

# Local Health Integration Networks: Building a True System

---

## Bulletin No. 11 – May 2, 2005

As the ministry prepares to establish the 14 Local Health Integration Networks later this spring, this issue of our bulletin provides an overview of LHINs, more details on key areas of LHIN roles and responsibilities, and a status update on current activities.

### 1. CONTEXT

Local Health Integration Networks (LHINs) in Ontario are a key component of the government's vision for a health care system that helps people stay healthy, delivers good care to them when they get sick, and will be there for their children and grandchildren. To make this vision a reality, the government is moving forward with a plan for health care that operates on three fronts:

- Shorter wait times.
- Healthier Ontarians.
- Better access to doctors and nurses.

LHINs are a critical part of the government's plan for health care. LHINs are a quality improvement initiative that will help create an environment where local health care providers are asked to come together and coordinate their service delivery with patients in mind. They are based on the principle that local people are best able to determine the urgency of local health care priorities.

LHINs are the next evolution of health care in Ontario. They represent an understanding that community-based care, reflecting the needs of that community, is best planned, coordinated and funded in an integrated manner within that community. Through LHINs, the government intends to devolve a good deal of power and authority to the LHINs, leaving the Ministry of Health and Long-Term Care (MOHLTC) to function as a head office, providing more strategic direction.

By creating LHINs, the government is building a system that will manage the delivery of health care more effectively to ensure that Ontarians have access to appropriate, quality care when they need it.

### The Ontario Model

Building on and learning from the experiences of other jurisdictions, Ontario is moving forward with a distinct, "Made-in-Ontario" model of localized health system management. Over the last 10-15 years, all other provinces in Canada have established their own models to devolve health system management from a centralized model to some form of geographically and locally-based organizations as a means to achieve better integrated and more efficient health care systems. Also, in Ontario, there have been many success stories of health providers integrating services and collaborating in communities across the province. LHINs are intended to build on these successful partnerships and provide an opportunity to implement the best of these practices across an *entire* health system more quickly.

Throughout the process of developing LHINs, the ministry has been drawing on local and national and international expertise by bringing together experts for "think tanks" on planning and funding models; and through the 14 LHIN community workshops which resulted in 14 integration priority reports identifying existing and future opportunities for local integration.

LHINs in Ontario will differ from regional health authorities in other provinces in the following ways:

- Patient choice of physician and medical or acute services would not be limited by LHIN boundaries, i.e. LHIN boundaries would be permeable for patients.
- LHINs would not be providers of direct services;
- LHINs would not require consolidation of existing health organizations' governance structures, e.g. hospitals, long term care homes, etc. will keep their boards.

In developing and implementing LHINs, the ministry recognizes that our current health care system is complex. The ministry is building a new system in the context of an existing, very complex and critical structure that must continue to provide services.

Because of this complexity, the implementation of LHINs will be evolutionary in nature and its functions will be phased in over time.

Once the LHINs are operational, one of the first responsibilities of the Boards will be to engage their LHIN community in local health system planning.

## LHIN Goals

- Manage health system planning, coordination and funding at the local level.
- Engage the community in local health system planning and setting of priorities, including establishing formal channels for citizen input and community consultation.
- Through greater integration of services, improve the accessibility of health services to allow people to move more easily through the health system.
- Bring economic efficiencies to delivery of health services, promoting service innovation, improving quality of care, and making the health care system more sustainable and accountable.

## 2. LHIN ROLES AND RESPONSIBILITIES

### Proposed Legislation for LHINs

The government intends to introduce legislation to reflect the change of the ministry's roles and responsibilities and the roles of LHINs. Legislation will be needed to enable LHINs to perform certain functions that are envisioned for LHINs as they evolve towards their mature or end

state. The ministry is working on policy options for the proposed legislation.

### Health Service Providers with Direct Accountability to LHINs:

The government continues to work on identifying which health service providers would be funded by LHINs, including the details of when this would occur and what legal, policy and operational changes would be necessary to permit LHINs to fund and hold service providers accountable. The government is considering that LHINs would eventually fund the following health service providers (subject to approval by the Legislative Assembly of any legislative changes that may be necessary):

- Hospitals
- Divested psychiatric hospitals
- Community Care Access Centres
- Community Support Service Agencies
- Mental Health and Addictions Agencies
- Community Health Centres
- Long-Term Care Homes

The government does not intend to propose that LHINs would fund the following health service providers:

- Physicians
- Ambulance Services (emergency and non-emergency)
- Laboratories
- Provincial drug programs
- Individualized care

Further policy analysis will be done with respect to the relationship between LHINs and independent health facilities, public health programs, and provincial networks.

