



**National Health
Insurance Authority**

ANNUAL REPORT — 2020



*Passionate, Progressive,
Partnership, Integrity and
Respect*



TABLE OF CONTENTS

03 • Introduction

04 • Organization

05 • Organization Values

06 • Chairman's Statement

09 • Managing Director's Report

10 • NHIA Board

12 • The History

14 • Our Team

15 • Executive Management

16-19 • Global Highlights

20-37 • Audited Financial Statements

BAHAMIANS SHOULD HAVE ACCESS

95% of Bahamians strongly agree that they should have access to universal health care. According to a survey conducted by the National Health Insurance Authority (NHIA). The survey featured 5,122 beneficiaries and took place between July and November 2018.

95%



Introduction

Building a healthier Bahamaland **with universal health care.**

NHI is truly a Bahamian success story.

The program is very well received by beneficiaries, with an approval rating of over 95 percent and strong support from the general public.

– The Most Hon. Dr. Hubert Minnis, Prime Minister of The Bahamas

We see a nation where the people are the most precious resource, over and above all natural and material resources, and national prosperity is measured by the quality of the health, education and social environment and self-esteem of its people.

Sir Lynden Pindling, Former Prime Minister of The Bahamas



Organization

4

OUR VISION

Leading the way in providing access to affordable, quality healthcare that Bahamians deserve.

OUR MISSION

We are transforming the healthcare system upon which the future well-being of Bahamians depends, by putting patients at the center of every decision we make.

OUR CORE VALUES

Passionate, Progressive, Partnership, Integrity, Respect

WHAT IS NHI BAHAMAS?

NHI Bahamas is a new national health insurance program for The Bahamas introduced by Government. NHI Bahamas aims to ensure that all legal Bahamian residents – no matter your income, age, the island of residence or current health status – can receive affordable and accessible health care.

NHI Bahamas is being rolled out in phases. Bahamians began registering for the National Health Insurance program in January 2016. Enrollment for NHI Bahamas began in 2017 and is ongoing. Beginning in May 2017, Bahamians began receiving primary care services under NHI Bahamas. In October 2020, the NHI Authority released its latest public consultation paper titled “NHI Primary Care Transformation Initiative Establishing Universal Access to Quality, Affordable Primary Health Care in The Bahamas”. The policy paper outlined a proposed transformation of primary health care services in the Bahamas. This transformation will fundamentally change the way primary care is delivered to all Bahamians.



ORGANIZATION VALUES

BUILDING A MORE SUSTAINABLE HEALTH CARE SYSTEM.



We are deeply committed to building trusting partnerships with clinicians, recognizing the critical role they play in helping their patients (our beneficiaries) achieve their best health. As the industry increasingly shifts to a focus on value, our objective is to be a dependable partner to clinicians in evolving incentives from treating health episodically, to managing health holistically.

A key area of focus for us is to make it easier for clinicians to improve the health of their patients. We do this by supporting them with resources, and by extending the use of clinical programs that enable connectivity between a patient's health and lifestyle. By working to create seamless, integrated workflows and processes, we strive to minimize complexity and friction for clinicians so they can focus on managing and improving health.

PEOPLE DEVELOPMENT & TEAMWORK

At NHIA, we are deeply proud of the progress we have made to help families access modern accessible health care and lead healthy, happy lives. NHIA has grown internally and externally with 40 employees managing over 85,000 beneficiaries enrolled within the program, 66 providers across the family islands along with 7 labs.

During this time NHI is proud to have a person who is a certified professional in health care quality, as well as having three persons who hold the credentials of Electronic Medical Record Certification.

PERFECT TIMING

The popularity of National Health Insurance has increased significantly during the ongoing COVID-19 pandemic. A record number of Bahamians have successfully enrolled in NHI to gain access to a family doctor and laboratory testing free of charge at the point of service. The COVID-19 pandemic has forced everyone to focus on health and the health of everyone around them. This has prompted NHI to implement the Patient Care Transformation Initiative, a merge with the private and public healthcare services to ensure health care access to all Bahamians could not have been done at a better time.

WORK & PLAY WITH PASSION

Now is the time to reimagine health care, embedding the transformative actions of NHIA along with actions taken by the health care community during the response to the COVID-19 crisis.

We are committed to our core values, Passionate, Progressive, Partnership, Integrity and Respect. Advancing toward digital services and, the team is always ready for the next step. Aiming to be better equipped with tools, knowledge and access work and play with passion goes hand in hand.



Chairman's Statement

DR. ROBIN ROBERTS

Dear Minister Wells:

Re: The National Health Insurance Authority Annual Report 2020

This past year ending June 30, 2020 have presented the National Health Insurance Authority (NHIA) with some unforeseen and unpredictable setbacks. However, these challenges namely Hurricane Dorian and COVID-19 created many opportunities to prove and showcase the overwhelming need for NHI and the implementation of its program and offerings. Thus far, the work put into the health care sector has proven to be a successful one for the Authority due in part to the work of NHIA's Board, ably supported by the executive management and a strong team of employees.

