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Provincial “lack of enthusiasm” played role in hospital board’s rejecting merger

The Scarborough Hospital's board not happy with assurances from health minister, LHIN told

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They did not expect to be promised a new hospital campus, or even to get all the money they asked for to cover the costs of a merger, but leaders of The Scarborough Hospital and Rouge Valley System Health System told Ontario's Liberal government the deal required a “minimum threshold” of support.

In the final week before the merger was derailed on March 15, the hospitals made it clear to Health Minister Deb Matthews they needed \$18 million in capital planning grants, not the \$3-million grant her ministry was offering as a first step.

They also needed \$5.4 million annually to pay for wage harmonization – a significant retreat from a position, publicly held since last November, that the hospitals wanted no less than \$32.4 million for one-time and ongoing merger costs.

If the province had agreed to these “minimum” demands, both hospital boards could have accepted the merger, the Central East Local Health Integration Network heard Wednesday, March 26, at a meeting in Pickering.

Matthews and her advisors, however, refused to pay more.

More than once, Rouge Valley's CEO Rik Ganderton said Wednesday, the minister or her senior staff responded with a “lack of enthusiasm” for bankrolling the merger or providing the \$18 million in planning grants.

After one such refusal, chairpersons Joan Wideman of RVHS and Stephen Smith of TSH wrote to Matthews on March 13, asking her to reconsider, and warning her the hospital boards could be expected to “remain firm in their stance” and reject the merger in final votes two days later.

The hospitals, ordered by the LHIN to study some form of integration last March, had already received \$3.8 million from the province for a merger study, community consultations and months of “due diligence” work by experts.

“We would hate to see this effort and momentum lost,” Wideman and Smith's letter concluded, “as we believe that it would have an extremely negative impact on the goodwill and support that we have built throughout this process, and create unnecessary political upheaval for our communities.”

In a conference call a day before the votes, Matthews made comments about the merger and the start of capital planning for a merged hospital which Ganderton this week said he accepted as a “set of assurances we were comfortable with.”

But TSH CEO Robert Biron, also part of the conversation, was not comfortable. The next day, his board refused to approve the merger, while Ganderton's board said it should go forward.

“We were willing at Rouge Valley to take more of a leap of faith than, I think, TSH was,” Ganderton said Wednesday.

Biron agreed the decisions came down to “how much risk each board was prepared to take,” and suggested TSH had more reasons to be cautious about a merger.

Before looking at integration with RVHS, the hospital had proposed a realignment of surgical services and a consolidation of birthing centres between its General and Birchmount campuses.

That triggered “significant outcry and unrest” among TSH physicians and Scarborough residents, said Biron, adding months of careful work united hospital stakeholders behind the merger, because of the long-term benefits it could bring.

But Biron said he could only keep this support by promising the merger would not be paid for with cuts to patient services. With the hospital's balance sheets so weak, he argued, it wasn't possible to keep that promise without financial help.

“It can't be a merger at all costs. We need winning conditions.”

Ganderton said some of Rouge Valley's confidence was based on past positive experiences working with the LHIN and province.

In contrast, Biron mentioned his hospital received a \$3-million grant in 2009 to plan a new diagnostic concourse and operating rooms at the General, which has the province's oldest.

In five years since, said Biron, there's been an unexplained and total lack of progress on the operating room project. “Our surgeons, our nurses, our community deserve better.”



The Scarborough Hospital General campus. The hospital's board recently voted against merger plans with Rouge Valley Health System due to lack of financial commitment from the province.