Ontario Local Health Integration Network
JPPC
OHA Ontario Hospital Association
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Hospital Service Accountability Agreement *Update*

Frequently Asked Questions:

2008-10 Hospital Service Accountability Agreement (H-SAA)

A. TEMPLATE AGREEMENT

Responses jointly prepared by the Ontario Hospital Association and the LHINs.

In this issue

- Questions related to Template Agreement
- Questions related to Process

This document will be updated as needed. For more information please contact your local LHIN.

Q1

How was the 2008-10 H-SAA developed?

A1

The template 2008-10 Hospital Service Accountability Agreement (H-SAA) was developed through a collaborative discussion and negotiation process co-led by the LHINs and the Ontario Hospital Association (OHA), with secretariat support from the Joint Policy and Planning Committee (JPPC). LHIN, OHA and hospital leaders, board members and counsel met in the Summer and Fall 2007 to discuss the structure and content of the new hospital template agreement and ensure it is consistent with the Local Health System Integration Act (LHSIA) and the Ministry-LHIN Accountability Agreements (MLAA). The principles and values which were accepted by both parties and guided the H-SAA and its development process were mutuality, flexibility, openness, transparency, achievability, strategic alignment, clarity of lines of communication and responsibility and recognition of the evolutionary nature of the accountability agreement.

Both parties agreed that it was imperative for the H-SAA to be:

- Practical and workable for both parties
- Respectful of the accountabilities and responsibilities of both the LHIN and Hospital Corporations
- Clear and concise as possible
- Fairly applied across the province
- Built upon the 07/08 Hospital Accountability Agreement.

The resulting draft template includes obligations related to planning, funding, service provision, reporting, performance management and issue resolution. The agreement will be standard for all hospitals and hospital-specific performance standards reflective of negotiations with the LHINs will be in the appended schedules.

Q 2 What are key differences between the 2007/08 HAA and the 2008/10 H-SAA?

A 2 The 2008-10 template agreement is a transitional document reflecting both previous hospital accountability agreements as well as the LHINs' intention over the next few years to move to the use of standardized terms and common formats in service accountability agreements (SAAs) with all health service providers. The latter will promote equitable treatment of health service providers across the province, facilitate the administration of SAAs and ensure that the focus is on outcomes and the quality of care and treatment of individuals.

As with the HAA, the 2008-10 H-SAA template agreement sets out the roles and obligations of LHINs and hospitals in relation to planning, funding and reporting. It acknowledges and supports the role of local independent hospital boards contributing to an effective and efficient local health system. It recognizes the authority of hospital boards to govern their hospitals; and of denominational hospitals to provide or perform services consistent with their mission. It continues to emphasize a collaborative, interest-based, graduated approach to issue management and performance improvement.

The new agreement also consolidates the rules related to recovery of funding, including: correction of funding errors, financial penalties, integration decisions (voluntary or ordered), and for volume funded services as outlined in the schedules.

Changes will be explained in more detail during a special webcast for hospital leaders and LHIN staff to take place on January 21, 2008, 9:30-11 AM ET. The webcast will be archived for future reference. For more information, please visit www.oha.com.

Q 3 Will some parts of the new template agreement vary from LHIN to LHIN?

A 3 The template 2008-10 H-SAA is intended for use by all 14 LHINs. As in previous years, only the schedules are subject to variation based upon individual hospital service profiles, LHIN priorities and funding allocated. See also Question #6.

Q 4 What are hospitals and LHINs accountable for under the new agreement?

A 4 LHINs have assumed most of the Ministry's obligations related to planning and funding of services, performance monitoring and improvement. Hospitals continue to be accountable for planning, the use of funding to provide hospital services the achievement of performance obligations, including volumes, and for maintaining a balanced budget in each of the two fiscal years of the agreement.

Q 5 What is the role of the Ministry in relation to the new agreement?

A 5 The H-SAA is between the hospitals and the LHINs. The Ministry is not a party to the H-SAA. However, the Ministry holds each LHIN accountable for local health system performance and monitors performance through the 14 negotiated MLAAs.

