



ANNUAL **REPORT**

—
2021–2022



National Health
Insurance Authority



INTRODUCTION

The National Health Insurance Authority was established in 2017 with the goal of achieving Universal Health Coverage and making The Bahamas a healthier nation. Over the last five years significant progress has been made, inclusive of launching primary care services, achieving record Beneficiary enrollment, establishing a network of Primary Care Providers, implementing healthcare technology, and assembling a stellar team of dedicated professionals within the Authority.



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CHAIRMAN'S STATEMENT



DR. KENDAL MAJOR
Chairman

Dear Minister Darville,

On behalf of the Board of Directors, I have the honor of submitting the Annual Report of the National Health Insurance Authority in accordance with Section 37 of the National Health Insurance Act, 2016.

NHI Bahamas has been 40 years in the making, spanning four decades, with a primary objective of improving health outcomes to achieve a healthier society. We are proud to report that we have made remarkable progress in achieving this goal over the past year.

Recently, we celebrated five years of providing access to affordable and quality healthcare to Bahamians. This achievement is a testament to the unwavering dedication of all stakeholders involved in the program since its inception. It is also a celebration of the advances we have made in enhancing the health of our nation.

Over the past year, NHI Bahamas has grown with additions that span the family islands, including Bimini, Exuma, Abaco, and Grand Bahama. Paired with the continued use of Telehealth and our Electronic Health Record we are pleased to report that this expansion has resulted in improved access, regardless of location.

As we move forward, we are committed to building on this progress and ensuring that all Bahamians live healthy and fulfilling lives. We believe that our future is bright, just like our country, and we remain dedicated to promoting the health and well-being of all our citizens. Thank you for your continued support of NHI Bahamas.

A handwritten signature in black ink, appearing to read 'K. Major', with a stylized flourish at the end.

Dr. Kendal Major

Chairman

The National Health Insurance Authority



5 YEARS OF NHI

When we launched National Health Insurance (NHI) in May 2017, our goal was to provide accessible, affordable, and quality healthcare for the well-being of all Bahamians. As we celebrate our 5th year as an organization, we are proud to have made meaningful steps in realizing this vision. Today, NHI provides over 150,000 Bahamians access to high-quality primary healthcare services. We have made significant strides in modernizing our health system by expanding virtual care services and our electronic health record initiative. Together, these programs help to ensure that patients have access to the proper care at the right time and that our providers have access to information that will support them in providing exceptional patient care.

Finally, we have established a robust and growing network of over 140 physicians, 87 facilities, and 18 lab providers that span our archipelago to serve our beneficiaries.

We continually focus on expanding care access and value for Bahamians through our Primary Care Transformation Initiative (PCTI), which will align public and private healthcare services in The Bahamas. The PCTI is a critical building block in our incremental approach toward Universal Health Coverage (UHC). To date, we are well on the way to transitioning public clinics to the NHI model and are evaluating expanded services to be covered under NHI.

Emerging from a Period of Unprecedented Challenges

While NHI has experienced significant growth, much has changed for The Bahamas over the past five years. Bahamians have persevered through unprecedented challenges, including Hurricane Dorian and the COVID-19 pandemic and the corresponding impacts these events have had on our economy and livelihoods. These challenges have required us all to revisit our priorities and goals. They have also required rapid innovation within our healthcare sector to meet the evolving needs of Bahamians. For example, NHI expanded its telehealth and virtual care programs quickly to ensure that our beneficiaries had access to providers within the walls of their homes, with over 600 telehealth visits conducted during the pandemic. Further, we have seen the strength of working beyond traditional boundaries to serve the needs of our people best, as well as the importance of having a path forward that encourages innovation, growth, and collaboration.

CEO'S STATEMENT



CHRISTY BUTLER

Managing Director & CEO

NHIA celebrated a banner year, showcasing our growth and achievements. We have reached several significant milestones, including celebrating our country's 50th anniversary and the 5th anniversary of NHI Bahamas. We are proud to have played an essential role in improving the health of our citizens over the past five years.

Community Involvement

As we uphold our commitment to the community in everything we do, we reflect on the launch and success of our wellness initiatives- to which we have made significant strides in tailoring experiences that would focus on the well-being of our fellow Bahamians.

Through our monthly family-centered programs like the local farmer's market, beneficiary educational sessions, and free workout sessions, we are able to promote the importance of a healthy diet and encourage the adoption of a holistic lifestyle by incorporating exercise through dance and other fun activities.

