

# **Expenditure Estimates 2019-20**

Ministry of Health and Long-Term Care

**Spring 2019**

# About this Document

Established by the *Financial Accountability Officer Act, 2013*, the Financial Accountability Office (FAO) provides independent analysis on the state of the Province's finances, trends in the provincial economy and related matters important to the Legislative Assembly of Ontario.

The FAO produces independent analysis on the initiative of the Financial Accountability Officer. Upon request from a member or committee of the Assembly, the Officer may also direct the FAO to undertake research to estimate the financial costs or financial benefits to the Province of any bill or proposal under the jurisdiction of the legislature.

This report was prepared on the initiative of the Financial Accountability Officer. In keeping with the FAO's mandate to provide the Legislative Assembly of Ontario with independent economic and financial analysis, this report makes no policy recommendations.

This analysis was prepared by Matt Gurnham and Matthew Stephenson, under the direction of Jeffrey Novak, with contributions from Luan Ngo and Edward Crummey.

External reviewers provided comments on early drafts of the report. The assistance of external reviewers implies no responsibility for the final product, which rests solely with the FAO.

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## Table of Abbreviations

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Abbreviation	Long Form
ALC	Alternate Levels of Care
FAO	Financial Accountability Office
LHIN	Local Health Integration Network
LTC	Long-Term Care
MOHLTC	Ministry of Health and Long-Term Care
MPP	Member of Provincial Parliament
OHIP	Ontario Health Insurance Plan
OMA	Ontario Medical Association
SCE	Standing Committee on Estimates

# 1 | Introduction

On May 9, 2019, the Government of Ontario (the Province) tabled in the Legislative Assembly volume 1 of the 2019-20 Expenditure Estimates.<sup>1</sup> The 2019-20 Expenditure Estimates (or Estimates) sets out the fiscal year's spending requirements for ministries and constitutes the government's formal request to the legislature for approval to spend the amounts as detailed in the Estimates.

After tabling in the legislature, the Estimates were referred to the Standing Committee on Estimates (SCE). The SCE is mandated to consider the Estimates of between six and 12 ministries. For 2019-20, the SCE has selected the Estimates of the following ministries for review:

- Health and Long-Term Care
- Education
- Transportation
- Infrastructure
- Children, Community and Social Services
- Environment, Conservation and Parks
- Agriculture, Food and Rural Affairs

After the SCE completes its review of a ministry the committee votes on the ministry's Estimates. Once the review and voting process is completed for all selected ministries, the SCE must deliver a report to the legislature by the third Thursday in November.<sup>2</sup> The Supply Bill is then formally introduced in the legislature for approval by all Members of Provincial Parliament (MPPs). Passage of the Supply Bill provides the legislature's approval to spend the amounts as detailed in the Estimates.

The purpose of this report is to support the SCE's review of the Ministry of Health and Long-Term Care's (MOHLTC's) 2019-20 Expenditure Estimates. The report begins with a financial overview of the ministry, focusing on different types of health spending and how spending is allocated by major program area. Next, the report identifies key financial issues for the ministry. MOHLTC is embarking on a new period of spending restraint and health system transformation, including implementing a new health care delivery model and a focus on eliminating "hallway health care". Lastly, the report reviews requested spending by voted program and identifies spending trends and program changes.

Appendix B provides more information on the development of this report.

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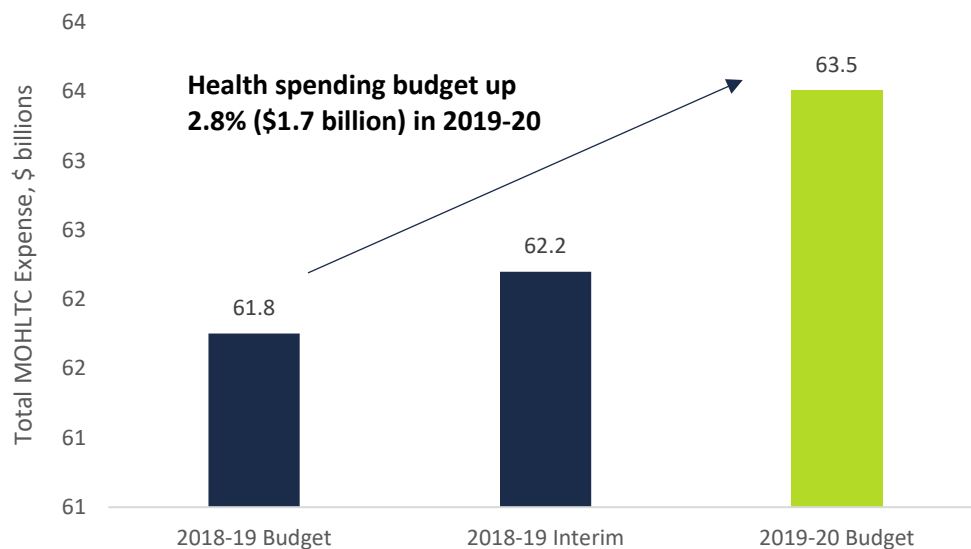
<sup>1</sup> Volume 1 of the 2019-20 Expenditure Estimates is available here: <https://www.ontario.ca/page/expenditure-estimates-volume-1-table-contents-2019-20>.

<sup>2</sup> If the SCE does not deliver a report to the legislature by the third Thursday in November, then the Estimates are deemed to be passed by the SCE. Standing Orders of the Legislative Assembly of Ontario (SO 63(b)).

## 2 | Ministry Overview

In the 2019 Ontario Budget, the Ministry of Health and Long-Term Care (MOHLTC) is projected to spend \$63.5 billion in 2019-20. This is an increase of \$1.7 billion (2.8 per cent) from the 2018 budget's projected spending for the health ministry of \$61.8 billion in 2018-19.

### Projected MOHLTC spending for 2018-19 and 2019-20, \$ billions



Note: MOHLTC 2018 budget projected spending for 2018-19 has been restated to include the transfer of the Child and Youth Mental Health program from the Ministry of Children and Youth Services to MOHLTC.

Source: FAO analysis of 2018 and 2019 Ontario Budgets.

Spending by the health ministry is authorized each year by the legislature through the passage of the annual Supply Bill. However, MOHLTC spending also occurs through standalone legislation and by provincial health agencies and hospitals that can raise and spend their own funds.<sup>3</sup> Together, these three spending components represent the ministry's 2019-20 spending plan of \$63.5 billion as presented in the 2019 Ontario Budget. By spending category, MOHLTC is projected to spend \$60.0 billion in Supply Bill spending (known as spending "to be voted"). The remaining \$3.5 billion in projected spending is largely other spending by hospitals and provincial health agencies, with a small amount (\$16 million) of standalone legislation spending (i.e. spending authorized by legislation other than the Supply Bill).

<sup>3</sup> For example, up to 15 per cent of a hospital's operating spending may be financed from funds raised outside of the transfer payments provided by the Province. Financial Accountability Office of Ontario, "Ontario Health Sector: Expense Trends and Medium-Term Outlook Analysis," winter 2017, p. 45. See also, the FAO's "Expenditure Estimates: A Review of Ontario's Proposed Spending Requirements for the 2018-19 Supply Bill", winter 2019, appendix A for more information.

## MOHLTC 2019-20 budget by spending category, \$ millions

(\$ millions)	2019-20 Budget
Supply Bill (voted) spending	59,958
Standalone legislation (statutory) spending	16
Other spending (hospitals, health agencies and other adjustments)	3,537
<b>Total 2019-20 MOHLTC Budget</b>	<b>63,510</b>

Note: excludes requested Supply Bill spending on capital and operating assets totalling \$101 million.

Source: FAO analysis of the 2019-20 Expenditure Estimates.

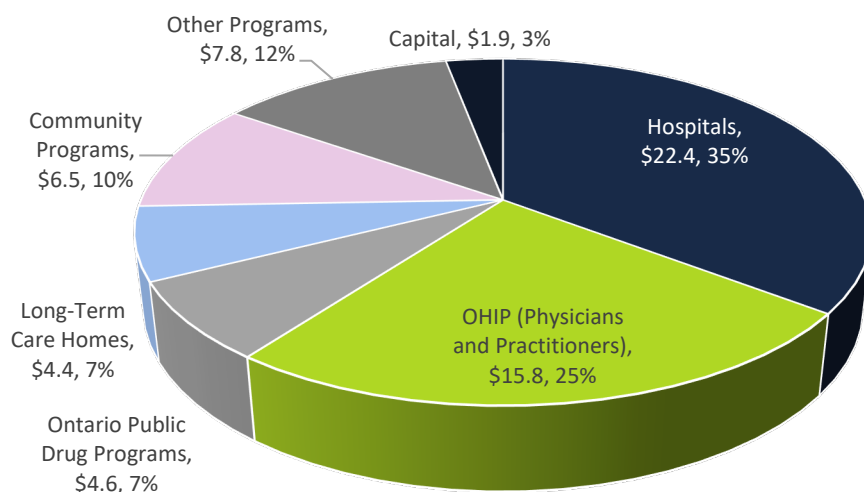
## How to Understand Health Spending

### Health Spending by Program Area

Understanding MOHLTC's budget by spending category as presented in the Expenditure Estimates can be challenging. An alternative way to examine health spending is by major program area, which aggregates different spending categories by spending purpose. Under this approach, total planned spending by program area (for example hospitals or long-term care) can be identified, which is not possible by reviewing the Expenditure Estimates.

