

# Staff Report

Presented By: Jill Roote, Manager, Strategic Initiatives  
Meeting Date: October 27, 2025  
Subject: Municipal Healthcare Administrative Review Final Report  
Attachment(s): Healthcare Administrative Review – Final Report  
Healthcare Administration Review Council Presentation

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## **Recommendation**

That Council supports the review of Option \_\_\_ as the preferred option for the implementation of the Foundational Pathway during the 2026 Business Plan and Budget deliberations.

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## **Report Summary**

A Division Highlight for Strategic Initiatives in the 2025 Business Plan is to lead a review of the Town's Healthcare Administration. The review was undertaken to evaluate the Town's involvement in the healthcare sector, specifically focusing on enhancing operational efficiency, financial management, and resource planning to better support physician recruitment and retention. The Municipal Healthcare Administrative Review - Final Report presents a summary of the review findings and details recommendations including program scale and resourcing.

## **Background/Analysis**

The purpose of this report is to present the final report from Optimus SBR regarding the Town's involvement in healthcare administration, and to recommend a phased, data-informed approach to implementing the consultant's recommendations.

The Town, like many municipalities across Ontario, has increasingly been forced to step into the healthcare space, which is generally the jurisdiction and responsibility of the province. The shift into this space has been based on both necessity and opportunity, progressively taking on facilities, roles, and activities without clear direction or targets defined.

In this space, the Town's successes have come from the strength of its staff and partnerships through an ad hoc manner. The Town, acknowledging the importance of having an efficient deployment of its resources, commissioned a Municipal Healthcare Administrative Review to evaluate the Town's involvement in the healthcare sector, specifically focusing on enhancing operational efficiency, financial management, and resource planning to better support family physician recruitment and retention.

The review focused on two main questions: whether it was suitable for the Town to remain involved in healthcare, and, if so, how many physicians would be needed to support the Town over the next five, ten, and fifteen years. The purpose was to figure out the most effective way to organize and allocate resources for continued participation in healthcare, should that be considered appropriate.

As detailed below, it was determined that the Town should remain involved in healthcare due to the essential support it provides for its residents. Although managing healthcare is generally not considered a municipal responsibility, current circumstances require the Town to maintain this role. Optimus SBR's Final Report also highlights both the strengths and challenges of the Town's present approach.

The Town has demonstrated notable commitment and leadership in addressing healthcare issues. Despite this, the review highlights areas for improvement, such as enhancing operational efficiency, implementing consistent standards, improving financial oversight, and fixing process gaps that impact effective infrastructure management. Optimus SBR recommends tackling these matters prior to the Council making decisions on new funding or programs.

## **Key Findings**

The Findings outlined below are based on stakeholder engagement, jurisdictional scans, and financial analysis, laying a foundation for evidence-based decision-making.

The review process' answer to the first question – if the Town should continue to be in the business of supporting healthcare administration, including physician recruitment – was yes, the Town should continue to be in this business. The rationale provided was that, while it is outside the legislative/regulatory requirements of the Town, there are practical realities and gaps created by the Province that necessitate the Town taking on an increased role in healthcare administration to ensure a sufficient contingent of healthcare resources for residents to encourage long-term growth.

The second question – how many physicians Saugeen Shores should have in the municipality over the coming five, ten, and fifteen years – found that the Town will have to increase its recruitment efforts to increase its current physician complement of 18 to 24, 26, and 27 by 2030, 2035, and 2040, respectively. Approximate costs associated with these recruitment efforts were provided as an approximate guideline for the Town for planning purposes.

Below presents key strengths and areas of opportunity for Saugeen Shores as it relates to healthcare administration, followed by an overview of the recommendations and associated next steps to support successful implementation.

Strengths of Current Involvement:

- **Proactive Engagement:** The Town has taken a proactive leadership role in addressing local healthcare gaps, especially in recruiting primary care physicians and supporting system initiatives. Examples include partnering with Victoria Order of Nurses (VON) on

the Nurse Practitioner Led Primary and Urgent Care Clinic and collaborating with the Municipality of Kincardine, with funding from Bruce Power, to ensure ongoing physician recruitment and Emergency Room coverage.

- **Comprehensive Recruitment Model:** The Town supports a multi-faceted approach which includes candidate lead generation, onboarding, proposed concierge services, transitional accommodations, and infrastructure support for both residents (medical students completing their education) and locums (physicians filling in for other physicians on leave or vacation), an integral piece to long-term success for acquiring physicians in the community.
- **Collaborative Partnerships:** The Town has fostered strong relationships through the Kincardine-Saugeen Shores Healthcare Partnership and other initiatives, positioning itself as a committed community partner in regional healthcare.

