

Hamilton Health Sciences

ANNUAL REPORT | 2008 - 2009



Back (l to r) Sandra Stephenson, Donna Cripps (staff member), Dr. John VanderMeulen, Lloyd Ferguson, Dianne Jackson, Glenn Gibson, Barry Brownlow, Paul Chapin, Anita Isaac, Gary Reynolds, Dr. Karen Gulenchyn (Interim Chair, MAC), Mark Rizzo, Dr. Mo Ali, Dr. Stephen Puchalski (Chair, MAC). Front (l to r) Gary Sohal, Brenda Flaherty (staff member), Murray Martin, Barbara Sullivan, Cathy Rozman (staff member), Mila Ray-Daniels, Craig Laviolette, Karen Shea.



Hamilton Health Sciences

Hamilton Health Sciences is a family of six hospitals and a cancer centre, serving more than 2.3 million residents of Hamilton, central south and central west Ontario. Hamilton Health Sciences is the second largest hospital in Ontario and the regional centre for burns, trauma, cardiac, stroke, neurosurgery, pediatrics, digestive diseases, high-risk obstetrics, cancer, orthopedics and rehabilitation services. With a staff of about 10,000, the hospital is the largest employer in the region. As an academic teaching hospital with more than 1,200 beds and an affiliation with McMaster University and Mohawk College, Hamilton Health Sciences is committed to providing exemplary health care for the people and communities we serve and advancing excellence in education and health research.

Board of Directors

2008/2009 Board of Directors

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 Dr. John Kelton, *Dean, Faculty of Health Sciences*
 Dr. Stephen Puchalski, *Chair, Medical Advisory Committee*
 Murray T. Martin, *President & CEO, Secretary*
 Dr. John VanderMeulen, *Vice President, Medical Staff Association*

A message from the Chair of the Board and CEO, Hamilton Health Sciences



Barbara Sullivan

Our capacity to care at Hamilton Health Sciences is steadily expanding as we build facilities that will support the finest patient care in Canada. It is exciting to see the construction progress at many of our sites and it is encouraging to know that these projects will enhance the future of care for Hamiltonians and people throughout our region.

We are close to opening a state-of-the-art Regional Rehabilitation and Acquired Brain Injury facility at the Hamilton General Hospital site. Also nearing completion at the General is the David Braley Cardiac, Vascular and Stroke Research Institute, which will bring all of our world-renowned researchers who are studying the risk factors and treatments for cardiac disease and thrombosis (blood clotting) together in one facility for the first time.

Overall, more than \$600 million is being invested in renovation and construction projects at Hamilton Health Sciences – the biggest investment in health care infrastructure that this region has seen in a generation. Capital development on such a large scale makes this an opportune time to change the way services and programs are aligned.

It is allowing us to develop and expand “Centres of Excellence” where we gather together the experts, technology and services that address the special needs of patients who have particularly complex health problems. By focusing our programs in this way, patients benefit from convenient, coordinated care, and health professionals are able to work together more effectively to ensure the needs of all patients are met.

A big advocate for realigning services to improve patient care was Dr. Peter Steer, former President of McMaster Children’s Hospital (MCH). In November, Dr. Steer announced that he and his family would be returning to their native Australia early in the new year, where he is taking on the role of CEO for a major children’s hospital being built in Brisbane, Queensland. All of us will miss Dr. Steer’s leadership and the significant contributions he made in the multiple positions he held at Hamilton Health Sciences.

Dr. Peter Fitzgerald, who is equally passionate about improving patient care, succeeds Dr. Steer as President of McMaster Children’s Hospital. Dr. Fitzgerald has been on staff at MCH for 16 years, and most recently held the position of Medical Director as well as Chief of Pediatric Surgery. We are delighted to promote one of our own clinical leaders to this key position. Throughout his distinguished career here in Hamilton, Dr. Fitzgerald has demonstrated the dedication and vision that we think makes him the ideal person to lead McMaster Children’s Hospital in the years ahead.



Murray T. Martin

Barbara Sullivan,
Board Chair,
Hamilton Health Sciences

Murray T. Martin,
President & CEO,
Hamilton Health Sciences

Planning for Access to the Best Care Underway

Significant progress was made in 2008-09 on ‘Access to the Best Care,’ a complex, multi-year plan to realign some of the clinical services at Hamilton Health Sciences. It’s an ambitious plan that continues to evolve through detailed implementation planning and ongoing consultation with many stakeholders.

