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Option Analysis for the Hôpital de Smooth Rock Falls Hospital

Final Report to the North East
Local Health Integration Network

October 27th, 2014





Option Analysis for the Hôpital de Smooth Rock Falls Hospital Introduction

KPMG LLP ('KPMG') has been retained by the North East Local Health Integration Network ('NELHIN') to identify and evaluate options relating to the Hôpital de Smooth Rock Falls Hospital (the 'Hospital') that are intended to address the Hospital's current financial pressures. Specifically, the NELHIN has requested:

- An assessment of the Hospital's current operations and financial performance;
- The identification of potential strategies to improve the Hospital's financial performance, including but not limited to integration and changes to services;
- An evaluation of the financial and other implications of the identified strategies; and
- An overall recommendation as to the preferred course of action for the Hospital and NELHIN.

This report outlines the results of our analysis.



Option Analysis for the Hôpital de Smooth Rock Falls Hospital Restrictions

This report is strictly confidential and was drafted for the purpose of briefing the NELHIN. This report is not to be relied upon by any party other than the NELHIN and is not otherwise to be published, circulated, referred to, quoted from, reproduced or used for any other purpose without the KPMG's prior written permission in each specific instance. KPMG will not assume any responsibility or liability for any costs, damages, losses, liabilities or expenses incurred by anyone as a result of the circulation, publication, reproduction, reference to, quotes from, use of or reliance upon this report in contravention of the above.

This report is based on information and documentation that was made available to KPMG at the date of this report. KPMG has not audited nor otherwise attempted to independently verify the information provided unless otherwise indicated. Should additional information be provided to KPMG after the issuance of this report, KPMG reserves the right (but will be under no obligation) to review this information and adjust its comments accordingly.

Pursuant to the terms of our engagement, it is understood and agreed that all decisions in connection with the implementation of advice and recommendations as provided by KPMG during the course of this engagement shall be the responsibility of, and made by, the NELHIN. KPMG has not and will not perform management functions or make management decisions for the NELHIN.

This report includes or makes reference to future oriented financial information. Readers are cautioned that since these financial projections are based on assumptions regarding future events, actual results will vary from the information presented even if the hypotheses occur, and the variations may be material.

Comments in this report are not intended, nor should they be interpreted, to be legal advice or opinion.

KPMG has no present or contemplated interest in the NELHIN or the Hospital nor are we an insider or associate of the NELHIN, the Hospital or their management teams. Our fees for this engagement are not contingent upon our findings or any other event. Accordingly, we believe we are independent of the NELHIN and the Hospital and are acting objectively.

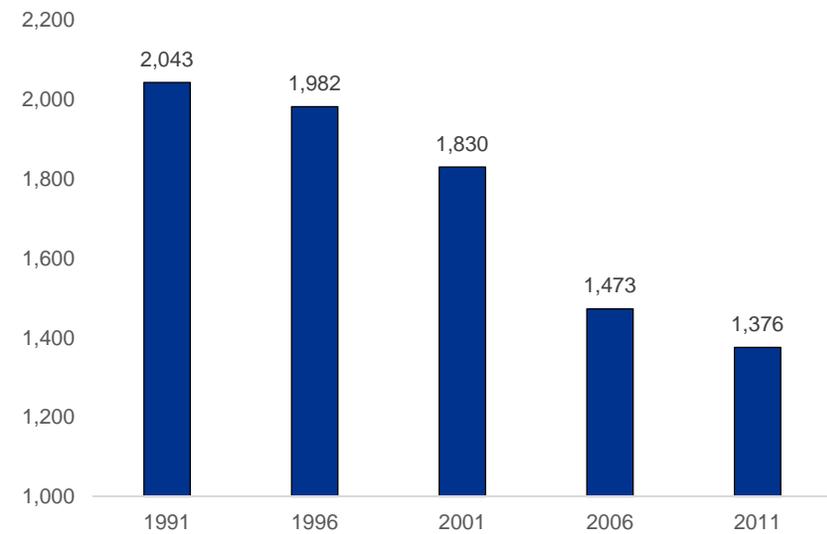
Overview of the Community of Smooth Rock Falls

The Town of Smooth Rock Falls (the 'Town') was incorporated in 1929, although a community built around the local forestry industry has existed since the early 1900's.

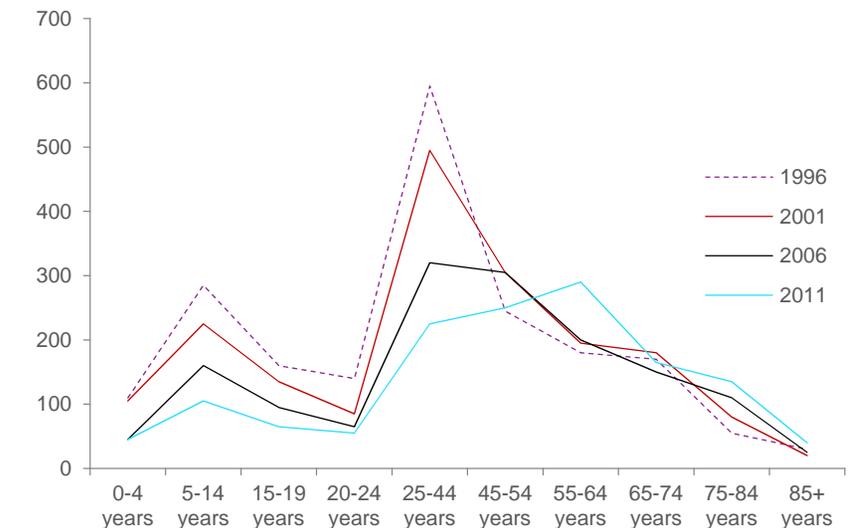
Located along the Trans-Canada Highway and Ontario Northland Railway, the Town has a current population of approximately 1,400 residents. Overall, the Town's population has decreased by 33% over the last 20 years, with its population decline accelerating in 2006 with the closure and subsequent demolition of the former Tembec Malette pulp mill. In addition to the loss of employment, the closure of the mill also impacted the Town's demographics in two other ways:

