



Niagara Health System
Together in Excellence—Leaders in Healthcare

Annual Report 2008-2009

A time of tremendous
challenge and change



Urologist Dr. Ian Brown, right, performs a prostatectomy at Greater Niagara General Site in Niagara Falls. He is assisted by Dr. William Ainslie, centre, and Registered Practical Nurse Sharon Conlon

A time of tremendous challenge and change



A message from Niagara Health System Board of Trustees Chair Betty-Lou Souter, President and Chief Executive Officer Debbie Sevenpifer, and Interim Chief of Staff Dr. Joanna Hope



Looking back at this past fiscal year, the Niagara Health System has emerged through a time of tremendous challenge and change - the most significant transformation since the hospital first amalgamated nearly a decade ago.

Throughout this difficult time, our dedicated leaders, staff, physicians, fundraisers and volunteers continued to serve the healthcare needs of the people of Niagara. All of this was made possible by our 4,300 staff members, 500 medical staff members and 1,100 volunteers who do their best to serve patients and families across our system of seven sites every day of the year.

A new path for the future

Niagara Health charted a new path for the future through fiscal year 2008-09 (April 2008 to March 2009) with the development of the Hospital Improvement Plan (HIP). Aimed at reorganizing hospital services across our system to ensure the sustainability of quality health services, the HIP was also balanced against resources available to us now and into the future. These resources include doctors, nurses and other health professionals, finances, facilities and equipment.

The HIP vision recommended significant change to the way many hospital services are provided in Niagara. While change is never easy, change in healthcare is amongst the most complex and multi-faceted. The development and evolution of the HIP marked a very difficult and divisive period, from which we have much to rebuild and renew.

The HIP touches every one of our sites and services and through its development incorporated the recommendations and work of nearly 100 of our healthcare leaders.

The implementation of the HIP will take place over the next four years with some initiatives like the first steps to create a Centre of Excellence in eye care completed in May 2009 and the conversion of Emergency Rooms at our Port Colborne Site and Douglas Memorial Site in Fort Erie to 24 hour/seven day a week Urgent Care Centres underway for the summer and fall of 2009 respectively.

Through the changes in the HIP, a number of our employees' jobs will be affected directly and indirectly. Some positions will change, others will be eliminated. The commitment of the hospital continues to be to minimize the impact on our staff and support them through this difficult time.

Members of our medical staff are also adjusting to change, which in some cases involves relocating surgical services and clinics across our sites and in other cases involves changing the model of care such as the Urgent Care conversions.

Our patients and local communities are also adapting to service changes that are ultimately aimed at improving quality.

Addressing the Alternate Level of Care (ALC) Challenge

One of the most significant challenges faced by hospitals across Ontario, including Niagara Health, comes from the number of patients residing in acute care beds who no longer need acute care treatment. These patients - known as alternate level of care (ALC) patients - have to stay in hospital beds as they wait for appropriate services and/or placement in the community.

One third of all NHS acute care beds are occupied by ALC patients. Having to wait in hospital is a difficult situation for all of these patients and their families. Hospitals do not provide the kind of home or residential setting that these patients deserve and require. The impact of the high percentage of ALC patients across NHS is also felt by thousands of patients coming through our Emergency Rooms. Wait times are often lengthened when acute care beds cannot be readily found for those ER patients who must be admitted. This backlog, in turn, creates additional wait times for other patients coming to the ERs.

Working with healthcare partners in the community, including our Hamilton Niagara Haldimand Brant (HNHB) Local Health Integration Network (LHIN), Community Care Access Centre and Hotel Dieu Shaver Health and Rehabilitation Centre, a great deal of effort has been, and will continue to be, made to make the appropriate investments outside of hospital to serve Niagara's aging population.

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Interesting Inpatient Facts from 2008-2009

580

Acute Care and Mental Health Beds

29,882

Admissions

6.7 days

Average length of stay

Patient Safety and Quality

NHS implemented a number of new patient safety and quality accountability performance measures in 2008-09 as part of the Ministry of Health and Long-Term Care (MOHLTC) initiatives and through the hospital's participation in the national **Safer Healthcare Now** initiative. These include regular reporting on staff hand hygiene and infection control rates. The NHS website includes enhanced reporting and transparency on a wide range of quality performance measures.

A key achievement in 2008-09 was the development of a strategic plan for patient safety which we continue to implement.

