

Town Hall Meeting-2012 Budget February 3, 2012

Only five times over the past 18 fiscal years has Windsor Regional Hospital been able to achieve a balanced budget.

3 of the five balanced budgets have occurred in the past three fiscal years.

During the past 18 years, because of these operating deficits, WRH has accumulated approximately \$50 million dollars of debt.

This debt has had to be financed with both short and long term lending facilities.

In order to finance this debt, the first \$5.0 million dollars of revenue every year from the ministry of health and long term care goes towards paying principal and interest payments.

Similarly, the Ontario Government has accumulated over \$240 billion dollars of debt with the first \$10 billion a year in tax revenue going to towards financing that debt. However, they are not projected to have their next balanced budget until 2016.

The stories of worldwide economies that have crashed as a result of not addressing these financial issues are becoming commonplace; Greece and Italy to name just two recent examples. Failing to address these issues in a timely fashion leaves very limited options and results in very drastic changes over which you have very little control.

WRH is on the right financial road. The processes we went through, and decisions we made collectively 4 years ago during the zero based budgeting process, has paid off with 3 consecutive years of operating surpluses.

This positive trend needs to continue and will not continue without ongoing monitoring and action.

Four years ago our cost per weighted case (CPWC) stood at high double digits of actual versus expected.

CPWC is an indicator used worldwide to indicate a hospital's efficiency. It compares, based upon volumes and the acuity of the patients seen by a hospital (i.e. weighted case), what its cost(s) should be per weighted case. Therefore, if the actual CPWC is higher than expected, a hospital is operating inefficiently. Four years ago WRH's actual CPWC was some 18% higher than expected.

In 2010-2011, WRH's actual CPWC was 1% higher than expected. This current fiscal year WRH's actual CPWC is projected to be minus 4% as compared to expected. Meaning WRH is operating very efficiently.

This is a very positive trend. However, when looking at becoming more efficient, the areas to find further efficiencies, short of cutting patients services and hospital jobs, is difficult and limited.

For 2012-2013 WRH is projecting that it must find \$1.8 million in savings in order to balance its operating budget.

This is based upon current increased funding projections -1.0% on a \$220 million dollar base - and volume and overall expense increases by approximately 2%.

Considering where other hospitals will be at this is very good – if not excellent.

You have to remember this is happening at a time when we are seeing record pressures in the system and going on our fifth straight year of 2% or less in annual funding while our operating expenses are increasing as a rate far in excess of that.

As in the past, preparing for 2012-2013, WRH has compared its various departments and functional centres to other hospitals in the province of similar size and function.

A couple of areas that did “jump out” as being not as efficient as our peers are medical/surgical clinics and endoscopy services. In addition, the increase in operating room add-on cases/after hour cases and the mix of those cases are troubling and is being reviewed by the operating room committee for recommendations.

We are working with our professional staff to address these inefficiencies.

At this point in time Windsor Regional Hospital is not recommending any reduction in patient services or hospital jobs.

However, I must caution that if our estimates are proven incorrect or if the savings we are projecting from the professional staff’s review of the medical/surgical clinics, endoscopy and operating add-ons do not result in savings, we will have to revisit this plan.

Looking forward we have some exciting news on the horizon. As you know we have opened the new Toldo Neuro behavioural hospital at the Tayfour campus. In addition, the construction at that campus will be wrapping up this summer- on time and on budget. It will result in 50 more complex beds and 10 more rehab beds. We have asked the ministry to approve these additional beds now rather than wait until mid summer so we can start hiring now for these beds.

At the same time we continue to receive accolades locally, provincially, nationally and internationally on the clinical leading practices all of you are responsible for.

I want to thank all of you individually and collectively for placing Windsor Regional Hospital in the opportune situation it is in for the benefit of the patients we serve. We got here through difficult choices and decisions however we clearly are much stronger for it.

I want to thank you for the outstanding and compassionate care you provide to our patients.

I am proud to say i am a member of the Windsor Regional Hospital team with you. Keep up the amazing work that benefits our patients.