

ATTACHMENT 2

Cambridge Memorial Hospital Operational Review Terms of Reference

March 16, 2009

Preamble

The Waterloo Wellington Local Health Integration Network has amended proposed terms of reference dated February 20, 2009, to better reflect a focus on the role of governance in relation to decision-making and to confirm timelines.

I. Purpose of Review

The purpose of the operational review is to develop an improvement plan that, upon implementation, will enable Cambridge Memorial Hospital (the "Hospital") to achieve its performance obligations, including a balanced operating position by March 31, 2010, within its approved and planned funding allocations as set out in its 2008-10 Hospital Service Accountability Agreement (the "H-SAA").

II. Scope of Review

The scope of the operational review will encompass each of the following areas:

- Operations
- Finance
- Factors Affecting the Provision of Quality Clinical Care
- Internal and External Community Engagement
- Communications
- Governance Accountability

Operations

The operational review team will conduct a comprehensive analysis of key operational and decision-making processes. Specifically, the review team will be expected to examine and evaluate the following activities against best practices:

1. The quality, assumptions, timeliness, and accuracy of financial, performance, and clinical information and forecasting;
2. The quality, assumptions, timeliness, and accuracy of external financial, performance, and clinical reporting and forecasting;
3. The use of financial, performance, and clinical information and forecasting;
4. The use of control mechanisms and processes for managing and controlling expenditures;
5. Decisions to expand and/or limit service levels within the last two fiscal periods; and

6. The extent to which decision-makers have pursued their fiduciary responsibility to achieve a balanced budget in the last two fiscal periods.

To the extent that the review team identifies room for improvement, specific recommendations will be included in the final report for the Hospital's consideration.

Finance

The review team will conduct a comprehensive analysis of the financial issues facing the Hospital. Specifically, the review team will be expected to examine and evaluate the following:

1. The Hospital's current financial position, including any accumulated deficit;
2. The planning, implementation, and resourcing of the Hospital's building renovation and expansion project, including a review of practices and controls in place to ensure effective management of capital projects;
3. The operating, capital, and clinical service decisions taken in the last two fiscal periods and their impact on current and future financial positions;
4. The financial sustainability of the Hospital's current service provision;
5. Recommendations of staff and other options considered by management and the Board to achieve a balanced budget in the last two fiscal periods;
6. Cost drivers, including emergent and ambulatory pressures, within the organizational structure;
7. Any barriers preventing the Hospital from achieving a balanced financial operating position;
8. The mitigation steps proposed by the Hospital in its "2009-2010 Health Services Accountability Agreement – Commentary," dated December 31, 2008; and
9. Any specific issues raised by the Waterloo Wellington Local Health Integration Network (the "WWLHIN").

The review team's conclusions and recommendations, if any, will be included in the final report for the Hospital's consideration.

Factors Affecting the Provision of Quality Clinical Care

The review team will conduct a comprehensive analysis of factors affecting the provision of quality clinical care. Specifically, the review team will review and evaluate:

1. The impact of financial decisions on service provision and the future capacity for service provision to the community, including those decisions taken with respect to building renovation and expansion activities, capital development, and post construction operating plan funding;
2. The scope of current services compared to the mandate of the Hospital, including the appropriateness of current services and service levels;
3. Work load measures – cost, efficiency and clinical outcomes of services provided; and
4. Clinical and administrative integration and partnerships in existence between the Hospital, referral hospitals, and other health service providers.

The review team's conclusions and recommendations, if any, will be included in the final report for the Hospital's consideration.

Communications

The review team will review and evaluate the Hospital's efforts to:

1. Address issues of staff morale and community response, including other local health system stakeholders, associated with its communications about financial and service issues in the last two fiscal periods; and
2. Ensure that information provided to the public about the Hospital's financial and service issues is based on solid evidence of the Hospital's performance.

The review team's conclusions and recommendations, if any, will be included in the final report for the Hospital's consideration

Internal and External Community Engagement

In light of the Hospital's community engagement obligations in the *Local Health System Integration Act, 2006*, the review team will review and evaluate the approach and effectiveness of the Hospital's community engagement strategy. The review team's conclusions and recommendations, if any, will be included in the final report for the Hospital's consideration.