### Phasing of Functions

LHIN functions will be phased in over time. Subject to any necessary legislative changes by the Legislative Assembly, LHINs would commence with: 1) planning, community engagement responsibilities, 2) moving then to service coordination and system integration, and finally 3) to funding and resource allocation. LHINs will also be responsible for engaging the health care providers and community stakeholders in their area throughout their evolution.

## LHIN Functions at End State

The government's vision for LHINs is that, by 2007/08, each LHIN would be responsible for the functions described below, subject to the approval of any necessary legislative changes by the Legislative Assembly:

- (a) Local health system planning
  - Developing a local Integrated Health Services Plan in accordance with MOHLTC strategic directions
- (b) Local health system integration and service coordination
  - Working with health care providers to adapt and customize services to address local health needs
  - Collaborating and integrating with other LHINs and the ministry to develop and implement provincial strategies
- (c) Accountability and performance management
  - Developing local area accountability and performance frameworks and agreements with health service providers that would be funded by LHINs
  - Setting performance baselines, priorities and improvement targets in accordance with provincial framework with health service providers
- (d) Local community engagement
  - Developing and carrying out community engagement strategies
  - Developing mechanisms and channels for community dialogue
  - Responding directly to unique local concerns and requirements
- (e) Evaluation and reporting
  - Evaluating and reporting on local system performance to ministry and/or LHIN community
  - Contributing to provincial system-level evaluation and reporting activities
  - Evaluating and reporting on best practices in service integration and coordination
- (f) Funding
  - Providing funds to health service providers within the scope of LHINs and within the available LHIN funding envelope
  - Providing advice on capital needs to the MOHLTC

## Accountabilities

### Roles, responsibilities and accountabilities of LHIN boards, CEOs and provider boards

LHIN Boards and Chairs	LHIN CEOs	Provider Boards
<p><b>Boards:</b></p> <ul style="list-style-type: none"> <li>• Implement provincial strategic direction, objectives and standards</li> <li>• Manage local strategies, plans and performance indicators</li> <li>• Set and monitor planning goals for LHIN geographical area</li> <li>• Monitor use of funds</li> <li>• Enter into performance agreements with provider organizations if the LHINs fund the provider</li> <li>• Enter into performance agreement with MOHLTC</li> <li>• Hire and hold CEO accountable</li> </ul> <p><b>Chairs:</b></p> <ul style="list-style-type: none"> <li>• Provide leadership to the Board</li> </ul>	<ul style="list-style-type: none"> <li>• Provide support to the Chair</li> <li>• Implement strategic direction of the board based on MOHLTC strategic direction</li> <li>• Meet performance objectives of board</li> <li>• Manage agreements with service providers and monitor and evaluate their performance</li> <li>• In conjunction with Chair, act as spokesperson and assume pivotal role in establishing critical relationships with government and stakeholders</li> <li>• Inform Deputy Minister of Health of critical issues and events</li> <li>• Lead, guide and manage LHIN staff</li> </ul>	<ul style="list-style-type: none"> <li>• Set strategic direction for own organization</li> <li>• Develop business and operational plans consistent with LHIN direction</li> <li>• Comply with performance agreements with the LHIN</li> <li>• Create systems to respond to agency/service specific stakeholder issues</li> <li>• Participate in local service coordination/ integration initiatives</li> </ul>

LHIN Boards and Chairs	LHIN CEOs	Provider Boards
<ul style="list-style-type: none"> <li>• Provide regular progress updates to the Minister</li> <li>• Manage board and ensure members are aware of legal and fiduciary obligations</li> <li>• Act as key spokesperson and principal interface with other LHIN boards</li> <li>• Inform minister of critical issues/events</li> </ul>	<ul style="list-style-type: none"> <li>• Establish infrastructure and manage day-to-day operations</li> </ul>	

### Accountability between LHINs and the MOHLTC

The relationship between LHINs and MOHLTC will be governed by a Memorandum of Understanding (MOU) between each LHIN and the Ministry of Health and Long-Term Care, and an annual performance agreement between each LHIN and the ministry.

