



Management Discussion and Analysis
of Financial Results
2013-14

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 Memorial Hospital serves a catchment area comprised of the townships of New Tecumseth, Adjala Tosorontio, Mulmer and parts of Melancthon, Mono, Essa, Bradford -West Gwillimbury, Innisfil, Springwater and Clearview. Larger towns in the catchment area include Alliston, Tottenham, Beeton, Cookstown, Angus and Shelburne. Canadian Forces Base Borden is also served by the hospital. The size of this catchment is estimated by various NGO sources to be 55,000. These households in our area utilize hospital services and our focus is on providing the highest quality safe care close to home.

Notable Events

Investing in Patient Care

In 2013-14 we invested close to \$1.8 million in equipment, technology and infrastructure at Stevenson Memorial Hospital. We are grateful to the community for their support 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 2013-14 year.

The *It takes you...* Campaign enabled the Hospital to purchase:

- Orthopedic Instrumentation and associated equipment; Urology Surgical Table, Cystoscopes and Instrumentation; and Obstetrical Gynecological Instrumentation and other vital equipment for the department.
- Eight new *Haemodialysis machines* for Chronic Kidney Disease department. This replacement was a regional decision involving the Simcoe Muskoka Regional Renal Program. Ninety machines in total were purchased for the regional dialysis programs
- *New Digital X-ray Equipment and Renovation Project* to replace 32 year old equipment which had well surpassed the recommended life term. The equipment is vital in keeping up with the demands of Stevenson's busy Emergency Department (ED) and outpatient clientele. Quick access to X-ray equipment enables Stevenson to maintain a standing of 2nd lowest Emergency Wait Time out of the 74 participating hospitals in Ontario.

The Hospital Funded *Energy Retrofit Project* is complete and 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.

Stevenson Memorial Hospital joined the *Ontario Laboratory Information System (OLIS) Project* through the connecting Greater Toronto Area (connectingGTA) project which connects hospitals, community laboratories, public health laboratories and practitioners to facilitate secure electronic exchange of laboratory test orders and results. This eHealth Ontario initiative has resulted in approximately 65,000 registered health professionals having access to OLIS data in support of improved patient care.

Pay for Results

Stevenson is currently ranked second out of 74 participating hospitals in the province for ED wait times. This ranking has been consistent for the past 5 months. We have seen improvements in all 5 of the performance indicators over the 2012/13 performance. Our patients' ED arrival to in-patient bed time has continued to show significant improvement moving from an average 29 hours in 2011 to 10.4 hours today. 90% of the patients are in their in-patient bed within 4 hours from the decision made to admit. This significant improvement from 13.3 hours in 2012/13 has come from the great efforts of the Medical-Surgical team to accommodate the patient as soon as the bed is available. Our length of stay for non-admitted complex patients (including individuals we transfer to larger hospitals after stabilization) has improved to 5.1 hours from the 5.9 hours in 2012/13 hours. Our total length of stay for minor non-admitted patients is 3.1 hours, a significant improvement over the 3.7 hours in 2012/13. The improvements noted in the data related to patients seen in the ER and not admitted can be attributed to improved physician coverage, additional nursing resources paid for through "Pay for Results" funding, and changes to patient flow within the department. There has been a significant improvement in Physician Initial Assessment time (PIA) from 3.3 hours in 2012/13 to 2.6 hours currently.

Patient Based Funding Model

Stevenson entered year 2 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. Stevenson has qualified for HBAM funding effective

2014-15 fiscal year. Although funding levels have not yet been finalized by the MOHLTC, we remain hopeful that HBAM will increase the funding to our Hospital.

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.

2012-13 Year 1, Quality Based Procedures included:

- Orthopaedics Phase 1 - Hip replacement
- Orthopaedics Phase 1 - Knee replacement
- Dialysis and other treatments for chronic kidney diseases
- Cataract surgery

Stevenson offers Dialysis and Cataract surgery.

2013-14 Year 2, Quality Based Procedures included:

- Coronary Artery Disease with Surgical Intervention
- Congestive Heart Failure (CHF)
- Orthopaedics Phase 2 – Knee Arthroscopy
- Orthopaedics Phase 2 – Hip Fractures
- Chronic Obstructive Pulmonary Disease (COPD)
- Stroke
- Cardiovascular Surgery
- GI Endoscopy
- Caesarean Section
- Kidney Disease
- Chemotherapy – Systemic Treatment

Stevenson is involved in the treatment of CHF, COPD, Stroke, GI Endoscopy, Caesarean Section and Kidney Disease.

The overall financial impact of the QBP funding model on Stevenson has yet to be determined.

