Audit Committee Meeting

Boardroom
Hamilton Niagara Haldimand Brant (HNHB) Local Health Integration Network (LHIN)
211 Pritchard Rd. Unit 1 Hamilton ON.
Wednesday, April 25, 2018 at 12:00 p.m.

A G E N D A

~ Dramatically Improving the Patient Experience through Quality, Integration and Value ~

ITEM	TOPIC	PRESENTER / DISCUSSANT	PURPOSES / OUTCOME REQUIRED	
			Information	Decision
A. CONVENING THE MEETING				
A.1	Call to Order – recognition of a quorum	Chair		X
A.2	Approval of the Agenda	Chair		X
A.3	Declaration of Conflicts	Chair/All		X
B. CONSENT AGENDA				
B.1	Consent Agenda of April 25, 2018* i. Minutes of March 21, 2018	Chair	X	
C. NEW/OTHER BUSINESS				
C.1	HNHB LHIN Operations - Monthly Financial Update*	Chair		X
D. ADJOURNMENT				
D.1	Next Meeting **Date:** Wednesday, May 30, 2018 **Location:** 211 Pritchard Rd. Unit 1 Hamilton ON **Time:** 12:00 p.m.	All		
D.2	Adjournment	Chair		X

Legend: * Circulated with Agenda, ** to be circulated prior to meeting, *** to be circulated at meeting

"A health care system that helps people stay healthy, delivers good care when they need it, and will be there for their children and grandchildren."

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B.1 Consent Agenda of April 25, 2018*

i. Minutes of Audit Committee Meeting – March 21, 2018

Ontario
Local Health Integration Network
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Hamilton Niagara Haldimand Brant
Local Health Integration Network
Minutes of the Meeting of the Audit Committee March 21, 2018

A meeting of the Audit Committee of the Board of Directors of the Hamilton Niagara Haldimand Brant ("HNHB") Local Health Integration Network ("LHIN") was held on March 21, 2018, at the Webster/Albion Falls meeting room, Hamilton Niagara Haldimand Brant Local Health Integration Network, 211 Pritchard Rd. Hamilton, Ontario, beginning at 12:00 p.m.

PRESENT:

Voting Members:	Bill Thompson, Chair Madhuri Ramakrishnan, Member
Regrets:	Saqib Cheema, Member Dominic Ventresca, Member
Non voting:	Janine van den Heuvel, Board Chair Shelley Moneta, Member Suzanne Belanger-Fontaine, Member Paul Armstrong, Member Marianne Knight, Member
HNHB LHIN Staff in Attendance:	Donna Cripps, Chief Executive Office Candice Neila, Corporate Coordinator, Recording Secretary Cindy Ward, VP, Resource Stewardship & CFO Rosalind Tarrant, VP, Health System Strategy & Integration Chad DeBlock, Director, Finance Emily Christoffersen, VP, Commissioing, Performance & Accountability Trish Nelson, Director, Communications Martina Rosza, VP, Home & Community Care

A. Convening the Meeting

A.1 Call to Order

The Audit Committee Chair noted that a quorum was not present, therefore motions will not be passed at this meeting. All motions to be brought forward to the March 28, 2018 Board of Directors meeting for approval.

A.2 Approval of the Agenda

Without quorum, the agenda cannot be approved.

A.3 Declaration of Conflicts

No conflicts were identified at this time.

B. Consent Agenda

B.1 Consent Agenda of February 21, 2018

Without quorum, the consent agenda cannot be adopted.

Key Points of Discussion:

- There were no questions with regard to the consent agenda items.

C. New/Other Business

C.1 HNHB LHIN Operations – Monthly Financial Update

Without quorum, the HNHB LHIN Operations – Monthly Financial Update cannot be approved.

