Bermuda Health Council
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National Health Accounts Report 2013

Bermuda health system finance and expenditure for fiscal year 2011-2012

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Published by:
Bermuda Health Council (October 2013)

Reference as:
Bermuda Health Council (2013) National Health Accounts Report 2013: Bermuda health system finance and expenditure for fiscal year 2011-2012. Bermuda Health Council: Bermuda.

Printed by:
Bermuda Health Council

Bermuda Health Council

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1 INTRODUCTION

The National Health Accounts describe the financial flows that accompany the delivery and consumption of healthcare goods and services in Bermuda. This is the fourth National Health Accounts Report Bermuda has produced. The goals of this report are as follows: (1) to provide the most up-to-date information on health expenditure, covering fiscal year ending in 2012 (FYE 2012)[1]; (2) to enable comparison of health expenditure between categories of spending, and to illustrate the overall trend and the trend in each category; (3) to provide inputs for further analysis, forming the basis for monitoring and assessing health system performance. National Health Accounts play a fundamental role among all health system analyses, as they provide some of the most essential information upon which further analysis needs to be based.

The most essential ingredient for the National Health Accounts is reliable data. The world is experiencing improved availability of higher quality data in larger volumes,[2] and with it a cultural shift to increased reliance on empirical evidence, based on data. Globally, this is bringing changes to decision-making in various areas, including individual behaviour, business practices and public policy. Against this backdrop, there is greater expectation for the National Health Accounts in Bermuda to provide and facilitate the generation of more sophisticated information. Moreover, health systems evolve with the diffusion of innovations in medical technology, advancements in health service organization and delivery, changes in disease and demographic patterns, shifting health policy priorities and developments in financing mechanisms. The collection of higher quality and more timely data that anticipate and reflect such developments can potentially be one of the most immediately effective activities for policy-makers. This is an outlook that arises beyond the context of the compilation of National Health Accounts; though in Bermuda's context, the National Health Accounts contribute materially to this endeavour.

This report is organized as follows: Section 2 of the report provides an analysis of health financing and expenditure in Bermuda. Section 3 provides some observations that place Bermuda's financing and expenditure into context. Section 4 concludes the report with a summary of key findings.

[1] Fiscal year 2012 is the period between 1st April 2011 and 31st March 2012.

[2] For example, the phenomenon of "big data", especially the collection of web data from e.g. social networking, internet search indexing and e-commerce sites are often discussed in the media and in academic circles. As another example, in May 2013 the US "Open Data Policy" took effect that requires that data generated by the government be made available in open, machine-readable formats, enabling the public to utilize such data for research, business and any other purposes.

2 HEALTH SYSTEM FINANCE AND EXPENDITURE IN FYE 2012

Table 1 below provides a breakdown of total health financing and expenditure during FYE 2012. The appendix provides more details of the components of health financing and expenditure from FYE 2006 to FYE 2012.

Table 1. FYE 2012 Bermuda Health System Finance and Expenditure

Health Finance	In BD $'000	% of Total	Health Expenditure	In BD $'000	% of Total
Consolidated Fund – Ministry of Health(MOH)[3]	$196,166	29%	Ministry of Health – Administration♦	$11,908	2%
Consolidated Fund – Department of Social Insurance (DOSI)*	$5,559	1%	Department of Health (DOH)	$29,693	4%
Grants from Ministry of Youth, Families & Sports	$916	0.1%	Bermuda Hospitals Board(BHB)†	$295,165	44%
Public Sector Sub-Total	*$202,641*	*30%*	*Public Sector Sub-Total*	*$336,766*	*50%*
Health Insurance	$379,160	56%	Local Practitioners – Physicians	$59,912	9%
Individual Out-of-Pocket	$90,985	13%	Local Practitioners – Dentists	$32,736	5%
Donations to Non Profit Organizations	$5,655	1%	Other Health Providers, Services & Appliances	$59,334	9%
			Prescription Drugs	$45,334	7%
			Overseas Care	$89,933	13%
			Health Insurance Administration	$54,427	8%
Private Sector Sub-Total	*$475,801*	*70%*	*Private Sector Sub-Total*	*$341,676*	*50%*
Grand Total§	$678,442	100%	Grand Total§	$678,442	100%

***SOURCES**: the Ministry of Finance, The BHB, Bermuda Health Council (BHeC) FYE 2012 health insurance claims returns, Bermuda Monetary Authority (BMA) 2012 statutory insurance financial returns, and the financial statements of approved schemes and leading health sector non-profit entities*

* The DOSI funding is for the War Veterans Association.

♦ The MOH-Administration item includes the funding of $6.5 million for FutureCare.

† This is from the unaudited BHB financial statements. This figure reflects net expenditure at the hospital, excluding the "Allowance for Revenue Cap" amount of $16 million. More details follow in this report.

§ If BHB's "Allowance for Revenue Cap" were included in the accounting of this report, then the health system financing and expenditure would amount to $695 million, representing a 2% increase from the previous year.

[3] In 2013 the Ministry of Health was renamed the "Ministry of Health and Seniors". In this report we continue to use the "Ministry of Health" or "MOH" as this was its name during the reporting period, FYE 2012.

The total system financing and expenditure for FYE 2012 was $678.4 million, comparable to the previous year (refer to tables in the Appendix).[4] For the first year since Bermuda's Health Accounts were first calculated,[5] health expenditure has remained stable. Health expenditure per capita also remained stable at $10,562 in FYE 2012 (see Annex Table 6). These are likely a result of continued contraction of the economy. In the United States, for example, the inflation of health spending has slowed and research points to the lagging economy as one of the main causes.[6]

Relatively, however, the health system continued to grow as a portion of Bermuda's gross domestic product (GDP). Total health expenditure amounted to 12.2% of Bermuda's 2011 nominal GDP,[7] compared to 11.8% in the previous year.[8] Over the fiscal periods 2005 – 2009, health expenditure as a percentage of GDP was in the range of 8.5% to 9.5%. The increase in health's share of GDP during 2010-2012 is due to both real increases in health expenditure and a decline in nominal GDP since 2010. Nominal GDP declined by 5%, 1.1% and 3.4% respectively in the years 2009, 2010 and 2011. In contrast, health expenditure increased by 9% and 8%[9] in FYE 2010 and FYE 2011 respectively, and remained stable in FYE 2012. A more detailed analysis follows.

2.1 Health System Financing

Figure 1 shows the relative importance of the public and private sectors as sources of health system funding. During FYE 2012, the private sector contributed $475.8 million compared to the $202.6 million of funds financed through the public sector. Figure 2 shows that in the periods prior to FYE 2012, the proportion of public to private sector financing was mostly constant at around 28%. FYE 2011 had seen a peak at 32% for the public sector proportion, and in FYE 2012 it fell back to 30%. The growth of public sector financing in the previous year, FYE 2011, was 14%. This was in part due to an increase in government subsidies and grants, and in part due to the inclusion of government grants to non-profit organizations for health-related purposes, which prior to 2011 was included in private sector financing. In FYE 2012, however, public sector financing decreased by 6%. This largely reflects a decrease of 5% in the MOH grants and contributions,[10] which constitutes a lion's share (72%) of public sector financing.

