
Together
we can
ANNUAL PERFORMANCE REPORT / 2016-17
Eastern
Health

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MESSAGE FROM THE BOARD OF TRUSTEES

On behalf of Eastern Health's Board of Trustees, and through my new role as Chair, it is my pleasure to present the 2016-17 Annual Report on Performance. This report outlines progress during the third, and last, year of our Strategic Plan, *Together We Can*.

As seen in the first two years of the strategic plan, 2016-17 has continued to focus on our four priority areas: quality and safety; access; sustainability; and population health. This report provides an overview of the progress made over the past year toward Eastern Health's goals and objectives under each priority area. It also highlights many of the organization's accomplishments made by our caring, compassionate and dedicated staff throughout the entire region. The Annual Report on Performance allows us to provide some of the many examples of how we are continuously working to provide high quality programs and services to our clients and families.

Our Board of Trustees are well-respected and accomplished individuals who have experience in a wide range of areas. We are proud to be a part of Eastern Health and look forward to participating in the work involved in creating healthy people and healthy communities in our region. As per legislated requirements, our Board of Trustees is accountable for the reported results.

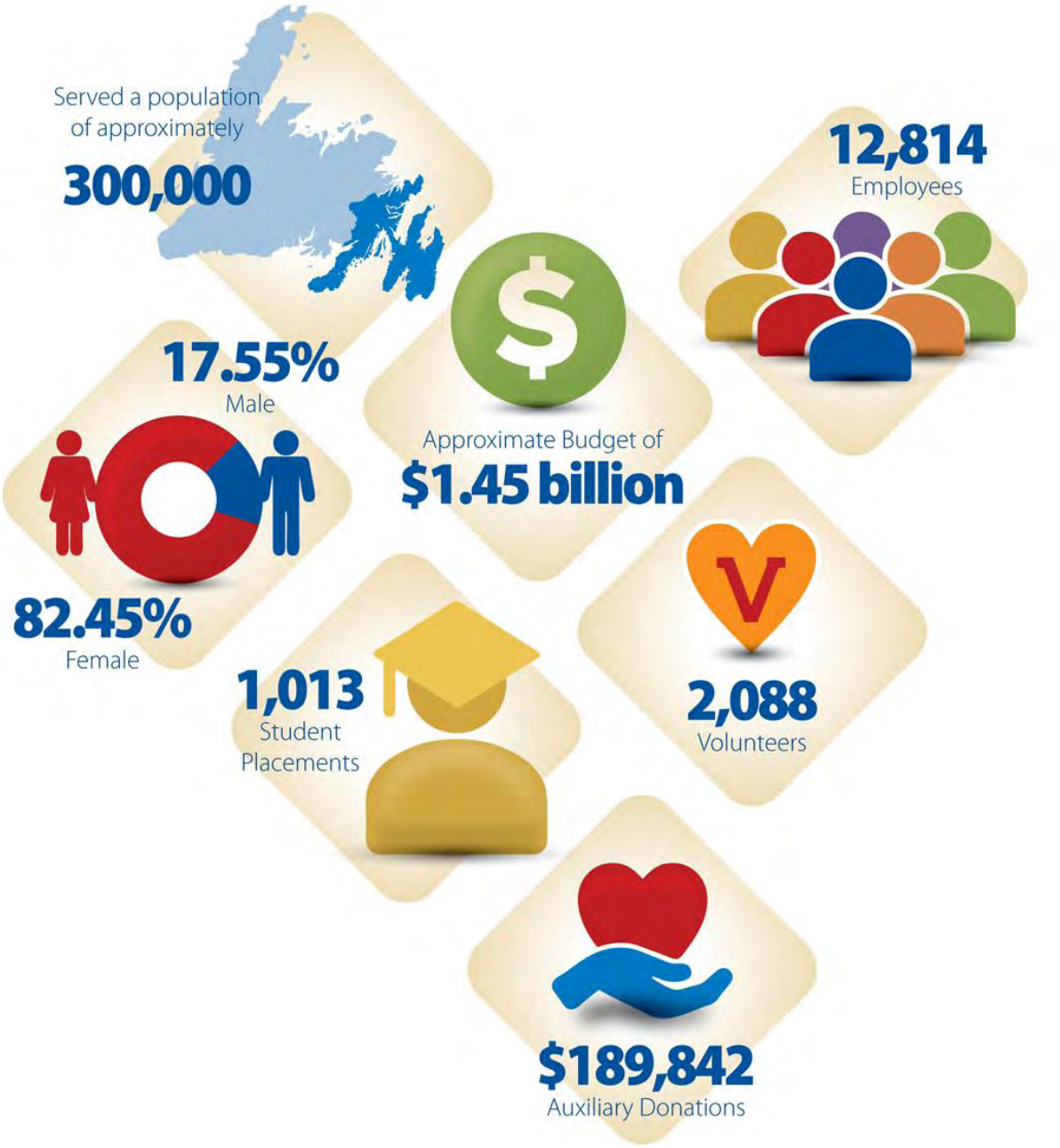
Leslie O'Reilly
Chair, Board of Trustees

Eastern Health is governed by a voluntary Board of Trustees, all of whom are accomplished individuals from a wide range of backgrounds. (Top row, l-r): Leslie O'Reilly (Chair), Frank Ryan (Vice-Chair), Robert B. Andrews, Barbara Cribb, Dr. Peter R. Ford (Bottom row, l-r): Sharon Forsey, Bill McCann, Sister Sheila O'Dea, Shirley Rose, Maurice Tuff, Dr. Margaret Steele

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. The graphics below provide some "snapshots" about the organization, while extensive details such as Eastern Health's various lines of business are found at **www.easternhealth.ca**.

In 2016-17 Eastern Health...



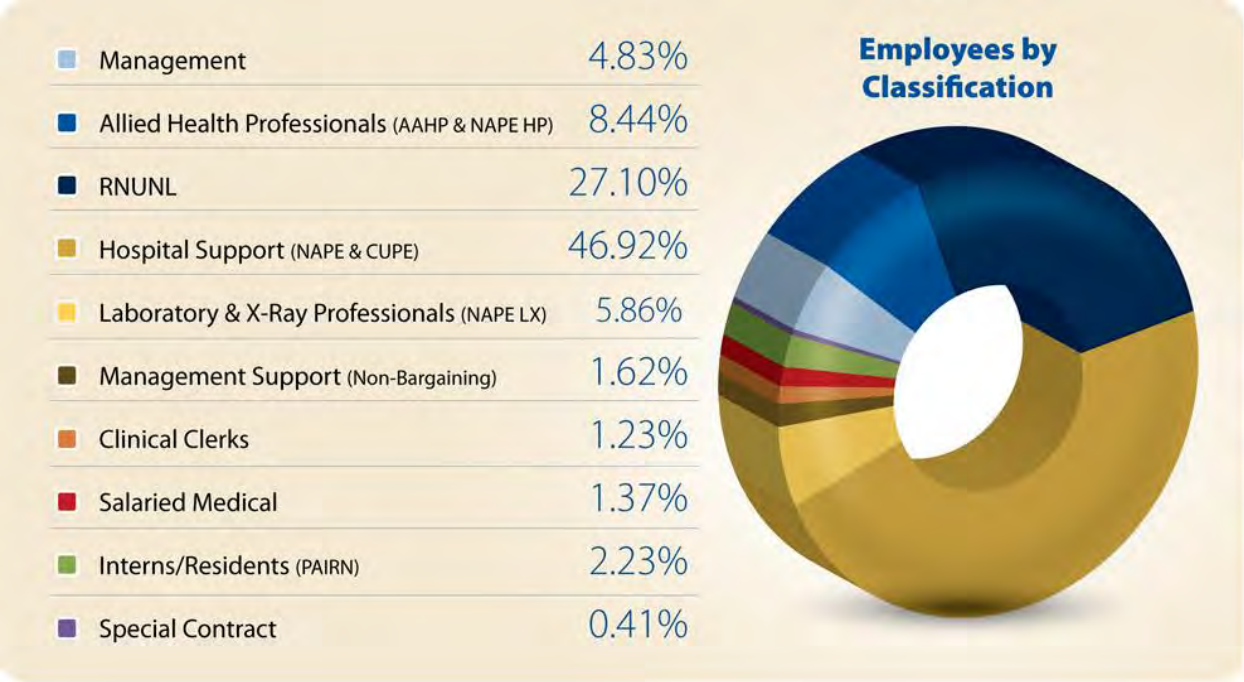
Employees: 12,814 employees[1], 17.55% Male; 82.45% Female.

Students: There were 1,013 student[2] placements

Volunteers: 2,088 volunteers contributing 86,627 hours[3] of volunteer work around the region[4].

Donations: Auxiliary Donations = $189,842[5]

Figure 1: Eastern Health Employees by Classification[6]



[1] The number of employees provides a general "snapshot", as there are fluctuations such as seasonal hiring. The number provided as of March 31, 2017 includes all employees (including those active and on leave).
[2] Student placements include both paid and unpaid, as well as individual and group placements
[3] Includes the following sites: City Hospitals (HSC, SCM, WAT, LAMC, Bell Island); City LTC (St Pats, Agnes Pratt, St. Luke's, Pleasantview Towers, 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, Carbonear Long Term Care Home, Placentia Health Centre/Lions Manor, Carbonear General Hospital).
[4] 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).
[5] Indicates the amount of money raised and donated by the General Hospital, Janeway Hospital, St. Clare's, Waterford Hospital, Carbonear General Hospital Auxiliaries, Dr. G. B. Cross Memorial Hospital Auxiliary, the Caribou Group of Rotary (WAT Hospital), Foundations and Auxiliaries in The Salvation Army Glenbrook Lodge, and St. Patrick's Mercy Home. Funds raised have supported the provision of scholarships for students, Waiting Room Renovations, Therapeutic Recreation Activities, Long Term Care Resident room furniture, as well as the purchase of new medical equipment such as a portable pulse oximeter, a vein finder, a non-invasive blood pressure monitor, an isolation cart, a low entry bed, a blanket warmer, a blood pressure/O2 sat/thermometer, a digital scale, etc.
[6] 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.

Vision

At Eastern Health, we strive to provide the highest quality care and service possible to the people in our communities, in our region, and in the province.