Key Points of Discussion:

- VP, Resource Stewardship & Chief Financial Officer presented the monthly financial update to the members of the Audit Committee in attendance.
- It was noted that there continues to be a shortage of Personal Support Workers ("PSW") across the province. Registered Practical Nurses ("RPNs") have been appointed in some instance of Personal Support Workers ("PSWs") due to the shortage. The financial impact of this strategy is being tracked manually.
- January 2018 reports a higher amount in salaries and benefits due to the normal practice of government statutory deduction rates restarting in the month. The benefits line also reflects an increase due to severance costs.
- Costs associated with anticipated increases in demand for services, have not been as great as anticipated. This is due, in part, to the Ministry funding an additional 202 hospital beds as well as the flu surge pressures were not as great as what was expected.
- Any in year surplus from the HNHB LHIN will be returned to the ministry at year-end.

C.2 2018-19 Budget

Without quorum, the 2018-19 Budget cannot be approved.

Key Points of Discussion:

- VP, Resource Stewardship & Chief Financial Officer presented the budget to the Committee.
- In January 2018, LHIN staff brought forward the Spending and Saving Plan to the Audit Committee. This Briefing Note, describes the funding confirmed from the Ministry.
- The CEO noted that the reporting format to the Ministry differs to the report format to the Board. It is important that LHIN staff present the budget to the Audit Committee in a way that reflects accurate information and is informative.
- The Chair noted that the approved 2018-19 LHIN funding is less than what is forecasted to be required for in 2018-19. The CEO noted that staff would be paying close attention to funding to ensure care is provided to those who need it.

- The Chair requested a review of the Committee membership. Recommendation is to increase the number of members of the committee to five members.

C.3 Community Investment

VP, Health System Strategy & Integration presented the proposed community investments to the members of the Audit Committee in attendance.

Without quorum, there could not be any decisions made related to the proposed investments.

C.3.i Parkdale Landing, Mental Health Supportive Housing in Hamilton

Key Points of Discussion:

- This program provides support to those living with mental health issues with the construction of new apartment units in Hamilton.
- The proposal is for annualized base funding to St. Joseph's Healthcare Hamilton to support Indwell Community Housing's Parkdale Landing a 57 unit mental health and addictions supportive housing program.
- The units are expected to be fully operational by summer of 2018.

C.3.ii Community Paramedicine

Key Points of Discussion:

- This is one-time funding.
- The goals of these programs are to help individuals who frequently call 911 services to live better at home, to reduce the need to emergency services, including Emergency Department (ED) visits and hospitalizations and support individuals living with chronic conditions.
- Community Paramedics provide care and assessments in the community under several different models.
- This is a different level of care than what is provided through Home and Community Care.
- There is work underway with these programs, recognizing opportunities to better integrate the system.
- These programs are currently within the HNHB LHIN in Haldimand Norfolk, Brant and Hamilton. There is no community paramedicine program in Burlington or Niagara at this time. There is discussion about potential expansion to Burlington.

C.3.iii Hamilton Integrated Rapid Access Addiction Medicine Pathways

Key Points of Discussion:

- This program is aimed to provide support to those people experiencing substance use issues who face barriers to recovery.
- There is currently a Rapid Access Addiciton Medicine ("RAAM") clinic in Niagara. If approved, this would support a RAAM clinic in Hamilton at St.

Joseph's Healthcare Hamilton. It would focus initially on patients in the ED, and Mental Health Clinic.

- Good Shepherd Non Profit Homes Inc. would also increase their capacity to help support this clinic
- There is a reported need for this level of care in the Hamilton area.

C.3.iiii Niagara Ina Grafton Gage Village Assisted Living Service

Key Points of Discussion:

- The needs of the population served by this program is increasing in complexity. They require an higher level of care and support to enable them to remain in their homes at Niagara Ina Grafton Gage Village.
- Additional funding will allow the program to serve individuals needing higher levels of support. It was noted that falls prevention should be a focus for this proposal.

D. Closed Session

The Audit Committee meeting moved into closed session at 1:27 p.m.

D.1 Report of the Chair on the Closed Session

The Audit Committee meeting moved into Closed Session at 1:27 p.m. to discuss a matter of public interest and returned to Open session at 1:37 p.m.

E. Meeting Adjournment

The Audit Committee Meeting adjourned at 1:37 p.m .

