Annual Report 2019

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Delivering Outcomes That Matter





HEALTH SERVICES AUTHORITY
CAYMAN ISLANDS
Caring People. Quality Service.

Cayman Islands
Health Services Authority

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About Us

The Cayman Islands Health Services Authority provides care through the 124-bed Cayman Islands Hospital (104 inpatient and 20 observation beds) and the 18-bed Faith Hospital on Cayman Brac. Ancillary services are offered at district health centres, and clinics for dental and eye care.

Our Mission

The Mission of the Health Services Authority is to provide the highest quality healthcare and improve the well-being of people in the Cayman Islands through accessible, sustainable patient-focused services by highly-skilled, empowered and caring staff in collaboration with our partners.

Core Values

We believe that caring and compassionate personal behaviours are at the core of our organisation's commitment to delivering quality patient focused care. By making an official commitment to practice these values, we reinforce them, acknowledge that they are expected behaviors and encourage our fellow employees to practice them diligently.

- Respect
- Responsibility
- Integrity
- Caring
- Excellence

ABOUT THIS REPORT

2019 Annual Report

This Annual Report is for the Cayman Islands Health Services Authority (the 'HSA').

The report has been prepared in accordance with the requirements stipulated in the Public Management and Finance Law (2018 Revision) for Statutory Authorities and Government Companies. It outlines the HSA's performance during the period from January 1st, 2019, to December 31st, 2019 and compares it to the actual performance for the preceding period.

The requirement for an Annual Report is prescribed under section 52 of the Public Management and Finance Law (2018 Revision) (PMFL). Section 52 states:

(1) In respect of each financial year, each statutory authority and government company shall prepare an annual report.

(2) An annual report shall report the performance of the authority or company and compare it with that proposed in the ownership agreement for that financial year and shall include -

(a) a summary of the nature and scope of the activities of the authority or company during that financial year;

(b) a summary of the extent to which the strategic goals and objectives of the authority or company described in the annual ownership agreement were achieved;

(c) a summary of the extent to which the ownership performance targets set out in the authority's or company's annual ownership agreement for that financial year have been achieved in that financial year;

(d) for the financial years -

(i) 2004/5 to 2007/8, unaudited financial statements; or

(ii) 2008/9 and onwards, audited financial statements, which shall be prepared on a basis consistent with the forecast financial statements in the authority's or company's annual ownership agreement for that financial year and contain the statements and information set out in Schedule 4.

(e) the amount of any equity investment made by the Cabinet in the authority or company during the financial year;

(f) the amount of any capital withdrawals made by the Cabinet from the authority or company during the financial year;

(g) the amount of any dividends or profit distributions paid by the authority or company during the financial year;

(h) the amount of any loans to the authority or company by the Cabinet during the financial year; and

(i) details of any guarantees relating to the authority or company made by the Cabinet during the financial year.

(3) The financial statements referred to in subsection (2)(d) shall be prepared within two months of the end of the financial year.

(3A) The financial statements referred to in subsection (2)(d)(ii) shall be submitted to the Auditor General for auditing, and the Auditor General shall express an opinion within two months of receipt of the financial statements.

(4) The annual report shall be presented to the Cabinet by the relevant minister or official member no later than four months after the end of the financial year.

This annual report complies with the requirements of the PMFL and covers three main areas:

- Service Delivery;
- Financial performance; and
- Governance.

The service delivery section outlines the contributions made by the HSA in furtherance of the Government's policy outcome goals. It also provides commentary which explains material variances in performance when compared to budget.

The financial performance section shows the financial resources the HSA was afforded in the 2019 budget and the inputs purchased to provide services. The financial performance is presented in the form of financial statements prepared in accordance with International Financial Reporting Standards and the supporting notes to those financial statements.

The report also includes a section on Governance which outlines the HSA's efforts in the areas of risk management, and compliance with various statutory requirements.

Overview

This chapter summarizes the Organisation's overall responsibilities, describes the functions and activities of the HSA, and shows the organisational structure.

Outcomes & Achievements

The HSA's accomplishments are grouped according to key strategies, and detailed explanations on key objectives achieved over the period are provided.

Human Resource Management

This section reports on key information and statistics relating to the HSA's work force.

Financial Statements

This section includes the Auditor General's report, a Management Discussion and analysis of the financial results for the HSA over the period, and the corresponding statements of Financial Position, Performance and Net Worth.

Appendices

This chapter summarizes major laws impacting the departments within the HSA and other information regarding risk and requests under the Freedom of Information framework.

Contact Information

Telephone and website information is provided for each department in the Organisation.



At A Glance

Financial Performance Measures	2019 Target	2019 Actual
Revenue from Cabinet	29,573,000	38,884,618
Revenue from Ministries, Portfolios, Statutory Authorities, Government Companies	43,309,000	52,075,957
Revenue from Others	33,825,562	34,286,970
Total Revenue	106,707,562	125,247,545
Expenses	106,370,062	148,254,568
Surplus/(Loss)	337,500	(23,007,023)

Net Worth	2019 Target	2019 Actual
Net Worth/(Deficit)	98,226,000	(30,344,565)

Cash Performance	2019 Target	2019 Actual
Cash Flows from Operating Activities	4,423,000	12,574,604
Cash Flows from Investing Activities	(3,500,000)	6,269,367
Cash Flows from Financing Activities	-	(130,870)
Change in Cash Balances	923,000	18,713,101

Financial Performance Ratios	2019 Target	2019 Actual
Current Assets: Current Liabilities	7:1	11:1
Total Assets: Total Liabilities	5:1	0.8:1

Human Capital Measures	2019 Target	2019 Actual
Total Full Time Staff Employed	933	910

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Organization



Message from the Chairman



A thriving healthcare organization requires visionaries and stalwarts who consistently place the interests of the patient at the heart of every decision.

Building tomorrow's future, by laying today's foundation

I am pleased to present the 2019 Annual Report of the Health Services Authority (HSA) as required under Section 52 of the Public Management and Finance Law. This report details the work delivered by the HSA throughout the year to ensure access to quality, affordable healthcare, by all who visit and live in the Cayman Islands.

Our organisation embarked on a bold journey a few years ago to make significant investments and provide the resources to improve all aspects of operations, including our finances, governance systems, facilities, technology, clinical quality standards, and investments in our people. We signaled this in our 2017 Annual Report, which was aptly titled "Journeys." It spoke of our path to that point, and heralded our plans for continued excellence in patient care, through a strong and sustainable HSA.

The journey to make a positive difference in the health and well-being of residents and visitors to the Cayman Islands continued in 2019. It was evident in our unrelenting focus on clinical excellence, the patient and family experience and our dedication to the delivery of exceptional health outcomes, in our continued journey towards Joint Commission International Accreditation.

It therefore gives me great pleasure to present this latest chapter of our story, and explain the strategic steps that will lead to excellent outcomes for healthcare in the Cayman Islands.

Each year, the Board reaffirms its commitment to stewardship and sustainability through strategic leadership. By focusing on the fundamentals, we remain steadfastly committed to sustainable growth through effective governance and prudent oversight.

Consistent with our five-year strategic plan, in 2019, the Board continued on the path to ensure a fiscally stable HSA that is focused on excellence, efficiency, innovation, and service. We achieved another milestone in the journey with a clean audit opinion for the 2018 fiscal year – the first in the history of the organization.

As our population continues to grow and with it the ever increasing demand for more healthcare services, our role as the country's premier healthcare system, and our path to increased sustainability has created a new chapter through the development of a 30-year Master Facility Plan to guide the development of our facilities and services.

During the year, the HSA completed the purchase of additional facilities at the Smith Road Centre. This acquisition has positioned the organization to deliver

added convenience and service to our patients through the relocation and expansion of several outpatient services.

Commencement of the phased replacement of critical technology infrastructure at the Cayman Islands Hospital campus, design services for a new satellite hospital in Bodden Town, and expansion of the Accident & Emergency Unit, are recommendations from the 30-year plan that have now started, and will serve the HSA well in future years through improved efficiency and service capabilities.

The construction of a new Materials Management and Physiotherapy Building at the Faith Hospital also commenced during the year. This will expand the medical services and capabilities on Cayman Brac, and reduce the need for residents to travel to Grand Cayman to access services. Our future plans include a new Accident & Emergency Unit and a Diagnostic Imaging Centre.

Residents of Cayman Brac and Little Cayman will also benefit from our partnership with the Royal Cayman Islands Police Service to ensure reliable emergency medical patient transports from the sister islands to Grand Cayman. This move allows timely medical intervention and improved clinical outcomes for emergent patients.

In 2019 the Board also approved the implementation of a Physician Clinical Governance framework. This framework creates measurable performance standards, and accountability while incentivising continuous improvement in our quality of services by safeguarding high standards of care.

Our fiscal performance was negatively impacted by the re-measurement of our post-retirement plans. Notwithstanding, the HSA was fiscally prudent, thereby enabling the organization to remain compliant with prescribed statutory requirements for prudent financial management.

This 2019 Annual Report provides accountability for the resources entrusted to the Board's oversight and the ways in which the HSA has delivered sustainable outcomes that truly matter to our stakeholders.

A thriving healthcare organization requires visionaries and stalwarts who consistently place the interests of the patient at the heart of every decision. In this regard, I am grateful for the support of our Ministry and the unwavering dedication of our leadership team for making these 2019 achievements possible.

On behalf of the Board, I extend our sincere appreciation to every member of the HSA family for their full dedication and professionalism in providing quality healthcare services to the people of the Cayman Islands. It is through you that we are able to deliver positive outcomes that truly matter to our people.

Sincerely,

Jonathan Tibbetts
Chairman

Message from the Chief Executive Officer



Our ability to deliver positive healthcare outcomes and raise the bar for the health of our nation, and our entire region, is only limited by our imagination and willingness to embrace bold initiatives.

A digitally enabled culture that delivers

I am pleased to provide the 2019 Annual Report for the Health Services Authority, and to provide accountability for the resources entrusted to our organization to achieve the goal of ensuring access to quality, affordable healthcare in the Cayman Islands.

Our 2019 achievements demonstrate our commitment to deliver exceptional healthcare outcomes to residents and visitors of the Cayman Islands. Our vision is to provide each patient with the world-class care, excellent service, and compassion we would want for our loved ones, by delivering on our core values of integrity, responsibility, and respect for the individual.

In this regard, we continuously strive for a sustainable healthcare system that delivers outcomes that matter to our patients. A system that is personalised, invests in wellness, and is digitally enabled. In 2019, our pharmacies filled over 357 thousand prescriptions; our people performed over 3,200 surgeries, and facilitated over 262 thousand visits to our clinics and outpatient facilities.

We also advanced our medium-term strategy to gradually shift operations from the "Cayman Islands Hospital centric" model, to more community based proactive care through our clinic facilities. The further development and expansion of our district healthcare centers will allow our residents to access care in the communities which they live.

Our ability to successfully unlock the potential of new healthcare possibilities through technological advancement remains a critical component of our model for delivering exceptional healthcare.

In 2019, we advanced our provisions in telemedicine through the introduction of the RP Sally 4 robot. This new technology enables a London based Psychiatrist to provide management and care input for our local patients as part of our Paediatric Psychiatry clinic.

The Sally 4 robot also provides added convenience to our patients, and can save precious time when making critical healthcare decisions. The robot was made possible through the generous support of the Seafarers Association, and served as another example of the many ways that the HSA is harnessing advanced technology to ensure access, efficiency, and quality in our local healthcare system.

The HSA reported a modest operational loss for 2019. Our fee structure seeks to recover the actual cost of service delivery and is not profit driven. This performance keeps faith with the promises made to our shareholders, and is the result of efforts by our leadership and staff to manage our budget

responsibly and to make every dollar count.

The Caribbean has had a long history of neighbors helping each other during periods of great challenge. This spirit has served as one of our greatest strengths and most noble traditions. Following our own experience with hurricane Ivan in 2004, it was truly gratifying to witness the collective efforts of our Government, healthcare community, and our HSA family in rising to provide critical aid to the people of the Bahamas following hurricane Dorian in September 2019. It is a further demonstration of the ability for a kind gesture to reach a wound, that only compassion can heal.

I honestly believe that our ability to deliver positive healthcare outcomes and raise the bar for the health of our nation, and indeed our region, is only limited by our imagination and willingness to embrace bold initiatives.

Our ability to be great, and to serve our people through exceptional outcomes is not dependent on any sole individual. It can only be achieved through the collective effort of our Government, Community, and our entire HSA family, coming together and working towards this common goal.

I am therefore truly grateful to our Government, our Board, and our staff for their guidance, advice, and support in delivering another exceptional year of performance for the HSA. I am also indebted to our patients, families, and our partners in healthcare for their trust, generosity and support as we continue on this gratifying journey of service.

Sincerely,

Lizzette Yearwood, MMH, JP
CEO



We are driven by a single goal: the care and improvement of human life.

It's more than just a privilege.

At the HSA, it's our calling.

2019

Nature & Scope of Activities

General Nature of Activities

The Health Services Authority (HSA) is responsible for the provision and administration of primary and secondary levels of healthcare services, and public health functions for the residents of the Cayman Islands, in accordance with the National Strategic Plan for Health, as agreed with the Ministry of Health, Environment, Culture & Housing (HECH).

Scope of Activities

The HSA provides patient care through the 124-beds at the Cayman Islands Hospital (the country's principal health care facility), and the 18-beds at the Faith Hospital on Cayman Brac. Ancillary services are offered at district health centers, and clinics for dental and ophthalmologic care. The Little Cayman Clinic is a purpose-built facility, complete with waiting and triage areas, a treatment room, doctors' office, and a dental office. A resident nurse is on call around-the-clock.

Specialist services are available in the fields of: surgery, gynaecology & obstetrics, paediatrics, internal medicine, dermatology, anaesthesiology, public health, orthopaedics, psychiatry, cardiology, gastroenterology, radiology, neurology, ophthalmology, otorhinolaryngology, periodontology, reconstructive surgery, faciomaxillary surgery, and urology.

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

Governance

The Health Services Authority is governed by an eight-member Board which establishes strategic policy direction for the organization through various subcommittees.

Board Sub- Committees

- Human Resource Sub-Committee: provides strategic direction in support of the organization's mandate to recruit, retain, develop and empower highly skilled and caring staff, and maintain the Authority's staffing plan.
- Clinical Sub-Committee: provides the Authority's Board of Directors with clinical advice, and examines ways to better manage services, and reviews all new applications, revocations and appeals concerning practicing privileges.
- Finance Sub-Committee: reviews the Authority's budget documents, ownership and purchase agreements with CIG, monthly financials, submits projections and recommendations to the Board, and oversees procurement.
- Infrastructure Sub-Committee: oversees the planning, development, and maintenance of the physical infrastructure to support the care delivery and the health and safety of patients, visitors and staff.
- Information Sub-Committee: establishes and monitors policies for the management of information systems to ensure that the business objectives of the HSA are being met.
- Risk Management Sub-Committee: monitors actual and potential organisational risk, and provides recommendations as to ways the organisation should manage and reduce exposure to liability.
- Audit Committee: supports the Board with oversight of the financial statements, compliance with legal and regulatory requirements, and the maintenance of independence for the internal and external audit.

Performance



Our Highlights in 2019

Clinical Excellence is the core premise for every patient encounter at the HSA.

In our strive for this excellence, we seek to deliver the very best clinical outcomes by exceeding international standards for the delivery of safe, efficient and effective patient care.

This quest has defined our journey for over 80 years and is our solemn promise to every patient we are privileged to treat.

Outpatient Visits

198,442



District Clinic Visits

36,951



Surgery

3,349



Dental Clinic Visits

27,126



Prescriptions

357,656



Admissions

5,100



Year in Review

2019

JAN

Faith Hospital staff complete Brac's first air medical training course.





FEB

Forensics Laboratory achieves reaccreditation.



MAR

Provided free screenings for kidney disease.

APR

First unqualified audit opinion since becoming an Authority.



MAY

Our EMS team provided free safety sessions.





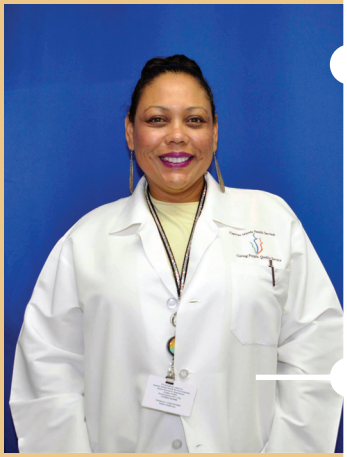
JUN

Introduced our new respiratory machine with the aid of a donation from the Cystic Fibrosis Trust.

2019

JUL

Three of our physicians obtained their Doctorate of Medicine in Family Medicine through an accredited four-year programme.





AUG

- Empower Parents, Enable Breastfeeding
- Ninety-one students benefitted from our Summer Student Internship



SEP

Joined efforts with others in the local medical community to contribute staff and medical supplies following the devasting effect of hurricane Dorian on the people of the Bahamas.

OCT

Issued Request for Proposal (RFP) on the planned Bodden Town Medical Centre.



NOV

Began key infrastructure enhancements.





DEC

Our team turned out in mass to support the DG5K run.

Our Strategic Priorities

The HSA's strategic plan provides an overarching framework that guides the organization in meeting priorities and fulfilling statutory functions. The plan ensures the healthcare system delivers the right care, in the right place, at the right time – while also contributing to the fulfillment of the Government's priorities.

The Plan is sustained by seven (7) strategic priorities with defined deliverables throughout the five-year period covered. It outlines specific yearly performance targets to achieve the following goals:

1. Develop and implement a coordinated, organisation-wide approach to effectively manage our financial resources to ensure sustainability.
2. Improve patient experience across the continuum of care by respecting and responding to the patient's values and preferences.
3. Maintain and expand the facilities to meet the existing need and projected growth, whilst being environmentally responsible.
4. Become the provider of choice for Bariatric Services, Maternal & Child Health, and Interventional Radiology.
5. Strengthen the HSA brand, using all available media, to ensure that the public is aware of the advantages of using the HSA as their provider of choice.
6. Attract, develop, motivate, and retain productive and engaged employees to meet current and future organizational needs.
7. Strengthen Primary Healthcare at the HSA by enhancing patient services, health promotion, and disease prevention activities.

Strategy 1

Develop and implement a coordinated, organization-wide approach to effectively manage our financial resources to ensure sustainability.

In April 2019 the Cayman Islands Office of the Auditor General formally issued a clean audit opinion on the HSA's 2018 financial statements. This achievement was a first for the HSA as an independent Authority, and resulted from the collective efforts of staff at all levels who worked collaboratively to implement various recommendations that enhanced the financial management framework and internal control environment.

The organisation accrued further dividends from these efforts. These were manifested through the maintenance of sufficient cash resources to continually operate the HSA for more than three months in the event of an adverse occurrence that impairs our ability to collect patient services revenue. It has also allowed the HSA to meet and exceed all prescribed compliance and statutory requirements for prudent financial management outlined in the HSA Law, Public Management and Finance Law, and the Public Authorities Law.

A new procurement law took effect in 2018 and fundamentally changed the procurement methods available to public sector agencies in the Cayman Islands. The HSA has been a local public-sector leader in innovative procurement practices and was one of the early adopters for procurement methods such as reverse auctions.

In 2019, we completely revised our procurement framework by updating our existing policies to ensure compliance with the new legislation and modern procurement practices. This work will improve our contract management and financial controls, including stringent oversight of expenditure on vendor contracts for travel and business-related expenses.

Following a successful pilot programme to outsource debt collection efforts for overdue accounts, the organization issued a Request for Proposal in 2018 and awarded a contract in 2019 for an external partner to assist in the recovery of unpaid balances, which were at least 180 days outstanding. The outsourced collection efforts only include persons to whom at least three prior notices were sent, who have made no contact with the HSA, or paid on their accounts for at least six-months.

The amounts owed to the HSA range in the tens of millions of dollars, and represent funds that are needed for the provision and expansion of critical services to meet ongoing patient service needs.



Strategy 2

Improve patient experience across the continuum of care by respecting and responding to the patient's values and preferences.

In 2019 we implemented an online booking tool, electronic reminders, and a call center to reduce patient no-shows, wait times and access to care. It also featured our new patient entertainment/ education system through the refurbishment of our patient rooms and enhanced digital signage to improve the patient experience.

Our patient portal was augmented with the addition of patient proxy, offering the convenience of real-time patient access to medical records, appointment booking online, and patient appointment reminder updates.

The introduction of these technologies brings our health care into a secure digital age while keeping compassionate patient care at the center of everything we do.

Compassionate care is showing kindness, empathy, and thoughtfulness in the way we go about serving the public. To assist our seniors and enhance accessibility, we've installed dedicated parking for older persons, expectant moms, and persons with young children. Simultaneously, we've also expanded the number of parking spaces available to individuals with disabilities or other physical challenges.

Through the generous support of the private sector community, we acquired a golf cart to aid in the transportation of patients with mobility challenges across the hospital campus.

We've also instituted mandatory customer service training for all our employees. This initiative will enhance employee-patient interaction at all levels and improve patient satisfaction.

The Physician Clinical Governance framework implemented in 2019 provides measurable performance standards and accountability for continuously improving the quality of services and safeguarding high standards of care.

We believe in continuously striving to attain and maintain our accreditations and certifications against international benchmarks. The high standards of the HSA's healthcare services continue to be acknowledged by global and regional quality accreditation agencies, such as Joint Commission International (JCI). Our laboratory facilities are already JCI accredited, and in 2019, we successfully carried out our mock survey in preparation for the full accreditation of our other facilities.

In 2019, we successfully executed a partnership agreement with the Royal Cayman Islands Police Service for reliable emergency medical patient transports from the sister islands to Grand Cayman, to ensure timely medical intervention and improved clinical outcomes for emergent patients.

Our achievements in these areas stem from an understanding of the changing needs and preferences of our community and the way we deliver care. This approach is evidence-based, and it allows us to better connect and inform the care for our patients, who are at the heart of everything we do.

We are truly fortunate to have the unwavering support of a large pool of healthcare professionals and other staff dedicated to patient-centered care and safeguarding the wellbeing of all people in the Cayman Islands.

Strategy 3

Maintain and expand the facilities to meet the existing need and projected growth, whilst being environmentally responsible.

Our 30-year Master Facility Plan sets the framework for our goal to continue building a 21st-century healthcare system with infrastructure that is sustainable, purposed, and most importantly, delivers the best care for the people of the Cayman Islands.

The plan is the framework for strategic change interventions that will shape and inform what we need to achieve in our infrastructure, technology, and innovation for our workforce to be successful in delivering optimal healthcare outcomes.

Consistent with our plan, we initiated the procurement of expanded space at the Smith Road Centre in 2018. In 2019, we successfully closed the purchase acquisition, paving the way for the relocation and expansion of outpatient services that will help us meet future population growth.

The drive for improved efficiency and sustainability requires a resolute focus on ensuring that more of our healthcare dollars go directly to the areas of diagnosis, drugs, and therapy. We have therefore started the phased replacement of the HVAC system at the Cayman Islands Hospital to introduce new, more efficient technology, and reduce cost.

The relocation and expansion of our Bodden Town Healthcare Centre is a core component of our 30-year Plan. In 2019 we tendered for the architectural design services to develop detail plans for the relocation and expansion of the facility.

The relocation and expansion will be completed in two phases. The first phase will include a waiting area for approximately 50 people, two administrative offices, two minor operation rooms, three to four urgent care rooms, three to four clinical exam rooms, and a pharmacy. It will also include a dialysis area and a radiology unit with all the supporting infrastructures.

Phase two involves the expansion of the complex to include inpatient services. This expansion will consist of an accident and emergency area with six bays, an operating room with supporting infrastructure, medical gas infrastructure, and eight to twelve inpatient rooms.

Significant refurbishment work was carried out in our patient rooms, and we commenced the expansion of the Accident & Emergency section to include additional patient beds, improve patient flow, and reduce waiting times.

