



2023-2024

Business Plan

About Alberta Health Services

AHS is Canada's first and largest integrated, provincewide health authority that delivers health services to more than 4.5 million Albertans as well as occasionally to some residents of other provinces and territories (Source: Interactive Health Data Application).

Governance and Accountability

In 2023-24, AHS will receive \$16.9 billion of funding from Alberta Health - representing the largest allocation of the entities within Alberta Health. These funds, in addition to funding from the Ministry of Mental Health and Addiction as well as other revenue sources, allow for the delivery of a broad range of healthcare services on behalf of the Government of Alberta, in accordance with legislation and the mandate and roles developed jointly by AHS, the Minister of Health, and the Minister of Mental Health and Addiction.

Alberta Health establishes the Government of Alberta's strategic direction for health, including advising government on health policy, legislation and standards, and public health concerns; monitoring and reporting health system performance; setting policies and priorities for the electronic/digital health environment; and, providing oversight and ensuring accountability across the health system. Alberta Health administers financial operations in accordance with the government's financial legislation, including administration of the Alberta Health Care Insurance Plan (AHCIP), and establishes the budget for the overall healthcare system. The Ministry of Mental Health and Addiction establishes the Government of Alberta's strategic direction for mental health and addiction services. AHS focuses on many

services across the care continuum while interfacing with other elements of the healthcare system to enable high-quality, efficient care as defined by its mandate.

The AHS Business Plan is a framework that identifies how financial and other resources are allocated to support activities across the organization. It also describes the financial allocations that support the key priorities identified in the first year of the three-year Health Plan and it shows the relationship between the budget being allocated and the outcomes identified in program operational plans. The priorities and resource allocation are guided by direction from the Minister of Health, the Minister of Mental Health and Addiction, and the Official Administrator and they subsequently inform elements of accountability performance contracts with AHS executive leaders.

The requirement to prepare and submit to the Minister a proposal for a health plan and annual budget is set out in Sections 9 and 9(1) respectively of the *Regional Health Authorities Act*. A business plan is required under Section 10 of the *Sustainable Fiscal Planning and Reporting Act*.

Based on the Government of Alberta's budget and fiscal plan, and the funding targets received by the Minister of Health, the 2023-24 budget was approved by the Official Administrator on March 23, 2023.

Who We Are

AHS delivers health services provincially and is organized into five geographic zones – South, Calgary, Central, Edmonton and North. AHS is accountable for delivering adult and pediatric hospital care, medical and surgical care, obstetrical care, continuing care and home care, cancer care, emergency medical services, addiction and mental health, public health, Health Link, laboratory and diagnostic imaging, and outpatient services across many specialty areas. Provincewide supports are brought together strategically at the zone level to ensure integrated healthcare delivery that reflects unique local characteristics, from geography and history to culture.

AHS has an extensive network of health service delivery partners, including Covenant Health, physicians practicing in community, allied health professionals, pharmacies, chartered surgical facilities, local governments, and Indigenous communities. AHS will continue to expand this network,

ensuring appropriate capacity is harnessed wherever available. Together, this network delivers high-quality healthcare to Albertans as well as occasionally to some residents of other provinces and territories.

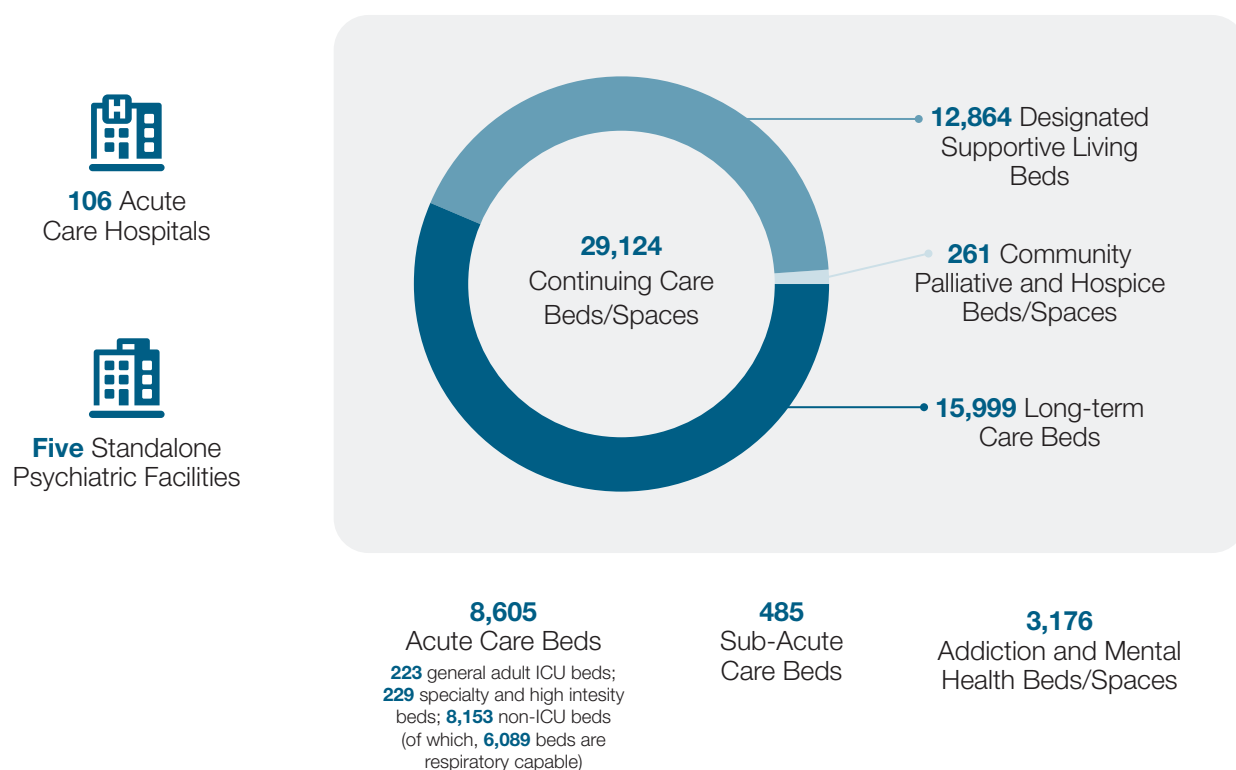
As an integrated health authority, AHS recognizes the importance of meeting the needs of Alberta's growing and aging population by providing patients and families with greater options for care in the community. In partnership with Alberta Health, AHS aims to build community capacity and create strong relationships with the primary care sector, community health centres, health profession regulatory colleges, and physicians. Some primary care services are delivered by Primary Care Networks as a joint venture partner with AHS, partnering with community agencies, and by operating 14 AHS primary care sites in Alberta. An effective interface with the primary care sector, which is overseen by Alberta Health, enables AHS to operate effectively as a significant service delivery agent in the broader continuum of health.