Expanded Access

We believe that patients deserve to have timely access to care and that our health systems should reflect this. Much of this vision relies upon efforts and investments we're making in data science and predictive analytics. This allows us to focus on specific beneficiary needs and strategize how to meet them. Through population analysis, we can determine how to enhance resources in underserved populations within our archipelago. As such, our program has experienced significant growth, and we've expanded our footprint throughout the family islands. This expansion included the onboarding of a facility in Cat Island as well as providers in Grand Bahama and Eleuthera. With over 150,000 beneficiaries enrolled, 87 facilities, and 140 Providers, we are grateful for the support of our stakeholders and partners, who have helped us achieve this milestone.



Expansion & Innovation

Healthcare innovation is the origin of all human development and enhances the quality of life. It, however, challenges standard practices and norms while breaking down barriers and constructing new and rewarding opportunities.

Innovation is core to our work, and as we transition from operating in an antiquated manual period to a digitally efficient era, we have held firm to the partnerships that we have built with our providers. As a result, our provider network has successfully adopted the Electronic Health Record. By the end of 2022, we achieved a compliance rate of 98%, with 80% of physicians meeting the set threshold of 90% and above.

We recognize the unprecedented times we have faced, and we commend the perseverance of our team. I am privileged to work alongside a group of passionate and talented individuals who share in the vision that we are responsible for delivering a program that goes beyond providing tangible results.

Despite the evolving economic challenges, we have continued progressing towards our long-term vision of universal health coverage. We have adapted to the changing circumstances and have implemented measures to ensure that our beneficiaries continue to receive the care they need.

We remain committed to strengthening our partnerships with stakeholders and partners while focusing on our long-term vision. We recognize that there is more work to do in this field, and we embrace the opportunities. We are incredibly excited about the future and look forward to continuing to work together to improve the health of our community.

Thank you for your continued support, and we look forward to another successful year.

Sincerely,

A handwritten signature in black ink that reads "Christy Butler". The signature is written in a cursive, flowing style.

Mrs. Christy Butler
Managing Director and CEO
The National Health Insurance Authority

EXECUTIVE LEADERSHIP TEAM

At the NHIA, we are incredibly passionate about employee-driven initiatives that promote education. We firmly believe that investing in the growth and well-being of our employees not only aligns with our values but also leads to a more productive and engaged workforce. We foster a culture of partnership and collaboration to create impactful programs and resources such as the NHIU, National Health Insurance University, and Financial literacy programs that empower our employees to achieve their personal and professional goals.



Christy Butler

Managing Director &
Chief Executive Officer

Christy Butler serves as the Managing Director and CEO at the NHIA. With over 15 years of industry experience in Public Health and Leadership reform, Mrs. Butler has established a track record of improving health systems and the delivery of quality care.



Chadwick Williamson

Chief Information Officer

Chadwick Williamson serves as the Chief Information Officer with over 15 years experience. Mr. Williamson focuses on managing the complexities of modernizing and transforming healthcare through the adoption of technology.



Chigozie Ijeoma

Financial Controller

Chigozie Ijeoma has a wealth of financial experience spanning across various industries such as offshore banking, aviation, real estate and development, insurance and more.



CC LaFleur
Human Resources Director

CC LaFleur is a Human Resources professional with over 25 years of international managerial experience in Organizational Development. Mrs. LaFleur's expertise is within Organizational Design with an emphasis in Employee Relations.

VISION

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

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.

