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AHS announces cost-containment measures

EDMONTON – Alberta Health Services (AHS) announced today that it is following similar cost-containment measures as those being implemented by the Government of Alberta. AHS received direction from the Ministry of Health on Dec. 22, 2014, to implement cost restraints.

“As the organization that receives about 30 per cent of the provincial operating budget, it is fair and reasonable for AHS to control costs in light of the current financial position for the province,” said Vickie Kaminski, AHS President and CEO. “I want to assure all Albertans that we are immediately focused on cost reductions that will not have an impact on direct patient care.”

As was outlined by the provincial government, AHS is currently implementing cost-containment measures in three key areas:

- Payroll/staffing costs – Each portfolio will have a hiring restraint initiative that takes into consideration a number of criteria before filling a vacancy. Those criteria include whether the position is involved in direct patient care; whether the duties can be consolidated with other positions; and whether the position is regular, temporary, casual, and full or part time.
- Procurement of goods and services – Due diligence is to be exercised for purchases not related to direct patient care, and use of consultants and external professional services will be limited.
- Grants/discretionary spending – All areas of the organization are expected to achieve a reduction in their travel expenditures and travel is limited to circumstances where connecting electronically is not appropriate (for instance, to provide specific clinical training). Training that requires travel outside of Alberta is restricted to training that is associated with specialized clinical procedures.

While these actions are being taken, Kaminski pointed out that realizing significant savings in these areas will be limited due to the fact they represent a small percentage of the AHS total budget and the end of the fiscal year is less than two months away.

“I believe it is important for AHS to demonstrate that it recognizes it has to contain costs in administrative areas in a manner that has the least impact on the provision of health programs and services to Albertans,” said Kaminski. “However, we also need to look more broadly across the organization to identify more cost savings.”

Kaminski outlined several other areas where AHS has or will take action:

- Contract negotiations – zero per cent salary increases.
- Management salary freeze – There will be no salary increases in fiscal 2015/16 for management and out-of-scope employees.
- Severance – Tightened controls on payment of severance to ensure it is the last option when terminating an employee.

- Cellphone/mobile device use – New policy being implemented on cellphones/mobile devices to control costs, particularly roaming charges.
- Sick leave – Implementation of Attendance Awareness Program to reduce sick leave costs. AHS sick time is approximately \$190 million annually.
- Acute care hospital benchmarking – Benchmarking review of the largest hospitals to identify improvements in efficiency and costs.
- Corporate services benchmarking – Review of corporate services.
- Management review – President and CEO-chaired review of current AHS management structure.

“I want the people of this province to understand that, at AHS, we do recognize that we have to be good stewards of taxpayers’ dollars and we must strive to ensure we use our financial and human resources in the most effective and efficient ways possible,” said Kaminski. “Our ultimate objective is to provide safe, quality and accessible health care while ensuring the fiscal sustainability of the health system.”

Alberta Health Services is the provincial health authority responsible for planning and delivering health supports and services for more than four million adults and children living in Alberta. Its mission is to provide a patient-focused, quality health system that is accessible and sustainable for all Albertans.

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Vickie Kaminski speaking notes: (please check against delivery).

<http://www.albertahealthservices.ca/assets/news/rls/ne-rls-2015-02-05-kaminski-speaking-notes.pdf>

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