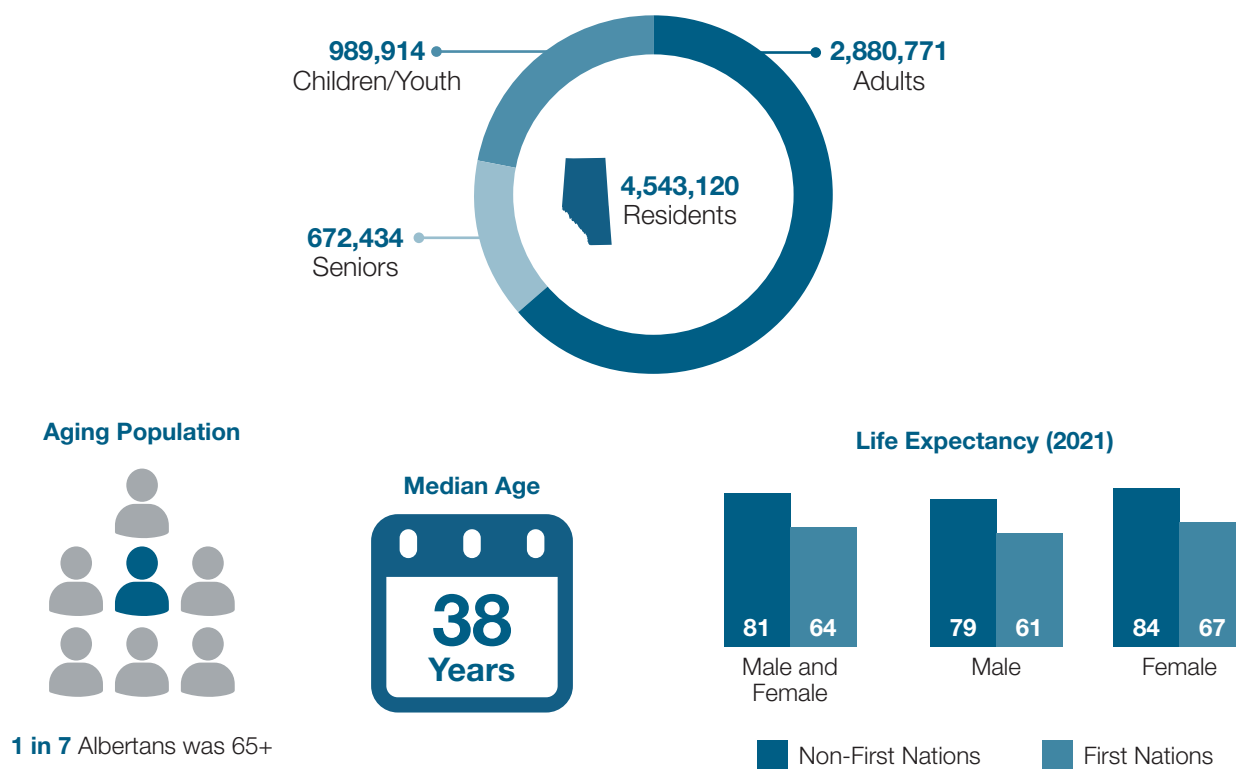
Facilities and Beds

As of March 31, 2023

41,390 AHS-Operated and Contracted Beds in Service



Alberta Demographics



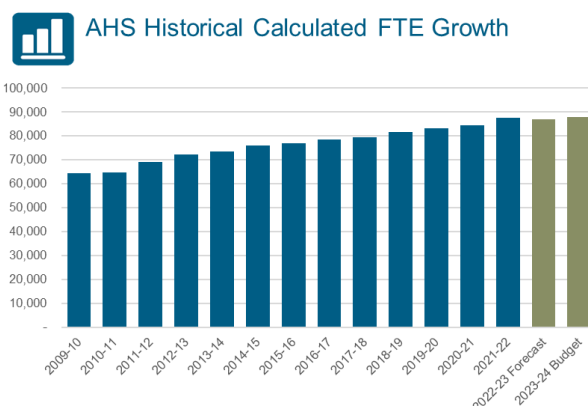
Our People

While the healthcare system requires substantial infrastructure – such as hospitals, clinics and care homes – and relies on a wide range of equipment – such as ambulances and X-ray machines – it is fundamentally a system built by the people who work within it.

Workforce

AHS has more than 111,100 direct employees (excluding Covenant Health and other contracted health service providers) and more than 13,100 staff working in wholly owned subsidiaries, such as Carewest, CapitalCare Group and Alberta Precision Laboratories.

There are more than 11,100 independently practicing physicians in Alberta, approximately 8,850 of whom are members of the AHS medical staff. In addition, AHS is supported by nearly 160 midwives on the AHS midwifery staff who provide care both in the community and in AHS facilities. While not all physicians and midwives are salaried staff or part of AHS' global budget, they are important partners in the delivery of healthcare services.



Calculated Full-Time Equivalents

Calculated Full-Time Equivalents (FTEs) measure the total workload required to address the demands placed on the AHS system compared to the workload of a full-time employee. FTE is the total number of paid hours (including regular hours, overtime, relief, and paid time off), divided by the annual hours of a full-time employee (2,022.75). An increase in calculated FTEs indicates that more hours and people are required to provide services.

In 2021-22, an increased number of temporary and casual employees were hired to support contact tracing, Health Link, assessment and vaccination centres, and patient care due to the COVID-19 pandemic.

In 2023-24, AHS and its subsidiaries will budget for 87,930 calculated FTEs, an increase of 1.3 per cent over the 2022-23 forecast. This excludes increases related to Covenant Health and other contracted providers.

AHS' workforce is diverse and geographically dispersed, which can make workforce planning complex. AHS, like many other jurisdictions across Canada and globally, is experiencing recruitment and retention challenges. High vacancy rates and a global scarcity of qualified human health resources are impacting workload and the ability to deliver services. Since 2019-20, AHS has seen increased vacancy and voluntary termination rates.

The Health Workforce Strategy (2023 – 2026) focuses on establishing an integrated approach to addressing immediate workforce challenges, while assessing and planning for medium to long-term workforce needs, based on operational needs and aligned with the priorities of the Health Plan.

In the short term, AHS is focusing on retaining and using the existing workforce in the most effective way possible, including a review of skill mixes and scopes of practice for all healthcare providers. Full-time positions are also being maximized wherever possible and AHS is focusing on the health, safety, and wellness of its workforce to reduce sick and disability leaves.

As a result of collective bargaining, wages are increasing for all unionized employees, including pandemic recognition lump sums, Rural Capacity Investment Funds (to assist with recruitment and retention efforts in rural areas), and other non-monetary changes. Most of the collective bargaining agreements expire at the end of 2023-24.



