

Delivering Patient-Centered Care, Close To Home



St. Maarten Medical Center

2022 Annual Report

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Report of the Supervisory Council

On June 30, 2023, the Supervisory Council of the St. Maarten Medical Center (SMMC) approved the Consolidated Financial Statements for 2022. The external auditor BDO St. Maarten B.V. audited the Consolidated Financial Statements 2022.

The Foundation St. Maarten General Hospital (SMGH), operating as the St. Maarten Medical Center (SMMC) is a private foundation established on St. Maarten and registered with the St. Maarten Chamber of Commerce. The Foundation is governed by its (2018) statutes, which in article 18 confirms compliance with the St. Maarten Corporate Governance Code; the Supervisory Council is responsible for oversight of the Board of Directors as well as the general functioning and quality of care of the Foundation.

The Supervisory Council has established a fixed schedule for most of its regular meetings as well as for its committee meetings; the regular monthly meetings take place every third Thursday of the month in person and virtual. The Supervisory Council met with the Board of Directors 12 times during the course of 2022. In addition to the regular monthly meetings there were numerous committee meetings of the Audit Committee, Quality and Safety Committee, SMGH Committee, Recruitment Committee, as well as meetings with the Medical Staff Board. Membership of the Supervisory Council is in accordance with the retirement schedule, with terms lasting a maximum of four (4) years.

Composition

On December 31, 2022, the Supervisory Council consisted of the following members:

- Ms. Sandy Offringa, Chairperson
- Mr. Jimmy Challenger, Vice-Chairperson
- Mr. Jim Rosen, Secretary
- Dr. Heidi Chumley, Member
- Mr. Sherwin Casper, Member
- Mrs. Silvia Meyers-Olivacce, Member

Mr. Robert Jan James’ tenure as Chair of the SC came to an end in August 2022 and Ms. Offringa was appointed as the new Chair of the SC. We are very grateful for the invaluable contribution and dedicated service of Mr. James over the past years, and we wish to thank Mr. James wholeheartedly on behalf of the Supervisory Council. Mrs. Silvia Meyers-Olivacce was appointed in July 2022 as a member of the Supervisory Council and Mr. Challenger was appointed in November 2022 as the newest member. The Supervisory Council looks forward to a fruitful working relationship with all its members who each bring their own valuable expertise and experience.

Recruitment Committee

The recruitment process to fill the positions of Chief Executive Officer and Chief Financial Officer continued in 2022 with the interviews of new candidates. The Supervisory Council, supported by the Recruitment Committee, anticipates completion of the process by the end of the third quarter of 2023. 2022 Membership: Robert-Jan James, Committee Chair (until August 2022); Sandy Offringa and Dr. Heidi Chumley, Committee Members.

Quality and Safety Committee

Quality and safety remained an important part of SMMC’s operations. The Quality and Safety Committee of the Supervisory Council supports, informs, and advises on matters related to patient care. The Committee works closely with the Board of Directors, providing support in addition to supervision.

Leadership safety rounds, conducted on 6 occasions by a multi-disciplinary team focused on patient safety, identified 32 action points, and closed 18 by the end of the year. The patient satisfaction survey, reported on a scale of 1 to 10, remained above the goal of 8 throughout the year. Overall, the Supervisory Council believes the quality program is progressing at a rapid pace, and has developed increased confidence in SMMC’s ability to develop and run a quality program that decreases inefficiencies and further enhances patient care. 2022 Membership: Jim Rosen, Committee Chair;

Sandy Offringa and Dr. Heidi Chumley, Committee Members. Management representation included Dr. Felix Holiday, Interim CEO, and the SMGH Quality and Safety Department.

SMGH Committee

The construction of the new St. Maarten General Hospital continued in 2022. The SMGH Committee continued its monthly meeting updates, including construction site visits. We have requested more insight into the timeline and provided the necessary board approvals in support of increased funding and ensuring that the project comes to a timelier completion, while ensuring high quality workmanship and integrity of the building structure. 2022 Membership: Jim Rosen, Committee Chair; Sherwin Casper and Silvia Meyers-Olivacce, Committee Members. Management representation included Dr. Felix Holiday, Interim CEO; and the SMGH Project Manager Henk de Zeeuw.

Audit Committee

The Audit Committee met on a monthly basis and continued to engage in discussions and recommendations with the audit department and external auditor BDO to identify and address enhancement of our IT environment, security of inventory and accounts receivables provision, among other key quality control indicators. 2022 Membership: Sherwin Casper, Committee Chair; Robert-Jan James (until August 2022), Jimmy Challenger (from November 2022), Committee Members. Management representation included Dr. Felix Holiday, Interim CEO; and the Finance Department.

Financial position

Financial results for the SMMC for 2022 continued to reflect positive net results, building on the previous year’s achievements. We commend interim Chief Executive Officer (CEO) Dr. Felix Holiday and the management team for remaining committed to the task of sound financial management and continued provision of quality care to the community of St. Maarten and neighboring islands. We note the challenges identified

by our external auditor to improve internal reporting and control systems and we anticipate that management will address this in months ahead to bridge the gap of completeness.

Word of Thanks

There were a number of improvements noted during the year, including the realization of the new medical operating theaters, the IV Treatment rooms, the Dialysis expansion, the 5 Double Patient Rooms and the installation of the new CT scan. We recognize the management team’s sound planning and execution to ensure that the provision of care is supported by the required upgraded medical equipment and positive work environment for its medical personnel.

To our major stakeholders, including the Government of St. Maarten, the SZV, Financiers, Private Insurers, Suppliers and Customers of SMMC, we thank you for the continued support. Finally, we thank the management and staff of SMMC for their hard work and dedicated service. The Supervisory Council extends its heartfelt appreciation to all of you.

Supervisory Council,

Sandy Offringa, Chairperson
Jimmy Challenger, Vice Chairperson
Sylvia Meyers-Olivacce, Secretary
Dr. Heidi Chumley, Member
Sherwin Casper, Member

Board of Directors Report

General

After reaching a record high in January 2022, St. Maarten witnessed a significant decline in COVID-19 cases throughout the remainder of the year. This positive trend was a stark contrast to the challenging situations faced in 2021 and 2020. As the year progressed, operations gradually returned to a more stable and normal state. The efforts of the authorities, healthcare professionals, and the public in general in adhering to safety measures played a crucial role in this positive development. While the journey towards complete recovery may still have some hurdles, the declining cases in 2022 provided hope for a brighter future.

At this juncture, we would like to thank and commend all stakeholders, and not in the least our staff at St. Maarten General Hospital (SMGH), doing business as St. Maarten Medical Center (SMMC), and St. Maarten Medical Center Pharmacy (Cay Hill Pharmacy or CHP), for their invaluable contribution and involvement during this difficult period.

In 2022 and early 2023, the Supervisory Council underwent some notable changes. The term of chairperson Mr. Robert Jan James came to an end as well as the term of vice-chairperson Mr. Jim Rosen, paving the way for new additions to the Council. We warmly welcomed Mrs. Sylvia Meyers-Olivacce and Mr. Jimmy Challenger as new members of the Supervisory Council. Ms. Sandy Offringa LL.M. was appointed as chairperson and Mr. Challenger has assumed the role of vice-chair, while Mrs. Meyers-Olivacce took up the Secretary position. As the Board of Directors, we would like to express our heartfelt gratitude to Mr. James and Mr. Rosen for their unwavering dedication and invaluable service. Their contributions have been instrumental in shaping the direction of SMMC. Furthermore, we eagerly anticipate the valuable insights and contributions of the new board members to our organization.

In 2022, SMMC continued to pursue its commitment to being a quality-driven organization that measures outcomes of initiatives through Key Performance

Indicator (KPI) monitoring and reporting. On the one hand, SMMC continued with the physical construction work on the new hospital (the house). Simultaneously, our organization continues to make progress in building the framework of “soft assets”, (the home), where the quality of what we do and how we do what we do, is continually assessed, and improved upon.

Within our framework for the 2022-year plan, 5 strategic themes that were established tie into our 2022 motto of “Delivering Patient-Centered Care, Close to Home”.

These themes are:

- Fit For The Future
- Quality Care
- Patient-Centered Care
- International Medical Services
- Alliances with Stakeholders

All departments have centered their 2022 departmental objectives around the 5 strategic themes and reported monthly on the progress made to achieve their quarterly milestones.

