

Southeastern Ontario Academic Medical Organization (SEAMO)
Review of Governance and Accountability

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TERMS OF REFERENCE

The background and the relevant sections of the terms of reference for this review, dated 17th of December, 2001, are copied below in italics.

Background

1. History

In 1994 July, Queen's University, its principal teaching hospitals (Kingston General Hospital, Hotel Dieu Hospital, and Providence Continuing Care Centre (St. Mary's of the Lake Hospital), and the Clinical Teachers' Association of Queen's University CTAQ) entered into a funding agreement with the Ontario Ministry of Health and Long-Term Care. Under this agreement funding is provided for physicians' services to include the full mission of an academic health sciences centre: clinical services, education of health professionals, and research into health and health care.

Alternative funding replaced funds from a wide variety of government sources. These included: fee-for-service billings, the Clinical Education Budget support for faculty, existing alternative payment plans; t-fees; and other sources of funding.

The original contract was for five years. On 1999 July 1 the contract was amended and extended for a further eighteen months. A further three-month extension allowed for completion of negotiations for a new multiyear agreement.

On 2001 March 08, the five participating organizations ratified a new four-year Agreement.

An alternative payment plan and an alternative funding plan are not the same thing. An alternative payment plan is another mechanism for paying physicians. Generally speaking, alternative payment buys physicians' services either as FTE's, number of hours, or sessional payments. That is, funding under an alternative payment plan pays for physician inputs.

An alternative funding plan provides funds for the purchase of deliverables. These could include care for a defined number of persons (capitation), defined quality of care, population health, or other measures of health system output.

2. Governance

The Ministry of Health and Long-Term Care contract is with Queen's University, Kingston General Hospital, Hotel Dieu Hospital, Providence Continuing Care Centre, St. Mary's of the Lake Hospital, and the Clinical Teachers' Association of Queen's University. These five entities are the "Signatories" each of which must ratify an agreement, as well as ratify the internal governance agreement.

These Signatories have created the Southeastern Ontario Academic Medical Organization (SEAMO). SEAMO has a governing committee comprising seventeen members, including an independent chair.

Members of the Governing Committee include representatives of each of the signatories, some appointed by a signatory, others elected by faculty members.

There is a two-tiered governance structure comprising the Governing Committee and a Signatories Committee. The Signatories Committee is empowered to make decisions on matters "of fundamental principle" that may be referred to it by any of the Signatories. Decisions of the Signatories Committee require unanimity, with each of the five Signatories having one vote. Matters of fundamental principle include those related to the ability of SEAMO to function, the allocation of resources to departments, and the ability of the members of SEAMO to meet the obligations of the contract with government.

In six years the signatories have met to consider:

The Extension and Amendment to the Agreement, which signatories later recommended for ratification

A new multiyear Agreement

Amendments to the internal governance agreement

As much management responsibility as possible is delegated from the central Governance Committee through the CEO to the Clinical Departments. Departments are accountable for contributing to the Mission of SEAMO in education, research, clinical service, and administration. The Governing Committee allocates resources to Departments, which are responsible for the development of individual role definitions of their members, performance appraisal, and systems for compensation linked to performance. Decisions of the Governing Committee require a majority vote of the members. Although only members may vote, all department heads in the School of Medicine have privilege of the floor.

During the negotiations that led to a new funding agreement for the next four years, the parties agreed to the need for a review of the governance of SEAMO in order to further improve its governance structures and processes, and thus ensure accountability to its members and Signatories, and through them to the Ministry of Health and Long-Term Care. Subsequent to the ratification of the funding agreement, the Ministry of Health and Long-Term Care agreed to support and provide funding for a SEAMO Governance and Accountability Review.

The Review

SEAMO wishes to engage a person to carry out a review of the governance of SEAMO in order to further improve its governance structures and processes, and thus ensure accountability to its members and Signatories, and through them to the Ministry of Health and Long-Term Care. Specifically, the reviewer will:

- 1. Review the current governance structure and processes in regard to the ability to make adequate, effective and timely decisions.*
- 2. Review governance membership and member selection processes.*
- 3. Comment on strengths, weaknesses and areas for improvement.*
- 4. Make recommendations as appropriate.*

The review process will include:

- 1. A review of previous reports and reviews of SEAMO Governance.*
- 2. Consultation with the SEAMO Governing Committee Chair, CEO and members.*
- 3. Consultation with the Ministry of Health and Long-Term Care.*

Reporting

The reviewer will submit the final report to the SEAMO Signatories through the Chair.

