

## **October 13, 2009 Backgrounder CEO Progress Report and Update 2009/10 Budget Management Initiatives**

This update is a follow-up to the information provided on July 15<sup>th</sup> from VIHA CEO Howard Waldner and outlines more details about VIHA's budget management initiatives for 2009/10.

The four budget management strategies identified in July 2009 were:

- Reduce discretionary, administration and support costs
- Increase revenues
- Implement program reviews and consolidate services
- Managing pressures to protect priority programs

As the review process unfolded, a fifth strategy emerged:

- Service equalization across the Vancouver Island service area

Progress on, and additional initiative details for each strategy are outlined below, with service equalization targets across the region provided where applicable.

### **1. Reduce discretionary, administration and support costs:**

**Non-essential travel, conferences and consulting** - expenditures have been reduced and budgets for these items have been removed from programs.

**Hiring freeze and vacancy management** - implemented for non-clinical positions and savings resulting from holding positions vacant. Since April 1<sup>st</sup>, 72 non-contract employees have left the organization providing administrative savings. VIHA will continue to review and reduce management and administrative support.

**Reduce and manage overtime** - aggressive overtime restrictions have been put in place and a new program designed to address high overtime use on units using high amounts of overtime. To date, VIHA has saved approximately \$3 million in overtime costs versus last year. We expect this trend to continue as managers and staff finds ways of preventing overtime expenditures before they occur.

**Shared service implementation** - VIHA continues to explore opportunities for integration of services with other BC Health Authorities following the announcement of an initial \$57.5 million in savings earlier this year.

**Voluntary unpaid leave days** - VIHA has implemented a program for non-contract staff to take up to 10 additional days off without pay, if this can be done without incurring backfill or other costs. To date, uptake has been relatively low, but the program will be continued until the end of the fiscal, and reviewed in April 2009.

**Non-essential maintenance** - a moratorium has been placed on all non-essential maintenance and non essential gardening. Repairs necessary to maintain the integrity of a structure or where a delay in repairs will result in additional costs are proceeding.

**IM/IT services:** - VIHA's Information Management and Information Technology department has achieved cost savings, efficiencies, and negotiated new agreements and reduced its budget -- resulting in total savings of two million dollars.

**Missed meal break funding rationalization** - VIHA currently pays staff straight time or, in some cases, overtime if they are unable to take a meal break. VIHA recognizes that breaks are essential for staff. In the future, staff will be required to identify the need for help before they miss their meal break, and efforts will be made to redeploy staff from other areas to provide coverage.

## **2. Revenue Generation**

**Sale of non-essential property assets** - Assets across Vancouver Island that have been identified as non-essential or in need of replacement will be sold. Potential revenue from these sales will be determined as the properties are offered to the market place. VIHA will be disposing of the following assets:

- **Victoria General Hospital "Triangle" property.** This property, which is located across from VGH on Watkiss Way has been identified as surplus and will be sold. VIHA will issue an RFP for the sale of this property in October.
- **Tahsis.** A house used by visiting care providers will be sold as a replacement house has already been purchased.
- **Cumberland properties.** VIHA owns three properties in Cumberland near the Cumberland Health Clinic. With plans for a new regional hospital in the Comox Valley, these properties have been declared surplus. VIHA will work with the community with respect to these properties to determine their future use or sale.

### **Residential Care Revitalization**

- **Oak Bay Lodge and Mt. Tolmie Hospital.** These two long term care facilities are owned by VIHA. The facilities (247 and 73 beds respectively) are approaching the end of their useful lives and significant capital is required to protect the health and safety of residents. Later this month, VIHA will issue an RFP that will determine whether there is interest in purchasing both sites with the aim to replace the bed capacity at both facilities in a new facility while also adding new assisted living capacity.

An RFP and rebuild process is anticipated to take as long four years, and there will be no immediate change for residents or staff. In the longer term, VIHA will

work with any new service provider, residents and staff to minimize disruptions. More details will be available when the RFP is released.

**Increased parking fees for visitors and staff.** Over the next three years, VIHA will be adjusting parking rates for staff bringing them closer to market rates. In addition, visitor-parking rates will be increased at South Island sites and at Nanaimo Regional General Hospital. These two initiatives will raise \$1.3 million annually once fully implemented.

Other revenue generation methods will be developed in the coming months in concert with the Ministry of Health Services.

### **3. Program Reviews and Service Consolidation**

**Community Agency Service Review.** VIHA has over 300 contracts with community agencies, not for profit societies, program service providers and others, totaling approximately \$24 million annually. Overall, VIHA anticipates reducing these contract expenditures by \$2 million annually in order to protect core programs and services.

VIHA has reviewed all these contracts and the services they provide against criteria that include ensuring a client/patient focus; equality of access across VIHA's service area; program delivery effectiveness with appropriate outcomes and whether the services are evidence based and cost effective.

VIHA will also be working with all other community agencies to find additional administrative savings and provide assistance to consolidate services or back-office functions where possible.