[4] This is without counting the hospital Revenue Cap Allowance, which represents health system activity even though it did not represent financing and expenditure transactions. With the Revenue Cap Allowance included, the health system financing and expenditure grew 2% from the previous year. More on this later.

[5] The first year that an estimate of Bermuda's health system expenditure is available is 1990 ("Oughton Report" 1996), though later year estimates were intermittent until the beginning of the annual National Health Accounts reports in 2010. For estimates of previous years see a summary from "Bermuda Health Systems and Services Profile 2005" (Ramella report).

[6] See e.g. Kaiser Family Foundation "Assessing the Effects of the Economy on the Recent Slowdown in Health Spending", April 2013.

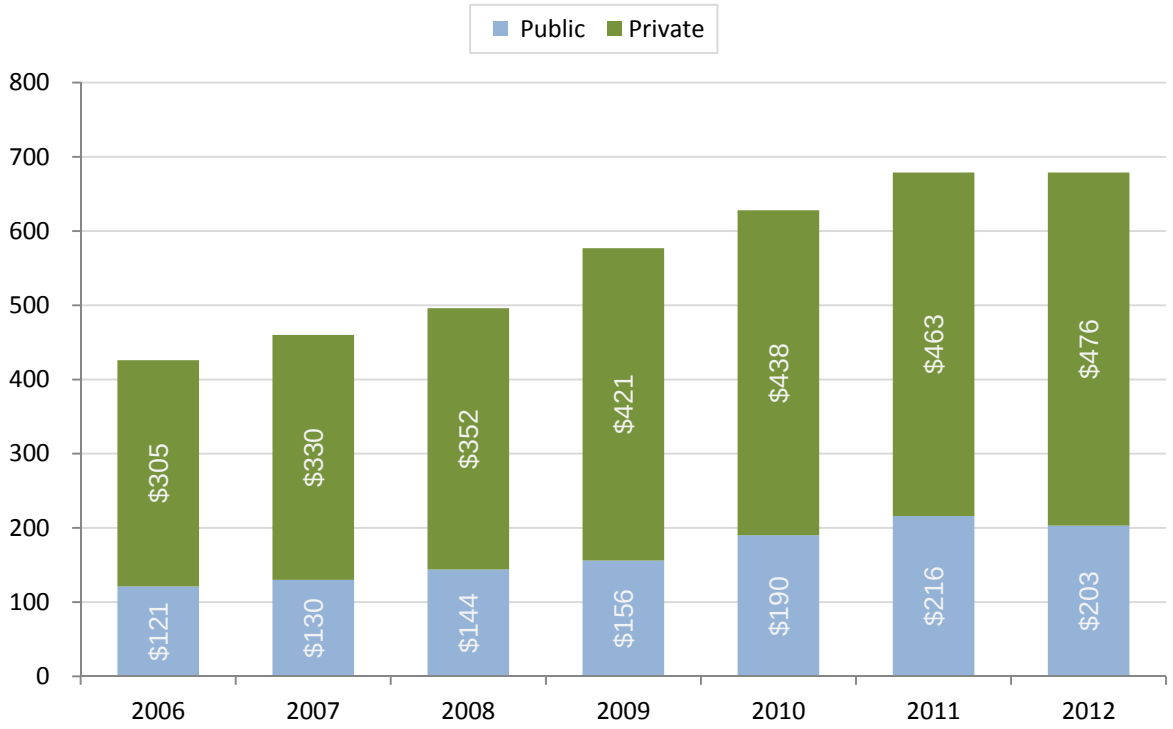
[7] Bermuda's GDP calculation spans calendar years instead of fiscal years. Hence the FYE 2012 health expenditure is compared with the GDP of calendar year 2011, so that their reporting periods coincide for 9 months.

[8] The Bermuda health system fiscal year is from 1st April to 31st March. Therefore health system fiscal data as at 31st March of each year is compared to the nominal GDP data for the prior year ended 31st Dec.

[9] The estimate of 8% increase in the FYE 2011 health accounts is partially the result of a change in methodology; had the methodology been the same as previous years, the increase would have been closer to 5%.

[10] MOH grants and contributions include subsidies to health-related non-profit organizations, the Department of Health, the Health Insurance Department, and those for BHB services, such as patient subsides, renal dialysis subsidies etc.

Figure 1. Public and Private Health Financing (in $m)



Public sector financing represents: direct financing of health promotion and prevention; financing of public health services and primary care provided by DOH; grants and subsidies for secondary care; health administration financing by the MOH; funding for the Health Insurance Department administration and FutureCare;[11] and financing of the various grants to non-profit organizations.

The MOH patient subsidies are delivered largely through BHB's medical services[12]. The patient subsidies at BHB constitute 49% of public sector financing. The BHB fees did not increase significantly[13] from the previous year, and its revenue experienced no significant increase (although if the "revenue cap allowance" is included, the increase is 6%, reflecting the increase in claims)[14]. Overall the MOH subsidies increased 4.7%, while the overall MOH financing of the health system decreased 6%. In particular, the Indigent Subsidy, designed to assist those with no health insurance and unable to pay for hospitalization, increased 51.9%. This is consistent with the contraction in GDP and indication from various sources that the proportion of uninsured persons has increased.[15]

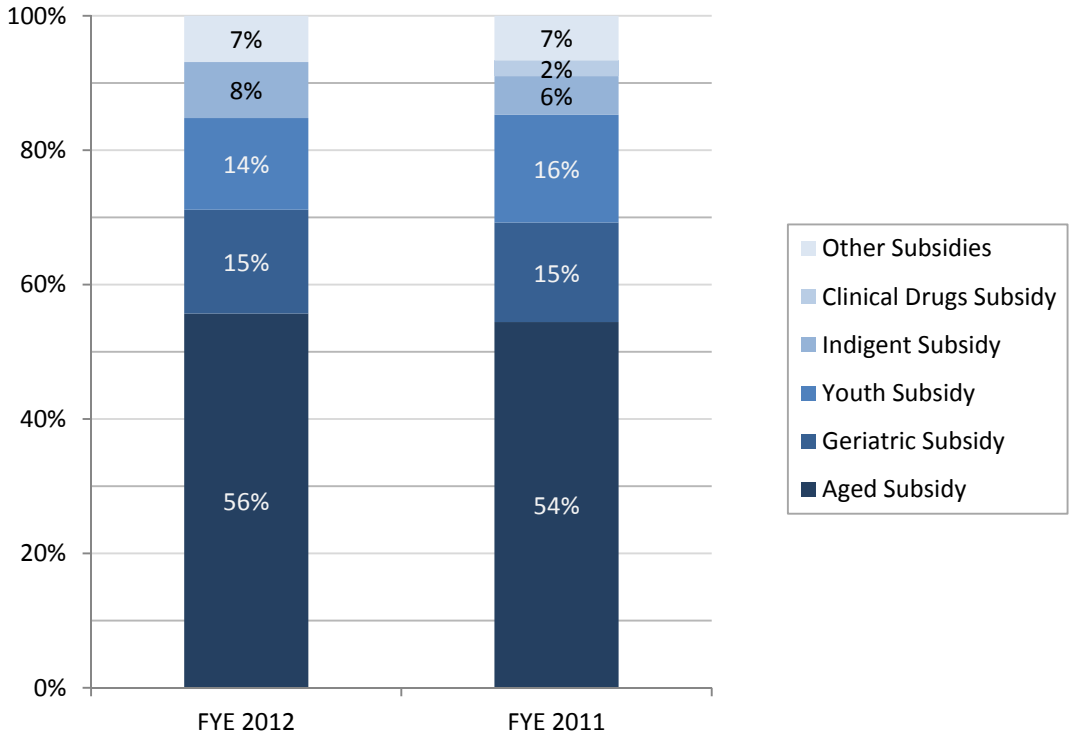
[11] FutureCare and the Health Insurance Plan (HIP) are Bermuda's two affordable, open enrolment health insurance plans provided by the Health Insurance Department of MOH. FutureCare is available only to persons aged 65 and over. HIP is available to any adult.
[12] The MOH patient subsidies are portable so include some overseas care, in addition to services delivered through BHB.
[13] The Actuarial Review for FYE 2012 noted an increase of 1.5% for Standard Hospital Benefit fees at BHB.
[14] The Actuarial Review for the Standard Hospital Benefit for FYE 2012 found an increase in local SHB claims of 7%. This is in line with the hospital's revenue figure with revenue cap allowance included.
[15] For example, the Bermuda Omnibus Survey of the fourth quarter of 2012 indicated that 8% of respondents had no health insurance. Previous, the Health Survey of Adults 2011 put the uninsured figure at 6%.

