2025-2026 ANNUAL REPORT

Health PEI

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MESSAGE FROM HEALTH PEI'S BOARD CHAIR & INTERIM CEO

We are pleased to present to the Minister of Health and Wellness and people of Prince Edward Island (PEI) the 2025-2026 Health PEI Annual Report. This report presents an update of our actions and performance results linked to our strategic priorities, our financial overview and audited financial statements for the year ending March 31, 2026.

As we reflect on the first year of our 2025-2028 Strategic Plan and a period marked by significant change and transition, we are pleased to share meaningful progress for our patients, their families and the dedicated members of our Health PEI team. Over the past year, we have made steady strides in stabilizing our workforce, improving access to care and strengthening organizational accountability.

While pressures and challenges continue to be present across our health system, these advancements are helping to build a stronger foundation for the future and support our commitment to delivering high-quality care for Islanders.

Our Health PEI team continues to support Islanders each day across the province receiving health care through their professionalism, caring and a commitment to excellence in care delivery. We are sincerely thankful for their dedication.

Respectfully Submitted,

Dr. Richard Wedge, Board Chair
Laurae Kloschinsky, Interim Chief Executive Officer

INTRODUCTION

The 2025-2026 Annual Report outlines Health PEI's actions for the period of April 1, 2025 to March 31, 2026, in support of the following strategic priorities:[1]

- **Connect** every Islander to primary care
- **Provide** access to health care that meets or exceeds national standards
- **Deliver** One Island Health System with provincial programs delivering best practice
- **Build** a more connected health system, integrating care around Islanders

Key health system performance indicators identifying pressure points and areas of stability are included on page 30.

This report supports Health PEI's legislative reporting and accountability requirements to the PEI Legislative Assembly, the Minister of Health and Wellness and the public. The submission of this report to the Minister of Health and Wellness satisfies legislative requirements outlined in the *Health Services Act*[2] and the *Financial Administration Act*.[3]

The annual report is developed and communicated pursuant to Accreditation Canada's Qmentum Governance and Leadership Standards.[4,5] This report is aligned with goals from *The Canadian Quality & Patient Safety Framework for Health Services*:[6]

- People-centered Care
- Safe Care
- Accessible Care
- Appropriate Care
- Integrated Care

HEALTH PEI'S STRATEGIC DIRECTION

OUR MISSION:

DELIVERING HIGH-QUALITY, PERSON-CENTERED CARE TO EVERY ISLANDER

Health PEI exists to provide excellent health care to every Island resident and visitor. Our people are dedicated to this mission and work to provide care that is safe, reliable, effective and patient-centered.

OUR VISION:

A LEADING RURAL HEALTH-CARE SYSTEM, FOUNDED ON ROBUST PRIMARY CARE THAT IS ACCESSIBLE TO ALL

Working collaboratively across our organization with our patients (includes patients, clients and residents) and families, and with our communities as our partners, we will continue to innovate and build a robust rural system that delivers high-quality care.

OUR VALUES:

OUR VALUES SHAPE EVERYTHING WE DO AND GUIDE US TO BE AND DO BETTER EVERY DAY

1. **We demonstrate accountability.**
   We are collectively and individually responsible for achieving our vision, and we answer to all Islanders.
2. **We act with care.**
   We care for Islanders, for each other, and the quality, safety, and outcomes of our work and its impacts on individuals and communities.
3. **We work together.**
   We build trusting relationships to achieve common goals. Our patients come first. We listen to and involve patients, communities and staff in the services we deliver and the challenges we solve.
4. **We strive for excellence.**
   We hold ourselves to national standards, measure and report transparently, and continually learn and improve. We accept feedback, sharing our progress and our shortfalls.

HEALTH CARE IN PEI

Health PEI is a crown corporation responsible for the operation and delivery of publicly funded health care services in PEI. The 2023-2028 Provincial Health Plan[7] established by the Minister of Health and Wellness outlines the health services to be provided or made available in the province and the health facilities operated by Health PEI. Health PEI offers services across PEI and facilitates access to care through partnerships with other provinces including the Atlantic Provinces. Treasury Board (TB) oversees the financial administration of Health PEI. As per the *Health Services Act*, the affairs of Health PEI are controlled and managed by the Health PEI Board of Directors. The Board is connected to the organization through Health PEI's Chief Executive Officer (CEO). The Health PEI organizational chart is located on page 29.

2025-2026 Health PEI at a Glance

OUR PEOPLE

- 7,677 Employees* (Permanent, Casual and Temporary Employees) including:
  - 84 Nurse Practitioners (NPs)
  - 1,657 Registered Nurses (RNs)
  - 705 Licensed Practical Nurses (LPNs)
  - 972 Allied Health Professionals
- 327 Physicians* (299.3 FTE)

**Employee and Physician Counts*

OUR BUDGET

- $1.1 Billion

OUR SERVICES

- 92 K+ Emergency Department (ED) Visits
- 12 K+ Surgical Procedures
- 10 K+ Community Mental Health Referrals
- 380 K+ Primary Care Visits

OUR PLACES

- 7 acute care facilities
- 9 public long-term care (LTC) facilities
- Multiple locations in the community including 19 patient medical homes (PMHs), children's developmental services, public health, community mental health and home-based care

Additional details can be found in the Health PEI by the Numbers section on page 26.

KEY STRATEGIC ACTIONS FOR 2025-2026: OUR PROGRESS

Strategic Pillars

RIGHT PEOPLE

RIGHT CARE

RIGHT PLACE

RIGHT TIME

STRATEGIC PRIORITIES

1. **Connect** every Islander to primary care
2. **Provide** access to health care that meets or exceeds national standards
3. **Deliver** One Island Health System with provincial programs delivering best practice
4. **Build** a more connected health system, integrating care around Islanders

SUPPORTING STRATEGIC ACTIONS

- Improve Access to Primary Care
- Meet Care Standards
- High Quality, Person-Centered Care
- Putting Infrastructure in Place
- Stabilize the Workforce
- Build a Better Health PEI
- Support Clinical Care and Services
- Our Digital Future

IMPROVE ACCESS TO PRIMARY CARE

Patient Medical Homes

Expansion of Patient Medical Homes (PMH)

As of March 2026, Health PEI had 19 active PMHs providing team-based primary care to more than 72,000 Islanders. PMHs are supported by approximately 59 family physicians, 38 NPs and more than 300 interdisciplinary team members, reflecting Health PEI's continued investment in comprehensive, team-based primary care.

Health PEI continued expanding PMHs across the province, including the opening of a new PMH at the University of Prince Edward Island (UPEI). Located within UPEI's Faculty of Medicine and Health Sciences Centre, this PMH supports interdisciplinary care, health professional training, innovation and recruitment. It also helps increase access to primary care for Islanders while preparing the next generation of health care professionals including physicians, nurses and allied health learners to practice in an inter-professional team in PEI.

Further expansion of PMHs included the establishment of Queen Street and Crapaud PMHs. Planning and development also progressed for future PMH infrastructure in Summerside, Cornwall and Gulf Shore, increasing capacity to improve access to team-based primary care services for Islanders.

PMH Maturity Assessments

Health PEI launched a provincial PMH Maturity Assessment process to support continuous quality improvement across PMHs. Fifteen PMHs completed assessments in 2025, identifying strengths and opportunities related to team-based care, patient access, quality improvement, technology and patient experience. Findings are being used to support ongoing improvement efforts, strengthen interprofessional collaboration and advance consistent delivery of high-quality primary care services across the province.

Community Engagement Surveys

To support the future design of primary care services, Health PEI conducted community engagement surveys with unaffiliated patients (patients without a primary care provider) in the Queens and East Prince regions, receiving 4,339 total responses. Survey findings highlighted the importance of timely access to primary care, same-day appointments, extended clinic hours and continuity of care. 61.5% of respondents indicated they either preferred access to a team of health professionals or had no preference regarding assignment to a single provider, supporting Health PEI's continued evolution toward team-based models of primary care. Survey feedback is being used to inform future primary care planning and access initiatives across the province.

Virtual Care

Unaffiliated Virtual Care Program

This program continues to provide important access to care for Islanders without a primary care provider. In 2025–2026 FY, a total of 48,198 consults were completed. Provider availability has also improved, with an average of 14 physicians on the platform each day, supporting approximately 3,412 Islanders per month with an average of 4,016 consults completed each month. On average 23% of patients report they would have sought care at the ED which results in an average of 785 ED visits diverted each month. Patient reported satisfaction is considered high at 4.71/5.

Expansion of Virtual Care

Health PEI remains committed to the ministerial direction to expand access to virtual care. Building on recent investments in primary care and digital health and advancements in health technologies, Health PEI comprehensively assessed the state of virtual care in PEI and has developed an updated strategic vision where virtual care is a regular and fully integrated mechanism for accessing health care across the system. To make this vision a reality, Health PEI is developing a roadmap that focuses on making the best use of existing technologies, creating clear care pathways and workflows, integrating 811 services, increasing provider capacity, and ensuring virtual care has the right supports and oversight in place.

Provincial Patient Registry

Data Collection

In 2025, Health PEI introduced a new application that modernized and automated the application and validation processes including the application form, update information form and auto-response email replies following different actions.

Islander Outreach

Understanding patient contact was rare, an outreach program was initiated in August 2025. This email outreach requested Islanders to complete an online form, updating their household and contact information, thereby confirming their eligibility. At the end of March 2026, almost 13,000 registered Islanders had been contacted with approximately 40% completing their update.

The Affiliation Process (matching a patient to a family doctor or NP) was streamlined as a part of this work. Reducing the time from over 3 weeks to less than 3 days, it enables a larger number of patients to join PMHs each month.

Provincial Patient Registry total registered, unaffiliated Islanders	
• Registered, unaffiliated Islanders as of Apr. 1, 2025	37,331
• Registered, unaffiliated Islanders as of Mar. 31, 2026	33,870
• Registered, unaffiliated Islanders affiliated during this period	9,440
Provincial Patient Registry activity for 2025	
• Active registrants as of Dec. 31, 2025	33,373
• Number of people affiliated in 2025	8,943
• New applicants to the Registry	10,209
Provincial Patient Registry activity for 2026	
• Active registrants as of May 31, 2026	35,407
• Number of people affiliated Jan. 1 - May 31, 2026	3,377

Primary Care Access Clinics (PCAC)

Islanders who are unaffiliated and on the Provincial Patient Registry can access in-person care at a PCAC through the Virtual Care Program. Health PEI has improved access by creating direct referral pathways to PCAC from several specialty programs including the Provincial Pain Clinic, Provincial Geriatric Program, Fracture Clinic, Sexual Health, Options & Reproductive Services (SHORS), Internal Medicine and patients diagnosed with suspected malignancies at an ED.

In 2025–2026, PCAC sites across the province saw an increase in the number of completed appointments to 16,717 appointments, which is a slight increase from the previous year. PCACs continue to grow and expand access in Montague, Charlottetown and Summerside, with a fourth location planned for Alberton.

The team now includes two Team Lead RNs, who review all referrals to improve timely access based on clinical needs. Average wait times across the province by triage level: highest need- 8 days, high need- 13 days, medium- 48 days, and low- 58 days.

MEET CARE STANDARDS

Reduce Diagnostic Imaging (DI) Wait Times

DI volumes have grown over the past year, and wait times continue to move in the right direction. Significant improvements in 90TH percentile wait times from FY2024-2025 Q4 to FY2025-2026 Q4 demonstrate that the system is making meaningful progress:

- Magnetic Resonance Imaging (MRI): 219 days vs 637 days
- Computed Tomography (CT): 87 days vs 115 days
- Ultrasound (US): 357 days vs 397 days

These gains reflect steady work to reduce the backlog and improve access for patients. As the longest waiting individuals are scheduled, wait times may temporarily fluctuate, but this is an expected part of clearing the backlog and ultimately strengthening timely access across DI services.

MRI Wait Times

MRI wait times are improving for all priority levels through a combination of temporary external capacity, improved MRI technologist staffing numbers and updated scanning protocols. 90TH percentile (maximum time 90% of patients waited) wait time improvements for FY2025-2026 Q4 vs FY2024-2025 Q4:

- Urgent (target 14 days): 23.1 days vs 23.2 days
- Semi-urgent (target 28 days): 106 days vs 455 days
- Non-urgent (target 84 days): 723 days vs 741 days

CT Wait Times

90TH percentile (maximum time 90% of patients waited) wait time improvements for FY2025-2026 Q4 vs FY2024-2025 Q4:

- Urgent (target 14 days): 34 days vs 54 days
- Semi-urgent (target 28 days): 138 days vs 126 days
- Non-urgent (target 56 days): 181 days vs 224 days

US Wait Times

90TH percentile (maximum time 90% of patients waited) wait time improvements for FY2025-2026 Q4 vs FY2024-2025 Q4:

- Urgent (target 14 days): 48 days vs 115 days
- Semi-urgent (target 28 days): 370 days vs 329 days
- Non-urgent (target 84 days): 478 days vs 515 days

Reduce Surgical Wait Times Across all Specialties

Health PEI Provincial Surgical Services experienced an overall increase of approximately 600 procedures in FY2025–2026 compared to FY2024–2025. This growth reflects targeted efforts to strengthen staffing across both nursing and anesthesia, as well as initiatives to maximize operating room (OR) utilization. Key improvements included enhanced efficiency in room turnaround times, reduced unused OR time through block schedule optimization with 49 cancellations planned for this year compared to 215 cancellations last year and expansion of the Same-Day Joint Program, enabling more hip and knee procedures to be completed with same-day discharge.

Orthopedic Surgeries

As a result of this focused work, the proportion of same-day joint procedures increased significantly—from 18% at the start of fiscal 2025–2026 to 48% by the end of March 2026.

Between April 2025 and March 2026, knee surgery volumes increased by 22% and hip surgery volumes increased by 8% compared to the previous year. As surgical volumes continue to rise and the backlog decreases, the number of patients treated within benchmark timelines is expected to improve.

Cataract Surgeries

Cataract surgery performance has improved significantly, with cases within national benchmark increasing from 31.1% in FY2024-2025 to 59.2% in FY2025-2026, following the continued efforts and partnership between the Queen Elizabeth Hospital (QEH) (Heath PEI) and the PEI Vision Surgical Centre.

Centralized Wait List

To further reduce surgical wait times, Health PEI is implementing a centralized waitlist management system to streamline access to care for all surgical specialties, including hip and knee replacements. Additional investments in optimized surgical scheduling and expanded same-day procedures are part of a broader, system-wide strategy to enhance efficiency and improve patient outcomes and experience.

All initiatives are grounded in a commitment to quality and data-driven decision-making.