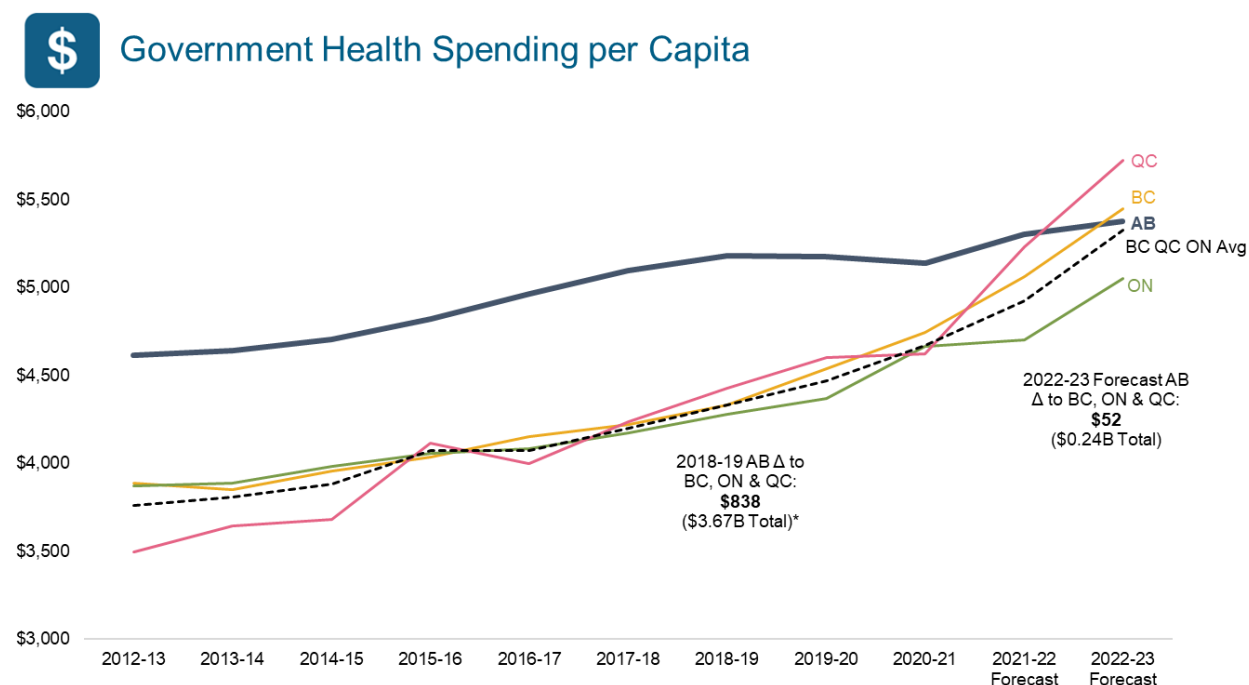
Expense Growth

Alberta's population continues to grow and is expected to be over five million by 2028 and six million by 2042. Alberta's population is also aging and living longer, and on average, Albertans use more healthcare per person compared to previous generations. Alberta is a vast province with many people living in rural and remote areas. To support the health needs of the population, expenses will increase across all areas of the healthcare system.

Financial Performance

Using the Canadian Institute for Health Information (CIHI) National Health Expenditure Report (NHEX), it is possible to benchmark Alberta's provincial government spending against other provinces. Historically, Alberta's per capita spend was greater than other provinces and since 2019, Alberta has made significant progress to reduce per capita health spending to be more in line with British Columbia, Ontario, and Quebec.

AHS has implemented various savings initiatives which have slowed the rate of expense growth. AHS' expenses (excluding the impact of COVID-19) have increased by an average of 2.0 per cent over the past seven years, which is lower than Alberta's inflation and population growth during this period. Based on the 2022 NHEX, the gap between Alberta and the average of British Columbia, Ontario, and Quebec has been reduced by \$3.4 billion (or 93 per cent) on a non-age adjusted basis and \$2.7 billion (or 50 per cent) when age adjusted.



* based on the 2018-19 forecast included in the MacKinnon Report

Source: November 2022 CIHI NHEX Series F & Appendix D (excludes COVID-19)

Wages and Inflation

AHS' largest financial commitment (51 per cent of the total budget) is workforce compensation. This does not include employees who work for contract providers.

Alberta continues to pay higher wages than British Columbia, Ontario and Quebec for nurses and physicians. In 2022-23, unionized employees ratified their collective bargaining agreements, the Alberta Medical Association ratified its agreement with Alberta Health, and after the eight-year freeze, AHS was given permission to provide a one-step increment to eligible non-union employees. Wage grids remain frozen. As a result, wages and benefits will increase in 2023-24.

As wages increase for AHS employees, they also increase for those employed by contracted providers, including Covenant

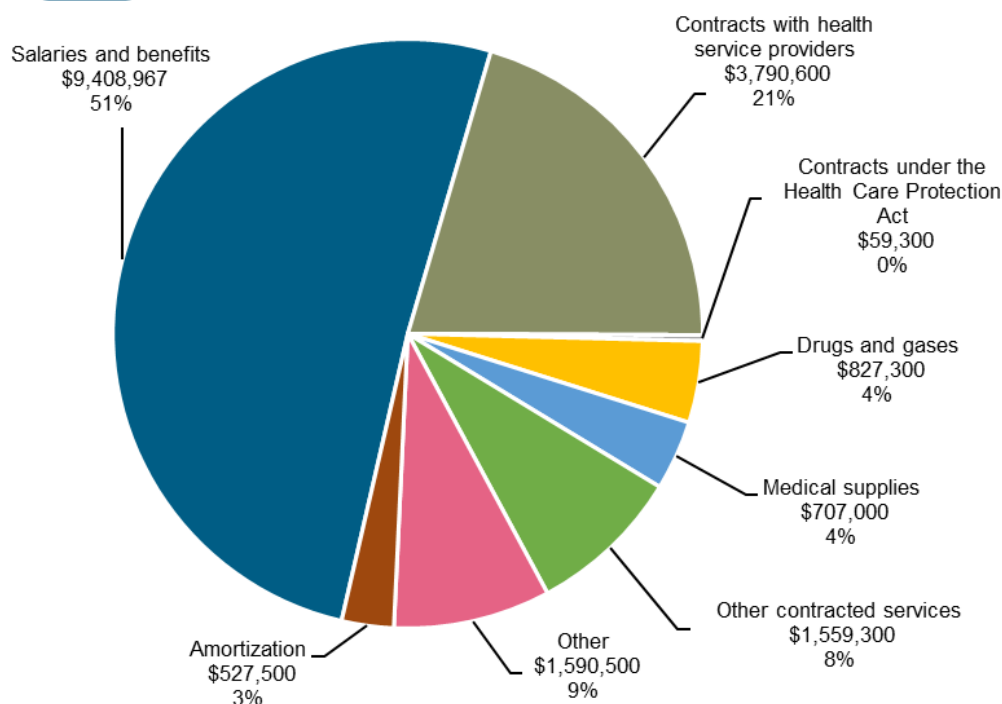
Health, continuing care, home care, addiction and mental health, Emergency Medical Services, housekeeping services, and protective services. Also, due to higher inflation rates, AHS is experiencing higher costs related to drugs, medical supplies, utilities, leases, insurance, and food. These increases are more closely linked to the Consumer Price Index and global inflation pressures.

Amortization expenses are also increasing as they represent the cost of assets spread out over their expected useful lives. As AHS replaces clinical equipment and invests in new equipment to support projects such as Connect Care, costs grow.

Between 2021-22 and 2023-24, AHS annual expenses will increase by 3.2 per cent. Increases are due to the wage and inflationary increases described above as well as the implementation of priority investments.

