

Interior Health Overview & Project Update Report

Presentation to Central Okanagan Regional Hospital District

Dan Goughnour– Corporate Director, Business Operations South

Jaymi Chernoff– Executive Director, Clinical Operations, Kelowna General Hospital

Danielle Cameron – Executive Director, Clinical Operations Central Okanagan Community

January 19, 2023

Agenda

- IH Overview
- IH Capital process explained
- Current Project Updates
- Questions

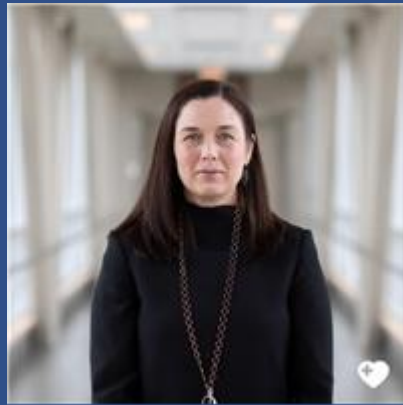


IH Key Contacts



Dr. Shallen Letwin

*Vice President, Clinical Operations
Interior Health South
shallen.letwin@interiorhealth.ca*



Jaymi Chernoff

*Executive Director, Kelowna General
Hospital
jaymi.chernoff@interiorhealth.ca*



Danielle Cameron

*Executive Director, Central Okanagan
Community
danielle.cameron@interiorhealth.ca*



Dan Goughnour

*Corporate Director, Business Operations
South
dan.goughnour@interiorhealth.ca*



Central Okanagan Leaders - Acute



Megan Helgason

*Director, Clinical Operations,
Medicine, Rehabilitation, Women's &
Children's Services*



Mandy Lowery

*Director, Clinical Operations, Surgical
Inpatients, Ambulatory Care, Central
Functions*



Jill Sinton

*Director, Clinical Operations, Emergency
Department, Intensive Care Unit, Access &
Flow*



Beverly Sieker

*Director, Clinical Operations
Surgical Services*



Central Okanagan Leaders - Community



Wendy Corbett

Director, Clinical Operations, Long-term Care Services



Karen Omelchuk

Director, Clinical Operations, Mental Health & Substance Use Services



Deborah Preston

Director, Clinical Operations, Primary Care Services



Lindsay Taberner

Director, Clinical Operations, Home & Community Care and Allied Health Services



2022 QUICK FACTS

60 MUNICIPALITIES
54 FIRST NATION COMMUNITIES
15 MÉTIS CHARTERED COMMUNITIES
7 REGIONAL HOSPITAL DISTRICTS
7 DIVISIONS OF FAMILY PRACTICE
7 PRIMARY CARE NETWORKS

SERVING OVER
834,000
INDIVIDUALS ACROSS
THE SOUTHERN
INTERIOR OF B.C.

WITH A
BUDGET OF
\$3.1B

AND
COVERING OVER
215,000
SQ KILOMETRES

27,800+
ACTIVE MENTAL HEALTH
AND SUBSTANCE USE CLIENTS
served in community settings
each year

35,500+
HOME HEALTH CLIENTS
served in community settings
each year

10,900+
LONG-TERM CARE AND
ASSISTED LIVING RESIDENTS
in IH-owned and partner sites
served per year