The Board's Infrastructure Subcommittee plays a crucial role in ensuring that these projects come to fruition, so that our organisation can deliver leading-edge facilities to meet future patient service demands.

Strategy 4

Become the provider of choice for bariatric services, maternal & child health, and interventional radiology.

Maternal health is essential to ensure the health of our children - and, by extension, the whole family. To advance our goal for development in this area, in 2019, we progressed operational plans for a dedicated Maternal and Child Health Centre with extended operating hours and paediatric acute care services to commence in 2020.

Our communications team also worked to promote programmes to raise awareness of the remarkable benefits of breastfeeding, and to offer additional support to breastfeeding mothers. Parents participated in our free educational series called ParentCraft to learn about pregnancy, labour and delivery, knowing your baby, and infant CPR.

Strategy 5

Strengthen the HSA brand, using all available media, to ensure that the public is aware of the advantages of using the HSA as their provider of choice.

Our monthly radio interview programme on Radio Cayman provides public engagement through the dissemination of relevant information about the services and programmes available at the HSA. This communication channel also facilitates the provision of essential community information ranging from potential health threats from epidemics and travel advisories, to advancements in drugs and therapy.

Our West Bay and Bodden Town Women's Health Centres also offer free postnatal care and home visits for all patients.

The organization also issued some 35 press releases in 2019 covering information on our overall organization, as well as crucial developments in healthcare.

We were excited to welcome our new Marketing & Communications Manager to the HSA family in 2019. She will be working with a fantastic Public Relations team to ensure our marketing and communication efforts are cohesive and targeted by reaching the right audience at the right time.

Whilst we continually seek to proactively engage the community through the provision of timely relevant information, our biggest source of endorsement for the HSA brand, comes from you, our customers. We remain committed to delivering affordable and accessible care, and keeping you continuously informed as healthcare in the Cayman Islands continues to evolve.

Strategy 6

Develop, motivate, and retain productive and engaged employees to meet current and future organizational needs.

We are a people organization, and we aim to become the employer of choice through sustained investments in talent development and support, to ensure we attract and retain the very best people.

Our healthcare professionals are the backbone of quality patient care. This makes talent management and development indispensable, particularly for the public healthcare sector. In 2019, we initiated a public tender for the automated HR Management Information System. When implemented, this tool will improve the efficiency of the HR functions and processes, and provide added capabilities for the HR team.

There is a well known global shortage in health care professionals, especially nurses. We were therefore delighted to have ninety-one students benefit from our Summer Student Internship programme in 2019.

Our revamped internship programme enabled select students to gain quality work experience that aligned with their interests and career aspirations. Each placement ranged from four to 10 weeks, with student placements in more than 40 departments in both Grand Cayman and at Faith Hospital in Cayman Brac.

This is one of the many ways we are cultivating and encouraging talent to ensure future sustainability.

The University of the West Indies accredits our hospital as a postgraduate training facility for the doctoral level degree. Our programme offers postgraduate medical education to physicians through core clinical rotations across different specialties within the HSA.

In 2019, three of our physicians obtained their Doctorate of Medicine in Family Medicine following extensive training under our programme.

By completing their degrees, Drs. Glaister Bell, Carmen Martinez and Lorna Jackson have all advanced from being junior physicians to consultant physicians in the practice of family medicine.

Training our healthcare professionals improves staff competence, and is a critical enabler for a sustainable healthcare system that delivers outstanding outcomes.

Dr. Lundie Richards, Consultant Medical Haematologist-Oncologist – joined our pathology laboratory and oncology team full-time in August 2019. The addition of Dr. Lundie provides us with the in-house capability to diagnose and treat blood cancers, blood disorders (e.g. anemia), bleeding conditions (e.g. hemophilia), blood clots, as well as solid cancers.

This capability is a welcome addition to our inhouse services, and will provide significant benefits to our patients.

Our revamped internship programme enabled select students to gain quality work experience that aligned with their interests and career aspirations. Each placement ranged from four to 10 weeks, with student placements in more than 40 departments in both Grand Cayman and at Faith Hospital in Cayman Brac.



We will improve patient experience across the continuum of care by respecting and responding to the patient's values and preferences.

2019

Strategy 7

Strengthen primary healthcare at the HSA by enhancing patient services, health promotion, and disease prevention activities.

Primary healthcare takes a holistic-society approach to health and well-being, and is centered on the needs and preferences of individuals, families and communities. It addresses the broader determinants of health, and focuses on the comprehensive and interrelated aspects of physical, mental and social health factors.

In the Caribbean, the overall prevalence of diabetes is estimated to be approximately 13%, and is expected to rise to over 15% by 2045.

Diabetes is a lifestyle disease, which requires systematic interventions in addressing the broader determinants of health (including social, economic, environmental, as well as people's characteristics and behaviours.)

In recognizing the dangers posed by the disease, we've introduced a Diabetic Education Clinic to have a more accurate representation of the status of persons living with Diabetes.

We are also investing in additional preventative care services at the District levels. Convenient access to proactive care through our clinics and healthcare centers will encourage residents to prioritize their personal healthcare management through regular testing, monitoring, and treatment.

We've also designed and disseminated physical education programmes to reduce the prevalence of physical inactivity, thus enabling school-aged children to lead healthier lifestyles. A nutritious diet and regular exercise are core components of a healthy society.

In 2019, we established a new surveillance mechanism to collect, process, analyse and monitor data on the prevalence of risk factors for developing chronic disease, specific chronic diseases themselves, and their morbidity/mortality. This information will provide key input in the development of overall healthcare policies in the Cayman Islands, and lead to better healthcare outcomes.

Through the CayHealth initiative General Practice (primary care physician) encounters increased from 44% in 2010 to 73% in 2019. In contrast, that of Specialist visits declined from 37% in 2011 to 21%. The A&E encounters decreased from 18% in 2010 to 6% in 2019.

The percentage of Diabetics with Hb A1C < 7% (i.e. controlled) increased to 54% in 2019 from 50% in September 2010. The percentage of Hypertensive patients with their last BP < 140/90 (i.e. controlled) in 2019 was 63%; the percentage of Hypertensive patients with BP > 180/110 decreased from 11% in 2010 to 9% in October 2019.

Governance

As our community grows, we are growing with it.

This is a pivotal moment for the Health Services Authority and the patients and families we serve.

Our new **30-year** Master Facility and Service Development Plan marks a major and exciting trajectory for the organization and the Cayman Islands, guided by a vision to bring world-class clinical services right here at home, while providing the highest standards of quality, safety and patient experience.

The Cayman Islands has grown dramatically since the opening of the first hospital in Grand Cayman in October **1955** with **28 beds**, and a team of **9 persons** (a Medical Officer, a Dental Officer, a Health Officer, a Matron, four nurses and a Dispenser.)

Since opening almost seven decades ago, we've witnessed our population increasing, and people living longer and coping with increasingly complex medical conditions.

To meet our patients' health care needs, the Health Services Authority must continue to evolve into a responsive, accessible, high quality and technologically driven healthcare system that is the first choice of all residents of the Cayman Islands. This also includes recruiting first-rate physicians and staff, and adopting a multidisciplinary model of care often found in leading medical centers around the world.

We are continuing to build outstanding facilities and incorporating state-of-the-art technologies and techniques that help reduce recovery times and optimize treatment outcomes. In many of our specialties, the advances we have achieved literally make the difference between life and death for patients who now receive prompt, expert care right here at home for serious, life-threatening conditions in which every second counts.

Our development plans include:

- Transition of outpatient services to the Smith Road Centre
- Expansion of our accident & emergency unit
- Longer opening hours for our Acute Care Clinic
- New Maternal & Child Health Centre with dedicated pediatric acute care services; providing more specialized emergency care for young ones outside the busy A&E setting
- Plans for new Bodden Town Satellite Hospital
- Expanded Mental Health Services

We are excited about the journey ahead, growing with our community in our continued journey as the island's pre-eminent health care institution and our focus on the health and well-being of the people of the Cayman Islands.

Organizational Structure



Board of Directors

Board Operations Officer
Angelee Beersingh

Internal Audit Unit
Cayman Islands Government

Chief Executive Officer
Lizzette Yearwood

Personal Assistant
Angella Berry

Senior Management Team



Medical Director
Delroy Jefferson

- Medical Staff Credentialing
- Emergency Medical Services
- Eye Clinic
- Clinical Support Services
- Patient Referrals



Director of Support Services
Caswell Walford

- Business Development
- Public Relations
- Facilities Management
- Maintenance
- Security
- Housekeeping
- Laundry
- Bio-Medical Services



Director of Primary Health Care/ Medical Officer of Health (Actg.)
Samuel Williams

- Primary Health Care Services
- Health Promotion
- Liaison with International Organizations
- Communicable Disease Surveillance & Control
- Public Health Inspection
- Dental Services



Director of Corporate Services
Vinton Douglas

- Strategic Planning
- Quality Assurance
- Disaster Planning & Management
- Infection Prevention & Surveillance
- Patient Services /Complaints Management
- Risk Management & Mitigation
- Health Information Management
- Occupational Health & Safety
- Compliance



Chief Financial Officer
Dawn Cummings

- Accounts
- Budget
- Payroll
- Patient Financial Services
- Procurement
- Materials Management



Chief Nursing Officer
Hazel Brown

- Nursing Services
- Porter Service



Chief Human Resources Officer
Samantha Bennett

- Human Resources
- Labour Relations
- Training & Development
- Volunteer Programme
- Internship Programme
- Wellness



Chief Information Officer
Keith Higgins

- Information Systems
- Telecom
- Switchboard
- Call Centre
- Statistics



Director of Sister Islands Health Services
Srirangan Velusamy

- Faith Hospital
- Little Cayman Clinic

Started	82	65000	45
1955	Years later	Residents	Inpatient

"We started our journey in 1955 with the opening of the first hospital in the Cayman Islands. It was a modest 4-bed hospital in what is now the present Immigration building. We had one physician and four nurses, who were responsible for taking care of the full healthcare needs of the Cayman Islands population.

Some 82 years later, we are still taking care of our Islands' healthcare needs, and have grown to become the premiere healthcare provider in the Cayman Islands.

We now serve a population of over 65,000 residents, offering over 45 inpatient and outpatient medical services, from seven locations across all three Islands."





Board of Directors

Board Chairman
Jonathan Tibbetts

Board Chair and Acting Clinical Sub-Committee Chairman Jonathan Tibbetts is a General Manager at Cayman Brac Power and Light Co. Ltd. Mr. Tibbetts is a graduate of the University of South Florida.

Deputy Chairman
Rolston Anglin, JP

Audit and Infrastructure Sub-Committee Chair Rolston Anglin is an honours graduate from The Ohio State University. He is a qualified accountant and worked at PricewaterhouseCoopers in Cayman and New York. He previously served three terms as a Member of the Legislative Assembly and is a former Deputy Premier and Minister in Cabinet.



Patient Safety & Risk Management Committee Chairman
Jaron Leslie

Jaron Leslie is a qualified attorney in the Cayman Islands, and a member of the Harney Westwood & Riegels (Harneys) Cayman Islands' Dispute Resolution practice group.

(Demitted office in January 2020)



IT Sub-Committee Chairman
Arthur McTaggart

Arthur McTaggart has more than 23 years of experience in the Internetworking and Computing industries, currently supporting existing and developing new products and services for a leading Cayman Islands Internet Service Provider.



Representative for the Financial Secretary, CI Government

(Demitted office in October 2019)

Andre Scott

The Financial Secretary is currently represented on the Board of Directors by Andre Scott who is the Manager of the Entire Public Sector Reporting Unit in the Treasury.



Chief Executive Officer
Lizzette Yearwood

Lizzette Yearwood is the Chief Executive Officer of the Cayman Islands Health Services Authority. Lizzette has been with the HSA for almost 23 years and has a wealth of experience in local and overseas healthcare settings. She holds certification from the American Society of Healthcare Risk Management, and has a master's degree in healthcare administration.





Director
Jennie Manderson

Jennie Manderson, MBE, JP. Member since 2016. Committees: HR, Clinical, Risk Management. HR professional with over 50 years of public service including 33 1/2 in the civil service.

(Demitted office September 2019)

Medical Director
Dr. Delroy Jefferson

Dr. Delroy Jefferson is the current Medical Director of the HSA. He was previously the Chief Medical Officer of the Cayman Islands, Medical Officer in Charge of the Sister Islands. Dr. Jefferson also has extensive experience in public sector management and policy, and has served on several national and regional boards and committees.



HR Sub-Committee Chair
Tresea Brown

Tresea Brown is a Senior Human Resource Consultant with CIBC Bank and Trust (Cayman) Limited. She holds a M.Sc. in Human Resources from the International College of the Cayman Islands and is an accomplished Human Resources professional with over 20 years generalist and specialist experience at corporate environments.





Finance Sub-Committee Chair
Nanalie Cover

Nanalie Cover is a certified public accountant, and has worked as an auditor for Pricewaterhouse-Coopers ("PWC") in the Cayman Islands. She is a specialist with over 20 years experience in Compliance, Risk and Internal Audit and holds a Masters of Business Administration degree in Finance and Accounting, International Diplomas in Compliance and AML and is CAMS certified.

Ms. Cover is also a member of the board of the Cayman Islands Compliance Association, the Cayman Islands Chapter of WISTA (Women's International Shipping and Trading Association) and Rotary Sunrise Grand Cayman.

Acting Chief Officer Ministry of Health
Nellie Pouchie

Nellie Pouchie is the acting Chief Officer in the Ministry of Health, Environment, Culture & Housing. She became a Certified Public Accountant in 2003 and has held various positions in the financial services industry, including audit, banking, captive insurance management, fund accounting, and trusts.


Faith
HOSPITAL
By The People For The People

Outcomes and Achievements




lity Serv'ce
nds Hospital
yman
PHARMACY



To our Customers and Shareholders

We are pleased to provide this 2019 Annual Report explaining how we have made progress against our strategic objectives during the financial year, and to further demonstrate our commitment to creating value for our stakeholders.

Throughout the year, we implemented several measures to ensure sustainable and quality patient care, manage healthcare costs, and provide a safe and conducive workplace for all staff. These efforts led to another year of achievements, with significant growth, financial, and operational milestones.

We are privileged with decades of experience managing the healthcare needs of our residents and visitors. We honour the trust placed in our organization by continually investing in diverse ways of care transformation and by making a concerted effort to realize the Government's outcome goal to improve patient experience and care accessibility.

Our investments in 2019 included advancements in telemedicine, locally available clinical services, infrastructure development, and capability expansion.

Our steadfast commitment to international clinical governance standards has provided excellent outcomes over the years. The HSA is proud of our patient-centered culture which prioritises quality of care and patient satisfaction in order to have a positive impact on the well-being of our patients and our community.

This year, we advanced those standards by formally implementing a Clinical Governance framework that will oversee the effectiveness of our clinical governance in the areas of patient safety, clinical quality training initiatives, education and related activities.

While we invest in clinical governance, we are also taking measures to enhance our corporate governance framework through an enhanced control environment that is worthy of confidence from our partners and other stakeholders.

Corporate integrity, ethical conduct, and accountability, are fundamental to building trust within the organisation. The consistent application of policies, procedures, and a robust compliance function, have improved our operations and will



continue to build trust between the HSA, those we serve, those who do business with us, and those charged with oversight responsibility for our organization.

"Our people are our greatest assets." This is not a statement that simply hangs from our walls, it is a culture that you will see every day when walking our halls. In 2019, it was truly gratifying to witness our staff reaching new heights through educational achievements, humanitarian work, and participation in various community activities. We are blessed with an excellent and diverse workforce that reflects the diversity in the patients we serve, and operates with the singular vision of excellence.

The HSA has fully embraced the vision of our Islands' Deputy Governor to deliver a world-class healthcare experience to our patients, and shall continue to do so now and in the future.

Over the next few pages, we will share the seven primary strategies we pursued in 2019, and our achievements under each, as we continue in service to the people of the Cayman Islands.

"Our people are our greatest assets." This is not a statement that simply hangs from our walls, it is a culture that you will see every day when walking our halls. In 2019, it was truly gratifying to witness our staff reaching new heights through educational achievements, humanitarian work, and participation in various community activities.

Community Engagement

In September 2019, **Hurricane Dorian hit the Bahamas** with devastating effect. The HSA joined other members of the local medical community in providing essential medicine and medical supplies to the storm-ravaged island. Our staff donated time and our Hon. Premier also personally flew to the Bahamas, accompanying some of the supplies contributed.

In May, teams from our **Emergency Medical Services provided lessons** to the public on the proper use of car seats, how to perform hands-only CPR, and how to stop bleeding in emergencies. This potential life-saving training was provided as part of this year's Emergency Medical Services Week, aptly themed 'Beyond the Call'.

In June, we offered our smoking cessation classes titled "I can quit". The seven-week programme runs from 5:15 pm to 6:45 pm on Wednesdays, and provides information and resources to assist smokers who wish to cease smoking to do so in a manner that would improve long term success.

We are blessed with the generosity of our community in fully engaging with us as partners in care. In 2019, we received several donations to support and promote the good health of our community.



In September 2019, the Cayman Islands Seafarers Association donated a second Telemedical Remote Presence Robot that will help patients facing mental health challenges. This new technology addition will enable patients to receive care locally, within their family and community support systems, instead of journeying overseas for certain types of clinical assistance.

We were also grateful for the donation by the Breast Cancer Foundation of a scalp cooling system to improve the efficiency of the treatment and provide a more comfortable experience for patients hoping to prevent or reduce the loss of their hair as a result of chemotherapy.

Through the kind donation of the Cayman Islands Cystic Fibrosis Trust, we were also able to acquire a COSMED Q-box respiratory machine to improve the diagnosis and treatment of patients with breathing and chronic lung problems. This will enable our medical teams to guarantee highly accurate results and provide a more comfortable experience for patients.

The HSA has the only Blood Bank providing support to all inpatient medical facilities in the Cayman Islands. Our capabilities to enhance the essential annual blood drive was improved through the kind support and donation of Car City and Hurley's Media who donated a new APV van for blood donation drives.

This added capability provides greater convenience to our blood donors and encourages new blood donors to participate in this life-saving programme.

"Team Nolan", in collaboration with the Cayman Heart Fund (CHF), donated approximately US$12,600 in November 2019 for the procurement of a vital piece of equipment that will benefit the most vulnerable patients at our facilities.

A neonatal transport incubator will be used by our Neonatal Intensive Care Unit (NICU) staff to help keep vulnerable patients, such as premature infants or infants with other health issues, safe while being transported to another healthcare facility for further treatment and or care.

The incubator will arrive on the island in early 2020, and will offer a solution that is portable, customizable and provides protection from the environment, possible infections, noise and drafts. It will also come with features that include ventilation, temperature controls, quick and easy access to babies for intubation or CPR, blood pressure, and cardio/ respiratory monitoring.

These are just a few examples of the stellar contribution of our community, and partners in healthcare, working together to improve the patient experience.

In June, we offered our smoking cessation classes titled "I can quit". The seven-week programme runs from 5:15 pm to 6:45 pm on Wednesdays, and provides information and resources to assist smokers who wish to cease smoking to do so in a manner that would improve long term success.

Clinical Services & Patient Experience

Improving the patient and family experience at all our facilities remains an explicit focus in how we measure success in the performance of our healthcare system. Under the aegis of our Master Facility Plan, we've embarked on a series of hospital enhancement projects that will reduce waiting times, provide greater access, and improve services.



A Digitally Enabled Healthcare Environment

Our patients will continue to enjoy encounters that are digitally enabled through the effective use of web portals, real-time information, and faster turnarounds for diagnostics and therapy interventions.

Our online patient appointment and reminder service saw its first full year of operation in 2019. The new system, deployed as part of our patient experience programme, features a new call center and technology platform utilising a variety of communication methods including emails, phone calls, and voice messages, which allow patients to confirm or cancel appointments in real-time.

The system has been a significant success for the HSA. Since implementation, we've seen a ten (10) percent reduction in no-shows for booked appointments across all services. This improvement helps us to deploy our healthcare resources more effectively by maximizing the number of hours spent caring for patients instead of waiting for no-shows.

The reduction in no-shows has improved clinic productivity, enabling more patients to be seen on time, and physicians to attend to more patients.

A missed appointment affects staff, but more importantly, it also negatively affects the person who could have been treated during that appointment time. Improvements in physician productivity rates, and the increased access to timely care for our patients, are some of the rewarding benefits of this initiative.

As a patient-centered organisation, we continually evaluate all areas of our operations by assessing barriers to care and creating interventions to address those barriers where they exist. Our goal is to also gain and maintain diverse perspectives on the patient's journey of care, so we can better understand their needs and deliver optimal outcomes.

Our patient portal is another area that has accrued significant efficiency dividends for our organization. The portal allows our customers to request appointments with General Practice and Paediatric Clinics, directly book appointments with their General Practitioner, and provide patients with secure access to their health information from any desktop or smart device 24-hours a day.

Increasingly, patients are seeking ways to empower themselves with information that will improve their health and general well-being. Providing patients with real-time access to their health information will help to improve patient engagement and enable shared decision-making between patients and providers in a streamlined and efficient healthcare environment.

With patients having real-time access to their information, they can better prepare for their appointments and enjoy more fulsome conversations with their healthcare provider.

Patient & Family Advisory Committee

The patient experience is crucial to us, and that's why quality and service is foremost in our strategic plan that lays the foundation for our continued transformational change to a medical centre of excellence. That means improving our already excellent patient outcomes.

With a commitment to patient centered care, the HSA has established a Patient & Family Advisory Committee to advise the management on effective solutions to improve the patient experience. Delivering the best, most efficient care and improving the patient experience continues to be our top priority. Through the work of this Committee, comprising diverse individuals from across the spectrum of the Cayman Community, we have been able to introduce and sustain innovative initiatives to improve the patient experience throughout our operations.

Options for more on island in-house treatments

Blood cancers are treated differently from many solid cancers, which means that people who have blood cancer often choose to see a haematologist over an oncologist for their treatment. Having a full-time specialist on staff who is practiced in both haematology and oncology allows us to diagnose and treat a broader range of cancers, and provides more comprehensive, quality care to our patients.

An essential part of cancer care is having the ability to receive it locally where family and friends are nearby for support. As such, we are delighted to welcome Dr. Lundie Richards, whose knowledge and experience will be most beneficial to increasing the value of our services to the people of our islands.

Digitally Enabled Healthcare Environment



The use of technology in care delivery is a fundamental enabler for innovation and efficiency. Our Board supports an organizational strategy that continuously evolves to keep pace with changing times, by leveraging technology to improve the way we do business and deliver outcomes to our patients.

In 2019, we also invested in four core technology packages that will sustainably enhance our patient services:

- SurgiNet;
- Computerized Physician Order Entry;
- Medication Administration Record (MAR) and Barcoding; and
- Open Dental.

SurgiNet is a surgical informatics system that is used for Operating Room scheduling, and assists with clinical documentation and billing. The system includes standardized documentation, and incorporates features for statistics and reporting. In addition, it allows clinical staff to update records during all phases of the Operative cycle in real-time. The Anaesthesia module provides for the real-time electronic documentation within the patient's chart.

SurgiNet replaces an old process that was very manual, and has improved the billing, documentation, and accuracy of records. The system delivers multiple benefits relating to enhanced patient safety, enhanced functionality and workflow data management, enhanced reporting, and a reduction to the risk for medication errors.

We've also accrued further benefits through enhanced efficiencies from medication management tools and real-time revenue capture, ensuring greater accuracy while also reducing costs.

CPOE

Our new Computerized Physician Order Entry allows Clinicians to enter all medication orders into the patient's chart real-time, and allows clinical staff to document via a barcode driven process. This improves patient care through a standardized and semi-automated workflow; reduces medication errors and adverse drug events due to alerts and system integration. These features provide Clinicians with the ability to reconcile the medication profile in the patient's chart and view their medication history.