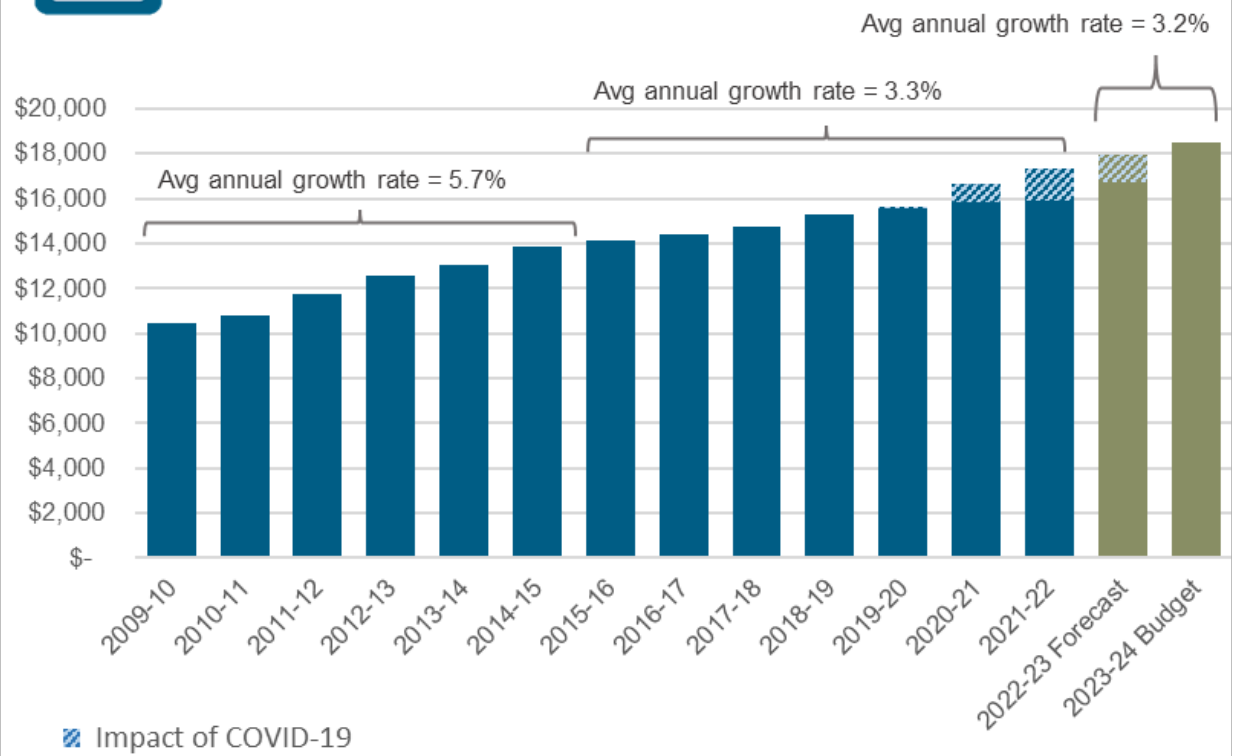


AHS 2023-24 Expenses by Object





AHS Historical Expense Growth



2023-24 Budget

In 2023-24, total revenues and expenses will be \$18,470 million, an increase of 3.1 per cent, over the 2022-23 forecast. The 2022-23 forecast includes the impacts of COVID-19, surgery recovery, and collective agreement increases that were not included in the budget.

(\$ in thousands)	2022-23 Budget	2023-24 Budget	Change	% Change
Alberta Health transfers	15,221,043	16,906,949	1,685,906	11.1%
Other government transfers	304,700	470,718	166,018	54.5%
Other revenue	971,725	1,092,800	121,075	12.5%
Total revenue	16,497,468	18,470,467	1,972,999	12.0%
Continuing care	1,239,000	1,373,300	134,300	10.8%
Community care	1,792,400	2,073,700	281,300	15.7%
Home care	765,100	902,800	137,700	18.0%
Acute care	5,271,168	5,788,067	516,899	9.8%
Emergency medical services	605,600	741,400	135,800	22.4%
Diagnostic and therapeutic services	2,619,700	2,872,000	252,300	9.6%
Population and public health	359,600	500,200	140,600	39.1%
Research and education	354,900	363,500	8,600	2.4%
Information technology	726,300	775,000	48,700	6.7%
Support services	2,266,900	2,539,200	272,300	12.0%
Administration	496,800	541,300	44,500	9.0%
Total expenses	16,497,468	18,470,467	1,972,999	12.0%
Annual surplus (deficit)	-	-	-	-
Total expenses - based on 2022-23 forecast	17,922,000	18,470,467	548,467	3.1%

Revenues

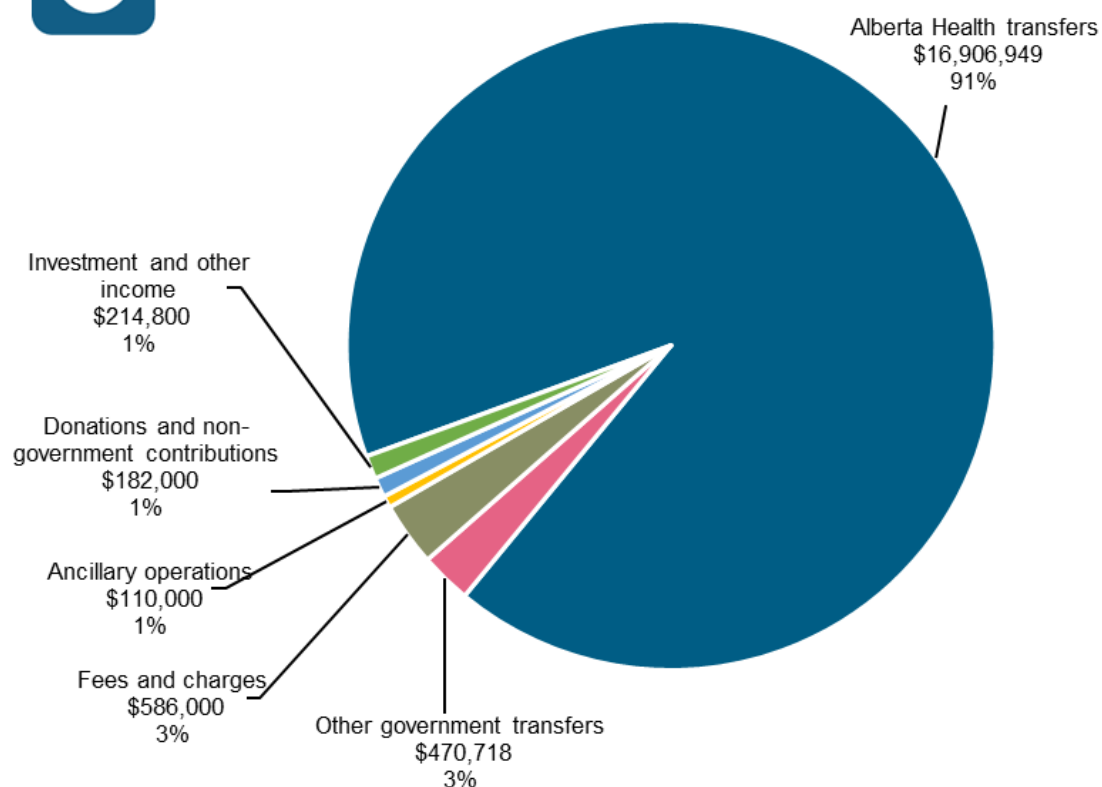
Alberta Health funding accounts for 91 per cent of AHS' total budget. Other funding sources include other government transfers, fees and charges, ancillary operations, donations and non-government contributions, and investment and other income.

Wherever possible AHS is exploring opportunities to maximize revenues including

advertising, commercialization of learning and other retail opportunities. AHS is also focused on fully recovering the costs of billable health services wherever applicable. This includes initiatives pertaining to inpatient per diem rates, outpatient fees, and interprovincial reciprocal billing agreements related to patients living in other provinces receiving healthcare in Alberta.



AHS 2023-24 Revenues



Expenses

Expenses by function represent AHS' major distinguishable activities and services. The overall distribution of expenses by function does not significantly change year-to-year.

A glossary of financial statement definitions can be found at the end of this Business Plan.

Acute Care

Acute care is a component of healthcare where an individual receives active, but short-term treatment for a severe injury or episode of illness. This includes medical, surgical, intensive care, obstetrics, pediatrics, mental health, emergency, and clinic activities. These services are delivered in inpatient, outpatient, and contracted surgical facilities.

In 2023-24, AHS will spend \$5,788 million to support the current and new services described below.