CARRIED

_____ _____

Bill Thompson, Audit Committee Chair **Date**

_____ _____

Donna Cripps, Corporate Secretary **Date**

AGENDA

Hamilton Niagara Haldimand Brant LHIN | RLISS de Hamilton Niagara Haldimand Brant

Briefing Note

HNHB LHIN Operations – Monthly Financial Update

To:	Audit Committee Hamilton Niagara Haldimand Brant (HNHB) Local Health Integration Network (LHIN)
From:	Cindy Ward VP Resource Stewardship and CFO
Date:	April 25, 2018
Proposed Motion:	That the Audit Committee recommends that the Board of Directors of the Hamilton Niagara Haldimand Brant Local Health Integration Network receive and file the February 28, 2018 financial update for LHIN operations.
Recommended Action:	☒ For Decision ☐ For Information
Session:	☒ Open ☐ Closed

Key Messages:

- The Hamilton Niagara Haldimand Brant (HNHB) Local Health Integration Network's (LHIN's) financial results from operations during the 11-month period April 1, 2017 – February 28, 2018 are an in-year surplus of $6.2M.
- The favourable year-to-date (YTD) position is primarily due to additional unbudgeted revenues, coupled with continued fiscal restraint in non-patient care expenditures that have yielded a YTD underspend of $2.5M.
- The financial pressures in direct patient care services were less extensive than originally anticipated, which has also impacted the positive in-year results.
- Based on its forecasted financial position for the full fiscal year, and with the approval of the Ministry of Health and Long-Term Care (ministry) the LHIN was able to completely extinguish the remaining balance on its leasehold improvements commitment, an in-year cost of $2M that will provide annual ongoing savings of $265k in the administrative expense line that can be redirected permanently to the provision of patient care services.
- Given all known information to date, as well as expectations related to patient care services for the remaining month of March 2018, the LHIN is forecasting a surplus of approximately $1.5M for fiscal 2017/18.

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HNHB LHIN Operations – Monthly Financial Update

Background:

- Monthly financial updates related to the LHIN's operations are provided to the Audit Committee for review and discussion.
- **Appendix A** presents the LHIN's financial results for the 11-month period April 1 – February 28, 2018 (inclusive), as well as the forecasted financial position for fiscal year (FY) 2017/18.

Analysis:

- Highlights from **Appendix A** include the following:

Revenue:

- The detailed components of total budgeted 2017/18 ministry funding of $345,481,441 are listed in Table 1.
- There has been no change to the total revenue reported in the prior month's report.

Table 1:

	Total
MOHLTC - Base Operations:	
Base Funding	$ 316,540,150
One-Time Recurring	15,546,500
One-Time - to increase capacity	10,015,700
Total MOHLTC - Base Operations	**$ 342,102,350**
MOHLTC - Other (Initiatives):	
Aboriginal Community Engagement	37,500
French Language Services	106,000
ED/ALC Lead	100,000
Primary Care Lead	75,000
Critical Care Lead	75,000
ED Lead	75,000
Chronic Disease Management Lead	75,000
Subregion Clinical Leads	450,000
French Language Planning Entity	411,693
Diabetes Regional Coordination Centre	749,475
Patients First Transition	180,000
Base Technology Infrastructure	534,393
E-Health	510,000
Total MOHLTC - Other	**3,379,061**
Total 2017/18 MOHLTC Funding	**$ 345,481,411**