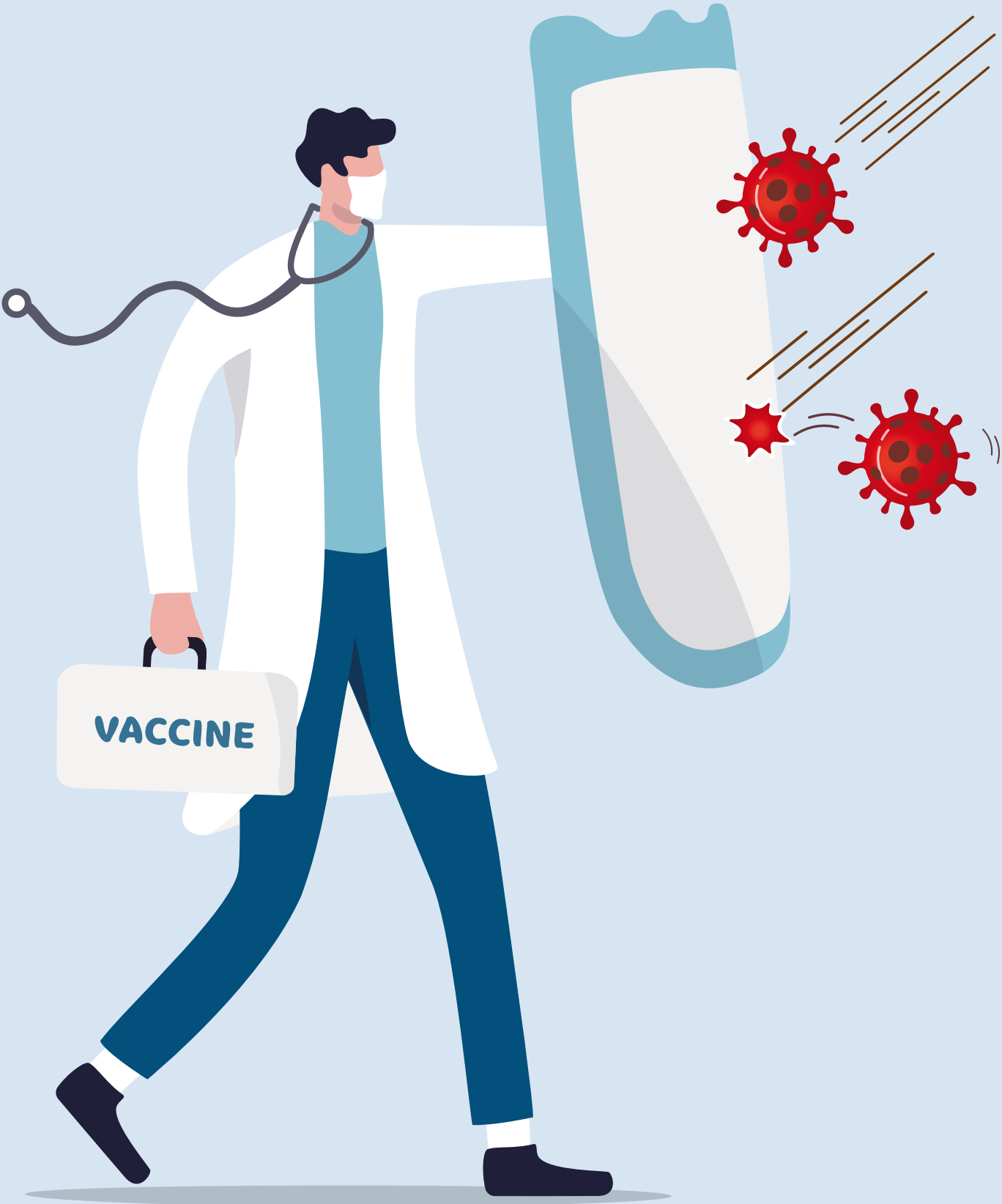
Key Performance Indicators

KPIs for the organization demonstrated improvement compared to 2021.

In 2022, the total Foundation’s assets witnessed a notable increase of 14%, reaching ANG 129.1 million. This growth in assets was accompanied by a rise in net assets, which increased by ANG 5.8 million, reflecting the surplus of income over expenses during the year.

The solvability ratio experienced a slight decline from 1.77 in 2021 to 1.73 in 2022 because of the increase in drawdowns from the lenders’ consortium for the construction of the new hospital.

The current ratio, which measures short-term assets over short-term liabilities, displayed an improvement



from 1.94 in 2021 to 2.28 in 2022. This enhancement indicates a stronger liquidity position and the ability to meet short-term obligations more comfortably. Additionally, the quick ratio, which excludes inventory from short-term assets, also improved from 1.67 in 2021 to 2.05 in 2022, further highlighting enhanced liquidity and financial resilience.

Personnel costs remained consistent at 47% of revenue, indicating stable expenditure on human resources. This, despite the rise in absolute terms by ANG 6 million. Similarly, the provision for impairment, a provision made to cover potential losses or write-offs, remained steady at 8% of income, suggesting a consistent approach to managing potential risks.

Medical Income and Other Income

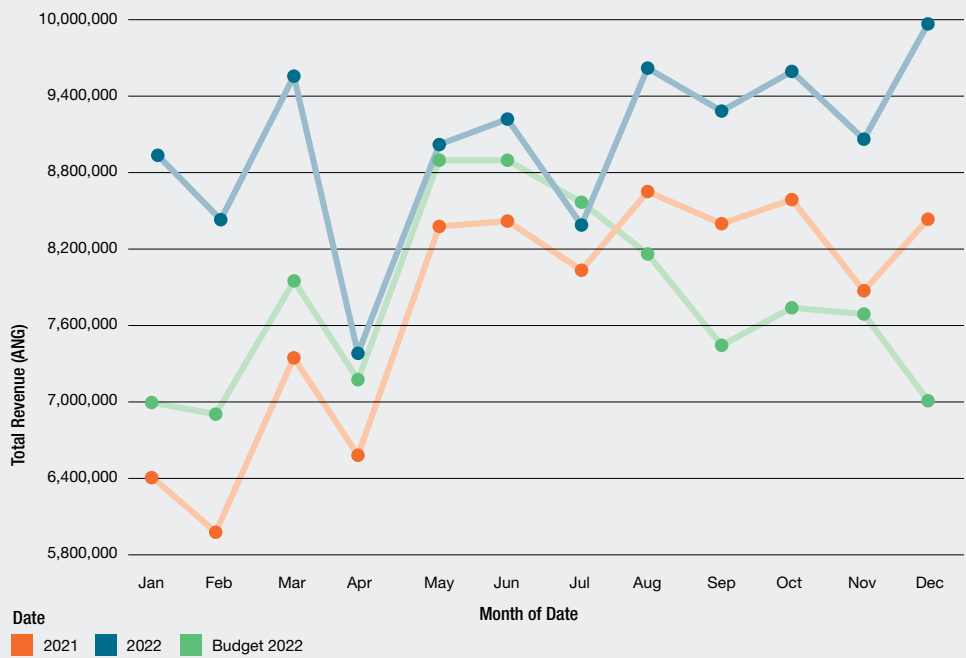
In 2022, the combined revenue of the hospital and pharmacy surpassed the budget expectations. This success can be attributed to the effective implementation of initiatives undertaken in 2020 and 2021.

These initiatives encompassed various measures aimed at enhancing the organization’s capabilities. They included the introduction and/or expansion of new services, the acquisition of advanced medical equipment, the addition of 2 new operating theatre rooms, the expansion of the medical staff, and the implementation of internal billing reconciliation procedures with improved controls. These strategic steps not only contributed to a better financial performance but also significantly strengthened the hospital’s capacity to provide comprehensive and enhanced healthcare services.

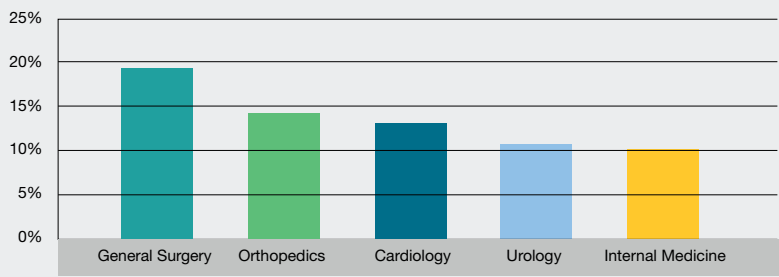
Moreover, the expansion of services provided by the hospital aligns with broader public health strategies aimed at reducing the number of foreign referrals. By bolstering and broadening the local hospital’s service capacity, the organization plays a vital role in meeting the healthcare needs of the community, minimizing the need for patients to seek treatment abroad.

SMGH realized an increase in medical income of 12.3 million (12%), up from ANG 103.5 million in 2021 to 115.8 million in 2022. The bottom-line results also improved. A combined profit of ANG 5.8 million was realized, as compared to a profit of ANG 4 million in 2021.

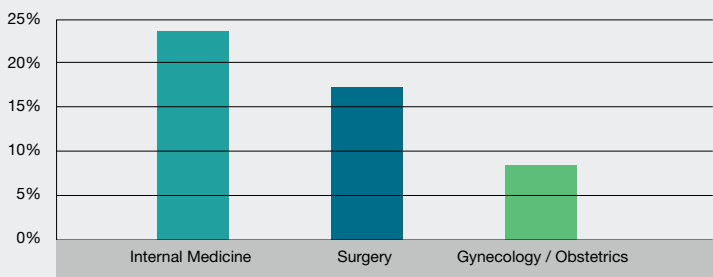
For SMMC, the revenue exceeded the budget for the year by 15.8%. The trend in the monthly performance can be seen below where, except for the month of July 2022, budgeted projections were surpassed every month. From the chart below, it is also noticeable that the cyclical trend from month to month has begun to normalize, be it at higher levels of production.



The largest increases over 2022 were recorded for General Surgery, Orthopedics, Cardiology, Urology, and Internal Medicine. Together, these 5 disciplines represent 68% of the increase over 2022.



In terms of total revenue, Internal Medicine (24%), General Surgery (13%) and Gynecology (9%) remained the leading contributors to SMMC’s revenue in 2022. Together these three revenue categories make up 45% of total revenue.



In 2022, direct medical expenses increased in the same proportion to the increase in combined revenue. As such the same margin in percentage (75%) was achieved as in 2021. In absolute terms, the combined gross margin grew by ANG 8.9 million over that of 2021.

In December 2021, a Memorandum of Understanding (MOU) was signed by CHP, Social & Health Insurances (SZV) and SMMC to, among other things, reduce the medication cost for funds managed by SZV. The agreed upon adjustments were put into effect in July 2022. Since a substantial portion of CHP's income is usually contributed by funds managed by SZV, the reduction in medication fees had a direct impact on the income generated in 2022. This is evident from the 25% decline in revenue between 2021 and 2022. This decline has contributed to a net loss in CHP operations in 2022 of ANG 437K.

SZV remains the largest contributor to the revenue of the Foundation. Of SMMC's medical income, ANG 78.1 million or 72%, was contributed by the funds managed by SZV in 2022. Of CHP's medication income, ANG 6.9 million or 60% was contributed by the funds managed by SZV in 2022.

In 2022, the revenue generated from Zorg en Jeugd Caribisch Nederland (ZJCN) for patients from Bonaire, St. Eustatius and Saba (BES) accounted for 10% of SMMC's total revenue. BES revenue grew by 25% compared to the previous year. The rise in ZJCN's revenue share can be attributed to the relaxation of COVID-19 measures, and the expansion of medical services provided to patients who were previously being referred to other countries in the region.

Income from non-resident patients increased by 80%, reflecting a significant rise in the number of tourists visiting the island after the decline in COVID-19 cases. This surge in tourism contributed to an influx of patients seeking medical services during their stay on the island.

Income from "uninsured" patients amounted to ANG 8.3 million which is 8% of the total revenue in 2022, the same

as in 2021. However, collecting payment from this group continued to be a point of concern, as the percentage of actual collection from self-insured patients remained low. Management has taken proactive steps to address this issue in the latter part of 2022. These measures include: (1) improving policies and procedures during intake, (2) engaging a collection agency, and (3) raising the matter with the Government.

Income from patients insured at private insurance companies (and entities with which SMMC has direct coverage agreements) experienced a decline of 20% in 2022. This group accounted for 3% of the total income, representing a decrease from the previous year. The reduction in revenue from this group can be attributed, in part, to the implementation of a significantly higher income-level threshold for residents covered under the SZV ZV/OV fund. In August 2022, the threshold was raised, resulting in more individuals being covered by SZV.

Expenses

Together, housing and office expenses rose by ANG 1 million in 2022 compared to 2021. The primary factors behind this increase were higher utilities costs due to the fluctuating fuel clause resulting from the war in Ukraine, and increased IT maintenance expenses resulting from the implementation of the IT strategic plan.