CPOE replaces a process that required the physician to write the medication to the medication chart, and fax it to the pharmacy to place the order. With this new system, the order will go directly to the Medication Administration Record system and be available for clinical staff to administer in real-time.

Medication Administration Record (MAR) and barcoding

Medication administration record and barcoding is the safe administration of medications at the bedside through the use of barcode technology. It gives notification of potential errors that will inform nurses regarding medication administration. It verifies the 'Five Rights' of medication administration which are:

1. Right Patient
2. Right Medication
3. Right Time
4. Right Dose
5. Right Route.

It also captures the pharmacy charges once the medication has been documented.

Before the MAR and barcoding systems were introduced, the physician was required to write the medication to the medication chart. With MAR, the physician completes the instructions in the system for the nurse to administer to the patient, thereby saving time and improving accuracy.



Saving lives through our local blood bank

Five hundred and sixteen (516) lives were saved or improved in 2018 as a result of blood transfusion. Many of those transfusions were the direct result of the contributions from the 1529 donors in the Cayman Islands.

The number of donors in the Cayman Islands is now at its highest recorded level. This has led to a very positive dynamic with a noted decrease in the importation of blood and blood products, and an increase in the number of local blood donors. This trend is moving us in the right direction as a country, as we work toward universal access to safe blood transfusion.



516
Lives

1529
Donors

Aim for the stars through accreditation

In 2019, we continued our march toward full JCI accreditation and the certification of all our facilities. In securing these accreditations and certifications, we are motivated to continuously improve though consistent monitoring and measurement of our clinical outcomes and performance against international standards and best practices.

The implementation of our Physician Clinical Governance framework provides measurable performance standards and accountability for continuously improving our quality of services and safeguarding high standards of care. This was one of the crucial steps taken in 2019 to prepare us for our upcoming JCI assessment.

In 2020, we will be rolling out further significant initiatives to improve waiting times in the Accident & Emergency Department. We will also expand hours for the Acute Care service for patients with emergent but non-life-threatening conditions who do not require care in the emergency room setting.

We also look forward to the expansion of specialist services to reduce offshore referrals, provide more services on-island, and meet the growing population's healthcare needs. Planned measures include the integration of chiropractic care at the HSA, podiatry services to provide holistic care for diabetic patients, development of the long-anticipated Bariatric service, and the availability of neurosurgery to improve clinical outcomes, increase patient satisfaction, and increase hospital revenue.

Other planned clinical service expansion areas include a Hematologist to improve our lab diagnostic capabilities, a pulmonologist to enhance the care of patients, Complementary/Alternative physicians for patients with chronic diseases, and the provision of Applied Behaviour Analysis (ABA) Therapy.

Human Resources

The HSA is the largest employer in the Cayman Islands, outside of the core government, and contributes more than $63 million to the local economy each year through the employment of a 910 strong full-time workforce.

In 2019, our Board approved a comprehensive workforce plan (the first for the HSA) which will provide further job opportunities for Caymanians by adding more than 300 new positions over five years to meet the needs of our growing population and local healthcare demands.

We spoke earlier about plans for a new satellite hospital in Bodden Town, expansion of clinical services to the Smith Road Centre and other significant facility improvement projects at the main Cayman Islands Hospital and Faith Hospital in Cayman Brac. These expansion projects, which are in response to continued growth in the local population, necessitate a strategic approach to workforce development.

Workforce development

We hired 91 new staff in 2019 with majority of those positions offered to Caymanians. Additionally, of nine internal promotions, seven were awarded to Caymanians.

We are a service-based organization, therefore, an effective response to the growing needs of our community, will require more staff. Our comprehensive workforce plan seeks to ensure a sustainable workforce for the foreseeable future, and includes some 200 new positions in clinical areas.

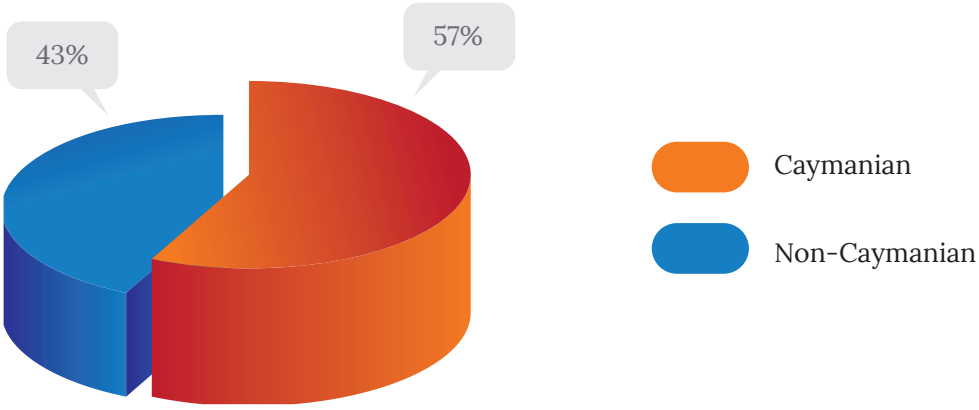
Local health trends are similar to those observed globally and reflect increased longevity but more complex health conditions, and rapid growth in non-communicable diseases such as cancer, diabetes, dementia and depression. There is also growth in the number of people suffering from multiple diseases, known as multi-morbidity, requiring frequent hospital care.

“Our Workforce plan and Master Facility Plan are part of our proactive approach to address these burgeoning healthcare issues, which will become more challenging in the Cayman Islands.

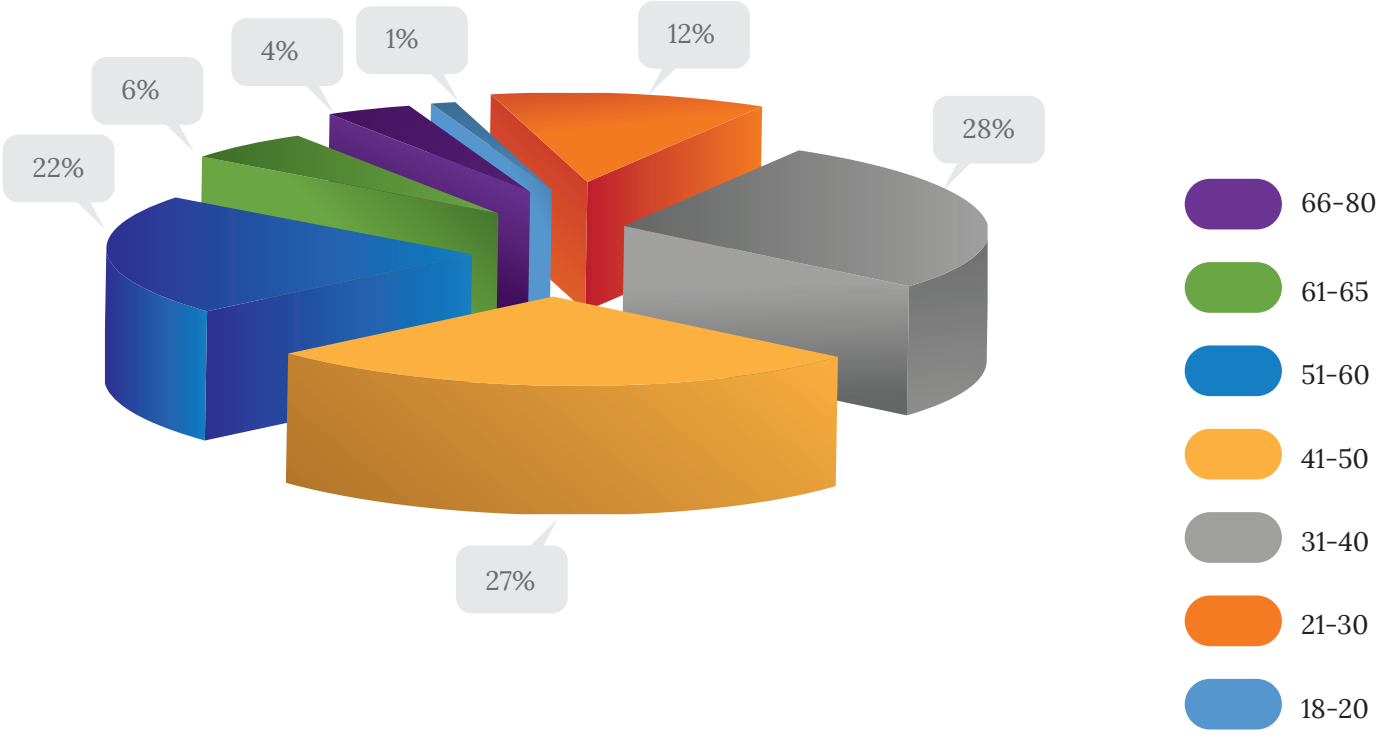
‘Growth for the sake of growth’ is what we in the medical field refer to as cancer. As our organization grows and evolves, it is crucially important that it not only serves our people but also provides opportunities for present and future generations of Caymanians.

Employee Listing

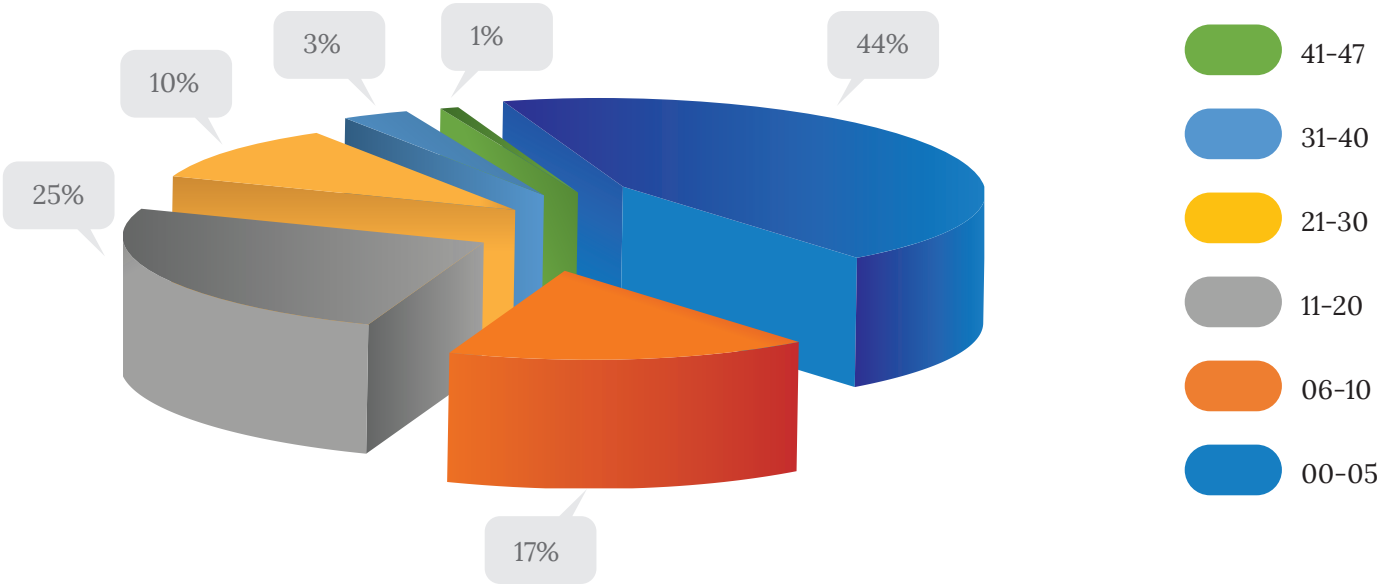
Full time Staff



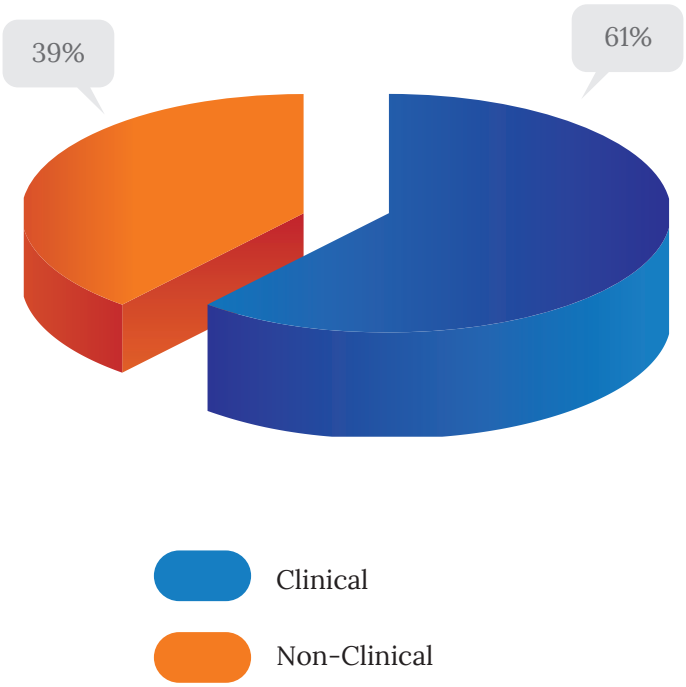
Age Demographics



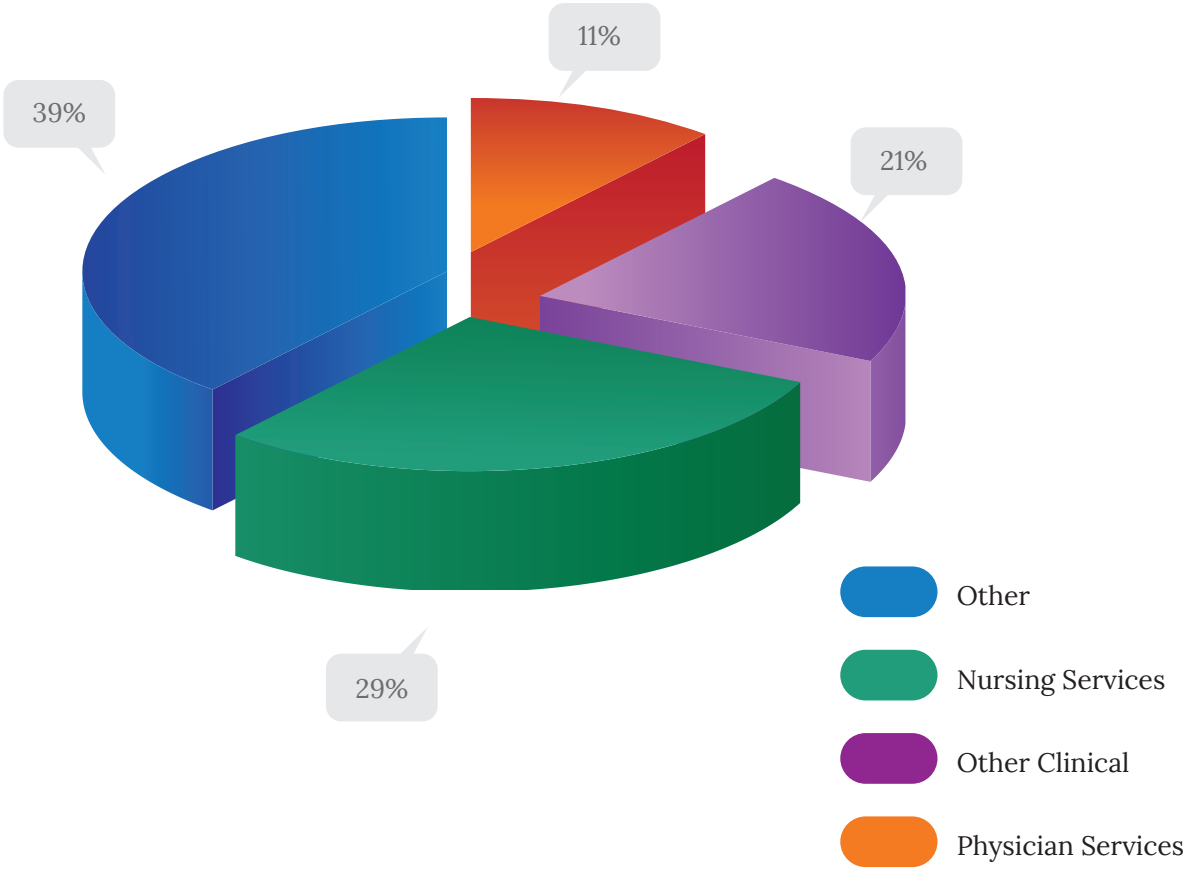
Personnel Average Year of Service



Clinical VS Non-Clinical



Staffing Mix





Providing opportunities for Caymanians

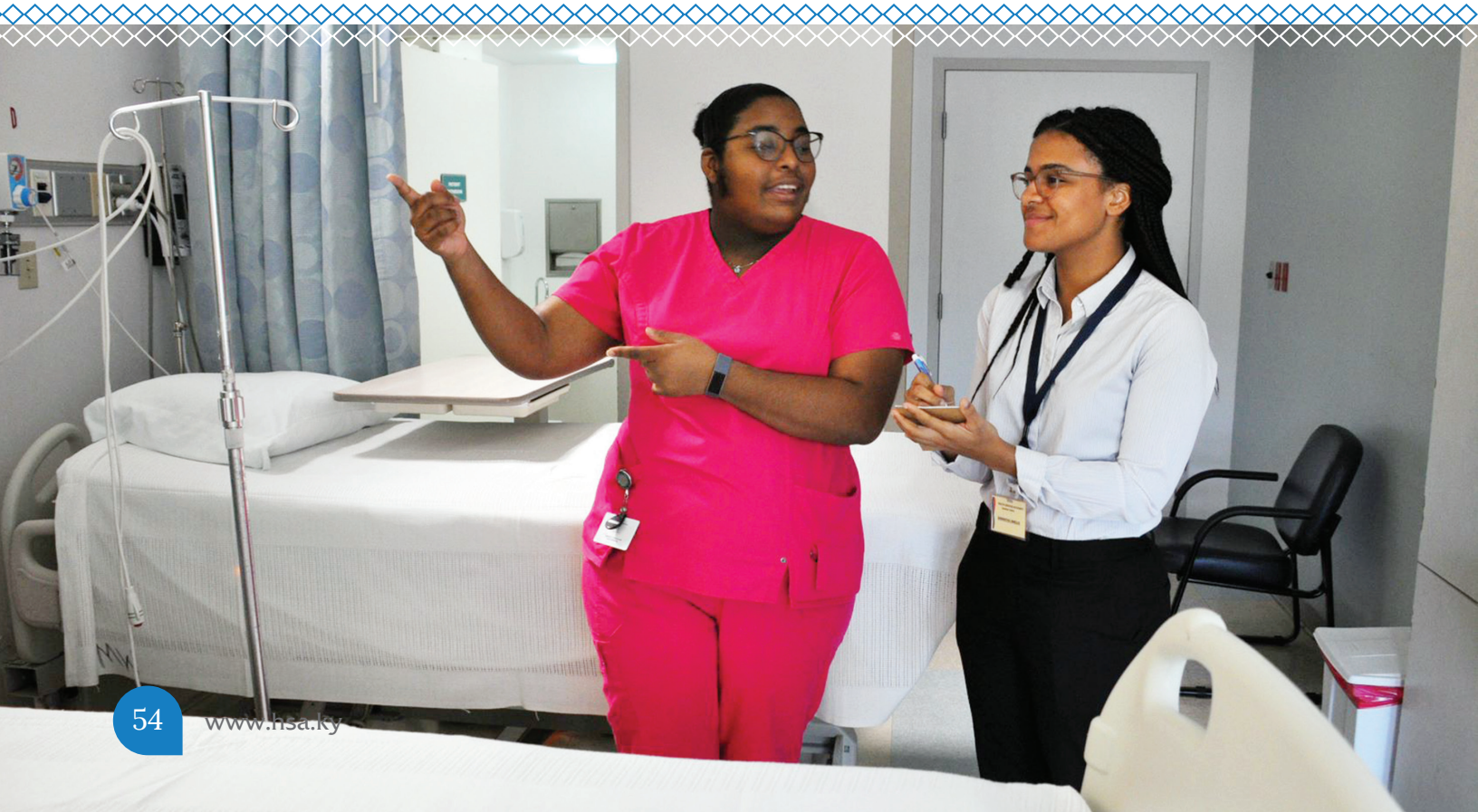
While the job opportunities being created by the Authority's new workforce plan is predominantly focused in clinical areas with 180 positions for nurses, physicians, and allied healthcare professionals, there are also 120 positions that will be in various non-clinical roles. The planned workforce expansion, is commensurate with targeted measures to expand the Caymanisation of the HSA, which is currently at 59%, the highest it's ever been.

Our training programmes seek to equip Caymanians with the skills and experience necessary to take up various positions within our organization. An effective tool in this programme is our partnership with the University College of the Cayman Islands (UCCI) through our nursing transition programme. This initiative provides a pipeline to the HSA for young Caymanian nurses, and facilitates on the job training and the development through critical experience gained under guidance and mentorship across our facilities.

We've also partnered with the Department of Education Scholarship Secretariat and the private sector for funding of scholarships for advanced specialist training for Caymanians in clinical disciplines.

Following our designation of specific positions to be filled by Caymanians only, we started an outreach to Caymanians pursuing studies to encourage their interest in the healthcare field. This engagement allows students to become aware of existing and future opportunities available at the HSA.

Other measures providing increased local opportunities for Caymanians include the development of a robust succession plan to identify opportunities across the organization for the recruitment, promotion and retention of Caymanians; and partnership with Workforce Opportunities & Residency Cayman (WORC) to provide work opportunities for unemployed Caymanians.



Proud of Them

While it was well known within our HSA family, few people within the community realized that our Medical Director, Dr. Delroy Jefferson, has spent his annual leave for the past 15 years on volunteer medical missions in countries such as Haiti, Honduras, Jamaica, and Egypt.

Dr. Jefferson self-funds these trips and has provided free medical aid to people with socioeconomic challenges in the countries where he volunteers.

We are therefore proud of Dr. Jefferson's recognition as a 'Distinguished Humanitarian', bestowed by the Global Listening Centre for both his professional and personal contributions.

The Global Listening Centre is an international non-profit organisation that defines listening as effective intercultural and interpersonal relations by being attentive and respectful of all people.

A member of GLC, Dr. Jefferson is one of only three individuals globally to receive the 2019 Distinguished Humanitarian Award.

Dr. Jefferson credits his humble upbringing as his greatest inspiration for giving back. "I grew up in very humble circumstances, but in a Christian home where my mother placed emphasis on expressions of love and care for those with whom we interact. There is a passionate love for humanity especially for the poor, the downtrodden, and those without the resources needed to satisfy the basic necessities of life."

In addition to providing healthcare assistance, Dr. Jefferson has also funded academic scholarships for students in Africa and other parts of the Caribbean.



Looking Ahead

The year 2020 has been recognized as "Year of the Nurse and Midwife." We look forward to another opportunity to highlight the significant contribution by our nurses and midwives, and the field of nursing in general. Our HSA family includes 194 nurses and 21 midwives; we will honor and celebrate their outstanding contribution through a series of events and initiatives in 2020.

Following the issuance of a Request For Proposal in October 2019, we are looking forward to the continued development of plans to expand our healthcare facility in Bodden Town. The project will be done in two phases and is a crucial component of the ongoing implementation of the 30-year Master Facility and Service Development Plan.

With the support of our Board, 150 new positions were approved for recruitment in 2020. These new positions will be welcome additions to our organization, and will allow us to continue to meet changing demographics and new demands for healthcare services across the Cayman Islands.

2020 STRATEGIC PRIORITIES

Other enhancements and improvements on the horizon include:

- New technologies to support the provision of consistent, high-quality care across the patient's journey
- Full Joint Commission International Accreditation
- Innovations to drive efficiencies and enhance the patient experience
- Further facility expansions to support patient care delivery
- Additional investments in district health centres to improve access to timely care at the community level
- Investing in our people through training and advancements to ensure a motivated and engaged workforce to meet current and future organizational needs
- Develop and implement compliance functions to sustain the gains made in our financial control environment to effectively manage our financial resources
- Finding innovative ways to leverage opportunities to secure financial resources that enable us to deliver excellence in patient care

Our Government has set priorities to grow the economy, provide infrastructure, protect the vulnerable and improve health, education, and public services across all three Islands. Reporting on these priorities allows the Government to measure progress on these outcomes, and to create a stronger, healthier and safer Cayman Islands.

