
Subject: Impacts of Funding Shortfalls by the Provincial Government on Public Health and Emergency Services and Resulting Pressure on the Regional Levy for Adequate Service Delivery

Report to: Public Health & Social Services Committee

Report date: Tuesday, July 12, 2022

Recommendations

1. That the Regional Chair **BE DIRECTED** to write to the Minister of Health, the Minister of Children, Youth and Social Services, and the Minister of Finance concerning:
 - 1.1. the growing gap in current provincial funding for Public Health and Emergency Medical Services;
 - 1.2. the need for provincial funding to keep pace with costs, including inflation and service changes mandated by the province or in response to changing citizen needs;
 - 1.3. the importance for Public Health and Emergency Medical Services to receive stable, predictable funding to prudently budget and plan services;
 - 1.4. the need for all costs, including necessary indirect allocation expenses, to be eligible for reimbursement for 100% provincially-funded programs; and,
 - 1.5. the necessity for additional opportunities to be made available for Public Health to request additional recovery funding in order to ensure preventive health work unable to be completed during the COVID-19 pandemic can be completed expeditiously before the health of residents suffers further; and
2. That the Regional Chair's Correspondence **BE CIRCULATED** to local Members of Provincial Parliament, the Association of Municipalities of Ontario, and Ontario Board of Health.

Key Facts

- The purpose of this report is to inform Council of the funding challenges currently faced by Niagara Region Public Health and Emergency Services (NRPH&ES).
- Programs that are 100% Provincially funded have not had inflationary adjustments for many years.

- The province makes a number of necessary but “indirect” expenses ineligible for reimbursement. These expenses have forced Council to cover these costs through the Regional Levy.
- Over the past five fiscal years, the following 100% Provincially funded programs have relied on the Regional Levy to cover shortfalls in funding for inflationary costs and indirect allocation expenses:
 - Mental Health: \$1,963,156
 - EMS Dispatch: \$1,392,790
- The Healthy Babies Healthy Children and Infant Child Development Service programs have continued to reduce positions in order mitigate any reliance on the Regional Levy. In 2020, these programs are underfunded by the Province to the order of \$201,828.
- With funding increases from the Province below the rate of inflation, NRPH&ES may increasingly need to reduce service to residents further, or rely on the Regional Levy to ensure 100% Provincially funded programs are able to continue to function.

Financial Considerations

There are no direct costs to Niagara Region associated with the recommendations of this report. Successful communication with the Provincial government may lead to increased provincial funding and reduced reliance on the Regional Levy.

Analysis

On March 21, 2017, PHSSC received MOH 01-2017: *Impacts and Mitigating Efforts Regarding Freezes of Provincial Funding Envelopes on Public Health*. As outlined in MOH 01-2017, the Public Health department administers local public health programs and services under the *Health Protection & Promotion Act, R.S.O. 1990* and the attendant regulations and *Ontario Public Health Standards*. In addition, the department administers the Mental Health program and Emergency Medical Services (EMS) including EMS dispatch services.

In Ontario, Public Health is funded through provincial and municipal contributions. Most public health programs are cost-shared, though a few are 100% funded by the province. In 2019, the Province announced a reduction in the province’s share of funding, necessitating that the contribution of municipal governments would increase from 25% to 30% in 2020. In addition, several 100%-funded programs were turned into cost-shared programs, placing a new financial burden on municipal governments.

This downloading of costs occurred in the context of funding being frozen for Public Health in six of the past eight years. Public Health received a 1% increase in base budget for 2022, a welcome increase. However, salaries continue to increase through collective bargaining and the cost of fuel, materials and supplies continues to increase with inflation estimated to be 6.8%¹.

Stable, predictable funding is imperative for the long term successful functioning of any organization. This is especially true for Public Health and Emergency Services, where the COVID-19 pandemic has added significant pressures through negative impacts on the health of the population. Predictable funding year-to-year is necessary to enable multi-year planning and thoughtful, prudent budgeting. When funding is announced mid-year, after Council has already approved the Levy Operating budget, it creates avoidable costs and complexities to amend budgets and alter services to account for changes in funding. Additionally, moving forward there is catch-up work to be completed (e.g. missed grade 7 vaccinations) to ensure the population continues to receive necessary health services, and multi-year funding plans from the province would allow a careful planning of this work.

