

Hospital Service Accountability Agreement *Update*

Joint LHIN/OHA HSAA Review Task Force Update

As announced in July, the Joint LHIN/OHA HSAA Review Task Force (Task Force) will be reviewing and providing recommendations on the leading practices and processes of the 2008-10 Hospital Services Accountability Agreement (HSAA) negotiations. This Task Force was developed out of the 2008-10 template agreement negotiations between the Local Health Integration Networks (LHINs) and the Ontario Hospital Association (OHA). The Task Force, co-chaired by [Sandra Hanmer](#), CEO, Waterloo Wellington LHIN and [Tom Closson](#), President and CEO, OHA, has approved its Terms of Reference (ToR), membership and scope of work.

Process Review

The Process Review will examine education/communications and negotiations to identify “lessons learned” for the development and negotiation of HSAA for 2010-11. It will also assess the extent to which HSAA processes are being utilized to monitor and move forward with scenarios where one or both parties are not meeting a performance obligation. The Process Review will be conducted by an external consultant and contract negotiations are currently underway.

Leading Practices Review

The Leading Practices Review will identify the practices that LHINs and hospitals are using to balance budgets and improve financial performance that could be applied in other LHINs. These leading practices will be assessed by the LHIN-OHA Review Task Force to determine those that might have the greatest impact and that could be considered for implementation in other LHINs and hospitals. The review will be undertaken by a work group made up of four LHIN and four hospital members with expertise and involvement in the signing of the current HSAA. Consideration was given to maximize representation, LHIN or hospital, from across the province. The Leading Practices Review working group includes:

Hospitals

- [Susan Hollis](#), CFO, St. Joseph's Healthcare, Hamilton
- [Mike Prociw](#), CFO and VP Informatics and Diagnostics, Quinte Healthcare Corporation, Belleville
- [Mary Wilson Trider](#), Vice President, Finance and Information Services, Halton Healthcare Services, Oakville
- [Tomi Nieminen](#), Health Finance and Research, OHA, Toronto

LHINs

- [Mark Brintnell](#), Team Lead, Business and Performance, South West LHIN, London
- [Suzanne Dionne](#), Senior Director, Performance, Contract and Allocation, Champlain LHIN, Ottawa
- Two others to be designated by LHINs based on geography and expertise

Each hospital and LHIN will be asked to identify one contact involved in the HSAA negotiation so that the working group can collect feedback as needed. This request will be sent to the executive offices of the LHINs and hospitals in the very near future. In the interim, please feel free to contact either of us for further information.

Sincerely,

Sandra Hanmer

Co-chair, Joint LHIN/OHA HSAA Review Task Force

Tom Closson

Co-chair, Joint LHIN/OHA HSAA Review Task Force

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BACKGROUND

As part of their commitment to greater accountability in the healthcare sector, the Ontario Ministry of Health and Long-Term Care (Ministry) and hospitals implemented accountability agreements in the hospital sector in 2005.

The first mutually-negotiated hospital agreement and associated indicators were developed under the auspices of the Joint Policy and Planning Committee (JPPC) Multi-Year Funding Committee. With the establishment of LHINs, the Ministry transitioned the development and negotiation of HSAA to the LHINs.

The 2008-10 HAPS/HSAA process was launched in 2007 with the publication of the Hospital Annual Planning Submission (HAPS) Guidelines (and indicators based on the work of the JPPC Accountability Committee). As a result of negotiations between LHINs and the OHA, a new LHIN/hospital template agreement was released to the field in January 2008.

APPENDIX 1: Joint LHIN-OHA HSAA Review Task Force *Terms of Reference*

Mandate

The Joint LHIN-OHA HSAA Review Task Force will undertake a review of the 2008-10 HSAA negotiation leading practices and process and provide recommendations to achieve balanced budgets for 2009/10 and improved HAPS/HSAA processes for 2010/11.

Scope of Review

The HSAA Review would be undertaken with a lens on two distinct areas: (1) leading practices and (2) negotiations processes.

The leading practices review will identify the practices that LHINs and hospitals are using to balance budgets and improve financial performance that could be applied in other LHINs. These leading practices will be assessed by the LHIN-OHA Review Task Force to determine those that might have the greatest impact and that could be considered for implementation in other LHINs and hospitals.

The review of negotiations processes will focus on: HAPS planning, submission and review, communications, education, monitoring, and LHIN-hospital negotiations. This would include an examination of the following:

- Education/communications – This would include a review of the nature and adequacy of materials provided to facilitate understanding of the new HSAA process, communications between hospitals and LHINs, as well as those provided by OHA and LHINs jointly.
- Negotiations Process – This aspect of the review would look at how hospitals were engaged in negotiations with their LHIN (e.g., type and extent of engagements), areas of the agreement that posed significant challenges for the parties, as well as use of the compliance framework set out in the *Commitment to the Future of Medicare Act*.
- HSAA Monitoring – This part of the review would assess the extent that HSAA processes are being utilized to monitor and move forward with scenarios where one party is not meeting a performance obligation.

Sources of Information

Both reviews will utilize (but not limited to):

- HAPS/HSAA documents;
- Web Enabled Reporting System (WERS);
- MIS Trial Balance;
- Clinical statistics (i.e. DAD, NACRS);
- Performance Improvement Plans (PIP); and
- Interviews with negotiators from both the LHINS and the hospitals.

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Membership

The Task Force will be comprised of no more than six (6) representatives from the LHINs and six (6) representatives from the OHA, to be selected by each organization, each person having familiarity with the HSAA negotiations.

