



Management Discussion and Analysis
of Financial Results
2012-13

Overview

Stevenson Memorial Hospital is a progressive community based hospital that offers 38 in-patient beds and a range of outpatient diagnostic and treatment services, including cataract surgery, maternal child care and dialysis. Stevenson serves a wide section of South Simcoe County including Alliston, Everett, Lisle, Beeton, Tottenham, Cookstown, Angus as well as Canadian Forces Base Borden. The majority of households in our area utilize hospital services and our focus is on providing the highest quality care close to home.

Notable Events

Investing in Patient Care

In 2012-13 we invested close to \$1.5 million in equipment, technology and infrastructure at Stevenson Memorial Hospital. We are grateful to the Stevenson Memorial Hospital Foundation for assisting us with our capital equipment purchases.

The following highlights the significant capital projects that were underway during the 2012-13 year:

'It Takes You' Operating Room Campaign Year 1 which enabled the Hospital to purchase a Surgical Laparoscopic Tower and associated equipment, Operating Room Table, Gamma Probe, Post Operative Care Unit Monitors, Scopes and other vital equipment for the department.

Energy Retrofit Project which enables the Hospital to demonstrate our commitment to environmental stewardship, reducing greenhouse gases, improving efficiencies, upgrading physical plant infrastructure and reducing ongoing cost of operations. A solar panel system generates electric power and is connected to the grid as part of Stevenson's way to promote green energy.

Horizon Patient Folder is an electronic document management software solution that gives authorized physicians, Health Information Services (HIS) personnel and other hospital staff anytime, anywhere access to review, analyze, code and complete electronic charts in their electronic medical records system. It provides a complete electronic patient chart, it improves physician productivity resulting in more time for patient care, as well as increased satisfaction and adoption of computerization, and a full release of information management software solution that tracks, fulfills, bills and releases all requests for patient information disclosures.

Pay for Results

Stevenson is one of the best hospitals of 74 participating hospitals in the province for emergency department (ER) wait times. In February, Stevenson reached number 4 and we are consistently in the top 15. Our patients ER arrival to in-patient bed time has seen the biggest improvement moving from 29 hours in 2011 to less than 18 hours today. Most patients are admitted to their in-patient bed within 9 hours - a 22% improvement over the baseline we started from in 2010. Our length of stay for non-admitted complex patients (including individuals we transfer to larger hospitals after stabilization) is 6.2 hours - amazing when you consider that we cannot keep our critically ill patients here and rely on other facilities voluntarily agreeing to accept them. Our total length of stay for minor non-admitted patients is 3.8 hours.

Patient Based Funding Model

April 2012 was the start of the new Patient Based Funding Model set out by the Ministry of Health and Long Term Care (MOHLTC). This new funding model moves away from current global funding and moves toward Patient Based Funding. Patient-based funding will be phased-in over the next three years. The two components of this new funding model are described below.

Health Based Allocation Model (HBAM)

HBAM estimates health care expenses based on demographics such as age, gender, growth projections, socio economic status and geography, as well as clinical data such as complexity of care and type of care.

Quality Based Procedures (QBP)

Health care providers will receive funding for the number of patients they treat for select procedures, using standard rates that are adjusted for each procedure. Ontario will establish funding rates for hospital services based on efficiency and best practices.

Starting in April 2012, Quality Based Procedures included:

- Hip replacement
- Knee replacement
- Dialysis and other treatments for chronic kidney diseases
- Cataract surgery

Other quality-based procedures will be added over time. Stevenson offers Dialysis and Cataract surgery. The cataract program funding has been reduced by \$22,000 by the MOHLTC as a direct result of the new quality based procedure funding.

Global budgets will still be in place for activities that cannot be modeled. Smaller hospitals and forensic mental health services will continue to be funded through global budgets.

Accountability

We are pleased to announce that the 2012-13 year ended with a small surplus of approximately \$13,000 (\$67,000 deficit – 2011-12). Balancing a hospital budget is no easy task in today's economic climate.

Hospital Service Accountability Agreement (H-SAA) Performance:

As required by the Central Local Health Integration Network (CLHIN), Stevenson Memorial Hospital entered into a hospital service accountability agreement that took effect April 1, 2008 and was due to expire on March 31, 2013. The CLHIN and the Hospital have agreed to extend the H-SAA for six months to September 30, 2013 pending the MOHLTC's announcement of funding allocations. This contract with the CLHIN establishes agreed on Global Volumes and Performance Indicators including the financial goal of operating at a minimum of a break-even (as defined) basis for the fiscal year.

