



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

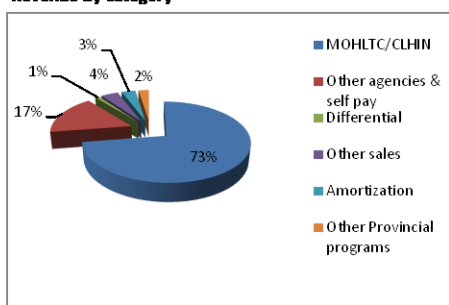
| Assets | 2012 | 2011 | Liabilities and Net Assets | 2012 | 2011 |
|-------------------------------------|---------------------|---------------------|----------------------------|-------------------|-------------------|
| Current assets | 2,872,206 | 3,820,450 | Current Liabilities | 3,730,420 | 4,689,803 |
| 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 |

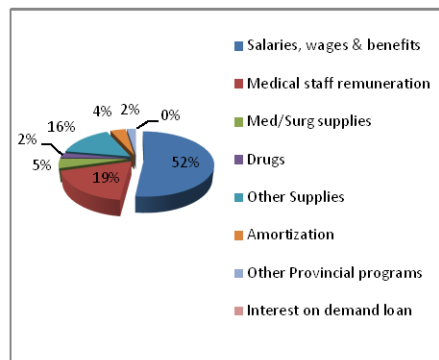
Revenue by category



Expenses

| | | |
|--|-------------------|-------------------|
| 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)**

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 | ● | ↓ | ● | ↓ | ● | ↓ | |
| 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.