

ST. JOSEPH'S HEALTH CARE, LONDON | 2007-2008

Annual Report



 ST. JOSEPH'S
HEALTH CARE
LONDON



St. Joseph's Health Care, London is a major patient care, teaching and research centre with a distinguished legacy of service to London, Southwestern Ontario and the veterans of Canada, dating back more than 130 years. More than 350,000 patients annually receive care from nearly 6,000 physicians and staff at St. Joseph's.

OUR MISSION

We help people maintain and improve their health and work with them to minimize the effects of injury, disease and disability. We do this by pursuing excellence in care, research, and education in a wide range of hospital, clinic, long-term and community-based settings. We work with our partners to create a better health care system.

OUR VISION

A respected source of excellent health service guided by the people we serve... provided by people who care.

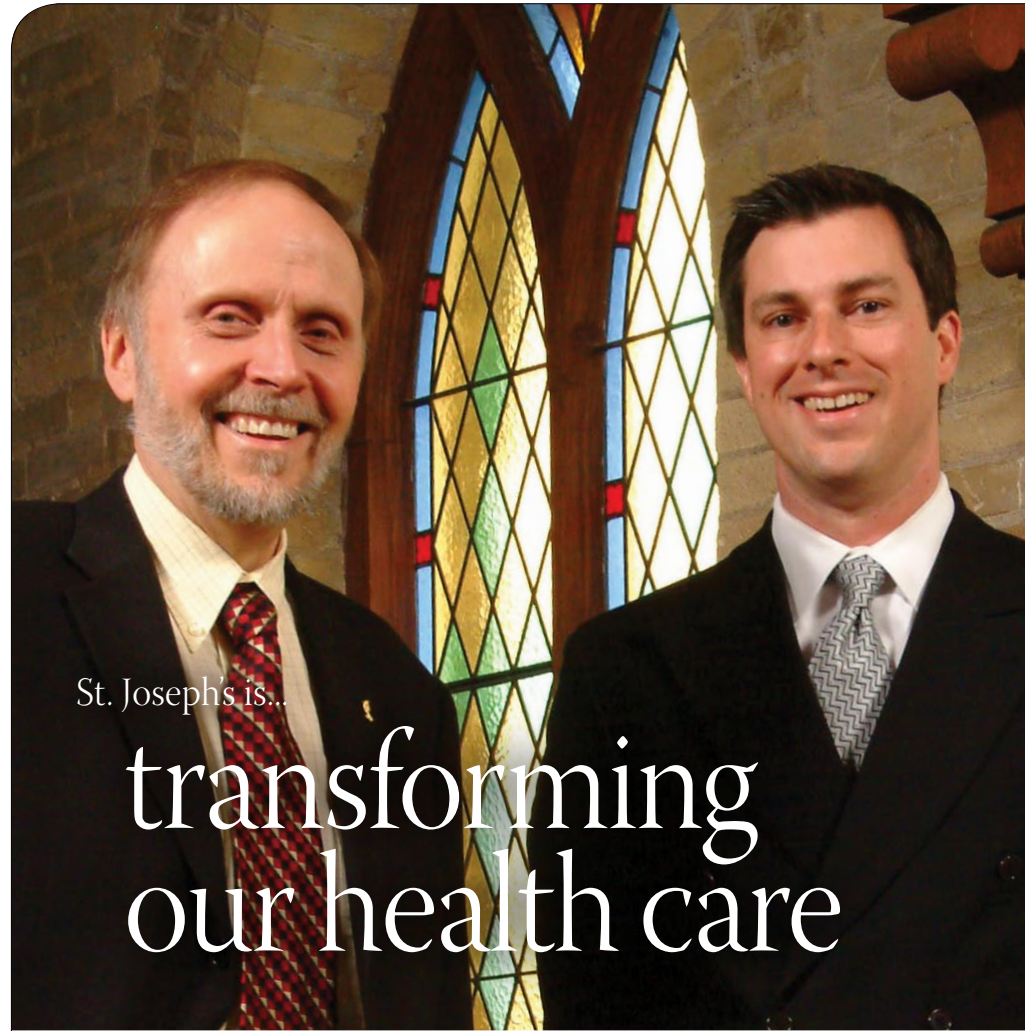
OUR VALUES

Inspired by the care, creativity and compassion of our founders – the Sisters of St. Joseph, the Women's Christian Association, and the London Psychiatric Hospital and St. Thomas Psychiatric Hospital – we serve with...