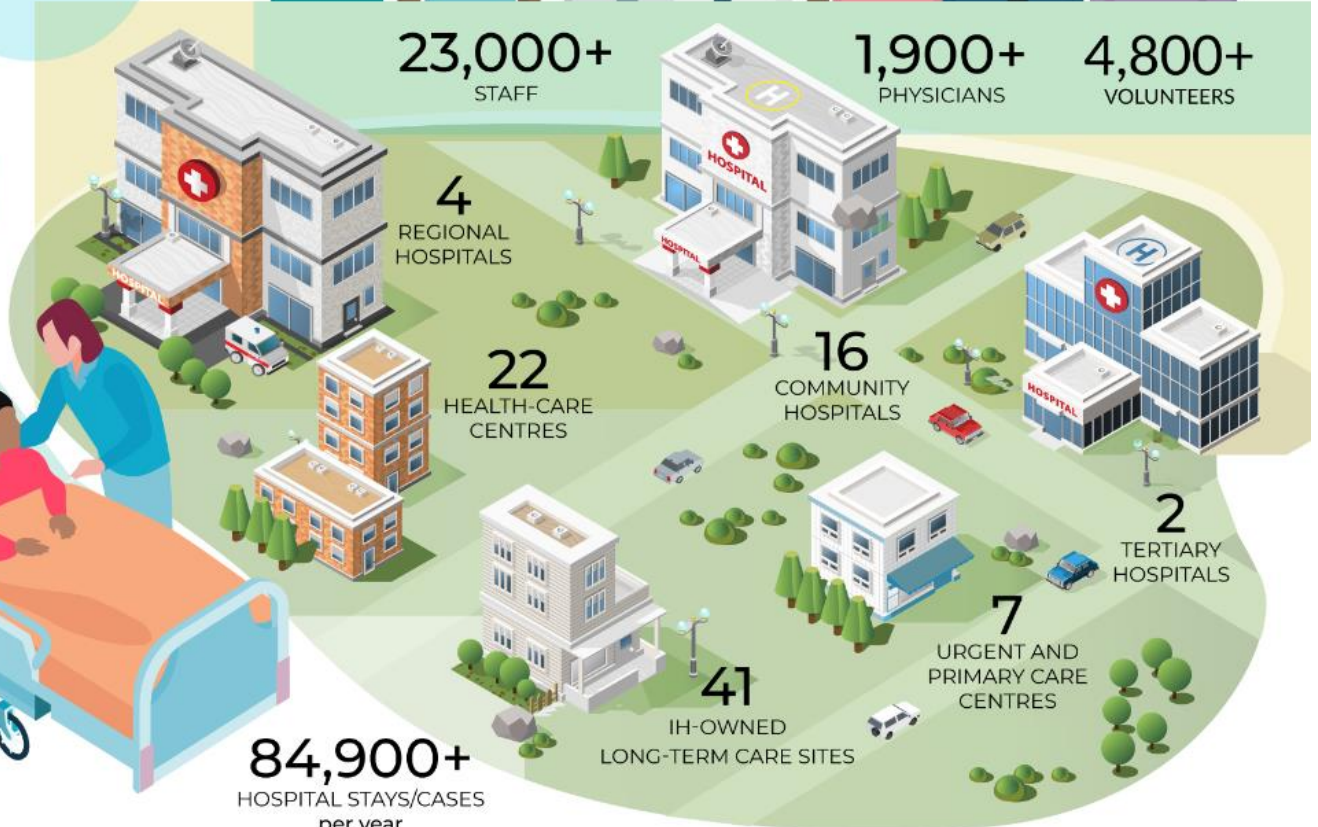
84,900+
HOSPITAL STAYS/CASES
per year



23,000+
STAFF

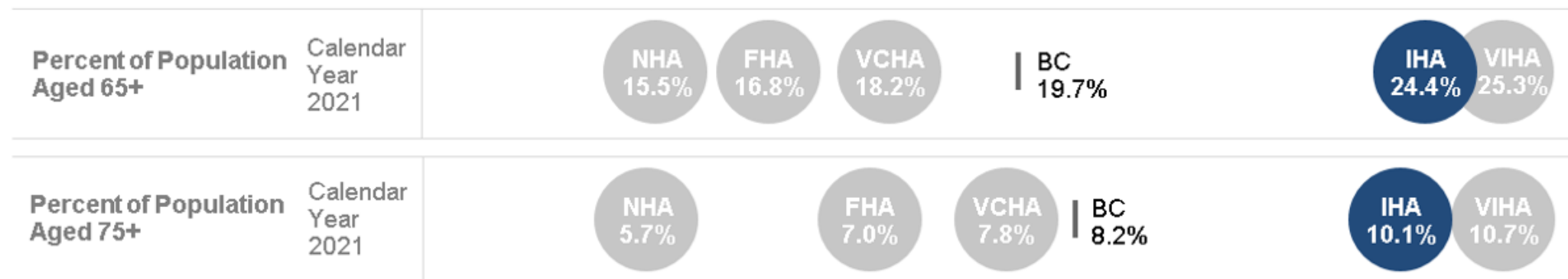
1,900+
PHYSICIANS

4,800+
VOLUNTEERS

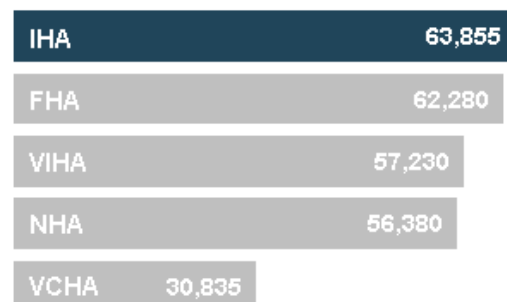


Population Context

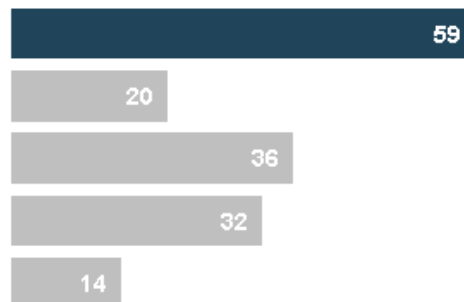
Older Population



Largest Aboriginal Population

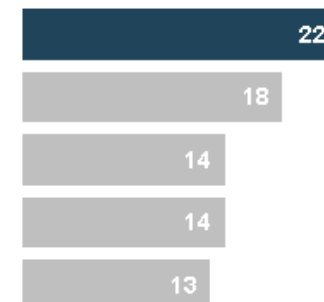


Most Communities Incorporated

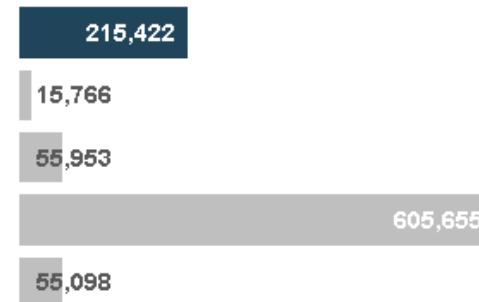


Most Sites

Number of Hospitals



Large Geography



Source: PEOPLE 2021, BC Stats



IH Capital Process Explained



IH Operational and Capital Planning



Operational Planning

Capital Planning

Funded thru:

- MoH annual global grant and targeted funding
- Service contracts with other organizations (ex. MCFD)
- Revenues for billable services (ex. out-of-province/country patients and clients)

Funded thru:

- MoH Capital Grants
- **Regional Hospital Districts**
- Hospital Foundations/Auxiliaries
- P3 Debt
- IH Internal Equity



Regional Hospital Districts

- RHD's created in 1967 – Hospital District Act
- Role of RHD is to provide funding contributions for capital assets considered necessary by the Health Authority
- RHD funding contribution on items/projects is voluntary
- The standard funding contribution rate by RHD's is 40%
- Interior Health provides an annual funding request to each RHD



Interior Health Ministry of Health Capital Funding Streams

Non Restricted Capital Grant (RCG) Allocation

> \$5,000 and < \$100,000
*(annual allocation included in
MoH funding letter)*

Annual allocation, internally distributed based on IH-wide priorities and based on population for equipment

Prioritization processes consist of:

- Regional Capital Teams (based on RHD boundaries) – equipment & Capital Improvement projects
- IH-wide prioritization:
 - Corporate equipment
 - Vehicles
 - Plant Maintenance, Equipment & Capital Improvement Projects
 - Leasehold improvements
 - IMIT Tactical plan