Rebuilding Infrastructure

Rebuilding infrastructure was a key focus in 2008-09 and will continue as such in the years to come. Construction of the 375-bed healthcare complex in St. Catharines began in May 2009. Plenary Health Niagara was the group selected to design, build, finance and maintain this facility, which will be ready to open its doors to patients in 2013.

This achievement marks the beginning of a new and promising era for healthcare in Niagara. For the residents of St. Catharines, Thorold and Niagara-on-the-Lake, the new facility will provide a new local acute care facility to replace the aging St. Catharines General and Ontario Street sites. The new facility will also offer – for the first time in Niagara – comprehensive cancer treatment, longer-term mental health inpatient services and regional cardiac catheterization services for all residents of Niagara.

This state-of-the-art complex will undoubtedly attract a new generation of doctors, nurses and healthcare professionals. It's also important to acknowledge the sizable injection the project will have on the regional economy through the creation of approximately 5,400 jobs. At the peak of construction activity, an average of 1,000 skilled tradespeople and construction workers are expected to work on the building site daily.

Important planning and design work for the Port Colborne Urgent Care Centre also began this fiscal year. A comprehensive design and development process resulted in two unique design and location concepts for the Urgent Care Centre. We look forward to a final decision on the design proposal and building renovations to start as soon as possible.

Planning for the next 15 years for Greater Niagara General Site (GNG) is underway. Once developed, the GNG Master Plan will allow us to anticipate the future space requirements and enable us to develop plans for services and physical redevelopment at the site, including operating room renovations and a new satellite dialysis unit.

In June 2008, we opened the new Welland Site Dialysis Centre to serve chronic kidney disease patients residing in Welland, Port Colborne and surrounding area. The Welland Hospital Auxiliary Dialysis Centre, named for the Auxilians who made a \$1-million pledge to the new unit, is 12,500 square feet and features 21 dialysis stations capable of treating 63 patients each day. Looking to the future, additional hook-ups are in place for up to 26 dialysis stations.

Nursing

NHS benefited from the province's New Graduate Guarantee, employing over 50 Registered Nurses and 13 Registered Practical Nurses. We are most pleased to welcome all of our new graduates and appreciate the support and involvement of our nurse mentors.

Our Late Career Nursing Initiative had 15 nurses actively take part in special projects within their programs. Nurses demonstrated leadership through these special projects that included prevention of falls and computerized medication administration records.

Niagara Satellite Medical School Campus

The physician teaching landscape in Niagara received a boost in September 2008 when the satellite campus for McMaster University's Michael G. DeGroot School of Medicine welcomed its first class of medical students in the region. Then, in May of this year, Niagara received more great news with the announcement of an additional 13 spaces for medical students attending the Niagara campus. By 2011, the Niagara campus will have 84 medical student spaces. Our hope is that many of the medical students who are educated and trained in Niagara will stay in Niagara.

Changes on the Board of Trustees

Many important and difficult decisions were made around the Board table over the last fiscal year, and we would like to thank all of the members of the Board for their leadership and wisdom. At this time, we say goodbye to four of our Board members, whose terms on the hospital board came to a close at the Annual General Meeting on June 23. A big thank you to Past Chair Paul Leon, Pat Balasiuk, Doug Frazer and Tony Pylypuk for their volunteer contributions over the years. Their guidance and knowledge will be missed.

Renewing Relationships

Coming out of the HIP, Niagara Health is refocusing and working to renew and rebuild relationships, including relations with the members of the hospital's medical staff. As a critical first step, the Board of Trustees engaged Dr. Chris Carruthers, retired Chief of Staff of the Ottawa Hospital, to identify the key issues and help create an action plan aimed at improving relationships and collaboration.

Improving relationships with local communities is another priority. New stakeholder relations programs like the HIP Community Advisory Forum and community information sessions are underway and ongoing. «



Douglas Memorial Site RN Beverly Ashton with patient Dorothy Michaud.

Interesting Chronic/Complex Continuing Care Facts from 2008-2009

174

Beds

878

Admissions

69.3 days

Average length of stay

Our Financial Performance



The Niagara Health System publishes its audited financial statements every year as part of our financial accountability and responsibility to the community. The complete set of financial statements for fiscal 2008-09 is posted on the NHS website at www.niagarahealth.on.ca.

The NHS ended the year with an operating deficit of \$18.4 million, or a negative operating margin of 4.77 per cent, on an annual budget of \$370 million.

