

JPPC NEWS

A Partnership of the Ontario Ministry of Health and Long-Term Care and the Ontario Hospital Association

The Ontario Joint Policy and Planning Committee (JPPC) is the partnership through which the Ontario Ministry of Health and Long-Term Care and the Ontario Hospital Association work jointly to develop optimal health care policy, strategic planning and management decisions for the Ontario hospital system.

Report on JPPC New Funding Formula Consultation Sessions

The JPPC sponsored seven province-wide consultation sessions on the volumes and rates models that form the proposed new funding formulae for Ontario hospitals.

Margaret Mottershead, former Deputy Minister of Health, moderated the sessions which were well attended with participants numbering over 500, and representing 144 hospitals in all regions of the province. David

MacKinnon, CEO, Ontario Hospital Association spoke at each session on his vision of the future of hospital funding. Members of JPPC Committees presented the new Funding Formula. Verbal and written input from these hospitals on the factors that make up each of the models, as well as the approach and pace of implementation is analyzed and detailed in this report.

The conclusions and recommendations that flow from the consultation sessions are summarized as follows:

1. There is strong support for using the volumes and rates models (the new funding formulae) in a limited way this fiscal year by applying the formulae to new funding that may become available from the Ministry of Health and Long Term Care.

2. Given that the advice from the Consultation Session was split with approximately 41% saying they should be equally weighted, 38% saying rates should be weighted heavier than volumes and 21% stating the Volumes Model should have a heavier weighting, the Ontario Hospital Association Board of Directors and the JPPC Hospital Funding Committee have recommended equal weight be given to the two models.

3. The new funding formulae should be phased in, that is applied to larger portions of hospital funding over the next three to four years. Refinements to the model should continue over this period of time, culminating in full implementation by the fifth year.

(continued on next page)

Consultation Session Location	Date (2001)
Thunder Bay	March 6
Sudbury	March 7
London	March 8
Richmond Hill	March 22
Toronto	March 23
Hamilton	March 26
Ottawa	March 27

Seven consultation sessions were held across the province



Report on JPPC New Funding Formula Consultation Sessions

(continued)

4. The principles for implementation recommended by the JPPC's Funding Committee should guide the application of the new funding formulae and the distribution of these funds.
5. Because no formulae can ever be so precise as to capture unique or extraordinary or temporary circumstances, the Ministry of Health and Long Term Care should consider whether or not to apply the formulae in such circumstances, or to apply the formulae and use special discretion in making the final funding decisions.
6. Continue efforts to educate the hospitals and all their constituent elements (staff, physicians, boards, communities) and the Ministry of Health and Long Term Care and its constituent elements (staff, management, central agencies and legislators) on the merits of funding based on the new formulae.
7. The JPPC continue its work on refining the proposed factors that comprise the volume and rates models and work on expanding the number of factors as suggested by the field.
8. The implementation of this new funding formula be recognized as a critical step towards achieving the strategic policy and planning framework for Ontario hospitals as outlined by the Ontario Hospital Association.
9. The Ministry of Health and Long Term Care and the Ontario Hospital Association continue their strong support of the JPPC as the vehicle for developing policy, planning, funding and accountability frameworks for hospitals in Ontario.

Report on JPPC New Funding Formula Consultation Sessions

(continued)

Implementation

In responding to the questions posed, the participants were asked to consider the principles for implementation recommended by the JPPC Funding Committee. These principles are that:

- For the first year of implementation, volumes and rates should be treated separately
- For full implementation expected volumes x expected rates = hospital's share of MOHLTC funding

- For the first phases of implementation, there be no reallocation between the global budgets of individual hospitals using this formulae
- No hospital should lose money during the initial phases of implementation. While it is possible for a hospital NOT to receive any new money that may become available, no hospital should be "penalized" under the funding formulae with a decrease in its funding level

- Allocation of new funds should be provided to those hospitals with actual units (costs and/or volumes) less than expected units
- Allocation should be proportional to the gap between actual and expected units
- Allocation should be proportional to a hospital's share of relevant provincial expenses

Do you think either the Rates or the Volumes Model should be weighted more heavily?

Ratio of Rate (R): Volume (V)

City	R>V	R=V	R<V
GTA	29%	48%	24%
Hamilton	16%	42%	42%
London	46%	37%	17%
Ottawa	20%	60%	20%
Sudbury	30%	45%	24%
Thunder Bay	82%	9%	9%
Toronto	50%	39%	11%
Total	38%	41%	21%

At what pace do you think Implementation should proceed?

- ☐ Slow: 5-7 years
- ☐ Medium: 3-5 years
- ☐ Fast: 1-3 years

	% Slow 5-7 Years	% Medium 3-5 Years	% Fast 1-3 Years
Total	8%	41%	51%

Report on JPPC New Funding Formula Consultation Sessions

(continued)

Do you think that the IPBA Formula should be used for:

(one or more)

- ☐ new funding for new initiatives
- ☐ economic adjustments
- ☐ all other new funding announcements, regardless of previous dedication (excluding priority programs) *

	% New Funding	% Economic Adjustment	% Other New Funding
Total	78%	60%	50%

- **Note:** Individuals were able to mark more than one option. The percentages should not equal 100%.

- **Note:** 30% of individuals stated the formula should be applied to all three types of funding.

In addition to providing continuous educational opportunities as refinements or changes are made to the funding formulae other suggestions were made to facilitate implementation.

These include:

- Averaging three years of volumes data to get the most representative information on utilization and costing, rather than using one fiscal year's data.
- Year-end volumes reconciliation and adjustments as necessary. This should become a formal part of the funding process and used to evaluate and validate the funding formulae.
- Data consistency and integrity - data standards and audit processes should be introduced

to ensure consistent data gathering and reporting. Use the most up-to-date data - recalibrate using 1999/2000 data.

- Maximize opportunities for evidence-based funding allocations to increase transparency of decision-making.
- Provide each hospital with the outcome of the funding formula application as soon as possible and continue to provide data for verification on an on-going basis.



Ontario Joint Policy and Planning Committee

415 Yonge Street, Suite 1200
Toronto Ontario M5B 2E7
Fax: (416) 599-6630
Website: <http://www.jppc.org>

For more information about the IPBA consultation, please contact Nan Brooks, JPPC, 416-599-5772 ext. 234.