Annual Performance Report

2015 ◆ 2016

Together we can

Eastern Health

ANNUAL PERFORMANCE REPORT

2015-16

September 21, 2016

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Message from the Board of Trustees

Through my role as Chair, it is my pleasure to present the 2015-16 Annual Performance Report on behalf of Eastern Health's Board of Trustees. This report outlines progress during the second year of our Strategic Plan, *Together We Can*.

This past year has seen a continued focus on our four priority areas: **quality and safety; access; sustainability; and population health**. The Report on Performance section of this report provides an overview of our progress in achieving our objectives related to each of these priorities during year two. As well, this report provides an opportunity for us to highlight various achievements made across programs throughout our region. We have many talented, compassionate and committed individuals, so we are always happy to promote examples of our excellent work through this report and at our subsequent Annual General Meeting.

This year we also welcomed the appointment of three new members to Eastern Health's Board of Trustees: Sharon Forsey, Dr. Peter Ford, and Maurice Tuff. All of our Trustees are well respected and accomplished individuals who have experience in a wide range of areas. We look forward to continued success in achieving our goals and objectives. As per legislated requirements, our Board of Trustees is accountable for the actual results reported.

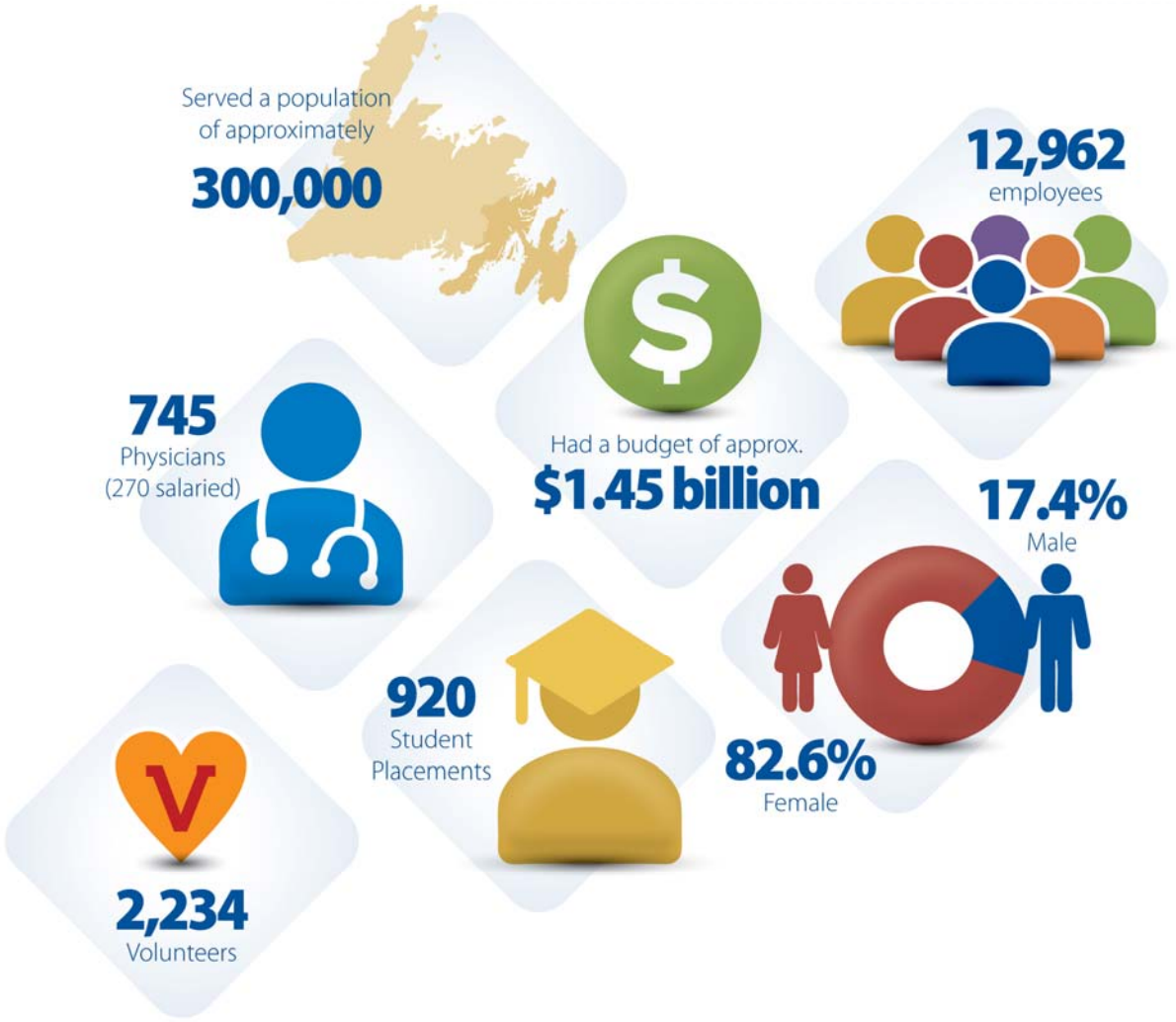
Michael J. O'Keefe
Chair, Board of Trustees

Board of Trustees (Top row, l-r): Michael J. O'Keefe (Chair), William Abbott, Robert Andrews, Barbara Cribb, Dr. Peter R. Ford, Sharon Forsey (Bottom row, l-r): Cindy Goff, Bill McCann, Sister Sheila O'Dea, Leslie O'Reilly, Shirley Rose, Frank Ryan, Maurice Tuff

Government Entity Overview

The Eastern Regional Health Authority (Eastern Health) is Newfoundland and Labrador's largest integrated health authority, providing a full continuum of health and community services, including public health, long-term care, and acute (hospital) care.

In 2015-16 Eastern Health...



Employees: There were 12,962 employees[1]. 17.41% Male; 82.59% Female.

Students: There were 920 student placements (882 of which were unpaid student placements and the remainder were recruited through competition).

Volunteers: Approximately 2,234 volunteers[2] who provided 62,512.5 of volunteer work around the region[3].

Eastern Health continues to benefit from the enormous efforts of its six foundations:

1) Burin Peninsula Health Care Foundation
2) Discovery Health Care Foundation
3) Dr. H. Bliss Murphy Cancer Care Foundation
4) Health Care Foundation
5) Janeway Children's Hospital Foundation
6) Trinity Conception Placentia Health Foundation.

Each of these foundations is governed by a volunteer board of directors and works to raise funds for numerous types of equipment, facilities, programs and services.

[1] The number of employees provides a general "snapshot", as there are fluctuations such as summer hiring. This number is provided as of March 31, 2016 and includes all employees who are active and on leave.
[2] This is the total number of volunteers who provided service to Eastern Health at least one time throughout the year.
[3] Includes the following sites: City Hospitals (Health Sciences Centre, St. Clare's Mercy Hospital, Waterford Hospital, Dr. Leonard A. Miller Centre, Bell Island); City Long Term Care (St Pats, Masonic Park, Agnes Pratt, St. Luke's, Hoyles, Glenbrook Lodge); Peninsulas (Golden Heights Manor, US Memorial, Blue Crest Home, Burin Peninsula Health Care Centre, Dr. GB Cross); Rural Avalon (Hr. Lodge, Interfaith, Pentecostal Citizens Home, Placentia Health Centre/Lions Manor, Carbonear General Hospital).

The Region

The Eastern Health region comprises the portion of the province east of (and including) Port Blandford, which is an area of 21,000 km^2. The region includes 111 incorporated municipalities (including the provincial capital, St. John's), 69 local service districts and 66 unincorporated municipal units spanning the entire Burin, Bonavista and Avalon Peninsulas. The map in Figure 1 (below) indicates the communities in which the health authority operates sites.

Figure 1: Communities with Eastern Health Sites

Vision, Mission and Values

The vision of Eastern Health is ***Healthy People, Healthy Communities***. Eastern Health works towards accomplishing this vision by aligning its core values and mission throughout its lines of business. Figure 2 below outlines the organization's vision, mission, and values.

Figure 2: Eastern Health's Vision, Mission and Values

Lines of Business

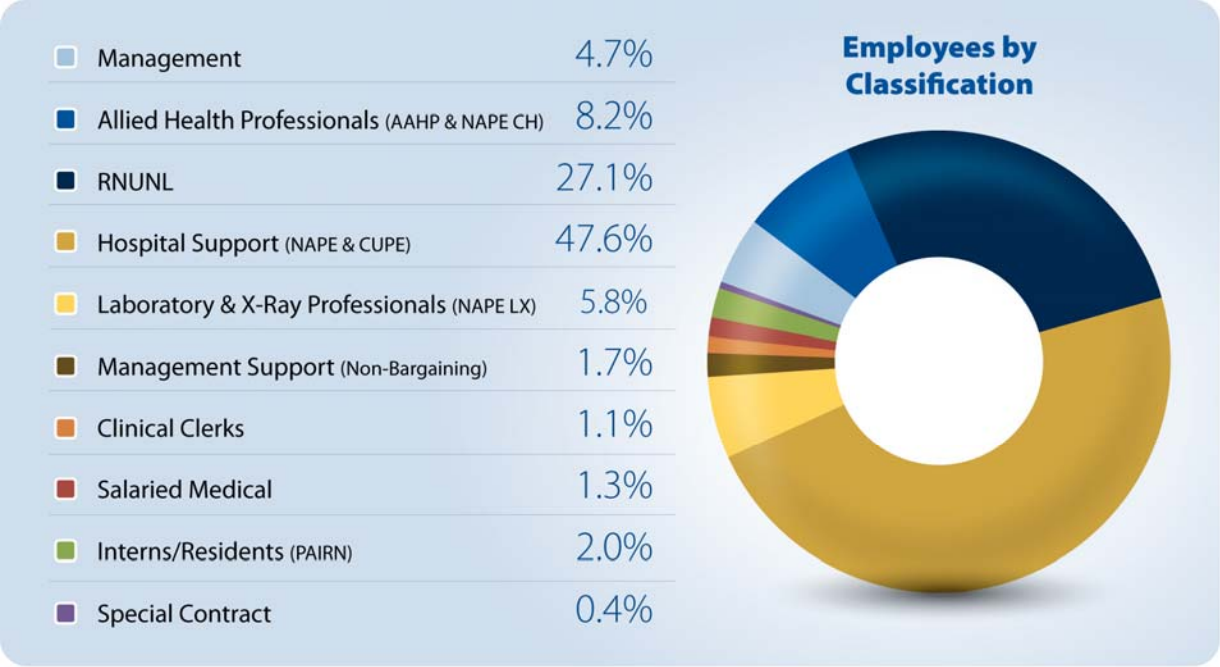
Eastern Health's lines of business are the programs and services delivered to patients, clients, residents and their families. These programs and services improve the health and well-being of individuals and communities across the continuum of health and at all stages of life. Eastern Health has four main lines of business: **1) Promote Health and Well-Being; 2) Provide Supportive Care; 3) Treat Illness and Injury; and 4) Advance Knowledge.**

A detailed listing of Eastern Health's lines of business is available in *Strategic Plan 2014-17: Together We Can* at **www.easternhealth.ca**.

Employees

As of March 31, 2016, Eastern Health had 12,962 employees[4], approximately 82.6 per cent of whom were female. Figure 3 shows Eastern Health employees by classification.[5]

Figure 3: Eastern Health Employees by Classification



[4] The number of employees provides a general "snapshot", as there are fluctuations such as summer hiring. This number is provided as of March 31, 2016 and includes all employees who are active and on leave.
[5] Acronyms included in the graph are as follows: AAHP: Association of Allied Health Professionals; CUPE: Canadian Union of Public Employees; NAPE: Newfoundland and Labrador Association of Public Employees; NAPE LX: Lab and X-ray; NAPE CH: Community Health; NAPE HP: Health Professionals; RNUNL: Registered Nurses' Union Newfoundland & Labrador; PAIRN: Professional Association of Interns and Residents of Newfoundland.

Provincial Mandate

Eastern Health's mandate is outlined in Appendix I (as per legislated requirements under the Regional Health Authorities Act). As well, the organization has ongoing education and research roles within the academic health sciences community and has particularly strong affiliations with Memorial University to further its mandate.

In addition to regional responsibilities, this health authority has provincial tertiary-level responsibilities, which include:

- Cancer Care
- Cardiac and Critical Care
- Children and Women's Health
- Diagnostic Imaging
- Laboratory Services
- Mental Health and Addictions
- Rehabilitation
- Surgery

Eastern Health also provides several outreach programs to bring services closer to where people who need them live. These are:

- Child Rehabilitative Clinics
- Regional Cancer Centres
- Satellite Systemic Therapy (Chemotherapy) Clinics

As well, Eastern Health is responsible for numerous provincial programs and services, as follows:

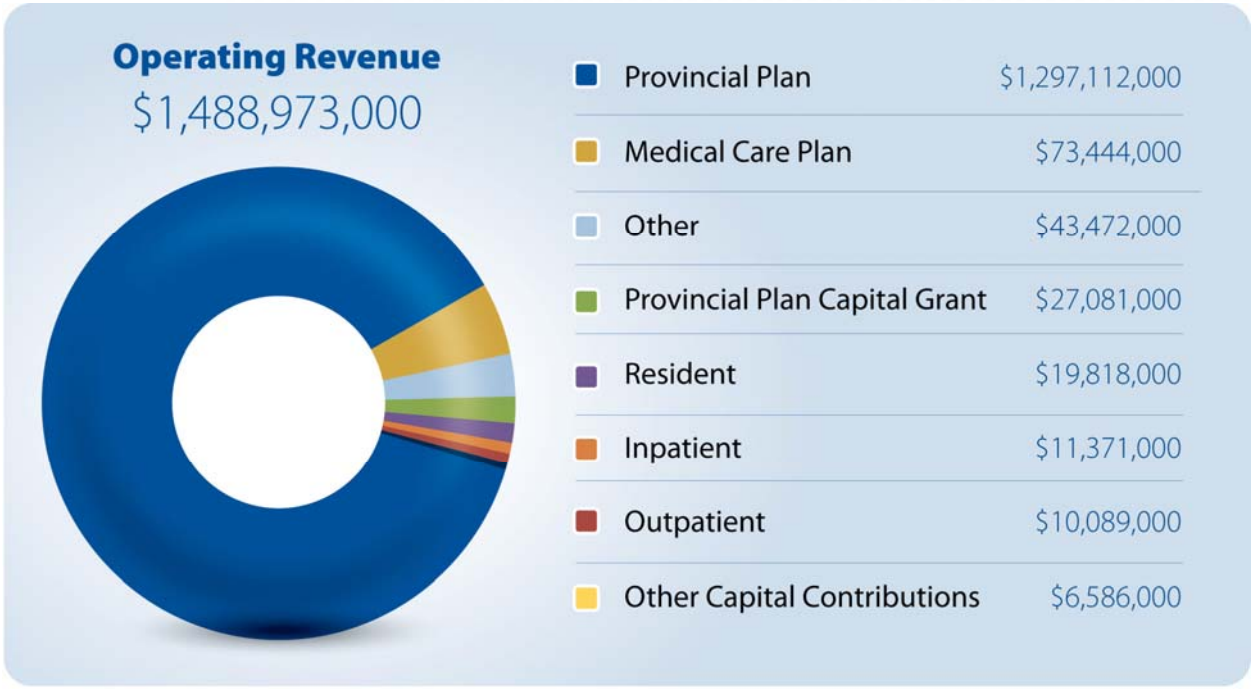
- Cardiac Genetics
- Hyperbaric Medicine
- Medical Control and Registration of Pre-Hospital Care Providers
- Neonatal Transport Team
- Provincial Air Ambulance
- Provincial Equipment Program - Community Living and Supportive Services
- Provincial Fertility Services
- Provincial Genetics
- Provincial Health Ethics Network Newfoundland and Labrador (PHENNL)
- Provincial Insulin Pump Program (up to age 25 years)
- Provincial Kidney Program
- Provincial Organ Procurement Program
- Provincial Pediatric Advice and Poison Control Lines
- Provincial Pediatric Enteral Feeding Program
- Provincial Perinatal Program
- Provincial Public Health Laboratory
- Provincial Synagis® Program[6] – Respiratory Syncytial Virus (RSV)
- Stem Cell Transplantation