This 2019 report is our story, and it shows how we have contributed to solid outcomes in healthcare delivery.

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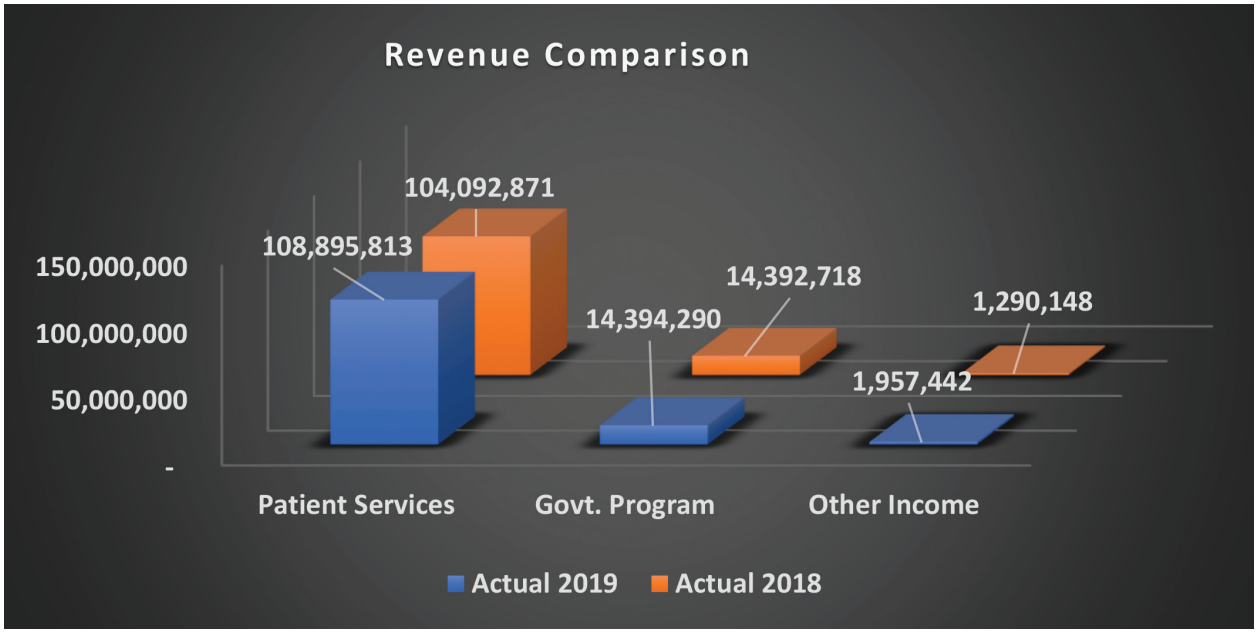
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Management Discussion and Analysis of Financial Results

Results of Operations



Revenue

Our 2019 revenue of $125.2 million exceeded budget expectations by $18.5 million (17.4%), and showed a $5.5 million (4.6%) improvement over the previous fiscal year. Revenue growth was led by increased Patient Services Fees of 18.9% (compared to budget), and a $1.3 million increase in Other Income (also compared to budget).

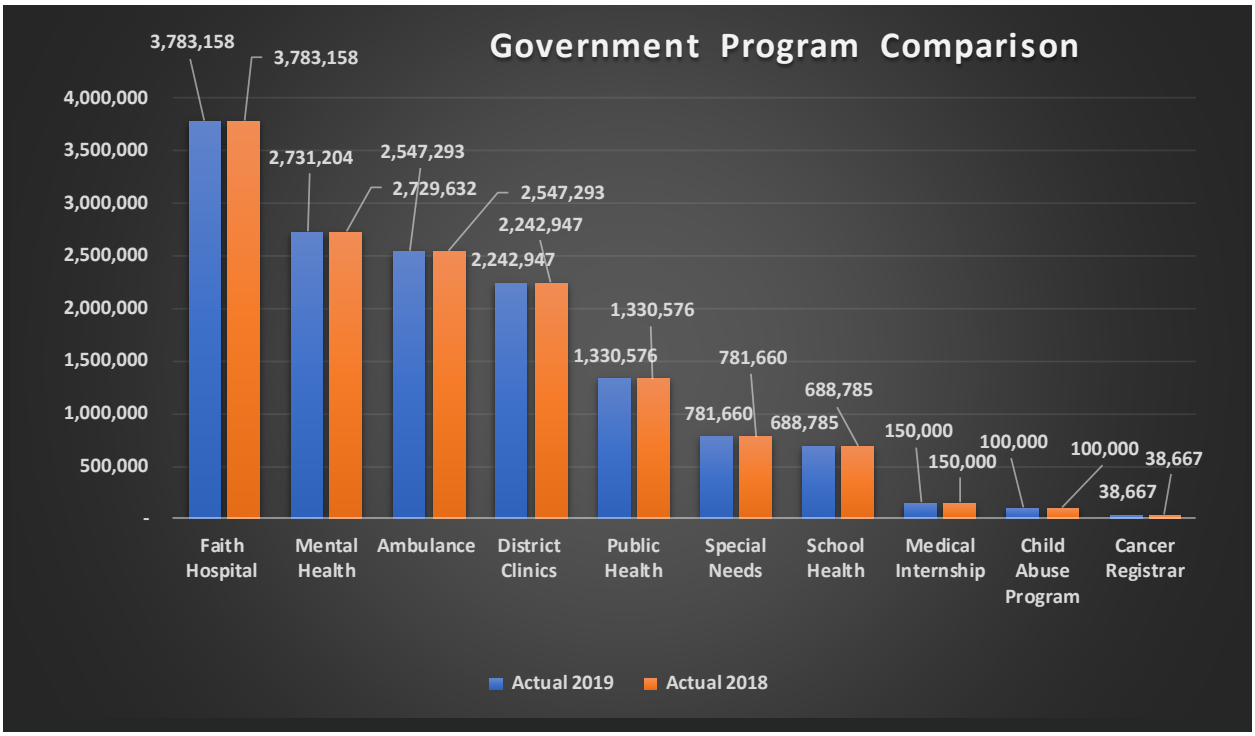
Revenue from Government programmes generated $14.4 million in 2019, and represented 11.5% of the HSA's Income.

Our Patient Services revenue performance was driven by high clinical activities in 2019, with 198,442 Outpatient visits facilitated and 357,656 prescriptions filled. We also cared for 5,100 admitted patients; performed some 3,349 surgeries; and saw over 64,077 patients at our District and Dental clinics.

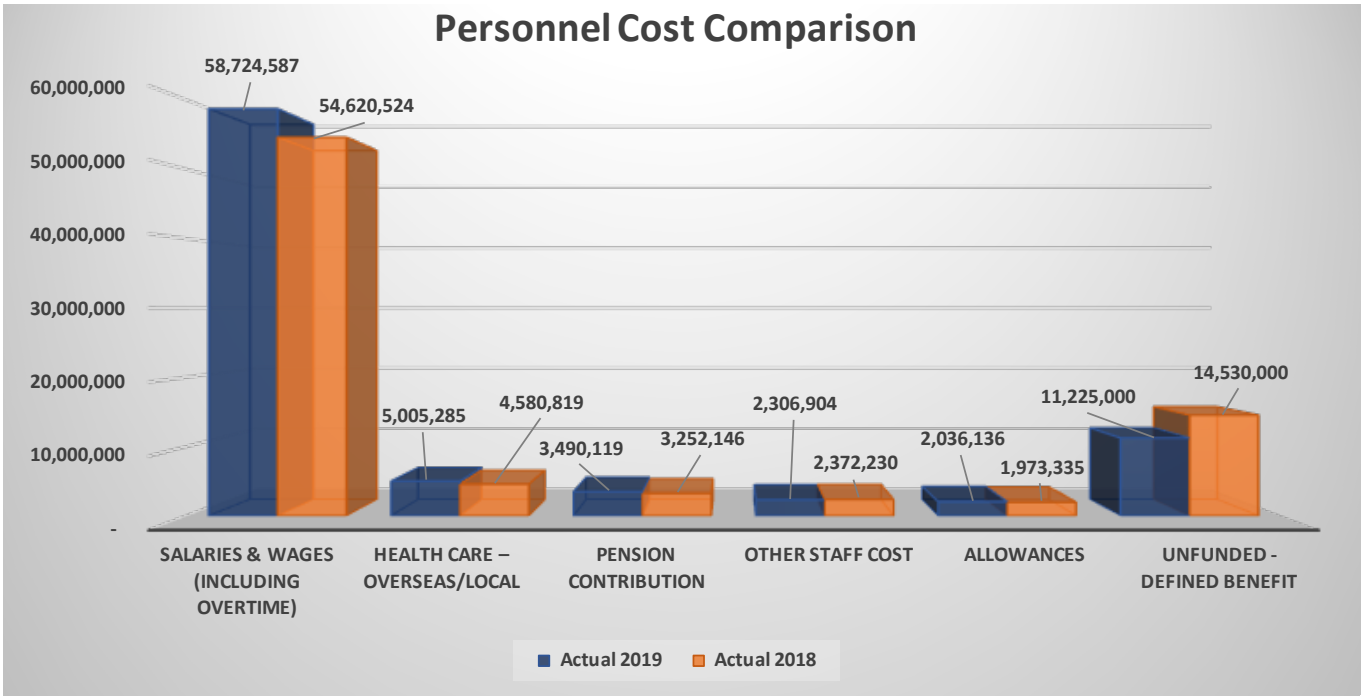
Steps were taken in 2019 to align the Authority's Charge Master with the Standard Health Insurance Fees (SHIF) based on the updated SHIF Schedule with revised CPT4 codes and prices, which became effective March 1, 2018. Additionally, some 61 new SHIF approved telehealth procedures, have been adopted in our Charge Master as specialty services.

Expenses

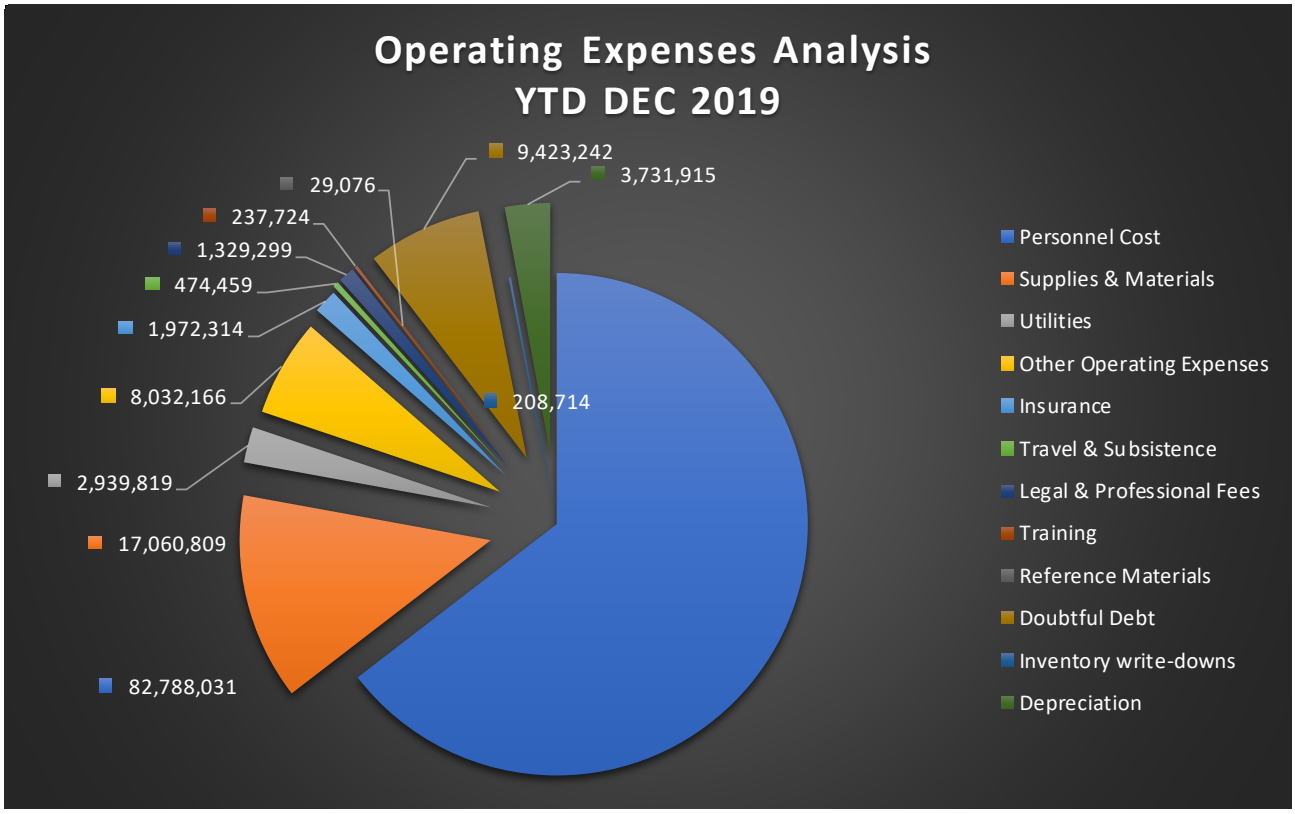
Total expenses for the year amounted to $128.2 million. This exceeded the budget by $21.9 million (20.5%), and showed a $8.9 million increase over 2018. The 2019 budget, which was set from 2017, was approved by the Legislative Assembly prior to the first post-retirement healthcare valuation for the HSA. The result of the valuation added significant upward pressure to staff costs which largely caused a 21.4% negative budget variance.

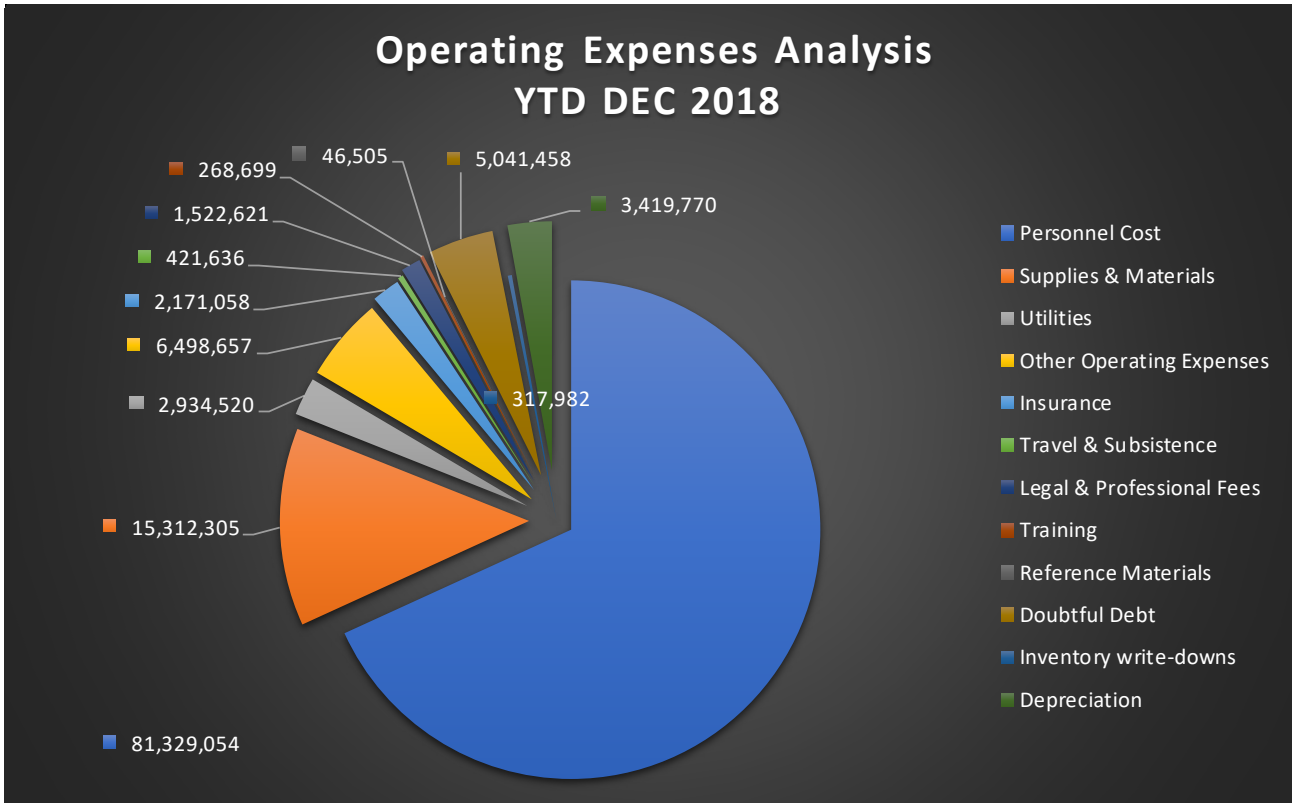


The Government also approved a 5% Cost of Living Adjustment (COLA) after the 2019 budget was approved. The combination of increased clinical activities (which generated more revenue), and adjustments for cost of living, resulted in a negative variance of $14.6 million in staff costs compared to the fiscal plans for the year.



Operating Expenses Analysis for 2019 and 2018





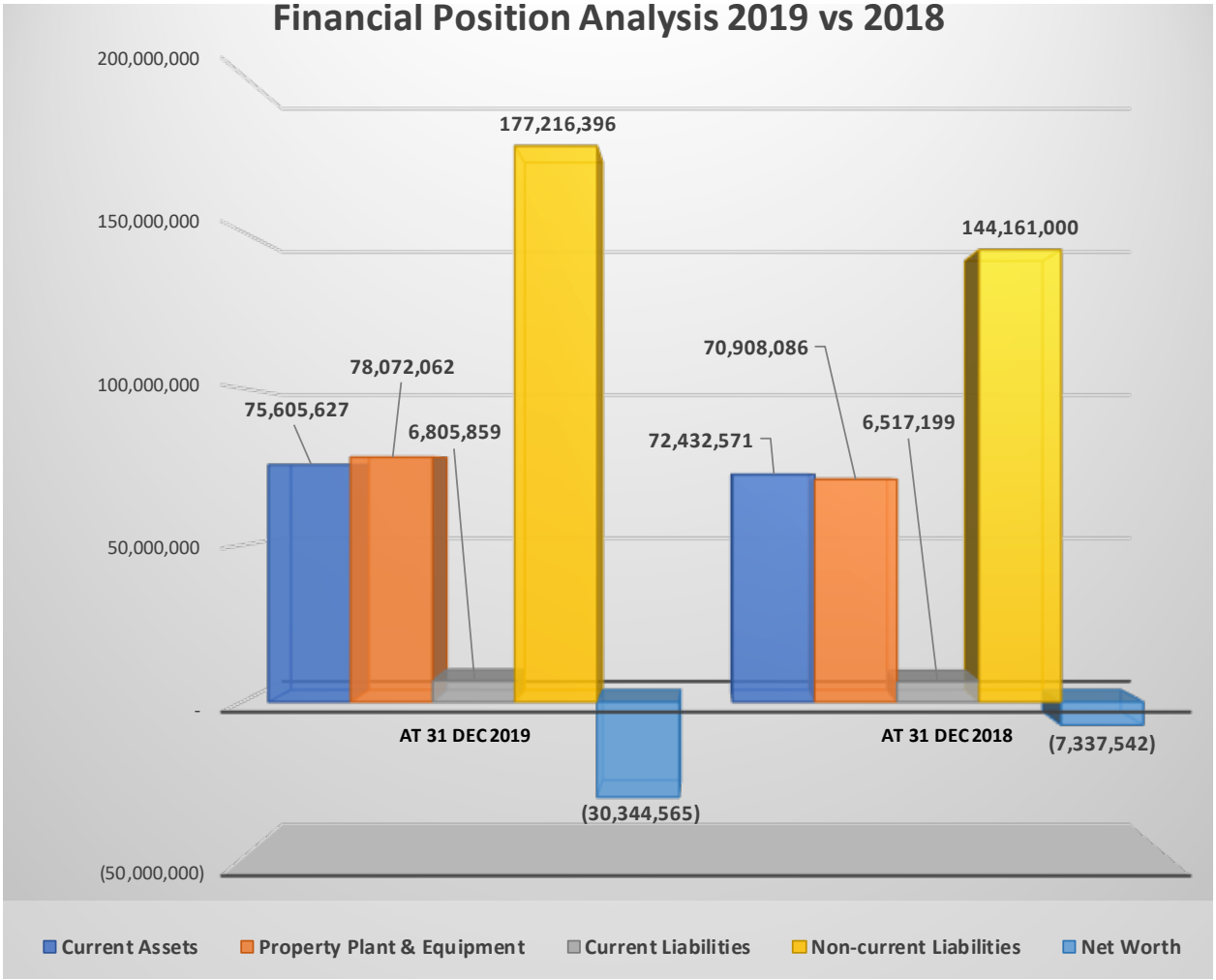
Fiscal Position

Current Assets

We ended 2019 with a cash balance of $46.4 million. This was $3.8 million better than the 2018 position, and $19.3 million more than the budget anticipated. The improved cash position is owing to the impact of the post-retirement expense which is a non-cash expense in the current period. Management is considering potential investment strategies for the placement of reserve and post-retirement savings to maximize return potential on cash balances.

Overall receivables declined by some $1.1 million when compared to 2018. This reflects ongoing efforts to recover outstanding balances and effectively manage the organization's finances.

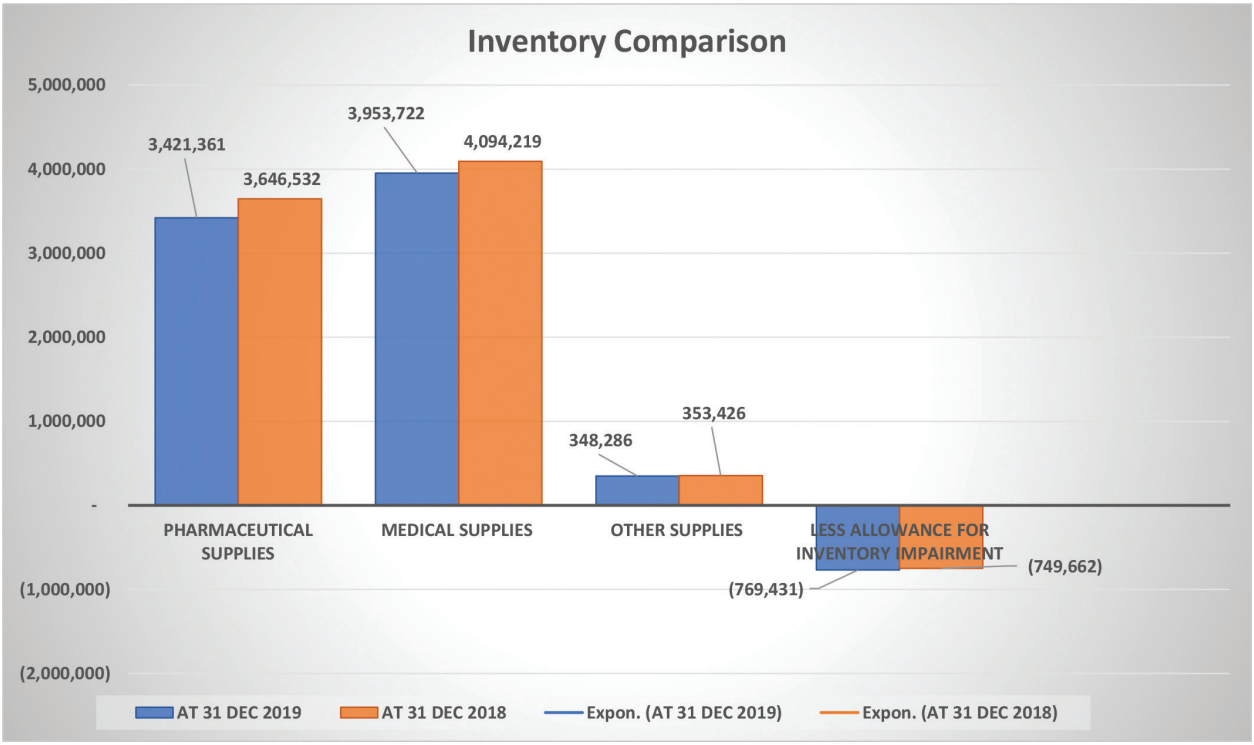
The carrying value of closing inventory decreased by 5.3% compared to 2018. This is primarily due to the timing for the arrival of certain items. Management has implemented robust inventory management measures in recent years, and this has significantly improved the efficiency and accuracy of the year-end counts.



