

News Release
(For immediate release)

St. Francis Memorial Hospital plans for budget cuts

Barry's Bay will not be able to escape the effects of the severe financial restraint that is making headlines with million-dollar funding reductions and lay-offs at larger, urban hospitals.

"We have been directed to prepare a recovery plan to meet the legal requirement for a balanced budget," says Debbie Marshall, chair of the hospital board.

She explains that hospitals in the Champlain Local Health Integration Network (LHIN) have been told to plan for no increase in their funding from the Ontario Ministry of Health and Long-Term Care for the next fiscal year, which begins on April 1.

"That leaves us with a shortfall," says St. Francis Memorial Hospital CEO Randy Penney. "The only way to balance the budget is to improve efficiencies, which is very difficult when you are already running a lean operation, to increase revenues, and to cut costs."

If the province holds strong with funding restrictions, one of the necessary reduction strategies proposed for St. Francis will be to reduce the number of inpatient beds from 27 to 20, closing three complex continuing care beds and four medical beds.

The hospital leadership emphasizes that emergency services at the hospital will not be affected by any cuts.

"We know how important our emergency department is to this community, and the planning we have to do will always be based on the priorities of St. Francis as a rural and remote facility," says Darlene Sernoskie, Director of Operations at the hospital.

"We are planning today based on what we know," says Sernoskie. "What is certain is that difficult decisions are ahead, and I can assure you that the best interests of our patients will be at the heart of those decisions."

Pre-budget deliberations clearly show that even if the Ministry is able to provide Hospitals with a 2% funding increase for the 2010-2011 budget year, the hospital's inflationary costs will not be covered and reductions will still be necessary.

Hospital officials say they will work with their health care partners in the Champlain LHIN to buffer the effects of any cuts they have to make. For example, increased access to community services could help people return home from hospital sooner or stay at home longer to reduce the demand for hospital beds.

St. Francis Memorial’s recovery plan includes initiatives such as a salary freeze for all managers for the 2010-2011 fiscal year, strategies to maximize revenues through services such as diagnostic imaging, and exploring the potential for paid parking revenues at the hospital.

Unions representing hospital staff have been notified that lay-offs may be required.

“The first step in that process will be to identify any staff members who might opt for early retirement,” says Sernoskie, explaining that it is impossible to know how many jobs could be lost at this early point in the planning process.

“Again, we will do everything in our power to avoid and minimize negative impacts,” she states. “Our most valued resource is our dedicated staff, and these decisions are never easy. We will remain focused on our goal of providing excellent acute care within the resources we have.”

The factors leading to the current situation have been building for some time. Since 2007, expenses at St. Francis have increased more than 250% over revenue (most of which comes from the province). The current 0% funding scenario accelerates and compounds the problem.

The situation is equally grim throughout the province. Kingston General Hospital, for example, has developed a plan that would include \$22.3 million in cuts. In January, Queensway-Carleton announced the closure of 16 beds and Cornwall recently announced that 18 beds would be closed there.

“Our colleagues throughout the Champlain LHIN are all facing similar challenges in balancing their budgets,” says Penney. “Everyone is working hard right now to find program adjustments that will have the least impact possible on the quality of care.”

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