paragraph) and this explains the significant variance as against the budget and previous year balance.

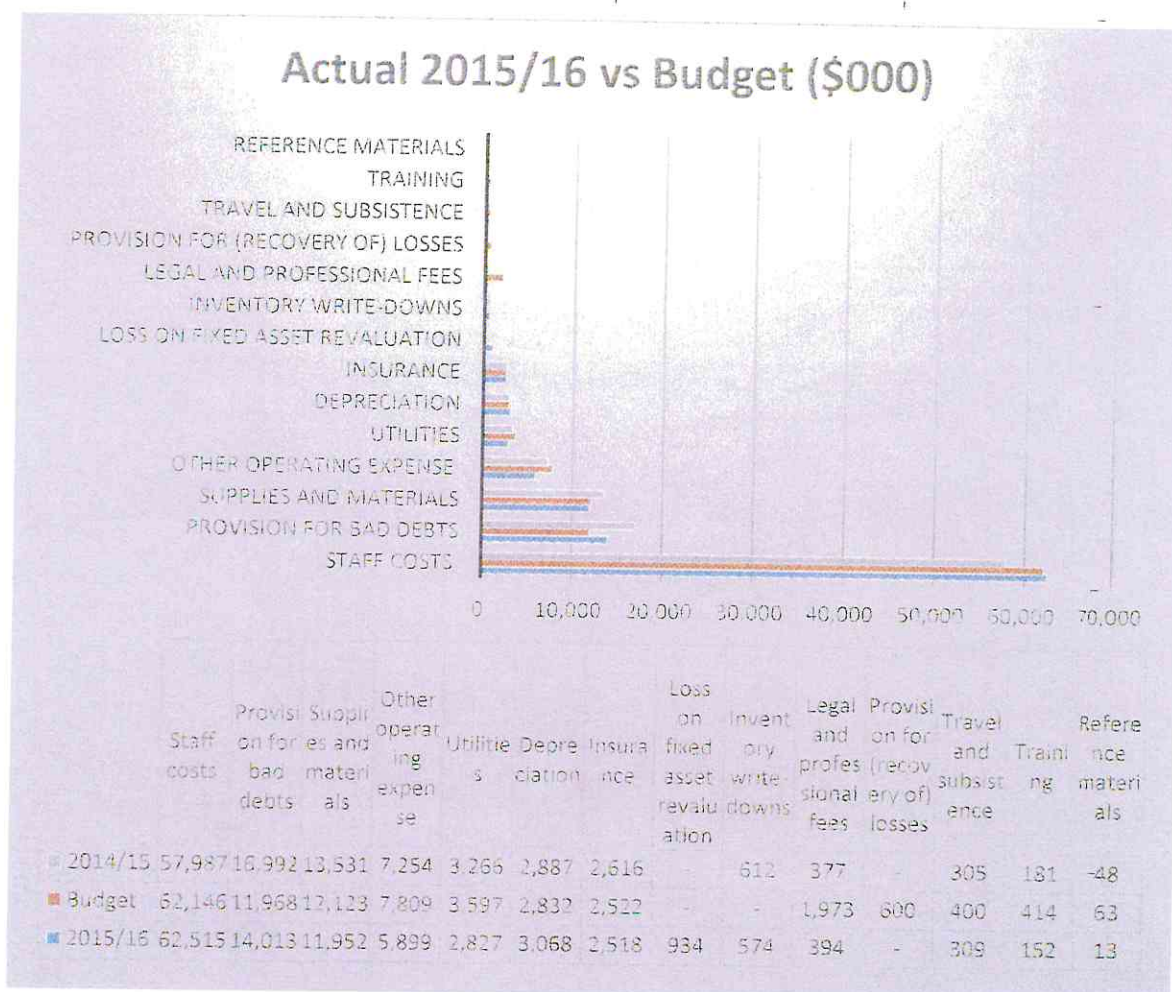
The Health Services Authority provides health care for a large portion of the employees of the Government and their dependents including other ancillary services to other government related-entities and reported this as revenue in the amount of \$42,891,385 (2015: \$45,045,266). The Health Services Authority is reimbursed by Cayman Islands National Insurance Company (CINICO) for the services provided to the employees of the Government and their dependents, this is categorized within as Revenue from ministries, portfolios, statutory authorities and government companies. The explanations for the variances are explained in the preceding paragraph.

Revenue from Cabinet, in 2014/15 there was a delay on the billing of indigent programme due to the change in adjudication process for claims in October 2014, thus only \$25.9 million has been billed to the Government out of the \$27.9 million budget or an equivalent of \$2 million unbilled government output as at 30 June 2015. The majority of the claims were adjudicated in 2015/16, thus, billing of indigent outputs was caught up and the draw-down of \$3.6 million out of the \$4.5 million SIF budget was used as at 30 June 2016. This has carry over effect in the 2015/16 period which has shown an almost at par revenue of \$27 million as against the \$27.9 million budget.

B: Operating Expenses

	Actual 2015/16	Budget 2015/16	Actual 2014/15
Operating Expenses	\$105,168,342	\$106,447,116	\$106,056,671

Our total expenditure is \$105,168,342 (2015: \$106,056,671) and with a net savings of \$1.3 million as against the budget. The following are the significant operating expenditures of Health Services Authority which will be discussed in detail below:



1. **Staff Costs** comprised 59% compared to 55% in 2015 of the total operating expenses; with a short fall of \$369 thousand as against the budget or a \$4.5 million increase as against the previous year's expenditures. There could have been savings for this year as a number of positions were held vacant due to cash flow shortages. However due to the high expenditure on the overseas medical of seriously ill dependent and one staff member the health care cost for this year has skyrocketed by \$2.5 million as against the budget, the savings from vacancy has been depleted. Nonetheless, Brit Cay, the insurance

administrator/provider of Health Services Authority's Stop Loss Insurance covered the excess of the maximum coverage of \$250 thousand per patient and the Health Services Authority received a total reimbursement of \$2.2 million which is presented as **other income**. Also, the Health Services Authority paid the 2.2% gratuity to eligible staff based on the government directed gratuity scheme, the value of this payout amounts to \$905 thousand as at 30 June 2016 in addition to the 3% cost of living allowance adjustment (COLA) that took effect in July 1, 2015.

