

AGENDA
MIDDLESEX-LONDON BOARD OF HEALTH
Finance & Facilities Committee

Microsoft Teams
Thursday, February 3, 2022 at 9:00 a.m.

1. ELECTION OF CHAIR, FINANCE & FACILITIES COMMITTEE

2. DISCLOSURE OF CONFLICTS OF INTEREST

3. APPROVAL OF AGENDA – February 3, 2022

4. APPROVAL OF MINUTES – December 7, 2021

5. NEW BUSINESS

5.1 2022 Annual Reporting Calendar (Report No. 01-22FFC)

5.2 Canada Life Benefits Renewal (Report No. 02-22FFC)

5.3 Employee and Family Assistance Contract Renewal (Report No. 03-22FFC)

5.4 Budget Process Update (Report No. 04-22FFC)

6. OTHER BUSINESS

6.1 Next meeting: Thursday, March 3, 2022 at 9:00 a.m.

7. ADJOURNMENT



**PUBLIC MINUTES
FINANCE & FACILITIES COMMITTEE**

Microsoft Teams
Tuesday, December 7, 2021 at 9:00 a.m.

MEMBERS PRESENT: Mr. Matt Reid (Chair)
Ms. Aina DeViet
Ms. Maureen Cassidy
Ms. Tino Kasi

REGRETS: Mr. Aaron O'Donnell

OTHERS PRESENT: Ms. Carolynne Gabriel, Executive Assistant to the Board of Health (Recorder)
Ms. Stephanie Egelton, Senior Executive Assistant to the Medical Officer of Health/Associate Medical Officer of Health
Dr. Alexander Summers, Acting Medical Officer of Health
Ms. Emily Williams, Director, Healthy Organization/CEO (Interim)
Mr. David Jansseune, Assistant Director, Finance
Mr. Brian Glasspoole, Manager, Finance
Ms. Mary Lou Albanese, Director, Environmental Health and Infectious Diseases

Chair Matt Reid called the meeting to order at **9:02 a.m.**

DISCLOSURES OF CONFLICT OF INTEREST

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

APPROVAL OF AGENDA

It was moved by **Ms. Maureen Cassidy, seconded by Ms. Tino Kasi**, that the **AGENDA** for the December 7, 2021 Finance & Facilities Committee meeting be approved.

Carried

APPROVAL OF MINUTES

It was moved by **Ms. Aina DeViet, seconded by Ms. Cassidy**, that the **MINUTES** of the November 11, 2021 Finance & Facilities Committee meeting be approved.

Carried

NEW BUSINESS

Q3 Financial Update and Factual Certificate (Report No. 25-21FFC)

This report was introduced by Ms. Emily Williams, Director, Healthy Organization / CEO (Interim). Ms. Williams highlighted two key points: MLHU is projecting a surplus for year-end Q4 and the Ministry has directed MLHU to use any surplus funding from mandatory programs to pay for COVID-19 expenditures. Ms. Williams then introduced Mr. David Jansseune, Assistant Director, Finance who shared a slideshow presentation.

Mr. Jansseune shared the following highlights for Q3, which ended September, 2021:

- The Ministry has provided direction to apply surplus from mandatory programs to COVID-19 expenditures. The estimated amounts is \$1,527k by the end of the year.
- Projected funding surplus by the end of the year is \$24k.
- The forecast includes strategic investments in Q4 totaling \$735k.
- Funding requirements were reduced for both the City of London and Middlesex County totaling about \$762k.

The Q3 actuals included:

- Total actual expenditures ending September 30, 2021 were \$44,907k, including COVID-19 expenses of about \$23,199k, of which, seconded staff amounted to \$3,390k, giving a net incremental COVID-19 costs of \$19,808k.
- Ministry funded \$13,782k in July for COVID-19 expenditures.
- Seeing favourability in staffing gaps, reduced travel and staff development, lower professional services, and reduce program supply costs.
- The continued focus on COVID-19 has delayed the restart of many programs and these delays are expected to continue over the next three to six months. Surplus as a result will be applied to COVID-19-related expenses.

Forecasting until the end of the year included:

- Total forecasted expenditures amount to \$59,154k.
- Forecasted surplus is \$24k and includes:
 - \$145k for IT expenditures, including updating two new servers and new laptops.
 - \$340k for corporate initiatives.
 - \$250k for unknown Q4 expenses and/or reserve planning.
 - \$640k funding reduction from the City of London, from \$6,735k to \$6,095k.
 - \$122k funding reduction from Middlesex County, from \$1,283k to \$1,161k.
 - \$1,527k program surplus shifted to fund COVID-19 expenditures.
- COVID-19 expenditure forecast includes \$26.4 million, excluding seconded staff which would be funded by \$24.9 million funding from the Ministry and \$1.5 million funding from program surplus.

Mr. Jansseune also articulated that the Factual Certificate is a certificate to acknowledge that key financial and risk management functions are performed in an accurate and timely manner.

