



TO: Chair and Members of the Board of Health

FROM: Christopher Mackie, Medical Officer of Health / CEO

DATE: 2019 July 18

SHARED FUNDING FOR CONSUMPTION AND TREATMENT SERVICES

Recommendation

It is recommended that the Board of Health:

- 1) *receive Report No. 054-19 re Shared Funding for Consumption and Treatment Services (CTS) Site for information and*
- 2) *Approve declining \$53,158 of funding for program staff that were already funded through the 2018 MLHU budget in 2018 in order to partially ease funding pressures faced by the Regional HIV/AIDS Connection (RHAC) in operating the CTS.*

Key Points

- MLHU contributed jointly with Regional HIV/AIDS Connection (RHAC) to operate the Consumption and Services Treatment Site commencing in the 4th quarter of 2018.
- Due to the substantial cost to RHAC to fund the operation of this site and to address a substantial unfunded liability, MLHU has proposed not to recover labour and operating cost incurred in the final quarter of 2018 which had already been budgeted for in MLHU's 2018 budget.
- The Health Unit commenced recovering costs to support the operation of the site from RHAC commencing January 1, 2019.

Background

The Health Unit has been involved jointly with the Regional HIV/AIDS Connection (RHAC) to provide staffing and resources to support the operation of the Consumption and Services Treatment Site (formally called the Temporary Overdose Prevention Site). The impact of this site and how effectively it has been meeting its intended outcome was outlined recently in Report No. 038-19 Saving Lives. Changing Lives. Findings from the Temporary Overdose Prevention Site (TOPS) Evaluation.

Direct costs incurred by the Health Unit for the final two months of 2018 amounted to \$53,158. Recovery of these costs through cash reimbursement was accrued in the 2018 operating results of the Health Unit. Subsequent to the Health Unit's year-end, the Health Unit learned that RHAC had contributed substantial funding to the operation of the site and had incurred a significant unfunded liability, in part due to a legal appeal related to proposed re-zoning for the site. Based on discussion between the two entities, it was proposed that the Health Unit would contribute to the unfunded liability of RHAC by absorbing the direct costs incurred to run the site for the initial two months of operation.

The majority of these funds will be offset by approximately \$30,000 of 2018 year-end accruals which will not be incurred. This will result in an unplanned expense to be incurred in 2019 of approximately \$23,000.

The substance of this transaction has been reviewed with the Health Unit's external auditor, KPMG. As the value of the unrecovered funds is below the auditors' materiality threshold, there would not be a requirement to restate the financial results for 2018. Accordingly, the impact of the unrecovered funds, net of a reversal of a portion of accrued year-end costs, would both be treated prospectively as a revision to estimates impacting the current operating cycle of the Health Unit.

It is anticipated that costs incurred by the Health Unit to support the operation of the Consumption and Services Treatment Site will be fully recovered from RHAC as of January 1, 2019.

Recommendation

It is recommended that the Board of Health approve the incremental cost of supporting the operation of the Consumption and Services Treatment Site for the final two months of 2018 and to absorb the incremental costs, net of any other adjustments to 2018-related accruals, in the 2019 operating cycle.

This report was prepared by the Finance Team, Healthy Organization Division.



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Medical Officer of Health / CEO