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Q 6 What parts of the new agreement are subject to negotiation?

A 6 Like its predecessor, the 2008-10 H-SAA has schedules containing indicators of hospital performance related to financial health, organizational health and patient access and outcomes (including service volumes). These schedules are populated with numerical targets to be achieved in each of the two years of the agreement based on funding provided by the LHIN. As in the past, the targets are negotiated between the LHIN and the hospital based on hospital prior year results, provincial policy and obligations of the LHIN under its own accountability agreement with the Ministry. The 2008-10 H-SAA also enables LHINs to include additional hospital-specific performance obligations that would support the implementation of their local Integrated Health Service Plans. These additional requirements may vary from LHIN to LHIN and must be mutually agreed upon with each hospital.

Q 7 What is the approach to performance management in the new agreement and what are consequences for non-compliance?

A 7 The H-SAA reflects three different approaches to determining an appropriate response to non-performance. While all three recognize that a response to non-performance should take into account the degree of risk posed by non-performance, they do so in different ways. In H-SAA s. 9.1, the parties agree to adopt and follow a proactive, collaborative and responsive approach to performance management and improvement that is based on, among other principles, a focus on relative risk of non-performance. Further, the H-SAA fosters both relationships and flexibility at the local level to address performance issues. Province-wide prescription of process is deliberately avoided. Instead, the H-SAA identifies broad obligations, and enables a variety of actions that can be responsive to a hospital's particular circumstances. The H-SAA focuses on achievement and performance improvement. It is not focused on identifying specific penalties for specific failures. Moreover, a LHIN's success under the Act and the MLAA will be determined, in very large part, on how well a hospital fulfills the terms of its H-SAA. Consequently a LHIN has a vested interest in working with hospitals to achieve strong performance across the system.

Processes for non-compliance include: financial penalties, financial settlement and recovery, implementation of performance improvement plans and statutory remedies.

Q 8 What happens if a hospital cannot meet a performance standard in year 1 but will be able to meet it in year 2 or vice-versa?

A 8 The 2008-10 H-SAA requires hospitals to meet negotiated performance standards at the end of each fiscal year covered by the agreement. It also contains new reporting requirements that will enable hospitals to inform the LHIN if they are forecasting a deficit or unable to meet a volume target, for example, and what mitigating strategies they are using to improve performance. As with the HAA, LHIN Boards may allow a hospital to operate outside a performance standard if there is an acceptable plan to achieve the standard at a prescribed point in the future. A LHIN waiver of hospital obligations under the H-SAA will only be done in exceptional circumstances. See also Question #7.

Q 9 Will there be an opportunity to refresh HAPS/H-SAA Schedules next year based upon more up-to-date data? If so, how will this process be managed?

A 9 Much of the indicator work undertaken by the Ministry and the JPPC on behalf of LHINs is based on 2006/07 data. While it would be preferable to use 2007/08 data to set performance standards for 2009/10, this may not be possible without reopening LHIN-hospital negotiations and amending the H-SAA mid-term, thereby creating a

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heavy administrative burden for both parties. The JPPC Accountability Committee will work with the Ministry and the LHINs to monitor hospital data submissions and system performance and recommend options for a data refresh or reconciliation process related to the 2008-10 H-SAA. More details will be available in early Fall 2008.

B. PROCESS

Responses jointly prepared by the LHINs

Q10 What roles do LHIN and hospital boards play in the negotiations or the execution of the H-SAA?

A 10 Hospital Boards are accountable to the LHIN and the LHIN Board for living up to the conditions and obligations of the H-SAA. Hospital boards should have mechanisms in place that gives them information on the status of negotiations and to ensure they are briefed on the results, including how their management team intends to meet the agreed upon obligations. Hospital boards will also want to be briefed on the consequences of non-compliance, as well as internal systems and processes in place for monitoring and managing ongoing performance.
LHIN Boards are ultimately responsible for ensuring that health service providers live up to the conditions and obligations in each Service Accountability Agreement (SAA), as well as being accountable to the Ministry for local health system performance under the MLAA. Participation of LHIN board members in other facets of the negotiation process will vary at the discretion of the individual LHINs. Your LHIN will provide you with information on the process to be followed.