RESPECT EXCELLENCE COMPASSION

Because we all
need St. Joseph's.

St. Joseph's Health Care, London



St. Joseph's is...

transforming our health care

THIS YEAR MARKED THE TENTH YEAR OF AN UNPARALLELED JOURNEY TO TRANSFORM ST. JOSEPH'S HEALTH CARE, LONDON AS WE CHANGE THE VERY DEFINITION OF A HOSPITAL ORGANIZATION FOR GENERATIONS TO COME. We are re-defining what it means to be a hospital with the most diversified group of programs and facilities anywhere in Canada.

St. Joseph's is becoming a hospital of tomorrow, focusing on today's predominant health issues and emerging trends. From chronic diseases to day surgery; from specialized mental health care to care of the elderly; from clinic visits and overnight stays to months of rehabilitation and long term care, or the precious hours at the end of life, our teams are here to care throughout life's journey.

To build this kind of unique organization requires both a strong legacy and exceptional forward momentum. We are blessed to have both, through the dedication of our people and their commitment to excellent performance.

St. Joseph's annual performance report in areas of access to care, quality and satisfaction, healthy work environments, and financial stewardship is another positive one this year. Within the constraints of available resources and increased costs, our teams have maintained and, in some areas, increased service levels. Financial targets have been met and the major redevelopment of care environments continues.

St. Joseph's is becoming a hospital of tomorrow.

More than ever, hospitals must not only balance operating budgets, but must generate surpluses in order to re-invest in facilities, technology and equipment – the balancing act of a healthy organization. This is a continued challenge as we re-define our strategic plan for the next several years.

Success would not be possible without the extraordinary support of the St. Joseph's Health Care Foundation and our community. Because of this support, we are able to invest in new facilities and research programs, while augmenting patient care equipment and staff education.

On behalf of the board and the St. Joseph's family, we present this annual report with deep appreciation and in the spirit of openness and accountability. Because we all need St. Joseph's.

Cliff Nordal
President and CEO
St. Joseph's Health Care, London

Graham Porter
Chair, Board of Directors
St. Joseph's Health Care, London

St. Joseph's is...

balancing the numbers

BALANCING THE COMPETING NEEDS FOR HOSPITAL OPERATING RESOURCES AND CAPITAL RE-INVESTMENT WAS THE THEME OF THIS PAST YEAR. I am pleased to report that at year-end we achieved a total surplus of \$11.3 million, invested \$22.1 million in capital investment, and maintained a positive working capital position – achievements made while meeting our care delivery commitments.

At St. Joseph's Hospital, inpatient activities were consistent with the previous year, while ambulatory visits rose by 21,000 (4 per cent), including a 20 per cent increase in day surgeries. St. Joseph's Urgent Care Centre experienced increased demand with visits up by 8.1 per cent from last year. Mount Hope Centre for Long Term Care maintained an occupancy rate of 99 per cent, reflecting the community's continuing

need for more long term care beds. In contrast, however, we are noting a decrease in demand for veterans' care beds (84 per cent occupancy) at Parkwood Hospital as the number of Canada's World War II and Korean War veterans naturally declines.

With significant program changes at Regional Mental Health Care, London and St. Thomas, inpatient volumes are improving and we are pleased to have the budgeted capacity to achieve some 2,000 additional inpatient days in the next two years, all within existing resources.

St. Joseph's has total restricted investments of \$154.4 million as of March 31, 2008. These funds are externally managed under the stewardship of our board. They support the hospital's rebuilding plans and investment in equipment and technology. Under new provincial rules for capital redevelopment, hospitals incur some costs for facilities planning early, leaving most of the actual costs with the contractor until substantial completion of a project. This means that St. Joseph's will continue to steward funds for facilities redevelopment until projects are completed. As a result of implementing new required accounting standards, the statement of operations now reflects unrealized investment losses of \$4.2 million for the year.