Discussion on this report included the following:

- The difference between the amount of COVID-19 expenditures and the amount of funding received by the Ministry is because the total COVID-19 expenditures include forecasted numbers until the end of the year and the funding from the Ministry is the amount actually received up to November 2021.
- Any program surplus not directed toward COVID-19 expenditures may be used to pay down the variable portion of the Health Unit's debt.
- It has been the historical practice of the MLHU to return money to the City of London and Middlesex County and over the past 12 years the Health Unit has returned \$4.5 million through efficient operations at the Health Unit.

It was moved by **Ms. Cassidy, seconded by Ms. Kasi**, that the Finance & Facilities Committee make a recommendation to the Board of Health to receive Report No. 25-21FFC re: "Q3 Financial Update and Factual Certificate" for information.

Carried

Financial Borrowing Update (Report No. 26-21FFC)

This report was introduced by Ms. Williams who highlighted that the Health Unit is in a positive cash position in Q3 as opposed to Q2 due to funding received from the Ministry. Ms. Williams turned the presentation to Mr. Jansseune who shared a slideshow presentation.

Highlights of the report included:

- MLHU had a positive cash balance as of July, 2021.
- The Health Unit paid for COVID-19 expenses which depleted cash resulting in the line of credit to be used from February to July, 2021. Ministry funding received in July returned MLHU to a positive cash position.
- The \$8 million line of credit the Health Unit has is not currently being utilized and to date have seen \$137k favourable interest expenses compared to what was budgeted.
- No changes to the bank loan and there is approximately \$4,047k owing, \$1,102,083 owing on the variable component as of November and \$2,944,850 owing on the fixed component as of November.
- The loan renews on December 2025 and its amortization period is 20 years.

Discussion on the report included:

- The borrowing costs incurred while using the line of credit for COVID-19 expenses can be claimed as a COVID-19-related expense for reimbursement from the Ministry.
- MLHU is in conversation with the Ministry to ensure compliance with the direction to use surplus funds from mandatory programs to pay for COVID-19 expenses. The Health Unit would like to put any remaining surplus funds towards the variable portion of the loan.

It was moved by **Ms. DeViet, seconded by Ms. Cassidy**, *that the Finance & Facilities Committee make a recommendation to the Board of Health to receive Report No. 26-21FFC re: "Financial Borrowing Update" for information.*

Carried

OTHER BUSINESS

The next meeting of the Board of Health Finance and Facilities Committee is to be determined in 2022.

ADJOURNMENT

At **9:23 a.m.**, it was moved by **Ms. Cassidy, seconded by Ms. Kasi**, *that the meeting be adjourned.*

Carried

MATTHEW REID
Chair

ALEXANDER SUMMERS
For **CHRISTOPHER MACKIE**
Secretary-Treasurer



TO: Chair and Members of the Finance & Facilities Committee

FROM: Emily Williams, Chief Executive Officer

DATE: 2022 February 3

**FINANCE & FACILITIES COMMITTEE –
2022 REPORTING CALENDAR**

Recommendation

It is recommended that the Finance & Facilities Committee approve Report No. 01-22FFC re: “Finance & Facilities Committee – 2022 Reporting Calendar.”

Key Points

- The 2022 Finance & Facilities Committee (FFC) Reporting Calendar provides a framework for activities anticipated to be undertaken in the current year.

Finance & Facilities Committee 2022 Reporting Calendar

The FFC Reporting Calendar provides a prudent and effective means of assessing reporting requirements, ensuring compliance with relevant statutes, and initiating a proactive approach to Board of Health accountability and performance. The FFC Reporting Calendar is an account of the planned activities required of the Committee. If required, the Reporting Calendar should be updated annually to include additional accountabilities identified by FFC members and staff.

The items on the Reporting Calendar are organized around the requirements for the Finance & Facilities Committee to uphold public accountability over the use of resources; to manage the budget process efficiently; to align the budget to strategic priorities of the Board of Health; to communicate and report on the status of actual funding and expenditures in relation to budget; and to monitor facilities, risk management and administration.

A draft Reporting Calendar with proposed meeting dates, attached as [Appendix A](#), is submitted for the Committee’s review and approval. Changes have been made to include Zero-Based Budgeting, as outlined in Policy G-180 Financial Planning and Performance, attached as [Appendix B](#), as well as to shift the timing of the Budgeting Process to earlier in the year. This will enable enhanced communication with funders and ensure implementation of Budget strategies at the beginning of the fiscal year, reducing delays.

This report was prepared by the Healthy Organization Division.

A handwritten signature in blue ink that reads 'EWilliams'.