The chart below shows planned MOHLTC spending in 2019-20 of \$63.5 billion by major program area. The largest program areas are hospitals (\$22.4 billion) and the Ontario Health Insurance Plan (physicians and practitioners) (OHIP) (\$15.8 billion), which combined account for approximately 60 per cent of projected health ministry spending in 2019-20. Of the remaining major program areas, the next largest is other programs (\$7.8 billion, 12 per cent), followed by community programs (\$6.5 billion, 10 per cent), Ontario public drug programs (\$4.6 billion, 7 per cent) and long-term care (LTC) homes (\$4.4 billion, 7 per cent). The smallest program area is capital spending at \$1.9 billion or 3 per cent of projected spending in 2019-20.

## MOHLTC projected spending of \$63.5 billion in 2019-20 by major program area (\$ billions)



Source: FAO analysis of information provided by the Province.

### MOHLTC major program area descriptions

Program Area	Description
Hospitals	The hospitals program area includes funding to support the operation of 147 hospitals, funding for specialty psychiatric hospital services, and an adjustment to account for hospitals' total spending.
OHIP (Physicians and Practitioners)	OHIP provides funding for more than 6,000 insured services to eligible Ontario residents from various providers including physicians, hospitals, community laboratories, independent health facilities and other clinics.
Ontario public drug programs	Ontario public drug programs provides funding for the cost of over 4,400 drug products through six different programs, the largest of which is the Ontario Drug Benefit program.
Long-term care homes	The LTC homes program area provides funding to support 78,000 residents in 626 LTC homes in Ontario. Funding is provided through two channels, a per diem subsidy paid to LTC home operators and supplementary funding streams.
Community programs	The community programs area provides community and home-based supports through seven programs, the largest of which are funding for home care and mental health.
Other Programs	Other programs combines over 40 programs and funding categories, including transfer payments to provincial agencies such as Cancer Care Ontario and eHealth Ontario as well as ministry administration expenses.
Capital	Capital program area expense includes health sector capital funding for hospitals, community programs and I&IT projects.

Source: FAO. For more information see the FAO's report "Ontario Health Sector: Expense Trends and Medium-Term Outlook Analysis", winter 2017, appendix A.



## Health Spending by Expenditure Estimates Categories

In the Expenditure Estimates, MOHLTC spending is reflected as either Supply Bill spending, standalone legislation spending or other spending. Supply bill spending is further divided into programs called votes, sub-programs called items and accounts.

MOHLTC has nine program votes totalling \$60.0 billion. \$51.0 billion (or 80 per cent) of projected health ministry spending is contained in just two program votes, the Local Health Integration Networks and Related Health Service Providers (vote 1411) and the Ontario Health Insurance Program (vote 1405).<sup>4</sup>

### 2019-20 MOHLTC budget by spending category, \$ millions

Vote	Program Name	2019-20 Estimates (\$ millions)	Share of Total Spending (%)
1411	Local Health Integration Networks and Related Health Service Providers	29,471	46
1405	Ontario Health Insurance Program	21,513	34
1412	Provincial Programs and Stewardship	4,374	7
1407	Health Capital Program	1,809	3
1406	Population and Public Health Program	1,289	2
1402	Health Policy and Research Program	793	1
1403	eHealth and Information Management Program	448	1
1413	Information Systems	143	0
1401	Ministry Administration Program	117	0
<b>Total Supply Bill (Voted) Expense</b>		<b>59,958</b>	<b>94</b>
	Standalone legislation (Statutory) Expense	16	0
	Other spending – Hospitals	3,450	5
	Other spending – Capital	47	0
	Other spending – Other health agencies and consolidations	40	0
<b>Total MOHLTC Expense</b>		<b>63,510</b>	<b>100</b>

Source: 2019-20 Expenditure Estimates.

## Comparing Expenditure Estimates Categories to Program Areas

Spending in a program vote can impact multiple health program areas. Unfortunately, MOHLTC's 2019-20 Expenditure Estimates provide limited information on how funding in each program vote will be allocated

<sup>4</sup> See chapter 4 for program vote analysis.

by program area. In the following table and graph, the FAO describes how spending in each program vote will be allocated by program area.

### How 2019-20 MOHLTC funding in each voted program will be allocated by major program area

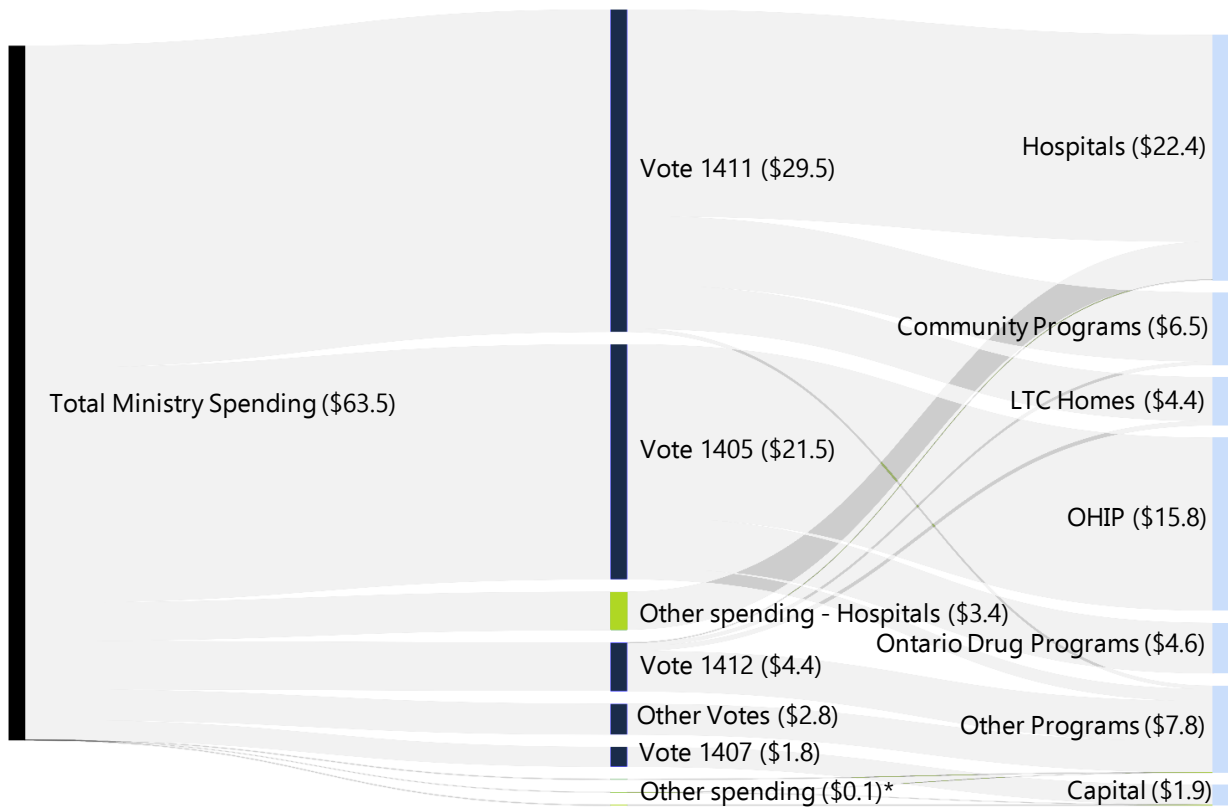
Vote (Program)	Requested Spending	Allocation by Program Area	Additional Details
<b>1405</b> Ontario Health Insurance Program	<b>\$21.5 billion</b>	<b>\$15.8 billion</b> OHIP (Physicians and Practitioners)  <b>\$4.6 billion</b> Ontario Public Drug Programs  <b>\$1.1 billion</b> Other Programs	Program vote 1405 contains three sub-programs (items). Funding supports three program areas: OHIP (physicians and practitioners), Ontario public drug programs and other programs. Funding to other programs consists of the Assistive Devices Program, administration costs and a number of smaller programs, including midwifery services and Health Quality Ontario.
<b>1407</b> Health Capital Program	<b>\$1.8 billion</b>	<b>\$1.8 billion</b> Capital	Program vote 1407 funds eight transfer payment programs, the largest of which is \$1.5 billion for major hospital projects.
<b>1411</b> Local Health Integration Networks (LHINs) and Related Health Service Providers	<b>\$29.5 billion</b>	<b>\$18.9 billion</b> Hospitals  <b>\$6.3 billion</b> Community Programs  <b>\$4.0 billion</b> Long-Term Care Homes  <b>\$0.3 billion</b> Other Programs	Program vote 1411 consists of \$29.0 billion in transfer payments to the Province's 14 LHINs. The LHINs then allocate funding to hospitals (\$18.9 billion), community programs (\$5.9 billion) and long-term care homes (\$4.0 billion). The remaining \$0.2 billion of the transfer payments to the LHINs is for LHIN administration which is recorded to other programs. Lastly, \$0.4 billion in the program vote is allocated to community programs for child and youth mental health and \$39 million is allocated to other programs for Health Shared Services Ontario.
<b>1412</b> Provincial Programs and Stewardship	<b>\$4.4 billion</b>	<b>\$3.7 billion</b> Other Programs  <b>\$0.4 billion</b> Long-Term Care Homes  <b>\$0.3 billion</b> Community Programs  <b>\$0.1 billion</b> Hospitals	<p>Program vote 1412 contains three sub-programs (items). Funding supports four program areas with most funding (\$3.7 billion) going to other programs (includes funding for Cancer Care Ontario, Canadian Blood Services and ambulance services).</p> <p>The remaining funding is allocated to LTC homes (\$0.4 billion), community programs (\$0.3 billion) and hospitals (\$0.1 billion).</p>