A few achievements worth acknowledging during this last year include the following:

- The launch of the Electronic Health Records.
- Continuing the work of delivering modern, affordable and accessible health care to Bahamians.
- Integrating Telehealth within the providers' network.
- Growing the number of enrolled beneficiaries from just over fifty-five thousand at June 30, 2019 to over eighty-five thousand today.
- The expansion of our provider network to include 53 private facilities, 91 physicians and 7 laboratories.
- The implementation of an expansion of NHI services to integrate both public and private health care sectors including clinicians and laboratories to continue to advance our claims to universal health care.

In accordance with Section 37 of the National Health Insurance Act, 2016. I have the privilege of submitting to you, on behalf of the Board of Directors, the Annual Report of the National Health Insurance Authority.

I take this opportunity to thank the management and staff of the Authority for their strong team spirit, commitment and dedication to the NHIA goals during the period ended June 30, 2020.

Now more than ever NHIA is deeply committed to continued partnerships with key stakeholders, including clinicians, laboratories, Ministry of Health, Public Hospitals Authority, Department of Public Health and the Pan American Health Organization (PAHO).

As NHI focuses on respect, passion, progress, partnership and integrity, our objective remains the same - to achieve universal health care for all.



DR. ROBIN ROBERTS
CHAIRMAN



GRAHAM WHITMARSH
CEO & MANAGING DIRECTOR



Managing Director's Report

GRAHAM WHITMARSH

Protecting lives now more than ever is paramount within the health care industry. NHI has remained committed to its contributions to a healthy population by ensuring access to health care services are met with a successful response.

The pandemic has put health systems under immense pressure and stretched others beyond their capacity. As such, responding to this public health emergency and successfully minimizing its impact requires every health resource to be leveraged.

During the 2019/2020 fiscal year NHI has successfully launched and implemented several new initiatives that have proven to help advance health care directives while remaining close to the values of NHI.

A phased implementation approach of the Electronic Health Records (EHR) system continues to make its way to all providers since its launch in late 2019. With over 27 providers utilizing the software, we are confident the use will continue to promote best practices.

Early 2020, Telehealth has been piloted with 16 providers. With the ongoing pandemic, plans to expand Telehealth will be on going and has been well received by the provider team.

The future of the public health care system with primary care system reform will continue to expand the NHI program and begin to integrate the public clinic system into the NHI funding and operating model over the next 12 – 18 months with the implementation of NHI 1.1.

Failure to protect health care in this rapidly changing context exposes health systems to critical gaps in services when they are most needed and can have a long-lasting impact on the health and wellbeing of populations. The NHI management and staff will continue to lead the way in providing access to affordable, quality health care.



NHI Board

THE BOARD OF DIRECTORS WAS APPOINTED TO SERVE ON JULY 26, 2017

Dr. Robin Roberts

CHAIRMAN

Judith A. Whitehead

DEPUTY CHAIRMAN

Marcus Bosland who replaced Venetia Cambridge

MEMBER

Montgomery Braithwaite

MEMBER

Terneille Burrows

MEMBER

Dr. Marcus Cooper

MEMBER

Bernard Evans

MEMBER

Leyvon Miller

MEMBER

Barbara Wilson

MEMBER

Michele Fields (Superintendent, Insurance Commission of The Bahamas)

EX-OFFICIO MEMBER

Dr. Pearl McMillan (Chief Medical Officer, Ministry of Health)

EX-OFFICIO MEMBER

Lilian Quant-Forbes (Acting Director, Social Services)

EX-OFFICIO MEMBER

Nicola Virgil-Rolle (Director, National Insurance Board)

EX-OFFICIO MEMBER

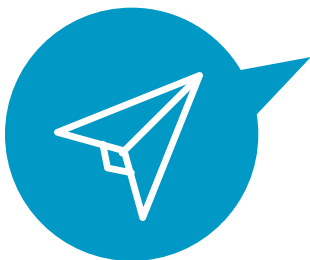
Graham Whitmarsh (CEO/Managing Director, NHIA)

EX-OFFICIO MEMBER





The History



MAKING HISTORY TOGETHER.

The health care system in The Bahamas needs to become more modern, affordable and accessible. NHI Bahamas aims to do just that. The new government program ensures that all legal Bahamian residents – no matter your income, age, island of residence or current health status – can receive health care at no cost at point of service.

1983-2016

2016

2017

THE WAY FORWARD TO UNIVERSAL HEALTH CARE

- Speech from the throne includes NHI
- Establishment of working party of NHI
- Report of working party on NHI
- Report of Manitoba consultants on NHI
- Report of Ad Hoc Task Force on NHI
- Report on the feasibility of a catastrophic health insurance fund
- Establishment of blue ribbon commission on NHI
- Establishment of NHI steering committee
- Report of NHI steering committee
- First NHI Act
- Startup of NPDP
- Report by Sanigest on NHI
- Report by PwC on NHI costing
- Report by KPMG validating NHI model
- Passing of NHI Act
- Proposed launch of NHI Primary Care