Emily Williams, BScN, RN, MBA, CHE
Chief Executive Officer

Finance & Facilities Committee 2022 Reporting Calendar

Q1 (Jan 1 to Mar 31)

- Review Insurance Coverage
- Review Benefits Provider
- Review Terms of Reference
- Approve Reporting Calendar
- Review and Recommend 2022 Board of Health Budget
- Financial Borrowing Update
- Visa and Accounts Payable Update
- Public Sector Salary Disclosure
- Review and Recommend Board of Health Remuneration
- 2021 Q4 Financial Update and Factual Certificate Update

Q2 (Apr 1 to Jun 30)

- Q1 Financial Update and Factual Certificate Update
- Review and Recommend - Audited Financial Statements for MLHU
- Recommend 2023 Budget Parameters and Planning Assumptions
- Recommend Guidelines for Municipal Budget Targets
- Review Funding and Service Level Agreements
- Financial Borrowing Update
- Review and Recommend Budget Process, including Zero-based Budgeting Process and Program Budgeting and Marginal Analysis (PBMA) Criteria and Weighting

Q3 (Jul 1 to Sep 30)

- Q2 Financial Update and Factual Certificate Update
- Review and Recommend Audited Financial Statements for April 1 to March 31 Programs
- Financial Borrowing Update
- Review and Recommend Zero-based Budget Allocation and PBMA Proposed Resource Reallocation

Q4 – (Oct 1 to Dec 31)

- Q3 Financial Update and Factual Certificate Update
- Review and Recommend 2023 Board of Health Budget
- Financial Borrowing Update

Proposed 2022 FFC Meeting Dates

| | | |
|----------|---------------------------|--------------------|
| Thursday | February 3 | 9:00 am – 12:00 pm |
| Thursday | February 10 (if required) | 9:00 am – 12:00 pm |
| Thursday | March 3 | 9:00 am – 12:00 pm |
| Thursday | April 7 | 9:00 am – 12:00 pm |
| Thursday | May 5 | 9:00 am – 12:00 pm |
| Thursday | June 2 | 9:00 am – 12:00 pm |
| Thursday | July 7 | 9:00 am – 12:00 pm |
| Thursday | August 4 (if required) | 9:00 am – 12:00 pm |
| Thursday | September 1 | 9:00 am – 12:00 pm |
| Thursday | October 6 | 9:00 am – 12:00 pm |

Thursday
Thursday

November 3
December 1

9:00 am – 12:00 pm
9:00 am – 12:00 pm

Audited Financial Statements

The preparation of the financial statements is the responsibility of the Middlesex-London Health Unit's (MLHU) staff and is prepared in compliance with legislation and in accordance with Canadian Public Sector Accounting Standards (PSAS). The Finance & Facilities Committee meets with staff and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

It is a requirement of the Board of Health to provide audited financial statements to various funding agencies for programs that are funded from April 1st to March 31st each year. The purpose of this audited report is to provide the agencies with assurance that the funds were expended for the intended purpose. The agencies use this information for confirmation and as a part of their settlement process.

These programs are also reported in the main audited financial statements of MLHU which are approved by the Board of Health in June; however this report includes program revenues and expenditures of these programs during the period of January 1st to December 31st, which does not coincide with the reporting requirements of the funding agencies. Therefore, a separate audited statement is required.

Benefits Provider

Group insurance for MLHU is reviewed at the completion of a service agreement. Staff are responsible for preparing a review of the needs of MLHU following appropriate market analysis and providing recommendations to the Finance & Facilities Committee.

Board of Health Budget

The Board of Health Budget is presented to the Finance & Facilities Committee through the use of the Annual Service Plan which integrates a summary of planned expenditure by team and allocation of team-based expenditures to specific programs.

Board of Health Remuneration

Section 49 of the *Health Protection and Promotion Act* (HPPA) sets out the composition, term, and remuneration of Board of Health members. Subsections (4), (5), (6), and (11) relate specifically to remuneration and expenses. This is to be reviewed by the Finance & Facilities Committee who makes recommendations to the Board of Health each year (Refer to Policy G-410 Board of Health Remuneration and Expenses).

Budget Parameters and Planning Assumptions

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, key budget planning assumptions and take into consideration municipal and provincial outlooks.

Strategic and financial targets can also be considered during the Budget Parameters and Planning Assumptions deliberations at the Finance & Facilities Committee.

Factual Certificate

MLHU staff completes a factual certificate to increase oversight in key areas of financial and risk management. The certificate process ensures that the Committee has done its due diligence. The certificate is reviewed on a quarterly basis alongside financial updates.

Financial Borrowing

The Finance & Facilities Committee is responsible for quarterly review of the financial obligations of MLHU.

Financial By-Laws and Policies

By-laws and policies represent the general principles that set the direction, limitations and accountability frameworks for MLHU. The Finance & Facilities Committee is responsible for reviewing the governance policies relating to the financial management of the organization, including but not limited to, procurement, investments, and signing authority. (Refer to Policy G-000 By-laws, Policy and Procedures.)

Financial Update

MLHU staff provide financial analysis for each quarter and report the actual and projected budget variance as well as any budget adjustments, or noteworthy items that have arisen since the previous financial update that could impact the MLHU budget.

Funding and Service Level Agreements

MLHU receives grant funding, both one-time and ongoing from a variety of different sources. It is incumbent upon the Finance & Facilities Committee to annually, or as deemed necessary, review all service level and funding agreements.