- The Town has been experiencing ongoing gentrification, with the overall median age of the community increasing from 41.2 in 2001 to 53.1 in 2011 (compared to 42.5 for the Cochrane District).
- Anecdotally, we understand that as a result of the closure of the mill, a significant percentage of working age residents are employed outside of the community. As a result, the Town's published population levels may actually overstate the number of residents that are in the community at any given time.

Smooth Rock Falls population by census year



Smooth Rock Falls population by age category



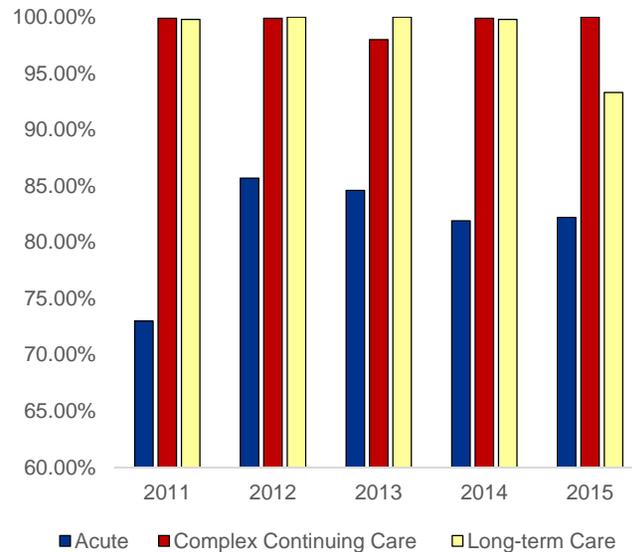
Activity levels

The Hôpital de Smooth Rock Falls Hospital (the 'Hospital') currently operates a total of 37 beds, comprised of 14 acute care beds (combined medical-surgical beds), 3 complex continuing care beds and 20 long-term care beds. On an annual basis, the Hospital provides approximately 12,600 patient days of care, two-thirds of which are related to non-acute care (i.e. complex continuing care and long-term care). Over the last five years, the Hospital's complex continuing care and long-term care programs have operated at or near 100% capacity, while its acute care beds have had an average occupancy of 81.5%.

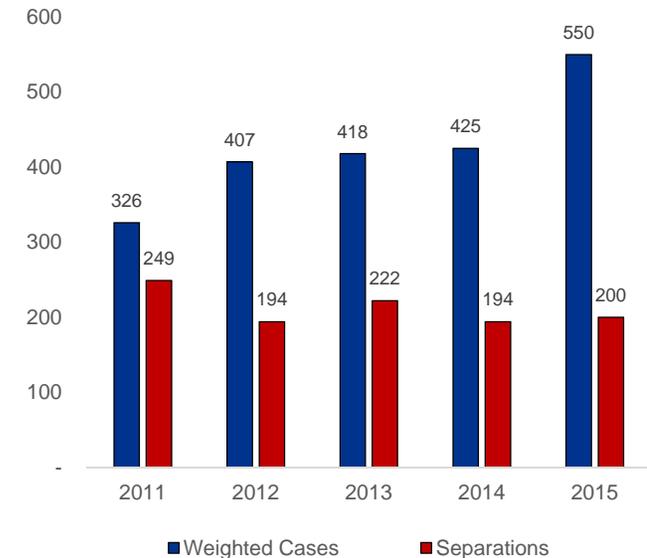
In-patient separations and weighted cases have been relatively consistent over the last five years, with an average of 215 separations and 400 weighted cases per year. The Hospital's 2014-2015 HAPS anticipates an increase in both weighted cases and separations in comparison to the prior year.

The Hospital's reported number of weighted cases is significantly influenced by a high number of long stay cases, which account for 13% of the Hospital's total cases in comparison to the Provincial average of 3%. In the absence of long stay cases, the Hospital's average case weight is between 0.7 and 0.9 over the past five years, indicating an overall absence of high weight acute care cases.