What was becoming increasingly evident over the years to many people involved in our hospital system was that the status quo is not sustainable. Access to the Best Care (ABC) grew out of an urgent need to consolidate services so we can provide specialized care more effectively by making better use of all our resources including our most precious resource – our talented and dedicated staff.

Over the course of last year, 25 teams of HHS and community leaders came together to begin to develop the complex and detailed plans that will transform our services.

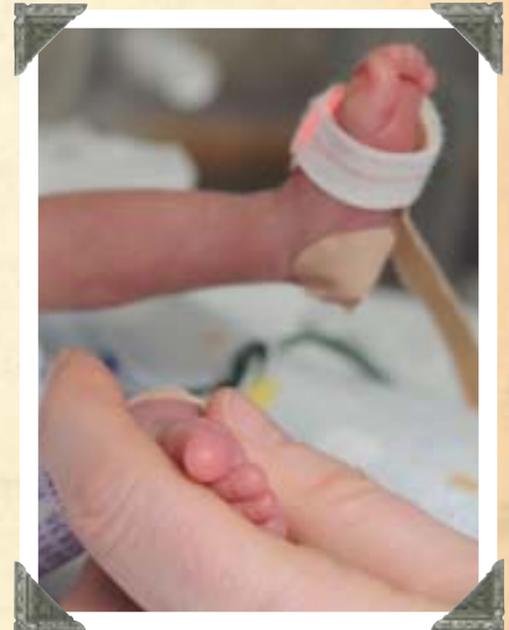
Specifically, the following committees were created:

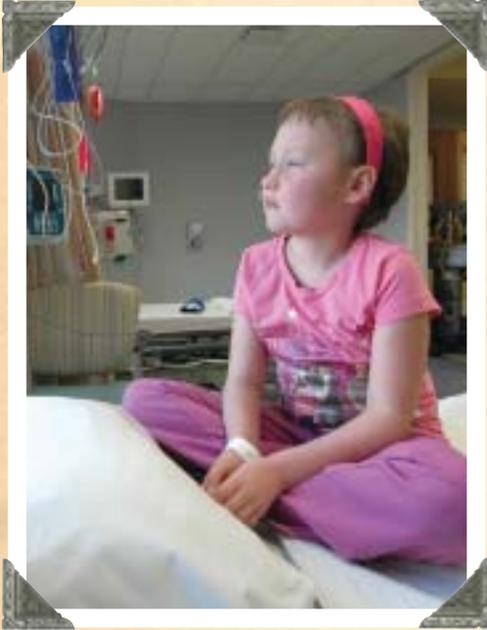
- **Ambulatory Steering Committee**, which includes clinical and physician leaders
- **Academic Steering Committee**, which includes our partners at McMaster University
- **St. Joseph’s Healthcare Steering Committee**, which includes the HHS Executive, HHS clinical leaders, St. Joseph’s Healthcare Hamilton, McMaster University
- **Health Care Partnership Advisory Council**, which includes the HHS Executive, and representatives from partnering health care organizations in the region
- **22 ABC Working Groups**, which includes HHS clinical leaders, site leads, capital development, finance, decision support staff and communications.

In addition, Hamilton Health Sciences has established an Urgent Care Centre (UCC) Community Advisory Group. Members include a cross-section of residents from varying backgrounds and a variety of areas in the City of Hamilton. The goal for this group is to act as a resource to HHS on further planning, future implementation and on-going evaluation of the services and activities surrounding the UCC, and to support on-going communication and education activities. This group is meeting regularly to provide input on the UCC plan, along with feedback and recommendations to help shape the patient’s experience as he or she uses this vital, new community service.

Over the months and years to come, Hamilton Health Sciences intends to continue its extensive consultation and support of these changes through open dialogue and communications.

For more information please visit www.hamiltonhealthsciences.ca or contact our public relations department at (905) 521-2100, ext. 75387 or publicrelations@hhsc.ca





Caring in Challenging Times

This fall and winter, Hamilton Health Sciences was faced with the challenge of finding \$25 million in savings (2.5 per cent of our \$1 billion budget) in order to maintain a balanced budget. We were not alone in this situation; hospitals across Ontario were facing unprecedented financial challenges due to problems experienced by the economy as a whole.