A copy of the final report will be provided by the Chair to the Assistant Deputy Minister of Health, Health Services, Ministry of Health and Long-Term Care, Government of Ontario.

PROCESS FOR THE REVIEW

The process involved reviewing a number of relevant documents, on-site visit in Kingston, multiple interviews in Kingston, interviews at the Ministry of Health and Long-Term Care in Toronto, telephone interview with Dr. David McCutcheon, analysis of all the information gathered, and subsequently this report.

Documents Reviewed

- The original Alternate Funding Plan (AFP) agreement of 1994
- The 'Blundell Report', October 1995. Review of SEAMO governance and management
- The new and current funding agreement of January 2001
- Summary papers from the Dean's Office on "Alternative Funding at Queen's University, March 2001"
- "Alternative Funding for Academic Medicine: The Experience at Queen's University"
- The report on the Accountability Retreat of SEAMO, January 2001
- Governing Committee minutes for the last two years
- The SEAMO newsletter over the last two years
- The Hay Report on "Developing an Accountability Framework" of April 2000
- Draft 4 of the SEAMO Rules and Regulations, compiled by Maj. General Frank Norman

Interviews

Ministry of Health and Long-Term Care:

David McCutcheon	Assistant Deputy Minister of Health (by telephone)
Karen Stanley	Manager, Alternative Payment Programs Unit
Marsha Barnes	Director, Alternative Payment Programs Unit
Carol Marble	Program Advisory (Acting), Alternative Payment Programs Unit

SEAMO Governors:

Maj. General Frank Norman	Chair of both the Governing and Signatories Committees
David Walker	Faculty of Health Sciences: Dean, CEO of SEAMO
Donald Brunet	Medicine – Head
Hugh MacDonald	Executive of CTAQ
Peter Brown	Surgery, Head
Hugh Graham	Hotel Dieu Hospital, Executive Director
Hoshiar Abdollah	CTAQ Executive Member
Albert Clark	Basic Science Department Representative, Biochemistry, Head
Joe de Mora	President & CEO – KGH
Mike McGrath	Executive of CTAQ
Cathy Dunne	PCCC President & CEO
Mike O'Connor	Emergency Medicine, Head
John Jeffrey	Obstetrics & Gynaecology, Head
Ken Edwards	President of CTAQ
Tony Sanfilippo	Vice-President of CTAQ
Sam Shortt	Queen's University Senate nominee

Other members of SEAMO in leadership positions:

Ken Sutherland	Diagnostic Radiology, Head
Paul Manley	Pathology, Head
Anne Smith	Oncology, Head
Ken LeClair	Psychiatry, delegate for Head
Dianna Delva	Family Medicine, Acting Head
Ian Wilson	Kingston General Hospital, Chair of Board
Chris Cunningham	Providence Continuing Care Centre (PCCC), Chair of Board
Peter Munt	Kingston General Hospital, Chief of Staff
John Cain	Anesthesiology, Head

Jim Wilson	Urology, Head
Andre Tan	Otolaryngology, Head
Karen Smith	Physical and Rehabilitation Medicine, Head

SEAMO management:

Paul Rosenbaum	Director, Policy and Planning
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CURRENT GOVERNANCE STRUCTURE AND PROCESSES

The SEAMO governance has matured substantially since the inception of the alternate funding plan in 1994 and the subsequent report on governance and management by Blundell and colleagues in 1995. There is strong support from the administrative and departmental leadership for the current SEAMO governance, with a few exceptions that are mentioned below and that are reflected in some of the recommendations.

The governance of SEAMO is dealing with a very specific situation that does not have a parallel, for example, in a public trust organization such as a hospital or a university. SEAMO is, in effect although not legally, a clinical, academic and business partnership that is funded by the Ministry of Health and Long-Term Care to provide clinical services and engage in academic activities for the population of the Kingston catchment area and for Queen's University Medical School respectively. A close analogy to the organization of SEAMO would be the organization of the partnership of a large legal firm, where the individual partners accept that a management executive has to exercise authority and make decisions in the best interests of the partnership as a whole.

It would be impossible in this circumstance to have a governance structure that was completely arm's length from the partners. Success within this arrangement depends on the ability of the appointed and elected leadership to act with a high degree of integrity and in a statesmanlike manner within the governance of their organization. The support for the current SEAMO governance structure is based on the concept that the members of the Governing Committee can "leave their departmental hats at the door" and therefore conduct themselves in a manner that holds the interests of the organization as a whole as first priority. The current perception is that most, although not all, of the members of the Governing Committee are able to act in this way at the committee table.