To do that, we employ qualified, competent and caring individuals who are dedicated to their professions and to our vision of *Healthy People, Healthy Communities.*

This vision is based on the understanding that both the individual and the community have important roles to play in maintaining good health. Healthy communities enhance the health of individuals, and when individuals are healthy, communities are healthy overall.

We work with the communities we serve, and partner with others who share a commitment to quality health care and improved health and wellbeing.

Values

Eastern Health's core values provide meaning and direction to its employees, physicians, and volunteers in providing quality programs and services.

- ***Respect:*** Recognizing, celebrating and valuing the uniqueness of each patient, client, resident, employee, discipline, workplace and community that together are Eastern Health.
- ***Integrity:*** Valuing and facilitating honesty and open communication across employee groups and communities as well as with patients, clients and residents of Eastern Health.
- ***Fairness:*** Valuing and facilitating equity and justice in the allocation of our resources.
- ***Connectedness:*** Recognizing and celebrating the strength of each part, both within and beyond the structure, that creates the whole of Eastern Health.
- ***Excellence:*** Valuing and promoting the pursuit of excellence in Eastern Health.

Above all, Eastern Health values the delivery of quality programs and services in a caring manner.

The Region

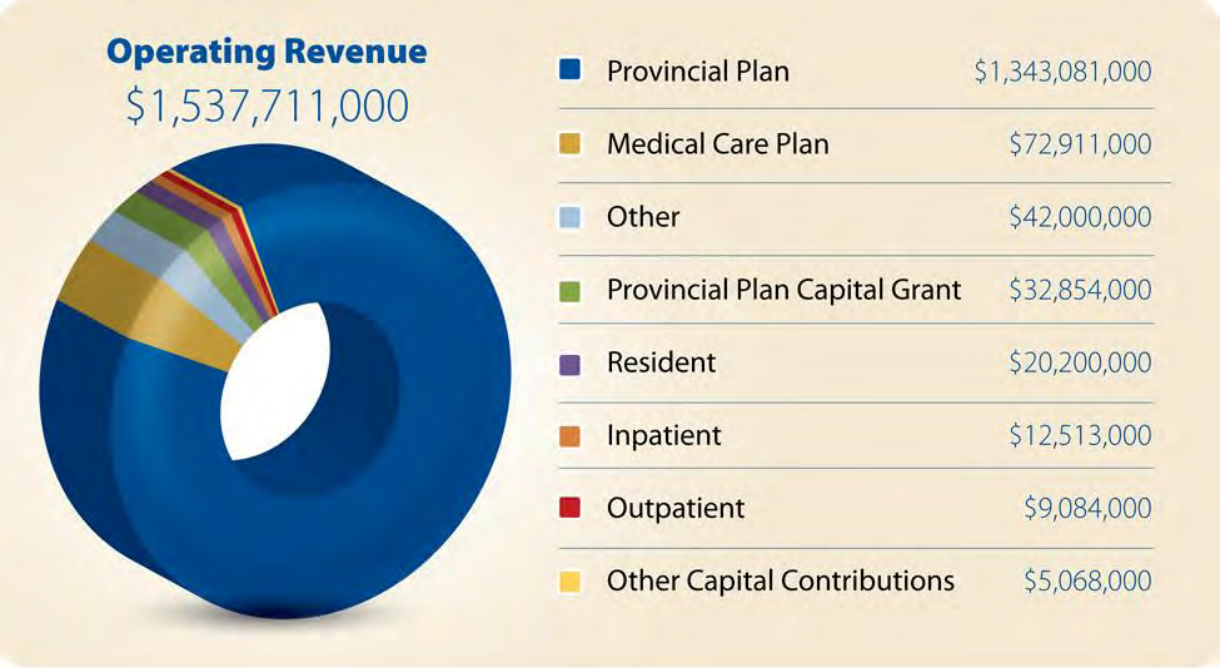
Eastern Health comprises the portion of the province east of (and including) Port Blandford, which is an area of 21,000 km^2. The region includes 111 incorporated municipalities (including the provincial capital, St. John's), 69 local service districts and 66 unincorporated municipal units spanning the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

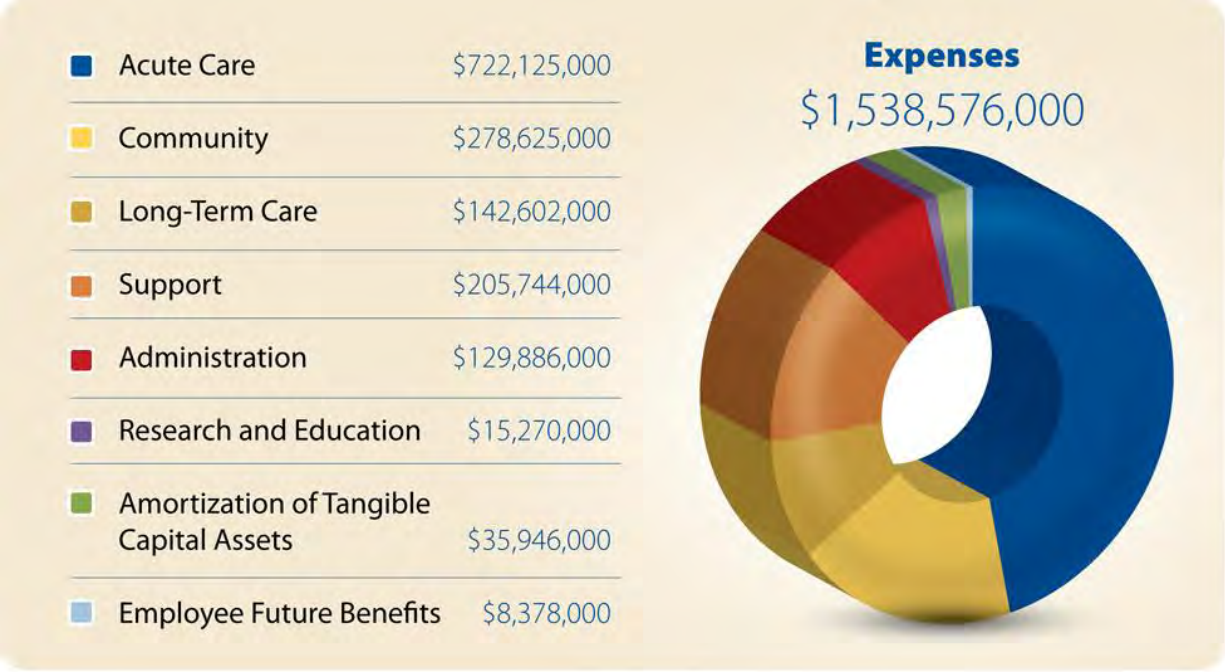
Figure 2: Communities with Eastern Health Sites

Revenues and Expenditures

The figure below shows Eastern Health's operating revenue and expenditures for 2016-17. See Appendix II for Audited Financial Statements in full detail.

Figure 3: Eastern Health's Operating Revenue and Expenditures by Sector for 2016-17





HIGHLIGHTS AND PARTNERSHIPS

The people of Eastern Health continuously work to provide high quality services to its clients/patients/residents. As well, Eastern Health continues to benefit from the enormous efforts of its partners in helping to achieve its mandate and strategic priorities. This section of the report outlines some of the highlights and strong partnerships from the 2016-17 fiscal year.

Client- and Family-Centred Care (CFCC)

Eastern Health adopted a Client- and Family-Centred Care (CFCC) approach to improve health-care quality. CFCC is a philosophy that views people using health services as equal partners in planning, developing, monitoring and evaluating care to ensure it meets individual needs. The values of CFCC at Eastern Health include the following:

- **Dignity and Respect:** We listen to and honour client and family views and choices. The client's knowledge, values, beliefs and cultural backgrounds are respected and considered in everything we do;
- **Information Sharing:** We share complete unbiased information with clients and families to help them participate in their care;
- **Partnership and Participation:** Clients and families are encouraged and supported to participate in their care and in decision-making; and
- **Collaboration:** Clients and families work together with health care team members in planning and in making decisions for their health care.

Acute Care of the Elderly (ACE) Pilot Project

Newfoundland and Labrador's first Acute Care of the Elderly (ACE) unit was introduced at St. Clare's Mercy Hospital. This pilot project sees frail patients aged 65 years and over receive tailored, comprehensive interventions to best meet their health care needs. These patients admitted to 7 West (internal medicine unit) at St. Clare's Mercy Hospital meet with one of Eastern Health's specialists in seniors' care to have a comprehensive geriatric assessment and care plan developed. The plan is then implemented in collaboration with the patient's health care team. The goals of the ACE unit are:

- To provide optimal care to clients based on best practice guidelines.
- To increase the rate of client and family satisfaction with care.
- To improve the rate of clients returning to their own homes as opposed to another institutional setting.
- To reduce readmissions.
- To reduce total length of stay in hospital.
- To reduce the number of days clients are in hospital while designated an alternative level of care.

Cultural Safety

Eastern Health's Department of Research, Applied Health Research Division, collaborated with a number of partners to develop a cultural safety training session for health professionals. Partners included the Department of Health and Community Services; Intergovernmental and Indigenous Affairs Secretariat; the three other regional health authorities in the province; and representatives

from First Nation Innu, First Nation Mi'kmaq, the Nunatsiavut Government (Labrador Inuit) and the Nunatukavut Community Counsel Inc. (Southern Inuit). The purpose of this cultural safety education session was to inform and educate health providers who work with, and treat, Indigenous clients in this province. The session was designed to provide health care professionals with an introductory level of knowledge and skill to support them in their practice and promote the provision of culturally appropriate and safe care. This initiative was made possible by the financial contributions of Health Canada's First Nation and Inuit Health Branch's Health Services Integration Fund.

Honourable Mention – Cancer Care Program

'A Journey in the Big Land: Enhancing Cancer Care Services for First Nations, Inuit and Métis in Labrador' was honoured for outstanding leadership at the Institute of Public Administration of Canada (IPAC) and Deloitte annual Public Sector Leadership Awards in Toronto. This three-year project was led by Eastern Health and relied heavily on partnerships with patients, families, Labrador-Grenfell Health and indigenous governments and organizations throughout the province. The goals of the program are to reduce the impact of cancer and improve quality of care, while being culturally responsive.

Pinnacle Awards

Corporate Communications received two Pinnacle awards from the International Association of Business Communicators – a Pinnacle Award of Merit for the first phase of the Bridge the gAPP project, and a Pinnacle Award of Excellence for the syphilis outbreak project, a joint submission by Health Promotion/Public Health/Corporate Communications. Showcasing excellence in business communications, these awards demonstrate the quality of work completed on an ongoing basis. Between 2014 and 2017, the Corporate Communications team received six Pinnacle awards.