Reported occupancy by bed type



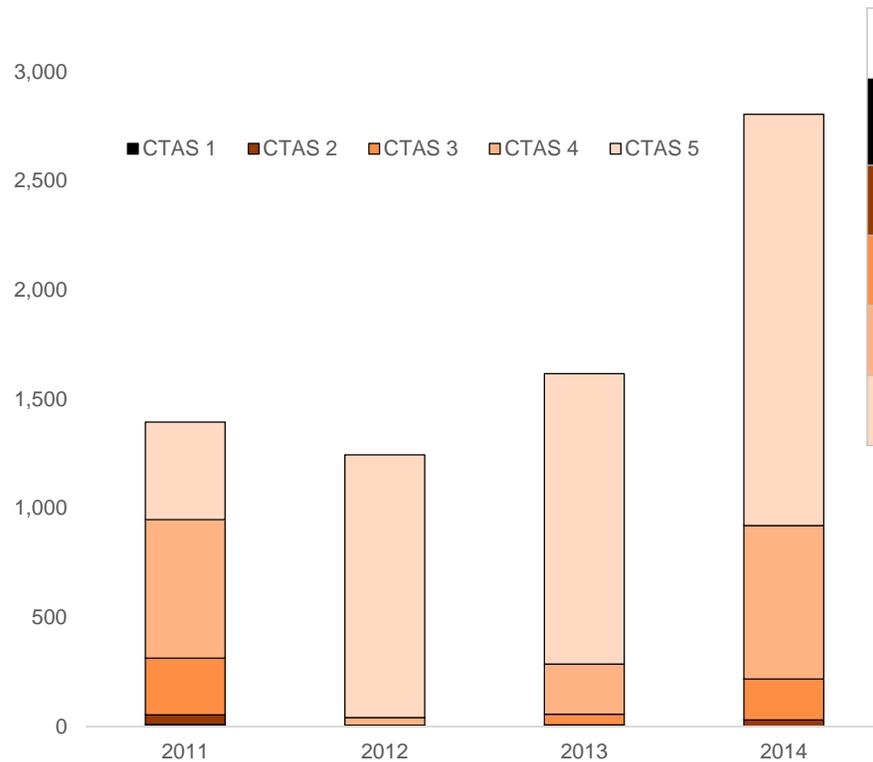
Inpatient separations and weighted cases



Emergency department activity

The Hospital currently operates a 24/7 emergency department, with annual emergency room visits amounting to just under 1,800 per year, or an average of less than 5 per day. As summarized below, almost 99% of the Hospital's emergency room visits were classified as non-emergency cases (CTAS 3, 4 or 5), with almost 92% of emergency room visits classified as less urgent or non-urgent.

Emergency Department Visits by CTAS Level



CTAS Level	Response Guideline	Four Year Average	Percentage of Total
1	Resuscitation – Patients need to be seen by a physician immediately 90% of the time	2.50 [†]	0.14%
2	Emergent – Patients need to be seen by a physician within 15 minutes 95% of the time	20.25 ^{††}	1.15%
3	Urgent – Patients need to be seen by a physician within 30 minutes 90% of the time	125.25	7.10%
4	Less Urgent – Patients need to be seen by a physician within 60 minutes 85% of the time	400.50	22.70%
5	Non Urgent – Patients need to be seen by a physician within 120 minutes 80% of the time	1,216.00	68.91%

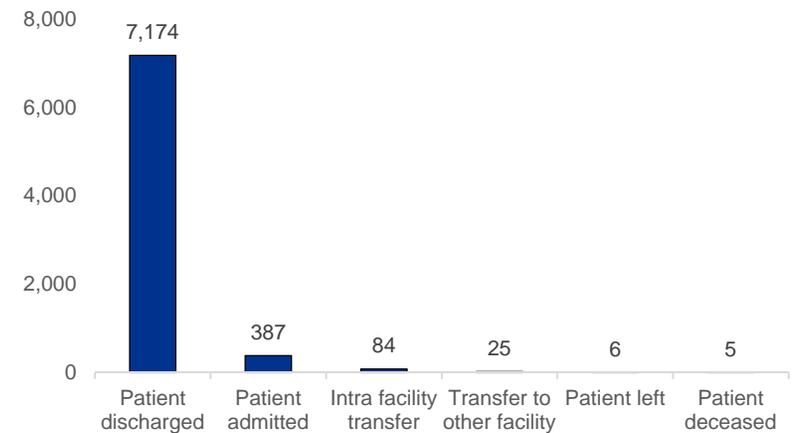
[†] The Hospital's CTAS 1 emergency department visits have fluctuated significantly, with nine visits in 2011, one visit in 2013 and no visits in 2012 and 2014.

^{††} The Hospital's CTAS 2 emergency department visits have ranged from a low of one visit in 2012 to 44 visits in 2011.

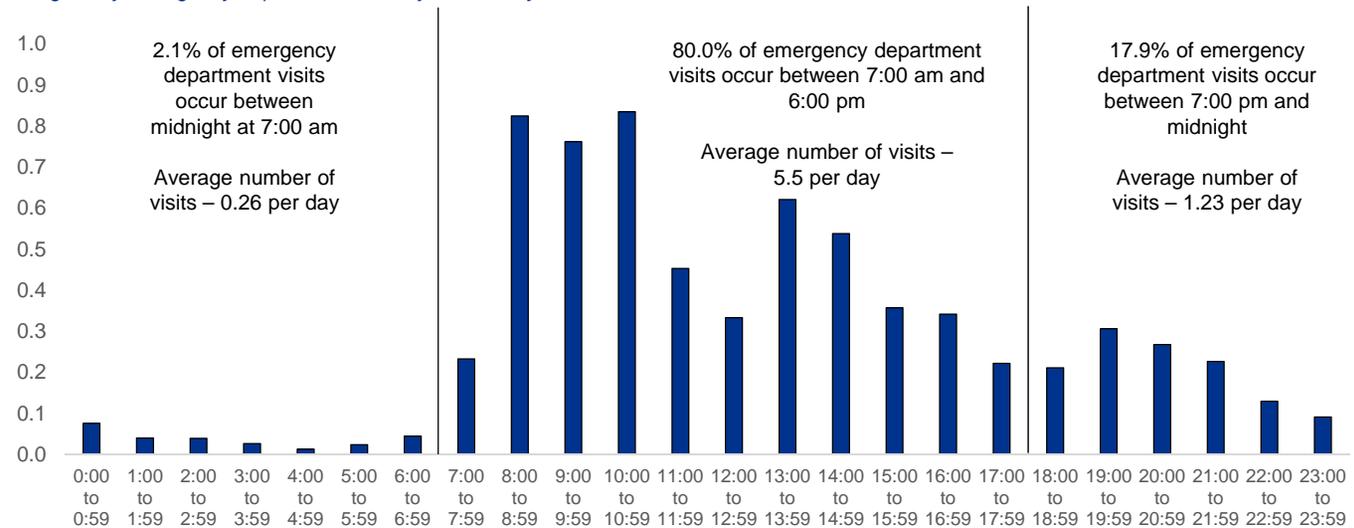
Emergency department activity (continued)

