



Management Commentary and Analysis

June 2009



Introduction

Fiscal year 2008/09 has seen Sunnybrook manage significant system-wide challenges such as high in-patient bed-occupancy and the impact of the economic crisis. In this year's Management Commentary and Analysis, members of the Hospital's Senior Leadership Team have provided useful background for Sunnybrook's performance in 2008/09 and they have offered insight into what the next fiscal year will hold for the organization and more importantly how the Hospital will continue to strive for its vision of inventing the future of health care.

Although the organization has experienced pressures on its financial performance and human resources in 2008/09, Sunnybrook's 10,000 staff members and volunteers have done a remarkable job providing and supporting patient care for the 1 million people who came through the doors of the Hospital in 2008/09. For example, even though bed-occupancy levels were often times in excess of 100% this past year, teams across the Hospital worked to meet and in some cases exceed their commitments to reduce wait times for surgery.

Sunnybrook's academic mandate excelled in 2008/09 and the Hospital's education programs are attracting increasing numbers of students. The Hospital was awarded substantial funding for work in inter-professional education and is a leader in creating opportunities for a wide-variety of health disciplines and specialties to work together in one team. Sunnybrook's Research Institute is growing and this year realized tremendous success in winning a \$74.6 million Research Hospital Fund grant from the Canada Foundation for Innovation. This award will create a world-first \$160 million centre for image-guided therapeutics which will revolutionize how disease is diagnosed and treated.

Innovation has been realized in every aspect of the organization and the Hospital has created leading practices in patient flow initiatives, human resources, health disciplines, nursing, eHealth, and green programs. In the year ahead, Sunnybrook will continue to make progress with its busy construction projects and the Women and Babies Program transition. The Outlook for 2009/10 and 2010/11 is once again challenging but Sunnybrook remains dedicated to implementing its Strategic Plan and being there for the many communities the Hospital serves, when it matters most.

Financial Performance

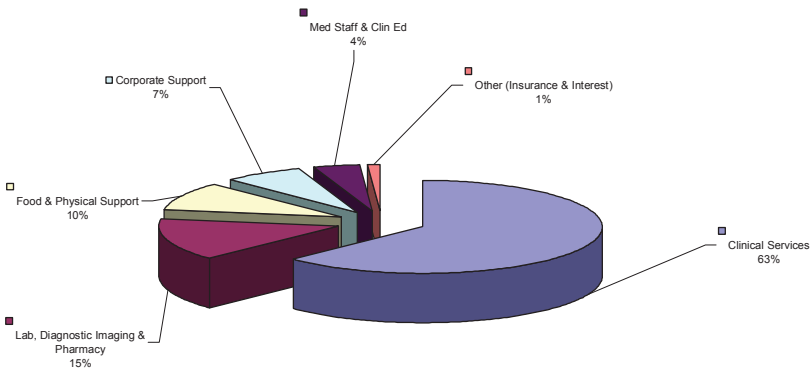
In the current challenging economic environment Sunnybrook has become even more focused on its financial position, monitoring its cash and investments closely and taking steps to minimize its risk exposure for activities underway and those being considered.

In 2008/09, a loan facility was established successfully which has enabled the expansion of the Emergency Department and the planned relocation of the Women and Babies Program from its leased space at 76 Grenville St. In addition, construction of a parking garage is underway at the Bayview campus in order to accommodate the anticipated increased demand when the Women and Babies program moves to its new home in 2010. The Hospital has also launched an energy retrofit and infrastructure renewal project, which is being entirely financed by the energy savings it will generate. At March 31, 2009, Sunnybrook reported a working capital deficit of \$21.9M, an improvement of \$31.2M over the prior year.

