



NORTHUMBERLAND HILLS  
**HOSPITAL**

Connect. Share. Learn.

Where have we been?





## Community



Requires our attention



### Financial Summary\*

#### Operating Deficits

- 2007/08 \$559,544
- 2008/09 \$2,035,016
- 2009/10 \$1,200,000 forecast

#### Debt (at March 31, 2009)

- Short term ~\$3.2 Million (working capital deficit)
- Long term ~\$2.1 Million

\*Yikes!

## Pressures

- Alternative Level of Care patients
- Medical staff remuneration for service coverage
- Funding not keeping pace with inflationary pressures
- Economic downturn
  - Impact on government revenues
  - Preferred accommodation revenues

## THE CANADIAN PRESS



Maria Babbage

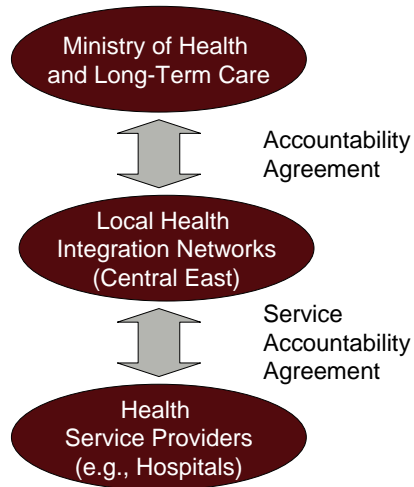
Toronto — The Canadian Press Published on Monday, Oct. 12, 2009

### **More than one-third of Ontario hospitals didn't balance books**

Health care groups say provincial funding hasn't kept pace with inflation as hospitals struggle with rising costs

Sixty-one of the province's 159 public hospitals, or 38 per cent, were in deficit in the last fiscal year ending March 31, according to the Ministry of Health and Long-Term Care.

## Our legal / contractual obligations



- *Local Health Integration Act* requires LHINs to balance their budgets
- This expectation is, in turn, “pushed down” to the health service providers

### VOICE of the GTA TORONTO STAR

**Struggling hospitals won't get handouts; Despite funding crisis, facilities are expected to balance budgets, health minister says**

The Toronto Star Wed 04 Feb 2009 Page: GT05 Section: Gta

"We want hospitals to fund their operation with the existing resources and we do not want them to run a deficit" – Health Minister David Caplan

## *Shared Challenge, Shared Solution*

A collaborative budget strategy

### Our commitments

Before considering changes to patient services, we must:

- Demonstrate that our Hospital is efficient across all programs and services
  - Administration / overhead costs
  - Support services
  - Clinical programs
- Exhaust all opportunities for efficiencies without jeopardizing quality and safety of patient care
- Engage all internal stakeholders for their contribution



## Our results...so far

**March 2009: \$1.4 million in operating savings identified**

**All internal stakeholders participated**

**Savings from all areas:**

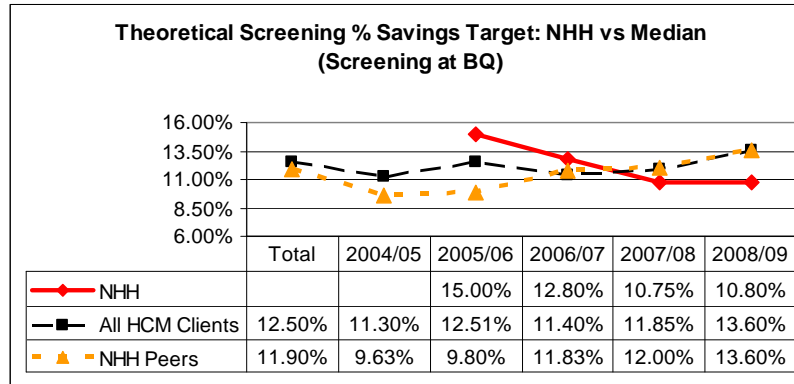
*Administrative*  
*Support Services*  
*Clinical Programs*  
*Physician Remuneration*

**No reductions in patient services, except for adjustments for services funded through the Wait Time Strategy**

Where are we now?



## Operating efficiencies

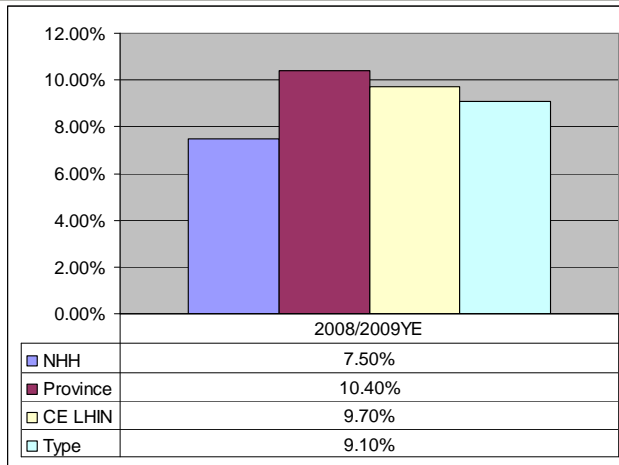


*“NHH’s 2007/08 and 2008/09 **theoretical** screening percentages at the best quartile are **better than most of our other client hospitals** for whom we have done performance benchmarking as presented in the following chart.” HCM Group*

