



PUBLIC BOARD MEETING

September 24, 2009

**Northern Lights Health Region Corporate Offices
7 Hospital Street
Boardroom
Fort McMurray, AB**

1:15 to 2:00 p.m.

A G E N D A

CALL TO ORDER

DECLARATION OF CONFLICT OF INTEREST

APPROVAL OF AGENDA

APPROVAL OF MINUTES

- June 30, 2009

CHAIR'S REMARKS

PRESIDENT AND CHIEF EXECUTIVE OFFICER'S REMARKS

RECOMMENDATION(S) FROM STANDING COMMITTEE(S)

Audit and Finance Committee, September 10, 2009

- Verbal Update

AUDIT

AF09-71 2009/2010 Modified Internal Audit Plan

FINANCE

AF09-79 First Quarter Investment Report

AF09-81 Appointment of Auditors

AF09-82 Seniors Action Strategy

AF09-99 Interim Borrowing Bylaw

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Human Resources Committee, September 14, 2009

- **Verbal Update**

HR09-32 Exempt Staff Flexible Benefits Program

Health Advisory Committee, September 15, 2009

- **Verbal Update**

HAC09-22 Appointment of Members to the Alberta Hospital Edmonton & Community Mental Health Foundation

HAC09-23 Appointment and re-appointment of Trustees to the Brooks & District Health Foundation

HAC09-24 Appointment of Members to the Stettler Health Services Foundation

Governance Committee, September 17, 2009

- **Verbal Report**

GOV09-37 Review and Approval of Alberta Cancer Foundation Bylaws

GOV09-40 Rescission of Policies of Former Entities

GOV09-41 Review of Terms of Reference

- Audit and Finance Committee
- Human Resources Committee
- Health Advisory Committee

NEXT BOARD MEETING

- October 29, 2009
Red Deer, Alberta

ADJOURNMENT



**AUDIT AND FINANCE COMMITTEE
RECOMMENDATION TO THE BOARD**

Meeting Date: September 24, 2009

Agenda Item: AF09-71 2009/2010 MODIFIED INTERNAL AUDIT PLAN

Issue:

That the proposed 2009/2010 Modified Internal Audit Plan be provided to the Audit and Finance Committee for review and discussion, and for subsequent recommendation for approval by the Alberta Health Services Board.

Recommendation:

That the Alberta Health Services Board approve Report AF09-71, 2009/2010 Modified Internal Audit Plan, in principle, and request the Vice President, Internal Audit Services, to provide comment on the Plan.

Background:

The 2009/2010 Internal Audit Plan was presented to the Audit and Finance Committee on April 8, 2009, and approved by the AHS Board on April 27, 2009. Five critical success factors were identified in that plan as follows:

1. Efficient and timely establishment of an integrated internal audit function;
2. Appropriate resources to implement the plan, including timely recruitment where necessary;
3. Organizational readiness and Management capacity to support the audit plan;
4. Approval of the required operating budget;
5. Management and Board support for the implementation of the audit plan.

A requirement within the AHS Internal Audit Charter is that the "Chief Audit Executive will ensure any significant changes to the audit plan are brought forward to the Board Audit and Finance Committee for review and approval".

Current Situation:

Of the five critical success factors indicated above, three have been significantly impacted – resources, approved operating budget and Management capacity/organizational readiness. Four positions included in the original approved audit plan have been submitted to the operating budget reduction initiative. Internal Audit staff attrition has been significant mainly due to uncertainty and alternative opportunities. There are currently six vacant positions, of which recruitment for four of these positions has recently commenced subsequent to EVP/CEO approval. Additionally, Management does not currently have the operational capacity to fully support the level of audit activity approved in the original audit plan. As well, review of organizational readiness over the past few months indicates that significant changes are still in progress with respect to financial and business policies and processes. As a result, the 2009/2010 Internal Audit Plan as previously approved requires modification, and it is presented as the attached Draft 2009/2010 Modified Internal Audit Plan.



**AUDIT AND FINANCE COMMITTEE
RECOMMENDATION TO THE BOARD**

Meeting Date: September 24, 2009

Agenda Item: AF09-79 First Quarter Investment Report

Issue:

Discuss and recommend for approval the First Quarter Investment Report for Alberta Health Services ("AHS").

Recommendation:

That the Alberta Health Services Board approve Report AF09-79, First Quarter Investment Report.

Background:

As part of the first quarter reporting a consolidated summary of the entities' investment portfolios has been completed and is provided for Committee review.