THE AUTHORITY ESTABLISHED

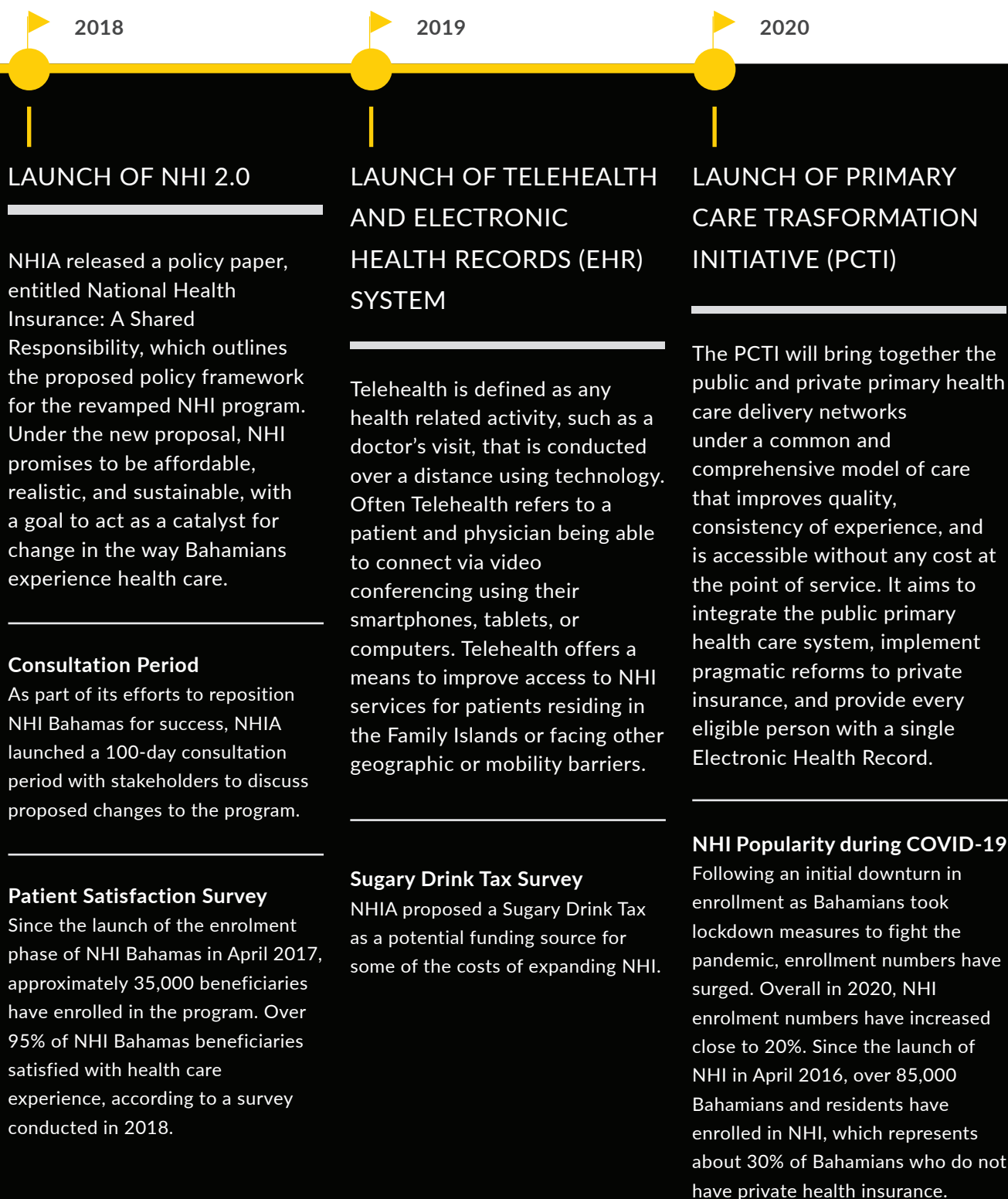
The National Health Insurance Authority (NHIA) was established.

NHIA BOARD ANNOUNCED

The Board will effectively act as the governing body that performs the functions and exercises the powers of the NHIA and reports to the Minister responsible for National Health Insurance. The Board will oversee and work closely with the NHIA's technical team to review, plan and operationalize the overall strategy and operations of the NHI Bahamas program.



The National Health Insurance Authority (NHIA) has been established to oversee the implementation of NHI Bahamas and it is currently fully funded by the government.





Our Team

What do you get when you put a group of dedicated and passionate individuals together in one building? The NHI management and staff! Our Team comprises of individuals from various backgrounds that all have one goal in common, to continue to lead the way in providing access to affordable, quality health care.

Professional and fun loving, we would not be where we are today if it were not for the hardworking members who go above and beyond to assist new and existing beneficiaries, providers and each other while remaining true to our core values.





Executive Management



Graham Whitmarsh
Chief Executive Officer



Patrick Hanlan
Chief Financial Officer



CC LaFleur
Senior Manager – Human Resources



Christy Butler
Senior Manager - Operations



Global Highlights

NHIA's partnership with eClinicalWorks which will provide the Electronic Health Records (EHR) system with the opportunity to make a significant impact in improving the overall quality of patient care at a national level.

