

Minutes of The Hospital for Sick Children Board of Trustees' Meeting held on March 26, 2018 at 3:45 p.m. at The Hospital for Sick Children, Toronto, Ontario.

Present:

The Hon. Sabi Marwah, Chair
 Mr. Larry Scott, Vice-Chair*
 Dr. Michael Apkon
 Mr. Tim Penner
 Mr. John Sullivan
 Dr. Terry Sullivan
 Mr. Robert Prichard
 Mr. Saad Rafi
 Ms. Beth Wilson
 Mr. Andrew Sheiner
 Ms. Sharon Younker, Corp.
 Secretary

Present:

Ms. Cheryl Reicin
 Mr. Robert Weese
 Ms. Kathleen Taylor
 Ms. Gail O'Brien
 Mr. Donald Guloien
 Ms. Clair Duboc
 Ms. Judy Van Cleef
 Mr. Joseph Natale
 Mr. Irwin Rotenberg
 Mr. Dave McKay*
 Ms. Kiki Delaney

Regrets:

Mr. Meric Gertler
 Dr. Edward Barrett
 Ms. Yongah Kim
 Dr. Peter Laussen

By Invitation:

Ms. Laurie Harrison
 Ms. Marilyn Monk
 Dr. Lennox Huang
 Mr. Jeff Mainland
 Dr. Michael Salter
 Ms. Susan O'Dowd
 Dr. Stanley Zlotkin

By Invitation:

Ms. Megan Evans
 Ms. Pam Hubley
 Mr. Ted Garrard
 Mr. Peter Goldthorpe
 Dr. Ronni Cohn
 Dr. Christopher Caldarone

**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, the Hon. Sabi Marwah, Chair of the Board, declared that the meeting was properly constituted and called the meeting to order.

CHAIR'S REMARKS

The Hon. Marwah welcomed Trustees and provided an update on the agenda. The Hon. Marwah announced that Dr. Edward Barrett has been appointed the President of the Medical Staff Association and is an ex-officio member of the Board. Dr. Barrett is unable to attend today's meeting.

The Hon. Marwah acknowledged the announcement by Premier Kathleen Wynne on Friday, March 23 of the government's support for Project Horizon (PH) in the amount of \$2.4B.

Dr. Mike Apkon provided details of the announcement and next steps. He thanked and recognized a number of people's contributions to getting this project approved before the election deadline. He acknowledged:

- Mr. Peter Goldthorpe and the PH team who completed the planning work in a way that paved the path to approval and clarified the need for government;

- Mr. Jeff Mainland who provided oversight on the government relations strategy;
- Mr. Ted Garrard and the Foundation team who created public support;
- All of the Trustees including Mr. Rob Prichard and Mr. Dave McKay who added personal touches to the high level communications to Government; and
- Many others, particularly Ms. Karen Kinnear, Ms. Judy Van Cleef, Ms. Marilyn Monk, Dr. Ronni Cohn, Dr. Chris Caldarone, Dr. Lennox Huang, and Ms. Laurie Harrison who refined the plans, led countless tours, and managed the financial modeling of the project to move it forward.

Dr. Apkon reported that the PH team has been working through the planning process and will move ahead now that the approval has been given.

CONSENT AGENDA

The Hon. Marwah 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 consent agenda be approved as circulated

- Minutes
- Medical, dental & scientific staff appointments

MEDICAL ADVISORY COMMITTEE (MAC)

Dr. Lennox Huang on behalf of Dr. Peter Laussen, Chair MAC, reported on the MAC meeting that occurred on March 7, 2018. The MAC was provided an update on: the Capital Plan and Cash Flow; the By-law revision process with a focus on aligning staff appointments across the TAHSN hospitals which will be brought to the Board in late spring for review and approval; a status report on Epic go-live; an overview of activities related to mass casualty preparation following two Code Orange activations in 2017 and 2018; and, an update on the three main project components of PH spanning from 2018-2030.

EXECUTIVE REPORT

Dr. Mike Apkon presented his executive report and updated Trustees on events and activities since the last Board meeting. Dr. Apkon canvassed the Trustees for questions on his written report. There being none, Dr. Apkon proceeded with his report.

Dr. Apkon reported that SickKids has been named one of Canada's 20 most family-friendly workplaces by Mediacorp and is an important recognition of our efforts to ensure that SickKids remains an employer of choice.

Leadership

Dr. Apkon reported that Ms. Cathy Séguin, Vice President of SickKids International (SKI) is retiring from SickKids at the end of March after 29 years at SickKids. He acknowledged Ms. Séguin's numerous accomplishments and impact both in her clinical roles as well as her leadership and development of SickKids' international strategy. Dr. Apkon reported that the international portfolios will be reorganized to take advantage of greater synergies between SKI and Global Child Health.

Dr. Christopher Caldarone, Surgeon-in-Chief, Chief of Perioperative Services has identified a new Ophthalmologist-in-Chief following an extensive review and search. Dr. Apkon referred members to Dr. Asim Ali's biography in his written report and brought forward a motion for approval.

