

Clause 16 in Report No. 9 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on May 21, 2015.

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Hospital Capital Funding Memorandum of Understanding
Allocations – 2015

Committee of the Whole recommends adoption of the following recommendations contained in the report dated April 22, 2015 from the Chief Administrative Officer:

1. Recommendations

It is recommended that:

1. Council approve the 2015 capital contribution allocation to the Hospital Reserve fund for hospital construction of \$13.931 million.
2. The 2015 contribution be allocated to the participating hospitals, in accordance with the 2009 funding agreement, in the following proportionate shares:

Summary of 2015 Hospital Funding

Hospital	2015 Potential Funding	Paramedic Services Costs due to Off-load Delays (based on 2014 performance)	2015 Actual Funding Available
Mackenzie Richmond Hill	\$ 1,894,633	\$0	\$ 1,894, 633
Markham Stouffville	3,775,335	0	3,775,335
Southlake	1,992,151	0	1,992,151
Mackenzie Vaughan	6,269,006	n/a	6,269,006
Total	\$13,931,125	\$0	\$13,931,125

2. Purpose

This report provides an annual update to Council on the Memorandum of Understanding (MOU) and recommends Council approve the 2015 capital contribution allocation to hospital construction as a total allocated contribution of \$13.931 million.

3. Background

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

Municipal contributions to capital costs for hospital expansions pre-date the Region's formation in 1970 with contributions from York County. Cumulatively to the year 2000, York Region contributed about \$51 million to York Region hospitals for expansions. From 2001 to 2009, Council provided additional support totalling \$62.4 million.

The Province funds up to 90 percent of the "bricks and mortar" for hospital construction. Once equipment and furnishings are accounted for, the provincial share actually accounts for approximately 65 percent of the cost. Thirty-five percent remains to be funded from "community sources".

Current York Region hospital MOU was signed November 2009

On October 9, 2009, Council authorized the Chairman and the Chief Administrative Officer to execute the Hospital Capital Funding MOU, and on November 19, 2009 the MOU was signed by all parties. For a summary on the provisions of the MOU, see *Attachment 1*.

On January 26, 2012 Council authorized an amendment to the 2009 agreement to reflect changes in cash flow from the Province; effectively advancing Regional funds to cover expansion planning and design. The amended agreement was not executed between the parties as the Province announced funding in the spring of 2013 for expansion planning and design costs for the Mackenzie Vaughan Hospital project.

On May 17, 2012 Council recommended that the parties work together on a new off-load delay calculation and off-load target. In September 2012, Council approved using the residual difference of the two different methods of calculation (current method under the MOU versus a proposed method that is specific to hospital-controlled time) to fund projects that could reduce off-load delay and report back to a future Council on progress. Throughout 2013 and 2014, Council continued to hold back funding pending the finalization of a new methodology for off-load delay calculation and collaborative work toward improved efficiencies.

Multi-year performance targets were agreed upon for Paramedic Services off-load delays

For the purpose of the MOU, off-load delay is calculated from the time when an ambulance arrives at the hospital with a patient, to the time that the ambulance leaves the hospital.

All of the MOU signing partners agreed to off-load delay targets for each year based on a decrease in 10 minute increments from 70 minutes in 2010 to 30 minutes in 2014. It is expected that the 30 minute target prevails through 2031.

Thirty minutes was chosen as the desirable target for the time required to off load patients at hospitals because it was considered the industry best practice and standard for Ontario based on recommendations of the 2005 Expert Panel on Ambulance Effectiveness. In 2008, the Ministry of Health and Long-Term Care began funding the Dedicated Nurse Off-Load Program. The program assigned nursing staff the task of accepting patients transported by paramedics. In 2009, the average in-hospital time for all three regional hospitals combined was 78 minutes. Since 2009, the average in-hospital time has decreased 64%.