HIGH QUALITY, PERSON-CENTERED CARE

Quality and Patient Safety Initiatives

During 2025–2026, the Quality and Patient Safety team advanced initiatives focused on patient safety, quality improvement, accreditation readiness and organizational learning. A key priority was preparation for Accreditation Canada onsite surveys scheduled for November 2026 and June 2027. Activities included organizational readiness assessments, engagement with leaders and frontline staff, and monitoring compliance with Accreditation Canada Standards and Required Organizational Practices. These efforts supported consistent implementation of quality and safety practices across programs and services.

Canadian Patient Safety Culture Survey

Between September 22 and October 31, 2025, Health PEI's Quality and Patient Safety Team administered the Canadian Patient Safety Culture Survey as part of Accreditation Canada requirements. The survey provides valuable insight into Health PEI's staff's perceptions of patient safety, helping the organization to identify strengths and opportunities for improvement. A total of 847 responses were received, and key themes were identified to inform the development of an action plan aimed at improving the organization's patient safety culture.

Multidisciplinary Working Groups

In support of Accreditation Canada's Required Organizational Practices, two multidisciplinary working groups were established to advance falls prevention and suicide prevention initiatives. In addition, a Medication Incident Working Group was created to review medication-related incidents, identify system-level opportunities for improvement, and support safer medication practices. Together, these initiatives reflect Health PEI's ongoing commitment to strengthening patient safety, reducing risk, and embedding a culture of learning and continuous quality improvement throughout the organization.

Knowledge Exchange

To support learning and collaboration across the organization, the Quality, Patient Safety and Ethics Division hosted two Quality Patient Safety Learning Exchanges in May and October 2025, each attended by more than 140 staff, patients and leaders. These events provided opportunities to showcase quality improvement initiatives, share lessons learned and promote best practices inpatient safety and quality care.

Education

This past year, Health PEI's Quality, Patient Safety and Ethics Division developed and delivered standardized education on the Plan-Do-Study-Act (PDSA) cycle. A total of 34 education sessions were held, reaching 421 Health PEI staff. Sessions were delivered to program-based Quality Improvement Teams at all established PMHs, to the Transformation Office team, and as part of the Managers' Essentials learning series. Quality and Patient Safety staff regularly promote the use of the PDSA cycle as an approach to quality improvement.

Voices of Our Patients and Families

Patient Navigation

Patient Navigation experienced increased service demand in 2026, resulting in the addition of a second navigator to support access to care and system navigation for Islanders. Patient Navigators also provided several public presentations throughout the Island on programs and services offered by Health PEI and how to access care.

Patient and Family Partners

The Patient and Family Partner Program includes 73 partners who contribute to committees and provide input on policies, programs and patient-facing materials. Program enhancements include updated orientation and onboarding, along with arranging an education day for Patient and Family Partners focused on Health PEI priorities and effective communication.

Patient Relations

Patient Relations supports the receipt, review and coordination of feedback related to Health PEI programs and services, working collaboratively with program and service leaders to support person-centered responses. In 2025-2026, the Patient Relations team delivered education to 12 program and service areas across the organization on the value of patient feedback and its role in supporting quality improvement, concern resolution and an enhanced patient experience.

To support a consistent approach to feedback management, the Patient Relations team developed and implemented a standardized feedback process to ensure feedback is managed fairly, consistently and respectfully. Since October 2025, Patient Relations has consistently acknowledged receipt of feedback from Islanders within 72 business hours, supporting timely follow-up and responsive engagement with patients, clients, residents and families.

Additional enhancements included the introduction of a toll-free telephone number and expanded options for submitting feedback through online channels and Health PEI employees. These improvements have increased access to feedback processes and strengthened Health PEI's ability to collect and respond to information regarding Islanders' experiences with Health PEI programs and services.

Patient Experience

As part of its commitment to recognizing excellence and advancing person-centered care, the Patient Experience team developed the Patient Experience Stars Program to celebrate staff and physicians who consistently demonstrate the principles of person-centered care in their interactions with patients, clients, residents and families. The program recognizes individuals who go above and beyond to create exceptional care experiences, foster meaningful connections, and contribute to a culture of compassion and excellence across Health PEI. Nominations are welcomed by staff, managers, leaders, physicians, patients, families and members of the public, providing an opportunity to acknowledge those who make a positive and lasting impact on the care experience. During 2025–2026, 10 Health PEI staff and physicians were recognized through the Patient Experience Stars Program for exemplifying excellence in person-centered care and their outstanding commitment to enhancing the patient experience.

PUTTING INFRASTRUCTURE IN PLACE

In 2025-2026, the Health PEI Capital Plan supported building and upgrading Health PEI facilities across the province along with obtaining equipment needed to deliver health services. Work was completed on new buildings and planning for future capital projects including the following:

- UPEI PMH
- Charlottetown Community Health Centre at The Mount
- South Shore PMH
- Montague PCAC
- QEH Resident Physician Accommodations and additional spaces to support hospital capacity

Across the province, numerous capital repairs projects were completed including paving projects, renovations, improved walkways, asbestos abatement, flooring, basement repairs, roof repairs and new equipment replacements (e.g. boilers, dialysis equipment, panel upgrades).

STABILIZE THE WORKFORCE

Recruitment and Retention

In FY2025-2026, Health PEI hired 231 RNs, 65 LPNs and 5 NPs. Within Allied Health, 303 Personal Care Workers (PCWs)/ Resident Care Workers (RCWs) and home support individuals were hired, along with 10 Occupational Therapists and 11 Physiotherapists *(data includes casual, permanent and temporary hires)*. Accelerated physician hiring has been achieved through the introduction of Pace Setting Meetings and the transition to using a Client Relationship Management (CRM) technology, resulting in 41 hires in 2025 and 16 hires as of June 30, 2026, plus a greatly reduced days to hire metric from over 60 days in 2025 to 28 days so far in 2026. Two Physician Assistants and two Associate Physicians were also hired in 2025.

Strategic progress was made across enabling functions: unified employer branding, enhanced candidate experience, expanded Internationally Educated Nurse (IEN) and incentive programs, and foundational work toward an Applicant Tracking System, agency reduction strategy, and coordinated immigration supports. Data and reporting capabilities advanced through the use of a CRM system, targeted marketing campaigns (including U.S. outreach), and tiered reporting for internal and ministerial audiences.

Over the past year, the Workforce Recruitment Division continued to provide timely in-house immigration support for new hires and existing Health PEI employees requiring employer-supported documentation. The team worked with the Public Service Commission, hiring managers, recruitment teams and external partners to address immigration needs, offered guidance on work permits and permanent residence pathways, assisted HR–Labour Relations with document verification, and prepared employer specific applications. The division also supported workflow improvements, tracked key metrics and maintained up-to-date knowledge of changing federal and provincial requirements.

Attraction and awareness efforts emphasized a unified brand and strong social media presence that strengthened visibility and credibility, supported by virtual and in-person job fairs that broadened access to prospective candidates. Targeted outreach in key specialties—such as obstetrics and gynecology, anesthesia, plastics and oncology—helped address priority workforce needs. The candidate experience was enhanced through a redesigned, high-touch site visit

model and specialized virtual tours that offered a clearer view of the environment and expectations. New professionals were supported through a structured graduate matching process, while standardized immigration procedures created a more consistent and transparent pathway for internationally educated applicants. Integration and incentive initiatives included comprehensive settlement programs for IENs, improved access to housing through a formal accommodations database, and continued development of the Return In Service (RIS) Program to strengthen long-term recruitment and integration supports.

To sustain these recruitment gains, Health PEI implemented targeted operational initiatives to stabilize the health care workforce. Foundational stability was secured by finalizing collective agreements with Canadian Union of Public Employees (CUPE) and Union of Public Sector Employees (UPSE). To modernize classification structures for a multi-generational workforce, the first comprehensive review in nearly 30 years standardized 1,400 nursing roles into eight distinct classification groupings. Workplace safety improved through a new *Health PEI Critical Incident Support Policy* and mandatory safety design reviews for all infrastructure projects. Professional development and employee recognition were heavily prioritized. Health care professionals now benefit from expanded scopes of practice, a new hospitalist fellowship program and formal mentorship programs.

Rigorous tracking of core metrics like attrition, vacancy rates and overtime directly informs operational leadership. This continuous monitoring guarantees retention efforts remain as measurable and evidence-based as our recruitment practices.

Safe and Healthy Workplaces

Health PEI is committed to creating safe, healthy and supportive workplaces where employees can thrive while delivering high-quality care to Islanders. Throughout 2025-2026, significant efforts were focused on strengthening injury prevention programs, enhancing workplace safety, supporting employee well-being and improving return-to-work outcomes to help health care workers remain safe, healthy and at work.

Workplace Safety & Violence Prevention

Workplace violence prevention remained a priority and Health PEI continues to invest in de-escalation education, behavioural risk management strategies and environmental safety improvements to mitigate risks. Environmental Violence Risk Assessments were completed or scheduled for all Health PEI locations, with recommendations focused on improved access control, secure staff spaces, and expanded safety and security services. Asbestos Management Plans have been completed for all Health PEI-owned buildings containing asbestos, ensuring legislative compliance and addressing recommendations identified by the Auditor General's report.

Musculoskeletal Injury Prevention (MSIP)

A major area of focus was the continued development of proactive injury prevention programs through the MSIP team. Targeted education sessions and equipment-specific training continue to support the safe use of mobility and lifting devices, while safe work procedures have been developed and made readily accessible through the Staff Resource Centre. Ergonomic assessments remain a key service, with opportunities being explored to align mandatory ergonomic training for administrative staff with broader ergonomic education and assessment programs. Additional work is underway to enhance sprain and strain injury follow-up processes and further strengthen proactive injury prevention efforts across the organization.

Employee Health Nursing

Employee Health Nurses continued to play a vital role in supporting the health and well-being of Health PEI employees. Through services including communicable disease management, immunization programs and employee health education, Employee Health Nurses help keep staff safe and health and promote a safe work environment. Their expertise and collaboration with leaders and employees supported both individual health needs and broader organizational health and safety objectives.

Employee Abilities and Return to Work

Health PEI's Employee Abilities and Return to Work Program continued to evolve to better support employees with complex and episodic disabilities. Enhanced pathways were implemented to improve accommodation and return-to-work outcomes, while new guidelines were developed to support the evaluation of fitness to work in situations involving psychiatric disabilities and behavioural concerns. The organization also supported employee accommodations that facilitated access to primary care providers. Looking ahead, Employee Abilities and Return to Work will focus on developing Human Rights, Labour and Employment education opportunities for leaders and expanding pathways for independent medical examinations to further support fitness-to-practice processes.

HR Help Desk

The HR Help Desk continued to provide timely and effective support across the organization, responding to 3,303 requests from Health PEI employees during the FY2025-2026. Service performance remained exceptionally strong, with 99.26% of requests resolved within 24 hours.

Just Culture

Advancing the Just Culture model across Health PEI remains a priority, supporting a culture of listening, learning, and psychological safety, while strengthening both patient and staff safety and enabling high-quality, person-centered care. Since the program launched in October 2023, more than 100 Just Culture Champions have been certified, including front-line staff, department and program managers and senior leaders.

In 2025–2026, Health PEI continued to expand frontline staff and leader engagement through online training modules, while promoting the program through ongoing initiatives such as the Quality & Patient Safety Learning Exchange, annual Just Culture Week, Leadership Forum presentations, unit- and area-specific Core Concepts workshops and quarterly Champion check-ins. The organization is also advancing Just Culture through focused stakeholder engagement, a purpose-driven approach to training, and integration with system-wide supports, including the Learning Management System (LMS) and the organizational onboarding and orientation program.

Flexible Hiring Initiative

Health PEI received Treasury Board (TB) approval to implement an Interim Position Management Policy (IPMP), as a pilot, to hire and fill Health PEI vacancies. In May 2025, TB approval was granted to extend the IPMP, until August 31, 2025. The focus of the now known Flexible Hiring Initiative (FHI) was on building a stable, full-time frontline workforce that would provide Health PEI with the ability to keep pace with the growing demand for health services in PEI. This initiative aimed to empower operations to hire permanent staff in a temporary environment, reduce reliance on temporary and agency workers, streamline hiring processes and optimize budget use.

Key FHI indicators include:

- 1,576 FH full-time permanent positions were created.
- 916 FH positions were filled.
- For FH positions only, the system experienced growth of 248.0 Full-Time Equivalents (FTEs) from internal movement, and 223.0 FTEs from external hires up to March 31, 2026 for a total of 471.0 FTEs attributable to the FHI.
- Overall, the Health PEI workforce has experienced a gain of 684.4 FTEs since April 1, 2025 to March 30, 2026.

Now that the flexible hiring pilot has concluded, Health PEI will conduct a review of the impact on operations, staffing and position management and budget before deciding on how to proceed with regards to the future of FHI.

Employee and Labour Relations

The Employee and Labour Relations team continued to play a critical role in supporting organizational stability and engagement by providing expert advice, education and guidance to operational leaders and employees. The team led and facilitated meaningful consultation with union partners, fostering collaborative relationships and proactive issue resolution.

Over the past year, the team strengthened its internal capacity through participation in Workplace Assessment and Restoration training, enhancing its ability to support psychologically healthy workplaces and effectively manage complex employee relations matters.

Collective bargaining remained a key focus area. Negotiations continued with the Prince Edward Island Nurses' Union (PEINU) toward renewal of the collective agreement that expired on March 31, 2025. The team worked closely with CUPE to modernize job specifications, ensuring they accurately reflect evolving roles, responsibilities and required qualifications across Health PEI.

In partnership with the Public Service Commission, significant progress has been made in advancing the standardization of job classifications across Health PEI programs and services. This foundational work supports broader strategic objectives related to recruitment and retention by promoting internal equity, supporting employee engagement and aligning compensation structures with current workforce realities.

Staff Engagement

The Health PEI Employee Engagement Strategy, developed and launched in late 2025, provides a clear and coordinated approach to strengthening employee experience and supporting a sustainable health care workforce. The strategy aligns with Health PEI's organizational priorities and the Right People where employees feel connected, supported and empowered to deliver high-quality care. The Employee Engagement Strategy is focused on three key pillars:

1. Listening – Cultivating a Listening Culture
2. Recognition – Recognizing and Retaining our Health Care Workers
3. Commitment – Supporting One Health PEI Team

Since its launch, Health PEI has advanced a range of initiatives to bring the strategy to life, including the Years of Service Recognition Program, Retiree Recognition Program, the Just Culture Program, and supporting leadership development and culture-building efforts. Ongoing training and engagement opportunities, such as the Management Essentials series 'Celebrate & Elevate', are equipping leaders and staff with the tools to strengthen workplace culture and connection. Implementation remains an active focus, with continued development of programs, leadership capacity and sustainable practices that support employee wellbeing, collaboration and long-term workforce stability.