Fixed Assets

The organization added approximately $8.7 million in fixed assets during the year. These were principally in buildings ($6.2 million), medical equipment ($0.8 million) and other assets ($1.7 million).

Following successful due diligence without any material adverse findings, Management executed the



Board approved acquisition of the second floor, and two units on the first floor, of Smith Road Center. This was completed on 1st April 2019.

Liabilities

The HSA adopted IFRS 16 – Leases, in 2019. The adoption of this standard resulted in the recognition of $2.1 million in lease liability ($0.3 million current and $1.8 million non-current) to the balance sheet.

Post-retirement benefits for health and pension amounted to $175.4 million at the close of the fiscal year. This is by far the most significant liability for the organization, and accounts for 95% of all amounts owed. These valuations are actuarily determined and periodically adjusted based on changes in interest rates, projected healthcare costs, and life expectancy for participants.

Net-Worth

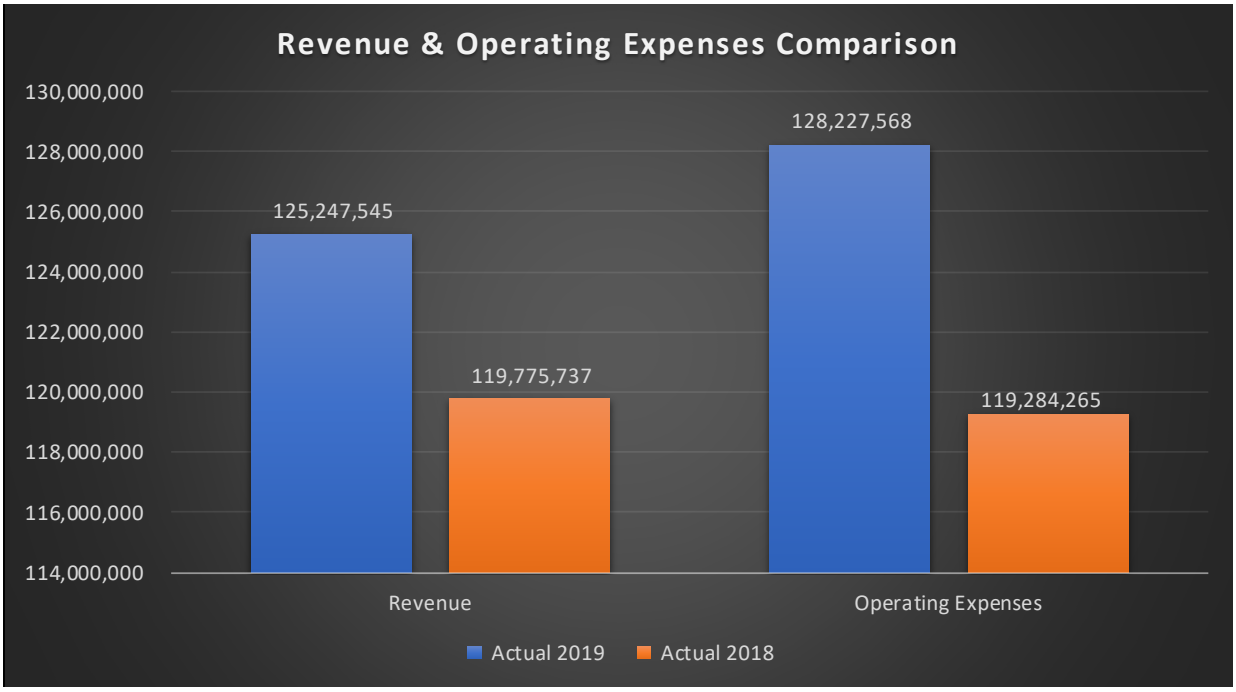
After the recognition of the post-retirement health care liability, the HSA's financial position changed to a net deficit as at 31 December 2019 of $30.3 million (2018: $7.3 million). Going concern doubts were raised in 2018 following initial recognition of this liability.

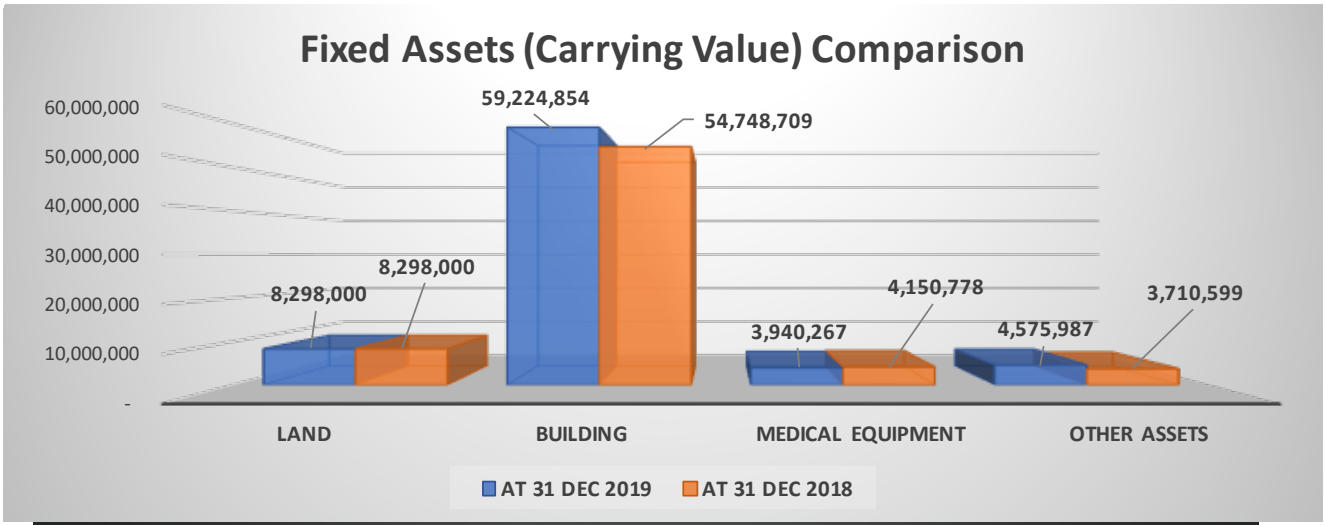
Management has considered this risk and has begun taking measures to mitigate any threats to the going concern of the Authority.

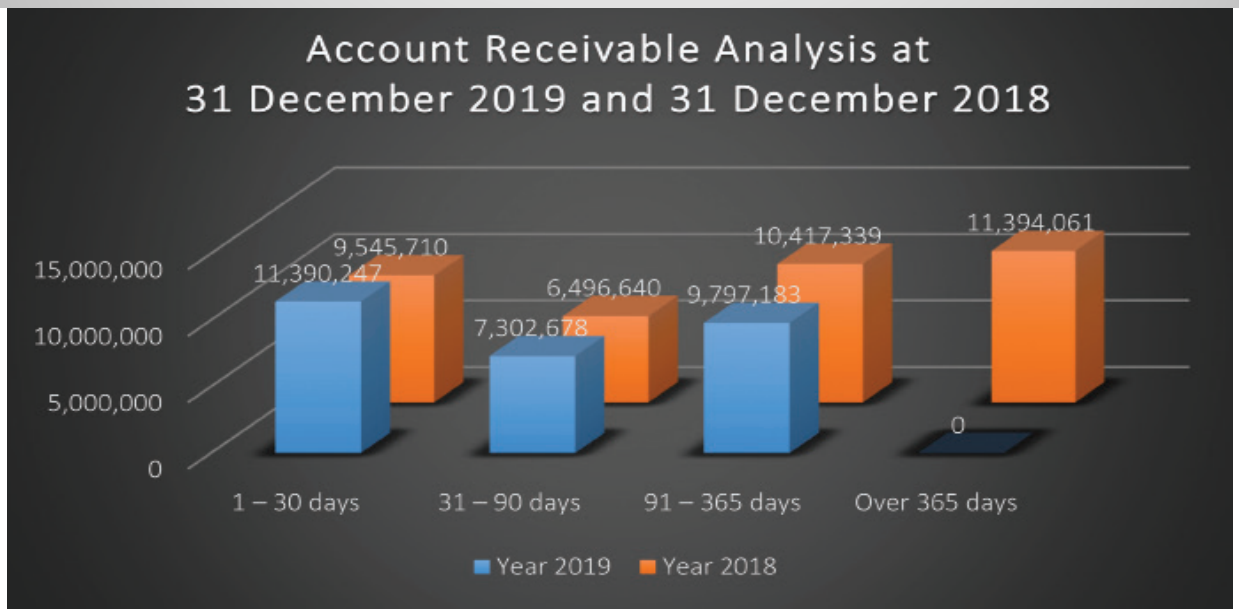
This risk is mitigated by the fact that the HSA is a healthcare organization, and has been successfully meeting its medical obligations to retired employees as they fall due. The organization is also owned by the Cayman Islands Government which holds significant cash reserves and a strong balance sheet.

Conclusion

The operating results and financial position shows another strong year for the Health Services Authority. Management faced and overcame significant challenges since the passage of the 2018-2019 budget. The organization's finances continue to be managed prudently and show strong year on year revenue growth from continued service efficiency. The HSA also has a strong liquidity ratio with significant cash reserves, and relatively low current liabilities.


Revenue & Operating Expenses Comparison
130,000,000
128,000,000
126,000,000
124,000,000
122,000,000
120,000,000
118,000,000
116,000,000
114,000,000
125,247,545
119,775,737
128,227,568
119,284,265
Revenue
Operating Expenses
Actual 2019
Actual 2018


Fixed Assets (Carrying Value) Comparison
60,000,000
50,000,000
40,000,000
30,000,000
20,000,000
10,000,000
-
8,298,000
8,298,000
59,224,854
54,748,709
3,940,267
4,150,778
4,575,987
3,710,599
LAND
BUILDING
MEDICAL EQUIPMENT
OTHER ASSETS
AT 31 DEC 2019
AT 31 DEC 2018


Account Receivable Analysis at
31 December 2019 and 31 December 2018
15,000,000
10,000,000
5,000,000
0
11,390,247
9,545,710
7,302,678
6,496,640
9,797,183
10,417,339
0
11,394,061
1 – 30 days
31 – 90 days
91 – 365 days
Over 365 days
Year 2019
Year 2018

HEALTH SERVICES AUTHORITY
CAYMAN ISLANDS
Caring People. Quality Service.

Office of the
Chief Executive Officer

95 Hospital Road · P.O. Box 915
Grand Cayman KY1-1103 · Cayman Islands
Tel: (345) 244 2602 · Fax: (345) 244 2595

STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Cayman Islands Health Services Authority ("Health Authority") in accordance with the provisions of the *Public Management and Finance Law (2018 Revision), and International Financial Reporting Standards.*

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Law (2018 Revision), and International Financial Reporting Standards.*

As the Chief Executive Officer and Chairman of the Board of Directors of the Health Authority, we are responsible for establishing; and have established and maintained a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the Health Authority.

As Chief Executive officer and Chief Financial Officer, we are responsible for the preparation of the Health Authority's financial statements and for the judgements and estimates made in them.

We confirm that these financial statements fairly present the financial position, comprehensive income and cash flows of the Health Authority for the year ended 31 December 2019.

To the best of our knowledge, we represent that these financial statements:

(a) completely and reliably reflect the financial transactions of Health Authority for the year ended 31 December 2019;
(b) fairly reflect the financial position as at 31 December 2019 and comprehensive income for the year ended 31 December 2019; and
(c) comply with the provisions of the *Public Management and Finance Law (2018 Revision) and International Financial Reporting Standards.*

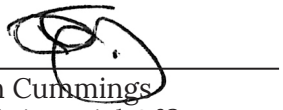
The Office of the Auditor General has conducted an independent audit and expressed an opinion on the accompanying financial statements. The Office of the Auditor General has been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.



Lizzette Yearwood
Chief Executive Officer
Date: 30 April 2020



Jonathan Tibbetts
Chairman
Date: 30 April 2020



Dawn Cummings
Chief Financial Officer
Date: 30 April 2020

Office of the Auditor General
CAYMAN ISLANDS

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P.O.Box 2583
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AUDITOR GENERAL'S REPORT

To the Board of Directors of the Cayman Islands Health Services Authority

Opinion

I have audited the financial statements of the Cayman Islands Health Services Authority (the "Authority" or the "HSA"), which comprise the statement of financial position as at 31 December 2019 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2019, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 76 to 113.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Cayman Islands Health Services Authority as at 31 December 2019 and its financial performance and its cash flows for the year ended 31 December 2019 in accordance with International Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Authority in accordance with the International Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA *Code*), together with the ethical requirements that are relevant to my audit of the financial statements in the Cayman Islands, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matters

I draw attention to note 23 of the financial statements, which states that the recognition of post-retirement health liability resulted in a net liability of $30.3 million in the statement of financial position. This event raised a substantial doubt about the Heath Authority's ability to continue as a going concern. The note also describes the series of action plans taken by management to alleviate this concern. My opinion is not modified in respect of this matter

As outlined in note 20 of the financial statements, *The Public Authorities Law (2020 Revision), Section 47 - Terms and conditions and remuneration of staff* came into effect at 1 June 2019 and required all Statutory Authorities and Government Companies to comply with its requirements to standardise salaries and benefits. At the date of this report, the process to complete this standardisation has not been completed. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards 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.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

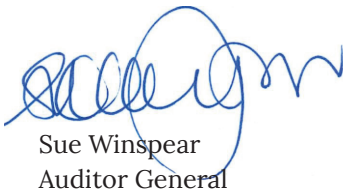
Auditor's Responsibilities for the Audit of the Financial Statements

My 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 auditor's report that includes my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's 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 disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have undertaken the audit in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Law (2018 Revision) and Section 24(1) of the Health Services Authority Law (2010 Revision)*. I 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 I identify during my audit.



Sue Winspear
Auditor General

30 April 2020
Cayman Islands

Statement of Financial Position

As at 31 December 2019

(stated in Cayman Islands dollars)

	Note	December 31, 2019	Budget	December 31, 2018
Current assets				
Cash and cash equivalents	4	$41,329,749	$27,053,728	$22,616,648
Short-term investments	5	5,063,674	-	20,000,000
Accounts receivable - net	6	19,204,447	16,622,294	19,460,664
Other receivables - net	7	1,745,138	1,621,019	2,603,434
Inventory - net	8	6,953,938	5,787,170	7,344,515
Advances to suppliers		1,263,889	1,001,553	150,841
Prepaid expenses		44,792	366,986	256,469
Total current assets		**75,605,627**	**52,452,750**	**72,432,571**
Non-current assets				
Fixed assets	9	76,039,108	70,415,083	70,908,086
Right-of-use Assets	10	2,032,954	-	-
Total non-current assets		**78,072,062**	**70,415,083**	**70,908,086**
Total assets		**153,677,689**	**122,867,833**	**143,340,657**
Current liabilities				
Accounts payable and accrued expenses	11	6,498,319	7,218,482	6,517,199
Lease Liability	10	307,540	-	-
Total current liabilities		**6,805,859**	**7,218,482**	**6,517,199**
Non-current liabilities				
Employee healthcare benefits, net	18	167,301,000	-	137,416,000
Employee pension benefits, net	17	8,112,000	17,761,000	6,745,000

	Note	December 31, 2019	Budget	December 31, 2018
Lease Liability	10	1,803,395	-	-
Total non-current liabilities		177,216,396	17,761,000	144,161,000
Total liabilities		**184,022,254**	**24,979,482**	**150,678,199**
Net (liabilities) assets		**(30,344,565)**	**97,888,351**	**(7,337,542)**
Represented by:				
Contributed capital		140,805,201	141,444,752	140,805,201
Accumulated deficit		(210,497,304)	(71,138,939)	(207,517,281)
Other comprehensive income		11,765,000	-	31,792,000
Asset revaluation		27,582,538	27,582,538	27,582,538
Net (deficit) worth		**($30,344,565)**	**$97,888,351**	**($7,337,542)**

See accompanying notes to financial statements.



Statement of Comprehensive Income

For the year ended 31 December 2019

(stated in Cayman Islands dollars)

	Note	December 31, 2019	Budget	December 31, 2018
Revenue				
Patient services fees	12	$108,895,813	$91,615,922	$104,092,871
Government programme	13	14,394,290	14,394,290	14,392,718
Other income		1,957,442	697,350	1,290,148
		125,247,545	**106,707,562**	**119,775,737**
Operating expenses				
Staff costs	14	82,788,031	68,200,720	81,329,054
Supplies and materials		17,060,809	13,916,773	15,312,305
Provision for doubtful debts	6, 7	9,423,242	5,610,509	5,041,458
Other operating expense	15	8,032,166	7,014,704	6,498,657
Depreciation	9, 10	3,731,915	3,420,641	3,419,770
Utilities		2,939,819	2,942,614	2,934,520
Insurance		1,972,314	2,645,000	2,171,058
Legal and professional fees	16	1,329,299	1,618,251	1,522,621
Travel and subsistence		474,459	528,999	421,636
Training		237,724	405,300	268,699
Inventory write-downs	8	208,714	-	317,982
Reference materials		29,076	66,551	46,505
		128,227,568	**106,370,062**	**119,284,265**
Net (loss) income for the year		**(2,980,023)**	**337,500**	**491,472**
Other comprehensive income				
Re-measurement of defined benefit pension	17	(697,000)	-	1,382,000

	Note	December 31, 2019	Budget	December 31, 2018
Re-measurement of defined healthcare benefit	18	(19,330,000)	-	25,537,000
		(20,027,000)	**-**	**26,919,000**
Total comprehensive (loss) income for the year		**($23,007,023)**	**$337,500**	**$27,410,472**

See accompanying notes to financial statements

Statement of Changes in Equity

For the year ended 31 December 2019

(stated in Cayman Islands dollars)

	Note	Contributed capital	Accumulated deficit	Other comprehensive (loss) income	Asset revaluation	Total
Balance, 31 December 2017		**$140,805,201**	**($208,008,753)**	**$4,873,000**	**$27,582,538**	**($34,748,014)**
Net income for the year		-	491,472	-	-	491,472
Other comprehensive income for the year		-	-	26,919,000	-	26,919,000
Capital contribution during the year	21	-	-	-	-	-
Balance, 31 December 2018		**140,805,201**	**(207,517,281)**	**31,792,000**	**27,582,538**	**($7,337,542)**
Net loss for the year		-	(2,980,023)	-	-	(2,980,023)
Other comprehensive loss for the year		-	-	(20,027,000)	-	(20,027,000)
Capital contribution during the year	21	-	-	-	-	
Balance, 31 December 2019		**$140,805,201**	**($210,497,304)**	**$11,765,000**	**$27,582,538**	**($30,344,565)**

See accompanying notes to financial statements.

Statement of Cash Flows

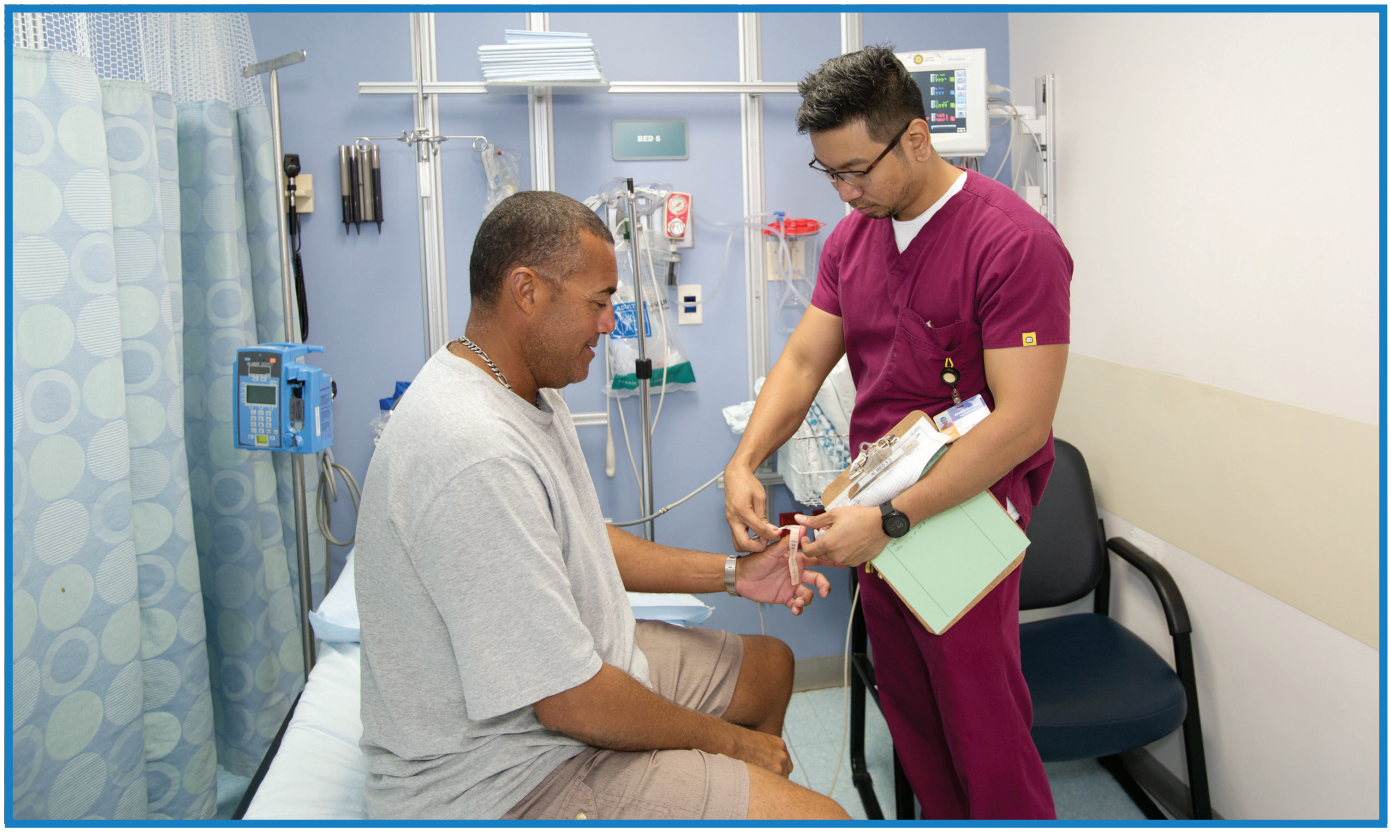
For the year ended 31 December 2019

(stated in Cayman Islands dollars)

	Note	December 31, 2019	Budget	December 31, 2018
Cash provided by/(applied in):				
Operating activities				
Net (loss) income for the year		($2,980,023)	$337,500	$491,472
Add item not affecting working capital:				
Provision for doubtful debts	6, 7	9,423,242	5,610,509	5,041,458
Depreciation	9, 10	3,731,915	3,420,641	3,419,770
Inventory write-downs	8	208,714	-	317,982
Loss on disposal of fixed assets		12,873	-	-
Net changes in non-cash working capital balances relating to operations:				
Accounts receivable, net, (increase)		(9,167,025)	(5,444,372)	(12,255,721)
Other receivables, decrease (increase)		858,296	943,465	(209,663)
Inventory, net, decrease (increase)		181,863	(500,000)	(1,356,279)
Advances to suppliers, (increase) decrease		(1,113,048)	(100,000)	114,664
Prepaid expenses, decrease (increase)		211,677	(5,000)	305,482
Accounts payable and accrued expenses, (decrease) increase		(18,880)	160,000	2,717,719
Employee pension benefits, net, increase	17	670,000	1,000,000	695,000
Employee healthcare benefits, net, increase	18	10,555,000	-	13,835,000
Net cash generated from operating activities		**12,574,604**	**5,422,743**	**13,116,884**
Investing activities				
Cost of fixed assets purchased	9	(8,666,959)	(3,500,000)	(2,392,939)
Short-term investments	5	14,936,326	-	(20,000,000)
Net cash provided by (used in) investing activities		**6,269,367**	**(3,500,000)**	**(22,392,939)**

	Note	December 31, 2019	Budget	December 31, 2018
Financing activities				
Finance interest on Operating Leases	10	40,659	-	-
Repayment of Lease Liabilities	10	(171,529)	-	-
Net cash used in financing activities		**(130,870)**	**-**	**-**
Increase (Decrease) in cash during the year		18,713,101	1,922,743	(9,276,055)
Cash and cash equivalents at beginning of year		22,616,648	25,130,985	31,892,703
Cash and cash equivalents at end of year		**$41,329,749**	**$27,053,728**	**$22,616,648**
Operating Cash Flows from Interests				
Interest received		811,864	-	94,636

See accompanying notes to financial statements.