Table 2. Ministry of Health Subsidies at BHB (BD $'000)

	FYE 2012	FYE 2011	% Change
Patient Subsidies			
• Aged Subsidy	59,798	55,802	7.2%
• Geriatric Subsidy	16,583	15,188	9.2%
• Youth Subsidy	14,638	16,433	-10.9%
• Indigent Subsidy	8,951	5,894	51.9%
Total Patient Subsidies	*99,969*	*93,317*	*7.1%*
Other Subsidies			
• Clinical Drugs Subsidy[16]	-	2,368	-100%
• Other Subsidies	7,391	6,847	7.9%
Total Other Subsidies	*7,391*	*9,215*	*-19.8%*
Grand Total	107,360	102,532	4.7%

Figure 2 depicts the breakdown of the MOH subsidies for FYE2011 and FYE2012. The majority of the subsidies are Aged Subsidy, which subsidizes Standard Hospital Benefit (SHB) for seniors.

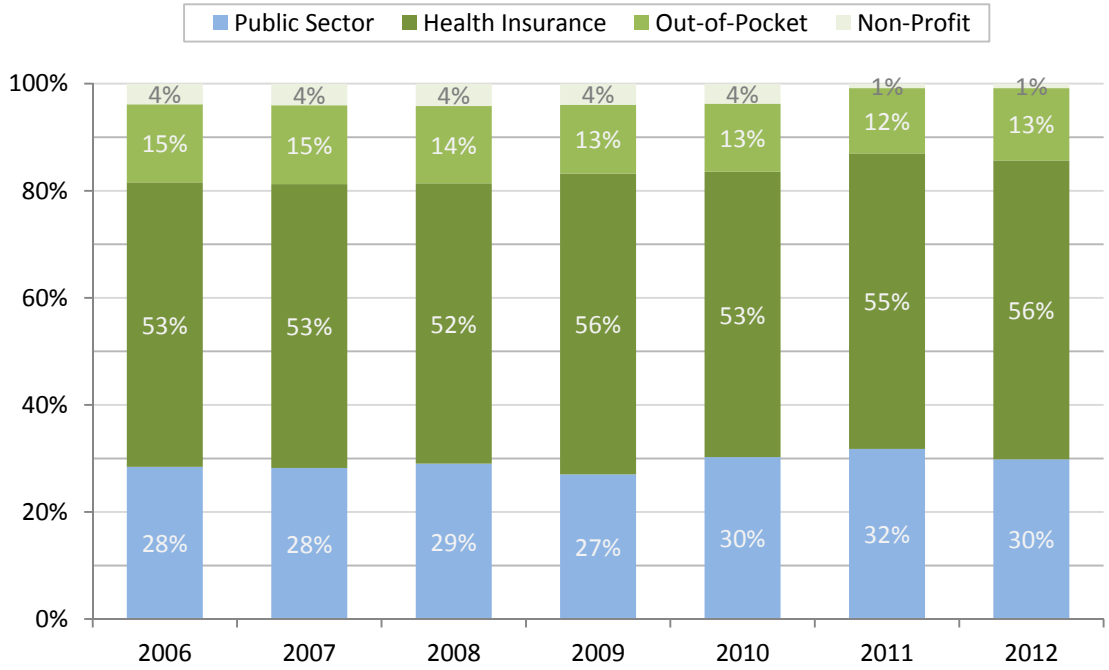
Figure 2. Components of the Ministry of Health Subsidies



[16] There was no Clinical Drugs Subsidy for FYE 2012.

Figure 3 indicates that health insurance was the major source of health financing during the period FYE 2006 to FYE 2012. Health insurance includes health claims paid by all of Bermuda's insurers: four private health insurance companies, the Health Insurance Department (for the Health Insurance Plan (HIP) and FutureCare), three Approved Schemes (employer-funded plans including the Government Employees Health Insurance (GEHI); and the Mutual Re-insurance Fund. This is due to the compulsory nature of health insurance for employed (and self-employed) persons.

Figure 3. Sources of Health Financing



Individual out-of-pocket financing includes co-payments, self-financing amounts for uninsured individuals, and full out-of-pocket payments to practitioners and providers for uninsured health related services. Out-of-pocket financing has grown 10% relative to the previous year. This is partially due to a 4% decrease in the insured headcount.

A change in methodology for donations to non-profit organizations, together with a reclassification of financing received by non-profits from the public sector, has led to a more modest non-profit proportion in FYE 2011 & FYE 2012 relative to prior periods.

2.2 Health Expenditure

Total health expenditure for FYE 2012 was $678.4 million. Total public and private sector health expenditure were similar, at $336.8 million and $341.7 million respectively; in contrast, the mix of public and private financing was approximately 30% and 70% respectively. While this indicates that a significant amount of insurance funding collected via the private subsector was spent on both public and

private sector institutions, a significant proportion of these funds were compulsory contributions from employees and employers[17].

Over the period FYE 2006 – FYE 2012, private health expenditure has mostly exceeded public expenditure. The exceptions are FYE 2008 and FYE 2011, during which public sector expenditure exceeded private healthcare expenditure by a narrow margin.