Years of Service Recognition Program

Health PEI launched a refreshed Years of Service Program in October 2025 to strengthen a culture of recognition and appreciation, supported by a consistent approach across the system. The updated program expands eligibility to recognize permanent employees at 1, 5, 10 and 15 years of service, compared to the previous Long-Term Service Awards that began at 20 years. Regional events in Charlottetown, Summerside, and across Western and Eastern regions also celebrate milestones from 20 to 45 years. These changes recognize contributions earlier in employees' careers while honouring long-term service, helping to build trust, engagement and a positive employee experience. In total, more than 1,300 employees were recognized in 2025, with over 1,500 being recognized in 2026.

In Spring 2026, Health PEI further strengthened its recognition efforts with the launch of a Retiree Recognition Program. This initiative formally honours employees who retired in the previous calendar year, including many who continue to support the organization in casual roles. Retirees are recognized by their leaders, colleagues, executive leadership and families at events held in Charlottetown and Summerside. In its first year, the program celebrated 117 retirees, acknowledging their careers and lasting contributions to the health system.

Both the Years of Service and Retiree Recognition Programs help support the 'Recognition' pillar of our Employee Engagement Strategy and align with the Right People priority in the 2025-2028 Strategic Plan, reinforcing our commitment to valuing and supporting our workforce.

Professional Development

Strengthening Leadership Capacity and Workforce Development

Health PEI strengthened leadership capacity by enrolling 47 emerging leaders in the LEADS Leadership Foundations Program, aligned with Canada's health care leadership framework. A comprehensive suite of leadership and staff development programs was delivered, including Management Essentials, Courage to Connect, Caring Across Cultures and Insights Discovery team development sessions, reaching more than 200 staff across multiple divisions. Access to Harvard Manage Mentor was expanded to support over 300 leaders through on-demand and facilitated learning focused on leading within complex health care environments. Leadership town halls and engagement sessions also reached more than 150 leaders, strengthening alignment with organizational priorities and enhancing systems thinking.

Advancing Learning Systems and Infrastructure

Health PEI led its participation in a cross-government LMS implementation spanning four provincial domains and approximately 18,000 users, positioning the organization to scale and standardize learning for more than 7,000 staff. Internal system capability was strengthened through extensive vendor-led training and LMS configuration to support go-live readiness. A comprehensive User Acceptance Testing Program was designed and executed, engaging over 30 staff across 142 scenarios and more than 4,000 tests to validate system readiness against operational requirements. To sustain expertise and support adoption, an LMS Advisory Group and broader community of practice were established. Throughout the process, Health PEI represented the unique needs of a 24/7 care environment in cross-government decision-making, ensuring alignment with clinical operations.

Driving Organizational Alignment, Performance and Culture

Health PEI advanced organizational alignment and culture by leading the design, launch and continuous improvement of the Professional Impact and Development Program. This work strengthened leadership accountability and alignment with strategic priorities while improving the overall user experience. A standardized corporate onboarding framework was developed to support a consistent and positive employee experience across the organization. In addition, Team Values Charters were piloted to strengthen culture, promote respect and reinforce shared accountability, with broader implementation underway.

Training Programs and Learning Collaborations

Progress has been made toward creating pathways for health care professionals through the initiation of a new PEI based Practice Ready Assessment Program, the Bachelor of Nursing Student Employment Program and the Health PEI-McMaster University 12-Month Hospitalist Fellowship Program.

- Health PEI, working with the Department of Health and Wellness (DHW) and the College of Physicians, have been working with the Physician Assessment Centre of Excellence in Nova Scotia to establish an agreement to assess up to 5 physicians per year over the next two years.
- 43 offers were sent for the Nursing Summer Student Employment Program, 39 were placed and 3 declined the offer.
- There is one physician currently participating in the McMaster fellowship training program.

Communities of Practice for collaborative interdisciplinary learning in collaboration with the Clinical Learning and Simulation Center (CLSC) at the UPEI Faculty of Medicine and Interprofessional Health Education Facility have been created.

The CLSC at the UPEI Faculty of Medicine and Health Sciences Centre has been open since January 2026. There has been extensive work done in building a Community of Practice around simulation across UPEI and Health PEI. Several Health PEI groups have received the course "Sym Fundamentals" from CLSC staff and there have been interdisciplinary simulation education sessions with Health PEI staff including in situ at a rural hospital.

2025-2026 marked a transition into a new medical education space, significantly enhancing the learner environment through improved amenities such as call rooms, workstations and shared areas. Looking ahead, the focus remains on strengthening partnerships, expanding capacity, and fostering a supportive culture for medical education across the system.

BUILD A BETTER HEALTH PEI

Accountability and Reporting

As of March 31, 2026, Health PEI accepted all 12 recommendations from the Auditor General's Excluded Audit to ensure compliance with the *Terms & Conditions of Employment for Excluded Supervisory and Confidential Employees of the Province of PEI*, Treasury Board and *Civil Service Act*. In response to recommendations, Health PEI assigned a project lead and took a project management approach to initiate change, monitor, and evaluate the solutions and new workflows developed to ensure current and future compliance.

To address individual recommendations, Health PEI created distinct work teams, introduced new auditing protocols, automated processes for efficiency, developed tracking systems, centralized internal functions for better oversight, improved data entry training programs and resources, conducted group education sessions and scheduled ongoing refresher training sessions. In addition to these actions, Health PEI restarted regular check-ins with external partners (Public Service Commission and Public Service Central HR Management Systems (HRMS), Finance and Treasury Board) and created new guidelines/FAQs to aid in the correct administration of the *Terms & Conditions of Employment for Excluded Supervisory and Confidential Employees of the Province of PEI*.

By June 30, 2026, Health PEI expects to have all new protocols and systems for compliance related to each of the 12 recommendations in place.

Transition to Healthcare Insurance Reciprocal of Canada (HIROC)

On October 1, 2025, Health PEI transitioned to HIROC for liability, crime and cyber insurance coverage. HIROC is a Canadian, not-for-profit health care insurer that offers a range of insurance products, risk management services and claims support tailored to the health care sector. To support a smooth transition, the Quality, Patient Safety and Ethics Division supported implementation through leadership education and the development of standardized processes for incident reporting, claims management, and communication. These activities have strengthened Health PEI's approach to risk management and patient safety.

Integrated Risk Management (IRM) Capacity

Health PEI continues to advance its IRM Program through the development of an organizational risk registry. In March 2026, senior leaders participated in a Risk Identification Workshop facilitated by HIROC. The workshop supported leadership education on IRM principles and facilitated the identification of organizational and strategic risks requiring executive oversight. Seven organizational risks were identified and assigned to executive leaders for accountability and oversight. Risks identified were access to care, change management, culture (engagement), recruitment and retention, financial instability, contract management and community and media relations. The next phase of work includes conducting formal risk assessments, evaluating risk likelihood and impact, and identifying mitigation strategies to support organizational decision-making and risk reduction.

Organizational Excellence

Socialized the organizational excellence framework comprised of five building blocks that provide the structure and routines to create focus and alignment on Health PEI's strategic priorities, enabling a culture of continuous improvement.

Began laying the foundation for professional accountability, growth and improvement through various initiatives and deliverables, including:

- piloting monthly team performance review meeting and milestone "one-pager" templates for QEH Administrator and Directors;
- incorporating the PDSA improvement cycle into the Learning and Development (L&D) management training series; and,
- drafting the strategy map, balanced scorecard, and strategic plan action plan to align and cascade Health PEI's strategy across the organization.

Focused on corporate support systems for effective operations and consistent service delivery across Health PEI, with the aim of enabling leaders to focus on their strategic portfolios and ensure they meet goals without being hindered by operational challenges.

Integration of DHW Recruitment and Retention Team into the Health PEI Workforce Recruitment Team

In 2025, Health PEI restructured its recruitment function transitioning from the DHW to Health PEI to build a more strategic, proactive and data driven workforce recruitment model. This transformation directly supports the system's strategic priorities: connecting every Islander to primary care, delivering care that meets or exceeds national standards and ensuring provincial programs operate using best practices. The new model prioritized organizational needs, strengthened sourcing and marketing capabilities, expanded immigration and enablement supports, and introduced consistent Key Performance Indicator (KPI) tracking.

Workforce Recruitment organized into four functional portfolios: Physicians & Locums, Nursing and IENs, Allied Health and Support and Enablement to better align recruitment with system-wide service delivery needs. In partnership with the Public Service Commission, DHW and Medical Affairs, Workforce Recruitment identifies, attracts and attains talent associated with organizational needs. This approach supports an enhanced talent pipeline, candidate experience, and ability to track and report key data.

Operational improvements already implemented, such as the Daily Management System with tiered meetings and the Workforce Recruitment Huddle Board, play a critical role in the new structure by strengthening accountability, improving recruitment planning, and enabling faster identification and escalation of barriers. These standardized practices will ensure continuity, performance consistency, and a strong foundation for the integrated team moving forward.

HR Analytics and Information Systems

The HR Analytics and HR Information System (HRIS) teams continue to provide invaluable support to each of these areas by supporting evidence-based decision-making through timely and accurate information sharing. In addition to supporting the key areas mentioned above, the HR Analytics team is leading the automation of PeopleSoft data into an analytics data warehouse and the usage of Power BI as approved by IT Shared Services (ITSS); these advancements support the development of user-friendly dashboard and providing accessible data to leaders and decision-makers across the organization.

Provincial Leadership Dyads and Physician Leadership Forum

Strengthened physician leadership through the launch of a Physician Leadership Forum. The restructuring of provincial departments and the identification of strategic partnerships between clinical and operational dyads will pair physician leaders with operational partners to jointly guide service delivery, multi-disciplinary decision-making, problem-solving and organization-wide improvement. This approach will ensure that clinical priorities and operational realities are addressed in tandem. This forum will continue to foster enhanced collaboration, innovative ideation, improve communication pathways and develop a more strategic, patient-centered provincial health system.

SUPPORT CLINICAL CARE AND SERVICES

Critical Care

In August 2025, the re-opening of the Prince Country Hospital (PCH) Intensive Care Unit (ICU) marked a significant milestone in restoring provincial critical care capacity and advancing a more integrated, sustainable clinical system. Following a period of service disruption driven by physician and nursing shortages, multiple Health PEI teams worked closely with site and provincial leadership to rebuild a critical-care workforce at PCH capable of reopening the ICU. The return of ICU services reflects renewed confidence in staffing reliability, and a coordinated provincial approach to high-acuity care. This achievement not only improves access for patients in western PEI but also reinforces physician and staff engagement, improves opportunities for specialized staff and demonstrates the impact of aligned medical and operational leadership on service restoration and system resilience.

Provincial Diabetes Program (PDP)

The PDP conducted a pilot of group health visits for Islanders living with diabetes who do not have a primary care provider. The pilot demonstrated strong interest in a care model that combines diabetes education, clinical care and peer support, leading to the launch of a feasibility study with recruitment underway and the first group visits scheduled for September 2026. Group-based diabetes care can improve diabetes knowledge, self-management skills, confidence and engagement in care by allowing participants to learn from both health care providers and others living with diabetes. These improvements can support better blood sugar management, reduce the risk of diabetes-related complications and improve overall quality of life.

Continued expansion of the diabetes care team with the addition of pharmacist support and additional RNs and Registered Dietitians across the province, which is increasing the program's capacity to provide assessment, education, medication management and ongoing follow-up for Islanders living with diabetes.

Chronic Obstructive Pulmonary Disease (COPD)

COPD Program Evaluation

Health PEI is completing a comprehensive evaluation of its COPD Program to identify opportunities to strengthen services and improve patient experiences. The findings will help guide future improvements to care for Islanders living with COPD, supporting better health outcomes and more coordinated care. Recommendations from the evaluation will inform ongoing enhancements to primary care and home-based COPD services.

Competency Framework & Learning Plan

Health PEI developed and piloted a provincial competency framework and learning plan for RNs and Respiratory Therapists providing COPD care. This work supports consistent, evidence-based care and helps ensure Islanders receive high-quality COPD services across the province. Full implementation is planned for Fall 2026.

Early COPD Detection

Early successes have been observed through a targeted COPD case-finding pathway, with 5 of 15 individuals screened confirmed to have COPD. This approach is improving timely access to diagnosis and care, with expansion to two larger pilot sites planned to further advance early intervention and equitable access.

Cardiac and Pulmonary Rehabilitation Program

Between April 2025 and March 2026, 189 participants graduated from the Cardiac Rehabilitation Program and 91 participants from the Pulmonary Rehabilitation Program. This reflects a 16% increase in cardiac rehabilitation graduates compared to the previous year. To improve access and support equitable care, the program expanded to include a dedicated team in Montague, enhancing service availability for residents in the eastern region of the province.

In addition, a partnership with Queens East Primary Care led to the establishment of a permanent, shared Community Registered Dietitian position. This role strengthens access to nutrition services for both community patients and program participants.

Patient Flow and Transitions in Care

Targeted improvements to patient flow and transitions have contributed to measurable reductions in ED wait times and delays in accessing inpatient beds. Site level improvement examples have been significant, with 90th percentile Time Waiting Inpatient Bed (TWIB) at QEH ED reduced to 55.26 hours in May 2026 from 88.82 hours in May 2025.

These gains were supported by system-wide initiatives to strengthen discharge planning and transitions to LTC. Discharge Rounds were implemented across six acute care facilities, including QEH and PCH, with strong multi-disciplinary attendance (76% attendance on Units 3 and 8 at QEH), helping to proactively address barriers to discharge. Policy work to standardize LTC admissions, transfers and placements is advancing more consistent and timely transitions from acute care. In parallel, the implementation of a "Home First" philosophy and expanded discharge planning efforts across sites are improving coordination and enabling patients to move more efficiently to appropriate care settings, ultimately supporting increased bed availability and reduced pressure on EDs.

OUR DIGITAL FUTURE

In 2025-2026 key initiatives set the path forward to reimagine care delivery using secure digital solutions and providing tools and information to support Islanders in being active participants in their care. Health PEI's e-Health team continued to provide operational support for digital patient and provider portals and clinical systems across hospitals, LTC and community settings such as primary care and home care. These clinical systems support both providers and patients across the province by providing access to patient information in multiple settings.