Current Situation:

Currently, investment management practices across the former entities continue to be mixed, and managed by various investment managers and brokers. As part of the first quarter reporting a consolidated summary of the former entities' investment portfolios has been completed and is attached in Appendix A. As well, included in Appendix B are the detailed transactional investment manager reports for the first quarter required for ratification in compliance with the AHS Investment Bylaw.



AUDIT AND FINANCE COMMITTEE RECOMMENDATION TO THE BOARD

Meeting Date: September 24, 2009

Agenda Item: AF09-81 Appointment of Auditors

Issue:

To appoint the auditor of Alberta Health Services.

Recommendation:

That the Alberta Health Services Board approve Report AF09-81, Appointment of Auditors and that the Auditor General be appointed the auditor of AHS until removed by the Alberta Health Services Board.

Background:

Section 13 of the Regional Health Authorities Act requires a regional health authority to have an auditor and to appoint its auditor, if the Auditor General is not appointed the auditor by the Minister.

The AHSB appointed the Auditor General auditor of AHS for the year ended March 31, 2009. The Auditor General was also the auditor of Calgary Laboratory Services, Capital Care Group Inc, and Carewest last year.

Current Situation:

An auditor needs to be appointed for the March 31, 2010 audit.

AHS was pleased with the performance of the Auditor General regarding the March 31, 2009 audit. The Auditor General has agreed to be the auditor of AHS if appointed.

Options for terms include one year, a specified number of years like three or five years, or until removed. A longer term relationship with an auditor is beneficial. An auditor can be removed at any time regardless of the term of appointment. Appointment until removed is the most efficient.

This appointment is for the audit of AHS financial statements only. AHS will recommend that the boards of AHS wholly owned subsidiaries and controlled foundations appoint the Auditor General as their auditor where possible.



AUDIT AND FINANCE COMMITTEE RECOMMENDATION TO THE BOARD

Meeting Date: September 24, 2009

Agenda Item: AF09-82 Seniors Action Strategy

Issue:

Seniors' care in Alberta requires a radical transformation. Alberta needs to add about 1000 places per year to meet seniors' continuing care needs. Such a growth is neither sustainable nor likely without change to community and proprietor expectations. The policy framework to effect this change has been set by the Government *Continuing Care Strategy: Aging in the right place*. This now needs to be operationalized by Alberta Health Services.

Recommendation:

That the Alberta Health Services Board approve Report AF09-82, Seniors Action Strategy, for implementation.

Background:

As we face the growing demand, we know that we currently have a limited number of choices for seniors. Long term care provides more supports than many residents need in a facility-like environment; over-serving seniors and fostering a dependency that removes dignity and self-sufficiency.

Current Situation:

Alberta has an opportunity as we add more capacity to introduce greater choice and to better match client needs with available services. Currently, at the end of quarter one, 777 seniors are waiting placement in acute care and 1152 are waiting in community along with many more living in an environment which does not match their care needs. Ultimately, our goal is to provide increased home care services to assist seniors to remain safely in their own homes even during times of frailty and illness

Considerable detailed planning has been completed since the issue was discussed with the AHS Board.

Given the inconsistency of approach and capacity across the Province, detailed service area planning based on demographic projections has been completed for 81 service areas across the five zones.

High level capital and operational planning has been completed aligning with the service areas. This will allow AHS Executive to set priorities within the zones and develop financial plans that meet the goals of the strategy and assist with financial challenges. The Alberta Health and Wellness *Continuing Care Strategy: Aging in the right place* strategy provides the high level policy context for this work.

Principles to Guide our Action:

1. We commit to supporting Alberta seniors in their choice of the appropriate level of care for their needs.
Access to continuing care services will be provided consistently across the province by using one **common assessment** tool (RAI-HC) to measure individual care needs and a co-coordinated access process to identify the choice of options where those care needs can best be provided
2. We will support our partners and care providers in the delivery of care options.
3. We will engage with communities to educate the public on options and alternative levels of care so informed decisions can be made.

Activity-Based Funding (ABF) will be re-introduced into continuing care starting with Long-Term Care (LTC) in the 2010/11 fiscal year using Resource Utilization Groups (RUG). ABF within supportive living environments will begin in the 2011/12 fiscal year.

Accommodation rates in supportive living need to be fair to the senior's circumstance. Seniors must not be denied care at their assessed level based on their ability to pay. If this rate equivalent to or greater than \$1650 (current long term care rate), there is a financial disincentive for a senior placed in a supportive living setting since they are also responsible to pay a portion of the drug and medical supplies.

A different mix of **workforce** will be required to support this shift. As each project will have at least 18 to 24 months lead time from initiation to beginning to offer service, there is sufficient time to develop the particular workforce plan.



