Mississauga Halton LHIN

Funding, Accountability & Governance

Presentation to Peel Senior Link

Board of Directors

January 25, 2014

Ontario
Local Health Integration Network

Overview

Ron Haines, Vice Chair
Mississauga Halton LHIN Board

Regionalization Versus Ontario LHIN Model

- Regionalization minimizes local governance
- The LHIN respects the value of local governance and input

LHIN's Role in HSP Governance

- Goal is to raise the standard of HSP governance

- Accreditation Requirement
  - Some HSPs received accreditation without their governance becoming accredited
  - The LHIN intends to emphasize the requirement that accreditation must include Governance

MH LHIN Support for Health Service Providers' Boards

Community Governance Consultation Group

- The Community Governance Consultation Group (CGCG) comprised of HSP Board Chairs and several LHIN Board Members.

- Co-Chairs:
  - Jeannie Collins-Ardern, Chair, Links2Care
  - Ron Haines, Vice Chair, MH LHIN Board

- The Community Governance Consultation Group reports to the Governance and Community Nominations Committee of the Board of the MH LHIN.

Objectives of the CGCG

- To assist the Community Health Service Providers' (HSPs) Boards of Directors in fulfilling their stewardship responsibilities.
- To provide support and encouragement to HSP boards in order to apply a system-wide thinking approach to their programming.
- To consider the effect that emerging issues and trends may have on the Boards of the MH LHIN Community HSPs.
- To discuss strategic governance issues of mutual concern that may best be addressed collaboratively to enhance quality of service and accountability.
- To encourage health service provider boards to engage in effective community engagement activities.
- Provide input into the context and topics for the LHIN's G2G sessions.

Progress to Date:

- Arrange quarterly Governance to Governance Meetings and determine topics to be discussed
- CGCG has developed Governance Guidelines for HSPs which seems to have been well received.
- Surveyed HSP Board Chairs to prioritize HSP Board's wishes.
- The LHIN has arranged funding through one of our HSPs to develop Board Education programs for those Boards who are interested.
- The CGCG will become a resource for HSPs.

Governance to Governance Meetings

- Opportunities for the Board Members and Executive Directors/CEOs of our HSPs to engage with each other and become familiar with what the various HSPs contribute to the community.
- Opportunity for LHIN Board Members to get to know HSPs and listen to their perspectives, enabling HSPs to feel more comfortable in communication with LHIN Board Members should the need arise.
- Opportunity to hear directly from the LHIN the upcoming priorities of the Ministry and the LHIN.
- To explore with each other opportunities for integration
  - integration doesn't necessarily mean merger
  - integration can mean partnering in order to extend services or leverage combined resources, etc

Funding, Accountability and Governance

Bill MacLeod
CEO, Mississauga Halton LHIN

Our Shared Roles & Expectations

As governors of health service providers we all share an obligation to:

- Ensure that our organizations have a client first approach and are doing their very best with the resources they have to better serve their clients.
- Ensure that our organizations do this in a fiscally and ethically responsible way.
- Understand the risks and opportunities that face our organizations and to do our best to mitigate those risks and seize those opportunities.

PLUS – Take a Health System's View to:

- Ensure that our organizations are working more closely together; not only to improve our efficiencies, but to significantly enhance the quality and accessibility of the services we bring to our community.

Heightening Expectations for Accountability

Heightened Expectations for Accountability

1. Public expectations of government
2. Government's expectations of LHINs
3. LHIN's expectations of HSPs
4. The emerging/evolving context for Community Service HSPs

1. Public expectations of government

- Excellent, accessible care and services
  - *When and where they are needed*
- Patient driven and focused improvements
  - *Patient is the client not government or agencies*
- Clear and measurable outcomes
  - *Connect changes and investments to measurable difference in the patient/client experience*
- Value for money
  - *Cost savings through reduced duplication and waste*
- Real accountability
  - *More responsible and transparent stewardship of tax payer money*

2. Government's expectations of LHINs

- Compliance
  - *To legislation, act and reporting requirements*
- Strong fiscal stewardship
  - *The government has entrusted each LHIN board to ensure the best possible services are provided and all funding is being used responsibly*
  - *Confidence that public funds are not being wasted*
- Transformation
  - *Integration and standardization across the provincial system – maximize quality of care in right settings*
- Leadership
  - *Advance provincial priorities throughout the province*
- Local sensitivity and accountability
  - *Enable local planning, service solutions and decision-making*

3. LHIN's expectations of HSPs

- Compliance
  - *To Service Accountability Agreements*
- Strong fiscal stewardship
  - *The public has entrusted each board to ensure the best possible services are provided and all funding is being used responsibly*
- Continuity
  - *Coordination, cooperation and standardization across the regional system – maximize efficiency and effectiveness*
- Leadership
  - *Advance provincial and LHIN priorities (IHSP)*
- Accountability
  - *Demonstration of local / HSP capacity in both operations and governance to give confidence to delegation and decision-making*