50th Anniversary of the Janeway Children's Health and Rehabilitation Centre

The Janeway Children's Health and Rehabilitation Centre's 50th Anniversary marked a significant milestone in June 2016. Various events recognized the Janeway's rich history since the former Pepperrell Air Force Base hospital in St. John's officially opened its doors in August 1966. The hospital was named in honour of American pediatrician, Dr. Charles Alderson Janeway, who was an advocate for establishing a children's health care facility in Newfoundland and Labrador. With the opening of a new, state-of-the-art building as part of the Health Sciences Complex in 2001, the name of the children's hospital was adapted to what is known today as the Janeway Children's Health and Rehabilitation Centre.

20th Anniversary of the Centre for Nursing Studies (CNS)

October 2016 marked the 20th Anniversary of the Centre for Nursing Studies. The transition from three independent Schools of Nursing in St. John's, the General Hospital, Salvation Army Grace General and St. Clare's Mercy Hospital Schools of Nursing, to the CNS was made possible by the extraordinary vision, commitment and collaborative efforts of nursing leaders, faculty members, and key stakeholders across the province. Faculty, staff, administration, students and graduates have much to celebrate in marking this milestone, including 1,717 graduates from the Bachelor of Nursing (BN) Program, 876 graduates from the Practical Nursing (PN) Program, development of an International Program, including projects in developing countries such as Jamaica, Bangladesh, Paraguay, Nicaragua and Guatemala and the development of an International Educated Nurse Bridging Program in partnership with the Association of Registered Nurses of Newfoundland and Labrador (ARNNL).

New Long-Term Care Facility in Carbonear

A new long-term care facility opened in Carbonear in September 2016. The four-story residence combined three homes in the Carbonear/Clarke's Beach area: Interfaith Citizens' Home, Harbour Lodge Nursing Home and the Pentecostal Senior Citizens' Home. The new facility includes enhanced space for bariatric care, cafeteria services, recreation therapy, complex care, physiotherapy, occupational therapy and spiritual care. Services for dementia patients are significantly enhanced through a modern protective care unit, wander guard unit and a dementia garden. Residents have access to various bedroom types, including private, semi-private and double rooms, to accommodate the different needs of each individual.

New Protective Community Care Residence in Clarenville

The new protective community care residence opened in Clarenville in August 2016. This 12-bed residence was designed to positively impact the quality of life for individuals with mild to moderate dementia. The goal is to provide a "home away from home" by delivering appropriate levels of specialized care, tailored to individual needs, in a comfortable and nurturing environment.

Walk-In Mental Health and Addictions Services

In March 2017, Eastern Health launched DoorWays, a mental health and addictions walk-in service for individuals 12 and over. Health care professionals, including psychologists, nurses, addictions counsellors and social workers provide single-session therapy services on a first-come, first-serve basis for those who feel they need to speak with someone right away. DoorWays is offered at various sites around the region, including Clarenville, Ferryland, Harbour Grace, Holyrood, Marystown, St. John's, Whitbourne and Witless Bay. This initiative helps increase access to mental health and addictions services throughout the region, and implementation will continue into the new fiscal year.

'Navigating Perinatal Loss' Resource

Navigating Perinatal Loss is an online resource designed to provide quality bereavement and support to anyone who has experienced, or has been affected by, the loss of a newborn infant or infant that has not survived to full term. The web-based videos were made available in March 2017 and are designed to help people at their own time and convenience by providing information, support and encouragement from local parents who have also experienced perinatal bereavement.

Change Day

October 2016 marked the launch of a Change Day campaign where employees were encouraged to make one change that would make health care and/or the workplace safer and better. January 17, 2017 was designated 'Change Day': a day to celebrate the commitments that were shown across the organization. Nearly 2,600 pledges were submitted to bring about changes that would touch people's lives in countless positive ways.

REPORT ON PERFORMANCE

The following section outlines the progress made towards Eastern Health's three-year goals (2014-2017) and yearly objectives (2016-17). This update is presented based on each of the four priority areas. **Appendix I provides definitions and calculations for all quantitative indicators.**

Quality and Safety

Quality and Safety is a fundamental priority that is woven throughout all programs and services delivered by Eastern Health. The organization is continuously looking for ways to improve healthcare delivery across all areas of care and throughout the region. A number of indicators related to quality and safety are monitored to demonstrate progress in this area.

3-year Goal

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

Measure

- Improved culture of quality and safety

Goal Indicators: Quality And Safety (2014-17)	
Planned Indicators	***Actual Performance***
Finalized and implemented a Safety Culture Strategy	Eastern Health finalized and implemented its Safety Culture Strategy, *Safer Together*, within the 2014-17 planning cycle. *Safety Together* underscores how an effective safety culture is linked to all aspects of safety – client safety, employee health and safety, as well as safe equipment, buildings, and policies. Two examples of how this Safety Culture Strategy was implemented within the 2014-17 timeframe are: ▪ **Walk the Talk:** During Walk the Talk sessions, Executive Team and program leaders bring the discussion of patient and staff safety to frontline work areas. This initiative creates space for collaborative solutions to address client and staff safety concerns in various programs/departments throughout Eastern Health. ▪ **Just Culture Policy:** In 2016 Eastern Health adopted a Just Culture Policy to safety. In this policy, Eastern Health commits to the investigation of occurrences, incidents/accidents, close calls, and

Goal Indicators: Quality And Safety (2014-17)	
Planned Indicators	***Actual Performance***
	adverse events with a view to continuously improve quality and safety and a structured approach to sharing lessons learned with employees. The organization also commits to an environment where employees can openly discuss errors, improvements and systemic problems.
Developed and monitored the following indicators: ▪ Increased rate of hand hygiene compliance ▪ Increased Percentage of Medication Reconciliation Compliance (Accreditation Canada ROP) ▪ Improved Hospital Standardized Mortality Ratio (HSMR)	During the 2014-17 period Eastern Health developed and monitored the following indicators: ▪ **Hand Hygiene:** Eastern Health continued efforts to improve hand hygiene compliance in 2016-17. As a result, the rate of hand hygiene compliance increased steadily, from 58.2 per cent in 2014-15, to 60.3 per cent in 2015-16 and then to 70.5 per cent in 2016-17. While the annual average was still below the 75 per cent target, the rate continued to trend upward, achieving 80 per cent within the last quarter of the fiscal year. ▪ **Medication Reconciliation**: 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 percentage of MedRec compliance (acute care inpatient units) has fluctuated over the past three years. In 2014-15, it was 65 per cent; in 2015-16 it decreased to 56 per cent and in 2016-17 it increased to 63 percent. Eastern health continues efforts to improve compliance as an electronic MedRec solution and electronic auditing process is being developed and implemented. ▪ **HSMR:** 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. In 2014-15 the ratio was **119**; in 2015-16 it improved to **114**. HSMR analysis and data publication is conducted by the Canadian Institute for Health Information (CIHI). Data for 2016-17 will not be released until fall 2017.
Increased Reporting of Workplace "Near Miss" Incidents	Eastern Health has put a number of tools and processes in place (i.e., education, orientation, Safety Star award, and improved resources) to increase the reporting of "near miss"[7] incidents. The following data illustrates reporting of "near miss" incidents per fiscal year: **1693** in 2014-15, **2073** in 2015-16, and **2013** in 2016-17. Overall, there has been in increase in the number of "near miss" reports since year one, with a slight decrease in the current fiscal year. Work continues to increase reporting of "near miss" incidents with Eastern Health's involvement in the development of a new electronic incident reporting system. The new system is being developed in collaboration with

[7] "A near miss" incident is an undesired event that, under slightly different circumstances, could have resulted in personal injury, property damage or loss (Source: Workplace NL)

Goal Indicators: Quality And Safety (2014-17)	
Planned Indicators	***Actual Performance***
	the Province's other three health authorities, with Western Health taking the lead. Implementation within the Eastern region is expected in summer 2017.
Developed a Business Continuity Plan	During 2014-17, Eastern Health successfully developed a Business Continuity Plan[8]. Business Continuity is defined as the capability of the organization to continue delivering services at acceptable predefined levels following a disruptive incident. The continuity of service delivery under extreme conditions in any organization can be complex: in a Healthcare environment, particularly one the size of Eastern Health, this involved 36 individual programs through 78 physical sites involving 13,000 employees. Eastern Health is the only healthcare authority in the country to successfully establish a Business Continuity Management Program following national and international standards (i.e., Canadian Standards Association, The International Organization for Standardization (ISO), Disaster Recovery International).

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

Objective Indicators: Quality And Safety (2016-17)	
Planned Indicators	***Actual Performance***
Evaluated the effectiveness of Eastern Health's Safety Culture Strategy: *Safer Together*	Evaluation of Eastern Health's Safety Culture Strategy, *Safer Together*, is ongoing. The Department of Research has been evaluating the strategy's annual objectives, and this will continue into the new fiscal year. The evaluation employs a mixed-methods approach involving the collection of quantitative and qualitative data from a variety of sources, including: document reviews; collecting and monitoring administrative/survey data on quality indicators such as Hand Hygiene and Walk the Talks; and key

[8] Business Continuity Management Program is the updated terminology (previously known as Business Continuity Plan)

Objective Indicators: Quality And Safety (2016-17)	
Planned Indicators	***Actual Performance***
	informant interviews with those involved in the development and implementation of the strategy.
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	Similar to the three-year goal mentioned above, in the past fiscal year Eastern Health improved on the following indicators: ▪ **Hand Hygiene:** The rate of hand hygiene compliance increased from 60.3 per cent in 2015-16 to 70.5 per cent in 2016-17. While the annual average was still below the 75 per cent target, within the last quarter of year there was a continued upward trend and 80 per cent compliance was achieved. ▪ **Medication Reconciliation:** Compliance improved to 63 per cent in 2016-17, compared with the previous fiscal year (56 per cent). ▪ **HSMR:** HSMR analysis and data publication is conducted by the Canadian Institute for Health Information (CIHI). Data for 2016-17 will not be released until fall 2017. However, Eastern Health continues to work on improving HSMR, and it has been chosen as an indicator in the 2017-2020 strategic plan.
Evaluated the effectiveness of the tools and processes to increase reporting of workplace "near miss" incidents	To evaluate the effectiveness of the tools and processes put in place (i.e., education, orientation, Safety Star award, and improved resources) to increase reporting of "near miss" incidents, data was analyzed each quarter to monitor progress. No formal evaluation was completed in the 2016-17 fiscal year as implementation of the electronic incident reporting is still under provincial development. The new system is being developed in collaboration with the Province's other three health authorities, with Western Health taking the lead. Implementation within the Eastern region is expected to begin in September 2017. Until the system is implemented, Eastern Health will continue to track reporting of "near miss" incidents to help evaluate its effectiveness
Developed Eastern Health's Business Continuity Management Plan (BCMP) across all program areas	Eastern Health developed its Business Continuity Management Plan (BCMP) across all program areas within the 2016-17 fiscal year. As noted above under the 2014-17 three-year goals, Eastern Health successfully developed its BCMP following national and international standards ((i.e., Canadian Standards Association, The International Organization for Standardization (ISO), Disaster Recovery International). The end of fiscal year 2017 saw the culmination of a four-year project to see a full slate of Business Continuity Plans for each program and site in this large and complex health authority. The response process is managed through an already-developed Emergency Operation Centre program based on the principles of the Incident Command System, to ensure consistency and inter-connectivity with partner agencies.