Notes to financial statements

For the year ended 31 December 2019

(stated in Cayman Islands dollars)

1. BACKGROUND INFORMATION

The Cayman Islands Health Services Authority (the "Health Authority") is a statutory body established on July 1, 2002 under the Health Services Authority Law. The purpose of the Health Authority is to provide health care services and facilities in the Cayman Islands in accordance with the National Strategic Plan for Health prepared by the Cayman Islands Government (the "Government").

The Health Authority is comprised of the following health care agencies:

- Cayman Islands Hospital
- Faith Hospital
- Community-based service:
  - Little Cayman Health Centre
  - George Town General Practice Clinic
  - West Bay Health Centre
  - Bodden Town Health Centre
  - East End Health Centre
  - North Side Health Centre
  - Public Health Unit
  - Lions Eye Clinic
  - George Town Dental Clinic
  - Merren's Dental Clinic
  - Cayman Brac Dental Clinic

The Health Authority is located on Hospital Road, PO Box 915, Grand Cayman, KY1-1103 Cayman Islands.

2. ADOPTION OF NEW AND REVISED STANDARDS

A) Relevant standards and amendments that are effective January 1, 2019:

(i) *IFRS 16, Leases (Effective for annual periods beginning on or after 1 January 2019)*

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor IAS 17,

(ii) *Amendments to IAS 19 Plan Amendment, Curtailment or Settlement (Effective for annual periods beginning on or after 1 January 2019).*

If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

(iii) *Amendments on IAS 28 Long-term Interests in Associates and Joint Ventures (Effective for annual periods beginning on or after 1 January 2019).*

Clarifies that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

B) Relevant standards and amendments issued prior to January 1, 2019 but not effective until future periods and are predicted to have an impact on Health Authority:

(i) *Amendments to IAS 1 and IAS 8 Definition of material - (Effective for annual periods beginning on or after 1 January 2020)*

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of material or refer to the term 'material' to ensure consistency.

(ii) *Amendments to References to the Conceptual Framework in IFRS Standards - (Effective for annual periods beginning on or after 1 January 2020)*

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22 and SIC-32.

(iii) *IFRS 17 Insurance Contracts (Effective for annual periods beginning on or after 1 January 2021)*

IFRS 17 requires insurance liabilities to be measured at a current fulfilment value and provide a more uniform measurement and presentation approach for all insurance contracts.

The impact of these changes shall be additional disclosures in the financial statements in succeeding years.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The principal accounting policies adopted by the Health Authority are as follows:

(a) Basis of accounting

The financial statements of the Health Authority are prepared on an accrual basis under the historical cost convention except for: (1) the annual revaluation of land and buildings [see (d) below] and (2) employee benefits [see (k) below].

Changes in accounting policies

When presentation or reclassification of items in the financial statements is amended or accounting policies are changed, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

(b) Use of estimates

The preparation of financial statements in accordance with International Financial Reporting Standards (IFRS Standards) requires management to make estimates and assumptions that affect 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 income and expenses during the year. Actual results could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year of the revision and future years, where applicable.

(c) *Financial instruments*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) *Financial assets*

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Authority's business model for managing them. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. All debt instruments are classified as "Hold to collect and sell" and recognized as fair value through OCI. The debt instruments were previously classified as available for sale under IAS 39. Accounts receivables are measured at the transaction price determined under IFRS 15.

Cash and Cash Equivalents classified as loans and receivables under IAS 39 have been reclassified to amortized cost at the adoption date of the standard.

The Authority's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Authority commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

All debt instruments are subsequently measured at fair value with gains and losses arising due to change in the fair value recognized in OCI. Interest income and foreign change gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortised cost.

Derecognition

The Authority has transferred its rights to

receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Authority has transferred substantially all the risks and rewards of the asset, or (b) the Authority has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

Impairment of financial assets

The Authority recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Authority expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For accounts receivables, the Authority applies a general approach in calculating ECLs.

For debt instruments at fair value through OCI, the Authority applies the low credit risk simplification. At every reporting date, the Authority evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Authority reassesses the credit rating of the debt instrument. In addition, the Authority considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Financial liabilities comprise accounts payable and accrued expenses.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged

cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

(d) Fixed assets and depreciation

Land and buildings held for use in the supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the statement of financial position date.

Any revaluation increase arising on the revaluation of such land and buildings is credited in net worth to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the statement of comprehensive income, in which case the increase is credited to the statement of comprehensive income to the extent of the decrease previously charged.

A decrease in the carrying amount arising on the revaluation of such land and buildings is charged to the statement of comprehensive income to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is charged to statement of comprehensive income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings (deficit). No transfer is made from the revaluation reserve to retained earnings (deficit) except when an asset is derecognised.

Properties in the course of construction for the main healthcare business, administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Health Authority's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Medical equipment and other fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged to recognize the consumption of an asset, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is charged to the statement of comprehensive income on a straight-line basis based on the following periods estimated to write off the cost of the assets over their expected useful lives:

Buildings	50 years
Medical equipment	8-15 years
Other fixed assets	3-15 years

Assets held under finance leases are depreciated over their expected useful lives

on the same basis as owned assets or, where shorter, the term of the relevant lease.

The gain or loss arising on the disposal or retirement of an item of fixed asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of comprehensive income.

(e) Leases

(a) The Health Authority assesses whether a contract is or contains a lease, at inception of the contract. The right-of-use asset and a corresponding lease liability is recognised with respect to all lease arrangements in which the Health Authority is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as any monthly lease payment $5,000 or less). For these leases, the lease payments are recognised as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the organization's incremental borrowing rate is used (US prime rate + 0.25%).

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date.
- The amount expected to be payable by the lessee under residual value guarantees.
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting

liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

No such adjustments were made during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever an obligation is incurred for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the organization expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

IAS 36 is applied to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss (see note 15).

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement.

The Health Authority has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Health Authority has allocated the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(f) Impairment

The carrying amount of the Health Authority's assets other than inventory (see note 3(i)) is reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

(g) Foreign currency translation

Transactions in foreign currencies are translated at the prevailing foreign exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Cayman Islands

dollars at the prevailing exchange rate at the statement of financial position date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Cayman Islands dollars at the prevailing foreign currency exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the Cayman Islands dollars at the prevailing foreign exchange rates at the dates that the values were determined.

(h) *Allowance for doubtful debts*

Health Authority uses the allowance method to record its estimated annual expense for doubtful debts. Under the allowance method, receivables are written off against the allowance for doubtful debts (a contra asset account) when management believes that the collectability of the account is unlikely. The allowance is an amount that management believes will be adequate to cover any doubtful debts, based on an evaluation of collectability and prior doubtful debts experience.

(i) *Inventory*

Inventory is valued at the lower of net realisable value or cost, on a moving average basis. Inventory is recorded net of obsolete and expired items.

(j) *Revenue recognition*

Health Authority adopted IFRS 15 (Revenue from Contracts with Customers) from January 1st, 2018. Patient revenue including government programme is recognized upon transfer of promised goods or services to customers in an amount that reflects the consideration to which the Authority expects to be entitled in exchange of goods or services. This core principle is delivered in a five-step model framework which are: (1) Identify the contract with a customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to the performance obligations in the contract; and (5) Recognize revenue when the Authority satisfies a performance obligation.

Other income such as donation, interest on deposits, rental and other miscellaneous income are recognized when the condition (if any) relating to a donation is met, or the agreed criteria for interest revenue has been settled or when services are provided.

(k) *Employee benefits*

The Health Authority employees and their dependents receive free medical benefits of which a portion is provided by the Health Authority. The portion provided by the Health Authority within its facility is valued at $5,837,135 (2018: $5,467,898). This amount is netted against revenue as this is considered as contractual adjustments.

The Health Authority provides post-employment benefits through defined benefit and defined contribution plans.

Defined benefit plans

The Health Authority's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of plan assets. The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected unit credit method prorated on service and Management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees, and mortality rates. When the calculation results in a net

benefit asset, the recognised assets are limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (loss). The net interest expense on the net defined benefit liability for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

The discount rate used to value the defined benefit obligation is based on a combination of high quality corporate bonds, in the same currency in which the benefits are expected to be paid and with terms to maturity that, on average, match the terms of the defined benefit obligations and the long-term rate of return of plan assets.

In addition to employee pension benefits, the Health Authority also provides certain employee health care benefits to certain current and future retirees. To be eligible, employees must meet the following criteria at retirement: hired prior to 1 November 2010; complete 10 consecutive years with the Health Authority and Cayman Islands Government (CIG) as principal employer; retire from the Health Authority at age 65 (statutory retirement age) or after age 50 (early retirement age) on the advice of the Medical Board; hired by CIG and transferred to the Health Authority without a break in service.

In accordance with IAS 19, the Health Authority recognizes a liability when an employee has provided services in exchange for employee benefits to be paid in the future; and an expense when the entity consumes the economic benefit arising from service provided by an employee in exchange for employee benefits. These amounts are reported in the statements of financial position and comprehensive income, respectively. They are also presented in additional details in the notes to the financial statements.

The Health Authority presently pays its post-retirement health care obligations annually from its operating expenditure budget. The Health Authority is presently considering alternative funding arrangements which will set aside funds to meet future post-retirement health care obligations as and when they fall due.

Defined Contribution Plans:

The Health Authority's obligations for contributions to employee defined contribution pension plans are recognized in the statement of comprehensive income in the periods during which services are rendered by employees.

(l) Provisions

Provisions are recognised when Health Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that the Health Authority will be required to settle the obligation, and a reliable estimate can be made of the amount

of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, considering the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

4. CASH AND CASH EQUIVALENTS

	2019	2018
Petty cash	$9,500	$8,900
Bank accounts	41,320,249	22,607,748
	$41,329,749	**$22,616,648**

At 31 December 2019, out of the $4 million unsecured bank overdraft facility which is reviewed annually, nil (2018: nil) was used for the entire year.

5. SHORT-TERM INVESTMENTS

	2019	2018
6-month fixed deposits	$5,063,674	$-
12-month fixed deposits	-	$20,000,000
	$5,063,674	**$20,000,000**

Health Authority placed $5 million on six-month fixed deposit and $5 million on month-on-month fixed deposit with Cayman National Bank and currently earns annual interest rate of 1.30%. Additionally, the Authority has placed $5 million on a three-month fixed deposit with an annual interest rate of 1.35% and a $5 million on a month-on-month with an annual interest rate of 0.43% with First Caribbean International Bank. Both the month-on-month and the three-month fixed deposits are included as part of the Bank accounts balance in the table above, and are accessible on demand and reflects the Health Authority's targeted cash management strategy to realize greater returns on cash held as part of the 90-day reserve and to manage concentration risk. This renders the Authority compliant with its statutory requirement for cash reserves as at the fiscal year end.

6. ACCOUNTS RECEIVABLE - NET

	2019	2018
Gross accounts receivable	$28,490,108	$37,853,750

	2019	2018
Allowance for doubtful debts	(9,285,661)	(18,393,086)
	$19,204,447	**$19,460,664**

Allowance for doubtful debts movement:

	2019	2018
Balance at beginning of the year	$18,393,086	$84,582,476
Additional provisions	9,525,818	5,085,964
Additional contractual adjustments	1,450,441	666,882
Write-offs	(20,083,684)	(71,942,236)
	$9,285,661	**$18,393,086**

Below is the aging profile of accounts receivable as at 31 December 2019 and 31 December 2018:

	2019	2018
1 – 30 days	$11,390,247	$9,545,710
31 – 90 days	7,302,678	6,496,640
91 – 365 days	9,797,183	10,417,339
Over 365 days	-	11,394,061
	$28,490,108	**$37,853,750**

7. OTHER RECEIVABLES - NET

	2019	2018
Cabinet receivable	$1,199,524	$2,178,025
Other accounts receivable	681,261	678,412
Contractual adjustment (Note 3k)	-	-
Salary advance	59,610	44,830
	1,940,395	**2,901,267**
Less allowance for doubtful debts	195,257	297,833
	$1,745,138	**$2,603,434**

Allowance for doubtful debts movement:

	2019	2018
Balance at beginning of the year	$297,833	$4,602,963

	2019	2018
Additional provisions (recovery)	(102,576)	(44,506)
Additional contractual adjustment (Note 3k)	5,837,135	5,467,898
Write-offs	(5,837,135)	(9,728,522)
	$195,257	**$297,833**

Health Authority provided medical benefits to its employees and their dependents during the period under review. These benefits were recorded as contractual adjustment (or reduction to revenue) with an allowance for bad debts, as these are not collectible.

Accounts Receivable balances are written off monthly based on adjudication from British Caymanian with an uncollectible allowance of 100 percent provided for any remaining balance. Additional disclosure is presented as part of Note 14- Staff Costs.

8. INVENTORY - NET

	2019	2018
Pharmaceutical supplies	$3,421,361	$3,646,532
Medical supplies	3,953,722	4,094,219
Other supplies	348,286	353,426
	7,723,369	8,094,177
Less allowance for inventory impairment	769,431	749,662
	$6,953,938	**$7,344,515**

The cost of inventories recognized as operating expenses during the year was $17,060,810 (2018: $15,312,305).

The inventory write-downs presented in the Statement of comprehensive income for the year ended 31 December 2019 amounts to $208,714 (2018: $317,982) and this represent the write-off for expired drugs and inventory adjustments following the year end count.

9. FIXED ASSETS

For the year ended December 31, 2019	Land	Buildings	Medical equipment	Other assets	Total
Cost:					
At beginning of year	8,298,000	58,666,785	18,480,439	16,475,974	101,921,198
Additions during year	-	6,183,200	760,592	1,723,167	8,666,959
Disposals during year	-	-	(123,812)	(50,560)	(174,372)
At end of year	**8,298,000**	**64,849,985**	**19,117,219**	**18,148,581**	**110,413,785**

For the year ended December 31, 2019	Land	Buildings	Medical equipment	Other assets	Total
Carrying value:					
At December 31, 2019	8,298,000	59,224,854	3,940,267	4,575,987	76,039,108

For the period ended December 31, 2018	Land	Buildings	Medical equipment	Other assets	Total
Cost:					
At beginning of period	8,298,000	57,978,334	17,453,510	15,874,370	99,604,214
Additions during period	-	688,451	1,032,576	671,961	2,392,988
Disposals during period	-	-	(5,647)	(70,357)	(76,004)
At end of the period	8,298,000	58,666,785	18,480,439	16,475,974	101,921,198
Accumulated depreciation:					
At beginning of period	-	2,318,859	13,299,311	12,051,127	27,669,297
Charge for period	-	1,599,217	1,035,997	784,556	3,419,770
Disposals during period	-	-	(5,647)	(70,308)	(75,955)
At end of period	-	3,918,076	14,329,661	12,765,375	31,013,112
Carrying value:					
At December 31, 2018	$8,298,000	$54,748,709	$4,150,778	3,710,599	70,908,086

*Included in other fixed assets are cost of buildings under construction, computer hardware & software, furniture & fittings, motor vehicles and office equipment. The cost of buildings under construction as at 31 December 2019 amounts to $583,069 (2018: 185,050).

Under the Health Services Authority Law, the Cayman Islands Government vested various health care facilities in the Cayman Islands into the Health Services Authority. These properties were valued on January 1, 2001, June 17, 2011 and July 5, 2016 by the Department of Lands & Survey and DDL Studio Ltd., an independent appraiser, respectively on depreciated replacement cost basis. The June 30, 2016 balance of fixed assets after asset revaluation on the same date includes an amount relating to gross revaluation surplus of $11,490,780 (included in statement of changes in net worth) and gross revaluation loss of $934,025 (charged to statement of comprehensive income).

10. LEASES

This note provides information for leases where the group is a lessee.

(i) Amounts recognised in the statement of financial position

	2019	1 January 2019*
Right-of-use assets:		
Buildings	2,032,954	602,064
Equipment	-	-
Total	**2,032,954**	**602,064**
Lease Liability:		
Current	307,540	199,756
Non-Current	1,803,395	402,308
Total	**2,110,935**	**602,064**

*In the previous year, the group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases. The assets were presented in property, plant and equipment and the liabilities as part of the Health authority's borrowings. For adjustments recognised on adoption of IFRS 16 on 1 January 2019, please refer to note 2,3.

(ii) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

	2019	2018
Depreciation charge of right-of-use assets		
Buildings	$208,851	-
Equipment	-	-
	$208,851	**-**

Interest Expense relating to the finance cost portion of the lease liability is $40,659, (2018: nil). Expense relating to short-term leases and leases of low-value assets that are not shown above are included in other operating expenses. The total cash outflow for leases in 2019 was $546,390, included in this amount is the lease for medical equipment that does not meet the IFRS 16 criteria in Fiscal 2019 but will meet the criteria in the next calendar year.

(iii) The Health Authority's leasing activities and how these are accounted for

The Health Authority has lease contracts for various offices, and equipment used in its operations. Leases contracts are typically made for fixed periods of 6 months to 5 years but may have an extension option as described in (iv) below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of buildings and equipment were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Health Authority.

The Health Authority also has certain leases of buildings and equipment with lease terms of 12 months or less and with low value. The Health Authority applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(iv) Extension and termination options are included in several property and equipment leases across the Health Authority. These are used to maximise operational flexibility in terms of managing the assets used in the Health Authority's operations. Most of the extension and termination options held are exercisable only by the Health Authority and not by the respective lessor.

11. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

	2019	2018
Accounts payable	$6,500	$4,837
Accrued expenses	3,664,486	3,726,244
Other payable	2,603,709	2,554,902
Employee benefits (Note 3 (k))	223,624	231,216
	$6,498,319	**$6,517,199**

12. PATIENT SERVICES FEES

	2019	2018
Fees from the rendering of services-net	$83,106,995	$80,698,614
Fees from sale of goods	25,788,818	23,394,257
	$108,895,813	**$104,092,871**

The amounts shown above for fees from sale of goods are derived from the sale of drugs at pharmacy stores, district clinics, wards and all other locations. Patient services sold to the Government under Purchase Agreement such as medical care for beyond insurance coverage and indigent are included in the above. Health Authority recorded a shortfall on the indigent output in the amount of $11,577,135 which was ultimately funded through Segregated Insurance Fund (SIF) in the amount of $4,500,000, the remaining amount will be funded through supplement request to cabinet. Also, an additional shortfall in the amount of $2,112,698 was noted on the outputs for Un-Insured Children, Underinsured Pregnant Women, Under-Insured Caymanians, Geriatric Services and Medical Care for Chronic Ailments which are still waiting for supplement funding approval.

The amount netted against fees from rendering of services, represent the medical benefit of employees and their dependents that has been provided by Health Authority.

13. GOVERNMENT PROGRAMMES

	2019	2018
Faith Hospital	$3,783,158	$3,783,158
Mental Health	2,731,204	2,729,632
Ambulance	2,547,293	2,547,293
District Clinics	2,242,947	2,242,947
Public Health	1,330,576	1,330,576
Special Needs	781,660	781,660
School Health	688,785	688,785
Medical Internship	150,000	150,000
Child Abuse Program	100,000	100,000
Cancer Registrar	38,667	38,667
	$14,394,290	**$14,392,718**

The amount reported as government programmes as stated above had no budget shortfall for both years ended 31 December 2019 and 31 December 2018.

14. STAFF COSTS

	2019	2018
Salaries & Wages (including overtime)	$58,724,587	$54,620,524
Health Care – Overseas/Local	5,005,285	4,580,819
Pension Contribution	3,490,119	3,252,146
Other Staff Cost	2,306,904	2,372,230
Allowances	2,036,136	1,973,335
Unfunded Defined Benefit, net of re-measurement (Notes 17 & 18)	11,225,000	14,530,000
	$82,788,031	**$81,329,054**

The Health Authority employees and their dependents receive free medical benefits within the Authority's facilities and is valued at $5,837,135 (*31 December* 2018: $5,467,898), as discussed in Note 3(k) this is netted against revenue. Therefore, the total health care cost of employees and their dependents amounts to $10,842,420 (2018: $10,048,717) excluding the unfunded defined benefit portion of healthcare cost for current and future retirees.

15. OTHER OPERATING EXPENSES

	2019	2018
Software licensing fees	$2,359,559	$1,468,266
Repairs and maintenance	1,616,595	1,062,719
Freight and shipping	1,042,485	983,993
Overseas laboratory tests	864,113	767,637
Leases	546,390	710,319
Mail courier service	171,226	233,149
Public relations and publicity	171,451	137,848
Advertising	153,204	125,443
Computer maintenance	130,244	176,133
Bank charges	103,188	101,039
Finance charges	40,659	-
Loss on disposal of fixed assets	14,634	50
Custom duties	(152)	-
Miscellaneous	818,570	732,061
	$8,032,166	**$6,498,657**

16. LEGAL AND PROFESSIONAL FEES

	2019	2018
Professional fees	$1,120,901	$1,168,724
Legal fees	72,485	223,100
Audit services	138,513	125,000
Others	(2,600)	5,797
	$1,329,299	**$1,522,621**

17. EMPLOYEE PENSION BENEFITS, NET

(a) Defined Benefit Plan

The Public Service Pension Plan (the "Plan") is managed by the Public Service Pension Board (the "PSPB"). The PSPB is responsible for, among other things, administering the Public Service Pensions Fund (the "Fund"), communicating with plan participants and employers, prescribing contribution rates in accordance with the latest actuarial valuation and recommending amendments to the Plan as needed.

In March 2005, the Government's Financial Secretary informed the Health Authority that the decision to keep the unfunded defined benefit liability a central liability of the Government has been reversed and the Health Authority is expected to recognize the unfunded defined benefit pension liability on its financial statements.

Contributions towards benefits accruing in respect of the current service (i.e. for the period since the employee was enrolled in the plan) are funded at rates periodically advised to Health Authority by the Pensions Board and are recognised as an expense in the period incurred. The Health Authority is also required to make payments to the plan to fund benefits accruing in respect of past service (the "past service funding liability").

This past service funding liability, which is generally equivalent to the actuarially determined present value of the defined benefit obligations less the value of the assets available to meet such obligations, is calculated periodically by the Plan actuaries and reported to the Health Authority by the Pensions Board.

The Health Authority recognizes changes in the past service funding liability, adjusted for funding payments made, as an expense or gain in the period in which such changes are incurred.

