

Minutes of The Hospital for Sick Children Board of Trustees' Meeting held on Thursday, September 18, 2014 at 4:00 p.m. at The Hospital for Sick Children, Toronto, Ontario.

Present:

Ms. R. Patten, Chair
Dr. M. Apkon
Ms. C. Duboc
Ms. P. Hubley
Mr. A. Khanna
Mr. S. Rafi
Mr. T. Penner
Dr. P. Laussen
Ms. S. Younker, Corp. Secretary

Present:

Mr. I. Rotenberg
Ms. C. Reicin
Mr. P. Reynolds*
Dr. J. Robertson
Mr. A. Sheiner
Mr. B. Simpson*
Dr. T. Sullivan
Mr. R. Weese
Mr. D. McKay

Regrets:

Mr. S. Marwah, Vice-Chair
Ms. K. Delaney
Mr. R. Prichard
Mr. L. Scott
Mr. S. Smith
Ms. K. Taylor

By Invitation:

Dr. D. Daneman
Ms. L. Harrison
Ms. S. O'Dowd
Ms. M. Evans

By Invitation:

Ms. M. Monk
Dr. S. Zlotkin
Mr. T. Garrard

Regrets:

Mr. J. Mainland
Dr. J. Kronick
Dr. J. Rossant
Dr. J. Wright

** attended via telephone*

Ms. Sharon Younker, Corporate Secretary, confirmed that notice of the meeting had been duly sent to all Trustees and that a quorum was present in person or by phone, all in accordance with the Hospital's by-laws. Accordingly, Ms. Rose Patten, Chair of the Board, declared that the meeting was properly constituted and called the meeting to order.

Ms. Patten introduced the new members to the Board of Trustees, Mr. Saad Rafi, Ms. Kathleen Taylor, Chair of the Foundation, Mr. Irwin Rotenberg, cross appointed member from the Foundation, and Dr. Peter Laussen, Chair of the Medical Advisory Committee.

OVERVIEW OF SICKKIDS' FUNDING SOURCES

Ms. Laurie Harrison, Vice President Finance and CFO, presented an Overview of SickKids' Funding Sources to educate Trustees on the relative importance of different funding sources for SickKids' operating expenditures and to examine the impact on organizational strategy of Health Systems Funding Reform through the Ministry of Health and Long-Term Care (MOHLTC).

Ms. Harrison reported that almost 60% of SickKids' funding comes from the MOHLTC in support of clinical operating expenditures. It is expected that MOHLTC funding will remain relatively flat despite inflation and other pressures that will increase SickKids' expenses. The MOHLTC is in the process of moving from a global funding mechanism to a mechanism that is based on relative activity of hospitals within the system. This shift in methodology has led to both a decrease in absolute revenue as well as greater uncertainty in year-by-year revenue forecasts. She explained that funding is based on expected rather than actual activity and case costs with unpredictable recalibration based on actual performance. As a result, SickKids is facing significant revenue risk if clinical activity falls relative to other hospitals in the system. Additionally, revenue falls if SickKids' actual costs per inpatient case are greater than the costs forecasted by the MOHLTC using the models they have developed to allocate revenue among hospitals. One implication is that non-MOHLTC revenues are becoming increasingly important to fulfill SickKids' objectives. Hospitals face new considerations in developing a competitive strategy in order to increase activity or to manage demand, as well as, different consequences in the short-term and long-term for activity and cost management efforts.

Trustees discussed the short-term risks of long-term volume growth and the competitive strategies to increase activity or to manage demand. It was noted that the MOHLTC recognizes that the funding model does not address paediatric specific issues, and discussions are ongoing.

CONSENT AGENDA

Ms. Patten referred Trustees to the consent agenda items. No questions were raised.

MOTION:

NOW THEREFORE, UPON MOTION duly made, seconded and unanimously carried, IT WAS RESOLVED:

THAT the minutes of the Board of Trustees meeting held on June 16, 2014 be approved, and;

THAT the Medical and Scientific Appointments for August 2014 be approved, and;

THAT the outstanding 2014/2015 Physician Reappointment recommendations be approved.

MEDICAL ADVISORY COMMITTEE REPORT

Dr. Peter Laussen, Chair of the Medical Advisory Committee (MAC), referred Trustees to the written report. Dr. Laussen reported that the MAC met on September 3rd. The MAC reviewed the TAHSN Vaccinate-or-Mask Policy which is an evidence based policy to increase compliance of influenza immunization rates of workers in Toronto's acute care facilities. The MAC also reviewed issues and initiatives to address the appropriateness of MRIs. Dr. Laussen reported that as Chair of the MAC he will collaborate with Dr. Shroff, Radiologist-in-Chief to organize a Committee under the mandate of MAC to establish Terms of Reference and develop on-going recommendations to deal with this issue. The MAC, in a combined meeting with the Quality Management Council, reviewed serious patient safety/critical incident (SPSI) reports of which two are currently ongoing. Outstanding legacy SPSI reviews were also presented and there was discussion around residual risk, prioritization, and barriers to completion. There was also a report from the Mortality and Morbidity Committee (M&M) which looks at activities over the 12 months.

