

FOCUSED ON
HEALTHCARE
EXCELLENCE

2018
Annual
Report



St. Maarten Medical Center



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EXECUTIVE SUMMARY

The year 2018 was all about recovery after the disastrous hurricanes Irma and Maria of 2017. Even though SMMC and the island of St. Maarten were still in recovery mode, an overall increase in production was achieved in the latter part of 2018 mainly due to the expansion of medical services. For instance, in September, the Eye Care Clinic opened its doors with an impressive team of eight qualified Eye Specialists who have been recruited from Suriname and Holland. SMMC purchased brand new, state of the art Eye Care equipment which has been installed in the designated Eye Care facility at the SMMC Care Complex. Urology services were bolstered after a second Urologist came into service in November 2018.

Financially, SMMC (including Cay Hill Pharmacy) recorded a net consolidated profit of ANG 1,497,000 (ANG 2,092,000 in 2017). In 2018 SMMC was visited by 67.705 (63.014 in 2017) patients, leading to a total consolidated turnover of ANG 81 million (ANG 55 million in 2017). This increase in revenue signals a significant improvement of our medical services for the community. This increase is off course strongly influenced by the lower production in 2017 due to the hurricanes.

After a few months of vigorous preparations, SMMC signed a grant agreement with the World Bank to receive a USD 25 million grant from the St. Maarten Recovery, Reconstruction and Resilience Trust Fund that is funded by The Netherlands and managed by the World Bank. The grant serves to improve services of the current hospital, while the new hospital is being built, and to upgrade the

design of the new hospital to withstand category 5+ hurricanes. This with the overall objective to improve the preparedness and capacity of hospital services in St. Maarten.

In December 2018, during a well-attended event at SMMC's premises and in witness of the Governor of St. Maarten his Excellency Drs. Eugene Holiday, Deputy Prime Minister Wycliffe Smith, Minister of VSA Emil Lee and the Council of Ministers, Dutch Representative Chris Johnson, the Chairman of the Supervisory Council of the St. Maarten Medical Center (SMMC), Robert Jan James, the Board of Directors of SMMC Kees Klarenbeek and Dr. Felix Holiday and numerous Government officials and other dignitaries, ground was officially broken for the construction of the new hospital: St. Maarten General Hospital.



REPORT OF THE SUPERVISORY COUNCIL

On February 22, 2020 the Supervisory Council of the St. Maarten Medical Center (SMMC) approved the Consolidated Financial Statements for 2018. The external auditor BDO St. Maarten B.V. audited the Consolidated Financial Statement 2018.

On December 31, 2018 the Supervisory Council consisted of the following members:

- Mr. Robert-Jan James, Chairman
- Ms. Luz-Marie Tuitt, Vice Chairman
- Mr. Rakesh Jethani

In 2018 the term of Mr. Ahmed Bell expired.

On November 30, 2018, the amended statutes of the Foundation, as approved by the Minister, went into effect. Although the registration with the Chamber of Commerce remains unchanged, a name change did take place. The Foundation is now formally known as the St. Maarten General Hospital (SMGH), doing business as the St. Maarten Medical Center (SMMC).

The amended statutes brought about a few significant changes which directly affect the Supervisory Council. The Board of Directors (BoD) can now consist of up to three members, and the Supervisory Council (SC) membership was expanded from five to seven members.

Based on these statutes and given the fact that the new hospital construction (SMGH) project considerably increased the workload of the BoD, a decision was taken to expand the BoD to a three headed board. A new structure was designed to reflect a CEO/COO/CFO structure, with the COO role being fulfilled by the Medical Director. Kees Klarenbeek as existing Financial/General Director took on the role of CEO/General Director, and a recruitment process to fill the CFO position was started. The CFO was formally appointed in 2019.

The actual expansion of the Supervisory Council in line with the amended statutes took place in 2019.

The Supervisory Council is extremely pleased with the 2018 financial results. The positive trend that started in 2015 has continued and 2018 again



showed a positive result. Conversely the cash flow position remained precarious throughout the year but was well managed by the BoD.

The Tripartite - consisting of the Ministry of Public Health, Social Development and Labour (VSA), Social Health Insurances (SZV) and SMMC - continues to remain an important aspect towards the improvement of healthcare on St. Maarten and the development of the SMGH project in particular. It has ensured a healthy working relationship between the three entities, as well as financial solidity for SMMC. This stability allowed the signing of a Facility Agreement for a ANG 145 million loan with a consortium of lenders on the 23rd of February 2018. This momentous occasion marked a major milestone in the road towards a new general hospital. Unfortunately, an unforeseen obstacle with the construction company caused a delay in the actual start of the project. However, this would be resolved in 2019.

The abovementioned relationship is critical to the successful implementation and execution of

the business plan that underpins the basis of the substantial financial commitment made.

In addition to a sound financial position the organization has made great strides in expansion of its services, especially with the opening of the Ophthalmology (Eye Care) Clinic which is outfitted with the latest in Ophthalmology equipment. Pulmonology was added, while the Urology services were expanded. Also the addition of a Quality & Safety Department must be commended. Being a medical organization, it is critical that the highest level of quality of care is achieved, and that standards and procedures are adhered to. This is imperative in the aim towards becoming an accredited organization.

Naturally, there are also areas for improvement. From the financial standpoint that is the aim to achieve a clean opinion on the financial statements. For the last few years, the two main reasons for disclaimers issued by the auditor remains the doubtful accuracy of revenue as well as the inability to produce accurate inventory counts. The Supervisory Council needs to ensure the Audit Committee is fully functional and together with the Internal Auditor and the BoD ensure robust internal procedures are in place to achieve this.

In closing, the Supervisory Council would like to congratulate the entire SMMC family on a very successful year and is confident that the organization will continue to grow and remain committed to the principles of Quality, Accessibility and Affordability.



A MESSAGE FROM THE BOARD OF DIRECTORS

GENERAL

The hospital improved its services and quality in many aspects in 2018 after the devastating hurricanes Irma and Maria in September 2017. Not only did we increase the production in all medical specialties, but also the number of medical services increased.

We provided more medical services to our patients and were able to lower the international referrals. Also, the internal organization and staff development found their way up. All of this supported SMMC's mission to provide "quality care close to home". The cooperation with the tri-partite (SZV, Ministry of VSA and SMMC) excelled and led to integration as a joint effort to improve health care for St. Maarten and surrounding islands. These constructive meetings gave the needed clarity and stability to make the long awaited and needed investments in medical equipment and new specialties.

Last but not least, the positive trend led all stakeholders to give the green light to proceed with the new hospital (St. Maarten General Hospital) construction project. A loan agreement was concluded with a consortium of lenders to provide financing that together with a grant received from the World Bank and SMMC's own contribution will be used for the funding of the new hospital construction project.

RESULT AND REVENUE

The hospital including Cay Hill Pharmacy recorded a net consolidated profit of ANG 1,497,000 (ANG 2,092,000 in 2017). In 2018 SMMC was visited by 67.705 (63.014 in 2017) patients, leading to a total

consolidated turnover of ANG 81 million (ANG 55 million in 2017). This increase in revenue signals a significant improvement of our medical services for the community. This increase is off course strongly influenced by the lower production in 2017 due to hurricanes Irma and Maria. Heavily influenced by Irma were Pediatrics, Gynecology, CHP, Radiology and all other diagnostic services. Some delayed production from 2017 ended up in 2018, but not for these specialties. The growth in revenue was furthermore realized by ANG 4,2 million on new specialties (mainly Urology), ANG 3 million by the increase of patients and (apart from hurricane Irma) for a great part by increased productivity per visit for all specialties across the board. Also enhanced attention for production registration by the medical departments supported this growth.

In general, 2018 was a good year as SMMC became closer to being a full-fledged non-academic hospital and expanded the reach to patients and did so with an increased productivity.

COST

On the costs side in the year 2018 there is an increase as compared to 2017 which is in line with the cost for the multi annual business case for the new hospital project. This business case is especially developed to ascertain the financial feasibility of the new hospital project. It is therewith a good indicator for the long term perspective.

The increase in salaries and wages expenses is a result of the increase in gross salary per employee, increase in number of staff as well as the policy to hire higher qualified staff. General expenses went up substantially as a result of hiring different

consultants to speed up the organizational change and improvements. Housing and maintenance cost increased due to repairs after Irma and last but not least, the fact that the current building is outdated and constant repairs are needed to keep the facility up and running.

General expenses strongly increased this year due to an extraordinary provision of ANG 12.847.000 for Accounts Receivable. The clean-up of the accounts receivables has been an ongoing process that has been due since years. The many suspense and clearing accounts did not provide a clear insight in the expected overall funds to be received. Therefore, it is decided to start providing for non-collectible Accounts Receivable based on management estimates.

WORK IN PROGRESS NEW HOSPITAL BUILDING

The work in progress of the new building amounts to ANG 16.7 million as per 31-12-2018 out of which ANG 11.6 million is pre-financed by SZV. SMMC embarked on a facility loan agreement with a consortium of lenders via NIBanc for the majority part of the funding of the new hospital building construction project. With the first draw of this loan the amounts pre-financed by SZV will be repaid, most likely in the first part of 2020. From that moment on SMMC will carry the loan from the lending consortium. The total cost for the construction of St. Maarten General Hospital are budgeted at ANG 182 million and funding will be provided as follows:

NIBanc	135,000,000
World Bank	30,600,000
SMMC	16,884,924
TOTAL FUNDING	182,484,924

ORGANIZATIONAL DEVELOPMENT

On the internal organization of SMMC, much work needs to be done. Around the period of 2012 the hospital was in financial dire straits. All the energy went into surviving for the organization. Continuation of operations and day to day cash management were the top priorities. From that period onwards, the organization has come into a more stable situation through the structured efforts by the management team into focusing on a multi-annual business case for SMMC to operate as a resilient organization as it transitions to the new hospital. Only now, after Irma, more energy

and funds are available for staff and organization development. Also, back-log activities can now be addressed.

