



Management Discussion and Analysis of
Financial Results
2011/12

Summary

In this fiscal year, Stevenson Memorial Hospital has continued to achieve some notable clinical accomplishments.

The digital mammography equipment and renovation project (\$1.3 million) is fully operational and could not have been accomplished without the great work of the Foundation and the phenomenal support of the community. The closure of the mammography program for renovations had a negative financial impact of \$11K.

The Hospital has hired its second Obstetrician/Gynecologist to better staff our Obstetrics Program. Through the efforts of our doctors and hospital staff, we are making every effort to outreach to our community to increase awareness of our commitment to this program. There were 291 births at Stevenson during this fiscal year, down slightly from 297 in the prior year. The Hospital now has the capacity to significantly increase the number of births which occur at our facility.

Inpatient days have exceeded 12,400 days which is 12% higher than budget and 5% higher than the previous year. The implementation of a four Hospitalist model where a physician is assigned to each patient in the Hospital has helped patients gain a consistent physician for most if not all of their hospital stay. The cost of adding a second Hospitalist led to unbudgeted costs of \$126K but this model ensures delivery of a higher standard of patient care which we feel far outweighs the cost of the program.

Day surgery cases at 3,803 were consistent with our budget and 3.4% lower than the 3,937 cases seen last year.

The Hospital participated for the second year in the Ontario Wait Time Strategy Emergency Department Pay-for-Results funding which we achieved Emergency Wait time compliance with the exception of the Physician Initial Assessment indicator resulting in additional operational one time funding for the hospital of \$468K while servicing 27,404 patients in the fiscal year up 5% from the prior year. This level of emergency visits is approximately 4 times the capacity the Hospital's Emergency Room was originally designed to handle. Unfortunately, this fiscal year, the Hospital ran a small deficit of \$67K an improvement of 69% from last year's deficit \$210K.

The Ministry of Health & Long Term Care (MOHTLTC) continue to make numerous challenge funds that increased revenues by over \$865K in the year, many of which items had related costs. Much of the revenue increase was tied to performing faster and better patient services.

Stevenson will continue to struggle into the 2012-2013 fiscal year as funding will not be announced until late June 2012 and the prediction is a 0% increase as the provincial government continues to struggle with its deficit. Stevenson will need to spend considerable time and effort to ensure that our costs reduction strategies are implemented in order to achieve a balanced 2012-2013 budget.

Accountability

Hospital Service Accountability Agreement (H-SAA) Performance:

Stevenson Memorial Hospital entered into a hospital service accountability agreement that took effect April 1, 2008 and was due to expire on March 31, 2012. The Central Local Health Integration Network (CLHIN) and the Hospital have agreed to extend the H-SAA for three months to June 30, 2012 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. These indicators are noted on the Corporate Balanced Scorecard shown above.

For fiscal year 2011-12 the Hospital met, exceeded or was within the performance corridor set out in the H-SAA. The following gives some detail on each of these expectations.

Organization Health

The Hospital's working capital ratio is .77 which meets the performance target of .70.

The Hospital had a surplus of \$770 (2011 - \$120,100 deficit) before land improvements, building and building service equipment amortization. It is this measure that the CLHIN uses to derive the total margin as part of its performance standards. The Hospital's overall operating deficit was \$66,582 (2010 - \$209,880 deficit).

Global Volumes

Total weighted cases for the fiscal year were 2,528 which exceeded the performance target of 2,215 by 14%. The total number of surgical cases reduced from 3,937 in 2010-2011 to 3,803 in 2011-2012, the number of inpatient cases fell slightly from 299 in 2010-2011 to 275 in 2011-2012.

The Emergency Department visits for the fiscal year were 27,414 which exceeded the performance target of 26,000 by 5%.

The Ambulatory Care Visits for the fiscal year were 24,688 which exceeded the performance target of 23,430 by 5%.