#### Challenges and Weaknesses:

- **Operational Immaturity:** The Town's healthcare administration functions currently lack adequate coordination and resourcing, with activities distributed across three portfolios and various roles. Staff members frequently undertake tasks outside their formal job descriptions, often relying on undocumented processes and without a formal mechanism for tracking time allocated to healthcare administration. These non-documented activities typically lack centralized systems and sufficient rigor for comprehensive long-term data capture and analysis. As a result, the absence of well-defined processes and systems leads to inefficiencies, costing the Town valuable time and resources and highlighting the need for structured management of investment and risk.
- **Lack of Centralized Data:** Through Optimus SBR's review it was noted that information is managed across multiple spreadsheets and platforms, often on individual desktops as opposed to centrally stored. Furthermore, where some information is captured, it is often done in aggregate, lumping multiple facilities or activities into a single line item, negatively impacting the ability of the team to parse through individual line items to identify inefficiencies and other challenges. The result is that staff and the Optimus SBR team were unable to get a full, consolidated picture of activity, outputs, cost, and more.
- **Financial Sustainability:** Financial data presents challenges, making it tough to determine if resources are being used efficiently. Currently, there is not enough information about every cost involved in healthcare administration. For instance, details on clinic maintenance, staff time spent supporting essential activities (such as accurate time tracking), or factors like loan losses and depreciation are often missing. Another issue affecting financial sustainability is the Town's lease arrangements with physicians and tenants: there is no set subsidy level or defined target for Return On Investment (ROI) on leases, resulting in low ROI for clinical facilities. Establishing a formal Healthcare Administration Program can help collect this crucial information, improve transparency, support cost control, and boost long-term financial stability.
- **Infrastructure Gaps:** Both the clinical facilities and the Town-owned Condo are not well-coordinated or fully integrated into the Town's asset management practices. Although

Building Condition Assessments have been conducted for these facilities, there is no available maintenance request data to accurately reflect the Town's efforts in keeping these buildings properly maintained and operational, making it challenging to determine related costs. Furthermore, inconsistencies in equipment provision complicate relationships with these assets. Collectively, these three issues increase liability risks for the municipality.

- **Strategic Uncertainty:** The Town has never developed a formalized long-term, strategic vision for its role in healthcare administration. This lack of direction and insight, paired with data limitations, make important decisions such as agreement restructuring, asset investment or divestment, and others almost impossible to complete with solid evidence and information to inform the process.

The attached Healthcare Administrative Review – Final Report has been reviewed, and a path forward is outlined below for Council consideration.

Additional recommendations in the report include:

- formalizing the physician recruitment and retention approach;
- aligning medical facilities and condos to the Town's asset management practices; and,
- updating all existing agreements to align with refreshed decisions and directions.

Each recommendation has supporting actions under to provide greater detail on what should be focused on, while also allowing for some flexibility in tailoring the implementation of the needs of Saugeen Shores.

## **Recommendation**

To ensure the Town makes efficient and effective use of resources supporting healthcare administration, Optimus SBR recommends the development of a formal Healthcare Administration Program that has the appropriate governance, staffing, systems, and support structures that drive data collection, analysis, and evidence-based decision-making. The creation of this Healthcare Administration Program will improve financial controls, management of risk, and ultimately cost containment and financial management associated with the Town's healthcare activities in the long-term.

It is for the reasons listed above that Optimus SBR has recommended the development of a formal Healthcare Administration Program with a clear governance structure to ensure Council can provide appropriate oversight and direction, as well as dedicated resources to support effective and efficient operations.

The consultant's analysis confirms that while the Town's involvement in healthcare has delivered meaningful community benefits, it also presents liabilities for the Town in the ad hoc nature it is administered.

To make sure everything is set up correctly, before establishing a formal Healthcare Administration Program, a Foundational Pathway is recommended to complete several tasks in 2026, reporting to Council on key decision points.

## Foundational Pathway

Council is being asked to consider the Foundational Pathway as outlined in this report to continue to advance the Healthcare Administration Review to a point where strategic decisions can be made on the Town's continued involvement in the multitude of healthcare-related activities.

The six activities outlined below are recommended as the Foundational Pathway that will be advanced in 2026 to support Council's decision making on the establishment of a Healthcare Administration Program:

1. Strengthen Financial Oversight – Understand Knowledge Gaps
  - To close gaps that currently exist in financial oversight, align expectations, and ensure transparency and accuracy in the cost of healthcare administration, the Town should create a consolidated Program budget that includes both revenues and expenses, multiple Profit and Loss statements for each facility, staff costs, and other expected revenue and cost drivers.
  - Detailed reporting should be included in any refreshed financial oversight program, including separate tracking for each facility or building, monitoring of all administrative costs, monitoring of physician incentives, capital infrastructure, and then various dashboards and other supporting information.
  - This will enable the Town to then better explore and understand specifics around staff involvement across departments and/or to determine if there are specific operations involved with a particular facility (e.g., Saugeen Shores Medical Clinic in Southampton) that drive costs or are of concern to the Town, physicians, or other interested parties.
2. Define the Town's Subsidy and Level of Service
  - With detailed and consolidated financial data in place, staff will work with Council to set a broader subsidy-level for the Program at large, which will include understanding the full amount of funds that they are comfortable providing to healthcare administration on an annual basis. This will include an understanding of staff time and effort, infrastructure costs, and more.
  - As part of the subsidy levels, Town staff will work with the Advisory Group to formalize a refreshed incentive package for attracting and retaining physicians that are attractive, meet the needs of the current conditions and are tied to performance.
3. Define the Town's Role Working with Other Levels of Government or Regional Partners
  - The Town will follow a step-by-step approach: first, it identifies its preferred role; next, it collaborates with partners; finally, it seeks Council approval for its position in healthcare administration. This process ensures a clear and shared understanding of the Town's responsibilities within the organization and among external community partners.
  - The strategic development and formulation of the Town's role in healthcare, in concert with others, will ensure that the role operates within defined objectives while ensuring the role is realistic, efficient, and aligned to system needs.