MOTION:

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

THAT Dr. Asim Ali be appointed and the Chief of Ophthalmology and Vision Sciences for a 5 year term effective March 26, 2018.

Commercialization

In follow-up to the presentation at the Board retreat in February, Dr. Apkon provided an update on commercialization activities. Discussions have taken place with several Trustees and work continues with the Foundation to clarify an approach to making investments.

Operations

Dr. Apkon provided an update on the audit related to benefits fraud. He outlined the process that was undertaken, the results and steps taken. The Human Resources (HR) department is rolling out communication across the institution to ensure that employees understand how to use the Group Benefits plan appropriately, how to avoid misusing the plan, and where to seek more information if they have questions. HR is also working with the SickKids Procurement team and six other hospitals to implement a shared RFP to shortlist the group of eligible "Medical Equipment/device suppliers" down to approximately 15 pre-qualified legitimate providers to further reduce the opportunity for fraud in the future. Dr. Apkon asked that the media article in the Toronto Star on the benefits fraud at the Toronto Transit Commission be shared with Trustees.

2018/19 Operating Plan

Dr. Apkon reported that balancing the 2018/19 Operating Plan was the most challenging in recent years due to several issues: increasing depreciation expense due to the Epic implementation and other capital investments; cost pressures from higher patient activity and acuity; new costs tied to Bill 148, the Fair Workplaces, Better Jobs Act, which drives improvement in wages and time away benefits; and the need to generate cash to fund capital demands. Dr. Apkon reported that SickKids is expecting a reasonable increase in revenue from the Government due to our capacity challenges and the Government's recognition that flexible staffing has been gradually eroded through prior year budget reductions. Management has been able to create a surplus budget and been able to preserve a contingency in the budget for unforeseen increases in patient care needs or other expenses by finding efficiencies and other new sources of revenue. Dr. Apkon outlined several of the efficiencies and new sources of revenues noting that no clinical services have been reduced or eliminated and that investments in clinical areas continue. He noted that it is important to recognize that over the last 4 years, SickKids has closed an average gap in funding of approximately \$22M each year but has also managed to accommodate 1-2% more patients per year.

Dr. Apkon also reported that although it does not affect the operating plan, the Government has also announced the funding of 40 new SickKids physicians over the next two years to address the workload and budget pressures for physicians.

Epic Implementation

Dr. Apkon reported that the organization is working through the final 90 days to implementation of the Epic integrated clinical information system. Next week management will hold a 60-day pre-go-live readiness assessment. Although there are a number of areas that are slightly behind schedule, the gap is being closed daily. Staff are working as fast as they can to address some of the necessary infrastructure and facility changes for a successful go-live on June 2, 2018. In anticipation of operating this platform together with CHEO, management is working with Deloitte to develop an operating model that spreads costs fairly and predictably for both organizations as well as creating an efficient management structure to serve two (and ultimately more) sites.

Capital Plan

Dr. Apkon reported on a number of issues related to the projections for capital spending and cash flow. The calculations of available capital and the spending rate for capital investments in the internal reports management use to make decisions about budget and capital investments were incorrect. As a result, cash flow to support investments and the rate of spending was more than forecasted on the multi-year plan. Dr. Apkon reviewed the steps that have been taken including: recast of the projections, reprioritize and reduce capital investments; an internal audit to validate the new controls; and scenarios to replenish reserves.

International Activities/China

Dr. Apkon provided an overview of recent international activities specifically in China where he travelled as part of a trip that was part business development and part fundraising. He reported that SickKids' existing projects in Shenzhen and Tianjin are both going very well and creating a lot of value. In Shenzhen, SickKids has helped expand oncology services and enhanced the bone marrow transplant program. In Tianjin, SickKids has helped enhance the capability for doing complex cardiac surgery. Both will continue and have opportunities to grow. During the trip, Dr. Apkon met with the Vice Minister for Health responsible for System Transformation – a component of which is to establish maternal/child centres of excellence in China. SickKids is looking at an opportunity to provide consulting services for the creation of a Sino-Canadian Children's Hospital in Tianjin which would have approximately 1000 maternity and paediatric beds.

Dr. Apkon noted that it was impressive to hear how well known SickKids' work was to China's government officials and how committed they are to enhancing the quality of care in their country. SickKids' international activity is broadening our impact and helping children in many parts of the world.

Dr. Apkon reminded Trustees that the annual event to recognize the Medical and Scientific Staff is on April 23rd. The event is hosted by the Board of Trustees and is an excellent opportunity to meet with the Medical Staff who appreciate the chance to interact with Trustees.

COMMITTEE REPORTS

Finance & Audit Committee (FAC)

Mr. Tim Penner, Chair of the FAC, provided an update on the meeting that took place earlier today. The January operating results were presented which indicate a year-to-date surplus from operations of \$12.2M which is better to budget by \$3.1M. The year-end forecast is a surplus from operations of \$4.7M.