Selected Statistics

	<u>Activity</u>			<u>Staffing</u>	
	2011	2012		2011	2012
Surgical Cases	3,937	3,803	Full Time Employees	137	132
Births	297	291	Part Time & Casual Employees	146	171
Discharges	2,072	2,400	Physicians with Privileges	95	98
Patient Days	11,937	12,493	Volunteers	192	228
Emergency Visits	26,135	27,414			
Other Outpatient Visits	23,355	24,688			

Financial Results

Summarized Statement of Financial Position as at March 31, 2012 with comparative figures for 2011

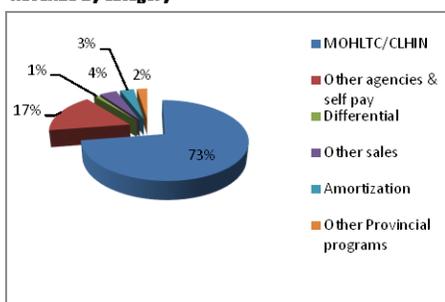
Assets	2012	2011	Liabilities and Net Assets	2012	2011
Current assets	2,872,206	3,820,450	Current Liabilities	3,730,420	4,689,803
Non-current assets	8,231,919	6,983,531	Long-term liabilities	7,431,578	6,105,469
			Net assets (deficiency)	(57,873)	8,709
Total	11,104,125	10,803,981	Total	11,104,125	10,803,981
Working Capital (deficiency)	\$ (858,244)	\$ (869,353)			

Statement of Operations

Year ended March 31, 2012 with comparative figures for 2011

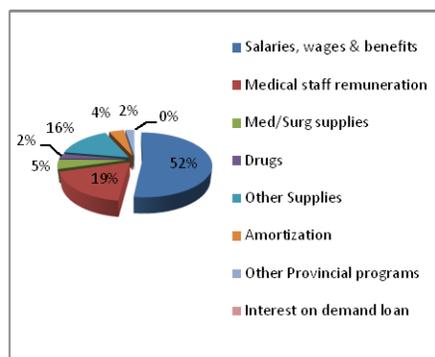
Revenues	2012	2011
MOHLTC/LHIN	20,951,645	20,832,586
Other Provincial programs	715,430	639,439
Other agencies and self-pay	4,808,559	4,416,987
Differential charges	280,118	315,354
Recoveries and sales	1,178,966	1,084,679
Amortization of deferred contributions for equipment	631,975	709,903
Amortization of contributions for acquisition of land improvements, building and building service equipment	315,069	282,336
	28,881,762	28,281,284

Revenue by category



Expenses	2012	2011
Salaries and wages	12,227,719	12,379,037
Medical staff remuneration	5,372,640	4,829,763
Employee benefits	2,826,970	2,818,654
Drugs	704,795	629,424
Medical and surgical supplies	1,359,859	1,310,369
Other supplies and expenses	4,501,894	4,701,857
Other Provincial programs	715,430	639,439
Amortization of equipment	815,411	769,299
Amortization of land improvements, building and building service equipment	376,254	358,980
Amortization of equipment under capital lease	41,206	41,206
Interest on demand loan	6,166	13,136
	28,948,344	28,491,164

Expenses by category



Excess (deficiency) of revenues over expenses for the year	(66,582)	(209,880)
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Balanced Scorecard