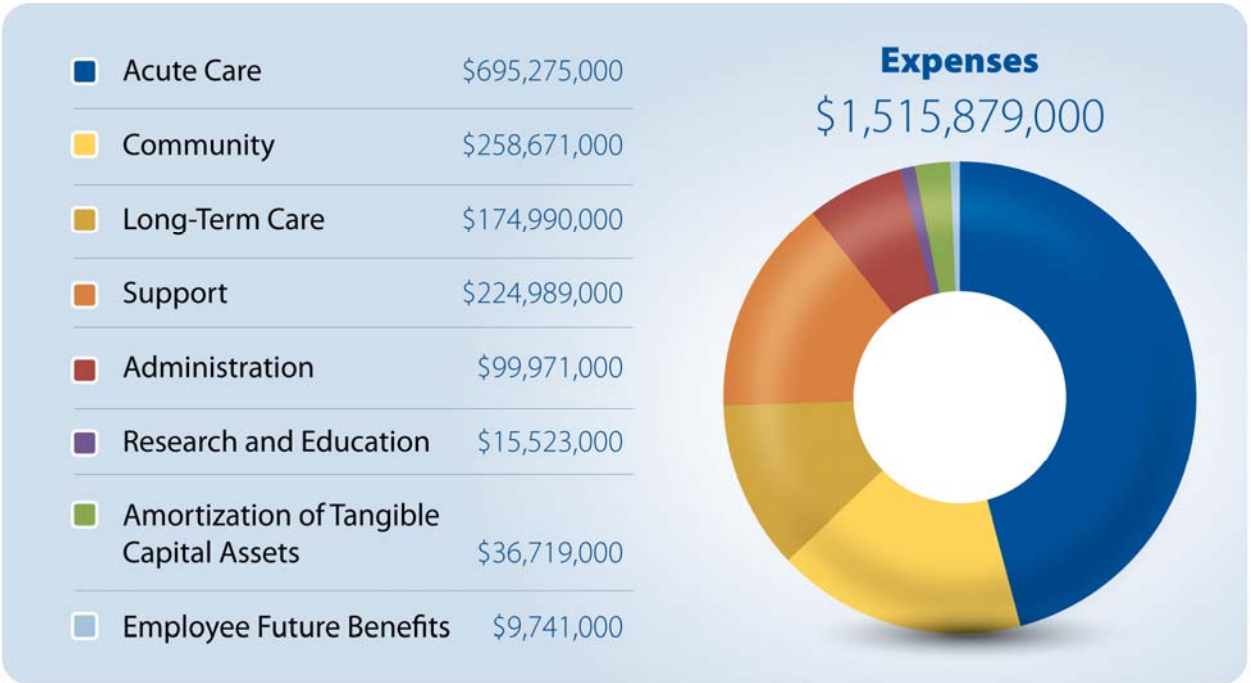
[6] Synagis is a prescription medication used to help prevent a serious lung disease caused by the respiratory syncytial virus (RSV) in children.

Revenues and Expenditures

Figure 4 shows Eastern Health's operating revenue and expenditures for 2015-16. See Appendix III for Audited Financial Statements in full detail

Figure 4: Eastern Health's Operating Revenue and Expenditures by Sector for 2015-16








Shared Commitments

Eastern Health continues to benefit from the enormous efforts of its partners in helping to achieve its mandate and strategic priorities.

Throughout 2015-16, Eastern Health continued to foster partnerships with many groups including:

- federal/provincial/municipal governments;
- crown corporations such as the Newfoundland and Labrador Centre for Health Information;
- educational institutes including Memorial University and the College of the North Atlantic;
- volunteer groups and auxiliaries[7];
- faith and fraternity-based owner boards for long-term care services;
- a diverse range of community-based organizations;
- foundations;
- physicians and private service providers;
- professional associations and unions; and
- the general public.

Eastern Health also maintains a unique relationship with the hospital/health centres in Saint-Pierre et Miquelon based on a 1994 agreement between Canada and France. Tripartite agreements with Caisse de Prévoyance Sociale (CPS) and Centre Hospitalier F. Dunan (CHFD) enables Eastern Health to provide services to its French neighbours when required.

[7] Auxiliaries are associated with most of Eastern Health's acute care and long-term care facilities. These volunteer groups provide a range of services that include coordinating volunteers and fundraising through gift shops operation.

A few of the many examples of Eastern Health`s partnerships towards enhancing health service delivery over the past year include:

Enhancing Quality of Life

The Music & Memory Program is a therapeutic program that uses iPods to bring personalized music to seniors living in nursing homes. In November of 2015, students at Holy Heart High School in St. John's helped to collect and donate 125 iPods to the Eastern Health program. In addition to helping enhance the quality of life for the elder population residing in nursing homes, this partnership provides a unique way to bridge a generation gap in a province that has one of the fastest aging populations in Canada. Music & Memory is a highly collaborative and interdisciplinary program that involves not only community partnerships, but also numerous departments within Eastern Health – such as Long-term Care, Allied Health, Volunteer Resources, Research, Infection Prevention and Control, Ethics and Corporate Communications.

Similarly, Pleasant View Towers collaborated with The Works, Memorial University's field house, to enhance the quality of life for their patients availing of the duet bicycle. The duet bicycle, built for two – a resident and a therapeutic recreation therapist – is used as a part of therapy for residents who experience mild to moderate depression or who are at risk of depression, for example residents suffering from chronic illness, bereavement and loss or those who are socially isolated. In addition, this 'bike therapy' is used in dementia care, to help revive past memories, or to reconnect with the outside community – especially for those who had an interest in biking or the outdoors. To ensure the continued success of the duet biking program during the cold months, the organization partnered with The Works so that long-term care residents could continue to enjoy riding the bike indoors.

Welcoming New Canadians

Eastern Health provided public health nursing services to the newly arrived Syrian refugees through the Association for New Canadians (ANC) beginning in January of 2016. With only one full-time nursing resource associated on-site at the ANC, over 600 hours of public health nursing services were provided by nurses temporarily reassigned to the ANC.

Mental Health

Eastern Health reopened LeMarchant House, a community-based mental health centre in St. John's, in March of 2016 after extensive renovations thanks to the donation of $250,000 from the Health Care Foundation. LeMarchant House provides counselling services for adults with mental health concerns and/or mental illness. The multidisciplinary team offers individual, family and group therapy. The new space has been completely transformed into a therapeutic, modern facility. Technology within the building has also been upgraded, including audio/visual capabilities, security features, the addition of a SMART board which is used for group therapy sessions and improved technology for the hearing impaired. The redevelopment of the facility was made possible thanks to the planned legacy gift from the late Gary Rowe and proceeds from the Health Care Foundation's Eleganza event, including a special donation from the Smiling Land Foundation to that event.

Eastern Health's Mental Health & Addictions program also partnered with End Homelessness St. John's to launch an Intensive Case Management initiative entitled "The Front Step" in January of 2016. This initiative is designed to provide housing and supports to individuals experiencing the longest and most frequent episodes of homelessness in the St. John's community. The aim of the program is to help end chronic and episodic homelessness in St. John's by 2019, making St. John's the first community in Atlantic Canada to do so.

Population Health

Eastern Health partnered with Labrador-Grenfell Health to build and support a tuberculosis contact-tracing database in response to the ongoing tuberculosis outbreak in Labrador. This project was a collaboration between Eastern Health, Labrador-Grenfell Health, and Nunatsiavut Government. The database went live in March 2016.

The organization also partnered with the English School District and three high schools in the Conception Bay North region to focus on population and preventative health by offering a clinical sexual health services pilot. The service was made available to high school students 16 years and older to increase their knowledge about sexual health and wellbeing and to inform the school and the community about sexual health needs of youth in their communities.

Highlights and Accomplishments

This section of the report provides a brief overview of achievements and good news stories from various programs, teams and individuals across Eastern Health for the 2015-16 fiscal year. These selections focus on various operational and departmental work plans, while the upcoming Report on Performance section of this report focuses on progress related more specifically to the broader priorities of Eastern Health's overall Strategic Plan.

Employer of Distinction Award Short List

Eastern Health was short-listed for the Newfoundland and Labrador Employers' Council 2015 Employer of Distinction Award. The Employers' Council's mission is to empower businesses and organizations in contributing to the economic growth and prosperity of the province, and this award recognizes businesses for leadership, innovation, valuing their workforce and giving back to the community.

Safety Award

Eastern Health has been awarded the BD (Becton, Dickinson and Company) Hazardous Drug Safety Award at the 'platinum level'. The BD Hazardous Drug Safety Award Program recognizes leading health-care organizations that are committed to health-care worker safety and process improvement in hazardous drug safety through leadership, best practices, innovation, and change management expertise. Through their efforts, staff provide and patients receive care in a safer environment. The Eastern Health Nursing Leadership and the Regional Pharmacy Manager - Systemic Therapy were both recognized through a joint educational grant valued at $5,000.00 for continuing education for staff.

Specifically, Eastern Health was recognized for:

- Providing continuing education on safe handling and awareness of hazardous drugs;
- Delivering measurable and sustainable improvements in safe handling policies and procedures;
- Leveraging technology such as closed system transfer devices (CSTDs);
- Providing support, guidance and shared learnings with peer organizations that are committed to limiting staff and patient exposure to hazardous drugs;
- Taking on a leadership role within the health care oncology pharmacy community; and
- Taking on a leadership role within the health care oncology nursing community.

Centre for Nursing Studies Accreditation

The Bachelor of Nursing (BN) Program offered through Eastern Health's Centre for Nursing Studies received a seven-year accreditation status by the governing organization in Canada for nursing education, the Canadian Association of Schools of Nursing (CASN). As part of the process, accreditors from CASN completed an intensive review of the BN Program, spending a considerable amount of time observing students in the classroom, laboratory and clinical settings, as well as meeting with faculty, staff, students and other key stakeholders. Accreditors of CASN were not only impressed with the high quality of education, but they were also impressed with the high calibre of students of the BN Program, remarking on the students' professionalism, confidence, enthusiasm and commitment to social justice. Receiving a seven-year accreditation status by CASN is the highest possible accreditation award in nursing education.

Laboratory Accreditation

Eastern Health's Medical Laboratory program achieved full accreditation of all of its medical laboratories. This entailed a full review through the Institute for Quality Management in Healthcare (IQMH), where the organization's practices and procedures were measured against international standards by peers in the field of Laboratory Medicine. This achievement through the International Organization for Standardization (ISO) provides the benefit of objective third-party assurance of appropriate quality standards for the public.

ISO 15189 is the international standard that is focused on standardization of processes and procedures in medical laboratories. It aims to improve both quality and technical practice of laboratory procedures while ensuring reliability and accuracy of test results. Further, it promotes an environment that is designed to achieve continual improvements.

IQMH is also a signatory to the mutual recognition arrangement of the international Laboratory Accreditation Cooperation. This means that Eastern Health Laboratories ISO 15189 Plus^{tm} certificates are recognized worldwide.

Cystic Fibrosis Screening

Eastern Health expanded the newborn screening profile in June 2015 to include testing for Cystic Fibrosis. Early intervention is critical to slow the progression of the disease, reducing irreversible lung damage, impediments to physical growth, and digestive problems.

The Grace Centre

A new treatment centre for adults dealing with complex alcohol and drug addiction issues was officially opened by Eastern Health and Government Officials in February 2016 in Harbour Grace. The Grace Centre offers a holistic approach to treatment for people who are 18 years of age and older.

The 18-bed facility offers medical, educational and therapeutic services in a safe and home-like environment for people who require more intensive levels of support. The modern facility includes a full-size gymnasium and fitness area, music and art therapy rooms, a lounge and entertainment space, and other amenities to create a positive and comfortable healing environment. The centre will complement other existing addictions treatment service centres throughout the province, including Humberwood in Corner Brook.

Transcatheter Aortic Valve Implantation Program (TAVI)

The TAVI program was initiated in January 2016 in collaboration between Eastern Health's Cardiac/Critical Care and Perioperative programs. TAVI is a minimally invasive valve implant for patients with severe aortic stenosis who are considered too high risk for surgical valve replacement. Prior to the initiation of the TAVI program, patients identified as TAVI candidates were required to travel out of province to have the procedure completed.

Enhanced Communications

Numerous initiatives were implemented to enhance communication both internal to the organization and with external stakeholders. Examples include:

- Launch of Chief Executive Officer's (CEO's) miniweb on the Eastern Health intranet entitled "As the Week Winds Down" to increase regular communication with employees.
- A YouTube promotion, the "Not Too Late Show", hosted by Clinical Chief for Infection Control, Dr. Natalie Bridger, to debunk myths about flu immunization for employees and the general public.
- Implementation of Skype for Business to facilitate long-distance meetings and avoid excessive travel.

Increased Efficiencies and Effectiveness

Through a focus on continuous improvement, Eastern Health successfully improved efficiencies in a number of areas across the organization, including:

- Human Resources - Recruitment Services underwent lean[8] quality improvement initiatives to reduce the turnaround times for filling of internal, seniority-based competitions by approximately 50 per cent.
- Developed a Stroke Strategy to achieve success in improving patient outcomes by implementing Canadian Best Practices. This has resulted in improved wait time for urgent vascular access studies from 7.2 days to 2.3 days for high risk patients.

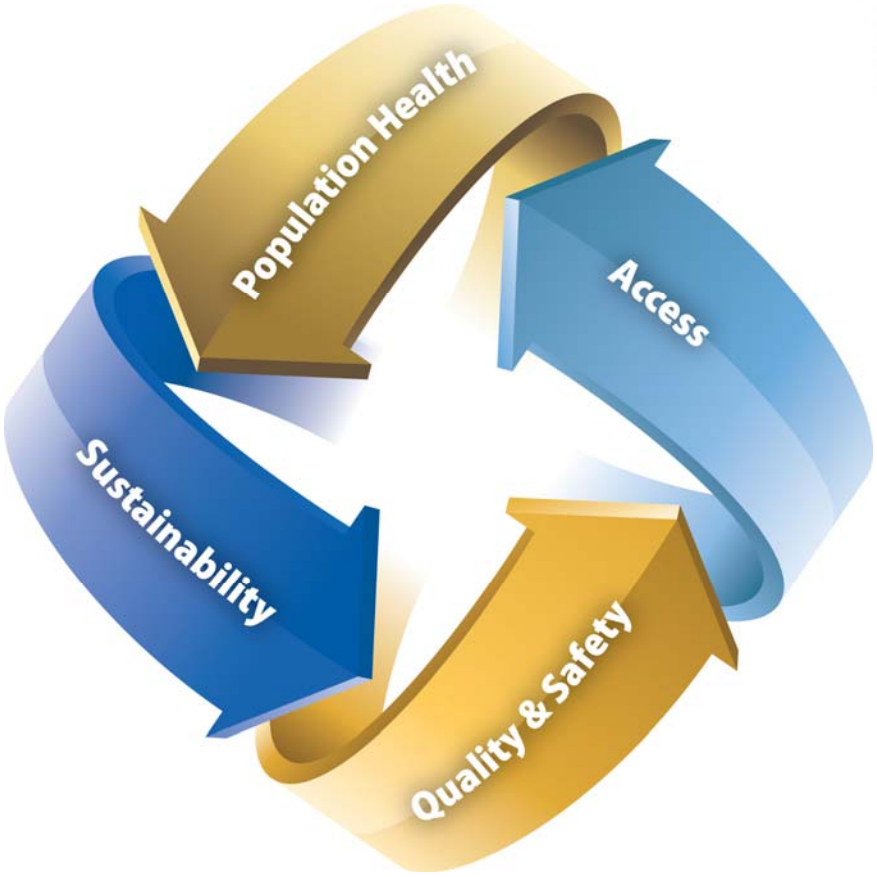
[8] "Lean" is a process improvement that involves streamlining and eliminating waste. The concept originated in the manufacturing industry and has been adopted within the health sector.

