



2022 ANNUAL REPORT



RECOGNISING THE EFFORTS OF OUR PAST, PRESENT AND FUTURE.

1937-2022

We started our journey in 1937 with the opening of the first hospital in the Cayman Islands. It was a modest 4-bed hospital with one physician and four nurses, who were responsible for taking care of the full healthcare needs of the Cayman Islands population.

The now 127-bed hospital in George Town Grand Cayman and 18-bed hospital in Cayman Brac are the hub of our organisation. Ancillary services are also available at our district health centers located in West Bay, Bodden Town, North Side, East End and Little Cayman. Outpatient services extend to Smith Road Centre & Bay Town House locations. HSA offers the people of the Cayman Islands the highest quality of patient care, comfort and safety, delivered by our professional team of doctors, nurses and support staff.

**Health is the
key to happiness
in the present,
and the promise
of happiness
in the future**

What's Inside

The 2022 Annual Report outlines what was achieved by the staff, management and board of the organisation in a year of significant and unprecedented pressure. Despite the challenges, the Health Services Authority (HSA) maintained and delivered on our strategy with tremendous progress. With a clear focus on future development, HSA announced plans for rebranding, improving services, recruiting additional staff and an overall expansion and enhancement of services across the Authority.

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About the Report



The report has been prepared in accordance with the requirements stipulated in the Public Management and Finance Act (2020 Revision) (PMFA) for Statutory Authorities and Government Companies. It outlines the HSA's performance during the period from January 1st, 2022, to December 31st, 2022 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 Act (2020 Revision) (PMFA). Section 52 states:

01 Each statutory authority or government company (the “entity”) shall, within two months after the end of each financial year (the “year”)

- (a) prepare an annual report for the year; and
- (b) submit the report to the Auditor General for review.

02 The report shall —

- (a) state details of the entity’s activities during the year;
- (b) summarise the extent to which the ownership performance targets under the relevant ownership agreement were achieved during the year;
- (c) include the amount of the following during the year —
 - (i) Cabinet equity investments into the entity;
 - (ii) Cabinet capital withdrawals from the entity;
 - (iii) Cabinet loans to the entity; and
 - (iv) the entity’s dividends or profit distributions;
- (d) include details of any Cabinet guarantees relating to entity made during the year;
- (e) include the entity’s financial statements for the year; and
- (f) compare the actual performance shown by the financial statements with the performance proposed in the relevant ownership agreement.

03 The financial statements shall —

- (a) be prepared on a basis consistent with the forecast financial statements in the relevant ownership agreement; and
- (b) comply with Schedule 4.

04 For the Public Service Pensions Board, the financial statements are not to include financial statements for pension funds.

05 Subsection (4) applies despite any contrary requirement of a pensions Law.

06 The Auditor General shall, within two months after receiving the report, review it and express an opinion on the financial statements.

07 The entity shall, within five months after the end of the year, present the report and opinion to the Cabinet for review and noting.

08 After the Cabinet’s review and noting, a member of the Cabinet appointed by it to do so shall present the report to the Legislative Assembly to review at its next sitting.

09 In this section —
“relevant ownership agreement”
means the entity’s ownership agreement under section 50 that includes the year, together with any amendments to that agreement under section 50(6) relating to the year.

Financial Overview

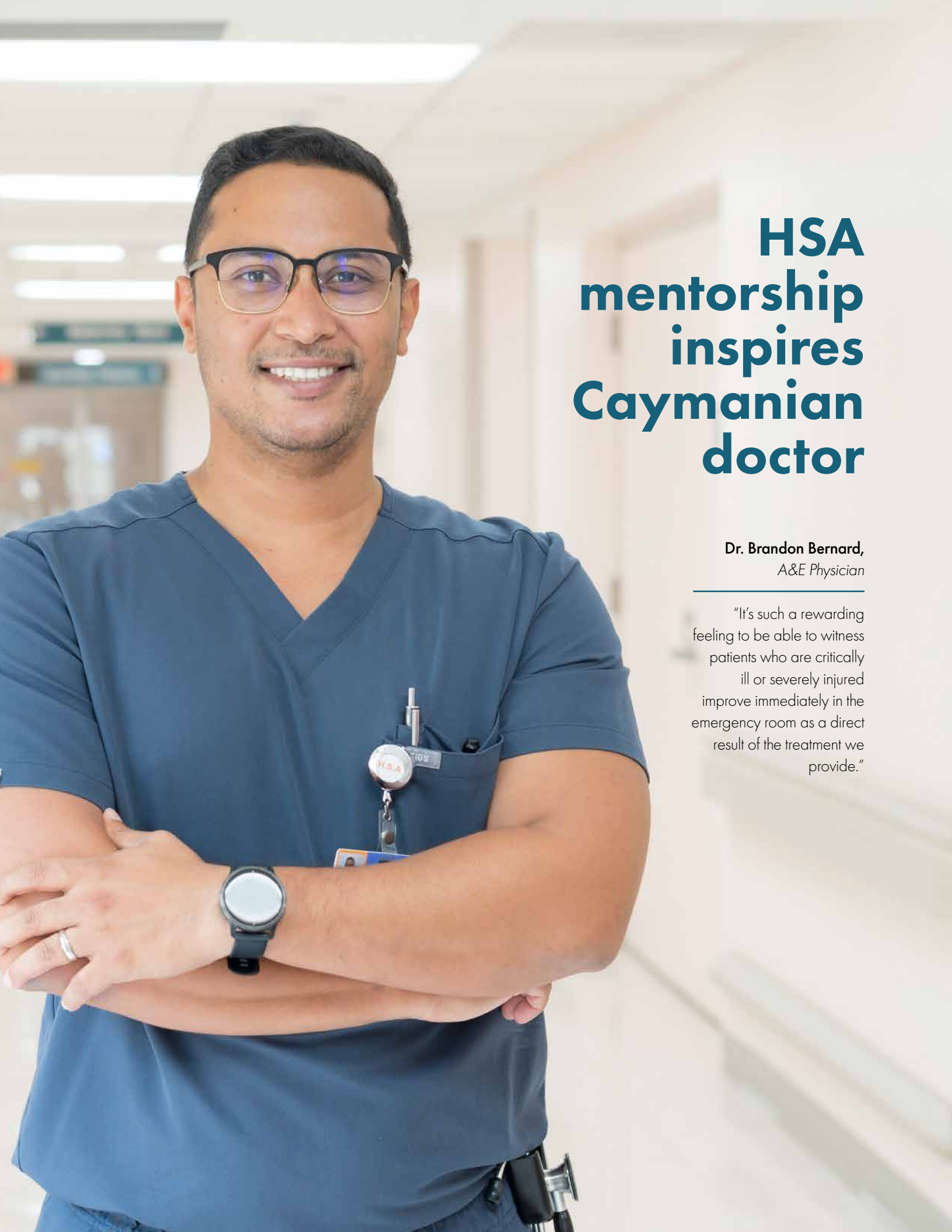
FINANCIAL PERFORMANCE MEASURES	ACTUAL (000)	TARGET (000)
Revenue from Cabinet	48,192	42,082
Revenue from Ministries, portfolios, statutory authorities, government companies	66,354	69,983
Revenue from others	51,343	55,694
Total revenue	165,889	167,759
Expenses	171,064	167,113
Surpluss / (Loss)	(5,174)	646

NET WORTH	ACTUAL (000)	TARGET (000)
Net Worth / (Deficit)	41,562	(70,053)

CASH PERFORMANCE	ACTUAL (000)	TARGET (000)
Cash Flows from Operating activities	55,255	11,306
Cash flows from Investing activities	(21,962)	(18,886)
Cash Flows from Financing activities	(253)	-
Change in cash balances	33,040	(7,581)

FINANCIAL PERFORMANCE RATIOS	ACTUAL (000)	TARGET (000)
Current Assets: Current Liabilities	5.89:1	6.76:1
Total Assets: Total Liabilities	1.24:1	0.74:1

HUMAN CAPITAL MEASURES	ACTUAL (000)	TARGET (000)
Total Full-time Staff Employed	1,024	1,000



HSA mentorship inspires Caymanian doctor

Dr. Brandon Bernard,
A&E Physician

"It's such a rewarding feeling to be able to witness patients who are critically ill or severely injured improve immediately in the emergency room as a direct result of the treatment we provide."

Chairman's Message

It has been a remarkable year for the Health Services Authority as we emerged more resilient and reinvigorated with our capabilities reflected not only in the many changes to our infrastructure, but also in the increasing trust that the people of our islands have placed in us as the premier healthcare provider of the Cayman Islands.



*Osbourne Bodden, JP
Board Chairman*

We effectively steered through the unpredictable challenges of the healthcare industry in the aftermath of the pandemic and paved the way to major clinical, operational, and technological growth in 2022. We succeeded in bolstering our workforce through the recruitment of talented newcomers to our clinical and auxiliary teams and by placing a greater emphasis on training and development through initiatives such as the Healthcare Aide and Emergency Medical Technician Training. Both programmes provide Caymanians with the opportunity to advance their careers in healthcare.

Our staff have been diligently working towards Joint Commission International (JCI) accreditation by elevating the standards of patient care, safety and experience in every way. This includes updating policies and procedures, upgrading our facilities and improving clinical outcomes.

One of the positive outcomes of the pandemic has been the increased cooperation and integration of services between the HSA and other healthcare providers within our community.

**“We succeeded in bolstering our workforce
through the recruitment of talented newcomers
to our clinical and auxiliary teams ...**

We are convinced that the future of healthcare lies in increased integration across the healthcare continuum that provides seamless patient experiences and the best possible medical care. A few include our partnership with the R3 foundation on the pioneering Molecular Biology Laboratory, which is staffed and housed at the Cayman Islands Hospital. Another is our partnership with the Alex Panton Foundation on the development of Alex's Place, our adolescent mental health hub which seeks to improve youth's access to emergency behavioural health services.

We continue to work closely with the Ministry of Health and Wellness to manage and provide safe care to COVID-19 patients and promote vaccination of our residents against this disease with the introduction of the Moderna (bivalent) COVID-19 fall booster.

Technology at the HSA has been growing at an incredible pace. This transformation runs from the procurement of the leading automated dispensing system supporting

decentralized medication management to a new modernised HR system that will help to monitor and streamline internal processes.

By aligning with our patients' needs, focusing relentlessly on growth, and maintaining a strong operational rigor, we have made monumental progress despite the many pandemic related challenges of rising costs and difficult supply chains. Successfully overcoming these challenges is a testament of the leadership by the board and management and the unwavering determination and hard work of our staff who have been steadfast in providing world-class integrated healthcare to patients with outcomes comparable to the best healthcare institutions in the world. We look forward to continued success and growth as we move ahead with our strategic objectives in the new year to deliver the healthcare needs of the future.

CEO's Message

2022 was a pivotal time for the HSA as our society and economy began to normalize and recover after one of the worst healthcare crises in global history. The previous two years have reinforced the importance of healthcare to us all, and how critical it is to be prepared for whatever challenges might lie ahead. With the threat of COVID declining, we were able to redirect resources towards the further advancement of our strategic goals.



Lizzette Yearwood
Chief Executive Officer

With ambitious objectives in focus, we embarked on an extensive programme of clinical and infrastructural transformation designed to meet the expectations of our people, and take healthcare delivery in the Cayman Islands to unprecedented heights.

In 2022 we increased our patients' access to a wide range of new specialised services, including Neurosurgery, Sports Medicine, Urgent Care, and the island's first Molecular Biology Laboratory. These measures help to reduce the need for our people to seek these services overseas.

We also expanded clinical capacity in Specialist, Dental, Public Health and Phlebotomy while reducing the burden on our General Practice and Accident and Emergency services by the opening of the Urgent Care Clinic. Emergency Medical Services was also strengthened with the addition of a fleet of new ambulances.

Through our collaboration with the Ministry of Health and Wellness we have continued the level of excellence the community has come to expect in our management of chronic and communicable diseases. I am delighted that vaccination coverage for COVID-19 has exceeded over 90% of our population, a success rate achieved by only five countries worldwide.

**I am delighted that vaccination coverage for
COVID-19 has exceeded over 90% of our population,
a success rate achieved by only five countries worldwide.**

Additionally, I am proud of the outstanding performance of our Public Health department for achieving their key performance targets, meeting crucial international benchmarks and gaining international recognition such as the Henry Smith Trophy for "Best Immunization Program 2022" at the Epidemiology (EPI) Conference in December 2022.

We have also made monumental progress towards JCI Accreditation and continue to hold daily meetings to promote accountability and remain updated on key goals and objectives.

While the pandemic caused unprecedented disruptions, it also reinforced some important life lessons. One of those lessons was the crucial importance of protecting and investing in our most valuable assets – our staff. In 2022 we transitioned to the central government's pay scale, strengthened training and development for staff, and improved staff access to clinical services. We also transitioned to a non-contributory retirement scheme and began the formalization of our succession planning programme.

Our role as the dominant provider of public healthcare services in the Cayman Islands carries a significant responsibility which we accept and execute diligently. Our

responsibility includes the provision of high-quality patient centered care to residents and visitors on all three Islands regardless of location. To further our capacity to meet this responsibility, we recruited additional staff and enhanced the current infrastructure to support our Sister Islands' team and community. Through a public-private partnership with the R3 Cayman Foundation we also introduced telemedicine to Little Cayman, a huge technological milestone for this community.

There is much to be grateful for and celebrate when looking back over the past year, including meeting our financial objectives and obtaining a clean audit for four consecutive years.

We have come a long way in our journey, but we know we must continue the path of compassionate care into the future, which will shape our next strategic plan for 2023 and beyond. We are confident that this inspiring process will lead to a bold and transformative vision for the HSA as we continue to serve our community by providing patient-centered, quality care.

As we look ahead to a healthier future, full of exciting plans and an ambitious vision, I truly believe we will achieve greater things together as a community.



Respect
Responsibility
Integrity
Caring
Excellence

HSA Profile

The Cayman Islands Health Services Authority (HSA), the country's premier healthcare facility, offers the most comprehensive range of inpatient, outpatient and public health services at nine locations on all three islands. We offer primary and secondary levels of healthcare services, and public health functions for approximately 71,000 residents of the Cayman Islands and visitors, in accordance with the National Strategic Plan for Health, as agreed with the Ministry of Health and Wellness.

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 behaviours and encourage our fellow employees to practice them diligently.

RRICE:

**Respect. Responsibility. Integrity.
Caring. Excellence**

The Health Services Authority through the Public Health Department is responsible for public health programmes by way of a purchase agreement with the Ministry of Health & Wellness. The Public Health Team, under the direction of the Medical Officer, includes public health nurses, surveillance officers, health promotion officer, genetics counsellor, nutritionist and administrative staff.

CORE SERVICES

- 24-hour Accident & Emergency
- Anesthesiology
- Blood Bank
- Cardiology
- Chemotherapy
- Chiropractic
- Clinical Dietary & Nutrition
- Complementary & Alternative Medicine (CAM)
- Critical Care
- Dentistry
- Dermatology
- Dialysis
- Diving & Hyperbaric Medicine
- Ear, Nose & Throat (ENT)
- Emergency Medical Services
- Forensic Science Laboratory
- General Practice & Family Medicine
- General Surgery
- Immunizations
- Internal Medicine
- Interventional Radiology
- Laboratory
- Maternity
- Mental Health
- Molecular Biology Laboratory
- Neonatal Intensive Care (NICU)
- Nephrology
- Neurology
- Neurosurgery
- Obstetrics/Gynecology
- Oncology & Haematology
- Ophthalmology
- Oral Surgery
- Orthopedics
- Paediatrics
- Pain Management
- Pathology
- Pharmacy
- Physiotherapy, Occupational Therapy & Speech Therapy
- Primary & Critical Health Care
- Public Health
- Radiology
- Respiratory Therapy
- Rheumatology
- Sleep Medicine
- Sports & Exercise Medicine & Traumatology
- Urgent Care
- Urology
- Vascular Surgery
- Women's Health

Board Sub-Committees

The Health Services Authority is governed by a seven-member Board which establishes strategic policy direction for the organisation through various sub-committees.

Human Resources Sub-Committee

provides strategic direction in support of the organisation'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.

Organisational Structure



Board of Directors

A **board of directors** (commonly referred simply as the board) is an executive committee that jointly supervises the activities of an organization, which can be either a for-profit or a nonprofit organization such as a business, nonprofit organization, or a government agency.

Working
together for
a common
GOAL



Osbourne Bodden, JP, Board Chairman spent 7 years in auditing for two of the Big Four accounting firms – Ernst & Young and Price Waterhouse, before taking up employment within the Civil Service working 5 years as an Insurance Analyst for the government's Insurance Department. Mr. Bodden returned to the private sector working in the Health Care Captives, then leaving to start a family business. He has spent the last 22 years as a successful businessman and served two terms as a Member of Parliament for Bodden Town, first as a backbench member from 2005 to 2009, and later as Minister of Health, Sports, Youth and Culture from 2013-2015 and Minister for Community Affairs, Youth and Sports from 2015 to 2017.



Joy Vernon, Deputy Board Chairperson, worked at the HSA from 1992 - 2013 and was the first Caymanian female Paramedic. After working in various positions at the HSA: Nursing Assistant, Emergency Medical Technician and an Emergency Medical Services Educator, Ms. Vernon pursued a law degree and was admitted to the Cayman Islands Bar in January 2021. She now enjoys her new career as an Attorney-at-Law.



Dr Luana Look Loy, MB ChB, MRCGP (2013) Director, is currently in private general practice alongside her father, Dr Victor Look Loy. She is passionate about health promotion, disease prevention, public education; has been involved with the Cayman Islands Diabetes Association (founded by her father, in 1987) and is currently a Director of ALS Cayman.

20²² BOD



Tayvis Walters, MBCS, APM, Director is a certified IT professional with more than 10 years of experience in the IT industry, having worked in the financial services, aviation, and government industries respectively. He is presently employed with a global leading offshore law firm on island. He served as member and Chairman of the Proud of Them Initiative, Youth Ambassador to CARICOM, and as a member of the National Youth Commission's Advocacy and Youth Empowerment Committee advising the former Minister of Youth.



Golda Tatum Carter, CPA, Notary Public, Director, is the Regional Financial Controller for a local fiduciary business with regional responsibilities. She is a licensed Certified Public Accountant with 10+ years' post qualification experience and 8+ years working for a big four audit firm performing financial and regulatory audits. Her experience includes, budget analysis, and financial accounting and she has proficient knowledge of IFRS and US GAAP and their related GAAS.



Trisha McElroy, Director, is a Senior HR practitioner in the Cayman Islands and is the Director of Human Resources for a leading offshore law firm on island. She has over 15 years of experience in operational and strategic HR practices and is a subject matter expert in employee relations, HR strategy and HR transformation. She has a track record in managing change, innovation, policy and procedure development and employee engagement with proven success in merger and acquisition integrations.

Board of Directors



Rosie Whittaker-Myles, Director, is an attorney-at-law in private practice & a former partner in a medium-sized law firm on its litigation team. She has over 25 years' experience in civil & commercial litigation with expertise in personal injury, employment, immigration, compulsory acquisition of land, trusts, wills, probate and family law matters. She is the past Chair for the Commission for Public Standards and a Legal Befriender, providing pro bono legal advice on all areas of Cayman Islands law. She also serves as a member of the Cayman Islands National Council for Persons with Disabilities.



Nellie Pouchie, Chief Officer Ministry of Health & Wellness, (Non-voting member), 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.



Lizzette Yearwood, Chief Executive Officer (Non-voting member) has been with the HSA since 1993 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.

20²² BOD



Dr. Delroy Jefferson, Cert. Hon. MCI Medical Director

(Non-voting member) 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.



