Health—Alberta Health Services—Contracted Surgical Facilities Follow-up

SUMMARY

In 2011 we concluded that AHS made satisfactory progress in implementing our earlier recommendation to establish outcome-based performance measures for non-hospital surgical facilities and use these standards of performance to monitor contracted facilities.[1]

What we found

We concluded that AHS has not made further progress since 2011 and we are repeating our recommendation.

At the time of our audit, AHS's internal audit team had completed its own audit of systems to monitor and evaluate contracted surgical service delivery. Although our audits were performed independently, the findings produced by both audits are consistent.

What remains to be done

To fully implement the recommendation, AHS needs to:

- clarify roles and responsibilities for managing performance under non-hospital surgical facility contracts, particularly in the area of service quality and patient outcomes
- define specific quality indicators that:
  - allow for consistent analysis and benchmarking of quality data across surgical facilities
  - are aligned with requirements of the *Health Care Protection Act* for the purpose of the public benefit analysis
- establish a formal process to periodically review performance under contracts, analyze and act on results, and provide these facilities with timely and appropriate feedback

Why this is important to Albertans

Without adequate systems to monitor and manage performance of contracted surgical facilities, Albertans may not receive the quality of healthcare service they should.

AUDIT OBJECTIVE AND SCOPE

We performed our current follow-up audit in early 2014 to determine whether AHS has fully implemented the recommendation.

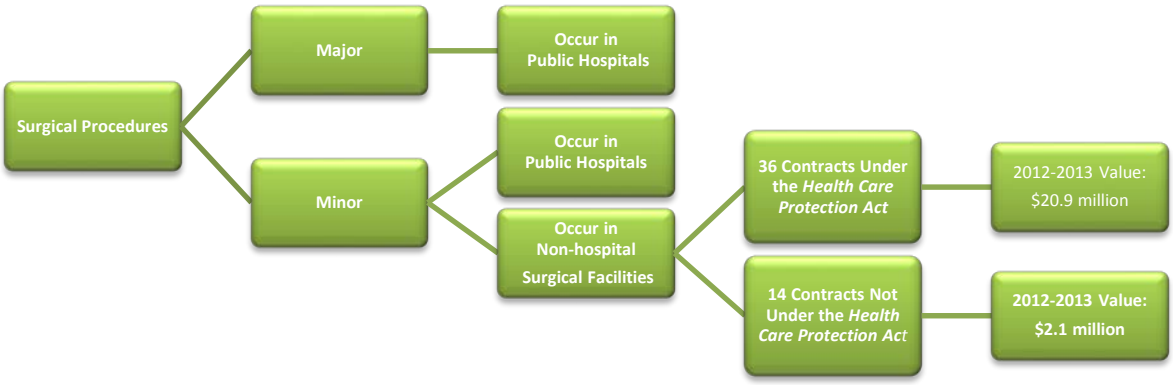
We conducted our field work between January and April 2014. We substantially completed our audit on April 25, 2014. Our audit was conducted in accordance with the *Auditor General Act* and the standards for assurance engagements set by the Chartered Professional Accountants of Canada.

[1] *Report of the Auditor General of Alberta—November 2011*, page 114.

BACKGROUND

To supplement the surgical services that public hospitals provide, AHS contracts with non-hospital surgical facilities to provide Albertans with surgical services in the areas of ophthalmology, pregnancy termination, oral maxillofacial, otolaryngology, podiatric, dental, dermatology and some plastic surgery. The intended benefit of contracting is to increase the healthcare system's capacity to perform surgeries and reduce wait times.

Surgical services in Alberta can be provided at public hospitals or non-hospital surgical facilities.[2] Major surgical procedures can only be performed at hospitals[3] where specialized resources and equipment are available to perform complex procedures and manage serious complications.[4] The diagram below shows how AHS's contracts with non-hospital surgical facilities fit into the provincial model of surgical service delivery.[5,6]



Accreditation and approval of non-hospital surgical facilities is done by two professional regulatory bodies. The College of Physicians and Surgeons of Alberta accredits non-hospital surgical facilities, provides practice standards and guidelines[7] and approves the list of procedures that can be performed at these facilities.[8] Dental surgical facilities must be accredited by the Alberta Dental Association and College. To achieve accreditation, the facilities must demonstrate to the colleges that they have appropriate policies and procedures and follow best clinical practices. The colleges require the facilities to report critical incidents, and may decide to perform a detailed review of individual surgeon's clinical practices. However, the accreditation process does not normally involve systematic analysis and benchmarking of overall patient outcomes across non-hospital surgical facilities.

