

# Chatham-Kent Health Alliance

## 2017/18 Recovery Plan

## Executive Summary

### *Background:*

The Chatham-Kent Health Alliance (CKHA) has operated at a deficit for many years, leading to a precarious financial situation and an inability to invest in new program initiatives, equipment or facilities. Over the last nine (9) months significant effort has gone into returning the Alliance to a sustainable position through improving efficiency. Reductions in management positions coupled with recent funding announcements by the Ministry of Health and Long-Term Care have enabled CKHA to end 2016/17 with a small surplus (excluding building depreciation), only the second time in the past 7 fiscal years that a balanced position has been achieved by year-end.

A process to develop plans to provide service and financial stability for the Alliance has been underway for some months. This plan also addresses needed investments in equipment, facilities and new/expanded programs. Examples of these investments include:

#### Reinvestment and program and service enhancements:

- An additional 73 Knee replacements as well as 14 Hip replacements;
- Additional physician coverage in the Emergency Department of 6 hours/day;
- Increased respiratory coverage of the Sydenham Campus of 16 hours/day;
- Shifting from bedded to ambulatory services with enhanced access to care through planned expansion of specialist clinics at both campuses; and

#### Reinvestment and infrastructure renewal and enhancements:

- Progressing capital renewal plans for the physical Chatham and Sydenham Campuses; and
- Significant investment in replacement and new capital equipment including a new Health Information System.
- New Bassinets on Women & Children's
- New Laryngoscope in Emergency Department (ED) - a tool used for physicians when used for intubation.
- Vital signs monitors
- Neonatal/Infant Transport Isolette - for critical patient transfers to tertiary centres
- Point of Care Ultrasound and resources to support advanced training for ER Physicians at both Campuses

The Hospital has worked very methodically in developing this plan as outlined below and has also looked to reduce the impact to employees of the plan. CKHA believes that through early retirement incentives and given the historical turnover rate at the hospital, these plans can be implemented with virtually no involuntary job loss.

### *Process:*

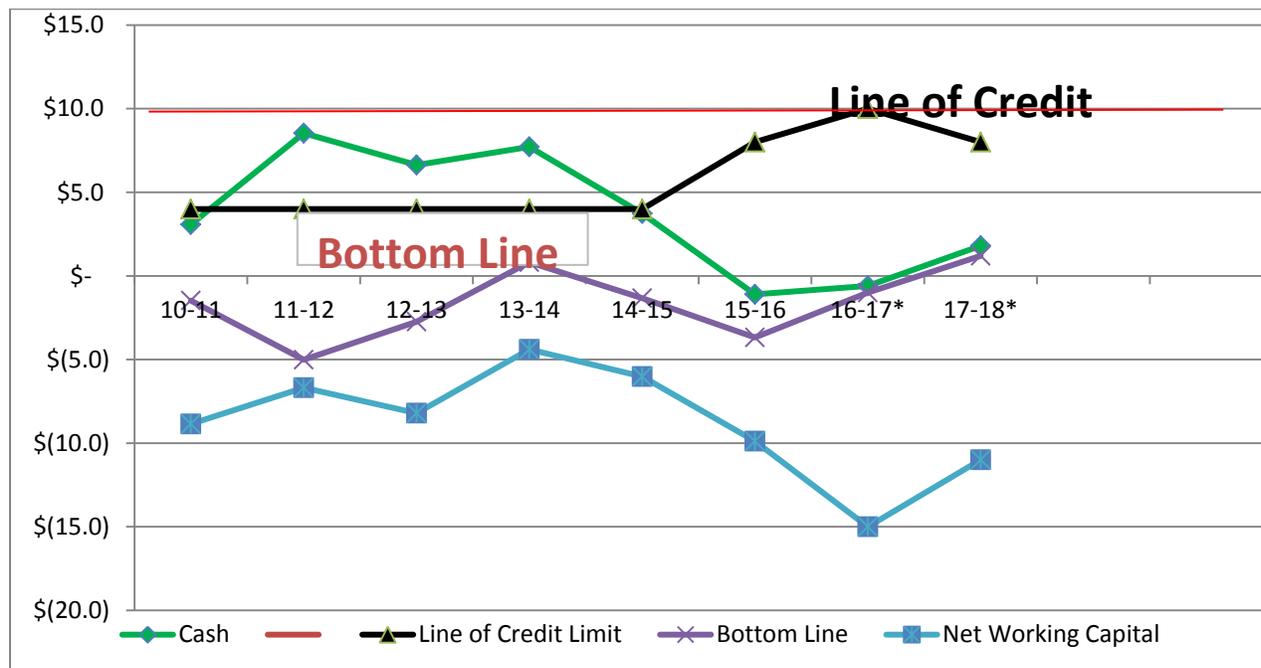
The recovery plan process has been designed to ensure that the organization follows best practices and achieves performance equivalent to peer hospitals. A very robust process has

