

June 7, 2006

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 Mr. John Tory, MPP, Dufferin-Peel-Wellington-Grey  
 Mr. Jim Wilson, MPP, Simcoe-Grey  
 Ms. Elizabeth Witmer, MPP, Kitchener  
 Mr. John Yakabuski, MPP, Renfrew-Nipissing-Pembroke

Dear Member of Provincial Parliament:

Re: 2006 Funding for Public Health Units

Attached is a letter to Dr. Sheela Basrur, Chief Medical Officer of Health and Assistant Deputy Minister of Health in response to letters received by Board of Health Chairs from Minister George Smitherman and by Medical Officers of Health from Dr. Basrur, dated March 2, 2006, and March 3, 2006, respectively.

You were copied on the letter to the relevant Board of Health Chairs from Minister Smitherman and the attached is being sent to you by way of follow-up from alPHa, representing Boards of Health, Medical Officers of Health, and affiliate organizations.

If you have any questions or comments, please feel free to contact myself at 519-883-2240 email [nliana@region.waterloo.on.ca](mailto:nliana@region.waterloo.on.ca) or Linda Stewart, Executive Director of alPHa at 416-595-0006 ext. 22 email [linda@alphaweb.org](mailto:linda@alphaweb.org).

Sincerely,

A handwritten signature in black ink, appearing to read "Liana Nolan". The signature is fluid and cursive, with the first name "Liana" being more prominent than the last name "Nolan".

Liana Nolan, MD, MHSc, FRCP(C)  
President

cc: Hon. George Smitherman, Minister of Health and Long-term Care  
Dr. Sheela Basrur, Chief Medical Officer of Health and Assistant Deputy Minister of Health

attachment

May 23, 2006

Dr. Sheela Basrur  
Chief Medical Officer of Health and  
Assistant Deputy Minister of Health  
Public Health Division  
Ministry of Health and Long-Term Care  
Hepburn Block, 11<sup>th</sup> Floor  
80 Grosvenor Street  
Toronto, ON M7A 1R3

Dear Dr. Basrur:

On behalf of member Medical Officers of Health, Boards of Health and Affiliate organizations of the Association of Local Public Health Agencies (alPHa), I am writing to urge you to reconsider the current policy direction of reviewing board of health grant requests that provide for up to 5% growth in 2006.

Board of Health Chairs and MOHs received the letters informing them of this policy direction on March 3<sup>rd</sup> and 4<sup>th</sup>, respectively. Given the January to December fiscal year for boards of health, most had already completed their budget cycle by the time this policy direction was received. We are asking that the 65 percent MOHLTC grant for all Board of Health approved budgets be fully funded. A cap on public health funding growth at this time is not acceptable as it will jeopardize the ability of boards of health to fulfill their obligations under the Health Protection and Promotion Act and Mandatory Health Programs and Services Guidelines.

For the past 5 years health units have been on a path to achieve 100 percent compliance with the minimum standards outlined in the Mandatory Health Programs and Services Guidelines. Boards of health remain committed to this goal and are working towards levels of health unit funding that will achieve 100 percent program compliance. Limiting board of health grants at this time will have a negative impact on the ability of health units to reach the 100 percent compliance they have been working to achieve.

The announcement of *Operation Health Protection* in June 2005 intensified the on-going discussions between health unit staff, boards of health and local municipalities about appropriate levels of local public health resources across the province. These discussions have resulted in a stronger commitment from local municipalities to fund health units at levels that will ensure 100 percent compliance with the Mandatory Health Programs and Services Guidelines. That commitment had an impact on the 2006 budgets set by local boards of health.

In a recent survey conducted by alPHa, health units were asked to provide information about their progress toward achieving 100 percent compliance and their current budget pressures. Thirty-three of the existing 36 health units responded to the survey. We are sharing the survey results with you to provide you with feedback on the impact of the Ministry's board of health 2006 grant policy direction.

Dr. Sheela Basrur  
May 23, 2006

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The survey results indicate that total local health unit budgets (including mandatory programs, unorganized areas, WNV and infection control) have increased on average from 2005 to 2006 by 15.2 percent. The increase for mandatory program funding alone is 13 percent on average across the 33 health units that responded to the survey. Sixty percent of the health units reported that this budget level would allow them to 'mostly', 'almost completely' or 'completely' fulfill the requirements of the Mandatory Health Programs and Services Guidelines.