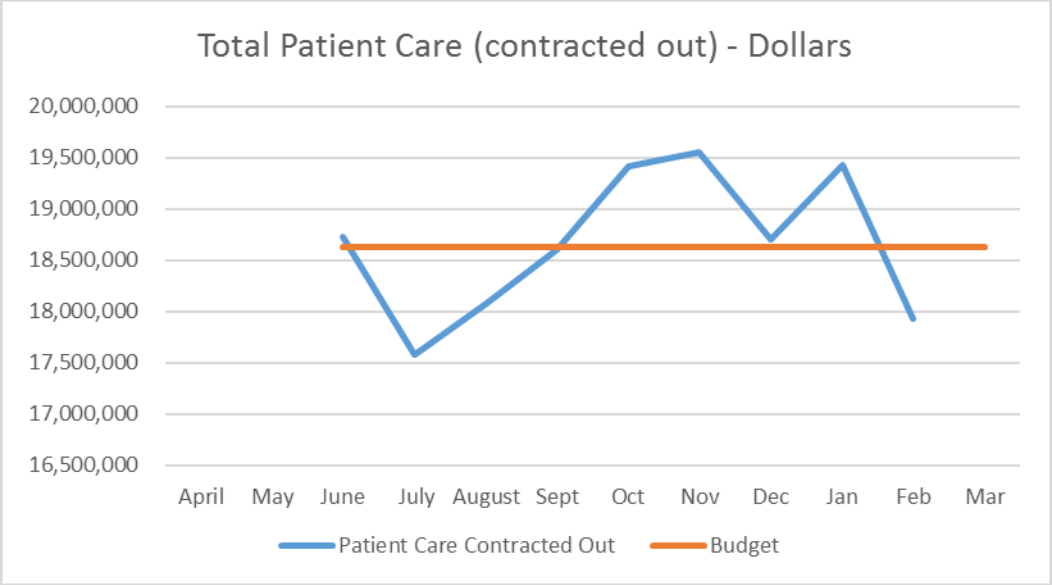
- The base ministry funding is received twice per month; other ministry funding related to initiatives is deferred until the related expense is incurred, thereby matching the revenue with the expense.

- The HNHB LHIN also receives minimal funds from other miscellaneous sources (eg, recoveries for staff on secondment, Workplace Safety & Insurance Board (WSIB) funding for eligible patient services delivered).
- Additional explanations related to revenue variances are included on **Appendix A**.

Expenses:

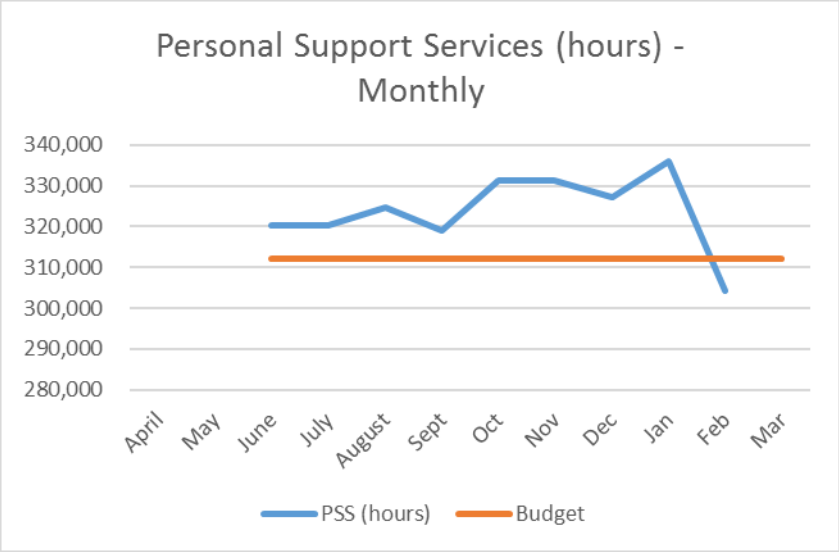
Patient Care – Contracted Out

- As shown in **Appendix A**, this expense line continues to be the greatest point of financial pressure for the HNHB LHIN.
- Since the last update to Audit Committee, this expense line has decreased and trends related to specific patient care services are outlined below.