CORE VALUES

Passionate, Progressive, Partnership, Integrity, Respect

NHIA BOARD

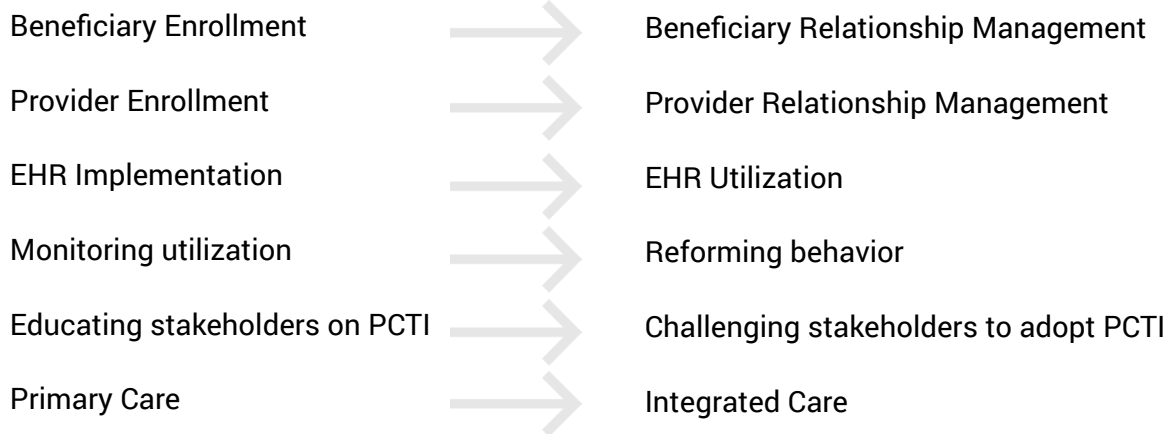
The board of directors was appointed to serve on
December 30th, 2021

Dr. Kendal Major	Chairman
Dr. Robin Roberts	Deputy Chairman
Linda Jarret	Member
Portia Moxey	Member
Dr. Kevin Bowe	Member
Montgomery Braithwaite	Member
Lavora Ferguson	Member
Marcus Bosland	Member
Dr. Cindy Dorsett	Member
Michelle Fields	Ex-Officio Member
Dr. Pearl McMillan	Ex-Officio Member
Sonia Gill*	Ex-Officio Member
Christy Butler	Ex-Officio Member

SHIFTING FOCUS

The National Health Insurance Authority has successfully launched the NHI Program with exponential beneficiary and Provider enrollment growth. The program effectively rolled out technology and began transforming the Bahamian healthcare sector. As NHIA moves into the program's next iteration, the ever-evolving healthcare landscape requires new and direct focus in strategic arenas. NHIA will act as a catalyst to agitate the Bahamian healthcare system to elicit reform and progress.

While our overall goal remains the same, our focus adapts to the stages of our journey.



PROGRESS UPDATE



THE GROWTH OF NHI MEANS...

Better access to affordable, quality healthcare
Good value for money
A healthier nation
A clear pathway to UHC



150,000 BENEFICIARIES

Steady growth year after year



\$333 COST PER BENEFICIARY

Including admin, tech, benefits whilst steadily decreasing year over year.



44 TEAM MEMBERS

Committed to healthcare transformation



140 PHYSICIAN PROVIDERS

NHI will expand services in a way that continues to reduce the cost of care to Bahamians and the healthcare system at large.



87 NHI FACILITIES

Across eight islands



POLICY EXPANSION & REFORM

Updated NHI 2023 Act





WELLNESS & OUTREACH



HEALTH AND HAPPINESS

We genuinely care about our employees' well-being, which is why we also offer a variety of internal wellness initiatives. For instance, we have provided easy access to a farmers market right outside our door, allowing associates to purchase fresh and healthy produce while supporting local businesses. Additionally, our chat and chew sessions are incredibly informative and help educate us on how to maintain a healthy diet and lifestyle. We also have power breaks weekly to encourage movement and physical activity around the workplace. When it comes to mental health, we have various sessions and resources available to help us manage stress and maintain a positive mindset. These initiatives demonstrate our commitment to our employees' health and happiness.



CHARITY

Throughout the year, our organization participates in various campaigns that contribute to the development of our community. We give back through our school adoption program, including a reading initiative and support local charities like FOAM, Great Commission Church, and other organizations during important awareness months. Our focus is to create a positive impact with corporate social responsibility at the core of our practices.



COMMUNITY

Community health initiatives are essential to improving the overall health and well-being of individuals, families, and communities. By providing access to healthcare services, educating the public on healthy lifestyles and preventive measures, the NHIA is committed to helping reduce the burden of diseases and improve quality of life.



FINANCIAL STATEMENTS

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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, 2022, 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, 2022, 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 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.