In addition to the impact on the ability of boards of health to meet their legislated requirements, this policy direction places an increased financial burden directly on municipalities. Rather than paying 35 percent of the mandatory programs budget, funding direction communicated in March will result in municipalities paying an average of 40.8 percent across the province. This represents an additional \$35.5 million from the municipal purse for 2006. The actual impact will depend on how much of the deficit municipalities are expected to cover. The Ministry of Health and Long-term Care grant will fall below the 65 percent commitment in *Operation Health Protection* to 59.2 percent.

More detailed preliminary survey findings are attached for your information. We are early in the process of reviewing and understanding the implications of the survey results in light of the recent release of the final report of the Capacity Review Committee. At this time, I would like to request a meeting with you to discuss the board of health grants for 2006. I appreciate your attention to this matter and trust that we will be able to work towards a solution.

Sincerely,



Liana Nolan, MD, MHSc, FRCP(C)  
President

cc: Hon. George Smitherman, Minister of Health and Long-term Care  
Hon. John Gerretsen, Minister of Municipal Affairs and Housing  
Hon. Dwight Duncan, Minister of Finance  
Roger Anderson, President, AMO

attachment

## **PRELIMINARY REPORT**

### **INTRODUCTION**

Public health units in Ontario are governed by boards of health that fall under the legislative authority of the Health Protection and Promotion Act. Under the authority of this Act, the Ministry of Health and Long-term Care (MOHLTC) has established Mandatory Health Programs and Services Guidelines (MHPSG) that outline programs and services that all boards of health must ensure are provided within the geographic boundaries of each health unit. Boards of health are also responsible to set a budget for each health unit that will achieve, at a minimum, the MHPSG. Historically, health unit funding has fallen short of this goal, but in the past 5 years health units have been on a path to achieve 100 percent compliance with the minimum standards outlined in the MHPSG. At the November 2005 Annual General Meeting this direction was solidified when alPHA's members voted to recommend that all boards of health approve budgets for 2006 that would allow health units to achieve 100 percent compliance.

On March 2, 2006, Board of Health Chairs received a letter from the Minister of Health and Long-term Care that communicated, "we will be reviewing board of health grant requests within a provincial envelope that provides for up to 5% growth in 2006." On March 3, 2006, Medical Officers of Health received a similar letter from the Chief Medical Officer of Health. Further communications from the Ministry have clarified that the 'up to 5%' growth will apply to mandatory program funding only.

Following these communications, alPHA distributed a survey to all health units to determine the impact of this limitation to funding growth, and to collect additional information that would assist in developing a response to the Ontario Government.

### **SURVEY RESULTS**

Thirty-three of the 36 Health Units responded to the survey; 92% of all health units. The respondents included all regional boards of health and Toronto Public Health. The 3 non-responders were small and medium sized health units with autonomous Boards of Health.

Twenty-six of the respondents (79%) had completed their budget process before Board of Health Chairs and MOHs received the letters announcing the 'up to 5%' increase. Two health units completed their budget process after March 3, but before they completed the alPHA 2006 budget survey. The remaining 5 respondents had not completed their budget process, but provided 2006 estimates.

## The Path to 100 Percent Compliance

When asked a general, yes/no question, 8 health units (25%) felt that the budget they presented to their Boards was sufficient to fulfill the requirements of the MHPSG. Health units were also asked to respond more specifically and provided the following information:

<b>Does the Budget Approved by Your Board Adequately Allow You to Fulfill Your Mandate?</b>						
	2006			2005		
	HUs	%	Positive	HUs	%	Positive
Yes, completely,	2	7.4%	↑ 59.3%	1	3.6%	↑ 42.9%
Yes, almost completely	2	7.4%		3	10.7%	
Yes, mostly	12	44.4%		8	28.6%	
Inadequate in some areas	8	29.6%		14	50.0%	
Inadequate in most areas	3	11.1%		1	3.6%	
Inadequate in all areas	0	0.0%		1	3.6%	
<b>TOTAL RESPONSES:</b>	<b>27</b>	<b>100.0%</b>		<b>28</b>	<b>100.0%</b>	

Public health units have 3 predominant governance structures in place:

1. Autonomous (i.e., the board of health is independent of the obligated municipalities and staff operates separately from any municipal administrative structure),
2. Regional/Single Tier Municipality (i.e., regional/city council or a committee of regional/city council acts as the board of health, and staff operates under regional/city municipality administration), and
3. Municipal (i.e., the board of health may be independent, but staff operates under the municipal administrative structure of the obligated municipality).

The following differences emerge when the survey responses were compared between the 3 governance structures.