The rise in personnel expenses can be primarily attributed to salaries and wages, which increased by 11% in 2022 and 6% in 2021. This increase is due to an expansion in the number of staff, with 446 in 2022 and 441 in 2021. Out of the total of 466 people on the payroll, 41 were call-ups (employees with 0-hour contracts, 11.5 FTE), and 6 Supervisory Council members. Additional factors contributing to the increase in personnel costs include overtime, provisions for vacation pay, adjustments for cost of living, and salary increments as per the Collective Labor Agreement (CLA).

The increase in depreciation costs (ANG 1 million) relates to increased investments in general and to investments in Essential Upgrade assets in particular, which assets



are to be depreciated in an accelerated manner, as they are intended to be retired when the current hospital is demolished in Q2 2026.

Bad debt amounted to ANG 9.5 million, which is 10% higher than in 2021 (ANG 8.6 million). The write-off of uncollected medical bills continues to be a significant issue for the organization, and Management is committed to ongoing efforts aimed at reducing this loss of income. It is acknowledged that on St. Maarten, a portion of the population is not entitled to an SSA-card (social security health insurance card) for underprivileged persons and therefore remains uninsured. However, as a medical institution, SMMC recognizes its obligation to provide (emergency) care to all individuals in need, regardless of their ability to pay. The medical bills incurred by uninsured individuals often go uncollected, placing the burden on the Foundation. To address this challenge, Management has been actively seeking and will continue to pursue collaboration with the Government of St. Maarten in finding a sustainable solution to support the costs associated with medical care for the uninsured (and often undocumented) persons on the island.

Construction in Progress

Construction in progress as of December 31, 2022, amounts to ANG 61.4 million. A significant portion of this balance (ANG 54.8 million) refers to investments in the new hospital.

As at balance sheet date, ANG 27.9 million has been contributed through Component 1 of the Grant that SMMC received from the St. Maarten Recovery, Reconstruction and Resilience Trust Fund, that is funded by the Government of the Netherlands and managed by the World Bank. Approximately ANG 16.4 million was contributed through drawdowns from the consortium of lenders, and ANG 8.1 million by SMMC's own contribution to the project so far. Some ANG 2.4 million of capitalized interest is also included.

In 2021, investments in the new hospital amounted to ANG 11.3 million. The lower investments in 2022 (ANG 6.9 million) reflect the delays due to the drastic increase in the cost of construction, which required ultimately the renegotiation of the construction contract, the so-called 4th amendment.

In 2019, the Foundation embarked on the construction of a state-of-the-art, well-equipped, new General Hospital with 110 beds, at an initially projected investment of ANG 182.6 million. Construction on the main building started in 2021.

In 2022, progress was made with up to six out of seven sections of the main building's basement floor completed, with rebar installation and concrete pouring. The construction of the piling wall, alongside the G.A. Arnell Boulevard and the installation of basement walls and external retaining walls also began during this time. However, construction progress was greatly constrained due to extensive and time-consuming discussions with the main contractor, because of the significant global price increases for materials and shipping. These price increases were a consequence of supply chain disruptions related to the COVID-19 pandemic and the war in Ukraine. The budget and price increase discussions continued through the 3rd quarter of 2022, when SMMC and the contractor signed a Letter of Intent (LOI) to pursue a contract amendment. The contract amendment entailed an increase in the construction budget by USD 40 million or ANG 72 million, after taking into account cost-cutting measures and modifications such as design optimization, change in certain work methods to reduce construction time and the shifting of responsibility for certain facilities from the contractor to that of SMMC. An additional ANG 9 million was reserved as a buffer for additional expenses and contingencies, bringing the new estimated budget to ANG 263.6 million. Ultimately, the contract amendment, known as the 4th amendment, was signed in February of 2023.

To secure financing of this significant increase in capital budget, SMMC first engaged all stakeholders to ensure their commitment to the completion of the new

hospital, despite the cost overrun. This commitment was received. The consortium of lenders, the World Bank and SMMC itself committed to the additional funding needed to cover the gap. The business case for the new hospital has also been updated and has received the commitment of the Government and SZV towards its achievement. As a result of these developments, the completion times for the new hospital are now projected in October 2025 for the main building and July 2026 for the rest of the project including the office and parking facilities.

Barring any major disruptive events beyond its control, Management remains confident that the deadlines set will be achieved.

Risk Management

The Management of the Foundation takes responsibility for overseeing the overall risk management process. Several key risks have been identified and measures have been implemented to mitigate them.

Natural Disasters: Given the vulnerability of the economy, which heavily relies on tourism, the Foundation must remain prepared for instances of natural disasters. Programs such as Essential Upgrades have been initiated to upgrade existing buildings and facilities, ensuring their resilience during the transitional period leading up to the new hospital.

Risks Associated with New Hospital Construction: The construction of a new hospital carries inherent risks. To mitigate these risks, the Foundation has implemented a framework of controls. This includes oversight and regular reporting, engagement of expert consultants in various disciplines such as finance, legal, quality control, project management, and construction.

The Management and Supervisory Council also play a crucial role in exercising accountability and responsibility to stakeholders. The recent, successful resolution of the construction cost increase issue provides confidence that the control systems are functioning effectively.

Economic Dependence and Insurance Payments: The Foundation's income is highly dependent on the state of the economy and the ability of insurance companies to pay for the care provided. There is a risk that insurance companies, including major provider SZV, may face challenges in collecting premiums from the Government, corporate institutions, or private businesses. To proactively manage this risk, Management continually engages in tools and strategies to monitor and mitigate potential financial impacts.

Cyber Security: The Foundation has embarked on a Strategic ICT Plan to mitigate the risks of cyber-attacks, to guarantee continuity and availability of medical services, and the integrity of (patient) data in compliance with the applicable laws and regulations. By actively identifying and addressing these risks, the Foundation's Management demonstrates a commitment to effective risk management and ensuring the long-term stability and success of the organization.

Beyond 2022

In 2023, SMMC's Management will actively promote and facilitate regular meetings and discussions with the Management of SZV and within the Tri-partite setting. Recognizing that all parties involved share the responsibility for providing sustainable healthcare for the citizens of St. Maarten, these dialogues are crucial for effective collaboration and alignment. The objectives of these meetings and discussions are twofold. First, they aim to ensure the efficient and effective execution of the care contract between SMMC and SZV. Secondly, these dialogues will serve to ensure continual alignment with the business case for the new hospital. The business case outlines the performance expectations for SMMC, both during the transitional period leading up to the commissioning of the new hospital and after it becomes operational. Through ongoing discussions, Management can ensure that SMMC's operations and initiatives remain in line with the strategic goals and objectives set forth in the business case.

In July 2021, SMMC entered into an extension of the care contract with ZJCN, the insurance provider for Saba and St. Eustatius. The contract encompassed various arrangements for medical and paramedical services. Notably, it included a commitment from ZJCN to contribute towards the cost of 5 additional certified dialysis nurses for the department, up until March 31, 2023.

The current contract with ZJCN expires on December 31, 2023. Management anticipates commencing negotiations for its extension at the beginning of Q3 2023.

As the number of COVID-19 restrictions around the world subside and the number of tourists to St. Maarten is restored, Management will continue to intensify its focus on developing an international medical services program at SMMC. International medical services are already promoted in the region and the first indicators show growth.

SMMC has initiated CLA negotiations with the Windward Islands Healthcare Union (WIHCUA), as the present agreement expires on June 30th, 2023.

In response to the recommendations outlined in the Management Letter issued by the external auditor, SMMC's Management is actively working towards enhancing the internal control environment throughout the organization, particularly within the finance function and financial reporting. In 2022, SMMC successfully maintained the improvements made in the controls over the revenue reconciliation process, resulting in the identification of additional revenue in both years. To address this significant deficiency within the organization, namely the failure to capture, and bill for all services rendered, two task forces were established in the last quarter of 2022. These task forces have made substantial progress in identifying the factors contributing to the deficiency and developing policies and procedures to rectify the issue. Management anticipates implementing the first of the new procedures in Q3 2023.

Through ongoing discussions and joint efforts, the specific details and measures outlined in the MOU between CHP, SZV and SMMC will be further refined and implemented in 2023. The objective is to ensure the long-term viability and success of the pharmacy, both within the hospital and in its external operations. In 2023, SMMC remains committed to pursuing the five strategic themes under the motto of "Delivering Patient-Centered Care, Close to Home." The organization continues to prioritize the "Fit for The Future" program in all its aspects, with the ultimate aim of achieving JCI accreditation. This program encompasses various initiatives to ensure the organization is prepared for the future and able to provide high-quality care. Additionally, the other four strategic themes are being actively pursued: efforts are focused on delivering quality care, promoting patient-centered care, expanding international medical services, and establishing alliances with stakeholders. These themes serve as guiding principles to enhance the overall healthcare experience for patients.

Continuous training and professional development initiatives are in place to ensure that staff members are well-prepared to deliver exceptional care and contribute to the success of the organization.

Respectfully,

Dr. Felix Holiday
Board of Directors



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



Sandy Offringa
Chairperson



Jim Rosen
Vice Chairperson



Sylvia Meyers-Olivacce
Secretary



Dr. Heidi Chumley
Member



Sherwin Casper
Member



Jimmy Challenger
Member

Board of Directors



Dr. Felix Holiday
Medical Director



Hyden Gittens
Versant Accountants & Consultants, temporarily
executing Financial Management activities until the CFO
vacancy has been filled



Nada Mathew-Sandiford

Management Team



Antonio Pantophlet
Manager Inpatient Care
& Education



Christina Jacobs
Manager Outpatient Care



Erika van der Horst
Project Manager St.
Maarten General Hospital



Michael Sargeant
Manager Maintenance
& Facilities



Amanda Gumbs-Weijmer
Concern Controller



Harlec Doran
Manager Human Resources



Keith Hanson
Interim Manager ICT



Bonnie Dekker
Manager Strategy &
Business Development



Janneke Lok
Legal Counsel and Secretary
Board of Directors

Highlights 2022

JANUARY



- SMMC experienced a COVID-19 surge that had a peak mid-January with 2602 active cases reported. The Dutch Ministry of Public Health (VWS) assisted in adding 16 additional AMI staff members when the number of COVID hospitalizations went up.

MARCH



- A new, state-of-the-art, Class 1 Operating Room Complex was commissioned.