Discussion of Results

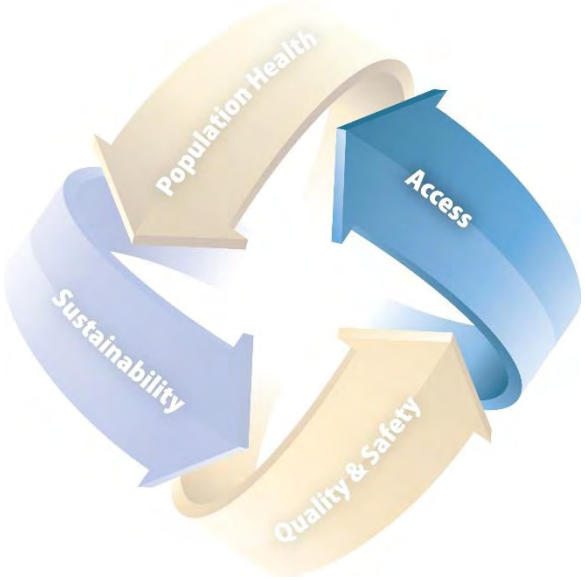
Eastern Health is always working to improve quality and safety throughout the organization for patients, residents, families and the public. With the finalization and implementation of a Safety Culture Strategy, Eastern Health continues to evaluate and monitor initiatives identified within the strategy to ensure they are effective in improving safety in the organization.

Additionally, the organization continues to focus on identified quality and safety indicators. For example, after placing much effort on improving hand hygiene compliance, the rate continued to trend upward, achieving 80 per cent within the last quarter of the fiscal year. MedRec compliance also improved in the previous fiscal year and efforts will continue to maintain this trend in the 2017-2020 Strategic Plan. A focus on HSMR will also continue into the next strategic planning cycle, as the organization intends to make further improvements in this area.

The end of fiscal year also saw the culmination of a four-year project, completing Business Continuity Plans for each program and site in the region. Eastern Health is the only healthcare authority in the country to successfully establish a Business Continuity Management Program following national and international standards.

Access

Improving access to Eastern Health's programs and services involves having the right intervention for the right client at the right time and place. A number of indicators related to wait times, process improvements and new initiatives are monitored to measure progress in this area.



3-year 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.

Measure

- Improved access

Goal Indicators: Access (2014-17)

Planned Indicators	*Actual Performance*
Improved access, as demonstrated by the following indicators: ▪ Decreased admissions for Ambulatory Care Sensitive Conditions ▪ Decreased Alternate Level of Care (ALC) Days as a Percent of Total Adult Patient Days ▪ Improved Length of Stay ▪ Decreased ER Wait Time – Time to Physician Initial Assessment	Access improved during the 2014-17 timeframe, as demonstrated by the following indicators: ▪ **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. The rate of acute care admissions that were for ambulatory care sensitive conditions (per 100,000) steadily decreased from 496.0 in 2014-15, to 463.5 in 2015-16, and 462.5 in 2016-17. ▪ **ALC Days**: Alternate Level of Care 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. The alternate level of care

Goal Indicators: Access (2014-17)	
Planned Indicators	***Actual Performance***
	days as a per cent of total adult patient days fluctuated over the three year period from 13.2 in 2014-15, to 8.0 in 2015-16, and 10.6 in 2016-17. Eastern Health works diligently to reduce ALC days and Length of Stay, as the two indicators are related. While positive downward trends are noted overall, variations in bed availability in acute care (regionally and provincially) and long term care may affect repatriation and long term care placements. ALC numbers in Eastern Health showed a dramatic decrease in late 2015/early 2016 when 30 beds opened in Chancellor Park. Continued efforts are focused on collaborative approaches between Acute Care, Long Term Care and Community Health with regard to earlier discharge planning, admission avoidance and sharing in the discharge plan. Process improvements are also occurring with physicians (e.g. documentation). ▪ **Length of Stay**: The per cent of typical inpatients who exceeded their expected length of stay fluctuated over the three year period from **44.5** in 2014-15, to **48.2** in 2015-16, and **45.8** in 2016-17. While this indicator is trending downward overall, the reasons for unsuccessfully obtaining a consistent decrease from year to year are complex. However, with continued focus on initiatives such as improved discharge planning and physician documentation, Eastern Health should continue to see a downward trend on this indicator. ▪ **ER Wait Time:** The recognized benchmark is for 90 per cent of emergency department patients to have a physician (or nurse practitioner) initial assessment within three hours of arrival. During 2014-15 87.8 per cent were within this benchmark; in 2015-16 it was 87.4 per cent and in 2016-17 it improved to 91.1 per cent.

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

Objective Indicators: Access (2016-17)	
Planned Indicators	***Actual Performance***
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	During 2016-17 Eastern Health assessed client flow and process improvement initiatives, as demonstrated by the following indicators: ▪ **Ambulatory Care Sensitive Conditions:** The rate of acute care admissions that were for ambulatory care sensitive conditions (per 100,000) improved, decreasing from 463.5 in 2015-16 to 462.5 in 2016-17 ▪ **ALC Days:** Despite a number of initiatives, the alternate level of care days as a per cent of total adult patient days increased from **8.0** during 2015-16 to **10.6** during 2016-17. While positive downward trends are noted overall, variations in bed availability in acute care (regionally and provincially) and long term care may affect repatriation and long term care placements. Continued efforts are focused on collaborative approaches between Acute Care, Long Term Care and Community Health with regard to earlier discharge planning, admission avoidance and sharing in the discharge plan. Process improvements are also occurring with physicians (e.g. documentation). ▪ **Length of Stay:** The per cent of typical inpatients who exceeded their expected length of stay improved, decreasing from 48.2 in 2015-16 to 45.8 in 2016-17 ▪ **ER Wait Time:** During 2015-16, 87.4 per cent of emergency department patients met the recognized benchmark to have a physician (or nurse practitioner) initial assessment within three hours of arrival; this improved to 91.1 per cent during 2016-17.

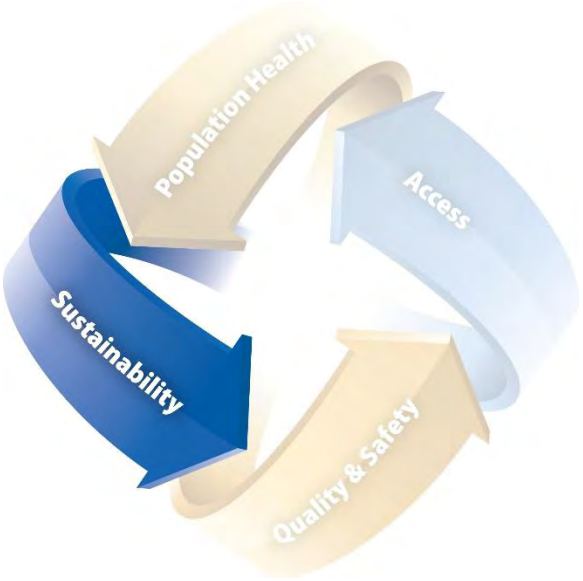
Discussion of Results

During the 2014-17 planning cycle, Eastern Health made significant improvements within the Access priority. Many initiatives around patient flow and process improvements have been undertaken in recent years. With the introduction of the Acute Care of the Elderly (ACE) unit at St. Clare's Mercy Hospital as well as lean projects and "kaizen"[9] events throughout the region these initiatives also helped contribute to continuous improvements in quality, processes, productivity, safety and leadership.

Eastern Health will continue to build on the success of these various initiatives, as Access has once again been chosen as one of the priorities for the new 2017-2020 Strategic Plan. This will involve addressing not just wait times but also some of the underlying reasons for long waits and barriers to patient flow throughout the system – whether in community, long-term care or acute care.

[9] Kaizen is the practice of continuous improvement in quality, processes, productivity, safety and leadership.

Sustainability



Eastern Health's focus on sustainability ensures that the appropriate resources are available to provide optimal care and services. Eastern Health's most significant resource continues to be the people within the organization who are dedicated to the highest standards of client care; therefore, another important piece of sustainability is employee and physician engagement. Although increasing engagement across the organization is challenging, it is widely recognized that ongoing effort is required from all levels of the organization to be successful.

Eastern Health's commitment to long-term sustainability is demonstrated by involvement in Excellence Canada's Healthy Workplace program. This includes a range of healthy workplace planning and programs related to 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 sick leave use and associated costs of approximately $50 million annually.

3-year Goal

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

Measure

- Healthier workplace

Goal Indicators: Sustainability (2014-17)	
Planned Indicators	***Actual Performance***
Achieved Level III of Excellence Canada's Healthy Workplace program	Eastern Health achieved Level III certification of Excellence Canada's Healthy Workplace Program within this three-year planning cycle. This certification included a verification visit by representatives from Excellence Canada.
Improved Rate of Employee Engagement	Based on a survey conducted by AON Hewitt in the Fall of 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)[10]. According to AON Hewitt, the average engagement score among Canadian health care organizations that participate in this survey is 47 per cent.

[10] 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.