2. **Provision for bad debts** was 13% compared to 16% in 2015 of the total operating expenses with an increase of \$2 million as against the budgeted amount which reflects a decrease by \$3 million as against the previous year. The bad debts provision has increased for this year as against the budget due to the delayed adjudication of claims and large number of claims that had accumulated for coding close to year end, thus expected collection has decreased as well and thereby increasing the receivable and bad debts estimate. This has impacted the target collection from the Sale of goods and services to Cabinet by a decrease of \$4.3 million, \$3.5 million of which is for the undrawn Segregated Insurance Fund (SIF) which is intended to payout indigent claims that is outside the Purchase Agreement appropriation.
3. **Supplies and materials** comprised 11% (2015: 13%) of the total operating expenses with a savings of \$171 thousand as against the budget or has decreased by \$1.6 million as against previous year. Despite the global increase on the prices of drugs and medical supplies, Health Services Authority was able to contain its cost within the target by proper management of its inventory supply. It should be noted that there was a total re-organization of the Pharmacy Warehouse Department effective July 2015 and improved tendering process has also been implemented in 2015/16 which has had a positive impact on the improved cost of supplies and materials.
4. **Other operating expenses** comprised 6% (2015: 7%) of the total operating expenses with a savings of \$1.9 million as against the budget or has decreased by \$1.3 million as against previous year. This savings is mainly due to the termination of the RTA/EVS adjudication system, a budget in 2015/16 has been allotted for this in the amount of \$1 million and it was never expended. This is the main reason of the decreased operating cost as against the previous year.
5. **Utilities, Legal professional fees et al** which is 10% (2015:10%) of the total operating expenses with a savings of \$1.6 million as against the budget or has increased by \$495 thousand against previous year. Budget savings is realized due to the deferral of the planned outsourcing of two auxiliary services of the hospital which estimated to cost by \$1.2 million.

C: Net Income/Loss

	Actual 2015/16	Budget 2015/16	Actual 2014/15
Net Income (Loss)	(\$1,684,406)	\$501,298	(\$1,859,966)

The organization recorded a loss of \$1.6 million; \$1.7 million of this is attributed to the loss on re-measurement of defined benefit pension based on the actuarial valuation performed as of 30 June 2016 (refer to the FS Notes 15).

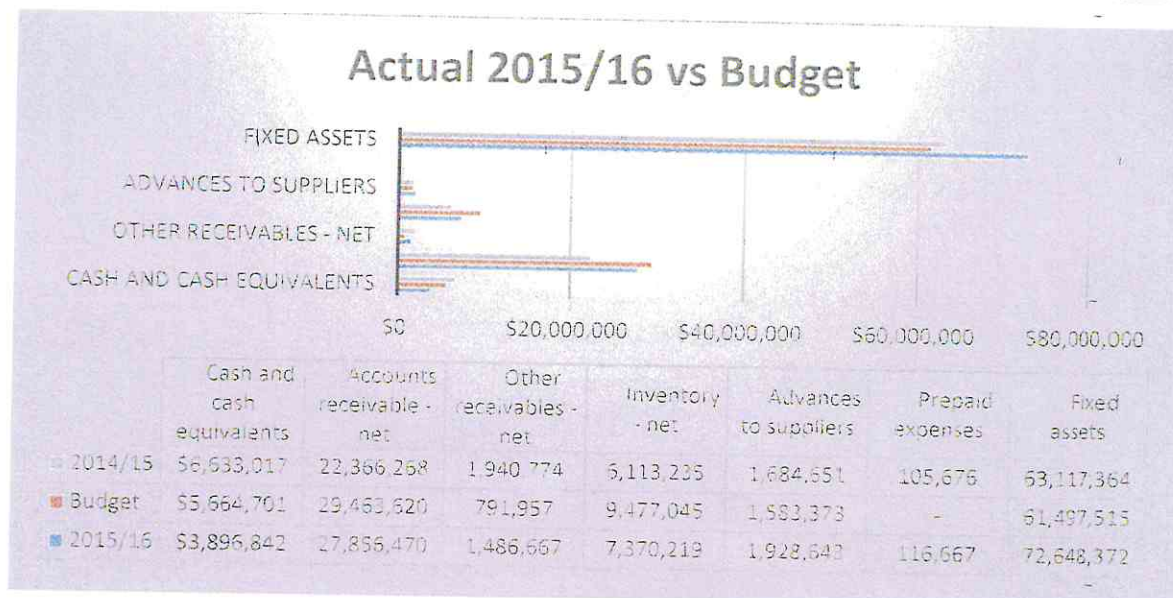
The continued improvement of the Health Services Authority's financial position has been proven by the reduction and ultimately elimination of government's equity injection to cover operating losses and minimal injection on capital expenditures as represented.

Equity Injection (Operating Loss and Capital Subsidies)

	<u>Capital Subsidy</u>	<u>Operating Loss Subsidy</u>	<u>Total Subsidy</u>
<input type="checkbox"/> 2005/6	nil	12 million	12.0 million
<input type="checkbox"/> 2006/7	2.5 million	14.2 million	16.7 million
<input type="checkbox"/> 2007/8	3.8 million	9.7 million	13.5 million
<input type="checkbox"/> 2008/9	2.9 million	6.5 million	9.4 million
<input type="checkbox"/> 2009/10	2.2 million	nil	2.2 million
<input type="checkbox"/> 2010/11	1.8 million	nil	1.8 million
<input type="checkbox"/> 2011/12	nil	nil	Nil
<input type="checkbox"/> 2012/13	1.6 million	nil	1.6 million
<input type="checkbox"/> 2013/14	850 thousand	nil	850 thousand
<input type="checkbox"/> 2014/15	847 thousand	nil	847 thousand
<input type="checkbox"/> 2015/16	623 thousand	nil	623 thousand

D: Total Assets

	Actual 2015/16	Budget 2015/16	Actual 2014/15
Total Assets	\$115,303,880	\$108,478,211	101,960,985



Of the total assets 63% pertains to fixed assets, 24% on accounts receivable, 6% of inventory and 3% cash.

Fixed assets increased by \$11.1 million as against the budget or \$9.5 million as against previous year, this is mainly due to the property valuation. Under the Health Services Authority Law, the Cayman Islands Government vested in the Health Services Authority's various health care facilities in the Cayman Islands. These properties were valued on January 1, 2001, June 17, 2011 and July 5, 2016 by the Department of Lands & Survey and DDL Studio Ltd., an independent appraiser, respectively on depreciated replacement cost basis. The June 30, 2016 balance of fixed assets has been restated to include the result of recent asset revaluation which is a net sum of \$11.5 million and this amount is also presented in the net worth.

Accounts receivable net decreased by \$1.6 million as against the budget or net increased by \$5.5 million as against previous year. Health Services Authority failed to meet the revenue target for **Patient services fees** by \$3.6 million as discussed in the preceding paragraph, consequently, the target receivable will be impacted. Moreover, the increasing balance of accounts receivable over the previous year is expected due to self-pay and delayed adjudication of claims and back log on the medical coding.

Accounts receivable consists of a large number of customers and these customers would either have health insurance policy with CINICO or with various commercial insurance or no insurance coverage at all. Concentration of credit risk belongs to the group of customers known as "self-pay". These amounts are owed

by customers who have neither insurance coverage nor sufficient coverage which are estimated to be 75% - 100% uncollectible.

