

Transforming Lakeridge Health:

Achieving Sustainability

**Presentation to the CE LHIN Board of Directors
October 20, 2009**

Presentation Overview

- **2009/10 Financial Status**
- **2009/10 Budget Strategy**
 - Achievements to date
 - Regeneration
 - Voluntary Integration Proposals
- **Options for Addressing the Outstanding Gap**

Lakeridge Health

2009/10 Financial Status

Our Challenge

- **LH previously identified to Board of Trustees a projected gap of \$24 million in funding requirements against actual expenditures including:**
 - Capital \$5 million
 - Debt repayments \$5 million
 - Restructuring \$3.8 million
 - Operating deficit \$10.2 million
- **New challenges (GM) offset by expense control**
- **One year delay in implementation**

Criticality of Current Situation

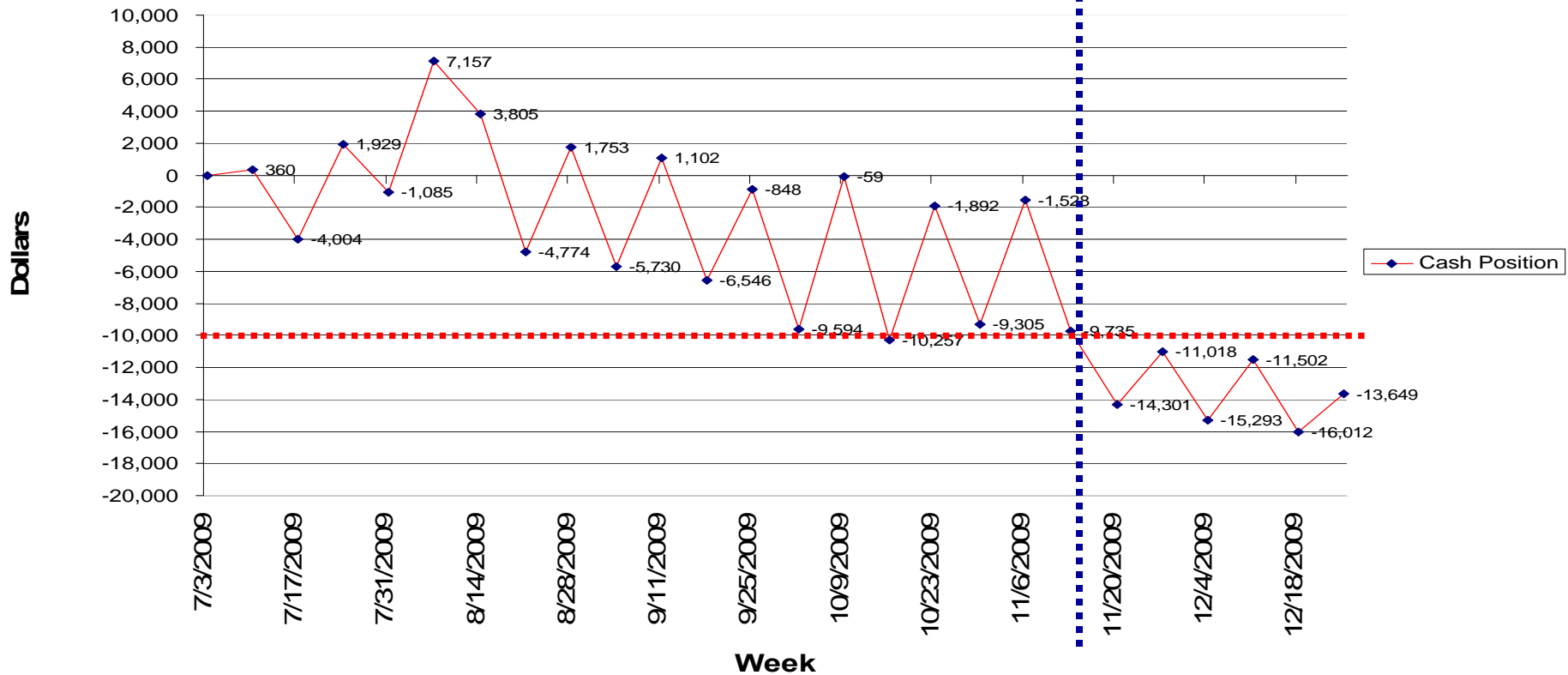
- **LH is not sustainable**

Working Capital Deficit	\$ 60 M
Accumulated Operating and Capital Deficit	\$ 82 M
Long-term Debt	51.5 M (\$6.9M principal & interest/year)
2008/09 operating deficit	\$11.1M

