Ontario
North East Local Health Integration Network
Réseau local d'intégration des services de santé du Nord-Est

HAPS *Update* *Revised* No. 1 March 14, 2008

This Update is prepared by the North East LHIN to ensure NE LHIN hospitals have the most up-to-date information on the process for the 2008-2010 HAPS Submission. For further information, please contact your North East LHIN Consultant (see last page). HAPS Updates and further information can be found on the HAPS/H-SAA web page at : www.nelhin.on.ca (under "For Health Service Providers").

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Part 1: Negotiating the H-SAA Process

1.1 Introduction

The North East LHIN is pleased t o be working with the region's 25 hospitals on the 2008-2010 HAPS process – one that is focused on a culture of transparency, working with the community, and maximizing the resources and people within our local health care system.

Ontario's LHINs are required under the Local Health Services Integration Act, 2006, to negotiate service accountability agreements with the health service providers they fund. Responsibility for negotiating accountability agreements with local hospitals was transferred from the Ministry of Health and Long-Term Care (MOHLTC) to the NE LHIN in April 2007.

This Revised *Haps Update (No.1*) details the North East LHIN process to approve and monitor hospital budgets for the fiscal years 2008-2010. Please share this communication with your entire governance and operational team, and visit our website for further information.

The HAPS Guidelines clearly articulate to all 14 LHINs that they and the hospitals within their LHIN, work together to achieve balanced budgets for 2008/09 and 2009/10. LHINs are required under the Ministry LHIN Accountability Agreement to include balanced budgets in Hospital Service Accountability Agreements (H-SAA) with public hospitals.

Criteria for a Balanced Budget

The NE LHIN will consider a hospital budget balanced when:

- The projected deficit is between 0% to -1% of operating expenses and a plan to resolve the deficit has been submitted to the NE LHIN's satisfaction.
- A LHIN or provincial initiative is underway or planned for 2008-09 or 2009-10 that will eliminate the pressures identified by the hospital (e.g. non-emergent transfers, ALC etc).
- The deficit is related to IT pressures. The LHINs have agreed that the deficit can be waived if it is equal to the IT depreciation (a non-cash expense). This will allow hospitals time to implement *Improvement Plans*.

If a hospital has a working fund surplus, it may be used to cover the hospital's operating deficit.

1.2 Brief Background

The Hospital Annual Planning Submission (HAPS), together with the Hospital Service Accountability Agreement (H-SAA), form the basis of the multi-year funding and planning framework.

Further to hospitals' draft HAPS submission on November 30 2007, and the final submission on January 31, 2008, staff of the North East LHIN have been meeting with hospitals and encouraging them to look at continuous quality improvement possibilities and to engage with the communities they serve to find innovative solutions for the delivery of optimum health care services within their specific allocations. Leaders in the North East Ontario hospital community have been working diligently within this new culture to address local health care needs through integrated solutions in which hospitals play a strong role.

For those hospitals who did not submit a balanced HAPS on November 30, 2007, the choice was provided to either revise their submission and submit a plan that is balanced or submit an *Improvement Plan* (to the NE LHIN by January 31, 2008) that outlines the strategy the hospital will follow to achieve a balanced position by the end of March 31, 2010.

When NE LHIN staff are meeting with hospitals to review their submissions, staff of the NE LHIN are looking to ensure that the hospital's strategic directions are aligned with the strategic directions of the NE LHIN and that the:

- Hospital is in a balanced operating position for each year of the H-SAA.
- Hospital demonstrates that they have gone through every step in the prioritization framework (including: maximizing revenues; opportunities in administration and support; opportunities in diagnostic imaging, pharmacy and lab; program efficiencies; utilization management; program consolidation.
- Hospitals in a deficit position have submitted an *Improvement Plan* (by January 31, 2008) that demonstrates how the hospital will achieve a balanced position by March 31, 2010.
- Hospital identifies mitigating strategies to assist them with their pressures.
- All hospitals present their HAPS to community partners.
- Deficit hospitals highlight the pressures/challenges they face over the next 2-3 years and develop community solutions.
- A *Hospital Community Engagement Strategy* is developed by the hospital and their community partners that identify the future state of health care for their community in the next 2-3 years.

