Chief Operating Officer’s Report

CHIEF OPERATING OFFICER REPORT TO HEALTH WAIKATO ADVISORY COMMITTEE 25 MARCH 2009

The Chief Operating Officer's report to the Health Waikato Advisory Committee was prepared by the GM Waikato Hospital / GM Operational Performance and Support.

1 PERFORMANCE OVERVIEW

The provider arm posted a small favourable financial result for February. A one-off transfer of revenue from the funder to the provider to bring our funding model for the Emergency Department into line with other district health boards skews the result.

In keeping with previous months, the true result is one of increased revenue coupled with a greater than budgeted expenditure, predominantly staff related. There has been a constant increase in paid FTE over the course of the financial year. Whilst the early part of the calendar year is a known risk for nursing FTE escalation (graduate nurse programme intake), staff related costs have reached an unacceptable level.

The impression "on the ground" that staffing levels are replete is reflected in the fact that almost no elective surgery was cancelled for bed availability reasons from November 2008 to February 2009. This has not, as might be expected, led to increased surgical throughput, as theatre constraints proved to be a constant issue.

On a positive note, the Waikato District Health Board remains ESPI compliant, and celebrates improving Emergency Department triage times as part of a focus on improving Hospital Benchmark Indicators.

2 FINANCE AND ACTIVITY

The detailed analysis of the provider arm finance and throughput will be provided by the Acting Chief Financial Officer.

In summary:
Revenue increased in February supported by a one-off back pay for a move to casemix funding of Emergency Department "admitted patients". Previously these patients were funded as a presentation plus a fixed fee where a stay greater than three hours occurred. There will be a recurring benefit of about $400,000 per month.

Expenditure increased on the back of staff costs split across all sectors but most visible in nursing. A detailed review suggests that in nursing at least this is a volume (number of staff) not a rate (how much we pay them) variance. This view is supported by an annual commitment to take on new graduates, and honouring a commitment to both the "return to work" nursing and midwifery programme graduates and the nurses recruited by the Director of Nursing on behalf of the DHB in late 2008.

Productivity and throughput is both interesting and worrying. Year to date we continue to show an increase in elective surgical patients treated of about 8% year on year. This is below where we planned to be. In addition the patients we are treating are either less complex or are being coded as less complex, so that the caseweight index appears more affected than a view based on volumes alone.

Please see the section on key initiatives in this report for remedial comments.

3 UPDATES ON KEY INITIATIVES AND PROJECTS

MENTAL HEALTH
The adult mental health service continues to experience high levels of vacancy, 30 FTE overall across all disciplines, inpatient and community. The most severely affected being the adult acute inpatient wards with a high number of nursing vacancies. Nursing staffing continues to be a daily challenge. Continued difficulty in recruiting appropriately qualified staff, coupled with the continued high level of occupancy has led to services being under extreme pressure.

The emergency management process instigated to manage the situation, looking at both short and longer term options to address issues, has been effective in accessing an RN workforce from agencies around the region. This has caused some issues with existing staff, and is currently being managed. Daily briefing meetings have now moved to weekly, focussing on medium term solutions being developed / discussed and actions being undertaken to minimise immediate risk:-

- Demand management in the community and implementation of a referral management system
- Creation of temporary (eight week) Operations Manager role in community. This will be extended.
- Contact with non government organisation providers to identify available placements for discharge and working with them to move suitable clients into these

We are also looking at longer term strategies to address the issues which have contributed to the current crisis, these include but are not limited to:-

- Recruitment team to meet fortnightly to identify strategies to address current difficulties
- Feedback from staff / union to areas of focus required

RURAL AND COMMUNITY SERVICES

It is easy to overlook the positives in any sector and focus on the negatives or risks. In the Rural and Community Service mention must be made of the episodic risk to ongoing hospital services provided by staff departure. March – April will see two key medical staff leaving, one from Thames, and one from Tokoroa.

Recruitment to these areas is not easy, and neither has a clear strategy evolved both within the region and nationally to address this risk, at least not in the short term.

Dr Clyde Wade has continued to work passionately to find a short to medium term solution. It appears that an increase in medical staff numbers and financial inducement will be the most practical strategy.

