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Memo

Date: December 10, 2015

To: All Employees and Physicians, Saskatoon Health Region Partners

From: Andrew Will
Interim President and Chief Executive Officer

Re: **Budget Update**

As a Region, we have three areas of focus right now: safety, patient flow, and sustainability. All are linked together, but at the moment, the purpose of this update is our focus on sustainability.

For the past number of weeks, Saskatoon Health Region and the Saskatoon Regional Health Authority have been working together, collaborating with the Ministry of Health, to find ways to reduce the Region's operating costs as our expenses are outpacing our revenue by about \$4 million per month, leading us to a potential deficit of \$45 million by the end of the fiscal year.

Since I arrived on the job on November 30, I've reviewed the work already done to identify options to address our budget challenge. The senior leadership team and I are now working together to develop a plan that includes both immediate actions and the development of a Sustainability Plan.

The first priority within our Sustainability Plan is to implement a significant number of immediate actions designed to reduce our expenditures and increase revenues. These actions, in areas such as external contracts, purchasing, reducing unnecessary overtime, and financial accountability mechanisms, are those on which we can move quickly, will not have a negative impact on patient care nor result in immediate job loss within the Saskatoon Health Region. Examples include optimizing baseline staffing rotations, and increasing the visibility and awareness of our costs while engaging individuals across our Region in opportunities to reduce expenses. We are confident that by taking immediate action, we can reduce the magnitude of this year's projected deficit. Our immediate action plan will be completed and in the process of being actioned by December 16, 2015.

By the end of January 2016, we will have developed a comprehensive Sustainability Plan including short, medium and long term initiatives supported by a human resource plan, a cash flow strategy and a strategy for how we will communicate plans to staff, patients, and the public. As we consider and prioritize initiatives, we will endeavor to reduce the impact on patient care and loss of employment to the greatest extent possible. However, we know that given the magnitude of the deficit the Region is facing, there will be implications in this regard. We will be working together with the Ministry of Health and other impacted health regions to consider the feasibility and impact of these initiatives.

As we do our work to develop our Sustainability Plan, we need your help. We need everyone to make continuous improvements to processes so we can continue to strengthen our financial sustainability. If every employee and physician gives thought to both quality of care and cost as they go about their daily work, and if everyone is empowered, improvements can be made every day. Small changes all add up. The more savings we create up front through your innovations and improvements, the less impact on service reductions and jobs.

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We are confident that as we continue on with the major improvements in processes already begun this year, over the long term, there will be financial efficiencies that come from them. Once we pull through this difficult time, there will be a point when things will turn around, and we will be able to make strategic investments more easily.

We value the contributions of each and every one of our staff and physicians. We are taking a thoughtful approach to the difficult decisions ahead and taking the consideration of reductions to programming or human resources very seriously. We know this time of uncertainty is hard on people, and for that, we apologize. As our planning progresses, we will ensure that we provide information as soon as it is available.