The non-urgent nature of the Hospital's emergency department is reflected in the nature of the disposition of emergency room patients. During the period April 2011 to March 2014, 93.4% of emergency room patients were discharged without community supports as compared to only 5% of patients being admitted to the Hospital and 0.3% being transferred to other acute care facilities. In addition, an analysis of the time of registration for the Hospital's emergency department indicates that the vast majority (80%) of patients attend between the hours of 7:00 am and 6:00 pm, which we believe is more reflective of a defacto medical clinic as opposed to an emergency department. On average, the Hospital has reported less than two emergency room visits per day between the hours of 7:00 pm and 7:00 am during the period April 2011 to March 2014.

Disposition of emergency department patients



Average daily emergency department visits by time of day





Option Analysis for the Hôpital de Smooth Rock Falls Hospital

Current State Overview

Financial performance

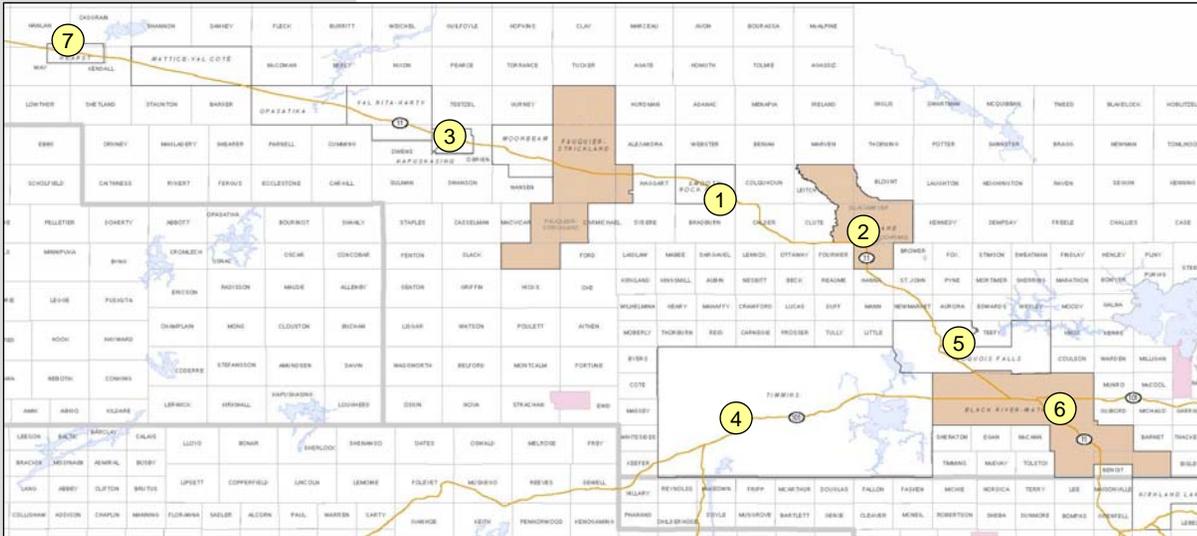
Over the last five years, the Hospital has experienced significant operating losses (ranging from 2.4% to 6.6% of revenues), with continued losses budgeted for 2015. As a consequence of these losses, the Hospital has experienced a gradual worsening of its financial position, with its working capital decreasing from \$0.2 million in 2010 to a working capital deficiency of \$1.7 million expected by the end of 2015. Perhaps more significant, however, is the Hospital's erosion of its cash balances, with \$900,000 in short-term borrowings projected by the end of 2015, as compared to \$221 thousand in cash at March 2010.

<i>(in thousands)</i>	2010	2011	2012	2013	2014	2015 (Budget)
Revenues:						
NELHIN funding	\$4,745	\$4,969	\$5,074	\$5,089	\$5,180	\$5,140
Ministry of Health and Long-term Care funding	\$995	\$931	\$983	\$996	\$1,054	\$988
Other revenues	\$1,029	\$949	\$946	\$1,049	\$1,107	\$937
Total	\$6,769	\$6,849	\$7,003	\$7,134	\$7,341	\$7,065
Expenses:						
Salaries and benefits	\$4,351	\$4,558	\$4,638	\$4,439	\$4,452	\$4,438
Medical staff remuneration	\$876	\$897	\$967	\$992	\$947	\$991
Other expenses	\$1,883	\$1,845	\$1,725	\$1,906	\$2,118	\$2,076
Total	\$7,110	\$7,300	\$7,330	\$7,337	\$7,517	\$7,505
Fund Type 1 surplus (deficit)	(\$341)	(\$451)	(\$328)	(\$203)	(\$175)	(\$440)
Ending cash position (short-term borrowings)	\$221	\$180	\$2	(\$188)	(\$293)	(\$900)
Ending working capital	\$192	(\$587)	(\$870)	(\$944)	(\$1,148)	(\$1,693)



