Performance Review of Canadian Blood Services

CBS Response and Action Plan - Summary
Background

The CBS Corporate Members, the Provincial and Territorial Ministers of Health, awarded a contract to PricewaterhouseCoopers Consulting (PwCC), recently acquired by IBM and renamed IBM Business Consulting Services, in May 2002 to undertake a performance review of CBS.

According to the terms of reference, the review comprised three main components:
- financial review and review of the scope of operations
- performance review
- review of the risk management functions

Following a kick-off meeting with CBS on May 8th, 2002 in Ottawa, IBM Consulting undertook a number of activities as part of this work, including:
- review of CBS documents
- interviews with CBS staff and external stakeholders
- survey of hospital customers
- international benchmarking

IBM consultants spent a number of weeks at Head Office in Ottawa at various times and visited four Blood Centres: Ottawa, Toronto, Vancouver and Halifax. During the visits of the Centres, the consultants interviewed the Centre Directors and members of the Centre Management Teams.

Throughout the process CBS provided a large number of documents for review, financial data and operational data. CBS was asked to review the survey instruments used as part of the international benchmarking exercise. CBS also had an opportunity to provide extensive comments on early drafts of the report.

The Minister of Health Services for British Columbia, Colin Hansen, as lead province for the Provinces and Territories, requested that CBS "prepare a plan for implementation of the recommendations for which they have lead or co-lead responsibility." The present document is a summary of the Response and Action Plan provided by CBS to Minister Hansen on January 8, 2003.

The CBS Response and Action Plan is available on the CBS website at www.bloodservices.ca.

Introduction

While CBS does not agree with all the conclusions reached by IBM Business Consulting, the focus of the response prepared by CBS has been to review the recommendations and identify potential improvements. CBS was very pleased that IBM Consulting recognized the efforts and accomplishments of the last 4 years.
The final report included 104 recommendations, 43 of which related to the financial review. This reflects the fact that the primary focus of the review was financial.

In order to facilitate the development of the CBS Response and Action Plan, CBS first identified the recommendations where implementation is already underway. CBS has identified that 45 recommendations are already being implemented and that 7 recommendations require no further actions. Then, CBS identified a number of new activities to be undertaken to implement the rest of the recommendations.

**Recommendations Where Implementation Is Underway**

The activities under this section of the CBS Response and Action Plan are divided into the following categories:

- **Working Capital:**
  IBM identified the issue of working capital as a high priority item requiring rapid resolution. The issue of working capital arose because at the time of the creation of CBS, a total of $27 million was provided to cover the cost of the fractionated product inventory. As of September 30, 2002, the value of the inventory was $77 million. This means that CBS is using $50 million of Blood Operation’s cash to purchase fractionated product inventory. CBS has identified a number of options to resolve this deficit and has worked actively with the representatives from the Provinces and Territories to resolve this issue. CBS anticipates that the budget 2003/2004, when approved by the Provinces and Territories, will include a solution to alleviate the working capital issue.

- **Board Evaluation:**
  IBM recommended that the Board proceed with a formal evaluation process. In September 2001, the CBS Board of Directors passed a resolution agreeing to have a formal board evaluation.

- **Transformation:**
  CBS announced in April 2002, the launch of *Transformation* – our initiative to implement fundamental change to modernize our operations and improve the delivery of services to our customers. A number of recommendations made by IBM will be implemented through our Transformation activities, in particular the standardization of procedures and equipment, the consolidation of activities and the implementation of MAK Progesa.

  IBM also recognized the complexity of *Transformation* and recommended that a methodology be implemented to ensure the full integration of these activities. A new position of Director, Project Integration reporting directly to
the CEO has been created to facilitate the development of comprehensive plans, ensure alignment and integration of all Transformation activities.

- **National Contact Centre:**
  IBM recommended that costs of donor recruitment be monitored closely and that the information systems currently in place for clinic planning and donor appointment bookings be consolidated. CBS constantly monitors and evaluates the recruitment activities and programs and CBS is planning to integrate the information systems for clinic planning and donor appointment bookings.

  The BC and Yukon Centre and the Ottawa Centre telerecruitment activities have been consolidated with the Toronto Centre activities in 2002. This partial consolidation will enable the pilot testing of effective strategies and procedures, training material and staff retention plans. The implementation of all telerecruitment activities into the National Contact Centre, to be located in Sudbury, Ontario, will be completed in 2003.

- **Donor Screening and Blood Collection:**
  IBM recommended that CBS evaluate the possibility of simplifying the donor screening questionnaire. The joint CBS/Héma-Québec Donor Screening Criteria Working Group, has been reviewing the record of donation, with a view to simplify the language on the questionnaire.

  IBM recommended that CBS evaluate collection methodologies to increase cost-efficiencies. CBS has a pilot test underway to evaluate the efficiency of a ‘bloodmobile’. CBS is also evaluating the possibility of introducing ‘automated blood collection devices’ into our collection sites. These new devices are designed to separate specific components of blood while the donor is attached to the instrument, thereby avoiding component production costs in the laboratory.