- Increased the capacity of the Endoscopy Unit at St. Clare's Mercy Hospital by 33 per cent through a redesign and renovation project. Good planning and project management allowed the unit to remain open during the renovation.
- The Colorectal Screening Program has achieved 100 per cent of Fecal Immunochemical Test (FIT) positive patients receiving care within six weeks. This achievement is line with the best practice recommendation.
- Implemented the use of an ankle-brachial index (ABI) device by the Home and Community Care nurses. This device can be used to detect the presence of lower-extremity peripheral arterial disease in patients who would have previously waited several months for non-invasive vascular studies at the vascular lab. The information from this tool also supports our ability to prioritize appointments with our Wound and Skin Consultant.
- Initiated a utilization review of perioperative surgical service within the Operating Rooms (ORs) of city hospitals focused on wait times, service allocation, and block time usage. The review resulted in increased utilization from 75-100 per cent in services to 100 per cent utilization for all surgical services. This review also resulted in increased efficiency in cardiac surgery, whereby the elimination of summer reduction in OR allocation for cardiac surgery allowed completion of 12 cases per week in comparison to 10 cases per week previous years. This resulted in an additional 33 cardiac surgeries being completed during the summer of 2015 and an overall decrease in the waitlist from 128 to 78 patients between April 30th and September 30th 2015. Due to the positive results, the OR review process will now be completed annually.

Report on Performance

Eastern Health's Strategic Plan, *Together We Can*, was developed for 2014-17 as per the legislative requirements of the *Transparency and Accountability Act*. The plan is available at **www.easternhealth.ca**. For this planning period, four priority issues were identified: **Quality and Safety, Access, Sustainability**, and **Population Health**.

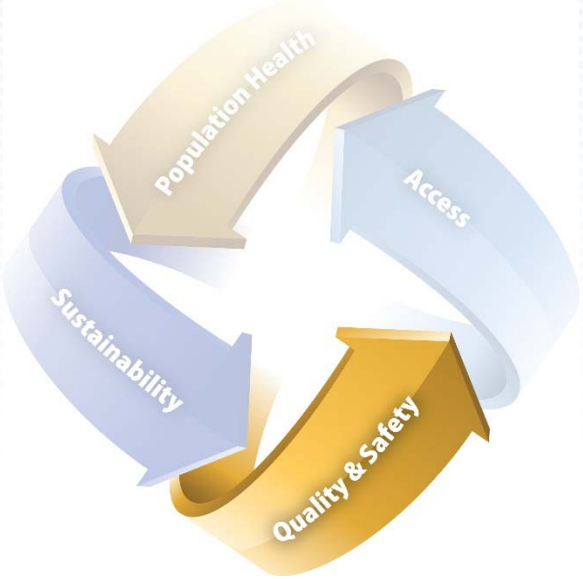
The various components of the plan are supported through an Operational Plan as well as numerous work plans within individual program areas across the organization. Appendix II provides definitions for all indicators identified.



Quality and Safety

Strengthening its foundation of quality and safety is a priority for Eastern Health. This includes building a culture of continuous improvement through all areas, whether in community services, acute care, long-term care, support programs or administration.

Eastern Health is focused on a number of indicators to monitor progress related to quality and safety and is committed to achieving ongoing improvement in this area.



Goal

By March 31, 2017, Eastern Health will have improved the culture of quality and safety throughout the organization.

Year 2 Objective

- By March 31, 2016, Eastern Health will have implemented its Safety Culture Strategy.

Measure

- Safety Culture Strategy implemented

2015-16 Quality And Safety Indicators

Planned Indicators	*Actual Performance*
Implemented Eastern Health's Safety Culture Strategy: Safer Together	Eastern Health implemented its Safety Culture Strategy, *Safer Together*, throughout 2015-16. This strategy demonstrates the organization's commitment to the safety of its patients, residents, clients, communities, employees, agents, students, volunteers, and visitors. This commitment is based on the understanding that an effective safety culture is linked to all aspects of safety – patient safety, employee health and safety, as well as safe equipment, buildings, and policies. The Safety Culture Strategy outlines goals under four areas: the Walk the Talk initiative, promotion of Just Culture, improving a culture of reporting and promotion of rapid improvement initiatives at the unit level. The examples listed below demonstrate how this strategy has been implemented across the organization under each of these four areas. In addition, an explanation of increased reporting is outlined later in this section of the report (i.e. near miss incident reporting): ▪ **Walk the Talk:** During a Walk the Talk, Eastern Health's Executive Team and program leadership bring the discussion of patient and staff safety to frontline work areas. This initiative involves all levels of the organization and creates a space for collaborative solutions to address client and staff safety concerns in various programs and departments throughout Eastern Health. During the 2015-16 fiscal year, 39 Walk the Talks were completed. ▪ **Just Culture Policy**: A 'Just Culture' creates an atmosphere that fosters trust and fairness, promotes a working environment where employees are encouraged to bring forward essential safety-related information, and where employees can openly discuss errors. A 'Just Culture' encourages learning from occurrences, incidents, adverse events and close calls. The Just Culture Policy was approved by the Policy Advisory Committee during the 2015-16 fiscal year. ▪ **Numerous Unit Level Initiatives:** Various programs across Eastern Health identified and implement rapid improvement initiatives specific to particular work units. For instance, Safe Patient/Resident Handling was expanded to include St. Patrick's Mercy Home, St. Clare's Mercy Hospital, Harbour Lodge and Carboner General Hospital. ▪ **Electronic Lone Worker Monitoring System:** The province's four Regional Health Authorities (RHAs) worked collaboratively to issue a joint tender and secure a safety system that provides community workers with a way to check in regularly when working alone in the community. Implementation began in fall of 2015, with over 600 users from within Eastern Health using the system as of March 31.
Improved on the Following Indicators: ▪ Increased Rate of Hand Hygiene Compliance ▪ Increased Percentage of Medication Reconciliation Compliance (Accreditation	During 2015-16, Eastern Health improved in two of these three Quality and Safety indicators: rate of hand hygiene compliance and the Hospital Standardized Mortality Ratio (HSMR). Unfortunately, the percentage of medication reconciliation compliance (Accreditation Canada ROP) did not increase as intended and an explanation on each of these three indicators is outlined below.

Canada Required Organizational Practice [ROP])
- Improved Hospital Standardized Mortality Ratio (HSMR)

Increased Rate of Hand Hygiene Compliance

Eastern Health continued to monitor hand hygiene compliance and implemented a number of interventions aimed at improving the rate of compliance, including:

- Received funding commitment from all six foundations for hand hygiene auditing software to provide Eastern Health with tablets to be used for hand hygiene auditing.
- Received funding from the foundations to acquire electronic bulletin boards for various nursing units, thereby increasing communication on audit results.
- Completed roll out of the self-auditing model in 75% of acute care inpatient areas across the Eastern Health region.
- Formed a provincial task group to develop a provincial strategy for auditing and process improvements using Eastern Health's pilot model.

The 2015-16 hand hygiene compliance target was set at 80 per cent. The percentage of hand hygiene compliance from the pilot project was **60.35 per cent** during this timeframe, up from 58.24 per cent during the previous fiscal year.

Increased Percentage of Medication Reconciliation Compliance (Accreditation Canada ROP)

Medication Reconciliation (MedRec) criteria for success includes ensuring the Best Possible Medication History (BPMH) is collected at admission; patients/families are a source in collecting the BPMH; BPMH is compared to the admitting orders; and, medication discrepancies are identified and resolved. The following MedRec initiatives were implemented in 2015-16 to attempt to improve compliance:

- Monthly compliance audit results are disseminated to the responsible Vice President (VP) and all leadership with a stake in MedRec. Programs with compliance less than 75% were targeted specifically for improvement activities;
- An app to audit MedRec compliance using electronic tablet technology was developed and approved for integration into the clinical environment. Clinical programs have tested the new technology and are now ready to implement the MedRec auditing app; and
- A tender was posted for a vendor-developed electronic MedRec process that can manage patient care at all transitions of care. Four bids were received and reviewed and one vendor was recommended for approval.

The target percentage of MedRec Compliance (Acute Care Inpatient Units) for 2015-16 was 75 per cent. Eastern Health achieved **55.67 per cent** compliance for this fiscal year, down from 64.72 per cent in 2014-15; thus the percentage of medication reconciliation compliance (Accreditation Canada ROP) did not increase as intended.

It is expected that the decline in MedRec compliance is a reflection of the change in auditing processes and the availability of more accurate data during 2015-16. In the past, MedRec auditing involved manual processes that were vulnerable to loss of data (e.g. lost audit sheets) and uncompleted audits (e.g. when auditors take leave).

During 2015-16, Eastern Health began implementation of an electronic auditing process using an IPad application (app) across the region to help improve compliance by improving auditing accountability as well as real time electronic roll up of data, thus preventing data loss.

Improved Hospital Standardized Mortality Ratio (HSMR)
In 2015-16, Eastern Health developed an action plan to improve the quality of the data used in reporting the HSMR and to support further assessment of mortality within the organization.

The action plan is overseen by the HSMR steering committee. Actions in 2015-16 include:

- Development of a physician education module that outlines documentation requirements for appropriate coding of data for HSMR reporting.
- Development of a department-level mortality report to support quality monitoring of outcomes.
- Implementation of a standardized coding audit for mortality files.
- Initiation of a review of Eastern Health documentation standards in collaboration with Medical Services, Professional Practice for Nursing and Allied Health and Quality, Patient Safety and Risk Management.

Eastern Health has begun analysis of open year facility-level data to support the above initiatives. HSMR analysis and data publication is conducted by the Canadian Institute for Health Information (CIHI). The final 2015-16 year-end data will not be available until September 2016; however, preliminarily results show a HSMR score of **114** for 2015-16. This is an improvement for Eastern Health from 2014-15 at **119**. HSMR values greater than 100 mean the hospital had more deaths among applicable inpatient cases than would be expected, given the characteristics of the hospital's patient population (for additional details on HSMR refer to Appendix II).

Implemented Tools and Processes to Increase Reporting of Workplace "Near Miss"

A "near miss" incident is an undesired event that, under slightly different circumstances, could have resulted in personal injury, property damage or loss[9]. Identifying near miss incidents provides the opportunity to prevent future injury by putting remedial measures in place where possible.

Eastern Health implemented tools and processes to increase reporting of workplace "near miss" incidents during 2015-16, including:

- Improved documentation tools and made them more readily available through Eastern Health's Intranet.
- Provided trend analysis data on a quarterly basis for Regional Occupational Health and Safety (OHS) Committees, Walk the Talks and annually through OHS Annual Report.
- Created a draft "safety star" award to acknowledge individuals who report unsafe conditions that contributes meaningfully to incident prevention.
- Worked on a provincial online reporting tool, which is anticipated to be completed next year.
- Provided managers with information and trending reports of near miss, medical aid and lost-time incidents using enhanced Cognos reporting.

[9] Source: Workplace NL

	The number of near miss reports increased from 1,818 in 2014-15 to **2,097** in 2015-16, which is approximately a **15 per cent** increase.
Developed Eastern Health's Business Continuity Plan for Priority Program Areas	Eastern Health progressed with phase two of the Business Continuity Management Plan during 2015-16. As of March 31, 2016, over 500 Business Impact Analysis (BIAs) have been completed with approximately six programs remaining. Despite the significant completion of BIAs, this phase took longer than anticipated and the development of response and recovery strategies in priority program areas, as identified by the BIA, will be carried over into the 2016-17 fiscal year. These response and recovery strategies will outline the roles, responsibilities and activities during and after a catastrophic event for every program and site.

Discussion of Results:
Quality and safety is an utmost priority throughout Eastern Health. The organization continues to focus efforts on improving all of their quality and safety indicators, especially in areas where Eastern Health is not currently achieving its annual targets. Although hand hygiene compliance was lower than targeted, the indicator is trending in the right direction from the previous year. Eastern Health recognizes the variance and is taking measures to further improve hand hygiene compliance.

MedRec compliance dropped slightly from 2015, programs complying below 75% are now being specifically targeted to improve MedRec processes and subsequent rates. Likewise, although Eastern Health's HSMR score is higher than targeted, it is trending down with a 3% reduction from the previous year. The organization will continue to strive to reduce the HSMR score throughout the next fiscal year to work towards reaching this goal and beyond.

Year 3 Objective

- By March 31, 2017, Eastern Health will have reviewed and revised its Safety Culture Strategy as necessary.

Measure

- Safety Culture Strategy evaluated

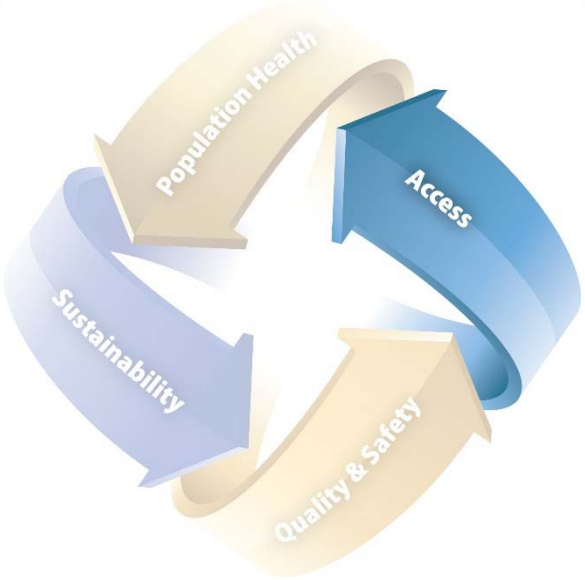
Indicators Planned for 2016-17

- Evaluated the effectiveness of Eastern Health's Safety Culture Strategy: Safer Together
- Improved on the following indicators:
  - Increased the rate of hand hygiene compliance to 75 per cent
  - Increased Medication Reconciliation compliance (Accreditation Canada) to 75 per cent
  - Improved Hospital Standardized Mortality Ratio
- Evaluated the effectiveness of the tools and processes to increase reporting of workplace "near miss" incidents
- Developed Eastern Health's Business Continuity Management Plan (BCMP) across all program areas

Access

Eastern Health's focus on access entails having the right intervention for the right client at the right time and in the right place. This includes improving access across all programs, as one part of the health care system impacts on another, and clients should transition smoothly from one form of care to another.

Eastern Health has identified a number of qualitative and quantitative indicators to measure progress – not just in terms of wait times but also in terms of process improvements and new initiatives.