Option Analysis for the Hôpital de Smooth Rock Falls Hospital

Current State Overview



Comparison to other North Cochrane hospitals

A total of seven hospitals are situated within the North Cochrane region and located between 57 kilometres and 159 kilometres from the community of Smooth Rock Falls. Based on an assumed average rate of travel of 80 km per hour, Smooth Rock Falls residents would be required to travel approximately 45 minutes to reach the next nearest hospital (Lady Minto Hospital in Cochrane).

As summarized below, the Hospital has significantly more acute care beds per thousand residents than the other North Cochrane hospitals, while the number of emergency department visits is lower than all other hospitals except Timmins and District Hospital and Hôpital Notre Dame Hospital.

Hospital	Population	Acute Beds		Distance From Smooth Rock Falls		Emergency Department Visits	
		Total	Per Thousand Residents	KMs	Approximate Travel Time	Total	Per Thousand Residents
1. Hôpital de Smooth Rock Falls Hospital	1,376	14	10.17	n.a.	n.a.	7,058	5.129
2. Lady Minto Hospital	5,340	25	4.68	57	45 min	40,186	8.005
3. Sensenbrenner Hospital	8,196	35	4.27	64	50 min	65,610	11.057
4. Timmins and District Hospital	43,165	92	2.13	105	78 min	159,944	3.705
5. Anson General Hospital	4,595	19	4.74	105	80 min	27,899	7.525
6. Bingham Memorial Hospital	2,410	11	4.56	135	100 min	10,902	6.071
7. Hôpital Notre Dame Hospital	5,090	23	4.51	159	120 min	56,283	4.523
North Cochrane Total (excluding Smooth Rock Falls and Timmins)	25,631	113	4.41			200,880	7.837

Overall comments and conclusions

Based on the results of our analysis of the Hospital's current state, we make the following comments and observations:

- In comparison to other North Cochrane hospitals, the Hospital appears to be 'over-sized', with a higher number of acute beds per thousand residents and a lower utilization of its emergency room.
- The operation of the Hospital's emergency department on a 24/7 basis (at a cost of \$408,000 in 2014) appears to result in limited cost-benefit given (i) the overall low rate of emergency room visits (five patients per day on average); (ii) the absence of true 'emergency' cases (99% are CTAS 3,4 or 5); and (iii) the concentration of most emergency room visits between the hours of 7:00 am and 7:00 pm, with less than two patients per day attending the emergency department between the hours of 7:00 pm and 7:00 am.
- The proximity of Smooth Rock Falls to other hospitals in the North Cochrane area, specifically Lady Minto Hospital in Cochrane, Sensenbrenner Hospital in Kapuskasing and Timmins and District Hospital provide opportunities for greater collaboration.
- The deterioration of the Hospital's financial position is not a recent event but rather appears to have been ongoing for some time. The absence of any form of improvement in the Hospital's financial position since at least 2010 may be a reflection on the board and management of the Hospital, which appears to be either unwilling or unable to effect the changes necessary to resolve its current financial situation.
- Overall, the Hospital is financial unsustainable in the short to mid-term future at its current level of funding, expenditures and services.

Based on the results of our analysis of the Hospital's current state, we have identified the following courses of action that could be considered as a means of improving the Hospital's financial performance. Please note that these options are not necessarily mutually exclusive.

Funding increases

In the event that the NELHIN determines that the Hospital's current services and service levels should be maintained, it could consider providing an increase in the Hospital's base (global) funding to offset the current financial deficits. From a stakeholder perspective, this represents the most palatable strategy as it allows for the continuation of the status quo and does not impact services or staffing levels. However, our analysis of other smaller hospitals within the Cochrane hub as well as other hospitals with French language service designations indicates that the Hospital currently receives funding that is consistent with other hospitals (see detailed analysis on the following page):

- NELHIN funding per acute care bed – Hospital receives \$304,000 per year, compared to an average of \$279,000 for other hospitals within the Cochrane hub and \$311,000 for hospitals with French language service designations (complete or partial)
- NELHIN funding per emergency department visit – Hospital receives \$1,841 per visit per year, compared to an average of \$1,033 per visit per year other hospitals within the Cochrane hub and \$874 for hospitals with French language service designations (complete or partial)



Option Analysis for the Hôpital de Smooth Rock Falls Hospital Potential Strategies for Consideration

Funding increases (continued)