EXECUTIVE REPORT

Dr. Michael Apkon presented his executive report. Dr. Apkon updated Trustees on events and activities since the last Board meeting.

Dr. Apkon welcomed the new Trustees and outlined Dr. Laussen's background and role as the Chair of the MAC. Dr. Apkon provided highlights on the Hospital's operating performance and explained that clinical activity has continued to be brisk in all areas. There has been an increase in Emergency Department (ED) visits and inpatient admissions for viral respiratory infections which is believed to be associated with the Enterovirus D68 pandemic. He noted that because of SickKids' success with a number of initiatives to reduce the Length of Stay (LOS) we have been able to keep the census from rising, and thereby managing to control costs reasonably well. He noted that August is the first month where SickKids has had a favourable financial variance to plan in our Patient Care service performance.

Dr. Apkon updated Trustees on a new policy that aspires to increase the number of healthcare workers immunized against influenza. He stated that along with the Toronto Academic Health Science Network (TAHSN), SickKids has implemented a new policy that requires all healthcare workers, as well as volunteers, in patient care areas to be vaccinated against the flu or to wear a mask.

Dr. Apkon reported that SickKids continues to work on improving its ability to execute capital projects although still behind where we would like to be. He noted that IT projects continue to be an area of particular challenge and focused attention is being given to determine the root causes. Dr. Apkon described a number of issues that have been identified through both internal and external reviews. He expanded on opportunities to address the issues including the implementation of an integrated clinical platform and outlined vendor options, timelines, and the potential cost. Dr. Apkon reported that an interim Chief Information Officer has been put in place, while a search continues to replace Daniela Crivianu-Gaita who resigned in August.

Dr. Apkon gave an update on Project Horizon and outlined a number of themes and conclusions that have surfaced through broad stakeholder engagements with the general public, northern Ontario, local community Hospitals, and the Greater Toronto Area Local Health Integrated Network CEO's.

Dr. Apkon reported on partnership/collaboration discussions that have taken place over the past several months. He noted that SickKids' focus on greater integration seems consistent with the direction encouraged by the MOHLTC.

Dr. Apkon reviewed the agenda and discussion points for the Joint Board Retreat with the Foundation, occurring in October, where attendees will be able to engage in a deeper discussion about SickKids' strategic plan and planning for investments that will have to be made to enable success for SickKids' core business at 555 University Avenue and beyond its walls.

Discussion ensued regarding the status of Boomerang Health and whether or not this has been a successful strategy for SickKids. Dr. Apkon outlined the issues and opportunities of Boomerang and will bring this back to the Board for further discussion. Non-ministry revenue from international business was discussed; Dr. Apkon outlined several business opportunities currently being explored to replace current international contracts that are scheduled to expire in the near term.

Further discussion ensued regarding the IT strategy and the implications of moving forward with an interim CIO in place.

COMMITTEE REPORTS

Finance & Audit Committee (F&A)

Mr. Tim Penner, on behalf of Mr. Larry Scott, Chair of F&A, reported on the September meeting of the Committee. He referred Trustees to the written report circulated at the table and informed that the Committee is bringing forward for approval, a motion for 3 capital projects. Mr. Penner highlighted the report from the Internal Auditor, KPMG, and areas of concern. The Finance Transformation project was presented outlining a multi-year, multi-phase project to significantly enhance Finance business processes and systems capability. There was also a Five Year Operating and Capital Summary presented that consolidates the five year forecast for both operating and capital requirements which are being shared with the Board today.

Capital Projects

Ms. Laurie Harrison, VP Finance & CFO, presented 3 capital projects for approval:

- *Hill / Gerrard Driveway Restoration (\$2.0M - \$1M funded by HIRF)*
The driveway was closed to vehicular traffic in February, 2014 as it was deemed structurally unsafe. The restoration will return the area to a structurally safe and water tight condition to prevent future damage to the structure.
- *Mobile Communications (\$2.1M)*
This project will allow for the upgrade of out-dated technology for transmitting patient monitor information to nurses' mobile devices. The main objective of this project is to replace the current pager system as it is no longer manufactured or supported. The new system will send the patient monitor alarms to smart phones that the nursing staff will carry. The implementation will lay the foundation for more integrated communications to be rolled out over time.
- *Security Access Control System (\$1.0M - possible funding by HIRF)*

This project is to upgrade technology that will ensure appropriate door access throughout SickKids. The project will upgrade the existing hospital-wide access control environment with a system which will allow the Hospital to have a more robust and reliable platform until funding is available to completely replace the existing equipment.