Guidelines for Municipal Budgets

While the municipal funders can set targets for the Board, the final decision regarding budget requirements rests with the Board of Health. It is therefore essential that the Board of Health

determine its approach to the development of the budget and provide the municipalities of intended changes to the budget.

Insurance Coverage

The Finance & Facilities Committee is responsible for an annual review of the types and amounts of insurance carried by MLHU. Staff are responsible for preparing a review of the insurance needs of MLHU and providing recommendations to the Finance & Facilities Committee regarding the level and types of insurance MLHU should purchase.

Zero-based Budgeting

Zero-based Budgeting is a process by which program and operating budgets are built 'from scratch' via the assessment of every aspect of program and service activity to determine its worth, and subsequently attributes that amount to the budget. Funds are allocated based on prioritization and necessity, not historical budget amounts.

Program Budgeting Marginal Analysis

Program Budgeting Marginal Analysis (PBMA) is a criteria-based budgeting process that facilitates reallocation of resources based on maximizing service. This is done through the transparent application of pre-defined criteria and decision-making processes to prioritize where proposed funding investments and disinvestments are made.

Public Sector Salary Disclosure

The *Public Sector Salary Disclosure Act*, 1996 makes Ontario's public sector more open and accountable to taxpayers. The Act requires organizations that receive public funding from the Province of Ontario to disclose annually the names, positions, salaries and total taxable benefits of employees paid \$100,000 or more in a calendar year.

The main requirement for organizations covered by the Act is to make their disclosure or, if applicable, to make their statement of "no employee salaries to disclose" available to the public by March 31st each year. Organizations covered by the Act are also required to send their disclosure or statement to their funding ministry or ministries by the fifth business day of March.

Reporting Calendar

The reporting calendar ensures the Committee's requirements to assist and advise the Board of Health on matters outlined in the Committee's Terms of Reference.

Terms of Reference

The Finance & Facilities Committee Terms of Reference sets out the parameters of how authority is delegated to the Committee and how the Committee is accountable to the Board of Health.

It is incumbent upon the Finance & Facilities Committee to review the Terms of Reference at least every two years to ensure that components (purpose, reporting relationship, membership, chair, term of office, duties, frequency of meetings, agenda and minutes, by-laws and review) are still relevant to the needs of the Committee.

Visa and Accounts Payable

In accordance with Section 5.17 of the Procurement Protocols (Refer to Policy G-230), the Assistant Director of Finance is to report annually the suppliers who have invoiced a cumulative total value of \$100,000 or more in a calendar year.

The Finance & Facilities Committee is also requested to report annually a summary of purchases made with corporate credit cards.

FINANCIAL PLANNING AND PERFORMANCE

PURPOSE

To ensure that Middlesex-London Health Unit (MLHU) budgeting and financial practices are performed in a fiscally responsible manner and that processes are in place that allow for responsible financial controls and the ability to demonstrate organizational performance.

POLICY

The Treasurer or his/her designate prepares and controls the Annual Budget under the jurisdiction of the Board of Health and prepares financial and operating statements for the Board of Health in accordance with Ministry of Health policies and Public Sector Accounting Board Guidelines.

Fiscal Year

The fiscal year is January 1 to December 31 for all mandatory programs and any programs funded in whole or in part, by municipalities. For programs funded by other agencies, the fiscal year shall be determined by the agency providing funding.

Annual Budget Preparation

The annual budget will be developed based on a variety of factors including strategic directions, provincial and/ or municipal guidance, previous years' base budgets, community need, new funding or legislative requirements. Budget planning and performance reporting is the responsibility of the directors, managers and other staff who manage budgets. (Refer to Appendix A for the budget planning and approval cycle.)

The planning and approval cycle has the following components:

- a) Annual Service Plan – The Annual Service Plan (ASP) is a Ministry-driven requirement that provides a comprehensive summary of each MLHU program including the program's purpose, costs, key performance indicators and other relevant information. The ASP supports the annual budget that is approved by the Board of Health, as well as annual budget reporting by program to the Ministry of Health (MOH).
- b) Zero-based Budgeting – Zero-based Budgeting is a process by which program and operating budgets are built 'from scratch' via the assessment of every aspect of program and service activity to determine its worth, and subsequently attributes that amount to the budget. Funds are allocated based on prioritization and necessity, not historical budget amounts.

- c) Program Budgeting Marginal Analysis (PBMA) – PBMA facilitates reallocation of resources based on maximizing service. This is done through the transparent application of pre-defined criteria and decision-making processes to prioritize where proposed funding investments and disinvestments are made.
- d) Quarterly Financial Reporting – MLHU staff provide financial analysis for each quarter and report the actual and projected budget variance as well as any budget adjustments, or noteworthy items that have arisen since the previous financial update that could impact the MLHU budget.
- e) One-time Funding Requests – One-time funding requests may be used for non-reoccurring expenditures or to temporarily enhance program objectives. (Requests should be made during the budget preparation process, by making application to the provincial government for one-time funding when filing the Annual Service Plan. Approval of the request will follow Policy G-200 Signing Authority based on the total value of the request.)