In January 2015, a revision that blends the current transfer of care calculation method with the hospital preferred method was approved by Council

In January 2015, Council approved a revised methodology to calculate the hospital's transfer of care performance time to better reflect the true transfer of care performance. The new methodology uses times from the Ambulance Dispatch Download Access System and York Region's Paramedic Service's electronic patient record system to measure key time intervals and improve accuracy. This methodology was created as a result of the collaborative efforts by York Region hospitals and York Region Paramedic Services. The formula, summarized in Table 1 takes the average time from when the paramedic arrives at the hospital to paramedic patient transfers care to hospital.

A 30 minute target will continue to be used to assess a hospital's performance on a go forward basis calculated using this revised methodology.

Table 1
Transfer of Care Methodology

	Time Interval	Target	Data Source
2014 Tri-Hospital Group Proposed and Recommend	Paramedic Arrive Hospital to Patient Transfer of Care	30 Minute Average	Dispatch Download Access System and Paramedic Electronic Patient Care Record System

4. Analysis and Options

2015 funding allocations are determined by hospital performance and assessment growth

As per the MOU, the annual contribution is indexed based on assessment growth. Assessment growth is determined by the Municipality Property Assessment Corporation (MPAC) on an annual basis and Table 2 provides a summary of annual allocations, assessment growth and off-load delay reductions since 2009. The annual allocations are apportioned between the hospitals based on the proportionate shares in the MOU as follows:

- Markham Stouffville Hospital – 27.1%
- Southlake Regional Hospital - 14.3%
- Mackenzie Richmond Hill (formerly York Central) – 13.6%
- Vaughan Hospital (Mackenzie Health) – 45.0%

Table 2
Summary of Annual Allocations

Year	Base Allocations	Assessment Growth %	Increase due to Assessment Growth \$ millions	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	-	\$13,931,125

Reductions for the off-load delays are applied to each hospital based on their specific performance in the preceding year.

The proposed capital contributions out to 2031 in 2009 dollars is shown in *Attachment 2*, and the proposed capital contributions with forecasted assessment growth is shown in *Attachment 3*.

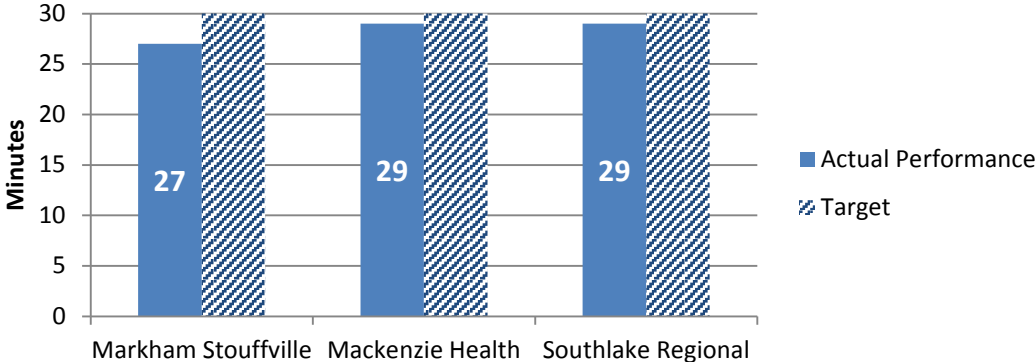
In 2014, all three regional hospitals met the off-load delay target of 30 minutes

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 the amount approximating the additional operating costs incurred by Paramedic Services for time above the targets.

All three regional hospitals were within the 2014 - 30 minute average target time using the new methodology as demonstrated in Figure 1.

Given that all parties achieved their targets, they are able to access all available capital funding without any reductions for exceeding off-load delay targets.

Figure 1: 2014 Off-load Delay Results



In January 2015, Council approved the use of \$1.358 million to fund initiatives to improve off-load delays

Even though the hospitals have achieved their targets for 2014, the Tri-Hospital Group reviewed various research initiatives that are essential to achieve long-term efficiencies. Ensuring that the right patients receive care at emergency departments while connecting patients requiring care from other components of the health care system to the appropriate resources benefits all system partners. In January 2015, (Clause 13 in Report No. 1 of Committee of the Whole), Council approved \$1.358 million in funding, generated from off-load delay hold backs and currently held within the Hospital Capital Reserve fund, to fund initiatives aimed at reducing future off-load delays.

