

MEDIA RELEASE

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Budget Issues Face Hospitals

At its regular meeting on Wednesday, January 30, 2008, the Board of Directors of the Middlesex Hospital Alliance (MHA) heard a final report on the financial challenges facing Strathroy Middlesex General Hospital (SMGH) and Four Counties Health Services (FCHS). The SMGH site will be facing a projected operating deficit based on a base budget of \$33 M of \$2.2 M for the fiscal years 08/09 and 09/10. The FCHS site based on a budget of \$10M is currently projecting a deficit of \$500,000. The MHA is faced with the legal requirement to balance the budget in keeping with the legislation introduced in 2006 called the Local Health System Integration Act.

In anticipation of the legal requirement to balance its budget, the MHA has entered into intense negotiations with Southwest Local Health Integrated Network (SW LHIN) reviewing possible actions required around legislative requirements to balance the budget. The negotiation process referred to as the Hospital Planning and Accountability (HAPS) began in earnest in the spring of 2007. The most recent step in the HAPS process involved submitting a draft Operating Plan last November 30 to the LHIN. All hospitals in the Province of Ontario are required to do this. Since November, discussions have been held among the MHA Board, Administrative and Medical levels and with the LHIN on what is required to balance budgets at both sites.

At its meeting on January 30, the Board approved a plan to look at reducing services to ensure that the hospitals are in line financially with the expectations of the Ministry of Health and Long Term Care (MOHLTC). Details of service changes cannot be released at this stage as the SW LHIN has not approved any service reductions. Discussions will continue between February 1 and March 31 by which time plans are to be finalized.

“This HAPS process is a new process for the Board of Directors mandated by the Liberal Government of Ontario. Our Hospital Corporations are still feeling their way through the process. We have had some frank and open discussions with the SW LHIN and have made some progress but a lot of work remains to be done,” Yvonne Lambert, MHA Board Chair says, “We have presented the potential impacts of funding shortfalls for both sites of the MHA and we believe that the SW LHIN is aware of the issues facing our two Hospital Corporations.”