Goal

By March 31, 2017, Eastern Health will have improved access by providing the right intervention at the right time and in the right place.

Year 2 Objective

- By March 31, 2016, Eastern Health will have further implemented initiatives to address challenges related to Alternate Level of Care.

Measure

- Further implemented initiatives

2015-16 Access Indicators	
Planned Indicators	***Actual Performance***
Implemented Eastern Health's Home First Strategy	"Home First" focuses on improving quality of life for clients by providing resources in the community so they can stay at home rather than in a hospital setting. Eastern Health began implementation of its "Home First" strategy through a pilot project during February-March 2016. In November 2015, the Department of Health and Community Services approved $414,300 funding for a "Home First" Pilot Project for 15 Alternate Level of Care (ALC)[10] patients in St. John's. These clients would receive a maximum three months of enhanced home supports, above the provincial ceiling, and where required, restorative services (Occupational Therapy and Physiotherapy) in the community to facilitate hospital discharge and prevent/delay long term care admission. The pilot project was initiated in February and as of March 31 had discharged nine patients home. The evaluation of this pilot project is ongoing, and will be finalized after all 15 clients have received their three months of enhanced home supports and restorative services. Thus, the Home First strategy was not fully implemented as originally anticipated during the fiscal year; however the evaluation will continue into the new fiscal year and will help to determine further action related to the strategy.
Implemented Process Improvements to Address Access Challenges Throughout Eastern Health	Eastern Health implemented process improvements to address access challenges identified in ALC and patient flow throughout the organization during 2015-16. For this year, Eastern Health's process improvements focused on early discharge planning and patient flow through program-specific initiatives and collaboration within multiple programs. Some of these improvements include: ▪ Opened an additional 30 beds in Pleasant View Towers and 30 beds in Chancellor Park. ▪ Began the Home First Pilot Project to allow for earlier discharge from hospital for recovery, continued enhanced home supports, or placement in long-term care (LTC) or personal care homes (PCH). ▪ Improved physician wait times and improved consult times in palliative care with a goal to improve capacity. ▪ Completed a Mental Health Kaizen Event[11] (Rapid Process Improvement) on West 3A of the Waterford Hospital during September 2015. This event focused on the movement of patients from hospital to community (i.e. admission to discharge processes), thereby improving patient flow. In comparison to 2014-15 data, results for the month-long initiative included a 182 per cent improvement in length of stay for targeted discharged patients; this was an average of 32 days saved per patient. ▪ Completed a Community Patient First Kaizen focused on improving patient flow through pre-admission planning to discharge.

[10] Alternate Level of Care (ALC) refers to patients who are in hospital even though they no longer need hospital care (e.g. waiting to transfer to another facility), which, in turn, affects bed availability and wait times.
[11] Kaizen is the practice of continuous improvement in quality, processes, productivity, safety and leadership.

The inter-disciplinary teams involved included nurses, physicians, social workers and other allied health professionals from acute, community and long-term care. Strategies targeted all patients admitted to one medical team during the month of June 2015, and of the 18 patients discharged during this period the ALC days decreased from 35 per cent to 0 per cent. As well, there was a total of 7.3 length of stay days saved per patient.

Improved Access, as Demonstrated Through the Following Indicators:

- Decreased Rate of Admissions for Ambulatory Care Sensitive Conditions
- Decreased Alternate Level of Care (ALC) Days as a Per Cent of Total Adult Patient Days
- Decreased Length of Acute Hospital Stay to Meet Appropriate Expected Length of Stay
- Decreased Emergency Room (ER) Wait Time – Time to Physician Initial Assessment

During 2015-16, Eastern Health monitored improvements in access, as demonstrated through the following indicators:

Decreased Rate of Admissions for Ambulatory Care Sensitive Conditions

Ambulatory care sensitive conditions are specific chronic medical conditions that when treated effectively in community settings should not advance to hospitalizations. Hospitalization for an ambulatory care sensitive condition is considered to be a measure of access to appropriate primary health care. Ambulatory care sensitive conditions include: diabetes, angina, hypertension, heart failure, pulmonary edema, asthma, Chronic Obstructive Pulmonary Disorder (COPD), grand mal status and other epileptic convulsions.

During 2015-16, the Rate of Acute Care Admissions for Ambulatory Care Sensitive Conditions (per 100,000 population) was 463.5 which is an improvement from 493.7 in 2014-15.

Eastern Health's current target is 480 admissions per 100,000 population. While there has been improvement from the previous fiscal year, there are a number of ongoing initiatives underway to support continued improvement. These include:

- Continued monitoring of data relative to this indicator and identified /strengthened internal and external relationships within primary care and acute care to ensure timely and accurate data.
- Expanded the Community Rapid Response Team in the Emergency department, supporting medically stable patients to return to their homes in the community.

Decreased Alternate Level of Care (ALC) Days as a Per Cent of Total Adult Patient Days

Alternate Level of Care (ALC) refers to patients who are in hospital even though they no longer need hospital care. Beds occupied by ALC patients are not available to other patients who need hospital care. High ALC rates indicate patients are not being cared for in an ideal setting (such as their home, assisted living or residential care) and can contribute to congested emergency departments and to surgery cancellations.

During 2015-16, Eastern Health's ALC days as a per cent of total adult patient days improved to **8.04**, down from 13.27 in 2014-15. Eastern Health's target was 8.00 and the following initiatives were implemented to improve in this indicator:

- Implemented unit-specific process improvements in acute care to study interdisciplinary discharge planning to decrease ALC days, and to identify a community pathway and connection with community programs (e.g. Community Rapid Response Team, Home First, enhanced home supports program).
- Developed a Home Support Client Tracking system through collaboration between the Community Support Program and

Decision Support. This system alerts community and acute care case managers whenever a community client is admitted to an acute care facility. This initiates a "Community Pull System" that facilitates early discharge planning and Home Support/Special Equipment/Supplies approval processes.

- Implemented an additional "pull" system in LTC (Agnes Pratt Home) to ensure vacancies are filled within 24 hours, 75% of the time facilitating more efficient placement for patients in acute care and community.
- Began a review of social work process improvement to improve patient flow, particularly in relation to ALC. The purpose of the review is to better understand the role of the social worker on the interdisciplinary team as well as to review increasing pressures and workload.
- Reassigned one social worker from the Community Support Program Enhanced Support Option to the Home First Pilot Project and a second to the Community Rapid Response Team.

Decreased Length of Acute Hospital Stay to Meet Appropriate Expected Length of Stay

Eastern Health has a set target to have 40 per cent or less of typical inpatients exceed their expected length of stay. During the past fiscal year, **48.23 per cent** of typical inpatients fell into this category, up from 44.86 in 2014-15; therefore Eastern Health did not achieve this indicator as planned.

There are a number of complex reasons behind this indicator not being achieved as planned in some areas, which include a lack of appropriate discharge planning and untimely flow of information that causes delays. The organization continues to focus on reducing the actual length of stay (LOS) in hospital to meet the national average of the Expected Length of Stay (ELOS) for comparable patients, as established by CIHI methodologies. Eastern Health implemented the following initiatives during 2015-16 to improve this rate and address the reasons behind longer lengths of stay. Such initiatives include:

- Implemented surgery interdisciplinary teams which work to develop best practice patient care pathways including ELOS and patient order sets. Patient order sets are standardized lists of all relevant treatments for patients with specific conditions. Patient order sets help reduce the length of stay in hospital as they standardize and support timely flow of treatments being ordered, therefore reducing delays.
- The Enhanced Recovery after Surgery (ERAS) pilot project was launched at St. Clare's Mercy Hospital for elective bowel surgeries. ERAS is a quality improvement initiative that aims to reduce patient complications, speed patient recovery, reduce length of stay and improve satisfaction. These results are achieved by delivering standardized care along the entire surgical continuum – from the patient's visit in the surgeon's clinic until discharge from acute care. The patients on the ERAS pathway are already showing early reductions in LOS. Approximately 30 patients have completed the pathway thus far, and the LOS in these cases have been reduced from 8.9 days to 5.3 days, which has exceeded Eastern Health's 30% ERAS target.
- Developed orthopedic surgery hip fracture teams which review and implement best practice initiatives, coming in line with Bone and

Joint Canada and ERAS practices (such as < 48 hours to OR, early post-op mobility, pain control and early transfer to rehabilitation).

Decreased ER Wait Time – Time to Physician Initial Assessment

Approximately 88 per cent of patients across the Eastern Health region were seen within three hours during 2015-16, with most departments achieving 90 per cent or greater.[12] This is an improvement over 2014-15 when 87 per cent of patients were seen within three hours. The Health Science Centre, St. Clare's Mercy Hospital and G. B. Cross Memorial Hospital remain below 90 per cent at 81, 81 and 86 per cent respectively.

The recognized benchmark is for 90 per cent of emergency department patients to have a physician initial assessment within three hours of arrival. Eastern Health continues to work towards improving access to patients presenting to the emergency department, with a long term goal to reduce wait times to within one hour of arrival. Some initiatives undertaken during 2015-16 included:

- Implemented a physician-nurse team for low acuity patients for the day shift at the Health Sciences Centre (pending physician availability), supporting a wait time for physician initial assessment below one hour during these times, and improving flow through the emergency department. Early results are showing a decrease in wait time for the targeted patient group.
- Recruitment efforts have led to four emergency room physicians and two long-term general practitioners to stabilize physician staffing levels at the Health Sciences Centre.
- Implemented process improvements that include visual cues and pull systems at St. Clare's Mercy Hospital, which are improving flow and decreasing the number of patients that leave without being seen.
- Implemented physician triage at Carbonear General Hospital to reduce physician initial assessment wait times. This process has helped to achieve the wait time target while seeing an increased demand for service.
- Developed an interdisciplinary team model in Bonavista, that includes community health services, to decrease wait times and redirect patients to appropriate primary care providers.

Discussion of Results:

Eastern Health improved in most areas identified within its Access priority during the 2015-16 fiscal year. Notably, process improvement initiatives throughout the organization have had a positive impact on patient flow. ALC days and ER wait times improved over previous years, as has Ambulatory Care Sensitive Conditions.

Despite the implementation of various strategies and initiatives, however, there are still access challenges related to length of stay and emergency room wait time indicators. Continual, focussed effort will be required to improve in these areas in Year 3 of the strategic plan and, ultimately, have the right intervention for the right client at the right time and in the right place.

[12] Based on the identification of an over calculation of the denominator for this indicator in previous years, Eastern Health changed the way this indicator is calculated during 2015-16.

Year 3 Objective

- By March 31, 2017, Eastern Health will have reviewed and revised its initiatives to improve access to community-based services as necessary

Measure

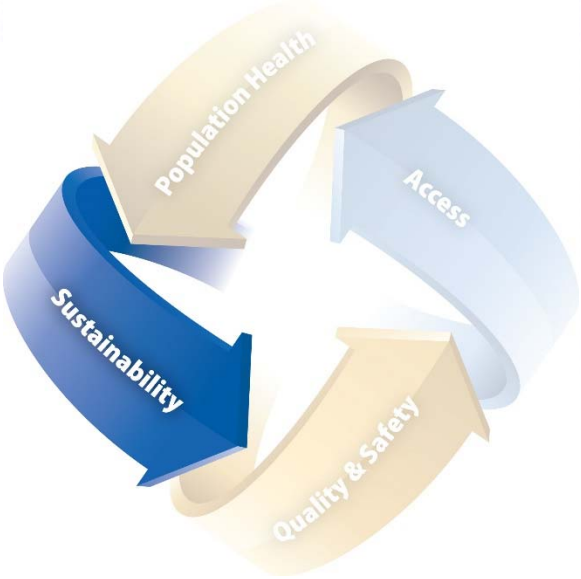
- Reviewed and revised initiatives

Indicators Planned for 2016-17

Assessed client flow and process improvement initiatives, as demonstrated by the following:

- Decreased rate of admissions for Ambulatory Care Sensitive Conditions to 420 per 100,000 population
- Decreased Alternate Level of Care (ALC) days to 8 per cent of total adult patient days
- Decreased length of acute hospital stay
- Decreased ER Wait Time to Physician Initial Assessment

Sustainability



Eastern Health's focus on sustainability involves a long-term view toward ensuring the availability of resources while striving to provide optimal care and service. Eastern Health's most significant resource continues to be the people within the organization who are dedicated to the highest standards of client care. At the same time, however, areas with lower employee and physician engagement have presented challenges, and it is widely recognized that ongoing effort is required from all levels of the organization to renew a sense of pride and focus on success.

Eastern Health's commitment to long-term sustainability is demonstrated by involvement in the Excellence Canada Progressive Excellence Program (PEP) – Healthy Workplace. This includes a range of healthy workplace planning and programs related to such aspects as occupational health and safety, physical work environment and healthy lifestyle practices. This priority area also relates to Eastern Health's ongoing efforts to tackle issues related to high sick leave use and associated costs of approximately $50 million annually.

Goal

By March 31, 2017, Eastern Health will have a healthier workplace.

Year 2 Objective

- By March 31, 2016, Eastern Health will have further implemented strategies leading to a healthier workplace.

Measure

- Further implemented strategies

2015-16 Sustainability Indicators	
Planned Indicators	***Actual Performance***
Submitted for Level III and begun implementation of the next level[13] of Excellence Canada's Healthy Workplace program	***Submitted for Level III and Begun Implementation of the Next Level of Excellence Canada's Healthy Workplace Program***: During 2016, Eastern Health submitted for and achieved Level III certification of Excellence Canada's Healthy Workplace Program. This certification included a verification visit by representatives from Excellence Canada and Eastern Health has begun planning to implement suggested opportunities for improvement.
Implemented Eastern Health's updated Healthy Workplace Plan	***Implemented Eastern Health's Updated Healthy Workplace Plan:*** Eastern Health implemented its Healthy Workplace Plan throughout the 2015-16 fiscal year. Since signing on to Excellence Canada's Progressive Excellence Program (PEP) Healthy Workplace in 2007, Eastern Health has developed its own Healthy Workplace Plan to help build a healthy and engaged workforce that is empowered to provide the best possible service to clients. Eastern Health has a particular focus on three key areas: mental health, physical health and respectful workplace. Some examples of progress in implementing this plan during the year include: ▪ **Provided Mental Health Education**: Eastern Health offered Mental Health First Aid (MHFA) for managers, which is a program developed through the Mental Health Commission of Canada to provide skills to help someone developing a mental health problem or experiencing a mental health crisis. Eastern Health also developed webinars for managers on Mental Health in the Workplace and Employee and Family Assistance Program (EFAP) Awareness. ▪ **Promoted Physical Health**: Physical health and active living were promoted through a number of initiatives, particularly during the 2015 "Summer of Fun" campaign and Healthy Workplace Month (February 2016). ▪ **Offered Conflict Management Skill Building Training**: This training provided management and staff with tools to help with various aspects such as understanding the importance of conflict management, exploring common sources of conflict and learning ways to resolve conflict. Training sessions were targeted at frontline employees, frontline leaders, managers and directors.
Improved rate of employee engagement	***Improved Rate of Employee Engagement***: Based on a survey conducted by AON Hewitt during Fall 2015, Eastern Health's rate of employee engagement improved by seven percentage points over the previous survey in 2012 (i.e. **33 per cent** in 2015 compared with **26 per cent** in 2012)[14]. According to AON Hewitt, the average engagement score among Canadian health care organizations that participate in this survey is 47 per cent. Engagement is a measure of how employees and physicians feel connected and inspired by the overall organization. Essentially, it measures how

[13] Note that Excellence Canada is in the process of changing the name of the various levels within its Healthy Workplace program.