While we will continue to face funding challenges next year as well, the measures we took to decrease our expenses this year have helped us reach our target and live within the resources allocated to us.

During this process we were open with staff and the community about our financial difficulties and encouraged everyone at HHS to look for new opportunities for efficiency.

As 70 to 75 per cent of our overall budget is used to pay salaries, there was no way we could make significant savings without impacting staff, however we looked first to make changes in non-clinical areas so as not to affect patient care or the volume of service we provide. This included support areas and creating \$4 million in savings in administrative and management areas.



In total, about 230 staff members were affected but most moved into existing vacancies and others took advantage of early retirement opportunities, limiting the number of position reductions. Human Resources provided individualized assistance to those who left our organization and helped them consider their future options.

Staff members were also provided the opportunity to offer suggestions on how the organization could save money and avoid expenses through a virtual suggestion box called CURE - Can U Reduce Expenses. Managers and Directors reviewed submissions and helped facilitate the implementation of all feasible ideas.

Some additional overall strategies that helped us realize our savings included:

- consolidating, co-locating and better coordinating some support services
- improved drug utilization and product standardization
- changes in the skill mix and hours-per-patient-day on some of our clinical units
- reducing administrative costs through office equipment efficiencies and lower travel expenses
- efficiencies through improved use of technologies.



By proactively making changes, we are controlling our own destiny rather than having budget cuts imposed upon us. We owe it to our patients, all members of the HHS family, and the communities we serve, to find efficiencies and operate our facilities in the most effective way possible. We will continue to look for cost-saving strategies in the coming year.

Enhancing lives together – In April, 2008, Hamilton Health Sciences and St. Peter's Hospital announced their amalgamation to enhance services in our region for seniors and those with continuing, complex medical conditions. (L to R) Murray Martin, President & CEO, HHS and Barbara Sullivan, Board Chair, HHS joined Mark Rizzo, Board Chair, St. Peter's Hospital and Donna Cripps, President & CEO, St. Peter's Hospital to announce the amalgamation at a news conference.

St. Peter's Hospital is setting the standard of care for seniors and those with chronic illness. St. Peter's high touch, low tech approach to caring ensures that we are treating the whole person – their body, mind and spirit. The goal is to enable patients to reach their optimal physical, cognitive and social potential so that they may be able to enjoy purposeful and meaningful lives. This commitment is reflected through St. Peter's focus on four pillars of excellence: aging, dementia, palliative care and rehabilitation.



Hamilton Health Sciences

2008 - 2009

Highlights



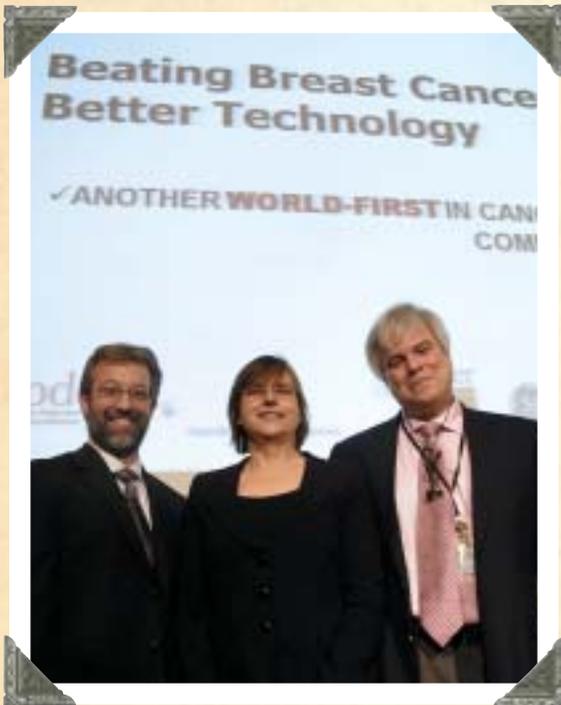
Great progress – Hamilton Health Sciences staff and board members joined Building and Planning Committee members, construction partners and hundreds of front line construction workers for a “topping off” ceremony on **June 12, 2008**, to celebrate the completion of construction of the top level of the David Braley Cardiac, Vascular and Stroke Research Institute. The new infrastructure will provide 197,700 square feet of research space and bring more than 300 new jobs to Hamilton's core, many of which will specialize in cardiac, vascular and stroke research.