We are pleased to have the budgeted capacity to achieve some 2,000 additional inpatient days in the next two years.

St. Joseph's has signed the Hospital Service Accountability Agreement for 2008-09 and 2009-10 with the South West Local Health Integration Network. Together, we will monitor the fulfillment of this agreement, which forms a strong base for working with our partners and provision of future public reports.

The board particularly recognizes the administrative team for the regional and provincial leadership St. Joseph's has contributed in an effort to enhance hospital system reporting and public accountability. To our volunteers, staff, and physicians, please accept our thanks for your effective stewardship and performance.



Marcia Grail
Treasurer, St. Joseph's Health Care, London



St. Joseph's is...

accountable for today's health care

AT ST. JOSEPH'S HEALTH CARE, LONDON, WE ARE PROUD OF OUR LEGACY OF COMMUNITY SERVICE AND PUBLIC ACCOUNTABILITY AS ESTABLISHED BY OUR FOUNDERS. It is important to us that we provide relevant, timely information for today's health care consumer and the public.

Across the health care sector, public interest for greater accountability has increased in recent years. In response, St. Joseph's is making a greater effort to demonstrate openness and transparency of our operations to our public on our website. Last year, we added a "How We Perform" button to our website's home page. This link takes users to information on a variety of areas of accountability, including governance, finance and patient care.

Over the next several months, we will continue to develop this section of our website, building on information currently available, such as patient safety and wait times, as well as expanding into new areas, such as staff satisfaction.

We are also pleased to share with our community that St. Joseph's was recognized as a "High Performer" for patient satisfaction in the Hospital Report 2007 Series.

St. Joseph's excelled in two areas, acute care and rehabilitation, with acute care patient satisfaction scores for all indicators, the highest of any teaching hospital in Ontario. These results show that we remain focused on those we care for even as St. Joseph's role in many areas continues to evolve.

St. Joseph's patient satisfaction scores are the highest of any teaching hospital in Ontario.

Another area of focus for our organization and many other hospitals across the country is patient safety. Building on our efforts to provide a safe patient care experience, this past year St. Joseph's delegated one of only 50 leaders from across the country to attend the Canadian Patient Safety Institute's inaugural offering of the Canadian Patient Safety Officer course.

One of the biggest threats to patient safety in hospitals is something we can't see: germs that cause infections. Every year approximately 8,000 patients in Canadian hospitals die of hospital-acquired infections. We know that improved hand hygiene practices will reduce infections so St. Joseph's, together with London Health Sciences Centre, is making hand hygiene a priority.





St. Joseph's is...

looking ahead and investing in our future

THE LEGACY OF ST. JOSEPH'S CATHOLIC MISSION AND SERVICE TO THOSE IN NEED OF EXCELLENT, COMPASSIONATE CARE CONTINUES TO BE DEMONSTRATED IN THE BREADTH AND SCOPE OF OUR ROLES, IN THE EVERYDAY ACTIONS OF STAFF, PHYSICIANS AND VOLUNTEERS AND THROUGH THE LEADERSHIP OF OUR BOARD.

This past February, the board launched steps to review and refresh our organization's strategic plan – a roadmap in place since 2005 that is due to end in 2009.

This plan will set a clear course for the next two to three years as we complete major renewal projects, foster excellent performance, and continue to sustain safe, effective care and work environments.

With input from across St. Joseph's and organizations involved in our region's systems of care, teaching and research, our aim is to present a revitalized plan to the board for approval in June. This plan will set a clear course for the next two to three years as we complete major renewal projects, foster excellent performance, and continue to sustain safe, effective care and work environments. As in the past, the plan will be a living document – a guidepost for our teams and a lamp to illuminate our work and accountability to those we serve.

As we look ahead, there will be much to celebrate with St. Joseph's Hospital marking its 120th anniversary. On October 15, 1888, St. Joseph's Hospital officially opened its doors with 10 beds, space to accommodate 24 patients and a staff of three Sisters and four doctors. From this humble beginning, St. Joseph's would grow and change to become a medical force in Canada and beyond.

This anniversary will be marked by the beginning of a second phase of renovations – an extreme hospital makeover, including the construction of a new Urgent Care Centre and the future home of the Ivey Eye Institute.

