

Report To: Finance Committee, Board of Health
Submitted by: Elizabeth Bowden, Interim Director of Administration
Subject: ESTIMATED YEARS TO PROVINCIAL FUNDING INCREASE

RECOMMENDATION(S):

- (a) **That the Finance Committee makes recommendation to the Board of Health to receive this report, for information.**

BACKGROUND:

In October 2015, Closed Session Finance Committee Report BH.04.OCT0115.R15 – Public Health Funding Model for Mandatory Programs WDGPH Forecast, was provided to the Finance Committee to provide information about the new funding model implemented by the Ministry of Health and Long-Term Care (MOHLTC) and used to allocate the Cost-Shared Mandatory funding for public health units across the province. The funding model calculated a target model share for each health unit across the province based on the factors in the formula, and the target model share was then compared with actual model share for each health unit. The implementation plan for the new funding model was a funding freeze for those health units with a target model share less than the actual model share, until such time as the health unit reached its target model share; increases to the overall pool of public health funds for Cost-Shared Mandatory programs were to be split among the health units with a lower actual model share than target model share. Wellington-Dufferin-Guelph Public Health (WDGPH) was identified as a health unit with a target model share less than the actual model share, and thus, received no provincial funding increase in 2015.

Based on this implementation plan, an internal projection was prepared and provided to the Finance Committee for the estimated potential number of years until WDGPH would receive a provincial funding increase under the new model, if its use was continued indefinitely and, if the overall pool of public health funds continued to grow by 2% per year as it had in 2015. The October 2015 estimate, based on those assumptions, was a funding freeze for WDGPH until the year 2028.

The 2016 Provincial funding approvals were sent out to health units on September 23, 2016 as detailed in Finance Committee Report BH.04.OCT1316.R13 – 2016 MOHLTC Funding Approval. The information that the 2015 funding model had again been used to allocate the Cost-Shared Mandatory programs funding, and that the pool of funds for Cost-Shared Mandatory programs had grown by 1% was provided by the MOHLTC with the funding approval.

In addition to these factors, a reallocation of funding between the Cost-Shared Mandatory programs funding and the 100% MOHTC funded Healthy Smiles Ontario Program took place through the 2016 funding approval as a result of the integration of the low income dental programs. This reallocation of funding resulted in a re-calculation of the actual model share in comparison with the target model

share.

PUBLIC HEALTH AND/OR FINANCIAL IMPLICATIONS:

In 2015, WDGPH's actual model share was 2.13%, and target model share was 1.66%, a difference of 0.47%.

In 2016, WDGPH's actual model share is 2.14%, and target model share is again 1.66%, a difference of 0.48%, or 0.01% further away from the target than in 2015.

In light of this information, and the fact that the pool of funds for Cost-Shared Mandatory programs grew by only 1% instead of the 2% annual increase projected in the 2015 estimate, the Finance Committee asked management to recalculate the estimated number of years to provincial funding increase.

If the pool of funds for Cost-Shared Mandatory programs continues to grow by 1% per year as it did in 2016 (holding population and all other funding model factors constant), WDGPH would not receive a provincial funding increase until the year 2042.

If the pool of funds for Cost-Shared Mandatory programs grows by 2% per year in 2017 and beyond (after the 1% increase in 2016), WDGPH would expect to receive provincial funding increases again beginning in 2029.

Given the multitude of factors that could change in the medium to long-term, we will focus on the impact of this on WDGPH for the next five years.

The impact of a provincial funding freeze for WDGPH for the next five years is:

- Cost-sharing ratio between province and municipalities continues to move further away from the target 75/25, assuming continuing 2% annual municipal funding increases;
- Annual municipal increases of 2% results in an overall increase of approximately 0.8% annually for the Cost-Shared Mandatory programs budget, less than half of the Ontario Consumer Price Index (CPI) increase for September 2015 to September 2016 which was 1.8%¹;
- Inability to provide staff with ongoing annual salary increases in line with the rate of inflation without adversely affecting the number of employees within the organization;
- Inability to afford the significant annual increases to the cost of the organization's benefits plan that has been the trend the past number of years without changes to the benefits plan or less employees in the organization.
- If staff positions are cut to pay for annual increases for staff salaries and benefits in excess of the combined 0.8% increase that would be possible with a 2% municipal funding increase (assuming no increase to operating costs), WDGPH will experience great challenges to fulfill its legislated mandate.

APPENDICES:

NONE.

REFERENCES:

¹ Statistics Canada. (2016). *Consumer Price Index by province (monthly) (Ontario)*. Retrieved November 6, 2016 from Statistics Canada: <http://www.statcan.gc.ca/tables-tableaux/sum-som/101/cst01/cpis01g-eng.htm>

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