RISKS

From a risk perspective, the organization is operating in a turbulent environment. The yearly hurricane season brings uncertainty, but also the political environment can be unpredictable. Building a new hospital has inherent risks. These risks have been considered and mitigating actions have been put into place. A very experienced project manager, cooperation with the tripartite, expansion

of the Supervisory Council, external engineers from SMMC, external engineers from the lenders, specialized lawyers have all been dedicated to the project in order to optimize realization and minimize the risks with the new hospital construction project. Another, maybe less tangible, but not to be underestimated risk is that not all staff can keep up with the development of the requirements of the new organization. SMMC management has taken a principal standpoint to guide and develop all staff into the new reality. Therefore the “Fit for the Future” program is aimed to start in 2019 to accommodate this transition.

CAY HILL PHARMACY

We cannot speak about SMMC without looking to our colleagues of Cay Hill Pharmacy (CHP). CHP made a loss of ANG 75 thousand before taxation. This loss is mainly caused by overdue inventory items and receivables that will not be collected. Out of the turnover of ANG 10.9 million, ANG 3.2 million was in relation with SMMC. In the future, it is expected that the cost of goods for CHP will go down substantially.

2019 AND BEYOND

Looking forward, SMMC sees the long-term goals being realized. In 2019 again new medical specialties will be added and currently the full scope of non-academic hospital services can be rendered. The new building project will get started and SMMC remains in a stable financial position. Nevertheless, the challenges will remain on the development of staff and the organization. The development of the organization structure is very much needed. Most of the staff training and development programs, including a 3-year “Fit for the Future” project will be delivered at all levels

of the organization and it is considered one of the main factors to contribute on the successful development of SMMC in the future. Finally, in close cooperation with valued support of the Inspectorate of Health, SMMC aims to be accredited by the Joint Commission International (JCI). JCI is an international health organization that originates in the USA and audits and certifies medical institutions as having achieved the highest level of standards for safety, quality and governance. This accreditation will, within the course of 3 years, be the confirmation of the success of SMMC and will be the tangible proof that SMMC is (becoming) the leading hospital in the region. In the coming years, SMMC is looking forward to proceed with its fruitful relationship with its partners SZV and VSA on different aspects and via the tri-partite meetings.

In closing, we want to express our gratitude for the advice and guidance of all our staff and SMMC’s Supervisory Council who provided us with their role in strategically overseeing the targets and moving of SMMC in the direction that is in the best interest of the residents of St. Maarten and the surrounding islands.



MISSION & VISION

The Mission of the St. Maarten Medical Center is:

SMMC provides high quality, accessible and affordable hospital care in the best interest of the patient, by closely cooperating with strategic partners, within a safe environment with motivated, qualified and competent staff.

The Vision of the St. Maarten Medical Center is:

SMMC is the general hospital that guarantees high quality hospital care based on patients' needs, to residents and visitors of St. Maarten and her surrounding islands, close to home.

LEADERSHIP

SMMC is an autonomous non-governmental organization. The foundation consists of two bodies, the Board of Directors and the Supervisory Council. The responsibility for the daily management lies upon the Board of Directors, who are supported by the Management Team, while the responsibility of the Supervisory Council spans supervising the organization strategy and general developments of the hospital.

Supervisory Council



Robert-Jan James
Chairman



Luz Marie Tuitt
Vice Chairman



Rakesh Jethani
Council Member

Board of Directors



Kees Klarenbeek
General Director



Dr. Felix Holiday
Medical Director

Management Team



Antonio Pantophlet
Manager Patient Care
& Education



Sheila Hodge
Manager ICT, HR,
Archives



Shanda Halley
Manager Finance



Erika van der Horst
Manager Facilities



Bonnie Dekker
Manager Strategy
& Policy



Lydian Baneke
Legal Counsel

INDEPENDENT AUDITORS REPORT

A. Report on the abbreviated 2018 consolidated financial statements

OUR OPINION

The summary (hereafter: 'abbreviated') 2018 consolidated financial statements of Foundation Sint Maarten General Hospital (formerly known as St. Maarten Medical Center Foundation), based in St. Maarten, are derived from the audited consolidated financial statements of St. Maarten Medical Center Foundation for the year ended December 31, 2018.

In our opinion the accompanying abbreviated 2018 consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of St. Maarten Medical Center Foundation for the year ended December 31, 2018, in accordance with the principles described in the notes.

The summary consolidated financial statements comprise:

1. the summary consolidated balance sheet as at 31 December 2018;
2. the summary consolidated income statement for the year then ended; and
3. the notes comprising a summary of the applicable accounting policies and other explanatory information.

ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS

The abbreviated consolidated financial statements do not contain all the disclosures required by Generally Accepted Accounting Principles in the Netherlands. Reading the abbreviated consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Foundation Sint Maarten General Hospital including our auditor's report thereon. The abbreviated consolidated financial statements and the audited consolidated financial statements do not reflect the effects of events that occurred subsequent to the date of our report on those consolidated financial statements.

The audited consolidated financial statements and our disclaimer of opinion

We did not express an opinion on the consolidated 2018 financial statements of the foundation in our report dated February 20, 2020. Because of the significance of the matters described in the 'Basis for our disclaimer of opinion' paragraph, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR OUR DISCLAIMER OF OPINION

The following matters were noted during the audit:

1. We could not determine the accuracy, including valuation of the inventory balances, based on the internal control system in place during 2018. We were unable to obtain sufficient audit evidence by alternative means concerning the inventory quantities and value as held at December 31, 2018 as well as the accurate recording of the related cost of sales during 2018.
2. The internal control system regarding the completeness of invoicing of medical treatments and related income sources was inadequate during 2018. We were unable to obtain sufficient audit evidence by alternative means concerning the completeness of revenue and the related accounts receivable. We therefore did not obtain sufficient evidence to determine whether recorded revenues and related accounts receivable are completely recorded. In addition the accuracy of the individual accounts receivable balances could not be established due to the fact that the advance payments recorded through suspense accounts were not reconciled to individual trade receivable accounts during 2018.

As a result of these matters, we were unable to determine whether any adjustments might have been necessary in respect of recorded or unrecorded inventories, accounts receivable and the elements making up the consolidated income statement.

B. Responsibilities of management and the supervisory council for the abbreviated consolidated financial statements

Management is responsible for the preparation of the abbreviated consolidated financial statements in accordance with the principles described in the notes.

The Supervisory Council is responsible for overseeing the foundation's financial reporting process.

OUR RESPONSIBILITIES

Our responsibility is to provide an opinion if the abbreviated consolidated 2018 financial statements are consistent, in all material respects, with the audited consolidated financial statements of Foundation Sint Maarten General Hospital for the year ended December 31, 2018, based on our audit, in accordance with Dutch Standard on Auditing 810, 'Engagements to report on summarized consolidated financial statements'.

St. Maarten, 18 March 2020

For and on behalf of BDO St. Maarten B.V.,

Signed by M.J. Illidge CPA Signed by P.C. Lungu ACCA

1.1 ABBREVIATED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2018

Before of result distribution

	31 December 2018		31 December 2017	
		ANG		ANG
ASSETS				
Intangible Fixed Assets		750,939		999,258
Tangible Fixed Assets		36,636,579		19,672,481
Current Assets				
Inventory		4,799,614		3,127,858
Receivables		24,263,227		28,028,039
Cash and Cash Equivalents		5,188,332		4,856,420
Total Assets		71,638,691		56,684,056
EQUITY & LIABILITIES				
Foundations' Equity		38,154,593		36,657,180
Equalization Reserve		931,043		-
Provisions		4,867,130		4,350,778
Short-term Liabilities		27,685,925		15,676,098
Total Equity & Liabilities		71,638,691		56,684,056

1.2 ABBREVIATED CONSOLIDATED INCOME STATEMENT FOR THE YEAR 2018

	31 December 2018		31 December 2017	
	ANG	ANG	ANG	ANG
Medical Income	81,046,981		54,592,216	
Direct Expenses	<u>-19,861,229</u>		<u>-18,839,779</u>	
Gross Margin	61,185,752		35,752,437	
Other Operating Income	<u>420,156</u>		<u>10,717,236</u>	
Gross Margin		61,605,908		46,469,673
Salaries and Wages	35,417,788		33,223,644	
Depreciation of Intangible and tangible fixed assets	4,093,700		4,532,231	
Other Operating Expenses	<u>20,275,292</u>		<u>6,432,937</u>	
Total Operating Expenses		59,786,780		44,188,812
Operating Result		1,819,128		2,280,861
Financial Expense		<u>-321,715</u>		<u>-188,609</u>
Result on Ordinary Activities before taxation		1,497,413		2,092,252
Profit Tax		-		-
Result After Taxation		1,497,413		2,092,252

1.3 NOTES TO THE ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS

General

The general principle for the valuation of assets and liabilities, as well as the determination of results, is the historical purchase price. Unless otherwise stated, assets and liabilities are stated at the values at which they were acquired. Revenues and expenses are recorded in the period to which they relate.

COMPARATIVE FIGURES

The comparative figures have been reclassified where necessary in order to easily compare with the financial statements of this year.

STANDARDS APPLIED

The consolidated financial statements have been prepared in accordance with the Civil code applicable on St. Maarten and accounting principles generally accepted in the Netherlands, excluding specific guidelines for care institutions applicable in the Netherlands. The consolidated financial statements are denominated in Netherlands Antillean Guilders (ANG).