Karen Rivers, Representative for the Financial Secretary, Cayman Islands Government

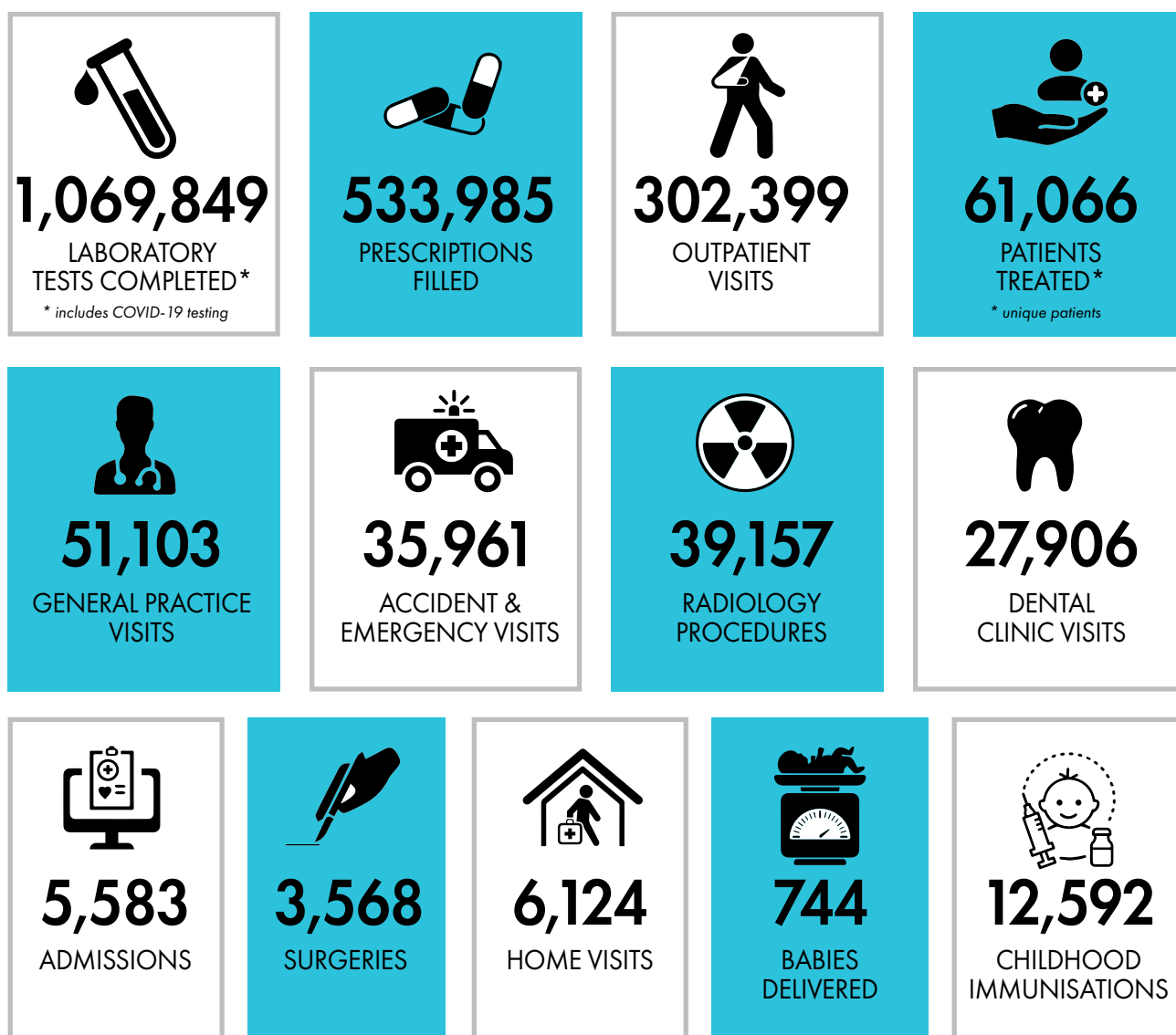
(Non-voting member), started her career with the Cayman Islands Government in November 1998 as a Budget and Administration Officer. She was promoted five years later to an Analyst. Some of the responsibilities of her job include managing the preparation of the multi-year budget, which includes overseeing the quality assurance process; review and analysis of budgeting and financial planning submissions; managing the preparation of any supplementary budgets during the fiscal year; and monitoring compliance between actual performance and approved budgets.

Clear masks became an option for HSA hearing impaired patients



2022 STATS AT A GLANCE

Stats at a Glance provides an overview of patient visits, admissions, surgeries, prescriptions, test and more. Stats provided by associated departments.





2022 SNAPSHOT

On 6 January 2022, it was precisely two years since we first reported the story of a mystery virus in Wuhan, one that authorities declared was not SARS but a new phenomenon – named in February 2020 as COVID-19.

Travel, tourism and travel retail have been battling its effects ever since, with a deep and lasting impact on lives, jobs, incomes, companies – their valuations, reputations and very existence – and forcing all those with a stake in that ecosystem to examine their role, structure and health, both for today and tomorrow.

As this second anniversary approaches, much has changed from a year ago. Vaccinations, at an early stage at the start of 2021, have rolled out across the developed world, saving many lives.

Closer to home, HSA has achieved several milestones, and highlights for 2022.

- Solar panels become operational
- New windows, LED lighting, internal painting commences
- A&E renovations continue
- Upgrades to maternity and oncology unit
- EMS department expands to a new physical location on main campus
- Mental Health Day Centre relocates to new location to facilitate In-patient expansion of three additional beds
- Operating Room & Central Sterile Room (CSR) expansion renovation

2022 SNAPSHOT

● JANUARY

HSA improves resiliency with on-site oxygen generator - The oxygen generator provides a discharge flow rate of 2,100 lbs. per day (or 500 litres per minute) of medical grade oxygen and is expected to save the Authority over \$150,000 per annum. The installation of this generator mitigates a potential national security risk associated with insufficient local medical oxygen caused by disruptions to international supply chains.



HSA lowers cost of COVID PCR tests to \$75 & opens Certified LFT Drive Through Clinic in response to COVID Public Health regulation changes.



Public Health issued guidelines and a new online platform for persons to check their eligibility for isolation release when testing positive for COVID-19 on exit PCR. These guidelines for potential release were for persons who have completed their full isolation period, are asymptomatic and are within certain CT values.



● FEBRUARY



COVID vaccine made available to children 5-11 years old. Special paediatric clinics were held as well as rolled out within the schools.

● MARCH

HSA hosts 10th annual Women's Health Conference to focus on women's reproductive health.



2022 SNAPSHOT

● MARCH

New Pharmacy location opens at Smith Road Medical Centre. This location offers a new streamlined kiosk ticketing system and has provided a better experience for patients, with a large comfortable setting and reduced wait times.



HSA & Ministry of Health support Cayman's ARK in air transport of sick child.

● APRIL

New Urgent Care 'walk-in' Clinic opens at main hospital campus. This service provides more options for persons seeking urgent medical attention not requiring an emergency room visit. The new Urgent Care Clinic will allow the Accident & Emergency staff to dedicate more time and resources to true medical emergencies.

General Practice & Public Health Clinics relocate to their new 8,700 square foot location on the second floor of Smith Road Medical Centre. Phlebotomy services are also available in the clinic, providing a convenient location for patients to have lab work completed, with reduced wait times.



2022 SNAPSHOT

● MAY

Molecular Biology Lab opens to advance medical outcomes.

This Lab will significantly advance our focus on better detection and management of cancer related illnesses and notifiable diseases as defined by the World Health Organization. Once the diagnostic genome sequencing capability is fully established on-island, it will remove this access barrier, reduce cost, and promote better health outcomes.



Eight Caymanians with varying backgrounds were accepted in the EMT Training Programme

which is fully funded by HSA and participants will complete the programme as certified Emergency Medical Technicians (EMTs) to help save lives in the community.



New Urgent Care Clinic expands operating hours from 8pm to 11 pm.

This expansion offers more options for patients to seek medical care outside of the A&E setting, therefore reducing the throughput and waiting times at A&E.



● JUNE

HSA launches new MyHSA Cayman Patient Portal App.

The rebranded app offers secure access to health information and COVID-19 Vaccine QR code anytime, anywhere.



2022 SNAPSHOT

● JUNE

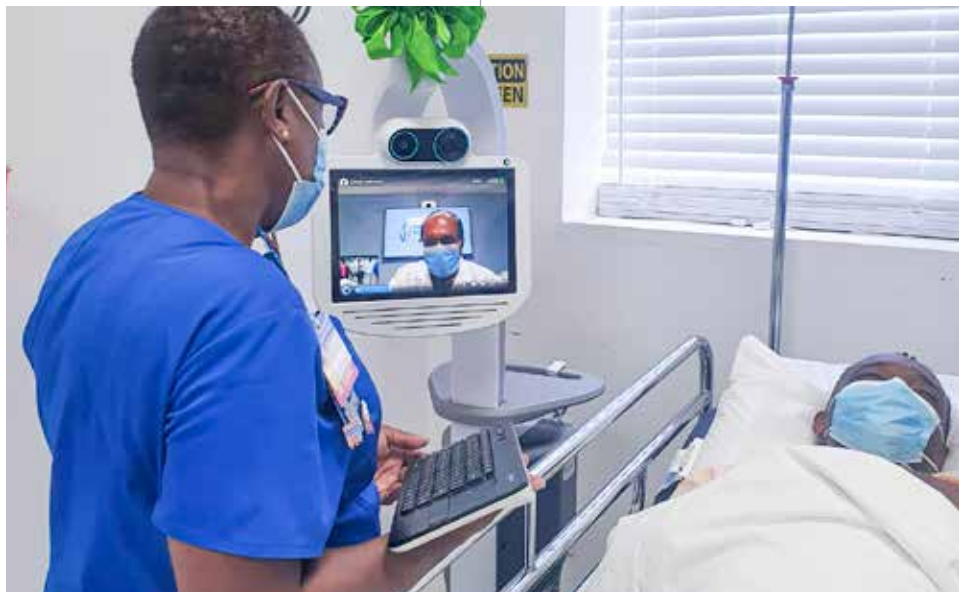
The Cardiology Clinic relocated to a new 3,900 square foot location on the 2nd floor of Smith Road Medical Centre. This clinic provides patients with a comfortable environment for consultation and diagnostic services with the latest state-of-the-art equipment. The department features additional clinical space to better serve patients.



HSA's International Training Centre relocated from its location at the Cayman Islands Hospital to the George Town Financial Centre. The new location provides hands-on training for HSA staff, community partners and first responders.

● JULY

Telemedicine expands to Little Cayman with a new robot offering remote medical consultations to people in Little Cayman. The Intouch Teladoc robot will give patients and staff of the Little Cayman Clinic the experience and familiarity of a face-to-face encounter with the HSA's remote physicians during initial exams, treatments and in post-procedural follow-ups. Through the interactive device, patients will be able to have more convenient and increased access to their physicians and allied health practitioners at the Faith Hospital and the Cayman Islands Hospital. It would also reduce the time and costs associated with patients travelling to Cayman Brac and Grand Cayman for elective and emergency consultations.



2022 SNAPSHOT

● JULY

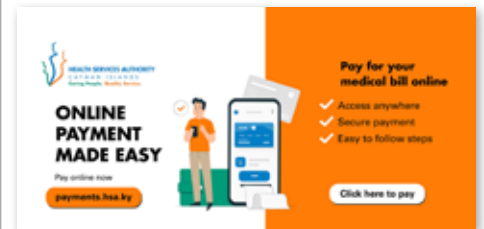
West Bay Clinic parking lot was repaved to improve the overall patient experience and provide a safer environment.



New Sports and Exercise Medicine Clinic opens on the 2nd floor at Smith Road Medical Centre. The clinic connects elite athletes or exercise enthusiasts with a team of experts specializing in the treatment and prevention of a wide range of sports-related injuries, from the neck to the ankle.

The A&E parking lot was repaved to improve the overall patient experience and provide a safer environment.

Launch of the new online payment system allowing patients to pay their medical bills online. The payment portal provides a convenient option for patients to make payments online instead of physically visiting the hospital campus.



The HSA acquired six additional ambulances, four of which arrived in September 2022. The new ambulances will expand the current fleet and improve emergency response times.



● AUGUST

Paediatric Clinic moves to new location on hospital campus. The larger space will afford the clinic to include on-site support services for our patients, such as nutrition consultation, speech therapy and exercise activities



● SEPTEMBER

The CayHealth Programme was expanded in 2022. This programme focuses on preventative care to improve population health outcomes, while also reducing the burden of managing chronic non-communicable diseases, hospital admissions, and the need for other costly health interventions. An additional 1,321 persons were added to the programme this year. These individuals are assigned a primary physician who develops individualized healthcare plans to manage their health, improve wellness, and promote positive health outcomes.

Emergency Medical Services (EMS) expands to new location on the main hospital campus. The new location provided more than double the space to facilitate daily administrative functions and respite for staff.

Completed installation of solar photovoltaic system, window replacement and completed LED conversion of lighting.

2022 SNAPSHOT

● SEPTEMBER

Completed successful upgrades to CERNER, health medical records software. The upgrade was completed by in-house Cerner trained IT staff.



■ OCTOBER

Moderna (bivalent) COVID-19 fall booster & seasonal flu vaccine campaign launched



Replaced Nursing Stations across main hospital campus improving the staff and patient experience and to raise the quality standards to ensure infection control measures are met.

● NOVEMBER

78 Caymanian high school and college students completed a competitive internship programme aimed at fostering and promoting future healthcare professionals by providing them with practical experience in the field. The HSA Summer Student Internship Programme took place from 1 June through September 2022 offering interns varying placement timeframes from 4 – 8 weeks and in departments across the organisation including information technology, pharmacy, molecular biology, materials management and others depending on area of interest.

Public Health launches online reporting for COVID-19 side effects (ESAVI Form).



A&E upgrades to the waiting area and consultation rooms continue to improve the staff and patient experience. Upgrades included new millwork, secure entrance doors to patient area, new consultation room doors and repainting.

● DECEMBER

Acquired two new apheresis machines that can harvest platelets used in the management of multiple medical conditions such as cancer, maternal haemorrhage and bleeding from traumatic injuries.



Operating Room & Central Sterile Room (CSR) expansion and renovation took place to make necessary changes to meet JCI standards, which will improve safety standards to protect staff and patients.

Implementation of full suite accounting (FUSION) software launched in Q4 2022. This software will allow automation of all areas of accounting including inventory and procurement. All purchase and inventory usage will be managed through this cloud-based system and eliminate some paper-based systems, allowing for better controls and efficiency.

2022 SNAPSHOT

● DECEMBER

Upgraded Waste-water treatment plant at main hospital campus

Facility updates at Lions Eye Clinic and Merrens Dental Clinic to enhance the patient experience, as the locations were becoming dated. These facilities were upgraded with new interior painting, new flooring, décor and furniture.





Outcomes & Achievements

As the Cayman Islands collectively began to emerge from one of the greatest health challenges of our lifetime, the HSA recognised that the global stage had been set for radical change in the healthcare system.

Seizing this opportunity, we refocused our resources and accelerated our efforts towards our strategic priorities, resulting in several achievements throughout 2022.



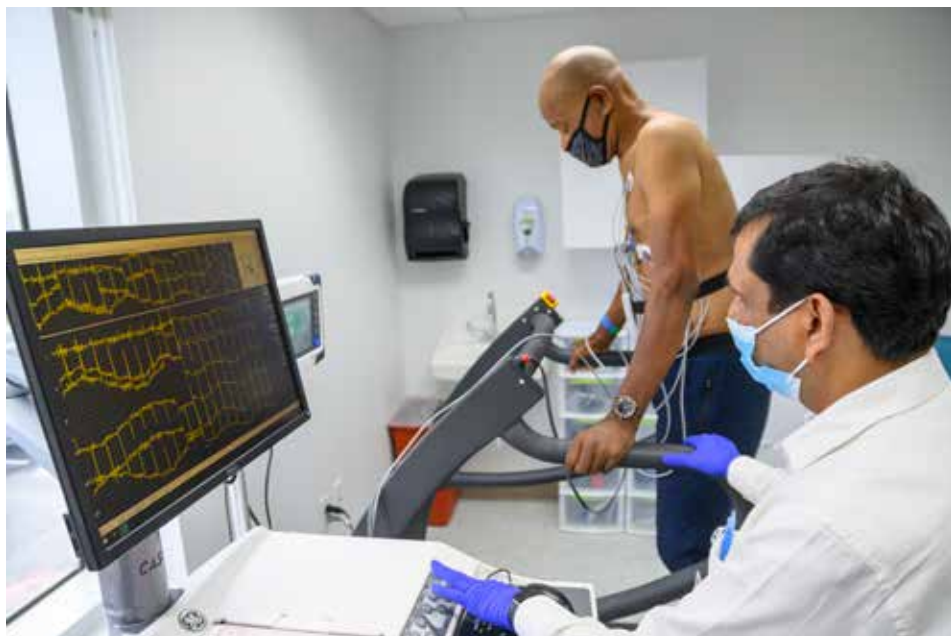
OUTCOMES & ACHIEVEMENTS

This was a year of expanding access, investing in our people, leveraging the power of partnerships, increasing efficiency through more streamlined processes and modern technology and improving quality through consistency, transparency and accountability.

Most notable among our many achievements this year is the expansion of our clinical and support services and the development of our infrastructure to facilitate more timely access to service. The COVID-19 pandemic amplified the importance of ensuring the medical care our community needs is accessible on-island.

As a result, the HSA dedicated expediting its five year \$60m capital development programme to invest in infrastructure renewal and expansion.

This includes the further development of the Smith Road Medical Centre to house several new clinics such as the new Cardiology, Pharmacy General Practice and Public Health. It also meant the introduction of new specialist services including Sport and Exercise Medicine and Neurosurgery, and expanded clinical capacity and



operating hours in specialist, dental and urgent care clinics. One of the direct clinical impacts of these changes is the reduction of wait times for specialist appointments from 60+ days previously, to approximately 15 days (about 2 weeks) now.

HSA also focused on reducing the barriers to access by expanding services in the districts with the facilities works for a new dialysis unit at the West Bay Clinic and the recruitment of more personnel to operate the non-emergency transport vehicle, which has significantly improved the experience of our dialysis patients with no access to transport. We also



OUTCOMES & ACHIEVEMENTS



invested in improved access to services for the Sister Islands with the expansion of our telehealth services via our partnership with the R3 Foundation.

Optimizing our partnerships to improve the delivery of care has been critical to many of our successful outcomes this year.

One of our most notable ongoing partnerships is with the Ministry of Health and Wellness as we join to carry out various initiatives including the national COVID-19 response. Together, we have successfully vaccinated more than 90% of the local population under

the COVID-19 vaccination programme, a success rate achieved by only five countries worldwide. This has improved disease outcomes, reduced mortality and prevented the local health system from becoming overrun during the height of the pandemic.

Our partnership with the ministry also led to the employment of an epidemiologist to develop a register to track incidences of chronic disease, improve health outcomes and reduce the cost of care.

Furthermore, funds contributed by the ministry will support recruitment of staffing for our new adolescent mental health hub, Alex's Place. The development of this new facility was also made possible due to several private-public partnerships including the Alex Panton Foundation, Maples Group and R3 foundation.

In addition to the direct benefits of acquiring new equipment to improve our services, joining with these organisations and various non-profit, charitable groups such as Jasmine, Cayman Islands Cancer Society (CICS) & Breast Cancer Foundation has also provided platforms to increase awareness of our services and specialties.

Over the last few years, we have seen our employees embody the spirit of courage, resilience, compassion, and teamwork as the pandemic further united us towards the common mission of providing the highest quality healthcare

and improving the well-being of people in the Cayman Islands. Their dedication reinforced that as we invest in our people at a national level, we must ensure simultaneous investment in our people at an organisational level.

To achieve this in 2022 we focused on recruitment, upskilling, rewards and benefits.



From realigning our salary structure and job positions with those of the Civil Service to introducing or reintroducing programmes including Long Service Awards and Staff Sports Day we pursued the revitalisation of staff morale after the previous challenging years. It was a testament to our efforts having achieved one of the lowest employee turnover rates this year (less than 1%) in the global healthcare industry, the Civil Service and all sectors of the local economy.

If we are to increase the scope and elevate the quality of our services,

OUTCOMES & ACHIEVEMENTS



OUTCOMES & ACHIEVEMENTS

it is paramount that our organisation is equipped with the human resources it needs to perform its daily activities seamlessly and that those individuals possess the talents and skills required for the jobs. Therefore, in addition to boosting recruitment efforts, we allocated more than \$1,000,000 to training and development, the largest single allocation since transitioning to an Authority. We also continued to support programmes and initiatives aimed at attracting more young Caymanians to the field including the University College of the Cayman Islands (UCCI) nursing programme and our Transition to Practice (TTP) Nursing Programme and our healthcare aide and internship programmes.

To advance the patient experience and the delivery of medical care at the HSA, we successfully streamlined many of our processes by leveraging technology.

For instance, the implementation of the full suite accounting software, FUSION, allows automation of all areas of accounting including inventory and procurement. All purchase and inventory

usage will be managed through this cloud-based system and eliminate some paper-based systems, allowing for better controls and efficiency. Also, the launch of the new online payment portal system conveniently allows patients to pay their medical bills online.

By installing equipment and other assets that are more energy-efficient and support environmental sustainability, we have potentially achieved more than \$1m in annual saving in utility and operational costs.

A \$18m capital spend funded significant upgrades and acquisition of new medical technology to introduce new services and advance the delivery of patient care, clinical diagnosis and patient outcomes. One such lifesaving new service is blood platelet harvesting made possible with the procurement of two apheresis machines.

