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MEDIA RELEASE

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SMGH External Review Report on Board Agenda

The release of the Strathroy Middlesex General Hospital (SMGH) External Review Report was a priority topic at the March monthly meeting of the Middlesex Hospital Alliance, held last evening in Strathroy.

“This is an important document and it verifies the major cost factors affecting the SMGH deficit. This answers any of the questions that might remain about financial pressures on the hospital,” Ineke Haan, chair of the MHA Board of Directors, says.

The External Review was initiated by the South West Local Health Integration Network (South West LHIN) to address the legal requirement to balance the hospital’s deficit budget. The review was conducted by Michael O’Keefe, a former hospital executive.

Both the South West LHIN Board of Directors and Strathroy Middlesex General Hospital (SMGH) Board of Directors received the Final SMGH External Review Report on Wednesday of this week and both organizations will post it to their respective websites today, March 26.

Going into this Review, the SMGH was facing a projected deficit of \$2.2 million in the fiscal 2008/09 and \$2.6 million in 2009/10. The recommendations in the report comprise \$2.6 million in cost reductions and revenue generation opportunities. With input and support from staff and physicians, the MHA has initiated and implemented a number of cost saving initiatives already.

The major cost factors referred to by Chair Haan as having an impact on the SMGH deficit are identified by the external RT as:

- Regional Shared IT Support Program
- Major increase in both elective and emergency Ortho Procedures
- Increase in Liability Insurance Premiums
- Increased cost of Physician Recruitment
- Borrowing cost for loan to deal with unforeseen asbestos during rebuild project

Although the focus of the external Review Team (RT) was on aligning costs at SMGH with like-sized hospitals in the province – and not on quality of service – the RT noted that SMGH exceeded the consultant’s expectations on the efficiency scorecard and that senior management’s involvement and leadership was worthy of note.

Additionally, the RT Report identifies concerns around the viability of obstetric services at SMGH. “I recognize the RT’s concerns about sustainability and quality regarding obstetrics at SMGH,” Mike Mazza, CEO of the MHA, says, “Our issues at SMGH are similar to other smaller community hospitals. There needs to be a plan for how obstetric services can be delivered safely and efficiently in the southwest region. We anticipate the LHIN’s upcoming Health System Design (Blueprint) Framework will assist.”

Until then, Mazza says, the MHA will review options and continue to dialogue with the South West LHIN about obstetrics. Specifically, the SMGH will review the processes around a Voluntary Integration, an undertaking required by the Local Health System Integration Act if changes in OB are to occur. This process will investigate the possibility for integrating obstetrics services differently at the Strathroy hospital. The hospital has not made a final decision on whether this process will be activated. In the mean time no changes to obstetric services will occur before the hospital has an opportunity to study its options more closely.