

Appendix A: Approach & Methodology

Since June 2013, RVHS and TSH have been working to proceed with stakeholder engagement and opportunity analysis in order to determine what benefits a merger of the two hospital corporations may provide to the Scarborough and west Durham community. This information contained in this appendix outlines the approach and methodology by which the process was conducted.

The current phase of the Facilitated Integration process, of which this section describes the approach and methodology, is designed to capture the qualitative benefits and risks and where possible “order of magnitude” quantitative benefits and risks.

Project Scope

The chart below describes the activities that are in scope and out of scope for the purposes of the Facilitated Integration Planning process. The scope of this process focuses on those activities outlined within the Central East LHIN Board Motion 3 – which includes the leadership and/or governance, back office functions, and patient care services of the three hospitals sites contained within the Scarborough Cluster.

<i>“IN” Scope</i>	<i>“OUT” of Scope</i>
<ul style="list-style-type: none"> • Leadership and/or governance and back office functions at RVHS and TSH • Opportunities for integration of patient care services within the Scarborough Cluster • Opportunities for linkages, partnership and integration with other health service providers, primary care providers, mental health and addictions service agencies, CCAC and networks in the Central East LHIN • Risks and liabilities to the providers and the Central East LHIN • All communications and community engagement activities related to the integration activities • Development of an Integration Plan with integration recommendations, associated transition costs and ongoing operating budgets to be provided to participating Boards of Directors in November 2013 • Presentation of the Plan to the Central East LHIN Board of Directors in November 2013 • If required, the Plan will then be forwarded to the Minister of Health and Long-Term Care for approval of specified elements • Implementation will begin as soon as possible after approval by the Central East LHIN Board. 	<ul style="list-style-type: none"> • Final approval of key deliverables, which rests with the respective Boards: <ul style="list-style-type: none"> – Approval of the TSH Maternal Newborn and Women’s Health and Surgical Models Review Panel – Approval of the Scarborough Regional Maternal Child Youth Task Group report – Approval of the Integration Plan • Current patient care services delivered in the Durham Cluster at the RVHS Ajax-Pickering site • Operations of the Ajax-Pickering Hospital Auxiliary • Governance, management and operations of RVHS and TSH Foundations.