We were able to further invest in clinical expansion, infrastructural development and technological advancement due to a strong revenue performance in 2022. We obtained a clean audit for 4 consecutive years and met our financial targets, in the face of extraordinary challenges such as shortages across the supply chain and changing health care market demographics and trends. We were able to contain spending to 6% above the 2021 outturn and continue to

work with the Office of the Auditor General and the Internal Audit team to strengthen internal controls and improve compliance.

We have made considerable progress in our journey to Joint Commission International (JCI) accreditation by preparing staff, policies, procedures and facilities and focusing on SIM: Safe Quality Care, Infection Control and Medication Management. As we work towards this achievement, with the good governance and strong leadership of the Board and Senior Management Team and a committed and hard-working staff, the quality of healthcare delivery at the HSA continues to improve.

OUR **STRATEGIC** PRIORITIES

01

Improve the patient and staff experience

02

Expand HSA's clinical capabilities and **optimise** core services

03

Talent Attraction & Retention

04

Develop & expand current infrastructure

05

Leverage technology to improve access to and delivery of care

Improve the patient and staff experience

Elevating the positive experience of our patients and our staff is at the heart of what we do at the HSA.

We need talented, engaged and motivated staff to help patients navigate our wide array of clinical options and improve overall customer service. Likewise, satisfied patients are necessary to maintain our position as the premier healthcare provider in the Cayman Islands.

This year to improve patient and staff loyalty and satisfaction we have fundamentally **enhanced our facilities, expanded our services and implemented various programmes and initiatives.**





Urgent Care Clinic

85.9% of patients have scored their experience via NRC real-time survey as being satisfied or very satisfied.

Among these enhancements are renovations and upgrades to the main hospital campus including installation of new lighting, in-patient medical ward rooms flooring and cabinetry and repainting of interior walls. Nurses' stations in every in-patient ward were also replaced to improve the staff working environment and raise the quality standards to ensure infection control measures are met.

To reduce the burden on Accident & Emergency for non-emergent care we have opened the new Urgent Care Clinic, a dedicated space on the main campus with additional staff and longer operating hours. This service is also beneficial to staff who have improved access through a dedicated physician assigned daily in the clinic to provide them with immediate care.

Implementation of visitor check-in and badges distributed at the Information Desk in the Atrium now allows the number of visitors per patient to be managed and improves the safety and security of our patients and staff.

The Smith Road Medical Centre was



Nurses' stations in every in-patient ward were replaced

further developed providing increased options, access, a more comfortable setting and reduced wait times for many of our outpatient services. It also offers a more streamlined process for users of pharmacy service through a new kiosk system. The overall result of these physical changes is a more welcoming and aesthetically pleasing environment

for our staff and patients.

We have implemented new patient billing statements which provide patients with a snapshot of their services rendered along with any outstanding balance. Patients also have the convenience of paying online with the new online payment portal, eliminating the need for them to pay over the phone or in person.

Dialysis patients have significantly benefitted from our addition of a non-emergency transport vehicle. Many of these patients are bed-bound or may not have a ride to the hospital, therefore they are reliant on our EMS team to provide transport via ambulance. This resulted in patients waiting extended periods for pick-up or drop-off after treatment, since emergency cases received first priority. The new dialysis transport service has not only improved the patient experience but has also generated five new positions within the organisation.

We have further invested in the delivery of a patient centered care system, which means greater inclusion of families in our patients' care and recovery process. This also involves the

recruitment of additional patient services staff and a dedicated 24-hour hotline to assist with health-related questions, offer guidance in accessing services at the HSA, address concerns and provide round-the-clock support to patients.

We launched a Patient Rights & Responsibilities education campaign throughout the organisation. This includes the development of new printed collateral to share with all patients at the point of registration. This was also shared on our televisions throughout the main hospital campus and posted to our website. The Patient Experience Team members also visited various departments regularly to educate patients about their rights and responsibilities.

85.9% of patients have scored their experience via NRC real-time survey as being satisfied or very satisfied. 34,037 surveys were completed either via telephone or online in 2022. All service alerts including complaints are addressed and closed by the Patient Experience Team or individual section managers within 30 days or less.

New automatic coffee machines were installed in A&E and Urgent Care waiting rooms to provide patients with beverage options with plans to expand this courtesy to other departments throughout 2023.

JCI JOURNEY

Our journey to Joint Commission International (JCI) Accreditation continues making great progress in preparing our staff, policies, procedures and facilities for accreditation. As we work towards this achievement, our JCI focus is **SIM: Safe Quality Care, Infection Control and Medication Management.**

Safe Quality Care

- Ensuring a safe work environment for our staff, patients, visitors and contractors
- Major emphasis placed on standardisation of care and delivering evidence-based practice
- Daily huddle updates with section managers, JCI Champions and senior managers
- Major emphasis placed on educating and monitoring the International Patient & Safety Goals (IPSGs).
 - Identify Patient Correctly
 - Effective Communication
 - Improve Safety of High Alert Medications
- Ensure Safe Surgery
- Reduce the Risk of Health Care-Associated Infections
- Reduce the Risk of Patient Harm Resulting from Falls

Infection Control

- Redesigning and remodeling of our Operating Rooms and Central Sterile Room (CSR) to ensure optimal best practice for

clean/dirty flow

- A complete replacement of all old nurse's stations throughout the inpatient units
- Established Antimicrobial Stewardship Programme
- Established comprehensive organisational wide hand hygiene programme

Medication Management (SIM)

- Pilot Phase of medication reconciliation process completed with full roll-out in progress
- Mandatory Medication Error training for all Nurses
- Barcode scanning implemented for safe administration of medication

Key Performance Indicators (KPIs) have been set throughout the organisation and within individual departments. These are tracked and monitored daily and compared to international benchmarks.

JCI 'Champions' have also been designated throughout the organisation who act as ambassadors for accreditation, assist in educating staff and ensuring compliance.

Expand HSA's clinical capabilities and optimise core services

HSA offers the most comprehensive healthcare in the Cayman Islands, with over fifty core services.

We continue to optimise these services and expand our clinical options to align with the growth of our population and its needs. This aims to increase HSA's market share and revenue, improve patient outcomes and support our community's health. In 2022 we made great strides to further augment our clinical capabilities.

With an ageing yet active population and a thriving sports community, Cayman is likely to experience an increase in sports and activity-related injuries. To ensure that people remain active through prevention or timely recovery from injuries, a new Sports & Exercise Medicine Clinic was launched at the Smith Road Medical Centre. The clinic provides holistic customised care to address patients' unique concerns, such as injury prevention and appropriate nutrition. It also provides diagnostic and

treatment services for injuries including tendonitis, tennis elbow, golfers elbow, arthritis, knee bursitis, rotator cuff tears, ligament tears (ACL, PCL), Achilles tendon tear, ankle instability and a range of fractures, sprains, and strains.

Access to care is critical for dialysis patients to achieve optimal health outcomes. Delays in treatment can result in irreversible disease progression and may exacerbate the cost of care for both the patient and the health system. This year we worked to expand our dialysis offerings through the establishment of dialysis facilities at the West Bay Clinic. These two additional dialysis chairs will be fully operational in Q1 2023.

We acquired six (6) new ambulances to improve the Emergency Medical Service fleet efficiency, reliability and response times. Having



New Ambulances to improve the Emergency Medical Service fleet

received almost 11,000 calls for service in 2022 (6692 were 911 calls and 3836 were non-emergency calls) coupled with a growing population, it is essential to build the capacity to meet the needs of our patients. An agreement was also formed with the Church of God Chapel for the location of a new Bodden Town EMS Station.

As people continue to live longer, there is an increasing need to help the elderly manage their overall health and well-being and maintain their independence for as long as possible. According to the 2021 census, 7.9% of the population (5,602) is 65 years and older. This is a 2.5% increase compared to the 2010 Census where this same age group accounted for 5.4% (2,985). This

year, two physicians gained certification in geriatric medicine, expanding our cadre of clinical services and responding to the needs of our eldest community members.

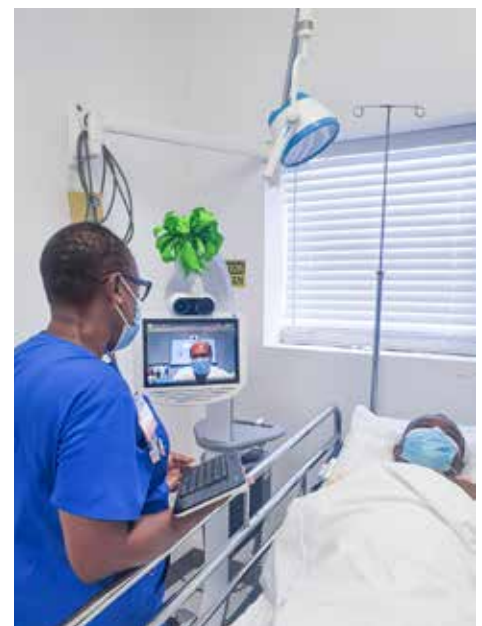
The addition of neurosurgery to our extensive and continuously developing list of specialist services is a benefit to our patients and the Cayman community who can get the treatment they need here on island rather than having to be referred overseas.

Additional initiatives that progressed during the year to improve access to care and services include:

- Expanded pharmacy with an additional location at Smith Road Medical Centre, providing more

square footage for staff and patients. The main hospital pharmacy continues to provide services on campus for inpatient and outpatient clinics.

- Expanded operating hours at Specialist Clinic including weekends and after hours.
- Expanded Urgent Care services (previously called Acute Care Clinic, shared with General Practice) with a dedicated space on the main campus with additional staff and longer operating hours, thereby reducing the burden on Accident and Emergency for non-emergent care.
- Relocated Cardiology Clinic to a new, larger location on the 2nd floor of the Smith Road Medical Centre. This clinic provides patients with a comfortable environment for consultation and diagnostic services with the latest state-of-the-art equipment. The department features additional clinical space to better serve patients with additional cardiologists recruited.
- Established the country's first Molecular Biology Laboratory significantly advancing our focus on better detection and management of cancer-related illnesses and other notifiable diseases as defined by the World Health Organization.
- Invested in telehealth services in the Sister Islands.



Public Health Highlights

Public Health has been at the forefront throughout the COVID-19 pandemic. Although there has been a decrease in the prevalence of the virus locally, the Public Health team remains very active in their monitoring and response through the drive-through PCR confirmation testing and vaccination community outreach.

As of December 31, 2022, over 93% of the total eligible Cayman population (60,589 persons aged 5 and over) have received the primary course 1 and 2 of the COVID-19 vaccine. This is a success rate achieved by only five countries worldwide. 39% of the total population have also received a booster which further offers protection against the virus.

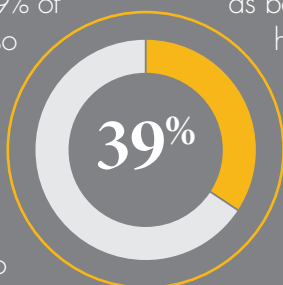
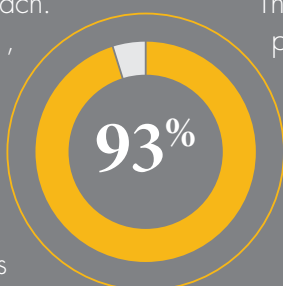
In 2022 Cayman's borders were fully opened for the first time in over two years allowing persons to travel freely. However, it also meant increased physical interactions which resulted in an active flu season. Public Health provided their annual flu shot at the HSA clinics as well as through workplaces and community outreach, providing 3,750 flu vaccines from October to December.

Public Health also partnered with the Ministry of Health in the recruitment and onboarding of an epidemiologist to develop a register to track incidences of chronic disease, improve health outcomes and reduce the cost of care.

They also expanded screening programmes achieving key performance targets established with the Ministry of Health in the annual outputs and performance agreement and met crucial international benchmarks for measurable population health indicators.

They expanded the CayHealth programme in 2022 with the addition of 1,321 new clients. CayHealth serves the most vulnerable persons in the community through a specialised benefit medical insurance. This expansion now includes all recipients identified as being eligible to receive such healthcare benefits.

The CayHealth programme is designed to ensure continuity of care by pairing individuals with an assigned general practitioner as their primary care physician, which provides the patient consistency in care. Persons within the programme can access care at the health centre located in their district of residence and will be assisted with any referrals they may need for specialist care. This programme further advances our goal of reducing the burden of chronic non-communicable disease and the associated cost of secondary healthcare while improving population health, particularly among vulnerable groups.



Talent Attraction & Retention

As one of the largest employers in the Cayman Islands with almost 1,100 staff, we aim to be an employer of choice while recruiting the best talent locally and internationally, as well as retaining our most valuable asset - our staff.

This year we completed the alignment of salary structure with the Civil Service and realigned positions and compensation through a rationalization programme during the year, improving our market competitiveness and ability to attract and retain employees. This included the transition to a full pension contribution of 12% of the employee's salary.

A succession plan was developed and piloted to prepare Caymanians to assume key leadership positions by providing the training and development opportunities they need to ensure a smooth transition into these critical roles.

Several department relocations and infrastructure changes were made to improve our staff working environment, including new office accommodations for Finance and Procurement, our radiologists, EMS and A&E. Additionally, clinical workstations in all inpatient units were replaced.

Throughout the year we strengthened our employee recognition, rewards and engagement programmes with the relaunch of our Long Service Awards and Staff Sports Day. Sports Day activities spread over a two-week period culminating with the main sporting events in Grand Cayman and Cayman Brac. Close to 300 staff participated throughout the event, building comradery and boosting staff morale.

The mental well-being of our staff is a priority and in 2022 we provided a new opportunity for team members to use Employee Assistance Programme (EAP) services free of charge. The EAP provides confidential counselling and support services for HSA employees, significant others and their dependent children.

We are proud to have achieved one of the lowest employee turnover rates this year (less than 1%) in the global healthcare industry, the Civil Service and all sectors of the local economy.

**If you are
determined
and focused
on your
goals you
can
achieve
them.**

Dr. Thammy Powery
Dentist



Training & Development

More than \$1,000,000 was allocated in the training and development budget to fund various staff training and professional development opportunities, the largest single allocation since transitioning to an Authority.

Increased opportunities for in-house training with two dedicated training centres were established to facilitate clinical and non-clinical staff training programmes. Training facilities are located at the main hospital campus and the George Town Financial Centre.

With a global nursing shortage, it is important that we promote the nursing profession and attract young Caymanians to enter the field. We continue to strengthen our partnership with the University College of the Cayman Islands (UCCI) to develop a local nursing workforce to support our healthcare system.

Our Transition to Practice (TTP) Nursing Programme, now in its fifth year, accepted six new RNs into the programme, a larger cohort than in previous years. This programme provides local nursing graduates with the skill-building experience that facilitates their transition to full Registered Nurse (RN) practice. Each participant gains experience working with patients under the supervision of experienced RN Preceptors. Participants also rotate to various speciality areas in the hospital

for more in-depth knowledge of the healthcare system and to explore career interests.

Other training & development achievements:

- Over 1,600 staff Health and Safety Training sessions were completed. This includes fire training, disaster preparedness, office ergonomics, etc.
- Over 1,000 Infection Control Training sessions completed. This includes blood and body fluids precautions, donning and doffing of personal protective equipment (PPE), hand hygiene, safe infection control practices, etc.
- Four (4) medical doctors (MBBS) completed their first year of medical internship rotation throughout the HSA in general surgery/orthopaedics, paediatrics, OBGYN and internal medicine. Two (2) are currently completing their second year of the programme at the University of the West Indies in Jamaica.
- 25 staff members have been trained as Healthcare Aides, providing new skill sets and upward mobility in the organisation.
- 78 Caymanian high school and college students completed

a competitive summer student internship programme aimed at fostering and promoting future healthcare professionals by providing them with practical experience in the field.

- 478 in-house training sessions conducted for Basic Life Support (BLS), Advanced Cardiac Life Support (ACLS), Paediatric Advanced Life Support (PALS), Neonatal Resuscitation and Heartsaver CPR.
- Eight (8) Caymanians completed our fully funded Emergency Medical Technician (EMT) Training programme. The EMS entry-level education programme provides training opportunities through an accredited process.
- LinkedIn Learning is now available for free to all HSA staff who want to use this online learning platform. It offers unlimited access to over 16,000+ online courses and self-paced learning with expert instructors.



Above left - Interns in Pharmacy
 Above right - EMS training
 Middle left - Operating Room training
 Middle right - Interns in lab
 Bottom - Long Service Awardees

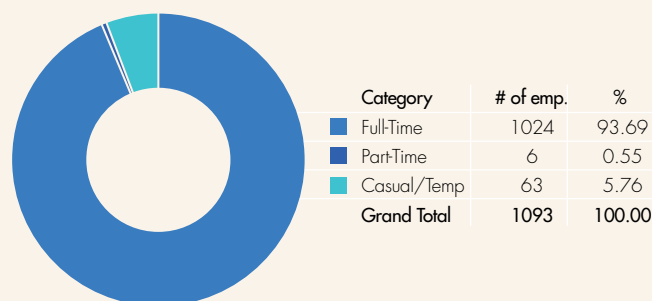


Once
you have
experienced
excellence
you will
never
again be
content with
mediocrity.

2022 Our People at a glance

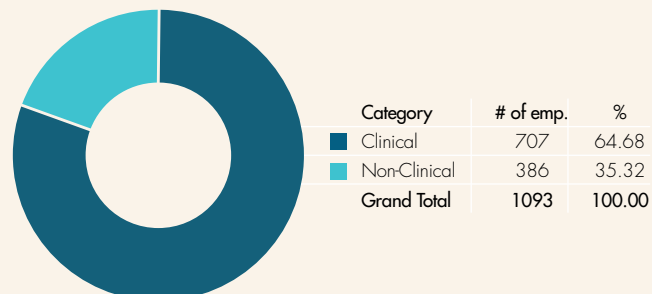
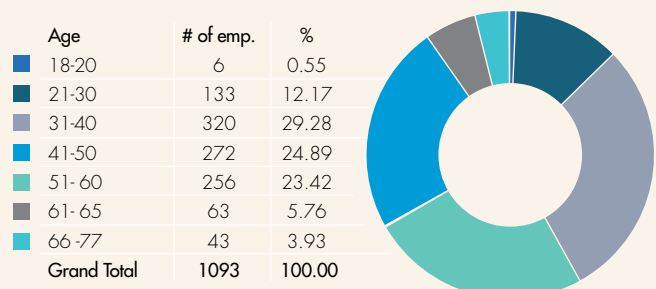
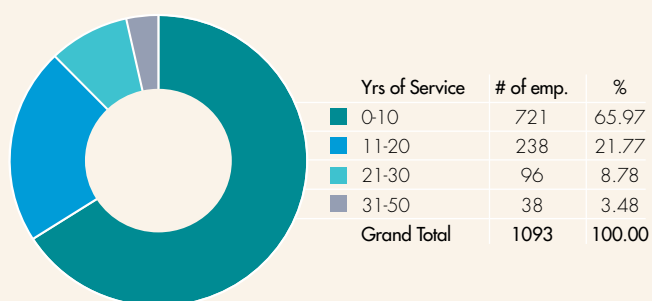
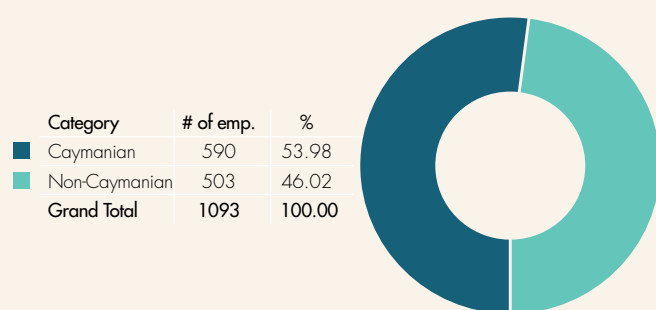
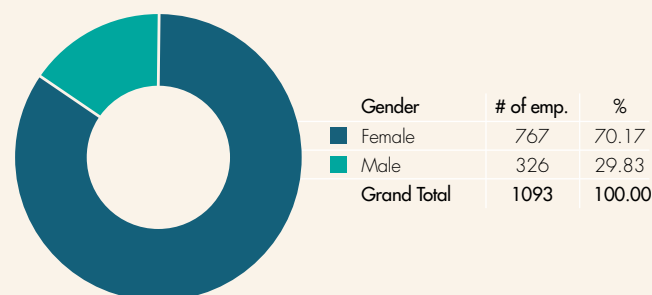
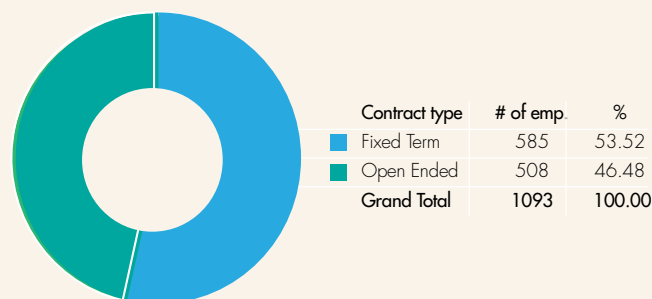
STATISTICS AT 31 DECEMBER 2022

Diversity is an important element of our organization's success. We believe workplace diversity will benefit both the people who work in our organization as well as the organization itself, and our diversity better reflects our market, ensuring that we remain accessible and relatable at all times.