◀ **Building together** – On August 19, 2008, Prime Minister Stephen Harper visited Hamilton General Hospital bearing great news -- a commitment from the federal government of \$35 million towards the David Braley Cardiac, Vascular and Stroke Research Institute. (From left), Dr. Salim Yusuf, Director, Population Health Research Institute, VP of Research, Chief Scientific Officer, Hamilton Health Sciences; the Honourable Jim Prentice, Minister of Industry; and Prime Minister Stephen Harper visit the construction site of the David Braley Cardiac, Vascular and Stroke Research Institute. Photo by Ron Albertson, The Hamilton Spectator

▶ **On our way** – On October 30, 2008, EllisDon crew members and subcontractors gathered with HHS staff and board members to celebrate the “topping off” of the Regional Rehabilitation & Acquired Brain Injury Facility, a major construction milestone. A wide range of patients will be cared for in the facility, including those with acquired brain injuries, spinal cord injuries, amputations and stroke.



◀ **A world first** – On January 23, 2009, it was announced that Hamilton was selected by GE Healthcare to be the first site in the world to receive new prototype technologies for use in a molecular breast imaging research program. This cutting-edge strategy has the potential to find very small tumours, leading to early intervention. From left: Dr. John Valliant, CEO and Scientific Director, Centre for Probe Development and Commercialization, Dr. Karen Gulenchyn, Chief, Nuclear Medicine, Hamilton Health Sciences & St. Joseph’s Health Care Hamilton, Dr. Mark Levine, Chair of the Department of Oncology at McMaster University, and head of cancer research at Hamilton Health Sciences.

Financial/Operational Performance

Through thorough planning, careful decision making, and resourceful revenue generation, Hamilton Health Sciences continues to operate “in the black”. For the sixth, consecutive year, we have a consolidated surplus, driven mainly by protected research revenues. This at a time when our economy is struggling and demands on the health care system are becoming more intense.

Indeed, 2008-09 has been a pivotal year for Hamilton Health Sciences. Early on we recognized that our revenues would not keep up with our costs. We knew that our funding from the provincial government would increase by 2.5 per cent, while our costs were going to rise more than 5 per cent.

This reality forced us to move boldly and decisively to identify strategies that would address this shortfall. Our goal was to reduce our budget by 2.5 per cent or \$25 million. Thanks to the hard work of many people across HHS, we are well on our way to doing so. To read more about this, please see page 5.

Throughout this time of challenge and transition, we have stayed focused on our obligation to meet the service volumes that we have established with the Hamilton-Niagara-Haldimand-Brant Local Health Integration Network. We are living up to that

continued on page 9

Statement of Financial Position (in thousands of dollars) March 31, 2009, with comparative figures for 2008

	2009	2008
ASSETS		
Current		
Restricted cash and cash equivalents	\$ 140,482	\$ 132,650
Short-term investments	17,256	45,950
Accounts receivable	49,263	84,264
Inventories	15,034	14,246
Prepaid expenses and deposits	4,332	3,722
Total current assets	226,367	280,832
Long-term investments	187,651	173,852
Capital assets, net	374,099	278,980
Total assets	\$ 788,117	\$ 733,664
LIABILITIES AND NET ASSETS		
Current		
Bank indebtedness	\$ 71,637	\$ 53,915
Capital financing	46,745	43,589
Accounts payable and accrued liabilities	122,641	131,977
Current portion of obligations under capital leases	4,086	3,064
Current portion of long-term debt	909	864
Total current liabilities	246,018	233,409
Obligations under capital leases	10,015	8,898
Long-term debt	8,412	9,321
Accrued benefit liability	36,697	32,652
Unrealized losses on revaluation of derivative hedges	12,150	4,128
Deferred capital contributions	247,315	208,885
Deferred contributions	183,765	200,753
Total liabilities	744,372	698,046
Net assets (deficit)		
Unrestricted	\$ (222,804)	\$ (169,474)
Invested in capital assets	107,511	76,904
Board designated	159,038	128,188
Total net assets	43,745	35,618
Commitments and contingencies		
	\$ 788,117	\$ 733,664

Statement of Operations (in thousands of dollars)

