



Backgrounder

Impact on Staff

- The majority of Operational Improvement initiatives are generating cost savings across all areas of the organization and region and are focused on improved efficiencies in human resource practices (scheduling, overtime, sick leave).
- The measures have and will result in a more efficient use of human and financial resources better suited to providing health care services.
- Figures represent initiatives completed to date and upon full implementation of all initiatives.
- Total Number of Full-Time Equivalents (FTEs*): **119**
- Completed to date and in progress: **78**
- FTE reductions to be achieved through attrition and reduced hours. There will be no layoffs of employees.

Happy Valley-Goose Bay facilities: 38 FTEs

- Completed to date and in progress: 25
- Reduce overtime and sick leave and sick leave replacement
- Realign hours of work

St. Anthony facilities: 40 FTEs

- Completed to date and in progress: 27
- Not filling vacant positions
- Reduce overtime and sick leave replacement
- Realign hours of work

Labrador City: 12 FTEs

- Completed to date and in progress: 7
- Enhance cross-training
- Reduce overtime and sick leave replacement
- Realign hours of work



Backgrounder

Health Centres – Flower’s Cove, Forteau and Roddickton: 10 FTEs

- Completed to date and in progress: 5
- Reduce overtime and staffing level adjustments
- Better use of skill mix

Community Clinics – 14 facilities in Labrador: 11 FTEs

- Completed to date and in progress: 10
- Changes in shift coverage on weekends and evenings

Regional Services: 8 FTEs

- Completed to date and in progress: 4
- More efficient use of staff and skill mix
- Reduce staff travel, external service contracts and consulting fees
- Reduce staffing levels in various non-medical program areas
- Better use of on-line continuing education opportunities
- Improved practices in human resources recruitment

Notes:*

FTE is an abbreviation for Full-Time Equivalent. It is defined as a measure which is used to count hours of work equivalent to a full-time position.

Attrition is the gradual reduction of a workplace as employees resign or retire and their positions are not replaced.



Background

Labrador-Grenfell Health provides quality health and community services to a population of 36,394 (*Community Accounts, Census 2011 data*), covering the communities north of Bartlett's Harbour on the Northern Peninsula and all of Labrador (a total of 81 communities). The Regional Health Authority is guided by a vision which states: 'Healthy people living in healthy communities'.

Labrador-Grenfell Health's Strategic Plan for 2011-14 focuses on three priorities:

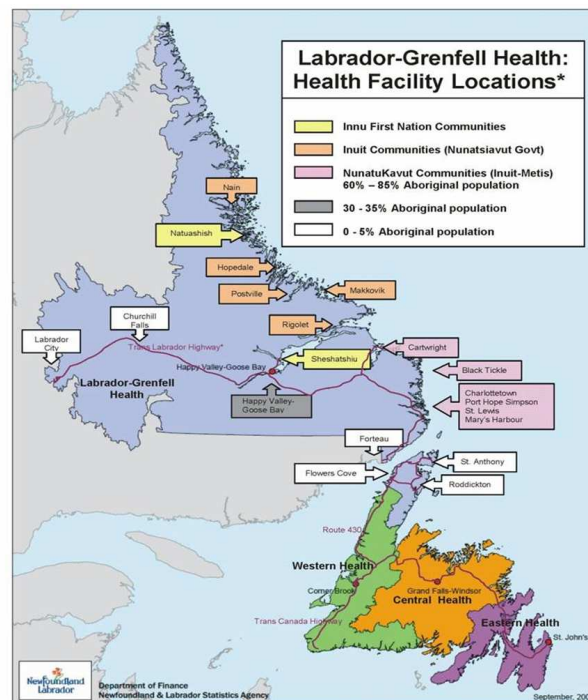
- Population Health and Wellness: Strengthened capacity in priority areas to improve future health and wellness outcomes.
- Systems Performance: Improved performance of its systems in select areas, resulting in greater accountability and stability of programs and services in those areas.
- Quality and Safety: Demonstrated improvements in the quality and safety of services provided to clients and in the employee workplace.

Labrador-Grenfell Health provides a wide range of health and community services to a diverse population, over a wide geographic area. These include:

- Acute Care, Diagnostic and Clinical Support Services (in selected locations):
- Community Health and Wellness
- Dental Services
- Health Promotion and Protection Services
- Long-Term Care
- Mental Health and Addictions Services
- Residential Services
- Therapeutic Intervention, Family Rehabilitation and Other Rehabilitation Services

The Regional Health Authority operates 22 facilities:

- Three hospitals
- Three health centres
- Fourteen community clinics
- Two long-term care facilities



*Information added by Physician Recruitment and Retention, Labrador-Grenfell Health. Population determinations based on data from Statistics Canada 2006 Census, rounded to nearest 5%. September, 2005.