The large majority of those interviewed are much more comfortable now than they were, for example seven years ago, with the effectiveness of the Governing Committee. This opinion, however, is not unanimous. There is still a minority perception that some department heads are either unwilling or unable to keep their focus on the larger mission, rather than supporting their own parochial interests.

In the special circumstances of the SEAMO 'partnership' it would be impossible to eliminate conflict of interest entirely, but the role of the external chair then becomes crucial in dealing with members of the Governing Committee.

The appointment of the external Chair (currently Maj. General Frank Norman) was enthusiastically and unanimously endorsed. Although there was some dissent in the early planning stages, it is now universally realized that a strong, independent, respected, external Chair is essential, both for the perception and the reality of balance, impartiality, objectivity and credibility in the management of the group's affairs.

The Governing Committee is operating in a much more strategic way now by comparison with the earlier days and is demonstrating willingness and ability to make decisions when required. It is always extremely difficult to break away from the traditional pattern of funding based on previous funding history rather than funding based on the pursuit of strategic objectives. The Governing Committee has demonstrated ability to do this with the "repair" of some of the departments that required more resources and in decision-making on recruitment in general in the best interests of the group as a whole. Within the new contract there was new funding that made this less painful, but the ability to do it has been demonstrated.

The agendas, documents, briefing notes, and newsletters of the Governing Committee are well appreciated and generally considered to be appropriate and of good quality. However, the agendas and documents for Governance Committee meetings are not always distributed in sufficient time ahead of meetings. Many of the issues on these agendas are much too important for the briefing documents to be presented only at the time of the meeting.

There is still a minority view (fortunately a very small minority) that the governance system should be changed to be completely open with a larger committee with much wider *representation* from every section of the partnership. This view demonstrates a

serious lack of understanding of the whole issue of governance among those who hold it. A larger Committee with *representation* from all sectors of the organization would be a prescription for very dysfunctional Governance. Difficult as it may be, members of the Governing Committee must adopt the role of governors and lay aside as much as possible the notion of being representatives of departments.

The SEAMO governance and management have to function in a rather constrained environment where the continued existence and health of the organization depends on voluntary participation by individuals that could very easily choose a different practice mode. The fee-for-service system, inappropriate, outdated and egregiously unfair as it is, is still the major payment mode for most of Canada's physicians.

The Signatories Committee

This senior body, composed of representatives from each of the five founding organizations of SEAMO, meets only when required to deal with issues "of fundamental principle". The role and performance of the Signatories Committee is respected as the ultimate governance of the organization. The constitutional role of the committee could permit it to act as an appeal body to deal with major grievances that cannot be resolved at the Governance Committee, but this has not occurred to date. There is potential, but unrealized, conflict of interest in the Signatories Committee's Terms of Reference that refer to "allocation of resources", whereas this is and should be principally the responsibility of the Governing Committee through the management structure. In fact, the Signatories Committee has never turned its attention to the allocation of resources, and this situation should continue with a clearer definition of its role as a court of appeal.

The current situation where the Chair of the Governing Committee also chairs the Signatories Committee has worked well and should be continued to provide an important link between them.

Subcommittees of the Governing Committee

These are currently the Executive Committee, the Staffing Policy Committee, and the Finance Committee. The Executive Committee function is essential in exercising governance authority when necessary on behalf of the Governing Committee. It is, of course, always accountable to the Governing Committee.

It is always questionable whether a Finance Committee is really required so long as the Governing Committee exercise appropriate direction and its appointed managers and finance officers adequately discharge their responsibilities. However, many effective boards do prefer to work with a Finance Committee and I would leave this to the discretion of the Governing Committee.

With the current structure of SEAMO, I cannot see any appropriate role for a “Staffing Policy Committee”. Staffing policy is inevitably one of the most sensitive issues for a partnership like this, and it is the issue that requires “big picture thinking” more than any other. In other words, staffing policy is a central issue for the Dean and CEO of SEAMO to develop in consultation with the department heads for presentation to the Governing Committee as a whole.

There are two other important groups that are not subcommittees of the Governing Committee, but provide an important forum for discussion of issues and for input into the deliberations of the Governing Committee. The Council of Clinical Heads fulfills this role, and is particularly important, because not all of the heads can be appointed to the Governing Committee, and the others must be able to express and channel their views. Similarly, the executive of the Clinical Teachers' Association of Queen's University (CTAQ) holds regular meetings open to all members. Once again, this permits any individual member to have his or her views heard and channeled where appropriate to the Governing Committee.