The transformation of the region's mental health system will also take notable steps in the coming year as we move closer to the construction of new specialized mental health care facilities in London and the St. Thomas area.

This is an exciting time as our teams work with the community and the provincial government to achieve long-awaited, dignified treatment environments for those who experience serious and persistent mental illnesses. With plans to be developed in 2009 and construction to start in 2010, these new facilities will be completed in 2013.

As we look ahead, there will be much to celebrate with St. Joseph's Hospital marking its 120th anniversary.

At the same time, we are beginning to work with hospitals in Southwestern Ontario to complete long-standing provincial directives to divest some mental health services to other communities. These changes will occur in stages over the next several years and will permit access to mental health services closer to home for clients in the area of Chatham-Kent, Kitchener-Waterloo, and Hamilton.



The year ahead will be another fruitful time for the St. Joseph's Health Care Foundation thanks to the continuous and growing donor and corporate support. And at the Lawson Health Research Institute, several exciting partnerships lie ahead, thanks to all those who are working to build strong networks of health research organizations.

In all we do, we are in relationship with others. In all we achieve, we are grateful to so many.

ST. JOSEPH'S STRATEGIC PLANNING

The following themes are prevalent in our current strategic plan and will continue to be key elements as we revitalize our plan for the next two to three years.

CARE – *the heart of what we do and who we are*

TEACHING – *a key component of our future...we are a training ground for many medical disciplines and ensure health care professionals receive the specialized, hands-on training they require to provide the best care for patients*

RESEARCH – *through collaboration and the sharing of discoveries, Lawson Health Research Institute (our research arm) is committed to furthering scientific knowledge to advance health care around the world*

PERFORMANCE – *we demonstrate openness and transparency in our operations to our community – check out the “How We Perform” section on our website at www.sjhc.london.on.ca*

SOCIAL RESPONSIBILITY – *our Catholic mission continues to be honored through our care of the most vulnerable members of our health care community*

TRANSFORMATION – *we are excited to be moving forward in the transformation of teams, facilities and our organization as a whole as we become the St. Joseph's Health Care of tomorrow*

PATIENT SAFETY – *we continue to build on our efforts to provide a safe patient experience for each and every person who comes to us for care*





St. Joseph's is...

working with our funding partners

LOCAL HEALTH INTEGRATION NETWORKS (LHINs) ARE NOW RESPONSIBLE FOR PLANNING, INTEGRATING, AND FUNDING HEALTH CARE SERVICES ACROSS THE PROVINCE. They oversee nearly two-thirds of the health care budget in the province.

Working with our local South West LHIN, we submitted our final plans in January of this year and received approval back on April 30.

Our plan, developed to live within the funds available to us, is based on the hospital delivering on planned volumes along with our ability to deliver balanced plans. It is also impacted by two realities:

- We are still in transition/restructuring from our existing configuration to our new future and are therefore facing the need to rightsize our cost structure.
- The Ministry/Local Health Integration Networks (LHINs) are still developing their tools of measurement and funding, which continues to leave hospitals looking annually for savings to support cost pressures and growth.

St. Joseph's has many funding sources, which adds to the complexity of planning for the organization.

It remains our position that the funding model does not recognize the unique role of St. Joseph's Hospital and its cadre of specialty Acute/Ambulatory Care programs which contributed to reduced funding in 2009-10. St. Joseph's Hospital continues to be treated by the Ministry as a full-service hospital in the costing model. The unique costs of an ambulatory care hospital are not recognized, such as, support needed for a large diagnostic infrastructure. At present, most of our challenges for future Hospital Annual Planning Submissions (HAPS) are in Acute/Ambulatory Care at St. Joseph's Hospital.

St. Joseph's has many funding sources, which adds to the complexity of planning for the organization. Long term care, veterans care, specialized mental health, acute/ambulatory care, complex care, wait time volumes, clinical education and provincial priority programs (cataracts; hip and knee implants) all name separate funding streams, each with separate requirements and deliverables. Most hospitals have only a few funding streams. Each of these programs also has different demands and realities that must be addressed, including: the declining population of veterans, mental health Tier II divestment, and the ongoing costs associated with long term care.



