



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health

DATE: 2015 October 1

2016 BOARD OF HEALTH BUDGET – FINANCIAL PARAMETERS

Recommendation

It is recommended that the Finance & Facilities Committee make recommendation to the Board of Health for an assumption of a 2% provincial increase on cost-shared funding and a 0% change to the municipal request for the 2016 Board of Health budget.

Key Points

- On July 16th the Board of Health approved the 2016 PBMA process, criteria and weighting for PBMA proposals.
- On September 9, 2015 the Ministry of Health & Long-Term Care provided notification of 2015 grant approvals for the Mandatory & Related Programs as well as 2015 One-time funding.
- Also in September the ministry began implementation of the new public health funding model for Mandatory Programs which will provide additional resources to Middlesex-London Health Unit.
- Since 2004, the Health Unit has not increased the amount of funding requested of the municipal funders in recognition that their budgeted amount is more than 25% of cost-shared program.

Financial Parameters for 2016 Budget

Developing high level planning parameters is an integral part of any budget process. They help guide and inform planning and resource allocation decisions. Ideally the parameters should be linked to the organization's strategic direction.

Municipal Considerations

The City of London's 2016 budget is being developed using a multi-year budget. That is, the City is seeking approval of their 2016-2019 operating plans. On May 12, 2015, City Council approved an overall average annual tax levy increase between 2.2% and 2.9% over the 2016-2019 period. This amount could vary year to year, but on average would not exceed 2.9% when averaged over the four year period. In order to ensure the City's budget is submitted within the tax levy increase ranges approved by Council, Civic Administration have set service area targets. All Civic Departments and Boards & Commissions have been provided a direction of 1.5% increase in each of the four years except for the Middlesex-London Health Unit and the London Police Service which have been asked to submit a 0% and 1.0% respectively for each of the four years.

As in past years, the County of Middlesex has not provided the Health Unit with specific targets.

Provincial Considerations

A number of variables are expected to impact the amount of provincial funding available for the 2016 operating year. The first relates to implementation of the recommendations of the recently released report of the Funding Review Working Group, as described in [Report No. 49b-15](#). Attached as [Appendix A](#) is the “Public Health Funding Model Share Status – Mandatory Programs” for the Middlesex-London Health Unit (MLHU). The new funding model indicates that MLHU should receive 3.19% of the total provincial funding for Mandatory Programs (\$575,201,900) or \$18,349,228, while as of 2015 it only receives 2.83% or \$16,280,600. This represents a gap of \$2,068,628.

The province intends to deal with this inequity over time as the Mandatory Programs funding is increased. Those health units above their model share (28 health units) will not receive increases until the health units that are lower than the model share (8 health units) catch up and equity is restored across the province.

In 2015, MLHU received \$571,394 or 3.6% more for the delivery of the Mandatory Programs than in 2014. This provides an additional \$414,301 in base funding over what was budgeted for 2015. Given the implementation of the new funding model and the fact that MLHU is lower than its model share, it is anticipated that MLHU would receive additional funding in 2016. There remains, however, uncertainty in this assumption.

Another variable impacting the amount of provincial funding is the integration of all publicly-funded oral health programs for children and youth into one Health Smiles Ontario program ([Report No. 039-15](#)) which will be funded 100% by the province. Currently, two programs are cost-shared with local municipalities and these costs will be uploaded to the MOHLTC in 2016.

For the purpose of developing a draft 2016 Board of Health budget, the Senior Leadership Team is seeking guidance from the Finance & Facilities Committee in regards to planning for 2016 and future operating years given the province’s desire to achieve equity in Mandatory Programs funding across all public health units.

Recommendation and Options

Staff is recommending an assumption of a 2% increase from the Province and a 0% change to the municipal request. Alternatively, the Board of Health may either move towards the “Model Share” for Mandatory Programs sooner or move towards 75%/25% sooner.

No Change in Municipal Request: This would align with the City of London’s guidance and continue to move the provincial/municipal funding ratio for cost-shared programs toward the provincial policy goal of 75%/25%. This goal would be reached within 7 years assuming 2% provincial increases, and within 3 years assuming 3.6% provincial increases. After that point, increases would be requested from municipal funders to offset inflationary pressures.

Moving to the Equitable Mandatory Programs funding sooner: Under this scenario, the municipal contribution could be increased and the provincial funding could be retained. This would support public health programs and services to help achieve the equitable level of Mandatory Programs funding or the “Model Share” sooner. The model share of 3.19% would support \$24,465,637 in Mandatory Program funding at 75% [$\$18,349,228 / 0.75$]. In 2015, the Board of Health approved a Mandatory Programs budget of \$22,925,016. This is a difference of \$1,540,621 which shows that the Mandatory Programs in MLHU are under resourced compared to other public health units across the province. Keeping provincial resources in Mandatory Programs will reduce this inequity.

Moving to 75%/25% sooner – reduction to municipal funding: Under this scenario the Health Unit would use a portion of the increased provincial resources to reduce the municipal contribution to Mandatory Programs (cost-shared). It would achieve a 75% / 25% funding of Mandatory Programs sooner but would take longer to achieve the model share for Mandatory Programs.

This report was prepared by Mr. John Millson, Director of Finance & Operations.

A handwritten signature in black ink, appearing to read 'C. Mackie', is positioned above the printed name.

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Medical Officer of Health