Vote (Program)	Requested Spending	Allocation by Program Area	Additional Details
<b>All Other Votes:</b> <b>1401</b> <b>1402</b> <b>1403</b> <b>1406</b> <b>1413</b>	<b>\$2.8 billion</b>	<b>\$2.8 billion</b> Other Programs	Five program votes account for \$2.8 billion in spending. All funding in these votes is accounted for in the other programs area. The largest of the five program votes is the Population and Public Health Program (vote 1406) at \$1.3 billion. This program vote includes 10 transfer payments programs, the largest of which is \$0.8 billion for Official Local Health Agencies.

Source: FAO analysis of information provided by the Province.

The following graph compares MOHLTC's 2019-20 projected spending of \$63.5 billion by Estimates spending categories and program areas.

**MOHLTC's \$63.5 billion 2019-20 budget by Estimates categories and program areas (\$ billions)**



\* Note: other spending totals \$103 million and includes standalone legislation spending and other spending for capital, health agencies and consolidations.

Source: FAO.

# 3 | Key Issues for 2019-20

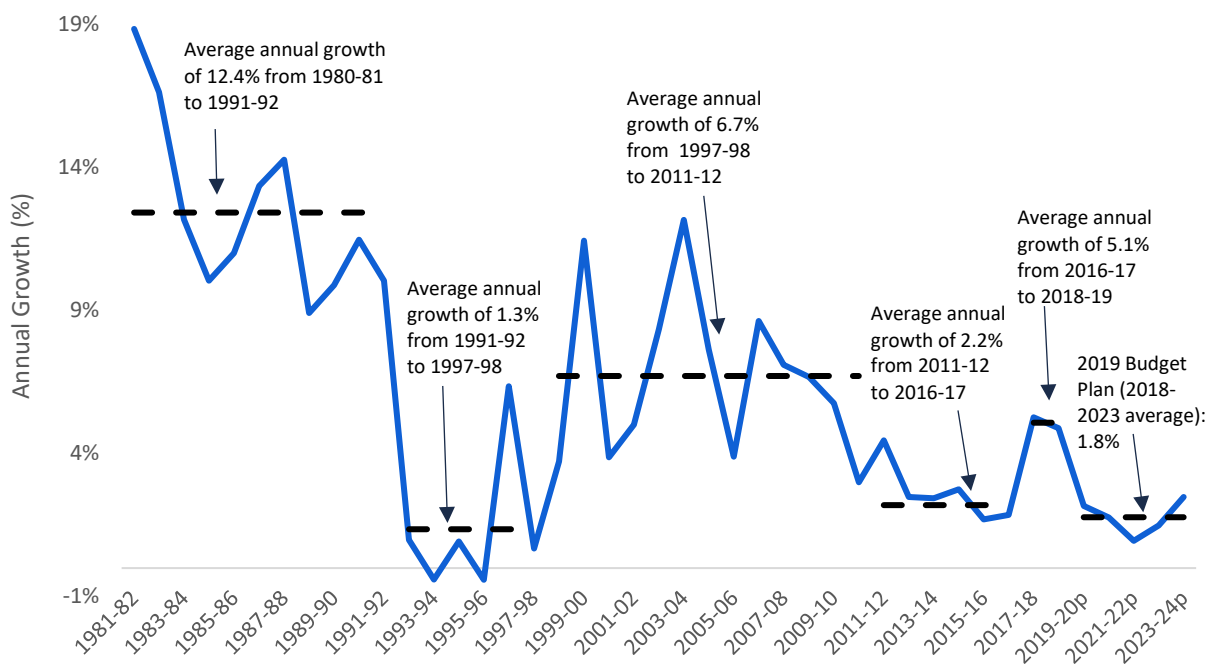
The 2019 Ontario Budget and 2019-20 Expenditure Estimates provide details on the Province’s plan for transformation in the Ministry of Health and Long-Term Care. The Province’s goal is to make patients the “centre of health care” by creating a more integrated health care delivery model and ending “hallway health care”. At the same time, funding for the ministry is entering a new period of restraint. The following sections review aspects of MOHLTC’s spending and transformation plan to support the SCE’s review of the ministry’s 2019-20 Expenditure Estimates.

## Spending Analysis

### New Period of Spending Restraint

The 2019 budget projects MOHLTC spending will grow at an annual average rate of 1.8 per cent from 2018-19 to 2023-24. If this spending plan is achieved it would be only the second time in over 40 years that health ministry annual spending growth averaged less than 2.0 per cent over an extended period.

#### 2019 budget introduces new period of health spending restraint



Note: “p” is projected MOHLTC spending in the 2019 Ontario Budget.

Source: FAO analysis of data from MOHLTC, TBS, the 2019 Ontario Budget and Kneebone, Ronald and Margarita Wilkins, “Canadian Provincial Government Budget Data, 1980/81 to 2013/14,” Canadian Public Policy, volume 42, Issue 1, March 2016.

## Significant Change from the 2018 Budget Plan

The 2019 Ontario Budget projects a significant change in MOHLTC spending in 2019-20 and 2020-21 when compared to the plan in the 2018 budget. In total, the 2019 budget projects a net spending reduction of \$2.7 billion over the next two years as compared to the 2018 budget plan.

Interestingly, the FAO estimates that planned spending in the OHIP program area is up by a total of \$0.9 billion in 2019-20 and 2020-21. This means that projected spending in all other health program areas is down a total of \$3.6 billion in 2019-20 and 2020-21, in the 2019 budget plan, when compared against the 2018 budget.

### **Projected health spending in the 2019 budget is down \$2.7 billion in 2019-20 and 2020-21 compared to the 2018 budget plan**

(\$ billions)	2019-20 and 2020-21 Net Spending Change
OHIP	0.9
All Other Ministry Spending	-3.6
<b>Total Ministry Spending Change</b>	<b>-2.7</b>

Source FAO analysis of the 2018 and 2019 Ontario Budgets.

Note: The FAO cannot disclose the \$2.7 billion reduction in planned spending from the 2018 budget plan to the 2019 budget plan by program area, as the Province has deemed this information to be a Cabinet record. The FAO is prevented from disclosing Cabinet records under s. 12(2) of the *Financial Accountability Officer Act, 2013* and Order-in-Council 1412/2016 and 1002/2018.

## OHIP Program Area Will Receive Over 40% of New Health Funding Over the Next Five Years

The 2019 budget projects that health ministry spending will increase from \$62.2 billion in 2018-19 to \$67.9 billion in 2023-24 for an average annual spending increase of 1.8 per cent. Expressed in dollar terms, health spending is projected to increase by an annual average of \$1.1 billion from 2018-19 to 2023-24.