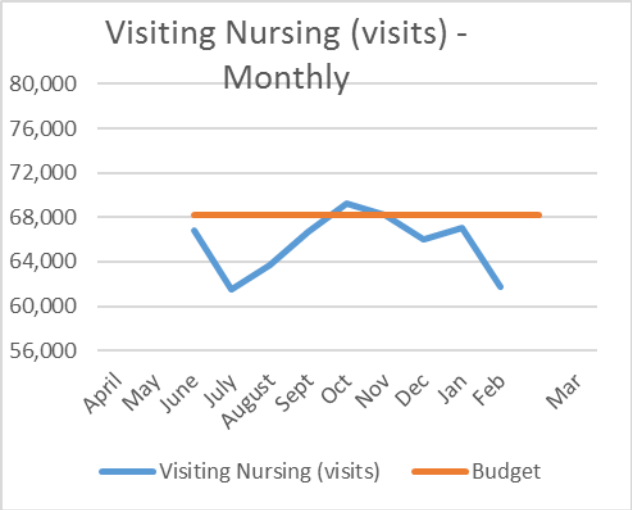


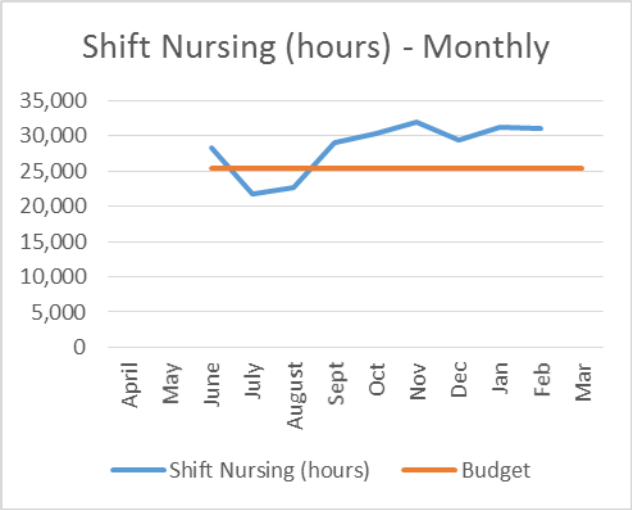
- As shown in **Appendix B**, as well as in the graph below, the largest component of services within the Patient Care – Contracted Out expense line is Personal Support Services (PSS) and as such, has the biggest impact on overall results
  - PSS decreased in February, a situation that was expected given the shortage of Personal Support Workers (PSW) available across many of the LHIN's service provider organizations, as well as February being a shorter month:

HNHB LHIN Operations – Monthly Financial Update



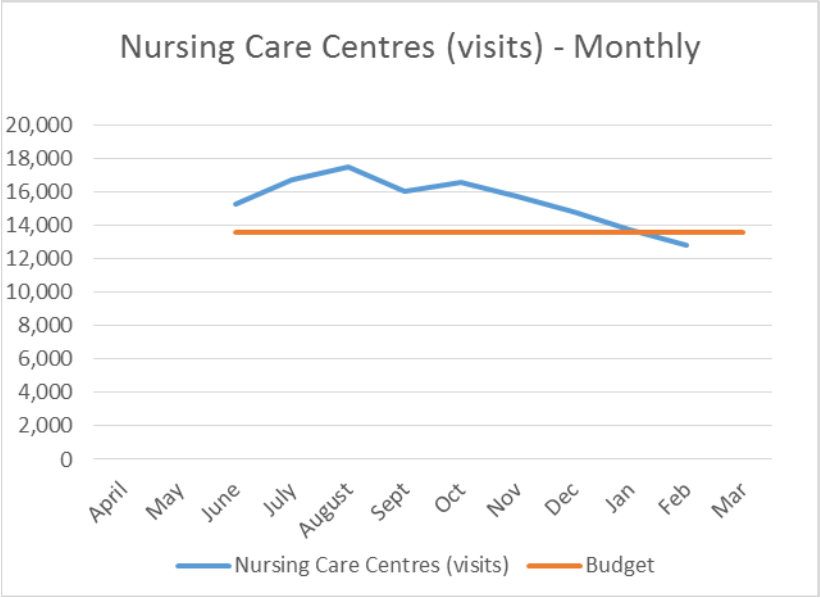
- As a result of the PSW shortage, there has been a need to utilize Registered Practical Nurse/Registered Nurse (RPN/RN) services (if available) as an option to allow patients to receive care in a non-hospital setting
- This strategy has not significantly added to the pressures in both Visiting Nursing and Shift Nursing as shown in the graphs below:





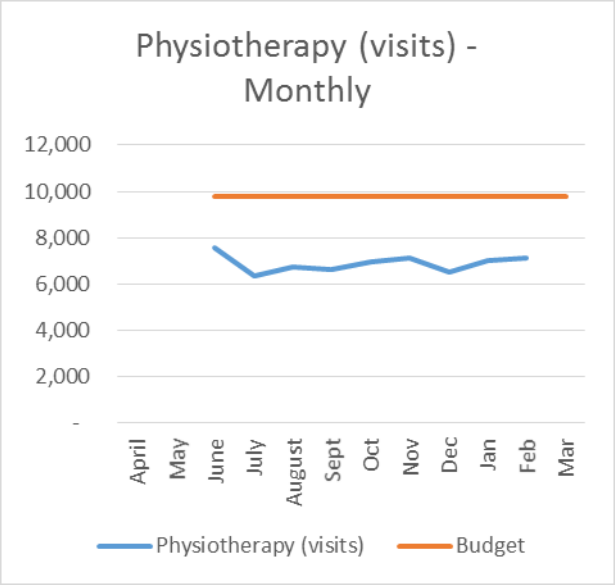
- o During Q3, the LHIN completed an intensive review of all Nursing services, to ensure patients are receiving the appropriate level of care in the most appropriate setting, the effects of which continue to be seen in a reduced number of nursing visits at the Nursing Care Centres (NCCs) as shown in the graph below:

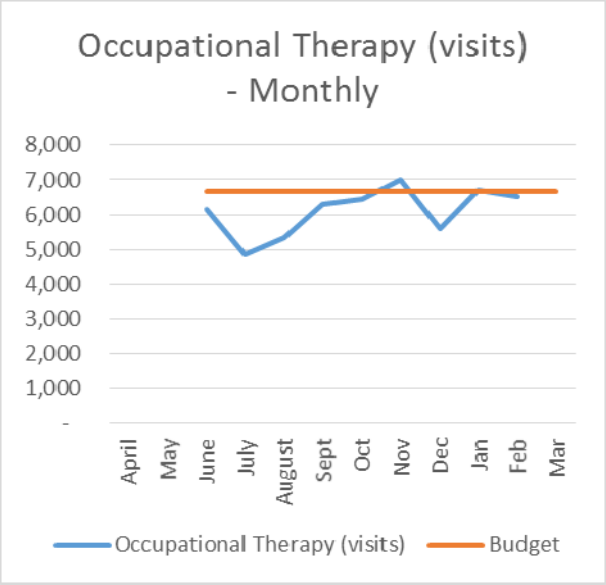
HNHB LHIN Operations – Monthly Financial Update



- Despite the slight decrease in NCC visits over the past 4 months, it is important to note that the LHIN continues to focus on strategies to shift nursing care from in-home to NCC wherever clinically appropriate.

- Volumes related to Physiotherapy and Occupational Therapy continue to be well-aligned with the budgeted volumes, and are monitored weekly to ensure they remain on track:





- Additional explanations related to variances for non-patient care expenditures are included in **Appendix A**, as well as provided below.

Medical Supplies & Equipment (MS&E)

- In April 2018, the LHIN was formally notified by the ministry that the Canada Revenue Agency (CRA) has approved its ability as a crown corporation to claim 100% HST rebate on all its eligible expenditures.
- As such, the potential liability of $1.8M related to MS&E expenses for the year has been reversed and this line has returned to a positive YTD variance of $700k.

Salaries, Wages & Benefits

- Due to the LHIN filling new and vacant positions in the month of February as well as incurring costs related to notice/termination, compensation costs are now trending to a YTD unfavourable variance of $344k.
  - It is important to note that the new roles are funded positions related to specific ministry initiatives.
- The 2017/18 budget was created using a benefits rate of 29.3%; monthly analytics related to benefits as a % of salaries & wages (cumulative YTD) reveals the following:

	Jun '17	Jul	Aug	Sep	Oct	Nov	Dec	Jan '18	Feb '18
Salaries & Wages	16,563,237	21,902,403	27,642,337	33,037,176	38,851,980	44,982,545	50,266,748	56,310,164	61,585,226
Benefits	4,692,620	6,173,347	7,589,609	9,004,446	10,496,712	12,016,666	13,359,413	15,561,898	17,604,157
Benefits %	28.3%	28.2%	27.5%	27.3%	27.0%	26.7%	26.6%	27.6%	28.6%