Decision Making Effectiveness

Within the terms of the new contract signed in 2001, the Governing Committee accepts much greater responsibility for the use of the total resources allocated to SEAMO. This includes making decisions on allocations to departments, recruitment, and to some extent individual compensation. In the brief period since the signing of this new contract the committee has already demonstrated its ability to do this to a significant extent.

In exercising its mandate to govern, the Governing Committee will require to be clear about the difference between issues that require guidance and issues that require policy

direction. For example, the Governing Committee may well recommend guidelines on the kind of detail that should be included in accountability reports, but the requirement to produce such reports and general standards about their content would be policy. For policy issues, the appropriate follow up and, if necessary sanctions, must be put in place.

Governance Committee Composition

As discussed above, SEAMO basically has to function as a voluntary partnership with governance and management that, to an overwhelming extent, come from within the partners themselves. It would therefore be difficult to design a governance system for this organization that would be at arm's length and completely free of any potential conflict of interest.

The current Governance Committee composition is a reasonable compromise to deal with the situation. It is larger than would be ideal for effectiveness, but it is currently functioning well with respect and support from the members, and I would not propose any changes to the committee composition at this time.

The Dean as CEO of SEAMO

It is entirely appropriate that the Dean of the Medical School should be viewed as, and appointed as, the Chief Executive Officer of the organization. The Dean is in the best position to be able to see the overall needs of the organization in relation to clinical teaching, research and administrative activities without any parochial interests.

One interesting point that requires careful consideration, however, is that the Dean's role as CEO of such an organization definitely requires a skill set that has not necessarily been sought and valued in the past by university search committees. Clinical and academic background and credibility are still essential, but good management and people skills, attitudes, and expertise will make or break the person's success in the position. It is therefore essential that these factors be built into the Deanship recruiting process. Fortunately for SEAMO, Dr. David Walker, the present Dean, exemplifies these characteristics. It is noteworthy that SEAMO has already asked the Principal of Queen's University to ensure that the SEAMO Signatories have a formal role in the selection of the Dean and this has been agreed.

Maj. General Frank Norman, the current Chair of the Governing Committee, is very effective in that position and he has been, to a large extent, responsible for the positive changes in governance of SEAMO that have occurred over the last few years. He has given freely and very generously of his time and energy, but looking to the future, I believe it would be important and appropriate for the Chair of the Governing Committee to receive a stipend. The position is not likely to carry the cachet that attracts some high profile individuals to volunteer boards of public organizations, but some appropriate financial recognition may help to ensure that the current strength in the Chair can be maintained in recruiting others in the future. It is generally perceived by the leadership and the Governing Committee of SEAMO (and I agree) that it is essential to continue the external chairmanship of the Committee.

Recommendations:

1. *That the two-tiered governance system be continued, with the Signatories Committee being ultimately responsible but the Governing Committee being given the authority to act in the usual capacity of the board of the organization in directing its affairs.*
2. *That the constitution of SEAMO be amended to state that the Chair of the Governing Committee be appointed by that body, but that the appointee must be a person outside of the SEAMO organization.*
3. *That the Chair of the Signatories Committee and the Governing Committee be one and the same person.*
4. *That the Chair of the Governing Committee receive a stipend, the amount to be determined by the Signatories Committee.*
5. *That the Terms of Reference of the Signatories Committee explicitly recognize its role as an appeal body on major issues of resource allocation in addition to its role of dealing with “issues of fundamental principle” affecting SEAMO.*
6. *That the Governing Committee assume full responsibility for Staffing Policy and that the Staffing Policy Committee be discontinued.*

7. *That the Governing Committee bring the current draft rules and regulations to completion and approval as a priority.*
8. *That the agenda and documents for Governing Committee meetings be available to the members of the committee at least one week ahead of the meeting.*
9. *That individuals on appointment to the Governing Committee receive an orientation session as Governors in the trust of the entire SEAMO membership to help them recognize that they do not “represent” any department or constituency, but act in the best interests of the organization as a whole.*

ACCOUNTABILITY

Questions of accountability for the use of funds and deliverables have surrounded the SEAMO alternative funding plan (AFP) since its inception. The SEAMO negotiating committee felt very strongly that shadow billing would be a retrograde step and in many ways would militate against the success of an AFP that is designed to bring about a different mode of practice and resource allocation. In my view, SEAMO was correct in taking this approach, but it was understandable that the Ministry perceived the 1994 contract to be weak in terms of accountability provisions. The Ministry would have preferred a shadow billing system, as it considered the alternative accountability provisions to be inadequate.