Governance Accountability

Given the critical importance of the role of a hospital board in the direction and oversight of a hospital, the review team will conduct a comprehensive analysis of the Hospital's governance leadership and accountability, and associated processes. This aspect of the operational review will examine and evaluate the following areas of board activity against best practices:

1. The Board's exercise of leadership, oversight of hospital and management performance, and strategic organizational planning;
2. The extent to which the Board has pursued governance-to-governance relationships to identify and realize integration opportunities;
3. The Board's exercise of financial due diligence, including
 - a. its use and review of financial, performance, and clinical information in the course of making decisions;
 - b. its use of control mechanisms or processes for managing and controlling expenditures;
4. The extent to which the Board has pursued its fiduciary responsibility to achieve a balanced budget in the last two fiscal periods; and
5. The Board's decisions to expand and/or limit service levels within the last two fiscal periods.

The review team's conclusions and recommendations, if any, will be included in the final report for the Hospital's consideration.

III. Role of the WWLHIN

The WWLHIN will appoint a review team for Cambridge Memorial Hospital. The team will include a representative from another hospital selected with input from the Ontario Hospital Association.

1. The WWLHIN will develop the terms of reference.
2. The WWLHIN Chief Executive Officer will appoint the review team.
3. The WWLHIN Chief Executive Officer will authorize, as required, support needed by the review team to execute the review.
4. The WWLHIN will:
 - a. identify a person to serve as a single point of contact for the review team on behalf of the WWLHIN;
 - b. consider the recommendations of the review team when reviewing the implementation plan submitted by the Hospital;
 - c. monitor the Hospital's implementation of its Board-approved plan;
 - d. share any learnings of the review with other health service providers that will improve the local health system, its governance, management, and sustainability; and
5. The review team will update the WWLHIN Chief Executive Officer, or her designate, on the progress of the review, bi-weekly.

IV. Role of the Review Team

The review team will:

1. Work with the Hospital to enable a comprehensive review and evaluation of the areas of activity of the Hospital that are within the scope of the operational review.
2. Consult with key health service providers and stakeholders external to the Hospital with the objective of identifying integration opportunities and initiatives that will contribute to sustainability.
3. Prepare a report that outlines the work undertaken by the review team in each of the areas within scope, the conclusions reached by the review team, and the recommendations, if any, for improvements that will assist the Hospital in these areas.
4. Present a draft report to the WWLHIN and the Hospital for comment.
5. Provide a final report to the WWLHIN and the Hospital no later than May 29, 2009. This report will be made public. The WWLHIN will discuss with the Hospital the timing of the public release of the report. The review team may be asked to present its findings at a public board meeting of the WWLHIN.
6. Using the recommendations and any subsequent input received from the LHIN, work with the Hospital's senior leadership and Board to develop a Hospital Board-approved improvement plan (the "HIP") that will enable the Hospital to meet the terms of its H-SAA, including achieving and maintaining a balanced operating position by March 31, 2010, or within such other period as the review team recommends is appropriate.
7. Work with the Hospital to prepare an implementation plan for the HIP that is acceptable to the WWLHIN.
8. Serve as an ongoing resource for the Hospital management and WWLHIN through the implementation of the improvement plan and development of mitigation strategies as appropriate.

V. Role of the Hospital

The senior management and Board will participate actively in the review by:

1. Identifying a person to serve as a single point of contact for the review team on behalf of the Hospital.
2. Supporting the review team through consultation and participating in open and constructive communication.
3. Providing all necessary information, documentation, and access to staff required to meet the review objectives.
4. Working in conjunction with the review team to ready and present the recommendations, improvement plan, and implementation plan for Board approval.
5. Submitting an improvement plan and an implementation plan to the WWLHIN per identified timelines.

VI. Timeline

The following timeline will be observed:

1. The review will begin the week of March 2, 2009.
2. The review team's draft report will be completed by May 7, 2009.
3. The review team's final report will be completed by May 29, 2009.
4. A Board-approved HIP and implementation plan will be completed by June 17, 2009.