

AGENDA
MIDDLESEX-LONDON BOARD OF HEALTH
Finance & Facilities Committee

50 King Street, London
Middlesex-London Health Unit – Room 3A
Thursday December 5, 2019 9:00 a.m.

1. DISCLOSURE OF CONFLICTS OF INTEREST

2. APPROVAL OF AGENDA

3. APPROVAL OF MINUTES – October 31, 2019

4. NEW BUSINESS

- 4.1 Update – Transfer of Services to Thames Valley Children’s Centre (Report No. 036-19FFC)
- 4.2 Update - Great-West Life Benefits Renewal (Report No. 037-19FFC)
- 4.3 2020-23 Board of Health Budget Submission (Report No. 038-19FFC)

5. OTHER BUSINESS

- 5.1 The next FFC meeting will be held on Thursday, February 6, 2020 @ 9:00 a.m.

6. ADJOURNMENT



**PUBLIC MINUTES
FINANCE & FACILITIES COMMITTEE**
50 King Street, London
Middlesex-London Health Unit
Thursday, October 31, 2019 9:00 a.m.

MEMBERS PRESENT: Mr. Matt Reid (Chair)
Ms. Kelly Elliott
Ms. Trish Fulton
Ms. Tino Kasi

REGRETS: Ms. Maureen Cassidy

OTHERS PRESENT: Dr. Christopher Mackie, Secretary-Treasurer
Ms. Lynn Guy, Executive Assistant to the Medical Officer of Health (Recorder)
Ms. Laura Di Cesare, Director, Healthy Organization Division
Mr. Brian Glasspoole, Manager, Finance
Ms. Nicole Gauthier, Manager, Privacy, Risk and Governance
Dr. Alexander Summers, Associate Medical Officer of Health
Mr. Joe Belancic, Manager, Procurement and Operations

At 9:06 a.m., Chair Reid called the meeting to order.

DISCLOSURE OF CONFLICT OF INTEREST

Chair Reid inquired if there were any disclosures of conflicts of interest. None were declared.

APPROVAL OF AGENDA

Ms. Di Cesare asked the Committee to consider adding policy G-230 and its appendix to Report No. 035-19FFC.

It was moved by Ms. Fulton, seconded by Ms. Elliott, *that the amended AGENDA for the October 31, 2019 Finance & Facilities Committee meeting be approved.*

Carried

APPROVAL OF MINUTES

It was moved by Ms. Fulton, seconded by Ms. Elliott, *that the MINUTES of the September 5, 2019 Finance & Facilities Committee meeting be approved.*

Carried

NEW BUSINESS

4.1 2020 Budget – Program Budgeting and Marginal Analysis (PBMA) Disinvestments (Report No. 033-19FFC)

The 2020 budget process focused on identifying enough disinvestments to sufficiently support inflationary pressures. Once approved, the fourteen disinvestments, totalling \$493,388.00, will be incorporated into the 2020 budget proposal.

Dr. Mackie provided an update regarding the three positions to be eliminated. He noted that the positions have been vacant for some time and that arrangements have been made to ensure there will be no further burden on the teams affected.

It was moved by Ms. Fulton, seconded by Ms. Elliott, *that the Finance & Facilities Committee approve PBMA Disinvestments totalling \$493,388 as outlined in Appendix A to Report No. 033-19FFC.*

Carried

4.2 Proposal to Draw Down Reserve Funds (Report No. 034-19FFC)

The Committee discussed using all of the funds in the Funding Stabilization Reserve. Mr. Glasspoole noted that significant costs that are short-term and primarily related to the move to Citi Plaza could be funded through this reserve. This would delay the need to draw upon the bank loan.

The Dental Treatment Reserve was originally established to address any clinic-related costs. With funding for the Ontario Seniors Dental Care Program (OSDCP), a new dental clinic will open at the Citi Plaza location. The funds in this reserve will be used to offset build costs for the new clinic. Mr. Glasspoole advised that the funds in the reserve will be used for preventative as well as treatment costs.