MAY



- The installation of the new CT scan was completed and the first application training for the staff took place.
- Interparliamentary Kingdom Consultations (IPKO) visited SMMC with a delegation of 40+ persons. Presentations and tours were provided.
- Official opening of the new OR theaters, the IV Treatment rooms, the Dialysis expansion and

JUNE



- SMMC celebrated its 31st anniversary and their Employee Appreciation Day with a block party and other activities such as a food bank drive, inter-departmental thank you letters and the SMMC's core values competition.
- A World Bank mission took place, whereby presentations and updates were provided about the results framework, essential upgrades as well as the SMGH construction project.

FEBUARY



- The 4th section of the concrete basement of SMGH was poured. The pour featured 700 cubic meters of high-quality concrete- a first for St. Maarten, and took 15 hours.

APRIL



- The Remuneration & Benefits Regulation Medical Specialists March 2022-February 2025 was signed.

the 5 Double Patient Rooms took place by the Minister of VSA.

- The seminar 'Medical referrals Windwards islands' by VWS/ZJCN was held on St. Eustatius with the goal is to strengthen the care chain and increase the quality of care to patients from Saba and Statia.

- State Secretary of the Ministry of Internal Affairs and Kingdom Relations Van Huffelen visited SMMC. The Minister of VSA was present, as well as representatives of the SC. SMMC championed the projects of SMMC and also addressed the current financial issues regarding the construction project.

- Deputy Secretary-General (pSG) of VWS Abigail Norville, ZJCN director Herbert Barnard, the Minister of VSA and the director of SZV visited SMMC to discuss the refinancing options for the SMGH.
- The startup of the cancer screening program for Saba and Statia patients was discussed with the RIVM, the Dutch National Institute for Public Health and the Environment.

- In line with legal requirements, the annual reports of the Hospital Committees were submitted to the Inspectorate by June 1st.
- SMMC met with the Board of Financial Supervision (College Financieel Toezicht or CFT) regarding the financing of SMMC and SMGH.

Highlights 2022

JUNE >>>



- SMMC took part in a summit for the 4 countries’ Ministries of Public Health, social health insurances and hospitals in Aruba, whereby the Dutch Caribbean Hospital Alliance (DCHA) was part of the negotiations..
- The Cooperative DCHA u.a. was formally established.

AUGUST >>>



- The Nursing Assistant course was completed with a 100% pass rate. A graduation ceremony was held at the WYCF.

OCTOBER >>>



- A Letter of Intent (LOI) between SMGH Contractor FINSO and SMMC was signed in September, about the adjusted terms for the construction of the St. Maarten General Hospital (SMGH).

NOVEMBER >>>



- An SMMC delegation visited the Anguilla health authorities to promote our International Medical Services.
- SMMC participated in the National Mental Health conference. The outcomes of the different workshops that were held during the conference will be used to set up the national mental health strategic plan.

JULY >>>



- Financial Statements of SMMC were delivered on time by July 1st.
- The Inspectorate General of the BES islands Mrs. De Vries-Knigge and the acting Inspectorate General of the Ministry of VSA Dr. Illis visited SMMC. They were given an update presentation about SMMC’s services, the care provision to the BES patients and the construction activities, including SMGH as well as a tour of the facilities.

SEPTEMBER >>>



- The Basic Acute Care (BAC) course provided by Caribha and financed by the Dutch Ministry of VWS was completed and an online graduation ceremony was held with the other participating institutions in the Netherlands and Dutch Caribbean.
- SMMC organized a Men’s Health Day. Despite the predicted weather, there was a large turn-out, and over 100 prostate exams were done.



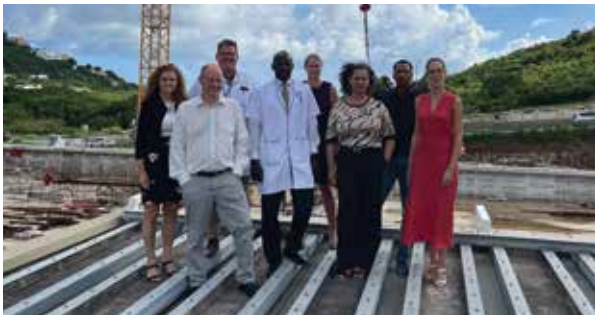
- Women’s Health Day was organized with free breast exams. Over 250 women were screened and up to 100 free mammograms were provided to uninsured women.



- The newly appointed Governor of St. Maarten, Mr. Amaju Baly, visited SMMC. The visit consisted of a meet and greet, presentation and a tour.

Highlights 2022

NOVEMBER >>>



- Deputy Secretary-General (pSG) Mrs. Abigail Norville of the Dutch Ministry of VWS paid a visit to SMMC where care provided to the population of Saba and St. Eustatius was discussed, specifically when it pertains to dialysis treatments and the possible development of peritoneal dialysis on St. Eustatius in the near future.



- The SMMC “On The Move” team participated in the SXM Day Relay and placed 26th of 48 teams.
- A medivac (medical evacuation) exercise was conducted with the Ambulance department and healthcare partners from Saba and Statia concerning the evacuation of patients. The exercise provided learning and development points for all partners and allowed participants to get to know each

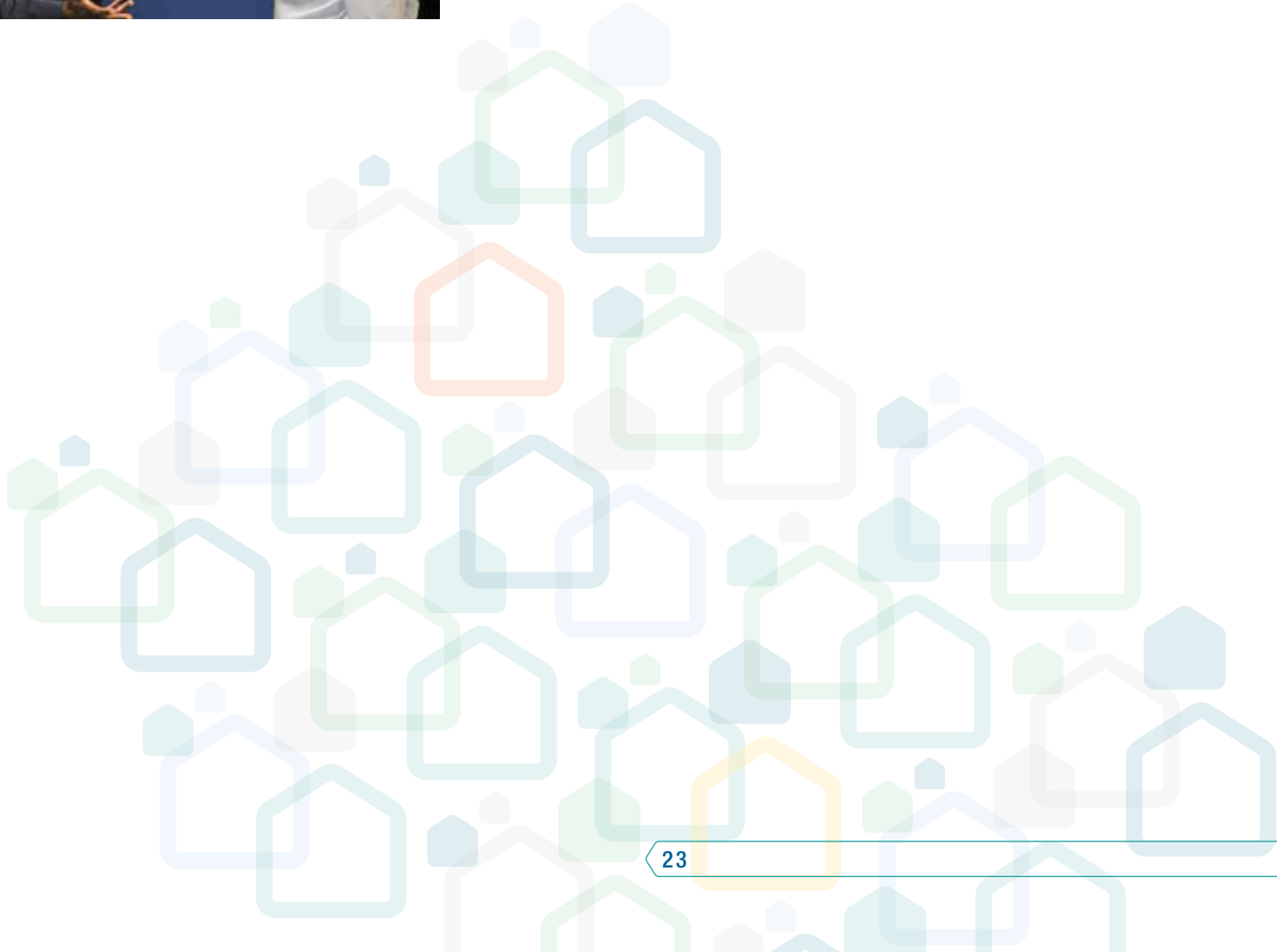
DECEMBER >>>



- SMMC’s core values activation campaign kicked off on Dec 1st with a specially made radio jingle and a lecture to the management team on corporate culture and how adherence to core values can drive a positive corporate culture.
- The budget for the SZV funds for 2023 was signed by SMMC and SZV.



- The World Bank confirmed an additional contribution of USD 7 million for the SMGH construction project.
- Dutch Ministry of Public Health (VWS) Minister Ernst Kuipers and VWS State Secretary Maarten van Ooijen visited SMMC. The visit consisted of a meet and greet, presentation, and a tour and was well received by the delegation.



Independent Auditor’s Report

Report on the Abbreviated 2022 Consolidated Financial Statements

Our Opinion

The summary (hereafter: ‘abbreviated’) 2022 consolidated financial statements of Foundation Sint Maarten General Hospital (hereinafter “SMGH” or “the Foundation”), based in St. Maarten, are derived from the audited consolidated financial statements of Foundation St. Maarten General Hospital for the year ended December 31, 2022.

In our opinion the accompanying abbreviated 2022 consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of Foundation St. Maarten General Hospital for the year ended December 31, 2022, 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 2022;
- 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 2022 financial statements of the Foundation in our report dated June 29, 2023. Because of the significance of the matter 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 internal control system regarding the completeness of invoicing of medical treatments and related income sources was inadequate during 2022. We were unable to obtain sufficient audit evidence by alternative means concerning the completeness of medical income and the related accounts receivable.

As a result of this matter, we were unable to determine whether any adjustments might have been necessary in respect of medical income and related accounts receivable for the year ended December 31, 2022.

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 2022 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, 2022, based on our audit, in accordance with Dutch Standard on Auditing 810, ‘Engagements to report on summarized consolidated financial statements’.