taken place over the last number of months with participation from outside experts, staff and physicians.

The development of the recovery plan included the following elements:

- 1) Consultation with physicians to gain insight, and ensure alignment, on the best ways to improve the quality of care for patients
- 2) Provincially standardized funding formula reveals CKHA operates at an inefficient level in Acute Care and ED services
- 3) External Benchmarking analysis conducted through the firm Preyra Consulting showed CKHA could save \$12.5 million at the 40<sup>th</sup> percentile. Given that this analysis used data from 2015/16, this performance target is likely the average for peer hospitals today.
- 4) KPMG were retained to assist CKHA in validating the results from Preyra Consulting and supporting the development of improvement plans. KPMG worked closely with the working groups of staff, physicians and patient advisors on the recovery plan.
- 5) External peer Hospital experts were invited to CKHA to participate in the working groups and validate the benchmarking results and solutions brought forward.
- 6) Reviewed future funding expectations along with experts from Ontario Hospital Association, to ensure the hospital addressed today's reality, and positioned itself for the future.

## CKHA Recovery Plan:



### *Key Messages:*

- Over the past several years, the hospital has been spending more money than it had available. This unsustainable spending ultimately put the viability of the hospitals and the quality of care in the community at risk.
- In order protect healthcare for the community, CKHA worked with medical professionals, in consultation with a team of experts, to examine how we could ensure quality of care as efficiently as possible, while delivering the care the community needs within our means.
- From September 2016 to April 2017, CKHA has reduced 19 leadership roles, a reduction of 22%.
- As part of this restructuring, CKHA will unfortunately need to adjust our complement of staff to secure the money required to deliver the care our community needs.
- In 2017/18 a reduction of approximately 38 staff members is proposed, equating to approximately 26 full-time and 15 part-time positions. CKHA is very confident that this reduction can be achieved through attrition and while protecting the care that our patients receive.
- In fact, by making these changes to our staff complement, CKHA will be able to do more for the people who need care in our community. To support this improvement we are making investments in equipment, facilities and new/expanded programs.
- Examples of these investments include:
  - Reinvestment and program and service enhancements:
    - An additional 73 Knee replacements as well as 14 Hip replacements;
    - Additional physician coverage in the Emergency Department of 6 hours/day;
    - Increased respiratory coverage of the Sydenham Campus of 16 hours/day;
    - Shifting from bedded to ambulatory services with enhanced access to care through planned expansion of specialist clinics at both campuses; and
  - Reinvestment and infrastructure renewal and enhancements:
    - Progressing capital renewal plans for the physical Chatham and Sydenham Campuses; and
    - Significant investment in replacement and new capital equipment including a new Health Information System.
    - New Bassinets on Women & Children's
    - New Laryngoscope in ED - a tool used for physicians when used for intubation.
    - Vital signs monitors
    - Neonatal/Infant Transport Isolette - for critical patient transfers to tertiary centres
    - Point of Care Ultrasound and resources to support advanced training for ER Physicians at both Campuses

### *History 2016/17:*

Efforts have been underway since September 2016 to achieve a position of financial stability and repair the financial damage identified in the Provincial Investigator's report. CKHA's physicians led the first step of the process by working to restructure both the number and compensation of physician leadership positions. This was followed by a significant reduction in management positions. The opportunities for these reductions were identified in the Investigator's Report.