The 2001 contract deals with accountability in greater detail and requires more extensive and specific accountability measures.

I was more than a little surprised by the interest and support for greater accountability among all those interviewed, without exception. There are many different views about how the details of the accountability measures should look, but there was complete agreement that there must be such measures and, indeed, realization that the future success of SEAMO will depend to a major extent on dealing with accountability in a satisfactory way.

There are really three areas of accountability to be considered:

- Within departments, accountability of members to the department and its leadership.
- Within SEAMO, accountability of the departments and programs to SEAMO.
- Within the province, accountability of SEAMO to the Ministry of Health and Long-Term Care.

Each of these areas is being dealt with in the planning phase that is currently underway. I found that there was universal support for the 'Accountability Framework Working Group' that is putting together the templates for the departments to use as a basis of accountability reporting. The departments are taking the accountability issue seriously, and they are at varying stages of custom-building their specific accountability framework within the general terms of reference set by the Governing Committee.

The Governing Committee is also taking the accountability provisions of the new agreement very seriously. As may be seen from the committee minutes, the working group has been making good progress and the Governing Committee will soon have to make decisions concerning the policy requirements on accountability, and also issue some enabling guidelines within which departments can fine-tune appropriate details.

The deliverables are well set out in the 2001 agreement, and SEAMO is now well on the way to establishing the details of the tools and measurements that will be used to evaluate these deliverables. SEAMO has also continued to meet the reporting requirements as laid out in Article 11 of the 2001 agreement.

A Pioneering Exercise in Academic Health Science Centres

Academic health science centres (AHSCs) are responsible for providing a wide range of clinical services, undergraduate and postgraduate teaching, health research and health system management. With respect to accountability for the funding received by AHSCs for these activities, it must be said that the bar has traditionally been very low. What is now occurring in Kingston as a result of the AFP agreements between the university, the hospitals, the academic clinicians and the Ministry of Health and Long-Term Care represents a major advance. The work on accountability now underway in Kingston could well create a framework that could be pursued in similar organizations as and when they evolve.

The Ministry of Health and Long-Term Care must be commended for its vision in moving towards alternate funding, and the parties in Kingston must be commended for enthusiastically embracing the accountability issues. In most academic circles there is not wild enthusiasm for structured performance evaluation processes. They tend to be viewed with reluctance, and even resentment and hostility.

All three of the accountability domains mentioned above are important. It is obviously essential for SEAMO to know what it is purchasing from its departments and, in turn, that will become a major component of the accountability report from SEAMO to the Ministry of Health and Long-Term Care. The issue of individual accountability within departments can allow some flexibility, but it will be important for some guidelines to be followed. Clearly, departments will have different requirements of individual members about the proportions of activities spent on clinical practice, teaching, research and administration. But department members will have to be satisfied that the reporting structure adequately reflects their work life and also, to a lesser but still important extent, members of other departments will have to be satisfied about the workload of colleagues in other departments throughout the organization. Inequity and secrecy would be destructive.

Governing Committee responsibility for standards and compliance.

Development of an accountability system that is acceptable to all the interested parties is a high priority issue. Although many details may be left to the departments, it will be essential for the Governing Committee to set clear standards for the departments to meet and to monitor compliance, although the details can be determined by the department heads and their council. The standards will include requirements within each of the four areas of activity namely clinical, teaching, research and administration, in proportions that will vary according to specific mandates. Each department will have to be clear about its required reporting format to the CEO.

In this process there may be a great number and variety of indicators that will be proposed by departments. On the basis of the extensive experience of the Canadian Council on Health Services Accreditation with the use of indicators I would recommend that the Governing Committee and the Council of Clinical Heads keep in mind the danger of developing too many. This can rapidly lead to fatigue of interest and lack of any action

on the basis of results. It is more important to concentrate on a relatively small number of indicators that can actually be used for meaningful evaluation and, if necessary, for corrective action.