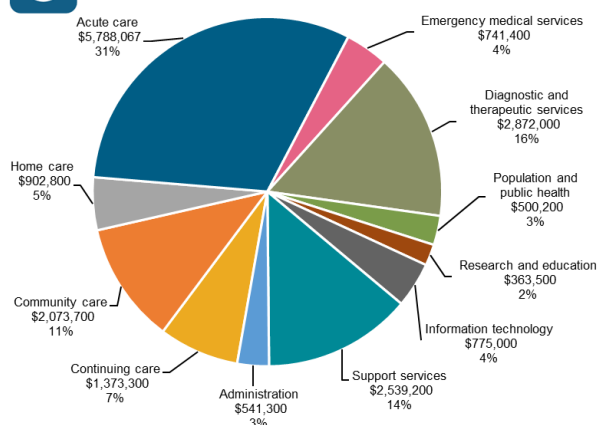
Acute Care Capacity

In 2022-23, AHS operated over 8,570 acute care beds, 6,089 of which were COVID capable, including 223 general adult intensive care unit beds. AHS also saw 2,000,000 emergency department visits, 224,000 urgent care visits, more than 46,000 births, and 290,000 surgeries.

AHS is committed to ensuring patients have timely access to acute care. This includes forecasting and balancing demand with capacity across the health system which will enable AHS to optimize patient movement through the acute care system. The goal is to avoid patients waiting in emergency departments for hospital beds and hospitalized patients waiting for care beds delivered in a community-based setting.



AHS 2023-24 Expenses by Function



Based on lessons learned through the pandemic and the 2022-23 respiratory virus season, AHS will spend \$91 million to permanently open 128 non-ICU beds which were previously funded by the COVID-19 restricted grant. Capacity specifically for the winter months and expanded access to virtual care will also be maintained. Investments in primary care, mental health, Health Link, community health, and continuing care will also decrease pressures on acute care capacity.

Long-COVID

It is estimated that 19 per cent of COVID-19 survivors are currently experiencing long-COVID symptoms, although the estimates of the prevalence of long-COVID can range from five to 50 per cent. AHS has temporarily implemented Inter-Professional-Outpatient-Programs to care for those patients whose needs cannot be met by AHS online resources or their primary care team, and to provide increased access to rehabilitation services. The long-term implications of COVID-19 remains uncertain, and AHS will spend \$6 million, which was previously funded by the COVID-19 restricted grant, to support adults and children.

Emergency Department Flow

Health system capacity is a critical issue and major challenge for all healthcare systems, including AHS. Optimization of patient movement requires an orchestrated approach with all elements of the system synchronized towards a common goal.

Within emergency departments, approximately 115 nursing FTEs are being added within the 16 largest hospitals and some suburban hospitals to ensure the transfer of responsibility for patient care from paramedics to emergency department staff is fast and safe. This will help reduce the time paramedics spend in hospitals, ensuring more crews are available and ready to respond to emergencies in the community.

Alberta Surgical Initiative

During the pandemic, scheduled surgery wait times increased because of reductions in surgical service to accommodate the need for both staff and capacity to support the COVID-19 response. As a result, surgery recovery and focused strategies to support wait list reductions were needed. In 2022-23, AHS completed 99 per cent of all postponed cases affected by the pandemic and through partnerships with contracted surgical facilities has increased the overall surgical capacity.

In 2023-24, AHS will continue to focus on scheduled surgery wait time reductions and implementation of the Alberta Surgical Initiative. The Alberta Surgical Initiative has been developed to improve access, quality, and efficiency in surgery. AHS will spend an additional \$312 million across all functions (\$192 million in acute care alone) to support increased surgical activity through increasing capacity and implementation of the following key strategies targeted at reducing wait times and improving patient safety and quality:

- Complete an additional 20,000 surgeries, a seven per cent increase over pre-pandemic levels;
- Improve the provision of surgery through increasing surgical capacity and improving operating room efficiency;
- Recruit to surgical workforce including nurses and physicians;
- Expand chartered surgical facility contracts and volumes;
- Optimize existing rural surgical space; and,
- Improve care coordination and development of surgical pathways for patients and referring primary care doctors.

Cancer Care

The Arthur J.E. Child Comprehensive Cancer Centre will be a centre of excellence in Alberta, consolidating the delivery of most cancer services within the Calgary Zone into this new facility. Full implementation of services will be phased over several years, reaching an annual operating cost of \$150 million. AHS assumed ownership of the building in November 2022 and will be open to clinical services in 2024. As the incidence of cancer continues to increase, provincial planning for cancer prevention and treatment is required more than ever to positively impact the system and patient outcomes across Alberta. In 2023-24, an additional \$8 million will be spent to operationalize this new world class facility.

In 2023-24, AHS will spend \$393 million, a \$30 million increase over the prior year on outpatient cancer therapy drugs. This increase will help fund the increasing demand, rising drug costs, and innovative drug therapies needed to support cancer patients.

Kidney Care

In 2022-23, \$150 million was spent to support more than 3,000 Albertans requiring renal replacement therapies and transplants. Demand is expected to grow by three per cent annually, and therefore in 2023-24, AHS will spend \$7 million more on the Alberta Kidney Care program to support these pressures.

Wages and Inflation

In 2023-24, AHS will spend an additional \$212 million on salaries, benefits, and contract inflation.

Salaries and benefits make up 59 per cent of acute care costs, contracted service providers make up 19 per cent, and drugs, supplies, other expenses, and amortization make up the remaining 22 per cent.

Emergency Medical Services

Emergency medical services include activities related to ground ambulance, air ambulance, inter-facility transfer of patients and central dispatch. AHS Emergency Medical Services also supports community paramedic programs as well as other programs that support the learning, development, quality, and safety of professionals.

In 2023-24, AHS will spend \$741 million to support the current and new services described below.

Emergency Medical Services Capacity

In 2023-24, AHS projects there will be 665,000 emergency medical services events – approximately the same number as the prior year.

A strategic priority for AHS is to improve emergency medical services response times for Albertans who need urgent healthcare. This will be informed by input from recent advisory reports. In 2023-24, AHS will spend an additional \$112 million across all functions (\$101 million in emergency medical services alone) to support the following key initiatives.

Increasing system capacity:

- Increase ambulance unit hours by 20 12-hour shifts in both Edmonton and Calgary, for a total of over 87,000 additional hours of ambulance coverage;
- Implement a dedicated inter-facility transport capacity in Edmonton and Calgary;
- Initiate an inter-facility transport program for Central Zone to support the Red Deer Regional Hospital and implement dedicated resources to ensure efficient inter-facility transfer operations;
- Conduct a comprehensive review of resource allocation and deployment policies to ensure the most efficient use of all resources in the emergency medical services system; and,
- Implement an ambulance readiness project to decrease the amount of time paramedics are required to dedicate to preparing ambulances at the start and end of shifts.

Managing event demand:

- Ensure inter-facility transfers are conducted by appropriate resources in a timely and effective manner;
- Transfer low acuity calls from emergency medical services dispatch to a shared response model with Health Link 811;
- Develop additional pathways for paramedics to provide patients who need care other than care provided in an emergency department;

- Help inform the public and other healthcare providers on how to utilize emergency medical services in the most appropriate way; and,
- Arrange non-clinical transports for patients who do not require EMS medical support during transport between care facilities.

Supporting the workforce:

- Implement a bundle of strategies that improve the work environment including ensuring paramedics receive breaks, are off shift at scheduled times, and are supported by an effective provincial leadership team;
- Focus on recruitment and retention initiatives; and,
- Improve and expand mental health supports.

Ambulances

AHS and contract providers have 550 ambulances and other emergency vehicles on the road at any given time in Alberta. AHS must regularly replace its fleet to mitigate risks of decreased safety and reliability, and increased downtime and operating costs. New and replacement ambulances are included in AHS' capital budget.

Wages and Inflation

In 2023-24, AHS will spend an additional \$33 million on salaries, benefits, and contract inflation.

Salaries and benefits make up 58 per cent of emergency medical services costs, contracted service providers make up 31 per cent, and drugs, supplies, other expenses, and amortization make up the remaining 11 per cent.