AHS is ultimately responsible for health outcomes of its patients and must report on results achieved for the public funds it spends. Most of AHS's contracts with non-hospital surgical facilities are governed by

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[2] *Health Care Protection Act*, Section 2(1)
[3] *Health Care Protection Act*, Section 2
[4] *Health Care Protection Regulation*, Section 2(1)
[5] Due to timing differences in processing and analysis of information on volume and total cost of contracted procedures, numbers presented in our report may vary slightly from those provided in the AHS's 2012–2013 annual report.
[6] Some surgical procedures can also be performed at a general physician's office, but these are typically very minor in nature.
[7] College of Physicians and Surgeons of Alberta, NHSF Standards and Guidelines. http://www.cpsa.ab.ca/libraries/pro_qofc_non_hospital/NHSF_Standards.pdf?sfvrsn=10
[8] College of Physicians and Surgeons of Alberta, Approved Procedures for Non-hospital Surgical Facilities http://www.cpsa.ab.ca/libraries/pro_qofc_non_hospital/Approved_procedures_for_NHSF.pdf?sfvrsn=10

the *Health Care Protection Act*, which sets out the specific approval and performance reporting requirements outlined later in this section.[9]

In 2012–2013, AHS had 50 contracts across four zones with a total value of $23 million dollars. Table 1 summarizes the number of contracts and their values by zone.[10]

Table 1: NHSF Contracts by Service, Zone and Value in 2012–2013

Service Type	Edmonton	Value	Calgary	Value	North	Value	South	Value
HCPA Contracts								
Ophthalmology	6	$1,946,790	5	$11,358,147	1	$649,800	-	-
Pregnancy Termination	1	$3,022,438	1	$2,120,766	-	-	-	-
Oral and Maxillofacial Surgery	8	$898,908	10	$305,000	-	-	-	-
Plastic Surgery	2	$305,356	-	-	-	-	-	-
Otolaryngology	1	$158,991	-	-	-	-	-	-
Dermatology	1	$129,270	-	-	-	-	-	-
Non-HCPA Contracts								
Dermatology	2	$215,040	3	$160,000	-	-	-	-
Restorative Dentistry	3	$179,504	1	$400,000	-	-	4	$440,000
Podiatry	-	-	1	$700,000	-	-	-	-
Total	**24**	**$6,856,297**	**21**	**$15,043,913**	**1**	**$649,800**	**4**	**$440,000**

The contracts specify the maximum number of procedures and a facility fee that AHS will pay for each type of procedure. These fees compensate facilities for the use of equipment, supplies and nursing staff, but not for the cost of physician services. The Department of Health pays physicians on a fee-for-service basis, according to the Schedule of Medical Benefits.

[9] Contracts that do not fall under this legislation are referred to by AHS as "non-HCPA contracts."
[10] Due to differences in timing of processing and analysis of information on volume and total cost of contracted procedures, numbers presented in our report may vary slightly from those provided in the AHS's 2012–2013 annual report.

The *Health Care Protection Act* requires AHS to do the following for contracts that fall under the Act:

1. Before signing or renewing a contract,[11] AHS must perform a public benefit analysis.[12] Specifically, the Act requires that the agreement shall not be approved unless the minister is satisfied that there is an expected public benefit. AHS's public benefit analysis must consider the following factors:
   - access to services
   - quality of service
   - flexibility
   - the efficient use of existing capacity
   - cost-effectiveness and other economic considerations

2. AHS must set performance measures for the insured surgical services and facility services to be provided under the contract.[13]

3. AHS must make these contracts publically available, including the estimated amounts to be paid under the agreement and the description of performance expectations and performance measures.[14]

4. AHS must receive an annual performance report from the non-hospital surgical facility detailing the number of services performed and a summary of the revenue from enhanced medical goods or services provided with the surgical service.[15] Enhanced medical goods or services are those that are above what would normally be used in a particular case in accordance with generally accepted medical practice[16] (e.g., enhanced lens for cataract surgery). Enhanced medical goods and services are not covered by public healthcare system.

