

The voice of BC's health care employers



HEALTH EMPLOYERS ASSOCIATION OF BC

Challenges; Transitions; Balance; Patient Focused Care; Restructuring; Fiscal Reality

Quality Care

Partnerships

Flexibility

Affordability

# Report of the Board Chair and Chief Executive Officer

As you know, we finalized our annual report for 2001/2002 in November of last year. The membership's decision to realign our annual general meeting date means that eight months later we are reporting to you again. Much has occurred in the intervening period.

Through our conversations with you, it is clear that fiscal challenges continue as the dominant constraint influencing your decisions as health care service providers. We have also heard from you throughout the years that inflexible collective agreements are a roadblock to your ability to provide service in an effective manner.

The unions too have been frustrated by events over the past year but from a different perspective. Their disapproving response to the passing of the *Health and Social Services Delivery Improvement Act* (Bill 29) remains strong. Their protests and illegal strike action continue to affect you negatively and we remain strong in our representation of you during these times of resistance and challenge by the health care unions.

It was during such illegal strike action that the Facilities Bargaining Association made a formal proposal to meet to discuss alternatives to the health sector's contracting out initiatives. Members and government reacted strongly that they would not be pressured to meet with the unions. Eventually meetings did occur and the tentative agreement that was reached was overwhelmingly supported by you. The tentative agreement was of historical proportion, with many concessions and for many reasons was eventually not ratified by the unions' membership.

As this report is written it is unknown what will happen now that the tentative agreement has collapsed. Some would like talks to continue. Some say that the best deal was reached, therefore further discussions are unlikely to result in an acceptable proposal for any of the parties.

There are challenges for some members who have seen a substantial increase in their health and welfare benefit costs. A number of factors have led to these increased costs including such things as the transfer of claims from the Workers' Compensation Board to long-term disability, poor investment returns in a down-turned world economy since September 11, 2001 and changes to Pharmacare. Ultimately though, the best way to avoid increased costs is to have a healthy workforce and effective claims management. Resources available to assist you in this area, not only include dedicated staff at HEABC, but also resources at the Healthcare Benefit Trust and the Occupational Health and Safety Agency for Healthcare. Your determination and long-term commitment in dealing with claims management will ensure improvement in this area.

As we look forward we can expect an interesting spring in 2004 with the expiry of our health care collective agreements, including physician contracts. We will enter these negotiations knowing that the government's monetary mandate is 0 - 0 - 0 over three years. Faced with this fiscal constraint, your guidance and expertise will be invaluable as we prepare the bargaining strategy for 2004.

And finally, as HEABC celebrates its tenth anniversary, we would like to say a special thank you to our members for your support. Over the past ten years together we have experienced many changes and challenges. Your dedication as the managers of BC's health care system ensures that the people of British Columbia receive the best care possible. We would also like to acknowledge the dedicated staff at HEABC, who work tirelessly to support and represent you; and finally the Board of HEABC, whose commitment is steadfast in their representation of your interests.

2004 will be a challenging year in health care; we look forward to working with you to ensure a sustainable, quality health care system in British Columbia.



Gary A. Moser, President and CEO

A stylized, handwritten signature in black ink, appearing to read "Gary".



Lynda Cranston, Board Chair

A stylized, handwritten signature in black ink, appearing to read "Lynda Cranston".

# Member Services

## Facilities Collective Agreement

Early April 2003, at the request of the Hospital Employees' Union, HEABC entered into a tentative agreement with the Facilities Bargaining Association (FBA) to extend the Health Services and Support Facilities Subsector Collective Agreement (FSA) until March 31, 2006.

The tentative agreement provided for significantly reduced labour costs, enhanced severance payments, and a ceiling on the number of positions that could be contracted out until March 31, 2006. The historic agreement also included wage and benefit reductions and improved bumping provisions for all members of the bargaining unit.

The agreement was controversial at the outset with union members challenging the validity of the tentative agreement and the ratification vote. Ultimately union members did not ratify the agreement, while employers voted overwhelmingly in favour.