[14] When combined with physician engagement, the overall engagement score for 2015 is 32%; however this is not comparable to the 2012 data since employee and physician data were not combined for that survey.

	positively employees and physicians speak about Eastern Health, how committed they are to staying with Eastern Health and how much effort they are willing to demonstrate for Eastern Health to be successful. In total, 4,054 employees, managers, senior leaders and physicians completed the engagement survey for a response rate of 30 per cent. The survey results indicate a significant improvement in certain areas, including teamwork, employee recognition, communication of senior leadership and collaboration between employees, programs and departments. Survey results also identify other areas for action in future, such as improving Eastern Health's "brand", talent and staffing, and senior leadership.
Implemented Eastern Health's Sick Leave Reduction Strategy	***Implemented Eastern Health's Sick Leave Reduction Strategy***: During 2015-16 Eastern Health implemented its Sick Leave Reduction Strategy. Examples of implementation include: ▪ **Disability Management**: A six-month pilot project was completed in March 2016 that focused on disability management (Sick Leave and Workers Compensation) in high-use programs with coaching/assistance from an external firm, Dallas Mercer Consulting (DMC). This project involved working with employees to develop return-to-work plans that were facilitated in a best-practice disability management philosophy of "work to recover" and included options such as returning with modified duties, alternate duties, or in some cases, special projects that could safely be done within an employee's scope of knowledge and qualifications. ▪ **Human Resources Support**: Human Resources Consultants worked closely with various program managers to strengthen their roles in identifying and supporting employees with high sick leave usage. ▪ **Increased Communication on Progress**: During the year the organization increased regular communication to highlight progress toward reducing the costs associated with high sick leave. For example, the CEO sent bi-weekly emails (corresponding to pay periods) to all managers providing data on trends and positive feedback on the ongoing efforts to reduce replacement costs.
Decreased rate of sick leave	***Decreased Rate of Sick Leave:*** Eastern Health had a decreased rate of sick leave in 2015-16 compared to the previous fiscal year. The total sick leave hours per Benefit[15] Full Time Equivalent (BFTE) was **151.51**[16], which was lower than 2014-15 (162.67). This is **6.88 per cent** lower than the previous year and aligns with the increased efforts to reduce sick leave through the health authority's Sick Leave Reduction Strategy (see above).

Discussion of Results:
While Eastern Health had a successful year in addressing its priority of Sustainability, most notably in terms of healthy workplace initiatives and sick leave reduction, employee and physician engagement require ongoing work to bring about positive changes. The organization must focus on what it does well to maintain those areas where higher engagement levels were identified, while at the same time renew efforts to address challenges noted in the engagement survey. This strong focus on employee and physician engagement will continue into Year 3 of the Strategic Plan.

[15] Employees with sick leave benefits
[16] This number excludes unpaid sick leave hours for temporary call-in/temporary part time employees.

Year 3 Objective

- By March 31, 2017, Eastern Health will have begun evaluation of its strategies leading to a healthier workplace.

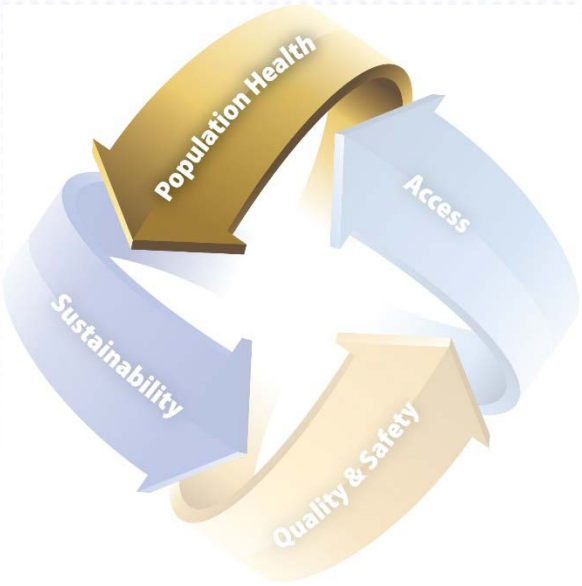
Measure

- Evaluation of strategies leading to a healthier workplace have begun

Indicators Planned for 2015-16

- Begun evaluation of Eastern Health's Healthy Workplace Plan
- Developed action plans to address areas of concern identified through the employee engagement survey results
- Begun evaluation of Eastern Health's Sick Leave Reduction Strategy, as measured by a decrease in the rate of sick leave

Population Health



A focus on Population Health entails concerted efforts with many partners to improve the overall health of the population. It also includes preventative measures and a clear understanding of community needs, especially for the most vulnerable of clients.

Certainly, there are many factors affecting the health of individuals and communities in this region and province, many of which are outside of Eastern Health's control, such as income, education and employment. These and other "Determinants of Health" involve many complex social issues and stakeholders from the community and all levels of government must work together to address areas of common concern and improve overall health over the long term.

Goal

By March 31, 2017, Eastern Health will have demonstrated its commitment to improving the overall health of the population.

Year 2 Objective

- By March 31, 2016, Eastern Health will have further implemented and coordinated Population Health initiatives.

Measure

- Further implemented and coordinated initiatives

2015-16 Population Health Indicators

Planned Indicators	*Actual Performance*
Implemented and coordinated Population Health initiatives, with emphasis on: ▪ Eastern Health's Chronic Disease Prevention and Management Strategy ▪ Eastern Health's Health Promotion Plan	***Implemented and Coordinated Population Health Initiatives:*** Throughout 2015-16 Eastern Health implemented and coordinated Population Health initiatives, with emphasis on its Chronic Disease Prevention and Management Strategy and its Health Promotion Plan, as outlined below: ***Eastern Health's Chronic Disease Prevention and Management (CDPM) Strategy:*** Eastern Health's CDPM strategy aims to implement a coordinated, systematic approach to effective chronic disease prevention and management that will positively impact the health status of individuals and communities. Examples from this fiscal year include: ▪ **Remote Patient Monitoring Project**: Initiated a Remote Patient Monitoring pilot for patients with COPD and congestive heart failure. To date, 87 patients have been accepted into the program and another 17 are pending. Interventions and outcomes are currently being tracked. Early feedback from patients indicate decreased or avoided emergency room visits and/or admissions. ▪ **Improving Health My Way**: The chronic disease self-management program, Improving Health: My Way, delivered 10 workshops with a total of 82 participants and trained 11 new lay leaders to deliver the curriculum in the past year. Success of the program depends on collaboration with community partners who provide support such as promotion, participation and space to host workshops. Some examples of those partners include Memorial University, the Town of Freshwater and the Town of Come By Chance. Workshop evaluations continue to illustrate that participants and leaders report gaining new skills and greater confidence in the everyday management of their chronic conditions. ***Eastern Health's Health Promotion Plan:*** Health Promotion is a key strategy that contributes to improved health status of individuals, families and communities. The implementation of Eastern Health's Health Promotion Plan, *Working in Health Promoting Ways, Where we Live, Work, Learn and Play (2012-17)*, is led by the Health Promotion division. Examples of implementation from 2015-16 include: ▪ **Regional School Health Committee**: Managers from Health Promotion and Mental Health and Addictions established and co-chair a Regional School Health Committee. This includes completion of a needs assessment on school health promotion with all school administrators in the English School District. ▪ **New Breastfeeding Clinics**: Introduced new breastfeeding clinics to families experiencing complex breastfeeding challenges. These clinics include access to International Board Certified Lactation Consultants (IBCLCs) who are clinically trained to assess and assist in resolving complex breastfeeding issues, such as slow weight gain and low milk production. ▪ **Syphilis Outbreak Campaign**: Completed an extensive public awareness campaign in response to an outbreak of Syphilis. This included offering confidential, walk-in clinics for sexual health screening and treatment in a number of sites around the region. An

	evaluation of the campaign indicated that there were over 20,000 views of the Eastern Health Syphilis webpages and 212 people tested for a Sexually Transmitted Illness (STI) during a one-week testing blitz, of which 46% were first time STI test takers.
Initiated innovative ways for Health Status Reporting	***Initiated Innovative Ways for Health Status Reporting***: During 2015-16, Eastern Health initiated innovative ways for Health Status reporting as planned. In particular, the organization began publishing the new format of the Heath Status Report in January 2016 to increase the availability and usability of data. In the past, the organization released its Health Status Report following the release of Census data. Based on feedback from key stakeholders, Eastern Health and Newfoundland and Labrador Centre for Health Information (NLCHI) decided to move towards a sustainable, timely and efficient process to access health data and indicator report. The report's new format divides its chapters into 24 monthly publications focusing on specific health indicators, general population data, information on the determinants of health, behaviours that influence health, injury and hospitalization, life expectancy, and mortality rates. The release of one new chapter each month will allow for the most up-to-date information to be presented as it becomes available. The new format and information contained in the Health Status Report is more useful to public health and health-care professionals, community organizations working in other health and social service sectors, government decision makers at various levels, municipal planners, community groups and the general public.
Begun development of a new Provincial Cancer Screening Model	Provincial population-based screening programs, including breast, colorectal and cervical screening, are under review by the Department of Health and Community Services, with the vision of creating a new, integrated program model. Eastern Health will begin development of a new Provincial Cancer Screening Model that aligns with the government review and direction as it becomes available.

Discussion of Results:
Eastern Health made progress in moving forward with most of its Population Health approach during the fiscal year. The organization maintains strong collaborative partnerships both internal and external to the organization, and these will undoubtedly continue into the new fiscal year.

One area, however, that has not progressed as originally planned is the work toward developing a new model for cancer screening. Eastern Health will continue to focus on this aspect of prevention and early intervention in line with the provincial government and its related review.

Year 3 Objective

- By March 31, 2017, Eastern Health will have reviewed and revised its Population Health initiatives as necessary.

Measure

- Population Health initiatives reviewed and revised

Indicators Planned for 2016-17

- Evaluated Population Health initiatives, with emphasis on Eastern Health's Chronic Disease Prevention and Management Strategy
- Implemented Eastern Health's new Health Status Reporting structure

Opportunities and Challenges Ahead

The health sector faces many challenges and complex issues, and Eastern Health is no exception. The fiscal climate facing the region, the province, the country and many other jurisdictions presents major challenges. Yet within this fiscal reality, the health sector must continue to provide quality service and to respond to a high level of competing demands.

Eastern Health responds to competing demands across a geographically dispersed region with changing demographics. The region includes numerous small communities dealing with out-migration and an aging population as well as a number of larger centres experiencing growth and increasingly diverse needs. The changing demographics affect the organization's own workforce and succession planning over both the short and long term.

Eastern Health has been focused on employee and physician engagement in a number of areas. The organization's greatest asset is its dedicated and talented people; however, there are challenges with ensuring that they are recognized in meaningful ways for the tremendous work they do. It is difficult to ensure effective communication given the large number of employees and physicians spread over 100 sites across the region and the organization must ensure that the good work going on within the organization is also highlighted across the broader community.

One of this health authority's greatest challenges, currently and for some time to come, pertains to the health indicators of the population it serves. Eastern Health must work closely with numerous stakeholders who share this common concern, as high rates of chronic disease and poor lifestyle practices create burdens on both a societal level and an individual level. Eastern Health must also continue to focus on health promotion and prevention along with provincial and national counterparts to help improve the health of the population over the long term; however, this focus constantly competes with demands for resources required for more immediate treatment needs in the short term.

Despite these challenges and complexities, many positive opportunities exist, and Eastern Health is relentless in its efforts to continuously improve. Many examples throughout this report indicate how the organization is comprised of passionate and compassionate employees, physicians and volunteers – many of whom are recognized experts in their fields.

The organization maintains strong relationships with countless partners throughout various communities, the overall region, province, country, and beyond that share common goals of improving quality of life and sustaining vibrant healthy communities. Eastern Health will continue striving to be a leader by pursuing opportunities to advance and thrive in clinical programs, support services and administration. Formal recognition in such areas as ethics, education, research and healthy workplace are just a few examples of how the organization has demonstrated that recently.

Appendix I

Regional Mandate

Eastern Health is responsible for the delivery and administration of health services and community services in its health region and provincially as designated by the Minister of Health and Community Services. The organization will deliver its programs and services within fiscal capabilities and in accordance with the *Regional Health Authorities Act* and other relevant regulations. The *Regional Health Authorities Act* outlines the responsibility of health authorities as the following:

Responsibility of Authority

16. (1) An authority is responsible for the delivery and administration of health and community services in its health region in accordance with this Act and the regulations.
(2) Notwithstanding subsection (1), an authority may provide health and community services designated by the minister on an inter-regional or province-wide basis where authorized to do so by the minister under section 4.
(3) In carrying out its responsibilities, an authority shall:
    (a) promote and protect the health and well-being of its region and develop and implement measures for the prevention of disease and injury and the advancement of health and well-being;
    (b) assess health and community services needs in its region on an on-going basis;
    (c) develop objectives and priorities for the provision of health and community services which meet the needs of its region and which are consistent with provincial objectives and priorities;
    (d) manage and allocate resources, including funds provided by the government for health and community services, in accordance with this Act;
    (e) ensure that services are provided in a manner that coordinates and integrates health and community services;
    (f) collaborate with other persons and organizations, including federal, provincial and municipal governments and agencies and other regional health authorities, to coordinate health and community services in the province and to achieve provincial objectives and priorities;
    (g) collect and analyze health and community services information for use in the development and implementation of health and community services policies and programs for its region;
    (h) provide information to the residents of the region respecting
    - the services provided by the authority,
    - how they may gain access to those services, and
    - how they may communicate with the authority respecting the provision of those services by the authority;
    (i) monitor and evaluate the delivery of health and community services and compliance with prescribed standards and provincial objectives and in accordance with guidelines that the minister may establish for the authority under paragraph 5 (1)(b); and comply with directions the minister may give.

Appendix II

Definitions of Both Quantitative and Qualitative Indicators from the Report on Performance Section

The following list of definitions explains the purpose behind all the indicators used for the Report on Performance Section of the Annual Performance Report: what each means and why we measure it. These definitions are listed in the order in which they appear in the report.

Quality and Safety

Finalized a Safety Culture Strategy: Our integrated Safety Plan includes the development of a Safety Culture Strategy, which helps to demonstrate our commitment to the safety of our patients, residents, clients, communities, employees, agents, students, volunteers, and visitors. This is based on the understanding that an effective safety culture is linked to all aspects of safety – patient safety, employee health and safety, as well as safe equipment, buildings, and policies.

Rate of hand hygiene compliance: Hand hygiene is the single most effective way to prevent the spread of hospital-acquired infections. Audits of hand hygiene compliance occur during a particular period of time: Infection Prevention and Control conducts an audit of hand hygiene compliance before and after initial patient/environment contact, after body fluid exposure risk and before aseptic procedure. Compliance rate does not necessarily mean that health care providers do not wash their hands; rather, the audit tool measures whether health care providers are washing their hands at the right times and in the right way.

Percentage of Medication Reconciliation compliance (Accreditation Canada ROP): This indicator identifies the audit results of the Medication Reconciliation (MedRec) process as determined by Accreditation Canada criteria. Compliance means that on a monthly audit (random selection of minimally five charts per unit) the MedRec process was achieved on at least 75% of the charts audited. The criteria for success include: (1) The Best Possible Medication History (BPMH) was collected at admission; (2) Patient/family were a source in collecting the BPMH; (3) BPMH was compared to the admitting orders; and, (4) Medication discrepancies were identified and resolved.