The FAO estimates that 43 per cent of the annual average increase of \$1.1 billion (or about \$0.5 billion annually) will go to the OHIP (physicians and practitioners) program area. The large relative increase in OHIP spending is primarily due to increases in physician fees resulting from the February 19, 2019 binding arbitration decision concerning the Province and the Ontario Medical Association (OMA) on a new physician services agreement<sup>5</sup> and increased utilization of physician services.

Overall, the FAO estimates that increases to physician fees and utilization of physician services by Ontario's growing and aging population will contribute to average annual spending growth in the OHIP program area of 3.1 per cent from 2018-19 to 2023-24, increasing from \$14.9 billion to \$17.3 billion.

<sup>5</sup> The arbitration decision awards annual increases to physician compensation and also reverses physician fee cuts that were imposed by the Province in 2013 and 2015. For a more detailed analysis of the arbitration decision see the FAO's report "Ontario Health Sector: 2019 Updated Assessment of Ontario Health Spending", winter 2019. Note that beyond 2020-21 the FAO assumes physician fees will increase by an average annual rate of 1 per cent.

## System Transformation

The 2019 Ontario Budget presented the Province's health care system transformation plan with a focus on a more patient-centred approach. The health care system transformation involves three primary initiatives:

- The creation of an integrated health care delivery model;
- Ending hallway health care; and
- Introducing efficiency measures and program changes to re-allocate resources to support front-line care.

### Creating an Integrated Health Care Delivery Model

On April 18, 2019 the legislature passed Bill 74, The Peoples Health Care Act, 2019 which provides the legislative framework for the Province to implement its plan to create a more integrated health care system in Ontario. This legislation will give the ministry broad powers to integrate the health care system and includes two major planned health sector restructuring initiatives, the creation of the Ontario Health Agency and the establishment of Ontario Health Teams.

#### Forming the Ontario Health Agency

Bill 74 provides the Minister of Health and Long-Term Care with the authority to consolidate the Province's 14 Local Health Integration Networks and six provincial agencies into the Ontario Health Agency. The six provincial agencies are:

- Cancer Care Ontario,
- eHealth Ontario,
- HealthForceOntario,
- Health Shared Services Ontario,
- Health Quality Ontario, and
- Trillium Gift of Life Network.<sup>6</sup>

Once the Ontario Health Agency is created, the agency will be responsible for planning and delivering provincial health care, managing health care system performance and quality of care, as well as performing system oversight.

The Province projects the creation of the Ontario Health Agency would result in administration savings of approximately \$350 million annually by 2021-22.<sup>7</sup>

#### Establishing Ontario Health Teams

Bill 74 also provides the minister with the ability to create "integrated care delivery systems" (or Ontario Health Teams). Ontario Health Teams will be groups of health care providers and organizations that are

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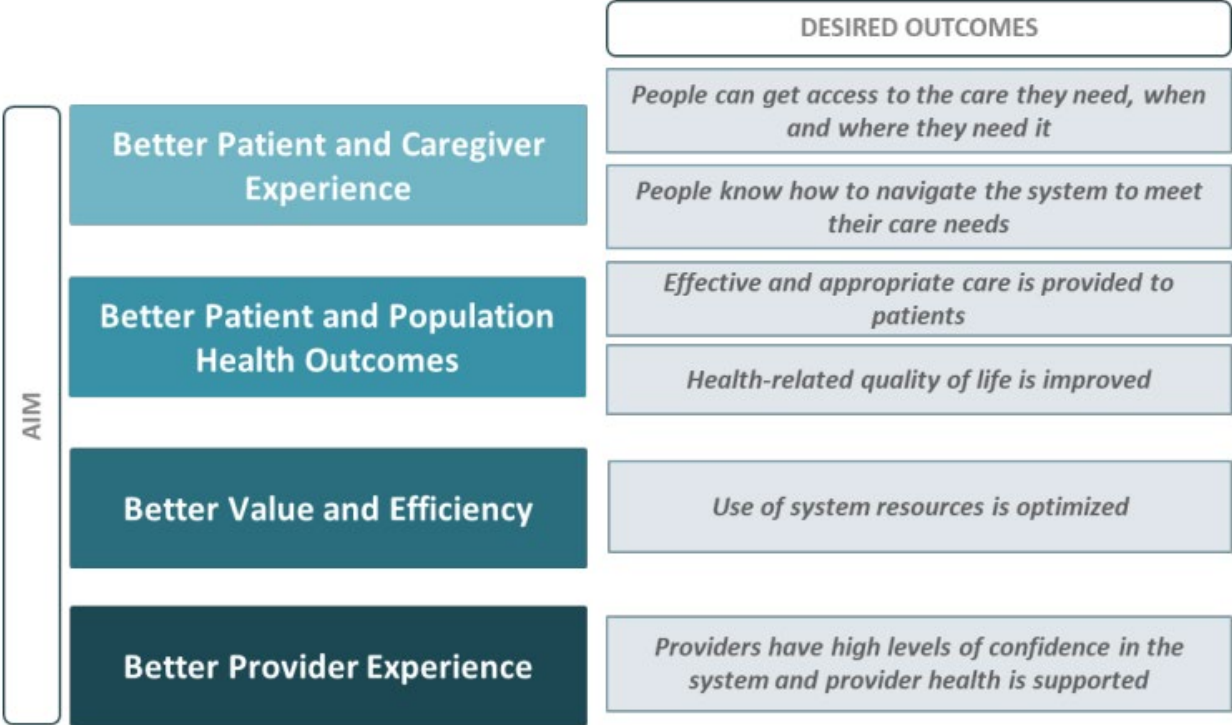
<sup>6</sup> Schedule 1, s 40(2) of Bill 74, The People's Health Care Act, 2019.

<sup>7</sup> 2019 Ontario Budget, p. 8.

clinically and fiscally accountable for delivering care to a defined geographic population. The model aims to integrate the care provided by primary care providers, acute care providers (hospitals), long-term care, community care and mental health and addictions services.<sup>8</sup> These various providers will be members of a single Ontario Health Team that will share patient information and co-ordinate the care of a specific patient population.<sup>9</sup>

The Province has articulated the “aims” and “desired outcomes” of the Ontario Health Team model.

**Desired Outcomes for Ontario Health Teams**



Source: Ministry of Health and Long-Term Care, “Ontario Health Teams: Guidance for Health Care Providers and Organizations”, May 2019.

Ontario Health Teams will be funded through an integrated funding envelope based on the health care needs of each team’s area of responsibility. Each team will have performance targets and an incentive structure related to quality expectations and cost benchmarks.

Based on the FAO’s review, it is not clear what impact, if any, the formation of Ontario Health Teams will have on MOHLTC’s budget. The Province has not publicly announced any savings targets resulting from this initiative.

**Suggested questions for members of the SCE**

- The creation of the Ontario Health Agency is projected to result in \$350 million in annual savings. How was this savings estimate calculated?

<sup>8</sup> Of note is that physicians are not funded by the Ontario Health Agency, therefore their participation in Ontario Health Teams is voluntary.

<sup>9</sup> Ontario Ministry of Health and Long-Term Care, “Ontario Health Teams: Guidance for Health Care Providers and Organizations”, May 2019.

- What performance targets and benchmarks have been set for the Ontario Health Agency?
- Are any cost savings expected from the creation of Ontario Health Teams?
- How will the ministry measure the performance of Ontario Health Teams?
  - What are the ministry's benchmarks and targets for improving system navigation?
  - What are the ministry's benchmarks and targets for improving access to care?
  - What are the ministry's benchmarks and targets for improving digitization of the health system?
  - What are the ministry's benchmarks and targets for improving the patient experience?
  - Will the ministry publicly report these metrics?

## Commitment to End Hallway Health Care

In October 2018, the Province established the 'Premier's Council on Improving Health Care and Ending Hallway Medicine'. One of the key findings of the council's first interim report that informed the 2019 budget was that capacity pressures in the Ontario health system have resulted in at least 1,000 patients receiving care in non-traditional spaces (such as hallways) on a given day.<sup>10</sup> The council also concluded that the Province does not have the appropriate mix of services, beds or digital tools to be ready for the health care needs of Ontario's growing and aging population, which is leading to system capacity pressures.<sup>11</sup>

According to Health Quality Ontario, one of the primary reasons causing Ontario hospital capacity pressure is a lack of patient access to alternate levels of care (ALC). In 2016-17 over 4,000 of the Province's 31,000 hospital beds on any given day were occupied by patients waiting to go elsewhere. Of the patients waiting to go elsewhere, half were waiting for a long-term care placement and one quarter were waiting for assisted living or publicly funded home care.<sup>12</sup>

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<sup>10</sup> "[Hallway Health Care: A System Under Strain](#)", the 1st Interim Report from the Premier's Council on Improving Healthcare and Ending Hallway Medicine, p. 2.