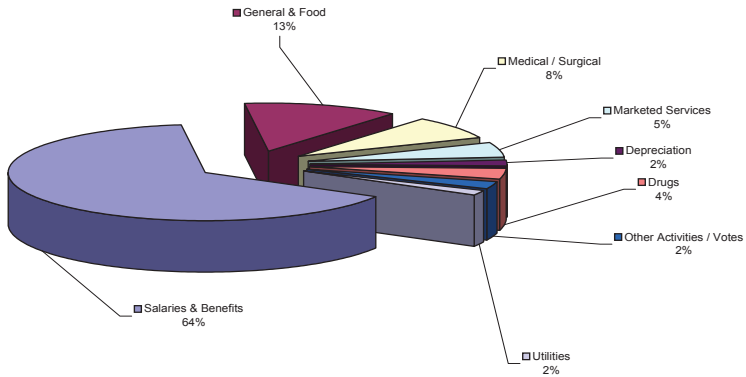
Sunnybrook has once again achieved a surplus before net building amortization for 2008/09. The surplus reported in the audited financial statements (available on the internet) is \$6.8M (before net building amortization) i.e. a small increase of \$2.7M over the prior year. The results for both years are very comparable with the primary differences relating to inflation increases with the exception of additional funding received from Cancer Care Ontario for increased delivery of care to cancer patients, and hence associated costs.

Below are two charts that reflect how Sunnybrook has used the resources entrusted to it to provide patient care. Not only are the vast majority of its funds invested in direct patient care but its use of resources for administrative activities has declined further.

Fiscal 2008/2009: What do these expenses buy?



Fiscal 2008/2009: Distribution of Gross Expenses



Outlook for 2009/10 and 2010/11

Although Sunnybrook completed this past fiscal year with a strong financial position, the forecast for the next few years remains challenging. For 2009/10 we have successfully submitted a balanced Operating Plan to the Toronto Central Local Health Integration Network (TC LHIN) with minimal impact on direct patient care. Even with a Ministry of Health and Long Term Care (MoHLTC) economic increase of 2.1% as previously committed (prior to the new economic reality), Sunnybrook had to address a funding gap of \$24.4 million for 2009/10. This was not an easy effort, and took significant collaboration among leaders throughout the organization to identify necessary solutions to balance the budget. The identified solutions included a number of cost cutting initiatives including reductions in administration and overhead costs, increased non-governmental revenues, and bed & Operating Room closures.

Importantly, it is anticipated that these reductions will be realized without making a substantial impact on current patient volumes. Working closely with the TC LHIN, Sunnybrook was also able to secure continued “one-time” funding consistent with the prior year, and is hopeful that this funding will be converted to base funding in order to better stabilize revenues.

Early planning assumptions indicate that 2010/11 could be an even more challenging year for all hospitals in Ontario. Over the last seven years Sunnybrook has been identifying and implementing efficiency measures. In a report prepared by the HayGroup for the TC LHIN, Sunnybrook has been identified as one of the most efficient adult teaching hospital in the LHIN. The report identifies a few areas that should be further investigated for savings opportunities and the Hospital’s Senior Leadership Team will be examining these in the context of planning for 2010/11.


In the absence of well-defined revenue assumptions from government, Sunnybrook is proceeding with scenario planning for various revenue projections for 2010/11. Each of these scenarios represents varying degrees of challenge for the organization but by starting these conversations early, the Senior Leadership Team will be able to explore every available option to ensure the continued financial health of the Hospital.

Patient Flow



One of the most challenging issues facing Sunnybrook and other hospitals across the province is moving patients in and out of the organization efficiently. At any given time for example, Sunnybrook has about 60 patients waiting for transfer to other facilities such as nursing homes and rehabilitation centres, which is the equivalent of more than an entire nursing unit of patients who are occupying acute care beds unnecessarily. These patients and other factors result in the Hospital having bed-occupancy levels that are in excess of 100% routinely. This high occupancy level causes back-ups to occur in the Emergency Department and those who require an in-patient bed from the ED often have prolonged stays while waiting for people on the wards to be discharged.

Sunnybrook has also renewed its efforts to improve bed management and patient flow throughout the Hospital, including the Emergency Department but the issue is an enormous one that requires both close examination of practices and procedures and system-wide attention to help move patients out of acute care hospitals.



Sunnybrook's Patient Flow initiatives are working to improve wait times in the Emergency Department (including ambulance offload times), improve patient satisfaction and reduce Alternate Level of Care (ALC) occupancy on the units and resulting surgery cancellations due to lack of bed availability. To achieve these improvements, the Patient Flow initiative, under the direction a new Patient Flow Steering Committee has started a number of projects:

- Reorganization of the admissions for General Internal Medicine (mostly admitted through the ED).
- Enhancement of nursing and physician staff complements within the ED including a pilot project for the physician assistant role.
- Revision and enforcement of a new consultant policy in the ED.
- Proactive identification of demand for ICU and ward beds, 24 hours in advance of anticipated admissions.
- Revision of surgical scheduling to avoid peaks in scheduled admissions.
- Expansion of the short stay surgical beds for predictable admissions.
- Development and implementation of an electronic tracking system for ALC patients.
- Review and revision of telemetry policies.
- Early patient discharge planning for all patients.
- Improved communication between the Hospital and Community Care Access Centres (CCACs) and support of new CCAC initiatives – “waiting at home” and “home at last” programs.
- Introduction of technology to improve hand-over of patients and discharge from the Hospital.
- Purchase of an electronic bed management system.
- Introduction of ‘lean’ events in the ED and General Internal Medicine to examine current processes and eliminate all steps that do not add value to the patient experience.
- Trial of “real time demand and capacity” pilot projects throughout the organization. This initiative will move accountability for bed management to individual patient care areas.

Sunnybrook staff members participate in multiple internal and external Patient Flow committees and they continue to take a major leadership role within the Toronto Central LHIN ER/ALC Pay for Results program. Participation in external activity with other Ontario hospitals and community organizations, gives Sunnybrook staff an opportunity to identify new initiatives and best practices which have been successful elsewhere which could further improve patient flow at Sunnybrook.

Sunnybrook has confirmed one-time Ministry of Health and Long Term Care funding of \$900K for 2009/10 to support improvements in patient flow in the Emergency Department. Wait time targets for the ED are more aggressive for 2009/10 but the Hospital has developed a comprehensive action plan to meet these requirements. In addition to this funding, Sunnybrook has been successful in obtaining support for a physician assistant in the ED and the Hospital has submitted grants for innovation funding under the physician Alternate Funding Plan. Sunnybrook has also shared its learning from the Patient Flow projects with partner TAHSN and community hospitals as well as CCAC leadership. In the months to come, working groups will continue to look at novel initiatives to reduce length of stay and improve patient flow throughout the Hospital.

Human Resources: Ensuring Sunnybrook is a Workplace of Choice



Sunnybrook has been in an enviable position of having one of the lowest staff turn-over and vacancy rates compared to our peers across the province. Human Resources reports that the intake of applicants has increased steadily since November 2008 and recruitment is the best it has been in a long while. One of the reasons for this may be the state of the economy and people are moving from part-time and casual agency work to relatively more secure full-time employment.

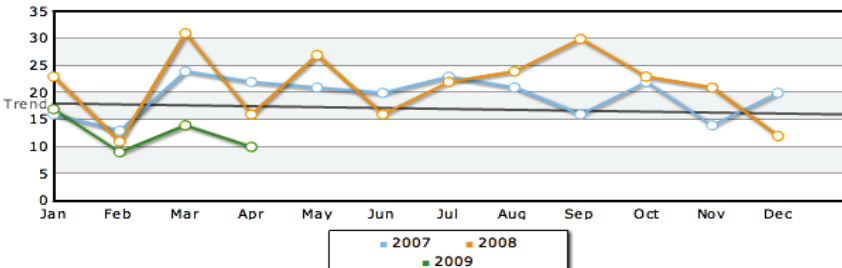
Sunnybrook's staff resource pools are at near capacity, which allows the organization to continue its reduction of expensive agency nurses. As of May 2009, Sunnybrook has successfully recruited 112 new graduates from nursing who will participate in a comprehensive six month orientation to the workplace. With nursing forecasting tools, we are effectively balancing new hires, expected vacancies and graduates to ensure a seamless approach to long term recruitment.

To retain staff, Sunnybrook has developed several new initiatives to the hospital's Quality of Work and Life Program such as reduced fees at fitness clubs and providing new options for child care in addition to the programs already on site. A new program called **Life Stages** was launched in April 2009 and will help staff manage the different stages in their career and home life. The first lecture on personal finance was a huge success and the next segment will launch in October 2009.

Sunnybrook's Leadership Institute continues to provide programs to middle management and to both administrative and medical leaders. Human Resources and Organizational Development are currently developing a process to review the outcomes of the three leadership programs and will use this information to define the next stages of the Leadership Institute.

In the health care workplace, orthopaedic injuries tend to be the most common among Hospital staff members. Therefore, Sunnybrook has declared 2009 to be the Year of the Back, with a comprehensive program underway to reduce back-related injuries. Results have indicated that the additional education and other initiatives underway are having a positive effect with both reducing the number of incidents and the resulting lost time. Occupational Health is showcasing Patient Care Units and other services that have good safety records and low back injuries statistics through the Joint Occupational Health & Safety Committee and in the Sunnybrook Safety Newsletter.