The MOU will outline the relationship and accountability between the ministry and each LHIN with respect to their affairs and operations. For example, the MOU would outline the following specifics:

- The roles of the Minister of Health and Long-Term Care, the Deputy Minister, the Chair and the CEO of the LHINs;
- The accountability framework between the Minister, the Deputy Minister, the Chair and the CEO of the LHINs;
- Governance requirements of LHINs;
- Financial and administrative arrangements of LHINs;
- Reporting requirements of LHINs.

In addition to the MOU, the ministry and each LHIN would enter into performance agreements.

The performance agreement would provide funding to the LHIN and set out other terms and conditions on the funding. This agreement may change from year-to-year. It may include all or any of the following:

- Performance goals and objectives respecting various matters, such as service quality, accessibility of services, population health status, and value for money provisions;
- A plan and timeframe for meeting those goals and objectives;
- Requirements for reporting and the provision of information to the ministry and to residents in the geographic area of each LHIN; and

- The standards to be used in measuring achievement of performance goals and objectives.

Through the MOU and the performance agreement, LHINs would be accountable to the government for the funding provided to each LHIN to carry out their functions. Each LHIN would be required to use the funding provided by the ministry for these purposes only.

### Accountability between LHINs and Service Providers

Through the performance agreement between the ministry and each LHIN, the LHIN will be expected to implement a range of actions designed to ensure a coordinated approach towards achieving appropriate access to health services, without gaps or duplication of at the local level. The specific activities and tasks would be specified in the agreements between each LHIN and the Ministry, and could include use of performance and accountability agreements with health service providers to:

- Establish informal and formal forums to share best practices and key learnings between LHINs and service providers within the geographic area
- Coordinate local service provision, promote appropriate utilization and equitable access and distribution of resources, and monitor performance;
- Provide a set of localized services within each LHIN

As the functions of the LHINs are phased in as discussed above, LHINs would enter into performance agreements directly with the health service providers that would be funded by the LHIN. The agreements would then ensure the delivery of services in the respective geographic area in accordance with ministry policy. These agreements between LHINs and providers would stipulate the performance goals and objectives of the health service provider (e.g. service quality and accessibility, etc.), as

well as the requirements for reporting on outcomes to the LHINs. Deliverables and performance outcomes would be defined, including indicators of health status, integration of care and wait list management.

### 3. LHIN INCORPORATION/ CORPORATE STATUS

To begin the planning for an integrated health system, the Government proposes to establish LHINs as non-profit corporations using Letters Patent under the *Corporations Act* as an interim measure. Three people will need to apply to incorporate each LHIN under the *Corporations Act*.

#### Founding LHIN Boards and Board Composition

LHINs will be governed by boards of directors which will consist of persons nominated by the Lieutenant Governor in Council (LGIC). It is intended that the board of directors will be a members-only board and that up to 9 people may be directors.

The LHIN boards are intended to be skills-based and not representational of a specific group or area. In addition to other qualifications, the directors of LHINs would have a background in one or more of health care, public administration, management, accounting, finance, law, human resources, labour relations, communications or information management.

The Government has selected 3 Board candidates for each of the 14 founding LHIN boards of directors, consisting of a board Chair and two directors.

If the Standing Committee on Government Agencies concurs with the selection of these candidates, they would apply for incorporation of each LHIN under the Corporations Act and, upon incorporation, they would become the founding members of the board of each LHIN.

LHIN boards are expected to reach their full complement of up to 9 members by the end of 2005. The ministry is currently developing a community process that will be led by each LHIN Board, to help identify and recommend potential board candidates to the Minister, to complete the Board membership.

All board members will be voting members.

Board members will be remunerated in accordance with the Government Appointees Directives which includes per diem rates.

#### LHIN Start-Up

The ministry is taking a standardized approach to LHIN design to ensure consistency and efficiency across organizations and to facilitate the start-up operations of LHINs.

As part of this approach, the ministry is currently proceeding with selecting sites and standardized office design for LHIN offices. It is anticipated that these will be finalized in the next few weeks. Also, work is underway to identify models for a shared “back office” of certain operations (e.g. purchasing, procurement, payroll, etc.) for all LHINs.

**Please feel free to share this bulletin with colleagues in your organization.**

**Please look for the LHIN Bulletin mid-month, every month. Also, LHIN-related updates and reports will be posted at [www.health.gov.on.ca/transformation](http://www.health.gov.on.ca/transformation) at the beginning of every month, if necessary.**