To ensure a balanced and varied range of experience and perspectives, the LHINs and the OHA will draw upon representation from a variety of LHINs, as well as hospitals of varying types and sizes.

The Task Force will be co-chaired by the LHINs and the OHA.

Reporting Relationship

The Task Force will report to their respective constituencies.

Decision-Making

Decisions will be made by consensus.

Frequency of Meetings

The Task Force shall meet monthly in August, September, October and November. Further meetings, if necessary, are arranged at the call of the Co-Chairs. Meetings may be held by teleconference.

Staff Support

Support for the Task Force will be provided by staff from the LHINs and the OHA's Policy and Public Affairs Division.

TASK FORCE MEMBERS

LHINs

Sandra Hanmer, CEO, Waterloo-Wellington LHIN (co-chair)

Brad Keeler, Senior Director, Performance, Contracts and Allocation, Erie St.Claire LHIN

Bill MacLeod, CEO, Mississauga Halton LHIN

Pat Mandy, CEO, Hamilton Niagara Haldimand Brant LHIN

Pat Stoddart, Senior Director, Performance, Contracts and Allocation, Central West LHIN

Hospitals

Pat Campbell, CEO, Grey Bruce Health Services

Tom Closson, President and CEO, OHA (co-chair)

Anthony Dale, VP, Policy and Public Affairs, OHA

Peter Finkle, COO, Southlake Regional Health Centre

Hal Fjeldsted, CEO, Kirkland & District Hospital

Mark Rochon, CEO, Toronto Rehabilitation Institute and Board Chair, OHA

APPENDIX 2A: SCOPE OF PROCESS REVIEW

The proposed review of the 2008-10 HAPS/HSAA process will focus on: HAPS planning, submission and review, communications, education, monitoring, and LHIN-hospital negotiations. This would include an examination of the following:

- **Education/communications** – This would include a review of the nature and adequacy of materials provided to facilitate understanding of the new HSAA process, communications between hospitals and LHINs, as well as those provided by OHA and LHINs jointly.
- **Negotiations Process** – This aspect of the review would look at how hospitals were engaged in negotiations with their LHIN (e.g. type and extent of engagements), areas of the agreement that posed significant challenges for the parties, as well as use of the compliance framework set out in the *Commitment to the Future of Medicare Act*.
- **HSAA Monitoring** – This part of the review would assess the extent that HSAA processes are being utilized to monitor and move forward with scenarios where one party is not meeting a performance obligation.

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APPENDIX 2B: SCOPE OF LEADING PRACTICES REVIEW

The proposed review of the 2008-10 HAPS/HSAA leading practices will identify the practices that LHINs and hospitals are using to balance budgets and improve financial performance that could be applied in other LHINs. These leading practices will be assessed by the Joint LHIN/OHA Review Task Force to determine those that might have the greatest impact and that could be considered for implementation in other LHINs and hospitals.

The review will also assess, for each hospital, their financial situation for the 2009-10 fiscal year. Based upon an assessment of the likelihood of indicated assumptions in each hospital's HAPS/HSAA materializing, the team will prepare a worst case, best case, and most likely case estimate of each hospital's deficit/surplus.

The proposed financial situation assessment will include:

- Language in the whole of the agreement (including documents signed by both parties with the understanding that the document forms part of the agreement) allowing for 2009-10 re-openers or re-negotiations;

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Through a document review (including the appropriate use of performance corridors in Schedule D, the use of Schedule B, Section 9, for LHIN Specific Performance Obligations and the extent that growth in services is addressed) stakeholder interviews and focus group sessions, it will identify:

1. The aspects of the process that were well received by hospitals/LHINs/other stakeholders (i.e. what worked well).
2. The areas needing further improvement (i.e. what didn't work well).
3. The recommendations that may be made to further improve future HSAA processes and negotiations.
4. Where there is a signed agreement in the monitoring phase, the extent that LHINs and hospitals are utilizing HSAA processes for dealing with scenarios where one party is not able to meet a performance obligation.

The Process Review will also examine the influence of negotiating HSAA's without a provincial context given the timing of the yet to be released Ministry of Health and Long-Term Care "Strategic Plan." The OHA's "Key Outstanding Issues" document also provides some insight into matters that require provincial decisions which could improve future negotiations.

Project Oversight

The proposed review will be carried out by external consultants under the auspices of the LHIN/OHA HSAA Review Task Force. Administrative support will be provided by the JPPC Secretariat.

- Use of Schedule B, Section 9 for LHIN Specific Performance Obligations;
- The financial circumstance of 2009-10 should assumptions not be fully realized (this would include a financial assessment of unsigned hospitals); and
- The extent that growth in services is addressed.

This financial analysis will then be rolled up by LHIN and for the entire province for discussion by the LHIN/OHA HSAA Review Task Force. To maintain confidentiality, each hospital will be provided with only their own assessment results and each LHIN will be provided with only the results of the assessments for the hospitals that they fund and not those in other LHINs.

Each individual HSAA will be reviewed by a working group of core hospital and LHIN representatives in order to provide feedback respecting the issues under examination. The work of the Core Team will be supplemented by LHIN Performance Contracts and Allocations staff members (PCA) and hospital contacts.

Project Oversight

The proposed leading practices review will be carried out by hospital and LHIN representatives under the auspices of the LHIN/OHA HSAA Review Task Force with administrative support from the JPPC Secretariat.

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Hospital Service Accountability Agreement Update is published by Ontario's LHINs, in collaboration with the JPPC, Ministry of Health and Long-Term Care and the OHA.