Nationalities	# of emp.	%
Caymanian	590	53.98
Jamaican	226	20.68
Indian	64	5.86
British	54	4.94
Filipino	29	2.65
Canadian	17	1.56
Saint Lucian	12	1.10
American	11	1.01
South African	11	1.01
Guyanese	8	0.73
Trinidadian	7	0.64
Barbadian	6	0.55
Cuban	6	0.55
Honduran	6	0.55
Irish	6	0.55
Nigerian	4	0.37
Pole	4	0.37
Finnish	3	0.27
Romanian	3	0.27

Nationalities	# of emp.	%
Bahamian	2	0.18
Dominican (Dominica)	2	0.18
German	2	0.18
Italian	2	0.18
Mauritian	2	0.18
New Zealander	2	0.18
Saint Vincentian	2	0.18
Spaniard	2	0.18
Argentinian	1	0.09
Danish	1	0.09
Haitian	1	0.09
Hungarian	1	0.09
Kenyan	1	0.09
Myanmar	1	0.09
Namibian	1	0.09
Nepalese	1	0.09
Nicaraguan	1	0.09
Zimbabwean	1	0.09
Grand Total	1093	100.00



Develop & expand current infrastructure

With the challenges of climate change, the increasing risk of natural disasters and the growing emergence of global public health threats, our healthcare infrastructure must remain robust, safe, and resilient to ensure continuity of our critical healthcare infrastructure under various conditions.

Maintaining access to timely affordable care also requires adequate infrastructure to enable a rate of throughput that meets first world expectations.

The HSA has embarked on a five year \$60m capital development programme to invest in infrastructure renewal and expansion to meet those needs.

\$17m was allocated in the capital budget this year to fund approximately 60 facility projects focused on meeting the current needs and projected growth in patient volumes while being

environmentally responsible. Several of the initiatives were also expected to deliver cost efficiency and cumulatively yield more than \$1m in annual savings in utility and operational costs.

The Health Services Authority continues to support the policy priorities of the Government as they relate to the healthcare sector. The investments made in 2022 are already providing significant dividends and will continue to do so for the foreseeable future.

Expand clinical services and optimize revenue growth opportunities

- Completion of Smith Road Medical Centre fit-out of the second floor, including the new Sports and Exercise Medicine Clinic
- Expansion of Pharmacy and Phlebotomy
- Relocation of General Practice, Public Health and Cardiology Clinics
- Relocation of Molecular Biology Team to a dedicated area on the main hospital campus
- Completion of Alex's Place - the Adolescent Mental Health Hub
- Completion of Executive Medical Clinic
- Conversion of old Specialist Clinic on the main hospital campus to Urgent Care Clinic with additional consult and treatment rooms
- Expansion of Orthopaedics with additional consultation rooms
- Upgrades to Merren's Dental Clinic and Lion's Eye Clinic, including repainting interior, upgrading waiting room flooring, décor and furniture
- Relocation of various internal departments to satellite locations including the International Training Centre at George Town Financial and Finance and Procurement to Bay Town House
- Relocation of Paediatric outpatient to the Women's Health Building with additional consult and treatment rooms
- Expansion of Women's Health with additional patient rooms
- Expansion of Chemotherapy with new waiting area and two consultation rooms
- Expansion of EMS to new location on the main hospital campus with double the space to facilitate daily administrative functions and respite for staff
- Repaving of various parking lots at main hospital campus, Mental Health Day Centre and West Bay Clinic
- Financing framework agreement with the Credit Union for construction of a purpose-built facility to expand clinical services



Improve patient safety and quality

- Upgrades to Accident and Emergency including new millwork, staff lounge, consultation room doors, repainting and secure entrance doors to patient area
- Expansion and renovation of the Operating Room and Central Sterile Room with necessary changes to improve safety and infection control standards and protect staff and patients
- Replacement of inpatient Mental Health fencing that is anti-climb and anti-ligature to prevent escape and injury



Deliver cost efficiency and environmental sustainability

- Replacement of aging windows across the facility with more energy-efficient, hurricane rated thermal windows
- Installation of a 200kW solar photovoltaic system
- Acquisition & replacement of four modern technologically advanced chillers
- Replacement of wastewater treatment plant
- Replacement of all lighting to LED
- Introduction of a hospital-wide recycling programme
- Installation of medical grade oxygen generator



Leverage technology to improve access to and delivery of care

The HSA implemented the largest ever capital budget since its transition to an Authority with an \$18m capital spend approved in 2022.

This funded significant upgrades and acquisition of new medical technology to introduce new services and advance the delivery of patient care, clinical diagnosis and patient outcomes.

The operational safety and reliability of HSA's clinical equipment was enhanced through the engagement of a biomedical company which provided equipment maintenance, repair and reliability services, while meeting key JCI indicators.



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- Step 2** Enter your details
- Step 3** Confirm and Pay

You can also scan this QR code to pay your medical bill online.

Where to find your Statement Number?

New Statement

Old Statement

For more information, contact Patient Financial Services
PFS.Services@hsa.ky or 1(345) 244-7506
or visit www.hsa.ky/how-to-make-a-payment

Telemedicine service was expanded to the Sister Islands, improving the timeliness of care in critical situations for the country's most remote communities. A telemedicine robot was acquired through partnership with the R3 Foundation allowing people in Little Cayman increased and more convenient access to their physicians and allied health practitioners at the Faith Hospital and the Cayman Islands Hospital via virtual consultations. It also reduces the time and costs associated with patients travelling to Cayman Brac and Grand Cayman for elective and emergency consultations.

The HSA re-launched its patient

portal through the MyHSA Cayman App, formerly the Healthelife app. The MyHSA Cayman app offers secure access to health information, including immunisation history, test results and COVID-19 Vaccine QR code anytime, anywhere.

HSA's in-house Cerner trained IT staff successfully completed upgrades to the medical records software ensuring the maintenance of digital safety, efficiency and cyber security. The IT team also expanded AD Self-Service plus to a mobile app, which was rolled out to physicians with privileges. The service allows staff to reset a forgotten password

Forgot your computer log-in password?

Never get locked out of your computer again

HSA Password Reset
Ad Self-Service Plus

NOW IN MOBILE APP!

Download the app

and unlock account without having to contact IT help desk.

The HSA also acquired Abbott's Alinity, the latest in innovative diagnostics technology that improves accuracy and speed of test result delivery and enhances capabilities and efficiency in the laboratory. This suite of advanced laboratory systems ensures the Authority's ability to keep up with the growing demand of laboratory tests while maintaining the accuracy needed for HSA's physicians to make timely decisions about their patients' health.



Sister Islands Health Services

Improving access to care and services in Cayman Brac and Little Cayman remains a top priority.

Plans are progressing for expansion of the Emergency Room at the Faith Hospital and the addition of a new diagnostic imaging centre. In Little Cayman a generator is being acquired to ensure continuity of service in the event of power interruptions from the current grid. Additionally, property is being leased on Cayman Brac for expansion of specialist services to the residents of both Cayman Brac and Little Cayman.

As the primary healthcare provider in the Sister Islands, Faith Hospital in Cayman Brac has moved forward many initiatives and facility updates to improve the overall experience for patients and staff members. Beautification of the facility made great progress this year including interior painting, floor repairs & refinishing and conversion to LED lighting.

Access to healthcare is imperative and we are always looking for ways to better this. Physical access was improved with the addition of a new entrance ramp into Faith Hospital, new parking lot closer to Dental & Behavioural Health and wider doorways to clinical offices, allowing persons with mobility issues to better access our services.

Access to clinical services was also expanded with the addition of a full-time clinical psychologist. Previously, persons with acute mental health needs had to wait for a visiting psychologist to come from Grand Cayman, which could result in deterioration of someone's mental health, as these services often should not wait in order to seek help. A new Community Health Nurse was also added to the team to provide home care visits and to assist the Public Health Nurse.

First Responders on the EMS team in Cayman Brac are now equipped with tablets in the ambulance which provides direct access to Cerner, allowing them to access patient's electronic medical record and conducted real-time reporting and documentation. Having access to patient information while in the field increases the chance of better outcomes by having important information at your fingertips.

Little Cayman Clinic is now equipped with a Telemedicine robot which allows patients to



have face-to-face encounters with the HSA's remote physicians during initial exams, treatments and in post-procedural follow-ups. This addition offers patients the convenience of having consultations with off-island physicians resulting in cost savings in relation to travel and provides better access to timely care, specifically in an emergency.

Additional upgrades in the Sister Islands includes:

- Conference room upgrades
- New wheelchair storage area
- Procurement of new laundry equipment and food storage appliances
- Little Cayman Clinic additional storage & generator



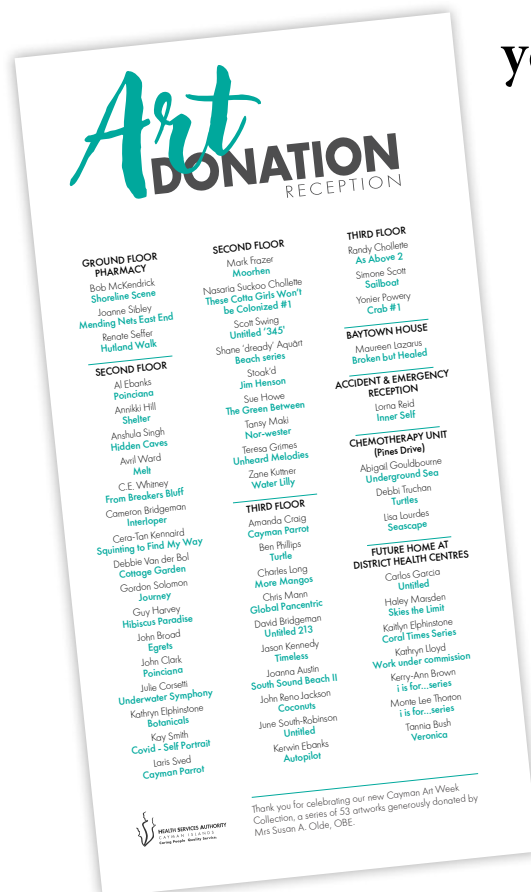
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Building partnerships with the right group can have an incredible impact on your business success.

– Lizzette Yearwood

Community Events

The year 2022 has been a productive year for the HSA as it hosted headlining events, opening of new clinic locations, CME opportunities, and actively participated in many external activities.



COMMUNITY EVENTS

In February, HSA continued its sponsorship in the **5th Annual Alex Panton Foundation Youth Mental Health Symposium** and featured Youth Counselor and HSA Behavioural Health Aide Mario Garraway as a speaker.

Celebrating its 10th anniversary, the HSA Women's Health Department organised the **Women's Health Conference** hosted at the Marriott with the theme 'Head to toe impact of women's reproductive health' in March. The event attracted 200 people and had sponsorship support from the private sector.

The grand opening of new clinic locations was held in April featuring the **expansion of the HSA Pharmacy, General Practice & Public Health at Smith Road Medical Centre.**

The 12th Annual Cayman Islands **Healthcare Conference** took place at the Ritz Carlton and HSA continues to be a premium sponsor and organisers of the event along with the Ministry of Health. This year, four HSA representatives presented in the conference including Dr Delroy Jefferson, Dr Courtney Cummings, Dr Lundie Richards, and Jonathan Smellie.

To rally camaraderie and foster teamwork in the organization, the HSA organised a **five-day sports day event** in October. The staff were divided into five teams following the HSA core values: Respect, Responsibility, Integrity, Caring and Excellence. Likewise, the HSA also

held a **weekend sports day** for the Sister Islands.

HSA joined the 2nd Annual **Wellness Week** held at Cricket Square featuring our doctors and staff from Psychiatric and Behavioural Health Department, Therapy Services, and Nutritionists.

During the Diabetes Awareness month in November, the HSA organised '**Let's Talk about Diabetes**' event held at Hibiscus Conference Room which featured presentations and offered free health checkups like glucose testing, HbA1c and among others.

HSA also participated in this year's Jasmine event, the **Caribbean Palliative Care Conference.**

Different **career fair expos** including John Gray High School, Clifton Hunter High School, Chamber of Commerce, and the Cayman Islands Further Education Centre, presenting the different healthcare career opportunities offered by the organization.

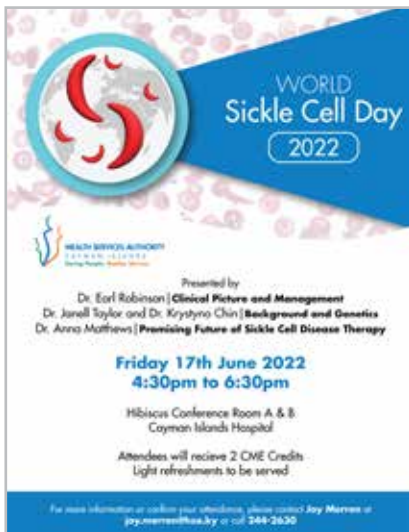
Every Monday the HSA hosts a free **ParentCraft class** for expectant mothers and partners. It is an eight-week series with different topics covered each week. In 2022, 120 persons were trained for Infant CPR as part of the course.

Wrapping up this year's calendar of events, HSA sponsored a **water stop** at the Cayman Islands **Walkers Marathon.** Staff volunteers dressed up in boots and hats as HSA featured a country theme for this year.

CME EVENTS

The HSA hosted Continuing Medical Education (CME) events in 2022. Among these CMEs are:

- Acute Hepatitis in Children
- Update in Management of Acute Ischemic Strokes
- Being Good Stewards in Managing Bad Bugs
- Key Updates in Clinical Cardiology
- Haematology Emergencies
- Anaesthesia Department & Operating Room Drills: Code Blue, OR Fire Drill, Malignant Hyperthermia
- Autism Spectrum Disorder - A Multidisciplinary Approach
- Sickle Cell Day
- COPD Current Guidelines
- Nurse Burnout: Causes, Symptoms & Prevention
- CT Pulmonary Angiogram in the era of COVID-19, optimizing of protocol & image quality
- Advances in Health Care for a Better Tomorrow (Kingston Jamaica): Cases in Neurology; Therapeutic Endoscopy; Antimicrobial Stewardship; Clinical Problems in Cardiology; Uterine Artery Embolization



WORLD Sickle Cell Day 2022

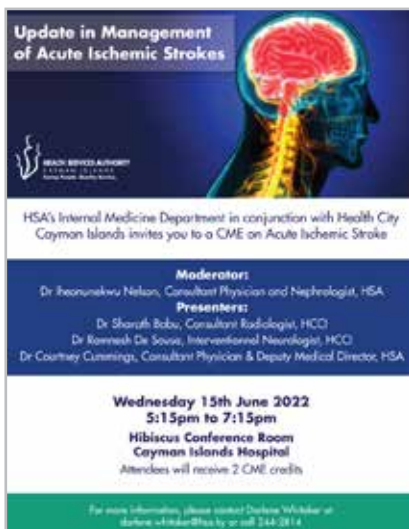
Presented by
Dr. Earl Robinson | Clinical Picture and Management
Dr. Janell Taylor and Dr. Krystina Chin | Background and Genetics
Dr. Anna Matthews | Promising Future of Sickle Cell Disease Therapy

**Friday 17th June 2022
4:30pm to 6:30pm**

Hibiscus Conference Room A & B
Cayman Islands Hospital

Attendees will receive 2 CME Credits
Light refreshments to be served

For more information or to confirm your attendance, please contact Joy Murray at jay.murray@hsa.ky or call 244-2630



Update in Management of Acute Ischemic Strokes

HSA's Internal Medicine Department in conjunction with Health City Cayman Islands invites you to a CME on Acute Ischemic Stroke

Moderators:
Dr. Theonawaku Nelson, Consultant Physician and Nephrologist, HSA

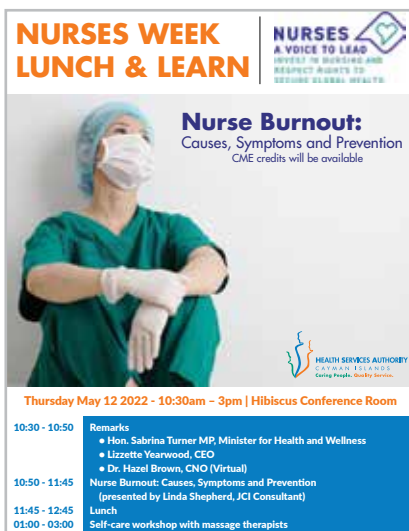
Presenters:
Dr. Shazafi Babu, Consultant Radiologist, HCO
Dr. Ramesh De Souza, Interventional Neurologist, HCO
Dr. Courtney Cummings, Consultant Physician & Deputy Medical Director, HSA

**Wednesday 15th June 2022
5:15pm to 7:15pm**

Hibiscus Conference Room
Cayman Islands Hospital

Attendees will receive 2 CME credits

For more information, please contact Darlene Whitaker at darlene.whitaker@hsa.ky or call 244-2814



NURSES WEEK LUNCH & LEARN

NURSES A VOICE TO LEAD
IMPROVE THE BUSINESS AND RESPECT RIGHTS TO BETTER GLOBAL HEALTH

Nurse Burnout: Causes, Symptoms and Prevention
CME credits will be available

Thursday May 12 2022 - 10:30am - 3pm | Hibiscus Conference Room

Time	Remarks
10:30 - 10:50	- Hon. Sabrina Turner MP, Minister for Health and Wellness - Lizette Yearwood, CEO - Dr. Hazel Brown, CNO (Virtual)
10:50 - 11:45	Nurse Burnout: Causes, Symptoms and Prevention (presented by Linda Shepherd, JCI Consultant)
11:45 - 12:45	Lunch
01:00 - 03:00	Self-care workshop with massage therapists



THE ONCOLOGY AND HAEMATOLOGY UNIT

**Thursday 24 November 2022
5:00 P.M. - 7:00 P.M.**

Hibiscus Conference Rooms
Cayman Islands Hospital

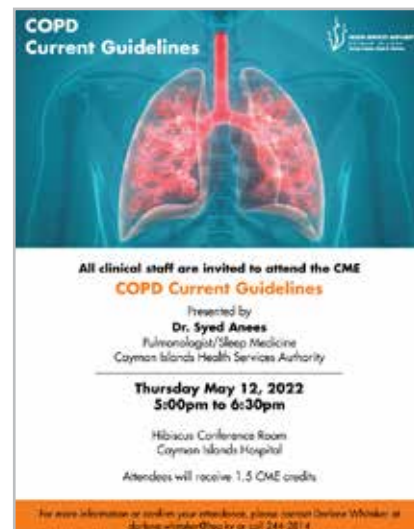
Participants will receive 2 CME credits

HAEMATOLOGICAL EMERGENCIES: The bleeding patient

PRESENTS
Dr. Courtney Cummings, Deputy Medical Director

MODERATOR
Dr. Courtney Cummings, Deputy Medical Director

PRESENTATION TOPICS
She was bruised all over
- Dr. Carmen Martinez, Consultant in Family Medicine
That child with fever who's about to bleed!
- Dr. Linden Swan, Paediatrician
The Bleeding Gynae patient - Things are not always what they seem to be
- Dr. Rhonda Reeves, OBGYN
When it rains, it pours - Management of massive hemorrhage and massive transfusion
- Dr. Carl Brown, Anaesthetist
Haemostasis and Thrombosis - Pathophysiology
- Dr. Lunde Richards, Oncologist-Haematologist



COPD Current Guidelines

All clinical staff are invited to attend the CME

COPD Current Guidelines

Presented by
Dr. Syed Anees
Pulmonologist/Sleep Medicine
Cayman Islands Health Services Authority

**Thursday May 12, 2022
5:00pm to 6:30pm**

Hibiscus Conference Room
Cayman Islands Hospital

Attendees will receive 1.5 CME credits

For more information or to confirm your attendance, please contact Darlene Whitaker at darlene.whitaker@hsa.ky or call 244-2814



THE DEPARTMENT OF BEHAVIOURAL HEALTH

AUTISM SPECTRUM DISORDER ~ A Multidisciplinary Approach

**Wednesday 12th October 2022
1:00 PM - 5:00 PM**

Hibiscus Conference Rooms
Cayman Islands Hospital

CERTIFICATE OF PARTICIPATION
Please check the sessions viewed in full:

☐ **First Session (2 CME credits)**
Overview of the Neurobiology of Autism Spectrum Disorder:
Genes, Circuits and Phenotypes
Paediatric Issues in Autism Disorder
Autism and Attachment Relationships

☐ **Second Session (2 CME credits)**
Applied Behavioural Analysis (ABA)
Complementary and Alternative Treatments in Autism
Language Development for the Neurodiverse Learner

Participant's Name

The Health Services Authority is an approved provider of continuing education by the C.I. Nursing and Midwifery Council, Government Administration Building, 133 Elgin Avenue



SUCCESSFUL PARTNERSHIPS

HSA continues to welcome, engage, and partner with different groups from private and non-profit organisation on island to support various causes and expanding reach of its services in the community.