CLINICAL INFORMATION SYSTEM (CIS)

- 1,301,596 orders entered into the system
- 21,519 scheduled appointments
- 4,068 unique users accessing the system
- 966 peak number of users accessing the system at one time

ELECTRONIC MEDICAL RECORD (EMR):

- 1,650 users (staff and providers)
- 798,000 total appointments recorded in EMR
- 23,000 no shows recorded
- 321,000 prescriptions sent

Elimination of the Hybrid Record Road Map

EMR Expansion

To promote and enable team-based care and information sharing, the continued enrollment of providers across primary care and specialty services took place with a process to define priority clinics to on-board. PMH onboarding to EMR was initiated with the UPEI PMH as a pilot site.

In community services, the EMR rollout was initiated with Public Health and Children's Developmental Services.

LTC Information Management System (IMS)

The LTC IMS is a point-of-care documentation system built on best practices that can relay real-time tasks, documentation and dashboards to assist with daily work management and overall program improvements. During the FY2025-2026, phase one took place with the onboarding of all nine public LTC homes to the new system.

CIS

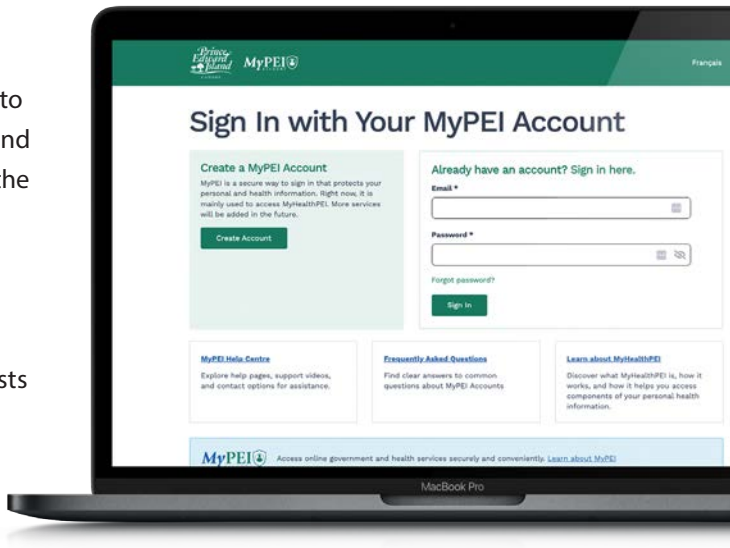
The CIS Behavioural Health Module for Mental Health and Addictions hospital, emergency and inpatient services was implemented in 2025. The Advance Capture Module pilot was initiated during the year to digitize out-of-province health records.

Home Care Solution

In the past year, a pilot for the Home-Based Care Client Portal was completed and enhanced staff dashboards were created. The dashboards provide home care staff with real-time clinical and operational information to support informed decision making, improved care coordination and efficient workforce management across home-based care services.

MyHealthPEI – Citizen and Provider Portals

The MyHealthPEI citizen's portal was launched in October 2025. This portal is designed to empower eligible Island residents age 16+ to be active partners in their health care. Laboratory results, DI results and immunizations can be accessed through the portal. Upon launch of the portal, 3,763 patient accounts were created.



The provider portal pilot allowing private health care providers to view necessary DI and laboratory results was launched in June 2025 with select pharmacists and opened to all pharmacies and pharmacists in September 2025. Currently there are 67 active pharmacists, and 46/51 pharmacies have signed up to use the MyHealthPEI provider portal.

Modernizing Health Care Connectivity Project

Phase Two was completed, resulting in faster, more reliable systems, better Wi-Fi coverage and stronger security. The aim of this project is to strengthen Health PEI's health care network infrastructure to enable the secure and reliable use of wireless non-information technology medical devices.

Artificial Intelligence (AI) Scribe

AI Scribe pilot is currently being implemented with support from the DHW and Canada Health Infoway to assist up to 100 eligible physicians and NPs in primary care and pediatric settings with clinical documentation. There is an expectation that the AI Scribe will reduce time needed for visit documentation and will complete documentation closer to real visit time.

Supporting Patient Flow

The CIS team supported projects implemented with Provincial Patient Flow for Expected Date of Discharge (EDD) programming and LTC (EDD upgrades and workflow and LTC Bed Board Proof of Concept respectively).

FINANCIAL OVERVIEW

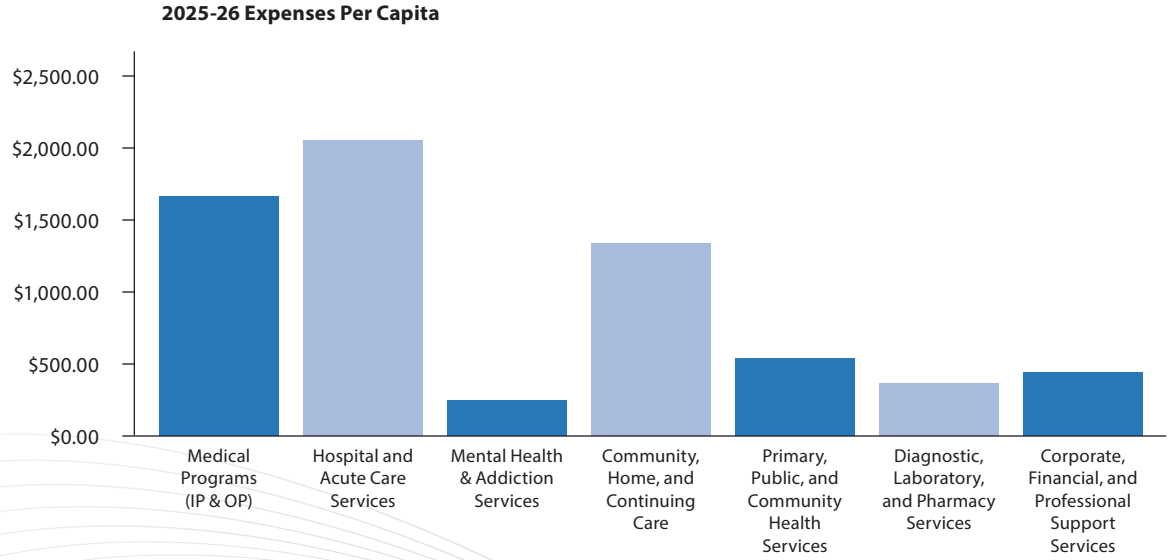
HIGHLIGHTS

This section of the annual report highlights the organization's operations for the fiscal year ending March 31, 2026. This financial section should be read in conjunction with Health PEI's audited financial statements (included on page 32).

ORGANIZATIONAL HIGHLIGHTS FOR THE FISCAL YEAR 2025-26	
OPERATIONS	**OPERATING ACTIVITIES**
Revenues	$ 1,216,858,371
Expenditures	$ 1,211,171,767
Subtotal-Operating Surplus (Deficit)	$ 5,686,604
CAPITAL	
Revenues	$ 59,730,386
Amortization	$ 25,009,410
Accretion	$54,758
Capital Transfers	$ -
Subtotal-Capital	$ 34,666,218
Annual (Deficit) Surplus	**$ 40,352,822**

EXPENSES PER CAPITA

Budgeted spending per capita highlights the Provincial Government's health expenditure by use of funds divided by the population. This indicator allows Health PEI leadership to target and track service enhancement and better manage spending in specific areas. Targets are set based on anticipated areas of growth or projected needs for additional resources to meet the needs of Islanders.



EXPENSES BY SECTOR

Medical Programs (IP & OP) - expenses relating to medically necessary services provided to residents within Prince Edward Island and through approved out-of-province programs, including specialized treatments, consultations, procedures, and other health services that may not be available within the province.

Hospital and Acute Care Services - expenses relating to the provision of hospital-based care, including services delivered through community hospitals, acute care facilities, and acute mental health programs, supporting the diagnosis, treatment, and recovery of patients requiring inpatient and outpatient care.

Mental Health & Addiction Services - expenses relating to the prevention, assessment, treatment, and recovery support of individuals experiencing mental health and substance use challenges, including community mental health programs and addiction services.

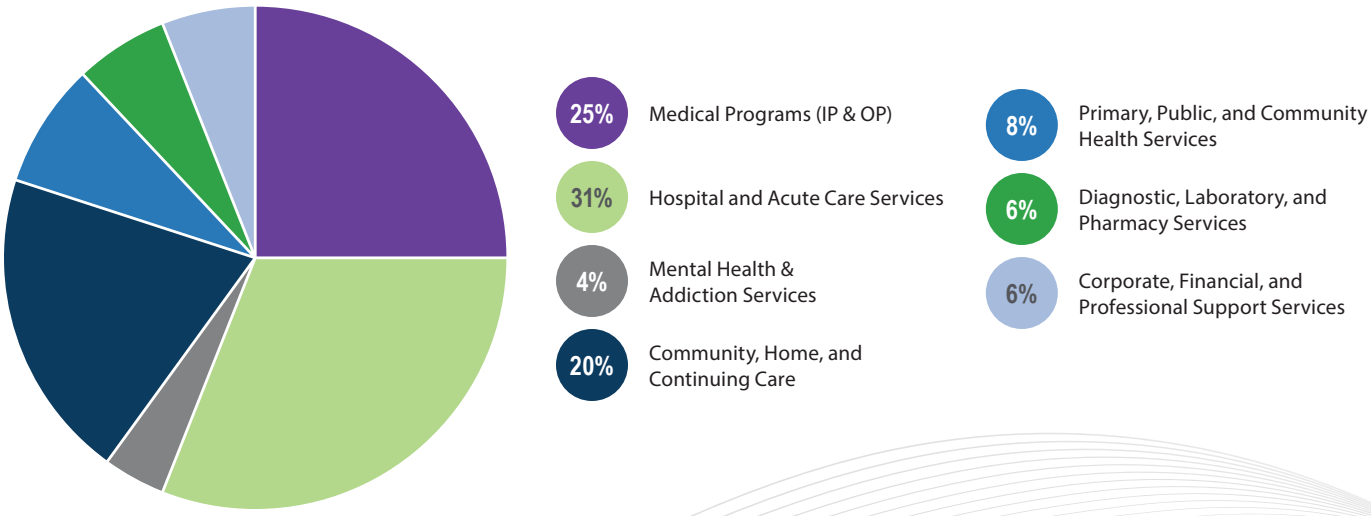
Community, Home, and Continuing Care - expenses relating to the provision of home care, palliative care, geriatric services, long-term residential care, and private nursing home subsidies, supporting individuals who require ongoing health care and personal support services.

Primary, Public, and Community Health Services - expenses relating to the delivery of primary health care, chronic disease prevention and management, public and dental health programs, and community specialty services that promote health and improve health outcomes across the population.

Diagnostic, Laboratory, and Pharmacy Services - expenses relating to the provision of laboratory testing, diagnostic imaging, hospital pharmacy services, medication management, and other clinical support services essential to patient diagnosis and treatment.

Corporate, Financial, and Professional Support Services – expenses relating to the provision of centralized organizational support, including corporate and support services, financial services, and professional practice leadership through the Chief Nursing Office, ensuring effective governance, administration, financial stewardship, and clinical standards across the health system.

2025-26 EXPENSES BY SECTOR (ACTUAL)



HEALTH PEI BY THE NUMBERS

CATEGORY	2023-2024	2024-2025	2025-2026
Employee Demographics[1]			
Leadership	71	76	88
Allied Health	873	888	972
Corporate Administrative	244	282	350
Frontline Administrative	800	868	911
Frontline Support Workers	1,514	1,502	1,561
LPN	662	665	705
Managers	154	174	178
NP	65	81	84
PCW-RCW-Home Support	1,126	1,137	1,171
RN	1,494	1,555	1,657
Total	**7,003**	**7,228**	**7,677**
Employees[1]			
Permanent	5,155	5,408	6,037
Casual	1,643	1,593	1,501
Temporary	205	227	139
Medical Staff			
Family Physicians	131.3	260.24[2]	283.3[2]
Specialists	118.6		
Residents	13	14	16
Hospital-Based Service Volumes Across Health PEI			
Patient Days	170,759	179,011	183,193
Discharged Patients	15,489	15,896	16,352
Average Variance between Length of Stay and Expected Length of Stay (Days)	2.13	2.42	2.47
Alternate Level of Care (ALC) Patient Days	35,902	42,384	44,494
Average ALC Beds as a % of Total Medical Beds	49.4%	52.8%	50%
Emergency Department Visits	89,179	95,345	92,514
Emergency Hold Patient Days	11,251	13,875	13,848
Surgical Procedures	10,517	11,849	12,453
Admissions (excludes Hillsborough Hospital)	15,066	15,513	15,882
Average Length of Stay (ALOS) (days) (excludes Hillsborough Hospital)	9.88	10.79	9.82
Number of Diagnostic Imaging Tests	169,567	176,942	189,692
Number of Laboratory Tests Ordered	2,487,893	2,949,774	3,279,611

CATEGORY	2023-2024	2024-2025	2025-2026
Long-term Care (public facilities only)			
Occupancy Rate	95.8%	96.7%	100.3%
Number of Long-term Care Admissions	228	236	247
Number of Long-term Care Beds	598	598	598
Number of Long-term Care Facilities	9	9	9
Average Length of Stay (ALOS) (years)	2.5	2.5	2.6
Home Care			
Number of Clients Served by Home Care	3,457	4,144	4,130
Number of Home Care Clients that are 75+ years old	2,359	2,715	2,752
Mental Health and Addictions			
Community Mental Health Provincial – Referrals[3]	4,661	9,136[3]	10,508
Community Mental Health – Crisis Response	2,348	2,266[4]	3,134
Addiction Services – Total Admissions	2,552	1,990[3]	1585
Primary Care			
Primary Care Visits	395,572	378,730	380,681

[1]Health PEI employee (PEINU, UPSE Health, IUOE, CUPE and Excluded Staff only) counts based on employee's current record at the end of the Fiscal Year (April 1 to March 31) by Employee Class
[2]Starting in 2025, Physician Numbers have been updated to reflect 13 provincial departments:

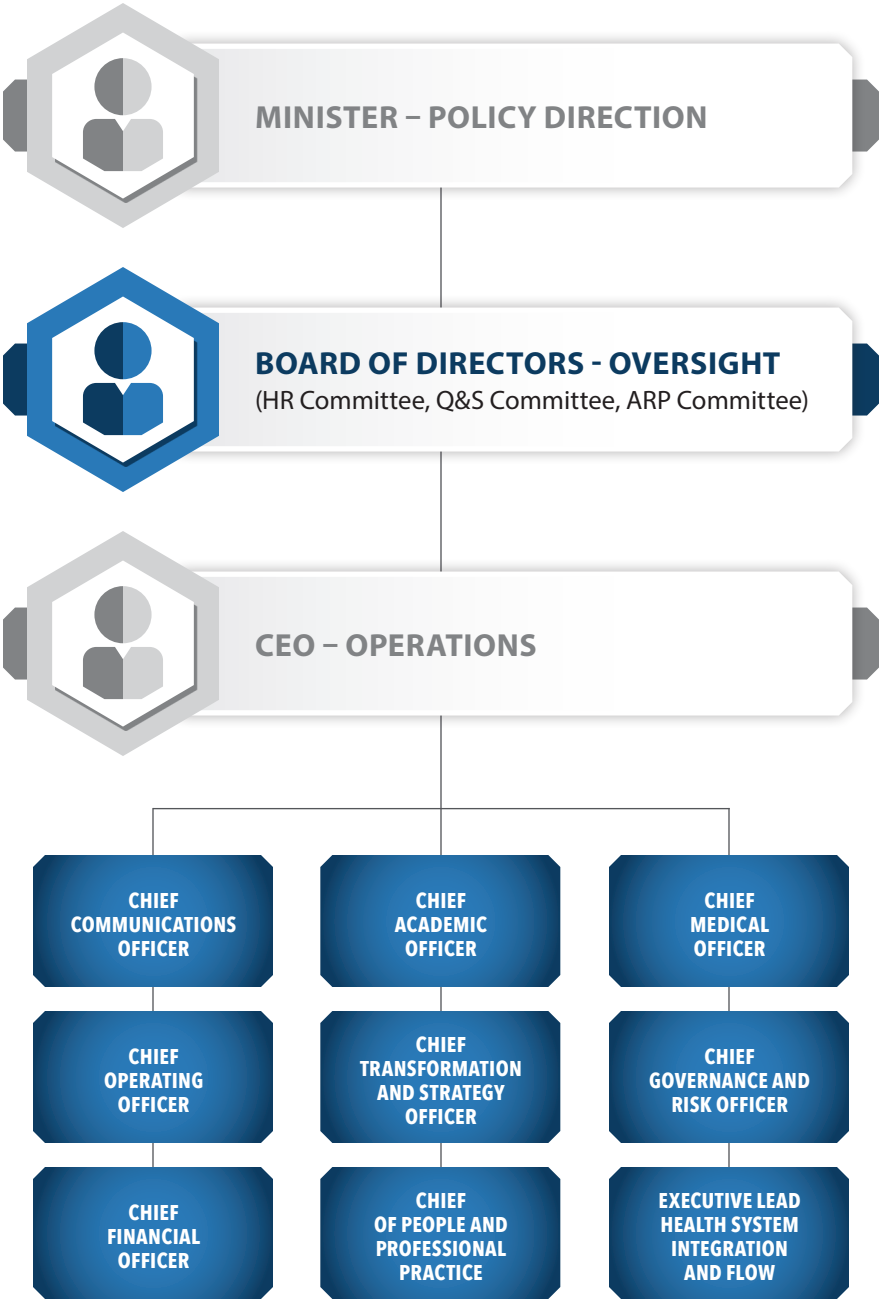
Provincial Departments	2024-2025 FTEs	2025-2026 FTEs
1. Family Medicine & Focused Practice	93.65	97.1
2. Emergency Medicine	26.55	26.8
3. Hospitalist Medicine	9.84	20.8
4. Anesthesia	8.7	9.3
5. Mental Health & Addictions	19.1	19.8
6. Oncology	6.8	9.2
7. Seniors	4.3	4.1
8. Surgery	27.0	26.2
9. Medicine	26.7	30.7
10. Obstetrics & Gynecology	12.0	11.7
11. Pediatrics	9.4	10.4
12. Diagnostic Imaging	8.6	9.6
13. Laboratory	7.0	7.0
14. Other	0.6	0.6
Total Medical Staff	**260.24**	**283.3**

[3]EMR MH and Addictions moved to EMR during 2024-25
[4]PCH: 7 months of data not available; QEH MH ED: Stats considered Crisis Response

REFERENCES

1. Health PEI Strategic Plan 2025-2028.
2. *Health Services Act*, R.S.P.E.I 1988, c H-1.6.
3. *Financial Administration Act*, R.S.P.E.I. 1988, c F-9.
4. Accreditation Canada QMentum – Governance Standards (Effective October 2022).
5. Accreditation Canada QMentum – Leadership Standards (Effective May 2021).
6. Canadian Patient Safety Institute and Health Services Organization, Canadian Quality and Patient Safety Framework for Health Services 2020.
7. 2023-2028 Provincial Health Plan: Building a Healthier Tomorrow.

ORGANIZATIONAL STRUCTURE



HEALTH PEI SCORECARD

Indicator	Description	Target	2024-2025	2025-2026
People				
Vacancy Rate[1]	The vacancy rate reflects the percentage (%) of Heath PEI's Nursing and Allied Health positions/Full-time Equivalent (FTEs) that are vacant. A vacant position/FTE is defined as a Health PEI position/FTE that is intended to be recruited for and/or filled.	12%	17.9%	N/A
Turn Over Rate[1]	Rolling Attrition Rate	Annual Decrease YoY	9.48%	6.83%
Sick Rate (% of sick time to pensionable hours)[1b]	Percentage of sick time to pensionable hours	Under Development	5.80%	5.90%
Overtime rate (% of overtime hours to pensionable hours)[1b]	Percentage of overtime hours to pensionable hours	Under Development	3.30%	3.25%
Employee Incidents (violence, injuries)[1c]	Number of workplace violence incidents and injuries reported by hospital workers within a 12 month period (severity levels 2-5)	Under Development	N/A[1c]	N/A[1c]
Quality and Safety				
Rate of Patient Safety Events (Acute Care Falls, Medication and Fluid Incidents)	Rate of falls per 1,000 patient days for severity level 2 - 5	< 5 per 1,000 patient days	5.04	4.54
	Rate of medication or fluid incidents per 1,000 patient days for severity level 2 - 5	< 5 per 1,000 patient days	2.85	2.79
Hospital Deaths: Hospital Standardized Mortality Ratio (HSMR)[2]	The ratio of the actual number of in-hospital deaths in a region or hospital to the number that would have been expected based on the types of patients a region or hospital treats	95	N/A[2]	N/A[2]
Patient Experience[3]	Percentage of acute care clients who always felt that they were involved in their health care decisions as much as they wanted. Results highlight opportunities for care providers and decision-makers to develop improvement initiatives that respond to patient preferences and needs. Data available from 2022-23 onwards.	70% of clients giving a score of 7 and above	86.3%	83.7%
Clinical Care				
Percent of Low Acuity ED Visits	Total number of low acuity emergency department visits/Total number of emergency department visits	44.0%	41.2%	36.2%
Number of Patients with Ambulatory Care Sensitive Conditions (ACSC) Admitted to Hospital	Age standardized acute care hospitalization rate for conditions where appropriate ambulatory care prevents or reduces the need for hospitalization per 100,000 populations under age 75 years.	< 275 admissions	355	356
Wait Times (Community Programs, Community MHA - Psychiatry) (Under Validation)[4]	The average number of days a person with priority assignment waited for community mental health services, from the initial referral to the first scheduled session. The first scheduled session means the first appointment offered to and accepted by the client, regardless of whether they attended the appointment.	100% within 7 days	N/A[4]	N/A[4]
	The average number of days a person with priority assignment waited for community psychiatry services, from the initial referral to the first scheduled session. The first scheduled session means the first appointment offered to and accepted by the client, regardless of whether they attended the appointment.	100% within 7 days	N/A[4]	N/A[4]

Indicator	Description	Target	2024-2025	2025-2026
Clinical Care (Continued)				
Percentage of Alternate Level of Care (ALC) Days	The proportion of days a patient was assigned to the alternate level of care (ALC) patient service. ALC patients are those who no longer need acute care services but continue to occupy an acute care bed or use acute care resources while waiting to be discharged to a more appropriate care setting.	20%	27.3%	25.2%
Average Length of Stay (ALOS) in the Frail Senior Program for Discharged Clients (in years)[5]	Average Length of Stay in the Frail Senior Program for Discharged Clients (in years)	0.84 years	NA[6]	NA[6]
Rate of LTC Resident Utilization of Inpatient and Emergency Department Services	The number of inpatient admissions by public long-term care (LTC) residents, per 1,000 resident days. This indicator provides information on how often long term care residents are admitted to the hospital to address urgent health care needs	<1 admissions per 1000 resident days	1.5	1.6
	The number of emergency department visits by public long-term care (LTC) residents, per 1,000 resident days. This indicator provides information on how often long term care residents visit an emergency department to address urgent health care needs	<2 visits per 1000 resident days	2.7	2.9
Rate of Home Care Client Utilization of Inpatient and Emergency Department Services[6]	Home Care Client Utilization of Inpatient Services[6]	N/A	N/A	N/A
	Home Care Client Utilization of Emergency Services[6]	N/A	N/A	N/A
Acute Care Expected Length of Stay (ELOS) Variance	Length of Stay (LOS) Variance: Acute LOS minus ELOS (in days)	1.67 days	2.42	2.46
Acute Care ED Time Waiting for Inpatient Bed (TWIB)	The time interval between disposition date/time and the Date/Time Patient Left Emergency Department (ED) for admission to an inpatient bed or operating room.	16 hrs.	99.23	80.84
Acute Care Time to Physician Initial Assessment (CTAS 1-3)[7]	Emergency Department Wait Time for Physician Initial Assessment (TPIA) for Patients with Canadian Triage Acuity Scores 1 to 3 - 90th Percentile (in hours)	3.5 hrs.	7.36	6.98
Finance				
Percentage of Variance from Budget	Percentage of Variance from Budget	1.0%	5.56%[8]	13.05%[8]

Performance within acceptable range, continue to monitor.

Performance outside of acceptable range, continue to monitor.

Performance is significantly out of acceptable range, take action and monitor progress.

1 Vacancy rate per FTE cannot be provided beginning in April 2025 as there was a Flex Hiring initiative. The Vacancy rate is inflated during this time until the reconciliation of what positions are going to become funded positions. The Vacancy rate uses budgeted/funded positions in its denominator. The counter indicator to use during this time is Filled FTE

1b Deprecated indicator, new indicator methodology has been developed to replace Sick and Overtime per FTE.

1c Under development.

2 HSMR Provided by Canadian Institute for Health Information. FY2024-25 latest available data.

3 Ongoing electronic patient experience surveys supplemented by a bi-annual patient experience survey (June/July and January/February). FY2022-23 Indicator is based on historical question "Were you involved in your health care decisions as much as you wanted to be?". This indicator will transition to a new question "Overall, how was your experience during your hospital stay? (0 being the worst experience and 10 the best)" for the next patient experience blitz in June/July. FY2024-2025 Value is based solely upon known electronic patient experience surveys.

4 Community Mental Health and Psychiatry services have transitioned from ISM system to the TELUS EMR. Wait times are not able to be measured as there is currently no mechanism to link referrals to first service appointment.

5 Transitioned to a new AlayaCare system (May 2022) - data may have some missing clients. Clients have to be manually grouped and some clients grouped as either Long Term Supportive (LTS) or Long Term Maintenance (LTM) may have not been moved to the Frail Senior (FS) grouping category. Home Care is actively auditing data to update grouping categories. Data may have some missing clients or truncated service intervals. Clients have to be manually grouped and some clients grouped as either Long Term Supportive (LTS) or Long Term Maintenance (LTM) may have not been manually moved to the Frail grouping category and kept longer in LTS or LTM by Home Care Primary Coordinators. Home Care staff are currently working on an audit plan in home care to correct inaccurate information.

6 May 2022 – transitioned to new reporting system. New system data for indicator is currently being validated. Currently working with system vendor on appropriate methodology for this indicator.

7 Methodology for TPIA has been modified to use different a time field in the FirstNet clinical information system to better fit ED Physician workflow. Change in methodology was done in collaboration with ED Physicians and CMIO.

8 Estimate as there are still some entries remaining.

AUDITED FINANCIAL STATEMENTS

HEALTH PEI

Financial Statements
March 31, 2026

Management's Report

Management's Responsibility for the Financial Statements

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards and the integrity and objectivity of these statements are management's responsibility. Management is responsible for the notes to the financial statements and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is responsible for implementing and maintaining a system of internal control to provide reasonable assurance that reliable financial information is produced.

Management is accountable to the Board of Directors of Health PEI on matters of financial reporting and internal controls. Management provides internal financial reports to the Board of Directors on a regular basis and externally audited financial statements annually.

The Office of the Auditor General conducts an independent examination, in accordance with Canadian generally accepted auditing standards and expresses their opinion on the financial statements. The Office of the Auditor General has full and free access to financial information and management of Health PEI to meet as required.

On behalf of Health PEI

Laurae Kloschinsky
Interim Chief Executive Officer

Michael O'Meara
Comptroller

July 10, 2026

Office of the Auditor General
Prince Edward Island

Prince Edward Island
Office of the
Auditor General
PO Box 2000, Charlottetown PE
Canada C1A 7N8

Île-du-Prince-Édouard
Bureau du
vérificateur général
C.P. 2000, Charlottetown PE
Canada C1A 7N8

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Health PEI

Opinion

We have audited the financial statements of **Health PEI**, which comprise the statement of financial position as at March 31, 2026, and the statements of operations and accumulated surplus, changes in net debt, and cash flow for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Health PEI as at March 31, 2026, and the results of its operations, changes in net debt, and cash flow for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

We conducted the audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Health PEI in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Public Sector Accounting Standards and for such internal control that management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Health PEI's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate or cease the operations of Health PEI, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Health PEI's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

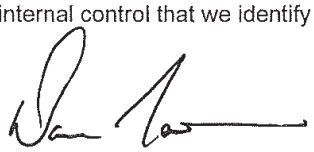
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error

and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

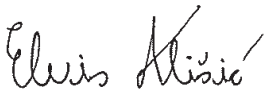
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Health PEI's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Health PEI's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Health PEI to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Darren Noonan, CPA, CA
Auditor General



Elvis Alisic, CPA, CA
Assistant Auditor General

Charlottetown, Prince Edward Island
July 10, 2026

HEALTH PEI
Statement of Financial Position
March 31, 2026

	2026	2025
	$	$
Financial Assets		
Cash	12,478,533	5,637,819
Restricted cash (Note 2b)	1,599,189	1,595,300
Accounts receivable (Note 5)	35,977,084	32,588,549
Due from the Department of Health and Wellness	135,609,523	124,551,644
	185,664,329	164,373,312
Liabilities		
Accounts payable and accrued liabilities (Note 8)	191,877,991	181,993,293
Asset retirement obligations (Note 9)	1,164,729	1,304,375
Employee future benefits (Note 10)	110,866,300	103,610,826
Deferred donations (Note 2b)	1,599,189	1,595,300
Deferred revenue (Note 11)	531,623	446,031
	306,039,832	288,949,825
Net Debt	(120,375,503)	(124,576,513)
Non Financial Assets		
Tangible capital assets (Note 14)	318,686,934	284,012,470
Inventories of supplies (Note 6)	11,988,065	12,170,423
Prepaid expenses (Note 7)	4,894,280	3,234,574
	335,569,279	299,417,467
Accumulated Surplus	215,193,776	174,840,954
Supplementary Information		
Trusts under administration (Note 19)	1,529,662	1,556,843

(The accompanying notes are an integral part of these financial statements.)