Total number of back injuries among staff



Physician Recruitment

Specific to physician recruitment, the Board approved 2007 Medical Human Resources Plan was reviewed between January and March 2009 through the lens of Strategic Focus 2008. The review process provided further clarity with respect to those clinicians being recruited specifically to strategic priorities of the hospital and those who are providing collaborative clinical support in other areas. In addition, the review panel made significant recommendations with respect to the departmental recruitment process, so that earlier and more detailed consultations can occur regarding resource needs.

In the next few months there will be a number of new faces in medical leadership roles across the organization. Searches are underway for Chief positions for the Departments of Critical Care, Family Medicine, Newborn and Developmental Pediatrics, and Anatomic Pathology. Following the resignation of Dr. Wendy Levinson, Sunnybrook is also conducting an international search for the Hospital's new Physician-in-Chief.

Education

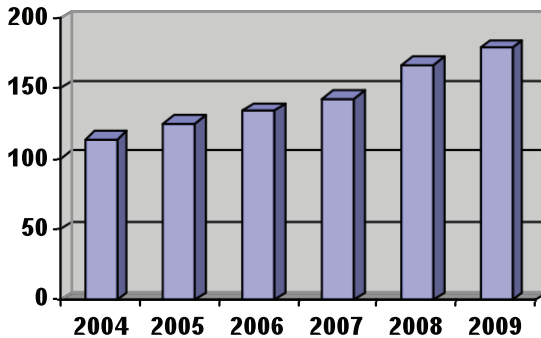


Sunnybrook is fortunate to have significant leadership in Inter-professional Care and Education. In the most recent competition for Health Force Ontario grants, Sunnybrook was involved in 4 out of 41 successful applications. This is a remarkable achievement, considering that every hospital and health care university and community college in the province was eligible to apply. The successful projects include a team-based approach to the assessment of elderly patients in the Emergency Department, an inter-professional evaluation of patients in primary

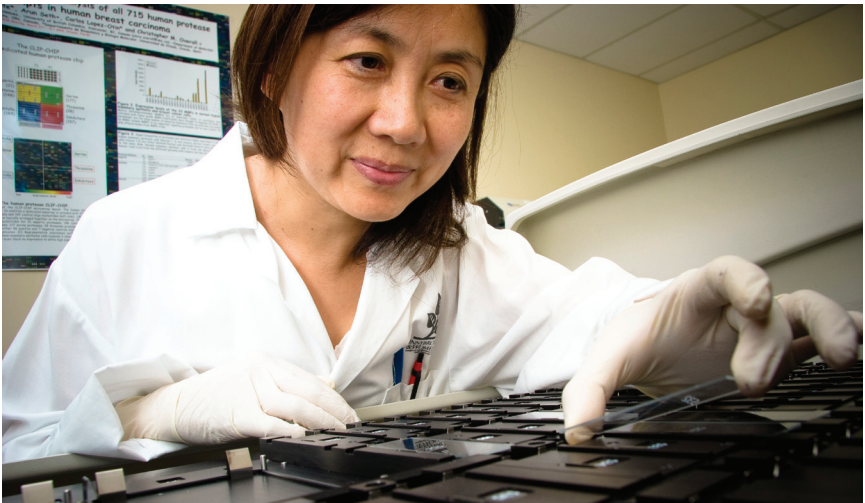
care settings who have chronic diseases, an educational module related to stroke care and a system-wide approach to large-scale medical emergency management.

Sunnybrook continues to expand its role in Medical Education, at the levels of Fellowship, Postgraduate and Undergraduate medical teaching. For the 2008-9 fiscal year, the over 179,000 Medical Trainee Days, translates into an average of 490 medical trainees per day at Sunnybrook.

Medical Trainee Days

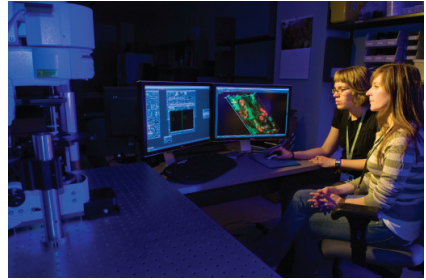


Research Institute



In 2008/2009, Sunnybrook Research Institute enjoyed several successes of note. Chief among these was being awarded the largest research grant in the history of the hospital: \$76 million for the Centre for Research in Image-Guided Therapeutics.

