

## **MEMORANDUM**

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Date: July 15, 2009  
To: All VCH Staff and Physicians  
From: Dr. David Ostrow, Interim President and Chief Executive Officer  
Re: 2009/10 Budget

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On behalf of the Vancouver Coastal Health Board and Senior Executive Team, I want to update you on our current budget situation and how we plan to move forward for the 2009/2010 year.

VCH has made significant gains since its inception in 2001. We have opened state of the art facilities and introduced exciting new technology; expanded seniors' care; pioneered innovative care practices such as the Emergency Decongestion Project and the Centre for Surgical Innovation; as well as groundbreaking addiction programs such as The Burnaby Centre for MH&A and Insite. We have achieved this thanks to increased resources and capital investment from government, as well as the continued dedication and commitment of our staff, physicians and partners to creativity and innovation in health care.

These approaches have allowed us to create more capacity in the system, which translates into improved and expanded services for our patients, clients and residents. VCH is acknowledged in many areas as a leader in the delivery of innovative health care, not just in BC but across Canada.

Despite these successes, the pressures continue to grow. Government recently reinforced its commitment to health care, confirming that VCH's budget allocation will increase by \$78M in 2009/10. At the same time, we have been told that VCH – like all health authorities – must work within its allocated resources.

This funding increase is welcomed, but like all health authorities VCH is challenged to meet growing demands and expectations for service and access. Not only that, we must also provide specialized and tertiary services for patients in VCH and across British Columbia as well as operate two major academic research centres.

Based on that, we have again identified an operating gap between the financial resources available to us, and the additional demand and cost pressures we expect face in 2009/2010. A number of changes have already been made across VCH to address this including reducing administrative and support positions; limiting discretionary spending such as travel and consulting; and working with our partners at Fraser Health, Providence Health Care and the Provincial Health Services Authority to improve efficiencies, reduce duplication and increase productivity. These steps are ongoing and expected to substantially reduce our budget gap.

However, these alone are not enough to achieve a balanced budget. VCH still faces fiscal challenges and difficult decisions. These will not be made without a great deal of careful consideration, and with a focus on protecting our core services for patients, residents and clients.

As part of our 2009/2010 budget management strategy, VCH is proceeding with several initiatives. These include:

- *Administrative and support service reductions.* VCH has targeted a reduction in administration and support costs of \$23.6 million, most of which have already occurred. This is in addition to the 2% conversion from administration to clinical areas requested by the provincial government.
- *Revenue generation.* We are currently identifying areas in which we can potentially earn greater revenues.
- *Sick and Overtime costs.* As previously communicated to staff, we are seeking a 5% improvement in sick and overtime expenditures from 08/09 levels. We are currently on track to achieve these targets.
- *Contract management.* VCH is launching a regional review of the contracts we have with agencies, organizations, for-profit and not-for-profit groups. The review will ensure they are operating effectively and efficiently, and identify contracts that may be open to further discussion around consolidation, integration and repatriation. The process will help identify savings that can be used to support existing care across VCH.
- *Service provision during the 2010 Winter Olympic Games.* Based on the experience of previous host cities, it is expected that demand for some elective surgical procedures will diminish during the Games. This slowdown reflects that trend, with minimal impact on patient care.
- *Clinical integration.* We will be working with Fraser Health, Providence Health Care and PHSA to identify and integrate clinical services and clinical support services to enable the standardization of best practices and ensure that we are providing the best possible service and outcomes to the clients we serve.

We believe that the steps we have already taken and the initiatives outlined above will result in more efficient use of existing resources. As we move forward, we will utilize evidence-based evaluations to maintain priority services and ensure patient care and safety remains paramount.

Vancouver Coastal health has demonstrated that we can improve access and reduce wait times by finding innovative ways of delivering patient care through integration, standardization and consolidation. We remain committed to this approach and intend to continue with these strategies in the future.

Some of these changes will be difficult for our staff and our clients. However, they are necessary to ensure our public health care system remains strong and sustainable. I look forward to engaging you in a dialogue about how these strategies will be implemented and thank you for your continued dedication to VCH, the communities we serve, and our health care system.