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

Accountability

We are pleased to announce that the 2013-14 year ended with a surplus of \$106,104 (\$12,923 Surplus – 2012-13). Balancing a hospital budget is no easy task in today's economic climate. In doing so, we have met an important budget standard set by the MOHLTC and our Board of Directors.

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 until March 31, 2014. 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 2013-14 the Hospital met, exceeded or was within the performance corridor set out in the H-SAA with the exception of Total Inpatient Acute weighted cases. Implementation of the third Hospitalist model has resulted in patient discharge efficiencies and a hospital wide effort on moving ALC patient to the correct care path has resulted in additional capacity for future admissions.

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 0.87 and meets the performance target of 0.6 as set by the CLHIN for the 2013-14 year.

Total Margin (Total Margin = Excess (deficiency) of revenue over expenses before building amortization / Total Revenue before building amortization)

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 and Net Assets (Deficiency). The Hospital's total margin is 0.66% and meets the performance target of a positive percentage as set out by the CLHIN.

Stevenson Statistics of Interest

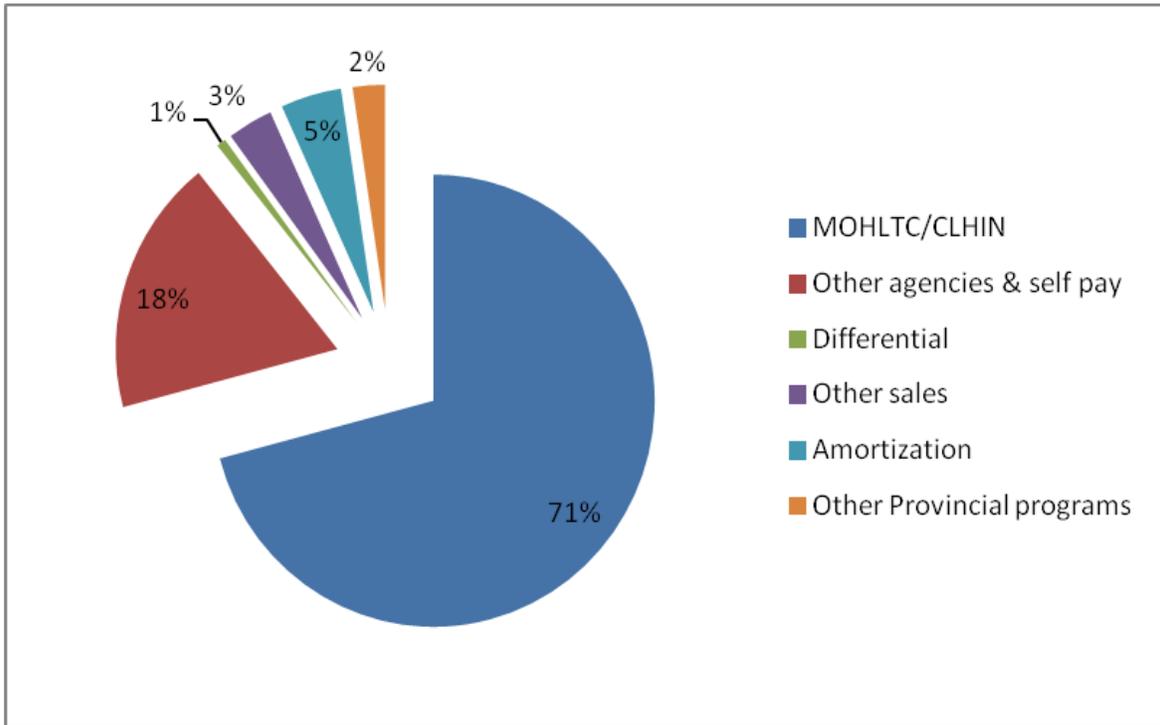
Activity	2013-14	2012-13
Inpatient Days	9,655	12,424 *
Hospital Occupancy Rate	66%	87%
Births	353	329
Emergency Visits	30,760	29,488
Outpatient Clinic Visits	19,304	18,890
Dialysis Treatments	3,468	3,550
Surgical Procedures	4,004	3,822
Diagnostic Imaging – X-ray	21,338	21,135
Diagnostic Imaging – Computed Tomography	5,035	4,416
Diagnostic Imaging – Ultrasound	9,212	8,198
Diagnostic Imaging – Mammography	2,895	3,478
Non-Invasive Cardiology Exams	7,495	6,829
Our People		
Employees	287	278
Medical/Dental/Midwives	109	110
Auxiliary Membership	195	204
Active Volunteers	104	139
Number of Volunteer Hours	16,894	18,816

* Prior year recalculated

Financial Results

2013-14 Total Revenue

\$30,572,142



2013-14 Total Expenses

\$30,466,038