The Canada Foundation for Innovation (CFI) publicly announced the recipients of its Research Hospital Fund (RHF) in June 2008. Across Canada, eight of 28 proposals were funded. The centre has a total project cost of \$160 million. Various private and public sector partners, as well as Sunnybrook Foundation, are providing “matching” funds toward the centre. In April 2009, the Board of Sunnybrook ratified its acceptance



of the award, signifying full confidence in the centre’s vision and its scientists. Finalization is set for June 2009, at which time Sunnybrook will confirm it has secured all of the necessary funding and meets all other expectations of the CFI.

Fundamental to this is the construction and fit-out of two new floors on M wing, about 100,000 square feet, that will be dedicated to research and, in particular, to the Centre for Research in Image-Guided Therapeutics. Functional planning to this end has advanced substantially over the year.

There were other external funding successes. At the federal level, SRI scientists received three Canadian Institutes of Health Research (CIHR) team grant awards, together worth \$4 million over five years. At the provincial level, Ontario awarded \$22 million to the Ontario Preclinical Imaging Consortium led by SRI’s Dr. Stuart Foster through its Ontario Research Fund-Research Excellence Program. With partner funding from the consortium’s member institutions and private sector, the project is worth \$66 million.

Scientists at SRI were also honoured with prestigious awards, some of which are highlighted here:

- Dr. Charles Cunningham was named Canada’s Premier Young Researcher by CIHR. The \$560,000 award recognizes his position as an emerging international leader in medical magnetic resonance imaging research.
- Dr. Stuart Foster received the Premier’s Discovery Award in Innovation Leadership. The \$500,000 award recognizes the transformative impact of his research in the area of preclinical imaging.
- Dr. Robert Kerbel received a renewal of his Tier 1 Canada Research Chair. The \$1.4 million award recognizes his pre-eminence in the field of angiogenesis and antiangiogenesis.
- Dr. Michael Schull received a CIHR Applied Chair in Health Services and Policy Research. The \$925,000 award recognizes his work in the field, notably as it applies to improving emergency care.
- Dr. Kaveh Shojania, newly recruited to SRI in 2008/2009, received a Tier 2 Canada Research Chair. The \$700,000 award recognizes his potential in the field of health services research.

Toward educating target audiences about the excellence in research at SRI, and communicating success stories to those audiences, the research institute was involved in a number of endeavours, including advocacy work, publishing and distributing a research magazine, and leading tours of SRI to VIPs.

In the realm of commercialization, a success story of particular note emerged from SRI in 2008/2009: Profound Medical Inc. was spun out of research done by SRI imaging scientists Drs. Michael Bronskill and Rajiv Chopra. The technology pairs magnetic resonance imaging with ultrasound as a new way to treat prostate cancer. The therapy uses heat from focused ultrasound delivered through a transurethral applicator to ablate cancer cells while sparing surrounding tissue. It shows great promise to make therapy faster and more precise for patients, with fewer adverse effects.

Partnerships were also a main focus. Paramount among these is our partnership with Thunder Bay Regional Research Institute (TBRRI). This past year, the collaboration advanced with the launch of the imaging-guided intervention research platform, the second of three planned. This \$7.2 million project is led by SRI's Dr. Kullervo Hynynen, and involves the locating of a 3T MRI high-intensity focused ultrasound unit within the Odette Cancer Centre along with an identical unit at TBRRI.

Construction Projects and the Women and Babies Program Transition

Sunnybrook has developed a strong reputation within the Ontario government for effective project management of the hospital's large scale redevelopment. In fact, much of the close to \$300 million redevelopment taking place on the campus is slightly ahead of schedule and well within the projected budget. In mid-spring, the Schulich Heart Centre redevelopment will get underway. Despite the complexity of this project with respect to internal moves of staff and patients, the planning and consultation has been collaborative and collegial. People throughout the organization have willingly made concessions to ensure the project moves ahead as planned.