OLDER PERSONS AND REHABILITATION SERVICES
THHS/Assessment & Outpatient Teams

The pilot project scope involving The Home Hospital Service (THHS) and the Assessment and Outpatient Teams (A&O) commenced on 2 February 2009. The key change highlighted in the pilot is the integration of clinical management across both teams. The integration at the management level has had a domino effect in sharing infrastructural resources, consistent processes and creating an opportunity to do things differently. A positive change has occurred already with staff working across each area with a stronger interdisciplinary approach. Succession planning is integral in the pilot.

Mid February saw the beginning of another pilot project with the implementation of an assessment service into the Emergency Department (ED). This was a combined trial working with the Emergency Department, Disability Support Link and Assessment, Treatment and Rehabilitation. A meeting is planned with Acute Care (Community Services) to look at fast tracking short-term options. Liaison with the community equipment store will be on the agenda to further develop short-term options. The feedback from Emergency Department has been very positive in the form of being grateful that advice was on hand. Clear

KPIs and reporting on both pilots will be included in the monthly reports to allow a measurement against objectives and anticipated outcomes.

The Older Persons and Rehabilitation Services (OPandRS) is leading a project to implement an orthopaedic rehabilitation service from within the orthopaedic ward bed stock. The clinical heads, Bob Kyd and Phil Wood have met, and together with the project team will formulate a model of care. The expected implementation horizon will be short (30-60 days).

SERVICE CAMPUS REDEVELOPMENT (SCR)
There are three major projects underway on which there has been activity since the last HWAC meeting, these are:

1. The Emergency Department and Acute Precinct: Full Ministry approval has been gained, and construction is continuing as visible. Developed design is complete, including the staff accommodation, which was one of the outstanding issues.
2. The business case for OPandRS is in development under the guidance of the Chief Operating Officer.
3. The Waikato Clinical Centre third floor design (elective procedures / day surgery and short stay surgery). Modelling of the demand in 2020 and beyond suggests that the current design will manage all of day surgery and over 80% of elective surgery in total. As a result the Chief Executive has directed the project proceed as currently planned, and the matter passed through the relevant Board subcommittee (CRC) in early March 2009.

OTHER PROJECTS
Lakes DHB Collaboration
Discussions with clinical staff regarding clinical services that would lend themselves to a more collaborative approach continue. A meeting with Lakes DHB is planned for mid April.

Hand Hygiene Project
The rollout of this project to pilot wards at Waikato Hospital will commence on 5 May 2009, which is International Hand Hygiene Day. Rollout to the rest of Waikato Hospital will be from 6 July 2009 onwards. Four members of our Infection Control team have completed Gold Auditor training and are now authorised to conduct hand hygiene compliance audits at Waikato DHB.

ED Triage Scores
Work will continue on maintaining category one and two scores at the required level. The results to date are pleasing. Implementation of streaming will continue, the next phase being a “triage first” initiative (ie. triage occurs before patient registration) and reconfiguration of the current access corridor and waiting room for ED to accommodate more ambulatory patients receiving care.

4 QUALITY IMPROVEMENTS

The issue of quality is reflected throughout this report where reference is made to Hospital Benchmark Indicators and other efforts to conform with good practice.

With regard to specific issues:

Patient Safety: The patient safety initiative, which involves the establishment of dedicated staff in each service to pursue patient safety and quality initiatives, will continue into March and April. This project is being sponsored by the Chief Medical Advisor, the Director of Nursing, and the Chief Operating Officer jointly. This report cannot do justice to this initiative, and reporting to HWAC will occur separately.

Accreditation of Waikato Hospital: The Hospital was accredited for a period of one year only in 2008. It is now time to review progress against the required standards in the deficient areas identified. A scouting report suggests we have made some, but varying, progress in all areas. The GM Waikato Hospital does not believe that a full three year accreditation will be achieved at this next review.

5 KEY INITIATIVES IDENTIFIED FOR THE COMING MONTH

In prior months a recovery plan has been presented to the committee. This has been updated and is appended.

The focus for the management team, clinicians and professional managers alike must be the delivery of more service for less cost while maintaining quality. This is the holy grail. The two pressure points are:

Staffing costs: Waikato Hospital has too many staff including nursing staff. This may seem like a controversial statement but it is supported by reasonable evidence. The key initiative in the coming month will be to improve operational and capacity planning for the management and deployment of nursing staff for patient benefit. The vehicles are:

1. The nursing management structure component of the hospital structure review (timeline: complete May 2009).
2. Full development of a model designed to determine the mix of need and capacity by ward and specialty, and its incorporation into nursing planning and staffing.
3. Development of management tools to identify and manage problems (of which the model above is one, and paid/contract FTE another).
4. Simplification of nursing operations and recruitment

The last three points are all key priorities for the management team.