NHI FACILITES ACCESS

The new EHR system eliminates the need for paper patient health records and acts as a single, central record for patients' health information. Using the EHR system, NHI Bahamas providers will be able to provide superior care and improve patient safety. Other benefits of the new system include reduced medical errors and improved access to information for both the provider and beneficiary. The overall goal is to provide the highest level of quality care possible.





In light of the continually evolving global pandemic of COVID-19, the NHIA has responded quickly to ensure the safety of the medical workforce and provide safe access to all patients. With social distancing becoming a reality to discourage the transmission of the COVID-19 virus, the NHIA has activated a feature for its primary care providers who have undergone the transition to the Electronic Health Records (EHR) system, that will allow all of their patients to have Telehealth Virtual Visits to connect them with their providers.

INTRODUCTION OF TELEHEALTH

Telehealth is being embraced globally during this crisis as a way to do the following:

Triaging of patients exhibiting upper respiratory tract symptoms

Diverting Non-Urgent Cases from coming into the office (e.g. Prescription Renewals, Chronic Care Management)

Protection of Health Workers from potential exposure

Minimizing travel and exposure for those at risk (elderly, underlying health risks)

NHI FACILITIES ACCESS

41

As of Nov 30, NHI has 41 facilities that have access to Telehealth with more looking to be onboarded.



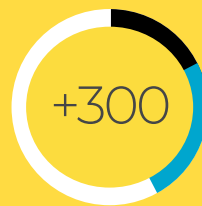


HURRICANE DORIAN RELIEF

Medical supplies and Family Emergency Kits (FEKs) were donated by Orlando Cardiovascular Interventions. Additional items were bought and distributed evenly towards shelter victims dependent on necessities on New Providence at Pilgrim Baptist Church, Calvary Haitian Baptist Church, and the Salvation Army. Items were also shipped to ravaged islands such as Abaco & Grand Bahama.

Hurricane Dorian ravaged Abaco and Grand Bahama and left a path of destruction. In wake of this NHI's team members thought it prudent to take the lead on allocating medical supplies from vendors in Canada and the USA, by donating their time and efforts to provide food, shelter and basic needs to those who have lost almost everything from beneficiaries, non- beneficiaries and providers.

MEDICAL SUPPLIES



Some 300+ medical supplies as nebulizer kits, insulin injections, syringes, iv catheters just to name a few were distributed to displaced NHI providers drastically affected by the storm.





COVID-19

The National Health Insurance Authority partnered with the Ministry of Health to help relieve the burden of COVID-19 on the country by helping with contact tracing at their command centre. The team was certified along with a group of public health experts, doctors, nurses working to enhance contact tracing during the second wave of COVID-19 in The Bahamas.

FEKs

100

Family Emergency Kits containing ceramic gravity water purification unit, oral rehydration salt, solar light and some hygiene items including soaps, deodorants, toothpaste and brushes were also distributed to various churches and also sent to the affected islands.



CONTACT TRACING

+3,000

10 NHI staff members volunteered their time at the Contact Tracing Command Centre to help combat the spread of the COVID-19 virus by contacting and tracing some 3,000+ individuals during the second wave of COVID-19 in The Bahamas.

19







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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
NATIONAL HEALTH INSURANCE AUTHORITY

Opinion

We have audited the financial statements of National Health Insurance Authority ("the Authority"), which comprise the statement of financial position as at June 30, 2020, and the statements of operations, changes in accumulated fund and cash flows for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at June 30, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in The Bahamas, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Authority's financial reporting process.

**INDEPENDENT AUDITORS' REPORT** (continued)*Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

CHARTERED ACCOUNTANTS

November 30, 2020
Nassau, Bahamas



NATIONAL HEALTH INSURANCE AUTHORITY

Statement of Financial Position

June 30, 2020

(Expressed in Bahamian dollars)

	2020	2019
ASSETS		
Current assets		
Cash on hand and at bank (Note 4)	\$ 911,333	\$2,689,027
Government grant receivable (Notes 8, 13)	2,000,000	-
Other receivable	6,520	8,454
Prepaid insurance	4,839	3,119
	<u>2,922,692</u>	<u>2,700,600</u>
Fixed assets (Note 5)	289,039	228,095
Intangible assets (Note 6)	1,063,002	208,305
Total assets	<u>\$4,274,733</u>	<u>\$3,137,000</u>
LIABILITIES AND ACCUMULATED FUND		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses (Note 7)	\$1,024,504	\$ 590,274
Accumulated fund	<u>3,250,229</u>	<u>2,546,726</u>
Total liabilities and accumulated fund	<u>\$4,274,733</u>	<u>\$3,137,000</u>

See accompanying notes. See Independent Auditors' Report on pages 1 and 2.

