

Stevenson Memorial Hospital
Report of the Hospital Board Chair to the Annual General Meeting
June 17, 2014

The Hospital

Stevenson Memorial Hospital (SMH / Stevenson) is a community hospital that strives to provide to its growing community the highest quality of care and as many different hospital services that are medically and financially feasible. Presently, SMH provides Emergency, Obstetrics, Diagnostic Imaging, selected day surgical procedures, an increasing number of specialized clinics (including a recently added Fracture Clinic), and some outpatient programs. By size, the Ministry of Health & Ministry of Health classifies SMH as a Level 1 hospital; with 38 active beds, SMH is a large hospital for this category.

Our *Vision* is to ensure that SMH is viewed as a valued part of the community, so that our supporters continue to contribute through the Foundation, seek volunteer opportunities and recommend SMH as the place to receive care.

Our *Mission* is as a key partner in the healthcare system, working with other health service providers to help residents in our community access safe, quality care where and when they need it. Whether our patients spend an hour or a number of days with us, they will always be treated with respect and compassion. When it is time for the patient to return home or to move to an alternative setting, we play an active role in supporting the smooth transition of their care.

Our *Values* influence how we make decisions and guide the way we work each day with each other and with our patients and their families. With the help of our community, SMH also developed a Patient Declaration of Values that reminds us of what is most important to the people who depend on us for safe, high quality health care services.

In the year ended March 31, 2014, SMH and its people achieved significant results. This report, coupled with the annual report from our new Chief Executive Officer (CEO), Dr. Jody Levac, catalogues the relevant details. The achievements are the result of a significant turn around from a few years ago; it is instructive to reflect on how and why this has occurred. The short answer is that the hospital and all the supporting institutions and their people have been performing at a high level. The comprehensive support from our partner hospital, Southlake Regional Health Centre (Southlake), has been at the core of the recovery. Southlake has contributed medical, financial, educational and personnel resources, as defined in the Management Services Agreement contract between the two hospitals. Our Foundation, under dynamic leadership, has successfully taken on larger challenges, significantly engaging our community in supporting its projects and is positioning itself to perform an even greater role in the immediate future. The members of the Auxiliary contribute an enormous number of hours in most areas of the hospital operations. The Auxiliary now includes an engaged cadre of high school students that bring youthful energy, compassion, and altruism to the daily operations. Our doctors and staff are now more fully engaged with the hospital than they have been for many years. Our new, energetic and talented management team, along with dedicated staff are now achieving high levels of

performance. The community is showing more interest in the Hospital and is engaging with financial contributions through the Foundation as well as contributing time and talent on hospital Committees. In short, the entire hospital 'machine' is clicking smoothly on all cylinders.

SMH's reputation has now extended well beyond the local area and we often have inquiries from prospective staff and medical practitioners. In addition, other small hospitals in Ontario are contacting us to ask how these new performance levels have been accomplished. This year, the Ontario Hospital Association, in one of its periodic publications of Good Ideas worth considering, published information about our successful Patient Falls Prevention initiative.

The CEO annual report includes many details regarding the achievement metrics from last year, some of which have earned performance dollars from the MOHLTC. The successful expansion of the Hospitalist program has achieved more timely and comprehensive in-patient care and supervision as well as shorter stays in residence. Shorter stays in the hospital have freed up beds more quickly for new patients, which also results in shorter Emergency Department wait times.

Our Partnerships

The contractual relationship with our partner hospital, Southlake in Newmarket, has provided access for SMH to management expertise, capabilities and services that are difficult for Stevenson to source or provide entirely on its own in a cost effective manner. We have successfully negotiated a five year renewal of this significant arrangement.

With the leadership of the Alliston and Area Physician Recruitment Committee, the community continues to attract new physicians to our area, in a competitive provincial market where there is a greater demand for doctors than a supply. In the last five years, the large shortage of medical personnel in our area has been greatly reduced. We are grateful to this Committee for its contribution to the community and hospital medical resources.

The Foundation is a very important partner, which in turn has been well supported by the citizens and corporate community. The two largest donors, Honda and the Nottawasaga Foundation, continue to lead with significant contributions.

Province of Ontario Health Care Trends and Directions

The extent of health care that can be made available to citizens is limited by scarce financial resources at the Provincial level. This situation is expected to continue at least until the provincial deficit is eliminated. The province has effectively frozen executive salaries and severely tightened the operations budgets of every hospital, at a time when doctors' fee schedules and annual wages increases for unionized nursing and other staff continue to increase. After all inefficiencies have been wrung from the system, the hospital's only alternative may be to address service restrictions in order to maintain mandated balanced budgets. This environment may well continue for a number of years. There are serious implications to wage systems where leadership group wages fall below market rates and wage compression occurs between management and staff groups that can create tensions at hospitals that could be difficult to resolve.

