CEO Progress Report

Dr. Nigel Murray
Meeting of Fraser Health Board of Directors
November 5, 2009
Presentation Agenda

- Recent milestones, performance
- 2009/10 budget update
  - Record funding and unavoidable cost pressures
  - Strategies to protect patient care
- Steps towards sustainability
- Conclusion
Recent milestones, performance

- BC Top 55 Employer recognition
- Capital projects proceeding on track
  - Framing and roofing completed for $239m Surrey outpatient and surgery centre
  - New 64-slice CT scanner opens at Langley
  - ARHCC earns LEEDS Gold status
- H1N1 response: Largest immunization campaign underway. Acute sites prepared.
2009/ 10 Mid-year Update

Record funding and unavoidable cost pressures
Ethical, evidence-based decisions
Implementing mitigation strategies
Mid-year Update

- Balancing budget will be a year long effort. Significant risk of deficit due to service volumes, H1N1 and emerging issues

- Protecting core health services as much as possible by:
  - Reducing costs and increasing revenue
  - Redesigning to improve efficiency and effectiveness
  - Managing cost pressures on core services

- Making strategic steps towards improved sustainability
  - Key capital projects on track
  - Community partnerships developing
  - Moving to more efficient, effective regional platform for managing clinical operations, physician leadership
Record funding, unavoidable cost pressures

- Record budget = $2.48B. Base funding increased 4.9% as government protects health care.
- Unavoidable cost pressures above available funding = $160m or 6.5%. Greatest challenge of BC’s health authorities
- Fraser Health has unique demographic (growth, age) cost drivers in addition to increases in new capacity, wages, technology and inflation.
Mid-year forecast

- High service volumes plus H1N1
- Significant mitigation achieved
  - Previously announced measures well underway
  - Further reviews and announcements today
- Current forecast is for year-end deficit of $10.2 million, less than 1 per cent of budget
Assumptions/ Risks

- Realize land sale, pay-for-performance and other revenues
- Minimal impact from unanticipated service demands (demographics) and events (H1N1, Olympic emergency)
- No new technologies, programs or cost-shifts without appropriate incremental funding
- Stakeholders and community accept evidence, tolerate change, do not slow implementation
- Rapid progress for SSO/Lower Mainland consolidation; Historical inequities between regions are not exacerbated
- Workforce able to implement utilization improvements
Strategies to protect patient care
Evidence-based process to protect patient care

7-step, ethical and evidence-based process ensures minimal impact on care and service. Careful consideration is given to factors such as:

- Population health impact
- Number of people directly affected
- Impact on safety/risks, outcomes, access, satisfaction, efficiency
- Implementation risks and mitigation strategies
- Linkage to strategic imperatives
Reducing costs/ raising revenue

Workforce reductions, improved utilization
- Improving overtime, sick-time management
- Redesign delivery of care/service; improve staffing mix and reduce staffing
- Continued reduction of discretionary spending

Work with contracted service providers to identify appropriate cost ceilings for administration and support

Potential consolidation of leases for offices/clinics, surplus land assets may be sold
Redesign care/delivery; reduce staffing

- Executive Team and Executive Director and Directors in clinical operations reduced in number.
- LPNs introduced to public health units
- PATH units expanded to assist discharge from hospital
- Hospital-based social work to be redesigned; 15 FTEs reduced
- Hospital-based patient counseling redesign; Increased role for manager of volunteers. 12 spiritual care coordinator positions removed.
Adolescent psychiatry

- Close 6-bed regional adolescent psychiatry unit at ARH
- Consolidate services at regional unit at SMH. Reinvest in alternative services for youth in community
- Recruitment challenges limited utilization. Open to reopening as demand and recruitment permit
Addictions treatment

- Close 10-bed withdrawal management unit at CGH.
- Consolidate services for clients at Creekside (next to SMH)
- Supports for clients to access services
Queen’s Park Care Centre

- Low utilization for 8 bed hospice. Close in advance of opening 10 new beds in Delta.
- Hospices in Burnaby, Coquitlam. Opened as part of 100-bed expansion since 2001.
- Other palliative care program components remain available in New Westminster.
- Close 28-bed Convalescent Care Unit
Residential care at Peace Arch Hospital

- Close 42-bed 3\textsuperscript{rd} Floor Weatherby Pavilion.
- Anticipate renovations for specialized geriatric mental health clients.
- Residents will have option to remain at PAH. Individual care plans ensure safe, seamless moves.
- LPNs integrated into staffing mix.
Outpatient/ambulatory care

- Extend winter/spring breaks. Aligned with elective surgery slowdown.
- No displaced staff or affect on inpatient flow.
- Represents 1% of department budget.
Steps towards sustainability

Integration, standardization, consolidation
Poised to transform health system

- Committed to innovation through integration, standardization and consolidation
- Been building collaborative, evidence-based platforms to improve efficiency, effectiveness
- Transforming to a sustainable health system will require commitment and collaboration with our people, partners and communities
More efficient, effective care delivery

Moving to a regional program management model

- Network-wide standardized services
- Better quality assurance, evidence-based practice
- Physician leadership embedded/aligned
Non-clinical/ clinical support partnerships

Shared Service Organization delivering on savings through standardized purchasing

Reviewing virtually all non-clinical and clinical support services for Lower Mainland Consolidation. Areas led by Fraser Health:

- Pharmacy: Standard BC formulary recently introduced
- Parking, Protection: Additional parking revenues now implemented at VCH, PHSA facilities
- Capital, Facilities: Reduced duplication and significant potential in improved coordination of planning and delivery of capital projects with LM health authorities and government
Conclusion
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- Significant investment but balancing budget will be a year long effort. Significant risk of deficit due to service volumes, H1N1 and emerging issues.

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Questions from the Board
Base funding increased $714m (54%) since 2002/03
Record funding, unavoidable cost pressures

- $96 million (4.9%) in increased base funding
- $45 million in one-time funding received mid-year 08/09; This year’s economic situation makes repeat unlikely
- Total revenues are a record $2.48 billion
Record funding, unavoidable cost pressures

More than $101.2 million in expanded capacity (new facilities and services):

- $17 million new Abbotsford Regional Hospital
- $16 million new patient-flow initiatives
- $4.4 million new acute, CT services at Delta Hospital
- $2.3 million new residential care facilities, 5,000-bed commitment
- $2.2 million Surrey Memorial Hospital
- $1 million new MRIs at Burnaby and Peace Arch Hospitals
- $1 million new ER start-up at Chilliwack General Hospital
- More than $20 million across the region’s acute care network to address demand from a growing and aging population
Record funding, unavoidable cost pressures

More than $102.5 million in rising costs for the provision of care and service from labour contract, benefits and other unavoidable increases:

- $53 million in contractually-required wage increases
- $43 million in inflationary pressures
- $4 million in new health information systems (electronic health record)

The difference, or shortfall, between available funding and anticipated needs is $130 to $160 million