Team Nolan and the **Cayman Heart Fund** donated a specialised heart monitor to HSA. The CardioQ TrueVue Oesophageal Doppler Monitor equipment is used to monitor patients' blood flow or hemodynamic status to assess cardiac function. The HSA also supported the **Heart Heroes Red Dress Gala** in recognising some of our heart patients as heart heroes.

A new bubble CPAP machine

were also donated to the HSA Maternity and Neonatal Intensive Care Unit from **'Marathon Mommas'**. The machine offers noninvasive respiratory support for babies with breathing conditions by helping to maintain lung pressure.

To expand its scope of telehealth services, the HSA collaborated with the **R3 Cayman Foundation** to offer remote medical consultations to people in Little Cayman. The high-end Intouch Teladoc robot, provides face-to-face encounters with the HSA's remote physicians during initial exams, treatments and in post-procedural follow-ups.

The Cayman Islands Blood Bank, which operates out of the Cayman Islands Hospital, received a donation from **Jeep 345** to go towards the blood bank's ongoing efforts and operations to help save lives. Over the years, various organisations host blood drives to help keep the blood bank supply sufficient.

A collection of 53 pieces of art created during the pandemic and exhibited at Cayman Art Week (CAW) in 2021 was donated by **Mrs Susan A Olde, OBE** to the Cayman Islands Health Services Authority. At a reception held on Thursday 10

November, the collection was unveiled in its new permanent home at the Smith Road Medical Centre.

The partnership between HSA and non-profits the **Cayman Islands Cancer Society (CICS) & Breast Cancer Foundation**, have paved the way in offering a discounted mammogram vouchers for their clients. HSA also support events such as **CICS' MOvember** and prostate screening at Lion's Men's Health Event during the Prostate and Colon Cancer Event (PACCE) in November.

Maples Group and Alex Panton Foundation donated a mobile service vehicle to the HSA for patients of the Adolescent Mental Health Hub or Alex's Place. The transport van is a wheelchair-accessible vehicle which will improve accessibility to mental health services offered by Alex's Place, particularly for the hard-to-reach population.

Various community donations to the HSA were made throughout the year including the Paediatric equipment and office fit-outs from **Waystone**, a respiratory therapy machine for the Critical Care Unit and Respiratory Therapy Unit and a memorial bench donation in honor of Cristiano McKenzie.



Looking Ahead

Recognition
is proven to
be among the
best method of
improving work
motivation
and employee
engagement.

JCI standards are internationally recognized as a leading healthcare accreditation programme for patient safety and quality of care. HSA has been working towards this accreditation which includes infrastructure upgrades, updated policies and procedures to ensure a safer environment for patients, staff and visitors while improving clinical outcomes and patient experience.

In January 2023 we will open **Alex's Place**, the Adolescent Mental Health Hub. The HSA, Ministry of Health & Wellness and Alex Panton Foundation have partnered to address the growing demand for access to mental health services specifically the youth in the Cayman Islands with the opening of Alex's Place, an emergency adolescent mental health hub. A multi-disciplinary team (consisting of psychiatrists, clinical psychologists, paediatric/adolescent mental health nurses, social workers, and occupational therapists) will provide evidence-based care focused on these core services: crisis response in the management of mental health-related risks, community outreach services, and residential crisis management.

A new **Executive Medical Programme** will be launched in early 2023 with an initial rollout to select CINICO customers. The new service will provide patients with an in-depth, head-to-toe look at the state of health all in one location.

LOOKING AHEAD

This comprehensive and convenient programme will ensure patients are seen in a timely manner, with priority placement and expedited results.

Roll out of our new **internal payroll platform** (MYVISTA) will be complete with time and attendance capabilities. This system will eliminate many manual processes currently carried out by the Finance and Human Resources teams. It will improve both Managerial and individual staff requests for leave requests and performance appraisals.

The Sister Islands has many infrastructure projects planned to start in 2023, including the **relocation of Public Health** to the Aston Rutty Medical Wing, **Expansion of ER, OR & CSR renovation**, new equipment such as a **x-ray machine** and improved **security systems**. Patient access to care will continue to be expanded physically on the hospital campus, as well as expansion of clinical specialist services. **Little Cayman Clinic upgrades** will include a new generator, internal renovations and additional storage.

To celebrate 20 years of being an Authority and to modernise the HSA, we will be undergoing a **complete rebrand** to include a new logo, colours, and overall visual identity. The updated look will elevate the HSA brand with staff, patients and stakeholders. A new website

will also be developed, with new content generated to make the information easier to find, more aesthetically pleasing and to overall increase the patient and user experience.

With six new ambulances now within our fleet we intend to **expand the EMS team** through our HSA self-funded EMT programme and pursue the agreement to add a new EMS station in Bodden Town. Adding an additional station is essential to providing better response times within the fastest growing district.

Expansion of HSA facilities and upgrades to our aging infrastructures will continue to progress into 2023. This includes **updates to our district health centres**, relocation of select non-clinical departments to off-site locations to allow expansion for of clinical services, additional services (Radiology & Blood Bank) at Smith Road Medical Centre, repainting the main campus and district clinics and continuation of numerous renovations projects. The continuation of our multi-phase A&E expansion and relocation of ACU will continue.

Automated, unit-dosing medication dispensing machines will be procured for various in-patient units. This will help staff safely and efficiently dispense the right medications for the right patients.



2022 FINANCIAL STATEMENTS

Management Discussion And Analysis

OVERVIEW - HSA has achieved a strong revenue performance against budget targets in the face of extraordinary challenges as we continue to emerge from the pandemic. Grappling with an average 9.5% inflation factor, shortages across the supply chain and changing health care market demographics and trends, HSA was able to contain spend to 6% above the 2021 outturn. Against the odds, we have kept our focus on our strategic priorities including establishing new service lines and the expansion of our clinical capabilities to meet the needs of the islands.



Outcomes & Achievements

- Launch of the new online payment portal system allowing patients to pay medical bills online.
- Implement and transition to the Oracle Fusion accounting software. This software will automate all areas of accounting including inventory and procurement. All purchase and inventory usage will be managed through this cloud-based system and reduce paper-based and manual systems, allowing for better controls and efficiency.
- Many customer service initiatives including strengthening and building bench strength across all locations have been launched to support the Joint Commission International (JCI) accreditation efforts.
- The revenue teams collaborated with the IT team and other government agencies to improve revenue assurance and patient experience across the organization.
- Strengthened internal controls over revenue system software.

2022 Performance Highlights

PERFORMANCE

The outturn for 2022 are as below

- A deficit of \$5.2 million was recorded for the twelve months ended 31 December due to a 1% revenue underperformance and a 2% budget overspend.
- Revenues declined against 2021 by 2% but surpassed prior year expenditure by 6%.
- Patient encounters fell by 8.9% in comparison to 2021.

FINANCIAL POSITION

The financial position for 2022 are as below

- Aggregate cash holdings were \$43 million better than the 2021 position.
- Accounts Receivable decreased by \$38.6 million year on year.
- Liabilities decreased by 21% year on year.
- The HSA moved from a net deficit of \$8.1 million to a Networth of \$41.6 million.

PATIENT ENCOUNTERS



AVERAGE LENGTH OF STAY



HEADCOUNT



BED OCCUPANCY RATE



KEY PERFORMANCE INDICATORS

Financial Indicators

The current ratio of 6:1 is indicative of a strong liquidity position, that is, the ability to meet current liabilities as they fall due. The 117 cash days demonstrates the Authority's compliance with the statutory mandate to hold cash reserves of 90 days. The -3% deficit in the operating margin ratio reflects the cost of doing business while the debt-to-equity ratio shows that the shareholder's equity is four times higher than the current debt burden.

Productivity Indicators

During the 2022 financial year, patient numbers began to normalize to pre-Covid levels as the pandemic waned. The marked decline in Covid related encounters was offset by the demand for elective procedures that were not possible during the pandemic, leading to increased bed occupancy. The Authority has begun to recruit clinical specialists to fill roles where staff had previously been displaced during the height of the pandemic as well as engage staff to support the new and expanded service lines.

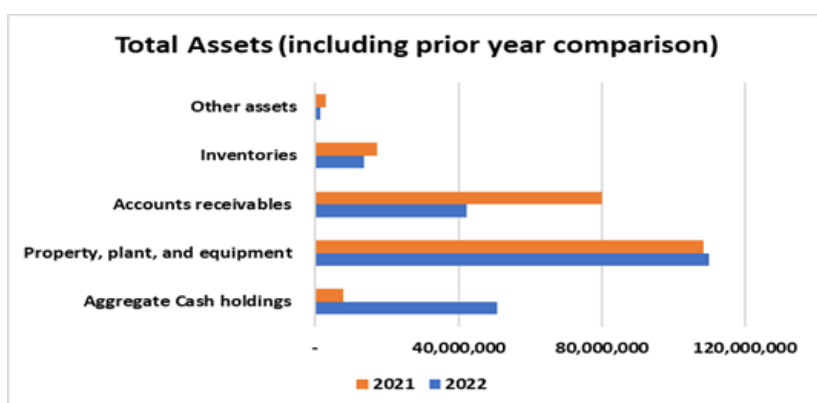
FINANCIAL POSITION

Dec-21 Actual in \$000's	FINANCIAL POSITION	Dec-22 Actual in \$000's	Increase / (decrease) from PY \$000's
216,623	Total Assets	218,063	1,441
(224,750)	Total Liabilities	(176,501)	48,249
(8,127)	Net Asset	41,562	49,690

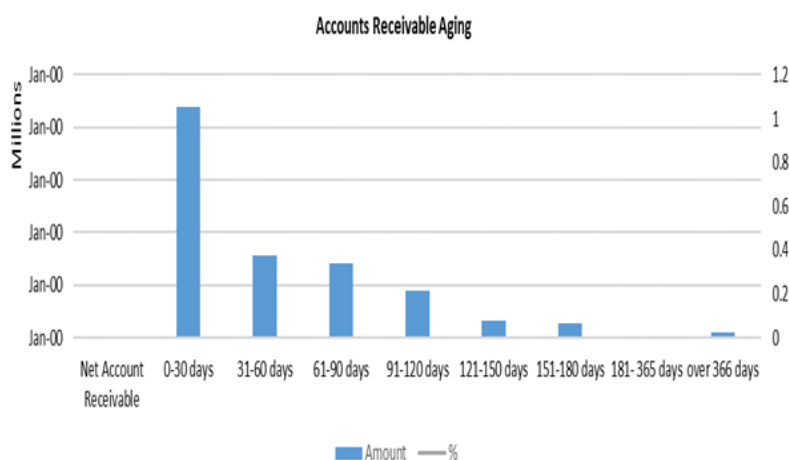
The Network of the HSA has improved by \$49.7 million as of 31 December 2022. The assets have grown by \$1.4 million over the 2021 position while liabilities decreased by \$48 million. Property, plant and equipment accounted for 50% of the total assets value.

Cash holdings improved by \$43 million in comparison to the 2021 position when the statutory 90-day cash reserve requirements were not met due to increased receivables from the government. The government has begun to address the outstanding receivables relating to the delivery of public health programmes, client billings, Covid reimbursement and episodic encounters for 2020 - 2022 in Q4 of 2022.

The improved cash position represents a return to compliance with the statutory 90-day cash reserve requirement. The year end position also meant that the Authority has adequate cash resources beyond the 90 days compliance target. A placement of \$10 million has been made with a Class-A bank at a rate of 4.25% p.a. for six months as part of the cash management strategy of the entity.



Accounts Receivable was \$41.2 million (2021: \$80 million) or \$38 million (49%) better than 2021 but was \$7.7 million (24%) higher than budget.

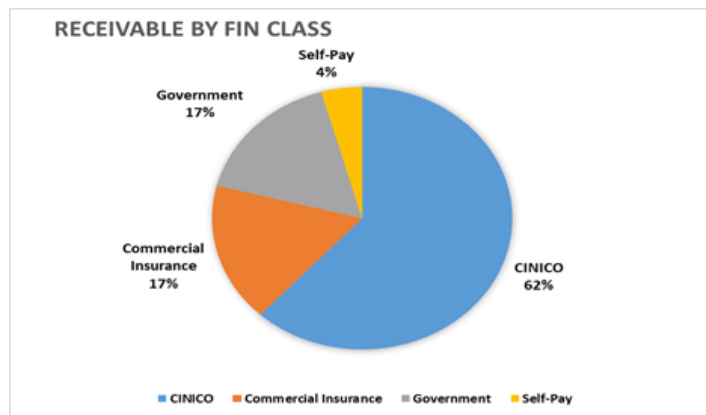


As of 31 December 2022, government entities [MoH, MoF and CINICO] combined, accounted for 79% of the total receivables. While the debt (except for CINICO) is largely secured, this presents a risk for the HSA as the government's failure to settle debts in a timely manner can result in reputational and financial challenges for the entity. CINICO continues to be the single largest debtor, accounting for 62% (\$28.4 million) of the total receivables. CINICO transactions, unlike MoH and MoF, are delivered strictly on a commercial basis.

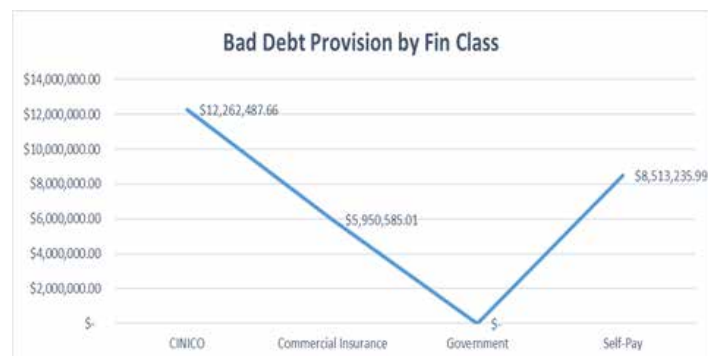
Self-pay (non-commercial) encounters represent 4% of the total receivables. However, the self-pay receivables present the highest risk of default for collections due to the transient nature of this grouping.

A bad debt provision is required for all non-government debts aged 42 days and over in keeping with the credit policy. The total bad and doubtful debt provision now stands at \$29.6 million.

Total liabilities decreased by \$48.2 million (21%) compared to 2021 and was \$89.5 million (34%) better than budget. The improved year-on-year liabilities position was primarily due to the decrease in the post-retirement healthcare and pension obligations.



Unfunded Post-retirement health care and pension obligations. The Post-retirement obligations were valued by our actuaries as of 31 December resulting in an unfunded liability of \$150 million for health care and \$6.3 million for pension past service commitments. These liabilities do not represent an immediate outflow from HSA and will become payable as staff members retire.



FINANCIAL PERFORMANCE

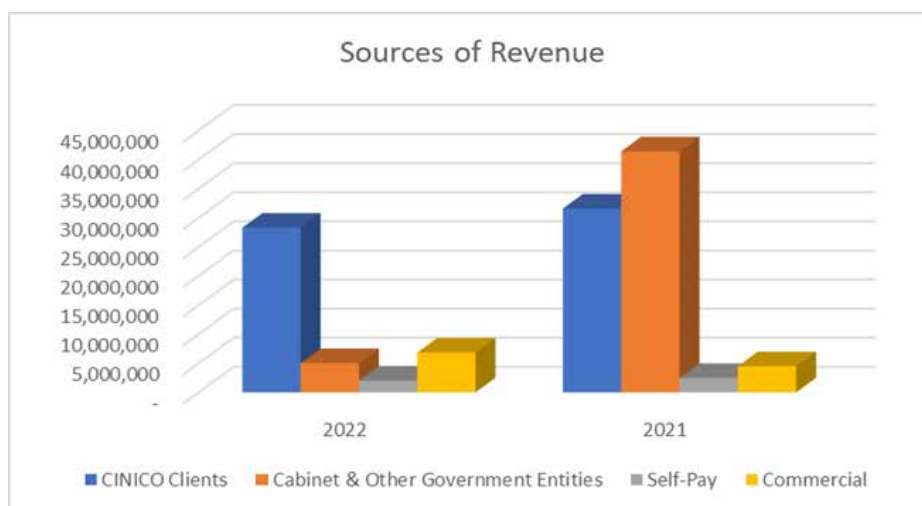
At the end of 2022, there was a net loss of \$5.2 million which was \$13.2 million worse than the December 2021 performance.

Dec-21	FINANCIAL PERFORMANCE	Dec-22	Increase / (decrease) from PY YTD
Actual in \$ 000's		Actual in \$ 000's	\$000's
169,074	Revenue	165,889	(3,184)
161,011	Operating Expenses	171,064	10,053
8,063	Net Income/(Loss)	(5,174)	(13,237)

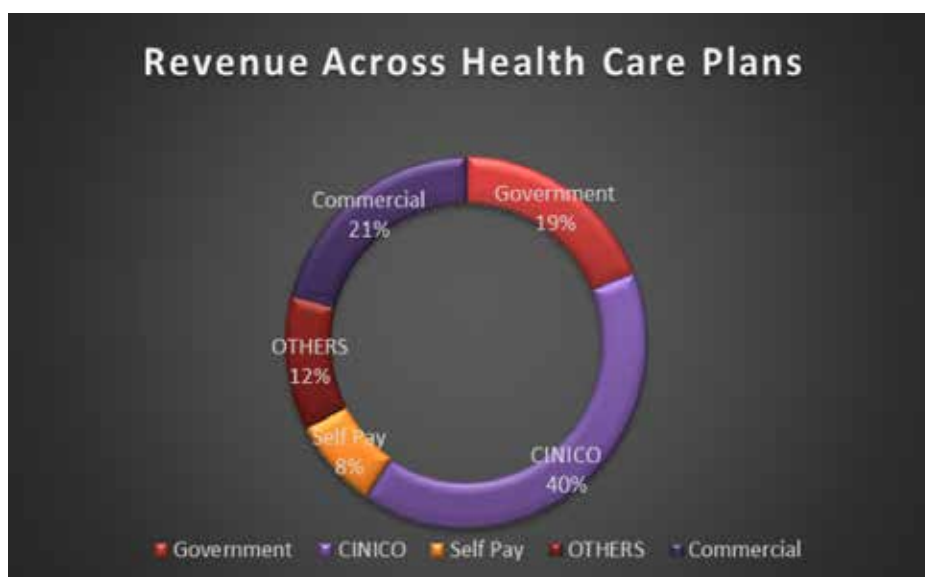
Revenues were \$3.2 million below the 2021 performance and \$1.9 million below the full year budget. The negative revenue performance was directly attributable to an overall 8.9% decline in patient encounters. The decline in patient activity was directly attributed to reduced Covid activity, emerging competition and a healthier population. A closer analysis of the revenue mix shows mixed fortunes among the three (3) main revenue categories. Patient service fees and government programmes grew by 9% and 17% respectively, however other revenue declined by 58% in line with the reduction of Covid-19 activity levels.

Patient fees incorporated inpatient and outpatient services. Therefore, while the overall patient activity levels are down, inpatient activity increased by 9.8% with the average patient hospitalization increasing by 18.2%. Surgeries declined by 3% and newborn activity declined marginally by 0.3%. Emergency room visits increased by 8.5% while referrals increased by 54.7%.

The HSA held service prices to patients in 2022 as part of its commitment to providing affordable health care services to the public on behalf of the government.



Summary of Revenue by Health Plan

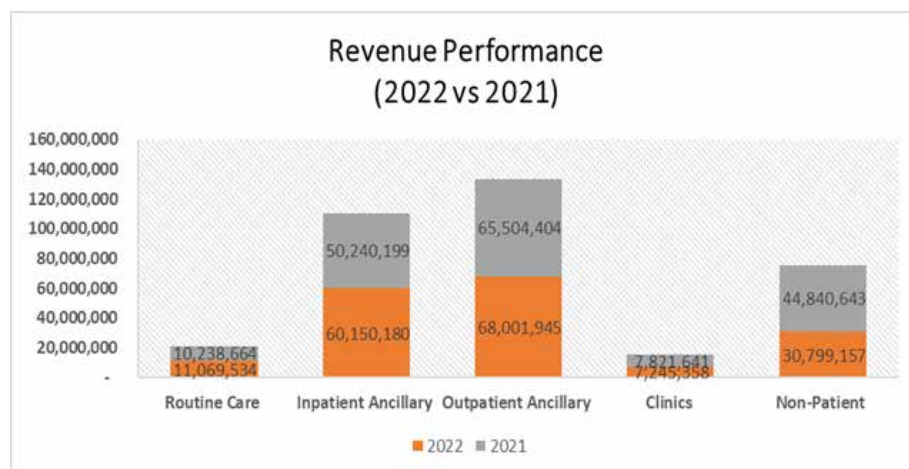


The Cayman Islands National Insurance Company (CINICO) accounted for 40% of total revenue. CINICO is the carrier of choice for the civil service and the local indigent health market. Having 40% of total revenue being attributed to a single insurance poses a risk, as a loyalty switch from the HSA would be detrimental. To mitigate these risks, HSA has introduced new services, improved customer service standards, and implemented new technology. HSA is expected to remain the healthcare provider of choice for CINICO clients as consumer behaviour around health care issues will tilt the balance in HSA's favor.

