Hamilton Niagara Haldimand Brant **LHIN** | **RLISS** de Hamilton Niagara Haldimand Brant

Hospital Funding

2017-18 Hospital Funding Investments

"Dramatically improving the patient experience through Quality, Integration and Value"

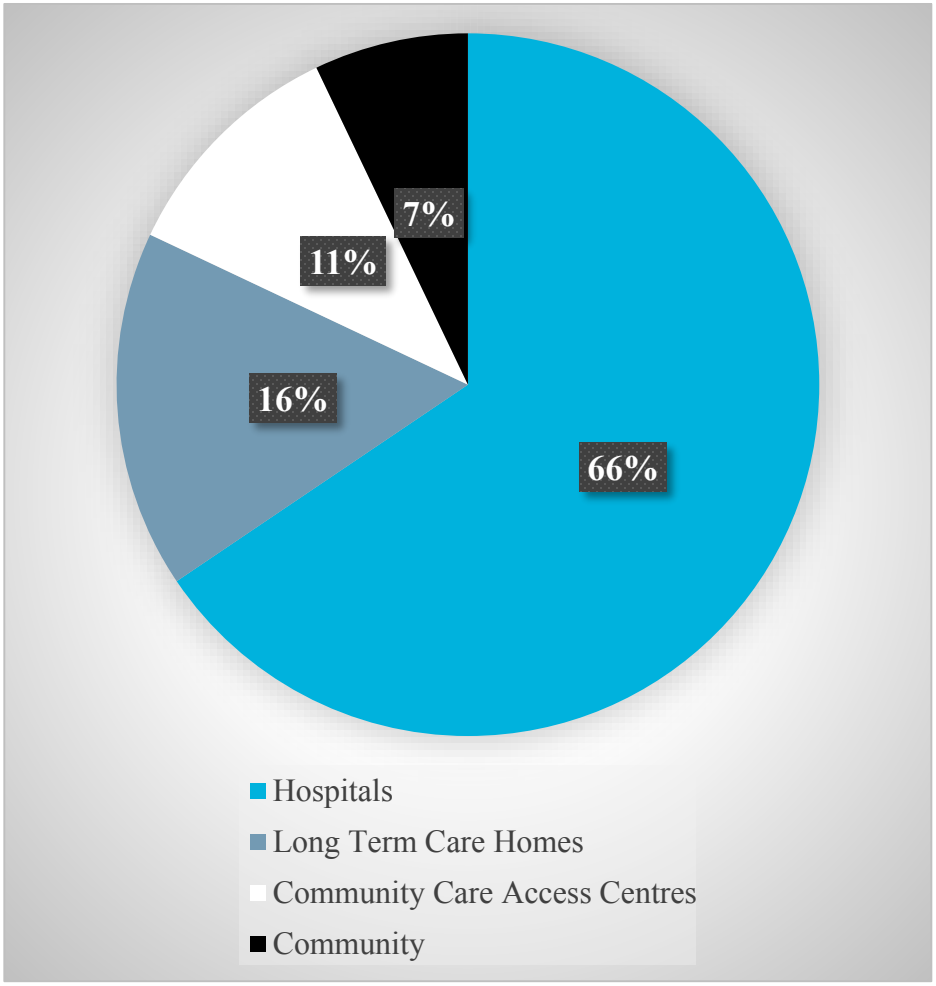
Presentation to HNHB LHIN Audit Committee
May 31, 2017

Ontario
Local Health Integration Network
Réseau local d'intégration des services de santé

HNHB LHIN Funding to HSPs – 2016-17

2016-17 Total Funding ~ $3B

- Hospitals - $1.9B
  - 9 Hospitals in HNHB
  - 7 impacted by Health System Funding Reform (HSFR)



Breakdown of Hospital Funding – HNHB LHIN 2016-17

Hospital	Base Total	One-Time Total	Total
Niagara Health System	$381,259,130	$12,590,255	**$393,849,385**
Haldimand War Memorial Hospital	12,213,650	453,517	**12,667,167**
Hotel Dieu Shaver	24,659,254	2,873,189	**27,532,443**
St. Joseph's Healthcare	402,804,233	8,378,000	**411,182,233**
Brantford Community Healthcare	120,602,478	2,010,089	**122,612,567**
West Haldimand General	11,302,700	0	**11,302,700**
Norfolk General	34,470,500	1,366,383	**35,836,883**
Joseph Brant	119,007,429	3,091,800	**122,099,229**
Hamilton Health Sciences	820,445,293	21,132,746	**841,578,039**
HNHB TOTAL	**$1,926,764,667**	**$51,895,979**	**$1,978,660,646**

HSFR Terminology

- 7 of 9 HNHB Hospitals Impacted by HSFR
- HSFR = Health System Funding Reform
  - HBAM = Health based Allocation Model
  - QBP = Quality Based Procedures

What is the “Health Based Allocation Model” (HBAM)?