The auditors expressed no major issues or concerns during the course of the audit.

CONDENSED STATEMENT OF FINANCIAL POSITION as at March 31

	2009 (000's)	2008 (000's)
ASSETS		
Current assets	\$31,541	\$24,996
Capital assets	155,880	160,052
Investments	70,186	49,014
Endowment and trust funds	3,981	3,981
	\$261,588	\$238,043
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS		
Current liabilities	\$167,179	\$149,021
Long term liabilities	9,736	13,784
Employee future benefits	14,330	14,107
Deferred contributions	163,299	134,864
Net assets	(92,956)	(73,733)
	\$261,588	\$238,043

CONDENSED STATEMENT OF OPERATIONS year ended March 31

	2009 (000's)	2008 (000's)
REVENUES		
Ministry of Health and Long-Term Care and Local Health Integration Network - base funding	\$291,798	\$284,040
- One time and other funding	27,963	30,873
Patient revenue from other payers	32,483	33,121
Preferred accommodation	6,533	6,660
Recoveries and miscellaneous	11,977	11,650
Amortization of equipment grants/donations	7,714	5,149
	\$378,468	\$371,493
EXPENSES		
Salaries and benefits	\$249,585	\$244,169
Medical staff remuneration	34,833	35,173
Supplies and other expenses	55,150	54,096
Medical/surgical supplies and drugs	46,899	45,618
Amortization of equipment and software licenses	10,370	10,293
	\$396,837	\$389,349
DEFICIT FROM OPERATIONS	\$(18,369)	\$(17,856)

Interesting Facts from 2008-2009

76,482

Dialysis/Renal Clinic visits

10,177

Mental Health Clinic visits

121,889

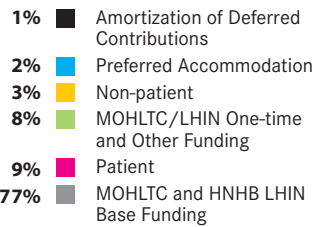
Other Outpatient Clinics

How do we measure financial performance?



Revenue Breakdown

The following chart illustrates the breakdown of revenue sources for 2008-09. Approximately 85 per cent in base and one-time funding was received from the Ministry of Health and Long-Term Care and the Hamilton Niagara Haldimand Brant (HNHB) Local Health Integration Network (LHIN) during the fiscal year.



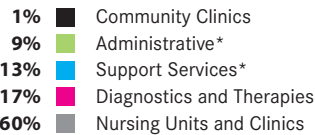
Average Emergency Visit \$221

The average cost of an emergency visit is \$221. Eighty per cent of expenses are related to direct patient care like nursing, pharmacy, diagnostic imaging, laboratory and therapies. An additional 10 per cent is related to support services like housekeeping, food and maintenance. The remaining 10 per cent is for administrative costs like administration, human resources, finance, material management, information and communication services.



Expense Breakdown

The following chart illustrates the breakdown of expenses for 2008-09. The majority of funds are directed towards direct patient care, 77.9 per cent in 2008-09 compared to 76.9 per cent in 2007-08, representing a one per cent decrease in the administrative support category.



Equipment

In 2008-09, the hospital invested \$11.6 million in equipment and building infrastructure upgrades. The majority of capital spending is financed through the provincial government and local Foundations and Auxiliaries.

In the absence of positive working capital and cash, the NHS must rely solely on donations from Foundations and Auxiliaries to fund necessary new and replacement medical equipment. Annually, the NHS's equipment needs exceed \$14 million. Last year, \$4 million was raised through local fundraising activities and \$1 million was drawn from operations to deal solely with unfunded emergency purchases.

The outstanding equipment list for new and replacement equipment at the end of March 2009 was \$30 million. Estimated equipment requirements over the next five years will exceed potential sources of funding by an additional \$8 million (approximate) each year.



Average Inpatient Cost Per Day \$946

The average cost per day of an inpatient stay is \$946. Approximately 77 per cent of expenses are related to direct patient care like nursing, pharmacy, diagnostic imaging, laboratory and therapies. An additional 14 per cent is related to support services like housekeeping, food and maintenance. The remaining 9 per cent is for administrative costs like administration, human resources, finance, material management, information and communication services.



