

Burlington Chamber of Commerce
Revise the Healthcare Funding Formula
To Appropriately Fund Population Growth

Issue:

The distribution of Healthcare funds in Ontario continues to be a contentious issue for community based services, home care services and especially hospitals because there is not an effective and equitable mechanism to ensure that growing regions get adequate funds to meet the needs of their rapidly expanding population. As an example, in May of 2005 there were a number of newspaper articles written about areas with increased population growth. These articles explained that Healthcare funding from the provincial government was not adequate to enable these communities to maintain acceptable service levels. The wait times for treatment of such critical illnesses as cancer and heart disease are greater in these regions than in other regions of the province. In order to get timely treatment patients have to leave their community and travel to the nearest hospital, which has space.

Failure to reform the Healthcare system to address population growth will result in emergency department congestion, lengthy waits and many more people traveling outside their communities to receive care.

Background:

In May of 2005 Mr. David Spencer spokesman for George Smitherman the provincial Minister of Health was quoted in the National Post as saying "The government is well aware of the pressures these hospitals feel on the question of funding and its relationship to growth. We are making progress on this with our primary stakeholder which is the OHA¹". The Ontario Ministry of Health and Long Term Care (MOHLTC) indicated that additional "growth and efficiency funding" for 2006/07 would be announced in November 2005. To date, no announcement has been made.

According to a document published by the Ontario Hospital Association (OHA) in April 2004 titled Advancing Accountability Through Hospital Funding Reform "*the main funding approach (today) is mostly global-budget based. The funding formula is intended to be used to allocate annual increases in global budgets. The main intended incentives of the formula are to promote lower unit costs and to encourage appropriate volumes. Hospitals' performance levels are ranked based on past years' data and new funding is allocated accordingly. The formula may be technically sound but is complex and not well understood. Hospitals have difficulty knowing precisely how to respond to improve their funding prospects²*".

Recently introduced Provincial Local Health Integration Network (LHIN) Legislation makes it clear that a key objective of LHINs is to promote health service integration, based on a provincial strategic plan for Healthcare services, after consulting with LHIN Healthcare stakeholders and residents. While there are a number of other objectives, such as being responsible for allocating provincial funding at the LHIN level and disseminating best practices, there is no mention about LHINs being responsible for improving local access to care or ensuring local access to a specified range of services.

LHINs provide both opportunities and challenges for residents in terms of improving local access to hospital care. The opportunity is that LHINs may, in the near future, start receiving a larger portion of their increases in provincial Healthcare funding that is “population-based” rather based on historical funding levels and historical service patterns. This opportunity should be pursued aggressively.

Not only is hospital funding not keeping pace with population growth and resulting demands being placed on hospitals, but provincial funding for community care services, e.g. Community Care Access Centres’ (CCAC) post-hospital home care, is not keeping pace with population growth.

Whatever modifications are made to the funding formula must be applied to non hospital Healthcare services as well as hospital services. Clearly the current system needs revision when communities in need are receiving the poorest levels of funding.

RECOMMENDATION:

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Ensure the healthcare funding formula is such that growing communities get adequately funded to meet the needs of their population.
2. Ensure the timetable for implementation begins immediately and is phased in over five years or less.

¹ National Post, May 4, 2005

² Advancing Accountability Through Hospital Funding Reform, A Policy Framework to Promote Greater Access, Efficiency and Quality of Care. Ontario Hospital Association April 2004 (p. ii)