4. The emerging/evolving context for Community Service Providers

- History of often being undervalued in hospital-focused planning
- Recent recognition of importance and real value of community-based services to improve health care of the population and create a sustainable system
- Recognizing that integration of primary care and community service is essential to keeping people at home and away from institutional services and unnecessary use of emergency departments

4. The emerging/evolving context for Community Service Providers (cont'd)

- Continued growth of the importance of this sector
- New targeted investment being channelled to community sector with increased expectations for right sizing the system
- ***With this heightened attention and investment comes much higher expectations regarding quality, leadership, coordination and accountability***

Evolution of System Integration and the Role of Local Governance

Evolution of System Integration and the Role of Local Governance

1. Local Health System Integration Act 2006 – LHSIA 2006
2. Transfer Payment Accountability Directive (TPAD)
3. Multi Sector Accountability Agreement (M-SAA)
4. Accreditation
5. Excellent Care for All Act (ECFA)
6. Guidelines for Community Health Service Providers Audits and Reviews
7. Governance “checklists”

1. Local Health System Integration Act

- Under Section 24 of the LHSIA, Each **local health integration network** and **each health service provider shall separately and in conjunction with each other** identify opportunities to integrate the services of the local health system to provide appropriate, co-ordinated, effective and efficient services.

- Under Section 21 of the LHSIA, a LHIN has the authority, at any time, to direct a HSP to engage or allow a third party audit of its accounts or financial transactions by licensed auditors.

1. Local Health System Integration Act (cont'd)

- Additionally, under Section 22(1) of the LHSIA, LHINs may require that any HSP to which the network provides funding, provide to the LHIN the plans, reports, financial statements and other information, other than personal health information as defined in the *Commitment to the Future of Medicare Act, 2004,* that the network requires for the purposes of exercising its powers and duties under LHSIA.

2. Transfer Payment Accountability Directive

- Details government expectations of ministries and classified agencies that provide transfer payments to ensure transfer payment recipients (HSPs) use public funds properly and prudently

- Mandatory that LHINs have a risk management framework and that they have oversight capacity to ensure transfer payment recipients are providing services for funds received.

Transfer Payment Accountability Directive *(cont'd)*

Before funds are flowed:

- Recipient must be a legal entity
- **Recipient must have governance structures and accountability processes to properly administer and manage public funds, and to provide services for which transfer payments are made.**
- Transfer payments are to be made only through specific transfer payment programs that have defined objectives, functions, eligibility criteria and recipient obligations.

Transfer Payment Accountability Directive *(cont'd)*

LHINs must consider transfer payment recipient's capacity regarding:

- Expertise and experience necessary to discharge its responsibilities
- Appropriate governance and control structure in place
- Reliable financial reporting (relevant, accurate and timely)
- More…

3. M-SAA – What is it?

- The M-SAA is a service accountability agreement between the LHIN and a Health Service Provider (HSP).
- It clarifies that the HSP will be responsible for delivering on not only performance but also planning and integration towards the development of a health system.
- It is more than simply an agreement to purchase a basket of health services for an amount of funding.

M-SAA - Principles

- Clearly articulates expectations of both parties.
- Ensures consistency to streamline processes
- Promotes fairness and equitable treatment of health service providers.
- Reflects clear accountabilities for HSPs and LHINs.
- One M-SAA for all community providers with a common framework, terminology and provisions.
- Tone of mutuality and collaboration overlaid by the LHIN's responsibility to demonstrate value for taxpayers money that has been provided for the delivery of health care.

M-SAA Governance Expectations

Declaration of Compliance:

Within 30 days of September 30 and March 31 of each Funding Year, the Board of Directors of the HSP will issue a declaration signed by its Chair declaring that the HSP has complied with the terms of this Agreement. The form of the declaration is set out in Schedule G and may be amended from time to time through the term of this Agreement.

M-SAA Article 10.3 Governance:

(a) The HSP represents warrants and covenants that it has established, and will maintain for the period during which the Agreement is in effect, policies and procedures:

i. that set out a **code of conduct and ethical responsibilities** for all persons at all levels of the HSP's organization;
ii. to ensure the ongoing **effective functioning** of the HSP;
iii. for **effective and appropriate decision-making**;
iv. procedures for **effective and prudent risk-management**, including the identification and management of potential, actual and perceived conflicts of interest;
v. for the **prudent and effective management of the Funding**;
vi. to monitor and ensure the **accurate and timely fulfillment** of the HSP's obligations under this Agreement and the Act;
vii. to enable the preparation, approval and delivery of all Reports required pursuant to Article 8; and
viii. to **address complaints** about the provision of Services, the management or governance of the HSP.

M-SAA

Article 10.3 Governance *(cont'd)*:

(b) The HSP represents and warrants that:

i. it has, or will have within 60 days of the execution of this Agreement, a **Performance Agreement** with its CEO that ties the CEO's compensation plan to the CEO's performance;

ii. it will take all reasonable care to ensure that its CEO complies with the Performance Agreement;

iii. it will **enforce the HSP's rights** under the Performance Agreement; and

iv. any compensation award provided to the CEO during the term of this Agreement will be pursuant to an evaluation of the CEO's performance under the Performance Agreement and the CEO's achievement of performance goals and performance improvement targets.