The Accumulated Sick Leave Reserve can be closed, as all employees who were eligible to be paid out for their accumulated sick days have left the organization. This Reserve was funded from OMERS holiday funding, and the remaining \$29,462 will be used to defray OMERS contributions for 2019.

The last time that funds were drawn from the Environmental – Septic Tank Reserve was in 1994. Originally a grant from the Ontario Ministry of Environment, the remaining \$6,044 will be returned to the appropriate branch of the Ministry if possible.

It was moved by Ms. Kasi, seconded by Ms. Fulton, *that the Finance & Facilities Committee recommend that the Board of Health approve:*

- 1) *Using up to \$818,258 from the Funding Stabilization Reserve to fund, in part, the cost of leasehold improvements in connection with the Health Unit's relocation of premises to Citi Plaza;*
- 2) *Using up to \$123,771 from the Dental Treatment Reserve to fund, in part, the cost of leasehold improvements related to dental treatment facilities in the new location;*
- 3) *Using up to \$29,462 from the Accumulated Sick Leave Reserve to defray OMERS costs for 2019;*
- 4) *Returning \$6,044 from the Environmental – Septic Tank Reserve to the Ministry of the Environment if that Ministry accepts the funds, and, if not accepted, then applying these funds to leasehold improvements related to Environmental Health in the new location; and*
- 5) *Closing the Dental Treatment Reserve, the Accumulated Sick Leave Reserve and the Environmental – Septic Tank Reserve.*

Carried

4.3 Policy Review (Report No. 035-19FFC and Walk-on Report No. 036-19FFC)

G-200 Approval and Signing Authority Policy was updated to simplify the financial signing authorities and to delineate what is and is not a financial signing authority. Signing authority limits are recommended for managers, directors, and the Medical Officer of Health. Non-financial signing authority information had been located in Policy G-220 but was moved to this policy, where it's a better fit.

G-220 Contractual Services – Changes to this policy were primarily editorial in nature.

G-230 Procurement – This policy was added to the agenda as a walk-on. Appendix A was revised to change the forty-day posting period to limit tenders to twenty-five days, provided the process takes place electronically. While the FFC agreed to this change, it will now require Board approval.

G-250 Reserve and Reserve Funds – Minor formatting changes were made. In anticipation of the FFC approving the closure of the Accumulated Sick Leave Reserve, the Environmental – Septic Tank Reserve, and the Dental Treatment Reserve, these reserves were removed from the policy. The three reserves remaining open are Funding Stabilization, Technology and Infrastructure, and Employment Costs.

It was moved by Ms. Kasi, seconded by Ms. Elliott, *that the Finance & Facilities Committee:*

- 1) *Receive Report No. 035-19FFC re: "Policy Review" for information; and*
- 2) *Endorse the governance policies outlined in this report, including the procurement guideline policy update, which relate to the financial operations of the Middlesex-London Health Unit, and refer them to the Governance Committee for final review.*

Carried

4.4 Q3 Variance Report and Factual Certificate (Report No. 032-19FFC)

Mr. Glasspoole noted that the projected end-of-year surplus is approximately \$8,000. He added that construction costs are not part of the operating budget this year, as the Health Unit will be capitalizing those costs.

The Factual Certificate can be signed as all financial criteria is being met.

It was moved by Ms. Kasi, seconded by Ms. Fulton, *that the Finance & Facilities Committee review and recommend to the Board of Health to receive Report No. 032-19FFC re: "Q3 Financial Update and Factual Certificate" for information.*

Carried

OTHER BUSINESS

Next meeting: December 5, 2019.