Figure 4. Public and Private Health Expenditure (in $m)

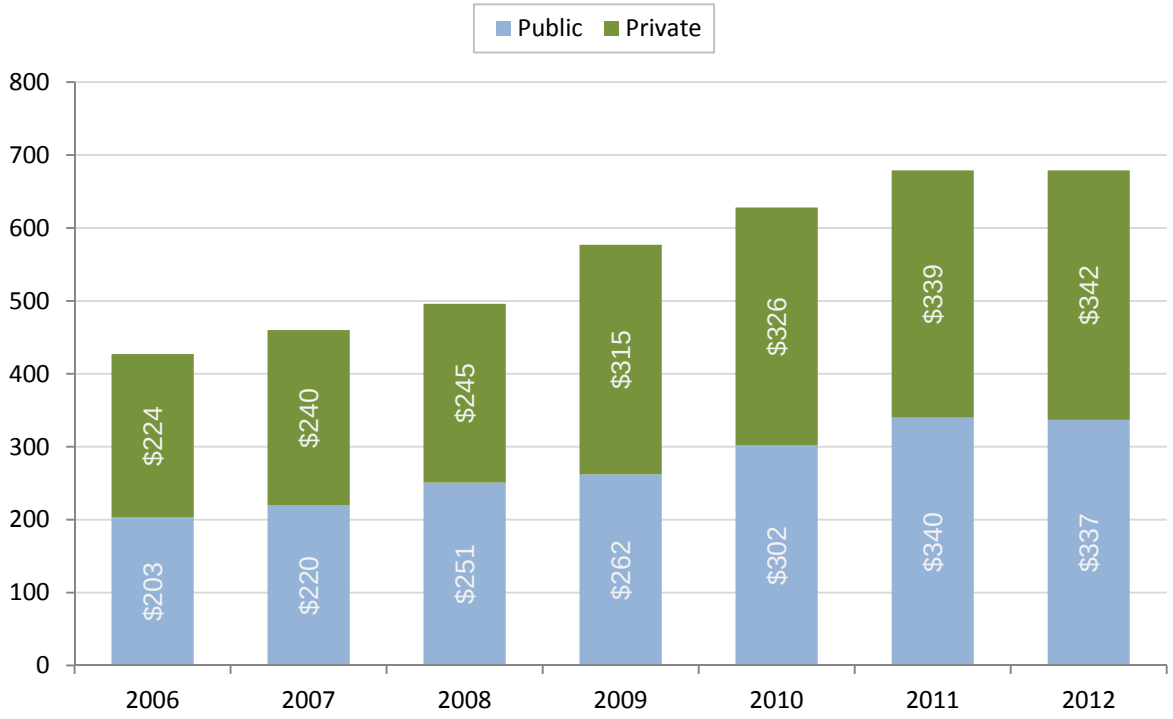
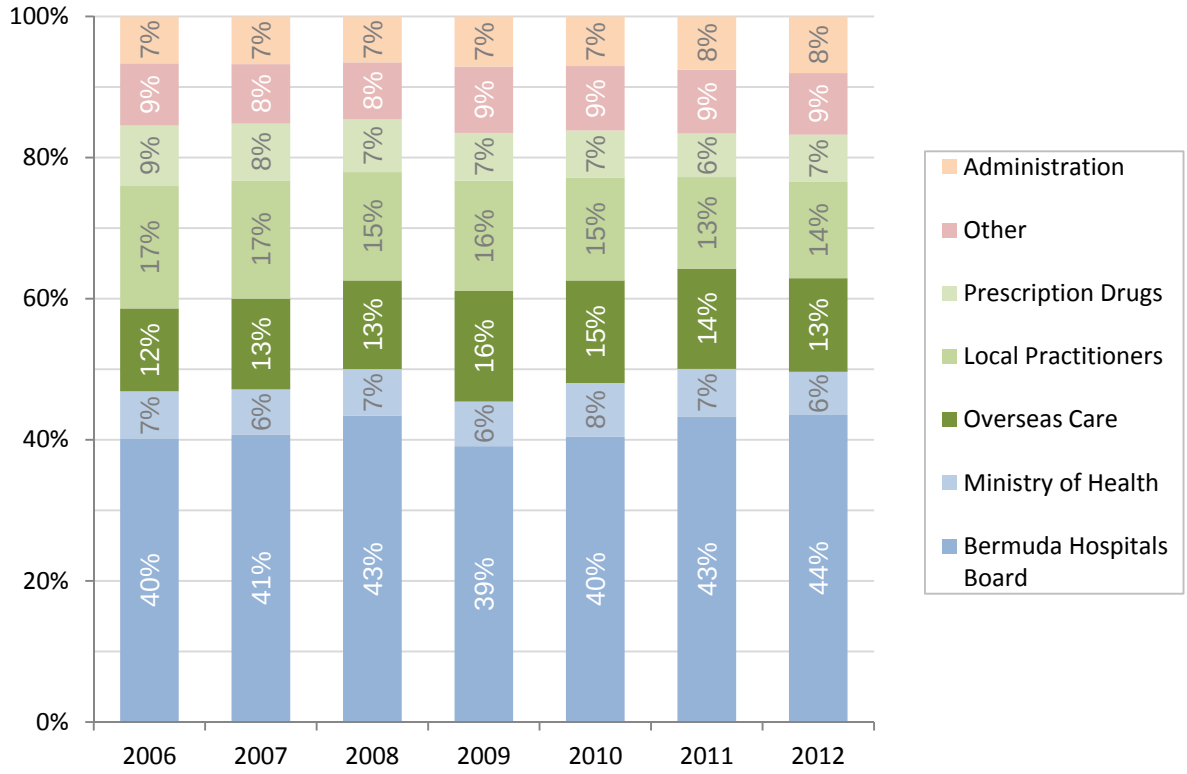


Figure 5 shows the relative importance of the components of health expenditure during the period FYE 2006 to FYE 2012.

[17] The *Health Insurance Act 1970* mandates employers to provide SHB insurance for employees and their non-employed spouses and to pay 50% of its premium.

Figure 5. Components of Health Expenditure



In the public subsector the most significant component of expenditure was the BHB for the operation of the island's single hospital system. On average during the period FYE 2006 to FYE 2012, the BHB absorbed 42% of the island's health expenditure.[18] The BHB was also the largest component of total health expenditure during the period. In FYE 2012, 48% of the BHB revenue came from government.[19] For FYE 2012, however, the BHB revenue does not reflect all health services provided at BHB. Due to a Memorandum of Understanding (MOU) that capped the amount of claims that BHB could recover for FYE 2012, the $16 million that exceeded the revenue cap was deducted from the BHB revenue. As a result, the amount of health expenditure at BHB presented in this report excludes the "Revenue Cap Allowance", i.e. the $16 million that exceeded the revenue cap. Had the MOU not been in place, total health expenditure would have increased 2% from the previous year.