#### 4. Formalizing Asset Management Practices

- Ensure integration of all healthcare facilities including Town owned medical buildings and condo in the Town's asset management plan and associated processes.
- Gather and analyze the ongoing maintenance needs and requests of the facilities and the condo to support an improved understanding of the type, severity, and frequency of interventions required. This should include information on the request itself as well as the level of staff intervention required to fix the issues.
- Identify service levels that will help the Town to ensure that any maintenance needs required are addressed and supported at an efficient level that works for all parties involved.
- Use building condition assessments, including facility condition index, to inform capital budget development to support broader infrastructure planning. This should include not only the needs from a renovation and maintenance perspective, but also any needs as it relates to reserve contributions to ensure the quantified need is aligned to the Town intervention.
- In the long-term, with an understanding of infrastructure and financial data in place, the Town can then evaluate asset ownership models optimize long-term resource use.

#### 5. Reconcile Contracts to Reflect all Previous Activities, Recommendations and Actions

- With all other core elements described above in place, the Town can then undertake a review and update all healthcare-related contracts to new program standards.
- Standardization of agreements with service level expectations and transparency.
- Review lease agreements with a goal to ensure standardizing and the ability to make decisions on the ROI.

#### 6. Gain Clear Direction from Council

- Ensuring that Council has the final decision to determine the Town's involvement in healthcare, while providing clear guidance to staff regarding governance, staffing, and service levels.
- A clear governance framework will be established, with suitable staffing and oversight to maintain the expected service level. A working group may also be formed, including local physicians, administrative representatives, and community members. This setup ensures that any changes to operations or processes are first reviewed by a team from various disciplines, fit within Council's strategic plans, and make sense for how the Town operates.
- A Physician Recruitment Program will be drafted and submitted for Council approval, formalizing key activities, ensuring transparency, and long-term sustainability of healthcare services.

### **Resourcing Options**

The Foundational Pathway will require resourcing. Currently the Town has an operational budget of \$125,000 annually for Physician Recruitment and \$75,000 for 2026 has been generously provided by Bruce Power. However, the Town's current annual commitment from this budget is \$85,000 for our partnership with the Victorian Order of Nurses (VON) Nurse

Practitioner Clinic and the Emergency Room Stipend Program. The remaining budget (\$115,000) annually supports various recruitment activities (as outlined in the [Staff Report](#) September 8, 2025).

Several options are outlined for Council's direction. These include:

1. Status Quo – Do not pursue the outlined Foundational Pathway and continue to administer the Town's participation in the healthcare portfolio in an informal manner as opportunities arise.
2. Existing Staff Resources – Pause physician recruitment for 2026/2027 and focus staff resources on Foundational Pathway; estimated duration to return to Council: 18-24 months.
3. Part Time Contract Staff – Continue some physician recruitment with part-time contract staff; estimated duration to return to Council on Foundational Pathway 12-18 months; Cost \$80,000 (18-month contract) offset by existing budget and funding.
4. Full Time Contract Staff – Continue full-time physician recruitment (incentives postponed to 2027) and support Foundational Pathway with full-time contract staff; estimated duration to return to Council 12-months; Cost \$110,000 (12-month contract) offset by existing budget and funding.

## **Conclusion**

The Town has had a proactive, organic, and informal approach to healthcare administration that has yielded benefits; however, this approach has resulted in challenges that impact the ability to systematically review and set strategic directions for the function. The result is that the Town is unable to clearly define what exists as "success" and what needs further analysis.

As the 2026 Business Plan and Budget has been prepared, the option towards the Foundational Pathway presented in this report would be included as an item for consideration as a Proposed Amendment to the 2026 Plan.

If approved through the Business Plan, in 2026, staff will begin implementing the activities by presenting recommendations to Council, resulting in a Council's informed decision making on establishing a formal Healthcare Administration Program.

Creating a formal Healthcare Administration Program will set the Town up for success by enabling the organization to more meaningfully collect and use data to drive decision-making that is vital for lasting success. Formalizing processes, standardizing approaches, enhancing data-driven decisions, and improving operations will solidify the understanding of the Town's participation in healthcare.

## **Linkages**

- Strategic Plan Alignment: Pillar 1: Meeting the Needs of a Growing Community
- Business Plan Alignment: CAO Division Highlight

## **Financial Impacts/Source of Funding**

Costs associated with this program are contained within the existing budget.

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