State of the Nation

Jan Adams
Chief Operating Officer
Health Waikato
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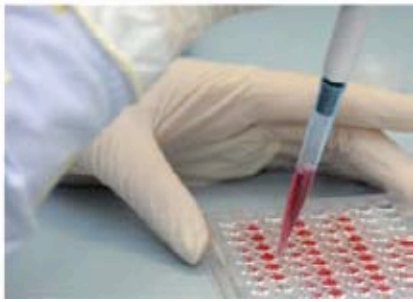

HEALTH WAIKATO
CARING FOR YOU
Waikato District Health Board

Format

- Overview of Health Waikato's financial performance year to date
- Overview of Health Waikato's operational performance year to date
- Overview of the 2012-13 Budget process
- Overview of the financial challenges going forward

Provider Arm YTD position : 31/1/12

January 2012			Provider Arm	January 2012 Year-to-date			Forecast
Actual	Budget	Variance		Actual	Budget	Variance	
$m	$m	$m		$m	$m	$m	$m
			Revenue				
50.8	51.2	-0.4 U	Revenue	402.4	408.1	-5.7 U	694.5
			Expenses				
35.5	36.2	0.6	Personnel expenses	253.9	258.5	4.6	439.1
1.3	0.4	-0.9 U	Locum/temp staff expenses	7.4	2.6	-4.9 U	11.7
1.2	1.2	-0.0 U	Outsourced clinical services	17.8	17.3	-0.5 U	35.1
8.5	8.4	-0.0 U	Clinical supplies	68.5	65.7	-2.8 U	119.7
5.4	5.5	0.1	Infrastructure & non clinical supplies	37.5	38.9	1.4	69.5
-0.2	-0.2	-0.0 U	Internal recharges	-1.4	-1.4	-0.0 U	-2.4
51.7	**51.5**	**-0.2 U**	**Total expenses**	**383.7**	**381.7**	**-2.0 U**	**672.7**
-1.0	**-0.3**	**-0.6 U**	Result before IDCC	**18.7**	**26.5**	**-7.7 U**	**21.9**
4.4	4.9	0.5	IDCC	30.7	32.9	2.2	53.4
-5.3	**-5.2**	**-0.1 U**	**Surplus/-Deficit**	**-12.0**	**-6.5**	**-5.5 U**	**-31.6**

Provider Arm Performance – Health Targets

(below are Q2)

	YTD Actual	Target	Variance	12 Mth Trend
Emergency Department < 6 Hours	80%	95%	-15%	
Elective Surgery Volumes	3,480	3,405	75	
Radiotherapy < 4 Weeks Wait	100%	100%	0%	
Smoking Status & Advice		95%	-95%	

Comments on year to date position

- Forecast for year is $13m unfavourable to budget
- Revenue from funder unfavourable
- Employee costs (including outsourced employees are on budget)
- Clinical supplies are unfavourable
- Six hour target not yet achieved
- Elective service performance marginal and poor on long wait patients
- Smoking cessation target not yet achieved
- Cancer target consistently achieved

We still need to deliver on:

- Total operating expenditure on or better than budget
  - Annual leave taken assumptions must be met across the year
  - Locum costs must be reduced as vacancies are filled
  - Better controls on clinical supplies spend
  - Savings targets being met

Size of the Challenge

- **For Provider**
- 2012-13 costs to be covered
  - $12m IDCC
  - $19m supply and staff costs/step increases
  - $5m for costs related to MCC
  - $3m revenue lost for Kiwisaver.
- Balance against an $18m increase in revenue
- = $20m GAP

Budget 12/13 – Austerity Measures

- This is our problem
  - Most tax funded services are getting no increases
  - NHS is cutting funding

- So far we've done the top-down budget
- Over next two months we will:
  - Develop savings plans
  - Do bottom-up budget incorporating savings plans
- Then we need to deliver to the budget

What does this mean for you?

- We value our people
- And we want your input

- A memo from Craig is being released today
- This outlines the issues and approach

It is going to be tough, but….

- We've worked hard to improve the quality of our services
- And we need to continue to provide clinically safe patient care
- We also need to meet the minister's targets
- So while we do need to manage our costs:
  - this needs to be done carefully
  - and sensitively, because positions may be affected

Catalyst Update

Main areas Catalyst currently working with

- HR/IS re new starters and staff movement process
- Renal service improvements
- Pharmacy - business model change and improvements
- Allied Health – a number of aspects being addressed, many with cross silo impacts
- PMOs - a more streamlined Waikato Way and more effect project prioritisation
- Patient Flows across Health Waikato

$5 per day Challenge

- Ideas received
  - 159 ideas received
  - Most common ideas (25) relate to electricity savings – a great deal has already been done by P&I and this will continue

- Progress
  - Closed – already in place or applied - 21
  - Closed – suggestion not applied – 20
  - Closed – suggestion on “Savings Tips” to be issued periodically - 15
  - Under investigation – 103