The most significant component of private health expenditure was overseas care. In FYE 2012, overseas care expenditure totalled $89.9 million or 13% of total health expenditure. The majority of overseas care expenditure was on inpatient and outpatient care from overseas hospitals, totalling 60% of overseas health expenditure in FYE 2012. The rest of overseas care spending comprises of fees paid for services such as overseas physicians, dentists and other categories of healthcare providers, overseas prescription drugs, overseas diagnostic imaging and laboratory, and hotel and transportation costs. Overseas care has decreased by 7% in FYE 2012, a result of combined changes such as a declining headcount of insured

[18] In FYE 2011 and 2012, the BHB expenditure item is based on total BHB revenue whereas the prior periods are based on total BHB operating costs (we note that in some years, there is not a significant difference between these items).
[19] Mostly through the patient and other subsidies (in Table 2) and the operating grant for the Mid-Atlantic Wellness Institute.

persons, in particular those more likely to access overseas care, a decline in the amount of high-cost claims and the adoption of more aggressive claims management by public and private payors.

The MOH administration expenditure[20] accounted for 2% of total health expenditure and has declined by 22% from $15.3 million in FYE 2011 to $11.9 million in FYE 2012. In FYE 2012, the DOH accounted for 4% of total health expenditure, similar to previous years.

In FYE 2012 expenditure on physicians and dental practitioners increased by 3% and 10% respectively. Expenditure in the "Other Health Providers, Services, and Appliances" category decreased by 3%. This category is predominantly comprised of expenditure on local diagnostic imaging and laboratory services, but also includes the professional services of a wide range of local healthcare providers such as chiropodists, chiropractors, dieticians, specialized disease management counsellors, physiotherapists, optometrists, podiatrists, psychologists, psychiatrists; immunizations, and home health care. Spending on prescription drugs during FYE 2012 increased 8% to $45.3 million.

The amount spent on health insurance administration[21] was $54.4 million, which represents 8% of total FYE 2012 expenditure and an increase of 6% from the previous year.

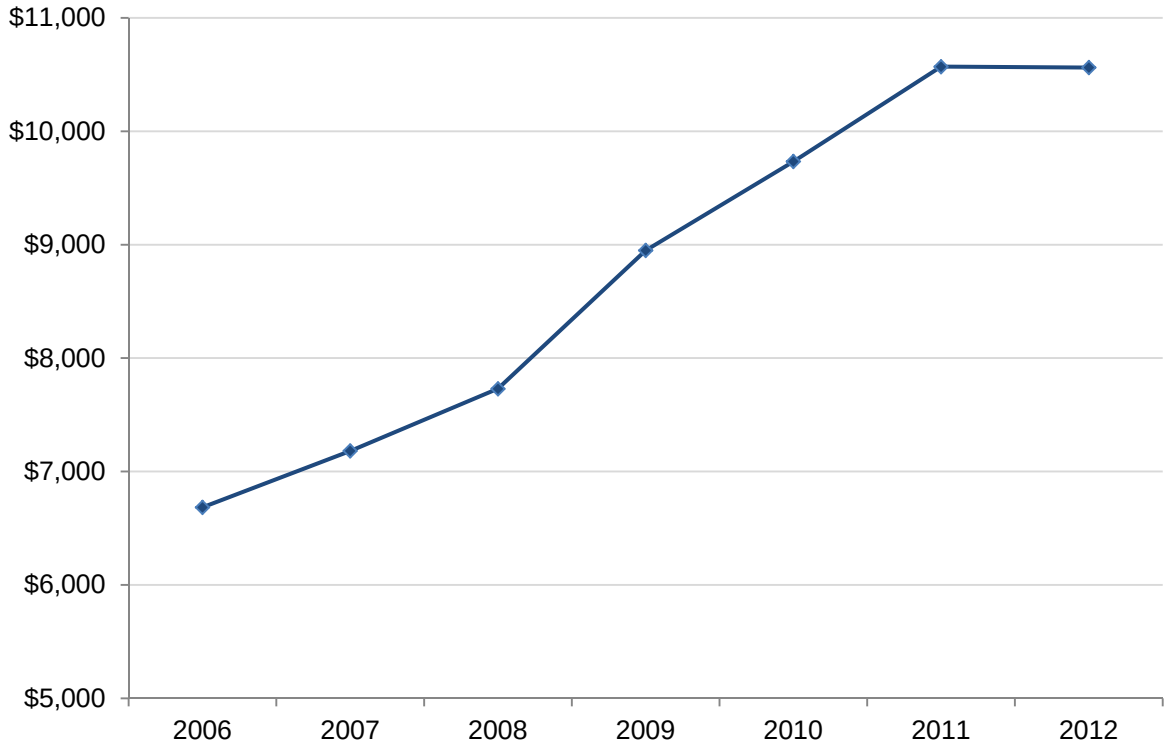
[20] The MOH administration expenditure, aside from funding for FutureCare, is mainly managerial and administrative in nature and involves services such as budget management, human resource management, the management of the health system and legislative processes, and grants to charitable, non-governmental organizations. By contrast the DOH expenditure includes environmental health, epidemiology, health promotion, preventative care and curative care. The HID administers the subsidy programmes, the Mutual Reinsurance Fund, as well as FutureCare and the Health Insurance Plan (HIP).

[21] Health insurance administration expenditure includes the selling, general, and administrative expenses of all licensed health insurers (which includes claims processing, payroll and advertising costs, sales expenses, information technology costs).

3 HEALTH COSTS IN CONTEXT

Health costs have been increasing in many countries and Bermuda has exhibited the same general trend. However, the amount of change in expenditure for FYE 2012 is negligible. The growth rate has been 0%, as a consequence of the BHB's revenue cap allowance. Under normal circumstances, however, the revenue cap allowance would not exist,[22] and the growth rate would be a modest 2%. Figure 6 shows per capita health expenditure for the period FYE 2005 – FYE 2011.