ACTIVITIES

Foundation Sint Maarten General Hospital formerly known as Sint Maarten Medical Center Foundation (hereinafter 'SMMC') was incorporated on March 26, 1990. SMMC operates as a general hospital located at Welgelegen Road #30, Unit #1, Cay Hill, St. Maarten. SMMC is a non-profit organization with the goal to manage and operate a financially viable general hospital on St. Maarten in the broadest sense. It is increasing the number of specialties in order to reduce the cost of health care on the island.

The supervisory council and the board of directors in agreement with the Minister of VSA (Minister of Public Health, Social Development and Labor) have decided that the name of the foundation will be changed to Stichting Algemeen Ziekenhuis Sint Maarten or in English Foundation Sint Maarten General Hospital. This was agreed on February 23, 2018 and notarized on November 30, 2018 in the amended articles of incorporation. This name will be used for the new hospital that will be built next to the current premises.

GOING CONCERN AND FINANCIAL POSITION OF THE FOUNDATION

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Foundation will be able to meet the mandatory repayments required in the foreseeable future. The Foundation has recognized a net profit after tax of ANG 2 million for the year ended 31 December 2017 and, as at that date, current assets exceed current liabilities by ANG 16 million.

CONSOLIDATION

SMMC owns 100% of the shares of St. Maarten Medical Center Pharmacy N.V. also known as Cayhill Pharmacy and therefore the balance sheet and income statement have been consolidated. Intercompany transactions and balances between the company and SMMC are eliminated upon consolidation. St. Maarten Medical Center Pharmacy N.V. was incorporated on September 27, 1991 in St. Maarten. The entity's main objective is to conduct and sell pharmaceutical supplies operating as a public pharmacy on the Dutch side of St. Maarten. The entity commenced its operations in March 1991.

CORPORATE GOVERNANCE CODE

The Corporate Governance Code is applicable to the Foundation. The organization is currently in the process of implementing the requirements of the Corporate Governance Code. Once this has been completed a compliance report will be prepared using the comply or explain principle.

USE OF JUDGMENT AND ESTIMATES

In preparing the consolidated financial statements, the Supervisory Council and Board of directors of SMMC, in accordance with accounting principles generally accepted in the Netherlands, have to make certain judgments and estimates that affect the application of the Foundation's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results can deviate from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

TRANSLATION OF FOREIGN CURRENCY

Monetary assets and liabilities denominated in foreign currencies have been converted to Antillean Guilders (ANG) at the rates of exchange prevailing at balance sheet date. Revenue and expense transactions have been converted at the rates prevailing on the date of the transaction. Any gain or loss on foreign currency translation is credited or charged to the income statement which is referred to as Translation Exchange Rate Differences.

Accounting Policies In Respect of The Valuation of Assets and Liabilities

INTANGIBLE FIXED ASSETS

Intangible fixed assets are stated at cost less accumulated amortization and, if applicable, less impairments in value. Amortization is charged as a fixed percentage of cost, as specified in more detail in the notes of the balance sheet.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost, net of accumulated depreciation. Depreciation is computed based on the estimated useful lives of the assets using the straight line method. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any resulting gain or loss is reflected in the income for the period. The cost of maintenance and repairs is provided for in a maintenance provision. Significant improvements are capitalized and depreciated over its economic lifetime. Information Technology and Hospital Information Systems are further abbreviated in these financial statements as IT and HIS. Capitalized fixed assets are tested for impairment periodically or upon identification of impairment triggers. A fixed asset is impaired when the recoverable amount is lower than the carrying value.

INVENTORY

Inventory is stated at FEFO method (first-expired, first-out), taking into account a provision for obsolete inventory for SMMC.

ACCOUNTS RECEIVABLE

Accounts receivable are shown after deduction of a provision for bad and doubtful debts where appropriate. *The accounts receivable have a maturity date due within one year.*

PROVISIONS FOR OTHER POST-EMPLOYMENT BENEFITS

The foundation provides for payments in addition to pension payments of retired employees. The

provision is calculated by an actuary under the actuarial cost method using the projected unit credit method and specific assumptions.

CASH AT BANK

Cash and bank balances are freely disposable, unless stated otherwise.

Equity

The equity comprise the nominal capital account, accumulated gains/losses and the result of the period accounts.

EQUALIZATION RESERVE DONATIONS

SMMC has formed an equalization reserve for donated equipment and certain designated monetary donations. These monetary donations received will remain reserved until the equipment has been purchased and received. The amounts are amortized in line with the straight line depreciation of the related assets.

PENSION PLAN

The employees of the foundation are entitled to a pension which is insured with an insurance company. The pension plan is a so-called defined contribution plan. The foundation's liability is limited to the employers' part of the pension premium.

CURRENT LIABILITIES

The short term liabilities are due within one year.

ACCRUALS AND DEFERRED INCOME

The accrual method of accounting is used in recording liabilities with respect to accounts payable. Current year's costs or purchases for which invoices were received in the subsequent year are booked to accrued expenses.

Accounting policies in respect of result determination

GENERAL

The net result is determined as the difference between the recognized revenue and the expenses relating to the reporting period. Costs are determined in accordance with the accounting policies applied to the balance sheet. Revenue is realized in the year in which the services rendered are recognized. Losses are taken upon recognition. Other income and expenses are allocated to the periods to which they relate.

REVENUE

Revenue comprises of fees for medical treatments chargeable to patients and insurance companies and other social security institutions. Revenue also includes sales of pharmaceutical products to customers.

PROFIT TAX

SMMC is a non-profit foundation, therefore no profit tax is due. St. Maarten Medical Center Pharmacy N.V. is subject to profit tax at the standard 34.5% rate.

CORPORATE SOCIAL RESPONSIBILITY

SMMC plays an important, exemplary role to the community of St. Maarten and neighboring islands. As part of the public domain and healthcare ecosystem, corporate social responsibility is a requisite for the hospital.

To SMMC, corporate social responsibility is about acting with due care and performing with respect for patients, employees, environment and resources. This goes hand in hand with our strife for transparency through clear reporting on activities and their consequences. Additionally, SMMC makes it a point to work closely with partners within the health system and other health-related institutions on St. Maarten.

Together the flow of care services is consolidated and solutions are found on all domains (i.e. patients, employees, environment and resources) completely and accurately recorded.

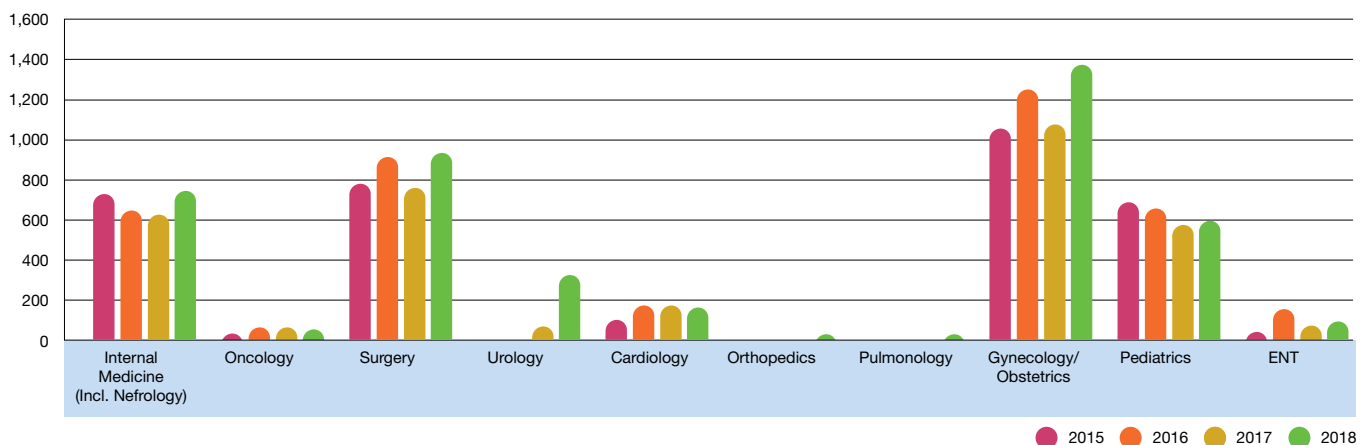
PERFORMANCE FIGURES

The following sections describe the total performance figures of SMMC in 2018.

INPATIENT

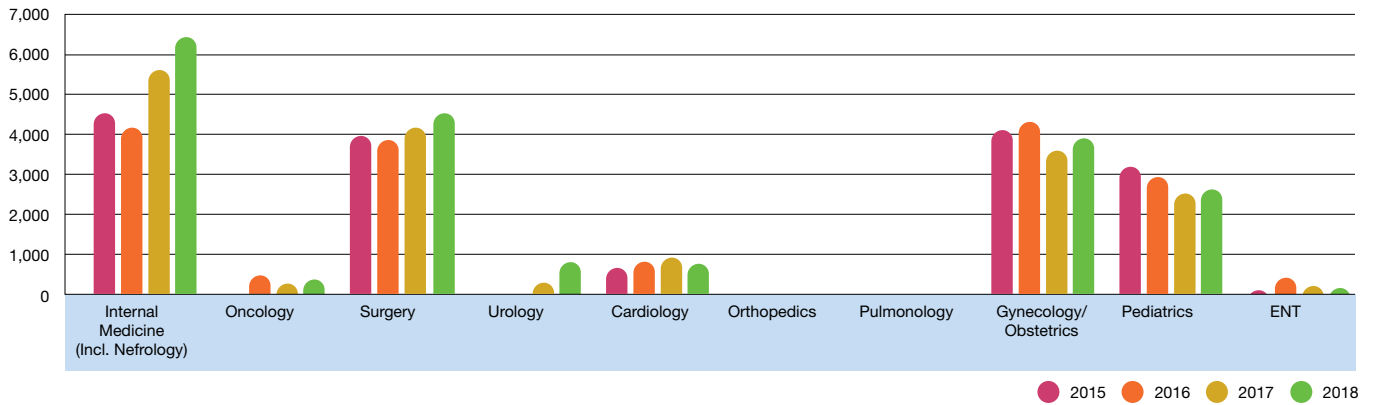
The total number of admissions (4,266) in 2018 increased with 25.1% compared to year before (3,410) The unforeseen decrease in 2017 was caused by hurricanes Irma and Maria, after which the projected increase related to the expansion of services resumed. The increase is mainly attributable to the rise in Urology and Gynecology admissions. Urology services started in August 2017 and have been on a steep rise since then, which was even more bolstered after a second Urologist came into service in November 2018.