One issue that will become particularly important in the accountability framework is flexibility of income in relation to work performed. The existence of SEAMO would be in serious jeopardy if members were to receive a salary or fixed payment system. On the basis of previous experience it can be predicted that the Canadian Customs and Revenue Agency (CCRA) would almost certainly declare unilaterally that such persons are deemed to be employees of the university, with all the inevitable consequences for taxation and human resources management. This will, in fact, be a very large carrot (or, in fact, stick) to encourage all members to support an “income at risk” system related to accountability and performance measurement.

At present, the Ministry receives regular reports from SEAMO on in-patient data from CIHI, same-day surgery report, emergency room activity report, and the clinical information on patient encounters. More creative methods of measuring clinical activity will certainly have to be developed in the future, and with the addition of measures of teaching, research and administrative activity, AHSCs could lead the way in the current demand for greater accountability in the healthcare system in general.

One criticism that I heard from SEAMO members is that the accountability framework is struggling hard to present good information on activity as is, whereas they would prefer to see it concentrating on activity as it should be. I would view this as an evolutionary step. If the accountability framework for 'what is' can be supported and implemented, then it will be that much easier to incorporate it as part of the strategic planning process.

There is another aspect of accountability that needs to be highlighted in an AFP. I have often heard the view expressed that “at least we know what we are getting with the fee-for-service system” because of the ease of tracking activity through billings. The problem is that we are not infrequently getting inappropriate or unnecessary services. This is a very sensitive area for discussion, but there is little doubt that working within an AFP reduces the pressure towards providing marginally necessary services. At present, there is little or no systematic evaluation of the indications for diagnostics and procedures, but this is under discussion in many jurisdictions. In addition, systematic measurement of meaningful clinical outcomes has been lacking. These evaluation activities could

ultimately become important components in the accountability framework and the results are likely to prove very supportive of AFPs in general.

Accountability and hospital resources

There is some anxiety that because so much clinical activity is dependent on hospital resources it is important to ensure that the accountability framework reflects the capacity of the hospitals and clinics to meet the deliverables. As we know only too well, this capacity can rapidly fluctuate with political and fiscal decisions. In the same vein of external constraints, changing circumstances in regions beyond Kingston could also have a major influence on SEAMO's clinical activities.

Recommendations:

10. *That the Governing Committee set clear standards for the accountability framework on the basis of which the Council of Clinical Heads will be responsible for the details and deliverables.*
11. *That the Governing Committee set up an appropriate evaluation process to monitor the accountability responses from departments and to take remedial action where required.*
12. *That the accountability standards include reference to the need for individual income flexibility based on activity.*
13. *That consideration be given to including the evaluation of indications for medical interventions and of clinical outcomes among the accountability requirements.*
14. *That SEAMO and the Ministry of Health and Long-Term Care continue to work together to develop increasingly creative accountability requirements as the health system changes and as more and more academic health science centres develop AFPs. The accountability requirements should be similar, if not identical in some circumstances, across the province. As more AFPs are developed SEAMO's accountability framework may need to be modified appropriately.*

Communications from the Governing Committee

The fact that the affairs of the Governing Committee are open with only few issues discussed in camera is well appreciated by the membership of SEAMO. The brief newsletter that is produced immediately following each meeting of the committee is also widely read and appreciated.

As discussed above, one of the most sensitive issues in the affairs of the Governing Committee is the recruitment of medical staff, with the potential for reallocation of resources within the organization. On each occasion where a decision to recruit is made, it would be advisable to include in the newsletter a brief paragraph summarizing the rationale behind the appointments.

To ensure maximum readership of the communications, they should be duplicated by email where at all possible.

It is also important that the members of the Governing Committee and the Department Heads communicate fully with their constituents following meetings. At present this is not always perceived to be occurring adequately in all departments.

Recommendations:

15. *That the Governing Committee newsletters should include a brief paragraph explaining the rationale for new appointments and other decisions concerning the allocation of resources.*
16. *That department heads and the CTAQ executive members communicate fully with their members concerning the discussions and decisions that are made at the Governing Committee, the Council of Clinical Department Heads or the CTAQ meetings.*

17. That the Dean prepare for submission to the Canadian Medical Association Journal a paper describing the most recent developments in relation to SEAMO, in particular the new contract and the accountability framework that is being developed from it. The overwhelming support for the new contract that was expressed by the members of SEAMO and the subsequent activities in developing the accountability measures carry a message that could have a very important influence on the development of alternate funding plans in academic health science centres throughout the country.