Other Information:

- Efficiency Savings:
  - The LHIN's required efficiency savings of $993,100 is reflected in **Appendix A** vis-à-vis budget reductions in the salary and benefits expense lines.
  - The non-patient care expense lines are continuing to show showing a favourable spending variance resulting from focused fiscal restraint in these areas; ie, total YTD underspend of $2.5M.
- Forecast for 2017/18:
  - **Appendix A** also includes a forecast of the LHIN's financial position for the entire fiscal period, and has been updated to reflect expectations and plans over the final month of 2017/18.
    - As previously reported to the Committee, the LHIN has not experienced the pressures in patient care that were expected due to flu season not being as severe, shortages in the health human resources of service providers with which the LHIN contracts for delivery of care to patients (in particular, Personal Support Workers), and the opening of new hospital beds during 2017/18 to address surge pressures.
    - The LHIN made a decision (after consultation and approval by the ministry) to completely extinguish the remaining balance on its leasehold improvements commitment, an in-year cost of $2M that will provide annual ongoing savings of $265k in the administrative expense line that can be redirected

permanently to patient care services. This also eliminates total interest of $730k over the remaining 11-year term of this commitment.

- Even with this additional in-year expense of $2M, the LHIN is still expecting to have a favourable spending variance of $320k in its administration costs.

Impact (Patient/System):

- Improved overall system flow by applying additional supports to get patients discharged from hospital.
- Increased use of NCCs for patients appropriate for this type/level of care has also been demonstrated to provide improved health outcomes and greater independence for patients on their journey to self-care.

Community Engagement:

- N/A

Measures of Success:

- HNHB LHIN monitors its direct patient care costs through a metric called “Daily Spend”, as well as NCC Utilization rates specific to each clinic.
- Administrative costs are trending to a favourable variance, consistent with the Ministry’s requirement for LHINs to demonstrate efficiencies in this area.

Source of Funding:

- Budgeted funding is flowed to the LHIN primarily from the Ministry, with some additional minor sources of funding included, eg, WSIB, secondments, recoveries.

Author: Cindy Ward, VP Resource Stewardship and CFO

Approved by: Donna Cripps, Chief Executive Officer (per E. Christoffersen, delegate)

File Path: http://portal.lhins.on.ca/hn/administrative/administration/Operational Information/Board Materials/Audit Committee/2018-19/04-18-2018/Briefing Notes/B.1_BN_Monthly Financial Report.doc

HNHB LHIN Operations – Monthly Financial Update

Appendix A

Hamilton Niagara Haldimand Brant LHIN

Statement of Operations (unaudited)

	April 1, 2017 - February 28, 2018				April 1, 2017 - March 31, 2018		
	Actual	Budget	Variance		Forecast	Budget	Variance
REVENUE							
MOHLTC - base operations	315,842,941	313,162,137	2,680,804	1	345,183,399	342,102,350	3,081,049
MOHLTC - Other	2,744,622	3,096,474	(351,852)	2	3,032,474	3,379,061	(346,587)
Other Income	2,438,231	348,333	2,089,898	3	2,605,642	380,000	2,225,642
Amortization	359,059	320,833	38,226		391,700	350,000	41,700
TOTAL REVENUE	**321,384,853**	**316,927,777**	**4,457,076**		**351,213,215**	**346,211,411**	**5,001,804**
EXPENSES							
Patient Care Contracted out	205,665,822	204,551,400	(1,114,422)	4	226,689,011	223,467,428	(3,221,583)
Medical Supplies & Equipment	16,269,208	16,972,020	702,812	5	17,873,811	18,547,267	673,456
Hospice	4,930,307	4,930,307	-		5,378,517	5,378,517	-
Salaries & Wages	61,585,226	61,190,606	(394,620)	6	67,312,668	66,846,881	(465,787)
Benefits	17,604,157	17,655,017	50,860	6	20,033,394	19,286,994	(746,400)
Supplies & Other	8,732,712	11,204,084	2,471,372	7	11,924,133	12,221,404	297,271
Board Expenses	82,247	103,510	21,263		94,621	112,920	18,299
Amortization	359,059	320,833	(38,226)		391,700	350,000	(41,700)
TOTAL EXPENSES	**315,228,738**	**316,927,777**	**1,699,039**		**349,697,855**	**346,211,411**	**(3,486,444)**
REVENUE LESS EXPENSES	**6,156,115**	**-**	**6,156,115**		**1,515,360**	**-**	**1,515,360**

1 - Due primarily to lower amount the LHIN expects to contribute to the ICCP 2.0 Bundled Care initiative.