- LH to CELHIN Accountability Agreement:
 - requires LH to **balance**
 - LH must have CELHIN **approval to borrow** above agreed upon levels
- **Cash reaching a critical point**

Weekly Cash Position

Lakeridge Health Weekly Cash Position
From July 3, 2009 to Dec 25, 2009



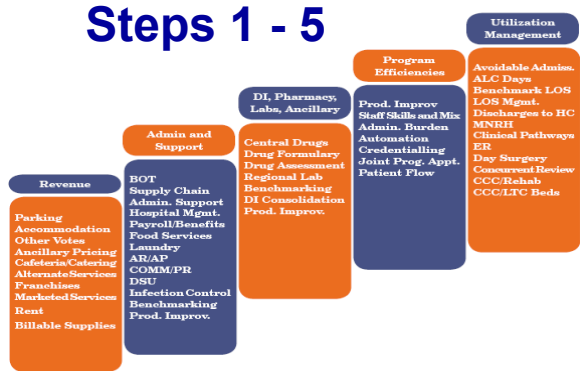
Lakeridge Health

2009/10 Budget Strategy

Achievements to Date

MOH/CELHIN Steps 1-5

Steps 1 - 5



Steps 6 & 7

Closures



Gap

Funding Relief

Gap

\$ 24.0 M

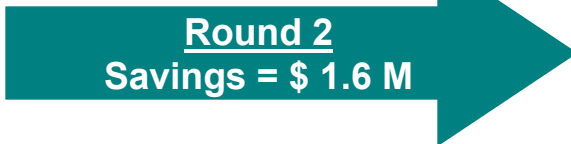


\$ 0 M

=

\$ 14.8 M

\$ 14.8 M



\$ 0 M

=

\$ 13.2 M

\$ 13.2 M



\$ 0 M

=

\$ 5.2 M

We have addressed
78%
of the gap

Regeneration: Objectives

Improve quality and safety by totally transforming the patient experience

- ✓ Standardized inpatient unit size
- ✓ Accountability for patient flow in each unit
- ✓ Appropriate management structure
- ✓ Improve the quality of work life
- ✓ Improve nursing time at bedside and skill mix

Regeneration: Principles and Enablers

- ❖ 'Right-size' all units (24 to 30 beds)
- ❖ Capacity for isolation
- ❖ Two management positions in each unit:
 - Patient Care Manager
 - Patient Care Specialist
- ❖ Nurses will fulfill full scope of practice (RNs, RPNs)
- ❖ Additional clerical staff and UCPs
- ❖ Centralized staffing/scheduling

Regeneration: Outcomes

- ❖ Improved patient experience
- ❖ Improved staff satisfaction
- ❖ Improved patient flow
- ❖ Cost savings and efficiencies (reduced OT, sick, agency)
- ❖ Avoidance of massive bed or site closures

Regeneration: Impact – Units & Beds



❖ All inpatient units will be impacted by a move or change.