Below is the aging profile of accounts receivable as at 30 June 2016 and 30 June 2015:

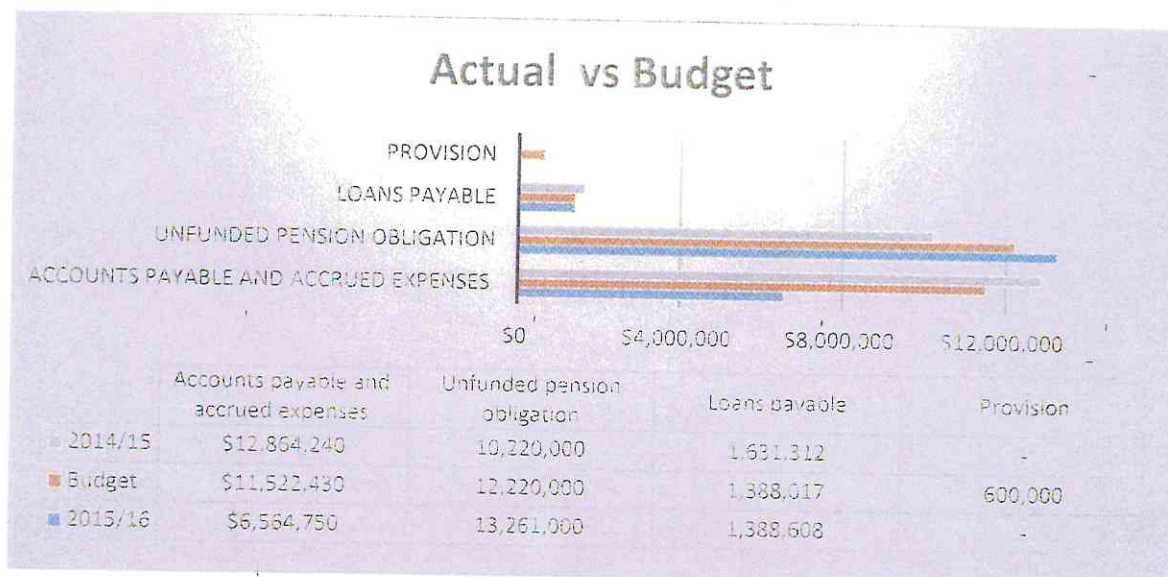
	2016	2015
1 – 30 days	\$8,501,116	\$8,839,944
31 – 90 days	13,323,490	8,370,685
91 – 365 days	20,494,279	24,888,172
Over 365 days	80,005,983	58,397,404
	\$122,324,869	\$100,496,205

Inventory - net decrease by \$2 million as against the budget or net increased by \$1.2 million as against previous year. In the budget for inventory, Customs Duty had been factored at that time however, a duty waiver was granted to the Authority which explains the significant variance of \$ 2 million. The increase of \$1.2 million as against the previous year is due to additional inventory that has been kept at the warehouse for pharmaceutical and medical supplies by \$670 thousand and \$862 thousand, respectively, as there was difficulty sourcing some drugs in the global market.

Cash - has decreased by \$1.8 million as against the budget or decreased by \$2.7 million as against previous year. Despite the improve collection from CINICO over the previous year by \$3.3 million (2016: \$31.8 million vs 2015: \$28.5 million), this is still below the target collection. Moreover, most indigent budget has not been drawn including the SIF budget of \$3.5 million, this has resulted to distressed monthly operating cash position. Every month, Health Services Authority has been continuously using the overdraft facility at the bank as there was delayed collection, therefore, out of the \$5 million fixed deposit (for planned capital projects) \$2 million of which has been drawn out in January 2016 to help in the monthly payout of operating expenditures particularly payroll, this is the main reason of the decreased variance of \$1.7 million or \$2.7 million as against the budget and previous year, respectively.

E: Total Liabilities

	Actual 2015/16	Budget 2015/16	Actual 2014/15
Total Liabilities	\$21,214,358	\$25,730,447	\$24,715,552



Of the total liabilities, 31% (\$6.5M) pertains to accounts payable & accrued expenses, 63% (or \$13.2M) to unfunded defined benefit obligation and 7% (\$1.4M) loans payable.

Of the \$6 million **accounts payable & accrued expenses**, \$1.8 million is the amount owed to government for insurance premiums, customs duties, audit, legal etc; (2) \$1.5 million for overseas vendors, (3) \$622 thousand million for employee entitlements and (4) \$2.6 million for local vendors. The decrease of \$5 million as against the budget or decrease of \$6.2 million as against previous year is due to the write-off of insurance payable owed to the government which was 4 years in arrears.

Unfunded defined benefit obligation increased by \$1 million as against the budget or increased by \$3 million as against previous year. The amount budgeted as additional pension liability is \$2 million including post-retirement benefit. As of 30 June 2016, the actuarial valuation for pension defined benefit obligation resulted an increase on the liability of \$1 million as against the budget due to the loss on re-measurement amounting to \$1.7 million.

Loans payable - there are no new loans obtained from the bank this year in addition to the 2 outstanding loans with FCIB for the (1) purchase of seven units at the Lemon Grove Apartments located in George Town whose interest rate increased in Jan 1, 2016 from 3.5% to 3.75% and (2) purchase of 1.53 acre of land located at the corner of Hospital Road and Smith Road with interest rate changed in Jan 1, 2016 from 3.5% to 3.75%. When these two loans were obtained from CIBC First Caribbean in previous years, the overdraft facility was reduced to \$1.9 million from \$4

million and each repayment of loan will be added back to the overdraft facility based on the bank agreement signed on 21 October 2011. Health Services Authority is up-to-date in paying the monthly amortization of these loans. The outstanding balance of these 2 loans as at 30 June 2016 amounts to \$1.4 million. This explains the insignificant variances as there are no modification on this loan aside from the increased interest rates that came into effect effective in 1 January 2016 due to regular bank interest rate re-pricing.

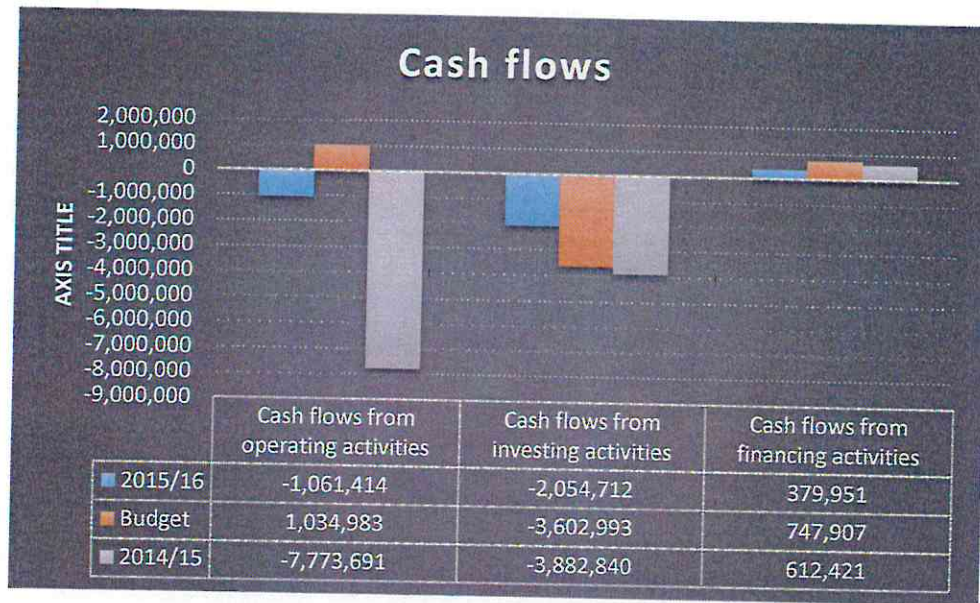
F: Net Worth

	Actual 2015/16	Budget 2015/16	Actual 2014/15
Net Worth	<u>\$94,089,522</u>	<u>\$82,747,764</u>	<u>\$77,245,433</u>

Despite a net loss of \$1.7 million during the year, the net worth of the entity had increased by \$11.3 million and \$16.9 million as against the budget and previous year, respectively, mainly due to the following:

- The June 30, 2016 balance of fixed assets has been restated to include the result of recent asset revaluation which amounts to a net amount of \$11.4 million and this amount is also presented in the net worth based on the property valuation conducted by July 5, 2016 by the Department of Lands & Survey and DDL Studio Ltd
- Write-off of property insurance premiums with an arrears of four (4) years covering the periods April 2011 to March 2015 and with a total value of \$6,415,060. This has been presented as Capital Contribution during the year.

