



# NORTHUMBERLAND HILLS HOSPITAL

*inspiring strength, dignity and compassion*

## **BACKGROUNDER – FOR IMMEDIATE RELEASE**

### **Northumberland Hills Hospital and the Hospital Service Accountability Agreement (H-SAA)**

**NORTHUMBERLAND COUNTY, Tuesday, April 15, 2008** – As communicated in recent months, the Northumberland Hills Hospital Board has been working with the Central East Local Health Integration Network (CE LHIN) on the challenges and obligations associated with the annual Hospital Service Accountability Agreement (H-SAA).

#### **What is the H-SAA?**

The H-SAA is the formal contractual agreement between the LHIN and the hospital and the focal point in the hospital's annual financial planning cycle. In addition to describing patient services in the upcoming year, the H-SAA must also set out the services the hospital will deliver without incurring operating costs over and above those covered by the province and other sources of revenue through the various funding allocations. In other words, the hospital's budget must balance with its service delivery expectations and its anticipated costs.

#### **What are the key H-SAA issues identified by NHH?**

NHH submitted a draft plan to the Central East Local Health Integration Network late last year indicating that it would not be in a position to safely provide the necessary services and balance its budget because of **factors beyond the hospital's control**. The factors responsible for the operating shortfall, estimated for the fiscal year 2008-2009 at a minimum of \$1.5 million, include:

- expenses caused, directly or indirectly, by physician shortages (currently estimated at \$1.4 million);
- expenses caused, directly or indirectly, by continuous, capacity bed use related to the hospital's inability to discharge Alternative Long-term Care patients because of the lack of availability of appropriate long-term care beds and supports in the community (currently estimated at \$250,000); and
- expenses caused, directly or indirectly, by nursing shortages (currently estimated at \$250,000 or more).

Background on these issues, including the board's decision to submit a deficit budget to the LHIN, has been actively shared with the community in a number of ways, including a January presentation to Northumberland County Council and via open monthly board meetings. If the costs associated with these challenges could be removed, NHH would have a small surplus.

**What point are the discussions at now, and why is the status of NHH's H-SAA relevant to the west Northumberland community?**

Conversations with the LHIN and other ministry representatives, including local MPP Lou Rinaldi, have been helpful in gaining a mutual understanding of the issues. All involved, including the LHIN's management and board, have been sympathetic to NHH's pressures and note that NHH is not the only hospital in the province facing these challenges.

In February, the LHIN advised again that NHH sign the Accountability Agreement. The suggestion proposed for the financial challenges stemming from factors beyond our control was to permit NHH to submit a deficit budget in FY 2008-09 on the condition that the hospital could balance its budget by the 2009-10 fiscal year. A deficit (larger, and related to the same factors) is also anticipated in 2009-10.

In correspondence sent in March 2008, NHH repeated for CE LHIN CEO Deborah Hammons the hospital's earlier concerns with regard to the costs associated with factors beyond our control. The correspondence highlighted concerns by hospital administration and board members to sign a binding contract which did not acknowledge and, at least in part, spell out relief from the factors beyond the hospital's control. The reason for the concern was identified, in large part, as the cumulative debt burden on the hospital should suitable relief not be found.

The deadline for reaching a decision with regard to the H-SAA was Monday, March 31. On this date, agreements were to be signed between all the 14 LHINs and 150 hospitals across the province. Discussions between NHH and the CE LHIN regarding the specific wording of the Agreement were still ongoing, and a 30-day extension was subsequently granted to NHH to carry the discussions forward into April. Hospital funding has continued to flow during this period.

**More funds announced for hospitals this week – impact on NHH deficit?**

On Sunday, April 13, the Ministry of Health and Long-Term Care announced further funding for hospitals. NHH's portion of this announcement (communicated to NHH on April 14) will result in an additional \$839,400 for 2008-09. While not directed at the factors noted above, or into the general operational funds of the hospital, the new funding is targeted at increased service in very specific areas identified as key priorities, namely diagnostic tests such as CT and MR, and cataract surgery.

NHH welcomes the additional funding, but cautions that it does not address the issues that delayed the signing of the HSAA (physician shortages, lack of appropriate long-term care beds and supports in the community, and nursing shortages). Further base funds were announced for hospitals in the CE LHIN, but the total sum (\$4,756,500, still to be divided by the province between the 10 hospitals in the LHIN) is not expected to be sufficient for any one hospital to counter the costs of the issues noted above.

### **The decision required by the Board on April 15**

The board has two options before it for discussion and decision at the meeting this evening:

**Option 1** – sign the re-negotiated H-SAA which confirms that factors beyond the hospital's control will not be grounds for breach of contract. Further, that the LHIN will work with NHH to mitigate the causes of the operating deficit while NHH will commit to finding further efficiencies and other solutions in the next year to ensure the hospital can balance by FY 2009-10.

**Option 2** – withhold the board's signature from the H-SAA and, as such, accept the possibility that an Agreement will be imposed on the hospital by the LHIN under its legislative powers.

A news release summarizing the board's decision will be distributed on Wednesday, April 16.

For more information, contact Jennifer Gillard at 905-377-7757 or [jgillard@nhh.ca](mailto:jgillard@nhh.ca).

**About Northumberland Hills Hospital** – The Northumberland Hills Hospital (NHH) is located approximately 100 kilometres east of Toronto. The 137-bed acute care hospital delivers a broad range of core services, including medical/surgical care, complex/long-term care, rehabilitation, palliative care, obstetrical care and intensive care. NHH also sponsors a Community Mental Health Centre and an Assertive Community Treatment Team. The hospital serves the catchment area of west Northumberland County. A mixed urban and rural population of approximately 60,000 residents, west Northumberland comprises the Town of Cobourg, the Municipality of Port Hope and the townships of Hamilton, Cramahe and Alnwick/Haldimand. NHH employs over 500 people and is an active member of the Central East LHIN. For more information, please visit [www.nhh.ca](http://www.nhh.ca).