Hospital Standardized Mortality Ratio (HSMR): The Hospital Standardized Mortality Rate (HSMR) is a ratio of the actual number of deaths in a hospital to the number that would have been expected. An HSMR equal to 100 suggests that there is no difference between a local mortality rate and the average national experience, given the types of patients cared for.

The HSMR is based on diagnosis groups that account for 80 per cent of all deaths in acute care hospitals, excluding patients identified as receiving palliative care. The number of expected deaths is derived from the average experience of acute care facilities that submit to CIHI's Discharge Abstract Database (DAD). It is adjusted for other factors affecting mortality, such as age, sex and length of stay. While the HSMR takes into consideration many of the factors associated with the risk of dying it cannot adjust for every factor. Therefore, the HSMR is most useful to individual hospitals to track their own mortality trends. The HSMR can be used to track the overall change in mortality resulting from a broad range of factors, including changes in the quality and safety of care delivered.

Developed tools and processes to track workplace "near miss" incidents: All reports of near misses (incidents) and accidents are investigated and remedial measures taken to prevent these from happening again. Therefore, reporting near misses are opportunities for preventing loss to people, equipment, and/or materials. It is to our advantage to report any time there is a chance that loss may have happened under slightly different circumstance (near misses).

Begun development of a framework for business continuity of programs and services: Business Continuity Planning enables an organization to build resilience and continue core services during disasters and emergency situations.

Access

Explored the "Home First" philosophy: Home First philosophy focuses on improving quality of life for clients by providing resources in the community. This helps to ensure the right care is provided to the right client in the right place at the right time by the right provider.

Completed further analysis and process improvements to address identified challenges: Ongoing analysis and process improvements across Eastern Health help to address identified challenges and improve overall access in a number of ways. In particular, Alternate Level of Care (ALC) refers to patients who are in hospital even though they no longer need hospital care. Beds occupied by ALC patients are not available to other patients who need hospital care. High ALC rates indicate patients are not being cared for in an ideal setting (such as home, assisted living or residential care) and contribute to congested emergency departments.

Rate of admissions for Ambulatory Care Sensitive Conditions: Hospitalization for an ambulatory care sensitive condition (i.e. Diabetes, Angina, Hypertension, Heart Failure, Pulmonary Edema, Asthma, Chronic Obstructive Pulmonary Disease, Grand Mal Status and other Epileptic Convulsions) is considered to be a measure of access to appropriate primary health care. While not all admissions for these conditions are avoidable, it is assumed that appropriate ambulatory care could prevent the onset of this type of illness or condition, control an acute episodic illness or condition, or manage a chronic disease or condition. A disproportionately high rate is presumed to reflect problems in obtaining access to appropriate primary care. Eastern Health measures the crude rate of Ambulatory Care Sensitive Conditions. (Crude rate is an overall rate of disease in the population, but it doesn't take into account possible risk factors including ages of the population.). Eastern Health set the target for 2014-15 to be below 480 admissions per 100,000 people for the year.

Alternate Level of Care (ALC) days as a per cent of total adult patient days: Alternate Level of Care (ALC) refers to patients who are in hospital even though they no longer need hospital care. Beds occupied by ALC patients are not available to other patients who need hospital care. This measure is the percentage of ALC days as a proportion of total adult patient days. High ALC rates indicate patients are not being cared for in an ideal setting (such as home, assisted living or residential care) and contribute to congested emergency departments and OR cancellations.

Length of Stay: The Canadian Institute for Health Information (CIHI) calculates expected length of stay (ELOS) each year based on data submitted from across Canada. ELOS is the average acute length of stay in hospital for typical patients with the same case mix grouping, age category, co-morbidity level and intervention factors. It is recognized that any value above ELOS indicates patients have stayed longer than expected.

ER Wait Time – Time to Physician Initial Assessment: The purpose of this indicator is to target and improve time to the initial assessment by the physician or nurse practitioner. The accepted

benchmark is that 90 per cent of all patients would receive an initial assessment within three hours of arrival to the ER, based on National CAEP Guidelines (Canadian Association of Emergency Physicians).

Sustainability

Begun implementation of Level III of Excellence Canada's Healthy Workplace program based on identified priorities of mental health, respectful workplace and physical health: Since joining Excellence Canada's Progressive Excellence Program (PEP) Healthy Workplace in 2007, we have achieved Levels I and II, which entail planning and commitment. Level III focuses on implementation of healthy workplace priorities identified by Eastern Health itself, mainly through employee input: mental health, respectful workplace and physical health.

Updated Healthy Workplace Plan: Excellence Canada's Progressive Excellence Program (PEP) Healthy Workplace criteria require an updated Healthy Workplace Plan. Updating and implementing the Healthy Workplace Plan is one step in supporting and building on healthy workplace initiatives throughout Eastern Health, helping us to build a healthy and engaged workforce that is empowered to provide the best possible service to clients.

Begun initiatives related to employee engagement: Based on low levels of engagement measured through recent employee engagement surveys, we recognize we need region-wide actions/initiatives to address engagement. As well, we need initiatives at program and department levels.

Begun development of a Sick Leave Reduction Strategy: A reduction in sick leave is one of the main indicators of a healthy workplace. Sick leave usage, both paid and unpaid, has steadily risen despite the introduction of the Attendance Management Program in 2009. Compliance rate for the Attendance Management Program is lower than expected at 59 per cent. In addition to costing approximately $55 million in sick leave and replacement costs on a yearly basis, quality of care could be impacted by inability to always replace staff on sick leave.

Monitored rate of sick leave: This is indicative of the amount of sick leave being taken by staff at Eastern Health and allows us to see trends. Sick leave usage is one of the main indicators of a healthy workplace. Current benchmark is 8.75 hours per benefit employee per month. This equates to 105 hours per benefit employee per year. This is the average annual sick leave for the health sector in Canada as published by the Conference Board of Canada.

Population Health

Identified opportunities for collaborative practice related to the Chronic Disease Prevention and Management Strategy: Preventing and managing chronic disease takes teamwork and requires a collaborative approach to reach solutions. Eastern Health and the health care system are increasingly faced with the needs of individuals living with chronic disease and the rise in associated risk factors. Leadership, partnerships and reinvestment are critical factors required to implement a coordinated, systematic approach to effective chronic disease prevention and management that will positively impact the health status of individuals and communities served by Eastern Health.

Begun updating the Health Status Report based on 2011 Census: The Health Status Report is intended to reflect population health issues and trends over time. Our current 2012 report was based on 2006 Census data. Acquisition of more recent Census information as well as data from additional sources will allow programs to identify progress, current and emerging issues and to identify potential

interventions. Our intent is to create a reasonably comprehensive report of data that can be regularly updated through automated processes but that also meets the needs of Public Health and Health Promotion programs as well as other selected program areas across the system by ensuring that data is interpreted appropriately.

Provincial Cancer Screening Programs: Eastern Health is responsible for implementing and managing the Provincial Cancer Screening Program (i.e. colon, cervical and breast). Early detection and diagnosis of cancer leads to earlier treatment and reduced deaths from the disease.

The Newfoundland and Labrador Colon Cancer Screening Program is a self-referred screening program available to those between the ages of 50-74 and at average risk for colorectal cancer. Residents who are eligible receive a home fecal test kit in the mail and return the samples via the mail for analysis. Clients with a negative test result are re-screened every two years, while those with a positive result are navigated through to follow-up colonoscopy.

The Colon Cancer Screening program participation rate when calculated will be influenced by a number of factors, such as:

- Individuals who have had previous colonoscopy procedures in the last five years and are under active care by a specialist would need to be omitted from the target audience;
- Individuals with genetic or familial links to colorectal cancer would need to be omitted from the target audience; and
- When participation is calculated, the denominator (eligible population) would be divided by two as individuals are eligible for average risk screening every two years.

The Cervical Screening Program targets woman ages 20-69 years having at least one Pap test in three years. The most recent data available is for the 2011-13 timeframe: **64 per cent.** This data represents the raw participation rate, which excludes repeat screens and has not been adjusted for age standardization or hysterectomy status.

The Breast Screening Program offers breast screening services to women aged 40-74 years. There are three breast screening centres in the province: one in Eastern Health, Central Health and Western Health. Women between the ages of 50-74 may self-refer to breast screening. Women between the ages of 40 and 49 require a referral from their doctor to make an appointment for breast screening services.

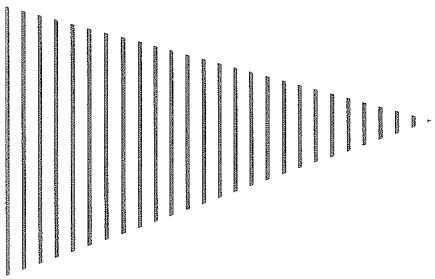
Appendix III

Audited Financial Statements

Non-consolidated financial statements

Eastern Regional Health Authority – Operating Fund

March 31, 2016



Building a better working world

Eastern Regional Health Authority – Operating Fund

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March 31, 2016

Statement of management responsibility

The accompanying non-consolidated financial statements of the Eastern Regional Health Authority – Operating Fund [the "Authority"] as at and for the year ended March 31, 2016 have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all the notes to the non-consolidated financial statements and schedules.

In discharging its responsibilities for the integrity and fairness of the non-consolidated financial statements, management developed and maintains systems of internal control to provide reasonable assurance that transactions are properly authorized and recorded, proper records are maintained, assets are safeguarded, and that the Authority complies with applicable laws and regulations.

The Board of Trustees [the "Board"] is responsible for ensuring that management fulfils its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the non-consolidated financial statements. The Board carries out this responsibility principally through its Finance Committee [the "Committee"]. The Committee meets with management and the external auditors to review any significant accounting and auditing matters, to discuss the results of audit examinations, and to review the non-consolidated financial statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the non-consolidated financial statements.

The external auditor, Ernst & Young LLP, conducts an independent examination in accordance with Canadian generally accepted auditing standards and expresses an opinion on the non-consolidated financial statements for the year ended March 31, 2016.

George Butt, CPA, CA
Vice President, Corporate Services

Fern Mitchelmore, CPA, CGA
Director of Financial Services

Independent auditors' report

To the Board of Trustees of
Eastern Regional Health Authority

We have audited the non-consolidated financial statements of the **Eastern Regional Health Authority – Operating Fund**, which comprise the non-consolidated statement of financial position as at March 31, 2016, and the non-consolidated statements of operations and accumulated deficit, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the non-consolidated financial statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the non-consolidated financial statements present fairly, in all material respects, the financial position of the **Eastern Regional Health Authority – Operating Fund** as at March 31, 2016, and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis of presentation and restrictions on use

Without modifying our opinion, we draw attention to note 2 to the non-consolidated financial statements, which describes the basis of presentation of the non-consolidated financial statements of the **Eastern Regional Health Authority – Operating Fund**. These non-consolidated financial statements have been prepared for specific users and may not be suitable for another purpose.

Ernst & Young LLP

St. John's, Canada
July 18, 2016

Chartered Professional Accountants

Eastern Regional Health Authority – Operating Fund

Non-consolidated statement of financial position

[in thousands of Canadian dollars]

As at March 31

	2016 $	2015 $
Financial assets		
Cash	**8,140**	20,124
Accounts receivable *[note 3]*	**24,926**	30,860
Due from government/other government entities *[note 4]*	**68,610**	82,029
Advance to General Hospital Hostel Association	**856**	989
Sinking fund investment *[note 11]*	**17,993**	16,447
	120,525	150,449
Liabilities		
Accounts payable and accrued liabilities *[note 7]*	**108,662**	119,772
Due to government/other government entities *[note 8]*	**13,026**	14,245
Employee future benefits		
Accrued severance pay *[note 16]*	**115,996**	110,806
Accrued sick leave *[note 17]*	**61,829**	59,285
Accrued vacation pay	**51,929**	49,922
Deferred contributions *[note 9]*		
Deferred capital grants	**84,364**	83,732
Deferred operating revenue	**17,017**	16,323
Long-term debt *[note 10]*	**134,712**	135,526
	587,535	589,611
Net debt	**(467,010)**	(439,162)
Non-financial assets		
Tangible capital assets *[note 5]*	**340,961**	344,013
Supplies inventory	**15,298**	15,312
Prepaid expenses	**8,772**	4,764
	365,031	364,089
Accumulated deficit	**(101,979)**	(75,073)

Contingencies *[note 14]*
Contractual obligations *[note 15]*
Operating facility *[note 6]*

See accompanying notes

Approved by the Board:

Director

Director

Non-consolidated statement of operations and accumulated deficit

[in thousands of Canadian dollars]

Year ended March 31

	Budget	2016	2015
	$	$	$
	[note 20]		
Revenue			
Provincial plan	1,297,112	**1,297,112**	1,232,070
Medical Care Plan	73,441	**73,444**	77,434
Other	38,628	**43,472**	41,500
Provincial plan capital grant *[note 9]*	—	**27,081**	31,878
Resident	18,955	**19,818**	18,479
Inpatient	12,933	**11,371**	12,422
Outpatient	9,381	**10,089**	8,225
Other capital contributions *[note 9]*	—	**6,586**	7,025
	1,450,450	**1,488,973**	1,429,033
Expenses *[note 21]*			
Patient and resident services	387,734	**402,656**	385,335
Client services	257,709	**258,671**	228,683
Diagnostic and therapeutic	202,239	**205,817**	191,343
Support	177,816	**180,998**	177,125
Ambulatory care	158,952	**162,251**	154,303
Administration	115,458	**121,588**	118,403
Medical services	97,860	**99,541**	99,923
Amortization of tangible capital assets *[note 5]*	—	**36,719**	33,975
Research and education	17,248	**15,523**	16,124
Other	25,356	**13,150**	7,195
Interest on long-term debt	10,078	**9,224**	9,276
Employee future benefits			
Accrued severance pay expense	—	**5,190**	7
Accrued sick leave expense (recovery)	—	**2,544**	(351)
Accrued vacation pay expense	—	**2,007**	2,153
	1,450,450	**1,515,879**	1,423,494
Annual (deficit) surplus	—	**(26,906)**	5,539
Accumulated deficit, beginning of year	—	**(75,073)**	(80,612)
Accumulated deficit, end of year	—	**(101,979)**	(75,073)

See accompanying notes

Non-consolidated statement of changes in net debt

[in thousands of Canadian dollars]

Year ended March 31

	Budget	2016	2015
	$	$	$
	[note 20]		
Annual (deficit) surplus	—	**(26,906)**	5,539
Changes in tangible capital assets			
Acquisition of tangible capital assets	—	**(33,667)**	(38,903)
Amortization of tangible capital assets	—	**36,719**	33,975
Decrease (increase) in net book value of tangible capital assets	—	**3,052**	(4,928)
Changes in other non-financial assets			
Net (increase) decrease in prepaid expenses	—	**(4,008)**	112
Net decrease in supplies inventory	—	**14**	225
(Increase) decrease in other non-financial assets	—	**(3,994)**	337
(Increase) decrease in net debt	—	**(27,848)**	948
Net debt, beginning of year	—	**(439,162)**	(440,110)
Net debt, end of year	—	**(467,010)**	(439,162)

See accompanying notes

Non-consolidated statement of cash flows

[in thousands of Canadian dollars]

Year ended March 31

	2016 $	2015 $
Operating transactions		
Annual (deficit) surplus	**(26,906)**	5,539
Adjustments for:		
Amortization of tangible capital assets	**36,719**	33,975
Capital grants – provincial and other	**(33,667)**	(38,903)
Increase in accrued severance pay	**5,190**	7
Increase (decrease) in accrued sick leave	**2,544**	(351)
Net change in non-cash assets and liabilities related to operations *[note 12]*	**6,363**	25,465
Cash (used in) provided by operating transactions	**(9,757)**	25,732
Capital transactions		
Acquisition of tangible capital assets	**(33,667)**	(38,903)
Capital asset contributions	**33,667**	38,903
Cash provided by capital transactions	**—**	—
Investing transactions		
Sinking fund payments	**(1,546)**	(1,478)
Cash used in investing transactions	**(1,546)**	(1,478)
Financing transactions		
Repayment of long-term debt	**(814)**	(942)
Repayment of advance to General Hospital Hostel Association	**133**	131
Cash used in financing transactions	**(681)**	(811)
Net (decrease) increase in cash during the year	**(11,984)**	23,443
Cash (bank indebtedness), beginning of year	**20,124**	(3,319)
Cash, end of year	**8,140**	20,124
Supplemental disclosure of cash flow information		
Interest paid	**9,218**	9,271

See accompanying notes

Notes to non-consolidated financial statements

March 31, 2016
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

1. Nature of operations

The Eastern Regional Health Authority ["Eastern Health" or the "Authority"] is responsible for the governance of health services in the Eastern Region [Avalon, Bonavista and Burin Peninsulas, west to Port Blandford] of the Province of Newfoundland and Labrador [the "Province"].