Hospital	Type of Designation	Average Annual NELHIN Funding (2010 to 2014)	Acute Care and CCC Beds		Emergency Room Visits	
			Total	Funding Per Bed	Total (2014)	Funding Per Visit
<i>Cochrane Hub Hospitals (excluding TADH)</i>						
Hôpital de Smooth Rock Falls Hospital	Complete	\$5,163,500	17	\$303,735	2,805	\$1,841
Sensenbrenner Hospital	Complete	\$14,978,385	53	\$282,611	16,651	\$900
Hôpital Notre Dame Hospital	Complete	\$12,734,133	44	\$289,412	13,432	\$948
Services de sante de Chapleau Health Services	Complete	\$6,267,120	20	\$313,356	2,424	\$2,585
Anson General Hospital	None	\$7,832,139	34	\$230,357	7,198	\$1,088
Lady Minto Hospital	None	\$9,571,917	33	\$290,058	10,025	\$566
<i>NELHIN FLS Designation Hospitals (excluding HSN)</i>						
Lady Dunn Health Centre	Partial	\$6,592,943	12	\$549,412	5,388	\$1,224
Hôpital de Mattawa Hospital	Complete	\$6,063,710	19	\$319,143	5,992	\$1,012
Hôpital général de Nipissing Ouest/West Nipissing General Hospital	Complete	\$14,172,926	48	\$295,269	17,546	\$808
Blind River District Health Centre	Partial	\$9,532,703	30	\$317,757	19,087	\$499
Total – Cochrane hub hospitals (excluding Smooth Rock Falls)				\$279,259		\$1,033
Total – Complete and partial FLS designation (excluding Smooth Rock Falls)				\$311,247		\$873



Option Analysis for the Hôpital de Smooth Rock Falls Hospital Potential Strategies for Consideration

Rationalization of emergency department operations

As noted earlier in our report, the Hospital currently operates its emergency department seven days a week, 24 hours a day. While we understand that no Ontario hospital emergency departments currently operate at less than a 24/7 schedule, a reduction in the Hospital's emergency department hours could be supported based on (i) the low level of overall utilization (five visits per day on average); (ii) the concentration of most hospital visits between the hours of 7:00 am and 7:00 pm; (iii) the low rate of emergency cases (i.e. CTAS 1 and 2); and (iv) the proximity of other hospitals within a reasonable travel distance that provide 24/7 emergency services. Accordingly, consideration could be given to adopting a flexible emergency department schedule that would see a reduced level of operating hours (e.g. 7:00 am to 7:00 pm [12 hours per day], seven or five days a week).

Estimated Financial Impacts	Current Operations	Projected	
		12/7 Schedule	12/5 Schedule
Direct costs	\$418,000	\$209,000	\$149,000
Support costs	\$159,000	\$80,000	\$57,000
Total cost	\$577,000	\$289,000	\$206,000
Total revenue	(\$11,000)	(\$6,000)	(\$7,000)
Net costs	\$566,000	\$283,000	\$199,000
Net savings		\$283,000	\$367,000

Hours worked			
• Nursing staff	7,546	3,773	2,686
• Other employees	6,122	3,061	2,179
Total	13,668	6,834	4,865
Reduction in hours worked		6,834	8,803

Please note that the financial analysis of potential options only attempts to address the impact on the Hospital's Fund Type 1 deficit and does not consider savings in so-called 'system-wide' costs. For example, medical staff remuneration amounts to just under \$1 million per year, which is funded by the Ministry of Health and Long-term Care through alternate payment plan funding and HOCC funding. To the extent that options result in a decrease in medical staff remuneration, the Ministry of Health and Long-term Care will realize additional savings not reflected in our analysis.



Option Analysis for the Hôpital de Smooth Rock Falls Hospital Potential Strategies for Consideration

Implication	Description
Access to health care	A reduction in emergency room hours would technically represent a decrease in access to health care. However, we do not consider this to be a significant risk as (i) emergency department usage is heavily skewed to the hours of 7:00 am to 7:00 pm and as such, a 12-hour schedule would ensure access during this period; (ii) residents requiring emergency department services outside of the proposed operating schedule would be able to access emergency and urgent care services at the surrounding hospitals, all of which have 24/7 emergency departments; and (iii) given that the vast majority of the Hospital's emergency department visits are CTAS 3, 4 and 5 (i.e. not emergency or urgent care requirements), the proposed 12-hour schedule would have a reduced impact on emergency and urgent care cases.
Level of care	During the proposed operating hours, the emergency department would continue to maintain the level of care that is currently provided. The potential cost savings from this option are expect to be as a result of reduced operating hours and not reduced levels of care.
Impact on staffing	As noted on the previous page, we have estimated that this strategy could result in decreases in total worked hours of 6,800 to 8,800 hours annually, the equivalent of 3.5 to 4.5 FTEs.
Community reaction	<p>While this option will be perceived as a reduction in overall service (due to reduced hours of operation), we suggest that the community reaction would not be as adverse as other options identified through our review. Specifically, this option will result in the continued operation of the Hospital as a hospital, maintain the use of Blue 'H' sign, preserve the current acute care beds and allow the Hospital to function as an individual corporation (as opposed to a scenario involving integration, which would be perceived as resulting in a loss of local control and autonomy).</p> <p>Through our experience with the Town, we understand that the construction of a seniors' living facility (potentially involving seniors' apartments or an assisted living facility) is currently under consideration. The Town views the continued presence of the Hospital as a key requirement for this initiative and as such, this strategy would not be inconsistent with the Town's position.</p>

Option Analysis for the Hôpital de Smooth Rock Falls Hospital Potential Strategies for Consideration

Transition to a rural hospital

Under this strategy, the Hospital would designate itself as a rural hospital and restructure its operations to provide for the following:

- 24/7 emergency department, with capacity for assessment, resuscitation, stabilization and transfers (as required)
- Acceptance of ambulances for CTAS 3,4,5 patients, with CTAS 1 and 2 patients transported directly to another hospital
- No acute care beds, with four to six observation/short-stay beds instead
- Off-site on-call physician accessible within 15 minutes
- Two RN staff until midnight, with one RN after midnight
- Continued use of the name 'Hôpital de Smooth Rock Falls Hospital' and continued use of the Blue 'H' sign