- **Change Management Strategy:**
  IBM recommended the development of an overall change management strategy to facilitate the support, training, information sharing and communication to staff through the period of implementation of Transformation. A change management strategy is being developed.

- **Hospital Customer Service Strategy:**
  IBM recommended that CBS develop strategies to enhance its role in educating stakeholders, particularly hospitals and physicians, on blood use and transfusion medicine. In addition, IBM recommended that CBS work at increasing its knowledge of what happens to blood components and products after they are received by hospitals. We are in the process of developing an educational Web site which will go live in the spring of 2003. Work has also begun on a new edition of the Clinical Guide to Transfusion. This publication,
which will be completed in 2003, will be closely aligned with and complementary to the educational Web site.

CBS is launching a Hospital Customer Service Strategy. The goal of the Hospital Customer Service Strategy is to standardize the approach to hospital customer support; strengthen service to and relationship with hospital customers and improve blood utilization and blood product management in hospitals. The Strategy will include a variety of programs: hospital blood product inventory management and utilization, demand forecasting, support for emergency response and regulatory affairs management (such as product recalls).

- **Performance Measures and Benchmarking:**
  In the Fall 2001, the CBS Executive Management Team implemented a new performance management approach using the balanced scorecard as the framework. As part of this approach, the business strategy is represented as a “strategy map” showing the linkages between the various objectives. Each objective is in turn tracked through a number of performance measures and targets. These measures are regularly reviewed for their usefulness. CBS will review the performance measures proposed by IBM.

- **Consensus Conferences:**
  IBM recommended that CBS continue to convene forums to gather stakeholder input that will assist CBS in developing strategic policies. CBS has held four consensus conferences between 1999 in 2001. CBS is currently planning two new consensus conferences. The first conference will focus on the issue of donor screening for variant Creutzfeldt-Jakob Disease (vCJD), the human equivalent of “mad cow” disease. The organization of the conference is under the leadership of Héma-Québec and will take place in Montréal in March 2003. The second conference being organized will focus on measures to prevent TRALI. Again, the conference will be organized in collaboration with Héma-Québec under the leadership of CBS and will be held in the Fall 2003. TRALI, (Transfusion Related Acute Lung Injury) is a rare but very serious non-hemolytic transfusion reaction.

  It should also be noted that CBS has recently established a National Liaison Committee (NLC), which reports directly to the Board of Directors. The NLC is composed of various key CBS stakeholders and provide a very important and useful vehicle to provide feedback to the Board on policy issues.

- **Internal Budget Planning and Financial Reporting:**
  IBM recommended that CBS improve its internal budget planning process to ensure that Blood Centres receive adequate resources. IBM also recommended that the financial reporting be reviewed to provide more useful information. CBS is making a number of changes to its internal budgeting process and is reviewing the internal financial reports to ensure that the information needs of the internal stakeholders are met.
Patient Services and UBMDR:
In addition to collecting whole blood, platelets and plasma, from which we manufacture various blood components, CBS provides other services such as prenatal testing, crossmatching, HLA typing, platelet serology, bone marrow processing, solid organ laboratory, therapeutic apheresis, and autologous collections. We refer to these services as Patient Services. IBM recommended that CBS develop and implement a cost recovery model for all Patient Services and that the Unrelated Bone Marrow Donor Registry (UBMDR) be funded separately from the Blood Operations budget. CBS has established a Working Group to review all patient services currently provided by CBS. A cost recovery model will be developed for all patient services and for the UBMDR.

SAP:
SAP is the information technology platform used by CBS for our procurement activities and our payroll system. IBM recommended that CBS evaluate the implementation of a number of new SAP modules and review the cost of the license. CBS is evaluating the implementation of the SAP module for inventory management and the implementation of automated employee time management. CBS continues to benchmark the cost of its SAP license, as noted by IBM.

Information Systems:
IBM recommended that CBS review its personal computer (PC) platform purchasing options so that it is not purchasing all its PC assets at once and that CBS continue to review its disaster response capability. CBS is currently reviewing options to review its PC platform that will allow CBS to complete the migration to a new platform with minimal impact to end-user, to existing business solutions, to day-to-day operations as well as minimizing migration costs. CBS will continue to review its disaster response capability.

New Activities

CBS is proposing to undertake a number of new activities to implement the recommendations included in the IBM Final Report. These new activities are organized in the following categories:

- **Strategic Plan For Plasma Products:**
  IBM recognized that utilization management was a responsibility of the Members but recommended that CBS find innovative ways to manage fractionation cost increases. CBS is planning to develop a comprehensive strategic plan for plasma products during fiscal year 2003/2004.

- **Analysis of Overhead and Administrative Costs:**
  IBM concluded that overhead cost at CBS were too high and should be reviewed. While CBS does not agree with the analysis carried out by IBM as
part of the international benchmarking, CBS agrees that there could be opportunities to reduce overhead costs. Working with our Internal Auditors, CBS will carry out a comprehensive analysis of our overhead and administrative costs. This analysis will be compared to published results for similar organizations to identify areas where cost could be reduced.