ADJOURNMENT

At 9:36 a.m., it was moved by Ms. Kasi, seconded by Ms. Elliott, *that the meeting be adjourned.*

Carried

At 9:37 a.m., Chair Reid *adjourned the meeting.*

MATTHEW REID
Committee Chair

CHRISTOPHER MACKIE
Secretary-Treasurer



MIDDLESEX-LONDON HEALTH UNIT

REPORT NO. 036 -19FFC

TO: Chair and Members of the Finance & Facilities Committee
FROM: Christopher Mackie, Medical Officer of Health / CEO
DATE: 2019 December 5

UPDATE – TRANSFER OF SERVICES TO THAMES VALLEY CHILDREN’S CENTRE

Recommendation

It is recommended that the Finance & Facilities Committee recommend that the Board of Health receive Report No. 036-19FFC re: Update – Transfer of Services to Thames Valley Children’s Centre for information.

Key Points

- Pursuant to the Notice provided by Ministry of Children, Community and Social Services (MCCSS), the Health Unit was advised that administration of three children surveillance programs would be transferred by Thames Valley Children’s Centre (TVCC) effective September 1, 2019.
This report outlines final reconciliations performed to quantify and refund unspent funds to MCCSS and to remit funds received from other sources held by the Health Unit to TVCC.

Background

As previously reported in Report No. 028-19FFC and pursuant to the Notice provided by Ministry of Children, Community and Social Services (MCCSS) in June 2018, the Health Unit was advised that administration of the following programs would be transferred to Thames Valley Children’s Centre (TVCC) effective September 1, 2019:

- Preschool Speech and Language Program (tykeTALK);
Infant Hearing Program; and
Blind-Low Vision Program.

Funding from Ministry

A final reconciliation was submitted to MCCSS on November 29, 2019 supporting the following reimbursement of funds totaling \$31,418 for the period April 1, 2019 to August 31, 2019.

Table with 4 columns: Program Funded, Grant Issued, Funds Spent, Refund Payable. Rows include Preschool Speech and Language, Infant Hearing Program, Blind-Low Vision, and Total.

Funding from Other Sources:

The Health Unit also received funding from other sources amounting to \$54,799 to support the preschool speech and language program (tykeTALK) that have previously been reported as deferred revenue in the latest financial statements of Middlesex-London Health Unit March 31st Programs. The purpose of these funds, net of any costs incurred by the Health Unit, was to supplement any additional operating costs for the program not covered by MCCSS funding. These funds, net of a prepaid lease commitment of \$1,772, will be transferred to TVCC.

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



Christopher Mackie MD, MHSc, CCFP, FRCPC
Medical Officer of Health / CEO



TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health / CEO

DATE: 2019 December 5

GREAT-WEST LIFE BENEFITS – RENEWAL UPDATE

Recommendation

It is recommended that the Finance & Facilities Committee review and make recommendation to the Board of Health to approve the extension of the current renewal period of the group insurance rates administered by Great-West Life as described in Report No. 037-18FFC re: “Great-West Life Benefits – Renewal Update”.

Key Points

- Great West Life (GWL) is the insurer of record for Life Insurance, Accidental Death & Dismemberment (AD&D) and Long-Term Disability (LTD) - with exclusion of LTD for ONA-registered employees.
- With assistance from AON Hewitt, the Health Unit secured preferred annual rates effective January 1, 2019 with a rate guarantee of three years on Life and LTD. These preferred rates will remain in effect for 2020.
- The overall change to the annual ASO premium for 2020 is a decrease of 6.9% or \$102,000 which supports the proposed PBMA disinvestment outlined for 2020 as presented in Report No. 33-19FFC.
- At October 31, 2019, cumulative ASO premiums paid exceed total claims paid by \$465,267.

Background

In 2018, The Health Unit, with the assistance of AON Hewitt, approached the insurance carrier of record, GWL to determine whether current rates could be discounted in the absence of a marketing, with rate guarantees that would extend beyond the scheduled renewal date of May 1, 2019. Preferred annual rates were secured which went into effect sooner on January 1, 2019.

Insured Benefit Rates (Life, AD&D, LTD)

[Appendix A](#) provides a summary of the negotiated rates since moving to GWL. The rates being recommended for 2020 remain level with 2019 rates and are lower than pre-marketing rates of February 1, 2012 for Life, AD&D and LTD. The Life and LTD insurance rates will be guaranteed to remain unchanged until January 1, 2021. GWL included a condition that the LTD rates would be subject to an increase of up to 10% in the 3rd year (2021) if the Health Unit experiences more than 2 open LTD claims at the time the renewal is produced. Otherwise, rates would be extended unchanged for the 3rd year.