Estimated Financial Impacts	Current	Proposed
Direct Costs	\$1,946,000	\$1,155,000
Support Costs	\$1,149,000	\$765,000
Total Costs	\$3,095,000	\$1,920,000
Total Revenue	(\$113,000)	(\$75,000)
Net Costs	\$2,982,000	\$1,845,000
Net savings		\$1,250,000
Hours worked		
• Nursing staff	23,020	13,140
• Other Employees	24,625	16,420
Total	47,645	29,560
Reduction in hours worked		18,085

Implication	Description
Access to health care	Under this option, the Hospital would continue to maintain a 24/7 emergency department, albeit only capable of providing care to CTAS 3, 4 and 5 patients. While this would require added transportation time for CTAS 1 and 2 patients, the percentage of emergency visits within these categories is already very low (only 1.3% of total visits), meaning that the vast majority of patients would not be impacted. Additionally, the elimination of acute care beds would require patients that actually require medical/surgical admissions to be transferred to other acute care facilities within the area. However, the number of impacted patients is expected to be relatively low given the low number of weighted cases, acute care patient days and separations.
Level of care	Under this option, the Hospital's emergency room would essentially be structured to accommodate urgent care patients, with no medical/surgical beds maintained by the Hospital. On-site medical staff would consist of RN's, with a physician available on an on-call basis. This option is recognized as resulting in a lower level of care than what currently exists within the Hospital.
Impact on staffing	As noted on the previous page, we have estimated that this strategy could result in a decrease in total worked hours of 18,000 hours annually, the equivalent of 9.2 FTEs.
Community reaction	<p>While this option will be perceived as a reduction in overall service (due to reduced hours of operation and the replacement of acute care beds with short stay beds), we suggest that the community reaction would not be as adverse as other options identified through our review. Specifically, this option will result in the continued operation of the Hospital as a hospital, maintain the use of Blue 'H' sign and allow the Hospital to function as an individual corporation (as opposed to a scenario involving integration, which would be perceived as resulting in a loss of local control and autonomy).</p> <p>Through our experience with the Town, we understand that the construction of a seniors' living facility (potentially involving seniors' apartments or an assisted living facility) is currently under consideration. The Town views the continued presence of the Hospital as a key requirement for this initiative and as such, this strategy would not be inconsistent with the Town's position.</p>

Transition to an urgent care centre

Under this strategy, the Hospital would designate itself as a rural urgent care centre and restructure its operations to provide for the following:

- Access provided during specific operating hours (8:00 am to 10:00 pm)
- Capacity for the resuscitation, stabilization and transfer of urgent patients, with stretcher beds to accommodate patients pending transfer
- No acceptance of ambulances
- No acute care beds
- Staffed with combination of RNs, RPNs and nurse practitioners
- Naming protocols to be determined by the Ministry, with Green 'H' signage

Estimated Financial Impact	Current	Proposed (14/7)
Direct Costs	\$1,946,000	\$244,000
Support Costs	\$1,149,000	\$287,000
Total Costs	\$3,095,000	\$531,000
Total Revenue	(\$113,000)	(\$75,000)
Net Costs	\$2,982,000	\$456,000
Net savings		\$2,526,000
Hours worked		
• Nursing staff	23,020	4,401
• Other Employees	24,625	3,571
Total	47,645	7,972
Reduction in hours worked		39,673



Option Analysis for the Hôpital de Smooth Rock Falls Hospital Potential Strategies for Consideration

Implication	Description
Access to health care	Under this option, the Hospital would effectively operate as a medical clinic focused on patients requiring non-emergent care. Access would be limited to the established operating hours (i.e. 12 hours per day). Patients needing emergency treatment or medical treatment outside of the facility's operating hours would be required to attend other acute care facilities within the region. However, given the low level of CTAS 1 and 2 patients, as well as the hourly distribution of emergency department visits, it is reasonable to assume that the majority of patients would not be significantly impacted by this change.
Level of care	Under this option, the Hospital's would cease to provide emergency or inpatient medical/surgical acute care. This option is recognized as resulting in a lower level of care than the Hospital is currently providing.
Impact on staffing	As noted on the previous page, we have estimated that this strategy could result in a decrease in total worked hours of 39,700 hours annually, the equivalent of 20 FTEs.
Community reaction	<p>We anticipate that this option would result in the strongest level of adverse reaction in the community given the removal of the word "hospital" and the inability to use Blue 'H' signage. In addition to concerns over access and level of care, we expect that the community will also cite the scale of employee reductions and the inability to support initiatives such as a seniors' living facility in their opposition to this strategy.</p> <p>Given the potential for significant adverse reaction by the community, we would not recommend this option to the NELHIN.</p>

Rationalization of laboratory and diagnostic imaging services

As a means of improving its financial performance, consideration could be given to the rationalization of laboratory and diagnostic imaging services delivered by the Hospital. Under this option, the Hospital would cease to deliver laboratory and most or all diagnostic imaging services, relying instead on shared service arrangements with other hospitals.