- HBAM = Health Based Allocation Model
- HBAM is an evidence-based, health-based funding formula
- HBAM estimates future expense levels based upon past service levels and unit costs, as well as population and health information
- Population information includes: Age, Gender, Growth Projections, Socio-Economic Status, Rural Geography

Purpose of HBAM

- HBAM is both a funding allocation methodology and a management tool strategic decision-making.
- The primary objective of HBAM is to enable government to equitably allocate funding to the LHINs for local health services.
- Currently, HBAM is designed to allocate funding for the hospital and home care sectors.
- The end goal is to use HBAM to allocate funding for other sectors as well

Key Things to Remember About HBAM

- HBAM is a 'pie-sharing' model where the pie is the sum of all expected expenses in the province
- Approximately 37% of total hospital base funding is distributed based on each HSP's percentage of the pie ($5.15B in 2015-16)

An HSP's share of the pie is impacted by:

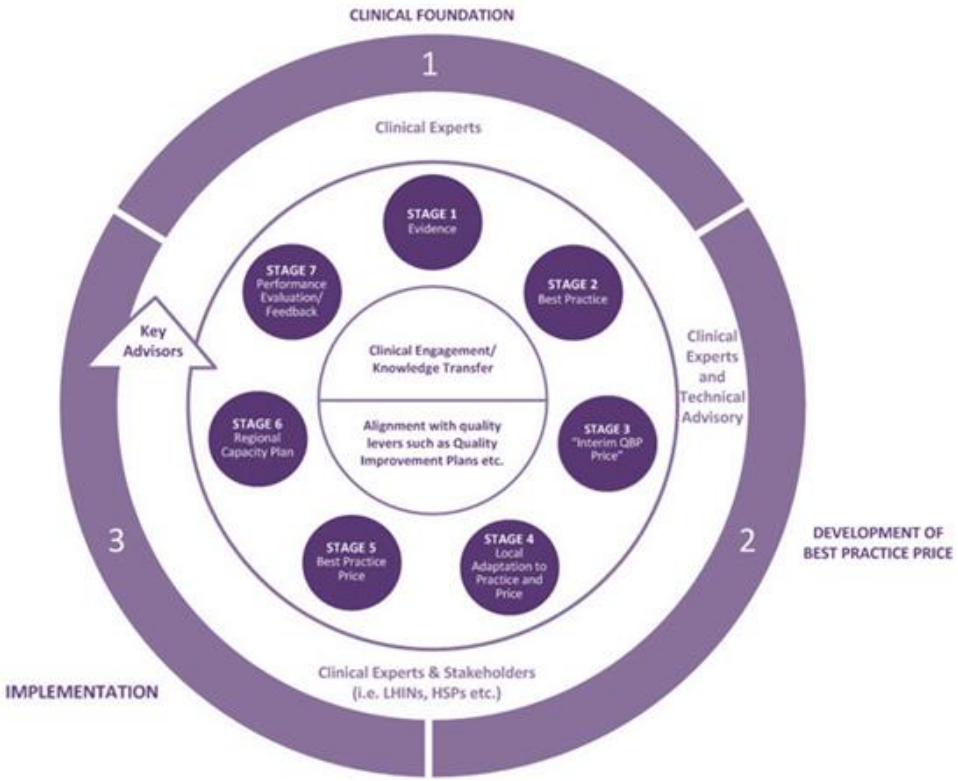
1. An HSP's own expected results, including year-over-year changes in expected results; and
2. The expected results of all other HSPs within each of the HBAM care types

An HSP's change in HBAM expected results **does not** have a 1:1 correlation with their change in funding

Quality Based Procedures (QBPs)