The health system is now in the third year of a gradually introduced reform for how common medical procedures are funded, whereby financial caps for specified services replace the previous global budgeting system. When this reform matures, it is expected that approximately 40% of the operations budget funding by the Province will be for revenue capped services. Ophthalmology services for cataract issues, is an example of a service where a capped procedure was instituted a year ago. In addition, an elaborate new budgeting and revenue determining model is being installed by the MOHLTC (called HBAM – Health Based Allocation Model), with which SMH will have to comply in the next fiscal year; we will not know the effect of this until mid-2014 (as the MOHLTC is unreasonably slow in informing hospitals of the numbers). Ontario is one of the last major single payer health systems to make this type of change.

Operations

In Ontario, the community has the responsibility to operate the hospital. The volunteer Board of Directors is entirely comprised of members from the community, who are passionate about the success of the Hospital and collectively bring a broad range of skills and backgrounds to these responsibilities. The Board appoints the Chief Executive Officer and Chief of Staff to manage the Hospital. The Board oversees the Hospital operations with the help of a number of Board Committees. These Committees consist of volunteer Directors, hospital professionals and Advisory Council Members from the community at large. Presently, there is a 16 member Board, 11 of whom are voting members and 5 are health professionals (selected by virtue of the responsibility they have at the Hospital). The Board is responsible for new Board appointments and follows a general practice of annual renewal of some of its members.

The MOHLTC is an important contributor to the financial operation of the Hospital in that they provide about three-quarters of the funding of the day-to-day operating costs. The Ministry has also enacted a variety of rules and regulations to help ensure that the highest level of quality care possible is provided by hospitals; however, the Government is not responsible for operating or “running” the Hospital as this is left in the hands of our community. The MOHLTC delegates much of the day-to-day hospital supervisory responsibilities to the Local Health Integration Network (C-LHIN) which then ration financial resources among the hospitals within each LHIN.

Almost 100% of the funding for hospital furniture, fixtures and equipment is the responsibility of the community as the Government of Ontario does not provide any significant funding for capital equipment or related new technologies. The SMH Foundation is very successful in its fundraising programs within the community for the medical equipment and technologies that are so important to the successful functioning of SMH.

Financing Operations

Under the outstanding and tenacious leadership of our Finance Committee chair, Mike Martin, our Hospital has again balanced its budget and ended the current year with a \$106,000 surplus; given the challenges and unexpected surprises that characterize a hospital operation, management has been remarkably successful in its heroic efforts to achieve this result with a minimum reduction in service levels. I would refer you to the CEO’s annual report for a

description of the outstanding details of these achievements in the successful operation results for the year. This dedicated focus must continue in the years ahead, and will have to find ways to accommodate the headwinds of inadequate financial support for operations from the CLHIN. There is also a new policy emerging from the MOHLTC for allocating dollars within the health sector, namely, moving some funds away from hospitals and instead applying the funds to other health services.

Our hospital must also deal with and successfully resolve historically unprecedented demands for capital in the next ten years. Should our application for a major rebuild of the hospital physical facilities be approved (see below for further discussion of this project), we will need to finance about 10% of the actual construction. We will also require a large amount of money for new equipment, furniture and fixtures. Additionally, if we are to completely automate and create an Electronic Health Patient Record, along with the supporting electronic supporting systems in the hospital, further millions of dollars will be required. One of our current projects is to grapple with this challenge and produce a long term capital plan that can be used to inform our community and focus the fundraising effort that will be required and led by our Foundation. Of course there will also be the every year need for money to finance ongoing break-and-replace of our aging facilities and new technology capital replacement, where identified needs exceed by many times the current annual fundraising achievements.

Management and Staff

In last year's report, it was stated that the senior management team at the Hospital was strong and performing well. This year has ended with two new members of the senior management team. While this could be a traumatic experience for a small hospital, the transition to the new team has proceeded well, and not only have last year's gains been maintained but new higher levels of achievement have resulted. Our excellent leader, Annette Jones, was replaced as CEO in December 2013 by Dr. Jody Levac, who brought with him his newly minted Doctorate in Hospital Administration and years of experience at Southlake. Our Chief of Staff, Dr. Nancy Merrow, left mid-year, after making a tremendous contribution and bringing SMH right up-to-date in medical administration matters, as well as filling all the needed Chiefs of Departments positions for the first time in many years. Dr. Merrow's last assignment has been to mentor our new Chief of Staff, Dr. Oswaldo (Ozzie) Ramirez, who was chosen after an open call for candidates and a selection process. Dr. Ramirez has practiced in our community for many years and more recently has headed the Emergency Department and been a leader of the Alliston Family Health Team. Just recently, Dr. Ramirez's special skills were recognized by his peers when he was awarded his fellowship in Rural Medicine. This year, we benefitted from management continuity in our excellent Vice-President/Chief Nursing Officer, Shannon Landry, and the experienced interim Chief Financial Officer, Terry Kuula. The active leadership of the hospital remains in strong hands. Truly one of the greatest pleasures of the Board Chair has been to work closely with these outstanding health leaders, who collectively have done so much to help SMH reach the current very high performance levels we have today.

