

SUMMARY OF THE PUBLIC BOARD MEETING – June 10, 2011

The Alberta Health Services (“AHS”) Board met on June 10, 2011 at the Carewest Colonel Belcher Care Centre in Calgary. The following is an account of the resolutions approved at the meeting. A Summary is released following each Board meeting and posted on the AHS website. The meeting can also be viewed in its entirety from a link at www.albertahealthservices.ca. If you have any questions regarding this information, please contact the Board Office at ahsb.admin@albertahealthservices.ca.

ITEMS OF DISCUSSION

1. **Fourth Quarter Investment Report (PH&N)**
2. **BMO Financial Group Corporate Card Facility**
3. **2010/2011 Year End Financial Statements and Financial Analysis**
4. **2010/2011 Alberta Health Services Annual Report**
5. **2011/2012 Operating Budget and Business Plan**
6. **2011-2012 President and Chief Executive Officer Performance Agreement**
7. **Fourth Quarter 2010/2011, Alberta Health Services Performance Report**

1. Fourth Quarter Investment Report (PH&N)

The fourth quarter investment report was prepared by Philips Hager & North Investment Management Ltd. and highlights the performance of AHS’ investment portfolio in 2011. The Audit & Finance Committee reviews these reports, summarizing the performance of AHS’ investment portfolio on a quarterly basis.

The Alberta Health Services Board ratified the investment transactions described below, reviewed and recommended by the Committee of the Whole, and made on behalf of Alberta Health Services by Philips, Hager & North Investment Management Ltd. (“PH&N”) and Bissett Investment Management Ltd. (“Bissett”) (such investment services from Bissett were up to and including March 15, 2011) as follows:

- A. **at March 31, 2011, Alberta Health Services held restricted and unrestricted funds totaling \$1.776 billion (the “Funds”);**
- B. **Alberta Health Services has retained the services of PH&N and Bissett to invest the Funds in accordance with Alberta Health Services’ Investment Bylaw and Investment Policy;**
- C. **both PH&N and Bissett, as well as management of Alberta Health Services, have confirmed that all of the Funds invested by PH&N and Bissett during the quarter ended March 31, 2011, were invested in accordance with the Investment Bylaw and Investment Policy; and**
- D. **the Funds were invested in short term treasury bills, federal, provincial and corporate fixed income bonds and equity funds.**

2. BMO Financial Group (“BMO”) Corporate Card Facility

The AHS purchasing cards are an effective tool to facilitate low dollar transactions and create efficiencies in procurement and accounts payable activities. AHS awarded the purchasing card contract to BMO in 2010 after a formal RFP process.

The Alberta Health Services Board approved, in the form reviewed and recommended by the Committee of the Whole, the increase from the current \$3 million credit facility to \$10 million with BMO Financial Group for Corporate Mastercard Purchasing Cards;

And furthermore, authorized any two officers named in the Banking Resolution Amendment, made February 18, 2010, to execute and deliver on behalf of AHS such agreements, documents and other writings and to take such actions as they consider necessary or advisable to give effect to the foregoing.

3. 2010/2011 Year End Financial Statements and Financial Analysis

The year-end Financial Statements and Analysis for 2010/11 have been audited by the Office of the Auditor General of Alberta. The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles and reporting requirements of Financial Directives issued by Alberta Health and Wellness.

In February 2010, the Province of Alberta announced the Five-Year Funding plan. This plan has enabled AHS to plan for the long term, and also to move forward on key strategic initiatives. The 2010/11 financial year ended with a final accumulated surplus of \$116 million. AHS annual expenditures for the year totalled \$10.9 million.

Total expenses in 2011 increased by 4.8 percent from the year prior, but were lower than budgeted amounts by 1.8 percent. This was primarily due to labour and contract inflations and expansion of services. Inpatient nursing, diagnostic and therapeutic services made up over 40 percent of total expenses.

The organization realized cost savings in administration in 2011, resulting in a positive variance of \$68 million. This was due to vacancy management initiatives and decreased discretionary spending such as travel and consulting services.

The statements also reflect pay-at-risk for executives in which a portion of compensation is released based on achievement of defined, measurable performance targets.

Overall, the 2010/11 year ended in a positive fiscal position, which has AHS positioned well to invest in priority areas this year and beyond.

The Alberta Health Services Board approved, in the form reviewed and recommended by the Committee of the Whole, the following:

1. The internal restriction of:

- a) **\$777.07 million of accumulated net assets to represent the amount invested in capital assets as at March 31, 2011;**
- b) **\$50 million of accumulated surplus to assist with startup costs for opening South Health Campus; and**
- c) **\$16.72 million of parking services surplus within accumulated surplus to create a parking**

infrastructure reserve for future major upgrades, maintenance and construction;

2. The Alberta Health Services:

- (a) Consolidated Financial Statements for the year ended March 31, 2011; and**
- (b) Financial Statement Analysis for the year ended March 31, 2011 for inclusion in the Alberta Health Services Annual Report;**

both with such non-substantive changes that management of Alberta Health Services considers necessary or advisable;

3. And furthermore, management of Alberta Health Services be authorized and directed to take all such other action as management of Alberta Health Services considers necessary or advisable in order to give full effect to the foregoing.

➤ [**AHS Board approves Consolidated Financial Statements**](#)

4. 2010/2011 Alberta Health Services Annual Report

The 2010/2011 Annual Report speaks to the transformation AHS has undergone in the last year, in which AHS have been laying the groundwork to move forward with our Five-Year Health Action plan. The report is a representation of year two of operations for AHS and shows that the efforts of our physicians, staff and volunteers uphold the highest standards of health care. The annual report charts progress and it tells a few of the personal success stories that occur every day within the health care facilities of AHS.