These financial statements were approved by the Board on November 30, 2020 and signed on its behalf by:

Chairman

Director



NATIONAL HEALTH INSURANCE AUTHORITY

Statement of Operations

For the year ended June 30, 2020

	2020	2019
INCOME		
Government grants (Notes 8, 13)	\$24,555,556	\$13,333,333
Other income	-	2,825
Total income	24,555,556	13,336,158
EXPENSES		
Provider care benefits (Note 9)	17,504,385	10,626,454
Payroll and related benefits (Notes 11,13)	2,158,614	1,649,577
Consultancy services (Note 10)	1,801,918	2,336,201
Operation of facilities (Note 12)	1,658,380	769,313
Amortization (Note 6)	160,859	23,145
Directors' remuneration (Note 13)	149,000	153,000
Other charges	131,451	227,905
Depreciation (Note 5)	64,419	36,326
Travel	63,857	85,796
Bank charges	54,507	23,877
Office supplies and materials	44,991	67,321
Publication of notices and advertising	34,191	98,346
Professional fees	25,481	18,350
	23,852,053	16,115,611
NET INCOME/(LOSS) AND TOTAL COMPREHENSIVE INCOME/(LOSS)	\$ 703,503	\$(2,779,453)

See accompanying notes. See Independent Auditors' Report on pages 1 and 2.

**NATIONAL HEALTH INSURANCE AUTHORITY**

Statement of Changes in Accumulated Fund

For the year ended June 30, 2020

	Accumulated fund
BALANCE AS AT JUNE 30, 2018	\$ 5,326,179
Total comprehensive loss	(2,779,453)
BALANCE AS AT JUNE 30, 2019	2,546,726
Total comprehensive income	703,503
BALANCE AS AT JUNE 30, 2020	\$ 3,250,229

See accompanying notes. See Independent Auditors' Report on pages 1 and 2.



NATIONAL HEALTH INSURANCE AUTHORITY

Statement of Cash Flows

For the year ended June 30, 2020

	2020	2019
CASH PROVIDED BY/(USED IN)		
Cash flows from operating activities		
Net income/(loss)	\$ 703,503	\$(2,779,453)
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) operating activities:		
Depreciation	64,419	36,326
Amortization	160,859	23,145
Cash provided by/(used in) operating activities before changes in operating assets and liabilities	928,781	(2,719,982)
(Increase)/decrease in operating assets:		
Government grant receivable	(2,000,000)	3,000,000
Accounts receivable	-	4,442
Prepaid insurance	(1,720)	(1,914)
Other receivable	1,934	(8,454)
Increase in operating liabilities:		
Accounts payable and accrued expenses	434,230	409,852
Net cash (used in)/provided by operating activities	(636,775)	683,944
Cash flows from investing activities:		
Acquisitions of fixed assets	(125,363)	(161,902)
Cost of intangible assets	(1,015,556)	(66,648)
Disposal of fixed assets	-	9,449
Net cash used in investing activities	(1,140,919)	(219,101)
Net (decrease)/increase in cash and cash equivalents	(1,777,694)	464,843
Cash and cash equivalents, beginning of year	2,689,027	2,224,184
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 911,333	\$ 2,689,027
Represented by:		
Cash on hand	\$ 83	\$ 740
Cash at bank	911,250	2,688,287
	\$ 911,333	\$ 2,689,027

See accompanying notes. See Independent Auditors' Report on pages 1 and 2.



NATIONAL HEALTH INSURANCE AUTHORITY

Notes to Financial Statements

June 30, 2020

1. GENERAL

National Health Insurance Authority ("the Authority") is a statutory body established in the Commonwealth of The Bahamas pursuant to the provisions of the National Health Insurance Act, 2016 ("the Act").

The functions of the Authority, as mandated by the Act, are as follows:

- To establish and implement a national health insurance plan ("the Plan") to facilitate the provision of accessible, affordable, equitable and quality healthcare services to all eligible persons;
- To establish and implement mechanisms for quality assurance in the delivery of healthcare and wellness benefits and services under the Plan;
- To promote improved methods and levels of efficiency in the delivery of health care;
- To enroll all persons eligible to enroll and receive benefits under the Plan;
- To register and oversee all providers and administrators and wellness benefits and services under the Plan;
- To set the terms of all agreements with providers and administrators including setting the rates of payment and establishing the risk adjustment mechanism; and
- To manage, control and keep under constant review the national health insurance fund and to supervise and control expenditures therefrom.

As at June 30, 2020, the number of enrollees in the Plan total 80,588 (2019: 58,726).

The registered office of the Authority is situated at the Teachers & Salaried Workers Co-operative Credit Union building, East Street South, P.O. Box N-3212, Nassau, Bahamas.

These financial statements were authorized to be issued by the Board of Directors on November 30, 2020.

2. ADOPTION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS

At the date of these financial statements, the following standard and amendments to the existing standards issued by the International Accounting Standards Board ("the IASB") have not been applied in these financial statements as they are not yet effective:

IFRS 3 (amendments)	-	Business Combinations - clarifying the definition of a business - effective from January 1, 2020
IFRS 9, IAS 39 and IFRS 7 (amendments)	-	Interest Rate Benchmark Reform - effective from January 1, 2020
IFRS 17	-	Insurance Contracts - effective from January 1, 2021
IAS 1 and IAS 8 (amendments)	-	Definition of Material - the amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS - effective from January 1, 2020

The Board of Directors is in the process of determining the impact of the adoption of such standards and amendments to the existing standards on the Authority's financial statements.



