



2023

# Ontario Health Sector: 2023 Budget Spending Plan Review



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## About this document

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This report has been prepared with the benefit of publicly available information and information provided by the Ministries of Health, Long-Term Care and Finance, and Treasury Board Secretariat.

All dollar amounts are in Canadian, current dollars (i.e., not adjusted for inflation) unless otherwise noted.



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# 1. Summary

- This report reviews the Province's health sector spending plan in the 2023 Ontario Budget and the 2023-24 Expenditure Estimates. Health sector spending includes the combined spending by the Ministries of Health and Long-Term Care.

## Health Sector Spending Outlook

- Based on the FAO's estimate of the cost of current health sector programs and announced commitments, the FAO projects that health sector spending will grow at an average annual rate of 3.4 per cent between 2021-22 and 2025-26, reaching \$86.7 billion in 2025-26. In comparison, the funding allocated by the Province in the 2023 Ontario Budget grows at a higher average annual rate of 3.7 per cent, reaching \$87.6 billion by 2025-26.
  - Overall, the FAO estimates that the Province has allocated a total of \$4.4 billion more than what is necessary to fund existing programs and announced commitments from 2022-23 to 2025-26.
  - This \$4.4 billion in excess funds consists of \$1.3 billion in 2022-23, \$0.4 billion in 2023-24, \$1.8 billion in 2024-25 and \$0.9 billion in 2025-26.

## What Has Changed Since the FAO's Last Outlook?

- The FAO's estimate that the Province has allocated \$4.4 billion in excess funds between 2022-23 and 2025-26 is a significant change from the FAO's previous estimate of a \$10.0 billion funding shortfall over the same period.<sup>1</sup> This reversal is due to \$15.2 billion in new funding added to the Province's health sector spending plan in the 2023 Ontario Budget.
- Of the \$15.2 billion in new health sector funding added in the 2023 budget, the FAO estimates that:
  - \$9.4 billion is required to address the funding shortfall for existing programs and announced commitments;
  - \$0.9 billion is for higher compensation spending resulting from retroactive wage increases awarded to some health sector workers that were subject to wage restraint under Bill 124;
  - \$0.5 billion is required to fund new program changes; and
  - \$4.4 billion is excess funds that are not required to fund health sector programs or announced commitments.
- Going forward, the Province could use the \$4.4 billion in excess funds to introduce new programs, enhance existing programs or address spending pressures that could materialize, such as higher than expected wage settlements. Alternatively, if the Province decides not to use the \$4.4 billion in excess funds, then these funds would be applied to improve the budget balance and reduce the Province's net debt.

<sup>1</sup> See [Ontario Health Sector: Spending Plan Review](#), which identified a funding shortfall of \$21.3 billion over the 2022-23 to 2027-28 period. From 2022-23 to 2025-26, the shortfall identified by the FAO was \$10.0 billion.

## Spending Outlook by Program Area

- Spending growth in the FAO's forecast is driven by the Province's significant commitments to expand capacity in long-term care, home care and hospitals.<sup>2</sup>
- From 2019-20 to 2027-28, which excludes time-limited COVID-19-related spending, the FAO estimates that base health sector spending will grow at an average annual rate of 5.1 per cent.
- By program area, over the eight-year period from 2019-20 to 2027-28, the FAO projects that spending growth will be led by long-term care (12.9 per cent average annual growth), community programs (includes home care, 5.7 per cent), Ontario public drug programs (5.2 per cent) and hospitals (4.5 per cent).

## Key Risks to the FAO's Health Sector Spending Forecast

- Notable risks that could increase health sector spending above the FAO's forecast include above-historical increases to health sector wages, from factors such as high inflation and ongoing human resource shortages in the health sector, and the ongoing legal challenge to Bill 124 (see Chapter 4 for more information).

## Federal Funding for Ontario Health Sector Spending

- The federal government supports about one-quarter of provincial health sector spending through a number of programs and agreements, which are estimated to total \$19.2 billion in 2022-23. This represents 24.5 per cent of the Province's health sector spending in 2022-23.
- In February 2023, Ontario reached new agreements in principle with the federal government that the FAO estimates will increase federal health transfers to the Province by \$7.7 billion over five years from 2023-24 to 2027-28.<sup>3</sup>
- After accounting for the increases to federal health transfers, the FAO projects that the federal share of Ontario's health sector spending will increase to 27.4 per cent in 2023-24. However, federal transfers as a share of Ontario health sector spending will then gradually decline to 26.1 per cent in 2027-28, due to the expiry of some time-limited funding agreements.
- The Ontario government previously requested an increase in federal funding so that federal health transfers would support 35 per cent of all annual provincial-territorial health spending. To reach the 35 per cent funding target request from 2023-24 to 2027-28, the federal government would need to provide Ontario with an additional \$35.6 billion over the five-year period.

## 2023-24 Expenditure Estimates Review

- Chapter 6 reviews 2023-24 requested and projected spending for the Ministries of Health and Long-Term Care, as outlined in the 2023-24 Expenditure Estimates, by program vote (Supply Bill spending), standalone legislation (statutory) spending, and other spending (consolidation and other adjustments).

<sup>2</sup> See Chapter 4 and FAO, [Ontario Health Sector: Spending Plan Review](#) for more information on the Province's commitments.

<sup>3</sup> Over the three-year period from 2023-24 to 2025-26, the FAO estimates that the increase in federal health transfers to the Province is \$4.1 billion.

## 2. Introduction

This report reviews the Province's health sector spending plan in the 2023 Ontario Budget and the 2023-24 Expenditure Estimates. Health sector spending includes the combined spending by the Ministries of Health and Long-Term Care. The report is organized as follows:

- Chapter 3 discusses the FAO's projection for health sector spending from 2022-23 to 2025-26, based on current program design and announced commitments, and compares this spending projection to the health sector spending plan in the 2023 budget.
- Chapter 4 discusses the FAO's health sector spending outlook by program area from 2022-23 to 2027-28.
- Chapter 5 reviews federal government transfers to support provincial health sector spending and estimates how new federal funding announced in February 2023 will affect the share of Ontario health sector spending supported by the federal government.
- Chapter 6 reviews the Ministries of Health and Long-Term Care's 2023-24 Expenditure Estimates, which constitutes the government's formal request to the legislature for spending authority in the 2023-24 fiscal year. The chapter also compares planned spending for the 2023-24 fiscal year against unaudited spending in 2022-23.<sup>4</sup>

<sup>4</sup> 2022-23 unaudited spending is based on the FAO's analysis of transactions recorded in the Province's Integrated Financial Information System (IFIS) as of April 25, 2023. All figures are unaudited, as final audited figures are not available until the release of the Public Accounts of Ontario, approximately six months after the end of the fiscal year.

# 3. Health Sector Spending Outlook to 2025-26

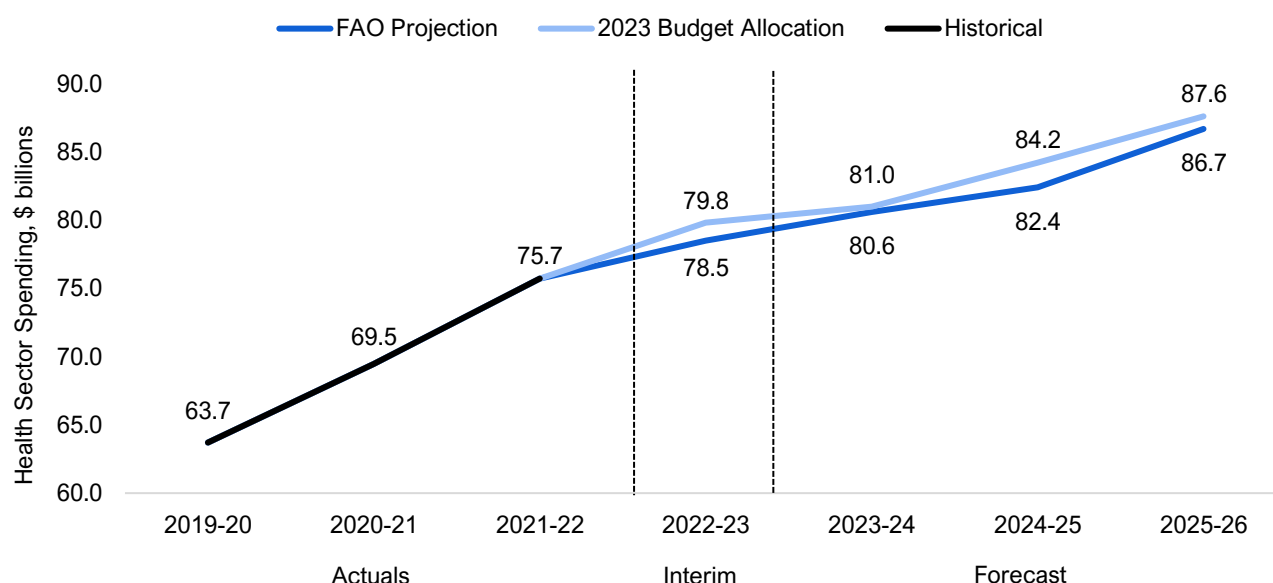
## FAO Projection vs. the 2023 Ontario Budget

Based on the FAO's estimate of the cost of current health sector programs and announced commitments, the FAO projects that health sector spending will grow at an average annual rate of 3.4 per cent between 2021-22 and 2025-26, reaching \$86.7 billion in 2025-26. In comparison, the funding allocated by the Province in the 2023 Ontario Budget grows at a higher average annual rate of 3.7 per cent, reaching \$87.6 billion by 2025-26.

Overall, the FAO projects that the Province has allocated a total of \$4.4 billion more than what is necessary to fund existing programs and announced commitments from 2022-23 to 2025-26. This \$4.4 billion in excess funds consists of \$1.3 billion in 2022-23, \$0.4 billion in 2023-24, \$1.8 billion in 2024-25 and \$0.9 billion in 2025-26.

