Sustainability of Scarborough Cluster Hospitals

Presentation to Scarborough Community Council

May 14, 2013

Agenda

• Future of Ontario’s Hospitals
• About Rouge Valley Health System
• About The Scarborough Hospital
• Financial Pressures / Challenges
• Scarborough Cluster Hospital Services Delivery Model
  • Context, 3 Motions
• Next Steps
Future of Ontario’s Hospitals

“If we didn’t change anything, …, our health costs would increase by $24 billion – 50 per cent more than today from changing demographics alone…

Today, **health care consumes 42 cents of every dollar** spent on provincial programs. Without a change of course, health spending would eat up 70 per cent of the provincial budget within 12 years, crowding out our ability to pay for many other important priorities…

We will shift more procedures out of hospital and into non-profit community-based clinics if it will mean offering patients faster access to high-quality care at less cost. We will not compromise on quality, oversight, or accountability.”

*Ontario’s Action Plan for Health, 2012*

- Hospitals are legislated to balance their budgets and must work with LHINs to achieve balanced budgets. <LHSIA 20. (1)>
About Rouge Valley

2011-2012
Key Facts

Rouge Valley Centenary (RVC)

- 2 hospital campuses serving the communities of west Durham and east Toronto:
  - 2867 Ellesmere, Toronto (RVC)
  - 580 Harwood, Ajax (RVAP)
- Part of Central East LHIN, our funder
- $323M annual budget: 2,673 staff, 513 doctors
- Emergency visits: 116,810
- Births: 3,664
- Cardiac catheterizations & angioplasty: 4,787
- 4-year Exemplary Standing – Accreditation Canada 2012-2016

Rouge Valley Ajax and Pickering (RVAP)

- RVHS rated #1 in six clinical indicators in the Canadian Institute for Health Information’s hospital reporting project of 2013 (plus an A-rating by the CBC)
  - The most of any hospital in the CE LHIN
- Designated by the CE LHIN (in the 2009 CSP) as the regional centre of cardiac care – done in partnership with Lakeridge Health and The Scarborough Hospital
- Achieved operating surpluses last five years, allowing major investments in facilities renewal and medical equipment
- Working capital position improved by $12M (30%) over last five years
Birchmount Campus

- Two hospital campuses serve close to one million people or approximately one-fifth of the Greater Toronto Area
- We are: 3,219 staff
  726 physicians
  756 volunteers
- Emergency visits: 110,609
- Births: 4,767
- Annual budget: $356 million
- Balanced budget last five fiscal years

About The Scarborough Hospital

2011 – 2012

Fast Facts

General Campus

April 2013: Accreditation with Exemplary Standing

- Home to one of the largest Regional Nephrology Programs in North America with over 6,000 patients receiving care
- Designated as Central East LHIN’s Regional Vascular Program
- Oncology Clinic provides cancer care and treatment and meets or exceeds all Cancer Care Ontario standards
- Designated as Centre for Complex Diabetes Care
Financial Pressures Common to ALL Ontario Hospitals

<table>
<thead>
<tr>
<th>Category</th>
<th>Average Annual Increase for Central East LHIN Hospitals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinical Compensation Increases</td>
<td>2-3% ↑</td>
</tr>
<tr>
<td>Non-Compensation Inflation (Utilities, insurance, etc.)</td>
<td>3-4% ↑</td>
</tr>
<tr>
<td>Restructuring Costs</td>
<td>10-50% of funding impact</td>
</tr>
<tr>
<td>Impacts of NEW Ontario Hospital Funding Model</td>
<td>Unknown Potentially increases impact</td>
</tr>
</tbody>
</table>

Impacts of NEW Ontario Hospital Funding Model Unknown Potentially increases impact
Hospitals across Ontario are in the same boat

<table>
<thead>
<tr>
<th>Hospital Name</th>
<th>Location</th>
<th>Approx. Funding* (2011/12)</th>
<th>Funding Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Ottawa Hospital</td>
<td>Ottawa</td>
<td>$ 1,043M</td>
<td>$ -31M</td>
</tr>
<tr>
<td>Health Sciences North</td>
<td>Sudbury</td>
<td>$ 428M</td>
<td>$ -6M</td>
</tr>
<tr>
<td>Joseph Brant</td>
<td>Burlington</td>
<td>$ 145M</td>
<td>$ -4M</td>
</tr>
<tr>
<td>Bluewater Health</td>
<td>Sarnia</td>
<td>$ 176M</td>
<td>$ -5M</td>
</tr>
<tr>
<td>Hamilton Health Sciences</td>
<td>Hamilton</td>
<td>$ 982M</td>
<td>$ -25M</td>
</tr>
<tr>
<td>Niagara Health System</td>
<td>Niagara</td>
<td>$ 417M</td>
<td>$ -13M</td>
</tr>
<tr>
<td>Quinte Health</td>
<td>Trenton-Belleville</td>
<td>$ 190M</td>
<td>$ -15M</td>
</tr>
</tbody>
</table>

