



Perth and Smiths Falls District Hospital 2021/22 Operating Budget

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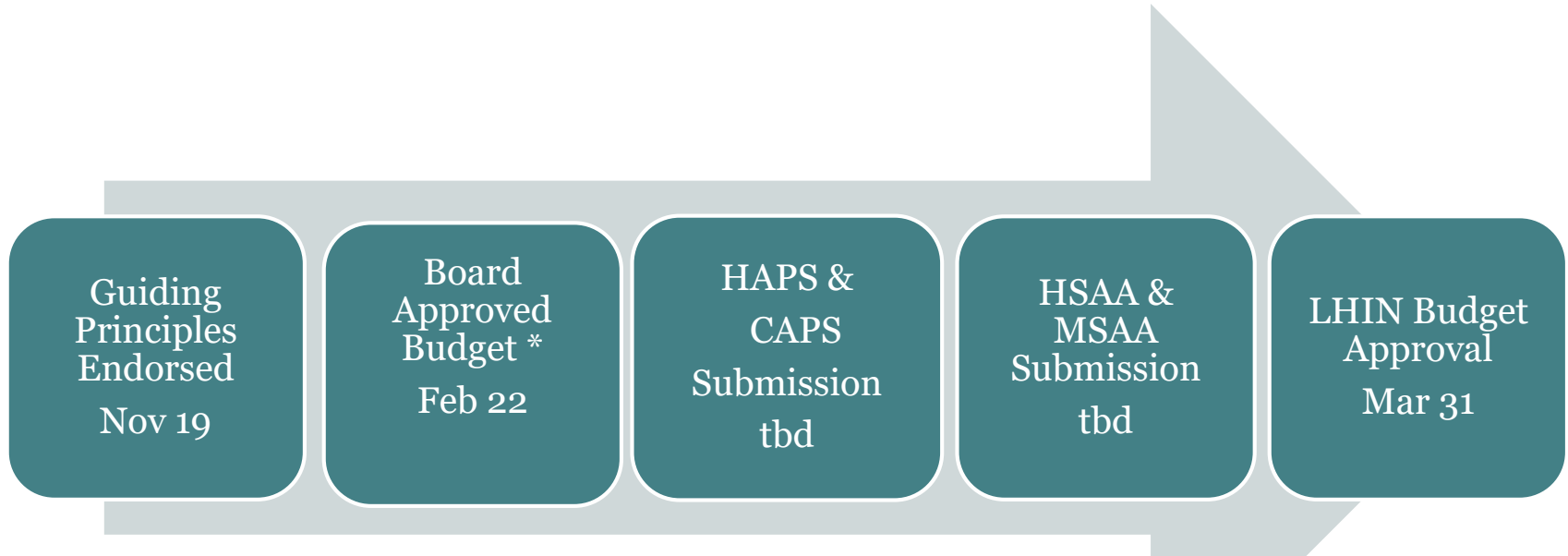
Presented to: Board of Directors (Closed Session)

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2021/22 Operating Budget Timelines



**HAPS /CAPS - Schedules & Timelines delayed, tbd
HSAA/MSAA – LHIN process pending**

*Note – March 23 LCMH & LCSS detailed budget reviews

2021/22 Budget Guiding Principles

1. Commitment to excellence in the provision of safe high quality care aligned to QIP.
2. People focused to the retention, recruitment and development of human resources.
3. Sustainability of current service levels provided.
4. Responsible governance of financial resources ensuring accountability to our stakeholders.
5. Collaboration & information sharing with our Patients and Families, our partners and each other.
6. Continued partnership in regional HIS project.
7. Continued collaborative partnership with OHT project.

2021/22 Budget Multi-Scenario Approach

	Scenario #1	Scenario #2	Scenario #3
HAPS Budget “normal” operations	✓	✓	✓
COVID-19 Implications	Managed Separately outside of HSAA	Added to HSAA	Added to HSAA
Program Investments	Urgent Needs	Urgent Needs	Future Needs
Operating Margin	\$0M	Deficit (\$2.6M)	Deficit (\$2.6M)++

Scenario #1 Applied to achieve Balanced Operating Margin

2021 /22 COVID-19 Approach

Impact	Description
Requirements	Pandemic protocols for Patients and Staff remain in place (i.e. CAC, screeners, PPE, environmental services) as required.
Patient & Family Impacts	Access to care with no significant impacts i.e. QBP's, Diagnostic Imaging services, ambulatory outpatient services planned.
Costs	Incremental costs & recoveries will continue to be managed separate from operating budget.
Funding	Assumes “no financial harm” to the hospital. <ul style="list-style-type: none">○ 100% recovery of incremental costs○ Preferred accommodations, parking, cafeteria revenue losses funded○ QBP unearned revenue retained (if required)