Annual Budget Approval

The Finance and Facilities Committee (FFC) of the Board of Health reviews and recommends the annual budget for Board of Health approval.

Factual Certificate

MLHU management completes a factual certificate to increase oversight in key areas of financial and risk management. The certificate process ensures that the FFC has done its due diligence. The certificate is reviewed on a quarterly basis alongside financial updates.

Audited Financial Statements

The preparation of the financial statements is the responsibility of MLHU's management. Financial statements must be prepared in compliance with legislation and in accordance with Canadian public sector accounting standards. The FFC meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The Board of Health must provide audited financial reports to funding agencies for programs that are funded from April 1st – March 31st each year to provide assurance that the funds were expended for the intended purpose. These programs are also reported in the main audited financial statements of MLHU which is approved by the Board of Health. This report includes program revenues and expenditures of these programs during the period of January 1st to December 31st. These program audit reports are also included in the main audited statements for MLHU.

APPENDICES

Appendix A – Annual Budget Planning and Reporting Cycle

RELATED POLICIES

G-200 Approval & Signing Authority



TO: Chair and Members of the Finance & Facilities Committee

FROM: Emily Williams, Chief Executive Officer

DATE: 2022 February 3

CANADA LIFE BENEFITS – RENEWAL RATES

Recommendation

That the Finance & Facilities Committee make a recommendation to the Board of Health to approve the renewal of the group insurance rates administered by Canada Life as described in Report No. 02-22FFC re: “Canada Life Benefits – Renewal Rates”.

Key Points

- Middlesex London Health Unit provides employee group benefits from Canada Life and has an annual contract term from January to December. Coverage was extended to January 31, 2022 to allow time to present to the Board of Health for their approval.
- Staff reviewed contract details with AON Hewitt during December 2021. To increase review/approval time, staff asked that future reviews be completed earlier in the year.
- The benefits are administered under two separate policies:
 1. The first policy covers Life, Accidental Death & Dismemberment (AD&D), and Long Term Disability (LTD) which is premium based. Previous years’ rates were guaranteed; this will be the first renewal.
 2. The second policy covers extended health care (EHC - health, drug, vision) and dental which is Administrative Services Only (ASO) based. EHC rates will increase by 5.3% and Dental rates by 10.6% in order to maintain a minimum \$94,000 float (approximately 1.5 months claims and expenses).
- The overall change to MLHU annual premiums is an increase of 7.3% or \$101,685 annually.

Background

Since 2013, MLHU has been insured by Canada Life, formerly Great West Life, in order to provide group benefits to staff. MLHU has partnered with AON Hewitt (Aon), a consulting firm, to assist with negotiations on behalf of the Health Unit. Premium rates were guaranteed and remained constant from 2019 to 2021 but are subject to review/increases beginning in 2022. The proposed rates for 2022 are equal to or less than those rates that were in place for 2018 ([Appendix A](#)).

Proposed Rate Summary

The following table is a summary of [Appendix B](#) and illustrates an annual increase of 7.3% or \$101,685:

| Benefit | Current | Canada Life | AON | Change | Change % |
|-------------------------------|------------------|------------------|------------------|----------------|-------------|
| | Premiums | Proposed | Negotiated | | |
| Life | 9,363 | 12,342 | 10,019 | 655 | 7.0% |
| AD&D | 1,083 | 1,155 | 1,083 | 0 | 0.0% |
| Long Term Disability | 10,842 | 15,721 | 11,927 | 1,084 | 10.0% |
| GMA ⁽¹⁾ | 451 | 451 | 451 | 0 | 0.0% |
| Medical | 60,763 | 70,333 | 63,983 | 3,220 | 5.3% |
| Dental | 33,146 | 40,107 | 36,661 | 3,514 | 10.6% |
| Total Monthly Benefits | 115,649 | 140,110 | 124,123 | 8,474 | 7.3% |
| Annual Benefits | 1,387,788 | 1,681,318 | 1,489,473 | 101,685 | 7.3% |

⁽¹⁾ GMA: Group Medical Assistance/Virtual Health Service

Analysis - Life, AD&D and LTD:

Life: Canada Life (CL) required a 31.8% increase to have MLHU's current rate reflect Canada Life's manual rate. Aon's recommendation was largely driven by the change in MLHU's demographics and suggested a 2.7% increase and settled at a 7% increase. Historically, the 2018 rate was \$0.255 and the 2021 rate was \$0.220, with a proposed rate for 2022 of \$0.235 vs. a manual rate of \$0.289.

AD&D: CL proposed a 6.7% increase. Aon was able to hold the current rate with no increase. The current rate is \$0.030/\$1000 per month which is competitive. Rates are typically between \$0.03 to \$0.05.