Hospital Admissions



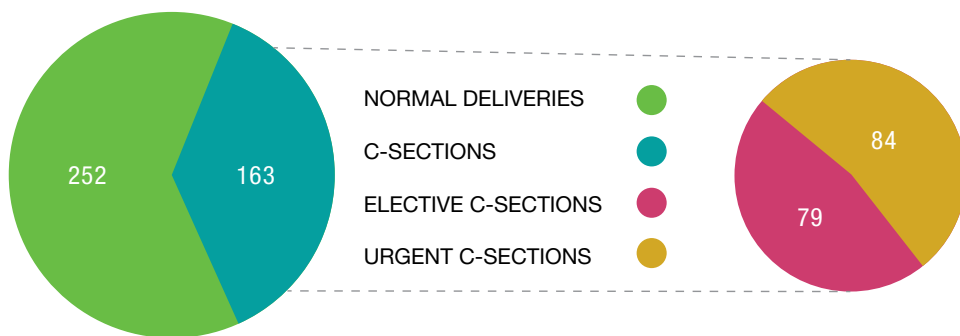
In 2018, the number of hospital days (19,476) has increased with 11.3% compared to the year before (17,264). The hospital days per specialty are listed in the graph below.

Hospital Days



The total number of newborns has decreased from 435 in 2016, to 423 in 2017 to 415 in 2018. It remains unclear if this is related to demographic figures (less growth of the population and/or people who left the island after hurricane Irma), as actual demographic figures are currently not available.

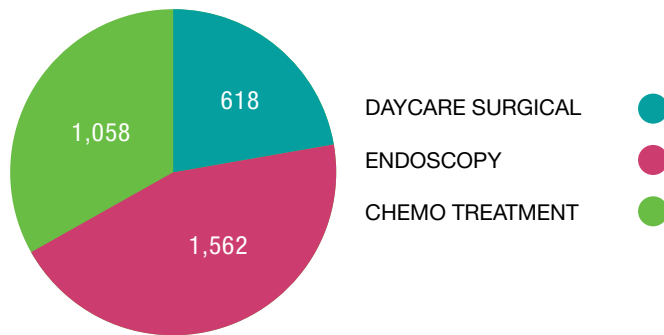
Newborns



DAYCARE ACTIVITIES

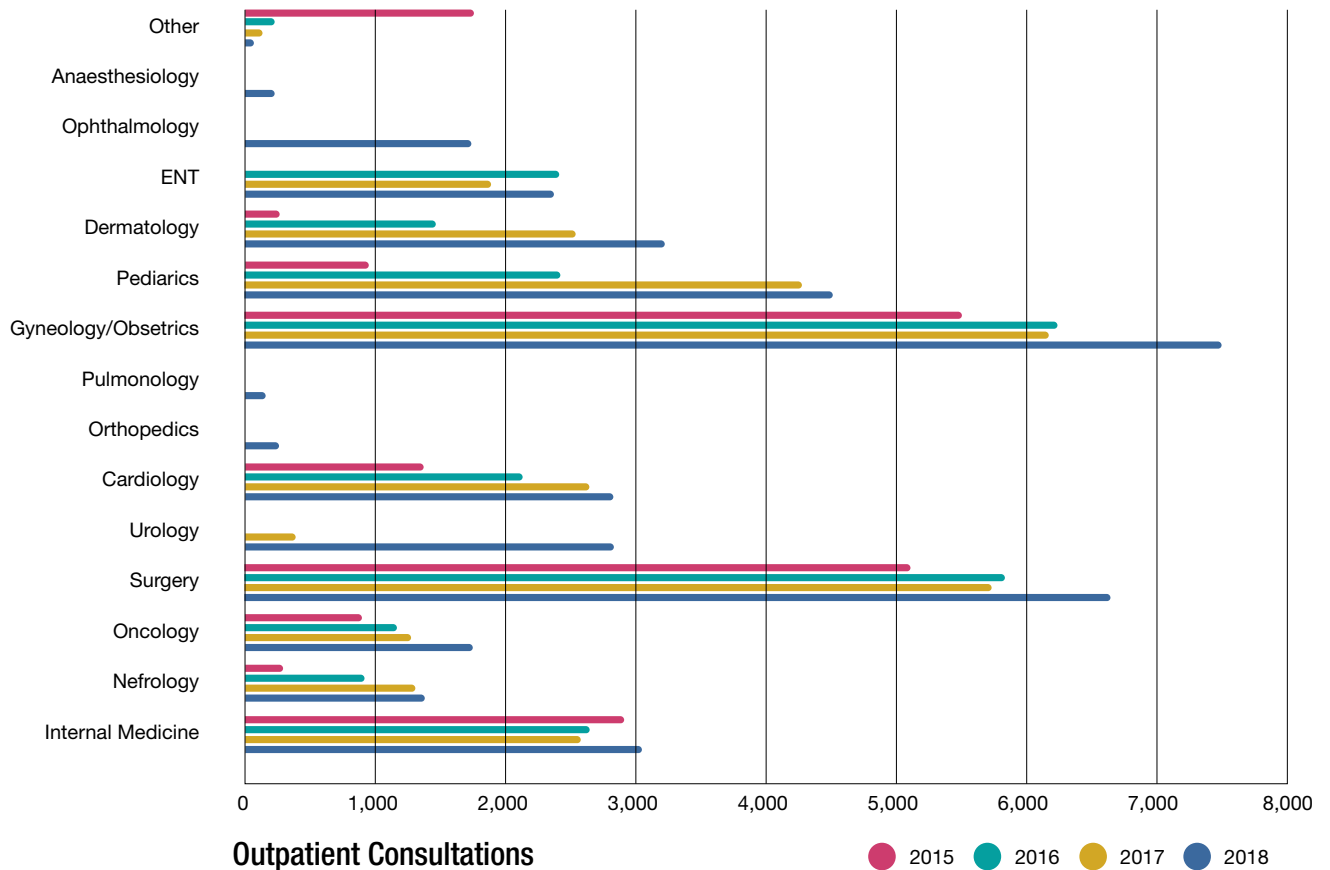
The total daycare activities in 2018 (3,238) show a 71.8% sharp increase from the year before (1,885) which is mainly due to an overall rise in Daycare, Endoscopy and Chemo Treatments.

Daycare Facilities



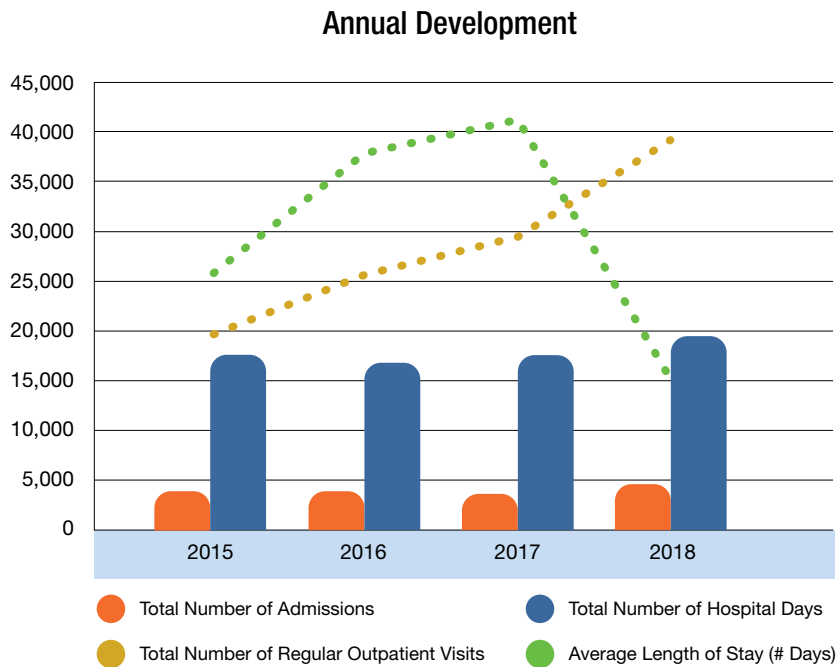
OUTPATIENT CONSULTATIONS

The trend of the growth in outpatient (policlinic) consultations continued in 2018 with an increase of 28.6% from 33,960 to 43,663 consultations compared to 2017.



A general increase in outpatient consultations is shown in all specialties, with Gynecology/Obstetrics, Urology and Ophthalmology as largest contributors.