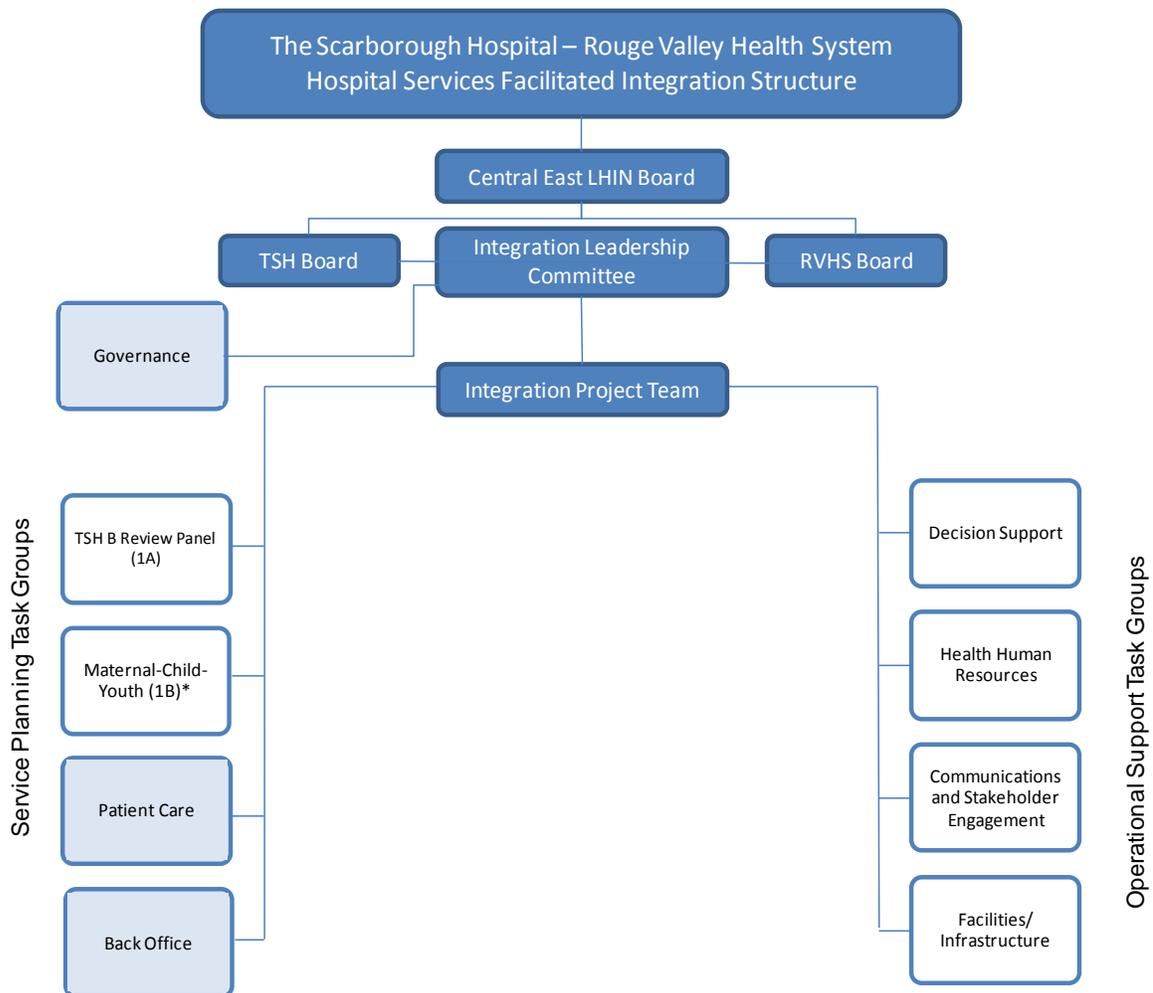
Project Structure

At the project initiation (Phase 1 of the Facilitated Integration), an Integration Leadership Committee (ILC), reporting to the Boards of RVHS and TSH was created to provide diligent oversight and guidance to the process commencing with the development of a Planning Framework (referred to in Motion 3 as a Directional Plan).

Within the Planning Framework, an Integration Project Team (IPT) was identified reporting directly to the ILC, and became operational upon approval of the Planning Framework and commencement of Phase 2 of the Facilitated Integration process. The purpose of the IPT is to provide operational planning and support to the ILC and to establish project teams/task groups as required for executing directives and implementing actions of the ILC necessary to meet its deliverables.

The Facilitated Integration structure below outlines the task groups and reporting structure for the Facilitated Integration process.