When asked the question: “Does the budget approved by your Board adequately allow you to fulfill your mandate?” The following pattern of responses is observed. 66.7 percent of health units with autonomous boards responded that they could fulfill their mandate, ‘mostly’, ‘almost completely’, or ‘completely’. For regional/single tier structures this number drops to 37.5 percent. 62.5 percent of health units with regional/single tier structures responded with, ‘inadequate in some areas’. 75 percent of health units with a municipal structure responded that they could fulfill their mandate, ‘mostly’, ‘almost completely’, or ‘completely’.

## Impact of the 'Up to 5%' Growth Announcement

Twenty health units (77%) said they expected to experience a negative impact on their already approved budgets as a result of the 'up to 5%' increase announcement.

Health Units		** For Health Units with <u>completed budgets prior to March 3</u> **
#	% *	Question: Will the 'up to 5%' increase have an impact on your 2006 budget?
20	77%	Yes, a negative impact
2	8%	Not sure, but we will need to revisit our budget to identify potential issues
3	12%	Other
2	8%	Just a minor impact (positive or negative)

\* Does not add to 100% because more than one answer could be provided by a HU.

For the health units that completed their budget process after the communication of the 2006 MOHLTC funding policy, most felt the communication would have an impact on their continuing budget process.

Health Units		** For Health Units that <u>completed budgets after March 3</u> **
#	%	Question: Will the 'up to 5%' increase have an impact on your 2006 budget?
4	57%	It will probably have an impact
2	29%	Other
1	14%	We'll think about it, but it probably won't have much of an impact

Health units were also given the opportunity to provide comments on the impacts of the growth limit of 5%. The common themes found in the comments are in the following chart.

Health Units		Impacts of the 'up to 5%' MOHLTC funding increase on Health Unit Budgets (n=31)
#	%	
17	55%	Delay in filling approved positions (132 FTEs in total for 10 of the 17 health units)
15	48%	Impact on Mandatory Programs: slow progress in achieving compliance, no increase in programs, roll back of activity in some areas
6	19%	Staff Layoffs (due to overall cost of living increases and annualized increments exceeding 5%)
4	13%	Approved multi-year plans will be slowed down, i.e., fewer staff hired, program expansion delayed
3	10%	Delay in efforts to achieve competitive wage levels to help recruitment and retention
2	6%	Cuts to infrastructure and discretionary operating costs, e.g., professional development
2	6%	Municipality has agreed to or is considering putting in more than 35%

## Cost Pressures

Through the survey, health units were asked to comment on their cost pressures. Thirty-two health units provided comments and the following quote exemplifies the content of many of the comments received:

“To maintain current compliance levels in [our health unit] in 2006 requires a minimum expenditure increase of 14.6% to allow for inflation & wage pressures, annualization of 2005 enhancements, servicing the needs of an additional 21,000 to 25,000 new residents and complying with legislative requirements for water safety regulations and the School Pupils Act.”

a1PHa received rich textual and numeric data describing current cost pressures in health units. The common themes found in the comments are in the following chart.

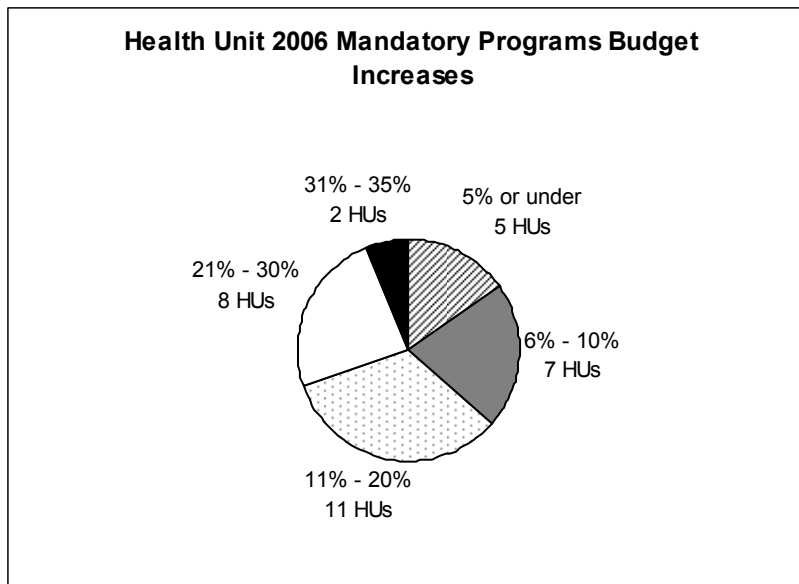
Health Units		Top 10 Health Unit Cost Pressures (n=32)
#	%	
21	66%	Regular salary and benefit step increases and union contract settlements. For many HUs this cost increase is higher than 5%.
15	47%	Needed expansion of programs to meet mandatory programs. Also emphasis on clean water, pandemic/emergency planning, healthy weights, immunization, west nile virus.
15	47%	Accommodation expenses including: expanded space, moving expenses, rent increases (including leases with escalation clauses)
7	22%	Utilities
7	22%	OMERS increases (9 to 10 percent)
7	22%	Travel expenses (mileage and gas expense increases)
6	19%	Property and liability insurance increases (up to 22 percent)
4	13%	Location Issues: large geographic area, complex mix in population, northern issues, underserved area issues, rapid population growth
4	13%	Annualization of new positions approved in 2005
3	9%	IT and other equipment costs