NATIONAL HEALTH INSURANCE AUTHORITY

Notes to Financial Statements

June 30, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB. The accounting policies set out below have been applied consistently during the years presented, unless otherwise stated.

b) Basis of preparation

These financial statements have been prepared on the historical cost basis. The financial statements are expressed in Bahamian dollars which is the functional and reporting currency of the Authority.

c) Use of estimates and judgments

The preparation of financial statements in compliance with International Financial Reporting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas involving estimates and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is described in the following notes:

Note 3(g)	-	Impairment of financial assets
Note 3(l)	-	Fixed assets
Note 3(m)	-	Intangible assets
Note 14	-	Fair value of financial instruments
Note 15	-	Financial risk management

d) Financial assets – classification and subsequent measurement

On initial recognition, the Authority classifies its financial assets at amortized cost. The classification depends on the Authority's business model and the asset's contractual cash flow characteristics.

• Financial assets at amortized cost

A financial asset is measured at amortized cost using the effective interest method less any allowance for impairment if it is held in a business model whose objective is to hold the asset to collect the contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Balances included in this classification are cash on hand and at bank, government grant receivable and other receivable.

e) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and at bank.



NATIONAL HEALTH INSURANCE AUTHORITY

Notes to Financial Statements

June 30, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Government grant receivable

Government grant receivable represents a portion of the approved budgetary funding receivable from the Government at the reporting date.

g) Impairment of financial assets

The Authority recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost. The Authority measures loss allowances at an amount equal to lifetime ECLs, except for the following which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Authority considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Authority's historical experience and informed credit assessments and including forward-looking information.

Lifetime ECLs are the ECLs that result from default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Authority is exposed to credit risk.

At each reporting date, the Authority assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- A breach of contract such as a default; or
- It is probable that the borrower will enter bankruptcy or other financial reorganization.

h) Recognition of financial assets and liabilities

The Authority recognizes financial assets and financial liabilities on the day it becomes a party to the contractual provisions of the instruments.

i) Derecognition of financial assets and liabilities

The Authority derecognizes financial assets when the contractual rights to receive cash flows from the assets expire or have been transferred and the Authority has transferred substantially all the risks and rewards of ownership of the assets or the Authority has transferred control of the asset. A financial liability is derecognized when the obligation is discharged, cancelled or expires.



NATIONAL HEALTH INSURANCE AUTHORITY

Notes to Financial Statements

June 30, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

k) Financial liabilities

The Authority classifies its financial liabilities as other financial liabilities.

- Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently re-measured at amortized cost using the effective interest method, with interest expense being recognized on an effective yield basis. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period. The balance included in this classification is accounts payable and accrued expenses.

l) Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets as follows:

Furniture, fixtures and equipment	- 3 - 5 years
Motor vehicles	- 7 years

Repairs and maintenance are expensed as incurred. Subsequent expenditure is capitalized whenever it is probable that future economic benefits associated with the expenditure will flow to the Authority and the expenditure can be measured reliably. When assets are retired or otherwise disposed of, the costs and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the statement of operations.

m) Intangible assets

Intangible assets, comprising computer software, website development and healthcare management system, are carried at cost less accumulated amortization. Amortization is calculated on a straight-line basis over the estimated useful life of the assets of five years.

n) Income and expenses recognition

- Government grants

Government grants represent amounts received from the Government of The Bahamas ("the Government") to underwrite the operating expenses of the Authority. Government grants are recognized in the statement of operations as income in the period which they are received or when there is reasonable assurance that they will be received from the Government.



NATIONAL HEALTH INSURANCE AUTHORITY

Notes to Financial Statements

June 30, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Income and expenses recognition (continue)

• Provider care benefits expenses

Payments to contracted healthcare providers are calculated on the following basis:

i) Fees for services:

Fees for services are recognized based on the covered services at rates established by the Authority and are paid retroactively based on the volume and nature of the patient services provided.

ii) Capitation:

Capitation is a payment arrangement for health care service providers. The Authority pays physicians a set amount for each enrolled person assigned to them, per year, but paid in monthly installments while the patient remains registered with the physician, whether or not the enrollee seeks care. The amount of remuneration is based on the average expected health care utilization of the patient, then adjusted for the health risk associated with the enrollee. The Authority pays a base amount of \$150 per enrollee per year, which is then adjusted for the enrollee's gender, age and location.

iii) Bundles:

Bundles are packages of care that include multiple physician visits and associated other care costs that are combined and paid for together. The Authority provides for two types of bundles: Maternal Care and Infant Care. Payments for Maternal Care bundles are adjusted for case complexity. Infant Care includes child visits between the ages of 0-24 months and immunizations.

• Other expenses

Other expenses are recognized on an accrual basis, except for amortization and depreciation which are recognized on a straight-line basis.

o) Foreign currency transactions and balances

Foreign currency transactions are translated into Bahamian dollars using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in currencies other than the Bahamian dollar are retranslated into Bahamian dollars at the reporting date at the applicable exchange rates prevailing at that date. Non-monetary assets and liabilities are translated at historic rates. Exchange gains and losses are included in the statement of operations.



NATIONAL HEALTH INSURANCE AUTHORITY

Notes to Financial Statements

June 30, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Taxes

There are no income taxes imposed on the Authority in the Commonwealth of The Bahamas.