2 - Due to lower rate of expenditures being realized for LHIN Initiatives relative to revenue received to date; variances related to this line will generally be a result of timing differences.

3 - Other Income is recorded as received, and the budget is only an estimate based on prior years' amounts. The favourable variance is due to the LHIN receiving (in March) its final reconciliation of funding related to the Chronic Kidney Disease (CKD) initiative funded by Cancer Care Ontario (CCO). This revenue of $1.3M is directly related to expenses already being accounted for in the Patient Care expense line.

4 - See explanations related to volume variances contained within briefing note. Additional one-time funding of $10M has been applied to the Patient Care Contracted Out expense line which has helped to minimize the service pressures.
The forecasted annual negative variance of $3.2M has been adjusted to reflect the pressures in patient care services that are expected, using updated February volumes as a proxy and expectations related to surge from hospital discharges and remaining effects from the flu season.

5 - See explanations related to Medical Supplies & Equipment contained within briefing note.

6 - See explanations related to Salaries and Benefits contained within briefing note.

7 - Supplies & Other favourable variance is now being tempered by the decision to pay out remaining principal balance of leasehold improvements.

HNHB LHIN Operations – Monthly Financial Update

Appendix B

Monthly Patient Care - Contracted Out (Volumes)

	Actual Volumes Jun '17	Actual Volumes Jul	Actual Volumes Aug	Actual Volumes Sep	Actual Volumes Oct	Actual Volumes Nov	Actual Volumes Dec	Actual Volumes Jan '18	Actual Volumes Feb '18
Service Type:									
Personal Support (hours)	309,945	309,826	312,873	307,190	317,423	317,662	313,779	322,243	291,620
Respite (PSS hours)	10,310	10,456	11,947	11,865	12,264	13,590	13,316	13,709	12,592
Visiting Nursing (# of visits)	66,785	61,481	63,697	66,686	68,871	68,234	66,019	67,094	61,692
Shift Nursing (hours)	28,386	21,697	22,657	29,049	30,014	32,027	29,461	31,270	30,981
Nursing Care Centres (# of visits)	15,276	16,741	17,490	16,020	16,563	15,725	14,793	13,720	12,850
Physiotherapy (# of visits)	7,551	6,342	6,727	6,652	6,922	7,150	6,531	7,040	7,103
Occupational Therapy (# of visits)	6,135	4,852	5,352	6,295	6,525	6,999	5,583	6,694	6,523
Speech Language (# of visits)	2,380	412	461	1,986	2,027	2,822	1,789	2,240	2,528
Registered Dietician (# of visits)	821	745	857	682	705	830	642	792	718
Social Work (# of visits)	518	483	507	509	523	588	441	421	441
Speech Language Clinics (# of visits)	321	46	43	183	228	689	318	499	523
Medication Management (# of incidents)	96	87	71	100	102	115	90	116	126
Respiratory Therapy (# of visits)	8	3	7	5	5	8	4	10	12
Total Patient Care Services	**448,531**	**433,171**	**442,689**	**447,222**	**462,172**	**466,439**	**452,766**	**465,848**	**427,709**

Note: Volumes related to homecare services delivered in April and May are excluded from the data above.
The May 10, 2017 transition date of the CCAC operations to the LHIN required a formal cut-off of all activities as at May 9, 2017 to accommodate reporting needed for the external audit.
As a result, the CCAC did not conduct its normal month-end processes as at April 30, 2017 and it will be more relevant to review the monthly 2017/18 volumes trends for the period commencing June 1, 2017.