St. Joseph's is...

respect,
excellence and
compassion

ST. JOSEPH'S HEALTH CARE, LONDON IS A BLEND OF DISTINCTIVE FACILITIES, PROGRAMS AND SERVICES, RESULTING IN ONE OF THE MOST UNIQUE ACADEMIC HOSPITAL ORGANIZATIONS IN CANADA. True to its history, St. Joseph's is breaking new ground in care, teaching and research as it restructures hospital care and works with others to transform the health care system. Guided by our values – *respect, excellence and compassion* – St. Joseph's helps people of Southwestern Ontario and beyond regain and sustain their optimal health and quality of life.

Our care delivery is grouped into five main role areas. Over the past year we have had many successes in each of the following role areas.

ACUTE/AMBULATORY

Extreme makeover: hospital edition continues at St. Joseph's Hospital as part of Milestone 2 restructuring, creating better and brighter spaces to provide excellent patient care. The urology suite will be one of the first patient care areas to move into their new home, which boasts larger waiting rooms, efficient design and updated equipment. Patients will benefit from the new suite through the improved design that creates streamlined patient flow throughout their entire visit.

St. Joseph's is breaking new ground in care, teaching and research.

LONG TERM CARE

At Mount Hope Centre for Long Term Care, exciting changes are underway in food and nutrition services. They are producing more food in their own kitchen to enhance food quality and choice, while keeping costs within budget.

COMPLEX CARE AND VETERANS CARE

Thanks to The Ministry of Health and Long-Term Care, long-term ventilator care patients no longer need to stay in an intensive care unit. With the establishment of new chronic assistive ventilatory care beds at Parkwood Hospital, patients can now receive the ventilator care they need outside of an ICU setting.

Care of veterans at Parkwood Hospital is being enhanced by the addition of an advanced practice nurse with additional training in physical assessment, pharmacology and pathophysiology. These skills enable fulfillment of some of the roles traditionally performed by physicians. Also, if a veteran becomes acutely ill, collaboration with nurses can take place to assess the situation and either provide intervention or facilitate communication with physicians.

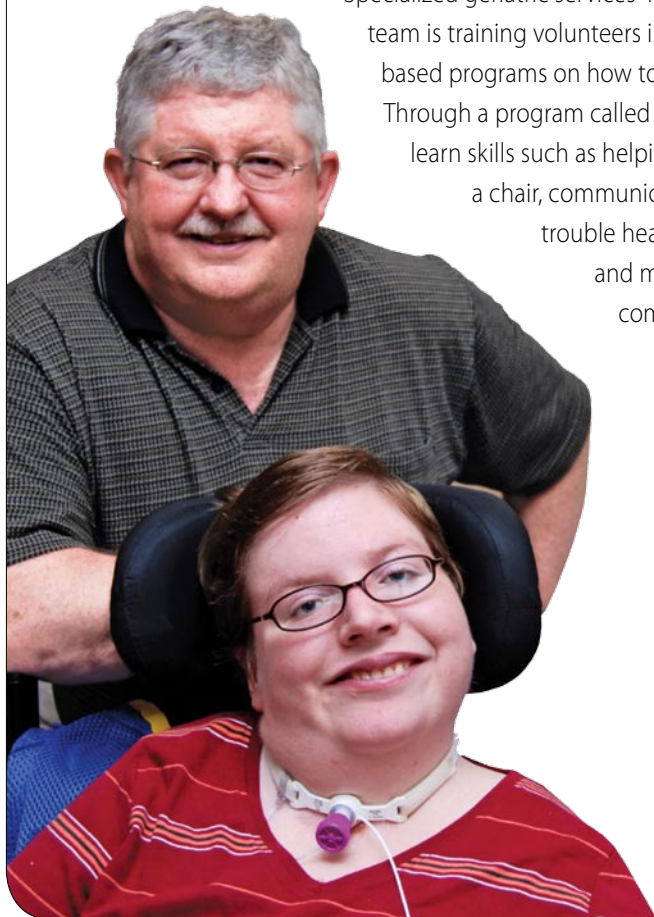
SPECIALIZED MENTAL HEALTH CARE

Getting help for mental illness just got easier with a new referral system called Access 1. This new system means clients receive appropriate care quickly with a single call from the referring hospital or physician.

