



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