This report focuses on funding shortfalls in Public Health, Mental Health, and Emergency Medical Services (EMS) Dispatch programs that receive 100% of their funding from the provincial government. Not all expenses are reimbursed by the province; notably some indirect allocation expenses including corporate services (e.g. human resources, information technology) are not covered by the provincial government, requiring subsidization by Region through the Levy.

The Mental Health program is 100% funded through provincial funds, allocated via Ontario Health (OH). OH provides an annual lump sum of \$39,500 to cover indirect allocations; however, the expenses incurred by the Region greatly exceed this, and the Regional levy has needed to cover costs ranging from \$340,942 to \$462,207 over the past five fiscal years. The annual budget submission process to OH has been paused over the past three years due to the COVID-19 pandemic, resulting in no further increase in the Mental Health budget. This has left the program in deficit. Overall, the Regional levy has covered a deficit of \$1,963,156 over the past five years.

¹ [Consumer price index portal](https://www.statcan.gc.ca/en/subjects-start/prices_and_price_indexes/consumer_price_indexes)
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EMS dispatch is funded by the Ministry of Health where indirect allocations related to capital financing expenses are not eligible for funding. Other indirect allocations are funded for this program. Overall, the program is also underfunded for its operations, with a deficit of \$1,241,912 over the past five fiscal years and \$150,878 of that being ineligible expenses for capital financing. Partly, this deficit may reflect a change in service demand as there has been a three-fold increase in call volume with no increase in funding to increase capacity. This has led to staffing challenges relative to call volume and increased costs through additional sick time, WSIB payments, and overtime payment for backfill. The current situation is already concerning, and the ability of the service to respond to calls may be impacted unless additional funding is available to increase the staffing complement in proportion to the call volume.

Healthy Babies Healthy Children (HBHC) and Infant Child Development Service (ICDS) are both Public Health programs funded 100% through the Ministry of Children, Youth and Social Services. ICDS has not had a base budget increase to account for inflation or population growth since 2001, and in 2010 had its base budget decreased. HBHC has not seen a base budget increase since 2008. These two programs have reduced staffing costs by \$201,828, achieved through gapping from staff layoffs in 2020, to mitigate any reliance on the Regional Levy as costs have grown with inflation. The staffing reductions have also resulted in a change in service delivery model, partly necessitated by the COVID-19 pandemic, with the impacts still to be evaluated.

Moving forward, as core Public Health work resumes, efforts to catch-up on missed programming (e.g. school vaccinations, dental screening) will require additional funds to ensure the health needs of the population are met. Requests for additional funding have been made to the Ministry of Health; however, they have not been approved. This may impact the Regional Levy if further funding is not provided by the Ministry of Health, or will require some portion of our residents to lose the benefit of critical health interventions (e.g. grade 7 vaccinations).

Alternatives Reviewed

A decision could be made not to request further funding from the province. Options to ensure a balanced budget without additional provincial funding include:

1. Use the Regional Levy to cover funding shortfalls. This would put a strain on the Levy Operating budget and necessitate an increase in the levy. This is not recommended as the provincial government is responsible for adequately funding

programs it requires the Region to deliver. Such a decision would also be inconsistent with Council's budget guidance.

2. Reduce costs through staff layoffs and reduced service delivery. This is not recommended as Niagara Region Public Health may fail to meet the requirements of the Ontario Public Health Standards if this option is chosen. The health of residents in the Region will also be negatively impacted by this option through the impacts on both Public Health and Emergency Medical Services.

Relationship to Council Strategic Priorities

The recommendations from this report reinforce Council's Strategic Priority to build Healthy and Vibrant communities, and support for the community in times of crisis. Funding advocacy to the provincial government will ensure that NRPH&ES can adequately meet the health needs of the population and continue to provide services of the highest level, especially to the most vulnerable in our community.

Other Pertinent Reports

MOH 01-2017 Impacts and Mitigating Efforts Regarding Freezes of Provincial Funding Envelopes on Public Health

PHD-C 3-2022 Ministry of Health Funding Adjustments

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