



ST VINCENT'S
Better and fairer care. Always.

UNDER THE STEWARDSHIP OF MARY AIKENHEAD MINISTRIES



St Vincent's Hospital Sydney



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CONFIDENTIAL DRAFT

Recovery Plan

FY 2025-2027

Planning for a sustainable future

2 May 2024

Better and
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St Vincent's Health Network Sydney

Recovery Plan Background

Despite being one of the most efficient health services within the NSW Health system, St Vincent's Health Network (SVHN) is facing significant financial headwinds, driven by a combination of factors; some, chronic systemic factors which are impacting all public health services, and others more unique to SVHN related to the status of the Network as an Affiliated Health Organisation (AHO).

As an entity within St Vincent's Health Australia, a private, not-for-profit organisation, SVHN has obligations to operate on a financially sustainable basis, to ensure optimal use of public funds and to provide stewardship for the legacy of the Sisters of Charity; reflecting a service that has been provided for the community of NSW for over 165 years.

This Three Year Recovery Plan outlines the actions that SVHN will implement toward a sustainable financial future, operating within known funding parameters and using scarce resources to delivery services to our community in the most efficient and effective way. The Plan has three pillars, with a supporting program of work related to enhancement of foundational financial systems, structures and capabilities. The three Pillars are:

1. Cost reduction through workforce reform and operational efficiencies
2. Revenue optimisation and activity capture
3. Realignment of service level and mix to purchased volumes

Pillar 1 Cost Reduction	Pillar 2 Revenue Optimisation	Pillar 3 Activity Realignment
Rostering efficiencies	Activity capture	Planned activity realignment
Workforce realignment	Patient fees/user charges	
Premium labour reduction	Donations and philanthropy	
Procurement efficiencies	Unfunded services	
Foundational Pillar		
Supporting the above initiatives will also be a foundational program of work to enhance financial management systems, processes and capabilities including: refreshed staff establishment and budget approach, capability building for financial management and improved financial analysis and reporting		

Modelled Impact Summary

	FY24	FY25	FY26	FY27
Pillar 1	\$2.35m	\$22m	\$22m	\$22m
Pillar 2	\$7m	\$12.6m	\$12.6m	\$12.6m
Pillar 3	\$0.5m	\$2.4m	\$2.4m	\$2.4m
Total	\$9.85m	\$37m	\$37m	\$37m

DRAFT Recovery Plan

Pillar 1: Cost Control						
Initiative	Description	Impact Assessment	Estimated Benefit			
			FY24	FY25	FY26	FY27
Organisational realignment	Contemporisation of workforce structures and realignment of FTE to match size and scale of service delivery	High	\$0.63m	\$5m	\$5m	\$5m
Premium labour expenditure	Enhanced recruitment and retention and improved vacancy management. Noting this is inclusive of medical and nursing.	High	\$0.5m	Target: \$5 Stretch: \$7m	Target: \$5 Stretch: \$7m	Target: \$5 Stretch: \$7m
Excess leave	Reductions in excess leave across all staff awards.	Medium	Nil	\$3	\$3	\$3
Procurement	Adopt NSW HealthShare Single Product Catalogue (SPC) and access State contracts for medical consumables, prosthesis and pharmaceuticals. Additional procurement savings will be sourced in corporate, pathology and contracted services.	Medium	\$1m	Target: \$3.25m Stretch: \$4	Target: \$3.25m Stretch: \$4	Target: \$3.25m Stretch: \$4
Contracts	Review of all other contracts and leases currently in place to identify opportunities for cost savings.	Medium	Nil	\$3m	\$3m	\$3m
Sub-Total Cost Control (target)			\$2,130,000	\$19,250,000	\$19,250,000	\$19,250,000
Sub-Total Cost Control (stretch target)			\$2,130,000	\$22,000,000	\$22,000,000	\$22,000,000

Pillar 2: Revenue Optimisation

Initiative	Description	Impact Assessment	Estimated Benefit			
			FY24	FY25	FY26	FY27
Activity Capture	Accurate coding and data capture for activity already being performed (see Appendix A for further information)	High	\$5m	\$7m	\$7m	\$7m
Patient Fees/User Charges	Introduction of billing app across clinical areas will significantly improve private patient revenue capture.	Medium	\$1m	\$2.6m	\$2.6m	\$2.6m
New revenue	Target to establish new revenue sources over three years commencing FY25.	Medium	Nil	\$2m	\$2m	\$2m
Donations	Optimisation of donation revenue	Low	\$1m	\$1m	\$1m	\$1m
Sub-Total Revenue Optimisation (target)			\$7,000,000	\$12,600,000	\$12,600,000	\$12,600,000
<i>Below the line initiatives – includes items pending confirmation / funding from NSW Ministry of Health. These have not been included in above totals as remain unconfirmed.</i>						
<i>Secure funding for unfunded and/or underfunded services via NSW Health Purchase request process</i>	<i>Recurrent block funding to support continued provision of SVHS tertiary and quaternary Heart Lung and organ retrieval services in line with SVHS statewide designation.</i>	<i>High</i>	<i>Nil</i>	<i>\$3.7m</i>	<i>\$3.7</i>	<i>\$3.7</i>
	<i>Recurrent block funding to support the delivery of SVHS multidisciplinary homeless health services.</i>	<i>High</i>	<i>Nil</i>	<i>\$5m</i>	<i>\$5m</i>	<i>\$5m</i>
	<i>Recurrent funding to operationalise additional Adult Intensive Care capacity at SVHS in line with SVHS designated role as a statewide provider.</i>	<i>High</i>	<i>Nil</i>	<i>\$19.5</i>	<i>\$19.5</i>	<i>\$19.5</i>
Below the line initiatives total			Nil	\$28,200,000	\$28,200,000	\$28,200,000