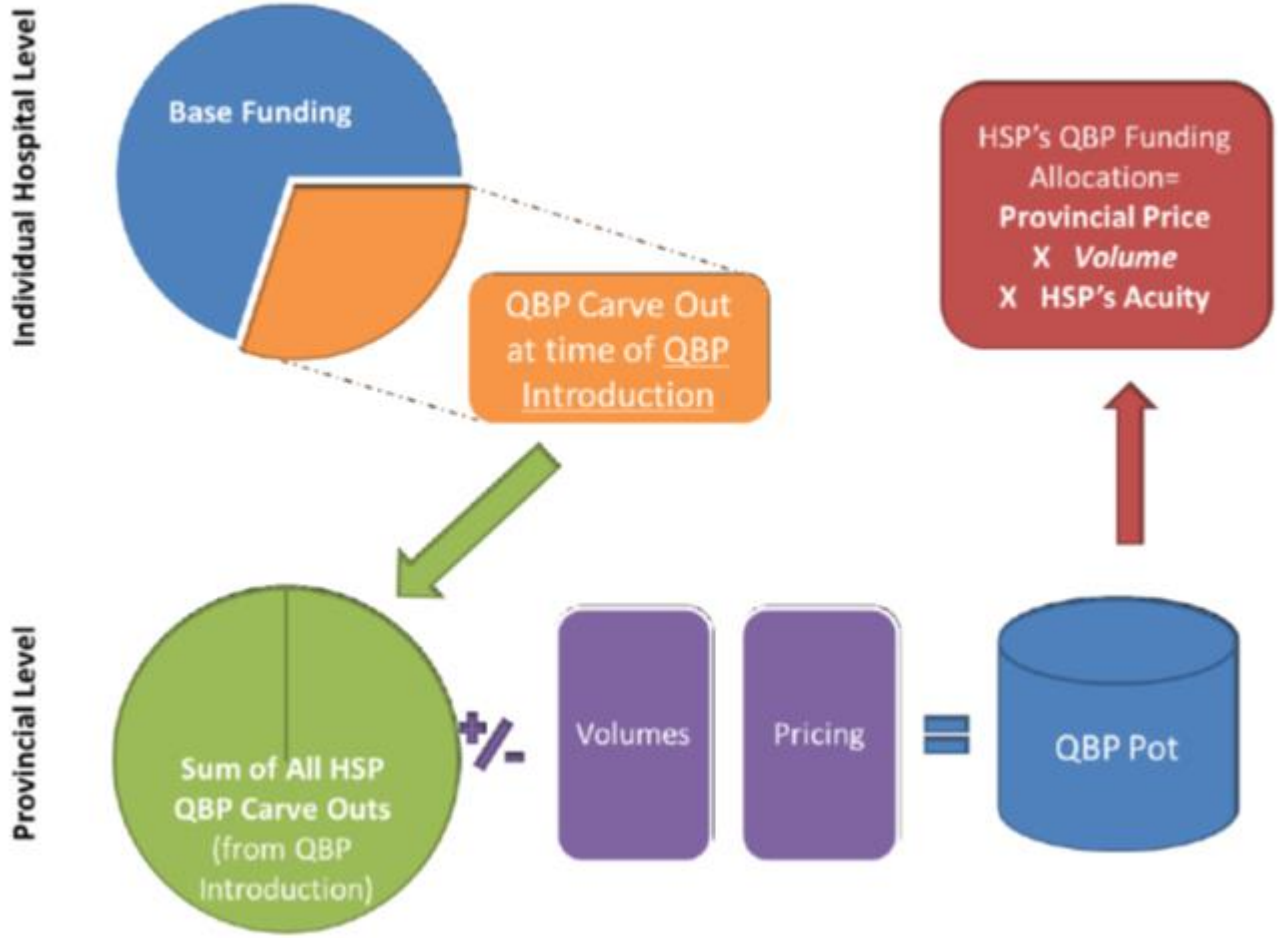
QBPs are clusters of patients with clinically related diagnoses/treatments and functional needs identified by an evidence-based framework as providing opportunity for:

- Aligning incentives to facilitate adoption of best clinical evidence-informed practices
- Appropriately reducing variation in costs and practice across the province while improving outcomes
- Ensuring we are advancing right care, at the right place at the right time



