

## **BERMUDA'S HEALTH ACCOUNTS EXPLAINED**

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Bermuda's health system is one of the fastest growing parts of its economy. The health system is all the sectors and institutions that practice, provide, arrange, or pay for healthcare and health services on the island.

Bermuda spent BD\$ 557.7 million on its health system in 2009. That amount was 9.2% of Bermuda's gross income for that year. That works out to BD\$ 8,661 spent for every man, woman, and child on the island.

We can take the BD\$ 557.7 million spent in 2009 and slice it, like a pie, into 9 pieces, each representing a different category of health system spending that makes up the whole pie. What we get looks like this:

- The Bermuda Hospitals Board is the largest piece of the pie. It spends 40.4% of the total.
- Overseas care costs would be the next largest slice of the health system pie at 15.5%. This includes overseas hospitalization, overseas physician visits, overseas prescription drug purchases, and even transportation and accommodation.
- Local physicians represent 10.6% of the pie
- Health insurance operations costs, which are the costs of running health insurance, make up 7.9% of the pie.
- Prescription drugs take up 6.7% of all health system spending.
- The healthcare and public health services provided by the Department of Health cost 5.0% of the pie.
- Bermuda's dentist and dental services would be the next largest slice, taking up about 4.9%.
- The legal, parliamentary, strategic planning, management services and administration of the Ministry of Health headquarters made up 1.5% of the pie.
- "Other types of providers, services, and appliances make up the final 7.4% of health system spending.

Let's look at the performance of the health system for the five year period 2004 to 2009. In 2004 Bermuda spent BD\$ 378.1 million on its health system. In 2009 we spent BD \$557.7 million. This means that from 2004 to 2009 Bermuda's health system spending increased by 47%. That is the same as saying that health system spending increased by 8.1% each year from

2004 to 2009. By comparison, Bermuda's gross income increased by 7.9% per year from 2004 to 2009.

The leading driver of the increased spending from 2004 to 2009 was overseas care, which grew 2.06 times, or 106.2%. Health insurance was the second largest contributor as operations costs grew by 67% over the five year period, while the Bermuda Hospitals Board's costs to operate the islands hospital system grew by 59.4%. Spending on the combined services of physicians and dentists increased by 19.0% from 2004 to 2009.

Public spending on health, which includes direct government spending and spending by the Bermuda Hospitals Board, which is partially funded by the government, rose from BD\$ 165.8 million in 2004 to BD\$ 261.7 million in 2009, an increase of 57.8%.

Spending on health is rising globally. This is driven by an increased use of health services, and the fact that people are living longer, and diseases like diabetes and heart disease are more common. These trends are well established in Bermuda too. However, the increase in health system spending over the last five years, and the recent economic crisis, raise the issue of the sustainability of the current rate of growth.

Healthcare is not an option. We have to ensure it is always available to the population. This means it must be affordable. For this reason, the Bermuda Health Council is working with health system planners and managers to ensure healthcare remains affordable to our economy.

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