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
REVENUE		
Ontario Ministry of Health and Long-Term Care	\$ 802,522	\$ 782,251
Ontario Health Insurance Plan	37,221	37,317
Ministry of Community and Social Services	25,714	23,934
Patient and third party payors	22,333	21,530
Amortization of deferred capital contributions	15,990	15,411
Investment income	5,594	10,422
Ancillary and other recoveries	107,718	94,246
Research	185,832	108,441
	1,202,924	1,093,552
EXPENSES		
Salaries and employee benefits [note 12 and 16]	640,876	623,467
Medical staff remuneration	73,794	74,858
Medical and surgical supplies	54,678	55,276
Drugs	57,254	58,011
Facilities	41,893	32,284
Amortization of capital assets	29,885	26,002
Other expenses	132,891	127,068
Research	142,987	95,333
	1,174,258	1,092,299
Excess of revenue over expenses for the year	\$ 28,666	\$ 1,253

continued from page 8

agreement and, as the years go forward, we will continue to do our part to meet the changing needs of the people of this region.

One of the biggest factors behind those changing needs will be the aging of our population. The number of people living in Ontario aged 65 and over is projected to more than double from 1.7 million to 3.6 million by 2031. People need more health care services as they get older, and already we are seeing the effects of this trend. In 2008-09, the average number of “alternate level of care”, or ALC, patients at HHS was 137 – that’s about 18 per cent of our adult bed count. These are patients – most of them elderly – who no longer need the acute care services we provide and who are waiting for care in other types of settings, such as long-term care facilities.

In order to meet future demands, we must establish a sustainable health care system that has optimal capacity and that offers seniors the support and care they need to age at home. We will continue to work with our LHIN partners to find solutions to this system-wide challenge.

Meanwhile, here at Hamilton Health Sciences, we are pursuing our Access to the Best Care plan, a multi-faceted realignment strategy that will allow us to make the best use of the resources available to us. By consolidating services, we are reducing duplication across our family of hospitals and enabling our dedicated and

continued on page 10





continued from page 9

specialized staff to work more effectively and efficiently (see page 4 for more detail.) These changes are possible because of the unprecedented redevelopment that is taking place at Henderson General, Hamilton General and McMaster University Medical Centre. With help from our government partners and community supporters, we are rebuilding and revitalizing our buildings and programs, at a time when that kind of renewal is most needed.

With a budget of \$1.2 billion, Hamilton Health Sciences is one of the largest health care organizations in Ontario. The financial statements in this report provide you with an overview of how we're managing that money. We feel a strong accountability to taxpayers, our donors, and our community to be good stewards of the funding we receive and to make the best choices for the future of this region.

(Detailed financial statements are available on request.)

Statement of Cash Flows (in thousands of dollars)

Year ended March 31, 2009, with comparative figures for March 31, 2008

	2009	2008
Cash provided by (used in):		
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 28,666	\$ 1,253
Add (deduct) non-cash items:		
Amortization of capital assets	29,885	26,002
Amortization of deferred capital contributions	(15,990)	(15,411)
Non-pension post-retirement benefits expense	5,559	5,151
	48,120	16,995
Net change in non-cash working capital balances related to operations	24,267	(31,541)
Non-pension benefit contributions	(1,514)	(1,626)
(Decrease) increase in deferred contributions	(16,888)	42,934
Cash provided by operating activities	53,985	26,762
INVESTING ACTIVITIES		
Purchase of capital assets	(125,004)	(93,096)
Decrease (increase) in investments, net	2,278	(35,864)
Increase in restricted cash and cash equivalents	(7,832)	(33,221)
Cash used in investing activities	(130,558)	(162,181)
FINANCING ACTIVITIES		
Contributions received for capital purposes	54,420	63,429
Decrease in long-term debt	(864)	(821)
Increase in capital financing	3,156	43,589
Increase in obligations under capital leases	2,139	3,649
Cash provided by financing activities	58,851	109,846
Increase in bank indebtedness during the year	17,722	25,573
Bank indebtedness, beginning of year	53,915	28,342
Bank indebtedness, end of year	\$ 71,637	\$ 53,915
Supplemental cash flow information		
Interest paid	\$ 3,020	\$ 3,032



HHS and St. Peter's receive unconditional three-year accreditations

Accreditation Canada awarded Hamilton Health Sciences (HHS) a full, three-year accreditation without condition (which means without any need for further review.) This endorsement follows a survey visit and a detailed review by a team of seasoned health professionals from other Canadian health regions. The newest member of the HHS family, St. Peter's Hospital, also received an unconditional, three-year accreditation.