These initiatives include:

- A Tri-Hospital and multi-Paramedic Service efficiency and standardization project
- Creation of standardized guidelines to transfer non-urgent patients directly to the waiting room
- Three key research initiatives (listed below) to support the development of alternate treatment pathways in preparation for an aging population
 - Improving Patient Centred Care and Transportation (IMPACT)
 - Expanding Paramedicine in the Community in Long-Term Care
 - Mental Health Paramedicine Response Risk Assessment, De-escalate and Referral Pilot

Link to key Council-approved plans

Investing in York Region hospitals supports the priority area to “Support Community Health and Wellbeing” outlined in the 2015-2019 Strategic Plan. The Hospital Capital Funding MOU also meets the priority area to “Provide Responsive and Efficient Public Service” by providing the option for Council to reduce hospital funding related to potential operating costs incurred by Paramedic Services to maintain response times while contending with off-load delays above set targets.

5. Financial Implications

The Hospital Capital Funding MOU provides potential funding of at least \$12 million per year (indexed annually for assessment growth) until 2031. This funding is committed upon confirmation of corresponding provincial approval of a capital construction project or projects that provide additional hospital capacity in York Region. The hospitals proposed how the percentage share of funding should be distributed amongst themselves, however, they have the ability to adjust their proportionate shares based on provincial approvals as long as they all agree, and provide written notice to the Region.

Table 3 summarizes the potential funding since 2009 and the total funding held in the Hospital Capital Reserve

In September 2012, Council directed staff to use the difference in funding between the methods to undertake a number of activities to support the collective goal of improving off-load delays. Paramedic Services engaged the Tri-Hospital Group throughout 2012-2014 to work toward a revised methodology for calculating off-load delay and to work collaboratively to develop strategies to reduce Paramedic Services off-load delays. This work concluded in 2014 and resulted in a report to Council in January 2015 outlining the results of the collaboration, and the future work related to improving off-load performance.

Table 4 outlines the costs and estimated timing of expenditures related to the initiatives to improve off-load times, and initiatives to assess new models of care to be funded from the Hospital Capital Reserve.

All costs to complete the identified initiatives have been included in the gross expenditures for the 2015 proposed Paramedic Services operating budget and 2016 outlook operating budget for Paramedic Services. Total costs of \$1,358,955 over 2 years are fully offset by funding from the Hospital Capital Reserve with no additional net tax levy impact.

Table 4
Initiatives to be Funded from the Hospital Capital Reserve

Project	2015	2016	Total
In-hospital Patient Record Interface	\$ 61,455		\$ 61,455
Tri-Hospital Lean Study	95,200		95,200
IMPACT Study	311,000	\$267,000	578,000
Paramedicine in Long Term Care		159,500	159,500
Mental Health Crisis Paramedicine	464,800		464,800
Total	\$932,455	\$426,500	\$1,358,955
Temporary FTEs	2	2.5	

6. Local Municipal Impact

All local municipalities will gain from the outcomes of the identified initiatives completed by the Tri-Hospital Group and York Region Paramedic Services through shorter transfer of care times and new models of care to better link patients to the right care needed in the right time frame.

Growing municipalities require that hospitals keep pace with growing community needs

As a requirement of the provincial *Places to Grow* legislation, York Region is projected to grow by approximately 670,000 people and reach a population of 1.79 million by 2041. Combine this high pace of growth with an aging demographic, and the need to support and increase York Region's capacity to provide appropriate levels of health care becomes critically important.

7. Conclusion

On November 19, 2009, York Region signed an MOU with the York Region hospitals and the Vaughan Health Campus of Care. This MOU sets aside \$12 million per year for distribution among the York Region hospitals to fund capital construction through 2031. The amount is subject to adjustments reflecting i) assessment growth, and ii) ambulance off-load delay at each hospital.