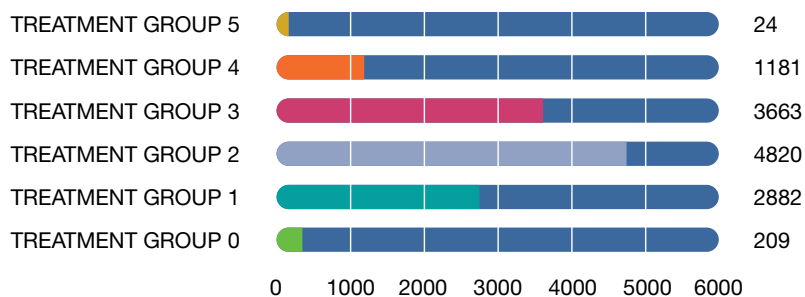
The annual development of the total number of outpatient consultations, hospital days, admissions and length of stay is shown in the graph below.



EMERGENCY ROOM

The total number of Emergency Room (ER) visits in 2018 (12,779) decreased by 9.6% compared to the previous year (14,152), which is mainly attributable to lower numbers in treatment group 0, 1 and 2 representing non-urgent general practitioner care performed on the ER as well as non-complex Emergency care. This in line with SMMC’s policy to reduce this type of treatments in the hospital and refer patients to their general practitioner if appropriate.

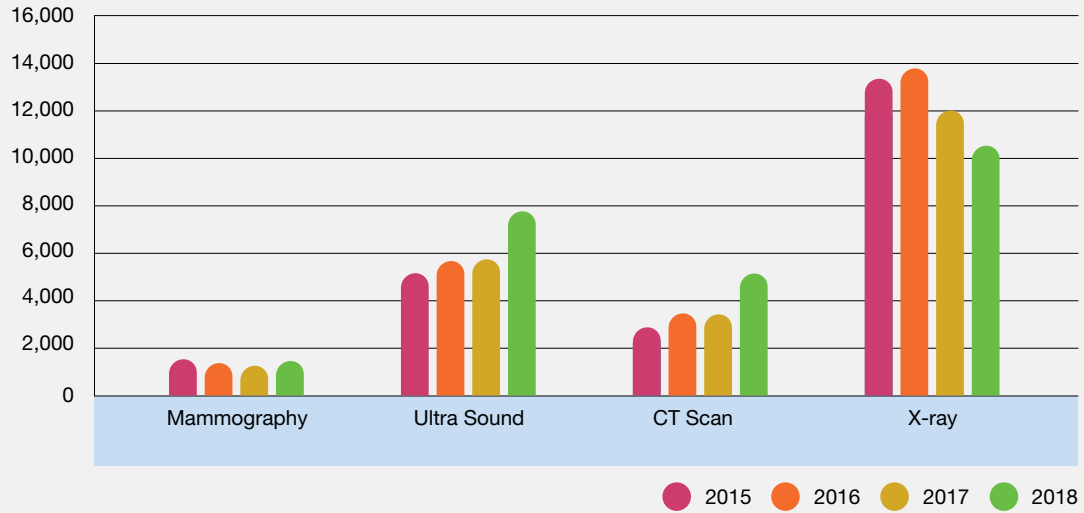
ER Visits



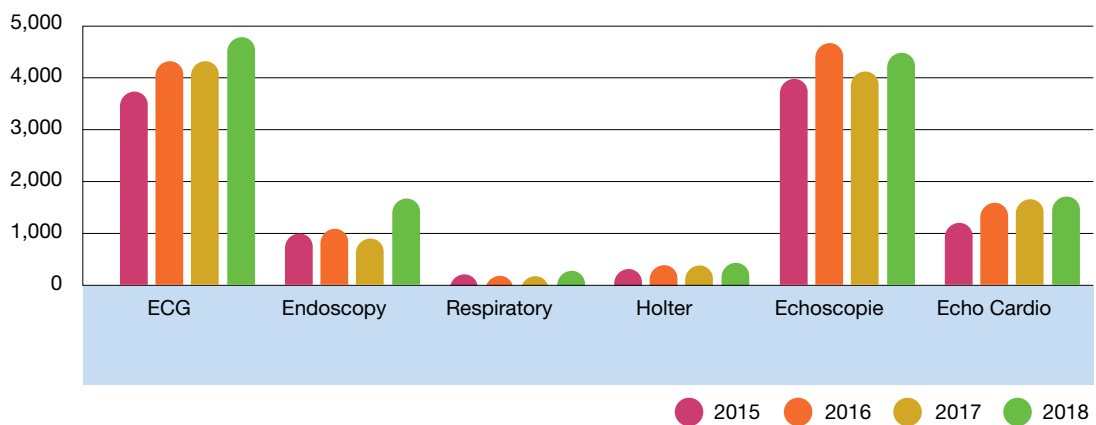
RADIOLOGY AND DIAGNOSTICS

The number of radiology procedures in 2018 (24,928) increased with 11.2% compared to the previous year (22,414) and the number of diagnostics (13,090) increased with 12.7% compared to the previous year (11,613). Both are attributed to the rebound after the hurricanes of 2017 as well as the general expansion in medical services.

Radiology Procedures Per Year

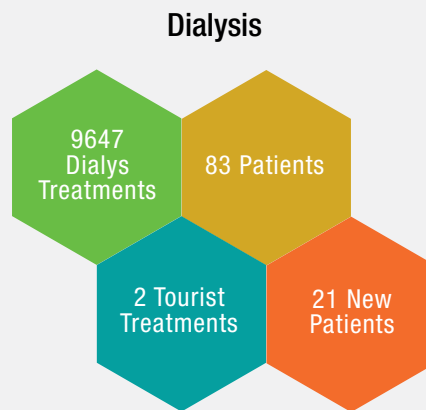


Diagnostic Procedures



DIALYSIS

The Dialysis department serviced 83 patients in 2018, of which 21 were new patients. A total of 9,647 dialysis treatments were conducted this year, which is an increase of 1,481 compared to the previous year. In 2017, all patients had to be evacuated to Aruba for treatment there due to hurricane Irma. In 2018, two were treatments given to tourists that visited the island.



FINANCE

The finance chapter highlights the financial changes that occurred in 2018 compared to the previous period.

The financial position of SMMC has recovered over the last few years. After Irma in 2017 the main noteworthy element was the increase in production and revenue. As well the production (services rendered by the specialists and nurses) and the revenue coming from that increase. The increase in the 2018 income mainly stems from the increased number of hospital days, policlinic consultations, the tariff increase of 2,5% as per February 1, 2018 and an increase in the category of private insured patients. Also, the focus on 'complete billing' helped increase the total of the revenue increase.

The increase in revenue is expected to grow to over ANG 100 million in 2024 as per the business case that was the basis for the new hospital project. This revenue will be collected increasingly from non-SZV patients. Patients from Saba and Statia and other surrounding islands will increasingly contribute to this income.

The costs are still controlled but will be starting to increase in the coming years. The depreciation cost for medical equipment, the FTE as per increase of number of FTE and the increase of cost per FTE, the cost for strengthening the current building up to the moment the new hospital building is ready and the increase in medical supplies will all lead to higher cost the coming years.

Apart from the financial position of SMMC, the financial administration has made solid improvements, but more robust enhancements are needed to meet international accounting standards. That is needed as part

of the overall need of quality improvement, but not in the least part as the increased balance sheet position of SMMC. The revenue streams will increase, the revenue streams will be more diverse and complex, cost will increase, but also the full accounting of the liabilities and assets of the new hospital will require higher standards to our internal process organization.

The disclaimer of opinion to the financial statements by the external accountant is one of the major challenges for SMMC. Not only the financial department, as the basis for this disclaimer, is the department responsible for the not optimal recording of our services, this must also be shared by our doctors and nurses. The complete process of the service registration in the first line (preventive controls on the floor) to make sure everything is recorded, and thereafter a second line of defense with detective controls to be able to get a warning when the registration is maybe not complete, needs to be reviewed, designed and implemented. This project will be a joint effort by multiple departments (medical, IT, quality and finance) and seeing the magnitude, might take up to 2022 to be fully realized.

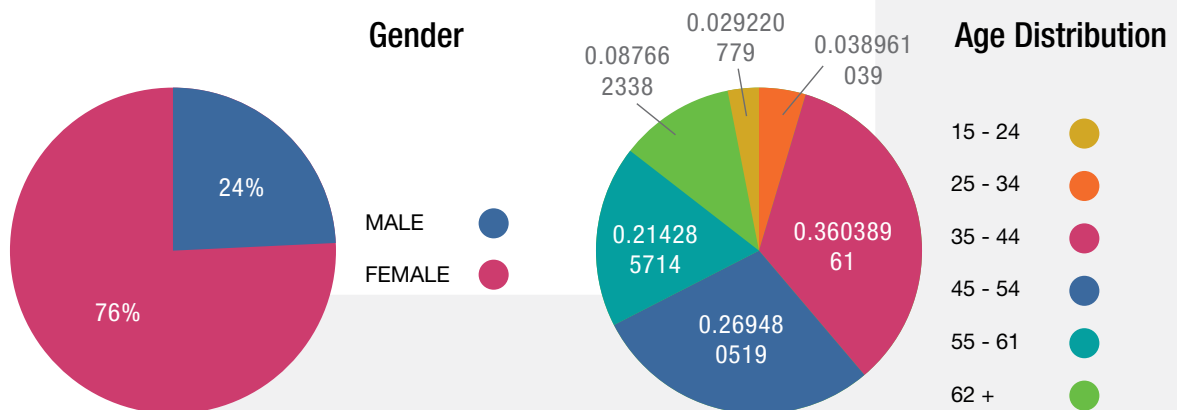
There are several other projects that need enhancement such as more detailed budgeting, enforcing compliance to current authorization/ budgeting processes, the design and implementation of finance processes and last but not least a strong improvement of the collection of funds to be received from self-responsible patients.

