RHD Cost Sharing Review Update 2011 UBCM Convention

Presented by RHD Cost Sharing Review Implementation Group September 26, 2011

Terminology

- HA = Health Authority
- RHD = Regional Hospital District
- MoH = Ministry of Health
- CSI = Corpus Sanchez International (consultants for the 2008 report)

Background

- 2008 report reviewed status of implementing recommendations from the 2003 RHD Cost Sharing Review
- Working group established in June 2009 composed of UBCM, RHD, MoH and HA representatives
- Progress updates reported at 2009 & 2010 Conventions

- 2008 Cost Sharing Review
 - 11 actionable recommendations (#1 to #11)
 - 2 oversight recommendations
 - MOH to lead implementation
 - UBCM to monitor implementation
 - Actionable recommendations
 - 8 items are complete
 - 1 item is 95% complete
 - 1 item is headed in right direction
 - 1 item will be on legislative agenda



2008 REVIEW RECOMMENDATIONS

No.	Recommendation	No.	Recommendation
1	Develop long range capital plans	7	Develop process to ensure regular meetings between HAs & RHDs
2	Define fixed funding amounts (RHD,HA)	8	Schedule semi-annual meetings between RHD & HAs
3	Develop draft capital plans (HA)	9	Define mechanisms for ad hoc updates
4	Update/confirm definition of capital	10	Share templates & tools to improve communication
5	Develop P3 educational materials	11	Update legislation to reflect new definition of capital
6	Clarify principles & mechanisms to improve communication (MoH,RHD,HA)		

12 MoH to lead implementation

13 UBCM to monitor implementation progress

 #1 Province to development of a long range health infrastructure capital plan Update

- Govt is developing capital plan with input from <u>all ministries</u> and govt agencies as part of the provincial budget in February 2012
- Planning horizon of 10 years within affordability limits
- Pending improvements to capital planning:
 - Dedicated funding to sustain & upgrade existing assets
 - Separate funding for major additions & replacements
 - Common facility condition evaluation & reporting
 - Annual capital budget cycle aligning more closely with the RHD budget cycle
- By 2012 an updated health infrastructure capital plan will be in place

RHD COST SHARING REVIEW

- #2 RHDs and HAs to define fixed funding amounts for 3 year cycles for majority of capital types including:
 - minor & major equipment;
 - facility renovations & routine capital development

Update

- RHD's determine a fixed amount contributions for minor projects and equipment valued <u>under \$2 million</u>
- The RHD annual contribution is on a rolling 3 year time period
 - Example: \$ x million/year for 3 years
 - Each year confirm amount for the new "third year"

RHD COST SHARING REVIEW 695% COMPRISITE

- #2 (continued)
 - By end of January each year HA's submit prioritized project lists for this funding to RHD's review/support
 - RHD's can question projects prior to end of March
 - HA's provide regular project status reports to RHD's on these expenditures

Outside the annual fixed funding amount

- Major projects and equipment valued over \$2 million would be submitted to RHD's on a project-specific basis.
- These are longer term projects and would be part of the overall HA capital plan outlined to RHD's annually.

#3 HA's to draft capital plans and identify which initiatives it intends to support using the RHD fixed share

Principles:

- RHD contributions are voluntary
- While HA's typically use 40% of capital cost for calculating the RHD share, RHD's can provide less or more than 40%.
- HA's to modify their capital plan in light of funding share changes.
- HA's develop long term capital priorities based on regional health needs and other government initiatives, prepare capital budgets/reports, and acquire, construct and maintain capital

#3 (Continued)

Principles:

 RHD's have accountability to local taxpayers and should have an opportunity to provide input into the capital planning process, and determine support available for HA capital.

- HA to distribute HA capital plan and other project status reports as agreed between HA and RHD.
- Regular meetings and information sharing for discussion of capital plan and initiatives the HA intends to support with the RHD capital funding share.

 #4 Update the definition of capital. Identify a dollar value for large projects considered outside of the fixed funding model (Rec #2)

Update

- Health Capital Assets which RHD's may choose to cost share include:
 - land;
 - buildings;
 - equipment; and
 - information management / information technology
 (both equipment and associated software)

that are acquired, constructed or developed to support the delivery of health services.