Approved on behalf of Health PEI

Chair, Board of Directors

Board Member

HEALTH PEI

Statement of Operations and Accumulated Surplus
for the year ended March 31, 2026

	Budget (Note 21) 2026	2026	2025
Revenues	$	$	$
Operating grants:			
Province of Prince Edward Island:			
Department of Health and Wellness (Notes 16 and 18)	1,042,411,200	1,175,821,395	958,682,500
Federal Government	4,818,100	5,171,821	5,373,685
Fees - patient and client (Note 17)	22,629,000	26,502,246	23,684,793
Food services	1,141,400	1,364,377	1,254,977
Sales	579,400	418,158	467,144
Other	3,684,200	7,580,374	3,611,080
Operational Revenues	1,075,263,300	1,216,858,371	993,074,179
Capital grants:			
Province of Prince Edward Island:			
Department of Health and Wellness (Notes 16 and 18)	74,940,600	50,297,951	39,353,775
Other capital contributions	6,314,300	9,400,118	7,105,815
Gain on revision of asset retirement obligations (Note 9)	-	32,317	4,409
Capital Revenues	81,254,900	59,730,386	46,463,999
	1,156,518,200	1,276,588,757	1,039,538,178
Expenses			
Community Hospitals	37,417,300	46,085,396	37,558,715
Acute Care	248,140,100	293,299,835	257,739,657
Addiction Services	17,934,800	17,920,230	19,787,932
Acute Mental Health	30,233,300	34,843,779	29,041,291
Community Mental Health	30,271,500	27,443,329	23,862,043
Community Specialty Services	20,591,300	20,465,346	17,756,793
Long-Term Care	94,770,100	119,580,944	100,459,940
Private Nursing Home Subsidies	68,690,700	70,170,750	65,022,800
Public and Dental Health	23,511,800	22,186,039	21,570,269
Professional Practice and Chief Nursing Office	7,382,700	7,915,701	4,655,329
Home Care, Palliative, and Geriatric Care	47,890,400	58,652,035	47,284,947
Provincial Laboratory and Diagnostic Imaging	46,181,900	52,974,250	46,349,265
Provincial Hospital Pharmacies	13,322,700	15,649,906	11,908,154
Corporate and Support Services	49,714,200	55,516,226	43,153,969
Financial Services	12,599,500	13,246,968	12,687,495
Medical Programs – In-Province	212,154,700	233,695,712	175,786,484
Medical Programs – Out-of-Province	53,650,500	68,319,033	65,640,293
Primary Care and Chronic Disease	60,805,800	53,206,288	41,221,498
Program and Service Expenses (Note 22)	1,075,263,300	1,211,171,767	1,021,486,874
Amortization of tangible capital assets	26,609,000	25,009,410	23,577,122
Accretion expense (Note 9)	-	54,758	56,443
	1,101,872,300	1,236,235,935	1,045,120,439
Annual Surplus (Deficit) (Note 18)	54,645,900	40,352,822	(5,582,261)
Accumulated Surplus, beginning of year		174,840,954	180,423,215
Accumulated Surplus, end of year		215,193,776	174,840,954

(The accompanying notes are an integral part of these financial statements.)

HEALTH PEI

Statement of Changes in Net Debt
for the year ended March 31, 2026

	Budget 2026	2026	2025
	$	$	$
Net Debt, beginning of year	(124,576,513)	(124,576,513)	(94,138,278)
Changes in year:			
Annual surplus (deficit)	54,645,900	40,352,822	(5,582,261)
Acquisition of tangible capital assets	(81,254,900)	(59,698,070)	(46,459,590)
Proceeds on disposal of tangible capital assets	-	6,130	-
Amortization of tangible capital assets	26,609,000	25,009,410	23,577,122
(Gain) loss on disposal of tangible capital assets	-	(6,130)	19,954
Adjustments to tangible capital assets	-	14,196	(81,243)
Decrease (increase) in inventories of supplies	-	182,358	(1,447,320)
Increase in prepaid expenses	-	(1,659,706)	(464,897)
Changes in Net Debt	-	4,201,010	(30,438,235)
Net Debt, end of year	(124,576,513)	(120,375,503)	(124,576,513)

(The accompanying notes are an integral part of these financial statements.)

HEALTH PEI

Statement of Cash Flow
for the year ended March 31, 2026

	2026	2025
	$	$
Cash provided (used) by:		
Operating Activities		
Surplus (deficit) for the year	40,352,822	(5,582,261)
(Gain) loss on disposal of tangible capital assets	(6,130)	19,954
Amortization of tangible capital assets	25,009,410	23,577,122
Gain on revision of asset retirement obligations (Note 9)	(32,317)	(4,409)
Accretion expense (Note 9)	54,758	56,443
Changes in:		
Accounts receivable	(3,388,535)	10,604,942
Due from the Department of Health and Wellness	(11,057,879)	(7,902,222)
Accounts payable and accrued liabilities	9,884,698	24,762,264
Employee future benefits	7,255,474	4,968,986
Deferred revenue	85,592	(186,383)
Inventories of supplies	182,358	(1,447,320)
Prepaid expenses	(1,659,706)	(464,897)
Cash provided by operating activities	66,680,545	48,402,219
Capital Activities		
Acquisition of tangible capital assets	(59,698,070)	(46,459,590)
Asset retirement obligations settled (Note 9)	(147,891)	(37,219)
Proceeds on disposal of tangible capital assets	6,130	-
Cash used by capital activities	(59,839,831)	(46,496,809)
Change in cash	6,840,714	1,905,410
Cash, beginning of year	5,637,819	3,732,409
Cash, end of year	12,478,533	5,637,819

(The accompanying notes are an integral part of these financial statements.)

1. Nature of Operations

Health PEI is a provincial Crown corporation established on April 1, 2010 and operates under the authority of the *Health Services Act*. Health PEI is a government organization named in Schedule B of the *Financial Administration Act* and reports to the Legislative Assembly through the Minister of the Department of Health and Wellness. The mandate of Health PEI is to be responsible for the operation and delivery of all publicly funded health services in the Province of Prince Edward Island. These services are categorized as follows:

Community Hospitals
Acute Care
Addiction Services
Acute Mental Health
Community Mental Health
Community Specialty Services
Long-Term Care
Private Nursing Home Subsidies
Primary Care and Chronic Disease
Home Care, Palliative, and Geriatric Care
Public and Dental Health
Professional Practice and Chief Nursing Office
Provincial Laboratory and Diagnostic Imaging
Provincial Hospital Pharmacies
Corporate and Support Services*
Financial Services
Medical Programs – In-Province
Medical Programs – Out-of-Province

Health PEI is a provincial Crown corporation and as such is not subject to taxation under the federal *Income Tax Act*.

*Effective April 1, 2025, Department of Health and Wellness transferred its Recruitment & Retention human resource positions and budget to Health PEI. Total budget transferred was approximately $5.3 million.

2. Summary of Significant Accounting Policies

Basis of Accounting

These financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards (PSAS) established by the Canadian Public Sector Accounting Board (PSAB).

Since Health PEI has no unrealized remeasurement gains or losses attributable to foreign exchange, derivatives, portfolio investments, or other financial instruments, a statement of remeasurement gains and losses is not prepared.

a) Cash

Cash includes cash on hand and balances on deposit with financial institutions, net of overdrafts.

b) Restricted Cash

Restricted cash consists of funds received as donations by a health facility or program that are restricted for the purchase of equipment, supplies, and/or other needs of the specific facility or program.

2. Summary of Significant Accounting Policies (continued ...)

c) Accounts Receivable

Accounts receivable are recorded at cost less any provision when collection is in doubt. The provision includes specific receivables which are known to be doubtful and an estimated unrecoverable amount for receivables taking into consideration receivable age, customer specifics, and historical success in recoveries.

d) Inventories of Supplies

Inventories of supplies, as described in Note 6, are recorded at the lower of the moving average and replacement cost. Supplies held on nursing units and other hospital departments are estimated based on stock levels and cost. Damaged, obsolete, or otherwise unusable inventory is expensed as identified. Inventories of supplies that are resold to the public are not segregated due to their immaterial value.

e) Prepaid expenses

Prepaid expenses, as described in Note 7, are amounts paid for in advance of the receipt of service and are charged to expenses over the period the service is consumed.

f) Due from the Department of Health and Wellness

Amounts due to or from the Department of Health and Wellness arise from the difference between cash flows provided to Health PEI and expenditures incurred up to a maximum of the approved grant from the Department. These balances have no repayment terms and are non-interest bearing.

g) Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement, betterment, and/or retirement of the assets. Cost includes overhead directly attributable to construction and development. Interest, if any, on capital projects is expensed as incurred.

For each category of tangible capital assets, only assets meeting a minimum dollar threshold for that category are recorded as capital assets.

The cost of assets under construction is not amortized until construction is complete and the assets are available for use. In the year of acquisition, one half of the annual amortization is recorded.

2. Summary of Significant Accounting Policies (continued ...)

The cost of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	40 years
Building improvements	10-40 years
Leasehold improvements	Lease term
Paving – parking lots	10 years
Equipment	5-15 years
Medical equipment	5-15 years
Computer hardware	5 years
Computer software systems	5-20 years
Motor vehicles	5 years

Tangible capital assets are written down when conditions indicate they no longer contribute to Health PEI's ability to provide goods and services, or when the value of the future economic benefits associated with the tangible capital assets are less than their net book value. Write-downs are expensed when identified.

h) Liability for Asset Retirement Obligations

Asset retirement obligations (AROs) are provisions for legal obligations associated with the cost of retiring Health PEI's tangible capital assets that are in productive use or not in productive use. The legal obligation giving rise to an ARO can be a product of any of the following: regulations set by governments or regulatory bodies, contracts, legislation or promissory estoppel. An ARO is recognized when the following criteria have been met:

- There is a legal obligation to incur retirement costs, in relation to tangible capital assets;
- A past transaction/event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the ARO liability can be made.

The estimated liability is the discounted estimated cash flows required to settle the retirement obligation. The liability is recorded in the period in which an obligation arises.

For assets that are still in productive use, there is a corresponding increase to the carrying value of the related asset. These assets are amortized over the estimated remaining useful life of the underlying assets. If the asset is still in productive use and is not recorded, the ARO cost is expensed in the period. For assets that are no longer in productive use, the ARO cost is expensed in the period. For assets fully amortized, but still in productive use, the ARO cost is amortized over the period until which time it is estimated to be retired.

2. Summary of Significant Accounting Policies (continued ...)

i) Deferred Revenue

Deferred revenue includes contributions received pursuant to legislation, regulation, or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue when the contributions received are used as intended.

j) Employee Future Benefits

Employee future benefits include retirement allowance and accumulating non-vesting sick leave. A liability for employee future benefits has been included in these financial statements.

The cost and obligations of these employee future benefits are actuarially determined using management's best estimate of the assumptions disclosed in Note 10. The assumptions used in the valuation of costs and obligations were selected by Health PEI. These assumptions are in accordance with generally accepted actuarial practice.

k) Revenues

Revenues are recorded on an accrual basis in the period in which the transaction or event which gave rise to the revenues occurred and any performance obligations associated with those revenues have been met. When accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable, revenues are recorded when received.

Province of Prince Edward Island and federal government transfers, defined as operating or capital, are recognized as revenues when a transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Patient and client fees consist primarily of long-term care resident and hospital medical service fees. Performance obligations associated with long-term care resident and hospital medical service fees have been met when services have been performed.

l) Expenses

Expenses are recorded on an accrual basis in the period in which the transaction or event which gave rise to the expense occurred.

Transfers include entitlements, grants, and transfers under cost shared agreements. Grants and transfers are recorded as expenses when the transfer is authorized, eligibility criteria have been met by the recipient, and a reasonable estimate of the amount can be made.

2. Summary of Significant Accounting Policies (continued ...)

m) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at year-end. Foreign currency transactions are translated at the exchange rate prevailing at the date of the transaction.

Health PEI has limited exposure to foreign currency, as substantially all of its transactions are conducted in Canadian dollars and year-end foreign currency balances are not significant.

n) Future Changes in Accounting Standards

The Public Sector Accounting Board has issued the following new accounting standards that are not in effect as of the date of these financial statements:

- Effective April 1, 2026 – *The Conceptual Framework for Financial Reporting in the Public Sector*, to establish the foundation for public sector financial reporting, standard setting, and promoting transparency, accountability and global consistency in financial reporting.
- Effective April 1, 2026 – *PS 1202 Financial Statement Presentation*, to establish a new reporting model intended to make financial statements more understandable and provide improved accountability information for users.
- Effective April 1, 2029 – *PS 3251 Employee Benefits*, will replace existing standards relating to employee future benefits and provides revised guidance for accounting for pension plans and other employee benefit arrangements, including enhanced measurement and disclosures requirements.

The new accounting standards have not been applied in preparing these financial statements. Health PEI is currently assessing the impact of these new standards, and the extent of the impact of their adoption on the financial statements has not yet been fully determined.

3. Use of Estimates and Measurement Uncertainty

Measurement uncertainty exists in financial statements when recorded amounts are based on assumptions or estimates. These estimates are made using the best available information at the time of preparation; however, actual results may differ, potentially resulting in material variances from the amounts reported. The accuracy of these estimates depends on the completeness and quality of the underlying information available at the time of preparation of the financial statements. As new information becomes available, estimates are reviewed and adjusted accordingly.

In these financial statements, measurement uncertainty exists in the accruals for items such as retirement and sick leave benefits, accounts receivable, assessed recoveries of physician billings, the estimate of the inventory of supplies held in nursing units and other departments, accrued liabilities for both out-of-province and in-province health services, asset retirement obligations, and potential settlements under negotiation with unions and employees.

3. Use of Estimates and Measurement Uncertainty (continued ...)

Measurement uncertainty also exists in the estimate of the useful lives of tangible capital assets.

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from these estimates.