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 ACCOUNTANT

July 26, 2023

Nassau, Bahamas

NATIONAL HEALTH INSURANCE AUTHORITY

Statement of Financial Position

June 30, 2022

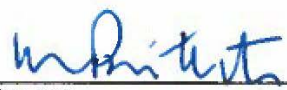
(Expressed in Bahamian dollars)

	2022	2021
ASSETS		
Current assets		
Cash on hand and at bank (Note 4)	\$12,586,192	\$4,469,778
Prepaid insurance	2,210	5,285
Other receivable	180	599
Government grant receivable (Notes 8, 13)	-	3,222,217
	12,588,582	7,697,879
Fixed assets (Note 5)	177,023	241,031
Intangible assets (Note 6)	642,764	697,876
TOTAL ASSETS	\$13,408,369	\$8,636,786
LIABILITIES AND ACCUMULATED FUND		
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses (Note 7)	\$ 1,616,873	\$ 866,856
Government grant received in advance (Notes 8, 13)	1,000,000	-
	2,616,873	866,856
ACCUMULATED FUND	10,791,496	7,769,930
TOTAL LIABILITIES AND ACCUMULATED FUND	\$13,408,369	\$8,636,786

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

These financial statements were approved by the Board on July 26, 2023 and signed on its behalf by:


Chairman


Director

NATIONAL HEALTH INSURANCE AUTHORITY

Statement of Operations

For the year ended June 30, 2022

	2022	2021
INCOME		
Government grants (Notes 8, 13)	\$45,000,000	\$38,000,000
EXPENSES		
Provider care benefits (Note 9)	32,252,174	24,202,121
Consultancy services (Note 10)	3,550,146	2,899,331
Operation of facilities (Note 11)	2,938,493	3,038,251
Payroll and related benefits (Notes 12, 13)	2,623,590	2,531,359
Amortization (Note 6)	228,074	203,111
Other charges	112,124	87,680
Directors' remuneration (Note 13)	108,500	139,500
Depreciation (Note 5)	78,106	74,328
Bank charges	43,134	40,228
Professional fees	24,809	26,779
Travel	10,387	33,051
Office supplies and materials	8,897	42,545
Intangible assets written-off (Note 6)	-	162,015
	41,978,434	33,480,299
NET INCOME AND TOTAL COMPREHENSIVE INCOME	\$ 3,021,566	\$ 4,519,701

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, 2022

	Accumulated Fund
BALANCE AS AT JUNE 30, 2020	\$ 3,250,229
Total comprehensive income	4,519,701
BALANCE AS AT JUNE 30, 2021	7,769,930
Total comprehensive income	3,021,566
BALANCE AS AT JUNE 30, 2022	\$10,791,496

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, 2022

	2022	2021
CASH PROVIDED BY/(USED IN)		
Cash flows from operating activities		
Net income for the year	\$ 3,021,566	\$4,519,701
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	78,106	74,328
Amortization	228,074	203,111
Intangible assets written-off	-	162,015
Cash provided by operations before changes in operating assets and liabilities	3,327,746	4,959,155
Decrease/(increase) in operating assets:		
Government grant receivable	3,222,217	(1,222,217)
Prepaid insurance	3,075	(446)
Other receivable	419	5,920
Increase/(decrease) in operating liabilities:		
Government grant received in advance	1,000,000	-
Accounts payable and accrued expenses	750,017	(157,647)
Net cash provided by operating activities	8,303,474	3,584,765
Cash flows from investing activities:		
Acquisitions of fixed assets	(14,098)	(26,320)
Acquisitions of intangible assets	(172,962)	-
Net cash used in investing activities	(187,060)	(26,320)
Net increase in cash and cash equivalents	8,116,414	3,558,445
Cash and cash equivalents, beginning of year	4,469,778	911,333
CASH AND CASH EQUIVALENTS, END OF YEAR	\$12,586,192	\$4,469,778
Represented by: (Note 4)		
Cash on hand	\$ 637	\$ 274
Cash at bank	12,585,555	4,469,504
	\$12,586,192	\$4,469,778

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

NATIONAL HEALTH INSURANCE AUTHORITY

Notes to Financial Statements

June 30, 2022

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 healthcare;
- 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, 2022, the number of enrollees in the Plan total 128,400 (2021: 107,621).

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 July 26, 2023.