#4 (Continued)

Update

- These assets must:
 - Exceed the capitalization threshold amount (asset costs include acquisition costs);
 - Have a useful life extending beyond one fiscal year;
 - Be intended to be used on a continual basis; and
 - Not be intended for sale in the ordinary course of providing health services

- #4 (Continued)
 - Health Capital Assets can be:
 - New:
 - Non-existent before the investment is considered; or
 - Full replacement of existing assets

Existing:

- Betterments (e.g. upgrades, enhancements, rehabilitations, improvements, expansions, etc) such as those that:
 - significantly increase the previously assessed physical output or service capacity;
 - significantly lower associated operating costs;
 - extend the original useful life of the asset;
 - improve the quality of the output; or
 - be lifecycle refurbishment of asset components

#5 MoH to develop educational material to define the public private partnership alternate financing model

Update

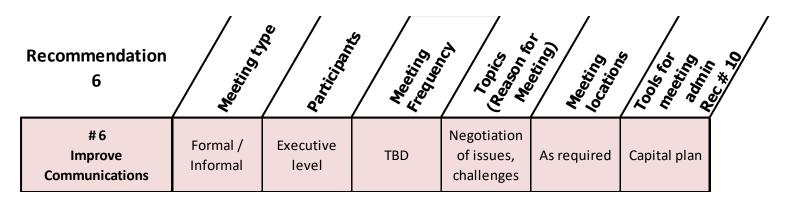
- Material completed and presented to UBCM 2010
- Minor edits being made and will be available to RHD's and HA's



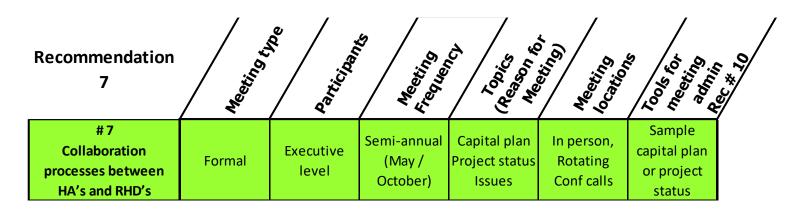
#6 Clarify principles and mechanisms to improve communication and enable a more robust process for joint dialogue on key issues on the context in which capital planning decisions are being made.

Principles:

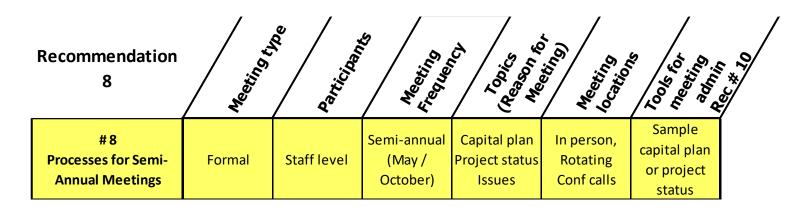
- HA's develop long term capital priorities based on regional health needs and other government initiatives, prepare capital budgets/reports, and acquire, construct and maintain capital
- RHD's have accountability to local taxpayers and should have an opportunity to provide input into the capital planning process, and determine support available for HA capital.
- HA and RHD consultation must be timely and transparent, formal and informal to reflect sensitivity of information during decision making and budget preparation.
- Information sharing to respect the different organizational budget years.
- RHD's are to be informed of key strategic and operational initiatives underway within the HA related to capital planning and development



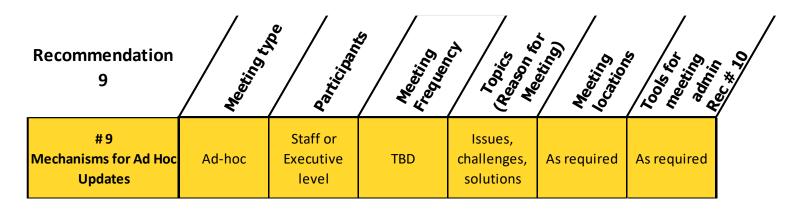
- Regular meetings between representatives of HA Boards and RHD's for discussion of:
 - HA strategic plan, capital plan, capital planning process
 - Other issues affecting RHD's
 - RHD's raise specific issues for discussion
- Distribution of HA capital plan



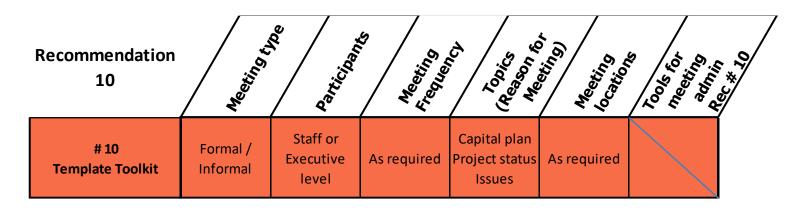
- Building on Recommendation #6 semi-annual meetings between representatives of HA Boards and RHD's
 - Fall meeting no later than Oct 31st
 - Spring meeting no later than May 15th
- RHD's to have ability to inform agenda and allow time for informal and formal discussion