Figure 6. Per capita health expenditure



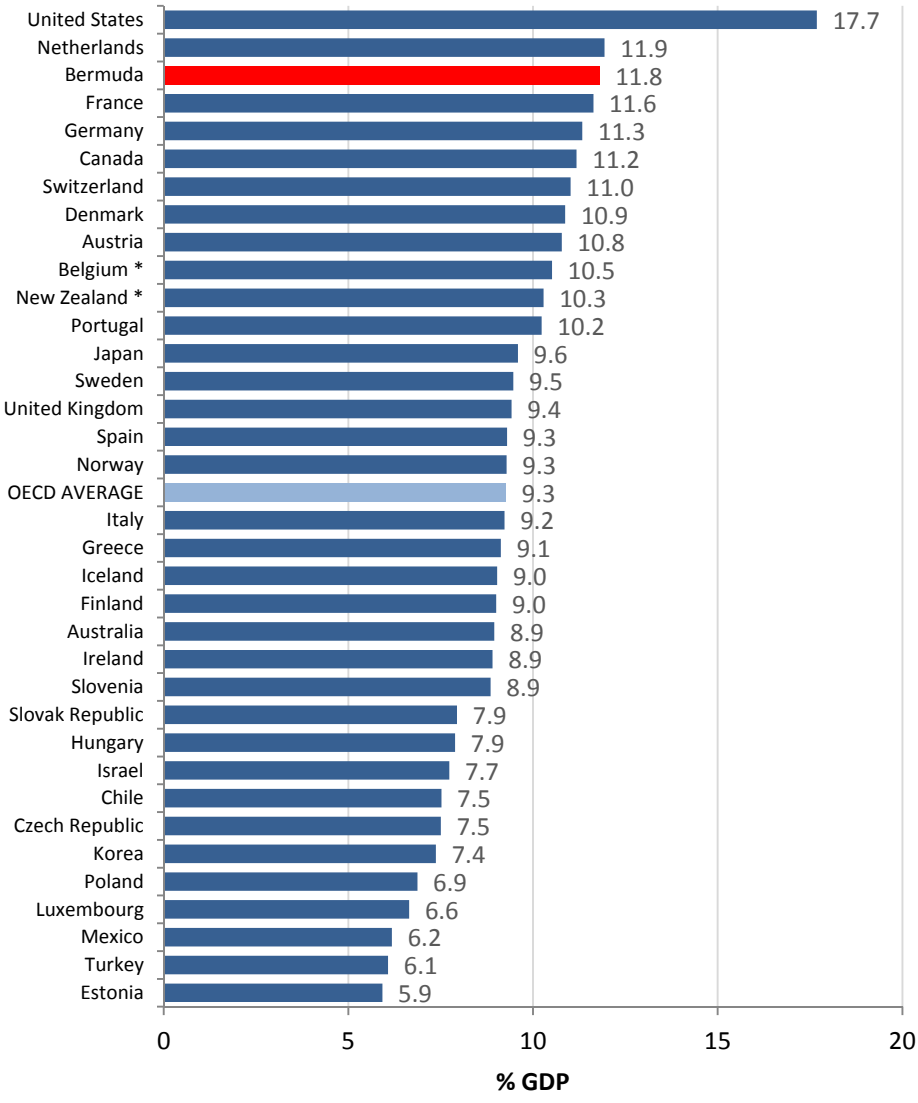
Health expenditure, reflecting health-related economic activity, can experience downward pressure during recessions when the level of total economic activity in a nation declines. Nevertheless, health expenditure can still become relatively unaffordable even if it doesn't grow in absolute terms. In addition to considering the absolute amount of health expenditure, it is important to consider what is affordable given the size of GDP. In FYE 2012, health expenditure in Bermuda reached 12.2% of GDP, which is high compared to OECD[23] countries.

The following graphs indicate that Bermuda's health expenditure as a share of GDP in 2011, at 11.8%, is higher than the OECD average at 9.3% and higher than all OECD countries except the United States and

[22] Had there been no MOU that capped BHB's revenue, all BHB health service delivery would have resulted in revenue. Consequently, the National Health Accounts would take into consideration the financing and expenditure related to these services; as a result the estimate of health financing and expenditure would have increased by the amount in excess of the revenue cap.
[23] OECD stands for Organisation for Economic Co-operation and Development, an international economic organization of 34 countries.

the Netherlands (Figure 7). However, despite higher expenditure, life expectancy in Bermuda is lower than in a majority of OECD countries. In particular, countries such as Israel, Korea, Greece, Slovenia and Portugal have higher life expectancy despite spending less than half the amount Bermuda spends per capita (PPP adjusted[24]; see Figure 8). While countries tend to spend more on health when per capita GDP is higher (Figure 9), with the exception of the United States, Bermuda spends more on health than similarly affluent countries, such as Switzerland, the Netherlands, Norway and Luxemburg, but life expectancy is lower in Bermuda than in all four countries.

Figure 7. Health expenditure as a share of GDP, 2011 (or latest year available)

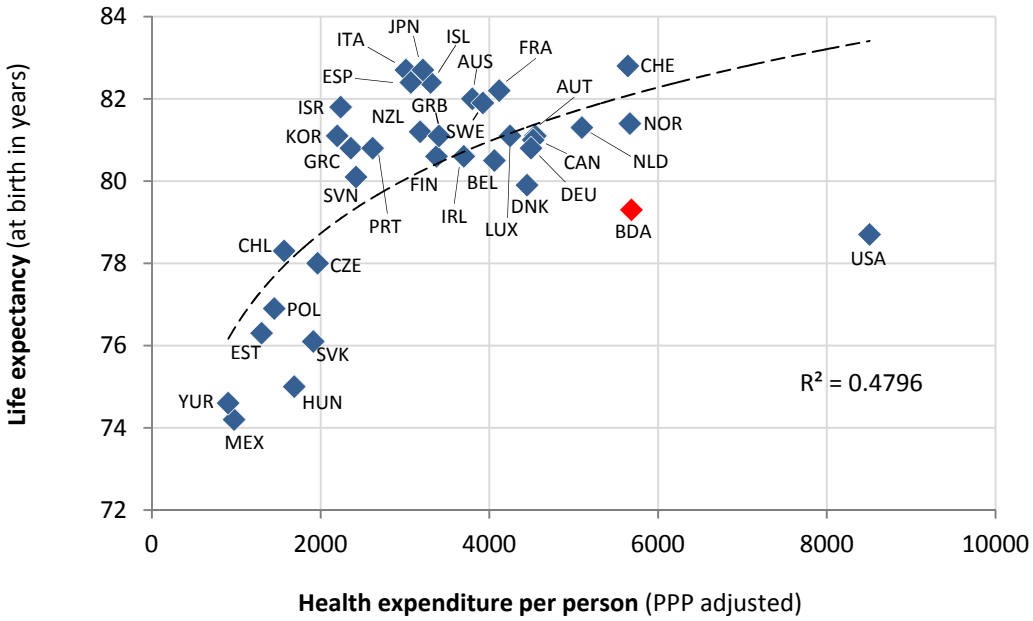


** Excluding investments*

***Source**: OECD Health Data 2013*

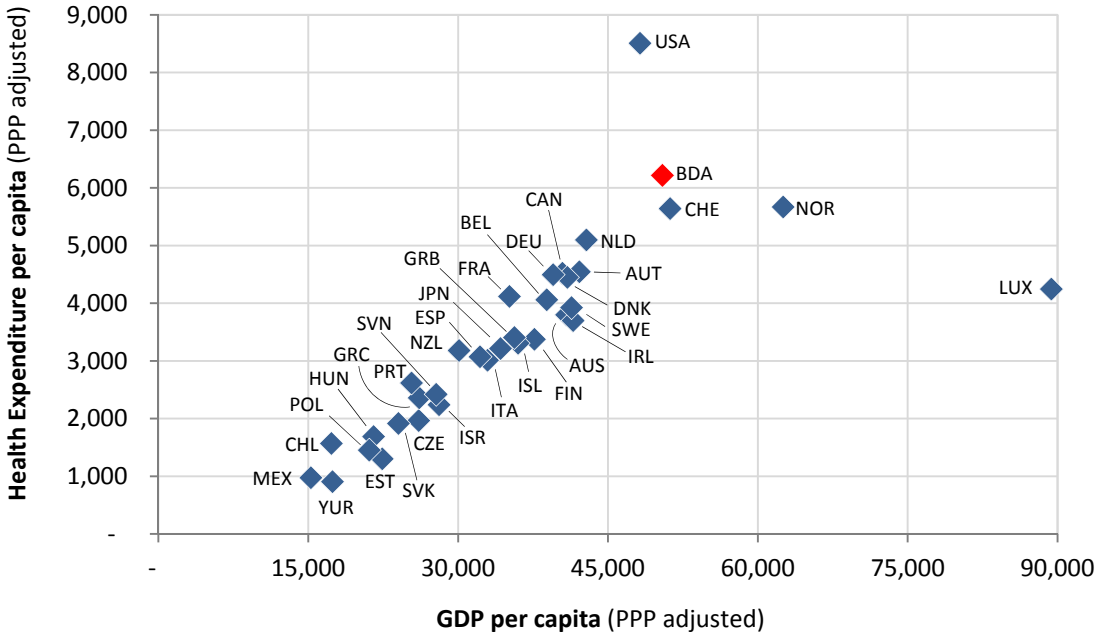
[24] PPP means Purchasing Power Parity. PPP adjustment is a technique to determine the relative value (purchasing power) of currencies. In Figures 8 and 9, Health expenditures and GDP are PPP adjusted to enable comparison between countries.

