

Chief Executive's Report

MEMORANDUM TO THE BOARD
12 AUGUST 2009

AGENDA ITEM 6

MONTHLY REPORT OF THE CHIEF EXECUTIVE

Financials

Financial Summary

Level	Result – year to Jun (\$M)	Variance to budget (\$M)	Forecast variance – Year end (\$M)
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DHB	\$(3.1)	\$(18.9) U	\$(20.0) U
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Funder	\$23.1	\$2.6 F	
Provider	\$(27.2)	\$(22.1) U	
Governance	\$1.1	\$0.6 F	

The initial July year-to-date result is not yet available.

Significant Issues

The above results are preliminary and could be affected by changes in:

- Inter district flow wash-up estimate
- Pharmac rebate estimate
- Fleet lease provisions
- HEHA cost recognised for revenue received but service not yet provided
- New born hearing revenue over recognised
- Accounting for year end result for Urology Services Limited and Healthshare Limited
- Any issues identified by audit.

One-off expenditure totalling \$16.4m included in the provisional result are:

- Asset write off of \$5.8m in September
- Write off of \$4.9m capital work in progress costs in June that will not contribute to creation of an asset
- \$3.3m additional board approved maintenance.
- \$1.0m provision for SMO job-sizing
- \$0.6m credit notes for incorrect invoicing for Intellectual Disability Support Services in prior years
- \$0.8m Increase in SMO sabbatical provision.

Profit and Loss

- *Revenue*

Revenue is \$23.0m favourable due to additional revenue from:

- Mental Health Solutions devolved (\$3m)
- MenzB (\$0.5m)
- Healthy Homes (\$0.3m)
- HPV (\$2.3m)
- Regional Cancer Control (\$0.6m)
- PHO Payments (\$3.2m)
- Elective Initiatives (\$8.4)
- Interdistrict flows (\$2.4m)
- Clinical Training Agency (\$1.3m)
- ACC (\$1.2m).

The revenue was off-set by unbudgeted expenditure.

- *Employee Costs*

- Medical Personnel is overspent by \$3.2m for the year which \$1.0m relates to Thames in the month of June 2009 for job sizing
- Nursing Personnel is \$12.7m unfavourable year to date and is mainly attributed to Waikato Hospital
- Outsourced Personnel year to date overspend is \$9.4m mainly in Medical and Nursing.

- *Other Operating Costs*

- Outsourced services are favourable for the year by \$2.8m
- Outsourced maintenance overspend is \$3.3m for the year and is approved by the Board
- \$4.9m write-off is included in other operating costs in June
- One-off asset write off of \$5.8m in September 2008 due to change in policy for <\$2k assets being expensed and not capitalised.

- *Provider Payments*

- Provider payments are \$1.1m unfavourable. These are not of concern and are off-set by revenue.

Activity

Caseweight volumes for the provider are:

YTD Jun-09	Budget	Actual	Variance	Variance %
Surgical	36,944.9	34,740.9	-2,204.0	-6.0%
Medical	25,279.6	26,632.0	1,352.4	5.3%
Total	62,224.5	61,372.9	-851.6	-1.4%

Other volumes are mainly favourable to plan.

Capital

- Capital expenditure (paid and committed) is \$17.3m favourable to budget. This is due to slower than planned IS expenditure and the radiology equipment and bed replacement programme being approved later than planned.
- Total accumulated capital expenditure on the SCR and car park projects from inception to 30 June 2009 is \$111.9m.

Forecast

The 2008-09 result was anticipated in finalising the 2009-10 budget. There is still cost risk and the Savings plan is essential to bring the result back to a level that will support Waikato DHB's capital programme.

Capital Plan 2009/10

Prioritisation of the items requested by staff for purchase is incomplete and will be available for the September board meeting.

Slowing Down Projects

The project to slow down projects is scheduled to have a report (ie the impact of the projects that will be slowed down, dropped, sped up, added) to the September board meeting.

The project consists of identifying and describing all projects, and then prioritising them. The prioritisation is complicated by the inter-connection between projects and the sheer number of them. 137 projects have been recorded but the final count may be several times higher.

Taumarunui after hours services

A further meeting with the GPs is planned for 10 August. I should be able to orally update the meeting. Meanwhile the interim arrangements are working well. There has been some increase demand on the hospital but it hasn't been a problem. The situation has also been helped by one of the GP practices, Koikiri Trust, running clinics on Saturdays and Sundays.

Influenza H1N1

Management of the influenza pandemic focuses on providing services to those most in need, and providing advice to our residents on how they and their families can reduce the risk of infection.

As at 3 August, in the past seven days there have been 26 cases of Novel Influenza A (H1N1), nine confirmed in the Waikato region, however these are only those that have had a swab taken and been notified, and are not a true indication of figures since entering the 'manage it' phase. We have had two deaths reported and a further four possible deaths related to H1N1 under investigation by the coroner.

Waikato Hospital Emergency Department is seeing on average eleven patients per day with influenza type illness over the past month.

Waikato Hospital Intensive Care has one patient with H1N1.

- ***DHB Incident Management Team***

Population Health continues to manage the Waikato DHB response to the pandemic. This includes daily reporting to the Ministry of Health on current numbers of cases, numbers of hospital admissions, numbers of patients in ICU, staff of sick with influenza etc. A daily situational report is distributed to key staff within the DHB.

The team also participates in weekly national teleconferences with the ministry, twice weekly ICU national teleconferences, and weekly Medical Officer of Health teleconferences.

- ***Community based assessment centres for influenza***

The Waikato DHB CBAC group (chaired by Dr Linda Rademaker) continues to work with primary health organisations to prepare for the pandemic reaching a stage where primary care can no longer cope with the demand put on it due to such a rise in influenza patients.

One of these planning strategies is the establishment of Community Based Assessment Centres (CBACs) specifically for influenza patients.

Each centre would be accompanied by key practices, which would cater for patients who have higher health needs and need to be seen by a doctor.

We are not yet at the stage where these special influenza centres need to be established in the Waikato, however the locations for these have been identified throughout the Waikato and the planning is such that should we need to activate a CBAC we could do so within hours.

General practices are reporting to a management team twice weekly with a gauge of how they are coping. So far, the indication is that their workload is as they would expect for a normal flu season.

If and when we do need to activate CBACs, this would be on an as needed basis, so doesn't mean that the whole of the Waikato DHB region would open up CBACs – only the towns or districts that require it.

A detailed primary care plan for managing this pandemic has been developed and is available on the DHB website.

- ***Health Waikato Services***

A planning group made up of representatives from Waikato Hospital, Property and Infrastructure, Mental Health, Rural & Community, Clinical Support Services, Human Resources and Planning & Funding, has been meeting on a weekly basis to revise their pandemic plans to the current scenario and to be updated by the Incident Management Team on current developments with this pandemic.

Human Resources team has developed and published information for staff and managers related to the pandemic. Rural Hospitals have been part of the CBAC planning group as well.

- ***Communications***

Communications has been a significant part of the DHB's response. The communications staff on the incident management team have provided media updates as required, responded to media questions, developed staff updates, maintained the DHB intranet and internet websites, developed updates on at least weekly basis to emergency services and all health providers/ stakeholders in the community.

District annual plan

Advice has been received that the Health Minister has approved our 2009/10 district annual plan.

Pacific Health Workshop

A workshop for members had been planned for the day of the September board meeting, but due to the unavailability of the Counties-Manukau DHB person heading the relationship with us (Elizabeth Powell) we have deferred it to the day of the October board meeting.

Recommendation

THAT

The report be received.

**CRAIG CLIMO
CHIEF EXECUTIVE**