**Figure 1**

Health sector spending projections, FAO vs. 2023 Ontario Budget, \$ billions



Source: Public Accounts of Ontario, 2023 Ontario Budget, and FAO analysis of information provided by the Province.

## What Has Changed Since the FAO's Last Outlook?

The FAO's estimate that the Province has allocated \$4.4 billion in excess funds between 2022-23 and 2025-26 is a significant change from the FAO's previous estimate of a \$10.0 billion funding shortfall over the same period.<sup>5</sup> This reversal is due to the Province adding \$15.2 billion in new funding to its health sector spending plan in the 2023 Ontario Budget, which is partially offset by a \$0.8 billion increase in the FAO's health sector spending forecast.

<sup>5</sup> See [Ontario Health Sector: Spending Plan Review](#), which identified a funding shortfall of \$21.3 billion over the 2022-23 to 2027-28 period. From 2022-23 to 2025-26, the shortfall identified by the FAO was \$10.0 billion.

**Table 1**
**Change in the health sector funding gap, Province vs. FAO, \$ billions**

| \$ billions                                                                | Total from<br>2022-23 to 2025-26 |
|----------------------------------------------------------------------------|----------------------------------|
| FAO estimated funding shortfall in the 2022 Budget/Fall Economic Statement | -10.0                            |
| New health sector funding added in the 2023 Budget                         | 15.2                             |
| Increase in the FAO's health sector spending forecast                      | -0.8                             |
| <b>FAO estimated excess funding in the 2023 Budget</b>                     | <b>4.4</b>                       |

Source: 2023 Ontario Budget and FAO.

## Changes to the Province's Health Sector Spending Plan

The 2023 Ontario Budget included \$15.2 billion in new health sector funding from 2022-23 to 2025-26, compared to the spending plan in the 2022 Ontario Budget and Fall Economic Statement. This \$15.2 billion in new funding consists of increases of \$3.2 billion in 2023-24, \$5.9 billion in 2024-25 and \$6.2 billion in 2025-26.<sup>6</sup>

Of the \$15.2 billion in new health sector funding, the FAO estimates that:

- \$9.4 billion is required to address the funding shortfall for current programs and announced commitments.
- \$0.9 billion is required for higher compensation spending resulting from retroactive wage increases awarded to some health sector workers that were subject to wage restraint under Bill 124.<sup>7</sup>
- \$0.5 billion is required to fund new program changes, including:
  - \$0.3 billion for health sector workforce investments through the Enhanced Extern and Supervised Practice Experience Partnership Programs;
  - a \$0.2 billion increase for Independent Health Facilities, as part of the Province's plan to address the surgical backlog and reduce wait times through community surgical and diagnostic centres;<sup>8</sup>
  - a \$0.2 billion increase for public health funding, primarily for the COVID-19 vaccine program in 2023-24; and
  - a reduction of \$0.2 billion for various other measures, including estimated savings to Ontario public drug programs due to the Province's commitment to expand the use of biosimilar drug treatments.<sup>9</sup>
- The remaining \$4.4 billion of the \$15.2 billion in new health sector funding is not required to fund health sector programs or announced commitments. Going forward, the Province could use the \$4.4 billion in excess funds to introduce new programs, enhance existing programs or address spending pressures that could materialize, such as higher than expected wage settlements (see Chapter 4). Alternatively, if the Province decides not to use the \$4.4 billion in excess funds, then these funds would be applied to improve the budget balance and reduce the Province's net debt.

<sup>6</sup> A reduction of \$0.1 billion also occurred in 2022-23.

<sup>7</sup> See Chapter 4 for more information.

<sup>8</sup> Ontario News Release, "Ontario Reducing Wait Times for Surgeries and Procedures," January 16, 2023.

<sup>9</sup> Ontario News Release, "Ontario Expanding Safe Use of Biosimilars," December 20, 2022.

## Changes to the FAO's Health Sector Spending Forecast

Since the release of the FAO's March 2023 report,<sup>10</sup> the FAO's health sector spending forecast has increased by a total of \$0.8 billion from 2022-23 to 2025-26 due to the introduction of new programs and updated program spending forecasts. This overall increase in projected spending is driven by higher expected spending in hospitals, community programs, other programs and health capital, partially offset by lower projected spending in long-term care and Ontario public drug programs (see Chapter 4 for more information).

<sup>10</sup> See, [Ontario Health Sector: Spending Plan Review](#).

## 4. Spending Outlook by Program Area to 2027-28

From 2021-22 to 2027-28, the FAO projects that total health sector spending will grow at an average annual rate of 3.9 per cent. The two largest program areas, hospitals and OHIP (physicians and practitioners), are expected to grow at average annual rates of 3.6 per cent and 4.3 per cent, respectively. Ontario public drug programs spending is projected to grow at an average annual rate of 5.1 per cent, followed by community programs (5.1 per cent), and mental health and addictions programs (4.6 per cent). Long-term care is anticipated to experience the highest average annual growth at 9.2 per cent, while other programs is projected to decline by an average -1.7 per cent per year due to the expiry of time-limited COVID-19-related spending. Lastly, spending on health capital is projected to grow at 3.2 per cent per year.

Given that there were significant time-limited investments related to the COVID-19 pandemic in 2021-22, and that the COVID-19 pandemic impacted service levels in many areas of the health sector, the FAO has also provided growth rates from 2019-20 to 2027-28 to provide a better indication of base health sector program spending growth. From 2019-20 to 2027-28, the FAO estimates that base health sector spending will grow at an average annual rate of 5.1 per cent. This projected base health sector spending growth is significantly higher than the 3.0 per cent health sector spending growth over the prior eight-year period from 2011-12 to 2019-20. This increase in spending growth is primarily due to the Province's significant planned investments in long-term care, home care and hospital capacity.<sup>11</sup>

**Table 2**

**FAO projected health sector spending by program area to 2027-28, \$ billions**

| Program Area                          | 2021-22<br>Actual Spending<br>(\$ billions) | 2027-28<br>Projected<br>Spending<br>(\$ billions) | Average Annual<br>Growth Rate<br>2021-22 to<br>2027-28 (%) | Average Annual<br>Growth Rate<br>2019-20 to<br>2027-28 (%) |
|---------------------------------------|---------------------------------------------|---------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|
| Hospitals                             | 26.4                                        | 32.6                                              | 3.6                                                        | 4.5                                                        |
| OHIP (physicians and practitioners)   | 16.6                                        | 21.3                                              | 4.3                                                        | 3.8                                                        |
| Ontario public drug programs          | 5.3                                         | 7.2                                               | 5.1                                                        | 5.2                                                        |
| Community programs                    | 5.2                                         | 7.1                                               | 5.1                                                        | 5.7                                                        |
| Mental health and addictions programs | 2.0                                         | 2.6                                               | 4.6                                                        | 4.5                                                        |
| Long-term care                        | 6.8                                         | 11.6                                              | 9.2                                                        | 12.9                                                       |
| Other programs                        | 11.2                                        | 10.1                                              | -1.7                                                       | 3.8                                                        |
| Health capital                        | 2.2                                         | 2.6                                               | 3.2                                                        | 4.3                                                        |
| <b>Total Health Sector</b>            | <b>75.7</b>                                 | <b>95.1</b>                                       | <b>3.9</b>                                                 | <b>5.1</b>                                                 |

Source: 2019-20 and 2021-22 Public Accounts of Ontario and FAO.

<sup>11</sup> See FAO, [Ontario Health Sector: Spending Plan Review](#) for more detailed analysis of the Province's health sector capacity investments.

The following provides more information on each of the major program areas in the FAO's forecast.<sup>12</sup>

- The **hospitals** program supports the operation of 140 public hospital corporations and comprises approximately 35 per cent of total health sector spending. The FAO projects spending growth at an average annual rate of 3.6 per cent from 2021-22 to 2027-28, driven by increases in hospital capacity and hospital employee compensation growth. This average annual spending growth is higher than the 3.0 per cent projected by the FAO in March 2023, primarily reflecting higher projected compensation spending.

The 2023 budget reconfirmed the Province's commitment to add 3,000 new hospital beds over 10 years, of which the FAO now estimates 1,000 beds will be added by 2027-28. Despite this increase in hospital beds, the FAO continues to project that demand for hospital services will outpace the addition of new hospital beds, relative to 2019-20, due to Ontario's growing and aging population.<sup>13</sup>

- The **Ontario Health Insurance Program (OHIP)** represents around 23 per cent of health sector spending, providing funding for approximately 6,000 insured services. The FAO projects OHIP program spending will grow at an average annual rate of 4.3 per cent from 2021-22 to 2027-28, similar to the FAO's March 2023 projection.
- **Ontario public drug programs** represent around seven per cent of health sector spending, providing funding for the cost of about 5,000 drug products through six programs. The FAO projects Ontario public drug programs spending will grow at an average annual rate of 5.1 per cent from 2021-22 to 2027-28, driven by increased use of higher-cost drugs and growth in the number of Ontarians aged 65 and over, which drives demand for the Ontario Drug Benefit Program. This average annual spending growth is lower than the 5.7 per cent projected by the FAO in March 2023, partially due to the Province's commitment to expand the use of biosimilar drug treatments.
- **Community programs** provide community and home-based supports, comprising about seven per cent of total health sector spending. The FAO projects community programs spending will grow at an average annual rate of 5.1 per cent from 2021-22 to 2027-28, slightly higher than the FAO's March 2023 projection of 5.0 per cent. This growth is driven primarily by increased spending in home care and community support services, reflecting the Province's commitment to increase home care service levels and decision to provide permanent wage increases for personal support workers.

Despite these investments, the FAO now projects a modest decline in the number of nursing and personal support hours per Ontarian aged 65 and over, from 20.6 hours in 2019-20 to 19.4 hours in 2025-26. This is a slight deterioration compared the FAO's March 2023 forecast which projected that the Province's investments would maintain 2019-20 levels of home care services per Ontarian aged 65 and over.