QBP Funding

Hospitals are funded for QBPs on a Price x Volume x Acuity Approach



HNHB – HSFR Initial Impact

A	B	C	D	E	F	G	H	I	J	K	L	M
	Item	**NHS**	**HWMH**	**HDS**	**SJHH**	**BCHS**	**WHGH**	**NGH**	**JBH**	**HHS**	**Unallocated**	
1	HBAM Contribution Change on Non-HSFR base funding	(3,248,700)		269,800	(2,526,600)	(481,800)		49,100	(139,100)	1,317,900		**(4,759,400)**
2	HSFR base funding impact (includes HBAM and LHIN-managed QBPs)	(1,130,900)		34,000	1,245,500	(2,574,500)		(617,700)	(80,300)	(10,019,600)		**(13,143,500)**
3	HBAM Investment											**0**
4	LHIN-Managed QBP Growth Funding											**0**
5	High Priority Funding for Primary Unilateral Hip and Knee Replacements											**0**
6	Stroke Endovascular Treatment (EVT) Investment											**0**
7	Investment for Medium-Sized Hospitals											**0**
8	Investment for High-Growth Hospitals											**0**
9	Increase for Small Hospitals OR Speciality Mental Health Hospitals											**0**
10	PCOP Base Allocation											**0**
11	Priority Program Base Allocation											**0**
12	Impact of Lifting 2016/17 One-Time Phase-In and Mitigation Funding											**0**
	Cash Flow Change (before Sustainability Investment	**(4,379,600)**	**0**	**303,800**	**(1,281,100)**	**(3,056,300)**	**0**	**(568,600)**	**(219,400)**	**(8,701,700)**	**0**	**(17,902,900)**
13	Sustainability Investment - Base											**0**
14	Sustainability Investment - One-Time											**0**
15	2012/18 Wait Time One-Time Investment											**0**
16	**Total Investments / Allocations**	**(4,379,600)**	**0**	**303,800**	**(1,281,100)**	**(3,056,300)**	**0**	**(568,600)**	**(219,400)**	**(8,701,700)**	**0**	**(17,902,900)**
17	2017-18 Base Funding (as per Feb. 28, 2017)	379,482,730	12,213,650	24,659,254	401,782,862	120,602,478	11,302,700	34,470,499	119,007,429	827,294,808	0	**1,930,816,410**
18	% Total Investment (Row 18 = Row 16 ÷ Row 17)	-1.15%	0.00%	1.23%	-0.32%	-2.53%	0.00%	-1.65%	-0.18%	-1.05%		-0.93%

2017 Budget

- The government is increasing funding for hospitals by $518M or **3% in 2017/18**

- Ontario hospitals have demonstrated leadership in their efforts to help transform the province's health system. This funding is in response to growing demand for highly specialized and complex services and the need to expand access in growing communities across the province

- This investment will ensure hospitals receive **at minimum a 2% increase**

- The increase supports vital hospital services to:
  - Expand access to complex clinical services
  - Keep wait times low
  - Maintain access to elective surgery and
  - Ensure that important health service programs are maintained

HNHB – Impact to HNHB Hospitals – Post Investment

A	B	C	D	E	F	G	H	I	J	K	L	M
	Item	**NHS**	**HWMH**	**HDS**	**SJHH**	**BCHS**	**WHGH**	**NGH**	**JBH**	**HHS**	**Unallocated**	
1	HBAM Contribution Change on Non-HSFR base funding	(3,248,700)		269,800	(2,526,600)	(481,800)		49,100	(139,100)	1,317,900		**(4,759,400)**
2	HSFR base funding impact (includes HBAM and LHIN-managed QBPs)	(1,130,900)		34,000	1,245,500	(2,574,500)		(617,700)	(80,300)	(10,019,600)		**(13,143,500)**
3	HBAM Investment	1,263,200		92,700	1,287,200	380,600		118,500	372,100	2,810,600		**6,324,900**
4	LHIN-Managed QBP Growth Funding	765,304			430,383	339,645		59,724	355,055	990,347	240,132	**3,180,590**
5	High Priority Funding for Primary Unilateral Hip and Knee Replacements	466,109			209,839	286,991			230,208	665,134		**1,858,281**
6	Stroke Endovascular Treatment (EVT) Investment									3,437,428		**3,437,428**
7	Investment for Medium-Sized Hospitals							366,300				**366,300**
8	Investment for High-Growth Hospitals					458,700						**458,700**
9	Increase for Small Hospitals OR Speciality Mental Health Hospitals		244,300				226,100					**470,400**
10	PCOP Base Allocation	5,320,800			4,920,900	168,300						**10,410,000**
11	Priority Program Base Allocation	563,900			2,513,200				195,600	1,140,200		**4,412,900**
12	Impact of Lifting 2016/17 One-Time Phase-In and Mitigation Funding	(8,936,600)		(91,500)	(3,242,700)	(71,400)		126,900	733,800	(1,718,100)		**(13,199,600)**
	Cash Flow Change (before Sustainability Investment	**(4,936,887)**	**244,300**	**305,000**	**4,837,722**	**(1,493,464)**	**226,100**	**102,824**	**1,667,363**	**(1,376,091)**	**240,132**	**(183,001)**
13	Sustainability Investment - Base	8,503,300		51,900	951,100	2,641,900		331,500	94,200	11,028,500		**23,602,400**
14	Sustainability Investment - One-Time	4,023,200		136,300	2,246,700	1,263,500		255,200	618,600	6,893,500		**15,437,000**
15	2012/18 Wait Time One-Time Investment	198,380			63,440	12,740			121,116	297,882		**693,558**
16	**Total Investments / Allocations**	**7,787,993**	**244,300**	**493,200**	**8,098,962**	**2,424,676**	**226,100**	**689,524**	**2,501,279**	**16,843,791**	**240,132**	**39,549,957**
17	2017-18 Base Funding (as per Feb. 28, 2017)	379,482,730	12,213,650	24,659,254	401,782,862	120,602,478	11,302,700	34,470,499	119,007,429	827,294,808	0	**1,930,816,410**
18	% Total Investment (Row 18 = Row 16 ÷ Row 17)	2.05%	2.00%	2.00%	2.02%	2.01%	2.00%	2.00%	2.10%	2.04%		2.05%

