

## **AN OPEN LETTER**

April 23, 2010



Dear Community:

When I joined PRHC on February 1<sup>st</sup>, 2010, I was charged with delivering on the hospital's regional mandate, further enhancing our high quality care, and successfully implementing a financial recovery plan.

As you know, healthcare is changing rapidly. Canada invests just shy of \$200 billion in healthcare each year. Recently, provincial governments have made clear that funding to hospitals will be reduced in order to divert funds to community-based, primary care in order to focus on disease prevention and wellness. In turn, hospital deficits have become unacceptable. I support these policy changes.

Rather than use deficits to advance "fair share" funding arguments, policy makers and system managers (such as Regional Health Authorities and, in Ontario, Local Health Integration Networks) now expect providers like PRHC to deliver performance and capacity for the funding received. What does this mean? Hospitals must deliver safe, quality care with the clinical and financial performance parameters contained in their accountability agreements.

The Central East LHIN commissioned a Peer Review for PRHC following years of deficits and a failure to deliver on its most recent accountability agreement. The Peer Review Report was tabled on April 20<sup>th</sup>. It made 60 recommendations on how our hospital might achieve its contractual obligation to balance its budget all the while delivering the clinical volumes and outcomes historically provided by PRHC. And, in the wake of PRHC's recent redevelopment, it did this with the future in mind—one that includes service growth. Finally, in addition to financial targets, it made observations on governance and management practices and provided clear direction for change that the organization is already embracing.

Many will view this report as a setback. I, however, am emboldened. I am committed to embracing the challenges ahead and ensuring that we remain able to serve our community with care, skill and compassion.

The savings that must be achieved though are significant: \$25 million on a \$240 million annual budget. The hospital is now developing a Hospital Improvement Plan (HIP) for

the CE LHIN for a June 30<sup>th</sup> submission. That plan, our made in Peterborough plan, may or may not include the specific recommendations included in the Peer Review. It will, however, incorporate the full value and breadth of the changes needed to achieve a modest surplus in order to fund debt retirement obligations.

The report has raised many questions and concerns. I want you to know that the Hospital will move forward on this agenda with board members, staff, managers, physicians, donors, patients and the community to maintain high quality care as we develop a recovery plan and set forth toward a new steady state for PRHC. We remain committed to our strategic plan which drives us to become a high performance regional provider. You deserve no less.

I should add that while the Peer Review was underway, hospital managers, staff and physicians developed additional recommendations to achieve a balanced budget. More than 2,400 ideas—big and small—were generated and are now going through a validation process to determine which will produce the savings we require and be right for our hospital and community. For example, our hiring freeze—to drive productivity gains and mitigate future job losses has, to date, generated over 160 vacancies. These will buffer the human resource changes we need to make at all levels of the organization. Vacancies gained through attrition and retirements will further reduce the negative impact of job loss in our recovery plan.

As part of developing our HIP, we will hold open information and consultation sessions and will make the final plan public, along with ongoing reports on progress in achieving the plan. Those dates and venues will be announced shortly. Please join us.

Our commitment to you, our community, is to make the changes necessary to address the deficit and stabilize the financial health of PRHC. Together we must ensure we can continue to provide the care you have always expected of us. And when we have accomplished this, and our financial house is in order, we will add new regional services to bring more care closer to home. Throughout this process, our patients remain our number one focus.

Sincerely



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