Achievement of a Balanced Operating Margin

Budget	Impact
Revenue Assumptions*	Ministry base funding 1% increase. QBP Performance funding 0% increase.
COVID-19 Impacts*	100% recovery of incremental costs (managed separately). Minimal impacts on QBP, DI, other performance. Revenue (i.e. parking, preferred accommodations) loss funded.
Investment in Services	Investment in clinical areas and support areas, i.e. staff to support expansion of Ultrasound services, surgical growth hours, increased staff relief for vacations, reporting needs.
Compensation	Wage awards based on collective agreements & inflationary benefit increases.
All other costs	Minimal inflation, cost restraints applied where appropriate.
Operating Margin	Balanced \$0 margin
Net Consolidated Margin	Deficit \$(570k)

* Revenue and COVID-19 Funding unconfirmed

2021/22 Operating Budget (\$\$ in 000's)

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	18/19	19/20	20/21	21/22	Incr/ (Decr) from Prior Year Budget		
	Actual	Actual	Budget	Budget	%	\$\$	Notes
Revenues							
LHIN/MOHLTC	50,275	53,083	52,511	53,320	1.5%	809	1% base funding \$431k. Increased OHIP fees ical \$291k.
Patient accommodations & copayments	1,198	1,442	1,330	1,330	0%	(0)	Assumes same as prior year
Recoveries and misc. revenue	1,547	1,814	1,439	1,635	13.7%	197	Increased recovery of compensation \$65k, audit & insurance costs \$116k from external agencies
Amortization of grant/ donations	1,379	1,383	1,475	1,475	0%	0	
Total Revenue	54,399	57,722	56,755	57,760	1.8%	1,005	
Expenditures							
Compensation including benefits	32,005	33,611	34,620	35,350	2.1%	730	Wage awards & benefits inflation, additional staffing, sick time reductions
Medical staff remunerations	6,568	6,937	6,939	7,090	2.2%	151	Increased OHIP fees \$85k, HOCC \$59k, ER AFA \$9k
Drugs and medical gases	1,058	1,111	1,118	1,130	1.1%	12	Inflationary cost increase
Medical and surgical supplies	2,855	2,961	2,813	2,830	0.6%	16	Inflation increases offset by potential cost savings
Supplies and other	9,481	9,476	9,345	9,440	1.0%	96	Food, external contracts, utilities inflation costs partially by potential cost savings
Interest	140	153	145	145	0%	0	
Amortization of equipment	1,696	1,697	1,775	1,775	0%	0	
Total Expenditures	53,802	55,946	56,755	57,760	1.8%	1,005	
Hospital Operations Surplus/(Deficit)	597	1,775	(0)	0			H-SAA requires a balanced/surplus operating margin
Lanark County Mental Health	0	0	0	0			M-SAA requires a balanced operating margin
Lanark County Support Services	0	0	162	0			MCSS requires a balanced/surplus operating margin
Building grant/depreciation non-shareable	597	599	579	570			
Net Consolidated Margin Surplus/(Deficit)	0	1,176	(418)	(570)			

Note - Excludes COVID-19 pandemic impacts

2021/22 Future Considerations

Area	Impact
LHIN/ Ministry funding	<ul style="list-style-type: none"> ○ Receipt of additional Ministry funding (budget 1%) that could be used to mitigate budget pressures, address working capital ○ QBP funding anticipated could change (budget 0%) ○ COVID recovery different than expected (budgeted separately)
HIS	<ul style="list-style-type: none"> ○ Regional project costs not planned (budget \$0)
Other Costs	<ul style="list-style-type: none"> ○ Cost recovery from LCMH & LCMH for cost sharing of audit, insurance, WSIB) not support (budget \$116k) ○ Higher inflationary costs than planned (budget overall 1-.8%)
FTE's	<ul style="list-style-type: none"> ○ Additional communication support required (budget \$0) ○ New funding to implement other growth opportunities
Surgical Equipment	<ul style="list-style-type: none"> ○ Investment in robotics held until confirmation of additional Hip QBP cases to ensure recovery of consumables (\$60k)
OHT	<ul style="list-style-type: none"> ○ Higher OHT support costs (budgeted \$35k)

Budget Recommendation

Seeking consideration of PSFDH Board of Directors of the following:

1. Approval of the fiscal 2021/22 Hospital operating Budget with a balanced operating margin, and
2. Continued collaboration with the Ministry to manage recoveries of incremental fiscal 2021/22 COVID-19 costs, and other revenue losses separate from the operating budget, and
3. Defer LHIN HAPS/CAPS submission pending receipt of H-SAA/M-SAA information regarding performance expectations, funding and timelines.