## Operating efficiencies

- *“Based on our experience with other clients and NHH’s past experience, NHH may be able to achieve savings and revenues of **\$1.25 – \$2.27 million...**”  
HCM Group*
- **Status update:**
  - \$1.4 million in efficiencies identified in 2009/10 operating budget (changes completed September 2009)
  - Plus additional efficiencies currently being pursued
- **Conclusion: Opportunities for additional efficiencies are becoming increasingly difficult**

## Administrative costs



*NHH spends between \$860,000 and \$1.6 million less than other hospitals for Administration.*

## Our moral obligation

NHH carries a significant debt load that if left unchecked will jeopardize long-term viability of the organization

Where are we going?

## Our future...our solutions

We can choose to find our own solutions...  
*or we can have solutions imposed upon us* that  
are not likely to result in the best outcomes for  
our community

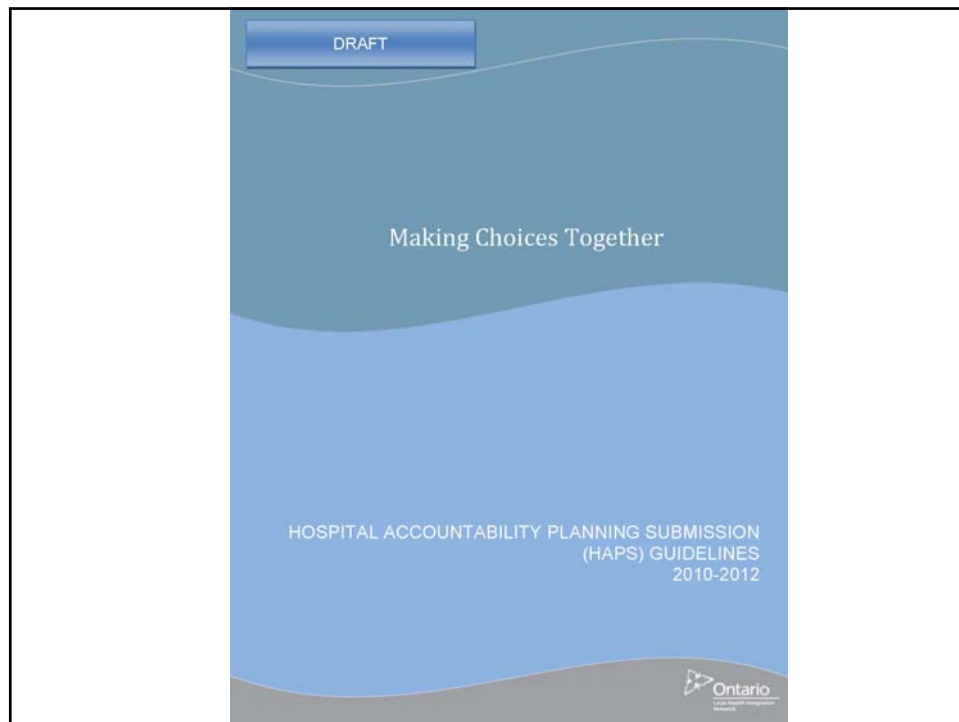
- Peer reviews
- Operational reviews
- Appointed supervisors

## Making choices...together



## Financial outlook

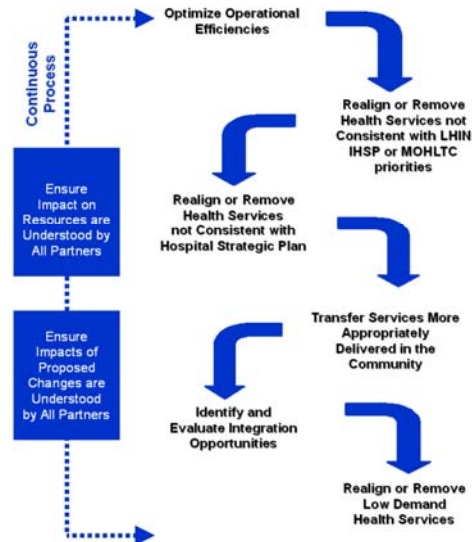
- Planning target for Central East LHIN funding increases:
  - 0 (zero) % increase in 2010/11
  - 0 (zero) % increase in 2011/12
- 1% CELHIN funding = ~\$350,000
  - Hence, a 0% increase means an operating budget shortfall of ~\$1 million in each year



## LHIN HAPS Guidelines: Themes / Context

- Plan within available resources:  
“Ensure high quality, safe, accessible and sustainable hospital services within the resources available.”
- Significant expectations relating community and stakeholder engagement:  
“Health needs and priorities are best addressed when the community providers, HSPs and the people they serve had input that informs the making of decisions”
- Hospitals have exhausted opportunities for efficiencies:  
“Limited opportunities to achieve further efficiencies in current hospital operations”
- Introduction of “Framework for Making Choices”