1.3 Going Forward -- The HAPS and H-SAA Process, Timelines and Analysis

The NE LHIN Board of Directors met on Friday, February 29, 2008 and reviewed and approved the HAPS process outlined in this communication. Within the next four weeks the proposed timelines are:

- H-SAA schedules are to be populated by the middle of March 2008
- H-SAA negotiation of schedules will begin mid-March 2008
- H-SAA should be signed off by LHIN and Hospital Boards by March 31, 2008

1.4 Process for Hospitals Showing a Deficit in 2008/09 or 2009/10

There are three scenarios for deficit hospitals:

1. Hospitals forecasting a deficit that are efficient (cost per weighted case is less than expected cost per weighted case.
2. Hospitals in a deficit position that are inefficient and have had a Peer Analysis report completed by external consultants that has not been fully implemented.
3. Hospitals in a deficit position that are inefficient and have integration opportunities.

(A) Hospitals in a deficit position that are efficient must:

a. Present their HAPS to the community and prepare a Hospital Community Engagement Strategy,
b. Explore integration opportunities.
c. Explore continuous quality improvement opportunities.
d. Prepare a report that highlights the impact of proposed service reductions on the community and other hospitals in the NE LHIN.

Criteria for transparency: The hospital and the NE LHIN must post the Hospital Community Engagement Strategy on the HAPS web page of each respective of their websites.

(B) Hospitals in a deficit position that are inefficient and have had a Peer Analysis report completed that has not been fully implemented must:

a. Become efficient, according to the cost per weighted case methodology.
b. Develop and implement an *Improvement Plan* with timelines and targets, based on the Peer Analysis. Send the hospital Board-approved Plan to the NE LHIN. Meet with the NE LHIN to review the Improvement Plan and establish targets.
c. Present the Plan to the community and prepare a *Hospital Community Engagement Strategy.*
d. Complete a *Hospital Performance Monitoring Report* (consists of financial, statistical and cash flow projections) and forward Board-approved report to the LHIN;
e. Meet quarterly with the LHIN to review progress;
f. Immediately develop mitigating strategies if any performance targets are at risk of being achieved to the LHIN.
g. Board Chairs from both the hospital and the NE LHIN meet to clarify roles, responsibilities and the escalation process for non-compliance (see Escalation section later in this communication).

The NE LHIN will meet quarterly with hospitals to review targets, prepare quarterly reports for the NE LHIN Board, and implement an escalation process if necessary.

Criteria for transparency: The hospital and the NE LHIN must post the Improvement Plan, the Hospital Community Engagement Strategy and the Hospital Performance Monitoring Report on the HAPS web page of each of their respective websites. The hospital Board-approved Monitoring Report must be posted by the 15th of every following month.

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(C) Hospitals that are inefficient and have integration opportunities must:

a. Become efficient according to the cost per weighted case methodology.
b. Develop an *Integration Plan,;*
c. Develop and implement an *Improvement Plan* based on the *Integration Plan* for all facilities;
d. Meet with the NE LHIN to discuss the *Integration Plan* and the *Integration process;*
e. Develop a *Hospital Community Engagement Strategy;*
f. Develop a *Communication Plan* for the facilities and communities affected by the integration –*;*
g. Have Board Chairs from the hospital and the LHIN meet to clarify roles, responsibilities and the escalation process.

Criteria for transparency: The hospital and the NE LHIN must post the Improvement Plan, the Integration Plan, The Communication Plan the Hospital Community Engagement Strategy and the Hospital Performance Monitoring Report on the HAPS web page of each of their

respective websites. The hospital Board-approved Monitoring Report must be posted by the 15th of every following month.