- **Mental health and addictions programs** include community mental health, child and youth mental health, and the addictions program, comprising approximately three per cent of total health sector spending. The FAO estimates that mental health and addictions program spending will grow at an average annual rate of 4.6 per cent, increasing from \$2.0 billion in 2021-22 to \$2.6 billion in 2027-28. This growth is primarily based on planned investments under the Province's Roadmap to Wellness and the Canada-Ontario Home and Community Care and Mental Health and Addictions Services Funding Agreement.

<sup>12</sup> For more information on the health sector spending program areas and the FAO's forecasting methodology, see FAO, [Ontario Health Sector: Spending Plan Review](#).

<sup>13</sup> See FAO, [Ontario Health Sector: Spending Plan Review](#) for more detailed analysis of the Province's hospital capacity.

- The **long-term care (LTC)** program provides funding to support residents in LTC homes in Ontario. The long-term care program is funded through the Ministry of Long-Term Care and comprises approximately 11 per cent of total health sector spending. Overall, the FAO estimates that the long-term care program will have the highest spending growth in the health sector, at an average annual rate of 9.2 per cent from \$6.8 billion in 2021-22 to \$11.6 billion in 2027-28.<sup>14</sup> This growth is primarily driven by the Province's commitments to build over 31,000 new long-term care beds by 2028, redevelop over 28,000 existing long-term care beds, and provide an average of four hours of direct care by personal support workers, registered nurses and registered practical nurses per day to long-term care residents by March 31, 2025.<sup>15</sup>

Overall, the FAO estimates that the Province's long-term care expansion commitment will increase the number of beds per 1,000 Ontarians aged 75 and over from 71.3 in 2019-20 to 72.1 in 2027-28. This is a slight improvement from the FAO's March 2023 forecast of 69.9 beds per 1,000 Ontarians aged 75 and over in 2027-28, due to the FAO's updated projection for the number of new LTC beds expected to be added by 2027-28.

- **Other programs** spending includes public health programs, emergency services, cancer care, ministry administration, information technology and other expenses. Other programs spending comprises about 11 per cent of health sector spending and is projected to decrease at an average annual rate of -1.7 per cent from 2021-22 to 2027-28 due to time-limited COVID-19-related spending in 2021-22.
- **Health capital** spending is projected to grow by an average of 3.2 per cent annually from 2021-22 to 2027-28. In the 2023 Ontario Budget, the Province plans to invest \$56.6 billion in health sector infrastructure over 10 years, with \$48.1 billion for hospitals and \$8.5 billion for other health sector infrastructure programs.

## Key Risks to the FAO's Health Sector Spending Forecast

There are notable risks that could increase health sector spending above the FAO's forecast. These are discussed below.

**Above-average increases to health sector wages:** The FAO's spending forecast assumes wage growth consistent with existing collective agreements and, for new collective agreements or non-unionized health sector workers, historical long-term average growth in wages. However, factors such as high inflation and ongoing human resource shortages in the health sector could place significant upward pressure on health sector wages.<sup>16</sup>

**The legal challenge to Bill 124:** On November 29, 2022, the Ontario Superior Court of Justice ruled that Bill 124, which limits base salary increases for most Ontario public sector employees to one per cent per year for a period of three years, was in violation of the Canadian Charter of Rights and Freedoms and was declared to be void and of no effect. The government has appealed this decision, with hearings scheduled at the Ontario Court of Appeal from June 20 to 22, 2023.

<sup>14</sup> This average annual spending growth is higher than the 8.3 per cent projected by the FAO in March 2023, primarily reflecting an updated estimate for the number of LTC beds expected to be completed by 2027-28. However, the FAO is projecting lower total LTC spending from 2022-23 to 2025-26, compared to the March 2023 projection, due to new FAO estimates for the timing of development grants paid to LTC homes under the Province's construction funding policy.

<sup>15</sup> Ontario Background, "Ontario on Track to Build 30,000 New Long-Term Care Beds," April 21, 2022 and Ontario News Release, "Ontario Connecting Long-Term Care Residents to More Hours of Direct Care," March 17, 2023.

<sup>16</sup> See FAO, [Ontario Health Sector: Spending Plan Review](#) for detailed analysis of the shortage of health sector workers in Ontario.

Some health sector collective agreements subject to Bill 124 included reopener clauses to allow unions to seek retroactive wage increases if Bill 124 was found to be unconstitutional. Although the Bill 124 decision by the Ontario Superior Court of Justice is still under appeal, a number of unions have already successfully obtained retroactive wage increases. For example, arbitration decisions awarded Ontario Nurses' Association members in hospitals additional wage increases of 0.75 per cent 2020, 1.0 per cent in 2021 and 2.0 per cent in 2022.<sup>17</sup> Overall, the FAO estimates that, as of the writing of this report, publicly available Bill 124-related retroactive wage increases will cost the Province approximately \$0.9 billion to 2025-26;<sup>18</sup> these costs are included in the FAO's health sector spending forecast.

However, looking forward, if the government is unsuccessful in its appeal and all hospital employees are awarded retroactive compensation, the FAO estimates that hospital spending could increase by an additional \$2.7 billion from 2022-23 to 2027-28, compared to the FAO's current spending forecast.

**New programs or expansion commitments:** The FAO's health sector spending forecast includes cost estimates for existing programs and announced expansion commitments. Any new programs or expansion commitments would result in health sector spending above the FAO's outlook.

<sup>17</sup> These wage increases are in addition to the one per cent increases previously awarded for 2020, 2021 and 2022, as mandated by Bill 124. See [Ontario Hospital Association v Ontario Nurses' Association](#), 2023 CanLII 29345; [Participating Hospitals v Ontario Nurses Association](#), 2023 CanLII 33967; and Ontario Nurses' Association Media Release, "Bill 124 Reopener Decisions Not Nearly Enough to Retain, Recruit Nurses and Health-Care Professionals in Ontario," April 28, 2023.

<sup>18</sup> The estimated cost is \$1.3 billion to 2027-28.

# 5. Federal Funding for Ontario Health Sector Spending

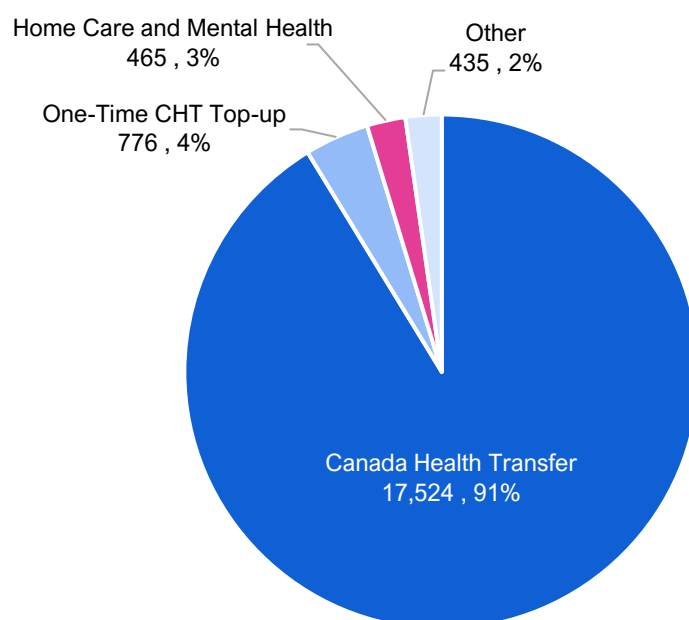
## Federal Transfers in 2022-23

The federal government supports provincial health sector spending through a number of programs and agreements, which are estimated to total \$19.2 billion in 2022-23. The largest transfer program is the Canada Health Transfer (CHT), which provided Ontario with \$17.5 billion in 2022-23. In addition, the federal government provided a one-time CHT top-up of \$776 million to Ontario in 2022-23, to support the health care system in the post-pandemic environment and alleviate existing waitlists and backlogs.

The federal government also supports provincial health sector spending through time-limited agreements, the largest of which is the Home and Community Care and Mental Health and Addictions Services Funding Agreement. This 10-year agreement will provide the Province with a total of \$4.2 billion through 2026-27, including \$465 million in 2022-23. Lastly, the federal government provides transfers directly to the Province's health institutions, largely hospitals, as well as to the Province for programs supporting various communities including Indigenous peoples, veterans and unsheltered people. In 2022-23, these transfers totalled an estimated \$435 million.

**Figure 2**

Federal health transfers to Ontario, 2022-23, \$ millions



Note: "Home Care and Mental Health" is the Home and Community Care and Mental Health and Addictions Services Funding Agreement.  
 Source: 2023 Ontario Budget, FAO analysis of information provided by the Province, and publicly available Government of Canada information.

