



## Leadership Matters

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CHECK AGAINST DELIVERY

Good afternoon.

Thank you for joining me today to discuss leadership, and why it matters...particularly in Ontario's health system...and particularly right now.

It's no secret that our province's fiscal reality is bleak.

Ontario is facing its *worst-ever* deficit.

Our Minister of Finance tells us that we will continue to carry a *significant* deficit for at least another five years.

A few weeks ago, Ontario's Auditor General underscored the seriousness of our province's finances in his most recent Annual Report, stating that "the government's debt-servicing cost...is projected to rise to \$16.3 billion by the time the province balances its books in 2017-18."

To put that \$16.3 billion in perspective, it is more than all of the government's annual spending on doctors, and almost as much as its annual spending on hospitals!

Don Drummond, the respected economist leading a commission on the reform of Ontario public services, has recommended that the government hold increases in program spending to just one percent for each year from now until 2017/18.

This 1% is after average increases in program spending have been 7.0% over the past eight years.

This is our reality...one everybody – especially health care providers – need to take very seriously.

Ontario spent over *\$44 billion* on health care last year alone. It is our single most expensive public program.

This means the road to a re-balanced budget includes the health care system.

And it means we simply can't keep increasing spending on health care at the rate we have in the past.

But whatever our fiscal reality, our social reality is that health care remains Ontario's most treasured public program, and people's expectations of it only run in one direction – upward.

So, how do we square the circle of reducing costs while providing better, faster, safer care?

One piece of good news is that a general agreement exists about the ends we should pursue.

We need to provide services that add value, and provide those services using more efficient processes and by following evidence-based best practices.

We also need to systematically examine how to increase quality and integrate services.

Another piece of good news is that there is more than one way to achieve these ends.

The obvious news is that none of these things will happen on their own.

They will only happen if effective leaders both inspire and drive change forward.

Leaders at Queens Park. Leaders in regional bodies. Leaders in hospitals. Leaders among all health care providers.

We need leaders who will carry on when others want to give up, who will find consensus when there appears to be none, who will make difficult choices amid unrelenting public scrutiny and who will pushback from the narrow interest groups who cannot see beyond their own agendas.

Leaders who get things done. This is the kind of leadership that matters.

Take Ontario's hospitals for example.

They have benefited from outstanding leadership over the past years, and that leadership has made Ontario's hospitals some of the best in the world.

Ontario is home to the most efficient hospitals in Canada.

The Ontario Government would have to spend \$4.1 **billion** more on hospitals just to match what other provinces, on average, spend on theirs.

Becoming so efficient while maintaining high levels of quality has not been easy or without controversy – and it continues to be immensely challenging – but the benefits for all Ontarians are quite worthwhile.

Compared to other provinces, more patients in Ontario are served on an outpatient basis rather than being admitted, and those patients who are admitted get back to their families and day to day lives faster.

The Canadian Institute for Health Information also says that Ontario has the shortest wait times for major surgical types in the province.

These are success stories. We should be proud.....

Beyond patient care, Ontario's hospital leaders have led on accountability, transparency and continuous performance improvement.

They started Hospital Report Card, the first and largest hospital-level performance review and public accountability process in the country, later expanding it to reporting on a public-oriented website called myhospitalcare.ca.

They've been a driving force behind the public reporting of patient safety indicators and wait times, which now gives patients unparalleled access to their local hospital's performance.

They were the first to flag the alternative level of care problem, and collected the data on which evidence-based solutions have been built.

They proactively requested that freedom of information legislation be extended to our sector because they understood that it would ultimately enhance public confidence in their organizations.

They encouraged the government to adopt a quality agenda, and supported the development and implementation of the *Excellent Care for All Act*.

The government chose the hospital sector first to develop and publicly post Quality Improvement Plans because they knew they were willing and able to lead the way.

Ontario is also home to many world leading academic hospitals.

A recent survey of Canada's research hospitals shows almost all of the top ones are right here in Ontario, including the University Health Network, Hamilton Health Sciences, the Hospital for Sick Children, and Sunnybrook Health Sciences.

These are success stories. And they didn't happen by accident.

A straight line can be drawn from the hospital sector's accomplishments to experienced, effective leaders who think creatively, and who have the drive and fortitude required to change things for the better.

We see extraordinary leadership all the time in Ontario's health system.

We see it in people like Dr. Michael Baker, a Program Medical Director at the University Health Network, who in 2008, led the province's public reporting of patient safety indicators...

This public reporting has gone a long way in driving patient safety improvement in Ontario's hospitals while also enhancing hospital accountability.

We see it in nurses like Sandy Nicolson, who mentors other nurses at Bluewater Health in Sarnia, helping them learn how to provide comfort and dignity to patients at the end stages of life.