## Community Collective Agreement

### Memorandum of Agreement #1 – Comparability and Standardization of Wage and Benefit Levels

Under Memorandum of Agreement #1 (MOA#1), HEABC and the Community Bargaining Association (CBA) were required to negotiate improvements to the Community Subsector Collective Agreement (CSA) to achieve the objective of comparability between the compensatory provisions of the CSA and the FSA. Three percent of the total straight-time wages for the Community Subsector is to be used each year to support the improvements.

HEABC argued that considering members' fiscal pressures, further improvements under MOA#1 were unrealistic.

With the assistance of an arbitrator, HEABC and the CSA reached agreement in March 2003 to significantly delay the

implementation of improvements. The following was agreed:

1. No retroactivity was payable (this could have been payable back to April 1, 2002) and that the effective date of all improvements is prospective only.
2. The Municipal Pension Plan is to be implemented at the start of the first full pay period after January 1, 2004.
3. Certain employees on claim under the 1998 – 2000 long-term disability plan were granted an extension of the 24-month claim period limitation, effective April 1, 2003.
4. The Community Subsector Job Classification Plan is to be completed by May 2003, and all outstanding classification disputes must be resolved by July 2003. Payment of wages to employees under the Classification Plan is effective following these dates.

## Health and Social Services Delivery Improvement Act (Bill 29)

Challenges before the Labour Relations Board (LRB) and the Courts resulting from Bill 29, continued into 2003.

The unions' Charter challenge of Bill 29 was heard in the Supreme Court of BC in mid-April, 2003. At the time of writing of this report, the Courts had not yet issued a decision.

### Regional Postings

The Paramedical Bargaining Association (PBA) and HEABC have successfully negotiated an agreement on the application of the October 2002 LRB decision regarding regional posting. Discussions continue with the FBA on the application of the decision.

### Jurisdiction over Bill 29 disputes – the LRB or Arbitrators

In a recent case involving the impact of Bill 29 on the red-circling provisions in the collective agreements, the unions

took the position that an arbitrator had jurisdiction to decide the matter. HEABC argued that the LRB had jurisdiction. The Arbitrator, in a preliminary decision, determined that he did have the jurisdiction to hear Bill 29 issues. HEABC is appealing this finding to the LRB.

Other significant third party activity included:

- The PBA's judicial challenge, claiming there was interference during the 2001 negotiations, will be heard in the Supreme Court of BC in early June 2003.
- The Health Authority successorship cases and implementation issues associated with the various LRB decisions.
- HEABC's application to the BC Court of Appeal of an arbitration decision which set aside a termination grievance, and ordered reinstatement under certain conditions, including a last chance agreement. This matter was heard in February 2003.

## Non-Contract Executive Compensation

HEABC's Executive/Non-Contract Services has updated our member resources to reflect the changes introduced by the government with the Public Sector Employers Amendment Act, 2002 (Bill 66) in October 2002. Bill 66 amended executive compensation practices and termination standards for public sector employers including:

- Limits on payout of accumulated sick leave and vacation leave.
- Tighter rules on the approval of compensation plans.
- Reduction of maximum severance from twenty-four (24) months to eighteen (18) months.
- Severance limits for senior executives.
- Public disclosure of senior executives' contracts over \$125,000.

## Workers' Compensation Board (WCB) and Occupational Health and Safety

To assist members' efforts in reducing WCB costs, HEABC's Occupational Health and Safety Services have expanded to include two seconded consultants from WCB to work exclusively with HEABC members on prevention and early return to work programs. Statistics

show that members' efforts are working with the industries' total lost days decreasing from 412,000 in 2001 to 355,000 in 2002.