In 2014, all three regional hospitals met the off-load delay target of 30 minutes allowing them access to all available capital funding without any reductions for exceeding off-load delay targets.

Hospital Capital Funding MOU Allocations - 2015

This report recommends approval of the 2015 capital contribution allocation to hospital construction as \$13.931 million.

Tri-Hospital Group will continue to work on various research initiatives that are essential to achieve long-term efficiencies. Paramedic Services will use the Council approved \$1.358 million in funding, generated from off-load delay hold backs and currently held within the Hospital Capital Reserve fund, to fund initiatives aimed at reducing future off-load delays.

For more information on this report, please contact Bruce Macgregor, Chief Administrative Officer at ext. 71200.

The Senior Management Group has reviewed this report.

April 22, 2015

Attachments (3)

#6087843

Accessible formats or communication supports are available upon request

Summary of Provisions within the November 2009 MOU

Based on Council direction and discussions with the three York Region hospitals and the Vaughan Health Campus of Care, the final MOU includes the following requirements and expectations:

- \$12M will be set aside annually by York Region for distribution among the York Region hospitals to fund eligible capital construction through 2031. *Appendix A* reflects the total obligation and apportioning to hospitals as mutually agreed upon in constant (2009) dollars (also summarized in Table 1 below). The agreement provides for an annual adjustment reflecting assessment growth. *Appendix B* reflects those same contributions assuming 2% annual indexing to match assessment growth as set out in *Places to Grow*, the Provincial Growth Plan (also summarized in Table 2 below).

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

York Region Hospital	% Share	2009 – 2031 Total (\$ million)
Markham Stouffville	27.1	73.71
Southlake	14.3	38.90
York Central	13.6	36.99
Vaughan	45.0	122.40
	100%	\$272.00

Table 2**
Capital Contributions to Hospitals
(with actual assessment increases until 2013
and estimated 2.0% assessment increases for 2014 to 2031)

York Region Hospital	% Share	2009 – 2031 Total (\$ million)
Markham Stouffville	27.1	95.25
Southlake	14.3	50.26
York Central	13.6	47.80
Vaughan	45.0	158.17
	100%	\$351.48

- Provision of funding is subject to each hospital showing bona fide efforts towards improvements in Paramedic Services off-load delays; reducing the average delay, which range from 60 – 90 minutes, to 30 minutes over 5 years (i.e. by 2014).

Summary of Provisions within the November 2009 MOU

- The Region reserves the right to review the MOU from time to time to determine whether to continue to set aside hospital funds taking into account the funding available to the hospitals from other sources and the Region's annual budget commitments. The Region may terminate the MOU with one-year's written notice, maintaining only the obligations made to approved construction projects.
- The hospitals, and their respective foundations, are committed to support the Region's requests that hospital capital funding be restored as an eligible cost for recovery through development charges.
- Should the *Development Charges Act* be amended to allow hospitals to be eligible for funding, the MOU will be reviewed by Council to determine whether the amount of hospital funds should be adjusted, taking into account the amount of funding anticipated to be provided through development charges.

**Proposed Capital Contributions to Hospitals (in 2009 dollars)
(\$millions)**

	% Share	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Markham-Stouffville	27.1%	\$2.168	\$3.252	\$3.252	\$3.252	\$3.252	\$3.252	\$3.252	\$3.252	\$3.252	\$3.252	\$3.252	\$3.252
Southlake	14.3%	\$1.144	\$1.716	\$1.716	\$1.716	\$1.716	\$1.716	\$1.716	\$1.716	\$1.716	\$1.716	\$1.716	\$1.716
York Central	13.6%	\$1.088	\$1.632	\$1.632	\$1.632	\$1.632	\$1.632	\$1.632	\$1.632	\$1.632	\$1.632	\$1.632	\$1.632
Vaughan	45.0%	\$3.600	\$5.400	\$5.400	\$5.400	\$5.400	\$5.400	\$5.400	\$5.400	\$5.400	\$5.400	\$5.400	\$5.400
	100%	\$8.000	\$12.000	\$12.000	\$12.000	\$12.000	\$12.000	\$12.000	\$12.000	\$12.000	\$12.000	\$12.000	\$12.000