Q11 How are LHINs coordinating negotiations with academic health sciences centres?

A 11 Many hospitals, including Academic Health Sciences Centres, deliver programs that support the whole province or benefit large numbers of patients in LHINs beyond their own. Across-LHIN collaborative models are currently being developed to inform the upcoming HAPS/H-SAA negotiations and support ongoing system planning and performance monitoring. More information will be available in upcoming issues of the H-SAA Update newsletter.

Q12 How will the LHINs ensure consistency in negotiations and/or outcomes with hospitals in deficit situations?

A 12 LHIN Senior Directors and Senior Consultants in Funding and Allocation are meeting in January to plan for HAPS and to develop a common set of principles to address the treatment of deficits, identify linkages to the IHSP and respond to provincial priorities. However, each LHIN will still maintain discretion in how it approaches HAPS review and H-SAA negotiations. Please contact your LHIN for more details on the negotiation process to be undertaken.

Q13 What tools/processes are LHINs using to assess the HAPS?

A 13 LHINs have developed a common tool that will be used in the review of pressures identified by hospitals. More details will be available shortly.

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Q14 Is there an appeal process if a hospital feels that it was not treated fairly during the negotiations?

A 14 The composition of HAPS/H-SAA negotiation teams will vary from LHIN to LHIN as will the manner in which each LHIN approaches the negotiations. Every effort will be made to ensure that discussions are undertaken in a climate of trust, mutual respect and open communication. Questions or concerns related to the process or outcomes of individual hospital negotiations may be directed to the operational lead for negotiations in your LHIN, typically the Senior Director Performance Contracting & Allocations. If concerns remain, the matter may be brought to the attention of the LHIN CEO. Please contact your LHIN for more details on the negotiation process to be undertaken.

Q15 What benchmarks are LHINs using to measure the success of the upcoming HAPS/H-SAA negotiations?

A 15 The first benchmark is that all H-SAAs are signed on or before March 31, 2008. The second benchmark is the successful achievement of hospital and LHIN obligations under the agreement. Some LHINs have explicitly identified additional success factors such as maintaining positive working relationships, communicating regularly with hospitals, and understanding the impact of system pressures on hospital sustainability and ongoing hospital performance.

Q16 How will the lessons learned during the hospital sector negotiations be identified and shared with the field?

A 16 The JPPC Accountability Committee will be discussing with the LHINs, the OHA and the Ministry lessons learned from the development and negotiation of the 2008-10 template agreement. More information will be available in upcoming issues of the H-SAA Update newsletter

Q17 When and how can this agreement be altered in the future?

A 17 The H-SAA is a two year agreement covering the fiscal period 2008-2010. It is a transitional document that will evolve in the future. During the development process, the OHA and LHINs agreed to meet in 12 to 18 months' time to review the H-SAA template and implementation process in light of hospital experiences, Ministry policy and LHIN plans. The review will examine what is working and what needs to be changed in preparation for the development of the next template agreement.

Q18 What will be expected of hospitals when LHINs begin negotiating service accountability agreements with other sectors?

A 18 As LHINs begin negotiating service accountability agreements with Community Health Centres, Long-Term Care Homes, Community Mental Health and Addictions Agencies and Community Service Agencies in 2008/09, the obligations for community engagement and the identification of integration opportunities will reach across sectors. All HSPs, including hospitals, will be expected to assist the LHIN to achieve effective planning across the LHIN.

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Hospital Service Accountability Agreement Update is published by Ontario's Local Health Integration Networks, in collaboration with the JPPC, Ministry of Health and Long-Term Care and the OHA.

If you have specific questions related to your Hospital Annual Planning Submission, contact your local LHIN.

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