SUMMARY OF STRENGTHS IN SEAMO

- In the last few years there has been a marked increase in the effectiveness of governance and management.
- Renewal of the SEAMO contract was supported by an overwhelming majority of the members.
- The current clinical, academic and administrative leadership is strong and well respected.
- There is widespread support for the development of a meaningful accountability system.
- The group remains strong clinically and academically with ability to retain and recruit in the current very difficult national environment.
- Many academic centres are watching Kingston as it has taken a leadership role in the development of AFPs in the country.

AREAS FOR IMPROVEMENT

- The new agreement makes provision for management funds. I believe that SEAMO has reached the stage where a full-time professional manager is required as Chief Operating Office (COO). This person would report to the CEO, namely the Dean, and should not be a person from within SEAMO unless an extraordinary individual could be found with the necessary management and organizational skills, and who was prepared to relinquish clinical and academic practice. The COO would attend meetings of the Governing Committee and its Executive, and would be paid by SEAMO.
- As discussed above, not all members of the Governing Committee are able to suppress their parochial interests, although there is a general feeling that this is much improved from seven years ago.
- The 2001 contract will help to prevent the previous problem of frequent approaches to the Ministry for funding for programs and initiatives. There is still a tendency among some members of the Governing Committee to look to the Ministry for increased funding rather than internal flexibility when appropriate to deal with reallocation needs.
- Good data on which to make allocation decisions are still largely lacking, although there is hope that with completion and implementation of the accountability system, this will be greatly improved.
- Not all department heads are clear about their role on the Governing Committee as governors rather than department heads.
- Not all members of the Governing Committee have adequate understanding of what governance means.
- There is still relative lack of recognition of the few non-MD partners in SEAMO. They are an important part of the whole enterprise and the Governing Committee will have to ensure that they are properly recognized.

- The current successful path of SEAMO is dependent to a large extent on the quality of current leadership rather than on the constitution, rules and regulations. This may not always be the case in the future and therefore it becomes very important to ensure, as far as possible, that the constitution, rules and regulations strongly support good governance and management.
- There are still some departments where some of the members are in SEAMO and others are billing fee-for-service. This is an anomaly that was permitted during the evolution of the AFP but the appropriateness of this must now be seriously questioned in view of the overwhelming support for the AFP from the huge majority of clinicians in all departments. The Governing Committee needs to address this issue actively. My understanding is that there are some departments with members ready, willing, and able to join the group and this should be facilitated. Eventually, all clinicians practicing in the SEAMO environment should be included, if necessary by revising the conditions for clinical privileges in the hospitals.

Recommendation:

18. *That the Governing Committee plan and facilitate the 'conversion' of all departments to full partnership and inclusion of all medical staff in SEAMO.*

Potential Threats for the Future

- The potential conflict of interest issue for members of the Governance Committee has been discussed in the appropriate sections above. The need for members of the Governing Committee to accept their role as governors in the best interests of the organization as a whole is crucial. This will require constant vigilance on the part of the Chair of the Governing Committee and the Senior Management Group. The perception of undue departmental bias on the part of individual members of the Governing Committee would certainly undermine the authority of the committee and ultimately have the potential for jeopardizing the partnership.

- In the process of developing the accountability framework, internal accountability among the departments will be just as important as departmental accountability to SEAMO and SEAMO to the Ministry of Health and Long-Term Care. The perception of equity and fairness is very important in terms of compensation and any perceived or real unfairness would be potentially destructive. The details of accountability within departments will certainly vary but the Governing Committee's role in ensuring reasonable equity and transparency across the organization will be crucial.
- The future of the organization would be seriously threatened if the Canadian Customs and Revenue Agency (CCRA) decided that members of the partnership were deemed to be employees. This is a very real and present danger when all payments come from a single source. As discussed above, it is therefore necessary to ensure that the relationship is a contract with measurable deliverables and accountability from the members to avoid the negative consequences of such a decision by the CCRA. This will have to be reflected in the minimum requirements within the accountability framework in departments.
- It is to be hoped that the Wade Commission on Resource Based Relative Value of Fees (RBRV) will be successful in eliminating many of the gross inequities that exist in the current fee schedule in Ontario as in every other province. The Wade Commission has done an extremely thorough job in taking into account every aspect that should be considered in setting fees but it will probably be difficult for some of the specialties currently enjoying an inappropriately privileged position in the fee schedule to accept any change. Failure of the Wade initiative could bring a threat to alternate funding plans in general because of the inevitable vested interests that may prevail in these specialties. AFPs do, of course, have to take into account the marketplace realities but this would be easier to accomplish if more rational fee schedules were to be adopted.
- In view of progressive constraints on the funding of hospitals, it is important to harmonize the staffing budgets and accountability of SEAMO with the hospitals that

it serves and that serve as its clinical workshops. This is, in fact, beginning to happen and will be increasingly important for the health of the organization.