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 - amendments to update a reference to the Conceptual Framework - effective from January 1, 2022
IFRS 9 (amendment)	-	Financial Instruments - amendment to clarify which fees an entity includes when it applies the 10% test in assessing whether to derecognize a financial liability - effective from January 1, 2022
IFRS 16 (amendment)	-	Leases - amendment to Illustrative Example 13 accompanying IFRS 16 that clarifies the treatment of lease incentives - effective January 1, 2022
IFRS 17	-	Insurance Contracts - effective from January 1, 2023
IAS 1 (amendments)	-	Presentation of Financial Statements - amendments in the classification of liabilities as current or non-current - effective from January 1, 2023
IAS 16 (amendments)	-	Property, Plant and Equipment (Fixed Assets) - amendments accounting for proceeds from sale of items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management - effective from January 1, 2022

NATIONAL HEALTH INSURANCE AUTHORITY

Notes to Financial Statements

June 30, 2022

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NATIONAL HEALTH INSURANCE AUTHORITY

Notes to Financial Statements

June 30, 2022

2. ADOPTION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

- IAS 37 (amendments) - Provisions, Contingent Liabilities and Contingent Assets - amendments to specify costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous - effective from January 1, 2022

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

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(m) - Intangible assets
- Note 14 - Fair value of financial instruments
- Note 15 - Financial risk management

NATIONAL HEALTH INSURANCE AUTHORITY

Notes to Financial Statements

June 30, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, other receivable and in the prior year, government grant receivable.

e) Cash and cash equivalents

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

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.

NATIONAL HEALTH INSURANCE AUTHORITY

Notes to Financial Statements

June 30, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Impairment of financial assets (continued)

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.

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.

NATIONAL HEALTH INSURANCE AUTHORITY

Notes to Financial Statements

June 30, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. The estimated useful life and the amortization method are reviewed at the end of each reporting period and impairment losses, write-offs or reversals of such losses are recognized in the statement of operations.

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 in which they are received and included in the Government budget allocation for the same fiscal year. Any additional funds received in advance are recognized in the fiscal year as allocated in the Government budget.

• 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:

The Authority pays healthcare service providers a fixed fee per annum for each enrollee registered with them, payable in monthly installments whether or not the enrollee seeks care. The fee is based on the average expected health care utilization of the patient, adjusted for the health risk associated with the enrollee. The fee per enrollee is \$150 per annum, adjusted for the enrollee's gender, age and location.

NATIONAL HEALTH INSURANCE AUTHORITY

Notes to Financial Statements

June 30, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n) Income and expenses recognition (continued)

• Provider care benefits expenses (continued)

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.

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 which is not reclaimable is expensed 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, 2022, cash on hand and at bank consist of the following:

	2022	2021
Cash on hand	\$ 637	\$ 274
Cash at bank		
RBC Royal Bank (Bahamas) Limited - current account	12,585,555	4,469,504
	<u>\$12,586,192</u>	<u>\$4,469,778</u>

As at June 30, 2022, the Authority has a corporate credit card and overdraft facilities with RBC Royal Bank (Bahamas) Limited with a limit of \$30,000 (2021: \$30,000) and \$10,000 (2021: \$10,000), respectively.

NATIONAL HEALTH INSURANCE AUTHORITY

Notes to Financial Statements

June 30, 2022

5. FIXED ASSETS

As at June 30, 2022, fixed assets consist of the following:

	Motor vehicles	Furniture, fixtures and equipment	Total
Cost:			
Balance, June 30, 2020	\$133,242	\$264,336	\$397,578
Acquisitions during the year	-	26,320	26,320
Balance, June 30, 2021	133,242	290,656	423,898
Acquisitions during the year	-	14,098	14,098
Balance, June 30, 2022	133,242	304,754	437,996
Accumulated depreciation:			
Balance, June 30, 2020	32,208	76,331	108,539
Charge for the year	19,035	55,293	74,328
Balance, June 30, 2021	51,243	131,624	182,867
Charge for the year	19,035	59,071	78,106
Balance, June 30, 2022	70,278	190,695	260,973
Net book value, June 30, 2022	\$ 62,964	\$114,059	\$177,023
Net book value, June 30, 2021	\$ 81,999	\$159,032	\$241,031

6. INTANGIBLE ASSETS

As at June 30, 2022, intangible assets consist of the following:

	Website development	Healthcare management system	Total
Cost			
Balance at June 30, 2020	\$ 231,450	\$1,015,556	\$1,247,006
Write-off during the year	(162,015)	-	(162,015)
Balance, June 30, 2021	69,435	1,015,556	1,084,991
Additions during the year	-	172,962	172,962
Balance, June 30, 2022	69,435	1,188,518	1,257,953
Accumulated amortization			
Balance at June 30, 2020	69,435	114,569	184,004
Charge for the year	-	203,111	203,111
Balance, June 30, 2021	69,435	317,680	387,115
Charge for the year	-	228,074	228,074
Balance, June 30, 2022	69,435	545,754	615,189
Net book value, June 30, 2022	\$ -	\$ 642,764	\$ 642,764
Net book value, June 30, 2021	\$ -	\$ 697,876	\$ 697,876

NATIONAL HEALTH INSURANCE AUTHORITY

Notes to Financial Statements

June 30, 2022

6. INTANGIBLE ASSETS (continued)

Website Development

In 2019, website development was provided by Teleios Systems Limited. The contract with this entity was terminated on July 19, 2020. The net book value of website development was written-off in 2021.