Restricted Capital Grant (RCG) Allocation > \$100,000

Routine Capital Investments (RCI) *(amount varies annually)*

IMIT Projects

Building Projects

Equipment Projects

IH wide annual prioritization process by ***IH Capital Planning Steering Committee***

Approval provided by IH Board of Directors based on annual affordability

Approval provided by Ministry of Health

Priority Investments (PI) *(individual project approvals related to Ministry of Health strategies)* Limited funding available

Annual prioritization process based on scoring of Applications for Capital Projects over \$5m followed by SET review

Approval provided by IH Board of Directors for submission to Ministry of Health

Approval provided by Ministry of Health on a project by project basis

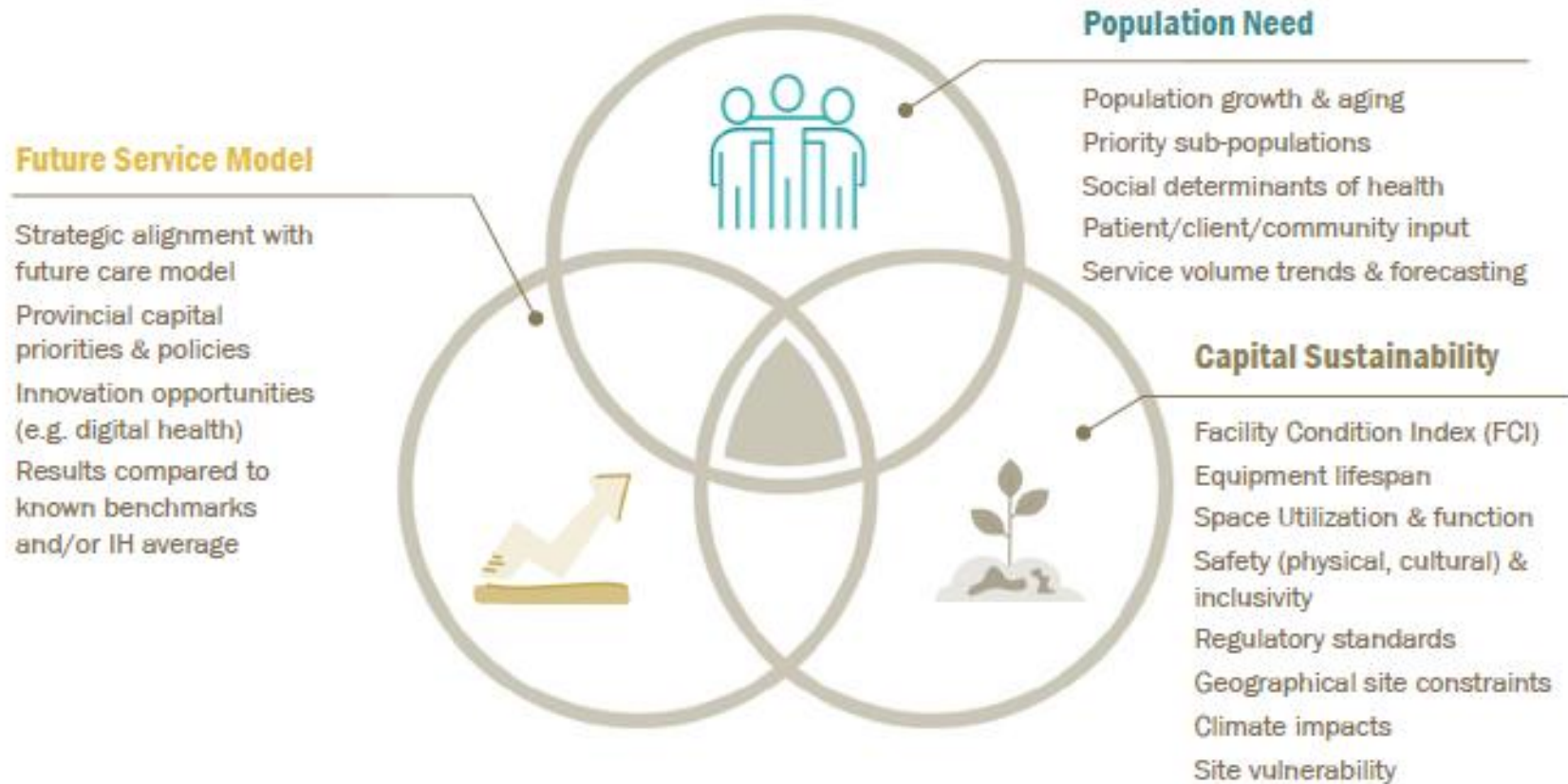


Other Funding Sources