## Financial Results

Looking at the total budgets (including mandatory programs, unorganized areas, WNV, and infection control) for health units, the average increase from 2005 to 2006 is 15.2%. Looking at the mandatory program funding only, the average increase across the 33 health units from 2005 to 2006 is 13%. Only 2 Boards of Health (both autonomous) approved an increase of less than 5%. An additional 3 budgets increased by 5% (one autonomous, one regional, and one municipal). The remaining 28 health unit budgets were increased by more than 5%. Looking at different health unit governance structures, average increases were as follows:

Autonomous:	18.3%
Regional/Single Tier:	14.4%
Municipal:	13.5%

The ranges of budget increases are summarized in the chart below.



Eight Boards of Health froze their municipal contributions -- 2 at the 2004 level and 6 at the 2005 level. 23 of the remaining 25 health units took a compromise approach that would ensure both enhancement to the funding for the health unit and a reduction to municipal contributions.

Impact on MOHLTC:

The impact on the MOHLTC is a 33% increase in funding for TOTAL health unit budgets. The 33% includes the increase from a 55% grant to a 65% grant. If we compare 2005 and 2006 both at 55%, the increase is 13.6%. This means that before the increase of the grant from 55% to 65%, the increase in funding for total budgets is 13.6%. With the grant increase, it is 33%.

The numbers are similar for mandatory program funding alone. Before the increase of the grant from 55% to 65%, the increase in funding for mandatory programs is 15.2%. With the increase to 65%, it is 36.2%.

Limiting growth to 5% will mean that the MOHLTC's grant to Boards of Health will represent 59.2 percent for mandatory programs.

Impact on Municipalities:

The impact on municipalities is a 10.8% decrease in their funding portion for TOTAL health unit budgets, assuming a 65% Ministry grant. If we compare 2005 and 2006 budgets both at 55% (2005 grant levels), there is an average increase of 14.6% in the municipal portion. This means that boards of health approved increases to TOTAL health unit budgets that result in an average increase in the municipal portion of 14.6%. However, when the Ministry grant increase to 65% is considered, the municipalities experience an overall decrease of 10.8%.

The numbers are similar for mandatory program funding alone. Before the increase of the Ministry grant to 65%, there is an increase in the municipal portion for mandatory programs of 15.2%. When the increased grant is included, there is a 10.4% decrease in the municipal portion overall. Differences by board type are in the table below.

	Autonomous	Regional/ Single Tier	Municipal
Average Increase in Municipal Portion for Mandatory Programs	18.3%	14.4%	15.6%
Average Change in Municipal Portion for Mandatory Programs at 35%	-8.0%	-11.7%	-10.1%
Average Change in Municipal Portion for Mandatory Programs if were still at 45%	18.3%	14.4%	15.6%

The impact on the overall municipal portion for mandatory programs could be as high as a \$35.5 million increase in the amount that obligated municipalities are expected to pay for the 33 health units that responded to the survey. This is due to the decreased MOHLTC grant that will result from the current 'up to 5 percent' policy direction. The actual impact will depend on how much of the deficit municipalities are expected to cover. The table below provides a breakdown of the impact by board type.

HU Governance Type	2006 MOH Grant	2006 Municipal Portion	Additional Municipal Burden
Autonomous	57.7%	42.3%	13.5 Million
Regional/Single Tier	59.6%	40.4%	11.7 Million
Municipality	60.1%	39.9%	10.3 Million
All Boards of Health	59.2%	40.8%	35.5 Million

## Conclusion

For the past 5 years health units have been on a path to achieve 100 percent compliance with the minimum standards outlined in the Mandatory Health Programs and Services Guidelines. Boards of health remain committed to this goal and are working towards levels of health unit funding that will achieve 100 percent program compliance. 60 percent of health units are well on their way to achieving their compliance goals. Limiting health unit budget growth at this time will have a negative impact on the ability of health units to reach the 100 percent compliance they have been working to achieve. In addition, the commitment of the Provincial Government as laid out in, *Operation health Protection*, of a 65 percent MOHLTC grant will not be achieved.

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