Preparations to move the Women and Babies program to the Bayview site by the summer of 2010 are in high gear. A Steering committee has been struck to plan the clinical services that must be in place to welcome women who are about to deliver their babies at the Bayview site. The important clinical services include consultation for high risk mothers from cardiology, intensive care, and other medical specialties, and operating room facilities. Support from Diagnostic Imaging, laboratories, medical records, and pharmacy are just a few of the services that must be coordinated and in place for this major move. In addition, staff support for educational training to prepare them for the move has begun, including workshops on the impact of the change. All Women and Babies staff have had tours of the new facilities and the morale in the program seems to be one of anticipation and excitement.

Nursing



All programs are investigating new best practices in nursing delivery, including new modalities in pain relief, infection control, intensive and specialty care. Staff throughout the hospital are finding better ways to support patients and families through improved communication methods such as involving patients and families in inter-professional rounds discussions. Many staff are involved in patient flow activities and improvements through Kaizen events and LEAN processes, particularly the ER and general medical units. Research output continues to improve, as evidenced by the oncology program nursing staff, who are the most prolific nursing group in Canada on oncology nursing topics. In the education arena, the nursing staff provided mentorship to over 100 new graduates this past year and close to 700 students from multiple universities and colleges.

Health Disciplines

Health Disciplines at Sunnybrook have been leading the province in terms of extending many of the care responsibilities traditionally provided by these roles. By expanding the scope of these roles, the Hospital is able to improve efficiency in some areas. A great example of this is the advanced physiotherapist role, which was developed at Sunnybrook's Holland Centre, with the curriculum and clinical components established at the University of Toronto. This role has been able to streamline and reduce wait times for hip and knee replacements. The model developed at the Holland Centre is being used as the standard across the province. Sunnybrook has also developed an anesthesia assistant initiative, which will help improve efficiencies in Operating Rooms and allow anesthesiologists to care for a greater number of patients.

In addition to training people for extended roles, Sunnybrook's health disciplines have been using their unique expertise to assist people from other sectors to develop new skills. The Hospital's Spiritual and Religious Care program has created a unique partnership with the Canadian Forces to provide their chaplains with experience caring for the spiritual needs of trauma patients and their families.

Going Green

Sunnybrook has been seen as a leader among Ontario hospitals in implementing innovative greening initiatives such as using environmentally friendly cleaning chemicals, conserving water and energy, promoting car pooling, offering reduced rates on TTC passes, using shuttle buses, and many other projects.



In this past year we entered into a \$28 million Energy Savings and Infrastructure Renewal program with Honeywell Canada, which is entirely self-funded through \$2.7 million/annum of utility and related savings guaranteed by Honeywell. In addition to many traditional energy savings initiatives, this program includes the installation of one of Canada's largest solar energy panels. Through a digital display to be located adjacent to the most visible component of our solar panel, staff, patients and visitors to Sunnybrook will be able to see how much energy savings we are generating every day.

In addition to being recognized as one of the GTAs Top 75 employers, Sunnybrook is the only hospital in Canada to be awarded the distinction of being one of Canada's 'Greenest Companies'.

eHealth


Sunnybrook is continuing to be recognized for its leading work in eHealth and one of the first in Canada leading specifically in improving patient and clinician access to information. Sunnybrook developed and implemented a personal health management and continuity of care record solution in 2006 called MyChart. The MyChart solution recently sold to TELUS and has been attracting interest both internally and well-beyond Sunnybrook.



Externally, partnerships are being created with the providers in the Central LHIN to have MyChart become a Chronic Disease Management framework for their diabetes population and as the leading application that will support the development of the LHIN's regional health information network.

Today, MyChart has over 2,600 registered users. There are over 1,500 registered patients and 700 physicians. Of these 1,500 patients some have granted access to multiple care providers, family and friends. The adoption and usage increases with every registered user. With increased usage the MyChart approach can be viral – patients can share access with multiple providers, family members and care givers. Once a patient grants a participant access they automatically become an eHealth user. Patients set up and manage their own user registry where they control access rights.

This reflects the importance of information which is the direction the MOHLTC with eHealth plans, in particular diabetes management, medication management



and reducing wait times. All three priorities require focus on patient engagement, education, and access to information. Our leadership in eHealth will position us well with LHIN and community partners and for provincial initiatives.

Sunnybrook's MyChart enables patients to set up, manage and share access to their clinical and personal health information with family members, multiple providers, pharmacists and care givers.