From September 2016 to April 2017, CKHA has reduced 19 leadership roles, a reduction of 22%. Of the remaining 67 leadership roles (including medical leaders) 54 have had their roles redefined in the last 9 months, almost 80%.

### *Future 2017/18:*

In 2017/18 a reduction of 38.4 FTEs is proposed equating to approximately 26 full-time and 15 part-time positions. CKHA is very confident that this reduction can be achieved through attrition as the normal annual turnover rate is approximately 70 staff per year.

Along with reductions, CKHA will be making needed reinvestments in equipment, facilities and services mentioned above.

The sustainability of hospitals in general, and CKHA specifically, depends on credible fiscal planning and management at all times. The demands of an aging population, the need to invest in new and expanded programs, the promise of new technologies and the need to have contemporary facilities all require ongoing efforts to find and realize efficiencies within the funding envelope. CKHA is committed to a culture of performance now and in the future. The approach used to develop the plan for 2017/18 will become a regular way of doing business in the future; seeking out best practices, understanding how CKHA compares and then identifying opportunities to improve access to quality care and services while managing the resources in the most cost efficient and effective way. This is how the organization will achieve its vision to become an exceptional community hospital.

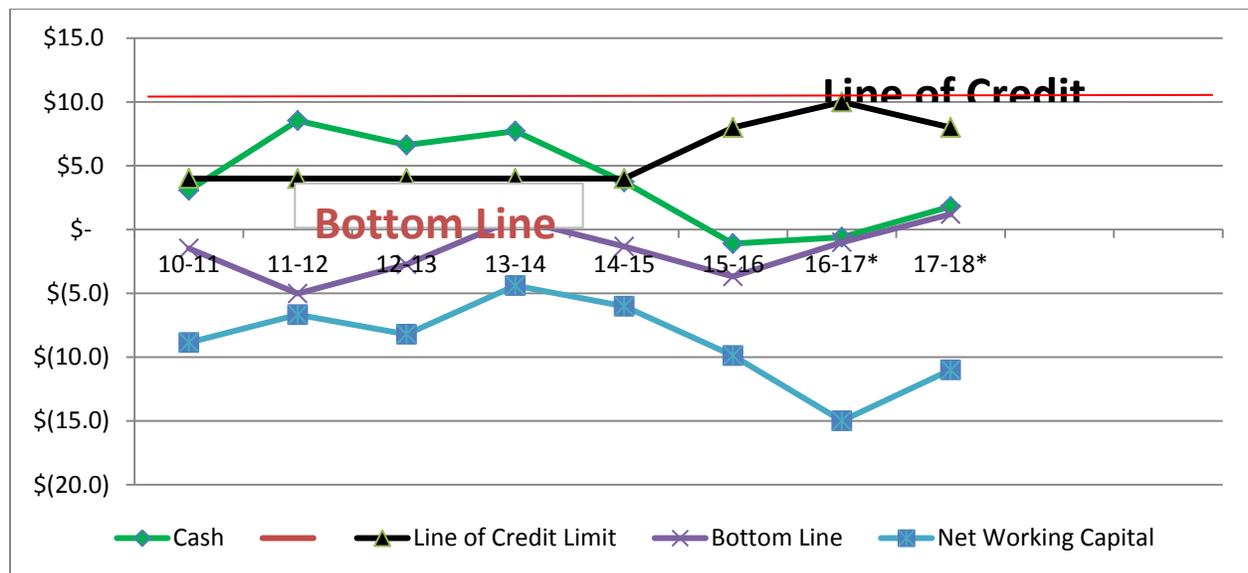
## Recovery Plan

The following section outlines internal operational details that will be used to educate, and communicate with internal audiences.

### Background

The Chatham-Kent Health Alliance (CKHA) has operated at a deficit for many years, leading to a precarious financial situation and an inability to invest in new program initiatives, equipment or facilities. Recent funding announcements by the Ministry of Health and Long-Term Care have been most welcome and CKHA is projecting a small surplus for 2016/17 (excluding building depreciation), only the second time in the past 7 fiscal years that a balanced position has been achieved by year-end.

