

38% of hospitals in the red Niagara deepest in debt

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More than a third of Ontario hospitals couldn't balance their books last year, amounting to a \$154-million shortfall, newly released figures show.

Sixty-one of the province's 159 public hospitals, or 38 per cent, were in deficit in the last fiscal year ending March 31, according to the Ministry of Health and Long-Term Care.

The largest shortfalls included Niagara Health System which had an \$18.8-million deficit, Kingston General Hospital which had a \$14-million deficit, Toronto's Hospital for Sick Children which had a \$12.8-million deficit, and Sault Area hospital which had an \$11.5-million deficit, according to figures provided to The Canadian Press.

A collective \$19.9-million deficit reported by three Toronto hospitals – Sick Kids, Baycrest and Bridgepoint – was mainly due to the economic downturn and its effect on donations and other non-government source of revenues, local health officials said. About \$2.3 million of the deficit was related to funding from the government.

Only one region – Central West, which covers the regions of Dufferin and the northern part of Peel, part of York region and a small part of Toronto – reported that it had no hospitals in deficit.

In the four most northern regions of the province, 20 hospitals were in deficit at the end of the year. They included at \$5.1-million deficit at Cornwall Community Hospital, a \$6-million deficit at North Bay General and a \$950,191-deficit at Riverside Health Care Facilities Inc. in Fort Frances.

Ontario hospitals, which receive about 85 per cent of their funding from the province through 14 Local Health Integration Networks, are forbidden from running deficits by law. However, many hospitals

in the red received a waiver because they've agreed to balance their books by the end of the current fiscal year.

While it couldn't provide specific figures, the Ontario Hospital Association said fewer hospitals have been running deficits over the last four to five years, largely because the Liberal government committed to improving their financial health before it put them under the authority of the LHINs in 2007.

When the Progressive Conservatives were in power a decade ago, the OHA claimed that more than 100 hospitals were facing deficits after years of underfunding and increasing demand. Soon after defeating the Tories in 2003, the Liberals broke their election promise not to increase taxes and introduced the health premium to help finance the sector, which brought in \$2.8 billion last year alone.

Nowadays, factors such as a booming population, providing care in a remote area, and having a large volume of patient transfers from smaller regional centres can put additional strain on a hospital's services and finances, said Anthony Dale, vice-president of policy and public affairs at the OHA.

The recession's impact would be felt as hospitals generate about 10 to 20 per cent of their revenues from donations, fundraising activities, parking, food vendors and other sources, he said.

"The time ahead is one that won't be without its challenges, but I can assure you that hospitals and LHINs and the government are working in lockstep together to maintain and protect access to services," Dale said.

But the large number of financially troubled hospitals is a red flag for the governing Liberals, said NDP health critic France Gelinas.

It doesn't matter how hard hospitals work to balance their books, they're still not getting enough money to stay out of deficit, she said.

"Hospitals in Ontario are the net of last resort: they are the catch-all when everything else falls down within the health-care system," she said.

"To me, it's a loud alarm bell that said we haven't done a good enough job ... You're looking at cutting staff, you're looking at cutting services and nothing good comes from that."

The Liberals did try to help the province's cash-strapped hospitals when they first took office in 2003, but have become stingy over the last two years with annual base funding increases that don't even keep pace with inflation, said Natalie Mehra, executive director of the Ontario Health Coalition.

That's forced hospitals to lay off staff and cut services that are used by thousands of Ontario residents to eliminate their deficits, she said.

"They've already cut beds, they've cut staff, they've shed services, and there just simply are not easy cuts to be made," Mehra said.

"If the funding continues to not keep pace with inflation, over the next year the cuts that we're going to see are much deeper," she added. "And that means that in the ten or so towns that are facing wholesale closures or gutting of their hospitals, that it will be very hard to save them."

Ontario is behind every other province except British Columbia and Quebec when it comes to hospital funding, according to statistics collected by the Canadian Institute for Health Information. In 2008, Ontario's funding of hospitals was \$1,209 per person, lower than the national average of \$1,290.

Neither Health Minister Deb Matthews nor ministry officials were available to comment on the hospital deficit figures.