Figure 8. Life expectancy at birth and health expenditure per capita, 2011 (or latest year available)



***Source**: OECD Health Data 2013*

Figure 9. Total health expenditure per capita and GDP per capita, 2011 (or latest year available)



***Source**: OECD Health Data 2013*

4 CONCLUSION

Over the FYE 2011–FYE 2012 period, health financing and expenditure remained stable overall. Financing from the public sector decreased by 6% and financing from the private sector increased by 3%. Within the private sector, financing from health insurance increased by 1% and out-of-pocket expenditure increased by 10%. Public sector health expenditure decreased by 1%, and private sector health expenditure increased by 1%. The stability of health financing and expenditure is likely the result of interplay of multiple factors, including reduced insured headcount, reduced government expenditure on health, claims management by payors and the effect of the MOU that capped the revenue of the local hospital. It is beyond the scope of the National Health Accounts to discuss the impact of such changes on the health status of the population. However, some of the changes, such as reduced insured headcount, may have repercussions on health status.

With the contraction of GDP, health expenditure increased as a share of GDP. In FYE 2012, health expenditure as a percentage of nominal GDP increased from 11.8% to 12.2%. The persistently high expenditure on health, despite the decline in nominal GDP, indicates the relative resilience of health expenditure to changes in economic conditions. In particular, given that Bermuda's share of health expenditure to GDP is high compared to OECD countries, and that Bermuda's health expenditure per person is high relative to life expectancy, it will be an important challenge for the country to control this trend while maintaining quality of care and quality of life.

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APPENDIX

Table 3. Health System Financing FYE 2005 – FYE 2011 (BD$, '000)

Health Finance Sector	2006	2007	2008	2009	2010	2011	2012	12 vs 11	2006 - 2012	AAGR[25]
Public Health Financing	*121,239*	*129,735*	*144,056*	*155,772*	*190,111*	**215,886*	**202,641*	*-6.1%*	*67.1%*	*11.2%*
Ministry of Health (MOH)	6,464	4,993	3,396	8,505	♦28,737	♦35,194	♦30,250	-14.0%	368.0%	61.3%
Department of Health	22,406	24,540	29,463	28,023	29,135	30,508	29,693	-2.7%	32.5%	5.4%
Patient subsidies & Operating Grants	92,369	100,202	111,197	119,244	132,239	150,184	142,699	-5.0%	54.5%	9.1%
Private Health Financing	*305,185*	*329,909*	*352,263*	*420,532*	*438,343*	*463,076*	*475,801*	*2.7%*	*55.9%*	*9.3%*
Health Insurance	226,625	243,755	259,877	323,778	334,893	374,686	379,160	1.2%	67.3%	11.2%
Individual Out-of-Pocket Financing	62,163	67,707	71,633	74,101	80,103	82,748	90,985	10.0%	46.4%	7.7%
Charitable Non-Govt. Organizations†	16,397	18,447	20,753	22,653	23,347	5,642	5,655	0.2%	-65.5%	-10.9%
Total Health Financing	426,424	459,644	496,319	576,304	628,454	678,962	678,442	-0.1%	59.1%	9.9%

*In 2011 and 2012, this item includes the Ministry of Health, Department of Social Insurance (expenditure on behalf of the War Veterans Association), and grants from Ministry of Youth, Families & Sports to a few health-related charities. The prior periods contain the Ministry of Health only.

♦Items include funding for FutureCare, as well as the funding for the HID, and other Health Administration Funding.

†Estimated from 2005-2012 financial data supplied by non-profit organizations. Due to a change in methodology since FYE 2011 for donations to non-profit organizations, together with a reclassification of financing received by non-profits from the public sector, FYE 2011 & FYE 2012 is not comparable with prior periods figures.

Source: Department of Statistics, The Accountant General, Ministry of Finance, Government of Bermuda, and BHeC annual health insurance claims returns.

[25] AAGR means Average Annual Growth Rate.

Table 3 (Continued) – Health System Financing FYE 2006 – FYE 2012 (BD$, '000)

	2006	2007	2008	2009	2010	2011	2012	Average '06-'12
Public Health Financing % of Total Govt. Expenditure	14.0%	13.6%	14.1%	14.0%	16.2%	17.0%	16.3%	15.0%
Health Insurance % of Total Health System Financing	53.1%	53.0%	52.4%	56.2%	53.3%	55.2%	55.9%	54.2%
Individual Out-of-Pocket Financing % of Total Health System Financing	14.6%	14.7%	14.4%	12.9%	12.7%	12.2%	13.4%	13.6%
Annual Growth in Patient Subsidies & Operating Grants	7.7%	8.5%	11.0%	7.2%	10.9%	13.6%	-5.0%	7.7%

Table 4 – Bermuda Government Subsidies (FYE 2006 –FYE2012 in BD$, '000)

Bermuda Government Hospitalization Subsidies	2006	2007	2008	2009	2010	2011	2012	12 vs 11	2006 - 2012	AAGR
Patient Subsidies										
• Aged Subsidy	34,702	35,462	41,358	46,877	46,165	55,802	59,798	7.2%	72.3%	12.1%
• Geriatric Subsidy	11,112	11,602	12,673	13,728	13,473	15,188	16,583	9.2%	49.2%	8.2%
• Youth Subsidy	8,072	8,708	9,631	10,176	14,719	16,433	14,638	-10.9%	81.3%	13.6%
• Indigent Subsidy	6,191	7,476	5,176	2,917	5,026	5,894	8,951	51.9%	44.6%	7.4%
Total Patient Subsidies	*60,077*	*63,249*	*68,838*	*73,698*	*79,384*	*93,317*	*99,969*	*7.1%*	*66.4%*	*11.1%*
Other Subsidies										
• Clinical Drugs Subsidy[26]	2,193	2,522	2,549	2,215	2,368	2,368	-	-100%	-	-
• Other Subsidies	3,630	4,537	5,447	6,830	6,986	6,847	7,391	7.9%	103.6%	17.3%
Total Other Subsidies	*5,823*	*7,058*	*7,995*	*9,044*	*9,354*	*9,215*	*7,391*	*-19.8%*	*26.9%*	*4.5%*
Grand Total	65,899	70,307	76,833	82,742	88,738	102,532	107,360	4.7%	62.9%	10.5%

[26] There was no Clinical Drugs Subsidy for FYE 2012.