Pooling Charges

GWL proposes the pooling charge changes to 14.06% from 14.35% for active employees and to 18.76% from 15.88% for retirees, for an annual increase of approximately \$400.

ASO Benefits (Health and Dental)

These benefits are funded based on actual claims utilization of benefits paid. The Health Unit sets a monthly deposit rate in advance to fund expected claims and expenses based on actual experience as well as AON's recommendation of emerging trends. At October 31, 2019, cumulative ASO premiums paid exceeded total claims paid by \$465,267. Because of this surplus, the Health Unit has an opportunity to withdraw up to \$265,000 of the over-contribution and is also eligible for a 6.9% or \$102,000 premium reduction for 2020.

Conclusion

The Health Unit is currently under contract with GWL to provide group insurance to December 31, 2019. This proposal is intended to renew insured benefits at the same rates currently in effect for Life, AD&D and LTD for 2020. These rates remain under guarantee until January 1, 2022. In addition, ASO premiums will be reduced by 6.9% or \$102,000 in 2020.

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



Christopher Mackie MD, MHSc, CCFP, FRCPC
Medical Officer of Health / CEO

Middlesex London Health Unit
Summary of Insured Rates for the Period 2018 - 2020

Benefit	Basis	Pre Marketing	Post Marketing			Negotiated January 1, 2020 Rates compared to Pre-Limited Marketing 2019
		1-Feb-12	1-May-18	1-Jan-19	1-Jan-20	
Insured Rates						
Life	Per \$1,000	\$0.254	\$0.255	\$0.220	\$0.220	-13.7%
Accidental Death and Dismemberment	Per \$1,000	\$0.035	\$0.030	\$0.030	\$0.030	0.0%
Long Term Disability (LTD)	Per \$100	\$2.880	\$2.890	\$2.460	\$2.460	-14.9%

Notes:

January 1, 2020 Life and LTD rates are guaranteed until January 1, 2022.

LTD rates continue to be guaranteed one additional year beyond January 1, 2021 provided there are no more than two open LTD claims at the time the renewal is produced or;

if there are more than two claims open, no more than a 10% increase to the LTD benefit (i.e., a 2 year guarantee and a 10% 3rd year LTD rate cap).



MIDDLESEX-LONDON HEALTH UNIT

REPORT NO. 038-19FFC

TO: Chair and Members of the Finance & Facilities Committee

FROM: Christopher Mackie, Medical Officer of Health / CEO

DATE: 2019 December 5

2020-23 BOARD OF HEALTH BUDGET SUBMISSION

Recommendation

It is recommended that the Finance & Facilities Committee recommend that the Board of Health

- 1) Receive Report No. 038-19FFC re: 2020-23 Board of Health Budget Submission for information; and;*
- 2) Direct Health Unit staff to work with the City of London to determine appropriateness of applying for Assessment Growth Funding in future years.*

Key Points

- The Health Unit has not requested a funding increase from the City London and County of Middlesex (collectively the municipality) since 2004.
- Recent changes to the provincial government funding model reflect plans to eliminate 100% funding for all programs except Senior Dental Care and migrate to a 70:30 shared cost model with municipalities effective January 1, 2020.
- Due to the significant impact of this change, increases for municipal funding for 2020 is capped at 10% with one-time mitigating funds from the province to account for any shortfall beyond that.
- Beyond 2020, there is no indication that any additional mitigation funds will be available to offset any shortfall.
- The Health Unit is requesting a funding increase from the municipalities of 10% in 2020, and projecting 10% in 2021, 2.5% in 2022 and 2023 ([see appendix](#)), to keep total funding from all sources at current levels.
- The Health Unit will continue to use the PBMA process to ensure that ongoing funding is used to support most vital programs.