Patient revenues amounted to \$135.6 million net of contractual adjustments. Patient (Inpatient and Outpatient combined) revenues accounted for 82% of the total earnings. The outturn in net patient revenue was \$10.2 million (-7%) below the budgeted patient revenue targets but was \$11.3 million better than the 2021 outturn.

Inpatient revenues outperformed the 2021 outturn by \$10.7million (18%) and surpassed the budgetary targets by 52%. This reflects patient demographic preferences as more elective procedures are being addressed. Note that most elective procedures were deferred due to Covid-19.

Outpatient revenues increased against the previous year by \$1.7 million but declined by \$31.7 million (30%) against budget. Ancillary and clinics revenue which comprises outpatient revenue have both declined when compared to budget.

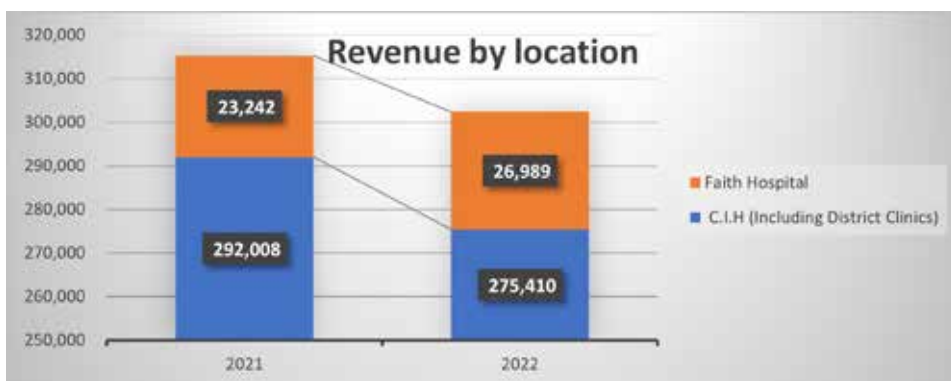


The budget reflected the expectations and timing of Covid-19 activity, which were largely unknown during the budget setting process.

Donations of CI\$127,000 were received during the year from various institutions and individuals to support and offset the costs of delivering various programmes and activities as stipulated by the donors.

Covid-19: The government donated funds to fight the Covid-19 pandemic in local communities. In 2022, the government appropriated funds to the Ministry of Health [MoH] to reimburse local healthcare facilities engaged in the fight against the pandemic. At the end of the first quarter, due to the declining Covid-19 activity levels, in May 2022, the government restricted all confirmatory testing for positive Covid results to the HSA. In addition, the unit price per test decreased with greater use of LFT compared to the established PCR testing in 2021.

Revenue performance by location



Faith hospital activity levels grew by 16.1% year on year as patients are now able to access more elective procedures are being sought in the post covid period.

During the covid lockdown period, due to the potential for high transmission levels, access to patient care was limited. In the post COVID pandemic period, with persons now moving around freely in the community, patient activity levels have increased especially for elective procedures.

EXPENDITURE

Expenses were \$10.1 million higher than 2021 and \$3.9 million higher than budget leading to an overall worsened year on year performance. The two major operating expense categories are personnel costs (\$107.8 million) and Supplies and materials (\$29.5 million), which together accounted for 78% of the total operating expenditure.

When compared to the prior year, operating expenditure was significantly

higher in most categories, the most notable being personnel costs (\$14.2 million), operating expenses \$3.6 million, inventory adjustments (\$2.1 million), depreciation (\$1.2 million) and utilities (\$0.8 million). The negative year-on-year variance was offset by a significant year on year decrease of \$7 million in the doubtful debt provision.

With the full implementation of the government salary scale and full pension benefits as mandated by law, the government awarded 2% COLA and general price increases due to inflation, it proved difficult to remain on budget.

Personnel Costs

Personnel cost was the largest single category of expenditure amounting to 63% of the total operating expenditure. For the year ended 31 December 2022, personnel costs amounted to \$107.8 million. This was \$2.9 million below the full year budget. Note that personnel costs included provisions for past service pensions and health care entitlements.

At the end of 2022, there were 1,101 staff members representing a

1.5% year on year increase in staff head count.

In August 2022, HSA successfully transitioned to the CIG salary scale in accordance with Section 47 of the Public Authorities Act (2020 Revision) resulting in a net \$7 million annual increase in total staff costs.

Budget savings from unfilled vacancies were used to offset the out of budget personnel costs resulting from the transition to the CIG salary scale and the 2% COLA paid in September 2022.

Overtime (OT) of \$4.3 million (90% clinical and 10% non-clinical) was \$2.9 million above the budget but was \$0.3 million below the 2021 performance. Overtime as a percentage of the total salaries and wages was 6%. The need for overtime is consistent with the nature of clinical operations driven by acuity, staff illnesses and vacancies.

Supplies and Materials accounted for 1.5% of total operating expenses and is the second largest category of expenditure after staff cost. Supplies

and materials were \$8.5 million (40%) above budget. The increase over budget resulted from the increased costs in the supply chain particularly for drugs.

Utilities were \$0.8 million higher than 2021 and \$0.7 million (23%) above budget. The primary driver in this category of expenditure was electricity charges which have surpassed the 2021 numbers by 29%. The higher charges resulted from increased usage driven by higher temperatures, increased provider costs, implementation of the requisite negative pressure systems coupled with the establishment of multiple campuses (Field Hospital, Covid-19 Clinic, George Town Financial, parts of Smith Road etc.) to combat the need for clinical expansion. This resulted in lost savings from the main campus chiller system.

The combination of increased costs and lower revenues resulted in a deficit operating result for 2022.

AHEAD

Several initiatives are being planned to improve reporting and accountability.

- Create and implement the strategic vision for procurement and materials handling with a view to reducing cost.
- Implement a cost management and reporting system for service lines and operating units.
- Reduce annual bad debt by 25% through more robust revenue management systems including self-serve options for registration and patient scheduling.
- Implement a robust entity wide reporting system to facilitate decision making among teams.
- Implementation of a payroll and time and attendance system to improve the management and reporting of staff costs.
- Expand and enhance the online payment portal system.

Financial Statements of

**CAYMAN ISLANDS HEALTH
SERVICES AUTHORITY**

31 December 2022

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

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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 FINANCIAL STATEMENTS

These financial statements have been prepared by the Cayman Islands Health Services Authority in accordance with the Public Management and Finance Act (2020 Revision). The Financial Statements comply with generally accepted accounting practice as defined in International Public Sector Accounting Standards and International Accounting 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 Act (2020 Revision).

To the best of our knowledge the financial statements are:

- (a) complete and reliable;
- (b) fairly reflect the financial position as at 31 December 2022 and performance for the period ended 31 December 2022; and
- (c) in compliance with generally accepted accounting practice.

We also accept responsibility for establishing and maintaining 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 entity.

Sincere regards,



Lizzette R. Yearwood, BScN, MHA, MMH, Cert. Hon., JP
Chief Executive Officer

30 April 2023



Sheila Thomas FCCA
Chief Financial Officer

30 April 2023

Cc Chairman, HSA Board
Deputy CEO



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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 "Health Authority" or the "HSA"), which comprise the statement of financial position as at 31 December 2022 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2022, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 11 to 58.

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 2022 and its financial performance and its cash flows for the year ended 31 December 2022 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 Health 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.

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 Health 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 Health Authority or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Health 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.

AUDITOR GENERAL'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 Health 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 Health 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 Health 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 Act (2020 Revision)* and Section 24(1) of the *Health Services Authority Act (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, CPFA
Auditor General

30 April 2023
Cayman Islands

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Statement of Financial Position

As at 31 December 2022

(stated in Cayman Islands dollars)

	Note	December 31, 2022	Budget	December 31, 2021
Current assets				
Cash and cash equivalents	4	40,818,478	38,149,794	\$7,778,638
Short-term investments	5	10,000,000	-	-
Accounts receivable - net	6	35,253,001	30,183,842	57,572,222
Other receivables - net	7	6,080,800	3,444,517	22,405,801
Inventory - net	8	14,485,101	14,676,443	17,411,181
Advances to suppliers		1,280,066	3,066,495	3,015,909
Prepaid expenses		40,822	171,646	43,741
Total current assets		107,958,268	89,692,737	108,227,492
Non-current assets				
Fixed assets	9	108,209,750	104,794,369	103,930,058
Right-of-use assets	10	1,895,493	1,422,306	4,464,977
Total Non-current assets		110,105,243	106,216,675	108,395,035
Total Assets		218,063,511	195,909,412	216,622,527
Current liabilities				
Accounts payable and accrued expenses	11	17,648,536	12,731,237	17,955,396
Lease liability	10	678,185	531,682	931,213
Total current liabilities		18,326,721	13,262,919	18,886,609
Non-current liabilities				
Unfunded employee healthcare benefits, net	12	150,490,000	234,164,000	192,306,000
Employee pension benefits, net	13	6,265,000	16,416,000	9,846,000
Lease liability	10	1,419,623	2,119,027	3,711,277
Total non-current liabilities		158,174,623	252,699,027	205,863,277
Total Liabilities		176,501,344	265,961,946	224,749,886
Net Assets		41,562,167	(70,052,534)	(8,127,359)
Represented by:				
Contributed capital		141,983,402	140,805,201	141,983,402
Accumulated deficit		(206,397,536)	(238,440,274)	(201,223,062)
Other comprehensive income		63,175,000	-	8,311,000
Asset revaluation		42,801,301	27,582,539	42,801,301
Net Equity		\$41,562,167	(70,052,534)	(\$8,127,359)

The accounting policies and notes starting on page 11 form an integral part of these financial statements.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Statement of Comprehensive Income

For the year ended 31 December 2022

(stated in Cayman Islands dollars)

	Note	December 31, 2022	Budget	December 31, 2021
Revenue				
Patient services fees	14	135,550,246	145,798,490	\$124,233,113
Government programme	15	17,973,387	18,813,387	15,417,290
Other income	16	12,365,798	3,147,584	29,423,354
		165,889,431	167,759,462	169,073,757
Operating expenses				
Staff costs	17	107,842,840	110,781,624	93,663,621
Supplies and materials	18	25,990,835	21,073,474	22,440,576
Other operating expense	19	14,100,612	11,577,792	20,018,683
Provision for doubtful debts	6	4,339,279	8,530,981	11,241,190
Depreciation	9, 10	7,682,750	5,458,130	6,461,268
Utilities		3,633,499	2,965,881	2,847,370
Legal and professional fees	20	1,555,181	2,109,000	1,141,127
Insurance		1,711,654	1,945,000	1,700,753
Security services		1,065,515	1,200,000	863,659
Travel and subsistence		553,453	486,000	272,130
Training		292,956	528,000	174,800
Reference materials		72,653	67,700	37,410
Inventory adjustment	8	2,222,681	390,000	148,658
		171,063,908	167,113,581	161,011,245
Net income (loss) for the year		(5,174,476)	645,880	8,062,512
Other comprehensive income				
Revaluation surplus on land and building		-	-	15,218,763
Re-measurement of defined pension benefit	13	4,326,000	-	4,469,000
Re-measurement of defined healthcare benefit	12	50,538,000	-	27,299,000
		54,864,000	-	46,986,763
Total comprehensive income/(loss) for the year		\$49,689,524	\$645,880	\$55,049,275

The accounting policies and notes starting on page 11 form an integral part of these financial statements.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Statement of Changes in Equity

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

	Note	Contributed capital	Accumulated deficit	Other comprehensive (loss) income	Asset revaluation	Total
Beginning Balance, 1 January 2021		\$141,983,402	(\$209,285,574)	(\$23,457,000)	\$27,582,538	(63,176,634)
Net income for the year		-	8,062,512	-	-	8,062,512
Other comprehensive income for the year	12, 13	-	-	31,768,000	15,218,763	46,986,763
Ending Balance, 31 December 2021		\$141,983,402	(\$201,223,062)	\$8,311,000	\$42,801,301	(\$8,127,359)
Beginning Balance, 1 January 2022		\$141,983,402	(\$201,223,062)	\$8,311,000	\$42,801,301	(\$8,127,359)
Net loss for the year		-	(5,174,476)	-	-	(5,174,476)
Other comprehensive income for the year	12, 13	-	-	54,864,000	-	54,864,000
Ending Balance, 31 December 2022		\$141,983,402	(\$206,397,538)	\$63,175,000	\$42,801,301	\$41,562,165

The accounting policies and notes starting on page 11 form an integral part of these financial statements.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Statement of Cash Flows

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

	Note	December 31, 2022	Budget	December 31, 2021
Cash provided by/(applied in):				
Operating activities				
Net income (loss) for the year		(5,174,476)	645,880	8,062,512
Add item not affecting working capital:				
Provision for doubtful debts	6	4,339,279		11,241,190
Depreciation	9, 10	7,682,750	4,145,382	6,461,268
Inventory (write-up) write-downs	8	2,222,681	317,982	148,658
Gain on asset revaluation	9	-		(934,025)
Net changes in non-cash working capital				
balances relating to operations:				
Accounts receivable, net, (increase)	6	17,979,942	(2,974,381)	(43,130,636)
Other receivables, (increase) decrease	7	16,325,001		(18,850,419)
Inventory, net, (increase) decrease	8	703,399		(2,533,396)
Advances to suppliers, (increase) decrease		1,735,843		50,586
Prepaid expenses, (increase) decrease		2,919		127,905
Accounts payable and accrued expenses, increase (decrease)	11	(306,860)	9,171,050	5,374,160
Right of use asset, (increase) decrease	10	2,569,484		(1,960,185)
Lease liability, increase (decrease)	10	(2,291,654)		1,592,250
Employee pension benefits, net, increase (decrease)	13	745,000		765,000
Employee healthcare benefits, net, increase (decrease)	12	8,722,000	-	9,785,000
Net cash used in operating activities		55,255,308	11,305,913	(23,800,132)
Investing activities				
Cost of fixed assets purchased	9	(11,962,442)	(18,886,450)	(15,348,269)
Short-term investments	5	(10,000,000)	-	-
Net cash used in investing activities		(21,962,442)	(18,886,450)	(15,348,269)
Financing activities				
Capital contributions		-	-	-
Finance interest on Operating Leases	10	(283,774)	-	(119,722)
Lease liabilities - Long-term, (decrease) increase	10	30,746	-	519,253
Net cash provided by financing activities		(253,028)	-	399,531
Increase (Decrease) in cash during the year		33,039,838	(7,580,537)	(38,748,870)
Cash and cash equivalents at beginning of year		7,778,638	45,730,331	46,527,507
Cash and cash equivalents at end of year		40,818,478	\$38,149,794	\$7,778,638
Operating Cash Flows from Interests				
Interest received		66,493	-	27,778

The accounting policies and notes starting on page 11 form an integral part of these financial statements.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

1. Background information

The Cayman Islands Health Services Authority (the “Health Authority”) is a statutory body established on 1 July 2002 under the Health Services Authority Act. 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
 - Smith Road Health Centre

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

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

2. Adoption of new and revised Standards

A) Relevant standards and amendments issued prior to 1 January 2022 but effective in future periods and are predicted to have an impact on Health Authority:

Certain new accounting standards have been published that are not mandatory for the 31 December 2022 reporting period. The Health Authority opted for early adoption.

The Health Authority's assessment of the impact of these new standards is set out below:

- (i) *Amendment to IAS 1 – Classification of Liabilities as Current or Non-current (Effective for annual periods beginning on or after 1 January 2024)*

In January 2020, the IASB issued amendments to IAS 1 which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

The Health Authority opted for early adoption, but this does not have a material effect on the Health Authority's financial statements.

Amendment to IAS 1 - Disclosure of Accounting Policies (effective on or after January 2023)

In June 2021 the IASB issued amendments to IAS 1, Presentation of Financial Statements to require entities to disclose their material accounting policy information rather than their significant accounting policies; and amended IFRS Practice Statement 2 Making Materiality Judgements (Materiality Practice Statement) to explain and demonstrate the application of the 'four-step materiality process' to accounting policy disclosures by including guidance and examples on the application of materiality to accounting policy disclosures. This standard will be applied effective January 2023.

- (ii) *Amendments to IFRS 16 – Leases which add to requirements to specify a seller-lessee would apply the subsequent measurement requirements in IFRS 16 to the lease liability that arises in a sale and leaseback transaction. (Effective for annual periods beginning on or after 1 January 2024)*

The amendment applies to paragraphs 36–38 of IFRS 16 to a sale and leaseback transaction with variable lease payments, a seller-lessee be required:

- to determine the lease payments made (as described in paragraph 36(b)) as the payments included in the measurement of the lease liability. The payments included in that measurement are those that, when discounted using the discount rate described in paragraph 37, result in an amount equal to the carrying amount of the lease liability.
- not to remeasure the lease liability to reflect any reassessment of future variable lease payments.
- to apply paragraph 38 in accounting for any difference between the payments made for the lease and those included in the measurement of the lease liability.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

2. Adoption of new and revised Standards (continued)

- in applying paragraphs 40 and 45 of IFRS 16 to lease modifications and changes in the lease term related to a sale and leaseback transaction, a seller-lessee be required to determine the revised lease payments as the revised expected payments for the lease.

It is anticipated that the amendment will not have a significant impact on the Health Authority's financial statements. This will be assessed in greater detail closer to the effective date of adoption.

(iii) Amendments to IFRS 17 - Insurance Contracts (Effective for annual periods beginning on or after 1 January 2024)

The main changes resulting from Amendments to IFRS 17 and Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) are:

- Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023, and change the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.
- Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk.
- Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognized in a business acquired in a business combination.
- Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level. Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements.
- Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives.
- Amendments to require an entity that at initial recognition recognizes losses on onerous insurance contracts issued to also recognize a gain on reinsurance contracts held.
- Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts.
- Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach. Several small amendments regarding minor application issues.

It is anticipated that IFRS 17 will not have a significant impact on Health Authority's financial statements.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

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 revaluation of land and buildings [see (d) below] and (2) employee benefits [see note 12 and note 13 below]. The financial statements are presented in Cayman Islands Dollars (CIS\$) and are prepared on the accrual basis of accounting, unless otherwise stated. The statements are rounded to the nearest dollar except otherwise stated.

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 IFRS 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. The Health Authority recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

(i) Financial assets

Initial recognition and measurement

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

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Financial assets (continued)

Initial recognition and measurement (continued)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Health 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 the 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 at fair value through the 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 Health Authority's business model for managing financial assets refers to how it manages its financial assets 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 marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Health 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 the OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through the 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 the 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.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022

(stated in Cayman Islands dollars)

3. Significant accounting policies (continued)

(c) Financial instruments (continued)

(i) Financial assets (continued)

Derecognition

The Health 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 Health Authority has transferred substantially all the risks and rewards of the asset, or (b) the Health 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 Health 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 Health 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 Health Authority applies a general approach in calculating ECLs.

For debt instruments at fair value through OCI, the Health Authority applies the low credit risk simplification. At every reporting date, the Health 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 Health Authority reassesses the credit rating of the debt instrument. In addition, the Health Authority considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022

(stated in Cayman Islands dollars)

3. Significant accounting policies (continued)

(c) *Financial instruments (continued)*

(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 or 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 recognized in the Statement of Changes in Equity, 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.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022

(stated in Cayman Islands dollars)

3. Significant accounting policies (continued)

(d) Fixed assets and depreciation (continued)

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.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022

(stated in Cayman Islands dollars)

3. Significant accounting policies (continued)

(d) Fixed assets and depreciation (continued)

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	up to 60 years
Medical equipment	8 – 20 years
Other fixed assets	3 – 20 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) Right-of-use assets (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

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Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

3. Significant accounting policies (continued)

(e) *Right-of-use assets (Leases) (continued)*

- 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 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.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
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3. Significant accounting policies (continued)

(e) *Right-of-use assets (Leases) (continued)*

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 19).

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(j)) 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.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022

(stated in Cayman Islands dollars)

3. Significant accounting policies (continued)

(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, slow-moving, and expired items.