5. As part of its contract management process, AHS must periodically assess the facility's performance against the contract terms. This should include assessment of performance measures and determination of whether the expected public benefit is achieved.

FINDINGS AND RECOMMENDATIONS

Contracts with non-hospital surgical facilities—repeated

RECOMMENDATION 6: STRENGTHEN CONTRACT MONITORING—REPEATED

We again recommend that Alberta Health Services strengthen its process to monitor the performance of contracted non-hospital surgical facilities.

Criteria: the standards for our audit

AHS should monitor the performance of contracted surgical services to ensure that results achieved meet AHS's expectations.

[11] Contract renewals and amendments must be treated as if they were a newly proposed agreement (*Health Care Protection Act*, Section 9).
[12] *Health Care Protection Act*, Section 8
[13] *Health Care Protection Act*, Section 8(3)(f)
[14] *Health Care Protection Act*, Section 12
[15] *Health Care Protection Regulation*, Section 16(2)
[16] *Health Care Protection Act*, Section 29(f)

Our audit findings

KEY FINDINGS

Although AHS obtains financial and service volume information from non-hospital surgical facilities, it does not yet have adequate systems to monitor their performance under the contracts. In particular:

- Responsibility for performance monitoring of the facilities is not clearly defined within AHS.
- AHS has not defined a performance measurement matrix for surgical services provided through non-hospital surgical facility contracts.
- AHS does not have an adequate process to review and approve non-hospital surgical facilities' annual reports.

Roles and responsibilities for managing facility performance

Responsibility for monitoring the performance of non-hospital surgical facilities is not clearly defined within AHS. AHS's central contracting and procurement area oversees the contracting process and is involved in monitoring compliance with certain financial and legal requirements. However, this central function does not have the clinical expertise to assess service quality and relies on the operations staff in each zone to oversee performance of their local non-hospital surgical facilities. Zone operations employees we interviewed generally lack detailed and timely performance data and did not have clearly defined oversight responsibility to effectively monitor and manage a facility's performance under the contract. Some zone staff mentioned that they rely on AHS's contracting and procurement staff to analyze the facility's annual reports and act on the results.

Reporting expectations and measures of service quality

AHS outlined specific requirements for facilities to periodically report service volumes and certain financial information, but does not have a performance measurement matrix for monitoring service quality and outcomes. Although the *Health Care Protection Act* provides general directions for assessing the performance of non-hospital surgical facilities,[17] AHS does not have effective processes for consistent collection, analysis, benchmarking and comprehensive reporting of non-hospital surgical facility performance data across the province.

We reviewed a selection of annual reports the facilities submitted to AHS and found that they varied in level of detail. This inconsistency among them makes it difficult to assess if AHS achieved the expected public benefit and service quality. The annual reports largely contained lists of staff and copies of their professional certifications and licenses, proof of insurance, confirmation of ownership, and similar documentation.

The facilities' annual reports provide limited information about their performance and do not report on performance in a consistent way. This inconsistency makes it difficult to compare results across facilities for patient satisfaction, access, cost-effectiveness and quality of service. For example, under patient satisfaction survey results sections, we expected to see quantitative performance information. Instead, we noted several instances where there were brief handwritten assertions that there were no issues to report. Under the annual report section covering the summary of quality assurance and monitoring activities at the facility, we consistently found only a general list of activities that facilities indicate they perform. The annual reports did not provide any details or results of those activities (e.g., periodic equipment inspections, patient chart reviews, incident reviews).

[17] *Health Care Protection Act*, Section 8(d)

In addition, AHS could do more with its own information to assess performance of non-hospital surgical facilities. For example, AHS requires facilities to report post-operation complications, but does not use its own databases to validate and supplement information reported by non-hospital surgical facilities. Because some patients who experience complications may choose to see their family physician or visit an emergency department at their local hospital, non-hospital surgical facilities may not be aware of all complications their patients experience. As a result, their reporting to AHS may not be complete.