St. Maarten, June 29, 2023

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

Signed by:

P.C. Lungu FCCA



Abbreviated Consolidated Balance Sheet as at 31 December 2022

	31 December 2022		31 December 2021	
		ANG		ANG
ASSETS				
<i>Fixed Assets</i>				
Intangible Assets		139,115		215,299
Property, Plant & Equipment		78,349,490		73,399,070
<i>Current Assets</i>				
Inventories & work in progress		5,142,083		5,403,791
Receivables		21,311,263		18,034,608
Cash and Cash Equivalents		24,193,697		16,177,741
Total Assets		129,135,648		113,230,509
EQUITY & LIABILITIES				
Equity		45,626,741		39,796,501
Equalization Reserve		34,912,059		30,515,196
Provisions		7,507,404		6,309,807
Non-current liabilities		18,916,072		16,145,215
Current liabilities		22,173,372		20,463,790
Total Equity & Liabilities		129,135,648		113,230,509

Abbreviated Consolidated Income Statement for the Year 2022

	2022		2021	
	ANG	ANG	ANG	ANG
Medical Income	115,867,770		103,512,296	
Direct Medical Expenses	-29,487,954		-26,049,304	
Gross Margin	86,379,816		77,462,992	
Other Operating Income	2,855,735		1,676,287	
Gross Margin		89,235,551		79,139,279
Salaries and Wages	54,448,847		48,467,488	
Depreciation of intangible and tangible fixed assets	7,626,318		6,575,830	
Other Operating Expenses	21,457,024		19,787,939	
Total of Sum of Expenses		83,532,189		74,831,257
Total of Operating Result		5,703,362		4,308,022
Financial Income / (Expense)		126,878		-180,183
Total of Result Before Tax		5,830,240		4,127,839
Profit Tax Expense				-114,452
Total of Result After Tax		5,830,240		4,013,387

Notes To The Abbreviated Consolidated Financial Statements

General Notes

General

Foundation Sint Maarten General Hospital formerly known as Sint Maarten Medical Center Foundation (hereinafter ‘SMMC’ / ‘SMGH’) 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.

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.

The Basis of Preparation

According to Book 2, article 58 and article 119 of the Sint Maarten Civil Code, SMMC qualifies as a large Foundation. This implies that the Foundation meets the following criteria:

- Exceeding criterion of 20 full time employees;
- Exceeding the value of assets criterion of ANG 5 million;
- Exceeding the Income criterion of ANG 10 million.

According to article 120.3 of the Sint Maarten Civil Code SMMC needs to report its Financial Statements in accordance with Internationals Financial Reporting Standards issued by the International Accounting Standards Board. However, this article also gives SMMC the opportunity to compile its financial statements according to other internationally accepted accounting principles in case the board of directors has given reasons to do so. The board of directors has made use of this possibility to report according to Dutch Generally

Accepted Accounting Principles (Dutch GAAP), amongst others, because of the following reasons:

For comparisons purposes:

- In previous years SMMC has reported according to Dutch GAAP, therefore makes it more useful to compare with previous reporting periods;
- In Sint Maarten, according to general use, most health care organizations on Sint Maarten and in the Dutch Caribbean, as well in the Netherlands, report according to Dutch GAAP.

For economic reasons:

- SMMC’s bookkeeping systems and sub ledgers have been developed in line with Dutch GAAP; •Implementing IFRS based reporting will lead to significant additional expenses regarding redefining systems and additional education of finance department.

Consolidation

SMMC owns 100% of the shares of St. Maarten Medical Center Pharmacy N.V. (the company) and therefore the balance sheet, the 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. also known as Cayhill Pharmacy (CHP) 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.

General Accounting Principles

Disclosure of Deviation in Prior Period Figures Due to a Revision

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

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.

Information about assumptions and estimation uncertainties at 31 December 2022 that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities in the next financial year is included in the following notes:

- Note 2** useful life determination and including accelerated depreciation of tangible assets;
- Note 3** Obsolescence of medical supplies
- Note 4** measurement of allowance for trade receivables: key assumptions in determining the likelihood of non compliance with the payment terms;
- Note 9** measurement of post-employment benefits obligation: key actuarial assumptions;
- Note 10** measurements of post-employment benefits obligation: jubilee provision
- Note 28** recognition and measurement of provision and contingencies: key considerations.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset and, therefore, are capitalized. Other borrowing costs are recognized as an expense.

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. Income 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. The foundation converts all transactions at the currency exchange rate of: USD 1 ANG 1.80; EUR 1 ANG 2.20.

Accounting Principles

Intangible 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, except, if applicable, adjusted for changes in the economic life of the assets. 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. Work in progress will be depreciating when assets are taken into service. Interest costs that are directly attributable to qualifying assets under construction are capitalized.

Inventories

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

Accounts Receivables

Accounts receivables are carried at anticipated realizable value. Accounts receivable are shown after deduction of a provision for bad and doubtful debts



where appropriate. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

The accounts receivable have a maturity date due within one year.

Cash and Cash Equivalents

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

Equity

The equity comprise the nominal capital account, additional paid-in capital, accumulated gains and the result of the period accounts.

Equalization Reserves

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

Provisions for Pension Obligations

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.

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.

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 Principles in Respect to the Income Statement

The net result is determined as the difference between the recognized income and the expenses relating to the reporting period. Costs are determined in accordance with the accounting policies applied to the income statement.

Income 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.

Medical Income

Medical income comprises of fees for medical treatments chargeable to patients, USZV, other insurance companies and social security institutions. Income also includes sales of pharmaceutical products to customers.

In 2017, the Foundation entered into a contractual agreement (“USZV Care Contract”) with USZV for the period January 1, 2017 – December 31, 2031, of which the budget is based on an anticipated contractually fixed production. SMMC receives monthly, an annual agreed upon ‘advance’ to the budget which is determined annually and is paid as budget advances monthly based on the production pre-calculated (estimated). The annual settlement method states the following: (i) if an overproduction exceeds 2% of the budget, USZV will pay SMMC the exceeding part based on the tariffs as agreed



between SMMC and USZV, and (ii) if an underproduction exceeds 10% of the budget, SMMC will repay the exceeding part to USZV. The 10% is needed to safeguard the minimal required services (24/7/365) including the minimum level of qualified staff and the agreed quality of care.

Other Operating Income

Other operating income includes: (a) other income recognized in the event of an underproduction based on the annual budget concluded with USZV and in accordance with the annual settlement agreement between USZV and SMMC; and (b) other income recognized in the period.

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

At SMMC, we understand our responsibility to support the communities we serve. We are committed to delivering high-quality medical services while prioritizing the well-being of our patients, employees and the environment. We strive to promote a culture of ethical conduct, social and environmental sustainability and participation in the community. As part of our corporate social responsibility, we actively engage in programs that support the improvement of healthcare in the community, reduce our environmental impact, promote diversity and inclusion and support employee wellness. We are dedicated to being a responsible and accountable corporate citizen and we will continue with our initiatives aimed at making a positive impact in the communities that we serve. Examples of this in 2022 were the well-attended public events on Prostate Cancer Awareness on September 3 and Breast Cancer Awareness on October 15. SMMC performed 100 free exams and 250 free breast screenings during the events and provided 100 free mammograms for

uninsured women. During the year, our HR department hosted several three-day Well-being workshops for staff, presented by psychiatrist Dr. Jurgensen. SMMC continued their so-called ‘On the Move’ program in 2022. On the Move is a free of charge physical training program that was initiated by the Medical Director to give all employees the opportunity to get or stay in physical shape in our journey towards SMGH.

Medical and Patient Care

This chapter outlines the developments in medical and patient care during 2022.

Adding Capacity and Staff

Anesthesiology / Neurology (Pain Management Clinic)

In 2022, the Pain Management and Neurology clinics were expanded and moved to a new location at the SMMC patio area. An additional Anesthesiologist joined the existing team of 2 Anesthesiologists bolstering the Pain Management Clinic’s permanent staff.

Cardiology

In 2022, Cardiac Computerized Tomography (CT) scans were added as an expansion of Cardiology services. These Cardiac CT scans provide valuable information about the heart and its function, which aids in the diagnosis and management of various cardiac conditions.

Ear, Nose and Throat Surgery (ENT)

SMMC purchased an innovative medical device in 2022 that performs Radio-Frequent Thermotherapy (RFFT) of the inferior nasal turbinates. The device allows specialists to treat patients with blocked noses in an outpatient setting, eliminating the need for surgery under general anesthesia and admission to the hospital. RFFT is a new, painless procedure that allows patients to be in and out of the ENT clinic within an hour, thereby reinforcing our focus on delivering patient centered care, close to home.



Inauguration Expansion Dialysis Clinic

The inauguration of the expanded Dialysis Clinic was held in early 2022. The expansion was needed to be able to accommodate the growing demand for dialysis treatments on the island (and from Saba and St. Eustatius). The treatment capacity was expanded from 14 to 21 positions.

Expansion Operating Room (OR) complex

The renovation project of the former OR complex was started while a brand new 2 theatre OR complex (Class 1) with recovery room and supporting offices was inaugurated.

Radiology

The Radiology services were enhanced and expanded with the purchase of a new Philips Incisive PRO 128 slice CT machine. The new machine is a high resolution, low dose CT scanner with a bariatric table and a 72cm bore, which allows for new services to be offered including calcium scoring and coronary angiograms.

Nursing

Improving Care

In 2022 SMMC stayed the course in our aim to improve the quality of care through continuous education of our nursing staff. The following courses and education were offered to staff:

- A Certified Dialysis Nurse (CDN) course continued with 7 Registered Nurses (RN) from the dialysis department, who are scheduled to graduate in April 2023.
- A Certified Nursing Assistant (CNA) course was held with 7 participants from SMMC.
- 1 group of 7 RN's completed the Basic Acute Care (BAC) course funded by the Dutch Ministry of Health (VWS) and a second group of 12 RN's started.
- 2 Operating Room (OR) technicians did a refresher training for total joint procedures.
- The Radiology Technicians were given a refresher course in cardiac CT procedures in connection with the arrival of the new CT scanner.

- As part of the Dutch National Institute for Public Health and the Environment (RIVM) breast cancer screening program for Saba and St. Eustatius, 2 of the Radiology Technicians started a mammography course to prepare them for the requirements of the screening program.
- Our sterilization department staff enrolled in an online course to become Certified Sterile Processing Technicians.
- 4 staff members completed the pre-module for the Pain Consultant course organized by the HAN University of Applied Sciences, The Netherlands.
- Nursing Assistants were assigned to the ER to enhance the information exchange between the ER and patients and their family members.
- During 2022, staff attended the customer service trainings as well as the aggression de-escalation workshops that were organized by SMMC.

