
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)

RHD COST SHARING REVIEW UPDATE

■ 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

RHD COST SHARING REVIEW UPDATE

- **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

RHD COST SHARING REVIEW UPDATE

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

Update

- Govt is developing capital plan with input from all ministries 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 UPDATE

95% COMPLETE

- #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 under \$2 million
- 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 UPDATE

95% COMPLETE

■ #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.

RHD COST SHARING REVIEW UPDATE

- #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

RHD COST SHARING REVIEW UPDATE

■ #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.

Mechanisms:

- 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.

RHD COST SHARING REVIEW UPDATE

- #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.

RHD COST SHARING REVIEW UPDATE

■ #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

RHD COST SHARING REVIEW UPDATE

■ #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

RHD COST SHARING REVIEW UPDATE

- #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



RHD COST SHARING REVIEW UPDATE

- #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.

RHD COST SHARING REVIEW UPDATE

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

RHD COST SHARING REVIEW UPDATE

Recommendation 6	<i>Meeting type</i>	<i>Participants</i>	<i>Meeting Frequency</i>	<i>Topics (Reason for Meeting)</i>	<i>Meeting locations</i>	<i>Tools for meeting admin Rec.# 10</i>
# 6 Improve Communications	Formal / Informal	Executive level	TBD	Negotiation of issues, challenges	As required	Capital plan

Mechanisms:

- 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

RHD COST SHARING REVIEW UPDATE

Recommendation 7	<i>Meeting type</i>	<i>Participants</i>	<i>Meeting Frequency</i>	<i>Topics (Reason for Meeting)</i>	<i>Meeting locations</i>	<i>Tools for meeting admin Rec. # 10</i>
# 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

Mechanisms:

- 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

RHD COST SHARING REVIEW UPDATE

Recommendation 8	<i>Meeting type</i>	<i>Participants</i>	<i>Meeting Frequency</i>	<i>Topics (Reason for Meeting)</i>	<i>Meeting locations</i>	<i>Tools for meeting admin Rec. # 10</i>
#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

Mechanisms:

- 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

RHD COST SHARING REVIEW UPDATE

Recommendation 9	<i>Meeting type</i>	<i>Participants</i>	<i>Meeting Frequency</i>	<i>Topics (Reason for Meeting)</i>	<i>Meeting locations</i>	<i>Tools for meeting admin Rec. # 10</i>
#9 Mechanisms for Ad Hoc Updates	Ad-hoc	Staff or Executive level	TBD	Issues, challenges, solutions	As required	As required

Mechanisms:

- 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

RHD COST SHARING REVIEW UPDATE

Recommendation 10	<i>Meeting type</i>	<i>Participants</i>	<i>Meeting Frequency</i>	<i>Topics (Reason for Meeting)</i>	<i>Meeting locations</i>	<i>Tools for meeting admin Rec. # 10</i>
# 10 Template Toolkit	Formal / Informal	Staff or Executive level	As required	Capital plan Project status Issues	As required	

Mechanisms:

- 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

RHD COST SHARING REVIEW UPDATE

Existing Template Reports

VHA 2011/12: Minor Capital Projects Mount Waddington Regional Hospital District: \$5000 - 1.492M

Previously Approved Projects				Indicates Cost Sharing		Total Annual Cashflow			
File #	Portfolio	Project Name	Site	Total Project Cost	Previous Cashflow 2011/12	2011/12 VHA	2011/12 RHD	2012/13	2013/14
3219	QPS	Negative Pressure Rooms (3)	PHH/PAH/CIH	\$547,500	\$391,666	\$155,833	\$93,500	\$62,333	
3635	PMO	Hazardous Materials Remediation	PHH/PAH/PAH	\$255,000	\$80,000	\$85,000	\$51,000	\$34,000	\$90,000
3640	PMO	Repair Building Fabric and Finishes - Phase II	PHH/PAH/PAH/CIH	\$330,000	\$100,000	\$110,000	\$66,000	\$44,000	\$120,000
TOTAL PREVIOUSLY APPROVED PROJECTS				\$1,132,500	\$571,666	\$350,833	\$210,500	\$140,333	\$210,000

2011/12 Recommended Committee Approval:				Indicates Cost Sharing		Total Annual Cashflow			
File #	Portfolio	Project Name	Site	Total Project Cost	Previous Cashflow 2011/12	2011/12 VHA	2011/12 RHD	2012/13	2013/14
3655	PMO	Hairport Upgrade	PHH	\$75,000	\$75,000	\$45,000	\$30,000		
TOTAL 2011/12 APPROVALS				\$75,000	\$75,000	\$45,000	\$30,000		

* Project may not be able to proceed in 2011/12

2011/12 Priority Projects Beyond Funding Available

File #	Portfolio	Project N
3780	E	Upgrade Observation Area



THIS IS A SAMPLE PAGE Capital Planning and Projects Project Report - June 17, 2011