REHABILITATION AND SPECIALIZED GERIATRIC SERVICES

Brain injury and stroke patients in Parkwood Hospital's rehabilitation program are benefitting from an innovative approach to therapy called neuro-optometric rehabilitation. The approach uses lenses, prisms and vision therapy to help these patients overcome challenges with balance and coordination related to vision problems. Since the vision rehab program began at Parkwood Hospital last September, this ground-breaking therapy has led to rewarding patient outcomes.

Specialized geriatric services' Third Age Outreach team is training volunteers involved in community-based programs on how to interact with seniors. Through a program called Lean on Me, volunteers learn skills such as helping frail seniors get up from a chair, communicating with those who have trouble hearing, dealing with physical and mental challenges and communicating cross culturally.



2007-2008 Financial Highlights

AUDITOR'S REPORT ON SUMMARIZED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS

The accompanying summarized balance sheet and statements of operations and cash flows are derived from the complete financial statements of St. Joseph's Health Care, London as at March 31, 2008 and for the year then ended on which we expressed an opinion without reservation in our report dated May 9, 2008. The fair summarization of the complete financial statements is the responsibility of management. Our responsibility, in accordance with the applicable Assurance Guideline of The Canadian Institute of Chartered Accountants, is to report on the summarized financial statements.

In our opinion, the accompanying financial statements fairly summarize, in all material respects, the related complete financial statements in accordance with the criteria described in the Guideline referred to above.

These summarized financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on the entity's financial position, results of operations and cash flows, reference should be made to the related complete financial statements.

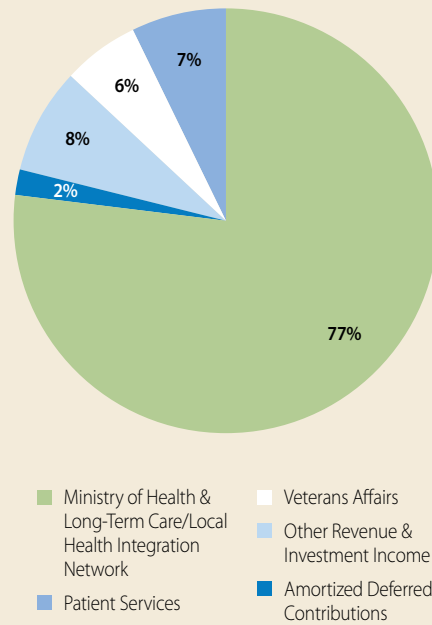
KPMG LLP

Chartered Accountants, Licensed Public Accountants

London, Canada, May 9, 2008

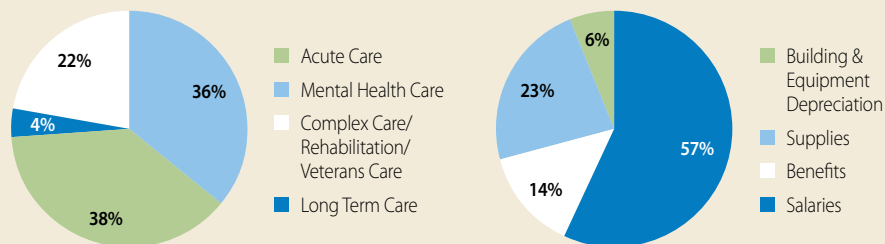
WHERE OUR MONEY COMES FROM TO OPERATE THE ORGANIZATION

Government remains our chief source of funding with a combined 83 per cent from the province and Veterans Affairs Canada. Our accountability agreement sees us responsible to deliver agreed upon levels of service for the base funding provided. In addition, the government provided \$5.7 million in non-recurring funding to address waiting lists and manage our restructuring costs.



HOW OUR MONEY IS SPENT

The diagrams show how our resources are allocated to our major programs, and expense types. Acute Care receives the greatest portion of our base funding. Salaries and benefits make up 71 per cent of our operating costs and this is consistent with prior years. We allocate approximately 2.5 per cent of our expenses for equipment replacement.