Hamilton Health Sciences met 98 per cent of Accreditation Canada's criteria. Accreditation is a key component of our ongoing quality improvement and patient safety efforts and gives us an opportunity to find out how we compare to national standards in these areas.

Hamilton Health Sciences Facts & Stats (2008-2009)

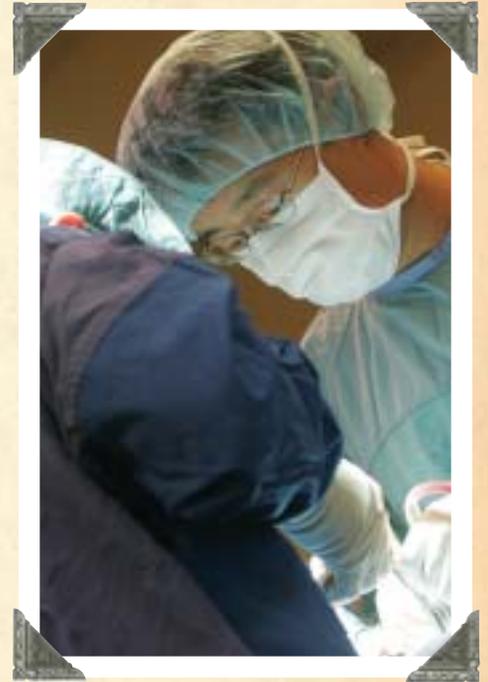
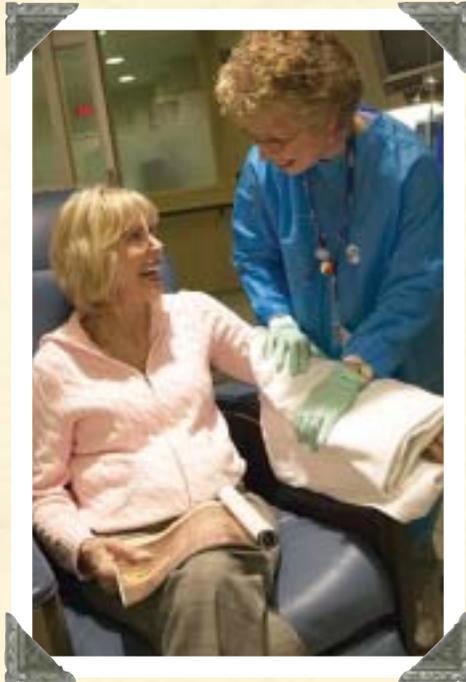
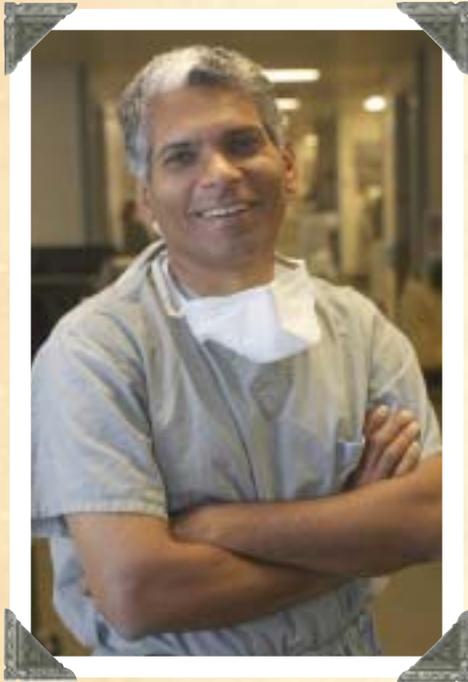
Volunteers	1,510
Employees	9,248
Physicians	1,345
Beds	1,217
Emergency Department visits	107,300
Operating Room inpatient cases	13,837
Same Day Surgery cases	37,470
Outpatient Clinic visits	639,316
Cardiac Surgery cases	1,556
Births	3,089

Stats include St. Peter's Hospital



Top 100 Employer

In October 2008, Hamilton Health Sciences made Maclean's list of Canada's Top 100 Employers for the third consecutive year. Additionally, for the second time, HHS was named one of Hamilton/Niagara's Top Employers by The Hamilton Spectator.



Hamilton Health Sciences

For more information about Hamilton Health Sciences

Call: (905) 521-2100 ext. 75387

E-mail: publicrelations@hhsc.ca

Visit: www.hamiltonhealthsciences.ca