Part 2: Monitoring the H-SAA Process

2.1 NE LHIN Monitoring Process

The NE LHIN will be including NE LHIN specific indicators in the H-SAA accountability schedules such as:

- Indicators for those hospitals designated under the French Language Services Act;
- Requirements for community engagement as outlined in the NE LHIN *Hospital Community Engagement Framework;*
- Working fund deficits must be *maintained or improved* from the March 31, 2008 position;
- Any other hospital-specific indicators to meet *Improvement Plan* targets and deadlines.
- Hospitals must report to the NE LHIN on a monthly and quarterly basis using the *Hospital Performance Monitoring Report;*
- The NE LHIN will be reviewing a hospital's performance indicator results on a monthly basis;
- The NE LHIN will post monthly *Hospital Performance Monitoring Report* on the NE LHIN website;
- Hospitals that are not achieving monthly or quarterly targets will be required to produce a recovery plan immediately to get back on track;
- Results will be presented to the NE LHIN Board and will be reported as part of the Ministry/LHIN Quarterly Reports.

If a hospital refuses to submit an Improvement Plan:

-- The NE LHIN will balance the HAPS for the hospital by reducing expenses to match the hospitals revenue. The NE LHIN will then send this balanced budget to the hospital for them to develop a plan to implement the balanced budget.

-- NE LHIN Board Chair will meet with Hospital Board Chair to review roles and responsibilities according to the Commitment to the Future of Medicare Act (CFMA);

-- NE LHIN can impose an agreement on a hospital

-- NE LHIN cannot provide letters of support for capital projects for any hospital in a deficit position, if the project will increase the operating deficit position of the hospital.

2.2 Escalation Process for H-SAA 2008/09 and 2009/10

Hospitals submit an *Improvement Plan* which the NE LHIN approves. Both parties agree to the targets and timelines for implementation. Both parties have a signed Hospital Service Accountability Agreement for 2008/09 and 2009/20. If targets identified in the H-SAA are not met the following escalation process will occur:

1. The NE LHIN may appoint an external auditor to validate the financial/statistical and cash-flow reports of the hospital. The NE LHIN will give the hospital sufficient notice if this is to occur.

2. NE LHIN and Hospital Senior Management teams will meet to discuss the issues surrounding the unmet targets. Hospitals will adjust their *Improvement Plan* to reflect mitigating strategies that will enable them to get back on target.

3. If the deficit exceeds 1% of operating expenses, the NE LHIN Board Chair and senior team and will meet with the hospital Board Chair and their senior team to discuss unmet targets.

   The NE LHIN can impose targets and timelines that must be met. The hospital will then have to develop a plan that reflects the new targets and timelines. The hospital must communicate the new timelines and targets to hospital employees and post the new plan on their website. The targets will be established by service area (Administration, Support Service, Inpatient Nursing, Ambulatory Care etc.).

   The hospital may decide to appoint a senior Manager and/or Vice President in the hospital to be responsible for implementing and reporting on the targets established in their areas. Targets will be updated monthly on both the hospital and LHIN website.

4. If the deficit increases to 2-3%, NE LHIN will appoint a Coach at the expense of the hospital. A Coach is a CEO from another hospital of similar size. The Coach will meet with the hospital Board and senior team to discuss roles and responsibilities and will guide them through an exercise on effective management and on how to implement improvement plans.

   The hospital will revise the *Improvement Plan* and present it to the LHIN within 30 business days of the Coach's appointment. The new plan will be communicated to hospital staff and any recommendations regarding governance and management will be posted on the hospital and LHIN websites. Targets will be updated monthly on both websites.

5. If the deficit increases to 4-5% the NE LHIN will appoint a Peer Reviewer at the expense of the hospital. A Peer Reviewer does an in-depth analysis of each department and develops an *Improvement Plan*.

The reviewer will establish the timelines and targets for the hospital to consider. The NE LHIN, hospital and Peer Reviewer will review the recommendations and come to an agreement on which recommendations will be implemented in order for the hospital to achieve a balanced budget. The Peer Reviewers findings and report will be communicated to hospital staff and will be posted on the hospital and the NE LHIN website. The hospital may decide to appoint a Manager from each department who would be responsible for the *Implementation Plan* within their area. The hospital will forward a monthly performance report to the LHIN.