- With a strong chair and respected and effective senior management, the Governing Committee and the SEAMO organization is working well, but for sustainability into the future it will be important to have explicit rules and regulations relating to governance structure and function.

SUMMARY AND CONCLUSIONS

The governing structure of SEAMO is satisfactory for what is in effect a large partnership of professionals with common goals and pooled resources. There has been a substantial increase in the confidence of the members in the Governing Committee, which is generally perceived to be functioning well given the competing interests it has to deal with and the potential for competing interests within it.

The need for greater accountability has long been recognized and the 2001 Agreement between SEAMO and the Ministry of Health and Long-Term Care included greater emphasis on this issue. The Governing Committee and the departmental leadership of SEAMO have stepped up to the challenge and are in the process of developing a system of accountability measurement and reporting that will meet the requirements of the contract but will also exhibit leadership for academic health science centres in the country. Accountability and performance evaluation are not currently among the strongest activities in clinical or academic environments. The results of this initiative in Kingston could help guide the development of alternative funding plans in other centres and in the health care system in general.

The success of SEAMO and other AFPs will also depend on ensuring equity (not equality) and transparency in allocation of resources and financial affairs in general. Few things are more destructive to partnership enterprises like this than unfairness and opacity as perceived by members within the group.

SUMMARY OF RECOMMENDATIONS

1. *That the two-tiered governance system be continued, with the Signatories Committee being ultimately responsible but the Governing Committee being given the authority to act in the usual capacity of the board of the organization in directing its affairs.*
2. *That the constitution of SEAMO be amended to state that the Chair of the Governing Committee be appointed by that body, but that the appointee must be a person outside of the SEAMO organization.*
3. *That the Chair of the Signatories Committee and the Governing Committee be one and the same person.*
4. *That the Chair of the Governing Committee receive a stipend, the amount to be determined by the Signatories Committee.*
5. *That the Terms of Reference of the Signatories Committee explicitly recognize its role as an appeal body on major issues of resource allocation in addition to its role of dealing with “issues of fundamental principle” affecting SEAMO.*
6. *That the Governing Committee assume full responsibility for Staffing Policy and that the Staffing Policy Committee be discontinued.*
7. *That the Governing Committee bring the current draft rules and regulations to completion and approval as a priority.*
8. *That the agenda and documents for Governing Committee meetings be available to the members of the committee at least one week ahead of the meeting.*
9. *That individuals on appointment to the Governing Committee receive an orientation session as governors in the trust of the entire SEAMO membership to help them recognize that they do not “represent” any department or constituency, but act in the best interests of the organization as a whole.*

10. *That the Governing Committee set clear standards for the accountability framework on the basis of which the Council of Clinical Heads will be responsible for the details and deliverables.*
11. *That the Governing Committee set up an appropriate evaluation process to monitor the accountability responses from departments and to take remedial action where required.*
12. *That the accountability standards include reference to the need for individual income flexibility based on activity.*
13. *That consideration be given to including the evaluation of indications for medical interventions and of clinical outcomes among the accountability requirements.*
14. *That SEAMO and the Ministry of Health and Long-Term Care continue to work together to develop increasingly creative accountability requirements as the health system changes and as more and more academic health science centres develop AFPs. The accountability requirements should be similar, if not identical in some circumstances, across the province. As more AFPs are developed SEAMO's accountability framework may need to be modified appropriately.*
15. *That the Governing Committee newsletters should include a brief paragraph explaining the rationale for new appointments and other decisions concerning the allocation of resources.*
16. *That department heads and the CTAQ executive members communicate fully with their members concerning the discussions and decisions that are made at the Governing Committee, the Council of Clinical Department Heads or the CTAQ meetings.*
17. *That the Dean prepare for submission to the Canadian Medical Association Journal a paper describing the most recent developments in relation to SEAMO, in particular the new contract and the accountability framework that is being developed from it. The overwhelming support for the new contract that was expressed by the members of SEAMO and the subsequent activities in developing the accountability measures carry a message that could have a very important influence on the development of alternate funding plans in academic health science centres throughout the country.*
18. *That the Governing Committee plan and facilitate the 'conversion' of all departments to full partnership and inclusion of all medical staff in SEAMO.*