## CKHA Recovery Plan



The Hospital urgently needs a stable source of cash to support equipment renewal, facility repair and replacement and program enhancements. There is significant room for the organization to operate more efficiently to create the needed funds for reinvestment. A review of the organization's performance through the current funding formula suggests that CKHA operates inefficiently. To better understand the impact of operations on the financial situation, CKHA engaged in external benchmarking to compare itself with other, similar hospitals. Through this process, several inefficiencies were noted and significant opportunities for savings were identified to achieve the 40<sup>th</sup> percentile. This percentile was chosen recognizing that given the data set was from 2015/16, and that Ontario hospitals were continuing to improve cost performance, it was likely closer to the peer hospital average. This effort has validated that the issue at CKHA is one of expenses, not funding. In order to generate funds for needed equipment/infrastructure renewal and program enhancements and meet established industry best practices, CKHA has targeted \$3M in savings over the next year. A sustainable future for

CKHA depends on the reinvestment in program and service enhancements in capital equipment and facility renewal in addition to addressing working capital deficiency.

### *History*

The path to financial sustainability started with physician leadership where a restructuring of the medical leadership model led to a reduction in the number of physician leaders and the associated compensation level. This was followed by administrative leadership where restructuring led to a significant reduction in the number of management roles. These reductions corresponded with the Provincial Investigator's Report (August 8, 2016) which outlined the need for a reduction of leadership positions both medically and administratively:

*Three hospital administrative organizational structure charts dated June, 2016 reflect a large number of leadership positions for a 200 bed community hospital. From the charts provided, there are approximately 50 leadership positions in total beyond the CEO position. Reduction of these positions would create significant cost savings.*

*The medical leadership organizational chart indicates that there are over 20 medical administrative roles for a medical staff of 185 members... The financial document entitled "Medical Leadership Stipend Summary" dated July 5, 2016 under column "Current Rates" totals \$1,811,600. Reduction in the number of roles would result in cost savings.*

Currently CKHA has reduced 19 roles, which brings to a reduction of 22%. Of the remaining 67 roles (including medical leaders) 54 have had their roles redefined in the last 9 months or almost 80%.

CKHA leadership is committed to reducing the impact to staff while achieving the proposed efficiencies. With over 1300 employees at CKHA the current annual turnover is 70 staff per year. The hospital is very confident that involuntary exits will be minimal. Through natural turnover and retirements CKHA hopes to minimize any involuntary job loss. The hospital will also create evidence-based Nursing Resource Teams to help absorb displaced nursing staff and pursue alternate staffing opportunities for non-nursing, unionized staff.

### *Future*

In the proposed plan for 2017/18 is a reduction of 38.4 FTEs equating to approximately 26 full-time and 15 part-time positions. CKHA is confident that this reduction can be achieved through attrition as the normal annual turnover rate is approximately 70 staff per year. Clinical initiatives include aligning staffing with patient demand in both the ED and Women & Children's. Based on the benchmarking these are two areas that have been identified to have room for improvement. In addition, some clerical and support areas have been identified where greater efficiencies can be achieved.

## Women & Children's

### *The Evidence*

With evidence based information from peer organizations, the Women & Children's Program at CKHA has opportunity to operate in a more efficient manner. The program has been moving towards best practice by undertaking significant cross-training of staff in the delivery, paediatric and neonatal areas. The next step is to align staffing to patient demand and volume - addressing the year-over-year trends of occupancy well below 60% across all 3 program areas. An all RN model will also be adopted.

### *The Plan*

A reduction of 5.0 ONA full time equivalent (FTE) and 5.6 CLAC FTE will be required to align staffing in an efficient manner based on benchmark comparisons with other similar hospitals who offer this same service. Investments in capital equipment such as newborn bassinets, further cross-training and the consideration of a "Baby Friendly" designation will ensure that the program meets community need.