Pillar 2: Activity Realignment						
Initiative	Description	Impact Assessment	Estimated Benefit			
			FY24	FY25	FY26	FY27
Activity management and realignment to purchased volumes	Reduction in activity to align with purchased volumes. Focus on planned activity and informed by catchment inflows. The primary focus is in the interventional and surgical space, however some medical class have also been explored. See further detail on next page.	Medium	\$0.5m	\$2.4m	\$2.4m	\$2.4m
Sub-Total Activity Realignment			\$500,000	\$2,400,000	\$2,400,000	\$2,400,000

Activity Realignment

Based on the expected parameters of the FY25 Service Level Agreement (SLA) from MOH, it is likely that some level of activity realignment will be required in order to meet the budget envelope associated with purchased volumes.

The actions necessary to achieve this are material, and will need to be undertaken in consultation with key stakeholders including NSW Health, Industrial Bodies and service delivery partners. Realignment carries material risk from a stakeholder engagement, patient, staff, operational and strategic perspective. These risks will be further assessed as part of the next iteration of this Plan.

Activity Realignment Initiatives

Activity planning (scenario modelling)

There is significant opportunity to explore activity alignment in areas of high volume and with high variance to price (excluding specialised services) that would have a material impact on costs incurred by the organisation in the delivery of care. This is explored in the sections below.

Activity realignment principles

The following principles have guided the assessment of opportunities for activity alignment and the scenarios to follow:

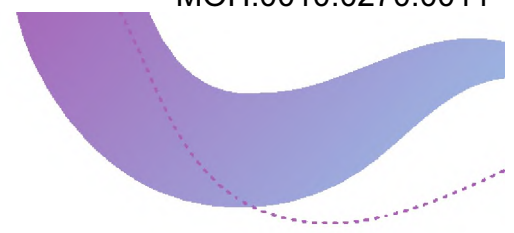
- **A combination of cost, NWAU, variance to price and volume of activity will be assessed.** There will be limited opportunity to reduce or change procedures or activity that is of a very low volume, given the impact will be much more significant in higher volume services.
- All activity must be **non-emergency/planned**, and typically within the surgical/interventional category, as this is the most feasible area to control activity.
- **Supra Local Health District (Supra LHD) and designated Statewide Services that SVHNS is contracted to deliver must not be directly affected** in relation to any activity titration, with consideration around any other service areas that are impacted that directly support SVHNS statewide or Supra LHD services:
 - Blood and Marrow Transplantation (BMT) – Allogenic
 - Blood and Marrow Transplant Laboratory
 - Extracorporeal Membrane Oxygenation Retrieval (ECMO)
 - Heart, Lung and Heart Lung Transplantation
 - Haematopoietic Stem Cell Transplantation (HSCT) for Severe Scleroderma
 - Organ Retrieval Services
 - High risk Transcatheter Aortic Valve Implantation (TAVI)
- **Existing networked arrangements must continue per SVHNS SLA and/or current partnership agreements.** This includes:
 - Murrumbidgee Local Health District (MLHD) service provision, in accordance with SVHNS and MLHD Partnership Agreement. MLHD is included as a 'local area' service for the purposes of the recovery plan.

- Adult Intensive Care Services – in accordance with Critical Care Tertiary Referral Networks & Transfer of Care (Adults) Policy

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Scenario : Ceasing activity / out of area patient flows in identified SRG and Class.

SRG & Class	Local Area		Out of Area		Interstate and Overseas		Reductions (FY25)	
	Encounter Volume	Total Cost (K)	Encounter Volume	Total Cost (K)	Encounter Volume	Total Cost (K)	Encounter reduction	Cost Reduction
ENT & Head and Neck - D06Z - Sinus and Complex Middle Ear Interventions	24	\$255,937.21	20	\$186,192.57	1	\$10,107.90	21	\$196,300.47
Immunology and Infections - Q60B - Reticuloendothelial and Immunity Disorders, Minor Complexity	691	\$1,910,672.55	328	\$888,848.66	24	\$63,259.57	352	\$952,108.23
Non Subspecialty Medicine Z64B - Other Factors Influencing Health Status, Minor Complexity	66	\$79,703.81	109	\$182,655.91	11	\$19,382.37	120	\$202,038.28
Non Subspecialty Medicine Z40Z - Other Contacts with Health Services with Endoscopy	83	\$156,089.25	121	\$235,001.89	8	\$12,074.28	129	\$247,076.17
Non Subspecialty Surgery Z40Z - Other Contacts with Health Services with Endoscopy	33	\$74,141.96	66	\$207,122.43	9	\$28,076.30	75	\$235,198.73
Non Subspecialty Surgery G10B - Hernia Interventions, Minor Complexity	123	\$719,880.59	33	\$271,472.78	6	\$41,832.94	39	\$313,305.72
Plastic and Reconstructive Surgery J11B - Other Skin, Subcutaneous Tissue and Breast Interventions, Minor Complexity	108	\$359,647.11	41	\$145,262.40	2	\$6,032.50	43	\$151,294.90
Rheumatology I69B - Bone Diseases and Arthropathies, Minor Complexity	112	\$292,661.59	67	\$162,098.65	8	\$18,444.02	75	\$180,542.67
							854	\$2,477,865.17



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