*Based on data reported in the Healthcare Indicator Tool (HIT) from the Ministry of Health and Long-Term Care, Health Data Branch Web Portal. Quinte Health funding, as reported by the South East LHIN.
## TSH/RVHS - Hospital Financial Challenges

<table>
<thead>
<tr>
<th>Hospital</th>
<th>2011/12 (Actual)</th>
<th>2012/13 (Forecast)</th>
<th>2013/14 (Budget)</th>
<th>2014/15 (Estimate)</th>
<th>2015/16 (Estimate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RVHS</td>
<td>$4.9M surplus</td>
<td>$4.8M surplus</td>
<td>$0M balanced</td>
<td>$15M unfunded inflation</td>
<td>$10M unfunded inflation</td>
</tr>
<tr>
<td>TSH</td>
<td>$4.2M deficit</td>
<td>$0M balanced</td>
<td>$0M balanced</td>
<td>$13.4 M unfunded inflation</td>
<td>$9.6 M unfunded inflation</td>
</tr>
</tbody>
</table>

- Increases in hospital annual funding have fallen from **2.50%** in 2008/09 to **1.37%** in 2011/12 and are now **< 0%** in 2012/13 and will continue to be reduced further in 2013/14 and 2014/15.
- Hospitals have reduced administration and changed service delivery models to respond to revenue shortfalls. To ensure that they continue to balance, they may have to decrease (reduce/divest) services going forward.
Scarborough Cluster Hospitals – Financial Pressures for 2013/14 (As of April 1, 2013)

- Almost 75% of financial pressures are unavoidable.
  - Compensation related to collective agreements must be paid.
  - Increased utilities cost must be paid.
There have already been some service impacts in the Scarborough Cluster. Rouge Valley recently divested of its lower-volume, higher-cost (per patient) cataract surgeries. The Scarborough Hospital provides a much higher number of these surgeries.

Shifts of services from hospitals into community clinics are likely, as per the Ontario’s Action Plan for Health Care update in January 2013.
How Do Hospitals Address Financial Pressures Individually?

<table>
<thead>
<tr>
<th>Potential Funding/Savings</th>
<th>Impact on Financial Pressures</th>
<th>Impact on Patients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional LHIN/MOH Revenue</td>
<td>☒ Zero-Shrinking Funding Pot</td>
<td>☑ None</td>
</tr>
<tr>
<td>Additional Other Revenue</td>
<td>☐ Low-Limited Options</td>
<td>☑ Low</td>
</tr>
<tr>
<td>Additional Operational Efficiencies</td>
<td>☐ Low-Diminishing Returns</td>
<td>☑ Low</td>
</tr>
<tr>
<td>Additional Service Delivery Changes</td>
<td>☐ Low-Limited Opportunities</td>
<td>☑ Low</td>
</tr>
<tr>
<td>Service Reductions/Divestments</td>
<td>☑ Positive-High</td>
<td>☒ Negative-High</td>
</tr>
</tbody>
</table>

But When Hospitals Work Together…

<table>
<thead>
<tr>
<th>Potential Funding/Savings</th>
<th>Impact on Financial Pressures</th>
<th>Impact on Patients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Integration</td>
<td>☑ Positive-High</td>
<td>☑ Positive-High</td>
</tr>
</tbody>
</table>
Scarborough Cluster Hospital Services Delivery Model

Context

• Today’s fiscal environment presents a number of challenges for Central East LHIN health service providers.

• Transformation in healthcare is a challenge as hospitals respond to the introduction of a new funding model that moves Ontario’s health care system away from the current global funding system towards what is known as Patient-Based Funding.

• In order to respond, The Scarborough Hospital initiated a Strategic Plan Refresh process. On March 5th, The Scarborough Hospital’s Board of Directors passed a series of motions that would lead to changes in how services are delivered at its two campuses – Birchmount and General – and the divestment and/or transfer of some services to community based providers.

- From the CE LHIN’s March 27, 2013 presentation
Motions from the Central East LHIN March 27th Board of Directors meeting

Motion 1a

Be it resolved, that the Central East LHIN Board of Directors, does not approve any service changes proposed by The Scarborough Hospital in its Strategic Plan Refresh related to the consolidation of maternal newborn services or changes in surgical services. Further, the Central East LHIN Board requires that:

The Scarborough Hospital will convene a panel of physician and community leaders to review the proposed vision of TSH Birchmount as a Centre of Excellence in Maternal Newborn and Women’s Health and the proposed surgical models for the TSH-General and TSH Birchmount sites. The panel’s report must address the concerns and risks that have been identified by stakeholders before moving forward with any implementation activities, with a report back to Central East LHIN Board in no more than 90 days.
Motion 1b