<sup>11</sup> Ibid, p. 3.

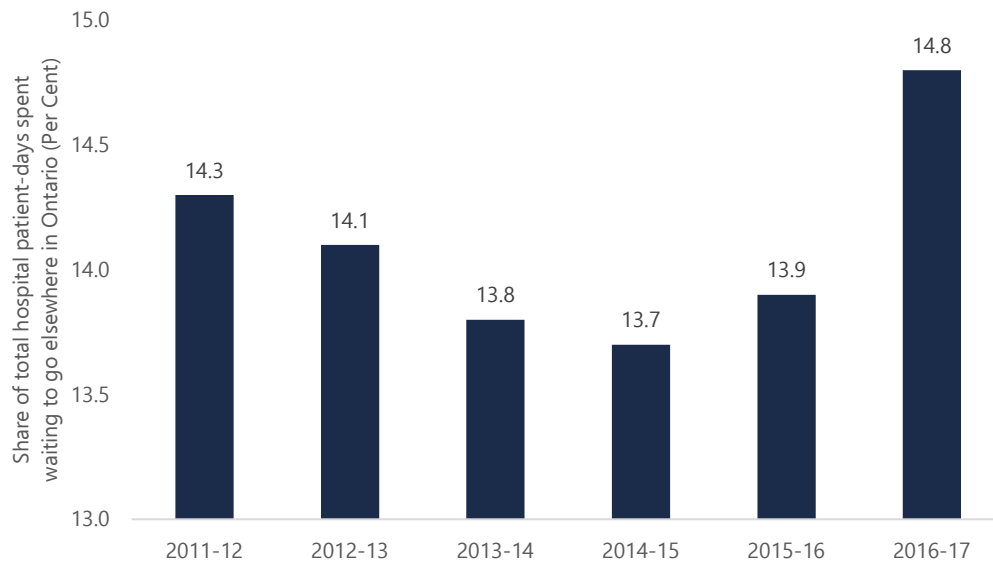
<sup>12</sup> Health Quality Ontario, "Measuring Up 2018 A yearly report on how Ontario's health system is performing", p. 21.

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## More patients are occupying hospital beds waiting for ALC spaces

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Source: Health Quality Ontario.

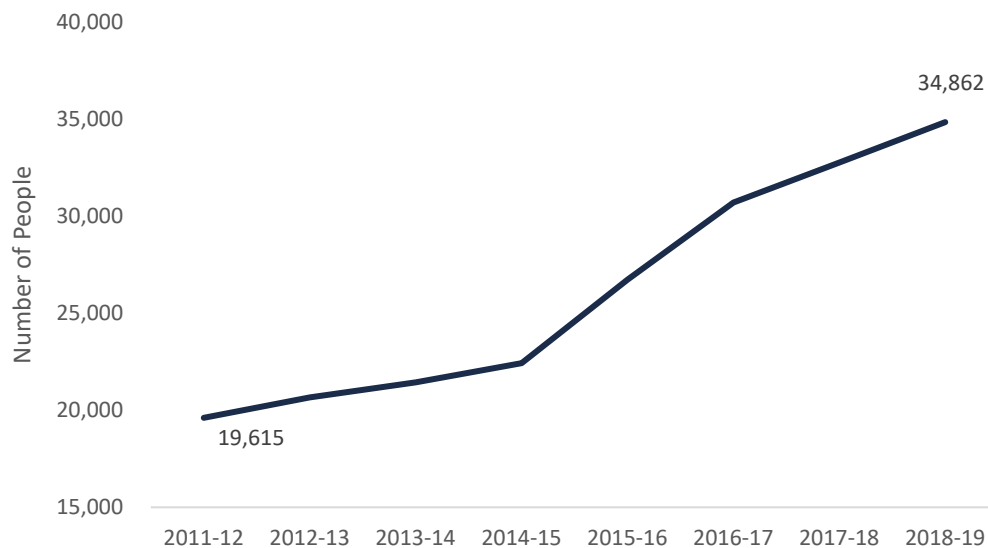
The large volume of patients waiting for long-term care placements is a result of the supply of long-term care in Ontario not keeping pace with demand and Ontario not having the appropriate mix of community care services.<sup>13</sup> Since 2011-12, the wait list for a long-term care placement has increased from 20,000 to 35,000 while the supply of long-term care beds has only increased from 75,000 to 79,000. This has resulted in the time to placement for a long-term care facility increasing from 99 days in 2011 to 158 days in 2018.<sup>14</sup>

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<sup>13</sup> According to the Canadian Institute for Health Information, 22 per cent of seniors that entered residential care could have been supported in a home care setting.

<sup>14</sup> Information provided to the FAO from MOHLTC and Ontario Long-Term Care Association. "Long-term care that works. For seniors. For Ontario. 2019 Pre-Budget Submission."

## Long-term care wait list in Ontario has grown significantly



Source: FAO analysis of information provided by the Province.

The cost of patients in ALC spaces is significantly lower than the cost of patients occupying hospital beds. For reference, the cost of a patient occupying a hospital bed in Ontario is approximately \$650 per day, while the cost of patients occupying long-term care or home care spaces are approximately \$150 per day and \$40 per day, respectively.<sup>15</sup>

Based on the FAO's review, the most significant initiatives contained in the 2019 budget plan to address hospital capacity pressure and reduce long-term care and home care wait times are:

- Creating 15,000 new long-term care beds and upgrading an additional 15,000 beds at an estimated additional cost of \$1.8 billion over five-years. This commitment replaces a pre-existing commitment to create 30,000 new LTC beds over ten years and upgrade 30,000 additional beds that was part of the 2017 and 2018 budget plans.
- Providing \$267 million of additional funding for community care. The Province has indicated that the investments will focus on increasing front-line care delivery to reduce wait lists for long-term care and decrease capacity pressures on hospitals.
- Investing \$27 billion in hospital infrastructure over ten-years. The FAO estimates health capital expense will grow by an annual average of 3.2 per cent over the budget plan, increasing from \$1.9 billion in 2018-19 to \$2.2 billion in 2023-24.<sup>16</sup>

The investment in 15,000 new long-term care beds represents a large expansion of the program and is the most significant investment in the Province's plan to end hallway health care. By increasing the supply of long-term care beds, the Province intends to alleviate hospital capacity pressure by lowering the number of patients occupying hospital beds who are waiting for a long-term care bed.

<sup>15</sup> Home Care Ontario, information provided to the FAO by MOHLTC and FAO calculations.

<sup>16</sup> See the FAO health sector forecast on page 18 of the FAO report: "Ontario Health Sector: 2019 Updated Assessment of Ontario Health Spending", winter 2019.

The 2019 budget's additional funding for community care is also intended to relieve capacity pressure on both hospitals and long-term care homes. However, the Province has not outlined a detailed plan or objectives for home and community care and the impact new funding for community programs may have on the wait list for long-term care or the number of ALC patients occupying hospital beds.

Overall, investments to end hallway health care result in the targeted allocation of new funding over the next five years in the long-term care homes, community programs and health capital program areas. The FAO estimates that annual spending growth in these three program areas will average 4.2 per cent from 2018-19 to 2023-24.

However, based on FAO calculations, to achieve the health ministry spending restraint outlined in the 2019 budget, the Province will be required to restrict base hospital operating funding growth to less than one per cent annually over five years. It is not clear whether targeting spending to the long-term care homes, community programs and health capital program areas, while restricting base hospital operating funding growth to less than one per cent, will allow the Province to achieve its objective to end hallway health care.

### Suggested questions for members of the SCE

- Long-term care questions:
  - What are the ministry's targets and benchmarks for the wait list and time to placement for long-term care?
  - What is the projected impact from the creation of 15,000 new long-term care spaces on the number of ALC patients in hospital beds?
  - What steps has the ministry taken to ensure that the 15,000 new long-term care spaces are created within the five-year timeframe?
- Home and community care questions:
  - What is the ministry's plan for expanding home and community care? How many new home and community care spaces will the ministry create?
  - What changes to home and community care services is the ministry planning?
  - How will the investment in home and community care spaces affect the number of ALC patients in hospital beds and the wait list (and wait times) for long-term care beds?
- Hospitals questions:
  - Based on the 2019 budget plan, what is the planned growth rate for base hospital operating funding over the next five years?
  - How many new hospital beds does the ministry plan to open over the next five years?
  - How much new funding will be provided to operate the new hospital beds?
  - What is the ministry's target for number of hospital patients that receive care in non-traditional spaces (such as hallways)?
  - Has the ministry set a target for reducing the number of ALC patients occupying hospital beds?