To determine the defined benefit obligation of the Health Authority under the Plan, a professional actuary of PSPB was engaged to conduct annual studies. The most recent provisional actuarial estimate performed as of 31 December 2019 by the PSPB indicated a plan deficit attributable to the Health Authority of $8,112,000 (2018: $6,745,000).

Pension Expense and Reconciliation of Defined Pension Liability

	31.12.19 CI$(000)	31.12.18 CI$(000)
Provision at the beginning of the year	6,745	7,432
Pension expense for the year	1,794	(238)
Employer contributions	(427)	(449)
Provision at end of year	**8,112**	**6,745**
Reconciliation of Funded Status:		
Company's share of defined benefit obligation	20,555	17,628
Less: Fair value of plan assets	(12,443)	(10,883)
Defined benefit liability	8,112	6,745
Components of Defined Benefit Cost for the year:		
Current service cost	827	895
Total net interest cost	270	249
Defined benefit cost included in P&L	**1,097**	**1,144**

	31.12.19 CI$(000)	31.12.18 CI$(000)
Remeasurement Included in Other Comprehensive Income (OCI):		
Demographic assumptions change	(77)	(223)
Financial assumptions change	3,698	(2,681)
Experience adjustments	(650)	656
Return on plan asset (excluding interest)	(2,274)	866
Total remeasurement included in OCI	697	(1,382)
Pension Expense for the year	**1,794**	**(238)**

The change in fair value of plan assets is as follows:

	31.12.19 CI$(000)	31.12.18 CI$(000)
Fair value of plan assets at beginning of year (negative)	10,883	11,148
Interest income	470	401
Cash flows		
Employer and participant contributions	646	684
Benefit payments from plan	(581)	(195)
Transfers between other participating employers	(1,249)	(289)
Remeasurements – return on plan assets (excluding interest income)	2,274	(866)
Fair value of plan assets at end of year (negative)	**12,443**	**10,883**

The defined benefit liability reconciliation is as follows:

	31.12.19 CI$(000)	31.12.18 CI$(000)
Defined benefit obligation at beginning of year	17,628	18,580
Current service cost	827	895
Interest expense	740	650
Effect of changes in demographic assumptions	(77)	(223)
Effect of changes in financial assumptions	3,698	(2,681)

	31.12.19 CI$(000)	31.12.18 CI$(000)
Effect of changes in experience adjustments	(650)	656
Cash flows	(1,611)	(249)
Defined benefit obligation at end of year	**20,555**	**17,628**

The sensitivity analysis on defined benefit obligation is shown below:

	31.12.19	31.12.18
1. Discount rate		
a. Discount rate - 25 basis points	21,658	18,512
b. Discount rate + 25 basis points	19,529	16,804
2. Inflation rate		
a. Inflation rate - 25 basis points	19,571	16,838
b. Inflation rate + 25 basis points	21,607	18,471
3. Mortality		
a. Mortality - 10% of current rates	21,070	18,003
b. Mortality +10% of current rates	20,086	17,284

The expected cash flow for the following year is as follows:

	31.12.19 $000	31.12.18 $000
Expected employer contributions	386	375

The significant actuarial assumptions are presented below:

Weighted-average assumptions to determine benefit obligations	31.12.19	31.12.18
1. Discount rate	3.50%	4.50%
2. Rate of salary increase	2.50%	2.50%
3. Rate of price inflation	2.00%	2.00%
4. Rate of pension increases	2.00%	2.00%

Weighted-average assumptions to determine benefit obligations	31.12.19	31.12.18
5. Post-retirement mortality table	RP-2014 scaled back to 2006 using Scale MP-2014 then generationally projected using Scale MP-2019	RP-2014 scaled back to 2006 using Scale MP-2014 then generationally projected using Scale MP-2018
6. Cost Method	Projected Unit Credit	Projected Unit Credit
7. Asset valuation method	Market Value	Market Value

Weighted-average assumptions to determine defined benefit cost	31.12.19	31.12.18
1. Discount rate used to determine: Current service cost Interest on current service cost Net interest cost	 4.55% 4.40% 4.20%	 3.85% 3.70% 3.50%
2. Rate of salary increase	2.50%	2.50%
3. Rate of price inflation	2.00%	2.00%
4. Rate of pension increases	2.00%	2.00%
5. Post-retirement mortality table	RP-2014 scaled back to 2006 using Scale MP-2014 then generationally projected from 2006 using Scale MP-2018	RP-2014 scaled back to 2006 using Scale MP-2014 then generationally projected from 2006 using Scale MP-2016

Plan Assets

The Defined Benefit assets as well as Defined Contribution assets of the Plan are held as part of the Fund and managed by the PSPB. The assets of two other pension plans are pooled together to constitute the Fund.

The assets are notionally allocated to each of the three participating pension plans through an international accounting mechanism that tracks, for each accounting period, actual cash flows and allocates investment income based on the rate of return earned by the Fund. Based on the data provided, the gross rate of return earned by the Fund over the 12-month period, January 1, 2019 to December 31, 2019, was 26.66% per annum. Similar internal accounting is used for developing each participating entity's share of the asset portfolio of the Fund.

The valuations are based on the asset values as at 31 December 2019 provided by the PSPB, along with cash flow and other supplemental asset information provided by PSPB. The assets are held in trust by

CIBC Mellon. The data provided by the PSPB has been relied upon without further audit.

The Fund currently has investment policy with a target asset mix of 80% equities and 20% bonds. As at 31 December 2019 and 31 December 2018, the Fund was invested as follows:

	31.12.19		31.12.18	
Plan Assets by Asset Category	**($000)**	**Percentage**	**($000)**	**Percentage**
Global equities securities	680,288	79%	523,688	79%
Debt securities	167,692	20%	134,985	20%
Cash	10,444	1%	5,056	1%
Total	**858,424**	**100%**	**663,729**	**100%**

The share of the Fund that has been notionally allocated to the Health Authority with regards to its participation in the Defined Benefit Part of the Plan is $12,443,000 as at 31 December 2019 (2018: $10,883,000).

The Actuarial Assumptions

The assumptions as at the reporting date are used to determine the present value of the benefit obligation at that date and the defined benefit cost of the following year using the actuarial assumptions approved by the Cabinet. The principal financial and demographic assumptions used at 31 December 2019 and 31 December 2018 are shown in the table below.

Measurement Date	31.12.19	31.12.18
Discount rate		
▷ BOY disclosure and current year expense	4.50% per year	3.80% per year
▷ EOY disclosure	3.50% per year	4.50% per year
▷ Following year current service cost	3.60% per year	4.55% per year
Increases in pensionable earnings	2.50% per year	2.50% per year
Rate of Pension Increases	2.00% per year	2.00% per year
Mortality		
▷ BOY disclosure and current year expense	RP-2014 scaled back to 2006 using Scale MP-2014 then generationally projected from 2006 using Scale MP-2018	RP-2014 scaled back to 2006 using Scale MP-2014 then generationally projected from 2006 using Scale MP-2016
▷ EOY disclosure and following year expense	RP-2014 scaled back to 2006 using Scale MP-2014 then generationally projected from 2006 using Scale MP-2019	RP-2014 scaled back to 2006 using Scale MP-2014 then generationally projected from 2006 using Scale MP-2018
Disability	None	None

Measurement Date	31.12.19	31.12.18
Turnover Rates	Age related table	Age related table
Retirement	Age-related retirement used. See table below	Age-related retirement used. See table below
Assumed life expectations on retirement	Retiring today (member age 57): 28.66 Retiring in 25 years (at age 57): 30.93	Retiring today (member age 57): 28.80 Retiring in 25 years (at age 57): 31.08
Liability Cost Method	Projected unit credit method	Projected unit credit method
Asset Value Method	Market Value of Assets	Market Value of Assets
Commutation of pension	All members commute 25% at retirement	All members commute 25% at retirement

Turnover Rates at sample ages:

Age	Males	Females
20	7.5%	12.5%
25	5.0%	12.5%
30	3.5%	7.5%
35	2.5%	4.5%
40	1.5%	2.5%
45	0.5%	5.0%
50	0.0%	0.0%

Retirement Rates:

Age	
Below 55	0%
55-59	8%
60	60%
61-64	8%
65	100%

There have been no changes in actuarial assumptions since the prior valuation other than the changes to the principal assumptions shown in the table above.

Participant Data

The defined benefit obligation at 31 December 2019 of the Health Authority as it relates to its participation in the Plan is based on the member data as at 30 September 2019 (64 active members). The data was updated from that used for the calculation of the defined benefit obligation as at 31 December 2018 (30 *November* 2018: 73 *active members*).

b) *Defined contribution plan*

Employees who are not participants in the defined benefit part of the Plan are enrolled in defined contribution part of the Plan. The total number of employees enrolled in the defined contribution with the PSPB at 31 December 2019 is 760 (2018: 734).

During the year ended 31 December 2019, the Authority and its employees contributed to the fund 6.4% and 6%, respectively (2018: 6.4% *and* 6%, *respectively*).

The total amount recognised as a pension expense for the year ended 31 December 2019, inclusive of both defined benefit and defined contribution parts, was $4,160,119 (2018: $3,947,146).

18. EMPLOYEE HEALTHCARE BENEFITS, NET

The Health Authority provides post-retirement health care benefits to staff employed before 1 November 2010 who provide qualifying periods of service, and existing retirees whose medical coverage was dropped by the Portfolio of the Civil Service (POCS).

Starting April 2010, the Health Authority has paid for medical bills of its retirees whose medical coverage was dropped by the POCS. A policy directive has been received from POCS making Health Authority liable for future medical bills of such retirees. Subsequently, the Board made a policy decision that all new employees hired after 1 November 2010 will no longer be extended post-retirement medical benefits.

Therefore, to be eligible for the post-retirement healthcare program, an employee must meet the following criteria at retirement:

- Must have been hired before November 1, 2010
- Must have completed 10 consecutive years of service with the Health Authority and CIG as principal employers
- Must retire from the Health Authority at the age 65 (statutory retirement age) or after age 50 (early retirement age) or on the advice of the Medical Board
- Employees hired with the CIG and transferred to the Health Authority without a break in service

The benefit entails a continuation of health insurance coverage on the medical plan offered to active employees. The premiums for this health insurance coverage are paid for by Health Authority for all eligible retirees until the end of their lives. This coverage falls within the definition of a defined benefit by the International Accounting Standards and as such represents a future liability of the Health Authority. The Health Authority is required to use the actuarial valuation method to determine the present value of its health insurance benefit obligations for its former employees as well as future retirees and the related current service costs. International Accounting Standards No. 19 (IAS 19) directs that funded or unfunded post-employment benefits be recognized in the statement of financial position (in the case of net defined liability or asset) and the statement of comprehensive income (for the annual expense).

These actuarial valuations use several financial and demographic assumptions to determine the liability and current expense of the benefits which will be honoured on behalf of the retirees. Financial assumptions include, the discount rate, estimated future costs of the medical premiums, and the claims rate for the medical plans. Demographic assumptions include estimated mortality and benefits levels.

The Authority commissioned Mercer Actuaries to provide this service and the results of their assessment are included hereunder. The Health Authority has a present value net defined benefit obligation of $167,301,000 as at 31 December 2019 (2018: $137,416,000). The details of the valuation and the assumptions used are reproduced hereunder in accordance with IAS 19.

The Health Authority has not contributed to any fund in order to meet future post-retirement health care obligations. Consequently, the entire $167,301,000 is currently unfunded. Management's plan to address this unfunded post-retirement health liability is discussed in Note 23.

Disclosure Information:

Financial year ending on	31 December 2019	31 December 2018
	CI$(000)	CI$(000)
A. Change in defined benefit obligation		
1. Defined benefit obligation at end of prior year	137,416	149,118
2. Service cost		
a. Current service cost	6,013	8,494
b. Past service cost	-	-
c. (Gain)/loss on settlements	-	-
3. Interest expense	5,947	5,422
4. Cash flows		
a. Benefit payments from plan assets	-	-
b. Benefit payment from employer	(1,405))	(81)
5. Other significant events	-	-
6. Remeasurements		
a. Effect of changes in demographic assumptions	(9,891)	(1,394)
b. Effect of changes in financial assumptions	30,661	(21,543)
c. Effect of experience adjustments	(1,440)	(2,600)
7. Effect of changes in foreign exchange rates	-	-
8. Defined benefit obligation at end of year	**167,301**	**137,416**
B. Change in fair value of plan assets		
1. Fair value of plan assets at end of prior year	-	-
2. Interest income	-	-
3. Cash flows		
a. Total employer contributions		
(i) Employer contributions	-	-
(ii) Employer direct benefit payments	1,405	81
(iii) Employer direct settlement payments	-	-
b. Participant contributions	-	-
c. Benefit payments from plan assets	-	-
d. Benefit payments from employer	(1,405)	(81)
e. Settlement payments from plan assets	-	-
f. Settlement payments from employer	-	-

Financial year ending on	31 December 2019	31 December 2018
	CI$(000)	CI$(000)
4. Other significant events	-	-
5. Remeasurements	-	-
6. Effect of changes in foreign exchange rates	-	-
7. Fair value of plan assets at end of year	-	-
C. Amounts recognized in the statement of financial position		
1. Defined benefit obligation	167,301	137,416
2. Fair value of plan assets	-	-
3. Funded status	**167,301**	**137,416**
4. Effect of asset ceiling/onerous liability	-	-
5. Net defined benefit liability (asset)	**167,301**	**137,416**
D. Components of defined benefit cost		
1. Service cost		
a. Current service cost	6,013	8,494
b. Reimbursement service cost	-	-
c. Past service cost	-	-
d. (Gain)/loss of settlements	-	-
e. Total service cost	**6,013**	**8,494**
2. Net interest cost		
a. Interest expense on DBO	5,947	5,422
b. Interest (income) on plan assets	-	-
c. Interest (income) on reimbursement rights	-	-
d. Interest expense on effect of (asset ceiling)/ onerous liability	-	-
e. Total net interest cost	5,947	5,422
3. Remeasurements of Other Long Term Benefits	-	-
4. Administrative expenses and/or taxes (not reserved within DBO)	-	-
5. Defined benefit cost included in P&L	**11,960**	**13,916**
6. Remeasurements (recognized in other comprehensive income)	(9,891)	(1,394)
a. Effect of changes in demographic assumptions	30,661	(21,543)
b. Effect of changes in financial assumptions	(1,440)	(2,600)
c. Effect of experience adjustments	**19,330**	**(25,537)**
d. Total remeasure me nts include d in OCI		
7. Total defined benefit cost recognized in P&L and OCI	**31,290**	**(11,621)**
E. Net defined benefit liability (asset) reconciliation		
1. Net defined benefit liability (asset)	137,416	149,118

Financial year ending on	31 December 2019	31 December 2018
	CI$(000)	CI$(000)
2. Defined benefit cost included in P&L	11,960	13,916
3. Total remeasurements included in OCI	19,330	(25,537)
4. Other significant events	-	-
5. Cash flows		
a. Employer contributions	-	-
b. Employer direct benefit payments	(1,405)	(81)
c. Employer direct settlement payments	-	-
6. Credit to reimbursements	-	-
7. Effect of changes in foreign exchange rates	-	-
8. Net defined benefit liability (asset) as of end of year	**167,301**	**137,416**
F. Defined benefit obligation		
1. Defined benefit obligation by participant status		
a. Actives	142,341	122,261
b. Vested deferreds	-	-
c. Retirees	24,960	15,155
d. Total	**167,301**	**137,416**
G. Significant actuarial assumptions		
Weighted-average assumptions to determine defined benefit obligation		
Effective discount rate for defined benefit obligation	3.60%	4.55%
Health care cost trend rates		
Immediate trend rate	5.00%	5.00%
Ultimate trend rate	5.00%	5.00%
Year rate reaches ultimate trend rate	N/A	N/A
Mortality assumption	RP-2014 projected with MP-2019	RP-2014 projected with MP-2018
Weighted-average assumptions to determine defined benefit cost		
Effective discount rate for defined benefit obligation	4.55%	3.85%
Effective rate for net interest cost	4.35%	3.65%
Effective discount rate for service cost	4.60%	3.90%
Effective rate for interest on service cost	4.60%	3.85%
Health care cost trend rates		
Immediate trend rate	5.00%	5.00%
Ultimate trend rate	5.00%	5.00%

Financial year ending on	31 December 2019	31 December 2018
	CI$(000)	CI$(000)
Year rate reaches ultimate trend rate	N/A	N/A
Mortality assumption	RP-2014 projected with MP-2018	RP-2014 projected with MP-2016
H. Sensitivity analysis		
Change in the defined benefit obligation		
Effective discount rates - 25 basis points	9,569	7,535
Effective discount rate + 25 basis points	(8,895)	(7,019)
Health care cost trend rates - 100 basis points	(31,402)	(24,089)
Health care cost trend rates + 100 basis points	41,018	35,947
Mortality assumption + 10%	(7,700)	(3,704)
I. Expected cash flows for following year		
1. Expected employer contributions	1,524	1,405
2. Expected contributions to reimbursement rights	-	-
3. Expected total benefit payments		
Year 1	1,524	1,405
Year 2	1,871	1,714
Year 3	2,250	2,072
Year 4	2,652	2,473
Year 5	3,090	2,836
Next 5 years	21,902	20,777

Participant data:

The defined benefit obligation at 31 December 2019 of the Health Authority as it relates to its participation in the plan were based on the data provided as at 30 September 2019 (433 active participants and 67 retired not employed).

Actuarial Assumptions:

The assumptions as at the reporting date are used to determine the present value of the defined benefit obligation (DBO) as at that date and the defined benefit cost for the following year. Mercer have used the actuarial assumptions selected by Health Authority. The assumptions, other than the claims cost and the future healthcare coverage assumptions, are consistent with the assumptions used to determine the results for the CIG's post-retirement healthcare program. The principal financial and demographic assumptions used at 31 December 2019 and 31 December 2018 are shown in the table below:

Economic Assumptions	Post-retirement Healthcare	Basis of Development - Accounting Specific Assumptions
Discount rate for benefit obligation (p.a.) ▷ 31 December 2018 ▷ 31 December 2019	 4.55% 3.60%	Per IAS 19 para. 83, determined by reference to market yields on high quality corporate bonds (consistent with the term of the benefit obligations) at the fiscal year end date. Mercer US Above Mean Yield Curve (referencing US corporate bond yields) used to determine discount rates due to strong economic and currency links between the US and Cayman Islands.
Discount rate for the following year's current service cost (p.a.) ▷ 31 December 2018 ▷ 31 December 2019	 4.60% 3.70%	
Rate of Medical Inflation (p.a.)	5.00%	Based on an analysis of historical claims information and long-term medical inflation expectations.

Demographic Assumptions	Post-retirement Healthcare	Basis of Development - Accounting Specific Assumptions
Current mortality rates	RP-2014 Mortality Table scaled back to 2006 using MP-2014	Recent mortality studies in the U.S. and Canada show that people are living longer. New mortality tables have been issued by U.S. and Canada. The mortality table has been updated to better reflect actual mortality improvement rates experienced in the US over the last 20 years.
Mortality improvements ▷ 31 December 2018 ▷ 31 December 2019	 Scale MP-2018 Scale MP-2019	Broad consensus amongst longevity experts that mortality improvement will continue in the future. Scale MP-2014 was released October 2014. In the U.S., the latest future mortality improvement scale issued by the Society of Actuaries is Scale MP-2019. The prior valuation used scale MP-2018.

Demographic Assumptions	Post-retirement Healthcare			Basis of Development - Accounting Specific Assumptions
Turnover rates	Rate			
	Age	Male	Female	

Demographic Assumptions	Post-retirement Healthcare			Basis of Development - Accounting Specific Assumptions
	20-24	7.5%	12.5%	
	25-29	5.0%	12.5%	
	30-34	3.5%	7.5%	
	35-39	2.5%	4.5%	
	40-44	1.5%	2.5%	
	45-49	0.5%	0.5%	
	50+	0.0%	0.0%	
Disability rates	None			
Retirement age	Age 57 & 10 years of service			
	Age	Rate		
	<55	0.0%		
	55-59	8.0%		
	60	60.0%		
	61-64	8.0%		
	65	100.0%		
Marital assumption	80% married, wife 3 years younger			

Demographic Assumptions	Post-retirement Healthcare	Basis of Development - Accounting Specific Assumptions
Current healthcare claims cost assumption at age 65 (at 1 December 2017)	Health - $6,300 per participant per year Dental - $660 per participant per year Administrative expenses - $120.92 per retiree per month	Based on retiree claims experience from 1 July 2014 to 31 May 2017 (converted to KYD)
Current healthcare claims cost assumption at age 65 (at 1 March 2020)	Health - $7,330 per participant per year Dental - $155 per participant per year Vision - $50 per participant per year Administrative expenses - $101.20 per retiree per month	Based on active and retiree claims experience and 2020 renewal (converted to KYD)
Healthcare coverage-future pensioners	Male - 50% single, 50% family Female - 60% single, 40% family	Based on Health Services Authority experience.
Healthcare utilization changes due to age	Mercer standard healthcare aging assumptions for medical and dental	Based on analysis of healthcare utilization for Mercer clients in Canada and US and by reference to Society of Actuaries studies.

19. PROVISION

The Health Authority is a defendant to several claims that have been brought against it by patients and employees resulting from its medical and business operations. Estimated liability for the lawsuits as of 31 December 2019 is 50,000 (2018: nil). As of 31 December 2019, nil (2018: nil) was paid out as settlement for medical malpractice claims and $122,460 for employee claim, respectively.

20. CONTINGENCIES AND COMMITMENTS

(a) Contingent legal claims

The Health Authority believes that the outflow of funds for the malpractice and employee related legal claims amounting to $910,000 and nil (2018: $860,000 and nil), respectively are less than probable to be successful and are covered by insurance in excess of deductible; accordingly, no provisions were recognized for possible losses.

There are several claims outstanding that relate to services provided prior to the establishment of the Health Authority or prior to 1 July 2002. Neither provision nor contingent liability has been made for these claims in the financial statements, as the Health Authority believes any costs encountered [that are not covered by insurance] will be met by the Ministry of Health , Environment, Culture & Housing (the "Ministry").

(b) Capital and operating commitments

Type	One year or less	One to five years	Over five years	Total
Capital Commitments				
Land and buildings	$ -	$ -	$ -	$ -
Other fixed assets	395,088	-	-	395,088
Total Capital Commitments	**395,088**	**-**	**-**	**395,088**
Operating Commitments				
Non-cancellable contracts for the supply of goods and services	4,195,693	714,390	-	4,910,083
Total Operating Commitments	**4,195,693**	**714,390**	**-**	**4,910,083**
Total Commitments	**$ 4,590,781**	**$ 714,390**	$ -	**$ 5,305,171**

The outstanding capital commitments are for the payments related to the construction in progress at Faith Hospital located in Cayman Brac in the amount of $395,088 (2018: $243,260).

In addition, the Health Authority has entered various operating commitments with terms less than one year to over five years term amounting to $ 4,195,693 (2018: $4,988,003). A substantial part of this amount pertains to the contract with Cerner Corporation for the off-site storage and management of clinical and financial electronic data which was renewed after it expired in 31 December 2017 for another three-year contract totaling US$3.2 million. This new contract will expire on 31 December 2020.

(c) Section 47 of The Public Authorities Law, 2017, (the "PAL"):

Section 47 of the PAL came into effect on 1 June 2019. The section requires public authorities to use the same salary scale as determined by the Cayman Islands' Cabinet and requires the remuneration of employees of a public authority to be adjusted to reduce any differences between the public authorities' and public service's pay grades.

The Cayman Islands Government's Portfolio of the Civil Service had not completed its evaluation of Authority's salary grade versus that of the public service. As such, management could not adjust for the impact of section 47 of the PAL in these financial statements. Management is also unable to derive an estimate of the potential impact of the evaluation on its financial statements and as such, no resultant provisions have been made in these financial statements.