**AUDIT AND FINANCE COMMITTEE
RECOMMENDATION TO THE BOARD**

Meeting Date: September 24, 2009

Agenda Item: AF09-99 Interim Borrowing Bylaw

Issue:

Establishment of an interim borrowing bylaw (Interim Borrowing Bylaw) for Alberta Health Services (AHS) is required.

Recommendation:

That the Alberta Health Services Board approve Report AF09-99, Interim Borrowing Bylaw, and that it be provided to the Minister of Health and Wellness for final approval.

Background:

AHS is required to make bylaws respecting debt, guarantees, indemnities and capital leasing powers and limitations pursuant to the Regional Health Authorities Regulation. The bylaw (Borrowing Bylaw) must then be approved by the Minister of Health and Wellness (Minister).

Current Situation:

On March 25, 2009, the AHS Board (Board) approved a draft of the Borrowing Bylaw and provided the bylaw to the Minister for review and approval. The originally submitted bylaw is currently under review and subject to further discussion with the Minister's office.

Until the Borrowing Bylaw is approved by the Minister, the former East Central Health bylaw (ECH Bylaw) is in effect for all of AHS. Because the limits under the former ECH Bylaw are significantly lower than the proposed Borrowing Bylaw, the borrowing levels of the combined entities effective April 1, 2009 exceed those limits established under the current ECH Bylaw by approximately \$36M.

An Interim Borrowing Bylaw is being proposed for AHS to address the above compliance issue, as well as increase borrowing limits in order to allow AHS to: 1) enter into a \$220M line of credit / overdraft facility with Royal Bank of Canada; and 2) consider seeking long-term debt financing for the completion / building of proposed parkades to support facilities (further discussion below). Note: The limits proposed in the Interim Borrowing Bylaw do not allow for additional borrowings for operations or other capital projects. This Interim Borrowing Bylaw is being sought pending approval of the permanent Borrowing Bylaw by the Minister's office which has been outstanding since April 2009.



**HUMAN RESOURCES COMMITTEE
RECOMMENDATION TO THE BOARD**

Meeting Date: SEPTEMBER 24, 2009

Agenda Item: HR09-32 Exempt Staff Flexible Benefits Program

Issue: Benefits Program for Exempt Staff Flexible Benefits Program

Recommendation:

That the Alberta Health Services Board approve Report HR09-32, Exempt Staff Flexible Benefits Program, and authorize the President and Chief Executive Officer to go to market within the constraints of a cost neutral program.

Background:

The benefit programs for Exempt staff (non-unionized) in the former entities varied. Overall they are generally what would be deemed traditional benefit programs with little in the way of employee choice available.

In the market many organizations have moved to flexible benefits programs in which individual employees can customize their benefits coverage to best fit their personal circumstances.

Current Situation:

Benefits Program

Towers Perrin reviewed the various programs, and in conjunction with internal AHS staff designed a flexible benefits program for Exempt staff. It is designed to be consistent with the approved AHS Compensation Philosophy. It is cost neutral relative to the total cost of providing benefits to this group of employees in the former entities. It is anticipated that over time given the size of the group that some cost efficiencies in the financing of the plans may be possible. For example AHS may be able to self-insure a larger portion of the program.

While flex credits are based on a percentage of salary, there is a minimum level to protect the value provided to lower income exempt staff as well as a cap for higher income earners to allow the design to be cost neutral. Pages 38 to 54 of the Towers Perrin summary provided to the Committee at the May meeting provide more detail on the plan design.

The target date for implementation is July 1, 2010. Next steps will be to mail plan to insurance companies and then commence the communication and enrollment process with employees. Until the new plan is implemented the existing plans will continue.

Terms and Conditions

In addition to the review conducted by Towers Perrin, AHS internally reviewed other management terms and conditions such as vacation, holidays, personal leave days etc. Comparisons were made between the various former entity terms, as well as to market practices. A summary of the draft proposed Terms and Conditions is attached (the actual terms will be more detailed). As with the benefits program, these terms and conditions are designed to be cost neutral relative to the arrangements in the former regions.



HEALTH ADVISORY COMMITTEE RECOMMENDATION TO THE BOARD

Meeting Date: SEPTEMBER 24, 2009

Agenda Item: HAC09-22 Appointment of Members to the Alberta Hospital Edmonton & Community Mental Health Foundation

Issue:

The Alberta Hospital Edmonton & Community Mental Health Foundation has recruited two new members to serve on its Board. Alberta Health Services Board approval is requested.