G: Cash Flows

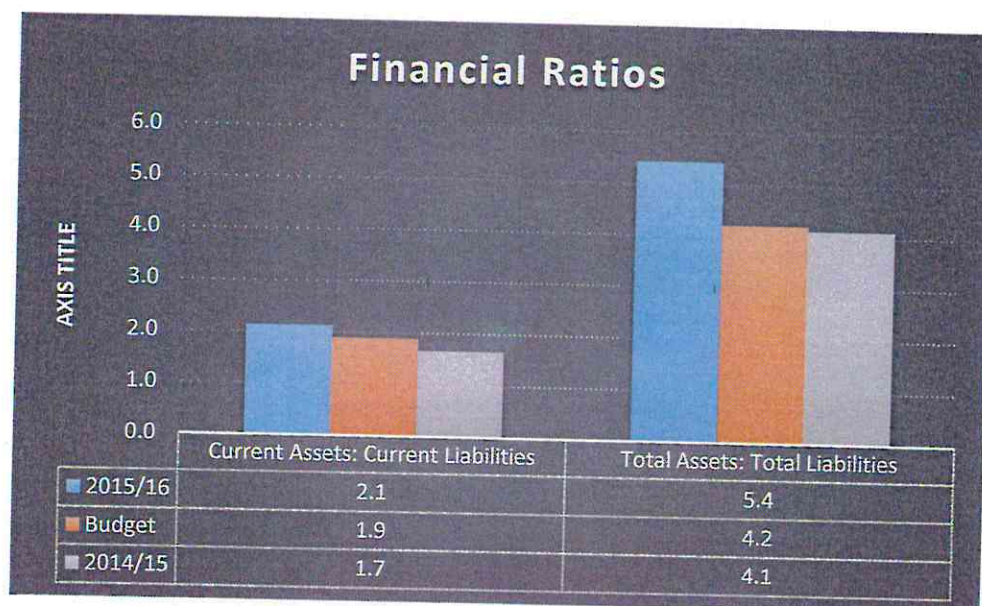


The cash flow from operating activities has decreased by \$2 million as against the budget due to the termination of the \$2 million fixed deposit that has been used to payout current financial obligation in addition to the unmet target collection.

The cash flow from investing activities has decreased \$1.5 million and \$1.8 million as against the budget and previous year, respectively due to \$1.8 million capital expenditure projects that hasn't been completed or procured as at financial year-end. This is discussed further in Physical Capital Measures section.

The cash flow from financing activities has insignificant variance as against the budget and previous year as there's no change in the loan portfolio of Health Services Authority, all loans are paid as-scheduled and capital injection has been billed to the Cabinet on or before year-end thus meeting the target.

H: Financial Ratios



The **liquidity ratio** has increased by 12% as against the budget or 28% as against the previous year due to the write-off of \$6.4 million financial obligation to the government, it mean lesser debt to be paid thereby translating to improvement.

Health Services Authority manages liquidity risk by maintaining the \$1.9 million credit facility that remained minimally used by year end, by continuously monitoring forecast with actual cash flows and matching the maturity profiles of financial assets and liabilities.

The **total assets to total liability ratio** has increased by 29% and 32% as against the budget and previous year, respectively due to write-off of \$6.4 million financial obligation to the government. In addition, the capacity to pay using the non-liquid asset of the Health Services Authority has also improved due to the \$11.4 million increment on the land and building of Health Services Authority after the recent property valuation.

I: Staffing

Maintenance of Capability

Human Capital Measures	2015/16 Actual \$	2015/16 Budget \$	2014/15 Actual \$
Total full time equivalent staff **	777	840	770
Staff turnover (%)	8.34%	10%	9.46%
Average length of service (Number)			
Senior management	17.3	15.45	18.5
Professional staff	9.04	8.78	8.79
Administrative staff	10	9.11	9.31
Significant changes to personnel management system	None	None	None

** - This number excludes the part-time, temporary and locum contracted staff.

The Health Services Authority employs 777 fulltime employees. Our team comprises 49 Specialist Physicians, 22 Junior Doctors, 9 Dentist, 200 Nursing professionals, 10 Senior Managers, 39 section managers and the remaining staff are professionals allied to medicine, administrative and technical staff.

Specialist Physicians	Count
A&E Coordinator	1
Anaesthetist	6
Cardiologist	1
Consultant Anaesthetist	1
Emergency Room Physician	6
General Practitioner	11
General Surgeon	4
Internist	3
Obstetrician/General Practitioner	1
Obstetrician/Gynaecologist	4
Ophthalmologist	1
Orthopaedic Surgeon	2
Paediatrician	3
Pain Specialist	1
Psychiatrist	2
Radiologist	1
Urologist	1
Grand Total	49

I: Staffing (cont.)

Junior Doctors

List of positions	Count
Medical Doctor	21
Medical Intern	1
Grand Total	22

Dentists

List of positions	Count
Dentist	8
Senior Dentist	1
Grand Total	9

Senior Managers

List of positions	Count
Chief Dental Officer	1
Chief Executive Officer	1
Chief Financial Officer	1
Chief Information Officer	1
Chief Nursing Officer	1
Director of Primary Health Care Services	1
Director of Sister Islands HS/Consultant Surgeon	1
Director, Corporate Services	1
Human Resources Director	1
Medical Director/Consultant Anaesthesiologist	1
Grand Total	10

Nursing professionals

List of positions	Count
Registered Nurse	144
Registered Nurse/Midwife	21
Registered Nursing Assistant	33
Scrub Technician	2
Grand Total	200

I: Staffing (cont.)

Section managers:

List of positions	Count
Community Health Nurse	9
Decision Support Manager	1
Dietary Manager	1
EMS Manager	1
Facilities Manager	1
FH Administrator	1
HIM/Coding Manager	1
Laboratory Manager	1
Manager, Materials Management	1
Nurse Manager	12
Patient Experience Manager	1
Patient Financial Services Manager	1
Pharmacy Stores Manager	1
Physiotherapy Manager	1
Shift Coordinator	6
Grand Total	39

Demographics

Employees by Age	
Less than 25	39
26-35	176
36-45	230
46-55	230
56-65	133
66-75	21
76 and over	2
Total	831
Avg.	47

Employees by Gender	
Female	590
Male	241
Total	831
Female	71%
Male	29%

Employees - Years of Service	
0-5	329
6 to 10	197
11 to 15	111
15 to 20	102
21 to 25	39
26 to 30	33
31 to 35	14
Over 35	6
Total	831
Average	19.85

I: Staffing (cont.)