## Health Match BC

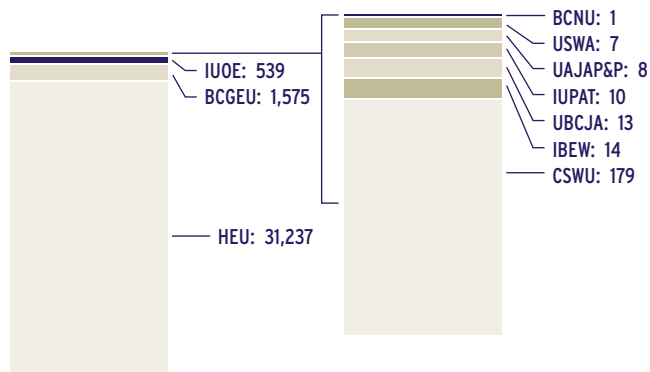
Health Match BC has made significant achievements during 2002, successfully recruiting and placing 180 physicians and 85 nurses with member organizations. This represents an increase in

placements over 2001 of 43% and 16% for physicians and nurses, respectively.

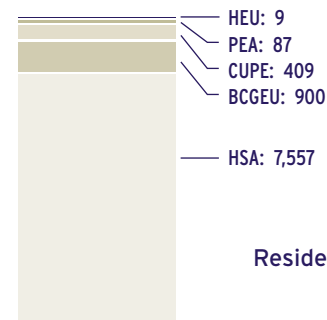
To assist members with the global recruitment of physicians to rural British Columbia communities, Health Match BC was recently awarded a significant one-time lump sum under the direction of the Joint Standing Committee on Rural Issues.

## Representation of Bargaining Units

Facilities Table FTEs by Union



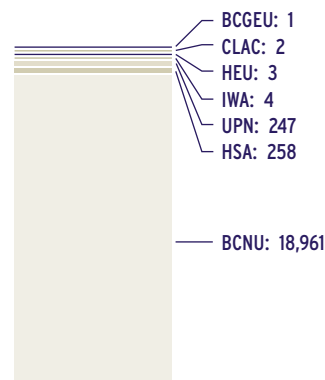
Paramedical Table FTEs by Union



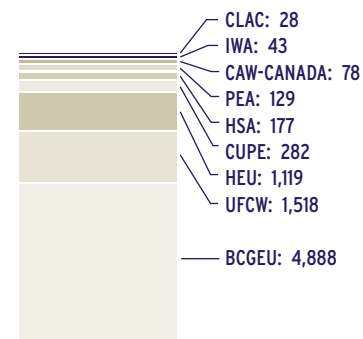
Residents Table FTEs by Union

PAR-BC: 551

Nurses Table FTEs by Union



Community Table FTEs by Union



## Acronyms

<b>BCGEU</b>	BC Government and Service Employee's Union
<b>BCNU</b>	BC Nurses' Union
<b>CAW</b>	Canadian Auto Workers - Canada
<b>CLAC</b>	Christian Labour Association of Canada
<b>CSWU</b>	Construction and Specialized Workers' Union
<b>CUPE</b>	Canadian Union of Public Employees
<b>HEU</b>	Hospital Employees' Union
<b>HSA</b>	Health Sciences Association
<b>IBEW</b>	International Brotherhood of Electrical Workers
<b>IUPAT</b>	International Union of Painters and Allied Trades
<b>IUOE</b>	International Union of Operating Engineers

<b>IWA</b>	Industrial, Wood and Allied Workers of Canada
<b>PAR-BC</b>	Professional Association of Residents in BC
<b>PEA</b>	Professional Employee Association
<b>UAJAP&amp;P</b>	United Association of Journeymen and Apprentices of the Plumbing, Pipefitting and Sprinklerfitting Industry of the US and Canada
<b>UBCJA</b>	United Brotherhood of Carpenters and Joiners
<b>UFCW</b>	United Food and Commercial Workers' Union
<b>UPN</b>	Union of Psychiatric Nurses
<b>USWA</b>	United Steel Workers' of America

HEALTH EMPLOYERS ASSOCIATION OF BRITISH COLUMBIA  
 Balance Sheet  
 March 31, 2003