Text Ref #	Project Number	Project Name/Phase Name	Project Manager	% Complete Status			Substant Complete Date	On Time	On Budget	Issues	Proj Bud
				Prog.	Design	Const.					
Cariboo Chilootin (CC) - (100-199)											
100	9911227	aaa	Doris L	N/A	100%	15%	Sep 11	Y	Y	N	\$
101	6212130	bbb	Brian M		0%	0%	Apr 12	Y	Y	N	\$
102	6212132	ccc	Brian M.		0%	0%	Mar 12	Y	Y	N	\$
Central Okanagan (CO) - (200-299)											
200	9910139	ddd	Sam C	N/A	40%	10%	Jun 11	Y	Y	N	\$
201	9910162	eee	David F	100%	95%	75%	May 12	Y	Y	N	\$
202	9910108	fff	Martin D	N/A	52%	60%	Dec 12	Y	Y	N	\$
Kootenay East (KE) - (300-399)											
300	9911413	ggg	Sleen A	N/A	100%	90%	Jun 11	Y	Y	N	\$
301	6412053	hhh	Sleen A		0%	0%	Sep 11	Y	Y	N	\$
302	6412059	iii	Sleen A		100%	0%	Aug 11	Y	Y	N	\$
North Okanagan Columbia Shuswap (NOCS) - (400-499)											
400	9910140	jjj	Sam C	N/A	50%	50%	Jan 12	Y	Y	N	\$ 250,000
401	9909215	kkk	Rob A	N/A	100%	70%	Aug 11	N	Y	N	\$ 250,000
402	9911235	lll	Dave R	N/A	0%	0%	TBD	Y	Y	N	\$ 250,000
Thompson (T) - (500-599)											
600	9910219	mmmm	Rob A	N/A	100%	97%	Aug 11	N	Y	Y	\$ 250,000
601	9909207	nnn	Rhonda G	100%	100%	90%	Aug 11	N	Y	Y	\$ 250,000
602	9909214	ooo	Rob A	N/A	100%	50%	Aug 11	N	Y	N	\$ 250,000
Parking Projects (800- 824)											
Property Purchase (825-845)											
	ECHSA	mmmm									#REF!

northern health		PROJECT STATUS REPORT	
PMO Project #: PRJ000622	PGRH Lab Renovation	Report Date: 2009-07-17	For Period: 2009/2010-P3
File #: 009100001		Project Sponsor: Ronald Chapman	Project Manager: Peter Kallos
Purpose: Project includes lab equipment and renovations to the lab office to accommodate additional workload. Project also includes the procurement of a phlebotomy chair.		Finance Support: Li Mian	
Target Completion Date: 2010-08-31			
Dashboard:	Red	Yellow	Green
Scope			X
Quality			X
Schedule			X
Budget			X
* Red = Serious Concerns, Yellow = Some Concerns, but In Control, Green = No Concerns - Comments for Red and Yellow.			
Major Milestones and Deliverables:	Target Date	Revised Date	% Compl
Schematic Design	2009-07-30	96	
Purchase of Lab Equipment	2009-09-30	0	
Construction Drawings	2009-10-31	0	
Tender and Award	2009-11-30	0	
Construction	2010-07-30	0	
Final Completion	2010-08-31	0	
Funding:	Provincial	RHD	Other
Funds	1,254,988	0	0
% of Budget	100	0	0
Capital:	Prior	2009-10	2010-11
Budget	0	1,254,988	0
Forecast	0	841,241	200,914
Actual	0	0	0
Project Contingency: 212,833			Total: 1,254,988
Project Variance: Budget - the greater of (Forecast or Actual)			1,042,156
* Project Variance = Budget - the greater of (Forecast or Actual)			
Major Risks:			
Risk: No Major Risks to report.			
Impact: (n/a)			
Response: (n/a)			
* Active Risks where Impact and Probability are High, or one is High and the other Medium, sorted by ascending date of impact.			
Major Issues:			
Issue: No Major Issues to report.			
Response: (n/a)			
* Unresolved Issues where Priority is High, sorted by ascending date issue was documented.			
2009-07-17	Report ID: PPM0001000	Page 1 of 1	
(Project Portfolio Management - Generated from Clarity, Production database.)			

RHD COST SHARING REVIEW UPDATE

Summary of Rec's
6 through 10

	<i>Meeting type</i>	<i>Participants</i>	<i>Meeting Frequency</i>	<i>Topics (Reason for Meeting)</i>	<i>Meeting locations</i>	<i>Tools for meeting admin Rec. # 10</i>
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RHD COST SHARING REVIEW UPDATE

- #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

RHD COST SHARING REVIEW UPDATE

- ✓ #12 MoH to lead the implementation
- ✓ #13 UBCM to monitor implementation progress

RHD COST SHARING REVIEW UPDATE

- **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

RHD COST SHARING REVIEW UPDATE

Comments and Questions?

For updates and reports:

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