

To:	Chair McQueen and Members of the Healthcare Funding Task Force
Committee Date:	November 22, 2021
Subject / Report No:	CAOR-HCF-14-21
Title:	Proposed Health Care Funding Policy
Prepared by:	Kim Wingrove, CAO
Reviewed by:	Mary Lou Spicer, Treasurer
Lower Tier(s) Affected:	
Status:	

Recommendation

1. That Report CAOR-HCF-14-21 be received; and
2. That the proposed Grey County's healthcare funding policy reflecting the eligibility principles as outlined in the report be approved; and
3. That the annual contribution to reserve for health care funding be increased to three quarters of 1% of County levy as resources are available to do so; and
4. That staff recommendations for resolution of the outstanding funding requests be approved; and
5. That upon final endorsement by County Council of the changes relative to health care funding, the Health Care Funding Roles and Responsibilities Task Force be dissolved.

Executive Summary

This report provides principles and rationale that could assist both Council and funding requesters in determining the suitability of health care related funding requests for County support. The task force heard consistently that the need for fund raising beyond provincial budget allocations was critically important, that project costs have escalated quickly as has the proportionate share to be raised from the public. Aging infrastructure must be maintained or replaced. Our population is growing and aging and with it, demands for new or improved services.

Healthcare service providers in rural communities have limited capacity to raise substantial amounts of funding quickly from the public. The County's taxation ability gives it the ability to raise funds that the health care sector does not have.

The proposed principles to guide County health care funding decisions are made within the context that all upper tier municipalities already provide significant resources to health care through the portion of county levy allocated to long term care, paramedic services and support to the health unit. For Grey County in 2021 this amounted to 27.4% of the levy or over \$17,000,000. Ontario is the only province where municipal governments are directed by legislation to play a role in funding and delivering these two health services.

In the absence of any signal that the need for fundraising will be reduced by the province, the task force is asked to consider increasing the allocation of own source revenue being placed in reserve annually from half of 1% to three quarters of 1% in recognition of the growing demand for services and the rising cost of projects. In addition, the task force should adopt eligibility requirements for projects. Projects would be eligible to receive funds from the Grey County Health Care Funding reserve if they are:

- Funding capital requirements
- Provincially approved, create significant service improvements and respond to identified need with strong support from other providers in the healthcare sector
- Periodic and significant
- Located in Grey County, or for hospital projects, where Grey County residents represent at least 20% of surgical and inpatient population served

Background and Discussion

The first meeting of the Health Care Funding Taskforce was held November 2019 and confirmed a workplan committing to listen to stakeholders and adopting a mission to develop a health care spending policy that will guide Grey County Council's decision-making regarding funding requests from health care stakeholders. The future policy would outline a rationale for where municipal funding should be allocated and the criteria for eligibility as well as maximum annual reserve contributions.

The Taskforce heard from a variety of stakeholders including the three hospital corporations with sites in Grey County (Grey Bruce Health Services, South Bruce Grey Health Centre and Hanover and District Hospital) as well as representatives from the Grey Bruce Ontario Health Team, the joint municipal

physician recruitment committee, Georgian College and Saugeen Hospice Inc. There were consistent themes in the presentations: that fund raising is both required by the province and critical to getting projects done, the need for fund raising is ongoing, and that project costs are rising quickly and escalating the proportionate share to be raised from the public. The task force reviewed the 2019 AMO Partners for a Health Ontario paper and the operating principles behind the Simcoe County Hospital Funding Alliance.

Simcoe County Hospital Alliance

The Simcoe County Hospital Alliance was reviewed as a model that Grey County might learn from in developing its' policy. The Simcoe County Hospital Alliance Funding Policy includes Simcoe County area hospitals located within the County as well as hospitals providing a minimum of 20% of their inpatient and day surgery services to Simcoe County residents. In 2006, a Health Care Strategy Committee completed a review and recommended that Simcoe County Council ensure effective and equitable utilization of County health care tax dollars to help fund health care needs within the County of Simcoe. As a result of this review, County Council approved continued hospital funding in the amount of \$3 million annually to the Simcoe County Hospital Alliance for a ten (10) year period extending from 2007 to 2016. This has been extended twice, first to 2026 and now to 2031.

A senior county staff member sits as a member of the Alliance. County Council representation is required on the board or a committee of each hospital. The hospitals may not seek funding from the member municipalities, only through the County. The capital project must have provincial approval, consultation must have taken place with all other health care sectors in the region and payments are made based on actual, eligible expenses.

The County is not mandated to provide funding to area hospitals as it is a provincial jurisdiction but does so to support the local healthcare system. To incentivize emergency departments to receive patients in a prompt manner to allow Paramedics to be able to respond to the next call, transfer time performance is now measured for each hospital and the value of lost Paramedic time is deducted from the individual hospital's capital payment by the County for that given year.

Funding Principles and Rationale

1. Grey County has made and will continue to make significant contributions to healthcare delivery through levy allocations to paramedic services, long term care and Grey Bruce Public Health. The County also supports health

and wellbeing of residents through levy contributions to Social Services, Children's Services and Social Housing.

2. Healthcare funding is a provincial responsibility and Grey County supports AMO's recommendation that the Province engage AMO and establish a municipal working group to review the future appropriate and value-added municipal role in hospital funding and planning decisions.

The question of the appropriate role for municipal governments in funding health care capital and equipment has been raised across the province. The current legislated requirements for a 10% share to be raised through donation places a hardship on rural communities who lack the same breadth in assessment base that urban municipalities have. The development of a consistent, defensible policy in this regard would provide a level playing field and facilitate long term planning by both the funder and the project proponent.