### *Ensuring Quality*

As a member of *the South West Maternal, Newborn, Child and Youth Health Network*, CKHA is committed to safe, quality care. The following measures will demonstrate this commitment:

- Patient and parent satisfaction
- C-Section rates
- Breastfeeding rates at discharge
- Wait times for paediatric surgery

## Emergency Department

### *The Evidence*

The Emergency Department (ED) staffing levels exceed that of similar hospitals and indeed more closely match staffing levels of hospitals that see significantly more volume and patients with higher acuity. Overall patient performance metrics in the ED show good performance. The one area in need of improvement at CKHA is in the Physician Initial Assessment (PIA) time where the organization has wait times well beyond the provincial target and behind other hospitals in the Erie St. Clair LHIN and Provincially.

### *The Plan*

Additional physician hours of six (6) hours per day are being instituted in the ED. The staffing patterns for physicians have been re-aligned to better match the times when patient activity is higher.

From a staffing perspective a reduction of 6.2 ONA FTE and 2.6 CLAC FTE is necessary to align staffing in an efficient manner based on benchmark comparisons with other similar hospitals who offer similar ED service.

Respiratory Therapy investments were made at the Sydenham Campus to provide additional supports to the ED.

Investments in capital equipment including a Laryngoscope are also planned. Investment in Point of Care Ultrasound and resources to support advanced training for physicians at both campuses are planned as well. Finally, increased specialist clinics at both campuses are expected to provide alternatives to admission from the ED and improve the patient experience.

### *Ensuring Quality*

Emergency Department performance is monitored and compared provincially. With the changes to the ED staffing model and physician coverage it is anticipated that the following will improve:

- Patient satisfaction
- Patient wait times in the ED
- Admission rate from the ED

## **Office and Clerical**

### *The Evidence*

Benchmarking of clerical areas in comparison to other hospitals of similar size show opportunities for workflow changes with the prospect for reducing costs in office and clerical support areas.

### *The Plan*

Clerical staff across all areas including Patient Registration and including Diagnostic Imaging will be reduced by 9.1 FTE to decrease the steps for a patient to register at the hospital. This will provide a more efficient process for both the patient and the hospital. The hospital will look to automate or streamline where possible and reduce the staff hours required to support this effort.

### *Ensuring Quality*

Reducing steps for the registration and appointment process will improve:

- Patient satisfaction

## Other Reductions

Several supply contract costs are being re-examined to assist in the reduction of costs and minimize staffing impacts where possible. Opportunity to leverage use of technology where appropriate will also be considered.

There is additional staff reductions of 9.9 FTE projected across a number of programs and services, including the hospital's plan to reduce staffed bed numbers by 5 to align with actual patient volumes. These staff reductions will be spread across a number of departments including inpatient medicine, diagnostic imaging support, lab, housekeeping and unit support on Inpatient Surgery. These changes have been informed by the benchmarking analysis which suggests other similar hospitals are able to operate effectively with a more cost effective model.

## Reinvestment

With the reductions, CKHA intends the following reinvestment opportunities:

Reinvestment and program and service enhancements:

- An additional 73 Knee replacements as well as 14 Hip replacements;
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- Shifting from bedded to ambulatory services with enhanced access to care through planned expansion of specialist clinics at both campuses; and,

Reinvestment and infrastructure renewal and enhancements:

- Progressing capital renewal plans for the Chatham and Sydenham Campuses; and,
- Significant investment in replacement and new capital equipment including a new Health Information System.

Success of the Recovery Plan will allow CKHA to reinvest in the following equipment:

- New Bassinets on Women & Children's New Laryngoscope in ED - a tool used for physicians when used for intubation.
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- Vital signs monitors
- Neonatal/Infant Transport Isolette for critical patient transfers to tertiary centres
- Point of Care Ultrasound and resources to support advanced training for ER Physicians at both Campuses

The sustainability of hospitals in general, and CKHA specifically, depends on credible fiscal planning and management at all times. The demands of an aging population, the need to invest in new and expanded programs, the promise of new technologies and the need to have contemporary facilities all require ongoing efforts to find and realize efficiencies within the funding envelope. CKHA is committed to a culture of performance now and in the future. The

approach used to develop the plan for 2017/18 will become a regular way of doing business in the future; seeking out best practices, understanding how CKHA compares and then identifying opportunities to improve access to quality care and services while managing the resources in the most cost efficient and effective way. This is how the organization will achieve its vision to become an exceptional community hospital.