At the same time, in partnership with the Rouge Valley Health System, local stakeholders and physician leaders, TSH is to develop a Service Delivery Model for Maternal-Child-Youth (MCY) services (which includes obstetrics, neonates and pediatrics) for the Scarborough Cluster, as well as a plan for a LHIN regional program for advanced Neonatal and pediatric care as recommended in the 2009 Hospital Clinical Services Plan and endorsed by the respective hospital boards at that time, with a report back to Central East LHIN Board in no more than 90 days.
Motion 2

The Scarborough Hospital must submit to the Central East LHIN, any planned divestment or transfer of services to another health service provider as an integration, as defined by the Local Health Services Integration Act, 2006.

Any integration must be submitted for the Central East LHIN’s consideration before implementation and must demonstrate engagement with affected stakeholders.
Motion 3

Effective immediately, The Scarborough Hospital will partner with Rouge Valley Health System in a facilitated integration planning process to design and implement a Scarborough Cluster hospital services delivery model through:

• Integration of front-line services;
• Back office functions; and
• Leadership and/or governance,

in order to improve client access to high quality services, create a readiness for future health system transformation and make the best use of the public’s investment.

With input from its stakeholders, the hospitals will submit to the Central East LHIN, for its review, a directional plan in no more than 60 days. The proposed integration Plan will be submitted to the LHIN within six months.
### *Next Steps - Draft of High Level Milestones:*

<table>
<thead>
<tr>
<th>Motion</th>
<th>Milestone</th>
<th>Days from 0</th>
<th>Calendar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Motion 3</td>
<td>Establish TSH/RVHS Hospital Services Integration Leadership Committee</td>
<td>15 days</td>
<td>April 19</td>
</tr>
<tr>
<td>Motion 1a</td>
<td>Establish TSH Maternal Newborn and Women’s Health and Surgical Models Review Panel</td>
<td>15 days</td>
<td>April 19</td>
</tr>
<tr>
<td>Motion 1b</td>
<td>Establish Scarborough Regional Maternal Child Youth Task Group</td>
<td>15 days</td>
<td>April 19</td>
</tr>
<tr>
<td>Motion 1a</td>
<td>Submit TSH Maternal Newborn and Women’s Health and Surgical Models Review Panel Findings to TSH/RVHS Hospital Services Integration Leadership Committee</td>
<td>35 days</td>
<td>May 17</td>
</tr>
<tr>
<td>Motion 1a</td>
<td>Submit TSH Maternal Newborn and Women’s Health and Surgical Models Review Panel Findings to TSH Board</td>
<td>45 days</td>
<td>June 3</td>
</tr>
<tr>
<td>Motion 3</td>
<td>Submit Directional Plan to TSH/RVHS Boards – 45 days</td>
<td>45 days</td>
<td>June 3</td>
</tr>
<tr>
<td>Motion 3</td>
<td>TSH/RVHS Boards submit Directional Plan to Central East LHIN Board – 60 Days</td>
<td>60 days</td>
<td>June 24</td>
</tr>
<tr>
<td>Motion 1a</td>
<td>TSH Board to submit Maternal Newborn and Women’s Health and Surgical Models Review Panel Findings to Central East LHIN Board – 60 days</td>
<td>60 Days</td>
<td>June 24</td>
</tr>
<tr>
<td>Motion 1b</td>
<td>Scarborough Regional Maternal Child Youth Task Group submits and receives endorsement of findings to TSH/RVHS Hospital Services Integration Leadership Committee</td>
<td>75 days</td>
<td>July 16</td>
</tr>
<tr>
<td>Motion 1b</td>
<td>Scarborough Regional Maternal Child Youth Task Group submits and receives endorsement of findings from TSH and RVHS Boards</td>
<td>80 days</td>
<td>July 23</td>
</tr>
<tr>
<td>Motion 1b</td>
<td>TSH/RVHS Boards submits the Scarborough Regional Maternal Child Youth Task Group findings to the Central East LHIN Board</td>
<td>90 days</td>
<td>August 7</td>
</tr>
<tr>
<td>Motion 3</td>
<td>TSH/RVHS Hospital Services Integration Leadership Committee Submits proposed Integration Plan to TSH and RVHS Boards</td>
<td>5 months</td>
<td>Early September</td>
</tr>
<tr>
<td>Motion 3</td>
<td>TSH and RVHS Boards submit approved Integration Plan to Central East LHIN Board</td>
<td>6 months</td>
<td>October 15</td>
</tr>
</tbody>
</table>
The Scarborough Hospital – Rouge Valley Health System
Hospital Services Facilitated Integration
Structure

Central East LHIN Board

TSH Board

Leadership Committee

RVHS Board

Service Planning

- TSH B Review Panel (1A)
- Maternal-Child-Youth (1B)
- Other Clinical Programs (TBD)
- Back office
- Governance/Leadership

Operation Support

- Decision Support/Analytics/Finance
- Health Human Resources
- Communications/Community Engagement
- Facilities/Infrastructure
Central East LHIN Board

• It is the LHIN’s mandate to promote integration opportunities that enhance both the client experience and achieve greater value for money (e.g., efficiency).