AHS's own information systems already contain patient data for emergency visits and hospitalizations across the province. AHS also has access to the physician billing data through the Department of Health. Although such data does not offer specific details for each patient file, its analysis can provide AHS with a better trending tool and a more complete picture of potential post-surgery complications.

Review and approval of non-hospital surgical facility annual reports

AHS does not have an adequate process to review and approve non-hospital surgical facility annual reports and assess their performance in areas of service quality and patient outcomes. Although AHS has a process to check annual reports for consistency of financial and volume information, it is not a formalized system, the reviews are generally not documented, and review feedback is not provided to the facilities.

Implications and risks if recommendation not implemented

Without adequate systems to monitor and manage performance of contracted surgical facilities, Alberta Health Services may not achieve the service quality and patient outcomes it expects.

Other matters

The following matters were noted during this follow-up audit. We will use these learnings as we plan our future audit work.

Monitoring of service quality and patient outcomes at public hospitals

Our findings in the area of contracted surgical services will lead us to consider AHS's systems to evaluate quality and outcomes of surgical services provided at public hospitals, which account for most of surgeries done in the province.

AHS's coordination with and reliance on the work of professional regulatory bodies

During this follow-up audit, it was not clear to what extent AHS relies on the College of Physicians and Surgeons and the Alberta Dental Association and College to monitor and manage quality of services provided by non-hospital surgical facilities. Although the colleges are responsible to review and regulate practices of individual surgeons, AHS has the responsibility under the *Health Care Protection Act* to set quality expectations for services delivered through its contracts with these facilities.[18] However, AHS staff involved with non-hospital surgical facilities indicated that they rely on the colleges to monitor and manage service quality. It was not clear what aspects of quality AHS relies on the colleges to monitor, or what supports AHS's reliance on the work of the colleges. It was also not clear how AHS aligns its monitoring activities with those of the colleges.

One of the ways in which AHS could rely on the monitoring work done by the colleges is by obtaining and reviewing detailed non-hospital surgical facility accreditation reports prepared by the College of Physicians and Surgeons and the Alberta Dental Association and College. However, AHS does not

[18] *Health Care Protection Act*, Section 8(3)(f)

obtain these accreditation reports, despite the fact that the *Health Care Protection Act* requires the colleges to provide copies of accreditation reports to AHS and the Department of Health.[19] AHS asked for these reports from the colleges but to date has not received them. Detailed information contained in a full accreditation report could be useful to AHS, particularly in cases where deficiencies were identified or conditions were attached to an accreditation decision. AHS informed us that they can only obtain the accreditation certificate (and not the full report) by asking the facility, and do not receive information directly from the colleges.

Difference between HCPA and non-HCPA contracts

We could not obtain a clear definition of which surgical procedures fall under the *Health Care Protection Act*, and which do not. During the contracting process, AHS relies on the Department of Health to make this determination. Out of 50 contracts with non-hospital surgical facilities (valued at $23 million per year), 14 are classified as non-HCPA ($2.1 million per year).

Although AHS's internal approval and monitoring requirements were generally the same for both types of contract, there are important differences. Surgical services that do not fall under the Act can be contracted by AHS without ministerial approval and are not subject to the public reporting requirements that apply to HCPA contracts. While the College of Physicians and Surgeons of Alberta provides the list of procedures it approves to be done at non-hospital surgical facilities,[20] the college is not responsible to define which of these approved surgical services fall under the Act. AHS and the Department of Health could not provide us with clear criteria for differentiating between HCPA and non-HCPA contracts. Without a clear distinction between HCPA and non-HCPA contracts, some contracted surgical services may not receive the appropriate level of oversight and public disclosure.

[19] *Health Care Protection Act*, Section 21(2)

[20] College of Physicians and Surgeons of Alberta, Approved Procedures for Non-hospital Surgical Facilities http://www.cpsa.ab.ca/libraries/pro_qofc_non_hospital/Approved_procedures_for_NHSF.pdf?sfvrsn=10