



The Business Office Transformation Project:

Hospital Business Services Goes Live

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Chair, HBS Board

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Transforming Health Care in Ontario

Agenda



- The business case behind HBS
- The implementation schedule
- Project Update
- Challenges
- Discussion



From Innovation to Implementation

The Business Case Behind HBS

The following benefits will be achieved through HBS:

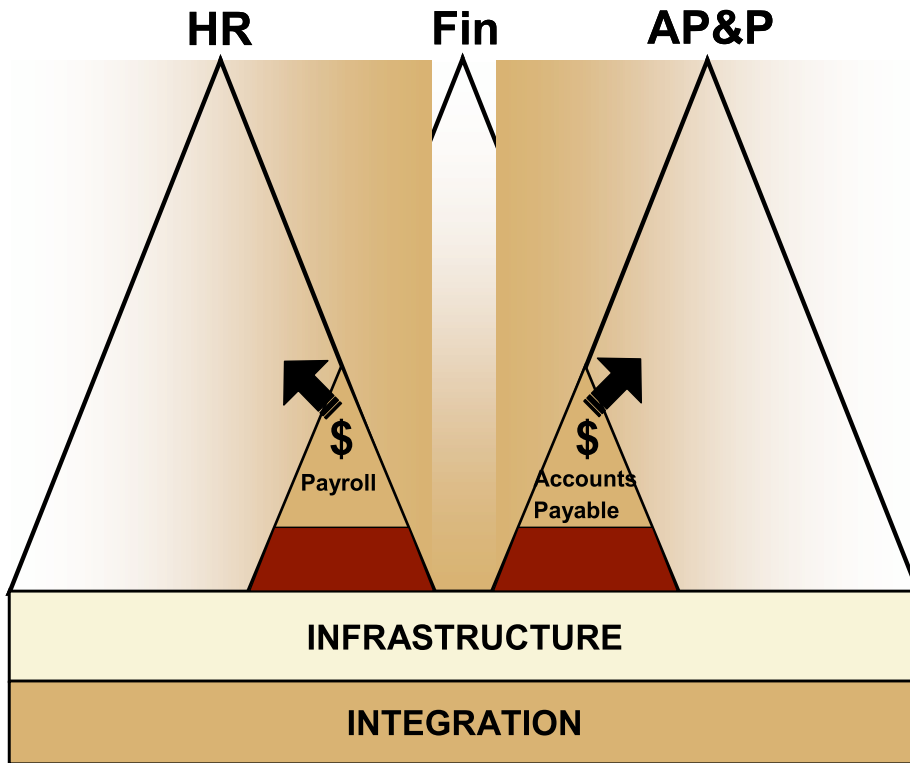
- Achieve **economies of scale**, through the standardization and integration of processes and through group purchasing.
- Reduce operating costs of administrative services for all participants **to invest in direct patient care and improve access to services.**
- Drive continuous process improvements through **standardization and introduction of performance indicators.**

...Con't HBS Benefits



- **Through integrated systems deliver timely and relevant information** to the desktops of hospital managers to enable better decision-making.
- Integrate common systems to pool savings and **make affordable the investments required in IT infrastructure.**
- Take advantage of **leading practices**; i.e., pay on receipt practices, web-engaged employee and manager self-serve HR.

System Integration



The synergy of proceeding with all three streams has become evident.

- Scale possible with transactions from all streams will reduce cost/transaction.