Diagnostic and Therapeutic Services

Diagnostic and therapeutic services support and provide care for patients through clinical laboratories, diagnostic imaging, pharmacy, acute and therapeutic services such as physiotherapy, occupational therapy, respiratory therapy and speech language pathology.

In 2023-24, AHS will spend \$2,872 million to support the current and new activities described below. With this increase, AHS will complete an additional 16,000 MRI exams, 39,000 CT exams, 14,000 X-rays, and 1.1 million laboratory tests.

CT and MRI Action Plan

In 2022-23, AHS completed more than 230,000 MRI exams and 500,000 CT exams, however diagnostic imaging wait times continue to increase. Because of increasing demand, this has an impact on the health and quality of life of Albertans. The CT and MRI Action Plan was developed jointly with Alberta Health and is a three-year plan. AHS Diagnostic Imaging created a CT and MRI Implementation Plan in response to the Action Plan to address growing demand, manage wait times, and manage rising costs. In 2023-24, AHS will invest an additional \$12 million across all functions (\$11 million in diagnostic and therapeutic services alone) to support this initiative.

Community Laboratory Services

In 2022-23, AHS completed more than 83.5 million laboratory tests. Community laboratory services provide a comprehensive range of routine and specialized collection, laboratory testing and logistics services at locations across the province.

APL will support and focus on specialized testing such as genetics and public health, and acute care lab services, ensuring hospital labs are able to focus on the emergency, inpatient, and urgent needs of acute and ambulatory hospital patients. In rural communities where there are no additional community lab locations, APL continues to provide routine lab services to community patients. This change aims to increase quality of care and build an effective and sustainable lab system that supports Alberta's ever growing population.

Respiratory Virus Testing

A provincial respiratory testing and swabbing strategy will be implemented in collaboration with Alberta Health. Recommendations have been developed based on surveillance data, environmental scans, expert guidance, and experience gained during the pandemic.

Pharmacy Services

Pharmacy Services is a provincial program dedicated to optimizing health outcomes for patients through safe, effective, and sustainable medication management. In 2023-24, pharmacy services will support the efforts to improve patient flow through the emergency departments by adding more than 40 pharmacist and pharmacy technician resources. These resources will take over certain care responsibilities which will free up physician and nursing staff. This approach allows healthcare professionals to use their full scope of practice.

Construction for the Central Production Facility in Edmonton will begin in 2023 and is expected to be completed by 2025. This facility will centralize drug compounding and distribution for Northern Alberta, will enhance patient care and safety, and provide patients with improved access to the medications they need. Pharmacy services is adding resources in 2023-24 to plan and prepare for this state-of-the-art facility.

Allied Health

Allied health professionals work alongside medical and nursing professionals and are integral to preventing, diagnosing, and treating conditions and illnesses. In 2023-24, additional physiotherapists, occupational therapists, dietitians, social workers, and psychologists are being hired to:

- Support a team-based approach in emergency departments resulting in better patient flow;
- Improve pre-surgical interventions as part of the Alberta Surgical Initiative resulting in improved pain relief, functional mobility, quality of life, nutrition, psychological status, and reduced complications for patients;
- Support the development of new anesthesia capacity; and,
- Support the timely transition of patients into community settings – reducing the time spent in acute care facilities.

In addition, with the support of grant funding from Alberta Health, \$45 million is being invested to enhance pediatric rehabilitation services for children and youth.

Wages and Inflation

In 2023-24, AHS will spend an additional \$80 million on salaries, benefits, and contract inflation.

Salaries and benefits make up 59 per cent of diagnostic and therapeutic services, contracted service providers make up 24 per cent, and drugs, supplies, other expenses and amortization make up the remaining 17 per cent.

Continuing, Community and Home Care

Continuing and community care are the services provided to those who need long-term care, supportive living, palliative and hospice care, community programs, and self-managed care. It also includes psychiatric care in facilities and community mental health programs. Home care refers to the services provided to those who need home nursing and home support.

In 2023-24, AHS will spend \$4,350 million to support these current and new activities described below. With this increase, AHS will open an additional 414 long-term care beds, 270 designated supportive living spaces, 66 community mental health beds and other spaces, and add 504,000 home care hours.

Continuing and Community Care Capacity

In 2022-23, AHS operated 16,106 long-term care beds, 12,837 designated supportive living beds, and 1,095 community mental health beds.

AHS must increase the number of long-term care and designated supportive beds annually to ensure that the increasing number of Albertans requiring continuing care receive the care they need in the most appropriate setting. If there are not enough beds and spaces in continuing care settings, Albertans end up in hospital beds, creating pressure on the acute care system. In 2023-24, AHS will spend an additional \$60 million across all functions (\$53 million in continuing and community care alone) to support new beds and spaces.

Home Care Capacity

In 2022-23, AHS supported 126,400 home care clients. AHS needs to increase the number of home care hours provided to keep up with increasing home care demand. By increasing access to home care services and enabling more complex patients to stay at home, admission to facility-based services can be delayed or even avoided. Home care also provides an alternative option to patients who might otherwise be in acute or continuing care facilities. In 2023-24, AHS will spend an additional \$30 million on home care initiatives.

Continuing Care Transformation

A new Continuing Care Act has been developed and numerous recommendations are being implemented due to the Facility-Based Continuing Care Review, the Home Care Path Forward Strategy, and the Palliative Care Review. These transformational initiatives will allow more Albertans to receive palliative and end-of-life care at home, increase supports for caregivers, increase the hours of care for residents, and increase choice for patients. AHS will spend an additional \$238 million across all functions (\$233 million in continuing and community care alone) in 2023-24 to support this Continuing Care Transformation.

Community Addictions and Mental Health

AHS is committed to improving sustainability and integration of addiction and mental healthcare in communities across the service continuum. AHS is working with the Ministry of Mental Health and Addiction to offer a range of community-based services, supports and treatments and implement initiatives that will increase capacity and access, and improve health and quality of life. The Ministry of Mental Health and Addiction is providing AHS with \$107 million to support initiatives such as designing and implementing

standardized addiction and mental health models of care, enhancing existing virtual addiction and mental health tools to facilitate implementation of a recovery-oriented system of care and strengthening the integration and coordination of child and youth addiction and mental health services.

The Ministry of Mental Health and Addiction is working with AHS to conduct a review of AHS addictions and mental health expenditures and the alignment of those expenditures with recovery-oriented systems of care principles. The scope of the review will include:

- Current state of addiction and mental health resources including expenses, workforce resources, and infrastructure;
- Alignment of resources to services;
- Identification of provincial and zone services; and,
- Understanding the demand for addiction and mental health resources.

Health Link

A key tool for self-managed care is Health Link. Throughout the pandemic, Albertans relied heavily on Health Link and total call volumes increased significantly. In 2022-23, AHS Health Link received more than 1.75 million calls. While volumes have decreased from pandemic related peaks, they are not expected to return to pre-pandemic levels (fewer than 900,000 calls annually). AHS is committed to ensuring that Albertans have continued access to health information, advice, service navigation, and treatment. In 2023-24, AHS will continue to spend \$12 million to support this increased call volume. This increase was previously funded by the COVID-19 restricted grant.

Wages and Inflation

In 2023-24, AHS will spend an additional \$177 million on salaries, benefits, and contract inflation.

Salaries and benefits make up 37 per cent of continuing, community and home care, contracted service providers make up 59 per cent, and drugs, supplies, other expenses, and amortization make up the remaining four per cent.

Population and Public Health

Population and public health are the best defence against illness and injury. This includes health promotion, disease and injury prevention and health protection.

In 2023-24, AHS will spend \$500 million to support these current and new activities described below.

