

Pressures mount for NHH as local patient need rises and costs outpace revenue

It's said that the Emergency Department (ED) is the pulse of a hospital: when it's busy, the rest of the organization is busy too. Northumberland Hills Hospital (NHH) is a perfect case in point.

Serving communities that are, on average, considerably older than the rest of Ontario, or even Canada, the team in the NHH ED has been treating sicker patients in recent years, and more of them. The logic is simple: as we age, we tend to have more complex health conditions, and these conditions often require hospital care.

From 2010/11 to 2013/14, the NHH ED saw a 2% increase in the number of patients who came through the doors requiring admission to an inpatient bed. However, many of these arrived with conditions so serious they required admission into Intensive Care. Occupancy rates in the hospital's six-bed Intensive Care Unit rose 23% in the same period, while the need for ventilators (equipment that helps people breathe when their own lungs can't) rose even more sharply (29%). Surgical cases are also rising steadily at NHH, leading to further demand for inpatient, acute care.

"On the one hand, the increase in acute patient demand is a good thing," said Linda Davis, President and CEO. "Locally, it demonstrates that NHH is meeting a need. Provincially, it shows that the province's strategy to provide 'the right care, at the right time, in the right place' is working."

The challenge, adds NHH Board Chair Doug Mann, is that "funding for our hospital is simply not keeping pace. More patients and sicker patients mean more staff and higher costs for drugs and supplies." While NHH is recognized as a very high performing hospital, and difficult choices have been made by the Board in recent years to keep it so, it has to spend more each year to meet rising demand—more, unfortunately, than it is receiving. Global funding will be held to a 0% increase for the fourth year, despite the increased demand for care, and despite inflationary increases from labour and supply contracts. In addition, as a condition of its service agreement with the Central East LHIN, the hospital must be able to set aside enough operating dollars to repay an outstanding debt resulting from its operating shortfall at the end of 2012/13.

Budget Requirements

"We had to find a way to meet our rising patient demand (and associated costs) while meeting our financial obligation to balance," explained Linda Davis at recent staff forums to discuss the plan. "No small challenge!"

Speaking to the process for the 2014/15 Operating Budget, Ms. Davis explained that NHH must present a balanced operating plan for the coming year to the Central East LHIN. That plan must be inclusive of any one-time restructuring costs, implementation delays due to planning and training, and union contract notice periods. It must also include the coming year's obligation of \$287,300 from the 2012/13 operating shortfall.

Details of the 2014/15 Plan

"Our first draft of this plan showed a shortfall greater than \$1 million," Ms. Davis shared. "This simply wasn't acceptable, and we went back to the drawing board, consulting with our Board, our leadership team, the Central East LHIN, union representatives and the NHH Foundation. Agreeing that we had to avoid reducing patient services, we opted, instead, to: slow our progress on some of our priorities; pare back in some areas; and increase revenue where it was in our power to do so."

At their monthly meeting on Thursday, February 6th, the Directors of the Board approved a balanced Operating Budget for the 2014/15 fiscal year commencing April 1st. The plan allows all current programs and services to be maintained and no reduction in beds.

Several substantial mitigation strategies are required, including: elimination of three management and support positions; reduction of Ambulatory Clinic hours of operation and Operating Room hours for elective, non-urgent procedures; increase in rates for private and semi-private patient rooms; and closure of the public cafeteria on weekends (effective July/August 2014).

In addition, the NHH Foundation has agreed to provide some financial support for continuing education programs for staff and physicians as well as the hospital's gerontological program.

Speaking to the mitigation strategies, Doug Mann said: "I cannot emphasize enough, the belt-tightening required to balance in the coming year is not pleasant. That said, it is better than the alternatives, which were—frankly—program or service cuts, and our Board is not prepared to go there."

The 2014/15 budget will have a small impact in terms of staffing overall, with a net reduction of the equivalent of approximately five full-time positions. Some layoffs will be required, given the nature of the collective agreements, but the exact number of individuals affected will not be known for a number of months. NHH is working with union leaders to minimize the number of individuals affected through redeployment and offers of early retirement.

"Difficult as these decisions have been, we have achieved our primary goal of maintaining all current programs and services at NHH with no reduction in beds," said Mann.

Risks

The 2014/15 budget is not without risks. "Given the magnitude of the problem we faced, and continue to face in the coming years, this is an achievement, but one that we do not celebrate," cautioned Doug Mann. "There is more challenge to come." NHH has a very small financial surplus in the 2014/15 plan—\$75,000, which is less than 1/10th of 1%.

"There is virtually no room for unexpected events," said Mann. "Further, we have assumed a balanced budget for 2013/14—a goal we have yet to achieve, and one we fell short of in 2012/13 (hence the repayment burden). The LHIN has asked for monthly updates on NHH's progress and we welcome this scrutiny. The pressures we face are not going to go away. We can't turn people away when we're full. We've found a way to balance this year, but each year our challenge grows and next year will be even harder."

Commitment to Our Community

"NHH has a well-earned reputation for providing excellent care," said Mann. "This is thanks to the front-line staff, physicians, management and volunteers who go above and beyond every day to meet local patient needs. Our Board is committed to continuing to work on strategies with the Central East LHIN, the Ministry of Health and our community partners to sustain the necessary programs and services for local patients in 2014/15 and beyond. We will be reporting regularly on our progress, and our challenges, as we go forward."

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***- Doug Mann,
NHH Board Chair***