HUMAN RESOURCES

The following chapter discusses the figures of the Human Resources (HR) Department over 2018.

Human Resources Dashboard and Highlights

Per the end of 2018, SMMC staff was at 76% females and 24% males from which 12% fall into the pension age. Compared to previous periods, the female/male ratio remained stable but an increase is shown in the number of employees that are 62 year or older.



In the course of 2018, a total of 60 persons were hired and 23 left, resulting in a total number of 343 FTE by the end of 2018. This increase in number employees is essential in supporting the ongoing expansion of medical services.



GENERAL STAFFING DEVELOPMENTS

With the increased expansion of patient services and the effect this has on growth of FTE's, as well as now dealing with many short-term staff recruitment and contracts, the HR department added 2 new staff members to its department in 2018: an HR Officer and a temporary second HR Assistant came into service, whose main focus was the updating of the personnel information and dealing with the permit processing and submittals at the various government institutions.

MEDICAL CARE

The following chapter presents the developments regarding medical care throughout 2018.

Expanding Medical Specialty Services

The necessity to acquire Neurology, Pulmonology and Orthopedics services has become more evident due to daily multidisciplinary meetings highlighting the need for in depth evaluation and treatments for more patients with complex multiple comorbidities. For this reason, SMMC initiated a pilot project for Pulmonology visits every two months and Orthopedics every two to three months in 2018. Neurological services have been difficult to acquire but visits to The Netherlands and preliminary discussions with interested hospitals were done during the FRED job fair and the Care Caribbean Conference. Both initiatives are geared towards attracting candidates with a Dutch Caribbean background to “come back home”.

Also in 2018, the Eye Care Clinic opened its doors with an impressive team of 8 qualified Eye Care Specialists who have been recruited from Suriname and The Netherlands. With the help of Zorgverzekeringskantoor BES (ZVK), SMMC was able to purchase brand new, state of the art Eye Care equipment which has been installed in the designated Eye Care Clinic at the SMMC Care Complex. The strength of this group is that all specialists have one or more additional in-depth sub-specializations in, amongst others, Cataract, Diabetic eye disease, Glaucoma, Pediatric eye care, Eyelid and Lacrimal surgery or Corneal disease.

A group of 13 Ear, Nose and Throat (ENT) specialists have been recruited and started at on a rotational basis in 2018. To guarantee the continuity of care and to provide full time coverage to patients, a robust team of ENT specialists will be serving patients of St. Maarten, Saba and St. Eustatius after a long serving ENT specialist retired from SMMC. The team originates from Vijf Meren Kliniek (Haarlem), Ede region and Erasmus Medical Center (Rotterdam) in The Netherlands. They provide the general ENT- and due to sub-specializations, can also provide in-depth care in Esthetic Facial surgery, Head and Neck surgery, Obstructive Sleep Apnea, Otolologic and Sinus surgery.

Improving Capacity and Upgrading of Staff

Due to the high demand for Urological services since its inception mid-2017, adding a second Urologist was deemed highly necessary, which was successfully done in 2018.

The Obstetrics and Gynecology department has been successful in acquiring a third Gynecologist to replace the departure of a permanent specialist.

The recruitment of a permanent Anesthesiologist was finalized, after which an employment commencement date of January 1, 2019 was established.

The ER physician capacity in the Manpower Planning is still set at 6 FTE limiting SMMC in the recruitment thereof. Seeing that in many instances there is a need for 2 doctors per shift, SMMC calculated that a total of 9 FTE is necessary. To cater to this demand, SMMC has continued to use call up ER doctors originating from Anguilla to date. This amongst other factors will be essential to improve the quality and service level at the ER. In the manpower planning session organized by the Ministry of VSA and project coordinator ACSION, these numbers were proposed for approval but still awaiting implementation of the changes in the next Manpower Planning 2019-2022 for St. Maarten.

With the increased administrative burden in the line of improving the quality of care and future pursuit of a JCI accreditation, the need for a missing link in the inpatient care namely the position of a House Officer ('zaalarts') as direct assistant to the specialist has become more prevalent. Therefore, the need to have 6 House Officers to support the specialists, distributed among Internal medicine, Surgery, Ob/Gyn and Pediatrics, has been established and submitted for approval to the VSA in the Manpower Planning.

PATIENT CARE

This chapter will highlight the changes in patient care as occurred in 2018.

Improving Care per Department

OPERATION ROOM (OR) / STERILIZATION

A new Ultrasound machine with probes suitable for all specialties was received in 2018. Equipment and instruments from Havenziekenhuis were implemented and a new microscope was installed for Ophthalmology. Also a Phaco machine (for cataract surgery) and new instruments were received so the Ophthalmology group could start performing cataract surgeries.

MED/SURG

The lack of space due to increased numbers of isolation patients and social indication cases remains the greatest challenge on the Med/Surg ward. Once the expansion of the number of patient rooms is realized, this should be remedied.

DIALYSIS

In 2018, there were two patients waiting in Colombia for a dialysis position at SMMC, as the maximum capacity was reached due to staffing issues. Understaffing remains an issue in the Dialysis department. Currently nurses are flown in from abroad on a rotational basis to fill the void. The expansion of the Reversed Osmosis room was completed.

OB/GYN AND DAYCARE

Although also this team encounters understaffing issues and gaps in the work schedule are filled with newly graduated Registered Nurses (RN's), the team must be recognized for their perseverance in maintaining and enhancing the care and knowledge of the department with their projects:

- Perinatal meetings
- Breastfeeding meetings/workshops
- Pursuing the Neonatal Care and High Acuity course classes

However, there is a need of two experienced nurses with specialization.

OUTPATIENT

In late 2018, the state-of-the-art Eye Care Clinic successfully opened its doors at SMMC's Care Complex, with a group of experienced rotational Ophthalmologists (see Medical Care). New Ophthalmology equipment was installed and trainings were given to staff of the Eye Care Clinic. Rotational Technical Ophthalmology Assistants (TOA's) were recruited who also train SMMC's permanent TOA's.

For Urology, new urodynamic study/ uroflow equipment were installed and for Gynecology, a new 3D ultrasound machine was installed.

RADIOLOGY

The installment of the newest version of the Picture Archiving and Communication System (PACS) system, called Osirix, has resulted in less problems with the viewing and reporting system having stabilized ever since. In light of further digitalizing the Radiology work processes, efforts have been made to digitally send patients' reports to their respective family physicians, which is an ongoing project.

Social Work

As part of Patient Care, the Social Work (SW) Department assists patients, families and staff members in achieving their full potential, by restoring independence and linking to necessary exterior resources within the community, for a holistic approach to the continuum of care from a social perspective.

The range of areas covered still include assistance in matters ranging from psycho-social distress, financial burdens, adoption procedures, guardianship rights, lack of housing, abandonment, organizational matters at other facilities resulting in delayed transfers, rehabilitative services, lack of insurance coverage and regulating of documents to ensure continued care.

The Social Work unit is tasked with ensuring the livelihood of patients and families aren't hindered because of the "new" circumstances being encountered. The unit mitigates by intervening and offering the best options available to all in hopes of receiving cooperation in an effort to get optimal results for the one who requires it.

CONSULTATIONS

There were 194 documented referrals/consultations recorded in 2018. The distribution of consultations was as follows:

Outpatient	Dialysis	ICU	Med-Surg	OB-GYN	Pediatrics
7	21	2	145	9	10

Additionally, there were 33 house visits made during the course of 2018.

From the total number of consultations, the following conclusions were made:

- 33 social cases
- 4 longstanding patient cases
- 6 cases of undocumented persons (illegal immigrants)
- 22 cases uninsured

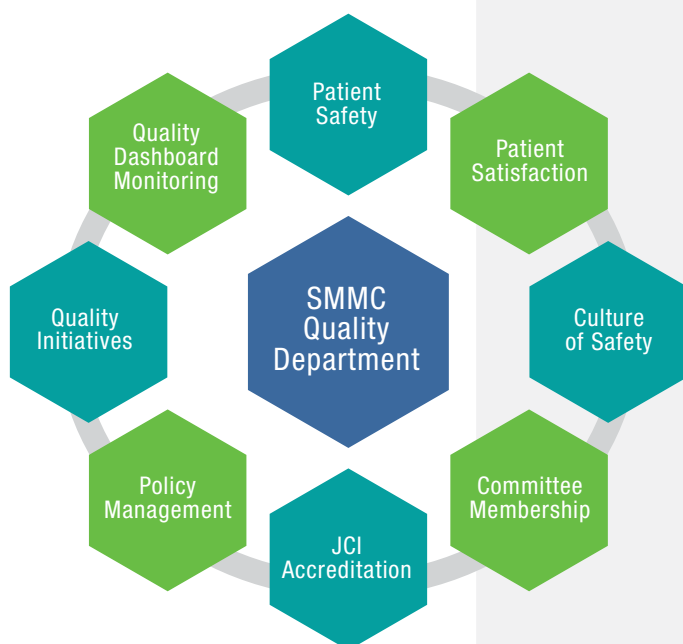
Of the four long-stay candidates, three were still admitted at the end of 2018 for the lack of space at White Yellow Cross Foundation.

QUALITY AND SAFETY

The following section highlights the Quality and Safety (Q&S) department's achievements for 2018.

The Quality and Safety Department welcomed two additional team members to make for a total of three FTE's.

Together, they implemented a structure to the Q&S department identifying its mission, vision and values and the contributions of the department through hospital-wide pillars.



Mission: The Quality Department is committed to excellence in supporting SMMC's ability to provide safe, effective service of the highest quality. We strive to improve the communication around policies, procedures and protocols as well as feedback methods to improve patient and staff satisfaction. Through data-driven quality initiatives, we are dedicated to continuous improvement in evidence-based patient outcomes and staff education.

