

Message from the CEO

To: all Fraser Health

Update on our 2009/10 budget strategies

This message and the attached Q&A are an important update on how the economy will affect our services, our organization and our people in the current fiscal year. Significant work has been undertaken since my update to you last month. In the weeks ahead, you can expect to begin hearing more about initiatives being implemented to manage costs and reorganize our work to protect priority patient care as much as possible.

Before describing our budget status, I think it is appropriate to briefly reflect on some of our phenomenal achievements that are improving the health of our population.

As you may recall from my previous updates, the provincial government has again committed to record levels of funding for health care and for Fraser Health. By 2011, British Columbians will spend 87 per cent more on health care than they did in 2001. Our health authority has grown and transformed significantly in its brief history thanks to constructive working relationships with the province, other health authorities and Foundations. I joined an organization that moves at a great pace. I have seen progress in capacity, integration and innovation such as:

- The opening of the first new regional hospital in BC in 30 years in Abbotsford;
- A commitment to a new critical care tower at Surrey Memorial Hospital, in addition to the start of construction of the Outpatient Facility in Surrey;
- Advanced planning for Royal Columbian Hospital redevelopment;
- New MRIs opened at Royal Columbian, Burnaby Hospital and Peace Arch Hospital;
- New CT opened at Delta Hospital;
- New mental health beds in renovated space at Ridge Meadows Hospital;
- New residential care, assisted living and hospice facilities;
- Primary care physicians joining us in new integrated health centres and GP Divisions;
- Strengthening our existing academic partnerships such as by designating SMH as an affiliated regional teaching centre for the UBC Faculty of Medicine;
- Patient-flow and pay-for-performance initiatives;



Better health. Best in health care.

- Successful integration of supply chain and a number of corporate support services with Vancouver Coastal Health and with our other health authority partners in the Shared Services Organization.

These strategic achievements were accomplished while also being financially responsible. Fraser Health has managed through financial difficulties before and we will need to do so again. This year our budget is \$2.4 billion. The province has increased our base funding by 4.9 per cent or \$96 million. Demographic demands and the rising costs of health care provision are resulting in growing and unavoidable cost pressures, which we estimate at \$160 million. As in the past, Fraser Health remains fully committed to balancing our budget. To operate within current funding levels, we will be looking for more innovative and efficient ways of managing and delivering health care. If we do not act, we will face a significant deficit this year and unsustainable deficits in future years.

When we look back at today's economic challenge, we may find that these times were the start of fundamental changes to make our health system more sustainable. This is a unique time for us to be innovative and to reorganize ourselves to be more efficient and effective to maximize the value of each health care dollar. We have established our strategic imperatives that will guide the future of our organization. We will continue to align our operations and actions with these strategic imperatives. We may have to adjust our pace in some areas, but they continue to guide our strategic direction.

Fraser Health's leaders have brought forward many ideas to address our immediate budget challenges and redeploy savings into our core operations.

In the previous month, I shared some of our early actions to manage and reduce spending. Since then your Executive Team has been going through a multi-stage process to consider proposals related to:

- Improving revenues and reducing costs;
- Redesigning clinical or non-clinical services, including integration, standardization and consolidation; and
- Constraints or reductions in services

The initiatives that result from these ideas will balance our budget for 2009/10 and will protect priority care and service as much as possible.

We will manage the vast majority of our cost pressures by reducing administration costs, increasing efficiencies with shared services and the redesign of clinical and non-clinical services. Some rationing and reductions in levels of services will need to happen. In some, but not all cases, we will still be providing more service than in the recent past.



Many initiatives are being developed. Our broad plan of action will include initiatives such as:

- Continued reductions in administration and support service costs;
- Reductions in travel, conferences and external consulting;
- Review process for hiring into management and support positions;
- Overtime management;
- Increases in revenue sources such as: parking fees, rates and charges for patients;
- Capping regional MRI volumes at last year's levels;
- Reduce number of elective surgeries
- Reconfigure region's acute care beds; and
- Reduce use of temporary capacity in residential care.

We also believe significant savings can be achieved through further integration of corporate and clinical support services and staffing with Vancouver Coastal Health or with the other health authorities through the Shared Services Organization.

As we finalize our plans in the days and weeks ahead, you will be hearing more about these and other initiatives and how you can be involved in or be affected by their implementation.

Changes to services can be expected to affect some of our employees, who will be redeployed, displaced or laid off. The projected number of employees affected is not yet known and will be determined as initiatives become more developed.

Many details and discussions still need to occur, particularly at the program level. I appreciate that this partial information may be unsettling for some people. I think it important to share with you what information I can at this time. The Executive Team will continue to work on developing budget initiatives over the Summer and Fall with the leadership teams in their portfolios. As plans are finalized, individual initiatives will be implemented at the earliest possible date.