Healthcare Management System

The Authority has 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 is utilized for the adjudication of the Authority's provider claims and payment for services.

7. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

As at June 30, 2022, accounts payable and accrued expenses comprise:

	2022	2021
Accounts payable	\$1,592,063	\$845,656
Accrued professional fees	24,810	21,200
	<u>\$1,616,873</u>	<u>\$866,856</u>

8. GOVERNMENT GRANTS

During the year, government grants recognized as income in the statement of operations amounted to \$45,000,000 (2021: \$38,000,000). As at June 30, 2022, government grant received in advance amounted to \$1,000,000 (2021: Government grant receivable amounted to \$3,222,217).

9. PROVIDER CARE BENEFITS

The Authority, as mandated by the Act, registers and processes provider care benefits. For the year ended June 30, 2022, the Authority paid provider care benefits to registered healthcare providers, as follows:

	2022	2021
Capitation	\$23,757,999	\$18,528,039
Fees for services	7,982,946	5,284,605
Bundles	511,229	389,477
	<u>\$32,252,174</u>	<u>\$24,202,121</u>

NATIONAL HEALTH INSURANCE AUTHORITY

Notes to Financial Statements

June 30, 2022

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 \$3,515,146 (2021: \$2,894,223).

Costs incurred for other consultancy services amounted to \$35,000 (2021: \$5,108).

11. OPERATION OF FACILITIES

Operation of facilities for the year ended June 30, 2022 is comprised of the following:

	2022	2021
Electronic health records operations, maintenance and related services	\$2,482,346	\$2,694,981
Security services	297,155	156,743
Telephone	102,698	108,419
Repairs and maintenance	44,878	64,508
Automobile	8,032	8,307
Utilities	2,229	2,459
Uniforms	1,155	2,834
	<u>\$2,938,493</u>	<u>\$3,038,251</u>

12. PAYROLL AND RELATED BENEFITS

Payroll and related benefits for the year ended June 30, 2022 are comprised of the following:

	2022	2021
Salaries and wages	\$1,984,112	\$2,080,447
Other allowances and benefits	517,702	338,064
National insurance	121,776	112,848
	<u>\$2,623,590</u>	<u>\$2,531,359</u>

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 balances and transactions:

- As at June 30, 2022, the Authority has received \$1,000,000 relating to the fiscal year 2022/2023. Accordingly, this amount was recognized as government grant received in advance in the statement of financial position. In the prior year, government grant receivable amounted to \$3,222,217.
- Government grants for the year amounted to \$45,000,000 (2021: \$38,000,000).
- Included in payroll and related benefits is key management personnel compensation of \$140,618 (2021: \$215,182).
- Directors' remuneration for the year amounted to \$108,500 (2021: \$139,500).

NATIONAL HEALTH INSURANCE AUTHORITY

Notes to Financial Statements

June 30, 2022

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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 in the prior year, 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 these financial assets.

As at June 30, 2022, the maximum exposure to credit risk is the carrying amounts of the financial assets as set out below:

	2022	2021
Financial assets:		
Cash at bank	\$12,585,555	\$4,469,504
Other receivable	180	599
Government grant receivable	-	3,222,217
	\$12,585,735	\$7,692,320

b) 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, 2022 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.

	2022	
	1 - 30 days	Total
Financial liabilities		
Accounts payable and accrued expenses	\$1,616,873	\$1,616,873
Government grant received in advance	1,000,000	1,000,000
	\$2,616,873	\$2,616,873

NATIONAL HEALTH INSURANCE AUTHORITY

Notes to Financial Statements

June 30, 2022

15. FINANCIAL RISK MANAGEMENT (continued)

b) Liquidity risk (continued)

	2021	
	1 - 30 days	Total
Financial liabilities		
Accounts payable and accrued expenses	\$866,856	\$866,856

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.