Long Term Disability: CL required a 45.0% increase to have MLHU's current rate reflect Canada Life's manual rate. Aon used an internal database to benchmark LTD rates for groups of similar size, demographics, industry and risk category which calculated a 10.0% increase. Historically, the 2018 rate was \$2.890, and the 2021 rate was \$2.460, with a proposed rate for 2022 of \$2.706 vs. a manual rate of \$3.570.

Analysis – ASO and EHC:

ASO Expenses: Calculated on deposit rates that are set based on claims activity for the previous 12 months, expected claims for the following year and the administrative fees incurred under the plan. The administrative fees are also included within [Appendix A](#). CL proposed increases that would have amounted to an annual increase of \$13,200, however, Aon was able to negotiate no increase to the administrative fees.

Medical: CL reviewed 12 months of experience and required a combined 15.7% increase (17.6% on Health and 15.6% on Drug and Vision). Aon reviewed 24 months of experience and proposed a combined 6.0% increase and settled at a 5.3% increase. Aon did adjust claim history upwards in both years to account for reduced claims during the COVID-19 pandemic.

Dental: CL reviewed 12 months of experience and required a 21.0% increase. Aon reviewed 24 months of experience which revealed a 3.0% increase; however, suggested a 10.6% increase due to trending and analysis. Aon did adjust claim history upwards in both years to account for reduced claims during the COVID-19 pandemic.

Conclusion

MLHU's contract with Canada Life to provide group insurance has been extended to January 31, 2022 and is awaiting Board approval. Based on the number of employees and benefits selected, the premium increase for 2022 is estimated to be \$101,685.

This report was prepared by the Healthy Organization Division.

A handwritten signature in black ink that reads "EWilliams". The signature is written in a cursive style and is positioned above the printed name and title.

Emily Williams, BScN, RN, MBA, CHE
Chief Executive Officer

Summary of Insured Rates

| Benefit | Basis | 01-May-18 | 01-Jan-19 | 01-Jan-20 | 01-Jan-21 | 01-Jan-22 | Negotiated Jan 1, 2022 Rates Compared to Pre-Limited Marketing 2019 |
|----------------------------------|-------------|-----------|-----------|-----------|-----------|-----------|---|
| Insured Rates | | | | | | | |
| Life | Per \$1,000 | \$0.255 | \$0.220 | \$0.220 | \$0.220 | \$0.235 | -7.8% |
| Accidental Death & Dismemberment | Per \$1,000 | \$0.030 | \$0.030 | \$0.030 | \$0.030 | \$0.030 | 0.0% |
| Long Term Disability | Per \$100 | \$2.890 | \$2.460 | \$2.460 | \$2.460 | \$2.706 | -6.4% |

ASO Administrative Costs

| Annual Retention Charges | Current | 2022 Proposed | 2022 Negotiated |
|--------------------------|-------------------|-------------------|-------------------|
| General administration | 2.55% of claims | 2.87% of claims | 2.55% of claims |
| Claims administration | | | |
| Health Care | 3.95% of claims | 4.75% of claims | 3.95% of claims |
| Drugs | 2.40% of claims | 3.25% of claims | 2.40% of claims |
| Vision Care | 3.95% of claims | 3.95% of claims | 3.95% of claims |
| Dental Care | 2.45% of claims | 3.25% of claims | 2.45% of claims |
| Risk* | 0.15% of claims | 0.17% of claims | 0.15% of claims |
| Profit | 1.33% of claims | 1.50% of claims | 1.33% of claims |
| Taxes | 2.00% of premiums | 2.00% of premiums | 2.00% of premiums |
| Commissions | 3.00% of premiums | 3.00% of premiums | 3.00% of premiums |

*The risk charged is waived for the funding period in which the required CL float is maintained