Due to the lingering pandemic, staffing was affected – especially in January during the Omicron variant surge – and in general recruitment of qualified staff for ICU, ER and Dialysis remained a considerable challenge throughout 2022 as well. Additional Care Assistants were trained and hired as call ups to alleviate the understaffing at the Medical Surgical ward (MedSurg). Several patients that were medically discharged, but had no place to go were transferred to the Auxiliary Care Facility (ACF), located opposite SMMC, to ensure much needed bed capacity on the MedSurg ward. The unexpected benefit was that the patient’s mental and physical wellbeing improved once they were in this quiet environment with personal attention from dedicated nursing staff.

Performance Figures

SMMC Key Production Figures 2022

Total FTEs

425 

Total Number of Beds
of Which 15 beds in Temporary COVID Facility

95 

Total Surgeries

3,050 

Consultations

61,597 

Admissions

4,251 

ER Visits

10,087 

Radiology Procedures

28,916 

Diagnostic Procedures

15,071 

Dialysis Treatments

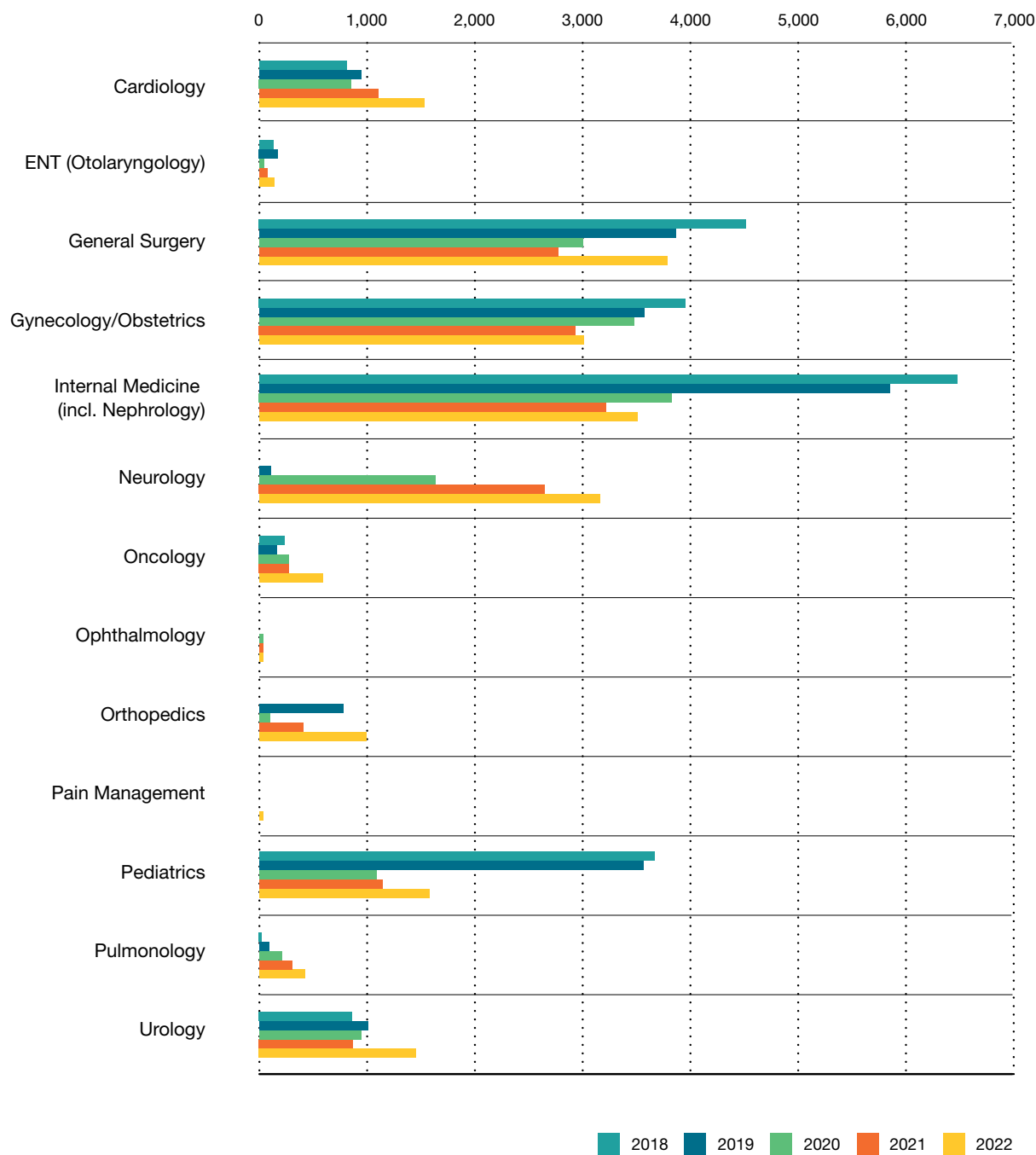
13,078 

Chemotherapy Treatments

1,346 

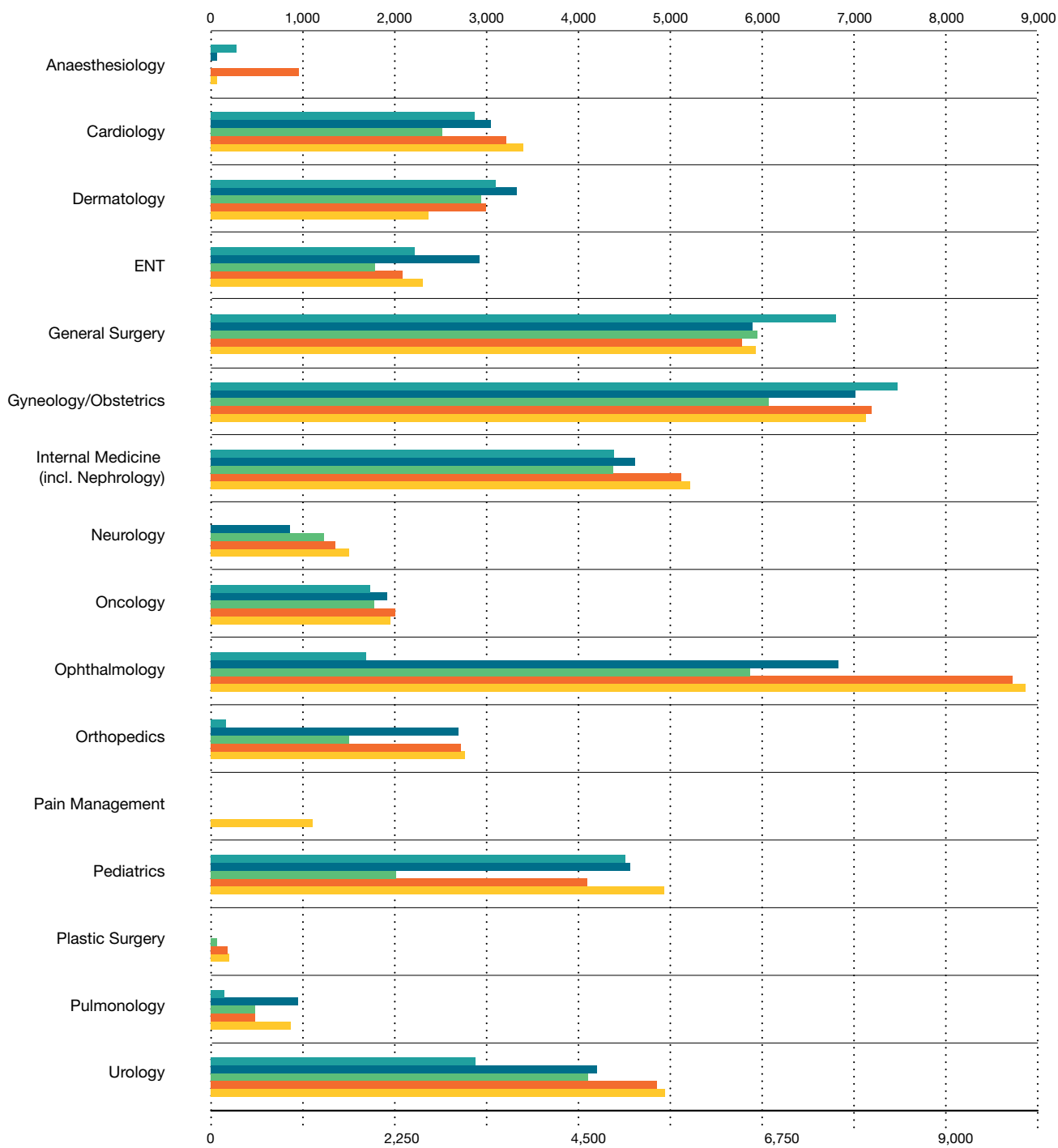
Inpatient

In 2022, the number of hospital days (20,151) increased robustly with 19.6% compared to the year before (16,849) due to the resumption of medical services which was interrupted twice during the year before, due to the COVID-19 pandemic. The hospital days per specialty are listed in the graph below.

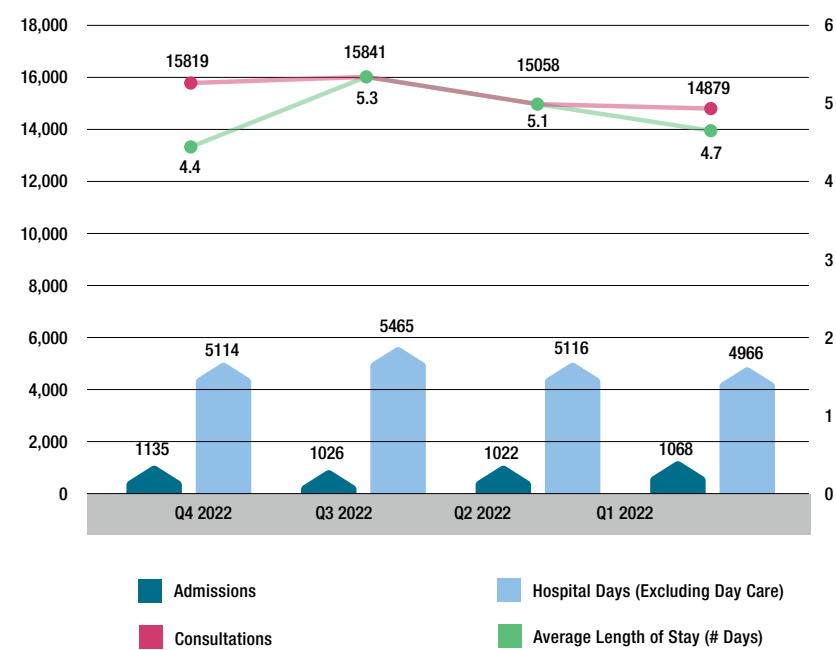


Outpatient Consultations

Solid growth (4.5%) in regular outpatient (policlinic) consultations was recorded across all medical specialties in 2022 (54,256) compared to the year before (51,905). Including urgent and inter-collegial consultations, the total of outpatient consultations was 61,597 in 2022.