- What savings, if any, does the ministry expect to achieve by moving ALC patients out of hospital beds to more appropriate settings (such as long-term care and home care)? How will the savings be allocated (e.g. to hospitals, deficit reduction, or other health program areas)?
- What targets has the ministry set to measure the success of ending hallway health care?
  - What key indicators is the ministry tracking to measure the success of ending hallway health care? Will this information be reported publicly?

## Program Changes and Efficiency Measures

The 2019 budget plan for MOHLTC includes a number of program changes and efficiency measures. These program changes and efficiency measures are part of the Province's health care system transformation plan and are also required to allow the ministry to meet its five-year spending plan. In addition, the 2019 budget noted that savings achieved will be directed to "front-line care".<sup>17</sup> Announced program changes and efficiency measures include the following.

### Funding Reduction to Public Health Units

There are currently 35 public health units in Ontario which offer disease prevention and healthy living programs such as vaccinations, flu clinics and nutrition programs. Public health units are jointly funded by the ministry and municipalities.

In the 2019 budget, the Province announced that it would reduce the number of public health units from 35 to 10 and reduce the budget for public health units by \$200 million by 2021-22. The spending reduction will be applied as lower administration funding provided to public health units and a lower provincial funding share for certain programs operated by public health units.<sup>18</sup>

Funding for public health units is reflected in the other programs program area and program vote 1406.

### Integrated Supply Chain Management

The ministry projects that it will achieve over \$1 billion in annual savings at maturity through the development of a new integrated supply chain model. The savings are expected to be generated by centralizing procurement under the Ontario Health Agency. Overall, the FAO estimates that the \$1 billion in savings, if achieved, will be allocated across multiple program areas and program votes.

### Changes to Drug and Dental Programs

On June 30, 2018, the new government announced that OHIP+ would be adjusted to only cover children and youth without pre-existing drug plans. The change was effective on April 1, 2019 and the ministry estimates it will result in savings of over \$250 million annually. The savings are reflected in the Ontario public drug programs area and program vote 1405.

The Province has also cancelled the implementation of two new programs included in the 2018 budget that were scheduled to begin in 2019-20:

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<sup>17</sup> 2019 Ontario Budget, p. 110.

<sup>18</sup> For example, the [Globe and Mail has reported that](#) the portion of provincial funding for diabetes prevention, food safety, water quality and tobacco use prevention to Toronto Public Health would be reduced from 100% to 50%.

- A new drug and dental insurance plan that would have covered Ontarians without an extended health plan, and
- A plan to remove the deductible and copayment on prescription drugs for Ontarians aged 65 and over.

Combined, these two changes will save the health ministry approximately \$1.1 billion annually by 2020-21 compared to the 2018 budget plan.

### Changes to OHIP coverage

The Province is proposing to end OHIP coverage for out-of-country travellers. The program currently covers up to \$400 per day for inpatient services and up to \$200 per day for any other level of care.<sup>19</sup> The ministry estimates this will save approximately \$10 million annually (program vote 1405).

### Workforce Optimization

The Province is projecting significant savings through workforce optimization initiatives such as improved scheduling and attendance management and reducing the number of overtime and premium rates paid. The Province is projecting savings of \$250 million annually by 2021-22, which the FAO expects will be allocated across multiple program areas and program votes.

### Reductions in Mental Health Funding

The Province has committed to match the Government of Canada's \$1.9 billion investment in mental health over ten years.<sup>20</sup> This is a reduction from the planned investment of \$2.1 billion over four years included in the 2018 budget plan (program votes 1411 and 1412).<sup>21</sup>

### Total Savings Allocated to Front-Line Care and Deficit Reduction

Overall, the FAO estimates that, if achieved, program changes and efficiency targets will result in total savings of \$4.8 billion over the next two fiscal years, 2019-20 and 2020-21, when compared to the 2018 budget plan.

As noted earlier in this chapter, health ministry spending in 2019-20 and 2020-21 is down a combined \$2.7 billion from the 2018 budget plan compared to the 2019 budget plan. As a result, the FAO estimates that of the \$4.8 billion in savings, \$2.1 billion could be re-allocated to front-line services, with the remaining \$2.7 billion allocated to deficit reduction.

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<sup>19</sup> Ontario's Regulatory Registry. [Proposed Amendment to Ontario Regulation 552 under the Health Insurance Act](#).

<sup>20</sup> On January 23, 2019 the Province and the Government of Canada signed a [five-year agreement](#) as part of the planned 10-year investment.

<sup>21</sup> The FAO cannot disclose the change in planned spending from the 2018 budget plan to the 2019 budget plan, as the Province has deemed this information to be a Cabinet record. The FAO is prevented from disclosing Cabinet records under s. 12(2) of the *Financial Accountability Officer Act, 2013* and Order-in-Council 1412/2016 and 1002/2018.

## 4 | Program Vote Review

This chapter reviews the spending request for each program vote in the ministry's 2019-20 Expenditure Estimates.

Note that one program vote included in the 2018-19 Expenditure Estimates has been cancelled. Program vote 1415, Health Benefit Program, has been cancelled for savings of approximately \$9 million.

### Vote 1401 - Ministry Administration Program

The Ministry Administration Program supports the delivery of all programs and services offered by MOHLTC. There are two sub-program (items) in this vote, with most of the spending contained in Item 1, Ministry Administration. Vote 1401 does not include any transfer payments to support other programs or initiatives, with all expenses in the vote categorized as "other spending".<sup>22</sup>

Overall, the spending request for Vote 1401 is down \$4 million, or 3.0 per cent versus last year. Salaries and wages, which account for 44 per cent of the vote's expense, accounts for most of the spending request decrease, which is estimated to be \$3 million lower in 2019-20. Expenses for services account for 41 per cent of the vote, which is estimated to be \$1 million lower in 2019-20.<sup>23</sup>

#### Vote 1401 - Ministry Administration Program

Vote Item	Ministry Administration Program (vote 1401)	2018-19 Estimates \$ millions	2019-20 Estimates \$ millions	1 YR Growth \$ millions	1 YR Growth (%)	5 YR Average Historical Growth (%)
1	Ministry Administration	114	110	-4	-3.2	1.0
2	Ontario Review Board	7	7	0	0.0	1.4
<b>Total Supply Vote</b>		<b>121</b>	<b>117</b>	<b>-4</b>	<b>-3.0</b>	<b>1.1</b>

Source: FAO analysis of the Public Accounts of Ontario and the Expenditure Estimates.

<sup>22</sup> In this chapter, transfer payments that fund a given program or initiative are listed as presented in the Estimates, with the remaining spending categorized as "other spending".

<sup>23</sup> "Services" include advertising, communication, machine repairs and other items.

## 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 2019-20 spending request for vote 1402 is lower by \$52 million versus last year, driven by reduced funding for Clinical Education and the Health System Research Fund.

### Vote 1402 - Health Policy and Research Program

Vote Item	Health Policy and Research Program (vote 1402)	2018-19 Estimates \$ millions	2019-20 Estimates \$ millions	1 YR Growth \$ millions	1 YR Growth (%)	5 YR Average Historical Growth (%)
<b>1</b>	<b>Health Policy and Research</b>					
	Clinical Education	761	736	-25	-3.3	0.1
	Health System Research Fund	49	22	-27	-54.4	-12.3
	Other spending	35	35	0	0.0	8.8
	<b>Total Item</b>	<b>845</b>	<b>793</b>	<b>-52</b>	<b>-6.1</b>	<b>-0.2</b>
	<b>Total Supply Vote</b>	<b>845</b>	<b>793</b>	<b>-52</b>	<b>-6.1</b>	<b>-0.2</b>

Source: FAO analysis of the Public Accounts of Ontario and the Expenditure Estimates.

## Vote 1403 - eHealth and Information Management Program

The eHealth and Information Management Program includes information management, data and analytics. This program vote contains two sub-programs (items). The first item includes three transfer payments, the largest of which is \$249 million for eHealth Ontario, which is down \$69 million, or 22 per cent versus last year's request. The second item is for all capital-related expenses.

Note that as part of Bill 74, eHealth Ontario will be consolidated into the Ontario Health Agency. In future years, Vote 1403 as presented in the Estimates may be adjusted.