Public Health

Investment in health promotion, disease and injury prevention, and improving access to care for all Albertans can create a healthier population and decrease the amount we spend on treating illnesses.

AHS is working with communities, workplaces and schools to assist with the implementation of evidence-informed strategies to address local public health priorities. This includes evidence-informed interventions that support cancer screening, physical activity, healthy eating, mental health, tobacco reduction, alcohol reduction, and ultraviolet radiation protection.

Indigenous Health

AHS is committed to meeting the unique needs of specific populations and works to help address the social determinants of health so individuals, families, and communities can achieve their health goals. The AHS Indigenous Health Commitments: Roadmap to Wellness was approved in 2020 and outlines AHS' commitments to working with Indigenous peoples to help achieve health equity.

In 2023-24, AHS will spend \$10 million to improve primary healthcare and access to addictions and mental wellness supports, life promotion and wellbeing with Indigenous communities, and additional cultural supports across AHS facilities to support culturally safe care.

Communicable Disease Response

The pandemic highlighted the urgent need to invest in the public health workforce so it can maintain essential services and be mobilized to respond at short notice to any threat across the province. Recruiting, retaining, and building a highly skilled team is necessary to enhance AHS' ability to detect, report and respond to communicable disease outbreaks and other public health threats. Enhanced expertise is also needed to further develop surveillance systems and the enhanced analytic capacity required for effective and timely decision making. In 2023-24, AHS will spend \$25 million to support these ongoing public health initiatives which were previously funded by the COVID-19 restricted grant.

In addition, because of the pandemic, AHS deferred numerous in-school immunizations and public health inspections. In 2023-24, AHS will spend an additional \$8.5 million to address these backlogs.

Wages and Inflation

In 2023-24, AHS will spend an additional \$16 million on salaries, benefits, and contract inflation.

Salaries and benefits make up 67 per cent of population and public health, contracted service providers make up 10 per cent, and drugs, supplies, other expenses, and amortization make up the remaining 23 per cent.

Research and Education

AHS funds graduate medical education and formally organized health research. We collaborate with academic staff at the Faculty of Medicine and Dentistry at the University of Alberta and the Cumming School of Medicine at the University of Calgary to train the next generation of physicians. AHS also works closely with its university partners in supporting research activities that help create solutions to today's healthcare challenges.

In 2023-24, AHS will spend \$364 million to support these current and new activities described below.

Research and Education

AHS collaborates with the universities on many different research areas including cancer research, cardiac research, orthopedic research, and research related to infectious diseases and neurology.

AHS and its partners continue to support high-quality medical education, as well as research and innovation in the health system – for the benefit of all Albertans.

Wages and Inflation

In 2023-24, AHS will spend an additional \$3 million on salaries, benefits, and contract inflation.

Salaries and benefits make up 53 per cent of research and education, contracted service providers make up 36 per cent, and drugs, supplies, other expenses, and amortization make up the remaining 11 per cent.

Support Services

The health system runs 24 hours a day, 365 days a year and has ongoing costs required to support day-to-day operations. AHS support services include expenses related to building maintenance operations (including utilities), materials management, housekeeping, patient registration, health records, food services and emergency preparedness. Any increases or changes to healthcare services have an impact on support services.

In 2023-24, AHS will spend \$2,539 million to support these current and new activities described below.

Facility Maintenance and Upgrades

AHS owns and leases almost 900 buildings across the province which is equal to about 4.8 million square meters of space that needs to be cleaned, heated, and maintained. This excludes additional spaces such as surface parking, pedways, heliports, and tunnels that also require ongoing maintenance.

Funding for various maintenance, renewal and upgrade projects comes from various sources including foundations and government grants including the Capital Maintenance and Renewal program. This funding supports numerous projects including roof repairs, electrical and mechanical upgrades, building

service updates (such as boilers, chillers, and elevators), various security systems and several functional projects to meet the changing needs of patient experiences in AHS facilities. AHS will increase spending for these projects by \$41 million.

Environmental Service Capacity

Cleaning and disinfecting practices at care facilities played a key role in AHS' pandemic response. Infection Prevention and Control continues to provide guidance on the proper use of personal protective equipment and the importance of site cleaning to promote healthy environments. Enhanced cleaning practices for high-touch surfaces have been maintained to help break the chain of infection and ensure a safe environment for patients and staff. An additional \$4 million is being spent to permanently support these increased requirements, previously funded by the COVID-19 restricted grant.

Wages and Inflation

In 2023-24, AHS will spend an additional \$71 million on salaries, benefits, contract inflation and utilities as well as an additional \$21 million in amortization expenses.

Salaries and benefits make up 46 per cent of support services, contracted service providers make up 13 per cent, utilities and rent make up 12 per cent, and drugs, supplies, other expenses, and amortization make up the remaining 29 per cent.

Information Technology

Information Technology (IT) touches almost every aspect of AHS. AHS' goal is to make sure information is available across the health system, so that healthcare providers can rely on the data to make meaningful decisions and patients can assume greater responsibility for their own care. Up-to-date,

reliable information and timely, evidence-based decision support contribute to more consistent patient care, fewer delays and effective transitions between care providers.

AHS operates and maintains information technology assets worth approximately \$600 million in net book value, which are regularly refreshed and updated so that Albertans' health information is kept safe and secure.

In 2023-24, AHS will spend \$775 million to support these current and new activities described below.

Connect Care

Connect Care is an electronic clinical information system, that will directly impact everyone who provides patient care within AHS. It will house all AHS and affiliate medical records, and all information needed to support care wherever Connect Care is the record of care. Patients will also be able to access their health information through Connect Care's patient portal, MyAHS Connect. Since 2017-18, AHS and Alberta Health have spent \$1.2 billion (operating and capital) to support the implementation of Connect Care. As of 2022-23, five launches have been implemented, with four still to go. The project is expected to be completed in 2024-25 at a total cost of \$1.5 billion.

Virtual Health

AHS is also increasing healthcare accessibility by leveraging virtual health technology across remote populations. AHS is expanding virtual ambulatory specialty visits, introducing remote monitoring, and expanding 811 to include virtual physician consults.

Wages and Inflation

In 2023-24, AHS will spend an additional \$54 million on salaries, benefits, contract inflation, and software maintenance as well as an additional \$13 million on amortization expenses.

Salaries and benefits make up 47 per cent of information technology, contracted service providers make up seven per cent, software maintenance makes up 19 per cent and supplies and amortization make up the remaining 27 per cent.

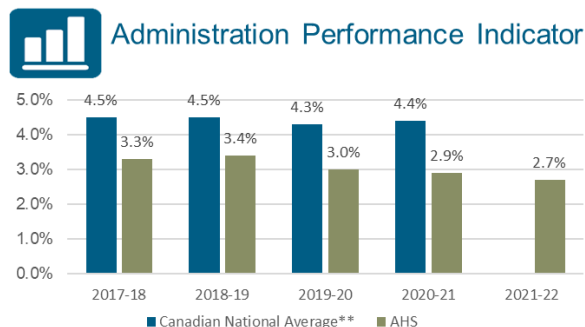
Administration

In addition to support and IT services, AHS has administration costs related to human resources, finance, communications, and general administration required to operate one of the largest organizations in the country, as well as a share of administration for contracted health service providers.

In 2023-24, AHS will spend \$541 million to support these current and new activities described below.

Administration Performance Indicator

The Canadian Institute for Health Information (CIHI) reports the corporate services expense ratio as a financial performance indicator based on administration expense as a percentage of total expenses. AHS' indicator in 2021-22 was 2.7 per cent compared to a national average of 4.4 per cent, making Alberta the lowest in the country. AHS continues to look for ways to ensure administrative systems and processes are as efficient and effective as possible, while spending in areas such as quality initiatives, and research and innovation.