(j) Revenue recognition

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 Health Authority expects to be entitled in exchange of goods or services. This core principle is delivered as per the IFRS 15 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 Health 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. Grants received or receivable in recognition of specific expenses are recognized in the statement of comprehensive income in the period received.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

3. Significant accounting policies (continued)

(k) Employee benefits

The Health Authority employees and their dependants receive free medical benefits of which a portion is provided by the Health Authority within its facilities. The portion provided by the Health Authority within its facility is valued at \$8,960,406 (2021: \$7,306,875). 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.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022

(stated in Cayman Islands dollars)

3. Significant accounting policies (continued)

(k) Employee benefits (continued)

Defined benefit plans (continued)

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 the Government 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 Government 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.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

4. Cash and cash equivalents

		2022		2021
Petty cash	\$	11,069	\$	9,900
Bank accounts	\$	40,807,409	\$	7,768,738
	\$	40,818,478	\$	7,778,638

The Health Authority has an unsecured bank overdraft in the amount of \$4 million with CIBC First Caribbean International Bank (Cayman) Ltd. ("CIBC") as 31 December 2022. The amount utilized during the year was nil (2021: nil).

5. Short-term Investments

		2022		2021
6-month fixed deposits	\$	10,000,000	\$	-
	\$	10,000,000	\$	-

The Health Authority placed \$10 million on a fixed 184-day term deposit with an annual interest rate of 4.3% with Cayman National Bank in November 2022.

6. Accounts receivable - net

		2022		2021
Gross accounts receivable	\$	59,228,387	\$	79,336,759
Allowance for doubtful debts	\$	(23,975,386)	\$	(21,764,537)
	\$	35,253,001	\$	57,572,222

Allowance for doubtful debts movement:

		2022		2021
Balance at beginning of the year	\$	21,764,537	\$	15,658,968
Additional provisions	\$	4,339,279	\$	11,241,190
Additional contractual adjustments	\$	1,731,179	\$	2,214,325
Write-offs/Adjustments	\$	(3,859,610)	\$	(7,349,946)
	\$	23,975,386	\$	21,764,537

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022

(stated in Cayman Islands dollars)

6. Accounts receivable – net (continued)

Below is the aging profile of accounts receivable as at 31 December 2022:

		2022		2021
1 - 30 days	\$	18,933,097	\$	19,068,326
31 - 90 days	\$	8,218,535	\$	14,728,229
91 - 365 days	\$	11,764,000	\$	23,173,955
Over 365 days	\$	20,312,755	\$	22,366,250
	\$	59,228,387	\$	79,336,759

7. Other receivables - net

		2022		2021
Cabinet receivable	\$	5,027,362	\$	20,708,492
Other accounts receivable	\$	996,142	\$	1,570,652
Salary advance	\$	57,296	\$	126,658
	\$	6,080,800	\$	22,405,801
Less allowance for doubtful debts		-		-
	\$	6,080,800	\$	22,405,801

Allowance for doubtful debts movement:

		2022		2021
Balance at beginning of the year	\$	-	\$	307,847
Additional contractual adjustments (Note 3(k))	\$	-		5,877,629
Write-offs	\$	-		(6,185,476)
	\$	-	\$	-

Health Authority provided medical benefits to its employees and their dependents throughout the year in line with its contractual obligations. These benefits were recorded as contractual adjustments (or reduction to revenue) and reported under Other Accounts Receivable subject to adjudication with a 100% allowance for bad debts, as these are not collectible. Additional disclosure is presented as part of Note 17 - Staff Costs.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

7. Other receivables – net (continued)

Cabinet receivables pertains to a receivable from the Ministry of Finance and Ministry of Health related to outstanding reimbursements for the COVID-19 services.

8. Inventory – net

	2022	2021
Pharmaceutical supplies	\$ 5,475,020	\$ 6,640,413
Medical supplies	\$ 10,995,697	\$ 11,307,696
	\$ 16,470,717	\$ 17,948,109
Less allowance for inventory impairment	\$ 1,985,616	\$ 536,928
	\$ 14,485,101	\$ 17,411,181

The cost of inventories sold or used during the year is recognized as supplies and materials expenses in the Statement of Comprehensive Income was \$25,990,835 (2021: \$22,440,576).

The inventory adjustment presented in the Statement of comprehensive income for the year ended 31 December 2022 of \$2,222,681 (2021: \$148,658) represents the provision for slow moving stock as well as write-off for expired drugs and other inventory items.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
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9. Fixed assets

As at 31 December 2022	Land	Building	Medical equipment	Computer Hardware and Software	Construction in Progress	Other assets	Total
Cost:							
At 1 January 2022	\$ 16,093,000	\$ 74,291,122	\$ 24,594,571	\$ 10,689,633	\$ 4,304,321	\$ 9,870,861	\$ 139,843,508
Additions during the year	-	3,992,947	2,585,008	723,677	570,388	3,478,761	11,350,780
Disposals during the year	-	-	(173,866)	(49,494)	-	(69,918)	(293,278)
Transfers during the year	-	4,495,293	-	-	(4,495,293)	-	-
At 31 December 2022	16,093,000	82,779,362	27,005,713	11,363,816	379,415	13,279,704	150,901,010
Accumulated depreciation:							
At 1 January 2022	-	3,555,013	17,083,236	9,447,434	-	5,827,766	35,913,449
Charge for the year	-	3,962,099	1,556,415	629,243	-	581,298	6,729,056
Disposals during the year	-	(40,530)	(162,955)	(113,615)	-	365,856	48,756
At end of the year	-	7,476,582	18,476,696	9,963,062	-	6,774,920	42,691,260
Net Book Value							
At 31 December 2022	\$ 16,093,000	\$ 75,302,780	\$ 8,529,017	\$ 1,400,754	\$ 379,415	\$ 6,504,784	\$ 108,209,750

As at 31 December 2021	Land	Building	Medical equipment	Computer Hardware and Software	Construction in Progress	Other assets	Total
Cost:							
At 1 January 2021	8,298,000	66,935,029	21,509,106	9,932,893	1,751,388	8,521,346	116,947,762
Additions during the year	-	6,448,123	3,289,596	718,044	2,552,933	1,618,115	14,626,810
Disposals during the year	-	-	(204,131)	(4,453)	-	(225,810)	(434,394)
Transfers during the year	2,780,000	(2,780,000)	-	-	-	-	-
Revaluation adjustment	5,015,000	3,687,970	-	-	-	-	8,702,970
At 31 December 2021	16,093,000	74,291,122	24,594,571	10,646,484	4,304,321	9,913,651	139,843,147
Accumulated depreciation:							
At 1 January 2021	-	7,449,742	16,131,446	9,045,544	-	5,430,760	38,057,492
Charge for the year	-	3,555,013	1,155,921	407,466	-	621,197	5,739,597
Disposals during the year	-	-	(204,131)	(4,453)	-	(225,675)	(434,259)
Revaluation adjustment	-	(7,449,742)	-	-	-	-	(7,449,742)
At end of the year	-	3,555,013	17,083,236	9,448,557	-	5,826,282	35,913,089
Net Book Value							
At 31 December 2021	\$ 16,093,000	\$ 70,736,108	\$ 7,511,335	\$ 1,197,926	\$ 4,304,321	\$ 4,087,369	\$ 103,930,059

Included in other fixed assets are furniture & fittings, motor vehicles and office equipment.

Included in the advances to suppliers in the Statement of Financial Position are advances to suppliers for fixed assets that are yet to be delivered as at December 31, 2022 amounted to \$1,280,066 (2021: \$3,015,909).

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

9. Fixed assets (continued)

Under the Health Authority Act, the Cayman Islands Government vested various health care facilities in the Cayman Islands into the Health Authority. These properties were valued on 1 January 2001, 17 June 2011, 5 July 2016 and 1 January 2021, by the BCQS International, JEC Property Consultants and DDL Studio Ltd., an independent appraiser, respectively on depreciated replacement cost basis. The next valuation is scheduled for January 2026.

10. Right-of-use assets

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

(i) Amounts recognised in the statement of financial position.

		2022		2021
Right-of-use assets:				
Buildings	\$	1,895,493	\$	4,464,977
Total	\$	1,895,493	\$	4,464,977
Lease Liability				
Current	\$	678,185	\$	931,213
Non-Current	\$	1,419,623	\$	3,711,277
Total	\$	2,097,808	\$	4,642,490

(ii) Amounts recognised in the Statement of Comprehensive Income

The depreciation expense on statement of comprehensive income includes the following amounts relating to leases:

		2022		2021
Depreciation charge of right-of-use assets				
Buildings	\$	953,694	\$	721,244
	\$	953,694	\$	721,244

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

10. Right-of-use assets (continued)

Interest Expense relating to the finance cost portion of the lease liability is \$283,774, (2021: \$119,722). 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 2022 was \$2,820,396 (2021: \$1,196,070).

(iii) The Health Authority's leasing activities and recognition

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.

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

	2022	2021
Accounts payable	\$ (1,058)	\$ (18,392)
Accrued expenses	\$ 6,342,368	7,580,198
Other payable	\$ 10,610,913	9,650,210
Employee benefits (Note 3(k))	\$ 696,313	743,380
	\$ 17,648,536	\$ 17,955,396

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
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12. 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 1 November 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 Health 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 \$150,490,000 as at 31 December 2022 (2021: \$192,306,000). 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 \$150,490,000 is currently unfunded. Management's plan to address this unfunded post-retirement health liability is discussed in Note 25.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

12. Employee healthcare benefits, net (continued)

Disclosure Information:

Financial year ending on	31 December 2022 CIS(000)	31 December 2021 CIS(000)
A. Change in defined benefit obligation		
1. Defined benefit obligation at end of prior year	192,306	209,820
2. Service cost		
a. Current service cost	5,477	7,158
b. Past service cost		-
c. (Gain)/loss on settlements		-
3. Interest expense	5,412	5,014
4. Cash flows		
a. Benefit payments from plan assets		-
b. Benefit payment from employer	(2,167)	(2,387)
5. Other significant events		-
6. Remeasurements		
a. Effect of changes in demographic assumptions	22,364	(390)
b. Effect of changes in financial assumptions	(73,130)	(28,222)
c. Effect of experience adjustments	228	1,313
7. Effect of changes in foreign exchange rates		-
8. Defined benefit obligation at end of year	150,490	192,306
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	2,167	2,387
(iii) Employer direct settlement payments	-	-
b. Participant contributions	-	-
c. Benefit payments from plan assets	-	-
d. Benefit payments from employer	(2,167)	(2,387)
e. Settlement payments from plan assets	-	-
f. Settlement payments from employer	-	-
4. Other significant events	-	-
5. Remeasurements	-	-
6. Effect of changes in foreign exchange rates	-	-
7. Fair value of plan assets at end of year	-	-

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
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12. Employee healthcare benefits, net (continued)

Disclosure Information: (continued)

Financial year ending on	31 December 2022 CIS\$(000)	31 December 2021 CIS\$(000)
C. Amounts recognized in the statement of financial position		
1. Defined benefit obligation	150,490	192,306
2. Fair value of plan assets	-	-
3. Funded status	150,490	192,306
4. Effect of asset ceiling/onerous liability	-	-
5. Net defined benefit liability (asset)	150,490	192,306
D. Components of defined benefit cost		
1. Service cost		
a. Current service cost	5,477	7,158
b. Reimbursement service cost	-	-
c. Past service cost	-	-
d. (Gain)/loss of settlements	-	-
e. Total service cost	5,477	7,158
2. Net interest cost		
a. Interest expense on DBO	5,412	5,014
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	5,412	5,014
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	10,889	12,172
6. Remeasurements (recognized in other comprehensive income)		
a. Effect of changes in demographic assumptions	22,364	(390)
b. Effect of changes in financial assumptions	(73,130)	(28,222)
c. Effect of experience adjustments	228	1,313
d. Total remeasurements included in OCI	(50,538)	(27,299)
7. Total defined benefit cost recognized in P&L and OCI	(39,649)	(15,127)

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Notes to financial statements

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12. Employee healthcare benefits, net (continued)

Disclosure Information: (continued)

Financial year ending on	31 December 2022 CIS(000)	31 December 2021 CIS(000)
E. Net defined benefit liability (asset) reconciliation		
1. Net defined benefit liability (asset)	192,306	209,820
2. Defined benefit cost included in P&L	10,889	12,172
3. Total remeasurements included in OCI	(50,538)	(27,299)
4. Other significant events		-
5. Cash flows		-
a. Employer contributions		-
b. Employer direct benefit payments	(2,167)	(2,387)
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	150,490	192,306
F. Defined benefit obligation		
1. Defined benefit obligation by participant status		
a. Actives	118,280	155,455
b. Vested deferreds		-
c. Retirees	32,210	36,851
d. Total	150,490	192,306
G. Significant actuarial assumptions		
<i>Weighted-average assumptions to determine defined benefit obligation</i>		
Effective discount rate for defined benefit obligation	5.35%	2.95%
Health care cost trend rates		
Immediate trend rate	5.28%	5.33%
Ultimate trend rate	4.00%	4.00%
Year rate reaches ultimate trend rate	2045	2045
Mortality assumption	RP-2014 projected with MP-2021	RP-2014 projected with MP-2021

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

12. Employee healthcare benefits, net (continued)

Disclosure Information: (continued)

Financial year ending on	31 December 2022 CIS(000)	31 December 2021 CIS(000)
G. Significant actuarial assumptions		
<i>Weighted-average assumptions to determine defined benefit cost</i>		
Effective discount rate for defined benefit obligation	2.95%	2.70%
Effective rate for net interest cost	2.83%	2.40%
Effective discount rate for service cost	2.95%	2.75%
Effective rate for interest on service cost	2.98%	2.75%
Health care cost trend rates		
Immediate trend rate	5.33%	5.00%
Ultimate trend rate	4.00%	5.00%
Year rate reaches ultimate trend rate	2045	N/A
Mortality assumption	RP-2014 projected with MP-2021	RP-2014 projected with MP-2020
H. Sensitivity analysis		
<i>Change in the defined benefit obligation</i>		
Effective discount rates - 25 basis points	7,184	10,417
Effective discount rate + 25 basis points	(6,738)	(9,715)
Health care cost trend rates - 100 basis points	(25,385)	(34,844)
Health care cost trend rates + 100 basis points	32,397	45,031
Mortality assumption + 10%	(6,233)	(8,304)
I. Expected cash flows for following year		
1. Expected employer contributions	2,533	
2. Expected contributions to reimbursement rights	-	
3. Expected total benefit payments		
Year 1	2,533	
Year 2	2,994	
Year 3	3,418	
Year 4	3,856	
Year 5	4,320	
Next 5 years	29,762	

Participant data:

The defined benefit obligation at 31 December 2022 of the Health Authority as it relates to its participation in the plan were based on the data provided as at 31 December 2022 (405 active participants and 83 retired not employed).

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

12. Employee healthcare benefits, net (continued)

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 has used the actuarial assumptions selected by Health Authority. The assumptions, other than the claims 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 2022 and 31 December 2021 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 2021 . 31 December 2022	2.95% 5.35%	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 2021 . 31 December 2022	2.95% 5.25%	
Rate of Medical Inflation (p.a.)	5.33% in 2021 grading down to 4.00% in and after 2045 for healthcare costs 4.00% for dental costs	Based on Mercer U.S. November 2021 Retiree Medical Trend Model

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	Scale MP-2021	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 updated issued by the Society of Actuaries is Scale MP-2021.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

12. Employee healthcare benefits, net (continued)

Actuarial Assumptions: (continued)

Demographic Assumptions	Post-retirement Healthcare	Basis of Development - Accounting Specific Assumptions
Turnover rates	Rate	
	<u>Age</u> <u>Male</u> <u>Female</u>	
	20-247.5%12.5%	
	25-295.0%12.5%	
	30-343.5%7.5%	
	35-392.5%4.5%	
	40-441.5%2.5%	
	45-490.5%0.5%	
	50+0.0%0.0%	
Disability rates	None assumed	
Retirement age	<u>Age</u> <u>Rate</u>	Based on 2020 experience study
	<550.0%	
	55-598.0%	
	60-6415.0%	
	65+100.0%	
Marital assumption	80% married, wife 3 years younger	

Demographic Assumptions	Post-retirement Healthcare	Basis of Development - Accounting Specific Assumptions
Healthcare claims cost assumption	Health - \$7,630 per participant per year Dental - \$155 per participant per year Vision - \$78 per participant per year Administrative expenses - \$101.20 per retiree per month	Based on 2020 claim cost, adjusted to age 65 using healthcare utilization changes due to age
Healthcare coverage-future pensioners	Male - 27% single, 73% family Female - 50% single, 50% family	Based on CIG 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.
Proportion of death occurring off-island and requiring repatriation	5.00%	

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022

(stated in Cayman Islands dollars)

13. 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.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

13. Employee pension benefits, net (continued)

(a) Defined Benefit Plan (continued)

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 2022 by the PSPB indicated a plan deficit attributable to the Health Authority of \$6,265,000 (2021: \$9,846,000).

Pension Expense and Reconciliation of Defined Pension Liability

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>CIS(000)</u>	<u>CIS(000)</u>
Provision at the beginning of the year	\$ 9,846	\$ 13,550
P&L charge/credit	1,272	1,433
Other comprehensive (income)/loss	(4,326)	(4,469)
Employer contributions	(527)	(668)
	<u>\$ 6,265</u>	<u>\$ 9,846</u>

Reconciliation of Funded Status:

Company's share of defined benefit obligation	18,899	25,105
Less: Fair value of plan assets	(12,634)	(15,259)
Defined benefit liability	<u>\$ 6,265</u>	<u>\$ 9,846</u>

Components of Defined Benefit Cost for the year:

Current service cost	1,021	1,143
Total net interest cost	251	290

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

13. Employee pension benefits, net (continued)

(a) Defined Benefit Plan (continued)

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>CIS(000)</u>	<u>CIS(000)</u>
Remeasurement Included in Other Comprehensive Income (OCI):		
Demographic assumptions change	-	71
Financial assumptions change	(7,072)	(1,596)
Experience adjustments	(359)	(1,488)
Return on plan asset (excluding interest)	3,105	(1,456)
Total remeasurement included in OCI	(4,326)	(4,469)
Pension Expense for the year	(3,054)	(3,036)

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

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>CIS(000)</u>	<u>CIS(000)</u>
Fair value of plan assets at beginning of year (negative)	15,259	13,544
Interest income	414	306
Cash flows		
Employer and participant contributions	733	882
Benefit payments from plan	(316)	(446)
Transfers between other participating employers	(351)	(483)
Other significant event – decrease due to the effect of business combinations/divestitures/transfer	-	-
Remeasurements – return on plan assets (excluding interest income)	(3,105)	1,456
Fair value of plan assets at end of year (negative)	12,634	15,259

The defined benefit liability reconciliation is as follows:

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>CIS(000)</u>	<u>CIS(000)</u>
Defined benefit obligation at beginning of year	25,105	27,094
Current service cost	1,021	1,143
Interest expense	665	596
Effect of changes in demographic assumptions	-	71
Effect of changes in financial assumptions	(7,072)	(1,596)
Effect of changes in experience adjustments	(359)	(1,488)
Cash flows	(461)	(715)
Defined benefit obligation at end of year	18,899	25,105

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

13. Employee pension benefits, net (continued)

(a) Defined Benefit Plan (continued)

The sensitivity analysis on defined benefit obligation is shown below:

	<u>31 December 2022</u>	<u>31 December 2021</u>
1. Discount rate		
a. Discount rate - 25 basis points	19,711	26,425
b. Discount rate + 25 basis points	18,135	23,876
2. Inflation rate		
a. Inflation rate - 25 basis points	18,130	23,938
b. Inflation rate + 25 basis points	19,713	26,349
3. Mortality		
a. Mortality - 10% of current rates	19,242	25,774
b. Mortality +10% of current rates	18,582	24,499

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

	<u>31 December 2022</u>	<u>31 December 2021</u>
	<u>\$000</u>	<u>\$000</u>
Expected employer contributions	483	526

The significant actuarial assumptions are presented below:

<i>Weighted-average assumptions to determine benefit obligations</i>	<u>31 December 2022</u>	<u>31 December 2021</u>
1. Discount rate	5.40%	2.90%
2. Rate of salary increase	5.00%	2.50%
3. Rate of price inflation	4.00%	2.00%
4. Rate of pension increases	4.00%	2.00%
	<i>100% RP-2014</i>	<i>100% RP-2014</i>
5. Post-retirement mortality table	<i>generationally projected using scale MP-2021</i>	<i>generationally projected using scale MP-2020</i>
6. Cost Method	<i>Projected Unit Credit</i>	<i>Projected Unit Credit</i>
7. Asset valuation method	<i>Market Value</i>	<i>Market Value</i>

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

13. Employee pension benefits, net (continued)

(a) Defined Benefit Plan (continued)

<i>Weighted-average assumptions to determine defined benefit cost</i>	<u>31 December 2022</u>	<u>31 December 2021</u>
1. Discount rate used to determine:		
Current service cost	2.95%	2.70%
Interest on current service cost	2.85%	2.50%
Net interest cost	2.65%	2.20%
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%
	<i>100% RP-2014</i>	<i>100% RP-2014</i>
	<i>generationally</i>	<i>generationally</i>
5. Post-retirement mortality table	<i>projected using</i>	<i>projected using scale</i>
	<i>scale MP-2021</i>	<i>MP-2020</i>

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, 1 January 2022, to 31 December 2022, was 17.6% per annum (2021: 13.02%). 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 2022 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 2022, the Fund was invested as follows:

Plan Assets by Asset Category	<u>31 December 2022</u>		<u>31 December 2021</u>	
	(\$000)	Percentage	(\$000)	Percentage
Global equities securities:	767,353	81%	945,780	82%
Debt securities	175,678	18%	190,942	17%
Cash	7,991	1%	7,275	1%
Total	951,022	100%	1,143,997	100%

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

13. Employee pension benefits, net (continued)

(a) Defined Benefit Plan (continued)

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 \$12,634,100 as at 31 December 2022 (2021: \$15,258,800).