M-SAA Schedule 3

LHIN Specific Performance Obligations:

3.1 Governance

- HSP Boards to ensure that as part of their on-going comprehensive recruitment, orientation and development process for board members that they incorporate governance training utilizing current best practice knowledge. HSP to provide sign off during Q4 submission that the activity is in place.

3.2 Board Self-Assessment

- HSP is required to complete an annual Board self-assessment process. Evidence of this activity is to be reported yearly (Q4) to the LHIN.
- HSP to provide sign off during Q4 submission that the activity is in place.

4. Accreditation

M-SAA Schedule 3

LHIN Specific Performance Obligations:

3.3 Accreditation

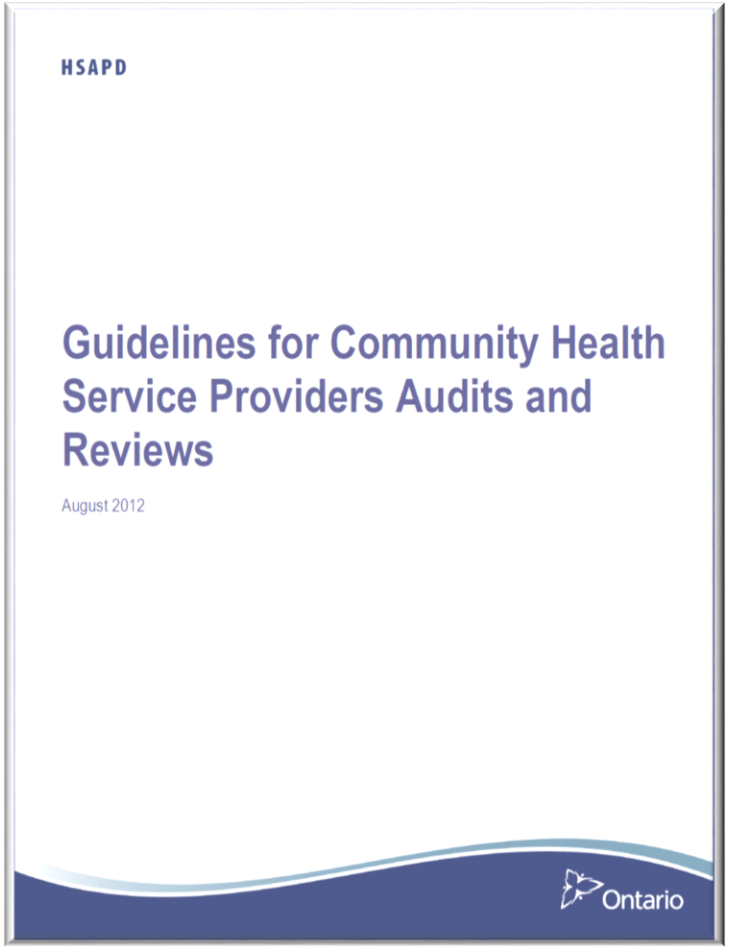
- That all HSPs engage with an Accreditation body (provincial or national) with initial accreditation to be completed by September 30, 2013. Once accredited HSP is required to maintain accreditation and to inform the LHIN each time accreditation is awarded.

5. Excellent Care for all Act (ECFA), 2010

Establishes a number of requirements for health care organizations, **starting first with hospitals** who are required to:

- Establish **quality committees** of the board
- Develop and make publicly available **annual quality improvement plans**
- Ensure that **executive compensation** is tied to success of quality improvement plan
- Carry **out patient, client, and caregiver surveys**
- Carry out **employee / care provider surveys**
- Have a **patient relations process**
- Have a **patient declaration of values**

6. New Audit Policy (posted on LHIN website)



Local Governance

Some Observations of Local Governance, Thus Far

- Considerable variation in the quality and capacity of governance in the community services sector
- Many HSPs' still struggle with what's expected of them regarding "integration" and governors haven't determined how to engage in these discussions and decisions
- LHIN model has not yet fully determined how to address this gap and risk in the system transformation agenda
- There is less and less tolerance for leadership and governance in the health sector as a whole that is not best practice
- Good governance is no longer an aspiration; it's a requirement

Evolution of Governance in Response to Heightening Accountability

- LHINs are intensifying their expectations on HSP Boards to demonstrate sound and reliable governance
- CEOs and EDs, alone, can not make the structural, system and people changes needed to raise the governance capacity of their Boards
- Volunteer board members feeling more and more pressure and less and less confident about their futures; this is causing increased frustration and resistance to system goals
- Boards have been given tools, time and opportunity to improve but too many still lag behind
- This is causing a lack of confidence at all levels of government that the critical role and transformation in this sector can be achieved

Questions?