Recommendation:

That the Alberta Health Services Board approve Report HAC09-22, appointing the following Members to the Alberta Edmonton and Community Mental Health Foundation:

- **Brigitte McDonough** to a three-year term (September 2012), and
- **Louise Morose Charach** to a three-year term (September 2012).

Background:

The Alberta Hospital Edmonton & Community Mental Health Foundation is an established Foundation under the *Regional Health Authorities Act* and, as such, appointment of Members requires AHSB approval. The Foundation was established in 2005 and supports programs and services in Mental Health, within the Edmonton Zone, as well as programs and services at Alberta Hospital Edmonton.

The Foundation has recruited the following new Members:

- **Brigitte McDonough** is Senior Operating Officer for the University of Alberta Hospital, Stollery Children's Hospital and Heart Institute in Edmonton. She has been the recipient of three Reach Awards for Leadership.
- **Louise Morose Charach** retired in 2006 after a 25-year career in senior management with the Government of Alberta. Her volunteer committee activities include the National Advisory Committee on Women's Substance and Use Treatment, and the Edmonton and Area Child and Family services Board.

Current Situation:

Bylaws allow five to fifteen trustees to serve on the Foundation board. These appointments will keep the board within the allowable limits.



HEALTH ADVISORY COMMITTEE RECOMMENDATION TO THE BOARD

Meeting Date: SEPTEMBER 24, 2009

Agenda Item: HAC09-23 Appointment and re-appointment of Trustees to the Brooks & District Health Foundation

Issue:

The Brooks & District Health Foundation has recruited a new Trustee and a current Trustee has agreed to serve another term. Approval of the Alberta Health Services Board is requested.

Recommendation:

That the Alberta Health Services Board approve Report HAC09-23, appointing the following Trustees to the Brooks & District Health Foundation:

- **Kimberly Penner** to a three-year term (September 2012), and
- **Debbie Piper** re-appointed to a three-year term (September 2012).

Background:

The Brooks & District Health Foundation is an established Foundation under the *Regional Health Authorities Act* and, as such, appointment of Trustees requires AHSB approval.

The Foundation has recruited an individual to complement the current membership and wishes to re-appoint a Trustee for another term:

- **Kimberly Penner** is an Administrative Assistant who volunteers with a number of local charities, and
- **Debbie Piper** has served one term as a Trustee and is prepared to serve another term. She is employed by the Links Community Information Centre in Brooks.

Current Situation:

Volunteer Trustees are prepared to serve terms on Foundation boards. Bylaws allow five to fifteen Trustees to serve on the Brooks & District Health Foundation board. These appointments will keep the board within the allowable limits.



HEALTH ADVISORY COMMITTEE
RECOMMENDATION TO THE BOARD

Meeting Date: SEPTEMBER 24, 2009

Agenda Item: HAC09-24 Appointment of Members to the Stettler Health Services Foundation

Issue:

The Stettler Health Services Foundation has recruited an additional board member. Alberta Health Services approval is requested.

Recommendation:

That the Alberta Health Services Board approve Report HAC09-24, appointing the following Trustee to the Stettler Health Foundation:

- **Doug McKay to a three year term (September 2012).**

Background:

Stettler Health Services Foundation is an established Foundation under the *Regional Health Authorities Act* and, as such, appointment of Trustees requires Alberta Health Services Board approval.

The Stettler Health Services Foundation has recruited one new board member:

- **Doug McKay** is a life time resident of Stettler and previously served on this Foundation board from 2003 to 2005.

Current Situation:

Volunteer trustees are prepared to serve terms on foundation boards. Bylaws allow five to eleven trustees; this appointment will leave the board within that range.



**GOVERNANCE COMMITTEE
RECOMMENDATION TO THE BOARD**

Meeting Date: September 24, 2009

Agenda Item: GOV09-37 **Review and Approval of Alberta Cancer
Foundation Bylaws**

Issue:

To be in accordance with Alberta Regulation 70/2009, Alberta Health Services must review and submit Alberta Cancer Foundation Bylaws (the "bylaws") to the Minister of Health and Wellness in September, 2009.

Recommendation:

That the Alberta Health Services Board approve Report GOV09-37, Alberta Cancer Foundation Bylaws, and approve and adopt the Alberta Cancer Foundation Bylaws.

Background:

The establishment of Alberta Health Services (AHS) saw the Health Governance Transition Act come into effect. This legislation effectively repealed the Cancer Programs Act as well as the Alberta Cancer Foundation Regulation AR245/98. Replacing AR 245/98 is Alberta Cancer Foundation Regulation AR 07/2009, which requires AHS to submit the bylaws within six months of the new regulation coming into effect, translating into this submission to the AHS Governance Committee and Board meetings in September, 2009.