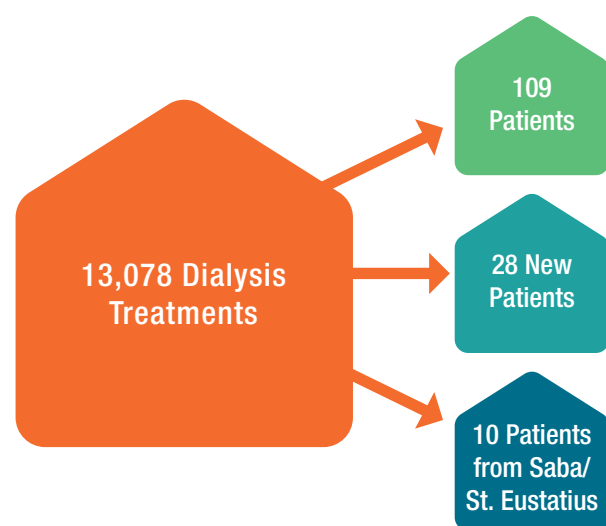


The annual development of the total number of outpatient consultations, hospital days, admissions and length of stay is shown in the graph below.



Dialysis

The Dialysis department serviced 109 patients in 2022 of which 284 were new patients. A total of 13,078 dialysis treatments were conducted this year, which is a 10% increase compared to the previous year (11,898). A total of 10 dialysis patients reside in either Saba or St. Eustatius.



Performance on Strategic Themes

In the 2022 year plan, the 5 strategic themes that were established the previous year, tie into our 2022 motto of “Delivering Patient-Centered Care, Close to Home”, which are:

- 1. Fit For The Future
- 2. Quality Care
- 3. Patient-Centered Care
- 4. International Medical Services
- 5. Alliances With Stakeholders

All departments have centered their 2022 departmental objectives around the 5 strategic themes and reported on a monthly basis on the progress made to achieve their quarterly milestones as we continued to develop being a quality driven organization which delivers on measurable outcomes through KPI monitoring and reporting.

Fit For the Future

Transforming from our current organizational structure to a new one that is “Fit For The Future” and ready and capable to operate as the St. Maarten General Hospital (this process is internally referred to as the “Home program”), requires careful planning, preparation and strategic execution. For this reason, in 2022 the Project Management Unit (PMU) has been bolstered in terms of human resource capacity in order to provide guidance in this crucial transition process. As such and to ensure critical areas in the transition process will be properly managed, two full-time Project Managers were hired in 2022 being: a Learning & Development (L&D) Project Manager and an IT Transition Project Manager. The PMU is further headed by the Program Manager and assisted by a Program Support consultant.

Below we outline the progress SMMC made in 2022 to ready itself for this transformation, with a focus on the 3-year strategic plan that is project focused, addressing skill gaps among staff, establishing a new organizational

operating model suitable for the SMGH environment and ensuring that we continue to deliver high-quality patient care, close to home.

Future Function Book

The Future Function Book was set up in 2021, where 26 new functions were identified based on projected innovations. Based on the overview of current positions per department, an inventory was made of positions that are desirable in the context of our ongoing efforts to expand (sub) specialist care and provide quality care close to home. For this, a training budget was developed, which is partly placed under Trust Fund financing managed by the World Bank with the aim to train our own staff in the direction of these future functions.

Strategic Plan

In the course of 2022, a 3-year strategic plan was developed and approved, which centers around the 5 strategic themes mentioned in this chapter. The strategic plan outlines the steps required for a successful transition to SMGH, in the form of projects. These projects were further developed to include specific objectives, timelines, budgetary requirements in collaboration with key stakeholders. A key project initiated by PMU in 2022 is establishing the so-called “Target Operating Model” or “Future State” of the organization. It represents a blueprint of the organizational structure and supporting procedures and processes as we transition from being based on a nursing-centered organization model towards becoming an integrated medical/nursing modeled organization focused on putting the patient central in all that we do. Several Future State sessions were held with the Management Team during the course of 2022 to define the Future State.

Learning & Development: Invest in Staff Training and Development

To address the identified skill gaps among staff, SMMC is investing in training and development programs, such as courses provided via SMMC’s online employee learning and development platform TalentLMS, customer

service improvement courses including train-the-trainer programs, change management courses and ICT coding courses. These are all geared towards providing additional training to existing staff to prepare them for new roles and responsibilities. Additional staff will only be hired in case the necessary skills and expertise cannot be sourced internally. Developing partnerships with other organizations to access specialized expertise has continued in 2022. An example of the latter is SMMC's collaboration in the Dutch Caribbean Hospital Alliance (DCHA) whereby mutual expertise is leveraged.

Quality of Care

To ensure high-quality patient care, SMMC is developing policies and procedures that reflect best practices in healthcare delivery as established by the Joint Commission International (JCI) which is internationally recognized as a symbol of quality care and patient safety. SMMC has embarked on a JCI accreditation trajectory with the aim of becoming JCI certified one year after moving into the new SMGH building. Below is a summary of the steps made by SMMC in 2022 to improve quality care according to the various JCI standards.

In 2022, SMMC mainly focused on the 'International Patient Safety Goals' (The IPSGs), which are considered the most important goals required to achieve JCI accreditation. The IPSGs consist of 6 themes with 13 standards and a total of 39 measurable elements (ME). The themes are:

1. Identify Patients Correctly
2. Improve Effective Communication
3. Improve the Safety of High-Alert Medications
4. Ensure Safe Surgery
5. Reduce the Risk of Health Care-Associated Infections
6. Reduce the Risk of Patient Harm Resulting from Falls

At present, most IPSG standards have written documentation. A policy or procedure has been developed for IPSG 1, IPSG 2, IGSG 4 and IPSG 5. In addition, IPSG 1 and IPSG 5 have been fully implemented

and routine compliance checks are being conducted. The IPSG 6 policy for the inpatient department has been fully implemented whereby the policy for the outpatient department is being developed.

For 'Access to Care and Continuity of Care', progress was made with several processes that align with the standards and MEs. However, most procedural steps are documented in the Electronic Medical Record (EMR), and written procedures or protocols are being developed.

Documents that have been implemented in 2022 in line with 'Patient-Centered Care' standards, include general and informed consent forms, the 'Patient Rights and Responsibilities' brochure, a 'Safekeeping' form, and an 'Advanced Directive' policy. To measure the patient experience, the 'Patience Satisfaction Survey' is being used to capture patient experience information on a daily basis. In regards to providing an educational program for the patient and their family, the hospital is working to create an adequate education plan that provides resources and work processes within the EMR that meet the requirements of the standards.

For the 'Care of Patient' standards, related to providing safe, effective, and timely care, a baseline assessment of the processes at SMMC has been conducted and several procedural steps are documented in the EMR.

At SMMC, protocols that outline mild sedation to full anesthesia and the availability of medical equipment during procedural sedation are presently in the EMR, partly covering the 'Anesthesia and Surgical Care' standards.

For the standards pertaining to 'Medication Management', procedures outlining medication selection and supply, storage, ordering and transcribing, uniform dispensing, recall of drugs, and the destruction of medications are currently documented and implemented at SMMC.

A JCI accredited hospital must have a system in place

to continuously improve the quality and safety of patient care. This includes monitoring performance and outcomes, analyzing data, and implementing improvements. The hospital must also have a system in place to report and investigate adverse events and near misses.

SMMC's Quality & Safety department (together with hospital committees) actively manages and reports on sentinel and adverse events within the organization. At present, a new incident management system (through the use of a document management program called Zenya) is being configured. Ultimately, the implementation of the incident management system will support the analysis, validation, reporting and maintaining continuous quality improvements within the organization. The relevant documentation that aligns with the JCI standards captured under 'Quality Improvement and Patient Safety' are currently in development.

At SMMC, presently several documents required to meet the standards on 'Prevention and Control of

Infection' have been developed by the Hygiene and Infection Control (HIC) department. To further meet the requirements of the standards, an infection prevention and control program which describes the mission and strategy, processes, education program, and surveillance program is in development. In addition, as part of mitigating the risk of infections in the hospital, an Infection Control Risk Assessment (ICRA) document is being implemented and will be used organization-wide for construction and renovation projects.

To address the 'Governance, Leadership and Direction' (GLD) standards at SMMC, a clear mission, vision, and strategy framework has been written and implemented within the organization. Additionally, to establish a framework for ethical management, the hospital has an active Clinical Ethics Committee that promotes a culture of ethical practices and decision-making within the organization. The hospital is also required to operate in compliance with applicable laws and regulations. To this end, policies and protocols are in development to meet the GLD standards.



Key programs that have been implemented in line with the standards for ‘Facility Management and Safety’, address fire safety, utility systems, emergency disaster management, waste management and facility security. To further meet JCI accreditation standards, a risk assessment and monitoring program is to be developed.

Several processes are in place currently to align with the ‘Staff Qualifications and Education’ standards.

‘Management of Information’ (MOI) standards ensure the uniformity and security of patients’ medical records. A number of written policies or procedures have been developed that align with the MOI standards. To provide consistent and uniform documentation, the document management system Zenya is being configured for the needs of the organization. An integral part of information management is the monitoring and protection of patient information. To achieve this, the hospital has been working to establish a framework for organization-wide guidelines that describe work processes that are involved with patient privacy. The framework deals with setting clear guidelines for topics such as the period of time that sensitive emails can be stored, (pre-) registration data privacy rules and data integrity processes as a whole.

Quality Committees

In alignment with the requirements of local laws and JCI standards, SMMC has 8 Hospital Committees in place. The purpose of the committees is to improve the quality and safety within the organization by assessing and evaluating the health services, reporting and making recommendations regarding the quality of health services and monitoring the implementation of the recommendations. An overview of the hospital Committees is depicted in the Hospital Quality Infrastructure diagram below. In 2022, reports were submitted on time to external stakeholders and structural meeting with the Inspectorate of Health continued.

Complaints

A crucial part of improving Quality Care is documenting, reporting on and following up on complaints. Complaints are a valuable tool for SMMC to monitor its performance and review areas that require improvement. They therefore contribute to SMMC’s overall approach to clinical governance, patient safety and the patient experience. In 2022, a total of 75 complaints

were received of which 2 resulted in a claim. Both claims could be closed whereby liability was denied. One claim from 2021 was still in progress in 2022.