The FAC was presented an update on: the Epic Project which is on track to go-live on June 2nd, 2018; the integration of Hincks-Dellcrest which has been a smooth operational handover of all back office functions; the Finance Transformation close-out which indicated that there have been

significant improvements and realization of benefits since the 2016 implementation; the 2018 internal audit plan; and, the insurance rate increases for 2018.

2018/19 Operating Plan

Ms. Laurie Harrison presented highlights of the 2018/19 Operating Plan. She reported that the Consolidated Operating Plan presents a surplus of \$1.4M from Operations, and after differences in reporting building depreciation and restricted investment income, an \$11.7M surplus for Ministry of Health reporting. Patient Care and Research are planning deficits of (\$2.6M) and (\$6.9M) respectively. Commercial Ventures and Unrestricted Investment Income are planning surpluses of \$9.6M and \$1.3M respectively.

Discussion ensued regarding the risks in the plan which include unconfirmed Ministry of Health revenue and the potential for higher than planned volumes similar to what the Hospital experienced this year.

MOTION:

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

THAT the 2018/19 Operating Plan be approved as circulated

Cash Flow and Capital Investment Forecasting

Ms. Harrison presented the Cash Flow and Capital Investment Forecasting. Management identified several issues with their historical approach to forecasting capital spending and cash flow, and identified a number of potential sources of cash that would replenish cash reserves.

5 Year Operating and Cash Flow Plan

The 5-year Operating and Cash Flow Plan was presented which includes the 17/18 forecast based on P10, the 18/19 Operating Plan, and a section for unrestricted and restricted Cash Flow.

Discussion ensued regarding the appropriate level of cash reserve for the organization and ways in which to increase accessible cash over the next several years.

Facilities and Real Estate Committee (FREC)

Mr. John Sullivan, Chair of the FREC, reported on the meeting that took place just prior to the Board meeting. Mr. Sullivan provided highlights of Project Horizon's recent activities. He reported that management has secured Government approval of the Stage 1 Capital Proposal announced by the Government on March 23, 2018. The Stage 2 Functional Program for the Patient Services Centre (PSC) process is underway and is targeted to be completed by May 2018. Management has advanced the work related to the McMaster site which includes re-zoning of the site, demolition, and design/construction. Work is also progressing on the Patient Care Centre (PCC) to complete the Stage 2 Functional Program.

Board Quality & Safety Committee (BQSC)

Dr. Terry Sullivan, Chair of the BQSC, reported on the meeting that took place earlier today. Dr. Sullivan reported that members received a demonstration of the SickKids' Business Intelligence (BI) tool and how it supports timelier, informed decision-making. There was a presentation on Surgical Site Infections (SSI) and the current measures in place to reduce rates. The BQSC received a quarterly update on the Caring Safely Program by reviewing the Harm Index Report, Serious Safety Event numbers and the Caring Safely training compliance in Error Prevention,

Leader Methods and Just Culture. The Quality Improvement Plan (QIP) 2017/18 results and the 2018/19 indicators and targets were presented. The indicators for the 2018/19 QIP plan were chosen to align with key quality and safety priorities and have been set with extensive stakeholder input including patients and families. The QIP targets have been selected following extensive data analysis and using external benchmarks.

The BQSC reviewed the 2018/19 Consolidated Operating Plan with a view of any impacts on patient care. Dr. Sullivan reported that following discussion, the BQSC endorsed the 2018/19 Consolidated Operating Plan from a quality perspective.

There was an update on the implementation of Epic and the changes to workflows which introduce new opportunities as well as risks. Dr. Sullivan reported that the presentation demonstrated how patient safety has been entrenched in all aspects of the project including workflow design, system configuration/build, testing, training, go-live and beyond. The BQSC was provided with an understanding of the workflow areas that carry higher risks and the mitigating initiatives in place to address these risks. He reported that the relationship with CHEO continues to be good.

Investment and Pension Committee (IPC)

Mr. Irwin Rotenberg, Chair of IPC, reported on the meeting that took place on March 21, 2018. Mr. Rotenberg reviewed the performance of the funds as at December 31, 2017.

FOUNDATION REPORT

Mr. Ted Garrard (CEO, SickKids Foundation) provided Trustees with an update. Mr. Garrard reported that the Foundation will have reached an all-time annual fundraising record as at March 31st, 2018 of \$145M on a cash basis. He also reported that by May 2018 the Campaign will have reached it halfway target of \$625M cash and future commitments.

Mr. Garrard announced that SickKids has been named the number one brand and the number one charity brand in Canada.

IN-CAMERA MEETING OF THE BOARD OF TRUSTEES

An in-camera session of the Board of Trustees was held.

ADJOURNMENT

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

The Honourable Sarabjit (Sabi) S. Marwah
Chair of the Board

Sharon Younker
Corporate Secretary