The mandate of Eastern Health spans the full health continuum, including primary and secondary level health and community services for the Eastern region, as well as tertiary and other provincial programs/services for the entire Province. The Authority also has a mandate to work to improve the overall health of the population through its focus on public health as well as on health promotion and prevention initiatives. Services are both community and institutional based. In addition to the provision of comprehensive health care services, Eastern Health also provides education and research in partnership with all stakeholders.

Eastern Health is incorporated under the laws of the Province of Newfoundland and Labrador and is a registered charitable organization under the provisions of the *Income Tax Act* (Canada) and, as such, is exempt from income taxes.

2. Summary of significant accounting policies

Basis of accounting

The non-consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards ["PSAS"] established by the Public Sector Accounting Standards Board of the Chartered Professional Accountants of Canada. The significant accounting policies used in the preparation of these non-consolidated financial statements are as follows:

Basis of presentation

These non-consolidated financial statements reflect the assets, liabilities, revenue and expenses of the Operating Fund. Trusts administered by Eastern Health are not included in the non-consolidated statement of financial position *[note 13]*. These non-consolidated financial statements have not been consolidated with those of other organizations controlled by Eastern Health because they have been prepared for the Authority's Board of Trustees and the Department of Health and Community Services [the "Department"]. Since these non-consolidated financial statements have not been prepared for general purposes, they should not be used by anyone other than the specified users. Consolidated financial statements have also been issued.

Revenue recognition

Provincial plan revenue without eligibility criteria and stipulations restricting its use is recognized as revenue when the government transfers are authorized.

Government transfers with stipulations restricting their use are recognized as revenue when the transfer is authorized and the eligibility criteria are met by the Authority, except when and to the extent the transfer gives rise to an obligation that constitutes a liability. When the transfer gives rise to an obligation that constitutes a liability, the transfer is recognized in revenue when the liability is settled. Medical Care Plan ["MCP"], inpatient, outpatient and residential revenues are recognized in the period services are provided.

Notes to non-consolidated financial statements

March 31, 2016
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

The Authority is funded by the Department for the total of its operating costs, after deduction of specified revenue and expenses, to the extent of the approved budget. The final amount to be received by the Authority for a particular fiscal year will not be determined until the Department has completed its review of the Authority's non-consolidated financial statements. Adjustments resulting from the Department's review and final position statement will be considered by the Authority and reflected in the period of assessment. There were no changes from the previous year.

Other revenue includes dietary revenue, shared salaries and services and rebates and salary recoveries from WorkplaceNL. Rebates and salary recovery amounts are recorded once the amounts to be recorded are known and confirmed by WorkplaceNL.

Expenses

Expenses are recorded on the accrual basis as they are incurred and measurable based on receipt of goods or services.

Asset classification

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not to be consumed in the normal course of operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver healthcare services, may be consumed in normal operations and are not for resale.

Cash

Cash includes cash on hand and balances with banks that fluctuate from positive to negative.

Inventory

Inventory is valued at the lower of cost and replacement cost, determined on a first-in, first-out basis.

Tangible capital assets

Tangible capital assets are recorded at historical cost. Certain tangible capital assets, including buildings utilized by the Authority, are not reflected in these non-consolidated financial statements as legal title is held by the Government of Newfoundland and Labrador [the "Government"]. The Government does not charge the Authority any amounts for the use of such assets. Certain additions and improvements made to such tangible capital assets are paid for by the Authority and are reflected in the non-consolidated financial statements of the Authority.

Contributed tangible capital assets represent assets that are donated or contributed to the Authority by third parties. Revenue is recognized in the year the assets are contributed and have been recognized at fair value at the date of contribution.

Amortization is calculated on a straight-line or declining balance basis at the rates set out below.

Notes to non-consolidated financial statements

March 31, 2016
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

It is expected that these rates will charge operations with the total cost of the assets less estimated salvage value over the useful lives of the assets as follows:

Land improvements	10 years
Buildings and improvements	40 years
Equipment	5 – 7 years
Equipment under capital leases	7 – 10 years

Gains and losses on disposal of individual assets are recognized in operations in the period of disposal.

Construction in progress is not amortized until the project is substantially complete, at which time the project costs are transferred to the appropriate asset class and amortized accordingly.

Impairment of long-lived assets

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Authority's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets is less than their net book value. The net write downs are accounted for as expenses in the non-consolidated statement of operations and accumulated deficit.

Capital and operating leases

A lease that transfers substantially all of the benefits and risks associated with ownership of property is accounted for as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the asset's fair value. Assets acquired under capital leases are amortized on the same basis as other similar capital assets. All other leases are accounted for as operating leases and the payments are expensed as incurred.

Employee future benefits

Accrued severance

Employees of Eastern Health are entitled to severance benefits as stipulated in their conditions of employment. The right to be paid severance pay vests with employees with nine years of continual service with Eastern Health or another public sector employer. Severance is payable when the employee ceases employment with Eastern Health or the public sector employer, upon retirement, resignation or termination without cause. The severance benefit obligation has been actuarially determined using assumptions based on management's best estimates of future salary and wage changes, employee age, years of service, the probability of voluntary departure due to resignation or retirement, the discount rate and other factors. Discount rates are based on the Province's long-term borrowing rate. Actuarial gains and losses are deferred and amortized over the average remaining service life of employees, which is 14 years.

Notes to non-consolidated financial statements

March 31, 2016
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

Accrued sick leave

Employees of Eastern Health are entitled to sick leave benefits that accumulate but do not vest. Eastern Health recognizes the liability in the period in which the employee renders service. The obligation is actuarially determined using assumptions based on management's best estimates of the probability of use of accrued sick leave, future salary and wage changes, employee age, the probability of departure, retirement age, the discount rate and other factors. Discount rates are based on the Province's long-term borrowing rate. Actuarial gains and losses are deferred and amortized over the average remaining service life of employees, which is 14 years.

Accrued vacation pay

Vacation pay is accrued for all employees as entitlement is earned.

Pension costs

Employees are members of the Public Service Pension Plan and/or the Government Money Purchase Plan [the "Plans"] administered by the Government. The Plans, which are defined benefit plans, are considered multi-employer plans. Contributions to the Plans are required from both the employees and Eastern Health. The annual contributions for pensions are recognized as an expense as incurred and amounted to $54,791,189 for the year ended March 31, 2016 [2015 – $43,294,468].

Sinking funds

Sinking funds established for the partial retirement of Eastern Health's sinking fund debenture are held and administered in trust by the Government.

Contributed services

Volunteers contribute a significant amount of their time each year assisting Eastern Health in carrying out its service delivery activities. Due to the difficulty in determining fair value, contributed services are not recognized in these non-consolidated financial statements.

Financial instruments

Financial instruments are classified in one of the following categories: [i] fair value or [ii] cost or amortized cost. The Authority determines the classification of its financial instruments at initial recognition.

Long-term debt is initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method. Transaction costs related to the issuance of long-term debt are capitalized and amortized over the term of the instrument.

Cash and bank indebtedness are classified at fair value. Other financial instruments, including accounts receivable, sinking fund investment, accounts payable and accrued liabilities, and due to/from government/other government entities, are initially recorded at their fair value and are subsequently measured at amortized cost, net of any provisions for impairment.

Notes to non-consolidated financial statements

March 31, 2016
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

Use of estimates

The preparation of non-consolidated financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the non-consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Areas requiring the use of management estimates include the assumptions used in the valuation of employee future benefits. Actual results could differ from these estimates.

3. Accounts receivable

	2016					
			Past due			
	Total	Current	1 – 30 days	31 – 60 days	61 – 90 days	Over 90 days
	$	$	$	$	$	$
Services to patients, residents and clients	**16,350**	**1,805**	**4,058**	**2,011**	**1,347**	**7,129**
Other	**11,783**	**5,457**	**—**	**—**	**—**	**6,326**
Gross receivables	**28,133**	**7,262**	**4,058**	**2,011**	**1,347**	**13,455**
Less impairment allowance	**3,207**	**—**	**—**	**—**	**—**	**3,207**
Net accounts receivable	**24,926**	**7,262**	**4,058**	**2,011**	**1,347**	**10,248**

	2015					
			Past due			
	Total	Current	1 – 30 days	31 – 60 days	61 – 90 days	Over 90 days
	$	$	$	$	$	$
Services to patients, residents and clients	14,893	1,166	3,471	2,669	809	6,778
Other	18,911	11,965	—	—	—	6,946
Gross receivables	33,804	13,131	3,471	2,669	809	13,724
Less impairment allowance	2,944	—	—	—	—	2,944
Net accounts receivable	30,860	13,131	3,471	2,669	809	10,780

Notes to non-consolidated financial statements

March 31, 2016
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

4. Due from government/other government entities

	2016 $	2015 $
Government of Newfoundland and Labrador	**63,088**	77,778
Other government entities	**5,522**	4,251
	68,610	82,029

Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. For the year ended March 31, 2016, the Authority has not recorded any impairment of receivables relating to amounts above [2015 – nil].

5. Tangible capital assets

	Land and land improvements $	Buildings and improvements $	Equipment $	Equipment under capital leases $	Construction in progress $	Total $
2016						
Cost						
Opening balance	**2,965**	**414,289**	**514,245**	**15,445**	**12,366**	**959,310**
Additions	**—**	**8,635**	**22,257**	**—**	**2,775**	**33,667**
Closing balance	**2,965**	**422,924**	**536,502**	**15,445**	**15,141**	**992,977**
Accumulated amortization						
Opening balance	**492**	**182,161**	**417,199**	**15,445**	**—**	**615,297**
Additions	**—**	**10,026**	**26,693**	**—**	**—**	**36,719**
Closing balance	**492**	**192,187**	**443,892**	**15,445**	**—**	**652,016**
Net book value	**2,473**	**230,737**	**92,610**	**—**	**15,141**	**340,961**

	Land and land improvements $	Buildings and improvements $	Equipment $	Equipment under capital leases $	Construction in progress $	Total $
2015						
Cost						
Opening balance	2,810	381,391	481,372	15,445	39,389	920,407
Additions (transfers)	155	32,898	32,873	—	(27,023)	38,903
Closing balance	2,965	414,289	514,245	15,445	12,366	959,310
Accumulated amortization						
Opening balance	492	172,400	392,985	15,445	—	581,322
Additions	—	9,761	24,214	—	—	33,975
Closing balance	492	182,161	417,199	15,445	—	615,297
Net book value	2,473	232,128	97,046	—	12,366	344,013

Notes to non-consolidated financial statements

March 31, 2016
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

6. Operating facility

The Authority has access to a line of credit totaling $64,000,000 in the form of revolving demand loans and/or overdrafts at its financial institutions, which was unused as at March 31, 2016 [unused at 2015 – $64,000,000]. The Authority's ability to borrow has been approved by the Province's Minister of Health and Community Services.

7. Accounts payable and accrued liabilities

	2016 $	2015 $
Accounts payable and accrued liabilities	**54,887**	76,278
Salaries and wages payable	**47,827**	41,494
Employee/employer remittances	**5,948**	2,000
	108,662	119,772

8. Due to government/other government entities

	2016 $	2015 $
Federal government	**3,106**	2,625
Government of Newfoundland and Labrador	**3,165**	5,935
Other government entities	**6,755**	5,685
	13,026	14,245

9. Deferred contributions

	2016 $	2015 $
Deferred capital grants [a]		
Balance at beginning of year	**83,732**	80,190
Receipts during the years	**34,299**	42,445
Recognized in revenue during the year	**(33,667)**	(38,903)
Balance at end of year	**84,364**	83,732
Deferred operating revenue [b]		
Balance at beginning of year	**16,323**	20,883
Receipts during the year	**1,346,945**	1,268,435
Recognized in revenue during the year	**(1,346,251)**	(1,272,995)
Balance at end of year	**17,017**	16,323

Notes to non-consolidated financial statements

March 31, 2016
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

[a] Deferred capital grants represent transfers from government and other government entities received with associated stipulations relating to the purchase of capital assets, resulting in a liability. These grants will be recognized as revenue when the related assets are acquired or constructed and the liability is settled.

[b] Deferred operating contributions represent externally restricted Government transfers with associated stipulations relating to specific projects or programs, resulting in a liability. These transfers will be recognized as revenue in the period in which the resources are used for the purpose specified.

10. Long-term debt

	2016 $	2015 $
Sinking fund debenture, Series HCCI, 6.9%, to mature on June 15, 2040, interest payable semi-annually on June 15 and December 15 [The "Debenture"].	**130,000**	130,000
Newfoundland and Labrador Housing Corporation ["NLHC"] (Placentia Health Centre), 1.01% mortgage, maturing in December 2020, repayable in blended monthly instalments of $17,469, secured by land and building with a net book value of $2,337,523.	**972**	1,162
Canadian Imperial Bank of Commerce loan, unsecured, bearing interest at prime lending rate less 0.625 basis points, maturing in August 2016, repayable in monthly instalments of $21,200 plus interest.	**103**	358
NLHC (Inter Faith Citizens Home), 10% mortgage, maturing in December 2028, repayable in blended monthly instalments of $8,955, secured by land and building with a net book value of $835,278.	**786**	815
NLHC (Access House) 2.40% mortgage, maturing in July 2020, repayable in blended monthly instalments of $1,022, secured by property with a net book value of $50,477.	**—**	61
Canada Mortgage and Housing Corporation ["CMHC"], (Blue Crest Cottages), 8.0% mortgage, maturing in November 2025, repayable in blended monthly instalments of $7,777, secured by land and buildings with a net book value of $2,713,500.	**632**	674
CMHC (Golden Heights Manor Seniors Home), 10.5% mortgage, maturing in August 2027, repayable in blended monthly instalments of $7,549, maturing in August 2027.	**610**	636
CMHC (Golden Heights Manor Seniors Home), 1.12% mortgage, maturing in June 2023, repayable in blended monthly instalments of $19,246.	**1,609**	1,820
	134,712	135,526

Notes to non-consolidated financial statements

March 31, 2016
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

Future principal repayments to maturity are as follows:

	$
2017	625
2018	535
2019	551
2020	568
2021	533
Thereafter	131,900
	134,712

NLHC (Access House) mortgage was repaid in full in October 2015.