6. If the deficit increases to a level that the NE LHIN feels the hospital is not taking the necessary steps to implement an *Improvement Plan*, the NE LHIN will submit a report to the Minister of Health requesting that a Supervisor be immediately appointed. The Minister of Health and Long Term Care may accept the LHIN's recommendation or suggest a different course of action.

2.3 Next Steps

- Hospitals will be provided guidelines for submitting the required documents to the NE LHIN and an electronic template for posting such documents to their websites by March 31, 2008.

- Hospitals in the NE LHIN will be presented with a *Hospital Community Engagement Framework by March 31, 2008 once the Framework has been validated by the CEO Round Tables*. The proposed framework will include the following elements:

    - Each hospital will be expected to consult with their community health partners as well as the five key stakeholder groups as defined by the World Health Organization;

    - Each community must develop a plan that will outline their vision for health care in the next two to three years;

    - The plan will outline what services should be provided and who should provide them.

    - These plans will be submitted to the CEO Round Tables in each planning area.

    - The CEO Round Tables will ensure the community plans align with the planning area and will propose allocating any new resources to support these plans.

Part 3: Seeking Clarification and/or Assistance from the NE LHIN

3.1 Contact Us

The LHINs and hospitals must work together to align the hospital's performance objectives with the performance objectives of the local health system in order to transform, integrate and sustain the health system.

We look forward to continue working with you on this process. If you have any questions, please contact either your NE LHIN Performance Contract and Allocation Consultant (PCA) or Planning, Integration and Community Engagement Consultant (PICE) as outlined below, or visit the H-SAA/HAPS web page at: www.nelhin.on.ca.

Telephone for all North East LHIN Staff: 1-866-906-5446
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Hospital	Planning Area	Review Team
Anson General Hospital	Cochrane	Barry Lajeunesse-PCA / Monique Rocheleau-PICE
Bingham Memorial Hospital	Cochrane	Barry Lajeunesse –PCA / Monique Rocheleau-PICE
Blind River District Health Centre	Algoma	Bruce Villella-PCA / Mike O'Shea-PICE
Englehart and District Hospital	Timiskaming	Bruce Villella-PCA / Michel O'Connor-PICE
Espanola General Hospital	Manitoulin-Sudbury	Michael Stetch-PCA / Philip Kilbertus-PICE
Hôpital Notre Dame Hospital (Hearst)	Cochrane	Barry Lajeunesse-PCA / Monique Rocheleau-PICE
Hôpital régional de Sudbury Regional Hospital	Manitoulin-Sudbury	Michael Stetch-PCA / Philip Kilbertus-PICE
Hornepayne Community Hospital	Algoma	Bruce Villella-PCA / Mike O'Shea-PICE
James Bay General Hospital	Coast-Hudson Bay and James Bay	Carol Philbin Jolette-PCA / Gertie Mai Muise-PICE
Kirkland and District Hospital	Timiskaming	Bruce Villella-PCA / Michel O'Connor-PICE
Lady Dunn Health Centre	Algoma	Bruce Villella-PCA / Mike O'Shea-PICE
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Manitoulin Health Centre	Manitoulin-Sudbury	Michael Stetch-PCA / Philip Kilbertus-PICE
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North Bay General Hospital	Nipissing	Carol Philbin Jolette-PCA / Frank McGoey-PICE
Northeast Mental Health Centre	Nipissing	Carol Philbin Jolette-PCA / Frank McGoey-PICE
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Sensenbrenner Hospital	Cochrane	Barry Lajeunesse-PCA / Monique Rocheleau-PICE
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Smooth Rock Falls Hospital	Cochrane	Barry Lajeunesse-PCA / Monique Rocheleau-PICE
St. Joseph's General Hospital Elliot Lake	Algoma	Bruce Villella-PCA / Mike O'Shea-PICE
Temiskaming Hospital	Timiskaming	Bruce Villella-PCA / Michel O'Connor-PICE
Timmins and District Hospital	Cochrane	Barry Lajeunesse-PCA / Monique Rocheleau-PICE
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