



NEWS RELEASE – FOR IMMEDIATE RELEASE

Implementation of multi-year Hospital Improvement Plan begins *All local hospital services to continue – efficiencies to be gained through changes in how service performed*

NORTHUMBERLAND COUNTY, Monday, January 18, 2016—Following receipt of Central East Local Health Integration Network (Central East LHIN) approval last week, Northumberland Hills Hospital (NHH) is proceeding with the implementation of its multi-year Hospital Improvement Plan (HIP).

Internal briefings are being held January 18 and 19 regarding specific HIP initiatives which, when complete, are expected to realize \$5 million in annualized savings for the hospital which has been dealing with an operating shortfall for several years.

Context

NHH alerted the Central East LHIN to its deficit situation in August 2014, and the likelihood that it would not be in a position to meet its balanced budget requirement as set out in the Hospital Service Accountability Agreement (H-SAA). Key pressures identified included increased patient activity, acuity and capacity surges, as well as rising patient transportation costs and inflationary pressures.

NHH and the LHIN worked together on first an NHH-led coaching review and, when it became evident that further investigation was required, a LHIN-led External Operational Review.

The Hay Group—the vendor selected to conduct the External Operational Review following a public procurement process—conducted its work from July through October 2015, including an in-depth analysis of peer benchmarking data and consultation with internal and external stakeholders.

Among the Review's findings was the observation that NHH is an efficient hospital and, further, its efficiency has continued to improve even in the face of its continued pressures. No service reductions nor reductions in service volume were recommended.

Fifty-four recommendations in five areas were made in the Hay Group's final report, delivered to the Central East LHIN Board on Wednesday, October 28th. These were categorized in five general areas, specifically: Board and management, utilization of services, clinical efficiencies, operating efficiencies and integration. In total, the Operational Review identified \$5.3 M in opportunities for NHH—a sum that,

nevertheless, the Hay Group acknowledged would still not be enough to fully resolve the hospital's financial challenges and ensure long-term sustainability.

The NHH Board received the Operational Review Report and agreed to actively pursue all of the 54 recommendations. The Central East LHIN Board directed NHH to return with a Hospital Improvement Plan in December 2015 detailing the specifics of how these recommendations would be implemented, and when.

In December 2015, NHH submitted its Board-approved HIP to the LHIN. At its meeting on December 16th, the Central East LHIN Board:

- approved 14 initiatives found by LHIN staff to be “sound, action-oriented, measurable and likely to be effective when implemented”; and
- directed NHH to revise and re-submit its HIP to address the need for additional details and other clarifications.

Through December 2015 and January 2016, NHH and LHIN staff collaborated on the requested clarifications. On Thursday, January 7th the NHH Board met, in camera, to review and approve the revised HIP. The Central East LHIN Board met at a special meeting January 13th to do the same.

Approval to proceed with the revised HIP was granted to NHH by the Central East LHIN Board on January 13th, together with a commitment for approximately \$1.6 M to support restructuring and other costs related to the HIP (see the related LHIN news release at www.centraleastlin.on.ca). Recognizing that the Plan aligns closely with recommendations made by the External Operational Review, all the initiatives outlined in the HIP were approved. In addition, the LHIN directed NHH to:

- “accelerate the development and implementation of concrete integration action plans and the alignment of its funding model to the Ontario average”, with an update due at its April 2016 Board meeting;
- “apply the LHIN's one-time funding assistance of \$1,649,600 to address restructuring and other costs associated with the implementation of the [HIP]initiatives and obligations”; and
- “report back regularly to the LHIN Board beginning in May 2016 on the implementation of its revised HIP and its regular operations, including alternative mitigation strategies and initiatives should any initiative in the NHH Board-approved HIP falter over a period of two successive quarters (beginning with the 4th quarter of 2015/16)”.

HIP initiatives

While all current services will continue to be delivered at NHH, and no changes in service volume are contemplated, changes to the way NHH delivers services will be required to achieve the efficiencies identified.

Some initiatives will be implemented immediately, some span two years, while others still may take three to four years to implement.

“While sustaining our high standards for quality care, the next two years (2016/17 and 2017/18) will be focused on achieving \$2.8 M in annualized savings through efficiencies,” said President and CEO Linda Davis in her briefing to staff.

“We will do this through multiple initiatives, including utilization efficiencies, clinical efficiencies and operational efficiencies. As well, we will begin work immediately, as per our funder’s direction, to explore the savings identified through integration (\$2.2 M expected).”