Renewal Rates Detail

| Benefit | Rate Basis | Volume/Lives | CURRENT | | CL PROPOSAL | | | | NEGOTIATED | | | |
|----------------------------------|------------|--------------|---------|-----------------|-------------|-----------------|----------|------------|------------|-----------------|----------|------------|
| | | | Rate | Monthly Premium | Rate | Monthly Premium | Change % | Change \$ | Rate | Monthly Premium | Change % | Change \$ |
| LIFE | / \$1,000 | 42,560,000 | 0.220 | \$ 9,363 | 0.290 | \$ 12,342 | 31.8% | \$ 2,979 | 0.235 | \$ 10,019 | 7.0% | \$ 655 |
| AD&D | / \$1,000 | 36,091,000 | 0.030 | \$ 1,083 | 0.032 | \$ 1,155 | 6.7% | \$ 72 | 0.030 | \$ 1,083 | 0.0% | \$ - |
| LONG TERM DISABILITY | / \$100 | 440,747 | 2.460 | \$ 10,842 | 3.567 | \$ 15,721 | 45.0% | \$ 4,879 | 2.706 | \$ 11,927 | 10.0% | \$ 1,084 |
| GMA / Consult+ | Single | 51 | 1.55 | | 1.55 | | | | 1.550 | | | |
| | Family | 240 | 1.55 | \$ 451 | 1.55 | \$ 451 | 0.0% | \$ - | 1.550 | \$ 451 | 0.0% | \$ - |
| MEDICAL | | | | | | | | | | | | |
| HEALTH | | | | | | | | | | | | |
| | Single | 49 | 18.90 | | 18.14 | | | | 19.90 | | | |
| | Family | 242 | 46.39 | \$ 12,152 | 44.53 | \$ 11,665 | -4.0% | \$ (487) | 48.85 | \$ 12,797 | 5.3% | \$ 644 |
| VISION | | | | | | | | | | | | |
| | Single | 49 | 4.73 | | 11.16 | | | | 4.98 | | | |
| | Family | 242 | 11.60 | \$ 3,039 | 27.38 | \$ 7,173 | 136.0% | \$ 4,134 | 12.21 | \$ 3,199 | 5.3% | \$ 160 |
| DRUG | | | | | | | | | | | | |
| | Single | 49 | 70.89 | | 80.11 | | | | 74.65 | | | |
| | Family | 242 | 173.96 | \$ 45,572 | 196.57 | \$ 51,495 | 13.0% | \$ 5,923 | 183.18 | \$ 47,987 | 5.3% | \$ 2,415 |
| TOTAL MEDICAL | | | | | | | | | | | | |
| | Single | 49 | 94.52 | | 109.41 | | | | 99.53 | | | |
| | Family | 242 | 231.95 | \$ 60,763 | 268.48 | \$ 70,333 | 15.7% | \$ 9,570 | 244.24 | \$ 63,983 | 5.3% | \$ 3,220 |
| DENTAL | | | | | | | | | | | | |
| | Single | 49 | 62.12 | | 75.17 | | | | 68.70 | | | |
| | Family | 242 | 124.39 | \$ 33,146 | 150.51 | \$ 40,107 | 21.0% | \$ 6,960 | 137.58 | \$ 36,661 | 10.6% | \$ 3,514 |
| TOTAL ALL BENEFITS | | | | \$ 115,649 | | \$ 140,110 | 21.2% | \$ 24,461 | | \$ 124,123 | 7.3% | \$ 8,474 |
| ANNUAL TOTAL ALL BENEFITS | | | | \$ 1,387,788 | | \$ 1,681,318 | 21.2% | \$ 293,530 | | \$ 1,489,473 | 7.3% | \$ 101,685 |



TO: Chair and Members of the Finance & Facilities Committee

FROM: Emily Williams, Chief Executive Officer

DATE: 2022 February 3

EMPLOYEE AND FAMILY ASSISTANCE PROGRAM (EFAP) SERVICES CONTRACT EXTENSION

That the Finance & Facilities Committee recommend that the Board of Health receive Report No. 03-22FFC: “Employee and Family Assistance Program (EFAP) Services Contract Extension” for information.

Key Points

- The contract for Homewood Health was extended by the Middlesex-London Health Unit.
- These services were recommended by an internal employee committee who reviewed the RFP process and selected Homewood Health as the Service Provider for the Employee and Family Assistance Program (EFAP)
- The value of the contract is \$26,508 per year based on an estimated utilization rate of 20%.

Background

The Middlesex-London Health Unit (MLHU) proceeded with a Request for Proposal (RFP) in 2015 for an Employee and Family Assistance Program (EFAP) Service Provider. Following a competitive bidding process, the contract was awarded to Homewood Health and the new program was implemented in April 2016.

Contract Award

The current contract with Homewood Health expires on March 31, 2022. There is a lack of capacity in the organization to undergo a full RFP process due to the pandemic and current organizational environment. As well, the services provided by Homewood Health have met the needs of the organization, specifically with the capacity for telephonic, online and virtual counselling. Homewood Health has also offered an extension to the existing contract at the same negotiated rates from 2016, factoring in the increased staffing levels associated with the COVID-19 pandemic response. Based on these factors, especially considering inflationary pressures, MLHU has extended the current contract for an additional year. This is a non-competitive purchase under Policy G-230A, Section 3.0 ([Appendix A](#)) where only one source of supply is acceptable and cost effective.

Next Steps

MLHU staff have signed the contract extension for one-year and will continue EFAP services with Homewood Health until March 31, 2023.

This report was prepared by the Healthy Organization Division.

A handwritten signature in black ink that reads "EWilliams". The signature is written in a cursive style and is contained within a light gray rectangular box.

Emily Williams, BScN, RN, MBA, CHE
Chief Executive Officer



PROCUREMENT

PURPOSE

To ensure that the Middlesex-London Health Unit (MLHU) obtains the best value when purchasing goods or contracting services.

To ensure MLHU procurement processes and decisions are open, transparent and fair, and comply with obligations set out in the Ontario Public Health Standards (OPHS) and relevant trade agreements.