The community agency service review was extremely difficult, and we recognize the impact these changes will have on agencies and clients. Contract changes include:

**Crisis line consolidation.** VIHA funds separate crisis intervention telephone services in Victoria, Nanaimo, Port Alberni, Courtenay, Campbell River and Port Hardy. The annual budget for these services is in excess of \$890,000.

An RFP will be issued to provide a more cost-effective island-wide and equally accessible crisis intervention service using a 1-800 number.

**South Island Counseling and Peer Support.** VIHA provides \$480,000 in financial assistance to counseling and peer support providers in Greater Victoria which is not provided to similar organizations in other parts of the Island. Peer counseling supports clients with lower acuity needs who can be supported through other means.

VIHA will wind down these contracts where other supports are available. Contracts with service providers in Sooke, Port Renfrew and Saltspring Island are being preserved as there are no other supports available in these communities.

VIHA will work with the service providers to plan and transition clients from these supports to others available services, and ensure those individuals with higher needs get assistance from VIHA's Urgent Short Term Assessment and Treatment (USTAT) teams.

**South Island drop-in, art and music programs.** VIHA will wind down financial support to community organizations in Sidney and Victoria that provide drop-in programs, music and art therapy to adult clients with mental illness. These programs are not available to clients in other VIHA service areas and while worthwhile, are not designated core services. The drop-in and music programs will be wound down, while art therapy will be reduced by 50 percent.

**James Bay Community Project Nurse.** VIHA will not extend temporary funding that has been provided since 2007 for a nurse at the James Bay Community Project (JBCP). Since 2002, VIHA has funded a variety of clinical positions at the JBCP, which is a privately-owned, non-profit community organization that provides a range of services for the community. It is the only privately run clinic that receives funding from VIHA for a registered nurse.

VIHA will wind down funding for this position as it is not a designated core service nor is it available on a wider basis.

**Meals on Wheels.** VIHA will standardize client payments and support for Meals on Wheels providers across the Island. VIHA funds 15 Meals on Wheels providers across Vancouver Island; however, there is no consistency across the Island in terms of client payments or support from VIHA. Client payments range from free for clients in the Victoria area, to \$9.25 per meal in Lake Cowichan.

The changes will mean will mean a funding reduction for seven agencies; funding increase for six agencies, and no change in two circumstances. VIHA spends approximately \$500,000/year on these services, and savings will amount to \$375,000 annually.

**South Island Parenting Programs.** Community centres in Victoria, Saanich, Sooke and Salt Spring Island provide parenting programs that duplicate "Positive Parenting Programs" that were introduced by VIHA Island-wide in 2008. This program is delivered free, and is evidence based. VIHA will wind down these South Island Parenting programs to eliminate duplication and ensure consistent programming across Vancouver Island.

**Residential Care administrative savings.** VIHA is being challenged to find administrative savings in all program areas. In order to ensure administrative efficiencies are also found by contracted residential care providers, VIHA will work with them to ensure savings are found while not impacting direct client care.

**Volunteer Support.** In Victoria, seven programs receive a total \$290,000 from VIHA to recruit, train and provide volunteers for seniors' support programs. VIHA does not

provide assistance to volunteer support programs in other communities. While worthwhile, these programs are not considered core. VIHA will work with these seven programs to achieve 25 percent savings while maintaining the viability of these organizations and continue the services they provide.

**Rehabilitation Services.** Several VIHA staff positions are being reduced in Victoria to reallocate resources to Campbell River for new social work and speech language pathologist positions. Work remains underway to determine if any rehabilitation services currently provided in hospitals may be transitioned to community settings.

#### **4. Managing Pressures to Protect Priority Programs**

**Scheduled (Elective) Surgical reductions.** The budget for scheduled or elective surgeries for 2008/09 was slightly more than \$55 million which was increased by \$1.6 million to \$56.6 million following one-time funding from the province.

The 2009/10 scheduled surgical budget began at slightly less than \$56 million, but in August was provided with an additional \$1.7 million as VIHA recognized that asking the program to live within their original budget would result in unacceptable service levels.

In order to ensure the revised budget is not exceeded, VIHA will be extending Christmas and Spring Break surgical closures which will eliminate 152 surgical slates (approximately 760 surgeries) across all VIHA regional and community hospitals.

Emergency, urgent, cardiac or cancer surgeries will not be affected.

**Endoscopy reductions.** Across the province, endoscopies are provided at an average of 18 per 1000 population. Campbell River, Westcoast General and Cowichan District Hospitals currently provide significantly higher numbers of endoscopies than the provincial average.

In order to align with budget requirements, a total of 500 fewer endoscopies will be performed across these three hospitals.

These changes will still result in VIHA meeting or exceeding provincial average endoscopy utilization.

**Bariatric Surgery reductions.** Demand for bariatric surgery has been rising over the past number of years. VIHA has met this demand by increasing the number of surgeries available. In order to meet our budget challenges, the number of gastric bypass surgeries performed this year will be limited to 52 per year beginning in November, and we will work with our surgeons to ensure that access is provided for the most urgent patients.