Vision: The Quality Department aims to implement quality and safety standards throughout SMMC, as we grow to SMGH. JCI Accreditation Standards are guiding us to exceed the level of care provided here at home and throughout the Caribbean.

Values:

- Patient-centered
- Accountability & Ownership
- Integrity
- Respect
- Empathy
- Teamwork

JCI Accreditation

The Q&S department remained focused on getting familiar with the JCI (Joint Commission International) standards, as SMMC enters into the pathway towards JCI accreditation and took the opportunity to review the local standards and assess the current status of each area of GLD (Governance, Leadership, Direction) and IPGS (International Patient Safety Goals) chapters.

The Q&S department was introduced to Performance, a company that offers smart solutions to healthcare providers, and reviewed existing dashboards for the GLD/IPSGs JCI progress and patient satisfaction surveys. It was decided that Q&S along with the Management Team (MT) would review whether additional support was needed from Performance in further chapters to identify Local Standards/JCI Action Plan or whether Q&S could support in this function.

In 2018, a hand hygiene observation pilot was initiated by Q&S and the HIC Department to assess baseline performance of hand hygiene at SMMC. The fourth quarter of 2018 elicited a 78% hand hygiene compliance rate. It was recognized that hand hygiene training was needed by all SMMC colleagues to standardize the education of up to date evidence-based practice.

Patient Satisfaction

The devastation of Hurricane Irma in 2017 interrupted the patient satisfaction survey process. However, patient satisfaction surveys remain an essential element in continuously improving quality at SMMC. The Q&S department along with the assistance of the Service Desk Department resumed distributing and analyzing patient satisfaction surveys in the latter part of 2018. Patient satisfaction surveys will be for both the in- and outpatient departments.

FACILITIES

The following section illustrate the affairs relating to the Facilities department during 2018.

Building Maintenance

HURRICANE IRMA REPAIR WORKS - IMPROVEMENTS

Hurricane Irma hit St. Maarten on September 6, 2017 as a category 5 hurricane and caused severe damages to SMMC. During the first part of 2018 the focus was mainly to bring SMMC back in good condition as we shifted back to normal operations during the latter part of 2018.

The following repair works were completed during 2018, most of them with involvement of our Maintenance team:

- New windows SLS area.
- Replacing the entrance door to the Pharmacy.
- Replacing the main entrance doors of SMMC.
- Replacing entrance doors to the ER.
- Continued replacing ceiling tiles in offices and patient rooms.
- Completion of the roof and façade renovation project mid-July.
- Major repairs to the lighting protection of the main roof started in Q3.

WORLD BANK

After the first World Bank mission in 2018, the ‘Hospital Resilience and Preparedness Project’ was completed which consists of documents describing the 3 main components of the project as mentioned in the Finance chapter, being:

Component 1 - Building and launching of the new hospital (US\$ 17M).

Component 2 - Transition and Contingency Plan for Sint Maarten Medical Center (US\$ 7.7M)

Component 3 - Project Management (US\$ 300K)

The following Essential Upgrade projects were agreed on as part of component 2:

- Roof reinforcement project (pre-financed by SMMC and completed in 2018)
- Renovation Operating Theater
- Fire Detection & Alarm system
- Generator Main Building & Care Complex
- Access control system
- Medical gas distribution system
- Water control plan
- General facilities Outpatient Department
- Support Services Building
- Additional patient rooms
- Dialysis expansion
- Care Complex expansion
- ICT upgrades

Equipment Maintenance

The Biomedical section of the Maintenance Department installed the following medical equipment during this period:

- Cardiology: Ultrasound bed
- Diagnostics: Ambulatory BP monitors

- Endoscopy: Exam bed
- ER: Video Laryngoscope
- Ophthalmology: equipment for the new Eye Care Clinic
- OR: Cataract Surgical Machine
- Outpatient: Stretchers for offices
- Urology: Urodynamics equipment



ICT

For the ICT Department the following activities were realized during 2018.

Hospital Information System

In 2018 the software team took the initiative to take over the support of Nefrosoft Software (specialized software to address Dialysis patient documentation needs). Also the software team began with the setup of the Ophthalmology patient documentation for Go-Live of the clinic in the course of 2018.

Discussions commenced between SMMC and Evident to bring a team in for a Baseline Assessment of our usage of the software and eventual visit of technicians to optimize our usage of Evident. Physician documentation with the inputting of the Problem List (key issues that patients were admitted with which are essential for proper ICD10 coding) had been hampered since Hurricane Irma due to the internet speed issues experienced on the island causing physicians refusing to input the Problem List. This was improved to a degree in the course of 2018. Implementation of other software projects was partially hindered by the fact that with the increase of incoming rotating specialists and nurses, the software team became immersed in trainings of incoming staff and other software supporting issues.

Other ICT Projects and Activities

A Baseline assessment of our ICT hardware and systems was requested from InfoTrans (our external ICT consultants) which showed the high importance of upgrading our network infrastructure. Most of our current ICT systems will be end-of-life by March 2020. A plan to upgrade the necessary systems was developed. However, due to the delays that came with the introduction of the World Bank Fund, critical systems will be upgraded in an “emergency” upgrade project using our own funding, other systems will follow through the World Bank Project, scheduled for 2019.

The IP Pool was expanded, this will allow for a greater number of devices to be connected to the network. The upgrade is a quadruple increase from a maximum of 512 devices to a new limit of 2048 devices. The increase will give us enough room for growth for the next 5 years.

In late 2018, the ICT department started with emergency upgrades to the physical network. The upgrade included replacing end-of-life switches with newer higher-end models, this will increase the bandwidth of our infrastructure's back bone from the current 1Gbit to 10Gbit. The higher bandwidth will be to ensure the network can handle the upcoming expansions and growth in users.

For the Public WiFi issues, a plan was created to upgrade all Access Points and upgrade the dedicated TelEm DSL connection. Quotes and plans were requested and should be completed in the first quarter of 2019.

STRATEGY AND BUSINESS DEVELOPMENT

This chapter highlights the developments in SMMC's strategy and business development during 2018.

Tripartite

After the signing of the Facility agreement between SMMC and the lenders of the loan for the new hospital in early 2018, great efforts were made to meet the list of conditions precedent, such as building permits and a legally regulated tariff increase. As this was successfully completed, the groundbreaking for SMGH (St. Maarten General Hospital) took place on December 3, 2018. For more details see chapter 12 on Communications.

With the objective to decrease the costs of medical referrals abroad, discussions continued with SZV to come to plan how to restructure the referral process as well as foreign hospital care procurement. Two meetings were held in November and a first outline of a plan was drafted on how to move forward.

We Care Together Program (Bes Islands)

Meetings continued with ZVK in the latter part of 2018 to finalize the plan to improve logistics and patient information flow for BES patients visiting SMMC by setting up a 'ZVK counter' on SMMC premises. According to the plan, SMMC recruited an additional employee on the Outpatient Department to meet the needs of the BES patients, for which an agreement was made between ZVK and SMMC.

Also discussed with ZVK were the plans to implement the national screening program for BES residents with regards to breast cancer, cervix cancer and colon cancer as well as the schedule for SMMC specialists visiting Saba and St. Eustatius to perform policlinics.

In 2018, representatives from the Dutch Ministry of Health visited SMMC to discuss the evacuation policy in case of an approaching hurricane. A draft road map was set up in cooperation with Fundashon Mariadal.

Strategic Partnerships

WORLD BANK

After a few months of vigorous preparations, on August 23, 2018 SMMC signed a grant agreement with the World Bank to receive a USD 25 million grant from the St. Maarten Recovery, Reconstruction and Resilience Trust Fund that is funded by The Netherlands and managed by the World Bank. The grant will serve to improve services of the current hospital, while the new hospital is being built, and to upgrade the design of the new hospital to withstand category 5+ hurricanes. This with the overall objective to improve the preparedness and capacity of hospital services in St. Maarten. The grant of the Trust Fund will finance activities under three components:

Component 1: Upgrades to the design of SMGH in order to withstand category 5+ hurricanes (USD 17 million)

The USD 17 million allocated to Component 1 will co-finance the turn-key contract for the new St. Maarten General Hospital, so that the required upgrades to the original hospital design can be made to ensure that the new facility can withstand category 5 plus hurricanes (200+ mph).

Component 2: Transition and Contingency Plan for SMMC (USD 7.7 million)

The structure of the existing hospital was damaged and weakened by Hurricane Irma. As a result, priority has been given to essential upgrades to the current hospital. These updates will ensure continuity of services and will improve the hospital's preparedness and capacity for future extreme weather conditions, particularly during the period that the new hospital is being built.

The transition from the current hospital to the full operation of the new hospital requires significant planning and critical investments. Moving the existing hospital services to the new hospital facility will create the opportunity to modernize the current service delivery model, expand the scope of services and increase non-invasive procedures and ambulatory care. This ability to expand the scope of provision of care will also reduce the high costs of overseas referrals and reinforce the Tripartite's goal of providing "quality care, close to home".

Given that the new hospital will be built on the same land as the existing hospital, the progress of the works will require a contingency plan to allow for the provision of services while the different phases of the new works are implemented.



This component will finance:

- (i) Works and equipment needed for the critical rehabilitation and upgrades of the existing hospital during the transition period;
- (ii) Technical assistance to support the updating and implementation of clinical guidelines and quality control mechanisms and internal technical audits;
- (iii) Arrangements with strategic partners (well recognized academic centers) for training of human resources; and
- (iv) Support the SMMC's accreditation process with the Joint Commission International (JCI).