* Certain amounts have been reclassified to conform to subsequent years presentation
** CIHI Canadian national average for the administration indicator for 2021-22 was not available at the time of this report

Human Resources Capacity

AHS' workforce is critical for responding to unprecedented healthcare challenges in 2023-24 and beyond. AHS will proceed with several initiatives to foster a strong and resilient workforce aligned with organizational priorities. This includes collaborating with Alberta Health on implementing the Health Workforce Strategy (2023 – 2026) that will invest in workforce forecasting models and integrated workforce planning to inform priorities for AHS' workforce. Enhanced or new programs, processes and supports are planned in the areas of recruitment, optimization, and retention, as well as employee engagement, workplace health, safety, and wellness. AHS is spending an additional \$10 million to support these initiatives.

Wages and Inflation

In 2023-24, AHS will spend an additional \$18 million on salaries, benefits, and contract inflation.

Salaries and benefits make up 81 per cent of administration, contracted service providers make up 10 per cent, and supplies, other expenses, and amortization, make up the remaining nine per cent.

Capital

In 2023-24, AHS will spend \$176 million in internally funded capital assets to support the maintenance and replacement of clinical equipment (such as infusion pumps, defibrillators, and heart/lung bypass machines) and ambulances, the maintenance of facilities and parkades, and the ongoing implementation of Connect Care.

AHS will also spend \$223 million (funded externally by Alberta Infrastructure) on facility maintenance and renewal and \$119 million (funded externally by Alberta Health) on tangible capital asset expenditures related to:

- The Medical Equipment Replacement and Upgrade Program (MERUP);
- The Alberta Surgical Initiative Capital Program;
- The Rural Alberta Health Facilities Capital Program;
- Hospital System Capacity – Expand ICU Capacity;
- The EMS Vehicles Capital Program; and,
- The National Association of Pharmacy Regulatory Authorities (NAPRA).

AHS also collaborates with Alberta Health and Alberta Infrastructure on many large capital projects including the Arthur J.E. Child Comprehensive Cancer Centre, the Red Deer Regional Hospital Redevelopment, the South Edmonton Hospital, the Gene Zwozdesky Centre at Norwood, the Provincial Pharmacy Central Drug Production and Distribution Centre, and many others.

Looking Ahead

AHS operations are broad and complex. Through the course of the pandemic, AHS has learned the importance of being adaptable, innovative, and proactive. While AHS has managed its expense growth over the past seven years, it has become evident that continued work is needed to enhance and transform the system to meet the changing needs of Albertans.

Financial Sustainability

AHS has an opportunity to transform the delivery of healthcare while improving quality and enhancing patient care. To ensure quality of care for generations to come, AHS must focus on financial sustainability.

As a commitment, AHS will focus on improving capacity and patient flow through the acute care system. AHS will allow for increased choice for patients in continuing care to align with patient- and family-centred care. AHS will also ensure preparedness for future communicable diseases. AHS is committed to listening to staff, addressing burnout, and reducing high volumes of turnover, to build a workforce model that anticipates future demand.

AHS will increase the value that Albertans receive from each health dollar without compromising care.

AHS continues to compare healthcare delivery costs with those outside of Alberta and where AHS can do better, it is making changes, improving practices, and reducing costs without impacting quality.

To support system transformation and increase system sustainability, AHS encourages teams to deliver on innovative projects and implement additional savings strategies. Key initiatives have been identified for 2023-24 including further reducing discretionary spending and acting on lease management opportunities.

AHS will continue to increase the value of every dollar Albertans invest into healthcare through innovation and initiatives that support a more efficient healthcare system. But AHS can only succeed with the collaboration and engagement of stakeholders including Albertans, employees, physicians, other healthcare providers, and the Government of Alberta.

EXPENSE BY FUNCTION DEFINITIONS

Appendix A

These expense by function definitions are based on the national standards from the Canadian Institute for Health Information (CIHI) and are in accordance with the financial directives issued by Alberta Health.

Continuing Care

Comprised of long-term care, including chronic and psychiatric care in facilities operated by AHS and contracted providers.

Community Care

Includes supportive living, palliative and hospice care, and community programs, including Primary Care Networks, Family Care Clinics, urgent care centres and community mental health. This segment excludes community-based dialysis, oncology and surgical services.

Home Care

Comprised of home nursing and support.

Acute Care

Comprised predominantly of patient care units, such as medical, surgical, intensive care, obstetrics, pediatrics, mental health, emergency, day/night care, clinics, day surgery and contracted surgical services. This segment also includes operating and recovery rooms.

Emergency Medical Services

Comprised of ground ambulance, air ambulance, patient transport and central dispatch. AHS also supports community paramedic programs that support the learning and development, quality and safety of EMS professionals.

Diagnostic and Therapeutic Services

Comprised of clinical lab (both in the community and acute settings), diagnostic imaging, pharmacy, acute and therapeutic services, such as physiotherapy, occupational therapy, respiratory therapy and speech language pathology.

Population and Public Health

Comprised primarily of health promotion, disease and injury prevention, and health protection.

Research and Education

Comprised primarily of costs pertaining to formally organized research and graduate medical education, primarily funded by donations and third-party contributions.

Information Technology

Comprised of costs pertaining to the provision of services to design, develop, implement and maintain effective and efficient management support systems in the areas of data processing, systems engineering, technical support, and systems research and development.

Support Services

Comprised of building maintenance operations (including utilities), materials management (including purchasing central warehousing, distribution and sterilization), housekeeping, patient registration, health records, food services and emergency preparedness.

Administration

Comprised of human resources, finance, communications and general administration, as well as a share of administration of certain contracted health service providers. General administration includes senior executives and many functions, such as planning and development, quality assurance, patient safety, insurance, privacy, public relations, risk management, internal audit and legal.

EXPENSE BY OBJECT DEFINITIONS

Appendix B

These expense by object definitions are based on the national standards from the Canadian Institute for Health Information (CIHI) and are in accordance with the financial directives issued by Alberta Health.

Salaries and Benefits

Comprised of compensation for hours worked, vacation and sick leave, other cash benefits (which includes overtime), employer benefit contributions made on behalf of employees, and severance.

Contracts with Health Services Providers

Includes voluntary and private health service providers with whom AHS contracts for health services, such as long-term care facilities, acute care providers, home care providers, and lab service providers. These health service providers incur expenses similar to AHS, such as salaries and benefits, clinical supplies and other expenses.

Contracts Under the Health Facilities Act

Relates to contracts with surgical facilities pursuant to the Health Facilities Act which ensures quality while promoting the delivery of publicly funded services by allowing contracting out to profit-oriented surgical facilities.

Drugs and Gases

Includes all drugs used by AHS, including medicines, certain chemicals, anesthetic gas, oxygen, and other medical gases used for patient treatment. Drugs used for purposes other than patient treatment such as diagnostic reagents are not included in this category and are reported in other expenses.

Medical Supplies

Include prostheses, instruments used in surgical procedures and in treating and examining patients, sutures, and other supplies.

Other Contracted Services

Payments to those under contract that are not considered to be employees. This category includes payments to physicians for referred-out services and purchased services, as well as home support contracts and various self-managed care contracts.

Other Expenses

Relates to those expenses not classified elsewhere, including personal protective equipment.

Amortization

Relates to the period charges to expenses representing the estimated portion of the cost of the respective tangible capital asset that expired through use and age during the period. A loss on disposal/write-down of capital assets occurs when the net book value (defined as historical cost less accumulated amortization) exceeds the proceeds/fair value from the disposal/write-down.



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