Diagram 1: Facilitated Integration Structure

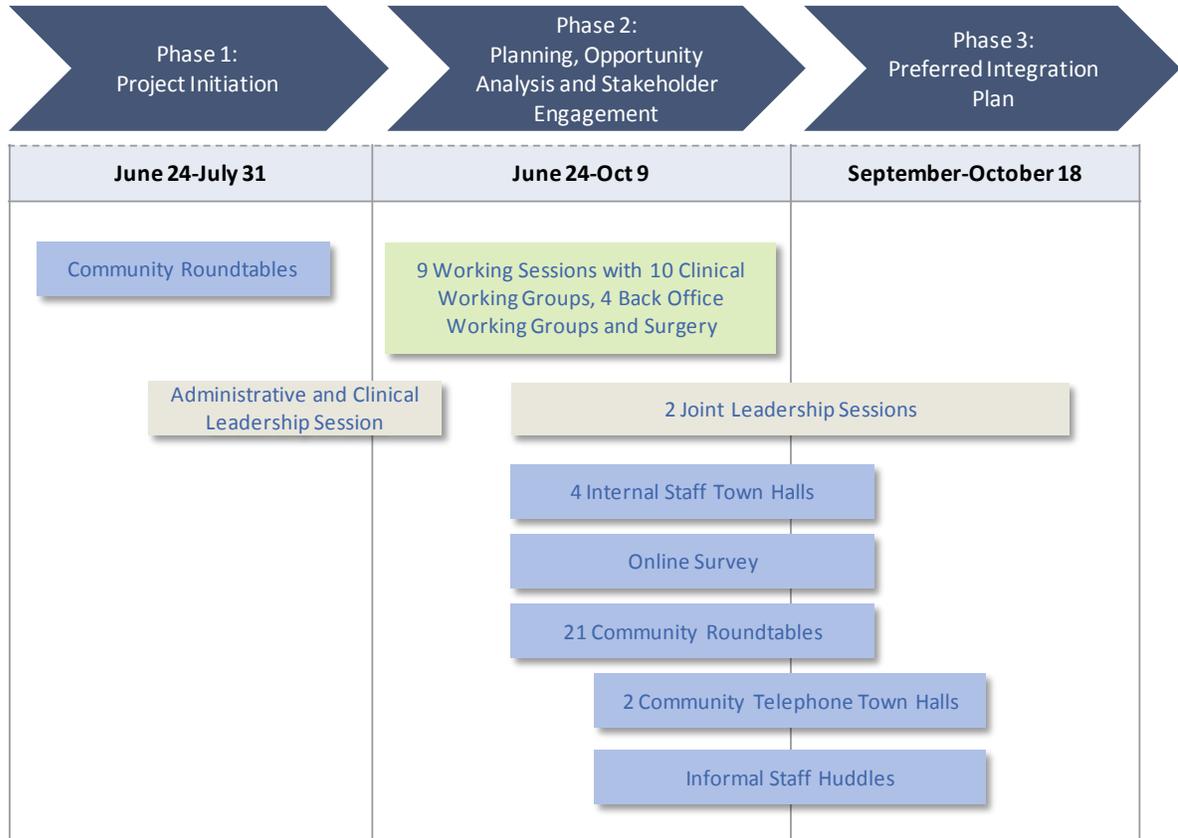


**Maternal-Child-Youth(1B) will be included in the Patient Care Task Group*

Project Approach

The diagram below outlines the timelines and three-phased approach that guided the Facilitated Integration:

Diagram 2: Facilitated Integration Approach



Phase 1: Overview of Project Initiation

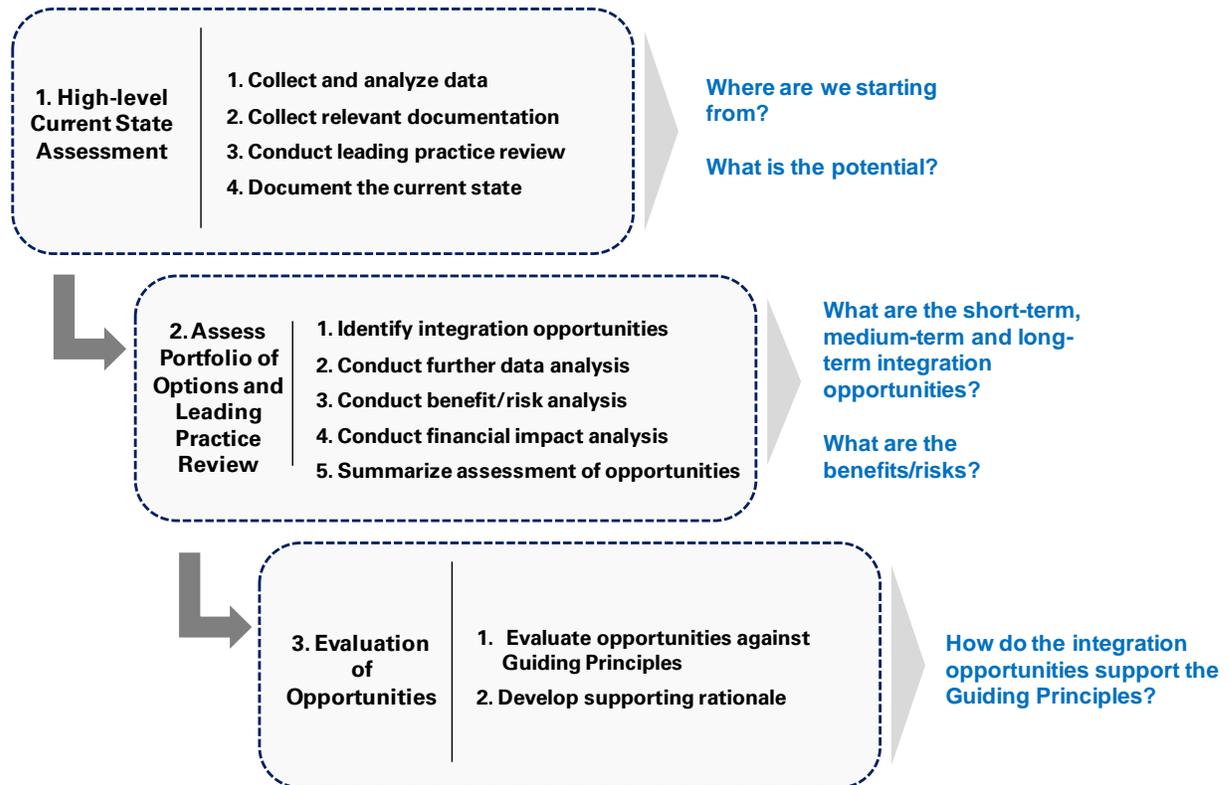
Key activities within Phase 1 included:

- Development of Project Charter, team structure, approach and workplan
- Orientation of core Planning Team resources to the project, and,
- Confirmation of opportunity analysis process framework, and Workbook templates.

Phase 2: Overview of Opportunity Analysis Approach

As illustrated in the diagram below, the opportunity analysis approach was structured in three distinct stages. The Working Groups (described in the next section) completed the activities within each of the stages of work.

Diagram 3: Opportunity Analysis Approach



Scope of Opportunity Analysis Process

A total of 15 Working Groups were created to conduct the work within this process – four back office Working Groups and 10 clinical Working Groups. An additional group was created to address surgical programs.

Each Working Group was comprised of a key group of individuals representing RVHS and TSH that were focused on completing the due diligence process for an identified patient care program or back office service. The role of the Working Groups was to provide information to allow the ILC and the hospital Boards to determine what benefits a merger of two hospitals will provide to the Scarborough and west Durham communities.

Leadership, coordination and oversight of the Working Groups was provided by one of two Task Groups - Patient Care Task Group and Back Office Task Group (refer to appropriate Task Group Terms of Reference for additional information). An additional Task Group for Governance was used to complete the work within this area – this Task Group reported directly to the ILC.

The approach for each of the three Task Groups is described below.

Clinical

The Patient Care Service Planning Task Group was the key group of individuals representing RVHS, TSH and Central East LHIN (as applicable) that met on a frequent basis to support the ILC, through the IPT, by providing

leadership, coordination and oversight to the due diligence process and Preferred Integration Plan development as it relates to clinical programs/services.

The opportunity analysis process for patient care was structured into two streams of work:

- Workstream #1: Opportunity analysis activities that broadly assess the overall clinical programs/services profile of RVHS and TSH; and,
- Workstream #2: Opportunity analysis activities focused on the identification and evaluation of integration opportunities within specific patient care areas of focus based on identified selection criteria.

To identify the clinical areas of focus for Workstream #2, the Patient Care Service Planning Task Group applied the following selection criteria:

- Programs/services that represent an opportunity to improve the quality of care
- Programs/services that span both organizations with an opportunity to leverage critical mass in volumes and expertise
- Programs/services that represent an opportunity to gain market share; and,
- Programs/services that represent an opportunity to enhance financial sustainability.

The table below summarizes the clinical areas of focus for Workstream #2. Note: Maternal-Child-Youth is a required area of focus as related to the Central East LHIN Board of Directors Motion 1b (dated March 27, 2013).

Cluster #1	Cluster #2
Cardiology	Diagnostic Imaging
Laboratory Services	Nephrology
Maternal Child	Oncology
Mental Health	Pharmacy
Post-acute Care	Palliative Care

The Patient Care Service Planning Task Group undertook this opportunity analysis process with the planning assumption that all four Emergency Departments are 24/7.

Within Workstream #1, opportunity analysis activities were also undertaken to broadly assess the overall surgical program profile of RVHS and TSH. A Surgery Program Session was held on September 16, 2013 to develop a common understanding of the current state of the Surgical Programs at the two hospital corporations; to explore and develop a portfolio of potential integration opportunities for Surgical Programs. The following surgical programs were included:

- General Surgery
- Endoscopy
- Urology/Gynaecology
- Plastics/ENT/Oral/Ophthalmology
- Orthopaedics
- Anaesthesia.

Workstream #2 activities were completed through a facilitated process, in which RVHS and TSH facilitators guided the Working Groups through the completion of the Workbooks (see Appendix F for the completed Workbooks for each Working Group). The completion of the financial analysis within Section 6 was supported by external consultants, with final validation completed by the Decision Support and Working Group members.