Hospitals are essentially people places—people serving and helping people. The essential tools of the trade are both the science of medicine and the care and empathy for people with health

issues. One doesn't work in the caring professions without bringing a big piece on oneself 'to the office' as part of what is offered in the service! To all our staff, we are in awe of your dedication, skills and effort to care for our patients. It is not an easy job to do, it is not risk free, and it can stretch one's ability to do their best even when very tired and stressed. It takes a special kind of person to perform well in a hospital setting. The Board Directors wish to say a very big 'thank you' to all our people for what they achieve every day. SMH is now performing as a leading small hospital in our Province. All of our staff should take reflected pride in this accomplishment and know that their efforts are very much appreciated.

Future Hospital Facilities

Last year, I reported extensively on the efforts being expended by the then newly formed Future Health Care Centre Committee (FHCCC) as a formal Committee of the Board of Directors, with a mandate to identify the need for a better physical facility and then develop a short and long term plan that will attract the support and engagement of all relevant stakeholders. Under the leadership of our past Board Chair, Scott Anderson, the Committee became very active and in January 2013, a resubmission was formally submitted to the MOHLTC along with a comprehensive justification for Government approval and funding of our needs for new enhanced infrastructure. The request was for approval (called the Pre-Capital Stage by the Ministry) to build a new hospital wing to house the Emergency Department, Operating Rooms, Laboratory and Diagnostic Imaging facilities. In late 2013, we were successful in clearing Pre-Capital Stage A. As this report is being written, our application for the last Pre-Capital Stage B was in the hands of the MOHLTC. With Scott Anderson's retirement from the Board, the Committee is now being led by Dave Purvis. Were it not for the Ontario Writ for an Election call in May, we were optimistic that approval would have been granted to move to the first of the Capital Stages of the approval process. We will continue to press our strong case with the new government when normal business resumes in late June. The FHCCC has worked diligently and with imagination and is to be commended for moving farther down this road than any prior hospital board has been able to do.

Political Support

Like it or not, it is a fact of life that politics seriously influences hospitals and what they are allowed to be and to do. At the Provincial level, MPP Jim Wilson, a Health Minister in a previous Conservative administration, has done a great deal to assist SMH in a great many ways in bringing its needs to the attention of the government along with advice on how best to communicate to the government. Also Minister Matthews, who truly has one of the most difficult portfolios in the entire government, and is often forced to be "The Decider" on rationing issues that deeply affect citizens, makes brave and sensible decisions as she wrestles with the trade-offs that are implicit in her responsibilities. Each of the four mayors of the municipal governments of our catchment area (New Tecumseth, Adjala-Tosorontio, Essa and Innisfil) strongly supports SMH, but none more than Mayor Mike MacEachern of New Tecumseth, who also sits on our Governance & Nominating Committee. In addition, at Simcoe County, this body continues to make money available for hospital capital projects, which for us involves completing the financing of the CT Scanner by multi year instalment payments.

It should also be mentioned that through the MOHLTC connections of Southlake CEO, Dr. Dave Williams, we had a meeting with the Deputy Minister of Health that assisted in moving the new hospital facilities project forward. Dr. Williams, in his role of representing Southlake regarding the Management Services Agreement, takes a deep and abiding interest in our operations and success.

Volunteers

One of the reasons that hospitals are successful is that many volunteers provide their time, talent and passion to serve the hospital, patients and their families that require medical help. Twelve of the Hospital Board Directors are volunteers and five are health professionals serving as ex-officio board members. In addition, the Hospital Foundation is comprised of many volunteers that help to grow the profile of the Hospital within the community and raise the critically important funds for the necessary medical and capital equipment. There are also more than two hundred volunteers that comprise the Hospital Auxiliary providing services (Gift Shop, Emergency area hospitality, Coffee Corner, Information Desk, etc.) as well as raising important additional funds for the Hospital. Many of these volunteers are contributing almost full-time hours in serving the Hospital and our community. In addition, there are those who serve on the Maternal Child Advisory Committee, the Alliston and Area Community Physician Recruitment Committee, the Future Health Care Centre Committee and many hospital committees as Advisory Council Members.

Wrap-Up

This year, the Annual General Meeting (AGM) of the Hospital will mark the retirement of three Directors, each of whom contributed their special talents with time and devotion to the needs of the Hospital. Thank you very much from all of us to Scott Anderson (from 2006), Paul Farley (from 2008) and Andrew Morris (from 2013). I know their lives have been changed as a result of their service to the Hospital! New Directors have been identified, subject to vote at this year's AGM.

We want all residents of our community to strongly support Stevenson while they are well, so that the hospital will be adequately equipped and functioning at a high level when called upon to deliver health care in their hour of need.

Respectfully submitted,



John Swinden FCPA, FCA
Hospital Board Chair