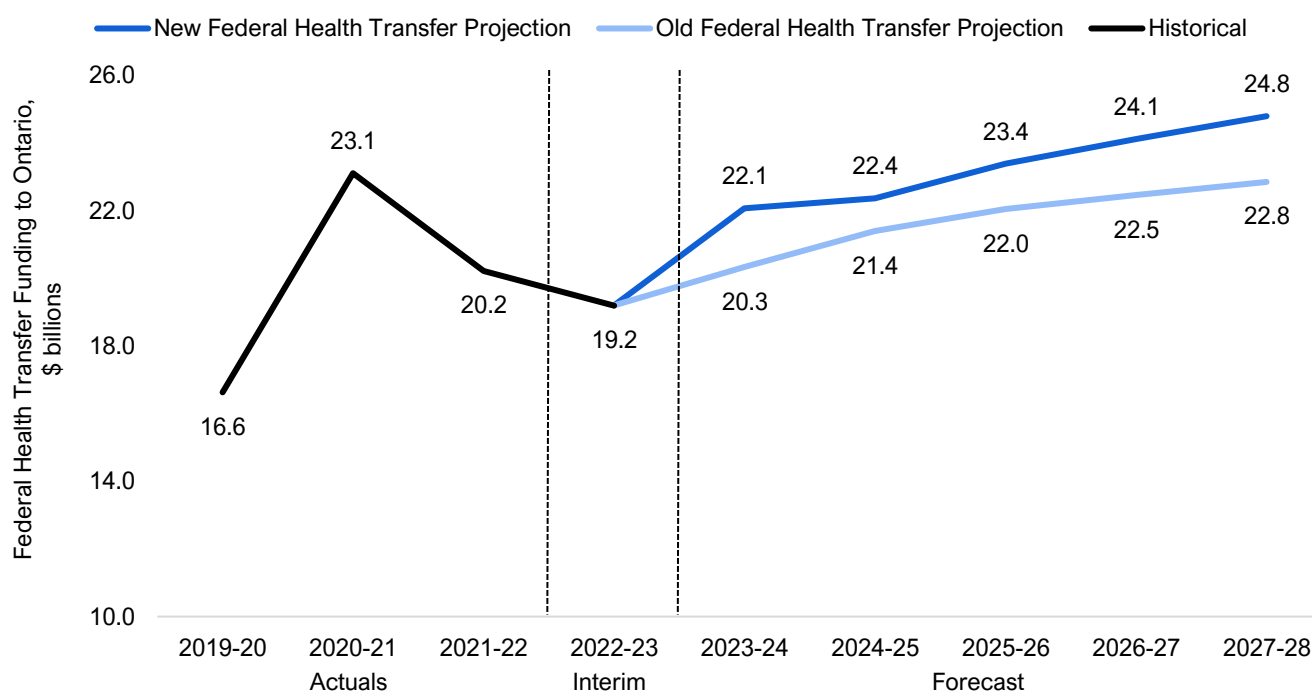
## Changes to Federal Transfers in 2023

In February 2023, Ontario reached agreements in principle with the federal government that will increase federal health transfers to the Province. Under the new agreements, the FAO estimates that the Province will receive \$7.7 billion in additional federal health funding over five years from 2023-24 to 2027-28.<sup>19</sup> These agreements in principle include:

- An increase in the CHT minimum national growth rate to five per cent per year until 2027-28. Previously, the CHT growth rate was in line with Canada's nominal GDP growth with a three per cent floor. The FAO estimates this will increase federal CHT transfers to Ontario by \$2.0 billion through 2027-28.
- A one-time national top-up to the CHT in 2023-24, which the FAO estimates will provide \$776 million to Ontario.
- A 10-year bilateral agreement to support shared health priorities, which will provide Ontario with an estimated total of \$4.2 billion from 2023-24 through 2027-28.
- A five-year agreement under the Personal Support Workers Wage Support program, which the FAO estimates will provide Ontario with a total of \$666 million through 2027-28, including \$133 million in 2023-24.<sup>20</sup>

**Figure 3**

FAO projected federal health transfers, previous arrangements vs. new agreements, \$ billions



Source: 2019-20 and 2021-22 Public Accounts of Ontario and FAO.

<sup>19</sup> Over the three-year period from 2023-24 to 2025-26, the FAO estimates that the increase in federal health transfers to the Province is \$4.1 billion.

<sup>20</sup> FAO estimate, based on Ontario's population share. As of the writing of this report, final agreement amounts have not been publicly announced.

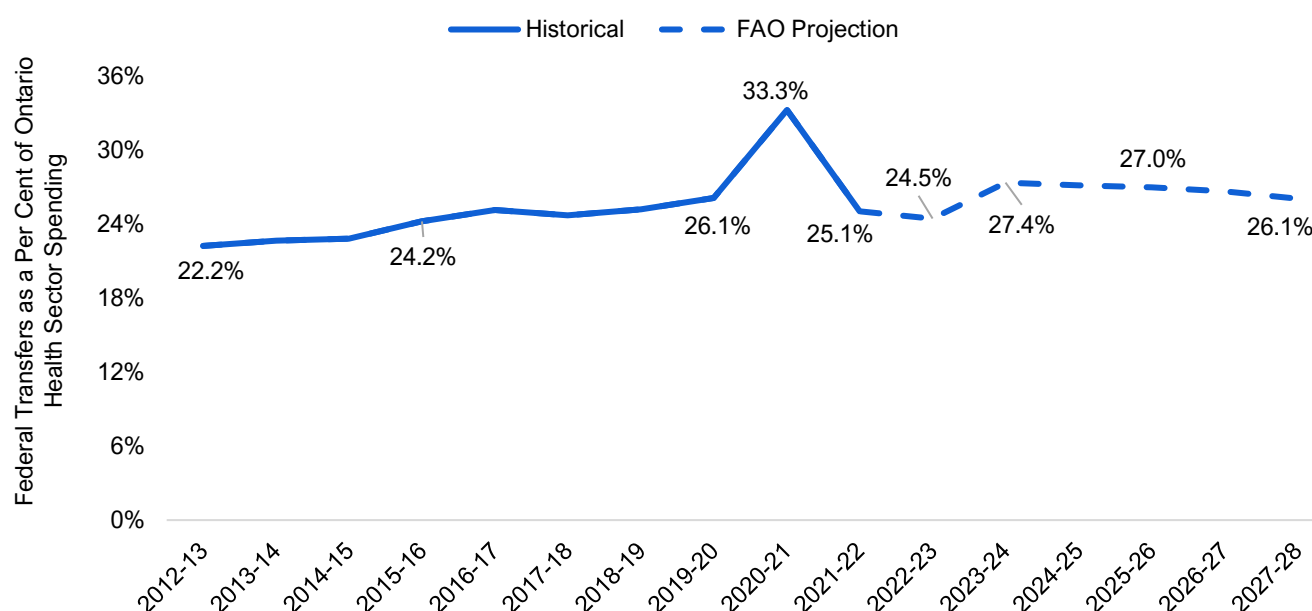
# Federal Transfers as a Share of Provincial Health Sector Spending

From 2012-13 to 2019-20, federal health transfers as a share of Ontario health sector spending increased steadily from 22.2 per cent to 26.1 per cent, as the annual growth rate of the CHT outpaced the growth rate of Ontario's health sector spending. In 2020-21, federal transfers increased to 33.3 per cent of Ontario health sector spending, due to the addition of \$6.0 billion in time-limited COVID-19-related transfers, and then fell to 25.1 per cent in 2021-22 as most of the time-limited COVID-19-related transfers expired. In 2022-23, the FAO estimates that federal health transfers equalled 24.5 per cent of the Province's total health sector spending, the lowest level since 2015-16.

Looking ahead, after accounting for the increases to federal health transfers noted above, the FAO projects that the federal share of Ontario's health sector spending will increase to 27.4 per cent in 2023-24. However, federal transfers as a share of Ontario health sector spending will then gradually decline to 26.1 per cent in 2027-28, due to the expiry of the CHT top-up funding, federal long-term care funding, and the Home and Community Care and Mental Health and Addictions Services Funding Agreement.

**Figure 4**

FAO projected federal health transfers as a proportion of Ontario health sector spending, per cent



Source: Public Accounts of Ontario, 2023 Ontario Budget, FAO analysis of information provided by the Province, and publicly available Government of Canada information.

Although the federal government increased transfers to the Province by \$7.7 billion over five years to 2027-28, the Ontario government, through the Council of the Federation, previously requested an increase in CHT funding so that federal health transfers would support 35 per cent of all annual provincial-territorial health spending.<sup>21</sup> The FAO estimates that, in 2023-24, an additional \$6.1 billion in CHT funding would be required to meet the 35 per cent target specifically for Ontario, increasing to \$8.5 billion in 2027-28. Overall, to reach the 35 per cent funding target request from 2023-24 to 2027-28, the federal government would need to provide Ontario with an additional \$35.6 billion over the five-year period.

<sup>21</sup> 2021 Ontario Budget, p. 58.

# 6. 2023-24 Expenditure Estimates Review

This chapter reviews 2023-24 requested and projected spending for the Ministries of Health and Long-Term Care, as outlined in the 2023-24 Expenditure Estimates, by program vote (Supply Bill spending), standalone legislation (statutory) spending, and other spending (consolidation and other adjustments).

## Ministry of Health

### Vote 1401 – Ministry Administration Program

The Ministry Administration Program supports the delivery of all programs and services offered by MOH. This program vote contains only one sub-program (item), Ministry Administration, which is largely for salaries, wages and employee benefits, and services;<sup>22</sup> it does not include any transfer payment programs.

Overall, the spending request for Vote 1401 is up \$13 million, or 15.5 per cent, from 2022-23 spending.

#### Vote 1401

##### Ministry Administration Program

| Item | Ministry Administration Program<br>(Vote 1401) | 2022-23<br>Spending<br>(\$ millions) | 2023-24<br>Estimates<br>(\$ millions) | 1-Year<br>Change<br>(\$ millions) | 1-Year<br>Growth<br>(%) |
|------|------------------------------------------------|--------------------------------------|---------------------------------------|-----------------------------------|-------------------------|
| 1    | <b>Ministry Administration</b>                 |                                      |                                       |                                   |                         |
|      | Salaries, Wages and Employee Benefits          | 54                                   | 56                                    | 2                                 | 3.7                     |
|      | Services                                       | 30                                   | 38                                    | 8                                 | 26.3                    |
|      | Other Spending                                 | 1                                    | 5                                     | 3                                 | 257.3                   |
|      | <b>Total Supply Vote</b>                       | <b>86</b>                            | <b>99</b>                             | <b>13</b>                         | <b>15.5</b>             |

Note: "2022-23 Spending" is unaudited spending based on the FAO's analysis of transactions recorded in the Province's Integrated Financial Information System (IFIS) as of April 25, 2023. All figures are unaudited, as final audited figures are not available until the release of the Public Accounts of Ontario, approximately six months after the end of the fiscal year.

Source: FAO analysis of information provided by Treasury Board Secretariat and the 2023-24 Expenditure Estimates.

<sup>22</sup> 'Services' includes information services, such as, advertising and communication services provided by professional agencies and advertising placed directly with the media; rental and purchased repair and maintenance of machinery, equipment, buildings, land and engineering structures; data processing services; insurance premiums; and other professional and special services.