	2003	2002
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 181,311	\$ 193,600
Restricted cash	1,074,239	1,379,081
Short-term investments	2,718,968	2,119,566
Accounts receivable	173,117	141,612
Prepaid expenses	53,511	36,466
	<u>4,201,146</u>	<u>3,870,325</u>
PROPERTY AND EQUIPMENT	393,593	485,030
	<u>\$ 4,594,739</u>	<u>\$ 4,355,355</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable	\$ 918,964	\$ 1,140,478
Deferred contributions		
Operations	796,542	488,105
Administrative	1,074,239	1,379,081
	<u>2,789,745</u>	<u>3,007,664</u>
ACCRUED RETIREMENT LIABILITY	211,554	178,549
	<u>3,001,299</u>	<u>3,186,213</u>
<b>NET ASSETS</b>		
Net assets invested in property and equipment	393,593	485,030
Net assets internally restricted	99,556	8,427
Unrestricted net assets	1,100,291	675,685
	<u>1,593,440</u>	<u>1,169,142</u>
	<u>\$ 4,594,739</u>	<u>\$ 4,355,355</u>

APPROVED BY THE DIRECTORS:



Director



Director

*Note: The above is an excerpt from the financial statements which includes Notes to the Financial Statements, which form an integral part of the statements. Complete Audited Financial Statements are available at the offices of HEABC.*

HEALTH EMPLOYERS ASSOCIATION OF BRITISH COLUMBIA  
Statement of Revenues and Expenditures  
Year ended March 31, 2003

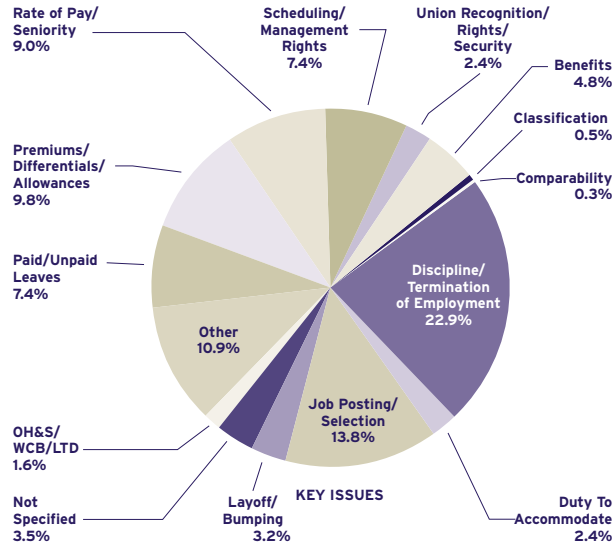
	2003	2002
<b>REVENUES</b>		
Government funding	\$ 9,895,000	\$ 9,445,000
Fee for service	3,325	703
Benefits fee	282,402	284,428
Annual general meeting / conference fees	14,767	54,796
Member training fees	41,037	19,813
Interest and other revenue	68,409	89,040
	<b>10,304,940</b>	<b>9,893,780</b>
Funding from deferred contributions		
– operations	661,563	830,223
	<b>10,966,503</b>	<b>10,724,003</b>
<b>EXPENSES</b>		
General operations		
Salaries and benefits	5,880,053	5,795,899
Travel and meetings	220,043	485,555
Arbitration and hearing costs	85,054	111,016
Legal and professional	1,255,279	1,060,028
Recruiting and relocation	37,629	5,810
Staff training – research and memberships	90,597	80,294
Office expenses, printing and reproduction	431,341	416,841
Rental – office and equipment	1,255,948	1,259,026
Annual general meeting / conference	16,875	39,740
Member training	30,038	26,931
Amortization	154,097	151,031
GST – unrecoverable	123,900	127,045
	<b>9,580,854</b>	<b>9,559,216</b>
Non-general operations		
Leadership development program	50,000	57,500
Recruitment services – Health Match	911,351	871,220
<b>TOTAL EXPENSES FROM OPERATIONS</b>	<b>10,542,205</b>	<b>10,487,936</b>
<b>EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<b>424,298</b>	<b>236,067</b>
<b>FUNDING FROM DEFERRED CONTRIBUTIONS –</b>		
Administrative		
Revenues	3,559,770	38,763
Expenses	3,559,770	38,763
	–	–
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ 424,298</b>	<b>\$ 236,067</b>

*Note: The above is an excerpt from the financial statements which includes Notes to the Financial Statements, which form an integral part of the statements. Complete Audited Financial Statements are available at the offices of HEABC.*