High-Level Observations

- 2% minimum was not simply calculated as base funding * 2%
- Part of 2 percent includes volume based obligations
- Post Construction Operating Plan (PCOP) Funding has been included in the calculation (this is a disadvantage to hospitals receiving PCOP)
- True base increases: HBAM Investment (Row 3) and Sustainability Increase – base (Row 13)

Revised Calculation – HSFR Modelling + Base Increases (For illustration purposes only)

A	B	C	D	E	F	G	H	I	J	K	L	M
	Item	**NHS**	**HWMH**	**HDS**	**SJHH**	**BCHS**	**WHGH**	**NGH**	**JBH**	**HHS**	**Unallocated**	
1	HBAM Contribution Change on Non-HSFR base funding	(3,248,700)		269,800	(2,526,600)	(481,800)		49,100	(139,100)	1,317,900		**(4,759,400)**
2	HSFR base funding impact (includes HBAM and LHIN-managed QBPs)	(1,130,900)		34,000	1,245,500	(2,574,500)		(617,700)	(80,300)	(10,019,600)		**(13,143,500)**
3	HBAM Investment	1,263,200		92,700	1,287,200	380,600		118,500	372,100	2,810,600		**6,324,900**
4	LHIN-Managed QBP Growth Funding											**0**
5	High Priority Funding for Primary Unilateral Hip and Knee Replacements											**0**
6	Stroke Endovascular Treatment (EVT) Investment											**0**
7	Investment for Medium-Sized Hospitals											**0**
8	Investment for High-Growth Hospitals											**0**
9	Increase for Small Hospitals OR Speciality Mental Health Hospitals											**0**
10	PCOP Base Allocation											**0**
11	Priority Program Base Allocation											**0**
12	Impact of Lifting 2016/17 One-Time Phase-In and Mitigation Funding											**0**
	Cash Flow Change (before Sustainability Investment	**(3,116,400)**	**0**	**396,500**	**6,100**	**(2,675,700)**	**0**	**(450,100)**	**152,700**	**(5,891,100)**	**0**	**(11,578,000)**
13	Sustainability Investment - Base	8,503,300		51,900	951,100	2,641,900		331,500	94,200	11,028,500		**23,602,400**
14	Sustainability Investment - One-Time											**0**
15	2012/18 Wait Time One-Time Investment											**0**
16	**Total Investments / Allocations**	**5,386,900**	**0**	**448,400**	**957,200**	**(33,800)**	**0**	**(118,600)**	**246,900**	**5,137,400**	**0**	**12,024,400**
17	2017-18 Base Funding (as per Feb. 28, 2017)	379,482,730	12,213,650	24,659,254	401,782,862	120,602,478	11,302,700	34,470,499	119,007,429	827,294,808	0	**1,930,816,410**
18	% Total Investment (Row 18 = Row 16 ÷ Row 17)	1.42%	0.00%	1.82%	0.24%	-0.03%	0.00%	-0.34%	0.21%	0.62%		0.62%

Thank You!