By July 2016, with no net bed reduction, NHH will implement the following HIP initiatives:

- Reduce support services management (*complete*)
- Increase front-line manager, decrease director role (1/1)
- Modify housekeeping/cleaning frequencies in non-clinical areas
- Achieve median productivity performance in the Emergency Department (*partial completion by July 2016, remainder in 2017/18*)
- Consolidate Medical/Surgical units (2A/2B) into one 36-bed unit to achieve productivity target of acute care
- Relocate 4 acute care beds to the first floor from 2A (2 to be incorporated into Inpatient Rehabilitation, to create a 20-bed unit – 2 to be incorporated into Restorative Care
- Combine Restorative and Palliative Care Units into one 24-bed unit (existing Palliative beds will remain in their current location)
- Combine Ambulatory Care and Pre-Op Assessment Clinics
- Revise approach to providing relief staffing (float pool)
- Achieve improved productivity performance in Lab
- Reduce non-labour costs in Diagnostic Imaging (*complete*)

The HIP also includes selected investments, namely, increased hours for staffing in the Intensive Care Unit (to reflect rising patient acuity) and increased funding to support work of medical (physician) leaders.

Several HIP initiatives span the next two years, and these include the following:

- Complete the median productivity performance enhancements in the ED
- Reduce lengths of stay for appropriate acute care cases
- Reduce the number of unnecessary admissions
- Achieve “break even” state in retail food services (Main Street Bistro)
- Outsource microbiology
- Introduce point of care testing
- Introduce voice recognition
- Explore and assess opportunities in clinical engineering maintenance contracts
- Alter approach to after-hours management
- Review Hospitalist program model

Of the initiatives planned for 2016/17, a net reduction of 13.17 FTEs (full-time equivalent positions) is anticipated. The hospital will work closely with union partners to minimize the amount of staff positions affected through offers of early retirement, part-time employment, etc. The HR impact of changes spanning into 2017/18 will not be known until those implementations are under way.

Efforts to investigate the estimated \$2.2 M in integration efficiency opportunities for NHH as identified in the Operational Review and included in the HIP will focus on the following

areas: corporate services (finance, human resources, information systems); support services (communications, materials management, laundry/linen, health records); clinical engineering (biomedical, equipment contracts); and, clinical laboratories. Per the LHIN's request, this work will commence immediately, though it is expected that these efforts may take several years to complete.

Speaking to the staffing impacts of the 2016/17 initiatives, Davis noted: "Our health system is going through a period of significant transformation, and hospitals are coming under enormous pressure to do more with less. As always, we will work closely with our union partners to minimize the amount of staff positions affected through offers of early retirement, part-time employment, etc."

"NHH thanks the Central East LHIN for the approval granted to move forward with the initiatives set out in the HIP," said Jack Russell, NHH Board Chair. "This Plan is the result of a great deal of work, both on the part of the LHIN and NHH. Its approval comes with a significant new LHIN investment to help us achieve efficiencies over and above those we have achieved in recent years. As the External Operational Review has confirmed, NHH is delivering the services required by this community. The Plan we are now moving forward to implement will help us continue to deliver those services while working together with our LHIN on future financial sustainability for NHH."

Link to full HIP on nhh.ca

For a full copy of NHH's Hospital Improvement Plan, including further detail on the initiatives noted above, and the work of the Operational Review, benchmarking exercises and engagement that informed it, please see the hospital website, www.nhh.ca.

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About Northumberland Hills Hospital – Located approximately 100 kilometres east of Toronto, NHH delivers a broad range of acute, post-acute, outpatient and diagnostic services. Acute services include emergency and intensive care, medical/surgical care, obstetrical care and palliative care. Post-acute specialty services (PASS) include restorative care and rehabilitation. Mental health care, chemotherapy, dialysis and 16 other ambulatory care clinics are offered on an outpatient basis through partnerships with regional centres and nearby specialists. NHH offers a full range of diagnostic services, including magnetic resonance imaging (MRI), computed tomography (CT) and mammography. The hospital serves the catchment area of west Northumberland County. A mixed urban and rural population of approximately 60,000 residents, west Northumberland comprises the Town of Cobourg, the Municipality of Port Hope and the townships of Hamilton, Cramahe and Alnwick/Haldimand. NHH employs approximately 600 people and relies on the additional support provided by physicians and volunteers. NHH is an active member of the Central East Local Health Integration Network. For more information, please visit www.nhh.ca or follow us on Twitter [@NorHillsHosp](https://twitter.com/NorHillsHosp).

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