Theatre Productivity:

1. We have identified this as a constraint and a risk. Pragmatically we will address the risk through increasing acute capacity by adding a third operating list on weekends, and have commenced an outsourced day case block with a private provider.
2. Internally we have conducted a sense check (using PWC Sydney) of which projects in and around theatre will give us the most benefit, and where the gaps are. This report is in its final stages of preparation.

6 OTHER MATTERS

Aside from the matters raised in this agenda there were, at the date of distribution, no other issues considered necessary to bring to the attention of the committee.

Grant Howard for the
CHIEF OPERATING OFFICER

Health Waikato Recovery Plan: updated 12 March 2009 — Appendix 1

The recovery plan targets specific areas across Health Waikato to bring it back to budget position and meet revenue and cost parameters by 30 June 2009. Whilst every effort will be made to control all costs, the impacts of the true costs of recent MECA settlements is having a bigger financial impact than budgeted and may not be able to be fully absorbed. In order to minimise the impact, vacancy management will be initiated but not at a cost to reduced throughput or quality. Also, requests for new positions will be carefully considered and only approved if they have an agreed revenue stream.

Each activity is targeted to do one, or some of the following:
√ Improve financial performance
√ Meet health targets
√ Improve HBI performance
√ Maintain elective service compliance

The plan is monitored regularly. An update is presented monthly to the Health Waikato Advisory Committee.

Service	Action	Details /target	Responsibility	Progress
Waikato hospital	**Achieve all contracts** √ Meet health targets √Improve HBI performance	• Maximise throughput by: • Outsource and offsite procedures • Reduce cancellations of surgical activity • Reduce medical bed blockage • Improve FSA throughput across all specialties.	Group Manager, Waikato Hospital	• Cancellations monitored through theatre IPM and reviewed by theatre management group – reduced to 11% from 14% at the beginning of the year. • Outsourcing continues: Dedicated daycase surgery contract scheduled to commence end March (end state 10 sessions/week) • A third acute theatre list will commence from 11 April 2009, staffed by Anaesthetic specialist staff • The facility reconfiguration project continues.
	Elective service performance (base, CI, OI)	• Maximise available additional funding ($15m)	Group Manager, Waikato Hospital	• Additional theatre capacity secured. All specialists plan to meet contracts by 30 June 2009.

Service	Action	Details /target	Responsibility	Progress
	√ Maintain elective service compliance √ Meet health targets	• Increase outputs by 26% (2200cwds) • Meet base and additional contracts by 30 June 2009		• OI and CI performance plans completed and used to guide theatre list scheduling • It is unlikely that the OI initiative will be met. We are approaching the MoH to consider "all comers" rather than just hips and knees. This is in line with 2009/10 MoH move.
	Expenditure reduction plan √ Improve financial performance	• Reduce costs back to budget • Meet year end budget expectations • Control locum and outsourced costs • Implement vacancy management across all services • Defer requests for new positions as prudent	Group Manager, Waikato Hospital Decision Support Manager	• Key problem staff salaries – medical and nursing due to MECA costs. • The nursing staff budget exceeded by $1.6 million with paid FTE > contract FTE. Nursing staffing model developed to urgently model required vs actual FTE. • Outsourcing costs high in some areas – being monitored. • Monthly expenditure issues register completed and monitored. • HCA vacancy management within nursing services (ongoing). • All requests for new positions reviewed for cost/ revenue benefit by COO.
	Improve day surgery throughput √ Maintain elective services compliance √ Improve HBI performance	• Increase day case procedures and surgery to 40% by June 2009	Group Manager, Waikato Hospital Group Manager, Operational Perfor-mance and Support	• RFP process completed for preferred provider for day-surgery, short stay partnership with private sector. • 10 session daycase contract to commence end March. • Internal process to feed