Demographics

Below is the demographic of staffing, Health Services Authority employs 57% Caymanian versus 43% non-Caymanian as shown below:

Employees by Nationality	
Caymanian	473
Non-Caymanian	358
American	17
Barbadian	6
British	45
Canadian	12
Colombian	3
Cuban	3
Filipino	14
German	3
Guyanese	8
Honduran	4
Indian	19
Irish	3
Jamaican	188
Myanmar	1
Namibian	1
Nicaraguan	1
Nigerian	2
Pole	1
PQH_FI	1
PQH_PL	4
Saint Lucian	7
Saint Vincentian	5
South African	1
Spaniard	3
Trinidadian	5
Ukrainian	1
Percentages	
Caymanian	57%
Non-Caymanian	43%

I: Staffing (cont.)

Turnover

A total of 69 employees left the Health Services Authority during the year resulting in a turnover rate of 8.33%, compared to the industry standard of 11%

Caymanians New Hires

We have on-boarded 12 Caymanians employees in the professional categories: 6 Physicians, 4 EMTs, 1 Pharmacist and 1 Medical Technologist.

Work Experience & Volunteers

This year, the Authority offered placements within the organization to 55 students with interest in healthcare. The increased number of requests for placement were required that we give opportunities to students studying in colleges and universities both locally and overseas. In addition to our summer placements, we placed 35 individuals in our volunteer program.

Performance Assessment

The Authority adopted Core Government's electronic performance appraisal tool effective July 1, 2016.

Training

The HSA has an annual training budget of \$413 thousand for organizational and continuing education for staff. Over the last year, we have committed more than \$100,000 towards improving customer service to our patients. We certified six trainers through Development Dimension International, who then provided patient loyalty training to approximately 720 employees on best practices when dealing with patients. The sessions are continuing on a weekly basis, and there are opportunities for managers to re-enroll any employee who demonstrate the need to retrain.

The Authority continues to offer in-house annual recertification training in areas such as fire safety, CPR, Universal Precautions and ACLS to relevant staff.

Employee Recognition

As one of our strategies is to recognize and retain our staff, the Health Services Authority has been gradually implementing initiatives to further this strategy. Our most recent achievement was in July of this year when all employees were recognized for being an integral part of the Authority Special recognition ceremonies which were done for employees with 10+ years of service at the Authority. Of this group, there were 15 employees who have served 35+ years, with one employee being with the organization for 47 years.

I: Physical Capital Measures

Out of the \$3.6 million capital project budgeted for this financial year, \$1 million of which will be thru Equity Injection and the remaining \$2.6 million will be funded by Health Services Authority.

- Complete draw down has been made of the \$1 million equity injection, \$377 thousand of which remains unpaid. Active procurement and sourcing has been done every time funding has been received except for the \$377 thousand that hasn't been received yet which is intended to fund the upgrade of dental surgery (\$90 thousand), upgrade of morgue at Faith Hospital (\$50 thousand), portable ultra sound machine (\$30 thousand), sluice room (\$25 thousand) etc.
- Of the \$2.6 million planned capital acquisition to be funded by Health Services Authority, the total amount expended on these capital projects amounts to \$700 thousand as majority of these projects were not procured or not completed within this period due to financial constraints and priority has been given on the procurement of previous year outstanding capital projects. However, these pending capital projects will be ultimately procured in subsequent financial period.

Physical Capital Measures	2015/16 Actual \$	2015/16 Budget \$	2014/15 Actual \$
Value of total assets	96,113,045	93,473,589	91,529,776
Asset replacements: total assets	2.8%	3.8%	6.1%
Book value of depreciated assets: initial cost of those assets	76%	66%	69%
Depreciation: Cash flow on asset purchases	149%	79%	74%
Changes to asset management policies	None	None	None

Over all, the total capital acquisition of the Health Services Authority for 2015/16 amounts to \$2.1 million as presented in the Cash Flow from Investing Activities as against the \$3.6 million target. This explains the decreased variance on the Physical Capital Measures on planned asset replacements. Some of these \$2.1 million capital acquisitions are listed below.

Highlights on Facility and Equipment Upgrades:

- A helipad has been built at the Faith Hospital to facilitate patient transfers from the Sister Islands
- The morgue chillers have been replaced at Faith Hospital
- The laundry facilities at Faith Hospital have been expanded and the washer and dryer were replaced.
- Upgrade of laboratory equipment at Faith Hospital, chemistry and haematology analysers, increasing the number of tests that can be done at the hospital.
- Replacement of stove and the refurbishment of kitchen at Faith Hospital
- Additional directional signage to aid access to General Practice Building
- Repaving of parking lot at Cayman Islands Hospital
- Refurbishment of Annex to house IT staff and additional conference room
- Expansion of the Forensics Unit to create a new examination and archiving room

Highlights on Clinical Service Upgrades

- Full time Speech Therapist appointed to Faith Hospital
- Addition of Pain Specialist Clinics at Faith Hospital
- Implementation of pharmacy services in the Government Administration building
- Restructuring of the Operating Room to include operational efficiencies such as earlier start times for surgery.

The facility and clinical service upgrades were for planned budgeted expenditure which were completed as planned.

Significant renovations were done on the Annex building (formerly Lighthouse School) to house our IT staff who were previously working off site. This building now houses a well-equipped conference room as well.

Out of the \$1 million budgeted capital injection by the Government, only \$622 thousand was expended by Health Authority and the remaining \$377 thousand has not been collected yet as presented below.

Major Capital Expenditure Budget

Classification	Item Description	2015/16 Actual \$	2015/16 Budget \$	2014/15 Actual \$
Vehicles	Ambulance Chevy 4500	137,860	150,000	(12,140)
Computer Hardware	Content Management System	-	150,000	(150,000)
Computer Software	PACS Upgrade	257,040	110,000	147,040
Medical Equipment	Upgrade dental surgery	-	90,000	(90,000)
Buildings	Parking lot and pedestrian sign	-	50,000	(50,000)
Vehicles	Retrofit our 2009 Chevy Ambulance	93,175	70,000	23,175
Buildings	Upgrade Morgue - Faith Hospital	-	50,000	(50,000)
Medical Equipment	Portable Ultra Sound Machine - FH	-	30,000	(30,000)
Buildings	Sluice Room for OR - Faith Hospital	-	25,000	(25,000)
Medical Equipment	Life pack 15 monitor (2)	-	24,000	(24,000)
Medical Equipment	Stryker Stretcher x 2	-	21,667	(21,667)
Buildings	Laundry Renovation - Faith Hospital	7,612	20,000	(12,388)
Buildings	Upgrade Eye Clinic Equipment - FH	-	20,000	(20,000)
Vehicles	Disaster Trailer	17,640	15,000	2,640
Medical Equipment	Diaclon Gel Workstation	12,288	13,573	(1,285)
Medical Equipment	Diathermy	27,790	10,000	17,790
Other Assets	Radios - Faith Hospital	12,116	10,000	2,116
Buildings	OPD Door replacement	582	10,000	(9,418)
	Miscellaneous items	56,582	130,760	(74,178)
	TOTAL FUNDED BY MINISTRY	\$622,684	\$1,000,000	(\$377,316)