3. Grey County will allocate three quarters of 1% of the own source levy annually to a reserve to fund eligible healthcare projects. Projects are eligible if they are:
 - Funding capital or equipment requirements
 - Provincially approved, create significant service improvements and respond to identified need with strong support from other health care
 - Periodic and significant
 - Located in Grey County, or for hospital projects, where Grey County residents represent at least 20% of surgical and inpatient population served. Funding may be allocated on a percent of population served basis.

The purpose of the health care funding reserve is recommended to be a source of funds for large, capital projects that provide a significant public good that will be of benefit beyond the borders of the municipality they are located in. These projects represent long-term investments in infrastructure and have received approval to proceed by the province. Where a hospital or other health care facility is outside of Grey County's borders, it must demonstrate that at least 20% of those it serves must be Grey County residents. This is aligned with Simcoe County's policy. Operational costs are not eligible for Grey County funding as the province is responsible for allocating funding for these.

Figure 1. Contribution Comparison

	Grey	Simcoe	Northumberland	Niagara
Population	100,000	479,650	86,000	481,727
Total Annual Budget	\$171,200,000	\$572,000,000	\$188,400,000	\$905,300,000
2021 Levy	\$62,300,000	\$185,000,000	\$60,400,000	\$405,000,000
Healthcare/Hospital contribution	\$299,100	\$3,000,000	\$250,000	\$1,500,000
Contribution per capita	\$3.00	\$6.25	\$2.91	\$3.11
Contribution as a percent of levy	0.50%	1.62%	0.413%	0.37%

At the proposed levy contribution of three quarters of 1% of own source revenue, in 2021 Grey's contribution to reserve would have been \$448,600 or \$4.46 per resident. Given the periodic nature of large capital and equipment requirements, this level of contribution by the County could build a reserve to support future requests.

4. Project proponents seeking funding from the health care funding reserve are required to make their request to Council in writing by June. They will be considered for inclusion in the budget the following year.

This timeline gives Council time to consider and provide direction regarding the ask. It also gives staff time ahead of budget to ensure the reserve is not over subscribed and to appropriately plan for disbursement of funds.

5. Projects that do not meet the eligibility requirements for funding from the healthcare funding reserve may still come before Council as a delegation to make a funding request.

Outstanding Funding Requests

Over the course of the taskforce deliberations, there have been six requests made for funding that have not received a decision.

1. Collingwood General and Marine Hospital made a delegation in September 2018 looking for \$3,000,000 over 10 years for their redevelopment project. In August of 2021, the project received provincial approval to move to Stage 2 of the redevelopment process and received \$15,000,000. At the time of the delegation Grey County residents as portion of total patients was below the 20% threshold

being recommended in the funding policy.

Staff recommend sending a letter to CGMH updating them on the funding policy, asking for current patient place of residence percentages and an update on the project. An updated funding request could be considered as part of the 2023 budget.

2. The Town of the Blue Mountains Joint Physician Recruitment and Retention Committee met with the task force on October 19, 2021 and requested \$250,000 to support:
 - a dedicated resource to work with the Rural Ontario Medical Program
 - attraction efforts for 1st year medical students
 - medical summer students to work on a project to identify opportunities for the Owen Sound and Georgian Bay Family Health Teams to expand mental health and seniors care services
 - provision of transitional housing for new doctors
 - a nurse practitioner pilot

This request does not meet the eligibility requirements for funding from the health care funding reserve as it is not a capital project. Staff recommend that a letter be provided to the committee advising them of the funding policy and suggesting that they provide a revised request to Council with letters of support from the Family Health Teams and the Rural Ontario Medical Program for consideration by Council.

3. It is anticipated that Saugeen Hospice Inc. will request seed funding for project development at the November 22, 2021 task force meeting. This project intends to build a new hospice facility in Walkerton to serve southern Bruce and Grey County.

This project is to support a capital project for a small amount of money \$10,000. However, it has not yet received provincial approval and is to be located outside of Grey County. Staff recommend providing a letter to the committee with direction as per the discussion at the task force meeting of November 22, 2021.

4. The Grey Bruce Health Services MRI Campaign had requested \$400,000 over two years in 2018, reached its goal in 2020 with a private \$1M donation. No further action is required.
5. Grey Bruce Health Services requested \$150,000 in additional support for the Markdale Hospital in June 2021.

Staff recommend that this amount be included in the 2022 budget, with the funds being drawn from the Health Care Funding Reserve based on the current balance of \$90,548 and an anticipated transfer to the fund as part of the 2022 budget as recommended in this report.

6. Hanover Hospital and South Bruce Grey Health Centre mentioned future renovation projects but did not provide the task force with a specific ask at the time of their delegation. Staff recommend writing a letter thanking them for providing information to the taskforce and advising them of the policy, if approved.

Legal and Legislated Requirements

None with this report.

Financial and Resource Implications

If approved, the report recommends a 0.25% of own source revenue increase to the annual levy to be allocated to the health care funding reserve. For the 2022 budget, this would result in transfer to reserve in the amount of \$467,600, an increase of \$168,500 as compared to the 2021 budget.

Relevant Consultation

- Internal (list)
- External

Gary Sims, Naomi Vodden, Martin Mazza – Grey Bruce Health Services
Dana Howes – Hanover and District Hospital
Norah Holder, Jory Pritchard-Kerr - Collingwood General and Marine Hospital
Michael Barrett – South Bruce Grey Health Centre
June Porter- TBM Joint Municipal Physician Recruitment and Retention Committee
Alex Hector and Michael Barrett – Grey Bruce Ontario Health Team
Dr. Mary-Lynne West Moyne, David Bell – Georgian College

Appendices and Attachments

None.