Hospital Improvement Plan

The NHS's operating revenue is not sufficient to cover the expenses associated with the delivery of services currently being provided. This is one of the key reasons the NHS developed a Hospital Improvement Plan (HIP) in July 2008. The HIP is a framework for the NHS to enhance quality of hospital care across Niagara over the long term while at the same time balance financial pressures, the needs of Niagara's aging population and the challenges of the ongoing shortage of doctors, nurses and other health professionals. The plan was endorsed by the HNHB LHIN in December 2008.

The HIP includes more than \$28 million of savings over the five-year period through the creation of Centres of Excellence, improved quality and efficiency initiatives and by working collaboratively with the HNHB LHIN and other community agencies to ensure patients are cared for in the most appropriate setting.

Approximately \$7 million in savings were achieved during the 2008-09 fiscal year.

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* Note: • Administrative includes Administration, Human Resources, Finance, Material Management, Information & Communication Services
• Support Services includes Housekeeping, Food, Maintenance, Biomedical, Registration, Health Records, Education Services

Interesting Facts from 2008-2009

192,053

Emergency visits

301

Pacemaker Implants and Replacements

1,123

Hip and Knee Replacement Surgeries

However, until 2012-13, Niagara Health will continue to operate annual deficits requiring further cash advances from the LHIN and bank financing in the absence of additional funding. The increased reliance on cash advances, the lack of positive cash flow and the ability to obtain additional bank financing to finance cash flow deficit from operations is in jeopardy without additional funding.

Hospital Accountability Agreement

The NHS has signed the Hospital Service Accountability Agreement with the HNHBLHIN for the 2008-09 and 2009-10 fiscal years. This agreement, posted on the NHS website, sets out the roles and responsibilities of both parties with respect to funding, performance and service.

In addition, Niagara Health has undergone the following significant reviews to ensure due diligence in the spending of taxpayer dollars:

- **Independent Efficiency Review**

In November 2007, the Niagara Health System engaged Health Care Management Group in an independent comprehensive benchmarking process to identify efficiency and productivity improvements by, for example, standardizing supplies and ordering in bulk with other hospitals. The review identified \$12.3 million in savings over a two-year period and indicated that Niagara Health was one of the most efficient hospitals in its peer group.

- **Dr. Jack Kitts Review**

Dr. Jack Kitts and his team from Ottawa were selected by the HNHBLHIN as expert advisors to review in detail the elements of the HIP, including our financial outlook, as well as to elicit feedback from the community. The review supported that Niagara Health is an efficient organization compared to our peer hospitals and that additional funding is required.

- **Deloitte Special Review Engagement**

The Niagara Health System engaged Deloitte Canada in February 2009 to provide an objective assessment of our current processes, policies and procedures around expenditures, cash management and the budget and reporting process. The overall Deloitte report supports that the Niagara Health System has effective policies, procedures and management oversight. «

Quality and Patient Safety Initiatives

Quality and patient safety for our patients is our priority. Niagara Health has a Quality Reporting Framework which serves to coordinate quality monitoring and reporting of information between the various programs and the Board of Trustees. The goal of the framework is to continuously monitor, improve and enhance patient care and to meet best practice and Accreditation Canada standards.

This framework serves as the foundation for quality improvement throughout the NHS, providing focus and strategic alliances for all departments and services supporting quality care.

There are a number of initiatives implemented over the last year focused on improving quality and patient safety, such as:

- The development and implementation of a corporate Patient Safety Plan outlining key priorities and action plans designed to improve patient safety;
- The completion of a Patient Safety Culture Survey by front-line staff and healthcare providers;
- Refinement of morbidity and mortality reviews;
- Preparation and testing for emergency response situations (e.g. Fire safety, Pandemic Planning, H1N1, etc.);
- Focus on medication safety by improving our drug dispensing system;
- Focus on key patient safety projects, for example *Safer Healthcare Now* initiatives, including preventing infections after surgery;
- Public reporting of patient safety and quality indicators, such as wait times and patient satisfaction.

Quality continues to improve and is evidenced by:

- ER average wait times for high acuity patients are improving at all our sites;
- Nine out of 10 NHS patients wait less than LHIN and provincial averages in the areas of General Surgery, Cancer Surgery for Breast, Genitourinary, Gastrointestinal, and MRI;

- Marked reduction in wait times since 2005-06 for CT scans (49 per cent reduction) and Cataract surgeries (36 per cent reduction); and,
- The NHS has been identified as one of only two hospitals in the 2008 Hospital Report as a High Performer in Utilization & Outcomes Acute Care. Clinical indicators help to explain the amount of care hospitals provide (utilization) and the quality of that care (outcome). Indicators focus on readmission rates, adverse events and access to angiography. «



St. Catharines General Site patient Patricia Darton with Hospitalist Dr. Sonali Garland.