The most common complaints concern attitude and communication of SMMC staff (35%). 22% of the complaints were related to medical care or patient care and 6% of the complaints were about financial or registration aspects to the care process. The majority of the complaints could be closed after a personal conversation with the complainant. Improvement measures taken include Customer Service trainings that were re-started in 2022, internal communication about SMMC’s core values Cooperation, Respect, Helpfulness and Professionalism, as well as the house rules and code of conduct. Staff were trained in 2022 in dealing with aggression and violence, and how to de-escalate these incidents. At the ER, nursing assistants were added to the team specifically to enhance the information exchange between the ER and patients and their family members.

Patient Centered Care

Patient-centered care is an approach to healthcare that places the patient at the center of the care experience. It involves listening to and understanding the patient’s needs, values, and preferences, and involving them in their care plan. In this chapter, the patient-centered care initiatives are listed that we implemented in 2022 to improve the quality of care and patient satisfaction.

Patient and Family Panel

The Patient and Family Panel (PAFP) was introduced in 2020. The PAFP is comprised of a volunteer group of patients and/or caregivers. The members offer insights and input to help SMMC provide care and services that are based on patient/caregiver-identified needs. Overall, patients and/or caregivers and hospital staff work together to improve the patient experience and overall level of quality and safety at SMMC. The PAFP consists of 6 patients/caregivers and 3 hospital staff. They had three meetings in 2022. The panel reviewed the Patients’ Rights and Responsibilities (PRR) and provided feedback from the patient’s perspective. Other topics addressed

were customer service and smoothening of the referral process.

Communication and Information Sharing

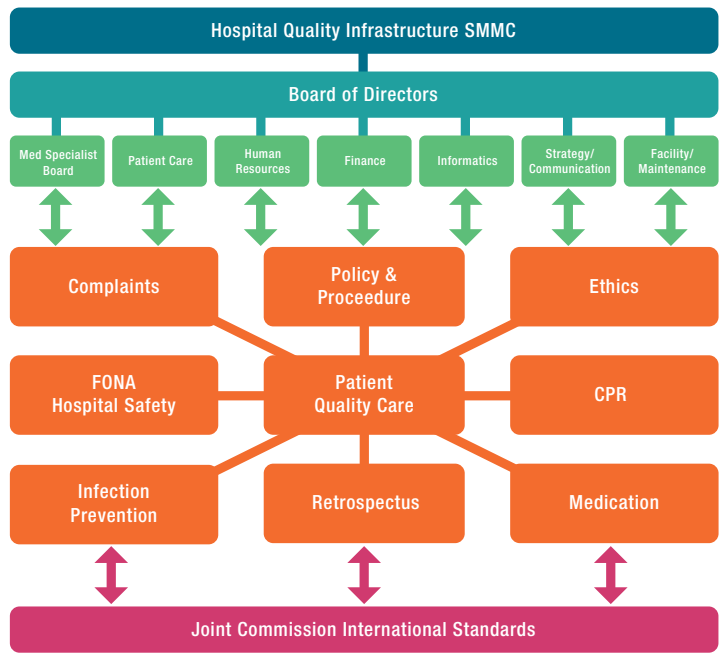
Effective communication is a critical component of patient-centered care. SMMC’s Communication department continued to provide staff with certain tools to enhance communication between staff and patients. Examples of tools that were provided in 2022 are posters, brochures, and QR codes for easy access to specific information on SMMC’s website and our patient satisfaction surveys. Social media channels were used frequently to provide information to the public. In 2022, 4 videos were launched to inform the public on developments at SMMC. Specific attention was given to improve communication with the patients from Saba and St. Eustatius, by working together with the Communications departments of the health care organizations of these islands and ZJCN. Sharing of social media posts, availability of SMMC brochures for patients on Saba and St. Eustatius and a video of what to expect when visiting SMMC, traveling from Saba/Statia, were realized in 2022. The International Patient Office (IPO) was relocated to the central patio for easy access and the patient journey process for patients from Saba and St. Eustatius was evaluated and adjusted to increase the patient experience.

Staff Training and Support

Staff training and support are critical to the success of patient-centered care initiatives. SMMC provided several trainings in 2022 related to patient-centered care principles and skills: customer service training, aggression de-escalation training, patient rights and staff wellbeing seminars.

International Medical Services

In 2022, SMMC has increasingly focused on attracting patients from the surrounding (non-Dutch) islands for certain medical specialties, to develop our International Medical Services (IMS). As SMMC has invested in state-of-the-art medical technology, such as the recent installation of the MRI suite and the opening of 2 Class 1 operating theaters, our efforts to increase international



patient visits have followed suit. Several working visits to Anguilla were conducted whereby the Health Authority Anguilla, the Government of Anguilla, medical specialists and insurance companies were presented with the latest advancements in medical services available at SMMC and updated on the SMGH construction project.

To facilitate international patients, the International Patient Office (IPO), currently servicing patients originating from Saba and St. Eustatius, has been earmarked to expand their services to all international requests for medical services. To attract more international patients seeking specialized medical treatments and procedures at SMMC, SMMC envisions providing concierge services to help patients navigate the local healthcare system, make travel arrangements and so forth in the future.

Alliances with Stakeholders

To continue fostering close alliances with our stakeholders, in 2022 SMMC undertook a variety of efforts, such as remaining in close contact with local, regional and international alliances. We continued to actively participate in the Dutch Caribbean Hospital Alliance (DCHA), officially established in June 2022, which is a prime example of our commitment to alliances with stakeholders such as regional healthcare organizations to improve our resiliency and to continue to guarantee and improve the quality of specialty care within the Dutch Caribbean. In 2022, the multi-annual framework plan for DCHA was established. Four projects were designated by the governments of the four Dutch Caribbean countries to be prioritized for the year: Joint procurement, Education and training, Pandemic preparedness and Effective organization of hospital care. Several task forces and work groups were installed to make progress on these projects. Notably, a group of over 100 nurses from Aruba, Curaçao, St. Maarten, Bonaire and St. Eustatius took the Basic Acute Care course. BAC is part of the training program of the Caribbean Health Academy (CARIBHA) and is funded by the Dutch Ministry of Health, Welfare and Sport.

SMMC continued to take a dominant position in the care chain in 2022, meaning we assisted in standardizing, in close cooperation with the external stakeholders, the entire care chain with a patient-centered care focus. This way, we continued to deliver on our ‘delivering patient-centered care, close to home’ strategy as we developed the path patients follow while navigating the care chain. Being dominant in this setting also meant that we contributed to providing statistical data, on a macro level, to Government on which they can base health care policy.

World Bank Projects

The Project Management Unit (PMU) continued to manage the ‘Hospital Resilience and Preparedness Projects’ at SMMC funded by the Trust Fund and managed by the World Bank, and expanded its activities with managing the Home-program to its responsibilities in 2022. The so-called ‘improving resilience’ activities consisted of managing all World Bank-related activities, the Essential Upgrades, and following the progress on the results framework consisting of 3 Project Development Objectives (PDOs) and 10 Intermediate Result Indicators (IRIs).

During the year, SMMC hosted two World Bank missions and the Essential upgrade projects have been 90% completed. Pending completion is the renovation of the former OR and the finalization of the Medical Gas Distribution System. The organization has made progress towards the targets set for the PDOs and IRIs, specifically on the training of staff, which has increased with the implementation of the Learning Management System (via TalentLMS).

To accommodate the expanded range of medical services provided in 2022, SMMC enhanced its facility infrastructure realized in part with World Bank funding. This involved renovating existing spaces (expansion of the Dialysis Clinic) with additional space fitting 7 new chairs, adding new clinical spaces (a new, state-of-the-art, Class 1 Operating Room Complex was inaugurated,



while the existing OR renovation is to be completed) and upgrading technology and equipment to support the expanded clinical capabilities.

Early on in 2022, the Home-program kick-off was held which focusses on developing a framework and guidance mechanism for the organization to transition to SMGH. In support of this program, the PMU team expanded with 2 FTE's, being: an L&D Project Manager and IT Transition Project Manager.

In collaboration with the Management Team, a preliminary blueprint of the Future State of our organization has been drafted (the so-called Target Operating Model or TOM), identifying 8 aspects that guide and help the managers to organization-wide convert strategy into operational decisions. The Future State (TOM) assists with setting SMMC's annual organizational objectives that are supported by projects geared towards achieving its Future State. A total of 19 projects were defined in 2022 and have been included in the 2023-year plan which form the basis for SMMC's 3-year strategic plan.

St. Maarten General Hospital (SMGH) Construction

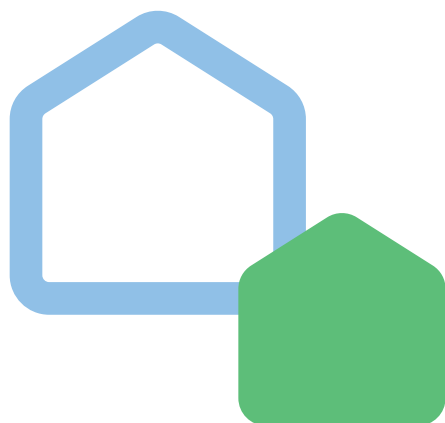
The year 2022 marked several construction milestones for the SMGH construction project (internally also referred to as the 'House'): of the seven sections of the main building basement floor, up to six sections were completed with rebar installation and concrete pouring. Furthermore, the piling wall alongside the G.A. Arnell Boulevard (also referred to as 'Link 1') was realized and work started pertaining to the installation of the basement walls and external retaining walls.

In spite of these milestones, overall, there was limited progress in completed construction works during 2022 due to the extensive deliberations with the main contractor, FINSO, regarding the extraordinary international price increases of materials and

shipping. Early in 2022, FINSO informed SMMC that additional budget was required to complete the SMGH construction project due to global price increases of construction materials and shipping rates as a result of supply chain issues lingering from the COVID-19 pandemic and the war in Ukraine. The discussions regarding the budget and price increases continued until on September 27, 2022 a Letter of Intent (LOI) was signed by both parties agreeing to work towards a contract amendment.

During the remainder of 2022, parties discussed possible solutions such as the optimization of the design while maintaining the functionalities, an agreement on the extraordinary price increases for materials and shipping expenses and to review work methods to reduce the overall construction time of the project. SMMC collaborated with FINSO on preparing all the supporting documents for the contract amendment while, in conjunction, meetings regarding additional funding for the project with the consortium of lenders, SZV, the Government of St. Maarten and The World Bank were held. By the end of 2022, SMMC and FINSO were in the closing stage of having the amendment of the contract signed with the majority of the negotiations finalized and the annexes agreed on.





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