MOTION:

NOW THEREFORE, UPON MOTION duly made, seconded and unanimously carried, IT WAS RESOLVED:

THAT the Capital Projects listed below, be approved.

1. Hill / Gerrard Driveway Restoration \$2.0M (\$1M funded by HIRF)
2. Mobile Communications \$2.1M
3. Security Access Control System \$1.0M (possible funding by HIRF)

P4 Financial Report

Ms. Harrison, presented the P4 Financial results. The P4 YTD consolidated surplus is \$3.7M which is \$2.9M favourable to plan with investment income offsetting an unfavorable variance in Patient Care. The Year End Forecasted Consolidated Surplus is \$1.0M unfavourable by \$1.5M to Plan. Ms. Harrison reviewed the primary drivers of the variances and highlighted the positive impact of the Average LOS initiatives. She also reported that total Patient Care capital spend was \$13.9M or 12.3% of the annual plan.

5 Year Capital & Operating Summary

Ms. Harrison provided an overview of the 5 Year Capital and Operating Summary. She explained that the purpose of the presentation is to begin orienting the Board to the Corporation's five year expectations for clinical activities, operating results and capital consumption which will provide context for the joint Board retreat in October. She reviewed key points with respect to the anticipated volume increases, capacity restraints, flat MOHLTC revenues despite inflation and increasing activity, other sources of revenue will play an increasing role, and capital needs exceed capacity. Ms. Harrison reviewed the key assumptions and highlighted the forecasted Consolidated Profit & Loss Surplus/(Deficit) and the Surplus/(Deficit) from Capital.

Mr. Penner concluded the report stating that this summary is a useful exercise that brings together the magnitude of the issue and is a work in progress which will continue to evolve.

Board Quality Committee (BQC)

Dr. Terry Sullivan, Chair, BQC, reported on the September meeting of the Committee. He reported that the Committee reviewed its Terms of Reference and approved changes to the Committee membership. Mr. Mainland and Dr. Wright updated the Committee on the Quality Management Committee meetings held in June and July. Dr. Wright highlighted Solutions for Patient Safety and the success of the Ohio Collaborative that was initiated to address issues in patient safety and noted that SickKids is interested in participating in the initiative.

The BQC reviewed its 2014/15 Goals and Objectives which focus on the six dimensions of quality as they pertain to health. In general, Board members will enhance the overall understanding of what good governance means from a quality perspective. The BQC also reviewed the 2014/15 Work Plan. Dr. Sullivan explained that there are four external reviews scheduled to come forward this year and the Committee encouraged the use of comparative assessments, where available. He reported that the BQC will also receive aggregate reporting of critical incidents twice during the year. Dr. Sullivan stated that quality and safety is the core business of the Hospital and the BQC will focus on ways to ensure the Board is engaged in the quality and safety of the healthcare delivery at SickKids.

Investment & Pension Committee (IPC)

Dr. Mike Apkon on behalf of Kiki Delaney, Chair, IPC, reported on the September meeting of the Committee. The Committee reviewed the performance of each of the Funds as at June 30, 2014 and two investment managers presented. It was reported that a risk framework document for all Funds was developed and reviewed and will be prepared and submitted quarterly for monitoring purposes.

Governance & Nominating Committee (GNC)

Ms. Claire Duboc, on behalf of Mr. Stuart Smith, Chair, GNC, gave an update on the work of the GNC Committee, stating that over the past several months the Committee has continued with the Trustee recruitment process. After completing due process the GNC is bringing forward Donald Guloien, President and Chief Executive Officer of Manulife Financial Corporation, as Trustee for approval. She noted that the Foundation had approached Don earlier this year to determine his interest in joining the Foundation Board however during their discussions it became clear that he had a strong interest in sitting on the Hospital board. Don has extensive experience in a senior leadership role and the GNC believe that he will be a strong strategic addition to our Board.

MOTION:

NOW THEREFORE, UPON MOTION duly made, seconded and unanimously carried, IT WAS RESOLVED:

THAT Don Guloien be appointed to the Board of Trustees effective September 18, 2014 for a term of 4 years.

IN-CAMERA MEETING OF THE BOARD OF TRUSTEES

The Trustees held an in-camera session.

ADJOURNMENT

There being no further business for discussion, the meeting was adjourned.

Rose M. Patten, Chair of the Board

Sharon Younker, Corporate Secretary