The bylaws as attached have been reviewed and passed by the Alberta Cancer Foundation Trustees, AHS Legal Services and Alberta Health and Wellness legal counsel.

Current Situation:

The Alberta Cancer Foundation bylaws accompanying this Request for Decision are in a form that is acceptable to all parties involved.



**GOVERNANCE COMMITTEE
RECOMMENDATION TO THE BOARD**

Meeting Date: September 24, 2009

Agenda Item: GOV09-40 Rescission of Policies of Former Entities

Issue:

Management recommends that the Alberta Health Services Board's ("**Board**") earlier direction respecting the rescission of various corporate policies be modified to ensure appropriate policies will be available to replace the ones being rescinded.

Recommendation:

That the Alberta Health Services Board approve Report GOV09-40, Rescission of Policies of Former Entities and thereafter, the Board approve that:

- a) as of November 30, 2009 all board-approved policies, procedures and similar governance documents of the former entities are rescinded, unless otherwise determined by the Board; and
- b) all management-approved policies of the former entities are to be dealt with by Management in an orderly manner over the next 12 months. As new policies are approved provincially, existing policies addressing the same subject matter will be rescinded. All management-approved policies will be rescinded on September 1, 2010 unless determined otherwise by the President and Chief Executive Officer or his designee.

Background:

The Board has directed that, as of September 30, 2009, board and management approved governance documents/policies of the former entities, their subsidiaries, their departments, or their facilities are rescinded, unless otherwise directed by the Board (the "**Sunset Clause**"). The Sunset Clause was proposed to ensure that Alberta Health Services ("**AHS**") would establish consistent corporate policy direction throughout the province. At the time, the establishment of many departments within AHS was not yet complete, and a clear understanding of specific policy direction was not yet in place. Further, the delineation between corporate policies and clinical policies has proven to be more difficult than anticipated and accordingly, it is not clear which policies will be rescinded by the Sunset Clause.

Current Situation:

Corporate Policy continues to work with Policy Sponsors and other AHS representatives to create both the Turnkey Suite of policies and tools to identify additional corporate policies that will be developed over the next year. During that time, Corporate Policy will be working with Clinical Policy to label existing policies as “corporate” or “clinical” so that it will be clear which policies are to be rescinded by the new sunset provisions. In order to ensure that required policies are not rescinded on the interim, management seeks a Board resolution based on the recommendation set out above. As this modifies an earlier Board resolution, this will also require a Board resolution.



**GOVERNANCE COMMITTEE
RECOMMENDATION TO THE BOARD**

Meeting Date: September 24, 2009

Agenda Item: GOV09-41 **Review of Terms of Reference**

Issue:

A periodic review of the Terms of Reference ("TOR") for the Audit & Finance Committee, the Human Resources Committee and the Health Advisory Committee, identified the need for revision.

Recommendation:

That the Alberta Health Services Board approve Report GOV09-41, Review of Terms of Reference, and approve and adopt the following amended TORs:

- **Audit & Finance Committee;**
- **Human Resources Committee; and**
- **Health Advisory Committee.**

Background:

In the early formation of Alberta Health Services ("AHS"), TORs were created and adopted for the Board, Chair, Board Member, Board Committees, and the Chief Executive Officer. At the time of adoption, these documents met the initial needs and requirements; however, as AHS has evolved and established and refined its structures and processes, it is important to review founding documents such as the TORs to ensure relevance and alignment with the vision, mission, and goals, and to facilitate current operations and future plans.

Current Situation:

The TORs require revision to formalize roles and responsibilities and address changes in the organization that were made subsequent to the approval of the initial TORs.

The TORs were sent to their respective Committees for review and comment. The TORs were then given a final review by the Governance Committee. All changes made to the previous Board-approved versions, including those made by the Governance Committee, are reflected in the attached blacklines. The following specific changes were made at the Governance Committee meeting on September 17, 2009:

- All Committee TORs: The last sentence in Section B (Delegation) was deleted.
- Human Resources Committee TOR: In Section C (Scope), paragraph 3(a), changes were made to clarify that "Senior Executive" includes the President and Chief Executive Officer. In paragraph 3(b) of that Section, changes were made to ensure that the Committee would also be responsible for oversight of the recruitment committee. Finally, in paragraph 4, the language was modified

slightly to clarify the role of the President and Chief Executive Officer in assisting the Committee with respect to Senior Executive Compensation.