Synergy of the Three Streams

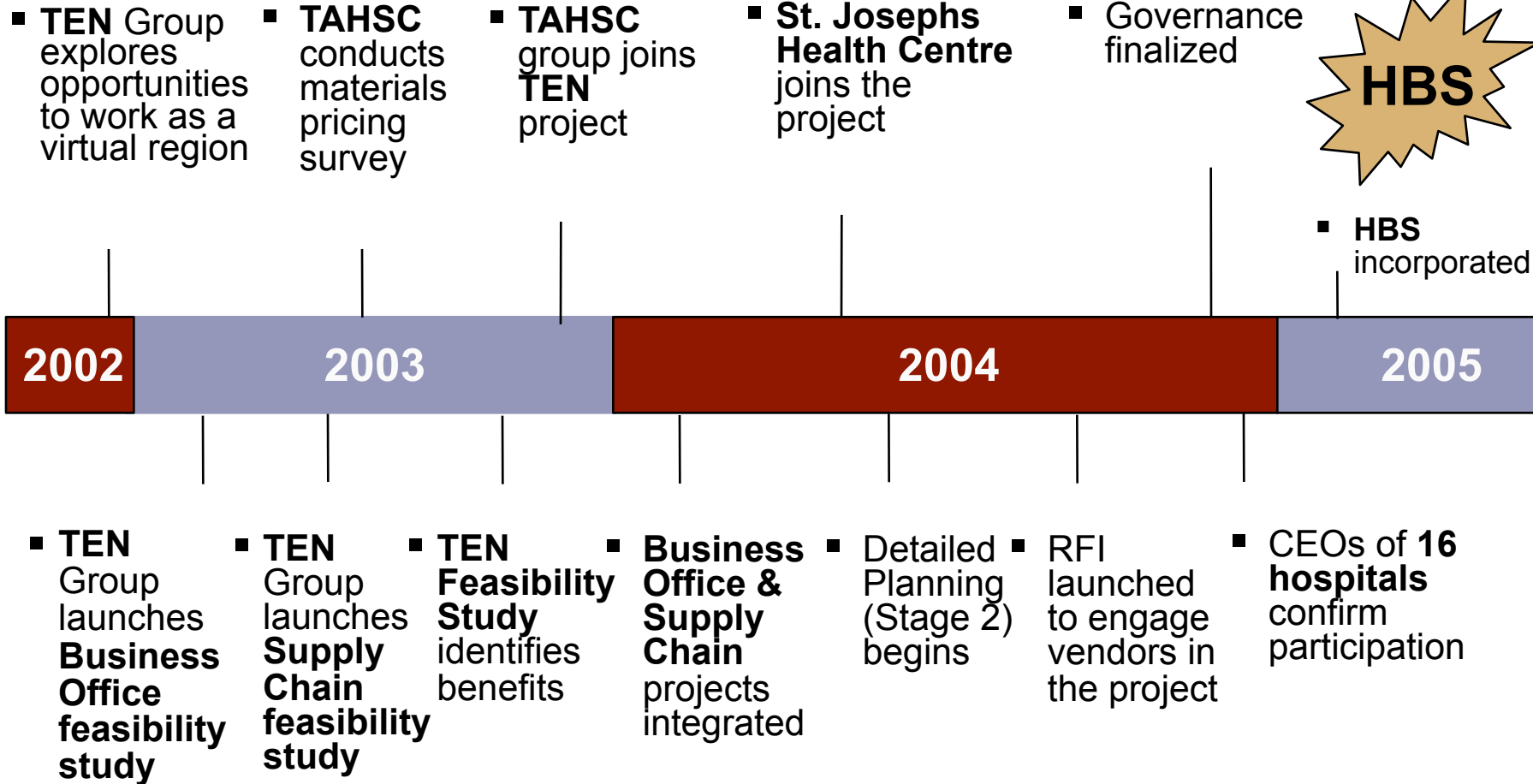
Stage 2 Business Case



	LOW	HIGH
Financial	3.0	4.0
HR/Payroll	2.5	3.0
Purchasing/Accounts payable	4.5	6.0
Sub-total	10.0	13.0
Price improvement savings	7.5	12.5
IT Savings	1.0	3.0
Total savings	18.5	28.5
Investment range (High/low)	48.0	38.0
Simple payback *	2.6	1.3

* Simple payback based on annual savings at the end of five years and does not reflect the fact that investments are made at the beginning of the project – i.e. does not account for the time value of money.

How we got here...



Board Motion



That the Board of Trustees hereby approves continued participation by the hospital in the Business Office Transformation (BOT) Project subject to:

- **The confirmation of government funding of 75% of the first year project start up and implementation costs, up to a maximum of \$22 million.**
- **Agreement by government to support other start-up costs beyond year 1, up to a maximum of \$20 million.**

Board Motion



- **Acceptable** government-approved mechanism to enable the fair and equitable staff transition **required for project implementation, including financial support for resolution of labor disputes.**
- Any reduction to the projected year 5 savings and ROI arising from changes to the final number of participating hospitals being less than 15%.

Board Motion



Specifically this includes:

- The hospital becoming **a member of NewCo.**
- The hospital commencing due diligence procedures related to an agreement for the **transfer of business assets and hospital staff** associated with the activities within the scope of the BOT project.
- The hospital **entering into service and other required contracts with NewCo** covering the services to be provided to the hospital by NewCo.

The Implementation



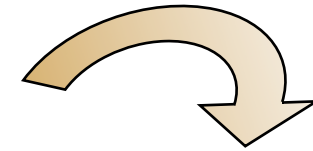
Stage One Feasibility

**Goal Setting &
Feasibility
Assessment**



Stage Two Planning

**Business
Requirements
Governance
Development**



Stage Three Implementation

**Transition
Planning
RFP & Vendor
Selection
Labour
Transition
Strategies**

How will this Work?

Current

- 18 separate management structures, processes, and technology at each hospital.
- No common performance indicators, and lack of data collection on performance.
- Overall, little resources spent on technology to improve processes and service.



Transition

- HBS assumes management of all three stream processes at all hospitals.
- HBS works with managers to identify quick wins, standardization and improvement opportunities.
- Staff continue to carry out work at their hospital site with existing technology.
- Issue RFP for private sector products/services.



Future

- Supply Chain stream developed as a Shared Service within HBS
- Financial and HR/ Payroll common IT infrastructure in place.
- Other administrative services assessed for addition to HBS.

