

Clause 5 in Report No. 7 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on April 19, 2018.

5

Hospital Capital Funding for 2018

Committee of the Whole recommends adoption of the following recommendation contained in the report dated February 20, 2018 from the Commissioner of Finance:

1. Council receive this report for information.
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Report dated March 27, 2018 from the Commissioner of Finance now follows:

1. Recommendations

It is recommended that Council receive this report for information.

2. Purpose

This report updates Council on the allocation of the approved budgeted 2018 contribution of \$14.675 million to the participating hospitals. The allocation is in accordance with the 2009 Hospital Capital Funding Memorandum of Understanding (MOU) between the Regional Municipality of York and four hospitals, as outlined in Table 5 of this report.

3. Background and Previous Council Direction

York Region has a long history of contributing to the capital costs of hospital expansion

Municipal contributions to capital costs for hospital expansions started prior to the formation of The Regional Municipality of York. Before 2000, York Region contributed a total of \$51 million to hospitals for expansions. Regional Council provided additional support totalling \$62.4 million from 2001 to 2009.

The Province funds up to 90 percent of eligible costs, which primarily consist of the “bricks and mortar” for hospital construction. The remaining 10 per cent of eligible

costs are funded by the local share from “community sources,” including York Region, the hospital and the hospital’s charitable foundation.

Once eligible costs and ineligible costs are accounted for, the provincial share accounts for approximately 65 to 75 per cent of the total cost of constructing a new hospital. The local share accounts for approximately 25 to 35 per cent.

In 2009, York Region entered into a Memorandum of Understanding with local hospitals to provide \$272 million of capital funding by 2031

On [October 22, 2009](#), Council authorized the Chairman and the Chief Administrative Officer to execute a memorandum of understanding with the hospitals, and it was signed by all parties on November 19, 2009.

The MOU states that \$272 million of capital funding for hospitals will be set aside through annual Regional contributions to a Hospital Financing Reserve between 2009 and 2031 (Table 1). The annual Regional contributions are subject to adjustments for assessment growth and a provision for meeting off-load delay targets, as discussed in the next section.

**Table 1**  
**Capital Contributions to Hospitals**  
(in 2009 dollars)

<b>Hospital</b>	<b>% Share</b>	<b>2009-2031 Total* (\$ Millions)</b>
Markham Stouffville Hospital Corporation	27.1%	73.71
Southlake Regional Health Centre	14.3%	38.90
Mackenzie Richmond Hill Hospital	13.6%	36.99
Mackenzie Vaughan Hospital	45.0%	122.40
<b>Total</b>	<b>100.0%</b>	<b>272.00</b>

\*Does not include annual adjustments for changes in assessment growth or potential reductions due to off-load delays.

#### 4. Analysis and Implications

Regional contributions are increased annually by assessment growth

The Memorandum of Understanding called for the Region to set aside \$8 million in 2009 and \$12 million annually thereafter until 2031 (Attachment 1).

The MOU contains a provision that adjusts the Region’s annual Hospital Financing Reserve contribution by the rate of change in its prior year’s assessment growth. Assuming the Region’s annual assessment growth will be 1.5 per cent from 2018 onwards, the total cumulative Regional contribution to the Hospital Financing Reserve through to 2031 would be approximately \$342 million (Table 2 and Attachment 2).

**Table 2**  
**Potential Capital Contributions to Hospitals from 2009 to 2031**  
**(\$ Millions)**

<b>Hospital</b>	<b>2009-2031 Total* (\$ Millions)</b>
Markham Stouffville Hospital Corporation	92.79
Southlake Regional Health Centre	48.96
Mackenzie Richmond Hill Hospital	46.57
Mackenzie Vaughan Hospital	154.08
<b>Total</b>	<b>342.40</b>

\*Uses actual assessment growth until 2017 and assumes a 1.5 per cent increase from 2018–2031. Also assumes hospitals meet the off-load delay targets from 2018 through to 2031.