## Vote 1402 – Health Policy and Research Program

The Health Policy and Research Program integrates research across the ministry to support legislation and policy development. This program vote includes only one sub-program (item), Health Policy and Research, which mostly consists of a transfer payment to support Clinical Education.

Overall, the spending request for Vote 1402 is up \$159 million, mostly driven by a \$148 million spending request increase for Clinical Education. This spending growth reflects increased health workforce investments through the Enhanced Extern and Supervised Practice Experience Partnership Programs.

### Vote 1402

#### Health Policy and Research Program

| Item | Health Policy and Research Program<br>(Vote 1402) | 2022-23<br>Spending<br>(\$ millions) | 2023-24<br>Estimates<br>(\$ millions) | 1-Year<br>Change<br>(\$ millions) | 1-Year<br>Growth<br>(%) |
|------|---------------------------------------------------|--------------------------------------|---------------------------------------|-----------------------------------|-------------------------|
| 1    | <b>Health Policy and Research</b>                 |                                      |                                       |                                   |                         |
|      | Clinical Education                                | 875                                  | 1,023                                 | 148                               | 17.0                    |
|      | Applied Health Evidence Program                   | 34                                   | 32                                    | -1                                | -4.2                    |
|      | Salaries, Wages and Employee Benefits             | 15                                   | 20                                    | 5                                 | 32.5                    |
|      | Services                                          | 3                                    | 10                                    | 7                                 | 215.4                   |
|      | Other Spending                                    | <1                                   | 1                                     | 1                                 | 513.8                   |
|      | <b>Total Supply Vote</b>                          | <b>927</b>                           | <b>1,086</b>                          | <b>159</b>                        | <b>17.1</b>             |

Note: "2022-23 Spending" is unaudited spending based on the FAO's analysis of transactions recorded in the Province's Integrated Financial Information System (IFIS) as of April 25, 2023. All figures are unaudited, as final audited figures are not available until the release of the Public Accounts of Ontario, approximately six months after the end of the fiscal year.

Source: FAO analysis of information provided by Treasury Board Secretariat and the 2023-24 Expenditure Estimates.

## Vote 1403 – Digital Health and Information Management Program

The Digital Health and Information Management Program supports the management of the Province's health system information and technology, as well as data on health patients and providers. This program vote contains only one sub-program (item), Digital Health and Information Management. The sub-program includes two transfer payments, the largest of which is \$149 million for Digital Health Strategy and Programs, which is up \$52 million, or 52.9 per cent, from 2022-23 spending.

### Vote 1403

#### Digital Health and Information Management Program

| Item | Digital Health and Information Management Program<br>(Vote 1403) | 2022-23<br>Spending<br>(\$ millions) | 2023-24<br>Estimates<br>(\$ millions) | 1-Year<br>Change<br>(\$ millions) | 1-Year<br>Growth<br>(%) |
|------|------------------------------------------------------------------|--------------------------------------|---------------------------------------|-----------------------------------|-------------------------|
| 1    | <b>Digital Health and Information Management</b>                 |                                      |                                       |                                   |                         |
|      | Digital Health Strategy and Programs                             | 98                                   | 149                                   | 52                                | 52.9                    |
|      | Health System Information Management                             | 25                                   | 8                                     | -16                               | -65.9                   |
|      | Salaries, Wages and Employee Benefits                            | 20                                   | 20                                    | <-1                               | -0.5                    |
|      | Services                                                         | 9                                    | 11                                    | 2                                 | 20.1                    |
|      | Other Spending                                                   | <1                                   | 1                                     | <1                                | 247.9                   |
|      | <b>Total Supply Vote</b>                                         | <b>152</b>                           | <b>189</b>                            | <b>37</b>                         | <b>24.6</b>             |

Note: "2022-23 Spending" is unaudited spending based on the FAO's analysis of transactions recorded in the Province's Integrated Financial Information System (IFIS) as of April 25, 2023. All figures are unaudited, as final audited figures are not available until the release of the Public Accounts of Ontario, approximately six months after the end of the fiscal year.

Source: FAO analysis of information provided by Treasury Board Secretariat and the 2023-24 Expenditure Estimates.

## Vote 1405 – Ontario Health Insurance Program

The Ontario Health Insurance Program includes three sub-programs (items): Ontario Health Insurance (\$18.8 billion), Drug Programs (\$5.7 billion) and the Assistive Devices Program (\$0.6 billion).

- Ontario Health Insurance (Item 1) funds coverage for approximately 6,000 health care services provided by physicians, optometrists, dental surgeons and podiatrists.<sup>23</sup>
- Drug Programs (Item 2) provides funding for Ontario's six drug benefit programs and covers about 5,000 products, including prescription drugs, diabetic test strips and nutrition products.
- The Assistive Devices Program (Item 4) provides funding for people with long-term physical disabilities to pay for equipment such as wheelchairs and hearing aids.

In total, the Vote 1405 spending request is up \$0.9 billion, or 3.8 per cent, from 2022-23 spending. Significant changes include these increases:

- The Payments made for services and for care provided by physicians and practitioners transfer payment is up \$615 million, or 3.5 per cent, in 2023-24. The increase is largely due to increases in physician fees and higher projected utilization of OHIP insured services.
- Independent Health Facilities is up \$62 million, or 106.2 per cent, in 2023-24. The increase is largely due to the Province's plan to expand the number of surgeries performed at community surgical and diagnostic centres.
- The Ontario Drug Programs transfer payment is up 3.2 percent, or \$177 million, in 2023-24. The increase is due to expected higher program utilization and drug costs.

<sup>23</sup> Ministry of Health and Long-Term Care, "Schedule of Benefits for Physician Services," June 2015.

## Vote 1405

### Ontario Health Insurance Program

| Item     | Ontario Health Insurance Program<br>(Vote 1405)                                  | 2022-23<br>Spending<br>(\$ millions) | 2023-24<br>Estimates<br>(\$ millions) | 1-Year<br>Change<br>(\$ millions) | 1-Year<br>Growth<br>(%) |
|----------|----------------------------------------------------------------------------------|--------------------------------------|---------------------------------------|-----------------------------------|-------------------------|
| <b>1</b> | <b>Ontario Health Insurance</b>                                                  |                                      |                                       |                                   |                         |
|          | Payments made for services and for care provided by physicians and practitioners | 17,586                               | 18,201                                | 615                               | 3.5                     |
|          | Independent Health Facilities                                                    | 59                                   | 121                                   | 62                                | 106.2                   |
|          | Underserved Area Plan                                                            | 31                                   | 31                                    | -1                                | -1.7                    |
|          | Northern Travel Program                                                          | 45                                   | 48                                    | 3                                 | 7.2                     |
|          | Quality Management Program – Laboratory Services                                 | 6                                    | 5                                     | -1                                | -16.5                   |
|          | Midwifery Services                                                               | 200                                  | 204                                   | 5                                 | 2.5                     |
|          | Disease Prevention Strategy                                                      | 5                                    | 3                                     | -2                                | -45.6                   |
|          | Quality Health Initiatives                                                       | 43                                   | 59                                    | 16                                | 38.2                    |
|          | Salaries, Wages and Employee Benefits                                            | 54                                   | 53                                    | <-1                               | -0.8                    |
|          | Services                                                                         | 25                                   | 23                                    | -2                                | -7.1                    |
|          | Other Spending                                                                   | 2                                    | 4                                     | 2                                 | 100.7                   |
|          | <b>Total Item</b>                                                                | <b>18,054</b>                        | <b>18,752</b>                         | <b>697</b>                        | <b>3.9</b>              |
| <b>2</b> | <b>Drug Programs</b>                                                             |                                      |                                       |                                   |                         |
|          | Ontario Drug Programs                                                            | 5,543                                | 5,720                                 | 177                               | 3.2                     |
|          | Salaries, Wages and Employee Benefits                                            | 14                                   | 13                                    | -1                                | -7.2                    |
|          | Services                                                                         | 9                                    | 13                                    | 4                                 | 45.3                    |
|          | Other Spending                                                                   | <1                                   | 1                                     | <1                                | 96.6                    |
|          | <b>Total Item</b>                                                                | <b>5,566</b>                         | <b>5,747</b>                          | <b>181</b>                        | <b>3.2</b>              |
| <b>4</b> | <b>Assistive Devices Program</b>                                                 |                                      |                                       |                                   |                         |
|          | Assistive Devices and Supplies Program                                           | 527                                  | 570                                   | 43                                | 8.2                     |
|          | Salaries, Wages and Employee Benefits                                            | 3                                    | 4                                     | 1                                 | 17.6                    |
|          | Services                                                                         | 2                                    | 1                                     | -1                                | -38.8                   |
|          | Other Spending                                                                   | <1                                   | 1                                     | <1                                | 139.4                   |
|          | <b>Total Item</b>                                                                | <b>531</b>                           | <b>575</b>                            | <b>44</b>                         | <b>8.2</b>              |
|          | <b>Total Supply Vote</b>                                                         | <b>24,152</b>                        | <b>25,074</b>                         | <b>922</b>                        | <b>3.8</b>              |

Note: "2022-23 Spending" is unaudited spending based on the FAO's analysis of transactions recorded in the Province's Integrated Financial Information System (IFIS) as of April 25, 2023. All figures are unaudited, as final audited figures are not available until the release of the Public Accounts of Ontario, approximately six months after the end of the fiscal year.

Source: FAO analysis of information provided by Treasury Board Secretariat and the 2023-24 Expenditure Estimates.

## Vote 1406 – Population and Public Health Program

The Population and Public Health Program includes seven transfer payments under one item to support various health initiatives and programs. For 2023-24, the largest transfer payment is \$0.9 billion for Official Local Health Agencies (largely for Public Health Units), which is \$129 million, or 12.1 per cent, lower than last year's spending. The second largest transfer payment is \$0.4 billion for Outbreaks of Diseases, which is \$155 million, or 53.7 per cent, higher than last year's spending, reflecting funding for the COVID-19 vaccine program that was previously spent under the COVID-19 Response program.