	% Share	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	TOTAL
Markham-Stouffville	27.1%	\$3.252	\$3.252	\$3.252	\$3.252	\$3.252	\$3.252	\$3.252	\$3.252	\$3.252	\$3.252	\$3.252	\$73.71
Southlake	14.3%	\$1.716	\$1.716	\$1.716	\$1.716	\$1.716	\$1.716	\$1.716	\$1.716	\$1.716	\$1.716	\$1.716	\$38.90
York Central	13.6%	\$1.632	\$1.632	\$1.632	\$1.632	\$1.632	\$1.632	\$1.632	\$1.632	\$1.632	\$1.632	\$1.632	\$36.99
Vaughan	45.0%	\$5.400	\$5.400	\$5.400	\$5.400	\$5.400	\$5.400	\$5.400	\$5.400	\$5.400	\$5.400	\$5.400	\$122.40
	100%	\$12.000	\$12.000	\$12.000	\$12.000	\$12.000	\$12.000	\$12.000	\$12.000	\$12.000	\$12.000	\$12.000	\$272.00

Proposed Capital Contributions to Hospitals
 (with actual assessment increases until 2014 and estimated for 2015 - 2018 in the Regional Budget and 2% projected for 2019-2031 as per the
 Provincial Growth Plan)
 (\$millions)

	% Share	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Markham - Stouffville	27.1%	\$2.168	\$3.340	\$3.443	\$3.542	\$3.621	\$3.696	\$3.776	\$3.849	\$3.919	\$3.986	\$4.066	\$4.147
Southlake	14.3%	\$1.144	\$1.762	\$1.817	\$1.869	\$1.911	\$1.950	\$1.992	\$2.031	\$2.068	\$2.103	\$2.145	\$2.188
York Central	13.6%	\$1.088	\$1.676	\$1.728	\$1.778	\$1.817	\$1.855	\$1.895	\$1.932	\$1.966	\$2.000	\$2.040	\$2.081
Vaughan	45.0%	\$3.600	\$5.546	\$5.718	\$5.882	\$6.013	\$6.138	\$6.269	\$6.391	\$6.507	\$6.619	\$6.751	\$6.886
	100%	\$8.000	\$12.324	\$12.706	\$13.071	\$13.363	\$13.639	\$13.932	\$14.202	\$14.459	\$14.708	\$15.002	\$15.302

	% Share	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	TOTAL
Markham - Stouffville	27.1%	\$4.230	\$4.314	\$4.401	\$4.489	\$4.579	\$4.670	\$4.764	\$4.859	\$4.956	\$5.055	\$5.156	\$95.02
Southlake	14.3%	\$2.232	\$2.277	\$2.322	\$2.369	\$2.416	\$2.464	\$2.514	\$2.564	\$2.615	\$2.667	\$2.721	\$50.14
York Central	13.6%	\$2.123	\$2.165	\$2.209	\$2.253	\$2.298	\$2.344	\$2.391	\$2.438	\$2.487	\$2.537	\$2.588	\$47.69
Vaughan	45.0%	\$7.024	\$7.164	\$7.308	\$7.454	\$7.603	\$7.755	\$7.910	\$8.068	\$8.230	\$8.394	\$8.562	\$157.79
	100%	\$15.608	\$15.921	\$16.239	\$16.564	\$16.895	\$17.233	\$17.578	\$17.929	\$18.288	\$18.654	\$19.027	\$350.64

Assessment Increase	2.70%	3.10%	2.87%	2.23%	2.07%	2.15%	1.94%	1.81%	1.72%	2.00%	2.00%	
	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	