POLICY

The protocol (Appendix A) prescribed in this policy shall be followed to make a contract award or to make a recommendation of a contract award to the Board of Health. This ensures that the MLHU procures the necessary quality and quantity of goods and/or services in an efficient, timely and cost effective manner, while maintaining the controls necessary for a public agency.

The policy encourages an open and competitive bidding process for the acquisition and disposal of good and/or services and the objective and equitable treatment of all vendors.

The policy also ensures the best value is attained for MLHU. This may include, but not be limited to, the determination of the total cost of performing the intended function over the lifetime of the task, acquisition cost, installation, disposal value, disposal cost, training cost, maintenance cost, quality of performance and environmental impact.

APPENDICES

Appendix A – MLHU Procurement Protocols

APPLICABLE LEGISLATION AND STANDARDS

Ontario Public Health Standards
Canadian Free Trade Agreement
Canada-EU Comprehensive Economic and Trade Agreement
Ontario-Quebec Trade and Cooperation Agreement

RELATED POLICIES

G-200 Approval and Signing Authority
G-220 Contractual Services



TO: Chair and Members of the Finance & Facilities Committee

FROM: Emily Williams, Chief Executive Officer

DATE: 2022 February 3

2022 BUDGET PROCESS UPDATE

Recommendation

That the Finance and Facilities Committee recommend to the Board of Health to receive Report No. 04-22FFC re: “2022 Budget Process Update” for information.

Key Points

- MLHU undertook a revised 2022 Budget Planning Process, adjusting the approach based on the current state of programming in each Division.
- To maintain baseline budgets in 2022, the costs of programs will be calculated assuming the program is operational for a full year. COVID-19 related costs will be added to the baseline budget to form a consolidated MLHU budget.
- The outcome of the PBMA process was approved by the Board of Health on November 18, 2021 ([Report No. 022-21FFC-R](#)). Approved initiatives will be included in the 2022 budget.
- Due to the Provincial Election, the Ministry of Health has significantly shortened timelines for the 2022 budget submission, creating a compressed timeline for the budget completion.
- The 2022 MLHU Budget will be tabled at FFC in March 2022, one month later than planned.

Background

Significant challenges in the operating environment, such as uncertainty in funding levels and inflationary pressures, required a revised Budget Planning Process for MLHU as outlined in [Report No. 37-21](#). This included changes to the Program Budgeting Marginal Analysis (PBMA) process based on the current state of programming, and a review of organizational structures in certain divisions. The PBMA proposals were reviewed and approved at the BOH in November 2021 and are an important part of the 2022 MLHU Budget. Additional information provided by the Ministry of Health (MoH) Funding and Oversight Accountability and Liaison Branch, and Municipal funding approvals will also guide the formation of the Health Unit budget.

Updated Budget Planning Assumptions

From a funding perspective, the MoH confirmed in writing on January 21st, 2022 that it will continue to provide mitigation funding to the Health Unit to offset the previously planned changes to cost sharing with the municipalities for public health services; MLHU will receive the amount identical to last year (\$1,361k). During a meeting on January 13 with the MoH Manager, Funding and Oversight, it was suggested that, in addition to continued funding for COVID-19 Extraordinary Expenses, there may be an opportunity to request inflationary funding adjustments to the base budget for the Health Unit, as well as additional funding to support expanded programs and services to address pandemic recovery. This will be undertaken through the Annual Service Plan (ASP) budget submission, the template for which is expected from the MoH in the middle of February.

MLHU is facing salary inflationary pressures representing a budget shortfall of approximately \$500,000 in 2022 and, as such, the BOH approved requesting additional funding from the municipalities for the first time in 12 years in September 2021. The City of London approved this increase on December 2, 2021, with approval still pending from the County of Middlesex as its budget process has yet to be completed.

Updated Budget Timing

Given that there is a Provincial Election planned for 2022, this has resulted in a shortened timeline for public health financial reporting to the MoH. The fourth quarter results were due January 31, requiring the full team to focus on ensuring compliance with this deadline. As well, the ASP template has yet to be received and there is a lack of clarity regarding what will be required for this submission. Given these two factors, the 2022 MLHU Budget will be tabled to the FFC at the March 3 meeting, one month later than planned.

2023 Budget Planning

As noted in the FFC Reporting Calendar ([Report No. 01-22FFC](#)), the 2023 MLHU Budget Planning Process will be shifted to occur earlier in the year to enhance planning and communication. Zero-based budgeting will be expanded, and it is anticipated that PBMA will continue to play a significant role in evaluating proposals for investment and disinvestment at MLHU.

Next Steps

Following completion of the fourth quarter financial reporting, the Finance Team will pivot back to working with the Health Unit leadership team in finalizing the 2022 MLHU Budget. It will be tabled at the FFC meeting on March 3, 2022 for review and approval.

This report was prepared by the Healthy Organization Division.

A handwritten signature in black ink that reads "E. Williams". The signature is written in a cursive, flowing style.

Emily Williams, BScN, RN, MBA, CHE
Chief Executive Officer