NATIONAL HEALTH INSURANCE AUTHORITY

Notes to Financial Statements

June 30, 2021

18. SUBSEQUENT EVENTS

No events have occurred subsequent to the reporting date that would require adjustment to or disclosure in the financial statements, except as follows:

- a) The Government approved funding of \$45 million for the Authority in its fiscal budget of 2021/2022.
- b) The Authority received government grants totaling \$26,250,000 during the period from July 1, 2021 to March 14, 2022.

See Independent Auditors' Report on pages 1 and 2.

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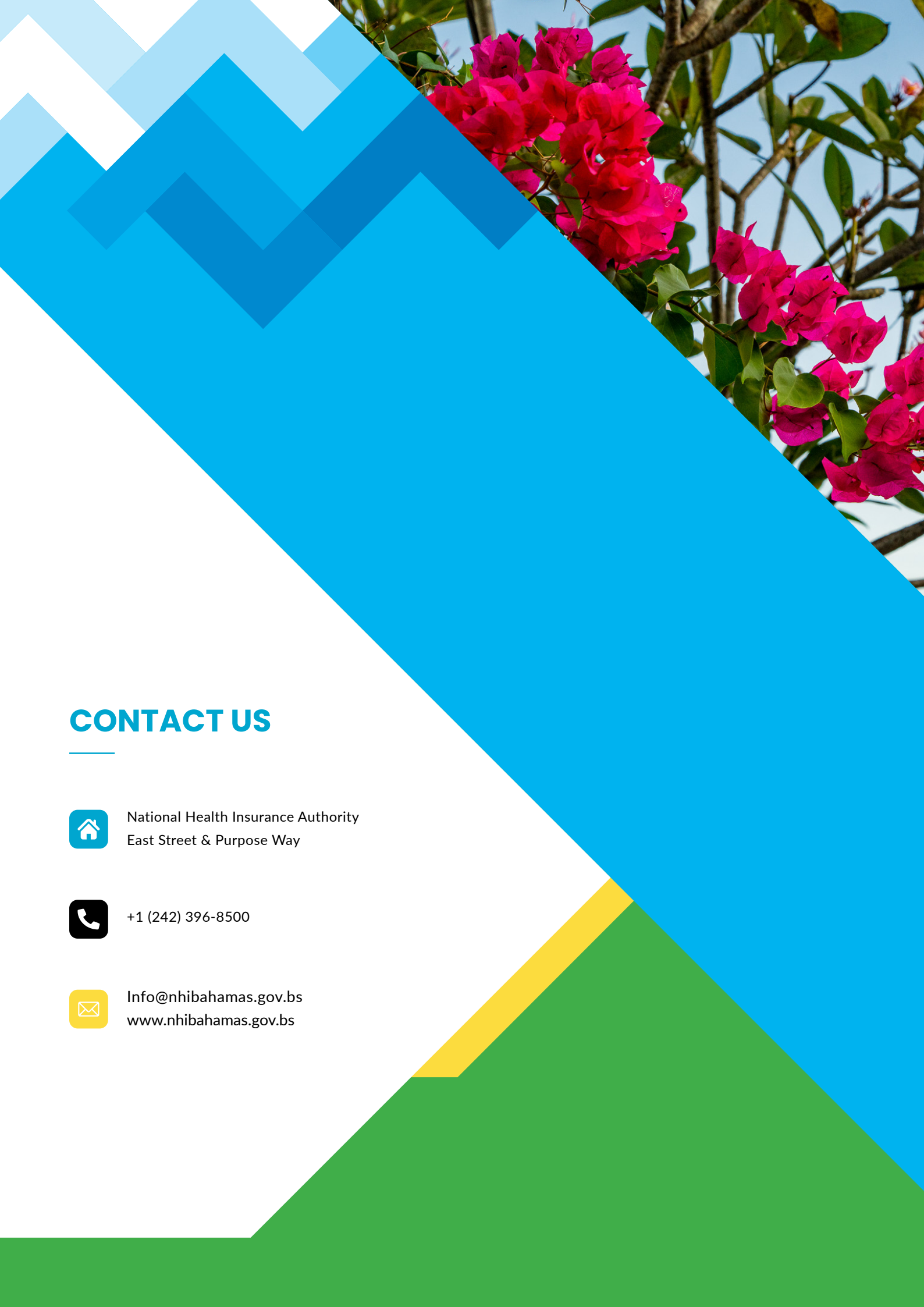
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