

June 29, 2010

2010/11 budget highlights

Expenditure Highlights		
Allocation	10/11 Funding (upper limit)¹	Explanation
Transformational Improvement Programs	\$ 50 million	Investment in Transformational Improvement Programs will support initiatives identified in the Health Plan. The five TIP programs are: Building a primary care foundation; Improving access and reducing wait times; Choice and quality for seniors; Enabling our people to achieve excellence in health service; Enabling one health service. All initiatives funded under TIPs will relate back to quality, access and sustainability.
New Seniors' Beds	\$ 81 million	More than 1,100 new continuing care beds will open throughout the province in 2010/11.
Relocating Services to New Facilities	\$ 25 million	Funding allocations are necessary to support increased operating costs (such as utilities and protective services) associated with construction of additional acute care capacity while a strategy is finalized for the appropriate number, mix and distribution of beds in the Province.
Annualization	\$ 148 million	Annualization costs represent additional costs of initiatives which were started part way through the previous year but will incur a full year's costs in this fiscal year.
Compensation Rate Increases	\$ 161 million	The bulk of AHS' expenditures, \$5.7 billion or approximately 52% are to pay the people directly employed by AHS in supporting and delivering health services. The compensation allocation is to cover negotiated increases in those costs.
Service Provider Rate Increases	\$ 67 million	Service providers such as continuing care operators experience annual increases in operating costs. An allocation for increases, which in the case of continuing care facilities will be linked to the commencement of activity-based funding, has been provided.
Medical Fees and Contract Rate Increases	\$ 43 million	This allocation provides for rate increases in medical fees and other purchased services, such as housekeeping and information technology.
Non-Compensation Inflation	\$ 26 million	This allocation provides for rate increases for drugs, gases, medical/surgical supplies and other supplies as well as interest payments. .
Savings annualizations	(\$ 89) million	Annualization of savings resulting from merger and integration activities. This represents additional savings of initiatives which were started part way through the previous year but will incur a full year's cost offset in this fiscal year.
Subtotal	\$ 512 million	6% increase in base funding
Savings	(\$ 79) million	Additional savings resulting from merger and integration activities. Primarily comprised procurement initiatives.
Adjustments for Cost	\$ 303 million	Some of the expenditure reductions in 2009/10 were in part achieved by

¹ Allocations for projects which commence after the start of the financial year will be held centrally and released to Business Units as required. The allocation shown in this column will be reduced depending on initiative commencement date.

Pressures		tight control of vacancies, cost containment in discretionary expenditures such as minor equipment and education. These are not all sustainable in the long term. In addition there are necessary increases in activities in some areas compared to 2009/10 levels. This allocation allows the organization to adjust for such cost pressures. This allocation includes items such as: funding for expired grants, additional Emergency Medical Services transfers, utilities, operating costs related to infrastructure maintenance programs, vacant positions, etc.
Contingency	\$ 38 million	Provision for forecast risk
Deficit Elimination	\$ 527 million	Allocation of one time funding to pay off 2009/10 accumulated deficit
Equipment and IT Expenditures	\$ 200 million	Not all equipment and IT expenses are funded through specified government investments. The current year allocation is a reflection of the need for AHS to support necessary priorities, which can only be achieved through investment of operating funds.
Total	\$ 1.5 billion	

AHS increases available beds across the province

Number of Beds/Spaces	As of March 31, 2009	As of March 31, 2010	Change	% Change
Acute Care	7,719	7,802	83	1%
Mental Health	1,310	1,312	2	0%
Addiction	1,295	1,409	114	9%
Continuing Care Beds	19,176	19,557	381	2%
Sub-acute	415	418	3	1%
Palliative and Hospice	160	162	2	1%
Other	48	54	6	13%
Alberta Total	30,123	30,714	591	2%