- Hospital Foundations/Auxiliaries
 - Partially or fully fund specific items based on ability to fundraise
- P3 Debt
 - Major construction projects thru P3 arrangement (ex. PRH David E. Kampe Tower)
- IH Equity
 - For use in urgent/emergent capital needs



Key Drivers for Capital Investment



Capital Prioritization Challenges

- Demands on Capital Dollars
 - Aging infrastructure and equipment
 - Strategic priorities and service level growth
 - Climate change
 - Rising costs
- Limit on how far down the list we can go
- No proportional allocation by region, program or capital “grouping”
- Allocation based on priorities as presented



Projected Escalation 2022 - 2024

Projected escalation over the next three years

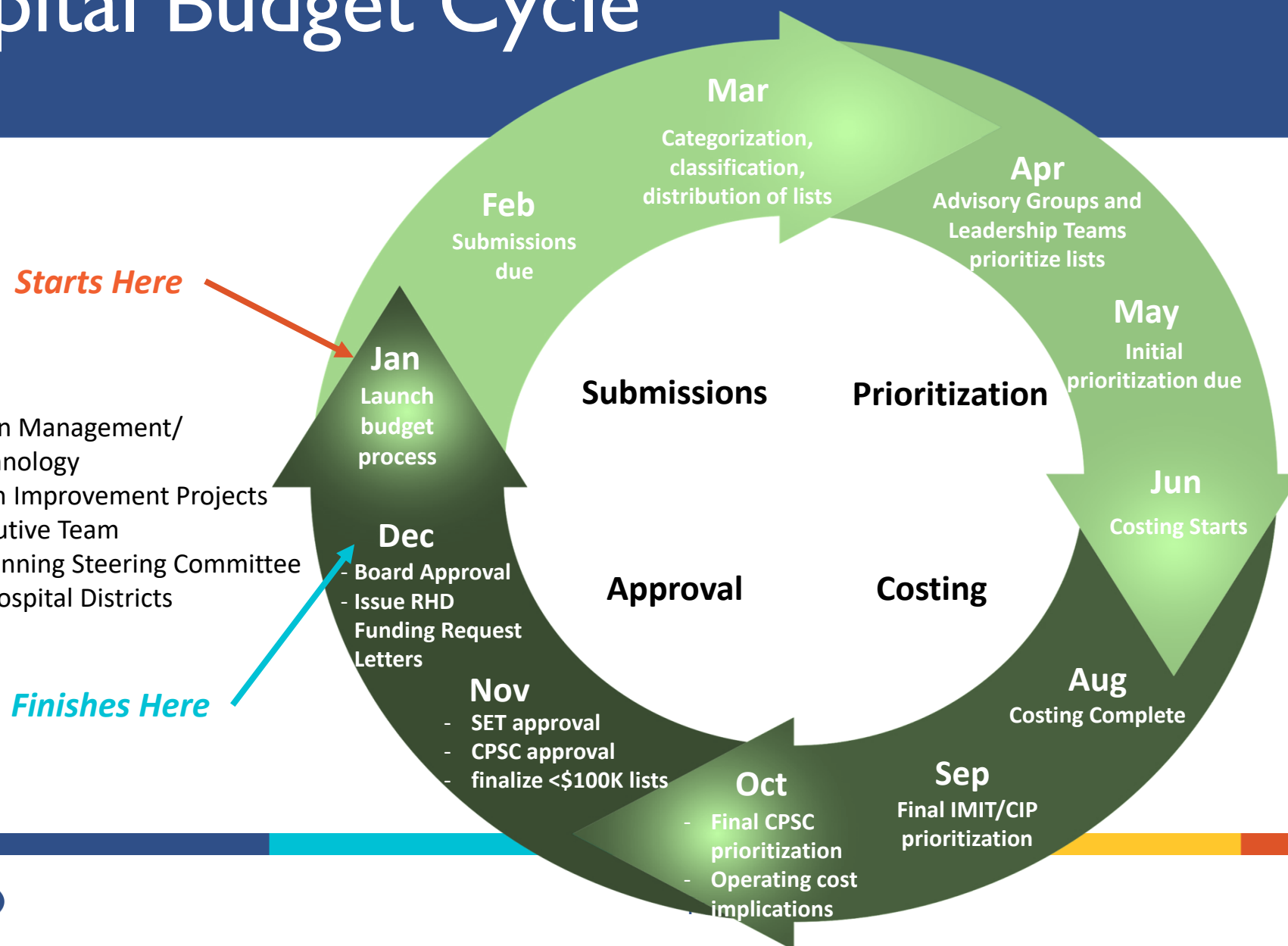
- 2022 – 2023: 14 to 16 %
- 2023 – 2024: 12 to 14 %
- 2024 – 2025: 10 to 12 %