SUMMARIZED FINANCIAL STATEMENTS

SUMMARIZED STATEMENT OF FINANCIAL POSITION

St. Joseph's financial position at March 31, 2008 remains a healthy one, with the year-end surplus allowing the board to restrict funds for future capital needs and sustain a healthy working capital position. The 1:5:1 ratio is well within the established range as per our accountability agreement with the Local Health Integration Network. Restrictions on Net Assets will ensure we are able to meet our commitments for the completion of our capital redevelopment and sustain our capital equipment base. These restrictions include \$19.1 million of funds set aside representing our share of the capital redevelopment requirements. Our professionally managed funds are invested in a manner consistent with our investment management policies, funding cash needs as they arise. Obligations under various debt agreements continue to be easily met.

Summarized Statement of Financial Position

As at March 31

	2008 (000's)	2007 (000's)
Assets		
Current assets	\$98,692	\$71,376
Restricted investments	154,412	145,692
Capital assets and other	222,051	225,448
	\$475,155	\$442,516
Liabilities, Deferred Contributions and Net Assets		
Current liabilities	\$65,981	\$58,355
Long-term liabilities and deferred contributions	184,150	174,916
Net assets	225,024	209,245
	\$475,155	\$442,516

SUMMARIZED STATEMENT OF OPERATIONS

The year-end surplus of \$11.3 million includes \$1.9 million of net investment income, which is directed towards our capital redevelopment program. The balance of our surplus is a result of savings realized during the year as we continue to look to benchmarks in the industry to achieve best practice results in operational efficiency. The Ministry fully funded \$3.5 million in one-time restructuring expenses as we continue towards the next milestone in our restructuring efforts with our health care partners in the region. \$10.4 million of our revenue relates to external grants to offset the \$24.8 million in amortization of our capital investments. The LHIN invested \$2.2 million in additional services as we work in partnership to address the concern over the time patients must wait for care.

Summarized Statement of Operations*Year Ended March 31*

	2008 (000's)	2007 (000's)
Revenues		
Ministry of Health and Long-Term Care and Local Health Integration Network	\$341,792	\$327,454
Other	98,614	90,696
	440,406	418,150
Expenses		
Salaries and benefits	312,870	299,081
Other	118,160	114,982
	431,030	414,063
Excess of revenues over expenses from operations	9,376	4,087
Investment income	6,146	4,790
Unrealized investment losses	(4,243)	-
Excess of revenues over expenses	\$11,279	\$8,877

SUMMARIZED STATEMENT OF CASH FLOWS

In 2008, St. Joseph's invested \$4.7 million in new facilities and \$17.4 million in new equipment. We continue our investment in new information systems technology as we make considerable progress with the electronic patient record, and we sustain our role as leaders in diagnostic imaging with the acquisition of magnetic resonance imaging (MRI) equipment. Capital spending is financed internally by \$12.3 million from reserves, and externally by \$9.8 million from contributions from the government, the community, and debt by way of equipment leases. \$17.3 million was received during the year from the Ministry and the community for future capital redevelopment.

Summarized Statement of Cash Flows*Year Ended March 31*

	2008 (000's)	2007 (000's)
Cash provided by (used for):		
Operating activities	\$52,169	\$1,630
Financing activities	18,255	15,753
Investing activities	(54,986)	(50,949)
Net increase (decrease) in cash	15,438	(33,566)
Cash, beginning of year	18,187	51,753
Cash, end of year	\$33,625	\$18,187

BOARD OF DIRECTORS

Graham Porter, Chair	Paul Kiteley
Dawn Butler	Gaétan Labbé
Paul Caplan	Rev. William McGrattan
Jacquie Davison	Margaret McLaughlin
Dr. Varinder Dua	Dr. Thomas A. Miller
Dr. Tom Freeman	Susan Muszak
Marcella Grail	Cliff Nordal
Douglas Hamilton	Rev. Michael Prieur
Dr. Carol Herbert	Peter Whatmore
Gerald Killan, Vice Chair	Robert Wood



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*For a complete set of financial
statements including notes, visit our
website at www.sjhc.london.on.ca*