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 2022 are shown in the table below.

Measurement Date	31 December 2022	31 December 2021
Discount rate		
- BOY disclosure and current year expense	2.90% per year	2.60% per year
- EOY disclosure	5.40% per year	2.90% per year
- Following year current service cost	5.35% per year	2.95% per year
Increases in pensionable earnings	5.00% per year	2.50% per year
Rate of Pension Increases	4.00% per year	2.00% per year
Mortality		
- BOY disclosure and current year expense	100% of the rates of the RP-2014 Morality Table, generational projections using Scale MP-2021	100% of the rates of the RP-2014 Morality Table, generational projections using Scale MP-2020
- EOY disclosure and following year expense	100% of the rates of the RP-2014 Morality Table, generational projections using Scale MP-2021	100% of the rates of the RP-2014 Morality Table, generational projections using Scale MP-2021
Disability	None	None
Turnover Rates	Age related table	Age related table

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
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13. Employee pension benefits, net (continued)

(a) Defined Benefit Plan (continued)

Measurement Date	31 December 2022	31 December 2021
Retirement	Age-related retirement rates used. See table below	Age-related retirement rates used. See table below
Assumed life expectations on retirement	Retiring today (member age 57): 28.69	Retiring today (member age 57): 28.61
	Retiring in 25 years (at age 57): 30.84	Retiring in 25 years (at age 57): 30.75
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	7.50%	12.50%
25	5.00%	12.50%
30	3.50%	7.50%
35	2.50%	4.50%
40	1.50%	2.50%
45	0.50%	5.00%
50	0.00%	0.00%

Retirement Rates:

Age	
Below 55	0%
55-59	8%
60-64	15%
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.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

13. Employee pension benefits, net (continued)

(a) Defined Benefit Plan (continued)

Participant Data

The defined benefit obligation at 31 December 2022 of the Health Authority as it relates to its participation in the Plan is based on the member data as at 31 October 2022 (53 active members). The data was updated from that used for the calculation of the defined benefit obligation as at 31 December 2021 (31 October 2021: 60 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 2022 was 958 (2021: 962).

During the year ended 31 December 2022, the Health Authority and its employees contributed to the fund 12% and NIL respectively (2021: 6% and 6%, respectively).

The total amount recognised as a pension expense for the year ended 31 December 2022, inclusive of both defined benefit and defined contribution parts, was \$9,305,135 (2021: \$3,995,962).

14. Patient services fees

	2022		2021	
Fees from the rendering of services-net	\$	100,133,221	\$	93,881,526
Fees from sale of goods	\$	35,417,025	\$	30,351,587
	\$	135,550,246	\$	124,233,113

Patient services fees include fees earned from medical care for 'beyond insurance coverage', indigent, and other services sold to the Government under a Purchase Agreement.

The Health Authority recorded a shortfall on the indigent output in the amount of \$6,635,472 (2021: \$10,754,127). This was ultimately funded through Segregated Insurance Fund (SIF) in the amount of \$4,500,000 (2021: \$4,500,000).

Fees from the rendering of service-net represent fees from all patient services provided (other than those sold to the Government under the Purchase Agreement), net of medical benefit of employees and their dependents provided by the Health Authority.

Fees from sale of goods are derived from the sale of drugs at pharmacy stores, district clinics, wards, and all other locations.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
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15. Government programmes

		2022		2021
Medical Services in Cayman Brac & Little Cayman	\$	3,783,158	\$	3,783,158
Mental Health Services	\$	4,395,204	\$	3,481,204
Ambulance Services	\$	3,638,537	\$	2,547,293
District Clinics Services	\$	2,489,947	\$	2,242,947
Public Health Programmes	\$	1,353,576	\$	1,353,576
Dental Services to children & special needs population	\$	966,660	\$	901,660
School Health Nursing Services	\$	952,118	\$	818,785
Medical Internship Programme	\$	227,160	\$	150,000
Child Abuse Program	\$	105,000	\$	100,000
Cancer Registry	\$	62,027	\$	38,667
	\$	17,973,387	\$	15,417,290

Government programmes shown above were delivered in line with the terms and conditions agreed in the annual purchase agreement for the year ended 31 December 2022.

16. Other Income

		2022		2021
Grant from Shareholder	\$	10,054,588	\$	27,996,479
Other Income - general	\$	2,311,210	\$	1,426,875
	\$	12,365,798	\$	29,423,354

The amounts shown above as Grant from Shareholder represent funding received from the Government for services required in response to the COVID-19 pandemic. As public health demands on the Health Authority's service increased as a result of the Covid-19 pandemic, the Health Authority procured emergency supplies, medical services, testing, setup of a temporary field hospital, equipment, additional staffing, etc on behalf of the Government as advised by the Covid Taskforce. These costs were reimbursed to the Health Authority by the Government, which they have recorded as grants reflected above.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
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17. Staff costs

	2022		2021	
Salaries & Wages (including overtime)	\$	78,336,893	\$	68,934,204
Health Care - Overseas/Local	\$	5,311,184	\$	4,921,133
Pension Contribution	\$	9,305,135	\$	3,995,962
Allowances	\$	3,417,481	\$	3,464,289
Other Staff costs	\$	2,005,147	\$	1,798,034
Defined Benefit Healthcare and Pension, net of re-measurement (Notes 19 & 20)	\$	9,467,000	\$	10,550,000
	\$	107,842,840	\$	93,663,621

In addition to the medical cost shown in the schedule above, the Health Authority employees and their dependants receive free medical benefits valued at \$8,960,406 (2021: \$7,306,875). The total health care cost of employees and their dependants amounted to \$14,271,590 (2021: \$12,228,008) excluding the unfunded defined benefit portion of healthcare cost for current and future retirees.

The Health Authority adopted Section 47 of the Public Authorities Act, 2017 during the year. This resulted in the transition to utilize the pension benefits and salary scale used by the civil service for the employees of the Health Authority effective 1 August 2022 and retroactive to 1 January 2022.

18. Supplies and materials

	2022		2021	
Pharmaceuticals	\$	15,566,700	\$	13,131,498
Medical, dental and health supplies	\$	6,023,119	\$	5,460,433
Laboratory supplies	\$	2,369,942	\$	2,315,277
Cleaning supplies	\$	632,083	\$	591,692
Food and dietary	\$	311,173	\$	235,896
Attractive assets	\$	211,276	\$	90,150
Primary Health vaccines	\$	216,350	\$	100,821
Office consumables	\$	243,345	\$	193,151
Vehicle and maintenance supplies	\$	247,338	\$	149,224
Other supplies	\$	169,509	\$	172,434
	\$	25,990,835	\$	22,440,576

Supplies and materials relate to the cost of inventory supplies consumed or sold during the year. It also includes attractive assets which are small assets that do not meet the Health Authority's minimum cost for capitalisation. Due to their nature and vulnerability to loss, attractive assets are expensed when purchased.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

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19. Other operating expenses

		2022		2021
COVID-19 expenditures	\$	3,551,127	\$	12,863,675
Repairs and maintenance	\$	1,956,143	\$	1,357,886
Software licensing fees	\$	1,951,887	\$	1,905,048
Overseas laboratory tests	\$	1,538,171	\$	1,410,192
Freight and shipping	\$	1,341,216	\$	1,010,320
Leases and Common Area Maintenance	\$	1,969,311	\$	1,176,400
Mail courier services	\$	234,817	\$	240,242
Public relations and publicity	\$	302,387	\$	243,105
Contracted Services	\$	144,705	\$	140,243
Advertising	\$	311,559	\$	199,102
Miscellaneous medical expenses	\$	164,566	\$	123,636
Bank charges	\$	125,928	\$	143,396
Finance charges	\$	-	\$	78,424
Computer maintenance	\$	256,796	\$	131,050
Gain on reversal of revaluation loss	\$	-	\$	(934,025)
Miscellaneous	\$	494,179	\$	204,699
Exchange rate net gain	\$	(242,178)	\$	(274,709)
	\$	14,100,612	\$	20,018,683

20. Legal and professional fees

		2022		2021
Professional fees	\$	1,072,912	\$	853,488
Legal fees	\$	317,643	\$	122,539
Audit services	\$	164,000	\$	164,000
Others	\$	625	\$	1,100
	\$	1,555,181	\$	1,141,127

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
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21. 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 2022 is NIL (2021: NIL). As of 31 December 2022, NIL (2021: NIL) was paid out as settlement for medical malpractice claims and NIL (2021: NIL) for employee claim, respectively.

22. 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 \$1,320,000 and nil (2021: \$1,070,000 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.

(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	111,229	-	-	111,229
Total Capital Commitments	111,229	-	-	111,229
Operating Commitments				
Non-cancellable contracts for the supply of goods and services	6,227,749	4,955,106	2,141,400	13,324,255
Total Operating Commitments	6,227,749	4,955,106	2,141,400	13,324,255
Total Commitments	\$ 6,338,978	\$ 4,955,106	\$ 2,141,400	\$ 13,435,484

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

22. Contingencies and commitments (continued)

(b) Capital and operating commitments (continued)

The outstanding capital commitments are for the commitments related to improvements at the Health Authority main campus \$99,060 (2021: \$1,002,490) and Faith Hospital \$12,169 (2021: NIL).

In addition, the Health Authority has entered various operating commitments with terms less than one year to over five years term amounting to \$13,324,255 (2021: \$6,049,742). A substantial part of this amount pertains to the contract with Abbott International for the equipment rental and service agreement which was \$3,563,198 (2021: \$3,701,575). The contract will expire on 22 August 2031. The Health Authority has also contracted with National Security Services in the amount of \$1,508,194 (2021: \$2,413,111).

(c) Sections 39(2) and 39(3) of the Public Authorities Act (2020 Revision) (PAA):

Under Section 39(2) of the PAA (2020 Revision), any surplus cash exceeding three month's reserve should be paid over to core government, unless directed otherwise by Cabinet.

Under Section 39(3) of the PAA (2020 Revision), the Health Authority is required to pay dividends in accordance with the formula established by the Minister of Finance.

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 Health Authority'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 2022 financial year and under section 19 (e).

(d) Sections 36(1) of the Public Authorities Act (2020 Revision) (PAA):

Section 36(1) of the PAA requires the Health Authority to pay an annual capital charge for the use of equity invested by the Government in the Health Authority. The capital charge is set by the Minister of Finance after consultation with the public authority's board. There is no capital charge payable for 2022 (2021: \$0) as the capital charge rate for the 2022 financial year was set at 0%.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
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23. 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 2022, management estimates that the aggregate amount of Health Authority’s transactions with government-related entities are at least 68% (2021: 72%) of its revenue and between 3% (2021: 12%) 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 dependants including other ancillary services to other government related entities and reported this as revenue in the amount of \$59,450,830 (2021: \$45,364,755). The Health Authority is reimbursed by Cayman Islands National Insurance Company (CINICO) for the services provided to the employees of the Government and their dependants.
- The Health Authority did not receive an equity injection in 2022 (NIL in 2021) from the Cayman Islands Government.
- Pursuant to the general appropriation for the year ended 31 December 2022, the Health Authority billed the Government \$51,144,378 (2021: \$45,364,755) 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 \$17,973,387 (2021: \$15,417,290). This included the maintenance of Faith Hospital in the amount of \$3,783,158 (2021: \$3,783,158).

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

23. Related party transactions (continued)

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	3,638,537	3,638,537
District Clinics	2,489,947	2,489,947
Mental Health	4,395,204	4,395,204
Public Health	1,353,576	1,353,576
Dental Services	966,660	966,660
Schoold Health	952,118	952,118
Adolescent Mental Health Hub	-	840,000
Medical Internship	227,160	227,160
Child Abuse Program	105,000	105,000
Cancer Registration	62,027	62,027
	\$ 17,973,387	\$ 18,813,387

There were 20 personnel categorized in 2022 as related parties. These are broken down as 13 key management personnel and 7 Board of Directors (2021: 11 key management personnel and 6 Directors). The remuneration of directors and other members of key management mainly included as staff costs including pension during the year was as follows:

	2022	2021
Short-term benefits:		
Senior management	\$2,362,034	\$2,250,534
Board of directors	250,900	192,550
	<u>\$2,612,934</u>	<u>\$2,443,084</u>

For the year ended 31 December 2022 the Health Authority incurred medical costs for its key management and their dependants in the amount of \$209,683 (2021: \$243,193) 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 with an annual disbursement of \$16,880 (2021: \$9,941) and remuneration of other related party amounting to \$828,375 (2021: \$875,270).

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

24. 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.

The Health Authority assessed the potential impact of IFRS 9 on the operations of the Health Authority and determined them to be minimal.

The Health 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 2022, 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 Health 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.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

24. Financial instruments and associated risks (continued)

On that basis, the estimated credit loss allowance as at 31 December 2022 was determined to be \$23,975,386 for accounts receivable. This was calculated as follows:

	Current	More than 180 days	More than 365 days
Expected loss rate	9%	87%	75%
Gross carrying amount – Accounts receivables	\$ 32,204,776	\$ 6,710,856	\$ 20,312,755
Less allowance	2,986,646	5,838,080	15,150,659

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:

24.1 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 default 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 receivables 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% (2021: 40% - 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.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022

(stated in Cayman Islands dollars)

24. Financial instruments and associated risks (continued)

24.1 Credit risk (continued)

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
2022					
Gross accounts receivable	1,550	1,399	7,099	14,601	24,649
Allowance for bad debts	(141)	(820)	(6,053)	(9,976)	(16,990)
	<u>1,409</u>	<u>579</u>	<u>1,046</u>	<u>4,625</u>	<u>7,659</u>
	Less than 1 month	1-3 months	3 months to 1 year	1 year over	Total
	\$000	\$000	\$000	\$000	\$000
2021					
Gross accounts receivable	1,108	1,534	6,578	6,389	15,609
Allowance for bad debts	(162)	(870)	(5,623)	(6,389)	(13,043)
	<u>946</u>	<u>664</u>	<u>955</u>	<u>-</u>	<u>2,565</u>

24.2 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 2022.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

24. Financial instruments and associated risks (continued)

24.2 Liquidity risk (continued)

	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 2022							
Financial assets							
Cash and cash equivalents	40,818,478		40,818,478	\$ -	\$ -	\$ -	\$ -
Short-term investments			-				
Accounts receivable, net	35,253,001		35,253,001				
Other receivables	6,080,800		6,080,800				
	82,152,279	-	82,152,279	-	-	-	-
Financial liabilities							
Accounts payable and accrued expenses	17,648,536		17,648,536				
Unfunded pension obligation	6,265,000		6,265,000				
	23,913,536	-	23,913,536	-	-	-	-
Difference in contractual flows	58,238,743	-	\$58,238,743	-	-	-	-
	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 2021							
Financial assets							
Cash and cash equivalents	\$7,778,638		\$7,778,638	\$ -	\$ -	\$ -	\$ -
Short-term investments			-				
Accounts receivable, net	57,572,222		57,572,222				
Other receivables	22,405,801		22,405,801				
	\$87,756,661	-	87,756,661	-	-	-	-
Financial liabilities							
Accounts payable and accrued expenses	17,955,396		17,955,396				
Unfunded pension obligation	9,846,000		9,846,000				
	27,801,396	-	27,801,396	-	-	-	-
Difference in contractual flows	\$59,955,265	-	\$59,955,265	-	-	-	-

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

24. Financial instruments and associated risks (continued)

24.3 Interest risk

Interest rate risk – The Health Authority is exposed to interest rate risk for the \$4 million credit facility with CIBC 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.

25. Going concern considerations

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

Following the recognition of the post-retirement health care liability, Health Authority's financial position as at 31 December 2022 was \$41,562,165 (2021: \$8,127,359) with a net deficit for the year of \$5,174,476 (2021: \$8,062,512) as presented in the statement of comprehensive income.

The Health Authority has the ability to fund annual past service liabilities as they fall due. As at 31 December 2022, the Health Authority had aggregate cash holdings including liquid investments of \$10,000,000. This puts the Health Authority in a position well above the required 90-day cash holding. The Health Authority is a health care facility, Management believes that the Health Authority can provide a proper health care to its retirees within its facility nevertheless, a stop loss insurance coverage is in place to cover the acute cases of retirees thereby limiting the medical credit risk exposure of Health Authority. In addition, the Health Authority has a \$4 million overdraft facility as additional buffer for any cash short fall in the future and this remain unused at present.

The reversal from a net liability in 2021 to a positive equity in 2022 allays the fears previously raised regarding the Health Authority's ability to continue as going concern as it relates to its ability to meet its obligations as they fall due in the foreseeable future.

Nevertheless, the leadership of the Health Authority's continues to monitor and manage the risk resulting from annual actuarial valuations.

CAYMAN ISLANDS HEALTH SERVICES AUTHORITY

Notes to financial statements

For the year ended 31 December 2022
(stated in Cayman Islands dollars)

26. Subsequent events

In January 2023, the Health Authority's Board approved the expansion of clinical spaces through the relocation of administrative teams to an offsite location. This will create 24 additional bed space to meet the public demand. This forms part of the long-term strategy to prioritize the main campus for clinical needs and economic sustainability of the entity.

In January 2023, the Health Authority officially opened the Alex Panton Adolescent Mental Health Hub. This facility will serve the needs of adolescents. The Executive Medical suite was also opened and declared ready for service delivery in collaboration with Cayman Islands National Insurance Company.

In February 2023, the Health Authority engaged an in-house attorney to address legal matters in a timelier manner. The Health Authority has duly advised the Attorney General and will not be renewing the requisite service level agreement with the Attorney General's office.

In February 2023, the Health Authority acquired crown lands valued at \$2 million from the Ministry of Education. The land will be used in support of the expansion of clinical programs. The transfer was at arm's length and managed through the Lands and Survey Unit as required under law.

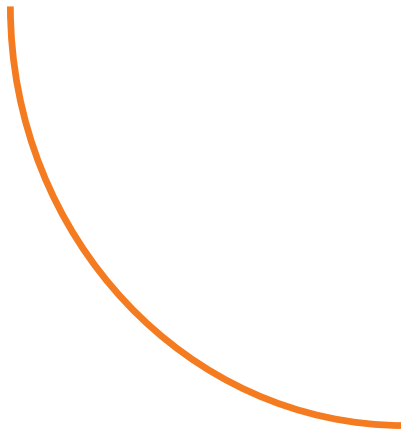
The Joint Commission International (JCI) consultancy team visited in February 2023 and provided feedback prior to the official accreditation audit scheduled for May 2023. This accreditation will place the Health Authority on par with other international medical facilities worldwide.

In February 2023 a strategic overview of the revenue management process was commissioned in tandem with an audit of Cerner patient accounting system. The outcome is expected to pave the way forward for the enhancement of service delivery, improvement of internal controls, reduction of uncompensated care and improved financial reporting.

All covid-19 testing sites external to the hospital's main campus were closed and staff absorbed into the Health Authority staff pool. Closure of these sites will reduce operating costs and is in keeping with the removal of the requirement to have clearance after isolation for positive covid cases.

Cayman Islands National Insurance Company has announced its intention to allow civil servants to acquire medical care at two alternate health care facilities on island. While this will impact encounter levels at Health Authority, with the introduction of new service lines, a new service delivery model, multiple locations and greater emphasis on patient experience, the Health Authority does not anticipate a significant fallout.

Management is not aware of any other events after the reporting date which will have an impact on the operations of the Health Authority or its financial statements at 31 December 2022.



RECOGNISING THE EFFORTS OF OUR PAST, PRESENT AND FUTURE.