**Corporate Balanced Scorecard
For the quarter ended: March 31, 2012**

Indicator	Actual 2011-2012	Bench	2010-2011			YTD				2011-2012										
			Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4							
Financial																				
Current ratio	0.77	0.80	●	↑	●	↑	●	↑	1.03	0.81	0.78	0.77	●	↓	●	↓	▲	↓	●	↓
Budget to Actual comparison	(68,130)	-	◆	↑	◆	↓	◆	↓	-51795	-14975	8433	-68130	◆	↑	▲	↑	●	↑	◆	↓
Percentage of non MOHLTC revenue	29.0%	20.0%	●	↓	●	↓	●	↓	23.2	23.7	23.9	29	●	↓	●	↓	●	↓	●	↓
People																				
Percentage of full time nurses	76%	70%	●	↑	◆	↓	◆	↓	75%	76%	76%	76%	●	↓	●	↓	●	↓	●	↓
Workplace injury rates	n/a	4.9%	◆	↓	◆	↑	◆	↑	2.6%	3.8%	3.8%	n/a	●	↓	●	↓	●	↓	n/a	n/a
Average overtime hours	406	150	◆	↓	◆	↑	◆	↑	382	407	340	406	◆	↓	◆	↓	◆	↓	◆	↓
Average sick benefit days per full time employee	8.7	8.0	●	↓	▲	↓	●	↑	9.90	8.61	7.6	11.35	◆	↓	▲	↑	●	↑	▲	↑
Clinical Quality & Patient Safety																				
Patient satisfaction rating:																				
- Emergency	84.9%	90.0%	▲	↑	◆	↓	◆	↓	84.9	86.1	83.9	85.3	◆	↓	◆	↓	◆	↓	◆	↓
- Obstetrics	99.1%	94.6%	●	↑	●	↓	●	↓	100	100	97.62	98.51	●	↓	●	↓	●	↓	●	↓
- Medical/Acute Care	92.7%	96.5%	●	↑	●	↓	●	↓	96.1	97.2	82.8	93.5	●	↓	●	↓	●	↓	▲	↓
- Day Surgery	96.6%	98.7%	▲	↑	▲	↓	▲	↓	96	97.4	100	92.9	◆	↓	▲	↓	●	↓	◆	↓
- Overall patient satisfaction	91.5%	94.0%	●	↓	●	↓	▲	↓	92.1	94.9	89.1	91.4	◆	↓	◆	↓	◆	↓	▲	↓
Emergency room wait time standards: *																				
- Admitted pts treated within target 90P	20.2	18.3	●	↑	◆	↓	●	↑	21.7	21.8	24.5	12.9	n/a	◆	↓	◆	↓	◆	↓	
- Non-admitted high acuity pts treated w/in target 90P	6.2	6.0	▲	↓	◆	↑	◆	↑	7.1	6.5	6.2	6.7	◆	↓	▲	↓	▲	↓	◆	↓
- Non-admitted low acuity pts treated w/in target 90P	4.0	4.0	▲	↓	▲	↓	◆	↑	4.3	4.3	4	3.9	▲	↓	▲	↓	●	↓	◆	↓
Surgical checklist compliance																				
	100%	100%	◆	n/a	●	↑	●	↓	100	100	100	100	●	↓	●	↓	●	↓	●	↓
Hospital acquired infection rates:																				
- C. Difficile	0.0	0.0	▲	↑	◆	↓	●	↑	0	0	0	0.037	●	↓	●	↓	▲	↓	▲	↓
- MRSA	0.0	0.0	●	↓	●	↓	●	↓	0	0	0	0	●	↓	●	↓	●	↓	●	↓
- VRE	0.0	0.0	●	↓	●	↓	●	↓	0	0	0	0	●	↓	●	↓	●	↓	●	↓
Access to Care/Performance																				
Weighted cases (estimated annual cases)	2,528	2,215	●	↓	●	↓	●	↑	2600	2386	2700	2528	●	↓	●	↓	●	↑	●	↓
Emergency visits (estimated annual visits)	27,404	26,000	●	↓	▲	↓	▲	↓	26800	27200	26987	27404	●	↓	●	↓	●	↑	●	↓
Ambulatory care visits (estimated annual visits)	24688	23,430	●	↓	●	↓	▲	↓	22900	23500	23924	24688	◆	↓	●	↓	●	↑	●	↓

Legend

Equal or better than the benchmark	●
Moving to or away from the benchmark	▲
Worse than the benchmark	◆

Trend

Greater movement in the right direction	↑
Moving in the right direction	↗
No change	↔
Moving in the wrong direction	↘
Greater movement in the wrong direction	↓

* Please note that the Emergency wait time standards have changed year over year.