Back Office

The Back Office Task Group was the key group of individuals representing RVHS, TSH and Central East LHIN (as applicable) that met on a frequent basis to support the ILC, through the IPT, by providing leadership, coordination and oversight to the due diligence process and integration plan development as it relates to back office functions.

Back office functions that were included in this scope of work were organized into four core areas of focus:

Area of Focus	<i>Back Office Functions</i>
Finance	<ul style="list-style-type: none">• Finance• Purchasing/ Logistics/ Contract Management• Retail/ Ancillary Operations
Hotel	<ul style="list-style-type: none">• Plant Maintenance• Capital Planning/ Development• Housekeeping• Patient Transport• Patient Food Services
IM/IT	<ul style="list-style-type: none">• IT/ Telecommunications• Registration• Health Records
HR	<ul style="list-style-type: none">• Compensation & Benefits• Employee & Labour Relations• Recruitment• Occupational Health & Safety• Organizational Development & Diversity• Payroll

Back Office Working Groups worked independently to complete each section of their Workbook (see Appendix F for the completed Workbooks for each Working Group). The completion of the financial analysis within Section 6 was supported by external consultants, with final validation completed by the Decision Support and Working Group members.

Governance

The Governance Task Group provided leadership and coordination to the opportunity analysis process and integration plan development as it related to governance functions.

In this role, the Governance Task Group:

- Assessed and documented the current governance practices of each hospital, identified how current practices align with leading practices, and highlighted issues that need to be addressed to achieve leading practices
- Identified commonalities, differences, leading practices and material issues that may impact a possible merger of the two corporations, specifically:
 - Articles of Incorporation and Letters Patent
 - Administrative and Professional Staff By-laws
 - Board structure, including Board Committees and their terms of reference, nominating process, and composition

- Board policies
- Reviewed other governance issues and advised the ILC on such matters that may impact the possible merger of the two corporations and possible strategies to mitigate the risks, and
- Recommended a process to the ILC and hospital Boards to support a merger if such a decision is taken.

The final deliverable of the Governance Task Group is a report summarizing the current state assessment and leading practice findings, a recommended process to support a merger if such a position is taken, along with a proposed transition plan.

Other Due Diligence Activities

Further to the work of the Working Groups, additional sessions were held with clinical and administrative leaders, Board members, Senior Leadership Team members, and Medical Advisory Committee members to explore the benefits and risks of a possible merger.

A listing of additional sessions and their objectives are listed in the table below:

Session	Attendees	Objectives
Administrative and Clinical Leadership Session – July 31, 2013	<ul style="list-style-type: none"> • Administrative and Clinical Program Directors, Senior Leadership Team 	<ul style="list-style-type: none"> • To provide an overview of the Hospital Services Facilitated Integration process • To develop a common understanding of the current state of the two hospital corporations • To explore the potential benefits and risks of a possible merger of the two hospitals will provide to the Scarborough community from a clinical perspective.
Joint Leadership Session #1 – September 19, 2013	<ul style="list-style-type: none"> • Board members, Senior Leadership Team members, and Medical Advisory Committee members 	<ul style="list-style-type: none"> • Provide an overview of the Facilitated Integration process, including stakeholder engagement and due diligence, and an update on progress to date • Discuss how the Facilitated Integration Guiding Principles will be used to support the decision-making process • Confirm process and next steps.
Joint Leadership Session #2 – October 22, 2013	<ul style="list-style-type: none"> • Board members, Senior Leadership Team members, and Medical Advisory Committee members 	<ul style="list-style-type: none"> • Provide update on Guiding Principles • Provide update on the Facilitated Integration process • Share preliminary findings and seek input.

Overview of Stakeholder Engagement Approach

Please refer to Appendix I for details of the Stakeholder Engagement approach.

Phase 3: Overview of Preferred Integration Plan Development

Key activities within Phase 3 included:

- Develop draft Preferred Integration Plan report
- Present preliminary draft Preferred Integration Plan report to IPT and ILC
- Present final draft Preferred Integration Plan report to IPT and ILC
- Submit final Preferred Integration Plan report to hospital Boards, and
- Submit final Preferred Integration Plan report to Central East LHIN Board.