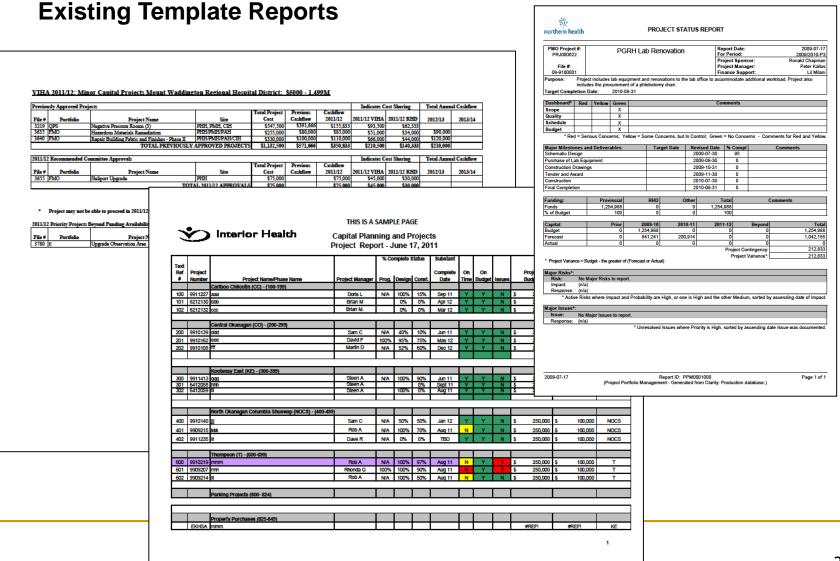
- Semi-annual meetings for staff of the HA and RHD's
 - Fall meeting no later than Oct 31st
 - Spring meeting no later than May 15th
- Topics include:
 - Project updates; annual capital plan updates; Strategic and operational initiatives underway; RHD budget update
- Communication to be two-way, in good faith and mutually respectful



- Examples of ad hoc updates include:
 - HA attending RHD mtgs to present capital plans and funding requests
 - HA sharing updates for strategic/operational health care delivery issues or initiatives that may impact local communities
 - Encourage direct communication (telephone, e-mail, in-person meetings)
 between HA and RHD staff.
- Communication to be two-way, in good faith and mutually respectful



- Regular project status reporting from HA's using standard formats for key project information
- Information reported on a quarterly basis to each RHD.
- Minor equipment purchases likely to be a single report at year end
- Reporting templates already exist within HA's



Summary of Rec's 6 through 10	Moeting tu	Participan.	Meeting Freeting	Popis Meason E	Meeting (Control of the Control of t	Took for the section of the section
#6 Improve Communications	Formal / Informal	Executive level	TBD	Negotiation of issues, challenges	As required	Capital plan
# 7 Collaboration processes between HA's and RHD's	Formal	Executive level	Semi-annual (May / October)	Capital plan Project status Issues	In person, Rotating Conf calls	Sample capital plan or project status
#8 Processes for Semi- Annual Meetings	Formal	Staff level	Semi-annual (May / October)	Capital plan Project status Issues	In person, Rotating Conf calls	Sample capital plan or project status
#9 Mechanisms for Ad Hoc Updates	Ad-hoc	Staff or Executive level	TBD	Issues, challenges, solutions	As required	As required
# 10 Template Toolkit	Formal / Informal	Staff or Executive level	As required	Capital plan Project status Issues	As required	

#11 MoH to update the Hospital District Act to reflect the new definition of capital

Update

- The Hospital District Act will be updated to reflect the agreed new definition of capital
- Legislative updates take a number of months as they go through several legal reviews and be placed on the legislative agenda
- Timeline likely 12-18 months based on other legislative priorities
- Meanwhile we can begin working with this definition



#12 MoH to lead the implementation



#13 UBCM to monitor implementation progress

- Next Steps
 - Final meetings of the Implementation Group
 - Oct Nov 2011
 - MOH to prepare summary report
 - Present summary report to RHD's
 - Potentially separate session in early 2012

Comments and Questions?

For updates and reports:

http://www.ubcm.ca/EN/main/resolutions/policy-areas/healthy-communities.html