Goal Indicators: Sustainability (2014-17)	
Planned Indicators	***Actual Performance***
	Engagement is a measure of how employees and physicians feel connected and inspired by the overall organization. Essentially, it measures how positively employees and physicians speak about Eastern Health, how committed they are to staying and how much effort they are willing to demonstrate for Eastern Health to be successful. Increasing engagement within Eastern Health has been challenging and during the planning cycle much work has been done to address this issue. 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 this organization's "brand", talent and staffing, and senior leadership. In 2017, Eastern Health administered its first pulse survey. The purpose of this survey is to gather information quickly and frequently to test the 'pulse' of the organization on factors related to engagement. The 2017 results will be used as a baseline to measure engagement in the next strategic planning cycle.
Decreased Sick Leave	Sick leave decreased between 2014 and 2017. The total sick hours per Benefit Full Time Equivalent (BFTE) in the 2014-15 fiscal year was **162.7**; for 2015-16 it was **151.5**; and for 2016-17 it was **147.83**.

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

Objective Indicators: Sustainability (2016-17)	
Planned Indicators	***Actual Performance***
Begun evaluation of Eastern Health's Healthy Workplace Plan	Eastern Health began evaluation of its Healthy Workplace Plan during 2016-17, which built on the evaluation of annual achievements during the overall 2014-17 planning cycle. It also included the Excellence Canada verification visit in 2016 whereby an intensive review and recommendations were provided and analysed for both immediate and future implementation. This process highlighted positive aspects, such as the initiation of Eastern Health's Learning Leaders program, as well as recommended areas to continue working on, such as knowledge and awareness of current programming as well as improvement to employee engagement. In addition to Excellence Canada, Eastern Health has also evaluated various aspects of its current healthy workplace programming internally. This includes formal evaluation of training initiatives, Employee and Family Assistance Program (EFAP) as well as monthly monitoring of Healthy Workplace activities and promotions. This evaluation is focused on continued improvement of awareness and participation and is used to guide future programming initiatives based on feedback from all levels of the organization.
Developed action plans to address areas of concern identified through the employee engagement survey results	Throughout 2016-17 Eastern Health developed action plans to address areas of concern identified through the employee engagement survey results. This included the development of a "roadmap" to address four main areas of engagement: ▪ **Belong:** examples include diversity and inclusion initiatives, including the re-establishment of the Diversity and Inclusion Committee; ▪ **Achieve:** includes a focus on performance management and accountability; ▪ **Support:** examples include a new mentorship program and increased focus on work-life balance; ▪ **Grow:** includes increased emphasis on learning and development opportunities for managers and staff, such as the implementation of the electronic learning management system and ongoing curriculum development of internal "Management Essentials" courses.
Begun evaluation of Eastern Health's Sick Leave Reduction Strategy, as measured by a decrease in the rate of sick leave	Sick leave decreased between 2014 and 2017. The total sick hours per Benefit Full Time Equivalent (BFTE) in the 2014-15 fiscal year was **162.7**; for 2015-16 it was **151.5**; and for 2016-17 it was **147.83**. One noteworthy aspect to begin this evaluation included increased analysis and improved reports, making timely data and information on sick leave more easily accessible to various program managers and Human Resources Consultants.

Discussion of Results

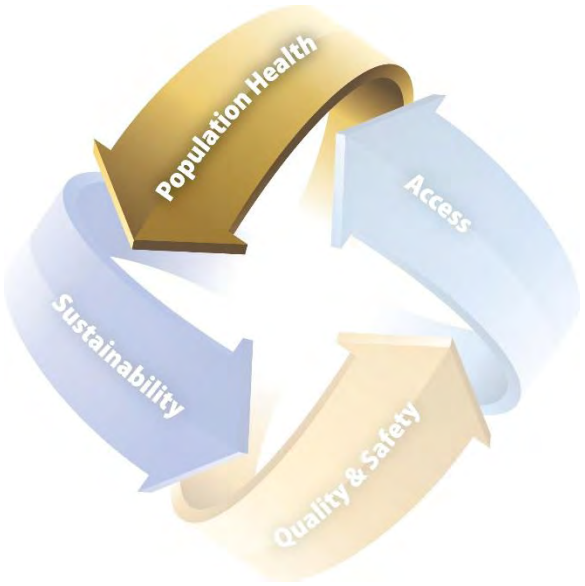
Eastern Health made substantial gains with its Sustainability priority during the 2014-17 timeframe. Achieving Level III of Excellence Canada's Healthy Workplace program was a significant accomplishment and the feedback provided by this independent third party helps to shape further priority setting for the coming years. For example, Excellence Canada recognized that employee and physician engagement require ongoing work, and although gains were made in engagement according to the employee engagement survey results, there is still much to be done to improve in areas such as communication across this large and complex organization.

Eastern Health has also put tremendous work into addressing high rates of sick leave and their associated costs, which resulted in considerable improvements in recent years. These trends are expected to continue, as work is ongoing into the new planning cycle for 2017-2020.

Population Health

Improving the health of the population is a challenge that requires collaboration with the entire region and province. It includes a focus on preventative measures and a clear understanding of community needs.

There are many factors, outside of Eastern Health's control, that affect the health of a population, including income, education and employment. These and other "Determinants of Health" involve many complex social issues that require various stakeholders from the community and all levels of government working together to address areas of common concern and improve overall health.



3-year Goal

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

Measure

- Demonstrated commitment

Goal Indicators: Population Health (2014-17)

Planned Indicators	*Actual Performance*
Further Implemented Population Health Initiatives Throughout the Region, Including the Chronic Disease Prevention and Management Strategy, with a Focus on Collaborative Practice.	Throughout this three-year planning cycle, Eastern Health further implemented population health initiatives throughout the region, including the Chronic Disease Prevention and Management Strategy, and a focus on collaborative practice. Examples include: ▪ Implemented Eastern Health's Chronic Disease Prevention and Management Strategy, including the Chronic Disease Self-Management Program (CDSMP) and the Improving Health My Way self-management workshops. Since the program's inception in June 2011 until March 31, 2017, Eastern Heath facilitated 74 six-week workshops and expanded partnerships to offer the workshops around the region (e.g. Wellness Coalitions, Community Sector Council, Canadian Diabetes Association, Memorial University). ▪ Initiated the Chronic Disease Inpatient Community Case Management at both the Health Sciences Centre and St. Clare's Mercy Hospital, which aims to prevent inappropriate hospital admissions related to chronic diseases such as diabetes;

Goal Indicators: Population Health (2014-17)	
Planned Indicators	***Actual Performance***
	▪ Implemented the Remote Patient Monitoring pilot for patients with chronic obstructive pulmonary disorder (COPD) and congestive heart failure. Since it began in November 2015, 560 patients have entered the program and feedback from patients includes decreased or avoided emergency room visits and/or admissions. ▪ Initiated the Bonavista Primary Health Care initiative whereby collaborative teams have been established to address issues identified through community engagement. Such issues include opioid use, diabetes, and COPD. Technology solutions are also being utilized, including sign-on to the HEALTHe NL Viewer, remote patient monitoring, and a fully-integrated electronic medical record (EMR) solution. ▪ Developed the Primary Health Care Downtown Collaborative in partnership with the Department of Health and Community Services, Memorial University and a number of community organizations (e.g. The Gathering Place, Thrive – Community Youth Network). This collaborative aims to provide primary healthcare services to marginalized, high risk populations in downtown St. John's. ▪ Launched an educational campaign called Rethink That Drink encouraging young adults between the ages of 19 and 35 to make more informed choices about alcohol consumption. The campaign is founded on the principles of Canada's Low Risk Drinking Guidelines, and focuses on five key messages inspired by these guidelines: Size Matters; Sex Matters; Time Matters; Health Matters; Choice Matters. ▪ Conducted numerous successful awareness campaigns, including UR a Parent, Syphilis Outbreak, Veggies & Fruit and the Bay Breastfeeds.
Updated Health Status Report Based on 2011 Census	Eastern Health has an updated Health Status Report based on the 2011 Census and other sources of data in collaboration with the Newfoundland and Labrador Centre for Health Information (NLCHI). This new report focuses 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 report's new format divides its chapters into 24 monthly publications, which is a more sustainable, timely and efficient reporting process for sharing valuable health data both internally and externally to the organization. The Health Status Report is available via **http://www.easternhealth.ca/OurCommunity.aspx?d=1&id=2217&p=379**
Increased Rate of Participation of all Provincial Cancer Screening Programs	There are three cancer screening programs in the province: The Breast Screening Program, The NL Cervical Screening Program, and the NL Colon Cancer Screening Program. During the 2014-17 planning cycle there was varied success in participation rates for each program, as outlined below:

Goal Indicators: Population Health (2014-17)	
Planned Indicators	***Actual Performance***
	▪ The Breast Screening Program for Newfoundland and Labrador targets women ages 50-74 years. There are three breast screening centres in the province (Eastern, Central and Western) and participation is measured over intervals of 24 months. The data includes participation rates for three sites across two calendar years. From 2013-14 to 2015-16, participation rates increased from 57 per cent to 58 per cent. ▪ The NL Cervical Screening Initiatives Program targets women ages 21 to 69 years. Participation is measured as women having one Pap test over 36 months. Screening participation is reported for 2012-2014 at **61 per cent**, 2013-2015 at **59 per cent** and 2014-2016 at **60 per cent**. In 2012, NL screening intervals changed from annual to every three years with the successful launch of the registry based follow up system for women with abnormal Pap test results. The slight fluctuation in participation rates could be attributed to extended vacancies in staff positions and community outreach while the screening program was under review. ▪ The NL Colon Cancer Screening Program targets individuals 50-74 years of age who are at average risk for colorectal cancer. During the fiscal year of 2016-17 the program received requests for 14,860 test kits, which was a significant increase over fiscal year 2015-16 when 9064 test kits were requested and a threefold increase from fiscal year 2014-15 the program received requests for more than 4630 test kits.[11]

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

[11] Traditional participation rates were not calculated for the colon cancer screening program in the current strategic plan as the program was not available in all health regions. The program was phased in beginning in 2012 and was fully implemented in mid-2015.