Overall, the spending request for Vote 1406 is \$778 million, or 31.0 per cent, lower than 2022-23 spending, largely due to the end of the COVID-19 Response program. In 2022-23, spending on the COVID-19 Response program was \$741 million, while there is no planned spending for 2023-24.

### Vote 1406

#### Population and Public Health Program

| Item     | Population and Public Health Program<br>(Vote 1406) | 2022-23<br>Spending<br>(\$ millions) | 2023-24<br>Estimates<br>(\$ millions) | 1-Year<br>Change<br>(\$ millions) | 1-Year<br>Growth<br>(%) |
|----------|-----------------------------------------------------|--------------------------------------|---------------------------------------|-----------------------------------|-------------------------|
| <b>4</b> | <b>Population and Public Health</b>                 |                                      |                                       |                                   |                         |
|          | Official Local Health Agencies                      | 1,069                                | 939                                   | -129                              | -12.1                   |
|          | Outbreaks of Diseases                               | 289                                  | 445                                   | 155                               | 53.7                    |
|          | Tuberculosis Prevention                             | 10                                   | 9                                     | -1                                | -12.9                   |
|          | Sexually Transmitted Disease Control                | 2                                    | 2                                     | 0                                 | 29.5                    |
|          | Ontario Agency for Health Protection and Promotion  | 209                                  | 207                                   | -2                                | -1.2                    |
|          | Prevent Disease, Injury and Addiction               | 55                                   | 64                                    | 9                                 | 17.0                    |
|          | Smoke-Free Ontario                                  | 13                                   | 19                                    | 5                                 | 41.3                    |
|          | COVID-19 Response                                   | 741                                  | 0                                     | -741                              |                         |
|          | Salaries, Wages and Employee Benefits               | 26                                   | 19                                    | -7                                | -28.5                   |
|          | Services                                            | 93                                   | 26                                    | -67                               | -71.9                   |
|          | Other Spending                                      | 3                                    | 2                                     | -1                                | -35.4                   |
|          | <b>Total Supply Vote</b>                            | <b>2,510</b>                         | <b>1,732</b>                          | <b>-778</b>                       | <b>-31.0</b>            |

Note: "2022-23 Spending" is unaudited spending based on the FAO's analysis of transactions recorded in the Province's Integrated Financial Information System (IFIS) as of April 25, 2023. All figures are unaudited, as final audited figures are not available until the release of the Public Accounts of Ontario, approximately six months after the end of the fiscal year.

Source: FAO analysis of information provided by Treasury Board Secretariat and the 2023-24 Expenditure Estimates.

## Vote 1407 – Health Capital Program

The Health Capital Program provides capital funding to health care facilities, including public hospitals, integrated health facilities and community sector health service providers. This program vote includes seven transfer payments, the largest of which is \$2.0 billion for Major Hospital Projects.

Overall, the spending request for Vote 1407 is \$1.0 billion, or 78.2 per cent, higher than 2022-23 spending. The spending request for Major Hospital Projects is \$1.1 billion, or 116.0 per cent, higher than 2022-23 spending. This request is partially offset by reduced funding for Small Hospital Projects, which is down \$39 million, or 49.3 per cent, as well as reduced funding for Community Health Programs, which is down \$35 million, or 33.9 per cent.

### Vote 1407

#### Health Capital Program

| Item | Health Capital Program<br>(Vote 1407) | 2022-23<br>Spending<br>(\$ millions) | 2023-24<br>Estimates<br>(\$ millions) | 1-Year<br>Change<br>(\$ millions) | 1-Year<br>Growth<br>(%) |
|------|---------------------------------------|--------------------------------------|---------------------------------------|-----------------------------------|-------------------------|
| 1    | <b>Health Capital</b>                 |                                      |                                       |                                   |                         |
|      | Major Hospital Projects               | 910                                  | 1,965                                 | 1,055                             | 116.0                   |
|      | Health Infrastructure Renewal Fund    | 181                                  | 200                                   | 19                                | 10.4                    |
|      | Small Hospital Projects               | 79                                   | 40                                    | -39                               | -49.3                   |
|      | Medical and Diagnostic Equipment Fund | 35                                   | 41                                    | 6                                 | 17.7                    |
|      | Community Health Programs             | 103                                  | 68                                    | -35                               | -33.9                   |
|      | Public Health Laboratories            | 4                                    | 5                                     | 1                                 | 15.4                    |
|      | Integrated Health Facility Programs   | 2                                    | 20                                    | 18                                | 1,129.6                 |
|      | Other Spending                        | 1                                    | 2                                     | 2                                 | 190.5                   |
|      | <b>Total Supply Vote</b>              | <b>1,314</b>                         | <b>2,341</b>                          | <b>1,027</b>                      | <b>78.2</b>             |

Note: "2022-23 Spending" is unaudited spending based on the FAO's analysis of transactions recorded in the Province's Integrated Financial Information System (IFIS) as of April 25, 2023. All figures are unaudited, as final audited figures are not available until the release of the Public Accounts of Ontario, approximately six months after the end of the fiscal year.

Source: FAO analysis of information provided by Treasury Board Secretariat and the 2023-24 Expenditure Estimates.

## Vote 1412 – Provincial Programs and Stewardship

The Provincial Programs and Stewardship program includes three sub-programs (items): Provincial Programs (\$1.5 billion), Emergency Health Services (\$1.3 billion) and Stewardship (less than \$0.1 billion). Provincial Programs includes four transfer payments that support various initiatives, the largest of which is \$721 million for Canadian Blood Services. Emergency Health Services includes three transfer payments that support ambulance services. Stewardship does not include any transfer payments.

Overall, the spending request for Vote 1412 is \$94 million, or 3.4 per cent, higher than 2022-23 spending, largely due to higher planned spending for Canadian Blood Services (up \$63 million, 9.5 per cent), Community and Priority Services (up \$39 million, 6.2 per cent) and Air Ambulance (up \$30 million, 12.8 per cent), offset by lower planned spending for Payments for Ambulance and related Emergency Services: Municipal Ambulance (down \$21 million, 2.2 per cent).

### Vote 1412

#### Provincial Programs and Stewardship

| Item     | Provincial Programs and Stewardship<br>(Vote 1412)                                                               | 2022-23<br>Spending<br>(\$ millions) | 2023-24<br>Estimates<br>(\$ millions) | 1-Year<br>Change<br>(\$ millions) | 1-Year<br>Growth<br>(%) |
|----------|------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------|-----------------------------------|-------------------------|
| <b>1</b> | <b>Provincial Programs</b>                                                                                       |                                      |                                       |                                   |                         |
|          | Operation of Related Facilities                                                                                  | 21                                   | 20                                    |                                   | -5.2                    |
|          | Canadian Blood Services                                                                                          | 658                                  | 721                                   | 63                                | 9.5                     |
|          | HIV/AIDS and Hepatitis C Programs                                                                                | 107                                  | 105                                   | -2                                | -1.8                    |
|          | Community and Priority Services                                                                                  | 620                                  | 658                                   | 39                                | 6.2                     |
|          | Healthy Homes Renovation Tax Credit                                                                              | <1                                   | 0                                     | <-1                               | -100.0                  |
|          | <b>Total Item</b>                                                                                                | <b>1,405</b>                         | <b>1,503</b>                          | <b>98</b>                         | <b>7.0</b>              |
| <b>2</b> | <b>Emergency Health Services</b>                                                                                 |                                      |                                       |                                   |                         |
|          | Payments for Ambulance and related Emergency Services: Municipal Ambulance                                       | 932                                  | 912                                   | -21                               | -2.2                    |
|          | Payments for Ambulance and related Emergency Services: Other Ambulance Operations and Related Emergency Services | 82                                   | 78                                    | -4                                | -4.6                    |
|          | Air Ambulance                                                                                                    | 232                                  | 262                                   | 30                                | 12.8                    |
|          | Salaries, Wages and Employee Benefits                                                                            | 68                                   | 57                                    | -10                               | -15.2                   |
|          | Services                                                                                                         | 10                                   | 10                                    | <1                                | 2.2                     |
|          | Other Spending                                                                                                   | 4                                    | 3                                     | -1                                | -13.7                   |
|          | <b>Total Item</b>                                                                                                | <b>1,328</b>                         | <b>1,323</b>                          | <b>-5</b>                         | <b>-0.4</b>             |
| <b>4</b> | <b>Stewardship</b>                                                                                               |                                      |                                       |                                   |                         |
|          | Salaries, Wages and Employee Benefits                                                                            | 40                                   | 38                                    | -2                                | -4.4                    |
|          | Services                                                                                                         | 6                                    | 7                                     | <1                                | 2.7                     |
|          | Other Spending                                                                                                   | <1                                   | 3                                     | 3                                 | 1,283.3                 |
|          | <b>Total Item</b>                                                                                                | <b>47</b>                            | <b>48</b>                             | <b>1</b>                          | <b>2.0</b>              |
|          | <b>Total Supply Vote</b>                                                                                         | <b>2,780</b>                         | <b>2,874</b>                          | <b>94</b>                         | <b>3.4</b>              |

Note: "2022-23 Spending" is unaudited spending based on the FAO's analysis of transactions recorded in the Province's Integrated Financial Information System (IFIS) as of April 25, 2023. All figures are unaudited, as final audited figures are not available until the release of the Public Accounts of Ontario, approximately six months after the end of the fiscal year.

Source: FAO analysis of information provided by Treasury Board Secretariat and the 2023-24 Expenditure Estimates.

## Vote 1413 – Information Systems

The Information Systems program provides digital services to support MOH and MLTC programs. This program vote contains no transfer payments.

Overall, the spending request for Vote 1413 is \$24 million, or 9.7 per cent, lower than 2022-23 spending.