Mitigation strategies:

- Match the delivery model to project complexity, schedule and risks;
- Assess market conditions and supply chain factors frequently and make informed decisions;
- Increased due diligence in procurement to consider contractor commitments, liquidity, and other factors.



Capital Budget Cycle



LEGEND

IMIT: Information Management/
Information Technology

CIP: Construction Improvement Projects

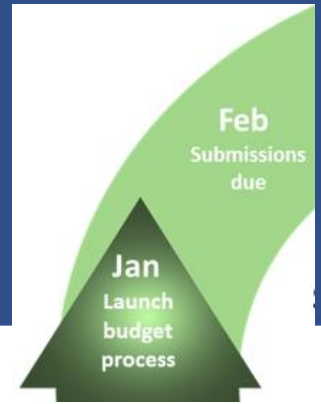
SET: Senior Executive Team

CPSC: Capital Planning Steering Committee

RHD: Regional Hospital Districts



IH Capital Prioritization Process



- Annual review and prioritization cycle – 1 year in advance of funding availability
- Split into categories so more manageable and experts can inform prioritization decisions
 - Equipment – Under \$100K; Over \$100K
 - Capital/Maintenance Improvement Projects – Under \$100K; Over \$100K
 - Digital Health Projects (Information Technology)



IH Capital Prioritization Process



- Each category has a running list:
 - All historical equipment/projects for funding consideration
 - New capital requests made during the active submission window
- Committees that specialize in each program area and/or geographical region review lists and recommend priorities
- No target budget – “Top 10” priorities



IH Capital Prioritization Process



- Subject matter experts help inform prioritization by identifying urgency, risk, strategic alignment, population and service needs
 - Clinical Leaders (IH Clinical Managers and Physicians)
 - Biomedical Engineering
 - Plant Services
 - Capital Planning and Projects
 - Analytics
 - Finance
 - Regional Hospital Districts
 - Hospital Foundations/Auxiliaries
- Application of the IH Capital Strategic Framework and longer-term planning



IH Capital Prioritization Process



- Short-listed items are priced by:
 - PHSA Procurement (equipment)
 - IH Capital Planning and Projects (capital/maintenance improvement)
 - IH Digital Health (Information Technology)



IH Capital Prioritization Process



- With pricing complete, an *IH Capital Planning Steering Committee* does final review of priorities
- Match items against available budget
- Committee uses same principles and strategic framework in completing review

IH Capital Prioritization Process



- Final recommendations reviewed by IH Senior Executive Team and IH Board of Directors for sign-off and submission to Ministry of Health
- Funding request letters sent to Regional Hospital Districts

