

**Cambridge Memorial Hospital
Operational Review
Terms of Reference**

February 20, 2009

I. Purpose of Review

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

II. Scope of Review

The WWLHIN has developed these terms of reference to help the Hospital fulfill the terms of its H-SAA. The operational review team will develop an improvement plan with the Hospital's support, as well as a plan for its implementation by the Hospital. To these ends, the team is directed to review the following areas:

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

Operations

Conduct a comprehensive analysis of key operational and decision-making processes and propose remedial action, including a review and evaluation of:

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.

Finance

Conduct a comprehensive analysis of the financial issues facing the Hospital and propose remedial action, including a review and evaluation of:

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 WWLHIN.

Factors Affecting the Provision of Quality Clinical Care

Conduct a comprehensive analysis of factors affecting the provision of quality clinical care and propose remedial action, including a review and evaluation of:

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.

Communications

Conduct an analysis and evaluation of 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 was based on solid evidence of the Hospital's performance.

Internal and External Community Engagement

Conduct an analysis of the approach and effectiveness of the Hospital's community engagement strategy, including its engagement of internal and external stakeholders as a mandated part of its planning and prioritization activities.

Governance Accountability

Conduct a comprehensive analysis of governance leadership and accountability structures and processes, including a review and evaluation of:

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.

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. Provide input and experience to work with the Hospital senior leadership and Board to identify measures and develop both an improvement and an implementation plan that will help the Hospital achieve its clinical and non-clinical performance objectives, including a balanced operating position, within its approved and planned funding allocations as defined in its 2008-10 H-SAA.

2. Consult with Hospital staff in consideration of efficiency opportunities, management of existing services, and other impediments to operational performance improvement.
3. Consult with key health service providers and stakeholders external to the Hospital with the objective of identifying integration opportunities and initiatives that contribute to sustainability.
4. 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. Based on the recommendations, 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 TBC.
2. Recommendations from the review team about an improvement plan and an implementation plan will be prepared and presented to the Hospital Board within two months of commencing the review. The recommendations will also be submitted to the WWLHIN.
3. The final Hospital Board-approved improvement and implementation plans will be submitted to the WWLHIN by TBC.