### Vote 1413

#### Information Systems

| Item | Information Systems<br>(Vote 1413)                      | 2022-23<br>Spending<br>(\$ millions) | 2023-24<br>Estimates<br>(\$ millions) | 1-Year<br>Change<br>(\$ millions) | 1-Year<br>Growth<br>(%) |
|------|---------------------------------------------------------|--------------------------------------|---------------------------------------|-----------------------------------|-------------------------|
| 1    | <b>Information Technology Services – Health Cluster</b> |                                      |                                       |                                   |                         |
|      | Salaries, Wages and Employee Benefits                   | 54                                   | 60                                    | 6                                 | 10.6                    |
|      | Services                                                | 187                                  | 157                                   | -31                               | -16.4                   |
|      | Other Spending                                          | 4                                    | 5                                     | 1                                 | 24.5                    |
|      | <b>Total Supply Vote</b>                                | <b>246</b>                           | <b>222</b>                            | <b>-24</b>                        | <b>-9.7</b>             |

Note: "2022-23 Spending" is unaudited spending based on the FAO's analysis of transactions recorded in the Province's Integrated Financial Information System (IFIS) as of April 25, 2023. All figures are unaudited, as final audited figures are not available until the release of the Public Accounts of Ontario, approximately six months after the end of the fiscal year.

Source: FAO analysis of information provided by Treasury Board Secretariat and the 2023-24 Expenditure Estimates.

## Vote 1416 – Health Services and Programs

Health Services and Programs includes three sub-programs (items): Health Services (\$31.6 billion), Programs and Administration (\$3.0 billion) and Digital Health Capital (less than \$0.1 billion). The Health Services item includes three sub-items: Hospitals (\$23.8 billion), which consists mostly of a transfer payment to fund hospital operations; Community (\$5.8 billion), which includes five transfer payments that support home and community care programs; and Mental Health and Addictions (\$2.0 billion).

Overall, the spending request for Vote 1416 is up \$0.5 billion, or 1.4 per cent, from 2022-23 spending. The following transfer payments from Vote 1416 have the largest planned spending increases in 2023-24 compared to 2022-23:

- Home Care – up \$518 million, or 14.4 per cent. This reflects the Province's planned investments to increase home care service levels and service provider contract rates.
- Operation of Hospitals – up \$180 million, or 0.8 per cent.
- Community Mental Health – up \$164 million, or 15.6 per cent.

The following transfer payments from Vote 1416 have the largest planned spending decreases in 2023-24 compared to 2022-23:

- Digital Health – down \$83 million, or 18.4 per cent.
- Regional Coordination Operations Support – down \$65 million, or 22.3 per cent.
- Assisted Living Services in Supportive Housing – down \$65 million, or 15.6 per cent.
- Cancer Treatment and Renal Services – down \$58 million, or 2.5 per cent. In 2023-24 this transfer payment is captured separately in the Cancer Treatment Services and Renal Services transfer payments.
- Specialty Psychiatric Hospitals – down \$52 million, or 6.4 per cent.

## Vote 1416

### Health Services and Programs

| Item     | Health Services and Programs<br>(Vote 1416)                                      | 2022-23<br>Spending<br>(\$millions) | 2023-24<br>Estimates<br>(\$ millions) | 1-Year<br>Change<br>(\$ millions) | 1-Year<br>Growth<br>(%) |
|----------|----------------------------------------------------------------------------------|-------------------------------------|---------------------------------------|-----------------------------------|-------------------------|
| <b>1</b> | <b>Health Services</b>                                                           |                                     |                                       |                                   |                         |
|          | <b>Sub-Item: Hospitals</b>                                                       |                                     |                                       |                                   |                         |
|          | Operation of Hospitals                                                           | 22,831                              | 23,010                                | 180                               | 0.8                     |
|          | Grants to Compensate for Municipal<br>Taxation – Hospitals                       | 4                                   | 4                                     | <1                                | 4.7                     |
|          | Specialty Psychiatric Hospitals                                                  | 811                                 | 759                                   | -52                               | -6.4                    |
|          | Grants to Compensate for Municipal<br>Taxation – Specialty Psychiatric Hospitals | <1                                  | <1                                    | <1                                | 31.4                    |
|          | <b>Sub-Item: Community</b>                                                       |                                     |                                       |                                   |                         |
|          | Home Care                                                                        | 3,594                               | 4,112                                 | 518                               | 14.4                    |
|          | Community Support Services                                                       | 804                                 | 805                                   | 1                                 | 0.1                     |
|          | Assistive Living Services in Supportive<br>Housing                               | 421                                 | 355                                   | -65                               | -15.6                   |
|          | Community Health Centres                                                         | 525                                 | 488                                   | -37                               | -7.0                    |
|          | Acquired Brain Injury                                                            | 73                                  | 66                                    | -7                                | -10.0                   |
|          | <b>Sub-Item: Mental Health and Addictions</b>                                    |                                     |                                       |                                   |                         |
|          | Community Mental Health                                                          | 1,055                               | 1,219                                 | 164                               | 15.6                    |
|          | Addiction Program                                                                | 337                                 | 346                                   | 9                                 | 2.7                     |
|          | Child and Youth Mental Health                                                    | 491                                 | 485                                   | -6                                | -1.2                    |
|          | <b>Total Item</b>                                                                | <b>30,944</b>                       | <b>31,649</b>                         | <b>705</b>                        | <b>2.3</b>              |
| <b>2</b> | <b>Programs and Administration</b>                                               |                                     |                                       |                                   |                         |
|          | Digital Health                                                                   | 449                                 | 366                                   | -83                               | -18.4                   |
|          | Health Quality Programs                                                          | 33                                  | 32                                    | -1                                | -3.4                    |
|          | Regional Coordination Operations<br>Support                                      | 290                                 | 226                                   | -65                               | -22.3                   |
|          | Cancer Treatment and Renal Services                                              | 2,284                               | 0                                     | -2,284                            |                         |
|          | Cancer Treatment Services                                                        | 0                                   | 1,499                                 | 1,499                             |                         |
|          | Renal Services                                                                   | 0                                   | 727                                   | 727                               |                         |
|          | Organ and Tissue Donation and<br>Transplantation Services                        | 67                                  | 75                                    | 8                                 | 11.2                    |
|          | Cancer Screening Programs                                                        | 82                                  | 91                                    | 9                                 | 11.1                    |
|          | Health Workforce Programs                                                        | 15                                  | 6                                     | -9                                | -61.2                   |
|          | <b>Total Item</b>                                                                | <b>3,220</b>                        | <b>3,022</b>                          | <b>-198</b>                       | <b>-6.1</b>             |
| <b>3</b> | <b>Digital Health Capital</b>                                                    |                                     |                                       |                                   |                         |
|          | Digital Health Capital                                                           | 28                                  | 5                                     | -23                               | -81.7                   |
|          | <b>Total Item</b>                                                                | <b>28</b>                           | <b>5</b>                              | <b>-23</b>                        | <b>-81.7</b>            |
|          | <b>Total Supply Vote</b>                                                         | <b>34,192</b>                       | <b>34,676</b>                         | <b>484</b>                        | <b>1.4</b>              |

Note: "2022-23 Spending" is unaudited spending based on the FAO's analysis of transactions recorded in the Province's Integrated Financial Information System (IFIS) as of April 25, 2023. All figures are unaudited, as final audited figures are not available until the release of the Public Accounts of Ontario, approximately six months after the end of the fiscal year.

Source: FAO analysis of information provided by Treasury Board Secretariat and the 2023-24 Expenditure Estimates.

## Standalone Legislation (Statutory) Spending (MOH and MLTC)

In 2023-24, planned spending by standalone legislation (i.e., spending authorized by legislation other than the Supply Bill) primarily consists of personal protective equipment (PPE) expenses (\$292 million under Supplies and Equipment for planned disbursements and \$105 million for Inventory Write-offs), as well as \$17 million for amortization expenses. As the PPE expenses were not recorded last year,<sup>24</sup> overall standalone legislation spending is expected to be \$413 million higher in 2023-24 compared to 2022-23.

### Standalone Legislation (Statutory) Spending

| Standalone Legislation (Statutory) Spending | 2022-23<br>Spending<br>(\$ millions) | 2023-24<br>Estimates<br>(\$ millions) | 1-Year<br>Change<br>(\$ millions) | 1-Year<br>Growth<br>(%) |
|---------------------------------------------|--------------------------------------|---------------------------------------|-----------------------------------|-------------------------|
| Amortization                                | 16                                   | 17                                    | 1                                 | 3.9                     |
| Bad Debt Expense                            | <1                                   | <1                                    | <1                                | 134.3                   |
| Inventory Write-off                         | 0                                    | 105                                   | 105                               |                         |
| Salaries                                    | <1                                   | <1                                    | <1                                | 41.6                    |
| Supplies and Equipment                      | -15                                  | 292                                   | 307                               |                         |
| <b>Total Statutory Spending</b>             | <b>1</b>                             | <b>414</b>                            | <b>413</b>                        |                         |

Note: "2022-23 Spending" is unaudited spending based on the FAO's analysis of transactions recorded in the Province's Integrated Financial Information System (IFIS) as of April 25, 2023. All figures are unaudited, as final audited figures are not available until the release of the Public Accounts of Ontario, approximately six months after the end of the fiscal year. Includes \$16,667 and \$314,014 in Ministry of Long-Term Care statutory spending in 2022-23 and 2023-24, respectively.

Source: FAO analysis of information provided by Treasury Board Secretariat and the 2023-24 Expenditure Estimates.

## Other Spending

The financial results of organizations controlled by the Province, including hospitals and certain provincial agencies, are consolidated into the financial results of the Province. Adjustments are made through 'other spending' to account for spending by hospitals and agencies from sources other than transfer payments from the Province. Net capital adjustments are also made to reflect amortization expense, largely for hospital infrastructure.

Other spending (operating) is projected to increase by \$693 million, or 8.1 per cent, versus 2022-23 interim spending, largely due to a planned \$638 million (14.5 per cent) increase for Ontario Health. The increase in planned spending for Ontario Health is largely due to higher payments to long-term care home operators made by the Ministry of Long-Term Care that are recorded on the financial statements of Ontario Health and consolidated by the Ministry of Health.

Other spending (capital) is projected to decrease by \$946 million, or 109.8 per cent, compared to 2022-23 interim spending, largely because of a decrease in the hospitals capital consolidation adjustment.