Table 5. Health System Expenditure FYE 2006 – FYE 2012 (BD$, '000)

	2006	2007	2008	2009	2010	2011	2012	12 vs 11	2006 - 2012	AAGR
Public Sector Health Expenditure	*202,882*	*219,667*	*251,317*	*261,770*	*301,990*	**339,810*	*336,766*	*-0.9%*	*66.0%*	*11.0%*
Ministry of Health (MOH)	31,870	32,533	35,859	36,528	47,872	45,800	41,601	-9.2%	30.5%	5.1%
• Promotion/Prevention/Curative Care	22,406	24,540	29,463	28,023	29,135	30,508	29,693	-2.7%	32.5%	5.4%
• Administration[†]	9,464	7,993	6,396	8,505	18,737	15,292	11,908	-22.1%	25.8%	4.3%
Bermuda Hospitals Board (BHB)	171,012	187,134	215,458	225,242	254,118	*294,010	[♦]295,165	0.4%	72.6%	12.1%
Private Sector Health Expenditure	*223,543*	*239,977*	*245,003*	*314,534*	*326,464*	*339,152*	*341,676*	*0.7%*	*52.8%*	*8.8%*
Local Practitioners	74,016	77,122	76,206	90,123	91,516	87,998	92,648	5.3%	25.2%	4.2%
• Physicians	51,126	53,110	53,526	61,870	60,826	58,217	59,912	2.9%	17.2%	2.9%
• Dentists	22,890	24,012	22,680	28,253	30,690	29,781	32,736	9.9%	43.0%	7.2%
Other Providers, Services, Appliances & Products	34,650	35,795	37,113	54,239	57,422	61,449	59,334	-3.4%	71.2%	11.9%
Prescription Drugs	36,551	36,935	37,121	39,046	41,969	41,847	45,334	8.3%	24.0%	4.0%
Overseas Care	50,037	59,074	62,267	90,264	91,384	96,556	89,933	-6.9%	79.7%	13.3%
Health Insurance Administration	28,289	31,051	32,296	40,863	44,173	51,302	54,427	6.1%	92.4%	15.4%
Total Health Expenditure	426,425	459,644	496,320	576,304	628,454	*678,962	[§]678,442	-0.1%	59.1%	9.8%

***SOURCE**: The Accountant General, The Ministry of Finance, The Bermuda Hospitals Board, BHeC annual health insurance claims returns*

*In FYE 2011 the methodology to present BHB expenditure was changed to report total BHB revenue and FYE 2012 has preserved the FYE 2011 methodology. Prior periods were based on total BHB operating costs. The change in methodology impacts Public Sector Health Expenditure and Total Health Expenditure (THE). Using BHB operating costs for 2010 & 2011, THE increased by 5.1%. Using BHB revenue for 2010 & 2011, THE increased by 5.0%.

[♦]This is from the unaudited BHB financial statements. This figure reflects net expenditure at the hospital, excluding the "Allowance for Revenue Cap" amount of $16 million. More details are in this report.

[†]This includes the DoSI Health Insurance Plan Administration, which was reported in the previous National Health Accounts as a separate item. The DoSI Health Insurance Plan Administration was transferred to MOH in FYE 2009; consequently, the DoSI line had been zero since FYE 2009. It is now grouped in the "Administration" line.

[§]If BHB's "Allowance for Revenue Cap" were included in the accounting of this report, then the health system financing and expenditure would amount to $695 million, representing a 2% increase from the previous year.

Table 6. Analysis of Health System Expenditure FYE 2006 – FYE 2012 (BD$, '000)

Analysis of Expenditure	2006	2007	2008	2009	2010	2011	2012	12 vs 11	'06 to'12 Average
National Government Expenditure	867,399	952,606	1,022,899	1,112,193	1,176,834	1,272,651	1,245,741	-2.1%	-
Total Health Expenditure (THE) (BD$)	426,425	459,644	496,320	576,304	628,454	678,962	678,442	-0.1%	-
Estimated Population	63,797	64,009	64,209	64,395	64,566	64,237	*64,237	0.0%	-
Per Capita Health Expenditure (BD$)	6,684	7,181	7,730	8,950	9,734	10,570	10,562	-0.1%	-
Public Health Expenditure (BD$)	202,882	219,667	251,317	261,770	301,990	339,810	336,766	-0.9%	-
Public Health Exp % of National Govt. Exp	23.4%	23.1%	24.6%	23.5%	25.7%	26.7%	27.0%	-	24.9%
Public Health Exp % of GDP	4.2%	4.1%	4.3%	4.3%	5.2%	5.9%	6.1%	-	4.9%
Public Health Expend. Per Cap.(BD$)	3,180	3,432	3,914	4,065	4,677	5,290	5,243	-0.9%	-
Public Health Expenditure as % of THE	47.6%	47.8%	50.6%	45.4%	48.1%	50.0%	49.6%	-	48.5%
BHB Expenditure as % of THE	40.1%	40.7%	43.4%	39.1%	40.4%	43.3%	43.5%	-	41.5%
Prescription Drug Expenditure % of THE	8.6%	8.0%	7.5%	6.8%	6.7%	6.2%	6.7%	-	7.2%
Nominal GDP (BD$ 2005 - 2011) ♦	4,868,136	5,414,299	5,895,048	6,109,928	5,806,378	5,744,414	5,550,771	-3.4%	-
Total Health Exp. share of GDP (%)♦	8.8%	8.5%	8.4%	9.4%	10.8%	11.8%	12.2%	-	10.0%
Nominal GDP YoY Growth Rate (%)♦	8.5%	11.2%	8.9%	3.6%	-5.0%	-1.1%	-3.4%	-	3.3%
Total Health Exp. YoY Growth Rate (%)	7.6%	7.8%	8.0%	16.1%	9.0%	8.0%	-0.1%	-	8.1%
Health and Personal Care Price Index (%)	5.7%	6.8%	6.6%	6.7%	8.1%	7.5%	6.6%	-	6.9%
Overseas Care % of THE	11.7%	12.9%	12.5%	15.7%	14.5%	14.2%	13.3%	-	13.5%

***SOURCE**: Department of Statistics.*

*The population figure has remained the same as the previous year due to the projection of stability in the population and the lack of consistent estimates. Prior to the publication of the results of the 2010 census, the population figures are from the Department of Statistics' 2006 projection "Mid-Year Population Projections July 1, 2000 to July 1, 2030". The census figure proves to be lower than projected in 2010, and no other estimate has been consistent with the census figure (used for the National Health Accounts 2011), although no significant changes have been projected. Consequently the figure for the current year is kept the same as the previous year.

♦The GDP figures shown are for 2005 – 2011. GDP is reported on a calendar year basis. The Bermuda health system fiscal year is from 1st April to 31st March. Therefore health system fiscal data as at 31st March of each year is compared to the nominal GDP data for the prior year ended 31st Dec.