J: Risk Management

Key Risks	Change in status from previous yr	Actions to Manage Risk	Financial Value of Risk
Strategic			
Potential loss of revenue (loss of market share) from increased competition from private healthcare providers in the community	N/A	Identify opportunities and implement measures to improve quality of services and patient experience 2. Focus on measures that will reduce waiting list and waiting time	\$1.3M
Difficulty/inability to provide current level of services due lack of office and clinical space	N/A	Approval of Master Facility Plan Secure methods of funding	9M
Operational			
Potential loss of key staff in single incumbent positions due to retirement, resignation, lack of trained personnel on island and difficulty in recruiting and retaining professionals	N/A	Development and ongoing review of recruitment and retention strategies Development of succession plan Funding of succession plan	900K
Potential Security breach of IT system	N/A	Intrusion detection assessment Audit of active directory	45K
Security of Staff and Facilities	CCTV installed in selected areas	Installation of additional CCTV cameras Access control and maintenance of alarms on exits	0K
Potential for business interruption due to natural, internal or external disaster	Disaster and Emergency operations plans in place	Continuous review and testing of emergency plans Identified downtime procedures	Insurance deductible
Clinical			
Poor patient experience or clinical outcome due to quality issues, system failure and/or space constraints	N/A	Increased focus on improving the patient experience Increased focus on staff training and development plan Provision of continuing education to reduce risk of adverse outcome	50K
Inadequate funding for the replacement of aging clinical equipment	Continued depreciation of clinical equipment	Review replacement schedule Replace equipment as funding becomes available Develop an item catalog to seek donations	\$2.2M
Potential short term delays in Pharmacy services due to the introduction of Suvarna	Switch over from ENCOM to Suvarna	Develop testing and training plan Develop implementation guideline Develop and practice downtime procedures	20K

J: Risk Management (cont.)

The key drivers for the HSA's success include maintaining market share, recruiting and retaining qualified staff and the ability to charge appropriately for the services provided.

Key risks are identified based on the risk assessments performed as a part of the annual planning process.

All identified risks to the organisation are categorised as strategic, financial, operational or clinical and prioritised using a likelihood and consequence scoring system.

A risk register designed to assess the impact of each risk to the organisation and actions taken to mitigate and manage each one is maintained and monitored throughout the year.

A discussion of each risk category follows.

Strategic

Risk: Potential loss of revenue (loss of market share) from increased competition from private healthcare providers in the community

Actions taken to mitigate/reduce risk:

- Additional walk in Acute Care Clinic implemented in GP to increase access to non-emergent care, reduce waiting times in A&E and enhance patient experience.
- Additional GPs hired to enhance the service in the General Practice Clinic.
- *Service Plus* educational sessions offered to all staff to improve customer service and improve the experience of patients and colleagues.

Strategic

Risk: Difficulty/inability to provide current level of services due lack of office and clinical space

Actions taken to mitigate/reduce risk:

- The facility master plans for both Grand Cayman and Cayman Brac are being reviewed with a view to provide additional clinical space for patient care.
- Planned after hours specialist clinics.

J: Risk Management (cont.)

Financial

Risk: Inability to charge appropriately for services due to inconsistency of charge master pricing

Actions taken to mitigate/reduce risk:

- Review and updating of HSA's payment policy.
- Addition of new measures, for example, a collector/counsellor to assess need and encourage patients to pay at the point of service.
- Close collaboration with the NAU to provide patients with the necessary financial assistance they need to access services.

Operational

Risk: Potential loss of key staff in single incumbent positions due to retirement, resignation, lack of trained personnel on island and difficulty in recruiting and retaining professionals

Actions taken to mitigate/reduce risk:

- Use of head hunters to recruit qualified staff.
- Development and phased implementation of a succession plan
- Review and needs assessment of the HR department
- Phased adoption of the HR needs assessment and review
- Reinstatement of annual awards and recognition programme to boost staff morale.
- Issuing of 5 year contracts for key staff.
- One off 2.2% bonus given to all staff in June 2016

Risk: Potential Security breach of IT system → Fire walls are in place.

Actions taken to mitigate/reduce risk:

- Domain name filtering (open DNS) is in place.
- Continuous patch management is being done.
- Continuous upgrade of end point protection (Intel Security).

J: Risk Management (cont.)

Operational

Risk: Security of Staff and Facilities

Actions taken to mitigate/reduce risk:

- Installation of additional CCTV cameras completed.
- Access control and maintenance of alarms on exits in place.
- Access Control Policy implemented.
- Installation of perimeter fencing and gates.
- Increase security surveillance in areas where cash is kept.

Risk: Potential for business interruption due to natural, internal or external disaster

Actions taken to mitigate/reduce risk:

- Continuous review and testing of emergency plans.
- Downtime procedures are in place.
- Disaster preparedness educational sessions for staff

Clinical

Risk: Poor patient experience or clinical outcome due to quality issues or system failure

Actions taken to mitigate/reduce risk:

- Increased focus on improving the patient experience through Service Plus and Core Values training.
- Increased focus on staff training and development plan.
- Provision of continuing education to reduce risk of adverse outcome.

Risk: Inadequate funding for the replacement of aging clinical equipment

Actions taken to mitigate/reduce risk:

- Replacement schedule for equipment reviewed and update.
- Develop Item catalogue for clinical equipment.

- Partnership with Caring for Life Foundation to establish an avenue for donations toward equipment.

J: Risk Management (cont.)

Risk: Potential short term delays in Pharmacy services due to the outdated pharmacy system

Actions taken to mitigate/reduce risk:

- Testing and training plan developed prior to change over.
- Implementation guideline and downtime procedures developed to minimize delays.
- RFP has been published for the procurement of a new Pharmacy system.

Summarised Forecast Financial Statements

A full set of forecast financial statements for *Health Services Authority* is provided in the Appendix to this Ownership Agreement.

A summary of those forecasts is as follows.

Operating Statement	2015/16 Actual \$	2015/16 Budget \$	2014/15 Actual \$
Revenue	105,235,936	106,948,414	102,987,705
Other expenses	105,168,342	106,447,116	106,056,671
Other comprehensive (loss) income	-1,752,000	0	1,209,000
Net Surplus/Deficit	-1,684,406	501,298	-1,859,966

Balance Sheet	2015/16 Actual \$	2015/16 Budget \$	2014/15 Actual \$
Total Assets	115,303,880	108,478,211	101,960,985
Total Liabilities	21,214,358	25,730,447	24,715,552
Net Worth	94,089,522	82,747,764	77,245,433

Statement of Cash Flows	2015/16 Actual \$	2015/16 Budget \$	2014/15 Actual \$
Cash flows from operating activities	-1,061,414	1,034,983	-7,773,691
Cash flows from investing activities	-2,054,712	-3,602,993	-3,882,840
Cash flows from financing activities	379,951	747,907	612,421

Refer to the explanation provided on the Financial Performance.