Service	Action	Details /target	Responsibility	Progress
				outsourcing commenced.
	Secure counting rule change for ED procedures √ Improve triage scores √ Improve HBI performance √ Improve financial performance	• Ensure clerical staff improve processing of admit, discharge, triage times • All patients discharged from ED by an inpatient team counted	Group Manager, Operational Performance And Support	• 30 60/90 day plan in progress Triage 2 93% December; and 88% January 2009. Triage 3 now improved to 73%. • Additional improvement to be targeted through “triage first” program and reconfiguration of ED waiting area to increase ambulatory treatment area. • Clerical processes mapped. • Funding change in ED casemix achieved on target for additional $5.5m revenue for 2008/09.
Rural and community services	**Improve surgical throughput at Thames hospital** √ Maintain elective services compliance √ Improve financial performance	• Reduce cancellations of surgical lists • Utilise all available theatre sessions	Group Manager, Rural And Community Services	• Plan implemented, surgeons increasing list time and number of lists from early 2009 • Additional lists booked and used as available including dental, general surgery, endoscopy • Theatre schedule rearranged to reduce impact of public holidays on Mondays. • Plastic surgery continues to exceed contract • Further dental lists being arranged. February 2009 : YTD actual 755 cwds contract 840 variance - 85

Service	Action	Details /target	Responsibility	Progress
	Increase pull of patients from Waikato hospital back to rural hospitals √ Improve HBI performance	• Liaison nurse established • Rural patient journey improved	Group Manager, Rural And Community Services	• Rural Liaison Co-ordinator appointed and undergoing orientation. A mentoring group has been established and meetings scheduled. KPIs to be developed. • Use of Rhoda Read and Matariki for WH step down patients under development.
Clinical support	**Reduce expenditure on laboratory tests** √ Improve financial performance	• Investigate options for cost reduction • Develop robust action plan • Improve oversight and control of laboratory requests	Group Manager, Clinical Support And Contracts	• Process developed for SMOs to review all high cost and 'exotic' test requests. Cost is being constantly reviewed. • SLA is being negotiated with P&F and will produce additional $500k and more income. • Entry order system to be implemented with new Lab information system. SMOs are supportive. Lab information system replacement is in progress. Laboratory sendaway is holding steady.
	Reduce laundry expenditure by 5% √ Improve financial performance	• Target cost control activities in all areas	Group Manager, Clinical Support And Contracts	• Project Team meet every week. • Trials underway in ward 14, 24d ED. Linen spent tracking very well for trial wards. • MTD (5 mths) cost of linen down 5.9%on last year as a result of raising awareness about linen usage and cost and in inappropriate practices.

Service	Action	Details /target	Responsibility	Progress
				• Linen Project published on intranet • On track 5% savings and a bit more.
	Review weekend staffing level for Mortuary	• Met with Dept of Justice about out of hours post mortem.	Group Manager, Clinical Support And Contracts	• Consultation completed and steering group will meet soon. • No objection from Union.
	Blood Product cost reimbursement from High Cost treatment pool		Group Manager, Clinical Support And Contracts	• Completed. $500,000 recovered from high cost treatment pool. • F&P agreed to fund a further $500,000 making total of $1,000,000 in additional revenue.
Mental health	**Meet original budget parameters for 2008/09** √ Improve financial performance	• Target revenue maximisation • Improve cost control across all service areas	Group Manager, Mental Health And Addiction	Mental Health is ahead YTD on its budgeted contribution by 461K
	Meet KPIs agreed in DAP √ Meet health targets	• Recovery plans in place for each client • Reporting requirements met and exceeded	Group Manager, Mental Health And Addiction	• 89.33% have a recovery plan in Q2 • Electronic treatment/relapse planning template rolled out across all services. • Implementation process 6 to 12 months for each service.
Older persons and rehabilitation services	**Meet original budget parameters for 2008/09** √ Improve financial performance	• Target revenue maximisation • Improve cost control across all services	Group Manager, Older Persons And Rehabilitation	• On target to meet budget.

Service	Action	Details /target	Responsibility	Progress
	Admission avoidance for patients over 65 to better support in the community **Realign older persons assessment team** √ Improve financial performance	• Front door management at ED • Proactive screening of at risk patients • Support agencies engaged at first presentation to ED	Group Manager, Older Persons And Rehabilitation	• New process in ED commenced • Preliminary screening of older patients on admission continues in Waikato Hospital • Continue to focus on meeting target bed day saving of 250 by 30 June 2009 • Assessment team and Home Hospital staff now sit under leadership of one CNM for trial of 9 months