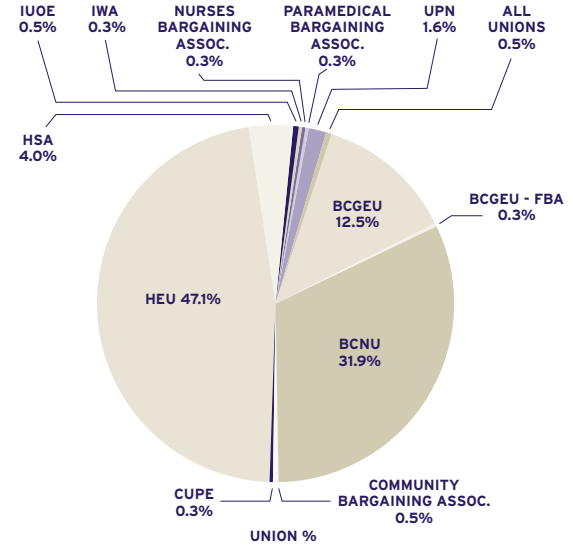
## Arbitration Activity

From the 12-month period covering January 1, 2002 to December 31, 2002, arbitration activity remained steady.

**THIRD PARTY DECISIONS RECEIVED - DISTRIBUTION BY KEY ISSUE**  
ARBITRATION, EXPEDITED ARBITRATION AND INDUSTRY TROUBLESHOOTERS

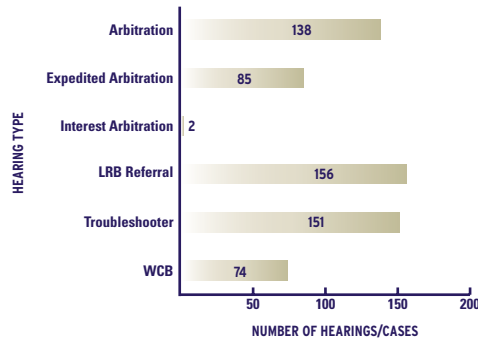


**THIRD PARTY DECISIONS RECEIVED - DISTRIBUTION BY UNION**  
ARBITRATION, EXPEDITED ARBITRATION AND INDUSTRY TROUBLESHOOTERS



**HEABC THIRD PARTY REFERRALS RECEIVED - DISTRIBUTION BY TYPE**

JANUARY 1, 2002 TO DECEMBER 31, 2002



## Special Thanks

Recently it was announced that after ably leading the Health Employers Association of BC for the past ten years, Gary Moser, HEABC's Chief Executive Officer, is retiring.

On behalf of the membership, the HEABC Board of Directors and staff, I would like to take this opportunity to recognize and thank Gary Moser for his dedication and tremendous leadership of this organization since its inception in 1993 and to extend our very best wishes to Gary for the future.

# HEABC Board of Directors

## Health Authority Representatives

**Northern Health Authority**  
Jeff Burghardt  
Governor

**Provincial Health Services Authority**  
Lynda Cranston  
*President and Chief Executive Officer*  
HEABC Board Chair

**Fraser Health Authority**  
Glen Grant  
Governor

**Vancouver Island Health Authority**  
Linda Petch  
Governor

**Interior Health Authority**  
Roger Sharman  
Governor  
HEABC Vice Chair

**Vancouver Coastal Health Authority**  
Andrew Smith  
Governor

## Provincial Representatives

**Affiliate Care Provider**  
Darrell Burnham  
*Executive Director, Coast Foundation Society (1974)*

**Denominational Care Provider**  
Gerald Herkel  
*Executive Director, St. Michael's Centre*

**Proprietary Care Provider**  
Neil Stuart  
*Owner/Administrator, Acacia Ty Mawr Holdings Ltd.*  
Honorary Secretary-Treasurer

## Government Representatives

Rick Connolly  
*Deputy Minister and Chief Executive Officer*  
*Public Sector Employers' Council*  
*Secretariat*  
*Ministry of Finance*

Tamara Vrooman  
*Deputy Minister*  
*Strategic Initiatives and Corporate Services*  
*Ministry of Health Services and Ministry of Health Planning*

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