Interesting Facts from 2008-2009

18,517

MRI Scans

5,839

Cataract Surgeries

10,849

Colorectal Screenings

Human Resources Update

There have been many changes in the Human Resources Department since the arrival in summer 2008 of Terry McMahon, the NHS's new Vice President Human Resources. Many new initiatives have already been introduced under Terry's leadership or are planned in all aspects of Human Resources.

Labour Relations

This past year has witnessed major changes in labour relations priorities. A team of labour relations staff are now in place with a clear focus on improving the labour relations climate. Notable achievements include:

- Comprehensive training for all managers;
- Written agreement with all unions on a set of guiding principles to guide the improvement in our relationships;
- Significant reductions in grievance activity with a 33 per cent reduction in the overall number of grievances;
- Successful negotiations of collective agreements with both Ontario Nurses Association (ONA) and Ontario Public Service Employees Union (OPSEU).

Recruitment

Recruitment activity in the past year has been enhanced. The overall NHS vacancy rate of 5.5 per cent compares favourably with the province-wide average vacancy rate of 6.1 per cent. With regard to Nursing, the vacancy rate of 6.3 per cent also compared favourably to a province-wide vacancy rate of 7.9 per cent. There has been a particular emphasis on filling full-time Nursing vacancies – there are now 41 fewer full-time vacancies than last year for Nursing.

Student Resources

Student Resources provides learning opportunities for individuals working towards a career in healthcare. Over the past year, Student Resources coordinated placements for approximately 1,100 students throughout the NHS. Of all new hires last year, 20 per cent completed student placements.

Occupational Health and Safety

Occupational Health and Safety implemented a range of efficiency improvements throughout the year. A revised Attendance Management Program was implemented along with a renewed focus on disability management. Benchmark indicators for both lost-time frequency and injury severity are similar to hospitals across the province.

Organizational Development

Organizational Development activities included the revision of a Workplace Relations and Violence Prevention Policy. Special one-time funding was awarded by the Ministry of Health and Long-Term Care to support the training of staff in crisis prevention and alternate dispute resolution skills. Another major initiative involved implementation of a revised and simplified performance appraisal process for all staff.

Volunteer Resources

Volunteer Resources continues to develop programs and opportunities that meet the needs of the NHS and Volunteers and Auxiliaries to contribute in meaningful ways. Emergency Room Volunteers, Meal Time Friends and Art Therapy Volunteers are examples of just a few. With the implementation of initiatives such as the Take Care of Your Future program (introduces adolescents to various healthcare career opportunities), youth are introduced to, and witness first hand, the importance of volunteerism. «



Greater Niagara General Site Volunteers Anita Minov and Olga Stybell in the newly renovated Ambulatory Care Centre.

Interesting Facts from 2008-2009

3,004

Births

8,542

Inpatient surgical cases

38,009

Outpatient surgical cases

About the Niagara Health System



Niagara Health System Board of Trustees

The Niagara Health System Board of Trustees is comprised of volunteers who live and work in communities across the region. Their leadership and efforts ensure that Niagara's healthcare system meets the needs of its residents. Our Board of Trustees for 2008-09 is listed below.

Jean Armitage
 Patricia Balasiuk
 Stephen Butz, *Vice Chair*
 Bruce Caughill
 Carman Dix
 Helen Eggleton
 Doug Frazer
 Dr. Joanna Hope, *Interim Chief of Staff*
 Steve Hudson
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 Mark Sherk
 Debbie Sevenpifer, *President and CEO, Secretary to the Board*
 Alan Simpson
 Betty-Lou Souter, *Board Chair*
 Mary Turner, *Vice Chair*
 Dr. Joseph Vedova, *Vice President, Medical Staff Association*

Our Vision

Together in Excellence - Leaders in Healthcare






Our Mission

Working within an integrated system for a healthier Niagara.
 Building on the contributions of our founding hospitals:

- ✓ We provide equitable and timely access for people throughout Niagara to a wide range of patient-focused care and services;
- ✓ We provide a full continuum of care through partnerships with other health and social service providers within and beyond Niagara;
- ✓ We enhance community well-being and healthcare delivery through promotion, education and research;
- ✓ We commit to innovation and continuous quality improvement in health services to meet our changing healthcare needs.