The Alberta Health Services Board approved the “2010/2011 Alberta Health Services Annual Report”, in the form reviewed by the Committee of the Whole, with such non-substantive changes that management of Alberta Health Services considers necessary or advisable;

And furthermore, authorized and directed management of Alberta Health Services to deliver this report to the Minister of Alberta Health and Wellness and thereafter management will make the report available to the public through the Alberta Health Services website.

➤ <http://www.albertahealthservices.ca/Publications/ahs-pub-annual-rpt-2010-2011.pdf>

5. 2011/2012 Operating Budget and Business Plan

The 2011/2012 Operating Budget outlines an \$11.9 billion expense budget targeting priority investments in emergency department wait time reductions, radiation therapy wait time reductions, growth in continuing care beds and services, and timely access to a range of surgical procedures. Approximately \$550 million in innovation investments relate directly to key performance targets outlined in the Five-Year Health Action plan. A few highlighted examples of investments include:

- \$19 million to support emergency department wait time reductions,
- \$46 million to reduce wait times for a range of surgical procedures,
- \$15 million to reduce wait times for radiation therapy, and
- \$110 million for continuing care bed expansion.

The province’s long term funding commitment enables AHS to focus on patient-care initiatives. With stable funding, AHS is now able to accelerate initiatives outlined in the Five-Year Health Action plan, and continue its efforts to build Canada’s best performing, publicly funded health care system.

This budget provides a solid foundation for improving access to care. AHS is directing funds into priority areas. AHS is delivering on what Albertans want from their health care system—faster and more equitable access to a range of services and programs.

The Alberta Health Services Board approved the “2011/2012 Operating Budget and Business Plan”, in the form reviewed and recommended by the Committee of the Whole, with such non-substantive changes that management of Alberta Health Services considers necessary or advisable;

And furthermore, authorized and directed management of Alberta Health Services to deliver this report to the Minister of Alberta Health and Wellness and thereafter management will make the report available to the public through the Alberta Health Services website.

➤ [2011/12 Budget targets wait-time reductions](#)

6. 2011 – 2012 President and Chief Executive Officer (“CEO”) Performance Agreement

The 2011-2012 performance measures have been developed in accordance with the AHS Board’s commitment to link compensation to measurable progress on performance targets outlined in the AHS Five-Year Health Action plan and to the Tier 1 Performance Measures. Compensation of the President and CEO includes an annual base salary, plus pay-at-risk of up to 25 percent of base which is tied directly to the successful achievement of goals outlined in the health action plan. The 2011-2012 President and CEO Performance Agreement focuses on four key goals. Those goals are:

- 1) Improve the performance of the health system: To build a safe and accessible health delivery system through implementation of the Five-Year Health Action plan, development and implementation of three new clinical care pathways and effective financial stewardship.
- 2) Improve staff and physician engagement: To build a workforce of a sufficient size to deliver safe, quality care that is engaged, committed and supported through improved communications with physicians, engagement activities for staff and ensuring safety across the board.
- 3) Improve local decision making and community consultation: To ensure decisions regarding health care are made closest to where it is provided, through an expanded level of engagement of the Health Advisory Councils.
- 4) Create a responsive, high-functioning, results-oriented organization: To structure the organization to deliver effective and efficient health care, through a new organizational structure that clarifies accountabilities and five zone integrated plans to respond to local needs.

The Alberta Health Services Board approved the “2011 - 2012 President and Chief Executive Officer Performance Agreement in the form reviewed and recommended by the Committee of the Whole;

And furthermore, management of Alberta Health Services is authorized and directed to take all such other actions as management of Alberta Health Services considers necessary or advisable in order to give full effect to the foregoing resolution, including publishing the Agreement on the Alberta Health Services website.

- [AHS Board approves CEO contract and performance agreement](#)
➤ <http://www.albertahealthservices.ca/board/ahs-brd-ceo-eagle-agreement.pdf>

7. Fourth Quarter 2010/2011, Alberta Health Services Performance Report

The Fourth Quarter Performance Report for 2010/2011 shows that AHS is making progress in several areas, including a high rating of patient satisfaction in hospitals across the province, wait times at emergency departments within our targeted range of eight hours, and better than target performance on admissions for ambulatory care, use of the electronic health care record system, and radiation treatment wait times. The report also shows AHS has room for improvement in these and other areas. AHS is investing in areas of priority focus such as reduced wait times and improved service access, and moving forward with strategies to improve care. For example, AHS is investing in further reducing wait times at emergency departments across the province. AHS' strategies to accomplish this include opening of 360 new beds by the end of June this year, as well as an additional 40 hospital beds by the end of March 2012.

AHS also plans to inform Albertans about their care options, as many emergency department visits could be treated by a family doctor or drop-in clinic, and increasing home care spending in an effort to keep seniors safe, health and independent in their homes and reduce the number of avoidable emergency visits.

The Alberta Health Services Board approved the "Alberta Health Services Fourth Quarter Performance Report for 2010/2011", in the form reviewed and recommended by the Committee of the Whole, with such non-substantive changes that management of Alberta Health Services considers necessary or advisable;

And furthermore, management of Alberta Health Services is authorized and directed to deliver this report to the Minister of Alberta Health and Wellness and thereafter management will make the report available to the public through the Alberta Health Services website.

➤ <http://www.albertahealthservices.ca/Publications/ahs-pub-pr-2011-06-performance-report.pdf>

Over the two days the Board met at the Carewest Colonel Belcher Centre they enjoyed a tour of the facility, had a discussion with George Keay, Chair of the Lesser Slave Lake Health Advisory Council, with respect to the work being done by the Council in this area, and were presented with an update on the status of AHS' Provincial Obesity Program. In addition, Ken Hughes, Chair of the Board, introduced the launch of a Healthy Eating Environment Policy.