With the essential upgrades to the current building, patients will not have to wait until the new building is constructed for the expansion of medical services. Patients can benefit from some extra services already on short notice. These minimal investments to the current building, compared to the cost reduction it will bring in costs for medical referrals abroad, are absolutely worth the effort. The essential upgrades to the current building are expected to take place over the course of one year and a start has already been made with the reinforcement of the facility's roof.

Component 3: Project Management (USD 300.000)

The complete project will be implemented by SMMC. This component will finance the related operating expenses, equipment, and personnel necessary for the execution of the project.

World Bank representatives visited SMMC in October 2018 to execute their first mission under this grant agreement. During the mission, the annual work plan was extensively discussed. By the end of November 2018, approval was given by the World Bank for the first draw of funds, an amount of 492K.

ERASMUS MEDICAL CENTER

SMMC continued discussions on cooperation with Erasmus Medisch Centrum (The Netherlands). Agreements were made about taking over (medical) equipment, instruments as well as fixed items (see Facilities) at a reduced price from the Havenziekenhuis, which is a hospital that falls under the Erasmus MC umbrella and closed its inpatient clinic in 2017. In the latter part of 2018, the rotational ENT group partly filled in by Erasmus MC specialists started their activities within SMMC.

LOUIS CONSTANT FLEMING HOSPITAL

Discussions on the possibility of leasing the Operation Room for total hip and knee orthopedic surgery from the Louis Constant Fleming Hospital (French side) remained pending during this period. It became clear that the process would take longer than anticipated in an earlier stage, mainly because of registration issues of the relevant medical specialists on the French side.

COMMUNICATIONS

This chapter highlights the activities of the Communications Department during 2018.

Positive Public Opinion (Engage the Community)

In order to positively highlight SMMC's image amongst its stakeholders (both internally as externally), the department continued its active PR strategy making use of the following tools:

1. Monthly newsletter (internal)
2. Press Release distribution via:
 - a. Local media
 - b. Press Releases via SMMC website
 - c. Press Releases via Social Media (Facebook & LinkedIn)
3. Video specials via NTR-Caribisch Netwerk
4. SMMC specialist 'Meet & Greet' evenings

The department has continued with the successful SMMC Specialist 'Meet & Greet' evenings, further strengthening the relationship between SMMC specialists, general practitioners and other health care stakeholders.

Patient Brochures

Communications continued adding new brochures per medical specialty, based on the top 10 clinical issues for each specialty. These brochures have been made digitally available on the 'Brochures' section of the SMMC website, which underwent an upgrade whereby the brochures can easily be read/downloaded to a mobile phone. Hard copies have been distributed within the hospital.

Patient satisfaction surveys have been developed to further improve the service with the Quality & Safety Department taking over the lead of this project.

World Bank project (Renovation & Reconstruction)

In order to keep all stakeholders, including SMMC's immediate neighbors and the general public, abreast of the ongoing World Bank funded projects and keep the procurement process as transparent as possible, a special "Renovation & Reconstruction" section has been developed on the SMMC website. Here the status of the various projects can be perused as well as possible complaints can be funneled. Furthermore, an inventory has been made of the immediate neighbors and email addresses gathered to keep them abreast of any planned

construction activity. A general information session was organized in the latter part of 2018 to present them, and the general public, the new hospital construction plans and engage in a direct discussion with the aim of garnering feedback. To keep the external groups, including the immediate neighbors informed regarding any renovation/reconstruction project, the development of an external newsletter was initiated which will include a “Renovation & Reconstruction” section and all stakeholders will be added to the recipient list (email database).

Launching New Medical Specialties

In 2018, several new specialties were launched including Otolaryngology (ENT) and Ophthalmology (Eye Care). The new Eye Care facility was officially inaugurated in September via a special launching event with all stakeholders invited which were presented with the new facility. The Communications Department actively assisted with organizing of the event, facilitated press interaction and press publications. The ENT specialty was launched in October via press release and highlighted via SMMC’s own website and social media channels.

Groundbreaking New Hospital

On December 3 2018, during a well-attended event at SMMC’s premises and in witness of the Governor of St. Maarten his Excellency Drs. Eugene Holiday, Deputy Prime Minister Wycliffe Smith, Minister of VSA Emil Lee and the Council of Ministers, Dutch Representative Chris Johnson, the Chairman of the Supervisory Council of the St. Maarten Medical Center (SMMC), Robert Jan James, the Board of Directors of SMMC Kees Klarenbeek and Dr. Felix Holiday and numerous Government officials and other dignitaries, ground was officially broken for the construction of the new hospital: St. Maarten General Hospital.

The Communications Department organized the event, arranged and managed all logistics, facilitated press on site and procured press publications.

LEGAL

This chapter presents legitimate matters of the organization during 2018. The Legal Department of the medical center deals with all legal matters of the hospital as well as the handling of complaints.

Legal Counseling

The Legal Counsel remained involved in the preparations of the new hospital project and the surrounding documentation and advices for decision making by the Board of Directors and Supervisory Council.

The Grant Agreement for the grant from the Dutch government via the World Bank, for the St. Maarten Hospital Resiliency and Preparedness Project has been signed on August 23, 2018. The Legal Counsel has

been involved in preparation of documents required by the World Bank to perform their due diligence regarding SMMC and the negotiation and preparation of the Grant Agreement. For the execution phase the Legal Counsel will advise on all legal matters such as compliance to the Grant Agreement and reviewing all contracts to be signed for the different projects.

The Legal Counsel has also been involved in the finalizations of the insurance claims relating to Hurricane Irma (building damage and business interruption). Regarding the Business Interruption claim, where a disagreement existed between SMMC and the Insurance Company, a final settlement has been concluded.

In the course of 2018, the Legal Counsel has supported the project of the implementation of tariff increase by the Government, according to the Business Case for the St. Maarten General Hospital. SMMC as an important stakeholder in this legislation process has provided much of the input for the legislative process and the explanatory note (‘nota van toelichting’). In the latter part of 2018, a Legal Assistant & Executive assistant was hired, supporting both the Legal Counsel and the Board of Directors in planning and daily matters.

Regarding the new hospital project: since December 2018 the construction company for the new hospital building, INSO, has been involved in the so-called ‘EAP procedure’ in Italy, a procedure to protect a company with financial issues from its creditors. The Legal Counsel has been and will be supporting in the discussions - between SMMC, the consortium of Lenders, and INSO - pertaining to this matter. Coordination takes place with lawyers from St.- Maarten, Curacao and Italy.

Complaint Handling

All complaints received by SMMC are handled by the Legal Counsel/Complaint Officer. There is an Inter-Island Complaint Committee for complaints that have not been resolved to the satisfaction of the complainant by the Complaint Officer.

In 2018, a total of 24 complaints have been received by the Complaint Officer. The complaints - diverse in nature ranging from billing issues, communication/treatment by nurses and/or specialists, provision of medication, waiting times, delay in lab results, amongst others - have been answered in writing or have been discussed in a personal meeting with the Complaint Officer, where necessary together with the Medical Director and/or Manager Patient Care. Where a complaint indicates any room for improvement within SMMC, the complaint is addressed by the Director or Manager with the relevant staff. SMMC includes into its letters to complainants that there is always the possibility to forward the complaint to the Inter-Island Complaint Committee in case the complainant is not satisfied with the written reply.

In connection with the World Bank Grant Agreement, a specific complaint handling procedure is implemented for the handling of complaints in relation to the works to be executed with funding from the World Bank, whereby the Legal Counsel will be involved in handling possible complaint in this respect.

A PLACE TO LEARN

SMMC is a learning environment that keeps the community abreast of medical developments and encourages staff to remain up-to-date and educated in their field.

In 2018, there were 8 students who interned from the Instituto pa Formashon den Enfermeria (IFE) in Curacao, 5 students interning from the Netherlands. There were 20 students planned but due to the passing of hurricane Irma, SMMC started accepting students as of September 2018.

In addition, in 2018 there were 2 interns originating from Milton Peters College (MPC). The hospital also catered to 10 LPN students from the National Institute for Professional Advancement (NIPA).

The Education Department also organized external educational opportunities for the community. In 2018, a total of 6 lectures for schools in the community were hosted. Due to lack of a classroom that was used as storage / eye care center, The education department provided less courses/lectures. In-house the department offered 20 lectures and courses to SMMC staff (e.g. CPR, ACLS, Critical Care, PALS, Neonatal Care courses) and 10 orientation visits were made by secondary school students to the hospital. SMMC made use of the classrooms of NIPA to continue its Registered Nursing Course.

Through the Education Department, SMMC seeks to contribute to the advancement of the community and of SMMC staff. This advancement leads the future to a better, higher quality of care.

DONATIONS

Mid 2018, SMMC received patient monitoring devices for the Pediatric ward. The donation of these devices was made possible by the generosity of the AFAS Foundation, which is part of AFAS, a company based in The Netherlands specialized in software development for different industries. AFAS Foundation supports projects within healthcare, education and society around the world by provision of necessary funding.

The foundation provided SMMC with 12 devices, both mobile and wall mounted. The new patient monitoring equipment was distributed by the Andar International, a Caribbean provider of world-class medical products and services. An Andar representative technician was on hand for the device set-up and software training of the pediatric staff.

The giving spirit of the community adds communal value to the work done at SMMC. Donations are always appreciated and can be made through <http://smmc.sx/Family-Visitors/Donate> section of the SMMC website where more information is available about giving to SMMC and the medical equipment needed most.



St. Maarten Medical Center

Welgelegen Road 30,
Cay Hill, St. Maarten

+1-721) 543-1111
info@smmc.sx
www.smmc.sx