Income from government grants and subsidies are VAT exempt. Accordingly, input VAT incurred is recorded as an expense in the statement of operations.

q) Related party transactions

All government-owned agencies and entities, the directors and key management personnel are considered related parties.

4. CASH ON HAND AND AT BANK

As at June 30, 2020, cash on hand and at bank consist of the following:

	2020	2019
Cash on hand	\$ 83	\$ 740
Cash at bank		
RBC Royal Bank (Bahamas) Limited - current account	911,250	2,688,287
	\$911,333	\$2,689,027

As at June 30, 2020, the Authority has corporate credit card and overdraft facilities with RBC Royal Bank (Bahamas) Limited with a limit of \$30,000 (2019: \$30,000) and \$10,000 (2019: \$10,000), respectively.



NATIONAL HEALTH INSURANCE AUTHORITY

Notes to Financial Statements

June 30, 2020

5. FIXED ASSETS

As at June 30, 2020, fixed assets consist of the following:

	Motor vehicles	Furniture, fixtures and equipment	Total
Cost:			
Balance, June 30, 2018	\$ 49,995	\$ 70,073	\$120,068
Acquisitions during the year	43,600	118,302	161,902
Disposal during the year	-	(9,755)	(9,755)
Balance, June 30, 2019	93,595	178,620	272,215
Acquisitions during the year	39,647	85,716	125,363
Balance, June 30, 2020	133,242	264,336	397,578
Accumulated depreciation:			
Balance, June 30, 2018	1,786	6,314	8,100
Charge for the year	12,332	23,994	36,326
Disposal during the year	-	(306)	(306)
Balance, June 30, 2019	14,118	30,002	44,120
Charge for the year	18,090	46,329	64,419
Balance, June 30, 2020	32,208	76,331	108,539
Net book value, June 30, 2020	\$101,034	\$188,005	\$289,039
Net book value, June 30, 2019	\$ 79,477	\$148,618	\$228,095

6. INTANGIBLE ASSETS

As at June 30, 2020, intangible assets consist of the following:

	Website development	Healthcare management system	Total
Cost			
Balance at June 30, 2018	\$164,802	\$ -	\$ 164,802
Addition during the year	66,648	-	66,648
Balance, June 30, 2019	231,450	-	231,450
Additions during the year	-	1,015,556	1,015,556
Balance, June 30, 2020	231,450	1,015,556	1,247,006
Accumulated amortization			
Balance at June 30, 2018	-	-	-
Charge for the year	23,145	-	23,145
Balance, June 30, 2019	23,145	-	23,145
Charge for the year	46,290	114,569	160,859
Balance, June 30, 2020	69,435	114,569	184,004
Net book value, June 30, 2020	\$162,015	\$ 900,987	\$1,063,002
Net book value, June 30, 2019	\$208,305	\$ -	\$ 208,305

In 2017, the Authority commenced an IT solution project including database hosting, platform hosting and all other related IT system development work. The project was completed in December 2018.



NATIONAL HEALTH INSURANCE AUTHORITY

Notes to Financial Statements

June 30, 2020

6. INTANGIBLE ASSETS (continued)

During the year, the Authority entered into a contract with Maximus Canada Services Inc. ("Maximus") to provide a cloud-based Claims Processing System/Claims Administration System (CPS/CAS) and a cloud-based Provider Registration and Beneficiary Management system (PRBM) to support the NHIA programs. The PRBM system facilitates the online enrollment of health-care providers and beneficiaries and connects with the Electronic Health Records System (EHR). The CPS/CAS will be utilized for the adjudication of the Authority's provider claims and payment for services.

7. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As at June 30, 2020, accounts payable and accrued expenses comprise:

	2020	2019
Accounts payable	\$1,006,154	\$571,924
Accrued professional fees	18,350	18,350
	<u>\$1,024,504</u>	<u>\$590,274</u>

8. GOVERNMENT GRANTS

During the year, government grants recognized as income in the statement of operations amounted to \$24,555,556 (2019: \$13,333,333). As at June 30, 2020, the amount receivable from the Government is \$2,000,000 (2019: \$Nil).

9. PROVIDER CARE BENEFITS

The Authority, as mandated by the Act, registers and processes provider care benefits. For the year ended June 30, 2020, the Authority paid health care benefits of \$17,504,385 to 59 (2019: \$10,626,454 to 51), registered health-care providers, as follows:

	2020	2019
Capitation	\$13,129,164	\$ 8,340,475
Services	3,947,169	2,132,992
Bundles	428,052	152,987
	<u>\$17,504,385</u>	<u>\$10,626,454</u>

10. CONSULTANCY SERVICES

The Authority has entered into various engagements with KPMG with respect to the NHI project which includes, inter alia, support for implementing and operationalizing of the new policy, project management of the EHR solution and advice and assistance for the amendments to the NHI Act, 2016. Costs incurred with respect to these engagements for the year amounted to \$1,769,058 (2019: \$2,151,819).

Other consultancy services incurred during the year amounted to \$32,860 (2019: \$184,382).