Other Financial Information

Detailed below is information about specific financial transaction required to be included in the Ownership Agreement by the Public Management and Finance Law (2010 Revision).

Transaction	2015/16 Actual \$	2015/16 Budget \$	2014/15 Actual \$
Equity Investments into <i>Health Services Authority</i>	622,684	1,000,000	847,500
Capital Withdrawals from <i>Health Services Authority</i> .			
Dividend or Profit Distributions to be made by <i>Health Services Authority</i> .			
Government Loans to be made to <i>Health Services Authority</i> .			
Government Guarantees to be issued in relation to <i>Health Services Authority</i> .			
Related Party Payments (Non Remuneration) made to Key Management Personnel ¹			
Remuneration ² Payments made to Key Management Personnel	1,642,174	1,786,178	1,692,238
Remuneration Payments made to Senior Management	1,623,361	1,746,800	1,675,438

	Number for 2015/16
No of Key Management Personnel	17 Inc. board member
No of Senior Management	10

¹ Key Management Personnel as defined by International Public Accounting Standards No 20, eg Minister, Board Member and Senior Management Team

² Remuneration as defined by International Public Accounting Standards No 20 Par 34(a)

Governance

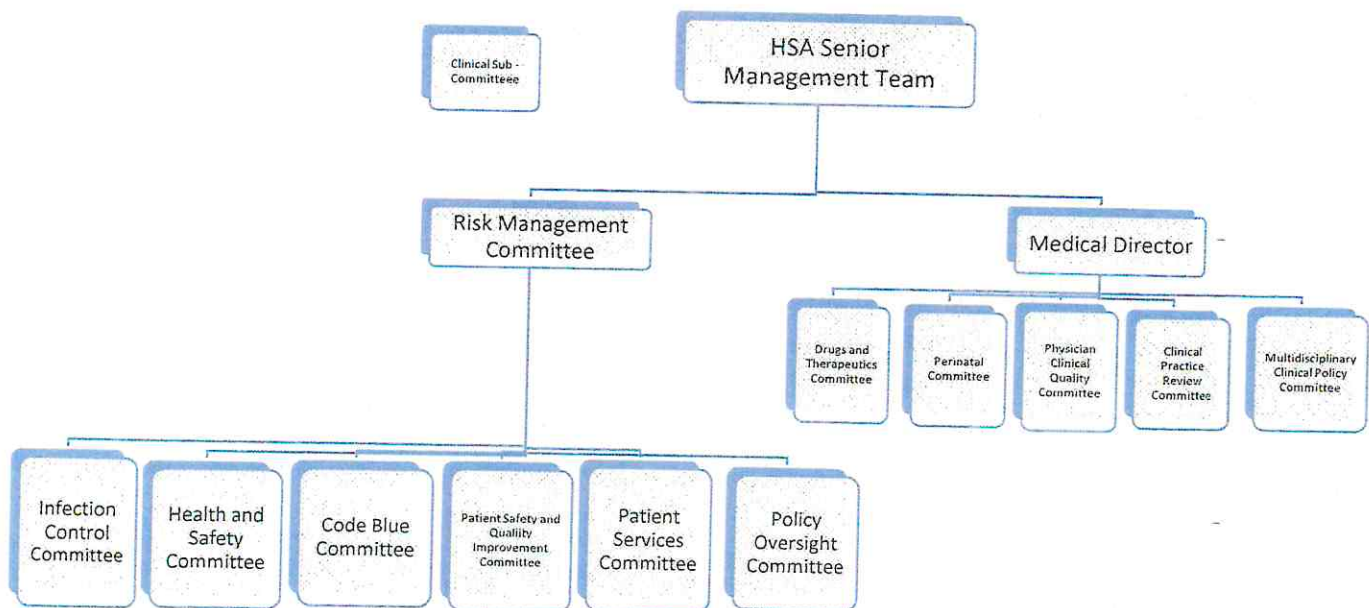
The HSA Board consists of 7 members who are appointed by the Ministry of Health. The Board provides direction to the Authority's management team and delegates some duties to the following sub-committees. Each subcommittee's recommendations are submitted to the board for ratification.

The sub-committees are:

- **HR Sub-committee** - provides strategic direction in support of the organization's mandate to recruit, retain, develop and empower highly skilled and caring staff and maintain the Authority's staffing plan.
- **Clinical Sub-committee** - provides the Authority's Board of Directors with clinical advice and examines ways to better manage services and reviews all new applications, revocations and appeals concerning practicing privileges
- **Finance Sub-committee** - Reviews the Authority's budget documents, ownership and purchase agreements with CIG, monthly financials, and submits projections and recommendations to the Board.
- **IT Sub-committee** - establishes and monitors policies for the management of information systems to ensure that the business objectives of the HSA are being met

In addition to the Chief Executive Officer there are 10 Senior Managers that carry out the day to day functions and governance of the HSA. Each Senior Manager carry a portfolio of services and functions and report directly to the CEO (see organisation chart).

The HSA has a number of operational committees that are focused on maintaining quality and ensuring that the care delivered to patients meets the standards set by the organisation. These committees meet regularly and minutes are submitted to the Senior Management Team.



There is also Facilities Committee that meets twice per month to assess, prioritise and address the maintenance and upgrade needs of the physical plant.

Laws Governing Major Activities of Authority:

- Health Services Authority Law

- Health Services Fees Law
- Health Services Authority Charge Master
- Health Practice Law
- Mental Health Law
- The Pharmacy Law
- Public Service Management Law
- Public Service Finance & Management Law (PFML)
- Labour Law
- Complaints Commissioner Law
- Freedom of Information Law
- National Pensions Law
- Children Law
- Tobacco Legislation
- Code of Ethics and Standards of Practice – Cayman Islands Medical & Dental Council
- Code of Ethics and Standards of Practice – Cayman Islands Pharmacy Council
- Code of Ethics and Standards of Practice – Council for Professions Allied with Medicine
- National Pensions Law

Relevant section of laws impacting departments within ministry

- Health Practice Law and Regulations (2013 Revision): all sections of this law are relevant as their regulate registration and licensing of physicians at the CIHSA
- Public Health Law (2002 revision)
- The Public Health (Communicable Diseases) Regulations
- Public Health (Infection Waste) Regulations (2012 Revision)
- Public Health (Quarantine) Regulations and Amendment 2011
- The Ships (Sanitation Control) Regulations 2011
- The Public Health (Garbage and refusal Disposal) Regulations

All sections in the PH Laws and Regulations are relevant to the Medical Officer of Health

- Misuse of Drugs law: Sections 2, 3 and 4
- National Drug Council Law
- Animals Law: all sections on Part III and VII
- Cinematograph Law: sections 7-16
- Labor Law (2011 Revision): all sections in part VIII
- The Tobacco Law: all sections are relevant to the Medical Officer of Health
- The Mental Health Law and Regulations 2013: all sections
- Children Law: Part IIIA, V, X,
- Water authority Law: part V and VII
- Health Insurance Law and Regulations 2005: all sections

Reports tabled or filed by statutory deadlines.