Regional contributions are reduced if off-load delay targets are not met

All of the signing partners agreed to off-load delay targets for each year, reaching 30 minutes by 2014, a standard that holds until 2031.

The MOU provides that in the event the 30 minute Paramedic Services off-load delay targets are not achieved, York Region may, at the discretion of Council, reduce hospital funding by an amount approximating the additional operating costs incurred by Paramedic Services for the time above the targets.

Since 2009, Council has made a total reduction of \$3.1 million in hospital funding due to hospitals not meeting their off-load delay targets.

Table 3 provides a summary of the annual allocations, assessment growth and off-load delay reductions since 2009.

**Table 3**  
**Summary of Annual Allocations**

Hospital Capital Funding for 2018

Year	Base Allocations (\$)	Assessment Growth (%)	Increase Due to Assessment Growth (\$)	Total Allocation after Assessment Growth (\$)	Off-Load Delay Reductions (\$)	Available Allocation for all Hospitals (\$)
2009	8,000,000	n/a	n/a	8,000,000	n/a	8,000,000
2010	12,000,000	2.70	324,000	12,324,000	n/a	12,324,000
2011	12,324,000	3.10	382,044	12,706,044	(691,200)	12,014,844
2012	12,706,044	2.87	364,662	13,070,706	(861,208)	12,209,498
2013	13,070,706	2.23	291,810	13,362,516	(679,064)	12,683,452
2014	13,362,516	2.06	275,394	13,637,910	(876,381)	12,761,529
2015	13,637,910	2.15	293,215	13,931,125	0	13,931,125
2016	13,931,125	1.76	245,188	14,176,313	0	14,176,313
2017	14,176,313	1.75	248,085	14,424,398	0	14,424,398
2018	14,424,398	1.74	250,985	14,675,384	0	14,675,384
<b>Total</b>	<b>127,633,012</b>		<b>2,675,383</b>	<b>130,308,396</b>	<b>(3,107,853)</b>	<b>127,200,543</b>

In 2017, all three regional hospitals met the off-load target of 30 minutes

In 2017, all regional hospitals met the 30 minute average target time. Table 4 outlines the hospitals' off-load performance for 2017.

**Table 4**  
**Patient Transport Volumes and Average Off-load Times**

<b>Hospital</b>	<b>Number of Transports</b>	<b>Average Off-Load Time at Hospital per Transport (minutes)</b>	<b>Time Over 30 minute Target (minutes)</b>
Markham Stouffville Hospital Corporation	9,950	23	0
Southlake Regional Health Centre	16,292	21	0
Mackenzie Richmond Hill Hospital	22,216	18	0

As a result, the Region will not be reducing the 2018 capital contribution (Table 5).

**Table 5**  
**Summary of 2018 Hospital Funding (\$)**

<b>Hospital</b>	<b>2018 Potential Funding</b>	<b>Paramedic Services Costs Due to Off-Load Delays (Based on 2017 Performance)</b>	<b>2018 Actual Funding Available</b>
Markham Stouffville Hospital Corporation	3,977,029	0	3,977,029
Southlake Regional Health Centre	2,098,581	0	2,098,581
Mackenzie Richmond Hill Hospital	1,995,852	0	1,995,852
Mackenzie Vaughan Hospital	6,603,922	0	6,603,922
<b>Total</b>	<b>14,675,384</b>	<b>0</b>	<b>14,675,384</b>

The MOU supports the Region's Strategic Plan

Investing in hospital capital projects and working with the hospitals to reduce off-load delays supports the 2015 to 2019 Strategic Plan objective of supporting community health and well-being.

## 5. Financial Considerations

The 2018 Regional contribution for hospital funding is included in the approved 2018 Budget

On [December 14, 2017](#), Council approved the 2018 Regional Budget, which included a contribution of \$14.675 million for the Region's Hospital Financing Reserve.

