

Town Hall Meeting October 23, 2009

Thank you for attending today's session.

For the past year the world has been stuck in a deep recession.

Who would have projected both Chrysler and General Motors would declare bankruptcy?

Nobody I know.

There have been glimmers of hope that the economic downturn is over but they have only been glimmers and not a sustained pattern.

Windsor's unemployment rate sits at over 14% - the highest in the country. Any drop is attributable to people giving up their search for work as compared to more hiring taking place.

During this past year most, if not all, of our home values have decreased. This has or will soon result in us paying less property taxes.

During this time of economic downturn businesses have been failing – individuals are declaring personal bankruptcy.

Across Canada this past year over 150,000 businesses and consumers declared bankruptcy. This is a 30% increase from 2007 to 2008.

When businesses and individuals declare bankruptcy they stop paying taxes.

When property and personal tax payments reduce or stop provincial revenues decrease.

That means the province has less money than it did a year ago to fund services like healthcare.

In fact this year the province is projecting to receive only \$90 billion in revenue while it intends to spend \$115 billion. A \$25 billion dollar provincial deficit.

Currently – in Ontario - healthcare spending makes up approximately 47 cents on every tax dollar spent or \$50 billion dollars.

Windsor Regional Hospital's annual budget is \$290 million dollars. We receive approximately \$210 million is base funding from the province.

Each year hospitals are told by the province the increase in funding it is going to receive from the province. For the past two years we have received approximately 2% a year.

As a result of the proactive Zero Based Budgeting process we undertook we have projected and are on target to achieve a balanced budget for this fiscal year. However, only balanced not a surplus.

We are hearing that because of the province's financial difficulties we are not expecting any increase in our base funding. At most it will be much less than what we have seen in the past two years.

In other words, we will have to operate with the pretty much the same revenue for this upcoming year that we received this past year. A zero percent increase.

Of the \$290 million we spend a year approximately 65% salaries, wages and benefits and approximately 15% is medical and surgical supplies.

Therefore, assuming salaries and wages and supply costs go up by 2% this upcoming year our expense base would go up by \$4.7 million dollars with no offsetting revenue increases.

Even though we have discussed the issue of limiting public sector salaries provincially for this upcoming year there has been no appetite to do this.

Therefore, in order to balance we will have to reduce expenses by \$4.7 million dollars or increase revenues by \$4.7 million dollars.

I can inform you that we are not alone.

Healthcare will have to find \$1 billion in savings in order to provide the same level of services next year if these projections occur.

Our share of that savings is \$4.7 million.

We are being recognized across the province as being proactive rather than reactive.

Having completed our ZBB process last year has placed us in a far better position than other healthcare institutions in the province.

However, as evidenced by the hay group at the conclusion of the ZBB process we have found substantial efficiencies.

ZBB was not a one time process. It was the start of a journey of process improvement. Identical to our journey to embed patient quality and safety in our culture.

We cannot afford for the sake of our patients or families to simply cut services or gut one area or devastate one program. It is not defensible and not acceptable.

In order to address these issues we will continue the new way of thinking we adopted during our ZBB process.

Each Vice-President will be working with their own Directors and Managers and Physician leaders using the Ministry of Health's new framework for making choices.

The making choices framework requires us to adhere to the following decision tree when making operational decision in the following order

First - optimize operational efficiencies

Second - remove or realign services not consistent with Ministry or integrated health services plan priorities

Third - remove or realign services not consistent with our own hospital strategic plan

Fourth - work with partners to transfer programs more appropriately delivered in the community

Fifth - integrate with partner or community

Sixth - remove or realign low demand health services

At your disposal during your discussions you will be provided with the following

Summary of the ZBB process to ensure all the initiatives identified to date were fully implemented;

Up to date HCM benchmarking data – the goal being to maximize operational efficiencies and move the area to the 75% percentile in operations

Ministry of Health's making choices framework that we must follow.

The changes we eventually adopt have to not only achieve financial savings but also adhere to our strategic plan and its 6 strategic directions.

They are not mutually exclusive.

If reduction in services are suggested they must go shallow and broad as compared to narrow and deep. We must minimize negative impacts on access to service and only impact low demand services.

I recognize this is a difficult endeavour. However, it is a sign of the times we live in and the cards we have been dealt.

Again, by being proactive this past year we are in a far better place to tackle the issues that are upon us.

We are also at a different spot in our financial culture. In the past those departments that were at budget were told to go deeper – those exceeding budget were basically told to operate where they should be operating already and just get back to budget.

As a result of ZBB this has changed. Those operating above budget currently have a lot further to go and will be held accountable by me and their colleagues to achieve these results.

This work will be completed by December 1, 2009. Once completed we will meet as a full group – executive committee, director committee and medical advisory committee and each present the results of their efforts individually to the group as a whole.

By December we should have clarification on the funding levels for this upcoming fiscal year.

In the month of December-early January we will share the results with our board of directors to support final decisions.

As leaders of Windsor Regional Hospital and healthcare in this region– especially given the economic circumstances our neighbours, community and province finds itself in - we owe it to our patients and families to be individually and collectively accountable for the care we provide and the resources we utilize.

Even during times of economic crisis – being accountable and transparent will continue to be respected and rewarded by our funders - similar to monies we received for our emergency department, NICU, fully funded for our long term care operations and being selected as the only referral and follow-up centre for bariatric surgeries – all within the last 12 months.

The work we are doing in all aspects of our operations is being noticed. Lets keep people looking to what we are doing and leading the way.

Thank-you.