## Vote 1403 - eHealth and Information Management Program

Vote Item	eHealth and Information Management Program (vote 1403)	2018-19 Estimates \$ millions	2019-20 Estimates \$ millions	1 YR Growth \$ millions	1 YR Growth (%)	5 YR Average Historical Growth (%)
<b>1</b>	<b>eHealth and Information Management (Operating)</b>					
	eHealth Ontario	317	249	-69	-21.6	-4.6
	Information Technology Programs	103	112	9	8.7	13.4
	Health System Information Management	13	12	-2	-11.3	-12.6
	Other spending	49	49	0	0.0	3.0
	<b>Total Item</b>	<b>482</b>	<b>421</b>	<b>-61</b>	<b>-12.7</b>	<b>-0.9</b>
<b>2</b>	<b>eHealth and Information Management (Capital)</b>					
	eHealth Ontario Capital	37	27	-10	-28.0	-14.8
	<b>Total Item</b>	<b>37</b>	<b>27</b>	<b>-10</b>	<b>-28.0</b>	<b>-14.8</b>
	<b>Total Supply Vote</b>	<b>519</b>	<b>448</b>	<b>-72</b>	<b>-13.8</b>	<b>-2.1</b>

Source: FAO analysis of the Public Accounts of Ontario and the Expenditure Estimates.

## Vote 1405 - Ontario Health Insurance Program

The Ontario Health Insurance Program includes three sub-programs (items): Ontario Health Insurance (\$16.3 billion), Drug Programs (\$4.7 billion) and the Assistive Devices Program (\$0.5 billion).

- Ontario Health Insurance (Item 1) funds coverage for over 6,000 health care services provided by physicians, optometrists, dental surgeons and podiatrists.<sup>24</sup>
- Drug Programs (Item 2) provides funding for Ontario's six drug benefit programs and covers over 4,400 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 expense request is projected to grow by 5.5 per cent from 2018-19 to 2019-20. Significant changes include:

- The Payments made for services and for care provided by physicians and practitioners transfer payment is increasing by 8.3 per cent or \$1.2 billion in 2019-20. The growth is primarily due to fee adjustments resulting from the arbitration decision on a new physician services agreement.<sup>25</sup>
- Ontario Drug Programs transfer payment expense is declining by 2.0 percent or \$97 million in 2019-20. The decline in drug program spending is due to the change to OHIP+ to no longer cover children and youth with pre-existing drug plans. That reduction is partially offset by projected increases in the utilization of drug programs.
- Quality Health Initiatives is declining by 60 per cent or \$41 million in 2019-20.
- Assistive Devices Program spending is increasing by 9.4 per cent or \$45 million in 2019-20.

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<sup>24</sup> Ministry of Health and Long-Term Care, "Schedule of Benefits for Physician Services," June 2015.

<sup>25</sup> See the FAO's report "Ontario Health Sector: 2019 Updated Assessment of Ontario Health Spending", winter 2019 for more information.

## Vote 1405 - Ontario Health Insurance Program

Vote Item	Ontario Health Insurance Program (vote 1405)	2018-19 Estimates \$ millions	2019-20 Estimates \$ millions	1 YR Growth \$ millions	1 YR Growth (%)	5 YR Average Historical Growth (%)
<b>1</b>	<b>Ontario Health Insurance</b>					
	Payments made for services and for care provided by physicians and practitioners	14,608	15,820	1,212	8.3	3.4
	Independent Health Facilities	60	52	-7	-12.4	-0.6
	Underserviced Area Plan	33	31	-2	-5.9	4.4
	Northern Travel Program	54	54	0	0.0	2.9
	Teletriage Services	24	24	0	0.0	-5.4
	Quality Management Program - Laboratory Services	5	5	0	3.3	0.0
	Midwifery Services	167	173	6	3.7	7.4
	Disease Prevention Strategy	2	3	0	19.2	-36.8
	Health Quality Ontario	40	36	-4	-10.9	0.3
	Quality Health Initiatives	68	27	-41	-60.3	10.3
	Other Spending	87	87	-0	-0.1	0.0
	<b>Total Item</b>	<b>15,148</b>	<b>16,312</b>	<b>1,163</b>	<b>7.7</b>	<b>3.3</b>
<b>2</b>	<b>Drug Programs</b>					
	Ontario Drug Programs	4,736	4,639	-97	-2.0	4.2
	Other spending	33	33	0	0.0	5.9
	<b>Total Item</b>	<b>4,769</b>	<b>4,672</b>	<b>-97</b>	<b>-2.0</b>	<b>4.2</b>
<b>4</b>	<b>Assistive Devices Program</b>					
	Assistive Devices and Supplies Program	478	524	45	9.5	8.0
	Other spending	6	6	-0	-0.3	6.0
	<b>Total Item</b>	<b>484</b>	<b>529</b>	<b>45</b>	<b>9.4</b>	<b>2.7</b>
	<b>Total Supply Vote</b>	<b>20,401</b>	<b>21,513</b>	<b>1,112</b>	<b>5.5</b>	<b>3.4</b>

Source: FAO analysis of the Public Accounts of Ontario and the Expenditure Estimates.

## Vote 1406 - Population and Public Health Program

The Population and Public Health Program includes 10 transfer payments under one item to support various health initiatives and programs. The largest transfer payment is \$783 million for Official Local Health Agencies, which is \$39 million higher than last year's request.

Overall, the spending request for Vote 1406 is 1.7 per cent higher than requested in 2018-19, but below the five-year average growth rate of 3.6 per cent. The growth in Vote 1406 is primarily due to increased funding for Official Local Health Agencies which reflects the Province's new \$90 million plan to provide dental coverage for low-income seniors.<sup>26</sup> The cost of the new dental program is partially offset by reductions in funding to public health units which affects multiple transfer payment accounts.

Note that two sub-programs in Vote 1406 were cancelled in 2019-20 for a combined savings of about \$1 million: Public Health Associations and Local Capacity and Coordination.

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<sup>26</sup> Details of the plan can be found on page 125 of the [2019 Ontario Budget](#).

## Vote 1406 - Population and Public Health Program

Vote Item	Population and Public Health Program (vote 1406)	2018-19 Estimates \$ millions	2019-20 Estimates \$ millions	1 YR Growth \$ millions	1 YR Growth (%)	5 YR Average Historical Growth (%)
<b>4</b>	<b>Population and Public Health</b>					
	Official Local Health Agencies	744	783	39	5.3	4.0
	Outbreaks of Diseases	188	171	-17	-9.1	4.7
	Tuberculosis Prevention	9	9	0	0.0	0.0
	Sexually Transmitted Diseases Control	8	33	26	322.1	61.8
	Public Health Associations	0	0	-0	-100.0	-100.0
	Infection Control	20	20	0	0.0	0.2
	Ontario Agency for Health Protection and Promotion	148	134	-13	-9.0	-2.9
	Nutrition/Healthy Eating	28	18	-10	-35.5	8.7
	Prevent Disease, Injury and Addiction	27	24	-3	-12.6	11.5
	Healthy Communities Fund	3	1	-2	-71.6	-32.3
	Local Capacity and Coordination	1	0	-1	-100.0	-100.0
	Smoke-Free Ontario	44	44	0	0.0	0.6
	Other spending	48	51	3	6.7	6.7
	<b>Total Item</b>	<b>1,268</b>	<b>1,289</b>	<b>21</b>	<b>1.7</b>	<b>3.6</b>
	<b>Total Supply Vote</b>	<b>1,268</b>	<b>1,289</b>	<b>21</b>	<b>1.7</b>	<b>3.6</b>

Source: FAO analysis of the Public Accounts of Ontario and the Expenditure Estimates.

## Vote 1411 - Local Health Integration Networks and Related Health Service Providers

Vote 1411 includes transfer payments from the ministry to 14 LHINs. LHINs in turn are responsible for allocating funding to the health service providers (hospitals, long-term care homes and community programs service providers) in their region. Vote 1411 also includes transfer payments to support Health Shared Services Ontario and the Child and Youth Mental Health program.

Overall, the spending request for Vote 1411 is 1.7 per cent higher than requested in 2018-19, but below the five-year average growth rate of 2.9 per cent. Base transfer payments to the LHINs are expected to increase by 4.1 per cent, or \$1.1 billion. However, this spending increase is partially offset by reduced supplementary LHIN transfer payments, down \$0.5 billion or 25 per cent.

As noted previously, Bill 74 provides MOHLTC with the authority to consolidate the Province's 14 LHINs and six provincial agencies into the Ontario Health Agency. Therefore, in future years, Vote 1411 as presented in the Estimates may be adjusted. The creation of the Ontario Health Agency is expected to result in annual administration savings of about \$350 million by 2021-22.