Objective Indicators: Population Health (2016-17)

Planned Indicators	*Actual Performance*
Evaluated Population Health initiatives, with emphasis on Eastern Health's Chronic Disease Prevention and Management Strategy	In fiscal year 2016-17, Eastern Health evaluated Population Health initiatives, with emphasis on the Chronic Disease Prevention and Management Strategy. Examples include: ▪ **Chronic Disease Self-Management Program:** Ongoing evaluation of the Improving Health: My Way indicates a consistent participant retention/completion rate to that of other countries using the same program: of the 74 workshops conducted to date within Eastern Health, 662 of 967 participants completed (i.e. 68 per cent), which is comparable with 70 per cent elsewhere. Participants are also surveyed regarding their experience with various workshop aspects and its impact, and anonymously rate their responses from strongly agree to strongly disagree. Most participants reported that they learned new information and felt more confident in their ability to manage their chronic condition and/or support others with their conditions, were better prepared to work with health care providers, used things they learned in the program, and would recommend the program to others following completion of the six- week program. For example, in the 2016-17 survey, 93.4 per cent of participants reported "I feel more confident in my ability to manage my chronic condition and/or to support others with chronic conditions" and 93.4 per cent also reported "I learned new information that will help me better manage my chronic condition and/or support others with their conditions." In addition, analysis of promotion efforts indicates that 30.4 per cent of participants found out about the program from a brochure/flyer, while word of mouth via friend/family members was the second most frequent (18.4 per cent). Such analysis is essential for effective promotion of this program. ▪ **Veggies & Fruit Campaign:** Consistent with a commitment in *The Way Forward: A vision for sustainability and growth in Newfoundland and Labrador* (i.e., Action 2.14 on page 36 to "Increase Awareness and Engage Individuals to Take Action For Healthy Living"), this public awareness campaign was launched in fall 2016 targeting parents and caregivers of children between 5-13 years. The two key messages of the campaign (Fresh, Frozen, Canned… all good options; and Enjoy veggies & fruit with every meal and snack) address a number of barriers associated with veggie and fruit consumption. Evaluation of the campaign indicated a reach of over 100,000 on Facebook, 18,590 Twitter impressions and 506 views on Eastern Health's webpage through Storyline. To gauge the increase in awareness, an online evaluation survey for the target audience was developed for distribution through local schools and on social media channels, the results of which will be analyzed when the survey concludes early in the new fiscal year. ▪ **The Bay Breastfeeds Campaign:** This campaign, launched during World Breastfeeding Week, asked individuals and/or groups to take a selfie/photo with a life-sized cut-out of local breastfeeding mothers and babies, then enter a contest by posting their photos to Facebook and/or Twitter using #thebaybreastfeeds.

Objective Indicators: Population Health (2016-17)	
Planned Indicators	***Actual Performance***
	Analysis indicated there were 234 entries, 5702 likes, 42 shares and 371 comments, with close to 100,000 people reached via Facebook and over 45,000 mentions on Twitter, all of which was very successful in comparison to other social media campaigns undertaken by Eastern Health.
Implemented Eastern Health's new Health Status Reporting structure	As mentioned under the three-year goal section (above), Eastern Health has implemented its new Health Status Reporting Structure. The new structure includes specific health indicators, general population data, information on the determinants of health, behaviours that influence health, injury and hospitalization, life expectancy, and mortality rates. Also as mentioned, the report's new reporting format divides its chapters into 24 monthly publications and is widely available through **http://www.easternhealth.ca/OurCommunity.aspx?d=1&id=2217&p=379**

Discussion of Results

Throughout the course of the 2014-17 planning cycle, Eastern Health undertook significant work toward improving the health of the population within both the region and the province. This involved a shift toward closely monitoring key population health indicators, focusing on preventative measures such as screening, and strengthening collaborative work with a wide range of partner agencies, including schools, faith groups, municipalities and community sector agencies.

Making changes to the health of the population involves a long-term commitment that must continue in order to see positive outcomes based on the preventative work done today. Eastern Health has demonstrated this commitment through renewed partnerships and the continuation of innovative programs. Furthermore, Population Health has once again been identified as one of Eastern Health's priorities in the upcoming strategic plan for 2017-2020.

OPPORTUNITIES AND CHALLENGES AHEAD

With every challenge comes an opportunity for change. Although Eastern Health faces a number of obstacles to providing high quality care, its dedicated and compassionate employees continuously strive to meet the needs of patients, clients and residents.

One of the major challenges that Eastern Health has faced since inception is the size and geographical dispersion of the population it serves. As a result of the uneven distribution of people across the region, not all communities have health care services and resources available from within. However, with ever-changing advancements in technology, services and resources in health care should be much more accessible. Eastern Health must use its geography as an opportunity to become leaders in delivering high quality care to rural and remote areas of the region and continually look for opportunities to be innovative in this area.

Some challenges exist on a larger scale and require significant long-term planning to overcome. For example, since many of the province's health indicators are identified as being below the national average, there is a greater demand on the health care system, which poses further challenges with appropriate allocation of resources. However, Eastern Health has been working to build a profile of the region with its Health Status Reports. These reports outline health indicators each month, allowing the organization to compare Newfoundland and Labrador to the rest of the country. This will help Eastern Health develop a data-driven, evidence-based approach to improving health indicators. It also provides an opportunity to engage community members in developing solutions to the problems that most affect them.

The Province and Eastern Health are operating in a time of fiscal restraint, which means the organization is faced with the task of making better use of resources to continue providing high quality care. Though challenging, this gives Eastern Health the opportunity to be creative in the way services are provided. It forces employees to use their knowledge and skills to be innovative in the way they approach their job roles.

Over the past number of years, Eastern Health has experienced a number of changes with regard to leadership. Employee turnover at the executive and Board level can be challenging, resulting in a loss of corporate memory, skills, knowledge and experience. However, new leaders can present new and exciting opportunities, as well as a reinvigorated approach to delivering health care services. Eastern Health can take this opportunity to incorporate innovative ideas and processes to operate with the innate challenges that exist in the organization.

Additionally, in an organization of approximately 13,000 employees, the ability to communicate effectively can sometimes be problematic. Communication is a key factor in engaging employees, a challenge that Eastern Health has been working to overcome for several years. Eastern Health's employees are its greatest asset, and there is an increased focus to improve communication from the top down, while also giving employees more opportunities to provide input on decisions made within the organization. Going forward into the new strategic planning cycle, Eastern Health recognizes the importance of employee engagement and wellness, and has made Healthy Workplace one of its priorities.

Lastly, as Eastern health enters into a new strategic planning cycle, there is an opportunity to shift focus on a number of areas that have posed challenges in the recent years. The organization continually works to improve access to health care services, which can be challenging in a large, geographically dispersed region. However, as part of the 2017-2020 strategic plan, Eastern Health will focus on improving access in a number of areas, including mental health and addictions, primary health care, community supports and long-term care. As well, Eastern Health will work to increase engagement with clients, families, employees and the public to ensure the organization is meeting the needs of communities throughout the region.

APPENDIX I

Calculations for Quantitative Indicators from the Report on Performance Section

The following provides an overview of quantitative indicators found in the Report on Performance Section of the Annual Performance Report, listed by relevant priority area:

Quality and Safety

- **Rate of Hand Hygiene Compliance:** 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 the Canadian Institute for Health Information (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.

Access

- **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 does not 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

- **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.

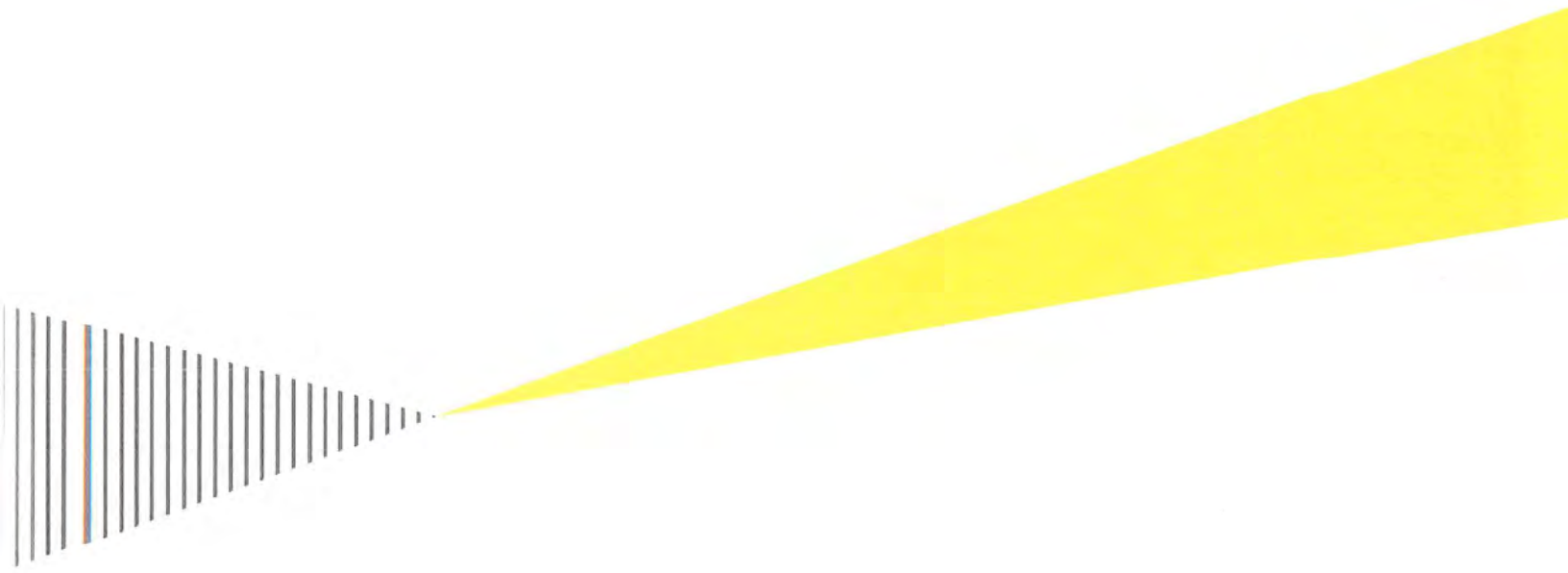
APPENDIX II

Audited Financial Statements

Non-consolidated financial statements

Eastern Regional Health Authority – Operating Fund

March 31, 2017



Building a better working world

Eastern Regional Health Authority – Operating Fund

Table of contents

March 31, 2017

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, 2017 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, 2017.