Estimated Financial Impact	Current	Proposed
Direct Costs	\$831,000	\$Nil
Support Costs	\$Nil	\$623,000
Total Costs	\$831,000	\$623,000
Total Revenue	(\$20,000)	\$Nil
Net Cost	\$811,000	\$623,000
Net Savings		\$188,000
Hours worked		
• Other Employees	14,289	-
Reduction in hours worked		14,289



Option Analysis for the Hôpital de Smooth Rock Falls Hospital Potential Strategies for Consideration

Implication	Description
Access to health care	We do not anticipate that this strategy, when viewed in isolation, will significantly impact on access to health care within the community.
Level of care	We do not anticipate that this strategy, when viewed in isolation, will significantly impact on the level of care provided to patients.
Impact on staffing	As noted on the previous page, we have estimated that this strategy could result in a decrease in total worked hours of 14,300 hours annually, the equivalent of 7 FTEs.
Community reaction	We anticipate that community reaction to this strategy would focus primarily on the loss of employment, requirement for patients to travel for diagnostic imaging and laboratory procedures and the time required to transport samples to and from an external laboratory provider.



Option Analysis for the Hôpital de Smooth Rock Falls Hospital Potential Strategies for Consideration

Integration

In addition to the strategies identified above, consideration could also be given to integrating the Hospital with another healthcare organization, specifically the Sensenbrenner Hospital located in Kapuskasing and/or the Hôpital Notre Dame Hospital located in Hearst due to their designation as French-language service providers. While integration with the MIC Group of Hospitals may also be considered, we note that these hospitals are not FLS designation. This option is intended to reduce overall administrative costs through the sharing of management and back office functions and personnel.

Estimated Financial Impact	Current	Proposed
Administrative	\$558,000	\$Nil
Finance	\$108,000	\$90,000
Human Resources	\$46,000	\$Nil
Information System Support	\$207,000	\$207,000
Total Costs	\$919,000	\$297,000
Total Revenue	(\$195,000)	(\$7,000)
Net Cost	\$724,000	\$290,000
Net Savings		\$434,000
Hours worked		
• Other Employees	4,489	997
Reduction in hours worked		3,492



Option Analysis for the Hôpital de Smooth Rock Falls Hospital Potential Strategies for Consideration

Implication	Description
Access to health care	Access to health care will ultimately be impacted by the implementation plan and extent of integration savings realized, although we suggest that the current level of access is likely significantly higher than the community's actual requirements.
Level of care	Level of care will ultimately be impacted by the implementation plan and extent of integration savings realized, although we would suggest that the current level of care capability is likely significantly higher than the community's actual requirements.
Impact on staffing	As noted on the previous page, we have estimated that this strategy could result in decreases of total worked hours of 3,500 hours annually, the equivalent of 1.8 FTEs.
Community reaction	As with other integration projects, we anticipate that this strategy will result in adverse community reaction due to concerns over loss of local autonomy and potential job losses and service reductions.



Option Analysis for the Hôpital de Smooth Rock Falls Hospital Potential Strategies for Consideration

Redirect resources from acute care to long-term care

Under this strategy, the Hospital would reclassify eight acute care beds to long-term care beds. Based on discussions with the Town and District Social Services Administration Board, we understand that demand for seniors' housing and assistive living facilities does exist within the community as a result of demographic changes and the absence of available seniors' housing stock.

	Current	Proposed
Direct Costs	\$2,850,000	\$2,850,000
Support Costs	\$1,149,000	\$1,149,000
Total Costs	\$3,999,000	\$3,999,000
Total Revenue	(\$1,016,000)	(\$1,422,000)
Net Costs	\$2,983,000	\$2,577,000
Net savings		\$406,000
Hours worked		
Nursing staff	43,394	43,394
Other Employees	50,469	50,469



Option Analysis for the Hôpital de Smooth Rock Falls Hospital Potential Strategies for Consideration

Implication	Description
Access to health care	This option is not expect to significantly impact on access to care.
Level of care	This option is not expected to significant impact on level of care as the existing acute care capacities would be retained by the Hospital.
Impact on staffing	This option is not expected to impact staffing as it involves a shift of staffing from acute care to long-term care.
Community reaction	We anticipate that this option will receive positive acceptance within the community (absent other changes to the Hospital's operations).

In determining its approach to effecting change at the Hospital, the NELHIN may wish to consider the following suggested implementation plan (listed in order of implementation):

- 1. Arrange for the appointment of a Provincial supervisor.** Given the prior performance of the Hospital and its current response to its financial challenges, it would appear that the implementation of substantial change to its operations requires a Provincial supervisor. While we understand that the NELHIN can order the Hospital to undertake certain courses of action, the appointment of a supervisor will likely facilitate and accelerate the implementation of strategies.
- 2. Restructure the Hospital's emergency department capabilities** in line with a rural hospital (see page 14), including the transition of acute care beds to short-stay beds. In addition, we understand that the opportunity may exist to relocate the current medical clinic (located next door to the Hospital) into the Hospital's emergency department, which would facilitate 24/7 medical access for residents (i.e. clinic operates during the day, emergency department operates after hours and on weekends).
- 3. Enter into a shared service arrangement for laboratory and diagnostic imaging services** with another Cochrane hub hospital.
- 4. Reinvest any savings in excess of the Hospital's financial deficit into community programs**, including additional long-term care beds or assistive living beds.
- 5. Order the integration of the Hospital with another Cochrane hub hospital(s).** Given the extent of change and potential community response under this option, we suggest it be considered after other strategies have been implemented. Additionally, we strongly recommend that if integration is pursued, it should involve other hospitals with FLS designations so as to ensure that the ability of the community to receive health care in either official language is preserved.



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