Change Management Strategy

■ Communications Plan

- Stakeholder Engagement and Communication
 - ✓ Internal Stakeholders
 - ✓ External Stakeholders

■ Human Resources Plan including:

- Retention Strategy
- Human Resource Re-deployment Strategy
- Employee Support Centre
- Manager Secondment Plan
- Training Plan

Leadership

- Monthly meetings with VPs of HR, the **Project Sponsors**
- Bi-weekly “**Management Updates**” to share with Hospital Mgmt Teams
- **Transition Support Team** of Hospital VPs advisory to HBS
- Periodic e-mails on specific topics

Managers

- **Core Teams** meeting weekly
- **Roundtables** (all) meeting monthly
- Education on leading practices and managing change

Staff

- **Bi-weekly Newsletter** (to all stakeholders)
- Communication through the VPs and the Managers
- **Website**

External Stakeholders



Government

- HBS has a signed Transfer Payment Agreement with the Ministries of Finance and Health
- A Steering Committee including the HBS CEO and a representative from the two Ministries will provide a forum for on-going communication

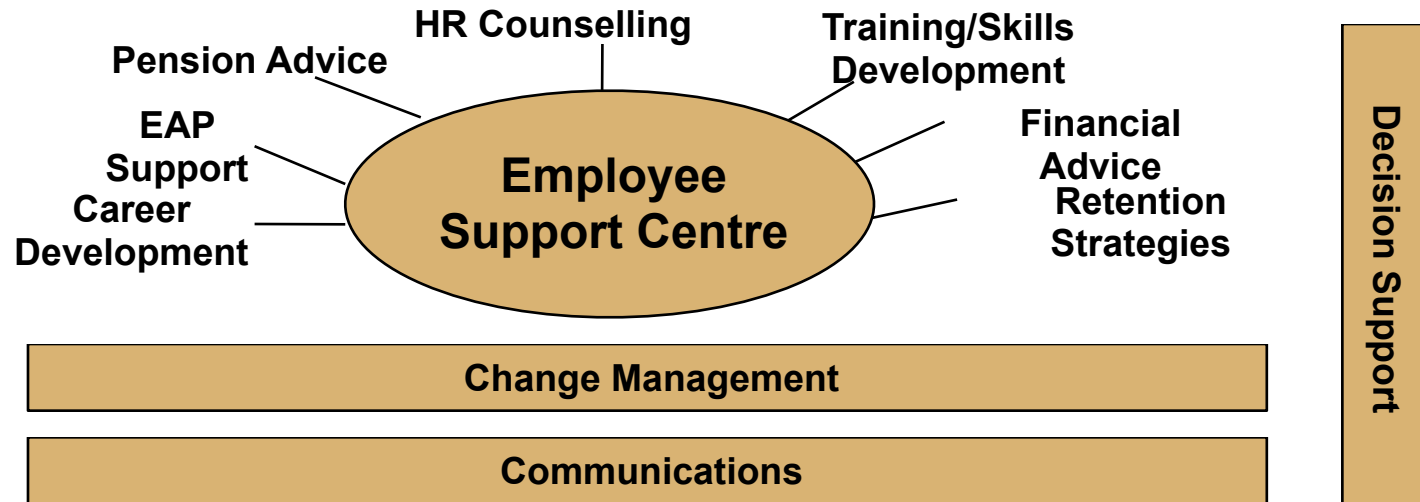
External Stakeholders



Unions

- Introductory meetings have been held with each of the three unions, and preliminary positions are known
- Advice has been received from experienced advisors as unions have issued a number of grievances in advance of negotiations beginning with HBS
- The labour strategy will drive next steps as approved by the HBS Board

Employee Support Centre



- Supplement existing support mechanisms (EAP, HR Counselling, pension/finance advice)
- Develop or source support programs such as training/skills development, career planning and management development to support the change
- The Centre will continue to operate through the transition to any vendors to provide consistent overall communication, and assist with culture change

Project Update



Board of HBS is focused on fulfilling the conditions of the Hospital Board motion:

- **TPA agreement with Government has been finalized**
- **Development of an acceptable labour mechanism to transfer employees to HBS is in process**

Executive leadership team has been hired;

- **VPs of Finance, Supply Chain, Human Resources, Communications**

Project Update



Other project activities include:

- Preparation of an RFP to be issued to a short list of vendors who deliver IT and process services HBS will require
- Service transfer and residual organization planning
- Change management planning to facilitate the smooth transition of employees to HBS
- Core teams established for each stream to plan future HBS environment
- Future secondments of “in scope” managers to HBS

Lessons Learned



- 1. The absence of a public policy framework to support shared services development**
 - Government is pushing hospitals to be creative and share services, while not acting to remove the significant barriers that hold us back

- 2. Size and complexity of the project**
 - Since the project involves 16 individually governed and managed organizations, managing expectations and ensuring consistent communication requires significant work and attention

Lessons Learned



1. Maintaining momentum!!!

- This requires leadership and courage to maintain
- Don't overlook the need for change management in parallel with the technical aspects of the project

2. Natural resistance to change

- With 18 organizations involved, its like “pulling gravity”
- Creating a shared understanding of the vision and potential for the future is critical

Challenges



- 1. Spend some time and money on relationship building in preparing for the new organization**
 - Communicate regularly and consistently (“until you are sick of hearing it”)



Discussion

**For more information:
www.botproject.on.ca**