• The Central East LHIN Board will establish the expectations for the Facilitated Integration Planning Process to ensure due diligence, transparency, and community engagement.

• The Central East LHIN Board will consider the Directional Plan and Integration Plans and other reports submitted by RVHS and TSH Governance in making a determination on the endorsement or approval of any service changes.

• The LHIN will liaise with the Ministry of Health and Long-Term Care to ensure changes are consistent with the Public Hospitals Act and the directions of the Minister of Health and Long-Term Care.

• The Central East LHIN staff will support the hospitals’ integration planning efforts through the provision of information and expertise.
TSH/RVHS Boards

- The hospital Boards will establish a TSH/RVHS Hospital Services Integration Leadership Committee (15 days)
- The hospital Boards will collaborate to:
  - Confirm Vision, Principles, Objectives and Decision Making Framework for integration planning process conducted by the Leadership Committee*
  - Confirm Terms of Reference and Scope of Decision Making Authority of the Leadership Committee*
  - Call on the Leadership Committee to develop workplan and receive recommendations on the finalization of the Directional plan
  - Endorse the Directional Plan and submit Final Directional Plan to the LHIN Board (60 days)
- The TSH Hospital Board will submit findings of the TSH Maternal Newborn and Women’s Health and Surgical Models Review Panel to the Central East LHIN Board (60 days)
- The hospital Boards will receive reports from the Leadership Committee and supporting structures
- The hospital Boards will receive and consider the Proposed Integration Plan from the Leadership Committee (5 months)
- The hospital Boards will provide Notice of the Integration Plan to the Central East LHIN Board (6 months)

*Facilitation Required
Leadership Committee

- Receive Vision, Principles, Objectives and Decision Making Framework, Terms of Reference and Scope of Decision Making Authority from the Hospital Boards
- Develop a work-plan to support the objectives laid out by the Central East LHIN and direction received from hospital boards above
- Develop the necessary elements to complete the Directional Plan for final approval by the hospital Boards.
- Receive reports from the TSH Maternal Newborn and Women’s Health and Surgical Models Review Panel, Scarborough Regional Maternal Child Youth Task Group and other committees established to develop the proposed Integration Plan (6 months)

- Membership
  - TSH/RVHS Board Members
  - TSH/RVHS CEOs
  - TSH/RVHS Chiefs of Staff
  - TSH/RVHS Medical Staff Association representation
  - Community representation
  - LHIN CEO (ex-officio)

- Regular scheduled Governance check-in Meetings with RVHS/TSH/LHIN Boards

* Facilitation Required
TSH Maternal Newborn and Women’s Health and Surgical Models Review Panel (Motion 1a)

• Establish a TSH Maternal Newborn and Women’s Health and Surgical Models Review Panel (15 days)
• Develop Terms of Reference (address stakeholder concerns, risks, safety, and quality; using LHIN decision-making framework)
• Membership
  • External Physician Representation for Obstetrics, Pediatrics, Surgery, Anesthesiology.
  • External Nursing Representation
  • External Midwifery Representation
  • Local Community Representation
• Deliverables
  • Report on viability of the models to be submitted to the Leadership Committee (35 days)
  • TSH Board reports findings to LHIN Board (60 days)
• Will include opportunity for delegation from interested stakeholders
Scarborough Regional Maternal Child Youth Task Group (Motion 1b)

- Establish a TSH/RVHS Task Group whose work will incorporate the results of the TSH Maternal Newborn and Women’s Health and Surgical Models Review Panel
- Develop Terms of Reference (Provide a future state for an Integrated Maternal-Child-Youth Service Delivery Model)
- Membership
  - May include the following: Physician and Program Leadership from Obstetrics, Neonatal Care, Pediatrics, Emergency Department, Family Medicine, Radiology, Diagnostics, Gynecology; Midwives; VP CNE/CNO; Community Leader(s) (Women’s Health); LHIN.
- Deliverables
  - Report to be submitted to the Leadership Committee (75 days)
  - Report to be submitted to TSH and RVHS Boards for endorsement (80 days)
  - TSH and RVHS Boards submit report to LHIN Board (90 Days)

*Facilitation Required
Communications and Community Engagement Task Group

- Establish Immediately
- Develop Terms of Reference
- Membership
  - TSH
  - RVHS
  - LHIN
  - External Lead
- Deliverables
  - Develop and manage shared Communication Plan
  - Develop and manage shared Community Engagement Plan