Background

The City of London is updating its budget for a four-year period from 2020 to 2023. Middlesex-London Health Unit (MLHU) faces uncertainty in planning a multi-year budget due to comprehensive changes to Ontario's health care system introduced by the Ontario government. The current plan introduced by the provincial government is to bring the municipal share of public funding for health care to 30% for public health programs and services effective as of January 1, 2020.

As a transitional measure, the increase in funding from the municipalities will be capped in 2020 to 10% over current funding levels. Without the cap in place, initial increase to municipal funding in 2020 would be 17.5% to achieve 70:30 split of funding. However, overall level of funding received by the health unit remains at same level as 2019.

To ensure that MLHU can meet inflationary pressures in a flat funding environment, Programing Budgeting and Marginal Analysis (PBMA) is employed to identify disinvestments that have the least negative impact on the health unit's ability to deliver mandated programs to the community. MLHU has employed PBMA successfully since 2014 and over a span of 7 years, has identified and disinvested \$4.1 million. The bulk of this has been reallocated to high impact programs, with the remainder going to offset inflationary pressures.

Impact of the proposed merger of Health Units, is not considered for purposes of preparing this budget update.

Impact of Funding Increases to City Budget:

The impact of the funding shift on years beyond 2020 is not known at this time so increases of 10% in 2021 and increases of 2.5% for each of 2022 and 2023 have been planned as placeholders at this time for the City of London's multi-year budget process.

Next Steps

At the same time as these cost constraints, demand for many programs is increasing. As such, MLHU will be examining whether there is a strong case to apply for Assessment Growth Funding from the City.

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



Christopher Mackie, MD, MHSc, CCFP, FRCPC
Medical Officer of Health / CEO

Middlesex-London Health Unit
2020 - 2023 Multi-Year Budget

Object	2018 Revised Budget	2019 Revised Budget	2020 Request	2021 Request	2022 Request	2023 Request	2020 - 2023 Increase/ (Decrease)
Expenditures							
Personnel Costs	26,343,921	26,880,095	27,417,697	27,417,697	27,417,697	27,417,697	537,602
Administrative Expenses	1,663,200	1,626,409	1,458,158	1,458,158	1,458,158	1,458,158	(168,251)
Financial Expenses	250,000	250,000	250,000	250,000	250,000	250,000	-
Purchased Services	3,793,842	3,709,880	3,326,096	3,326,096	3,326,096	3,326,096	(383,784)
Materials & Supplies	1,093,466	1,069,213	958,604	958,604	958,604	958,604	(110,609)
Vehicle & Equipment	422,385	413,042	370,313	370,313	370,313	370,313	(42,729)
Transfers	-	-	-	-	-	-	-
Other Expenses	1,817,892	653,341	585,753	585,753	585,753	585,753	(67,588)
Recovered Expenses	-	-	-	-	-	-	-
Total Expenditures	35,384,706	34,601,980	34,366,621	34,366,621	34,366,621	34,366,621	(235,359)
Revenues							
Other Taxation	-	-	-	-	-	-	-
Government Grants & Subsidies	(28,315,679)	(27,528,555)	(26,683,690)	(26,013,234)	(25,828,858)	(25,639,873)	1,888,682
User Fees	(973,968)	(978,366)	(978,366)	(978,366)	(978,366)	(978,366)	-
Other Municipal Revenues	-	-	-	-	-	-	-
Total Revenues	(29,289,647)	(28,506,921)	(27,662,056)	(26,991,600)	(26,807,224)	(26,618,239)	1,888,681.95
Total Net Budget as Submitted	6,095,059	6,095,059	6,704,565	7,375,021	7,559,397	7,748,382	1,653,323
Net Inc. / (Dec.) \$			609,506	670,456	184,376	188,985	
Net Inc. / (Dec.) %		0.0%	10.0%	10.0%	2.5%	2.5%	
2020- 2023 Average Annual Net Amount Increase/(Decrease):							413,331
2020 - 2023 Average Annual Net Percentage Increase/(Decrease):							6.3%