(d) Sections 39(2) and 39(3) of the PAL:

The Authority is required to comply with The Public Authorities Law, 2020, (the "PAL"). Amongst other matters, the PAL requires that where a public authority has surplus cash reserves for a period of more than ninety days, the surplus shall be paid to core government unless otherwise directed by Cabinet, after written consultation with the Board. The PAL also requires that a public authority pay dividends in accordance with the formulae established by the Minister of Finance and Economic Development (the "Ministry") after written consultation with the Board, unless otherwise directed by Cabinet.

Pursuant to Section 19 (d) of the "Policy for the payment of annual dividends by statutory authorities and government companies (SAGCs)" (the "Dividend Payment Policy") approved by Cabinet on 11 February 2020, and based on the long term liabilities of the Health Authority, the payment of a dividend will prejudice the HSA's ability to meet its financial obligations as and when they fall due for payment. The Health Authority is also exempted per Section 19 (b) due to sustaining an Operating loss for the 2019 financial year and under section 19 (e). The Ministry has also advised the Authority that it will not be required to pay surplus cash reserves in respect of the 2019 financial year.

21. RELATED PARTY TRANSACTIONS

The Health Authority is directly controlled by the Government and has transactions with entities directly or indirectly controlled by the Government through its government authorities, agencies, affiliations and other organizations (collectively referred to as "government-related entities"). The Health Authority has transactions with other government-related entities including the sale and purchase of goods and ancillary materials, rendering and receiving services, lease of assets, depositing money, and use of public utilities.

These transactions are conducted in the ordinary course of Health Authority's business on terms comparable with other entities that are not government related. The Health Authority has established procurement policies, pricing strategy and approval process for purchases and sales of goods and services, which are independent of whether the counterparties are government-related entities or non-government-related entities.

For the year ended 31 December 2019, management estimates that the aggregate amount of Health Authority's transactions with government-related entities are at least 71% (2018:72%) of its revenue and between 5-10% (2018:5-10%) of its operating expenditures. Significant transactions with the government-related entities are discussed as follows:

- The Health Authority provides health care for a large portion of the employees of the Government and their dependents including other ancillary services to other government related entities and reported this as revenue in the amount of $52,075,957 (2018: $49,222,950). The Health Authority is reimbursed by Cayman Islands National Insurance Company (CINICO) for the services provided to the employees of the Government and their dependents.
- The Health Authority received no equity injection in 2019 (2018: nil) from the Cayman Islands Government.
- Pursuant to the general and supplemental appropriation for the year ended 31 December 2019, the Health Authority billed the Government $38,884,618 (2018: $38,884,618) during the year for the outputs that have been purchased by the Government to provide medical care for indigent persons and under/un-insured children (included in patient services fees) and other government programmes totalling $14,394,290 (2018: $14,392,718) and the maintenance of Faith Hospital in the amount of $3,783,158 (2018: $3,783,158). The amount outstanding as cabinet receivable relating to other government programmes as of 31 December 2019 amounts to $1,199,524 (2018: $2,178,025) and this is presented as other receivables.
- Below is the cost incurred by Health Authority for the other government programmes delivered to the Government and the budget amount:

	Billed	Budget
Faith Hospital	$3,783,158	$3,783,158
Ambulance	2,547,293	2,547,293
District Clinics	2,242,947	2,242,947
Mental Health	2,731,204	2,731,204
Public Health	1,330,576	1,330,576
Special Needs	781,660	781,660
School Health	688,785	688,785
Medical Internship	150,000	150,000
Child Abuse Program	100,000	100,000
Cancer Registrar	38,667	38,667
	$14,394,290	**$14,394,290**

There were 18 personnel categorized in 2019 as related parties. These are broken down as 11 key management personnel and 7 Board of Directors (2018: 11 key management personnel and 7 Directors). The remuneration of directors and other members of key management mainly included as staff costs including pension during the year was as follows:

	2019	2018
Short-term benefits:		
Senior management	$2,069,304	$1,750,422
Board of directors	42,925	23,650
	$2,112,229	**$1,774,072**

For the 12-month period ended 31 December 2019 the Health Authority incurred medical costs for its key management and their dependents in the amount of $66,815 (2018: $51,368) including the cost provided in its own facility.

The Health Authority also had transactions with members of key management or with their family such as official travel reimbursements et al with an annual disbursement of $28,321 (2018: $20,823) and remuneration of other related party amounting to $786,222 (2018: $227,296).

22. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

The carrying amounts of Health Authority's financial instruments, including cash and cash equivalents, short-term investments, other receivables, accounts receivable, accounts payable and accrued expenses, approximate fair value due to the immediate or short-term nature of these financial instruments.

IFRS 9 became effective for reporting periods beginning on or after January 1st, 2018. The Health Authority assessed the potential impact of IFRS 9 on the operations of the Health Authority and determined them to be minimal.

The Authority applied the Expected Credit Losses model, on the basis that (a) future cash flows from qualifying financial instruments (i.e. accounts receivable) are solely payments of principal and interest; and (b) receivables are held with the objective to collect future contractual cash flows and not for sale. The impact to accounts receivables is further outlined below.

Accounts receivable are held at amortized cost. The Health Authority applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all accounts receivable. To measure expected credit losses, accounts receivable has been grouped based on shared risk characteristics and the days past due.

The expected loss rates are based on the payment profile for revenue over a period of 5 years prior to 31 December 2019, and the corresponding historical credit losses experienced within this period. The historical loss rates are then adjusted to reflect current and forward-looking information including the use of third-party debt collectors as a strategy to improve the Authority's recovery of past due amounts.

The Health Authority has determined the number of days outstanding to be the most relevant factor in determining the potential collectability of past due receivables.

On that basis, the loss allowance as at 31 December 2019 was determined to be $9,285,661 for accounts receivable. This was calculated as follows:

31-Dec-19	Current	More than 180 days	More than 365 days
Expected loss rate	15%	44%	0%
Gross carrying amount – Accounts receivables	$11,390,247	$17,099,861	$ -
Loss allowance	**1,678,297**	**7,607,364**	**-**

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore, cannot be determined with precision. Changes in assumptions could

significantly affect the estimates. The Health Authority's activities expose it to various types of risk. The most important type of financial risks to which the Health Authority is exposed are as follows:

22.1 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. To reduce exposure to credit risk, the Health Authority performs ongoing credit evaluations of the financial condition of its customers but generally does not require collateral. Parties who defaults on their obligations despite repetitive collection efforts are referred to a collection agency or to legal counsel. The Health Authority is exposed to credit-related losses in the event of non-performance by counter parties to these financial instruments.

Accounts receivable consist of a large number of customers who would either have health insurance coverage with CINICO or with various commercial insurance, or no insurance coverage at all. Concentration of credit risk belongs to the group of customers known as "self-pay". These amounts are owed by customers who have neither insurance coverage nor sufficient coverage. These are estimated to be 40% - 100% (31 December 2018: 50%-100%) uncollectible.

Accounts receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include: Age, balance outstanding, inability to contact debtor, means of debtor to make repayment, existence of a repayment plan or promissory note.

Impairment losses on accounts receivable are presented as provision for doubtful debts within the statement of comprehensive income. Subsequent recoveries of amounts previously written off are credited against the same line item.

The carrying amount of financial assets recorded in the financial statements as accounts receivable from "self-pay" group of customers, which is net of allowance for doubtful debts, represents the maximum exposure to credit risk:

	Less than 1 month	1-3 months	3 months to 1 year	1 year over	Total
	$000	$000	$000	$000	$000
2019					
Gross accounts receivable	2,761	983	3,463	-	7,207
Allowance for bad debts	1,104	575	2,959	-	4,638
	1,657	**408**	**504**	**-**	**2,569**
2018					
Gross accounts receivable	593	917	5,369	8,929	15,808
Allowance for bad debts	297	572	4,606	8,929	14,404
	296	**345**	**763**	**-**	**1,404**

22.2 Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Health Authority's funding and liquidity management requirements. The Health Authority manages liquidity risk by maintaining the $4 million credit facility, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables indicate the contractual timing of cash flows arising from assets and liabilities included in the financial statements as of 31 December 2019 and 31 December 2018.

	Carrying amount	No stated maturity	Contractual cash flows (undiscounted)				
			0-1 yr.	1-2 yrs.	2-3 yrs.	3-4 yrs.	>5 yrs.
31 December 2019 Financial assets							
Cash and cash equivalents	$41,329,749		$41,329,749	$ -	$ -	$ -	$ -
Short-term investments	5,063,674		5,063,674				
Accounts receivable, net	19,204,447		19,204,447				
Other receivables	1,745,138		1,745,138				
	67,343,008	**-**	**67,343,008**				
Financial liabilities							
Accounts payable and accrued expenses	6,498,319		6,498,319				
	6,498,319	**-**	**6,498,319**	**-**	**-**	**-**	**-**
Difference in contractual flows	**$60,844,689**	**-**	**$60,844,689**	**-**	**-**	**-**	**-**

	Carrying amount	No stated maturity	Contractual cash flows (undiscounted)				
			0-1 yr.	1-2 yrs.	2-3 yrs.	3-4 yrs.	>5 yrs.
31 December 2018 Financial assets							
Cash and cash equivalents	$22,616,848		$22,616,848	$ -	$ -	$ -	$ -
Short-term investments	20,000,000		20,000,000				
Accounts receivable, net	19,460,664		19,460,664				
Other receivables	2,603,434		2,603,434				
	64,680,946	**-**	**64,680,946**				

	Carrying amount	No stated maturity	Contractual cash flows (undiscounted)				
			0-1 yr.	1-2 yrs.	2-3 yrs.	3-4 yrs.	>5 yrs.
Financial liabilities							
Accounts payable and accrued expenses	6,517,199		6,517,199				
	6,517,199	**-**	**6,517,199**	**-**	**-**	**-**	**-**
Difference in contractual flows	**$58,163,747**	**-**	**$58,163,747**	**-**	**-**	**-**	**-**

22.3 Interest risk

Interest rate risk – The Health Authority is exposed to interest rate risk for the $4 million credit facility with First Caribbean International Bank (Cayman) Ltd ("FCIB") at a rate of prime plus 0.25% per annum. This interest rate will fluctuate from time to time in line with the general level of interest rates. The risk is managed by the Health Authority by maintaining a short-term credit agreement that is renewable every year to have a negotiable and preferred rate. In addition, the Health Authority is limiting the usage of the credit facility by continuously monitoring the daily cash position which management views as likely to result into a bank preferred interest rate on the renewal of the agreement. The Health Authority has a minimal exposure on interest risk as none of the other financial instruments is exposed to this type of risk.

23. GOING CONCERN CONSIDERATIONS

After the recognition of the post-retirement health care liability, Health Authority's financial position changed to a net deficit as at 31 December 2019 in the amount of $30,344,565 (2018: $7,337,542) with a net loss for the year of $2,980,023 (*2018 net income*: $491,472) as presented in the statement of comprehensive income.

This event has raised a substantial doubt about the Health Authority's ability to continue as going concern as it relates to its ability to meet the post-retirement health care obligation to its eligible employees and retirees as it falls due. Management has considered this risk and have begun taking measures to mitigate any threats to the going concern of the Authority.

At present, Health Authority can fund the medical cost of its retirees as it falls due, the total medical cost paid as of 31 December 2019 amounts to $1,405,000 (2018: $81,000). In addition, stop loss insurance coverage is also in place to cover the acute cases of retirees thereby limiting the credit risk exposure of Health Authority. The overdraft facility amounts to $4 million as additional buffer for any cash short fall in the future and this remain unused at present. As Health Authority is a health care facility, Management believes that the Authority can provide a proper health care to its retirees within its facility.

Health Authority is also actively consulting professionals specializing in risk and insurance services, on how to structure the funding of the post-retirement health liability. Health Authority is seeking fund investment advice on financial instruments to hedge the liability for the post-retirement healthcare cost with a perspective to include other statutory authorities in this plan.

Management continues to adopt the going concern basis of accounting in preparing the financial statements.

24. COMPARATIVE AMOUNTS

The Authority's December 31, 2018 unfunded pension liability has been reclassified to non-current liabilities to conform to the financial statement presentation adopted in the current year.

25. SUBSEQUENT EVENTS

In December 2019, a novel strain of coronavirus was reported to have surfaced in China. The global efforts to contain the spread of the coronavirus caused significant disruption in the global and local economies beginning January 2020 to date.

While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Uncertainties include events such as anticipated soft re-opening of the local economy, any potential outward migration of a significant volume of work permit holders, local business closures, a potential second wave or resurgence of the Corona Virus, etc. It is anticipated that these uncertainties will impact the Health Authorities ability to provide regular services in the immediate future to areas such as Operating Theatre, Radiology, Lab and Pathology, non-emergent Dental and Eye Clinic, etc. Therefore, while Health Authority expects this matter to negatively impact its operating results, the related financial impact and duration cannot be reasonably estimated at this time. At 31 December 2019, $12,360,739 in accounts receivable was outstanding from entities not related to the Cayman Islands Government.

In addition, the Health Authority is the only public hospital on these islands, a fully owned subsidiary of the Cayman Islands Government. On this basis, it is management's assessment and belief that the risk that Health Authority would not be able to meet its obligations as they become due is low, and that Health Authority will continue as a going concern for the foreseeable future.

Management is not aware of any other events after the reporting date which will have an impact on the financial statements at 31 December 2019.

Appendices


VP-CXA

Governance and Risk Management

The 2019 Annual Budget Statement identifies the key risks faced by the HSA and the strategies we use to manage those risks. For the fiscal year under review, the following risks, and actions taken to manage and mitigate those risks were:

Key Risks	Actions to Manage Risk
Strategic	
Potential for vicarious liability exposure for claims against underinsured privileged physicians	Setting of reasonable limits of insurance cover for physicians who are granted privilege to practice at the HSA
Potential loss of revenue (loss of market share) from increased competition from private healthcare providers in the community	1. Identify opportunities and implement measures to improve quality of services and patient experience 2. Focus on measures that will reduce waiting list and waiting time
Difficulty/inability to provide current level of services due to lack of office and clinical space	1. Rental of space for administrative staff 2. Development of a new Master Facility Plan 3. Phasing and Funding of the plan 4. Prioritisation and completion of preventive maintenance, construction and refurbishment projects
Financial	
Potential overpayment of final monies upon exit	Clear guidelines for checks and balances
Inability to charge appropriately for services due to inconsistency of charge master pricing	Comprehensive review of charge master to ensure alignment with standard health insurance fees. Implementation of new technology to aid revenue capture
Operational	
Potential loss of key staff in single incumbent positions due to retirement, resignation, lack of trained personnel on island and difficulty in recruiting and retaining professionals	1. Development and ongoing review of recruitment and retention strategies 2. Development of workforce and succession plans 3. Funding of succession plan
Potential Security breach of IT system	1. Intrusion detection assessment 2. Audit of active directory
Security of Staff and Facilities	1. Installation of additional CCTV cameras 2. Access control and maintenance of alarms on exits
Potential for business interruption due to natural, internal or external disaster	Continuous review and testing of emergency plan identified downtime procedures. Build greater resiliency and redundancy into our facilities.

Key Risks	Actions to Manage Risk
Potential for difficulty in evacuating patients on beds in the Operating Room due to congestion in the main exit corridor adjacent to CSR with storage trolleys causing reduced corridor width.	Alternative arrangements for storage of trolleys identified
Potential for the inappropriate use of company vehicles	1. Policy for the use and maintenance of vehicles 2. Use of log book to sign out and return vehicles

Legal Framework

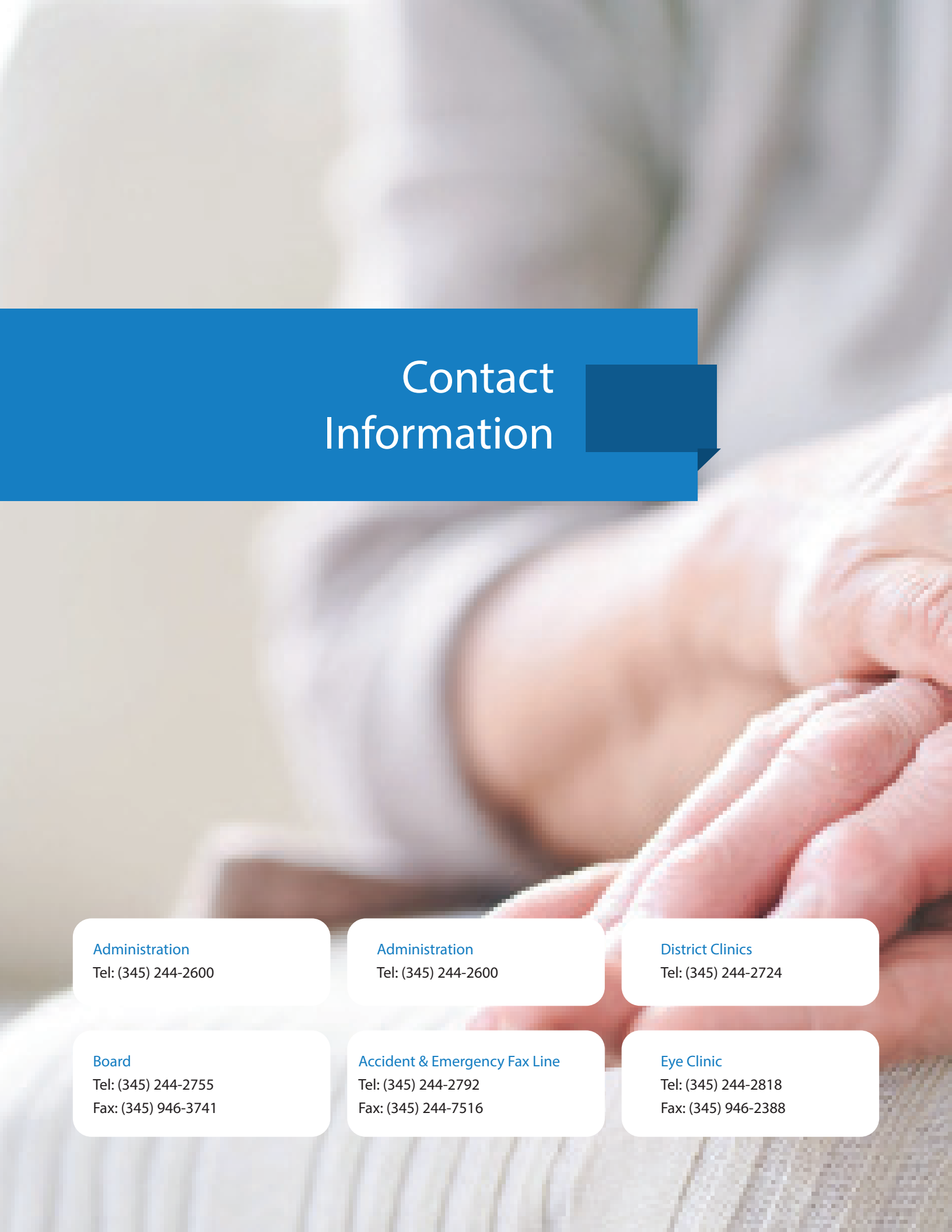
The specific Laws which guide the work of the Health Services Authority are as follows:

Health Services Authority Law	National Pensions Law
Health Services Fees Law	Children Law
Health Insurance Law	Tobacco Legislation
Health Practice Law	Code of Ethics and Standards of Practice – Cayman Islands Medical & Dental Council
Mental Health Law	Code of Ethics and Standards of Practice – Cayman Islands Pharmacy Council
Pharmacy Law	Code of Ethics and Standards of Practice – Council for Professions Allied with Medicine
Prescription Law	Misuse of Drugs law: Sections 2, 3 and 4
Public Health Law	National Drug Council Law
Freedom of Information Law	Animals Law: all sections on Part III and VII
Freedom of Information (General) Regulations	Cinematograph Law: sections 7-16
Public Management and Finance Law	Labour Law (2011 Revision): all sections in part VIII
The Procurement Law	The Tobacco Law: all sections
The Public Authority Law and Regulations	The Mental Health Law and Regulations 2013: all sections
Labour Law	Children Law: Part IIIA, V, X,
Complaints Commissioner Law	Water authority Law: part V and VII
Freedom of Information Law	Health Insurance Law and Regulations 2005: all sections

Internal and External Audit Updates

The HSA received an unqualified opinion on its 2018 financial statements. Management is assiduously addressing all matters raised by Internal Audit during the period under review.

Contact Information



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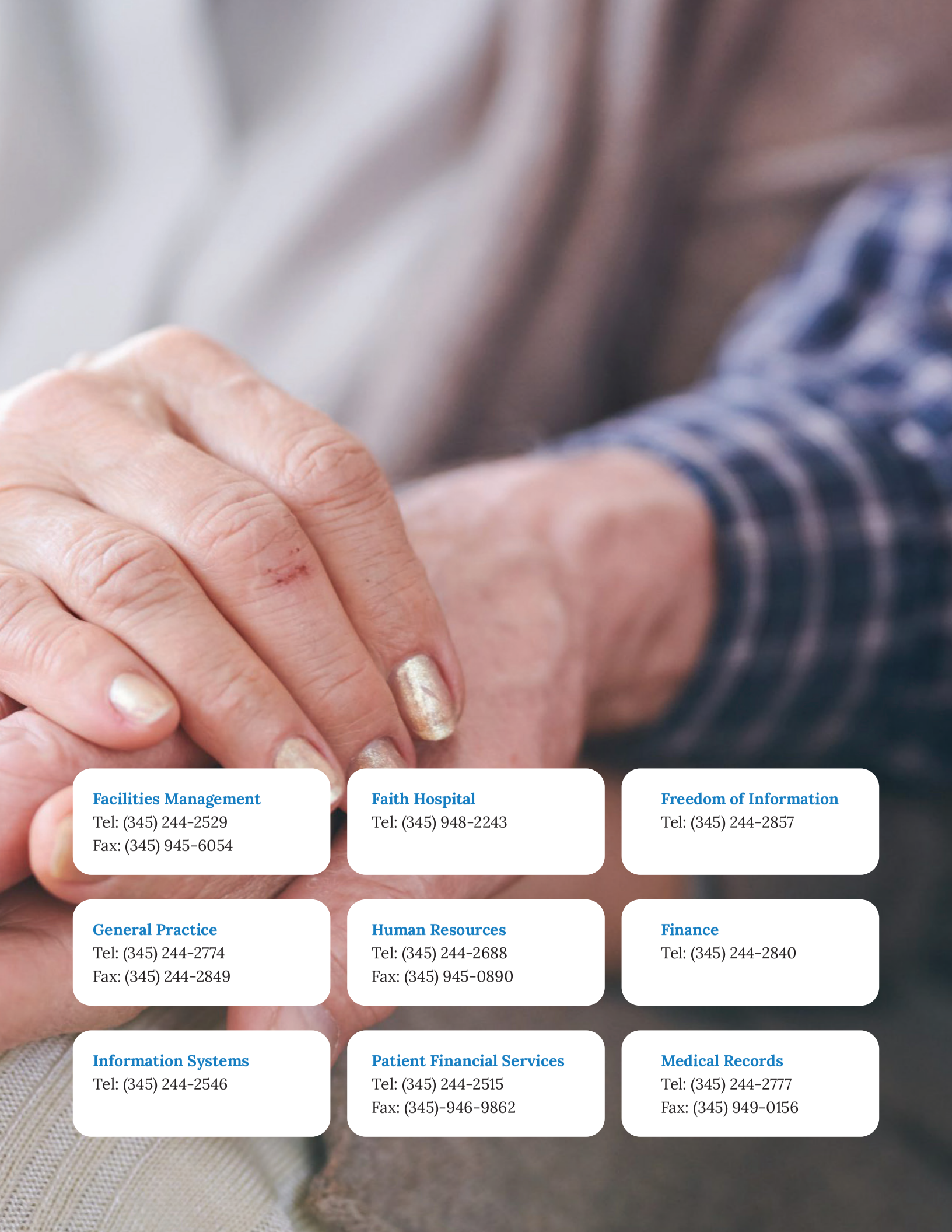
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