Bed Impact	Bed Impact (+/-)
2010	
Acute - Medicine	
LHO - 8 Main - Transfer beds 5 to integrated stroke unit	0
LHB - Transfer 5 beds to LHPP	(5)
LHB - Special Care Unit Increase	5
LHPP- increase 5 beds	5
LHO - Emergency Department Beds	(5)
Rehabilitation	
LHO - Close 5 Beds - Integrated Stroke Unit	(5)
Complex Continuing Care	
LHO - Open 5 Beds - Integrated Stroke Unit	5
Mental Health	
LHO - Close 5 Beds in the ED	(5)
Total Change 2010	(5)
2011	
Merge 3F & 6F on 6th Floor SE Tower (upon completion)	(7)
Total Expected Bed Reductions- No volume impact	(12)

Regeneration: **Impact - Human Resources**



- ❖ Total Net position reduction across LH → 20 to 30 positions
- ❖ Creation of two management roles/unit
- ❖ Elimination of four existing non-union and union roles
- ❖ Up to 150 Management, Non-Union and Union staff members shifted to new roles within LH
- ❖ Some limited Management & Non-Union exits (talent alignment)

Regeneration: Enablers

- ❖ CELHIN priorities
 - Patient flow improvement project
 - CELHIN ER P4P investments
 - CELHIN focus on ALC

- ❖ New management structure

- ❖ Engaged medical leadership

- ❖ Centralized staffing project

- ❖ Centralized equipment strategy

Regeneration: One Time Investments

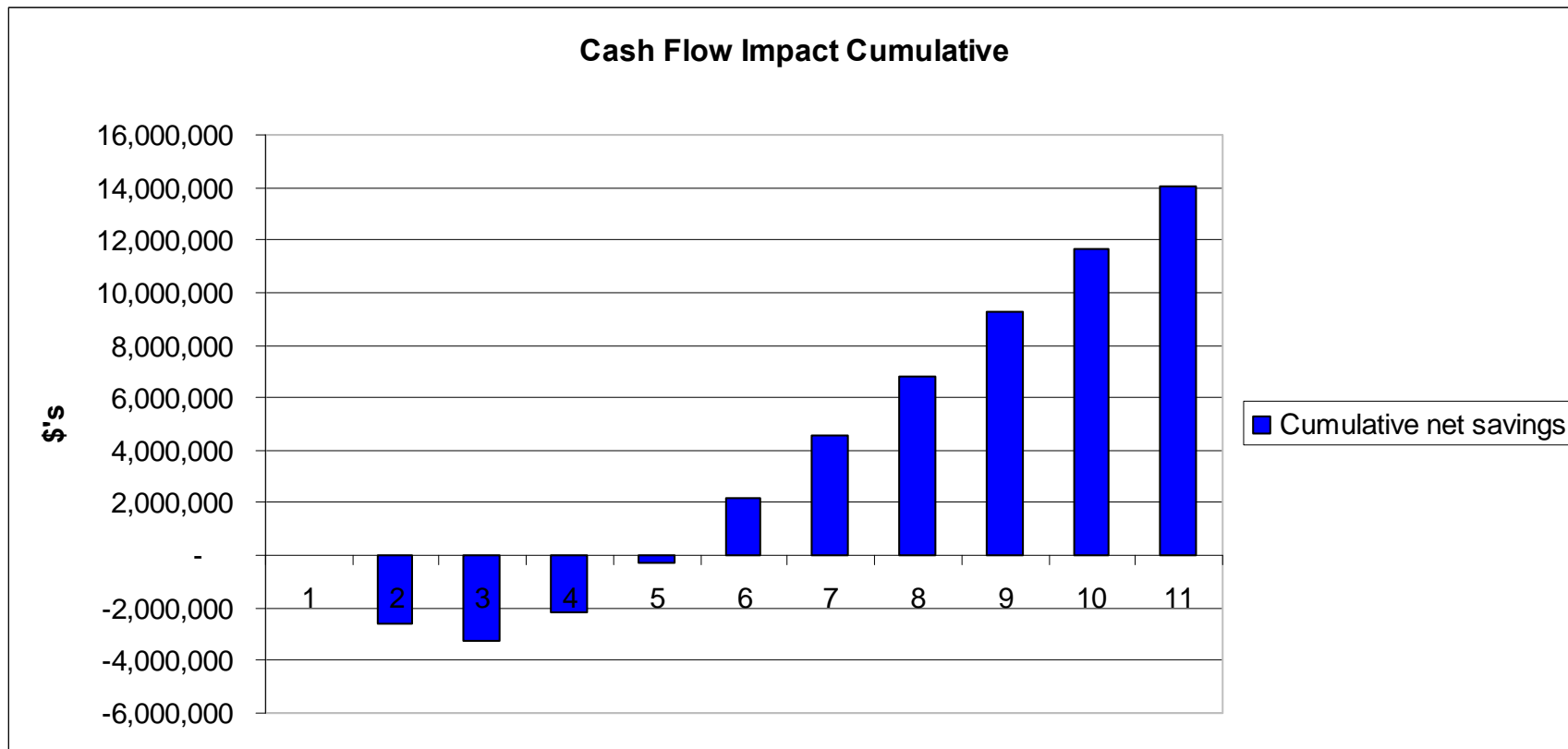
Initiative Component	Investments
Compensation (Severance and Early Retirement pay outs)	\$ 4.2 M
Equipment	\$ 0.6 M
Moves	\$ 0.4 M
Total Investment	\$ 5.2 M