NATIONAL HEALTH INSURANCE AUTHORITY

Notes to Financial Statements

June 30, 2020

11. PAYROLL AND RELATED BENEFITS

Payroll and related benefits for the year ended June 30, 2020 are comprised of the following:

	2020	2019
Salaries and wages	\$1,782,556	\$1,548,677
Other allowances and benefits	278,499	24,476
National insurance	97,559	76,424
	\$2,158,614	\$1,649,577

12. OPERATION OF FACILITIES

Operation of facilities for the year ended June 30, 2020 are comprised of the following:

	2020	2019
Computers and internet	\$1,321,814	\$392,105
Security services	166,121	187,910
Telephone	114,410	105,741
Repairs and maintenance	42,295	55,121
Automobile	11,582	6,676
Utilities	1,603	1,086
Uniforms	555	20,674
	\$1,658,380	\$769,313

13. RELATED PARTY BALANCES AND TRANSACTIONS

The Authority, in the normal conduct of its business, has transactions with key management personnel, directors, the government and government agencies.

Included in the statement of financial position and the statement of operations are the following transactions:

- i) As at June 30, 2020, the amount receivable from the Government is \$2,000,000 (2019: \$Nil).
- ii) Government grants amounting to \$24,555,556 (2019: \$13,333,333).
- iii) Key management personnel compensation of \$204,414 (2019: \$196,142) included in payroll and related benefits and directors' remuneration of \$149,000 (2019: \$153,000).

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of the Authority's financial assets and liabilities approximate their carrying value at the reporting date for both of the following reasons:

- (i) Short-term maturities.
- (ii) Carrying values approximate fair values.



NATIONAL HEALTH INSURANCE AUTHORITY

Notes to Financial Statements

June 30, 2020

15. FINANCIAL RISK MANAGEMENT

The Authority's activities may expose it to a variety of financial risks: market risk (including, interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk.

a) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial assets which potentially expose the Authority to credit risk primarily consist of cash at bank and government grant receivable. The Authority mitigates the risk associated with cash at bank by placing funds with a reputable financial institution. The Authority does not anticipate any loss from amounts receivable from the Government.

As at June 30, 2020, the maximum exposure to credit risk is the carrying amounts of the financial assets as set out below:

	2020	2019
Financial assets:		
Cash at bank	\$ 911,333	\$2,688,287
Government grant receivable	2,000,000	-
Other receivable	6,520	8,454
	\$2,917,853	\$2,696,741

a) Liquidity risk

Liquidity risk is the risk that the Authority will encounter difficulty in generating sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. The Authority manages liquidity risk by receiving grants from the Government and continuously monitoring forecasts and actual cash flows. Ultimate responsibility for liquidity risk management rests with the Authority's Board of Directors.

The following table details the Authority's expected contractual maturities for its financial liabilities as at June 30, 2020 and indicates the undiscounted cash flows of such financial liabilities based on the earliest date on which the Authority can be required to pay. The table includes only principal cash flows.

	2020		
	1 - 30 days	Over 30 days	Total
Financial liabilities			
Other liabilities			
Accounts payable and accrued expenses	\$1,024,504	\$ -	\$1,024,504
	2019		
	1 - 30 days	Over 30 days	Total
Financial liabilities			
Other liabilities			
Accounts payable and accrued expenses	\$ 590,274	\$ -	\$ 590,274



NATIONAL HEALTH INSURANCE AUTHORITY

Notes to Financial Statements

June 30, 2020

15. FINANCIAL RISK MANAGEMENT(continued)

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign currencies and interest rates:

(i) Foreign currency risk

Foreign currency risk arises from the effects of fluctuations of foreign currencies on the fair value or future cash flows of financial assets and liabilities. The Authority has no exposure to foreign currency risk as its transactions are denominated in Bahamian dollars.

(ii) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value or future cash flows of financial assets and liabilities. The Authority has no exposure to interest rate risk as its financial assets and liabilities are non-interest bearing.

16. CAPITAL MANAGEMENT

The Authority manages its capital to ensure that the entity will be able to continue as a going concern. The Authority obtains grants from the Government to fund its activities. The capital structure of the Authority is represented by its accumulated fund. The Authority is not subject to externally imposed capital requirements. There were no changes in the Authority's approach to capital management during the year.

17. SUBSEQUENT EVENTS

- a) The Government approved funding of \$38 million for the Authority in its fiscal budget of 2020/2021.
- b) The Authority has received government grants totaling \$11,500,000 during the period July 1, 2020 to November 17, 2020.
- c) On March 11, 2020, the World Health Organization declared the COVID-19 disease caused by the novel coronavirus, which originated in China, a pandemic. Many governments around the world initially responded by introducing emergency orders whereby businesses, other than those deemed to be essential services, were shut down and the general population told to stay at home. Since then, these measures have been followed by easing restrictions when the virus is deemed under control and then tightening of restrictions when COVID cases increase. The impact has been significant job losses and many businesses declaring bankruptcy. These conditions create significant uncertainty as to the impact on the industry within which the Authority operates and by extension their impact on the Authority. The financial impact and its duration cannot be reasonably estimated at this time.

See Independent Auditors' Report on pages 1 and 2.

38

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