

BRIEFING NOTE

TO: Perth and Smith Falls District Hospital Finance Committee
FROM: Diane Hodgins, VP Finance & Corporate Services, CFO
DATE: February 18, 2021
SUBJECT: MONTHLY REPORT

Overall

The financial statements and notes include hospital activities for the ten months of the fiscal year, April 1, 2020 – January 31, 2021. The hospital continues to experience unprecedented operating pressures due to the COVID pandemic, which have resulted in incremental costs and a significant decrease in non-ministry revenue not anticipated in the 2020/21 budget.

Financial Update

The net result on hospital operations year to date is \$2.6 million deficit which is a direct result of the COVID pandemic which otherwise PSFDH would be on track to achieve a balanced budget by March 31, 2021.

Based on the ongoing implications of the pandemic it is unlikely that the hospital will meet the H-SAA obligations for a balanced budget by March 31, 2021 as a result of COVID-19 related impacts without additional financial assistance. Perth and Smiths Falls District Hospital (PSFDH) has requested South East LHIN consideration of a balanced budget waiver in accordance with H-SAA regulations.

There are ongoing collaborative efforts between the Ministry of Health, Ontario Health and the Ontario Hospital Association related to this systemic issue. PSFDH is appreciative of the COVID-19 reimbursement of expenses to date which has improved the hospital's financial situation. Reimbursement to date includes \$1.7 million for incremental COVID operational costs, and \$0.2M for COVID Capital costs for the period April – September, 2020.

Fiscal 2021/22 Budget

The next fiscal operating budget approach is based on multi-scenarios as there are significant unknowns related to Ministry funding, ongoing COVID pandemic financial pressures on "normal" Hospital operations as well as other inflationary cost increases.

The overall objective is to achieve a Hospital Service Accountability Agreement (H-SAA) with the SELHIN/Ontario Health by March 31, 2021. However funding uncertainty, performance factors, and timing of the H-SAA process are pending Ministry direction.

The capital budget timelines and approach for fiscal 2021/22 are in the planning stage now as well.

Respectively submitted,

Diane