Health Services Authority has recently tabled the 2013/14 Audited Financial Statements in September 2016. The 2014/15 Financial Statement was recently signed off and issued by the Office of the Auditor General in September 2016 as well and no schedule to table has been received as yet.

Internal and External Audit updates

The Office of the Auditor General has issued a Qualified Opinion for our 2014/15 Financial Statements as listed below:

Patient service fees – issue on revenue completeness

Action Plan:

We are working on an Action Plan towards achieving a Clean Audit Opinion in the next two years and Revenue Completeness is high on our priorities.

Internal Controls that guide the fees levied have been developed which enable us to measure compliance.

We are also in the process of standardizing physician documentation which will support coding and billing thereby improving revenue capture, review and reconciliation.

In 2015 an action plan document was developed with the aim of obtaining an unqualified audit opinion. The activities within this document is approximately 50% completed; over 18 policies were developed and four (4) other main elements remain uncompleted, some of which are a work in progress.

Remaining elements

1. Training to ensure the compliance to the approved 18 policies
2. Creation of templates by medical service to ensure standardization of charge selection and clinical documentation
3. Continue the development of care sets
4. Costing of services provided

Patient related accounts receivable – issue on revenue completeness

Action Plan:

When Revenue Completeness is corrected, the Accounts Receivable will also be addressed.

However we recognize that there is a Bad Debt issue and the Board and management have a number of strategies to address this:

1. Maximize Billing:
 - Increase coding throughput
 - Automate processes where relevant
 - Standardize charge capture
 - Ongoing training
 - Means of confirming contact details
 - Providing interim billing during in-patient stay
 - Acquire Claim Scrubber to ensure error free claims are sent to insurance providers

Internal and External Audit updates (cont.)

2. Collect Self Pay Portion of Claim at time of Service: enforce the elective surgery collection upfront

Patient related accounts receivable – issue on revenue completeness

3. Reducing Insurance Denials
4. More Accurate Pricing of Services:
 - Costing of Services: Services are priced below cost of provision
 - Extend New Charges to CINICO and Govt at an agreed time
5. Reestablish Output for Emergency Services
6. Pursue Debts Owed
7. Assist in Identifying Uninsured Persons - If applicable refer patients to NAU and DCFS
8. Write off Bad Debts in a timely manner - Implement Bad Debt Write off Policy

Post-employment healthcare costs

Action Plan:

Discussions have started amongst the SAGCs and we are in the process of gathering the information required in order to engage an Actuarial Firm to quantify the liability. Once this is done this information will be shared with Cabinet in order to hopefully reach a decision regarding persons who were vested with Government for 10 years prior to the establishment of the Authority.

Other Matters

Breaches related to the Health Services Authority Law

Under sections 7(1) and 18(3)(c) of the HSA Law, the Authority is required to maintain a cash reserve at a level on less than its estimated expenses for 90 days. At 30 June 2014, we have determined that the Authority's cash reserve is over \$5.3 million short in meeting this requirement.

Action Plan:

Every budget period the HSA strives to meet the 90 day cash reserve requirement, *however* due to circumstances beyond our control, such as difficulty in collecting from our payers, has hindered us from meeting this objective.

The Health Services Authority is in dialogue with the Government in relation to its competing obligations to provide care to all while maintaining its financial obligations.

Increasing our overdraft is not an option as debt obligations are regulated by Government. Currently the Authority is managing its liquidity risk by maintaining \$1.9M credit facility, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Scrutiny by Parliament and Public

18 requests were received from July 2015 – June 2016; all responses were provided to applicants before the deadlines in accordance with the FOI Law.

Measures taken to improve the quality of care

We have embarked on a phased accreditation process, which formally enables our care to be measured against established international quality standards by a third party.

However in the meantime our clinicians use evidence based practice which can be referenced electronically through BMJ and Up to Date software.

Clinical quality is established by Structure, Process and Outcome Standards across the departments. All standards are set to meet international indices for practice according to current evidence.

The Board's Clinical Subcommittee comprised of Clinical Heads of Department who is charged with conducting internal audits and peer reviews aimed at monitoring and informing clinical outcomes.

A number of internal committee are regularly monitoring clinical quality:

- **Drugs and Therapeutics Committee:** evaluates and makes decisions about drug use and safeguarding and promoting efficient and rational use of medicines
- **Perinatal Committee** – reviews and evaluates perinatal care and statistics to ensure that the care provided on the Maternity Unit is safe in accordance with professional standards of practice
- **Clinical Quality Committee** – sets internationally recognized evidenced based clinical quality standards for the HSA
- **Clinical Practice Review Committee** – conducts clinical peer reviews, monitors and reviews medical practice at the HSA in order to identify opportunities for improvement of clinical care within the service

In addition there are risk management, quality assurance, infection control and occupational health and safety programs in place to develop, implement and monitor the operational aspect of safety and quality in all HSA facilities.

Monitoring is carried out monthly, quarterly and annually through a reporting structure using benchmarks with hospitals of a similar size.

The following areas are looked at:

- **Untoward/unexpected incidents and near misses** (A near miss is an unplanned event that did not result in injury illness or damage – but had the potential to do so)
- **Medication Errors**
- **Patient Falls**
- **Complaints**
- **Employee Accidents/Injuries**
- **Hospital Acquired infection**

The Quality and Risk Management programme covers all potential sources of risk within the organization. Although the main focus is on medical and professional liability, other categories of risk are equally important. The following are the committees established to inform practice and monitor patient safety outcomes:

- **Infection Control Committee**
- **Health and Safety Committee**
- **Code Blue Committee**
- **Patient Safety and Quality Improvement Committee**
- **Patient Services Committee**
- **Policy Oversight Committee**

Agreement

Scope of this Agreement

In signing this document:

- *Health Services Authority* undertakes to seek to achieve the performance specified in sections 2 to 6 to the best of its ability; and
- The Cabinet agrees to the performance specified in sections 2 to 5 and the financial transactions specified in section 6.

Procedures for Changing this Ownership Agreement

Changes to this Ownership Agreement may be made during the year only with the express and explicit agreement of both parties to the Agreement.

Changes will be made in the following way:

- If either party wish to change the specification of performance contained in this Ownership Agreement, they must notify the other in writing describing the changes that they wish to make.
- The other party will take no more than 15 working days to consider the proposed amendments, or such other time as the two parties may agree.
- The other party will respond to the other about the proposed amendments and negotiate appropriate changes that are agreeable to both parties.
- The Parties will sign the amended Ownership Agreement.
- The amended Ownership Agreement will be attached to, and form part of, this Agreement.

Agreement

We jointly agree that this Ownership Agreement accurately documents the ownership performance that *Health Services Authority* will seek to achieve for the 2015/16 financial year and that the Cabinet will monitor performance against.

Minister of Health

on behalf of Cabinet

Chairman of the Board

Health Services Authority

2016

Appendix: Financial Statements