



REMARKS

BY:

THE MINISTER OF HEALTH

THE HON. ZANE DE SILVA JP, MP

ON: Budget Highlights 2012/2013

February 24th, 2012

Good afternoon,

The proposed 2012/13 budget for the Ministry of Health is \$190.98 million, which is a 10.9% increase on the base budget from the previous year. All of this increase has been applied to the budget for the Hospital Subsidy, as the Subsidy has historically been under funded.

The vast majority of the Ministry of Health's budget (almost 75%) is allocated to the Bermuda Hospitals Board.

The Ministry provides the Board with a grant of \$38.578 million which funds the full operation of the Mid Atlantic Wellness Institute. The team at MWI will continue with the implementation of the Mental Health Plan

during the coming financial year, and they will also be working closely with the Department of Health on the provision of services for Bermuda's special needs population.

In addition to the MWI grant, the Ministry pays the hospital bills for vulnerable populations. We pay 100% for children and the indigent as well as covering 80% or 90% of the standard hospital benefit for our Seniors.

Historically, the Hospital Subsidy has been paid on a fee for service basis. If a patient who is eligible for subsidy receives service, the Ministry pays. This has meant that the Ministry of Health had no control over the budget. If more people used more services, the Ministry paid. Also, there was no incentive for the Hospital to control utilization.

That is now changing.

For the first time ever, the Ministry of Health and the Bermuda Hospitals Board are working toward entering into a Memorandum of Understanding to cap the Hospital Subsidy.

If we put a cap on Subsidy, we will be able to budget. We will know exactly what our maximum liability will be for Hospital subsidy. If we agree to a cap of \$104 million, the maximum that we will pay will be that \$104 million. We could pay less, but not more.

A cap will also put pressure on the Hospital to control their costs and to actively manage utilization of testing and diagnostic imaging. Patient safety would not be compromised, but every test does not have to be run for every patient.

The Hospitals then, account for almost 75% or \$142.6 million of the total budget for the Ministry of Health.

The remaining 25% or \$48.4 million is allocated to the Ministry Headquarters, the Department of Health, and Health Insurance Department.

In 2012/13, the primary focus for the Departments within the Ministry of Health is the National Health Plan.

Each of the Departments are heavily involved in the six Task Groups which are developing the implementation options for the National Health Plan.

The Benefit Design Task Group is reviewing the Standard Hospital Benefit with a view to creating a Standard **Health** Benefit, and they will be turning their report over to the Minister before the end of March.

The Finance and Reimbursement Task Group will use the Benefit Design Group's report to develop options for pricing and paying for health coverage.

The Prevention Task Group is already at work on enhancing the Well Bermuda Strategy. Long term, the only way to keep our rising healthcare costs in check is to change our eating and exercise habits. We must strive for Health People, Healthy Families, living in Healthy Communities.

The other Task Groups are focusing on Long Term Care, Overseas Care, and the implementation of an Electronic Health Record. It will be some time before they have all completed their work, but they are all active and have involved as wide a cross section of the stakeholder community as possible.

In the end, we will not lose sight of the core values that we have set for our health system – equity and sustainability.

While the National Health Plan is looking toward the long term, the Ministry of Health is also focused on the short term.

The 2011 Throne Speech announced that we would be addressing the matter of upfront payments for medical treatment. Resources have been allocated for this project within the Ministry of Health and the Bermuda Health Council.

Legislation was produced and laid before the House of Assembly during the last session for the information of the Members as well as the public at large.

The implementation team (which includes a broad range of stake holders) has been meeting to suggest fine tuning that the legislation might require. They have also been working out the technical details of implementation. Putting a halt to upfront payments may sound like a straight forward exercise, but, as they say, "The Devil is in the details."

Thank You.