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, 2017, 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, 2017, 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
June 27, 2017

Chartered Professional Accountants

Non-consolidated statement of financial position

[in thousands of Canadian dollars]

As at March 31

	2017 $	2016 $
Financial assets		
Cash	—	8,140
Accounts receivable *[note 3]*	**26,613**	24,926
Due from government/other government entities *[note 4]*	**76,518**	68,610
Advance to General Hospital Hostel Association	**720**	856
Sinking fund investment *[note 11]*	**19,545**	17,993
	123,396	120,525
Liabilities		
Bank indebtedness	**137**	—
Accounts payable and accrued liabilities *[note 7]*	**117,454**	108,662
Due to government/other government entities *[note 8]*	**21,679**	13,026
Employee future benefits		
Accrued severance pay *[note 16]*	**120,145**	115,996
Accrued sick leave *[note 17]*	**63,805**	61,829
Accrued vacation pay	**54,182**	51,929
Deferred contributions *[note 9]*		
Deferred capital grants	**66,747**	84,364
Deferred operating revenue	**12,456**	17,017
Long-term debt *[note 10]*	**134,087**	134,712
	590,692	587,535
Net debt	**(467,296)**	(467,010)
Non-financial assets		
Tangible capital assets *[note 5]*	**342,846**	340,961
Supplies inventory	**14,994**	15,298
Prepaid expenses	**6,612**	8,772
	364,452	365,031
Accumulated deficit	**(102,844)**	(101,979)

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

	Final Budget	2017	2016
	$	$	$
	[note 20]		
Revenue			
Provincial plan	1,343,082	**1,343,081**	1,297,112
Medical Care Plan	72,911	**72,911**	73,444
Other	38,912	**42,000**	43,472
Provincial plan capital grant *[note 9]*	—	**32,854**	27,081
Resident	19,833	**20,200**	19,818
Inpatient	12,295	**12,513**	11,371
Outpatient	9,392	**9,084**	10,089
Other capital contributions *[note 9]*	—	**5,068**	6,586
	1,496,425	**1,537,711**	1,488,973
Expenses *[note 21]*			
Patient and resident services	393,001	**398,180**	402,656
Client services	285,421	**278,625**	258,671
Diagnostic and therapeutic	206,185	**206,544**	205,817
Support	183,263	**184,389**	180,998
Ambulatory care	157,669	**159,186**	162,251
Administration	120,376	**124,422**	121,588
Medical services	99,344	**100,817**	99,541
Amortization of tangible capital assets *[note 5]*	—	**35,946**	36,719
Research and education	17,440	**15,270**	15,523
Other	23,651	**17,631**	13,150
Interest on long-term debt	10,075	**9,188**	9,224
Employee future benefits			
Accrued severance pay expense	—	**4,149**	5,190
Accrued sick leave expense	—	**1,976**	2,544
Accrued vacation pay expense	—	**2,253**	2,007
	1,496,425	**1,538,576**	1,515,879
Annual deficit	—	**(865)**	(26,906)
Accumulated deficit, beginning of year	—	**(101,979)**	(75,073)
Accumulated deficit, end of year	—	**(102,844)**	(101,979)

See accompanying notes

Non-consolidated statement of changes in net debt

[in thousands of Canadian dollars]

Year ended March 31

	2017 $	2016 $
Annual deficit	**(865)**	(26,906)
Changes in tangible capital assets		
Acquisition of tangible capital assets	**(37,922)**	(33,667)
Disposal of tangible capital assets	**91**	—
Amortization of tangible capital assets	**35,946**	36,719
Decrease (increase) in net book value of tangible capital assets	**(1,885)**	3,052
Changes in other non-financial assets		
Net decrease (increase) in prepaid expenses	**2,160**	(4,008)
Net decrease in supplies inventory	**304**	14
Decrease (increase) in other non-financial assets	**2,464**	(3,994)
Increase in net debt	**(286)**	(27,848)
Net debt, beginning of year	**(467,010)**	(439,162)
Net debt, end of year	**(467,296)**	(467,010)

Non-consolidated statement of cash flows

[in thousands of Canadian dollars]

Year ended March 31

	2017 $	2016 $
Operating transactions		
Annual deficit	**(865)**	(26,906)
Adjustments for:		
Amortization of tangible capital assets	**35,946**	36,719
Capital grants – provincial and other	**(37,922)**	(33,667)
Increase in accrued severance pay	**4,149**	5,190
Increase in accrued sick leave	**1,976**	2,544
Net change in non-cash assets and liabilities related to operations *[note 12]*	**(9,611)**	6,363
Cash used in operating transactions	**(6,327)**	(9,757)
Capital transactions		
Acquisition of tangible capital assets	**37,922**	(33,667)
Capital asset contributions	**(37,922)**	33,667
Disposal of tangible capital assets	**91**	—
Cash provided by capital transactions	**91**	—
Investing transactions		
Increase in sinking fund investment	**(1,552)**	(1,546)
Cash used in investing transactions	**(1,552)**	(1,546)
Financing transactions		
Repayment of long-term debt	**(625)**	(814)
Repayment of advance to General Hospital Hostel Association	**136**	133
Cash used in financing transactions	**(489)**	(681)
Net decrease in cash during the year	**(8,277)**	(11,984)
Cash, beginning of year	**8,140**	20,124
(Bank indebtness) cash, end of year	**(137)**	8,140
Supplemental disclosure of cash flow information		
Interest paid	**9,161**	9,218

See accompanying notes

Notes to non-consolidated financial statements

March 31, 2017
[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

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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 (bank indebtedness)

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

Supplies inventory

Supplies 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 basis at the rates set out below

Notes to non-consolidated financial statements

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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 13 years.

Notes to non-consolidated financial statements

March 31, 2017
[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 13 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, and are the responsibility of the Province. 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 $55,044,446 for the year ended March 31, 2017 [2016 – $54,791,189].

Sinking fund

The sinking fund was established for the partial retirement of Eastern Health's sinking fund debenture, which is 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, 2017
[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

	2017					
			Past due			
	Total	Current	1 – 30 days	31 – 60 days	61 – 90 days	Over 90 days
	$	$	$	$	$	$
Services to patients, residents and clients	17,708	967	3,761	3,554	1,800	7,626
Other	11,221	5,337	—	—	—	5,884
Gross accounts receivable	28,929	6,304	3,761	3,554	1,800	13,510
Less impairment allowance	2,316	—	—	—	—	2,316
Net accounts receivable	26,613	6,304	3,761	3,554	1,800	11,194

	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 accounts receivable	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

Notes to non-consolidated financial statements

March 31, 2017
[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

	2017 $	2016 $
Government of Newfoundland and Labrador	**71,971**	63,088
Other government entities	**4,547**	5,522
	76,518	68,610

Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. For the year ended March 31, 2017, the Authority has not recorded any impairment of receivables relating to amounts above [2016 – nil].

5. Tangible capital assets

	Land and land improvements $	Buildings and improvements $	Equipment $	Construction in progress $	Total $
2017					
Cost					
Opening balance	**2,965**	**422,924**	**551,947**	**15,141**	**992,977**
Additions	**—**	**4,740**	**30,751**	**2,431**	**37,922**
Disposals	**(23)**	**(193)**	**—**	**—**	**(216)**
Closing balance	**2,942**	**427,471**	**582,698**	**17,572**	**1,030,683**
Accumulated amortization					
Opening balance	**492**	**192,187**	**459,337**	**—**	**652,016**
Additions	**—**	**9,962**	**25,984**	**—**	**35,946**
Disposals	**—**	**(125)**	**—**	**—**	**(125)**
Closing balance	**492**	**202,024**	**485,321**		**687,837**
Net book value	**2,450**	**225,447**	**97,377**	**17,572**	**342,846**

Notes to non-consolidated financial statements

March 31, 2017
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

	Land and land improvements $	Buildings and improvements $	Equipment $	Construction in progress $	Total $
2016					
Cost					
Opening balance	2,965	414,289	529,690	12,366	959,310
Additions	—	8,635	22,257	2,775	33,667
Closing balance	2,965	422,924	551,947	15,141	992,977
Accumulated amortization					
Opening balance	492	182,161	432,644	—	615,297
Additions	—	10,026	26,693	—	36,719
Closing balance	492	192,187	459,337	—	652,016
Net book value	2,473	230,737	92,610	15,141	340,961

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, 2017 [unused at March 2016]. 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

	2017 $	2016 $
Accounts payable and accrued liabilities	**64,681**	54,887
Salaries and wages payable	**49,403**	47,827
Employee/employer remittances	**3,370**	5,948
	117,454	108,662

8. Due to government/other government entities

	2017 $	2016 $
Federal government	**3,333**	3,106
Government of Newfoundland and Labrador	**12,605**	3,165
Other government entities	**5,741**	6,755
	21,679	13,026

Notes to non-consolidated financial statements

March 31, 2017
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

9. Deferred contributions

	2017 $	2016 $
Deferred capital grants [a]		
Balance at beginning of year	**84,364**	83,732
Receipts during the year	**20,305**	34,299
Recognized in revenue during the year	**(37,922)**	(33,667)
Balance at end of year	**66,747**	84,364
Deferred operating revenue [b]		
Balance at beginning of year	**17,017**	16,323
Receipts during the year	**1,394,419**	1,346,945
Recognized in revenue during the year	**(1,398,980)**	(1,346,251)
Balance at end of year	**12,456**	17,017

[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

	2017 $	2016 $
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 $2,132,382.	**771**	972
Canadian Imperial Bank of Commerce loan, unsecured, bearing interest at prime lending rate less 0.625 basis points, matured in August 2016, repayable in monthly instalments of $21,200 plus interest.	**—**	103
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 $803,238.	**754**	786

Notes to non-consolidated financial statements

March 31, 2017
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

	2017 $	2016 $
Canada Mortgage and Housing Corporation ["CMHC"] [Blue Crest Seniors Home], 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 $2,621,262.	**587**	632
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.	**581**	610
CMHC [Golden Heights Manor Seniors Home], 1.12% mortgage, maturing in June 2023, repayable in blended monthly instalments of $19,246.	**1,394**	1,609
	134,087	134,712

Future principal repayments to maturity are as follows:

	$
2018	535
2019	551
2020	568
2021	533
2022	394
Thereafter	131,506
	134,087

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, 2017 includes interest earned in the amount of $7,588,184 [2016 – $6,779,330]. 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 on the Debenture are $4,485,000. The semi-annual interest payments and mandatory annual sinking fund payments on the Debenture are guaranteed by the Government.