11. Sinking fund investment

A sinking fund investment, established for the partial retirement of the Debenture *[note 10]*, is held in trust by the Government. The balance as at March 31, 2016 included interest earned in the amount of $6,779,330 [2015 – $5,981,612].

The semi-annual interest payments on the Debenture are $4,485,000. The annual principal payment to the sinking fund investment until the maturity of the Debenture on June 15, 2040 is $747,500. The semi-annual interest payments and mandatory annual sinking fund payments on the Debenture are guaranteed by the Government.

12. Net change in non-cash assets and liabilities related to operations

	2016 $	**2015** $
Accounts receivable	**5,934**	(5,810)
Supplies inventory	**14**	225
Prepaid expenses	**(4,008)**	112
Accounts payable and accrued liabilities	**(11,110)**	12,711
Due from/to government/other government entities	**12,200**	17,092
Accrued vacation pay	**2,007**	2,153
Deferred capital grants	**632**	3,542
Deferred operating revenue	**694**	(4,560)
	6,363	25,465

Notes to non-consolidated financial statements

March 31, 2016
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

13. Trust funds

Trusts administered by the Authority have not been included in the non-consolidated financial statements as they are excluded from the Government reporting entity. As at March 31, 2016, the balance of funds held in trust for residents of long-term care facilities was $4,187,753 [2015 – $4,220,965]. These trust funds consist of a monthly comfort allowance provided to residents who qualify for subsidization of their boarding and lodging fees.

14. Contingencies

A number of legal claims have been filed against the Authority. An estimate of loss, if any, relative to these matters is not determinable at this time, and no provision has been recorded in the accounts for these matters. In the view of management, the Authority's insurance program adequately addresses the risk of loss in these matters.

15. Contractual obligations

The Authority has entered into a number of multiple year operating leases, contracts for the delivery of services and the use of assets. These contractual obligations will become liabilities in the future when the terms of the contracts are met. The table below relates to the unperformed portion of the contracts:

	2017 $	2018 $	2019 $	2020 $	Thereafter $
Future operating lease payments	12,551	11,594	9,682	6,390	52,065
Managed print services	2,000	2,000	2,000	2,000	—
Vehicles	294	238	173	78	14
	14,845	13,832	11,855	8,468	52,079

16. Accrued severance pay

The Authority provides a severance payment to employees upon retirement, resignation or termination without cause. In 2016, cash payments to retirees for the Authority's unfunded employee future benefits amounted to approximately $8,575,000 [2015 – $8,607,000]. The most recent actuarial valuation for the accrued severance obligation was performed effective March 31, 2015, and an extrapolation of that valuation has been performed to March 31, 2016.

Notes to non-consolidated financial statements

March 31, 2016
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

The accrued benefit liability and benefits expense of the severance pay are outlined below:

	2016 $	2015 $
Accrued benefit liability, beginning of year	**110,806**	110,799
Benefits expense		
Current service cost	**8,806**	7,359
Interest cost	**3,639**	4,298
Amortization of actuarial losses and gains	**1,320**	(3,043)
	124,571	119,413
Benefits paid	**(8,575)**	(8,607)
Accrued benefit liability, end of year	**115,996**	110,806
Current year benefit cost	**8,806**	7,359
Amortization of actuarial gain/loss during the year	**1,321**	435
Benefits interest expense	**3,639**	4,296
Total expense recognized for the year	**13,766**	12,090

The significant actuarial assumptions used in measuring the accrued severance pay benefit expense and liability are as follows:

Discount rate – liability	3.70% as at March 31, 2016 2.90% as at March 31, 2015
Discount rate – benefit expense	2.90% in fiscal 2016 3.90% in fiscal 2015
Rate of compensation increase	3.00% plus 0.75% for promotions and merit as at March 31, 2016 0% for 2012, 0% for 2013, 2% for 2014, 3% for 2015, and 3.25% thereafter plus 0.75% for promotions and merit as at March 31, 2015

Notes to non-consolidated financial statements

March 31, 2016
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

17. Accrued sick leave

The Authority provides sick leave to employees as the obligation arises and accrues a liability based on anticipation of sick days accumulating for future use. In 2016, cash payments to employees for the Authority's unfunded sick leave benefits amounted to approximately $9,422,000 [2015 – $8,477,000]. The most recent actuarial valuation for the accrued sick leave obligation was performed effective March 31, 2015, and an extrapolation of that valuation has been performed to March 31, 2016.

	2016 $	2015 $
Accrued benefit liability, beginning of year	**59,285**	59,636
Benefits expense		
Current service cost	**6,707**	6,114
Interest cost	**2,639**	2,280
Amortization of actuarial losses and gains	**2,620**	(268)
	71,251	67,762
Benefits paid	**(9,422)**	(8,477)
Accrued benefit liability, end of year	**61,829**	59,285

Current year benefit cost	**6,707**	6,114
Amortization of actuarial gain/loss during the year	**2,620**	98
Benefits interest expense	**2,639**	2,280
Total expense recognized for the year	**11,966**	8,492

The significant actuarial assumptions used in measuring the accrued sick leave benefit expense and liability are as follows:

Discount rate – liability	3.70% as at March 31, 2016 2.90% as at March 31, 2015
Discount rate – benefit expense	2.90% in fiscal 2016 3.90% in fiscal 2015

18. Related party transactions

The Authority's related party transactions occur between the Government and other government entities. Other government entities are those who report financial information to the Province. Transactions between the Authority and related parties are conducted as arm's length transactions.

Notes to non-consolidated financial statements

March 31, 2016
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

Transfers from the Government are funding payments made to the Authority for both operating and capital expenditures. Transfers from other related government entities are payments made to the Authority from the Medical Care Plan and Workplace NL. Transfers to other related government entities are payments made by the Authority to long-term care facilities, Central Regional Health Authority, Labrador Regional Health Authority and Western Regional Health Authority. Transactions are settled at prevailing market prices under normal trade terms.

The Authority had the following transactions with the Government and other government entities:

	2016 $	2015 $
Transfers from the Government of Newfoundland and Labrador	**1,334,691**	1,275,763
Transfers from other government entities	**81,511**	86,204
Transfers to other government entities	**(110,214)**	(107,995)
	1,305,988	1,253,972

19. Financial instruments and risk management

Financial risks

The Authority is exposed to a number of risks as a result of the financial instruments on its non-consolidated statement of financial position that can affect its operating performance. These risks include credit risk and liquidity risk. The Authority's Board of Trustees has overall responsibility for the oversight of these risks and reviews the Authority's policies on an ongoing basis to ensure that these risks are appropriately managed. The Authority is not exposed to interest rate risk as the majority of its long-term debt obligations are at fixed rates of interest. The source of risk exposure and how each are managed is outlined below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligation. The Authority's credit risk is primarily attributable to accounts receivable. Eastern Health has a collection policy and monitoring processes intended to mitigate potential credit losses. Management believes that the credit risk with respect to accounts receivable is not material.

Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they become due. The Authority has an authorized credit facility [the "Facility"] of $64,000,000. As at March 31, 2016, the Authority had $64,000,000 in funds available on the Facility [2015 – $64,000,000]. To the extent that the Authority does not believe it has sufficient liquidity to meet current obligations, consideration will be given to obtaining additional funds through third-party funding or from the Province, assuming these can be obtained.

Notes to non-consolidated financial statements

March 31, 2016
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

20. Budget

The Authority prepares an initial budget for a fiscal period that is approved by the Board of Trustees and the Government [the "Original Budget"]. The Original Budget may change significantly throughout the year as it is updated to reflect the impact of all known service and program changes approved by the Government. Additional changes to services and programs that are initiated throughout the year would be funded through amendments to the Original Budget, and an updated budget is prepared by the Authority. The updated budget amounts are reflected in the budget amounts as presented in the non-consolidated statement of operations and accumulated deficit [the "Budget"].

The Original Budget and the Budget do not include amounts relating to certain non-cash and other items including tangible capital asset amortization, the recognition of provincial capital grants and other capital contributions, adjustments required to the accrued benefit obligations associated with severance and sick leave, and adjustments to accrued vacation pay as such amounts are not required by Government to be included in the Original Budget or the Budget. The Authority also does not prepare a full budget in respect of changes in net debt as the Authority does not include an amount for tangible capital asset amortization or the acquisition of tangible capital assets in the Original Budget or the Budget.

The following presents a reconciliation between the Original Budget and the final Budget as presented in the non-consolidated statement of operations and accumulated deficit for the year ended March 31, 2016:

	Revenue	Expenses	Annual surplus
	$	$	$
Original budget	**1,337,562**	**1,337,562**	**—**
Adjustments during the year for service and program changes, net	**83,245**	**83,245**	**—**
Revised original budget	**1,420,807**	**1,420,807**	**—**
Stabilization fund approved by Government	**29,643**	**29,643**	—
Final budget	**1,450,450**	**1,450,450**	**—**

Notes to non-consolidated financial statements

March 31, 2016
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

21. Expenses by object

This disclosure supports the functional display of expenses provided in the non-consolidated statement of operations and accumulated deficit by offering a different perspective of the expenses for the year. The following presents expenses by object, which outlines the major types of expenses incurred by the Authority during the year.

	2016 $	2015 $
Salaries	**755,452**	730,851
Supplies – other	**283,034**	262,531
Direct client costs	**155,302**	134,643
Employee benefits	**145,573**	121,567
Supplies – medical and surgical	**59,999**	59,019
Drugs	**51,424**	50,655
Amortization of tangible capital assets	**36,719**	33,975
Maintenance	**19,153**	20,977
Interest on long-term debt	**9,223**	9,276
Total expenses	**1,515,879**	1,423,494

22. Comparative figures

Certain comparative figures have been reclassified from statements previously presented to conform to the presentation adopted for the current year.

Non-consolidated schedule of expenses for government reporting

[in thousands of Canadian dollars]

Year ended March 31

	2016	2015
	$	$
	[unaudited]	*[unaudited]*
Patient and resident services		
Acute care	**209,731**	206,127
Long-term care	**174,990**	161,961
Other patient and resident services	**17,935**	17,247
	402,656	385,335
Client services		
Community support programs	**208,036**	179,116
Mental health and addictions	**31,491**	28,588
Health promotion and protection	**18,680**	17,743
Family support programs	**464**	3,236
	258,671	228,683
Diagnostic and therapeutic		
Other diagnostic and therapeutic	**93,309**	85,472
Clinical laboratory	**61,378**	56,776
Diagnostic imaging	**51,130**	49,095
	205,817	191,343
Support		
Facilities management	**67,878**	72,526
Other support	**36,038**	32,328
Food services	**33,687**	31,706
Housekeeping	**32,694**	30,812
Laundry and linen	**10,701**	9,753
	180,998	177,125
Ambulatory care		
Outpatient clinics	**95,783**	89,884
Emergency	**36,337**	34,368
Dialysis	**17,878**	16,861
Other ambulatory	**12,253**	13,190
	162,251	154,303

Non-consolidated schedule of expenses for government reporting [cont'd]

[in thousands of Canadian dollars]

Year ended March 31

	2016	2015
	$	$
	[unaudited]	*[unaudited]*
Administration		
Other administrative	**41,239**	40,398
Systems support	**23,723**	23,990
Materials management	**21,617**	20,723
Human resources	**15,520**	14,630
Finance and budgeting	**11,196**	10,479
Executive offices	**6,769**	6,891
Emergency preparedness	**1,524**	1,292
	121,588	118,403
Medical services		
Physician services	**77,848**	79,429
Interns and residents	**21,693**	20,494
	99,541	99,923
Other		
Undistributed	**13,150**	7,195
Research and education		
Education	**13,801**	13,587
Research	**1,722**	2,537
	15,523	16,124
Interest on long-term debt	**9,224**	9,276
Total shareable expenses	**1,469,419**	1,387,710

Non-consolidated schedule of revenue and expenses for government reporting

[in thousands of Canadian dollars]

Year ended March 31

	2016	2015
	$	$
	[unaudited]	*[unaudited]*
Revenue		
Provincial plan	**1,297,112**	1,232,070
Medical Care Plan	**73,444**	77,434
Other	**42,674**	40,769
Resident	**19,818**	18,479
Inpatient	**11,371**	12,422
Outpatient	**10,089**	8,225
	1,454,508	1,389,399
Expenses		
Compensation		
Salaries	**755,452**	730,851
Employee benefits	**135,832**	119,758
	891,284	850,609
Supplies		
Other	**283,034**	262,531
Medical and surgical	**59,999**	59,019
Drugs	**51,424**	50,655
Plant operations and maintenance	**19,153**	20,977
	413,610	393,182
Direct client costs		
Community support	**153,314**	132,727
Mental health and addictions	**1,988**	1,916
	155,302	134,643
Lease and long-term debt		
Long-term debt – interest	**9,223**	9,276
Long-term debt – principal	**814**	1,689
	10,037	10,965
	1,470,233	1,389,399
Deficiency for government reporting	**(15,725)**	—
Long-term debt – principal	**814**	1,689
Surplus (deficiency) before non-shareable items	**(14,911)**	1,689

Non-consolidated schedule of revenue and expenses for government reporting [cont'd]

[in thousands of Canadian dollars]

Year ended March 31

	2016	2015
	$	$
	[unaudited]	*[unaudited]*
Adjustments for non-shareable items		
Provincial plan capital grant	**27,081**	31,878
Other capital contributions	**6,586**	7,025
Amortization of tangible capital assets	**(36,719)**	(33,975)
Interest on sinking fund	**798**	731
Accrued severance pay	**(5,190)**	(7)
Accrued sick leave	**(2,544)**	351
Accrued vacation pay	**(2,007)**	(2,153)
	(11,995)	3,850
Annual (deficiency) surplus as per non-consolidated statement of operations and accumulated deficit	**(26,906)**	5,539

Non-consolidated schedule of capital transactions funding and expenses for government reporting

[in thousands of Canadian dollars]

Year ended March 31

	2016	2015
	$	$
	[unaudited]	*[unaudited]*
Revenue		
Deferred grants – previous year	**83,732**	80,190
Provincial plan	**37,579**	43,693
Foundations and auxiliaries	**5,368**	5,784
Other	**1,218**	1,241
Transfer from operations	**190**	2,576
Transfer to other regions	**(277)**	(86)
Transfer to operations	**(9,779)**	(10,763)
Deferred grants – current year	**(84,364)**	(83,732)
	33,667	38,903
Expenses		
Equipment	**21,437**	32,873
Buildings	**8,635**	32,898
Construction in progress	**2,775**	(27,023)
Vehicles	**820**	—
Land	**—**	155
	33,667	38,903
Surplus on capital transactions	**—**	—

Non-consolidated schedule of accumulated deficit for government reporting

[in thousands of Canadian dollars]

As at March 31

	2016	2015
	$	$
	[unaudited]	*[unaudited]*
Assets		
Current assets		
Cash	**8,140**	20,124
Accounts receivable and due from government and other government entities	**93,536**	112,889
Supplies inventory	**15,298**	15,312
Prepaid expenses	**8,772**	4,764
	125,746	153,089
Advance to General Hospital Hostel Association	**856**	989
	126,602	154,078
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities and due to government and other government entities	**121,688**	134,017
Deferred revenue – operating revenue	**17,017**	16,323
Deferred revenue – capital grants	**84,364**	83,732
	223,069	234,072
Accumulated deficit from Public Health Laboratory	—	—
Accumulated deficit for government reporting	**(96,467)**	(79,994)

Eastern Health

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