Significant areas of estimation and measurement uncertainty include:

- Employee Retirement and Sick Leave Benefits: Uncertainty arises because actual outcomes may differ significantly from the various assumptions made by Health PEI related to plan member demographics and economic conditions. These assumptions impact the accruals for retirement and sick leave obligations.
- Asset Retirement Obligations (ARO): Estimates are subject to uncertainty due to variability in the expected settlement amount, the timing of settlement, and the discount rate applied. These factors may cause actual ARO to differ materially from Health PEI's estimates.
- Accounts Receivable and Assessed Recoveries of Physician Billings: Uncertainty in these estimates stems from assumptions regarding economic conditions and the financial health of creditors, particularly in relation to recoveries identified through internal audits of physician billings.
- Estimate of Inventory of Supplies held on Nursing Units and other Departments: Uncertainty arises due to Health PEI's use of various assumptions in the estimate concerning the locations, types, and stock levels of supplies inventory held on nursing units and other departments. The potential for misappropriation or loss of such supplies also exists, which may not be fully accounted for.
- Accrued Liabilities: Out-of-province and in-province health services accruals are subject to uncertainty as they are estimates that require Health PEI to make assumptions about the timing of billing submissions as well as the number of services that will be billed. Accruals for potential settlements under negotiation with unions and employees are subject to uncertainty as they are estimates that can be influenced by economic fluctuations and the results of ongoing negotiations. These factors may cause actual liabilities to differ significantly from Health PEI's accrued estimates.
- Tangible Capital Assets: The estimation of useful lives for tangible capital assets involves measurement uncertainty, as actual usage and obsolescence may differ from initial assumptions.

4. Financial Instruments

Financial instruments are any contracts that give rise to financial assets of one entity and financial liabilities of another entity. Financial assets represent cash or a contractual right to receive cash in the future and financial liabilities represent a contractual obligation to deliver cash in the future. Health PEI's financial instruments consist of cash, accounts receivable, amounts due from the Department of Health and Wellness, accounts payable and accrued liabilities. Due to their short-term nature, the carrying value of these financial instruments approximate their fair value.

4. Financial Instruments (continued ...)

Risk Management

Health PEI is exposed to a number of risks as a result of the financial instruments on its statement of financial position that can affect its operating performance. These risks include credit and liquidity risk. Health PEI's financial instruments are not subject to significant market, interest rate, foreign exchange, or price risk.

Credit Risk

Credit risk is the risk of financial loss to Health PEI if a debtor fails to make payments on amounts owing. Health PEI is exposed to credit risk with respect to accounts receivable. Exposure to credit risk for drug product rebates, hospital foundations, employee advances, Province of Prince Edward Island and other receivables is considered low, due to the ongoing nature of the relationship with these entities and their past history of payment. Health PEI has a collection policy and monitoring processes intended to mitigate potential credit losses for fees and revenues receivable. Assessed recoveries of physician billings, and fees and revenue receivables are exposed to credit risk and Health PEI maintains provisions for potential credit losses that are assessed on an on-going basis. The provision for doubtful accounts is disclosed in Note 5.

Health PEI considers fees and revenues receivable that are past due and not impaired to be of good credit quality. Fees and revenues receivable past due but unimpaired are as follows:

	2026 $	2025 $
61-90 days	420,012	367,278
91-180 days	1,383,415	728,655
Greater than 180 days	1,542,608	1,503,405
	3,346,035	2,599,338

Liquidity Risk

Health PEI is subject to minimal liquidity risk. Liquidity risk is the risk that Health PEI will not be able to meet its financial obligations as they fall due. Health PEI's approach to managing liquidity is to evaluate current and expected liquidity requirements, and to communicate these requirements with the Province of Prince Edward Island to ensure that provincial funding grant payments are timed accordingly.

5. Accounts Receivable

	2026 $	2025 $
Fees and revenues receivable	9,192,487	8,546,507
Drug product rebates (PLA agreements)	9,224,369	8,659,397
Assessments of physician billings	658,789	658,789
Hospital foundations	7,774,513	5,860,862
Province of Prince Edward Island	7,540,327	9,461,823
Employee advances	170,158	177,827
Other	4,237,354	2,914,443
	38,797,997	36,279,648
Less: provision for doubtful accounts	(2,820,913)	(3,691,099)
	35,977,084	32,588,549

The aging of fees and revenues receivable is as follows:

	2026 $	2025 $
Current	3,844,654	3,034,167
61-90 days past due	443,815	385,223
91-180 days past due	1,453,871	941,101
Greater than 180 days past due	3,450,147	4,186,016
	9,192,487	8,546,507

6. Inventories of Supplies

	2026 $	2025 $
Medical, surgical and general supplies	5,893,553	6,314,169
Personal protective equipment	1,207,725	1,340,095
Drugs	4,886,787	4,516,159
	11,988,065	12,170,423

7. Prepaid Expenses

	2026 $	2025 $
Maintenance contracts	199,965	455,126
Workers Compensation Board fees	3,090,179	2,342,212
Other	1,604,136	437,236
	4,894,280	3,234,574

8. Accounts Payable and Accrued Liabilities

	2026 $	2025 $
Accounts payable	62,833,632	58,259,285
Accrued liabilities	43,823,207	51,773,972
Salaries and benefits payable	46,284,802	38,778,903
Accrued vacation pay	38,936,350	33,181,133
	191,877,991	181,993,293

9. Asset Retirement Obligations

Health PEI's asset retirement obligations (ARO) relate primarily to the removal and disposal of designated substances, such as asbestos in buildings, and the disposal of equipment containing designated substances. The measurement of the liability for ARO is impacted by new information about activities required to settle the liability, the activities that settled all or part of the obligation, any changes to legal obligations, and any changes to the discount rate used in the measurement calculations.

To estimate the liability for asbestos and other designated substances in buildings, assessment reports that include the type and quantity of the substances were used with experience and expert advice to determine the estimated costs of retiring the substances. For buildings without an assessment, the estimate is based on the estimated cost for similar buildings until more specific data is available.

To estimate the liability for equipment, experience and expert advice were used to determine the estimated cost of retiring the equipment based on the type of equipment and materials contained.

The estimated ARO liability is the discounted estimated future cash flows required to settle the ARO. The estimated liability is recorded in the period that the obligation to remediate occurs.

The discount rate utilized for asset retirement obligation calculations is 4.64% (2025 - 4.23%). The estimated total undiscounted expenditures would be $2,004,296 (2025 - $2,195,117) at the date of expected outlay with the estimated retirement years ranging from 2026 to 2038.

9. Asset Retirement Obligations (continued ...)

Below is a reconciliation of the beginning and ending aggregate carrying amount of the liability:

	2026 $	2025 $
ARO liability, beginning of year	1,304,375	1,208,317
Estimated liabilities incurred	3,279	3,210
Estimated liabilities settled	(147,891)	(37,219)
Estimated liabilities disposed	(7,287)	(4,111)
Accretion expense	54,758	56,443
Revisions in estimated costs	(42,505)	77,735
ARO liability, end of year	1,164,729	1,304,375

A gain on revision of asset retirement obligations of $32,317 (2025 - $4,409) is reported in the Statement of Operations and Accumulated Surplus as a separate line item under capital revenues.

10. Employee Future Benefits

a) Retirement Allowance

Health PEI provides a retirement allowance to its permanent employees in accordance with the applicable collective agreement. The amount paid to eligible employees at retirement is one week's pay per year of eligible service based on the rate of pay in effect at the retirement date to the maximum specified in the applicable collective agreement.

These benefits are unfunded. The benefit costs and liabilities related to these allowances are included in these financial statements.

The most recent actuarial valuation for accounting purposes prepared by the actuarial consulting firm Telus Health, disclosed an accrued benefit obligation of $51,631,000 as at April 1, 2023. The total liability is projected by Health PEI in the years between the tri-annual valuations.

The economic assumptions used in the determination of the actuarial value of the accrued retirement allowance were developed by reference to the expected long-term borrowing rate of the Province of Prince Edward Island as of April 1, 2025.

Significant actuarial assumptions used in the valuation and projections are:

Discount rate: 4.23% (April 1, 2024 – 4.68%)

Expected salary increase: 2.50% per annum and promotional scale

Expected average remaining service life: 16 years

10. Employee Future Benefits (continued ...)

Termination rates: Public Sector Pension Plan (PSPP) Termination scale, with no members assumed to terminate after they earn 30 years of service or age 55 years and over with more than two years of service.

Retirement age: varying by age and service, with all employees retiring between the ages of 55 and 67. Employees age 68 and older at the valuation date are assumed to retire one year after the valuation date.

A revised discount rate of 4.64% at April 1, 2026, together with updated retirement assumptions based on the 2026 experience study and revised salary increase assumptions reflecting recent collective and employment agreement adjustments (including one-time increases for Excluded, CUPE, and UPSE employees), resulted in a decrease of $799,834 to the accrued benefit obligation and a corresponding increase in unamortized gains and losses at March 31, 2026.

	2026 $	2025 $
Balance, beginning of year	68,852,003	66,437,444
Current service cost	4,995,725	4,269,141
Interest accrued on liability	2,463,348	2,444,822
Amortization of actuarial gains & losses	(163,569)	(324,636)
Less: payments made	(3,343,139)	(3,974,768)
Balance, end of year	72,804,368	68,852,003
Gross accrued benefit obligation	60,725,000	57,408,900
Unamortized actuarial gains & losses	12,079,368	11,443,103
Net accrued benefit obligation	72,804,368	68,852,003

b) Accrued Sick Leave

Health PEI employees accumulate sick leave credits at a rate of 11.25 hours for each 162.5 paid hours. Members of the excluded (management) group can accumulate to a maximum of 1,950 hours. All other employees can accumulate to a maximum of 1,612.50 hours. An actuarial estimate for this future liability has been completed and forms the basis for the estimated liability reported in these financial statements.

The most recent actuarial valuation for accounting purposes prepared by the actuarial consulting firm Telus Health, disclosed an accrued benefit obligation of $31,919,700 as at April 1, 2023. The total liability is projected by Health PEI in the years between the tri-annual valuations.

The economic assumptions used in the determination of the actuarial value of accrued sick leave benefits were developed by reference to the expected long-term borrowing rate of the Province of Prince Edward Island as at April 1, 2025.

10. Employee Future Benefits (continued ...)

Significant actuarial assumptions used in the valuation and projections are:

Discount rate: 4.23% (April 1, 2024 – 4.68%)

Expected salary increase: 2.50% per annum and promotional scale

Expected average remaining service life: 16 years

Termination rates: PSPP Termination scale, with no members assumed to terminate after they earn 30 years of service or age 55 years and over with more than two years of service.

Retirement age: varying by age and service, with all employees retiring between the ages of 55 and 67. Employees age 55 and older at the valuation date are assumed to retire according to the PSPP retirement scale starting one year after the valuation date.

A revised discount rate of 4.64% at April 1, 2026, together with updated retirement assumptions based on the 2026 experience study and revised salary increase assumptions reflecting recent collective and employment agreement adjustments (including one-time increases for Excluded, CUPE, and UPSE employees), resulted in an increase of $441,424 to the accrued benefit obligation and a corresponding decrease in unamortized gains and losses at March 31, 2026.

	2026 $	2025 $
Balance, beginning of year	34,758,823	32,204,396
Current service cost	5,545,127	4,571,300
Interest accrued on liability	1,749,408	1,437,505
Amortization of actuarial gains & losses	201,734	132,151
Less: payments made	(4,193,160)	(3,586,529)
Balance, end of year	38,061,932	34,758,823
Gross accrued benefit obligation	40,569,599	37,026,800
Unamortized actuarial gains & losses	(2,507,667)	(2,267,977)
Net accrued benefit obligation	38,061,932	34,758,823

c) Pension and Other Benefits

i) All permanent employees of Health PEI, other than physicians, participate in the multi-employer contributory defined benefit pension plan as defined by the *Public Sector Pension Plan Act*. This Plan provides a pension on retirement based on two percent of the average salary for the highest three years times the number of years of pensionable service, for service to December 31, 2013, and two percent of the career average salary indexed with cost-of-living adjustments, for service after 2013. Indexing is subject to the funded level of the Plan after December 31, 2016.

10. Employee Future Benefits (continued...)

The Plan is administered by the Province of Prince Edward Island. Additional information on the pension plan as defined in the *Public Sector Pension Plan Act* can be found in the notes to the Public Accounts of the Province of Prince Edward Island. The province is responsible for any unfunded liabilities of the Plan. A total of $34,948,963 (2025 - $27,377,192) was contributed towards the Prince Edward Island Public Sector Pension Plan as the employer share of contributions.

ii) Salaried physicians maintain their own personal RRSP accounts to which Health PEI makes contributions in accordance with the Physician Services Agreement between the Medical Society of Prince Edward Island and the Province of Prince Edward Island. Health PEI's contributions are equivalent to nine percent of the physician's base salary and shall not exceed 50 percent of the maximum permissible contribution provided for in the *Income Tax Act*. Health PEI's liability is limited to its required contributions in accordance with the agreement. A total of $2,509,498 (2025 - $2,098,862) was contributed towards salaried physicians' personal RRSP accounts.

iii) The Public Sector Group Insurance Plan provides life insurance, long-term disability, and health and dental benefits to eligible employees of Health PEI. The Plan is administered by a multi-employer, multi-union Board of Trustees who are responsible for any unfunded liabilities of the Plan. The cost of insured benefits reflected in these financial statements are the employer's portion of the insurance premiums owed for employee coverage during the period.

11. Deferred Revenue

Deferred revenues set aside for specific purposes as required either by legislation, regulation, or agreement as at March 31, 2026:

	Balance, beginning of year $	Receipts during year $	Transferred to revenue $	Balance, end of year $
Health promotion projects	446,031	2,953,521	(2,867,929)	531,623

12. Contractual Rights

Health PEI has entered into a number of multi-year contracts. Any contractual rights will become revenue and assets in the future when the terms of the contracts are met. Significant rights for the next two years include:

	2027 $	2028 $
Health promotion projects	506,400	518,500

13. Contingent Liabilities

Health PEI is subject to legal actions arising in the normal course of operations. As at March 31, 2026, several claims related to legal actions remain outstanding. The outcome of these matters is uncertain and cannot be determined at this time.

While management does not expect these claims, individually or in the aggregate, to have a material adverse financial impact on Health PEI, the ultimate disposition of these matters may differ from current expectations.

The majority of claims are covered under insurance arrangements and risk-sharing programs. The financial costs associated with claims covered by our insurance providers do not pose any financial risk to Health PEI. Any claims not covered by insurance are assessed to determine both the likelihood that a liability exists and whether the amount can be reasonably measured. The outcome of any existing (or potential) matters not covered by insurance is uncertain and cannot be determined at this time. Accordingly, no provision has been recorded in the financial statements.