<sup>24</sup> 2022-23 spending may be adjusted as part of the 2022-23 Public Accounts of Ontario.

## Other Spending

| Other Spending                                     | 2022-23<br>Interim<br>Spending<br>(\$ millions) | 2023-24<br>Estimates<br>(\$ millions) | 1-Year<br>Change<br>(\$ millions) | 1-Year<br>Growth<br>(%) |
|----------------------------------------------------|-------------------------------------------------|---------------------------------------|-----------------------------------|-------------------------|
| <b>Operating</b>                                   |                                                 |                                       |                                   |                         |
| Hospitals                                          | 4,234                                           | 4,279                                 | 45                                | 1.1                     |
| Home and Community Care Support Services           | 18                                              | 18                                    | <1                                | 0.8                     |
| ORNGE                                              | -19                                             | -22                                   | -3                                | -14.2                   |
| Funding to Colleges                                | -14                                             | -7                                    | 7                                 | 48.9                    |
| Ontario Agency for Health Protection and Promotion | -28                                             | -23                                   | 5                                 | 19.4                    |
| Ontario Health                                     | 4,385                                           | 5,023                                 | 638                               | 14.5                    |
| General Real Estate Portfolio                      | -8                                              | -7                                    | 1                                 | 15.7                    |
| Children Aid Societies                             | -23                                             | -23                                   | 0                                 | 0.0                     |
| <b>Total Operating</b>                             | <b>8,544</b>                                    | <b>9,238</b>                          | <b>693</b>                        | <b>8.1</b>              |
| <b>Capital</b>                                     |                                                 |                                       |                                   |                         |
| Hospitals                                          | 825                                             | -116                                  | -941                              | -114.1                  |
| Home and Community Care Support Services           | 2                                               | 2                                     | <-1                               | -21.7                   |
| ORNGE                                              | 14                                              | 18                                    | 4                                 | 29.0                    |
| Ontario Agency for Health Protection and Promotion | 12                                              | 8                                     | -5                                | -39.0                   |
| Ontario Health                                     | 9                                               | 6                                     | -3                                | -31.1                   |
| General Real Estate Portfolio                      | -1                                              | -1                                    | <-1                               | -23.3                   |
| <b>Total Capital</b>                               | <b>861</b>                                      | <b>-85</b>                            | <b>-946</b>                       | <b>-109.8</b>           |
| <b>Total Other Spending</b>                        | <b>9,406</b>                                    | <b>9,153</b>                          | <b>-252</b>                       | <b>-2.7</b>             |

Note: "2022-23 Interim Spending" for Hospitals operating and capital are FAO estimates, the remaining values are from the 2023 Ontario Budget. Source: FAO analysis of information provided by Treasury Board Secretariat, the 2023 Ontario Budget and the 2023-24 Expenditure Estimates.

# Ministry of Long-Term Care

## Vote 4501 – Ministry Administration Program

The Ministry Administration Program supports the delivery of all programs and services offered by MLTC. Vote 4501 includes only one sub-program (item), Ministry Administration, with spending largely for salaries, wages and employee benefits. Vote 4501 does not include any transfer payment programs. The overall spending request is up less than \$0.1 million, or 1.2 per cent, from 2022-23 spending.

### Vote 4501

#### Ministry Administration Program

| Item | Ministry Administration Program<br>(Vote 4501) | 2022-23<br>Spending<br>(\$ millions) | 2023-24<br>Estimates<br>(\$ millions) | 1-Year<br>Change<br>(\$ millions) | 1-Year<br>Growth<br>(%) |
|------|------------------------------------------------|--------------------------------------|---------------------------------------|-----------------------------------|-------------------------|
| 1    | <b>Ministry Administration</b>                 |                                      |                                       |                                   |                         |
|      | Salaries, Wages and Employee Benefits          | 6                                    | 6                                     | <-1                               | -5.9                    |
|      | Services                                       | 1                                    | 1                                     | <1                                | 64.7                    |
|      | Other Spending                                 | 0                                    | 0                                     | <1                                | 72.3                    |
|      | <b>Total Supply Vote</b>                       | <b>7</b>                             | <b>7</b>                              | <b>&lt;1</b>                      | <b>1.2</b>              |

Note: "2022-23 Spending" is unaudited spending based on the FAO's analysis of transactions recorded in the Province's Integrated Financial Information System (IFIS) as of April 25, 2023. All figures are unaudited, as final audited figures are not available until the release of the Public Accounts of Ontario, approximately six months after the end of the fiscal year.

Source: FAO analysis of information provided by Treasury Board Secretariat and the 2023-24 Expenditure Estimates.

## Vote 4502 – Long-Term Care Homes Program

The Long-Term Care Homes Program includes two sub-programs (items): Long-Term Care Homes Program (operating, \$8.3 billion) and Long-Term Care Program (capital, less than \$0.1 billion). Overall, the spending request for Vote 4502 is up \$1.1 billion, or 15.2 per cent, from 2022-23 spending. This reflects the Province's commitments to build new and redevelop existing long-term care beds, and increase direct care hours provided to long-term care residents.

- The spending request for the Long-Term Care Homes Program (Operating) (Item 1) is up \$1.1 billion, or 14.9 per cent, from 2022-23 spending. Note: as was the case in 2022-23, planned 2023-24 spending of \$773 million by the Long-Term Care Homes – Development transfer payment will ultimately be recorded as actual spending by the Long-Term Care Homes – Operations transfer payment.
- The spending request for the Long-Term Care Program (Capital) (Item 2) is up \$32 million, or 62.4 per cent, from 2022-23 spending.

### Vote 4502

#### Long-Term Care Homes Program

| Item     | Long-Term Care Homes Program (Vote 4502)        | 2022-23 Spending (\$ millions) | 2023-24 Estimates (\$ millions) | 1-Year Change (\$ millions) | 1-Year Growth (%) |
|----------|-------------------------------------------------|--------------------------------|---------------------------------|-----------------------------|-------------------|
| <b>1</b> | <b>Long-Term Care Homes Program (Operating)</b> |                                |                                 |                             |                   |
|          | Long-Term Care Homes - Development              | 0                              | 773                             | 773                         |                   |
|          | Long-Term Care Homes - Operations               | 7,146                          | 7,438                           | 293                         | 4.1               |
|          | Salaries, Wages and Employee Benefits           | 54                             | 65                              | 11                          | 20.8              |
|          | Services                                        | 18                             | 12                              | -6                          | -33.5             |
|          | Other Spending                                  | 2                              | 3                               | 1                           | 80.1              |
|          | <b>Total Item</b>                               | <b>7,220</b>                   | <b>8,292</b>                    | <b>1,073</b>                | <b>14.9</b>       |
| <b>2</b> | <b>Long-Term Care Program (Capital)</b>         |                                |                                 |                             |                   |
|          | Long-Term Care Homes capital                    | 52                             | 84                              | 32                          | 62.4              |
|          | <b>Total Item</b>                               | <b>52</b>                      | <b>84</b>                       | <b>32</b>                   | <b>62.4</b>       |
|          | <b>Total Supply Vote</b>                        | <b>7,271</b>                   | <b>8,376</b>                    | <b>1,105</b>                | <b>15.2</b>       |

Note: "2022-23 Spending" is unaudited spending based on the FAO's analysis of transactions recorded in the Province's Integrated Financial Information System (IFIS) as of April 25, 2023. All figures are unaudited, as final audited figures are not available until the release of the Public Accounts of Ontario, approximately six months after the end of the fiscal year.

Source: FAO analysis of information provided by Treasury Board Secretariat and the 2023-24 Expenditure Estimates.

## Other Spending

The financial results of organizations controlled by the Province, including hospitals and certain provincial agencies, are consolidated into the financial results of the Province. In the case of the Ministry of Long-Term Care, a significant portion of the ministry's spending is recorded as expenses on the financial statements of Ontario Health and with hospitals. Accordingly, negative adjustments are recorded as 'other spending' with MLTC and corresponding positive adjustments are recorded as 'other spending' with the Ministry of Health.

For 2023-24, the ministry plans to make a \$5.0 billion negative 'other spending' adjustment to account for planned payments to long-term care home operators that will be recorded as expenses on the financial statements of Ontario Health. This negative adjustment is \$633 million larger compared to 2022-23.

The ministry also plans to make negative 'other spending' adjustments to reflect planned payments made by the ministry that will be recorded as spending in the hospitals program area. For 2023-24, there are planned negative adjustments of \$162 million for hospitals operating and \$84 million for hospitals capital.

### Other Spending

| Other Spending              | 2022-23<br>Interim<br>Spending<br>(\$ millions) | 2023-24<br>Estimates<br>(\$ millions) | 1-Year<br>Change<br>(\$ millions) | 1-Year<br>Growth<br>(%) |
|-----------------------------|-------------------------------------------------|---------------------------------------|-----------------------------------|-------------------------|
| <b>Operating</b>            |                                                 |                                       |                                   |                         |
| Ontario Health              | -4,355                                          | -4,988                                | -633                              | -14.5                   |
| Hospitals                   | -137                                            | -162                                  | -25                               | -18.3                   |
| <b>Total Operating</b>      | <b>-4,492</b>                                   | <b>-5,150</b>                         | <b>-658</b>                       | <b>-14.7</b>            |
| <b>Capital</b>              |                                                 |                                       |                                   |                         |
| Hospitals                   | -52                                             | -84                                   | -32                               | -62.4                   |
| <b>Total Capital</b>        | <b>-52</b>                                      | <b>-84</b>                            | <b>-32</b>                        | <b>-62.4</b>            |
| <b>Total Other Spending</b> | <b>-4,544</b>                                   | <b>-5,234</b>                         | <b>-690</b>                       | <b>-15.2</b>            |

Note: "2022-23 Interim Spending" is from the 2023 Ontario Budget.

Source: FAO analysis of information provided by Treasury Board Secretariat, the 2023 Ontario Budget and the 2023-24 Expenditure Estimates.