

July 16, 2009



A message from Lynda Cranston, president and CEO - Budget 09/10

The Ministry of Health Services projects that by 2011 total provincial spending on health care will rise to \$17.5 billion, which is a 87 per cent increase since 2001. While the Province has committed to increasing the overall health authority budget allocation by 20 per cent over the next three years, the demands on our health care system continue to increase as the population of British Columbia grows and ages.

As in the past, PHSA remains fully committed to achieving a balanced budget. Increased volume and acuity across PHSA agencies, achieving the federal benchmark for radiation wait times, and the growing number of solid organ transplants mean significantly higher operating costs that could have resulted in a deficit of \$8.9 million.

Despite this, I believe that PHSA is well positioned to meet the challenge again this year as we have done every year since our inception. Our tradition of balanced budgets and fiscal accountability combined with initiatives such as imPROVE, our resource allocation process, and increasing the engagement of our staff will enable us to protect patient care services while achieving a balanced budget.

We have identified several cost-saving initiatives that will allow us to live within our budget:

- As the result of a recent imPROVE event, BC Women's Hospital & Health Centre has reduced the length of time mothers stay in the hospital after a low risk delivery from 36 hours to 24 hours.
- Another imPROVE event identified ways for BC Women's to redesign its Ambulatory program to make it more efficient.
- Four sub-acute beds at Riverview Hospital which are no longer needed will be closed.
- Repatriation of outpatient electroconvulsive therapy (ECT) services from Riverview Hospital (RVH) back to Fraser Health (FH). This service was provided by RVH on a temporary basis at the request of FH while they developed their own program.
- PHSA Laboratories will continue to achieve further workflow efficiencies.
- Administrative and support expenditures will be reduced through process improvements and expense control, particularly in the areas of consulting and travel.

These initiatives will be undertaken by using vacancies and attrition.

On another positive note, as you know earlier this year we were required to reduce administration and support costs by 2 per cent. These savings were earmarked for reinvestment into patient care. For PHSA, the reallocated savings are \$3.5 million. We are releasing \$1.9 million from this sum to support five areas:

- BCMHAS - Provincial Mental Health Metabolic Clinic
- PHSA Laboratories - High Throughput Sequencing Facility
- BCCDC - Online Sexual Health Services
- BCCA - Regionalization of Prostate Brachytherapy
- BCCDC - TB Directly Observed Therapy (DOT) Program

Funding of these initiatives was recommended by the specially convened Resource Allocation Committee comprised of leaders from across our agencies and services who used our resource allocation process and criteria. What I find rewarding is that each of these initiatives will contribute to the sustainability of our system by improving the effectiveness and appropriateness of services or reducing future demand on the system and are, therefore, appropriate for the reinvestment of existing funding. The remaining \$1.6 million will be used to address some of the patient care cost pressures across our agencies.

In addition, we are asking BCCH, BCW and PHSA Laboratories to plan for some additional capacity during the fall to ensure we are prepared to respond to surges related to H1N1.

We will continue to look for ways of keeping health-care sustainable through innovation and working together with the regional health authorities and our partners to achieve greater efficiency without compromising patient care. Some recent examples include:

- Using the Health Authorities Shared Services Organization (SSO) to save money on purchasing and procurement.
- Implementing imPROVE - PHSA's program focusing on patients and empowering staff - continues to help us to improve our processes and reduce waste while improving patient quality and safety.
- Emphasizing that clinical innovation is having measurable results. For example, leadership by the BC Provincial Renal Agency has reduced the annual rate of growth for dialysis from 12 per cent four years ago to 3 per cent in 2007/08, despite a 30 per cent growth in the number of people diagnosed with early stage kidney disease. Last year alone, this resulted in savings of \$3.2 million – funds that would have otherwise been spent on more costly, later-stage treatment.

I know the strength of this organization is the collective commitment, skills and talent of our people. I want to take this opportunity to thank each of you for your dedication to patient care and your efforts to help manage the budgetary pressures facing PHSA and the health care system as a whole by ensuring we do the best that we can with our resources.

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