While I do not want to understate the magnitude of our challenge, it is worth remembering that we also have significant resources. To get through this economic crisis, we will need to work together to pursue innovation that yields the maximum benefits for our patients, residents and clients. As a group, we have formidable talents and insights on how to manage and change our care and services.

Thank you for your continued support and dedication to the people we serve.

The attached *Questions & Answers* document outlines more about this topic.



Better health. Best in health care.

Please bring forward your ideas for innovation, or your concerns, to your supervisor or leader for consideration. Feedback to feedback@fraserhealth.ca is also appreciated and will be given attention.

A printable version of this message and the Questions & Answers is attached.

This and my previous CEO Messages are also available on fhaweb at <http://fhaweb/Home/FHA+Directions/CEO+Message/default.htm>

Sincerely,

Dr. Nigel Murray
President & CEO
Fraser Health

Questions & Answers:

What are examples of revenue generation and cost reduction?

Some types of initiatives such as reducing staff overtime costs or raising more revenue by increasing parking fees will be relatively straightforward and will move forward rapidly. These are in addition to the controls on spending that we announced earlier to reduce discretionary spending, travel, conferences and external consulting.

What are examples of re-engineering and redesign?

Some initiatives will require us to find innovations and redesign how we work to be more efficient and effective. We need to aggressively pursue – and implement on – integration, standardization and consolidation. There are many ideas that range from introducing software for automated transcription of radiologists' reports to potentially reconfiguring services at sites across the acute care network.

What are examples of a constraint or reduction in service?

We are committed to operating the new MRIs at Burnaby Hospital and Peace Arch Hospital but will be capping the region's overall number of MRI procedures at last year's volumes, which are 10 per cent higher than the previous year and three times as many as were performed in 2001/02. This is a sign of the phenomenal growth Fraser Health has achieved in recent years.

In addition to reviewing deployment of our surgical resources across the health authority, we will temporarily reduce elective surgeries and convert surgical beds to medical beds in February/March. Emergency and the majority of elective surgeries, including urgent cases, will continue as usual during the four-week period leading into the traditional spring break week. The temporary increase in medical beds will give us greater flexibility to manage winter surge and is being planned in conjunction with Vancouver Coastal Health's reductions.

How will employees be affected?

I can reassure you that we will be respectful in how we treat our people who are affected, follow all the appropriate processes, including notification and consultation with our trade unions where needed. We will endeavour to match affected or displaced employees with other vacant positions in Fraser Health as much as possible. Many career opportunities will remain available at Fraser Health. In recent years, we have created more than 1,500 new and additional

health care jobs due to adding and expanding our care and service and we are continually hiring for hundreds of vacant positions at any given time.

Changes to services can be expected to affect some of our employees, who will be redeployed, displaced or laid off. The projected number of employees affected is not yet known and will be determined as initiatives become more developed.

What considerations factor into decisions about changing services?

- Population health impact
- Number of people directly affected
- Impact on safety/risks, outcomes, access, satisfaction, efficiency
- Implementation risk
- Mitigation strategies
- Linkage to strategic imperatives

What is the provincial target for reduction in administration and support services?

We are committed to meeting or exceeding the provincial target of a 2 per cent reduction in administration and support costs, which represents \$4 million for Fraser Health.

Last fall, Fraser Health received one-time funding of \$45 million midway through the fiscal year. Can we expect government to again provide additional funding?

The government and our board have given clear direction to balance the budget with thoughtful and meaningful attention to protecting priority patient care as much as possible.

There are some encouraging signs for the economy in the years ahead, but there are no indications that the public purse can stretch further to accommodate the health sector's rising needs.

What has been your experience with the integration of services with Vancouver Coastal and other health authorities?

We believe significant savings can be achieved through further integration of corporate and clinical support services and staffing with Vancouver Coastal Health or with the other health authorities through the Shared Services Organization. Our experiences with shared supply chain and other corporate support services provide encouraging examples for other departments.



Better health. Best in health care.

Health authorities share similar circumstances and serve similar populations so having a shared response makes good sense.

Are initiatives such as clinical integration, service reviews and medical governance still going ahead?

In the clinical arena, we have recently launched several processes that bring together our region's clinical and physician leaders to look at the evidence and collaborate on solutions. Our work on service reviews, clinical integration, medical governance and managing services by program rather than by sites are strategic reforms of how to better address patient access and quality. These will also complement and inform our decisions on our budget savings initiatives.

What is an example of the service pressures we are facing?

Fraser Health's hospitals treated three per cent more patients last year and emergency department visits increased by six per cent.