**Endovascular Aortic Aneurysm Repair (EVAR) reductions:** EVAR is one of two surgical procedures used to treat and repair an abdominal aortic aneurysm, which is a

large bulge in the wall of the aorta. Open surgical care is the usual method of treatment and is considerably less costly to perform (\$1,000-\$1,500 per procedure over \$20,000 per case for EVAR due to the cost of an endograft).

VIHA originally held EVAR procedures to 2008/09 budgeted levels (approximately 30 procedures) for 2009/10 but we have re-allocated funds in order to provide up to 37 procedures this year.

VIHA has been in discussions with surgeons regarding EVAR volumes since January and they are aware that the procedure must be reserved for those patients unable to undergo open surgery.

**MRI Volumes.** Over the past number of years, the number of MRIs performed on Vancouver Island has grown dramatically. Last year, VIHA budgeted for 18,100 MRIs, but due to one-time provincial funding; we were able to perform over 22,000 MRIs.

In order to meet budget, VIHA had initially limited the budget for MRIs to the 2008/09 budgeted level of 18,100.

However, in consultation with diagnostic imaging leadership, VIHA was able to redirect \$350,000 by eliminating a second reading of post-cardiac angiograms. This re-allocation will result in approximately 19,000 MRIs to be performed on VIHA patients in 2009/10.

VIHA is also working with the department to better ensure patients receive MRIs get them as quickly as possible according to need.

**Non-Cardiac Angiogram reductions.** Last year VIHA performed 3900 interventional procedures in the angiography rooms at VGH and RJH at a cost of \$3.3 million. The cost of these procedures varies depending on the supplies used and the budget for the program has been rising even as the number of angiograms performed has fallen. The program has been asked to find \$180,000 in savings for 2009/10 which may or may not result in slightly fewer procedures performed this year depending on how savings are achieved.

**Mental Health service re-deployment.** Access to mental health services varies widely across VIHA's service area. In general, access is greater in the Victoria and Nanaimo areas than in smaller communities.

VIHA currently operates 110 psychiatric (72 adult psychiatric and 38 geriatric-psychiatric) inpatient beds at Royal Jubilee Hospital. With the opening of the new Patient Care Centre in 2011, VIHA had intended to close 13 adult inpatient psychiatric beds when patients were transferred to the new facility, based on recent investments in community mental health including four ACT teams and 21 detox beds in Victoria.

Instead, VIHA will close 10 adult inpatient psychiatric beds at the Eric Martin Pavilion and re-distribute the available resources to communities that currently receive fewer services.

VIHA funds Urgent Short Term Assessment and Treatment (USTAT) and Adult Addictions counselors in Greater Victoria, providing a level of service significantly higher than what is available in other Island communities. VIHA will reduce USTAT and adult addictions counselor positions from 36 to 30. VIHA will also reduce the number of mental health case workers in Victoria by six, and reallocate resources to other communities.

As a result of these resource shifts, VIHA anticipates increased resources will be allocated to the Cowichan Valley, the Comox Valley, Port Alberni and Campbell River. Specifics of program shifts will be determined in discussion with local service providers, and mental health organizations.

In total, it is anticipated that \$1.2 million will be re-distributed from the Victoria area to other island communities.

In addition, VIHA has been successful in obtaining provisional provincial government funding for another Assertive Community Treatment team that will be placed in Nanaimo starting January 1, 2010. The annualized funding for this program is \$1.6 million annually and will provide much-needed support and assistance to the homeless and addicted living in Nanaimo's core.

**Geriatric Rehabilitation Redeployment.** VIHA operates 36 geriatric assessment beds at VGH. The unit, which provides geriatric assessment and rehabilitation services, has been difficult to staff and has been operating at reduced capacity since August.

Many of these clients could be better served within a community setting if appropriate community-based supports existed.

VIHA will implement a phased closure of this unit and re-invest \$300,000 for community supports in Victoria this year and a further \$1.3 million annually in communities throughout the Island.

## **5. Other Changes**

**Laboratory consolidation.** To maximize use of laboratory resources and ensure that all tests are completed by certified cytotechnologists, all cytology (analysis of body fluids) services will be consolidated at Royal Jubilee Hospital. RJH already performs cytology for all hospitals other than Campbell River, Nanaimo and Cowichan District Hospitals. The reading of these analyses will continue to be done by pathologists in these hospitals once they are complete.

**Craigdarroch Care Home.** The Craigdarroch Care home is a privately operated 18-bed facility in Victoria that no longer meets the complex care guidelines established by the Ministry of Health Services. VIHA anticipated the eventual closure of this facility with the addition of capacity at Selkirk Place, which opened earlier this year.

VIHA has given the operator one-year's notice that our contract will end on October 13, 2010. Residents at the facility will be moved to the facility of their choice.

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