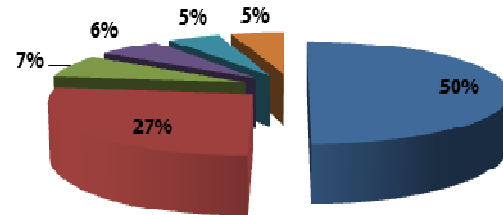




Our Workforce

As of March 31, 2013, Labrador-Grenfell Health employed approximately 1,550 people. The workforce can be broken down as follows:

- Support staff – 51%
- Registered Nurses – 27%
- Laboratory and X-ray – 7%
- Health Professionals – 6%
- Physicians – 5%
- Management and non-union non-management – 5%



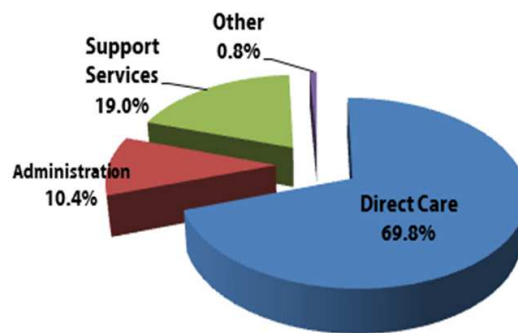
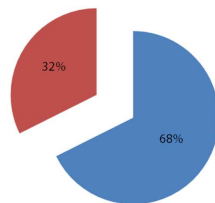
Our Partners

Labrador-Grenfell Health works closely with several groups in providing health care programs and services. Its partners include the Government of Newfoundland and Labrador, the Nunatsiavut Government, the Sheshatshiu Innu Health Commission and the Mushuau Innu Health Commission. Labrador-Grenfell Health is also supported in its work by the Grenfell Foundation, an organization created to support the work of the Regional Health Authority. Funds raised are used for capital equipment, research and staff development. In addition, the Regional Health Authority benefits from the work of some 500 volunteers.

Where Does the Money Go?

Labrador-Grenfell Health's Annual Operating Revenue in 2012-13 was \$175.3 million. Of that amount, 68 per cent was spent on salaries and benefits and 32 per cent was spent on supplies and other costs. Spending by category was as follows:

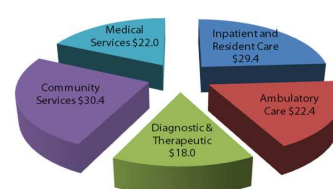
- Direct care – 69.7%
- Support Services – 19%
- Administration – 10.4%
- Other – 0.8%



Breakdown of Expenditures

- Salaries and Benefits
- Supplies and Other Costs

Direct Care Costs (\$millions)





The Case for Operational Improvement

There is a recognition that the amount of money spent on health care cannot be sustained over the long-term. Health care spending on a per capita basis is higher in Newfoundland and Labrador than in any other province of Canada. The health care system in general, and Labrador-Grenfell Health in particular, has a responsibility to find ways based on evidence which generate operational efficiencies in order to uphold its obligation as a good steward of the public purse. The Regional Health Authority sought to deliver programs and services more effectively and efficiently in a manner that provided continuity in the workplace and reflected the value placed on health care workers.

Operational Improvement is not a process to make cuts in the health care system. The objective of the process was to find ways to work smarter, spend wisely and maximize the available resources. Under the process, Labrador-Grenfell Health compared its performance using financial and statistical data to similar health organizations in Canada. The key to identifying opportunities for improvement lies in understanding the reasons for the differences.

What is Operational Improvement?

Operational Improvement is a process to achieve the lowest cost, sustainable approach to providing high quality services. The foundation of the process is to sustain service levels and maintain quality care and safety.

During the Operational Improvement process, each and every department and service within Labrador-Grenfell Health was assessed. This was consistent with an approach undertaken by Eastern Health, the results of which were announced in May 2012. Eastern Health's experience provided valuable lessons for Labrador-Grenfell Health and the other Regional Health Authorities on how programs and services could be delivered more efficiently while providing continuity in the workplace.

The process used to assess all aspects of the operation is called benchmarking. Benchmarking is a process of measuring an organization's internal processes and then identifying, understanding and adapting outstanding practices from other organizations considered to be best-in-class.



Performance comparisons to peers are described using the following terms:

- Worst quartile (bottom 25 per cent)
- Median
- Best quartile (top 25 per cent)
- Minimum

To assist with this work, Labrador-Grenfell Health engaged Health Care Management Group Inc. (HCM), a management group that specializes in benchmarking and improvement process. Labrador-Grenfell Health provided to HCM financial and statistical data in the areas of finances, hours worked, paid hours of work, etc. The data was compared to similar organizations in the province and Canada.

Directors and managers were tasked with assessing the data for their respective departments and determine whether there were opportunities and initiatives that could bring their operations in line with the top-ranked peer groups. The focus was on improving efficiency, not cutting. The assessment included consultations with front-line staff and directors and managers were encouraged to be creative in their thinking, while adhering to best practices. The status quo was no longer acceptable. The work of directors and managers is commendable and acknowledged.