For fiscal year 2012-13 the Hospital met, exceeded or was within the performance corridor set out in the H-SAA. The following outlines the detail on the financial expectations.

Financial Health

Current Ratio (Current Ratio = Current Assets / Current Liabilities)

The current ratio is an indicator that measures whether or not a hospital has enough resources to pay its debts. It is calculated using information from the Balance Sheet. The Hospital's current ratio is 0.8 and meets the performance target of 0.8 as set by the Local Health Integration Network.

Total Margin (Excess (deficiency) of revenue over expenses before building amortization as described on page 3 or the Statement of Operations and Net Assets (Deficiency).

Total Margin is an indicator that measures the financial viability of a hospital. It measures the control of expense relative to revenues as a percent. It is calculated using information from the Statement of Operations. The Hospital's total margin is 0.38% and meets the performance target of a positive percentage as set out by the Local Health Integration Network.

Stevenson Statistics of Interest

Activity	2012-13	2011-12
Patient Days	12,386	12,493
Births	329	291
Emergency Visits	29,488	27,414
Outpatient Clinic Visits	18,890	16,668
Dialysis Treatments	3,550	3,256
Surgical Procedures	3,822	3,803
Diagnostic Exams	37,227	34,102
Non-Invasive Cardiology Exams	6,829	6,987

Our People

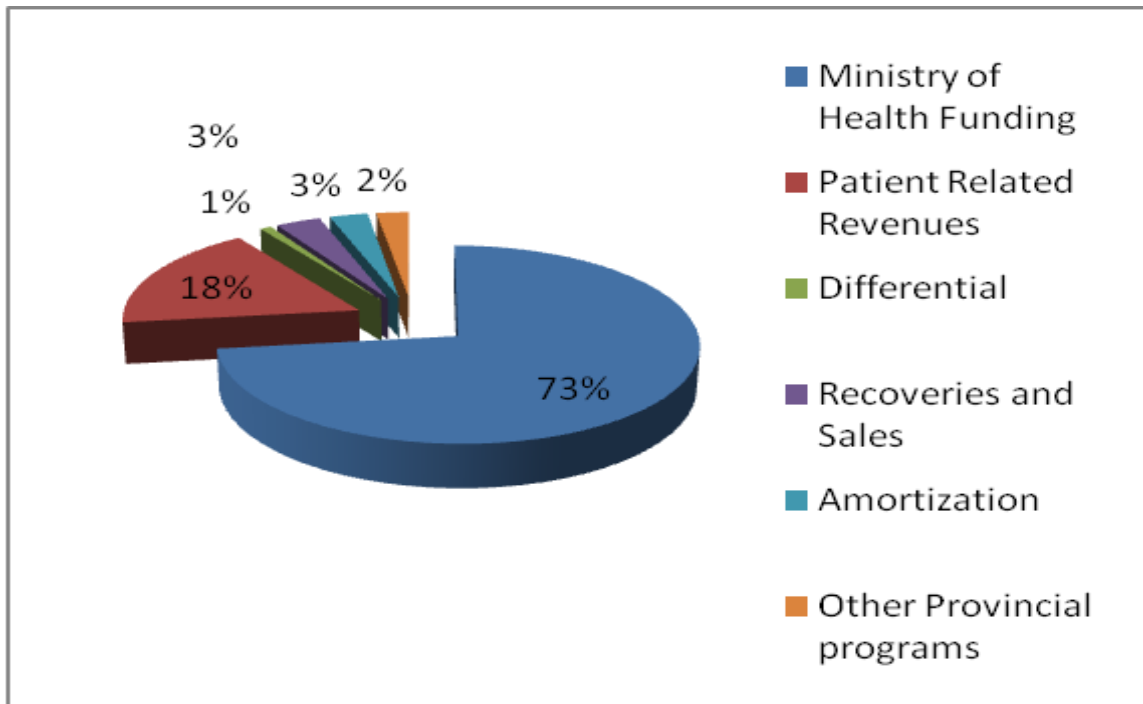
Employees	278	281 *
Medical/Dental/Midwives	110	112 *
Auxiliary Membership	204	228
Active Volunteers	139	111
Number of Volunteer Hours	18,816	19,472

*Prior year recalculated

Financial Results

2012-13 Total Revenue

\$29,542,589



2012-13 Total Expenses

\$29,529,661

