

June 30, 2009

Alberta Health Services Board approves 2009/10 budget

CALGARY – The Board of Alberta Health Services today approved a 2009/10 budget aimed at ensuring access, quality and sustainability of health care services for Albertans within the context of escalating health costs.

The budget approval involves an increase of expenses of 13.2 per cent from \$9,579m (\$9.6 billion) in 2008/2009 to \$10,847m (\$10.9 billion) in 2009/2010 (which includes \$200 million of internally funded capital) and an increase of revenues of 6.5 per cent from \$9,166m (\$9.2 billion) in 2008/2009 to \$9,762m (\$9.8 billion) in 2009/2010.

Alberta Health Services budget strategy is to begin bringing its revenue and expenses into line commencing with \$250 million of net integration savings included in the \$10,847m (\$10.9 billion) identified for the 2009/2010 fiscal year, leading to annualized savings of at least \$650 million in the 2010/2011 fiscal year.

The President and Chief Executive Officer, Dr. Stephen Duckett, is required to report back to the Board's Audit and Finance Committee on a regular basis concerning progress against the 2009/2010 budget. Additionally, Dr. Duckett is to present, where applicable, opportunities to improve effectiveness and efficiencies consistent with the Board's goals of accessibility, quality and sustainability in order to achieve further savings in 2010/2011 and beyond.

Subject to identifying any additional savings opportunities, Alberta Health Services, if necessary, will access its borrowing capacity to fund the gap between its revenue and expenses in 2009/10 of \$1,085m (\$1.1 billion). Prior to borrowing, the President and Chief Executive Officer will bring forward a debt reduction plan.

Alberta spends more than the national average on health care. The President and Chief Executive Officer is also required to present a report to the Board by December 2009 outlining the major reasons for Alberta's higher per capita health care costs as compared to the per capita health care costs for the rest of Canada and strategies to reduce the difference.

"The six per cent funding increase allocated to Alberta Health Services this spring signaled that we must find greater efficiencies in the health care system and change the way we deliver services," said Dr. Duckett. "Our current spending rate is nearly \$30 million a day or \$11 billion annually. We are committed to aligning our expenditures with global funding provided by government but in a way that does not adversely impact the delivery of front-line patient care and continues to ensure quality care and equitable access."

A significant portion of the six per cent global funding increase provided by government is committed to labour agreements and inflation increases. An additional funding increase of 1.7 per cent or \$122 million was allocated to AHS specifically for taking over responsibility for ground emergency medical services (for a total operating funding increase of 7.7 per cent).

“The challenges facing Alberta Health Services are clear,” said Alberta Health Services Board Chair, Ken Hughes. “We need to do a better job in collecting accurate and timely information to assess our system, all with a focus on improving patient care.”

Since the provincial government’s April 2009 budget announcement, AHS has maintained strict adherence to the Board approved interim expenditure plan limiting spending in the first three months fiscal year 2009/10 to the last three months of fiscal year 2008/09.

“For the past three months we have built a better understanding of the budget and our financial situation and have been developing savings and integration strategies with the goal of reducing the anticipated operating budget without negatively impacting the delivery of patient care,” said Dr. Duckett. “It’s premature to speculate on the specific nature of what types of changes need to occur, however, over the next few months I will be announcing a number of initiatives that will assist us in working toward meeting our financial targets.”

Examples of savings strategies include streamlining management, harnessing the benefits of integration, implementing province-wide procurement and supply management, as well as utilizing available resources efficiently to provide Albertans with the health services they need in the most appropriate setting.

As the largest health care provider in Canada and largest single employer in Alberta, in its first year Alberta Health Services has managed the integration of its predecessor organizations (nine Regional Health Authorities, AADAC, Alberta Cancer Board and Alberta Mental Health Board) and established a strategic direction and organizational structure to set a strong foundation for the future.

Today the Board also approved the release of the financial statements and schedules of salaries and benefits for the predecessor organizations. Details are available on the ‘latest news’ link on the AHS website homepage at www.albertahealthservices.ca

Alberta Health Services is the provincial health authority responsible for planning and delivering health supports and services for more than 3.5 million adults and children living in Alberta. Its mission is to provide a quality, patient-focused health system that is accessible and sustainable for all Albertans.

- 30 -

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