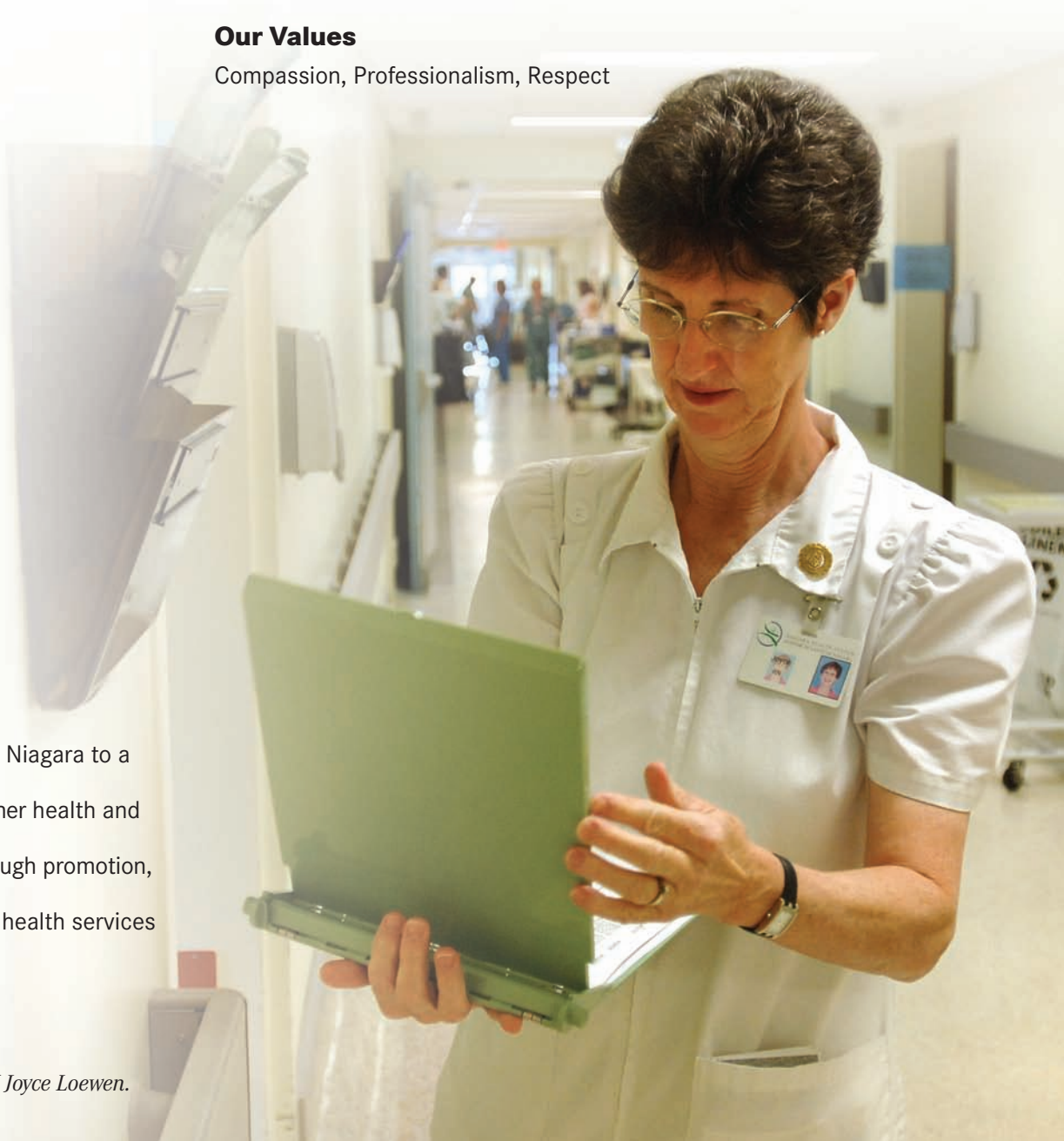
Niagara-on-the-Lake Site RN Joyce Loewen.

Success Factors

-  Focus on those we serve
-  Bring out the best in each other
-  Build strong and successful relationships
-  Create a better way
-  Use our resources wisely

Our Values

Compassion, Professionalism, Respect



Interesting Facts from 2008-2009

31,418

Oncology Visits

600

Medical Staff (includes Dentists and Midwives)

4,281

Employees