- **Communication Strategy:**
  As recommended by IBM, CBS will develop an overall communication strategy that will include:
  - communication with Ministers, Deputy Ministers, P/T Contacts, Federal officials and other key government stakeholders;
  - communication regarding our Transformation initiatives will be given special consideration;
  - protocol for Board of Directors communication with senior officials, and a definition of the role of Regional Directors;
  - a description of the objectives of the Annual meeting and how to prepare to ensure a successful and productive meeting;
  - options to encourage the exchange of information across the Provincial/Territorial Blood Reference Groups.

- **Governance and Board Policy Issues:**
  As recommended by IBM, CBS will work with the Provincial and Territorial Blood representatives to:
  - identify areas of ambiguities contained in the Memorandum of Understanding and explore ways to resolve these issues;
  - clarify roles and responsibilities;
  - renew the mandate and scope of CBS;
  - develop a policy for the Contingency Fund.

- **Funding and Budget Process:**
  CBS agrees with the observation made by IBM that the budget process is very long and cumbersome. CBS will work with the Provinces and Territories to determine ways to streamline the budget and funding process. CBS remains committed to providing Members with the information that meets their requirements and has invested a lot of efforts in improving the information included in the last corporate plan tabled with the Members in November 2002.

- **Review of the Finance Function:**
  IBM recommended that CBS review the requirements for financial staff in the regions and at Head Office. With the consolidation of operational units and the ongoing centralization of transaction processing, including payroll, time capture, human resources and facilities, it may be possible to "optimize" the number of finance staff in the regional centres and in the head office location. CBS will review requirements as part of the ongoing evolution of CBS.
- **Research & Development:**
  As recommended by IBM, CBS will explore ways to encourage research in areas related to the governance, management, administration and operation of a blood system.

- **Information Systems:**
  IBM recommended that CBS and Health Canada explore the creation of pre-approved procedure for break, fix and maintenance procedures. Health Canada is developing new guidance documents for the maintenance of computer systems. CBS will review these documents as they become available and provide comments to Health Canada.

- **Service Delivery Model:**
  A number of internal processes will be reviewed such as the new Change Control System, the Clinic Performance Monitoring model and the possible use of interactive video technology.

- **Risk Management Framework:**
  IBM did not review or comment on past decisions made by CBS within the risk management framework. The object of the review conducted by IBM was to establish whether the framework developed by CBS was sound. IBM made a number of recommendations to use the risk management framework more like a template for decision-making and to more methodically apply the risk management steps and processes. IBM also recommended that CBS should ensure consistency in the language between the risk management framework and other policies such as Change Control.

CBS makes decisions within the risk management framework every day. For example, immediate issues such as errors in testing or production are reviewed and the risk/benefit/cost to the system are evaluated to determine the best course of action. Similarly, CBS is now reviewing actions that could be implemented to reduce the risk of transmission of West Nile virus through transfusions. This review is also conducted within the framework. The solutions developed for our Transformation initiatives were examined and reviewed in the context of a risk/benefit/cost framework. What CBS can significantly improve upon, however, is documenting the decision-making process within this risk management framework.

CBS has and continues to develop the framework and its components to:
- ensure it is current
- account for and align with emerging systems within CBS (i.e. change control)
- ensure that it’s components (such as decision analysis) are useful
- clarify the implementation plan, including staff training and support
- ensure congruence of all CBS policies.
Recommendations where no further action are required

CBS has identified a number of recommendations where the implementation is already completed, for example the selection of new Board members and ensuring that training on new information technology applications is managed by the Information Systems Division.

CBS does not support the implementation of the recommendation made by IBM to “conduct a re-evaluation of NAT testing including a thorough cost-benefit-risk assessment based on evidence that has been gathered during the investigational stage (e.g. total cost expenditures, total number of confirmed window cases, other benefits) and on international experiences”. CBS believes that this recommendation is not in line with international trends.

CBS currently performs NAT for the detection of hepatitis C and HIV viruses under an Investigational New Drug (IND) license from Health Canada. Although NAT is not licensed by Health Canada, it is a condition to our Blood Establishment license to operate. It is expected that NAT will be licensed in Canada in 2003. In addition, new developments on the international level suggest that a number of enhancements to NAT will be required within the next three years.

Conclusions

CBS will provide quarterly reports to Members on its progress in implementing the recommendations from the Review.

CBS was very pleased that IBM Consulting recognized the efforts and accomplishments of the last 4 years. The CBS Corporate Members have invested significantly to improve the blood system in Canada. It is obvious that this investment is paying off. It is through the commitment and dedication of our staff that we have been able to accomplish so much in such a short period of time.

CBS was also very pleased that IBM Consulting endorsed all the key objectives of our Transformation, by presenting most of them as recommendations. It is noteworthy that IBM Consulting also did not recommend stopping any of our ongoing initiatives.

CBS welcomes the recommendations of the Performance Review and will continue to collaborate with the Provinces and Territories to diligently implement these recommendations so that we can continue to build a better blood system for Canadians.