MyChart will influence the growing confidence in patient self-management. Increasing evidence shows that self management at home will reduce hospitalizations, emergency visits, clinic visits, promote prevention and healthier living. Clinician support of patient's participation and self management is a key element of continued success. Patient self management is used effectively with chronic diseases such as diabetes and cancer. Improved access to educational material and access to information can improve personal motivation and lifestyle behavior towards healthier living and quality of life.

Rates of growth differ among patient groups with the most notable exception being the Odette Cancer program which is about to double the rest of the organization (15-16%). At this growth rate, it is expected that 4,000-5,000 patients will be registered to the service by this time next year.

Update from the Foundation

In a year of economic challenge, Sunnybrook Foundation enjoyed significant fundraising success, raising an investment of \$50.3 million from our community. The tremendous confidence our donors show in us, even in hard times, reinforces our conviction that the work of Sunnybrook and our people remains as urgent and compelling as it has ever been.

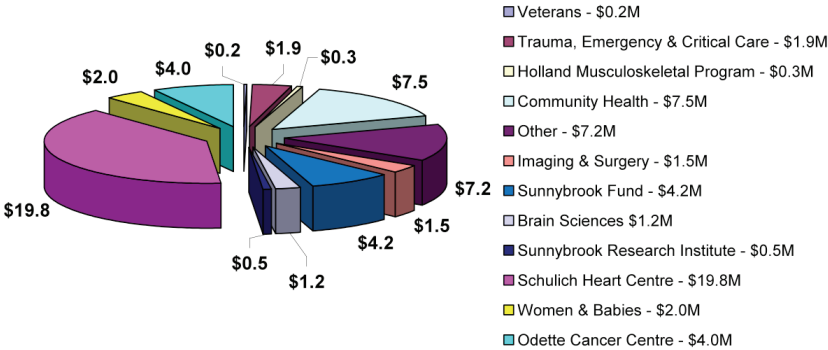
As always, we are careful stewards of our donors' funds, achieving a remarkable cost-per-dollar-raised of just 15.9%. We continue to deliver on our promise to be one of the best at efficiently supporting the initiatives in which you invest.

Some highlights from the past year include:

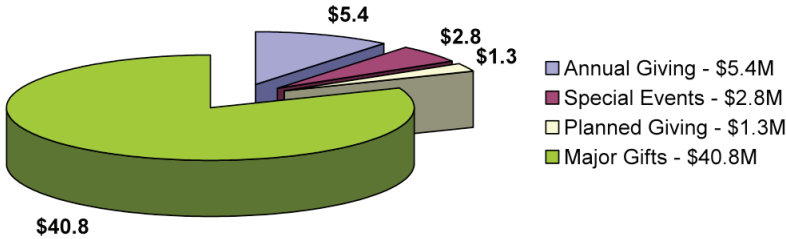
- A gift of \$10 million from Seymour Schulich which was matched by the community, for a total of \$20 million, to support the expansion and revitalization of the Schulich Heart Centre;
- The creation of the John & Liz Tory Eye Centre and the Dixon Family Chair in Ophthalmology through a gift of \$7.5 million from the late Ted Rogers and his wife, Loretta. This is the largest gift for ophthalmology ever made to any Ontario hospital;
- \$1.5 million from David and Sheryl Kerr to support a combination of the Schulich match and the Brain Imaging Centre (M-Wing capital); and,
- \$1 million from Albert and Filomena Gasparro for the Surgery in-Patient floor renovation, part of the Schulich match.

Together, we have made many strides over the past year. Without question, there is much more to be done. Our success is through you, our supporters. We thank you for being there when it matters most.

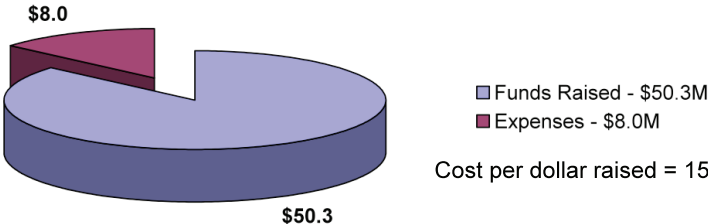
**Sunnybrook Foundation
2008-2009 Financial Summary
Revenue Raised by Program Designation**



Revenue Raised by Fundraising Program



Cost of Funds Raised



Cost per dollar raised = 15.9%