What We Found

As a result of the Operational Improvement process, the implementation of changes in human resource practices, including appropriate staff based on utilization patterns (i.e. significant changes in scheduling practices and the reduction of overtime/call-back/relief/constant care etc.) represented a majority of the overall cost savings. Opportunities to restructure positions through attrition and an assessment of vacant positions were also identified. The total value of Operational Improvement initiatives, which when fully implemented, is \$12.7 million annually.

In some areas, such as Ambulatory Care Services, Materials Management and Health Records, Labrador-Grenfell Health matched or exceeded the performance of its peers. There were examples of inefficiencies in the area of inpatient nursing, corporate and diagnostic services.



Operational efficiencies were not limited to human resource measures. A variety of other initiatives have been implemented, which has resulted in reduced expenditures in areas such as staff travel and minor equipment purchases.

Understanding Employee Types and Staffing

In the health care setting and throughout the public sector, jobs are classified by type – permanent, temporary, casual:

- **Permanent:** An employee who is hired for the long-term; permanent employees own the positions they occupy and have privileges that come from their specific collective agreements or contracts.
- **Temporary:** An employee hired for a specific period of time or for the purpose of performing specific work. Oftentimes, a temporary employee is hired to replace a permanent employee absent from work.
- **Casual:** An employee who works on an occasional basis. Such employees have no obligation to accept work offered by their employer, nor does the employer have any obligation to call any particular employee.

What is an FTE?

FTE stands for full-time equivalent. FTE is a measure used by organizations to count hours of work equivalent to a full-time position. For example, 10 FTEs could represent 12 employees – eight full-time employees and four part-time employees who each work half-time.

What is a call-back list?

Labrador-Grenfell Health maintains a call-back list of temporary staff for available work. Employees are placed on the list according to their seniority, or years of service, so temporary employees with the most service are recalled to work before junior employees with less service.

Will permanent employees lose their jobs in this Operational Improvement process?

No permanent employee will be laid off as a result of this process. Permanent job reductions are and will be achieved through attrition, which means employees who resign or retire are not replaced, resulting in an overall decrease in the size of the workforce.



Fact Sheets

Where are the positions coming from?

Under Operational Improvement, Labrador-Grenfell Health is reducing its workforce by approximately 119 FTEs.

Where are these positions coming from?

- Elimination of vacant positions and attrition represents 47 per cent of the total.
- Reduction in paid hours of work represents 53 per cent of the total. This reduction is and will be achieved through the reduction of overtime, casual hours, relief and sick leave.
- The reduction of the FTE number completed or in the process of being completed is 78.



Labrador-Grenfell Health

For Immediate Release

October 3, 2013

Labrador-Grenfell Health Releases Operational Improvement Initiatives

(Happy Valley-Goose Bay): Labrador-Grenfell Health is releasing the results of an Operational Improvement process which increases productivity in the delivery of health care while maintaining programs and services. This series of initiatives, which when fully implemented, will result in savings of \$12.7 million annually. These savings will be achieved through the reduction of approximately 119 Full Time Equivalent positions and other operating expenditures. All of the FTE reductions will be achieved through attrition and reduced hours. There will be no layoffs of employees. To date, Labrador-Grenfell Health has saved \$9 million with a total reduction of 78 FTEs without any impacts on program delivery.

“Starting in 2012, Labrador-Grenfell Health was engaged in an operational improvement process to ensure the organization was providing health care services as efficiently and effectively as possible,” said Tony Wakeham, President and Chief Executive Officer. “Through this process, we have identified opportunities to more efficiently deliver services throughout our entire region.”

A similar process that has been undertaken by Eastern Health demonstrated that improvements could be achieved while maintaining service levels. The lessons learned through that exercise were used by Labrador-Grenfell Health and the other Regional Health Authorities during a comprehensive assessment of operations across the organization.

“Professional expertise was engaged to compare operations at Labrador-Grenfell Health with similar organizations in Canada in order to gain a clear understanding of where we met, exceeded or fell short of established benchmarks,” said Mr. Wakeham. “Directors and managers were responsible for analyzing the operations in their departments and bringing forward evidence-based solutions for achieving efficiencies. I commend our staff for the work they did and acknowledge the tremendous effort that was required.”

Under the Operational Improvement process, areas of good performance were identified and opportunities to address inefficiencies were also revealed. The assessment determined the majority of the savings could be achieved in making changes to human resources practices, such as reducing overtime, call-backs, sick leave relief and constant care, readjusting work schedules, and implementing skill mix ratios so they are in line with national benchmarks. In addition, savings are also realized through attrition, not filling vacancies, reductions in travel and minor equipment purchases.

"I am confident that the initiatives which we have implemented will ensure that Labrador-Grenfell Health is in a position to continue providing quality services and safe care to our clients and residents," said Mr. Wakeham. "It is important for the public to understand that in order to be in a position to respond to the growing demand for services, Labrador-Grenfell Health has to demonstrate that it is operating in a manner that is efficient and effective. The Operational Improvement initiatives will ultimately enhance the health care system and provide continued access to quality health care services."

More information about the results of Labrador-Grenfell Health's Operational Improvement process can be found on its website at www.lghealth.ca

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