Regeneration: Impact on Sustainability



Initiative Component	Savings
Reduction of 20-30 union and non union FTE's	\$ 2.0 M
Reconfigure Acute and CCC beds	\$ 1.1 M
Merge two high intensity care units (-7) and net ED beds (-5)	\$ 1.0 M
Supply chain efficiencies	\$ 1.0 M
Overtime and agency costs	\$ 2.4 M
Changes in staff mix	\$ 0.3 M
Healthy workplace initiative to enable scheduled vacations	\$ 0.7 M
Total Savings	\$ 8.0 M

Regeneration: Impact on Sustainability



Next Steps

Current Gap	\$ 5.2 M
Two voluntary integration documents submitted to the CELHIN Board for consideration impacting two clinics	\$ 0.7 M
Growth Funding Assumption	\$ 1.1 M
Remaining Gap	\$ 3.4 M

Voluntary Integration Proposals for Approval

Step 7 - Clinic Elimination/Consolidation



Clinic	Amount (\$000)*	Patient Visits	Details
Realignment – Rehabilitation Services	600	3,000	<ul style="list-style-type: none"> • Centre of Excellence in Ambulatory Rehabilitation (consolidate Day Hospital and Outpatient Physiotherapy) • Some service reductions • Low volumes at Day Hospital • Similar patient needs/services • Milestone - April 2010
Respiratory Rehabilitation	160	1,161	<ul style="list-style-type: none"> • Ambulatory education and exercise service for clients with chronic lung conditions • Very few new patients • Services reduced in ~2004 to the current size - only clinic of its kind in Durham Region • Milestone – June 2010

* The majority of the savings would be realized beginning April 1, 2010

Options to close the \$3.4M Gap

- ❖ Reduce capital allocation
- ❖ Reduce mental health and addictions to funded level
- ❖ Eliminate Outpatient Physiotherapy and other clinics
- ❖ Aggressive LHIN Investment in ALC Strategy

Options for Addressing the \$3.4M Gap

Option	Amount	Details
Reduce Allocated Capital Budget		<ul style="list-style-type: none"> LHC has underfunded capital for the last 7+ years 5 yr. Capital Plan is based on an annual budget of \$1.3 M, however, current total capital requests = \$72.0 M Many maintenance items that are at or beyond end of useful life, and critical for ongoing operations, continue to be deferred.
Reduction of Mental Health & Addictions Clinics	~ \$2.8 M	<ul style="list-style-type: none"> Reduction of services to vote funding level as per voluntary integration proposal. Would result in considerable service impacts, including: extending long wait lists, creating operational risk issues for inpatient services; significant impact in Emergency Departments
Significant reduction of Outpatient Physiotherapy and other clinics	~ an additional \$1.4 M	<ul style="list-style-type: none"> Significant reduction/closure of five clinics. Clinics currently enable effective inpatient LOS for joint replacement patients and, therefore, critical to achievement of LHC Wait Time commitments; supports discharge of patients who have had a stroke or ABI. Would result in loss of specialized geriatric day hospital program from community