Notes to non-consolidated financial statements

March 31, 2017
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

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

	2017 $	2016 $
Accounts receivable	**(1,687)**	5,934
Supplies inventory	**304**	14
Prepaid expenses	**2,160**	(4,008)
Accounts payable and accrued liabilities	**14,580**	(11,110)
Due from/to government/other government entities	**(5,043)**	12,200
Accrued vacation pay	**2,253**	2,007
Deferred capital grants	**(17,617)**	632
Deferred operating revenue	**(4,561)**	694
	(9,611)	6,363

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, 2017, the balance of funds held in trust for residents of long-term care facilities was $3,419,660 [2016 – $4,187,753]. These trust funds include 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 future portion of the contracts:

	2018 $	2019 $	2020 $	2021 $	Thereafter $
Future operating lease payments	13,885	12,231	8,461	6,561	52,870
Managed print services	1,688	1,688	1,688	1,688	—
Vehicles	288	221	124	21	—
	15,861	14,140	10,273	8,270	52,870

Notes to non-consolidated financial statements

March 31, 2017
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

16. Accrued severance pay

The Authority provides a severance payment to employees upon retirement, resignation or termination without cause. In 2017, cash payments to retirees for the Authority's unfunded employee future benefits amounted to approximately $8,488,000 [2016 – $8,575,000]. 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, 2017.

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

	2017 $	2016 $
Accrued benefit liability, beginning of year	**115,996**	110,806
Benefits expense		
Current service cost	**7,892**	8,806
Interest cost	**4,333**	3,639
Amortization of actuarial losses and gains	**412**	1,320
	128,633	124,571
Benefits paid	**(8,488)**	(8,575)
Accrued benefit liability, end of year	**120,145**	115,996
Current year benefit cost	**7,892**	8,806
Amortization of actuarial gain/loss during the year	**412**	1,321
Benefits interest expense	**4,333**	3,639
Total expense recognized for the year	**12,637**	13,766

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, 2017 3.70% as at March 31, 2016
Discount rate – benefit expense	3.70% in fiscal 2017 3.70% in fiscal 2016
Rate of compensation increase	3.00% plus 0.75% for promotions and merit as at March 31, 2017 3.00% plus 0.75% for promotions and merit as at March 31, 2016

Notes to non-consolidated financial statements

March 31, 2017
[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 2017, cash payments to employees for the Authority's unfunded sick leave benefits amounted to approximately $9,704,000 [2016 – $9,422,000]. 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, 2017.

	2017 $	2016 $
Accrued benefit liability, beginning of year	**61,829**	59,285
Benefits expense		
Current service cost	**6,392**	6,707
Interest cost	**3,130**	2,639
Amortization of actuarial losses and gains	**2,158**	2,620
	73,509	71,251
Benefits paid	**(9,704)**	(9,422)
Accrued benefit liability, end of year	**63,805**	61,829

Current year benefit cost	**6,392**	6,707
Amortization of actuarial gain/loss during the year	**2,158**	2,620
Benefits interest expense	**3,130**	2,639
Total expense recognized for the year	**11,680**	11,966

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, 2017 3.70% as at March 31, 2016
Discount rate – benefit expense	3.70% in fiscal 2017 3.70% in fiscal 2016
Rate of compensation increase	3.00% plus 0.75% for promotions and merit as at March 31, 2017 3.00% plus 0.75% for promotions and merit as at March 31, 2016

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, 2017
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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 MCP and WorkplaceNL. 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:

	2017 $	2016 $
Transfers from the Government of Newfoundland and Labrador	**1,361,789**	1,334,691
Transfers from other government entities	**80,361**	81,511
Transfers to other government entities	**(99,749)**	(110,214)
	1,342,401	1,305,988

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, 2017, the Authority had $64,000,000 in funds available on the Facility [2016 – $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, 2017
[All amounts are in Canadian dollars, except amounts disclosed in tables, which are presented in thousands of Canadian dollars]

20. Final 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, 2017:

	Revenue $	Expenses $	Annual surplus $
Original Budget	1,393,043	1,393,043	—
Adjustments during the year for service and program changes, net	55,932	55,932	—
Revised original budget	1,448,975	1,448,975	—
Stabilization fund approved by Government	47,450	47,450	—
Final Budget	1,496,425	1,496,425	—

Notes to non-consolidated financial statements

March 31, 2017
[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.

	2017 $	2016 $
Salaries	**768,148**	755,452
Supplies – other	**278,804**	283,034
Direct client costs	**172,497**	155,302
Employee benefits	**144,424**	145,573
Supplies – medical and surgical	**60,993**	59,999
Drugs	**49,438**	51,424
Amortization of tangible capital assets	**35,946**	36,719
Maintenance	**19,138**	19,153
Interest on long-term debt	**9,188**	9,223
Total expenses	**1,538,576**	1,515,879

Non-consolidated schedule of expenses for government reporting

[in thousands of Canadian dollars]

Year ended March 31

	2017	2016
	$	$
	[unaudited]	*[unaudited]*
Patient and resident services		
Acute care	**209,619**	209,731
Long-term care	**171,383**	174,990
Other patient and resident services	**17,178**	17,935
	398,180	402,656
Client services		
Community support programs	**226,775**	208,036
Mental health and addictions	**33,395**	31,491
Health promotion and protection	**18,346**	18,680
Family support programs	**109**	464
	278,625	258,671
Diagnostic and therapeutic		
Other diagnostic and therapeutic	**94,753**	93,309
Clinical laboratory	**59,214**	61,378
Diagnostic imaging	**52,577**	51,130
	206,544	205,817
Support		
Facilities management	**69,776**	67,878
Other support	**37,669**	36,038
Food services	**34,061**	33,687
Housekeeping	**32,600**	32,694
Laundry and linen	**10,283**	10,701
	184,389	180,998
Ambulatory care		
Outpatient clinics	**92,659**	95,783
Emergency	**36,428**	36,337
Dialysis	**17,582**	17,878
Other ambulatory	**12,517**	12,253
	159,186	162,251

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

[in thousands of Canadian dollars]

Year ended March 31

	2017 $ [unaudited]	2016 $ [unaudited]
Administration		
Other administrative	**41,910**	41,239
Systems support	**26,133**	23,723
Materials management	**21,355**	21,617
Human resources	**15,473**	15,520
Finance and budgeting	**11,117**	11,196
Executive offices	**7,384**	6,769
Emergency preparedness	**1,050**	1,524
	124,422	121,588
Medical services		
Physician services	**76,385**	77,848
Interns and residents	**24,432**	21,693
	100,817	99,541
Other		
Undistributed	**17,631**	13,150
Research and education		
Education	**13,658**	13,801
Research	**1,612**	1,722
	15,270	15,523
Interest on long-term debt	**9,188**	9,224
Total shareable expenses	**1,494,252**	1,469,419

Non-consolidated schedule of revenue and expenses for government reporting

[in thousands of Canadian dollars]

Year ended March 31

	2017 $ [unaudited]	2016 $ [unaudited]
Revenue		
Provincial plan	**1,343,081**	1,297,112
Medical Care Plan	**72,911**	73,444
Other	**41,196**	42,674
Resident	**20,200**	19,818
Inpatient	**12,513**	11,371
Outpatient	**9,084**	10,089
	1,498,985	1,454,508
Expenses		
Compensation		
Salaries	**768,148**	755,452
Employee benefits	**136,046**	135,832
	904,194	891,284
Supplies		
Other	**278,804**	283,034
Medical and surgical	**60,993**	59,999
Drugs	**49,438**	51,424
Plant operations and maintenance	**19,138**	19,153
	408,373	413,610
Direct client costs		
Community support	**170,304**	153,314
Mental health and addictions	**2,193**	1,988
	172,497	155,302
Lease and long-term debt		
Long-term debt – interest	**9,188**	9,223
Long-term debt – principal	**1,373**	1,562
	10,561	10,785
	1,495,625	1,470,981
Surplus (deficiency) for government reporting	**3,360**	(16,473)
Long-term debt – principal	**1,373**	1,562
Surplus (deficiency) before non-shareable items	**4,733**	(14,911)

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

[in thousands of Canadian dollars]

Year ended March 31

	2017 $ *[unaudited]*	2016 $ *[unaudited]*
Adjustments for non-shareable items		
Provincial plan capital grant	**32,854**	27,081
Other capital contributions	**5,068**	6,586
Amortization of tangible capital assets	**(35,946)**	(36,719)
Interest on sinking fund	**804**	798
Accrued severance pay	**(4,149)**	(5,190)
Accrued sick leave	**(1,976)**	(2,544)
Accrued vacation pay	**(2,253)**	(2,007)
	(5,598)	(11,995)
Annual deficiency as per non-consolidated statement of operations and accumulated deficit	**(865)**	(26,906)

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

[in thousands of Canadian dollars]

Year ended March 31

	2017	2016
	$	$
	[unaudited]	*[unaudited]*
Revenue		
Deferred grants – previous year	**84,364**	83,732
Provincial plan	**19,004**	37,579
Foundations and auxiliaries	**4,320**	5,368
Other	**748**	1,218
Transfer from operations	**3,120**	190
Transfer to other regions	**594**	(277)
Transfer to operations	**(7,481)**	(9,779)
Deferred grants – current year	**(66,747)**	(84,364)
	37,922	33,667
Expenses		
Equipment	**30,508**	21,437
Buildings	**4,740**	8,635
Construction in progress	**2,431**	2,775
Vehicles	**243**	820
Disposal of land	**(23)**	—
Disposal of buildings	**(68)**	—
	37,831	33,667
Surplus on capital transactions	**91**	—

Non-consolidated schedule of accumulated deficit for government reporting

[in thousands of Canadian dollars]

As at March 31

	2017 $ [unaudited]	2016 $ [unaudited]
Assets		
Current assets		
Cash	—	8,140
Accounts receivable and due from government and other government entities	103,131	93,536
Supplies inventory	14,994	15,298
Prepaid expenses	6,612	8,772
	124,737	125,746
Advance to General Hospital Hostel Association	720	856
	125,457	126,602
Liabilities		
Current liabilities		
Bank indebtedness	137	
Accounts payable and accrued liabilities and due to government and other government entities	139,133	121,688
Deferred revenue – operating revenue	12,456	17,017
Deferred revenue – capital grants	66,747	84,364
	218,473	223,069
Accumulated deficit for government reporting	(93,016)	(96,467)

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