

## Report of the President & CEO to the Board of Directors

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Date: June 2011

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**“I am not judged by the number of times I fail, but by the number of times I succeed; and the number of times I succeed is in direct proportion to the number of times I can fail and keep on trying.”**

**Tom Hopkins**



In 2007 we received our first public HSMR (Hospital Standardized Mortality Ratio<sup>1</sup>) results. It was 149.

After a little bit of research we determined it was the highest HSMR in the world.

We were not proud of that result. In fact we were embarrassed. We knew we were better than what the HSMR was saying. However, this high HSMR was coupled with a \$6 million dollar

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<sup>1</sup>The HSMR is an overall quality indicator and measurement tool that compares a hospital's mortality rate with the overall average rate. It has been used by many hospitals worldwide to assess and analyze mortality rates and to identify areas for improvement.

operating deficit and a high actual cost per weighted case (CPWC) as compared to expected, indicating we were operating very inefficiently. At the same time, we forecasted a tightening of healthcare funding. We were heading in the wrong direction.

After running out of the typical excuses – we have sicker patients than anyone else – there is a problem with the HSMR formula –we stared at ourselves in the mirror and recognized that significant changes needed to be made.

Instead of pointing fingers and blaming each other or someone else. we came together as a TEAM. However, our TEAM needed a motto, a credo - a VISION.

We came together in late 2007 and early 2008 and commenced a very inclusive strategic planning process that resulted in the creation of a renewed VISION, MISSION and VALUES.

The Vision you created of *Outstanding Care...No Exceptions !* is our“relentless drumbeat”.

We did not stop there.

As a TEAM we created five strategic directions that have guided our day to day care. One of the directions was to EMBED PATIENT QUALITY AND SAFETY INTO OUR CULTURE.

We then commenced our war on our HSMR, cost per weighted case and our operating deficit.

We commenced a process called Zero Based Budgeting (ZBB). We started from scratch. We rebuilt each department from the ground up. The process was difficult. The decisions we had to make were even more difficult.

At the same time we reinvigorated our Medical Quality Assurance (MQA) Committee with a clear mandate to attack the HSMR. Following ZBB we created our Medical Utilization Committee and processes.

During this time period little victories started to occur.

We started to be recognized for our clinical successes. In fact, for two years running we were recognized for the most leading/best practices at the International Ontario Hospital Association annual conference.

In addition, two fiscal years ago we turned a \$6 million dollar operating deficit to a modest \$1 million dollar operating surplus.

At the same time our HSMR started to reduce to 101 and our actual cost per weighted case as compared to expected dropped to high single digits.

In addition, our TEAM was gelling. We continued to listen and live the drumbeat.

Fast forward to today. We are now at the end of the 2010-2011 fiscal year.

We have seen a second year of an operating surplus. This time it is just over \$2 million dollars. On a \$300 plus million dollar operating budget, it is not a massive surplus (actually just over a couple days of what it costs to operate the hospital) but it is impressive.

Our expected cost per weighted case is projected into the lower single digits above anticipated.

This could not have come at a better time because our annual funding from the Ministry of Health is based upon cost per weighted case performance, quality indicator performance and volume of activity.

In May 2011 we became the FIRST Canadian Hospital to be invited to the renowned Mayo Clinic in Rochester Minnesota to make a presentation to them and the world on our clinical and financial leading practices. There might be other Canadian Hospitals in the future to attend the Mayo BUT we will always be the first. No one can take that away from us.

Our HSMR for 2010-2011 is 81. Yes 81.

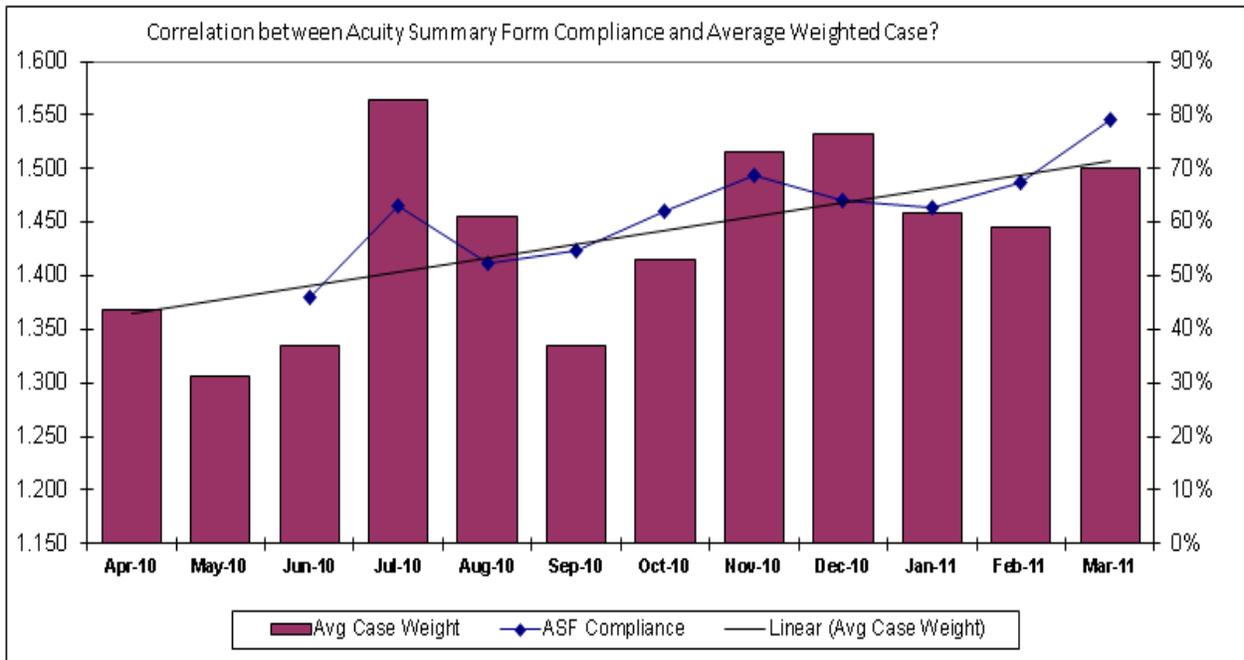
This is probably the biggest drop in HSMR in the world.

Although we cannot rest on our laurels, we have to take a moment to congratulate each other on an amazing job that has not only benefited our patients and community but the world's patients.

Congrats to everyone. Congrats to our TEAM !

Now for the tough but actually FUN part. To sustain it. Many organizations we have talked to are not only impressed with our results but also impressed that we have been able to sustain the successes and to incrementally even get better. We have not allowed DRIFT to set in.

One area we continue to see a direct correlation to this success is the completion of the ACUITY SUMMARY FORMS. Not only completion BUT completing them properly and thoroughly. The following graph shows the direct correlation of the acuity summary form completion and cost per weighted case. At the same time our HSMR is dropping. As I have stated before all three (3) indicators are directly related.



Again, congrats to everyone. I am very proud to work with all of you and be part of the team at one of the finest hospitals around.