Major Priority Investment Projects > \$5M

- Priority Investment (PI) projects follow similar prioritization path as Routine Capital Investments (RCI)
 - Use same expertise
 - Use same strategic framework
 - Tracked on the same “master” capital lists
- PI projects also go thru more structured set of criteria to assess a formal “score”
- IH PI priorities sent to MoH separately for consideration



Major Priority Investment Projects > \$5M

- MoH directs IH on which PI Project(s) it supports, and
- Whether to proceed with Concept Planning and Business Planning
- Requires advanced discussion and planning with funding partners
 - High dollar value
 - Timing can occur between annual funding request cycles



Updates on Current Projects



Major Project Updates – KGH Equipment

Project	Fiscal Year	Total Budget	CORHD Contribution	Status Update
Endovascular Treatment Equipment	2021/22	\$6,500,000	\$1,847,000	<ul style="list-style-type: none"> • <u>Project has been delayed due to cost pressures. We have an additional funding request in 2023/24</u> • Project proceeding in 5 phases to accommodate clinical operations during construction • Phase 1 and 2 are complete • Phase 3 is underway with framing, rough-in and boarding started in Dec 2022 • Construction expected to complete in April 2023 with equipment install thereafter. Space available for use by patients in June/July 2023.
Operating Room 15 and 16 Equipment Fit-out	2021/22	\$6,900,000	\$2,760,000	<ul style="list-style-type: none"> • Short delay due to supply chain issue • Anticipating installation of equipment to begin early January 2023 with OR's to be operational by mid-February
CT Scanner Replacement	2022/23	\$3,185,000	\$1,274,000	<ul style="list-style-type: none"> • Project delayed due to request from operations to review scope to allow existing CT to remain in operation while replacement machine installed • Capital project team reviewing viability • Anticipated delay of 11 months with estimated completion April 2024
MRI Replacement & Addition	2022/23	\$30,000,000	\$10,280,000	<ul style="list-style-type: none"> • Construction of building expansion, install of replacement MRI unit and install of additional MRI unit • Procurement for design consultant complete • Expect Construction Manager to be retained spring 2023 • Estimated completion of October 2025



Major Project Updates – KGH Construction

Project	Fiscal Year	Total Budget	CORHD Contribution	Status Update
Parking	2021/22	\$20,000,000	\$4,600,000	<ul style="list-style-type: none">•Surface parking across two properties adjacent to KGH•Final drawing review with stakeholder groups now complete•Contractor procurement anticipated by end of January•Construction to start as soon as possible, weather dependent•Working on phasing plan for both lots to limit impact to KGH staff using existing parking on one of the lots•Current costing estimates remain within budget
Pharmacy Upgrade	2022/23	\$1,950,000	\$780,000	<ul style="list-style-type: none">•<u>Project has been delayed due to complexity of design and phasing to maintain Pharmacy operations. This has extended duration of construction. We anticipate a significant cost pressure, but we cannot quantify at this time.</u>•Construction expected to begin in March 2023•Substantial completion estimated for January 2024



Major Project Updates – Non-Acute Capital

Project	Fiscal Year	Total Budget	CORHD Contribution	Status Update
Kelowna Long-term Care Business Plan	2020/21	\$250,000	\$100,000	<ul style="list-style-type: none"> •Rebuild Cottonwoods long-term care site utilizing nearby vacant land IH currently owns to construct the new facility •Business plan has been submitted to the MoH and our capital project team is awaiting feedback •Completion of the business plan was impacted by instability in the construction market impacting pricing, scheduling and Contractor availability •Resulted in multiple drafts being submitted to the MoH •Will provide future updates when available
Kelowna/Rutland Primary Care Network	2021/22	\$2,000,000	\$800,000	<ul style="list-style-type: none"> •<u>Project has been delayed due to substantial shift in original concept of a Kelowna and Rutland PCN hub with a change in the primary care landscape for the Central Okanagan</u> •IH is relooking at the space needs to support the PCN and will have more details to share when available, including changes to the original funding request amount if required





Thank You for Your Support



Questions