## 6. Local Municipal Impact

Growing municipalities need increased hospital capacity

The provincial *Places to Grow* legislation sets a target for population for the Region of 1.79 million by 2041. The combination of high pace of growth with an aging demographic increases the need to support and increase hospital capacity to provide appropriate levels of health care.

Regional contributions to hospital funding improves access to timely health care

The Region's contribution to fund hospital capital projects will provide residents with improved access to health care. Also, Regional incentives to achieve an annual average target off-load time promote more timely access to health care for residents.

## 7. Conclusion

The Region continues to set aside capital funding for hospitals through annual contributions to a Hospital Financing Reserve in accordance with the MOU.

This contribution will fund hospital capital projects that provide residents with improved access to appropriate and timely health care.

For more information on this report, please contact Edward Hankins, Director, Treasury Office, at 1-877-464-9675 ext. 71644.

## Hospital Capital Funding for 2018

The Senior Management Group has reviewed this report.

March 27, 2018

Attachments (2)

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Accessible formats or communication supports are available upon request





## Attachment 2

**Potential Capital Contributions to Hospitals from 2009 to 2031**  
**(with actual assessment increases until 2017 and future increases estimated at 1.5% annually between 2018 and 2031)**  
**(\$Millions)**

	% Share	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Markham - Stouffville</b>	27.1%	\$2.168	\$3.340	\$3.443	\$3.542	\$3.621	\$3.696	\$3.776	\$3.842	\$3.909	\$3.977	\$4.037	\$4.098
<b>Southlake</b>	14.3%	\$1.144	\$1.762	\$1.817	\$1.869	\$1.911	\$1.950	\$1.992	\$2.027	\$2.063	\$2.099	\$2.130	\$2.162
<b>Richmond Hill</b>	13.6%	\$1.088	\$1.676	\$1.728	\$1.778	\$1.817	\$1.855	\$1.895	\$1.928	\$1.962	\$1.996	\$2.026	\$2.056
<b>Vaughan</b>	45.0%	\$3.600	\$5.546	\$5.718	\$5.882	\$6.013	\$6.138	\$6.269	\$6.380	\$6.491	\$6.604	\$6.703	\$6.804
	100%	\$8.000	\$12.324	\$12.706	\$13.071	\$13.363	\$13.639	\$13.932	\$14.177	\$14.425	\$14.676	\$14.897	\$15.120

	% Share	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	TOTAL
<b>Markham - Stouffville</b>	27.1%	\$4.159	\$4.221	\$4.285	\$4.349	\$4.414	\$4.480	\$4.548	\$4.616	\$4.685	\$4.755	\$4.827	<b>\$92.79</b>
<b>Southlake</b>	14.3%	\$2.195	\$2.228	\$2.261	\$2.295	\$2.329	\$2.364	\$2.400	\$2.436	\$2.472	\$2.509	\$2.547	<b>\$48.96</b>
<b>Richmond Hill</b>	13.6%	\$2.087	\$2.118	\$2.150	\$2.183	\$2.215	\$2.248	\$2.282	\$2.316	\$2.351	\$2.386	\$2.422	<b>\$46.57</b>
<b>Vaughan</b>	45.0%	\$6.906	\$7.010	\$7.115	\$7.222	\$7.330	\$7.440	\$7.551	\$7.665	\$7.780	\$7.896	\$8.015	<b>\$154.08</b>
	100%	\$15.347	\$15.577	\$15.811	\$16.048	\$16.289	\$16.533	\$16.781	\$17.033	\$17.288	\$17.547	\$17.811	<b>\$342.40</b>

Assessment Increase	2.70%	3.10%	2.87%	2.23%	2.07%	2.15%	1.76%	1.75%	1.74%	1.50%	1.50%	
	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	

Note: Future assessment growth is estimated to increase at 1.5% annually between 2018 and 2031 as forecasted by the York Region Finance Department.