We see it in CEOs like Dr. Barry McLellan at Sunnybrook Health Sciences, who in addition to his CEO responsibilities at one of the nation's top performing academic and centres...

...also led the work of provincially-appointed investigators into surgical and pathology issues at hospitals in Essex County.

The reason Ontario's hospitals are performing so well is because they have good leaders – in all facets of their organizations... from the point of service to the executive office.

They look for ways to do better, and they act on those opportunities for improvement.

The hospital sector has many ideas on how to bend the cost curve of Ontario health spending.

We have shared our ideas with the government, with Don Drummond, and with the opposition parties.

They've all welcomed the forward-thinking that hospitals offer.

One thing I know for sure is that Ontario hospital leaders try their very best.

Unfortunately, though, there are some critics who don't appear to value their leadership.

They have been targeting hospital executives in what I call a "war on leadership."

Curiously, many of these folks value leadership in other contexts – in everything from their political parties to NGOs to sports teams...but they fail to do so in health care, a critically important enterprise that exists to serve people at the very time in their lives when they need it the most.

These critics pretend that the quality of a hospital's leadership has no bearing on how effective and efficient that hospital is, and propose that their compensation be based on arbitrary, political positioning, rather than on principles, best practices or system needs.

Capping hospital CEO salaries at two times the Premier's annual salary is simply arbitrary.

It may be a political proposal, but it is not the right policy.

It would offer a "savings" of just \$3.7 million dollars, or two one-hundredths of one percent of hospitals' total expenditures.

It would affect thirty-three CEOs, many of whom run the largest and most complex teaching and research hospitals on the entire continent.

To put this into perspective, thirty-three CEOs is less than four one-hundredths of one percent of the total number of people working in the entire hospital sector.

So, I take a different approach than our critics.

I believe we *want and we need* – the very best leaders working in our health care system, period.

Consider what Jack Welch did for General Electric, what Steve Jobs did for Apple, or what Janet Robinson is doing for the New York Times.

Is that not the standard we should be aiming for in Ontario's health system? I think so.

Now, I'll be the first to acknowledge that Ontario hospital leaders aren't perfect.

I can even speak from personal experience.

We know that some fair questions have been asked about hospital executive compensation.

It's likely true that these questions are the result of insufficient historical transparency when it comes to how compensation decisions were made.

But rather than ignore these questions, we welcomed them as an opportunity for analysis, and sponsored an Independent Expert Panel of volunteers to review and make recommendations on Ontario hospital executive compensation.

The Panel was made up of:

- The Honourable John Manley
- Bill Anderson; and,
- Peter Barnes

What they found was that hospital CEO compensation currently accounts for about 0.2% of all hospital expenditures.

They also found that Ontario hospital CEOs share an impressive array of management and clinical education credentials, as well as extensive experience.

That said, and as we had hoped, the panel found that there is more we can do to improve how compensation decisions are made by hospital Boards.

The Panel made their report and recommendations available last week, and the Ontario Hospital Association's Board of Directors, which is made up of hospital trustees and CEOs as well as other health system leaders, has already – and unanimously –

endorsed the Panel's recommendations. And the OHA staff have already begun work to implement them.

We are acting quickly on the Panel's recommendations because we know it is important for hospital executive compensation to meet the expectations of Ontarian's.

I think it's important to highlight the key take-away from that report: that excellent leaders must be, and must remain, at the centre of health system improvement.

You attract excellent leaders to our health care system by compensating them appropriately, and supporting them in the work they do – not by treating them as political piñatas.

In the absence of such support, many of our best and brightest young people will follow a different path. And that helps no one.

Recall that Ontario is in a very precarious fiscal situation.

If Ontario's health system is going to continue to meet our high expectations in this fiscal environment, we need excellent leaders.

Health care is a people industry.

It only works well when everybody who works in it effectively plays their part.

We need excellent doctors and nurses and a host of other healthcare professionals working together to deliver high quality patient care.

But we also need talented management professionals – from front-line managers to executives.

We need experts who can help ensure costs are well managed, that patient needs are met, that quality and patient safety keeps improving, and that accountability goals are achieved.

In my opinion, really good leaders – not more funding is the most important ingredient in the recipe for success.

As many of you know, this is one of my final speaking engagements before I step down from my position as President and CEO of the Ontario Hospital Association next month.

Preparing for today afforded me an opportunity to reflect on Ontario's health system and its future.

When I think about Ontario's health system, with all of its complex challenges, I still remain optimistic.

And that's to a large extent because of the current leaders we have working on behalf of all Ontarians and the ones following behind them.

These hospital leaders are people with skill, integrity and a passion for health care.

They are doing the very best they can; that's what everyone should aspire to.

Good leadership matters...

Thank you very much.