Health PEI continues to monitor these matters and will record a provision in the period when a reasonable estimate of the liability can be made and it is determined that a future payment is likely.

14. Tangible Capital Assets

	Land and land improvements	Buildings and improvements	Equipment and vehicles	Computer hardware and software	2026 Total	2025 Total
	$	$	$	$	$	$
Cost						
Opening balance	5,379,725	385,130,693	115,525,691	70,020,407	576,056,516	529,632,919
Additions	2,338,518	33,958,175	13,840,221	9,561,156	59,698,070	46,459,590
Disposals	-	-	(1,654,792)	-	(1,654,792)	(117,236)
Adjustments	-	(15,266)	1,070	-	(14,196)	81,243
Closing balance	7,718,243	419,073,602	127,712,190	79,581,563	634,085,598	576,056,516
Accumulated Amortization						
Opening balance	1,703,930	155,361,129	82,288,966	52,690,021	292,044,046	268,564,206
Disposals	-	-	(1,654,792)	-	(1,654,792)	(97,282)
Amortization	293,078	11,755,782	10,845,852	2,114,698	25,009,410	23,577,122
Closing balance	1,997,008	167,116,911	91,480,026	54,804,719	315,398,664	292,044,046
Net book value	5,721,235	251,956,691	36,232,164	24,776,844	318,686,934	284,012,470

14. Tangible Capital Assets (continued ...)

Cost at March 31, 2026, includes assets under construction as follows:

	2026 $	2025 $
Queen Elizabeth Hospital	6,814,850	6,641,783
Prince County Hospital	116,667	55,627
Kings County Memorial Hospital	505,435	249,044
Community Health Centres	30,395,444	15,307,342
Other buildings - major improvements	4,316,370	3,373,052
Leasehold improvements	5,178,775	43,735
Equipment	1,391,388	364,488
Computer hardware and software	8,605,438	6,548,320
Vehicles	-	1,423,831
Paving	124,384	112,511
	57,448,751	34,119,733

15. Contractual Obligations

Health PEI has entered into a number of multi-year contracts. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Significant obligations for the next five years and beyond include:

	2027 $	2028 $	2029 $	2030 $	2031 $	Thereafter $
Private nursing homes	64,185,821	-	-	-	-	-
IT maintenance	5,989,577	5,210,223	2,019,602	250,040	-	-
PEI Medical Society	4,762,686	4,762,686	4,762,686	-	-	-
Maintenance contracts	4,083,106	2,636,627	2,436,469	2,467,629	2,302,111	10,407,915
Education funds	400,000	200,000	-	-	-	-
Cataract surgeries	3,548,422	3,548,422	3,548,422	3,548,422	-	-
Security services	8,068,191	8,441,383	-	-	-	-
Other	4,504,053	3,932,718	308,688	198,911	-	-
	95,541,856	28,732,059	13,075,867	6,465,002	2,302,111	10,407,915

Health PEI has $36,302,980 in outstanding contractual commitments for capital projects that commenced on or before March 31, 2026, and are still incomplete.

16. Related Party Transactions

Health PEI is related in terms of common ownership to all Province of PEI departments, agencies, boards and commissions. Related parties also include key management personnel having the authority and responsibility for planning, directing and controlling the activities of Health PEI. This includes the Chief Executive Officer, members of the senior management team, members of the Board of Directors and their close family members. Related party transactions with key management personnel consist primarily of compensation related payments to senior management and are considered to be undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length.

16. Related Party Transactions (continued ...)

The Province of Prince Edward Island has centralized some of its administrative activities for efficiency and cost-effectiveness purposes. As a result, the Province of Prince Edward Island uses a shared services model so that one department performs services for other departments, agencies, boards and commissions without charge. The cost of these services, such as Information Technology Shared Services provided by the Province of Prince Edward Island to Health PEI and use of several facilities and certain maintenance services, are not recognized in the financial statements. Health PEI is responsible for most operational and maintenance costs relating to these facilities.

Health PEI had the following transactions with the Province of Prince Edward Island and other government controlled organizations:

	2026 $	2025 $
Transfers from the Province of Prince Edward Island:		
Operating grant - Department of Health and Wellness	1,042,411,200	931,482,800
Special warrants - Department of Health and Wellness	133,410,195	27,199,700
Capital grant - Department of Health and Wellness	50,297,951	39,353,775
Salary recoveries	1,051,914	1,299,653
Other sales and expenses	20,497,238	18,861,789
	1,247,668,498	1,018,197,717
Transfers to the Province of Prince Edward Island:		
Salary reimbursements	3,019,848	1,173,573
Insurance premiums	3,266,748	4,910,541
Public Service Commission	691,539	981,889
Property taxes	532,563	511,713
Computer hardware & software	7,587,344	6,686,052
Other expenses	5,190,178	3,950,605
	20,288,220	18,214,373

Included within the accounts receivable balance at year-end are $7,540,327 (2025 - $9,461,823) of transfers due from the Province of Prince Edward Island. Included within the accounts payable balance at year-end are $7,682,337 (2025 - $4,838,572) of transfers due to the Province of Prince Edward Island.

17. Fees – Patient and Client

	2026 $	2025 $
Long-Term Care resident fees	15,394,872	14,230,477
Hospital medical services:		
Non-residents	6,080,807	5,553,978
Uninsured hospital services - workers compensation	2,082,453	1,455,753
Other uninsured hospital services	2,898,842	2,403,254
Hospital preferred room accommodations	44,919	40,656
Other	353	675
	26,502,246	23,684,793

18. Annual Surplus (Deficit)

Each year Health PEI is granted an operating and capital budget appropriation. The operating budget includes revenues and expenses associated with providing daily health services. The capital budget includes spending and funding related to acquisition, construction, development and betterment of tangible capital assets. Amortization expenses are budgeted by the province as described in Note 21. Throughout the fiscal year, Health PEI regularly communicates with the Department of Health and Wellness and the Department of Finance and Affordability on the expected operational results for the year and action plans are developed to address potential deficits. If the required funds are not available within the existing appropriation, a request for a special warrant is prepared to seek additional funding.

During the 2025-26 fiscal year, special warrants totalling $133,410,195 were authorized and reflected in the Statement of Operations and Accumulated Surplus. Initially, $30,475,300 was authorized, with only $28,412,695 issued to cover the prior year operational deficit. For the current period, two special warrants totaling $104,997,500 were authorized to address expenditure increases related to the reclassification of registered nursing positions, Self-Managed Care Program, return-in-service incentives, out-of-province patient care, agency staffing, ratification of collective agreements, bad debt expense, drug formulary changes, medical and surgical supplies, increased building operational costs, acute care overcapacity supports, maintenance of equipment, increased cost of food and medical, surgical and laboratory supplies, and grants related to medical travel and private nursing homes.

For the year ended March 31, 2026, Health PEI's results reflect an operational deficit of $22,726,091 consisting of an operational deficit of $127,723,591 net of authorized special warrants of $104,997,500. Funding to address the operational deficit of $22,726,091 will be recognized in the Statement of Operations and Accumulated Surplus in the fiscal year in which the funding is formally authorized. As of the audit report date of these financial statements, no special warrant was authorized to cover the operational deficit.

The annual deficit for the year ended March 31, 2026, was comprised of:

	Operational	Special Warrants	Total Operational	Capital	2026 Total
	$	$	$	$	$
Grants – Province of PEI:					
Department of Health and Wellness	1,042,411,200	133,410,195	1,175,821,395	50,297,951	1,226,119,346
Other revenues	41,036,976	-	41,036,976	9,432,435	50,469,411
Total revenues	1,083,448,176	133,410,195	1,216,858,371	59,730,386	1,276,588,757
Program and service expenses	1,211,171,767	-	1,211,171,767	-	1,211,171,767
Amortization/accretion expenses	-	-	-	25,064,168	25,064,168
Annual Surplus (Deficit)	(127,723,591)	133,410,195	5,686,604	34,666,218	40,352,822

19. Trusts Under Administration

At March 31, 2026, the balance of funds held in trust for residents of facilities in Long-Term Care was $1,529,662 (2025 - $1,556,843). These trusts consist of a monthly comfort allowance provided to Long-Term Care residents who qualify for subsidization of resident fees. These amounts do not belong to Health PEI and they are only presented in the statement of financial position as supplementary information.

20. Subsequent Event

In June 2026, Health PEI entered into two agreements to support the future addition of 140 long-term care nursing home beds at two privately operated long-term care facilities currently under development. An additional 82 beds are expected to be added through a similar agreement anticipated to be finalized in Summer 2026, bringing the total planned expansion to 222 new long-term care nursing home beds.

Funding under these agreements is conditional upon the completion of construction and the issuance of the required operating licenses for each facility.

Upon licensing, Health PEI will provide a construction cost per diem on a monthly basis for licensed beds at a rate of up to $117.50 per bed per day. The agreements have initial terms of 30 years.

Based on the terms of the agreements executed as of July 10, 2026, the estimated incremental construction funding commitment is approximately $180 million over the 30-year term, assuming all 140 beds become licensed and remain funded at the approved rate throughout the agreement term. The estimated funding commitment will increase upon execution of the anticipated agreement for the additional 82 beds.

21. Budgeted Figures

Budgeted figures have been provided for comparative purposes and have been derived from the estimates approved by the Legislative Assembly of the Province of Prince Edward Island.

The budget for amortization of tangible capital assets remains with the Province of Prince Edward Island. For the fiscal year ended March 31, 2026, the Province budgeted $26,609,000 for amortization of Health PEI's tangible capital assets. For comparative purposes, amortization is added to the budget figures.

Subsequent to the tabling of the P.E.I. Estimates of Revenue and Expenditures for year ended March 31, 2026, Health PEI reallocated certain budget amounts among its divisions. The following table shows the reallocation of the original approved budget.

21. Budgeted Figures (continued ...)

	Original Approved Budget $	Adjustments Between Divisions $	Budget - Statement of Operations $
Revenues			
Operating grants:			
Province of Prince Edward Island:			
Department of Health and Wellness	1,042,411,200	-	1,042,411,200
Federal Government	4,818,100	-	4,818,100
Fees - patient and client	22,629,000	-	22,629,000
Food services	1,141,400	-	1,141,400
Sales	579,400	-	579,400
Other	3,684,200	-	3,684,200
Operational Revenues	1,075,263,300	-	1,075,263,300
Capital grants - Dept. of Health and Wellness	74,940,600	-	74,940,600
Other capital contributions	6,314,300	-	6,314,300
Capital Revenues	81,254,900	-	81,254,900
	1,156,518,200	-	1,156,518,200
Expenses			
Community Hospitals	37,385,700	31,600	37,417,300
Acute Care	248,114,100	26,000	248,140,100
Addiction Services	19,903,700	(1,968,900)	17,934,800
Acute Mental Health	29,304,700	928,600	30,233,300
Community Mental Health	29,205,600	1,065,900	30,271,500
Community Specialty Services	20,574,900	16,400	20,591,300
Long-Term Care	96,176,900	(1,406,800)	94,770,100
Private Nursing Home Subsidies	68,690,700	-	68,690,700
Public and Dental Health	23,511,500	300	23,511,800
Professional Practice and Chief Nursing Office	5,271,900	2,110,800	7,382,700
Home Care, Palliative, and Geriatric Care	48,725,300	(834,900)	47,890,400
Provincial Laboratory and Diagnostic Imaging	46,221,000	(39,100)	46,181,900
Provincial Hospital Pharmacies	13,166,700	156,000	13,322,700
Corporate and Support Services	49,283,600	430,600	49,714,200
Financial Services	12,448,500	151,000	12,599,500
Medical Programs - In-Province	213,084,700	(930,000)	212,154,700
Medical Programs - Out-of-Province	53,650,500	-	53,650,500
Primary Care and Chronic Disease	60,543,300	262,500	60,805,800
Program and Service Expenses	1,075,263,300	-	1,075,263,300
Amortization of tangible capital assets	26,609,000	-	26,609,000
	1,101,872,300	-	1,101,872,300
Annual Surplus	54,645,900	-	54,645,900

22. Expenses by Type

The following is a summary of expenses by type:

	Compensation	Supplies	Sundry*	Equipment	Contracted Out Services	Buildings and Grounds	2026 Total
	$	$	$	$	$	$	$
Community Hospitals	29,464,472	5,509,502	861,238	418,835	8,658,157	1,173,192	46,085,396
Acute Care	185,307,252	54,956,512	6,761,256	5,559,650	37,613,298	3,101,867	293,299,835
Addiction Services	13,740,221	1,066,387	2,100,756	78,005	682,558	252,303	17,920,230
Acute Mental Health	29,645,665	1,821,072	341,621	135,409	2,232,572	667,440	34,843,779
Community Mental Health	24,412,306	296,681	2,151,794	177,764	348,632	56,152	27,443,329
Community Specialty Services	15,978,321	3,005,594	449,531	454,598	550,362	26,940	20,465,346
Long-Term Care	94,072,162	9,410,506	2,405,327	1,020,858	10,920,368	1,751,723	119,580,944
Private Nursing Home Subsidies	-	-	70,170,750	-	-	-	70,170,750
Public and Dental Health	16,952,177	620,662	423,776	200,153	3,947,621	41,650	22,186,039
Professional Practice and Chief Nursing Office	7,327,471	16,088	338,251	100,726	133,165	-	7,915,701
Home Care, Palliative, and Geriatric Care	42,753,125	2,403,320	2,334,593	480,460	10,567,485	113,052	58,652,035
Provincial Laboratory and Diagnostic Imaging	28,415,254	16,968,998	788,926	454,166	6,276,366	70,540	52,974,250
Provincial Hospital Pharmacies	13,942,136	1,059,692	246,017	172,749	224,711	4,601	15,649,906
Corporate and Support Services	30,925,534	3,236,576	11,457,365	4,553,444	5,343,307	-	55,516,226
Financial Services	9,027,809	294,369	3,234,187	73,863	610,073	6,667	13,246,968
Medical Programs - In-Province	209,694,124	342,291	12,732,523	130,853	10,734,916	61,005	233,695,712
Medical Programs - Out-of-Province	-	-	405,805	-	67,913,228	-	68,319,033
Primary Care and Chronic Disease	45,900,913	1,957,360	1,260,625	524,032	2,966,878	596,480	53,206,288
	797,558,942	102,965,610	118,464,341	14,535,565	169,723,697	7,923,612	1,211,171,767

*Sundry expenses are defined by the Management Information System Standards of the Canadian Institute for Health Information and consist of expenses that cannot be otherwise classified as Compensation, Supplies, Equipment, Contracted Out Services, or Buildings and Grounds. Sundry expenses include operating grants to non-government organizations, public drug program subsidies, and grants established under union collective agreements.

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