### Framework for Making Choices



## Why do community engagement?

- Community engagement is an expectation of the MOHLTC/ LHINs and in law
- Short-term Benefits
  - Indicator of public's response to a challenge/proposal
  - Increased support for the resulting decision
  - Incorporation of users' perspectives into proposed changes and, by extension, increased likelihood of successful outcomes
- Long-term Benefits
  - Building trust and transparency
  - Improved connection between the institution and the community served (education)
  - Increased accountability to the public





## Community engagement...gone wrong

- "Critics say that **neither the hospital nor its overseeing body**, the region's Local Health Integration Network (LHIN), **solicited enough public feedback before going forward.**"

### The Review

**Watchdog investigates LHIN; HEALTH: Ombudsman looking into complaints;**

Niagara Falls Review (ON) Wed 25 Mar 2009 Page: A1 Section: News

- "There's a strong feeling in the community that there was no input, no opportunity for input"
- "The plan was already developed before they went to the public (and) there was very little change made between the original plan and the final plan."
- "They complain they were not consulted before the plan was developed."

## THE HAMILTON SPECTATOR

### LHINs need input

Hamilton Spectator Tue 20 Jan 2009 Page: A12 Section: Opinion Byline: Dr. Ken Arnold, president, Ontario Medical Association

However, **when decisions are made behind closed doors without appropriate input, we can only expect the public reaction to be suspicion and anger.**

Taking the time necessary to consult with physicians and with patients will go a long way to ensuring that changes are putting the needs of patients first -- which should be our collective goal.



## Lessons learned

Insufficient public input  
Lack of transparency  
Meeting LHIN expectations

**Pay Now  
or  
Pay Later**

## Reboot the model



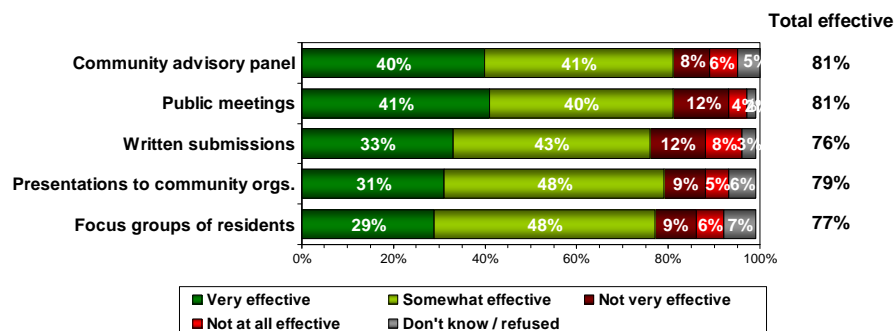
## Communication tools



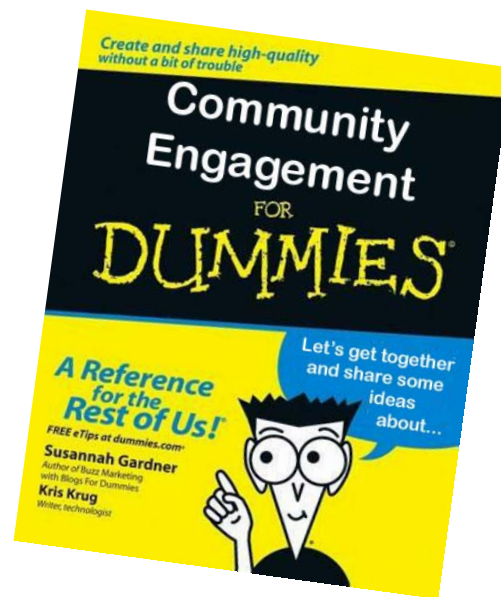
## Our commitments and guiding principles

Proactive  
Transparent  
Inclusive

### April 2009 Telephone Survey Results: Effectiveness of Public Consultation Methods – Top 5: *Community Advisory Panel and Public Meetings Seen to be Most Effective*



Q13-21. Now, I am going to read to you some methods that the Northumberland Hills Hospital might use to obtain input from the community relating to its budget and services provided. For each, please tell me if you think it would be a very, somewhat, not very, or not at all EFFECTIVE method of obtaining the community's input. [RANDOMIZE]



## Collaborative



# MASS





- Understand the impact the CAP has on NHH
- Different perspectives among stakeholders
- Providing advice to the NHH Board

### Why is this so difficult?

Why coverage and resource allocation decisions are difficult:

- **No clear legislative guidance** on how these decisions should be made
  - Canada Health Act (1984) requires all medically necessary hospital and physicians services be publicly financed
- **Coverage decisions are complex**
  - Effectiveness of the service/treatment
  - Appropriateness for a particular population
  - Costs
  - Health needs of the population
  - Ethical implications
- **It involves making choices**

Rethink. Reimagine.



It's coming





Best possible outcomes



If you want to go quickly, go alone.  
If you want to go far, go together.

Old African Proverb