Note that the Child and Youth Mental Health program was transferred from the Ministry of Children and Youth Services to Vote 1411 in 2019-20. Funding for this program is expected to decrease by \$69 million, or 15 per cent versus last year's spending request.<sup>27</sup>

The 2019-20 spending request for Health Shared Services Ontario is down \$10 million, or 20 per cent lower than requested in 2018-19. Health Shared Services Ontario is scheduled to be consolidated into the new Ontario Health Agency.

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<sup>27</sup> Note that the FAO has adjusted Vote 1411 spending request for 2018-19 to include the transfer of this program.

## Vote 1411 - Local Health Integration Networks and Related Health Service Providers

Vote Item	Local Health Integration Networks and Related Health Service Providers (vote 1411)	2018-19 Estimates \$ millions	2019-20 Estimates \$ millions	1 YR Growth \$ millions	1 YR Growth (%)	5 YR Average Historical Growth (%)
<b>1</b>	<b>Local Health Integration Networks and Related Health Service Providers</b>					
	LHINs – Transfer payments	26,427	27,499	1,072	4.1	1.7
	Health Shared Services Ontario	49	39	-10	-20.2	NA
	LHINs – Supplementary Investments	2,034	1,527	-506	-24.9	NA
	Child and Youth Mental Health	475	406	-69	-14.5	4.3
	<b>Total Item</b>	<b>28,984</b>	<b>29,471</b>	<b>487</b>	<b>1.7</b>	<b>2.9</b>
	<b>Total Supply Vote</b>	<b>28,984</b>	<b>29,471</b>	<b>487</b>	<b>1.7</b>	<b>2.9</b>

Note: The FAO cannot provide an estimated five-year average growth rate for the LHIN - Supplementary Investments and Health Shared Services Ontario transfer payments because the two transfer payment programs did not exist five years ago. 2018-19 Estimates numbers have been restated to include the transfer of the Child and Youth Mental Health program from the Ministry of Children and Youth Services to MOHLTC.

Source: FAO analysis of the Public Accounts of Ontario and the Expenditure Estimates.

## Vote 1412 - Provincial Programs and Stewardship

The Provincial Programs and Stewardship program includes three sub-programs (items): Provincial Programs (\$3.2 billion), Emergency Health Services (\$1.0 billion) and Stewardship (\$0.1 billion). Provincial Programs includes six transfer payments that support various initiatives, the largest of which is \$1.8 billion for Cancer Care Ontario. Emergency Health Services includes three transfer payments that support ambulance services. Stewardship is related to other spending and does not include any transfer payments.

Overall, the spending request for Vote 1412 is \$244 million, or 5.9 per cent higher than requested in 2018-19, which is also above the five-year average growth rate of 4.8 per cent. The spending growth in 2019-20 is mostly due to \$127 million in increased funding for Cancer Care Ontario and \$92 million in higher funding for Community and Priority Services.

Note that as part of Bill 74, Cancer Care Ontario will be consolidated into the Ontario Health Agency.



## Vote 1412 - Provincial Programs and Stewardship

Vote Item	Provincial Programs and Stewardship (vote 1412)	2018-19 Estimates \$ millions	2019-20 Estimates \$ millions	1 YR Growth \$ millions	1 YR Growth (%)	5 YR Average Historical Growth (%)
<b>1</b>	<b>Provincial Programs</b>					
	Cancer Screening Programs	117	95	-22	-18.4	NA
	Operation of Related Facilities	73	87	15	20.4	7.4
	Cancer Care Ontario	1,670	1,797	127	7.6	6.7
	Canadian Blood Services	579	573	-7	-1.1	3.5
	HIV/AIDS and Hepatitis C Programs	66	101	35	52.8	13.3
	Community and Priority Services	500	592	92	18.3	-0.1
	<b>Total Item</b>	<b>3,005</b>	<b>3,246</b>	<b>241</b>	<b>8.0</b>	<b>5.0</b>
<b>2</b>	<b>Emergency Health Services</b>					
	Ambulance - Municipal	718	711	-8	-1.1	3.8
	Ambulance - Other	72	73	1	1.6	3.0
	Ambulance - Air	186	191	5	2.7	3.2
	Other spending	69	69	0	0.0	2.8
	<b>Total Item</b>	<b>1,045</b>	<b>1,044</b>	<b>-2</b>	<b>-0.1</b>	<b>3.6</b>
<b>4</b>	<b>Stewardship</b>					
	Other spending	80	85	5	6.0	11.9
	<b>Total Supply Vote</b>	<b>4,131</b>	<b>4,374</b>	<b>244</b>	<b>5.9</b>	<b>4.8</b>

Source: FAO analysis of the Public Accounts of Ontario and the Expenditure Estimates.

## Vote 1413 - Information Systems

The Information Systems program provides digital services to support MOHLTC programs. There are no transfer payments in this vote.

Overall, the spending request for Vote 1413 is \$5 million, or 4.0 per cent higher than last year's request, which is also above the five-year average of 2.0 per cent. Salaries and wages, which account for 37 per cent of the vote's expenses, are expected to increase by \$6 million, or 12 per cent in 2019-20. This spending increase is partially offset by reduced services expense.

### Vote 1413 - Information Systems

Vote Item	Information Systems (vote 1413)	2018-19 Estimates \$ millions	2019-20 Estimates \$ millions	1 YR Growth \$ millions	1 YR Growth (%)	5 YR Average Historical Growth (%)
1	Information Technology Services – Health Cluster	137	143	5	4.0	2.0
	<b>Total Supply Vote</b>	<b>137</b>	<b>143</b>	<b>5</b>	<b>4.0</b>	<b>2.0</b>

Source: FAO analysis of the Public Accounts of Ontario and the 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 vote includes eight transfer payments, the largest of which is \$1.5 billion to support major hospital projects.

Overall, the spending request for Vote 1407 is \$112 million, or 6.6 per cent higher than requested spending in 2018-19, which is also above the five-year average growth rate of 4.2 per cent. The overall spending request increase is mostly due to increased funding for major hospital projects, which is up \$153 million, or 12 per cent versus last year. This is partially offset by reduced funding for small hospital projects, which is down \$20 million, or 33 per cent versus last year.

Two programs were cancelled in 2019-20, the Hospital Energy Efficiency Program and the Social Housing Apartment Improvement Program. Both programs are related to the cancelled cap and trade program.<sup>28</sup> The cancellation of these programs does not result in overall savings for Vote 1407, as the combined savings from the two cancelled programs of \$119 million is offset by an accounting reversal of \$118 million included in "other spending".

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<sup>28</sup> For more information see the FAO's report "Cap and Trade: A Financial Review of the Decision to Cancel the Cap and Trade Program", fall 2018.

## Vote 1407 - Health Capital Program

Vote Item	Health Capital Program (vote 1407)	2018-19 Estimates \$ millions	2019-20 Estimates \$ millions	1 YR Growth \$ millions	1 YR Growth (%)	5 YR Average Historical Growth (%)
<b>1</b>	<b>Health Capital</b>					
	Major Hospital Projects	1,319	1,473	153	11.6	5.0
	Health Infrastructure Renewal Fund	175	175	0	0.0	7.0
	Small Hospital Projects	60	40	-20	-33.3	6.6
	Medical and Diagnostic Equipment Fund	35	35	0	0.0	0.0
	Long-Term Care Programs	5	5	0	0.0	1.4
	Community Health Programs	67	57	-10	-14.3	6.6
	Public Health Laboratories	27	18	-8	-30.8	-23.0
	Integrated Health Facility Programs	3	1	-2	-59.2	NA
	Hospital Energy Efficiency Program	116	0	-116	-100.0	NA
	Social Housing Apartment Improvement Program	3	0	-3	-100.0	NA
	Provincial Psychiatric Hospitals Divestment	5	3	-2	-40.0	-25.9
	Health Infrastructure Information Systems	2	2	-0	-1.4	NA
	Other spending	-118	0	118	100.0	0.0
	<b>Total Item</b>	<b>1,697</b>	<b>1,809</b>	<b>112</b>	<b>6.6</b>	<b>4.2</b>
	<b>Total Supply Vote</b>	<b>1,697</b>	<b>1,809</b>	<b>112</b>	<b>6.6</b>	<b>4.2</b>

Source: FAO analysis of the Public Accounts of Ontario and the Expenditure Estimates.

# 5 | Appendices

## Appendix A: Spending by Program Area

### Ontario health ministry spending by program area (\$ billions)

Fiscal Year	Actuals							Interim	Budget Forecast
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Hospitals	19.3	19.9	20.4	19.9	20.2	20.3	20.8	22.2	22.4
<i>Growth</i>		3.3%	2.4%	-2.2%	1.4%	0.3%	2.8%	6.3%	1.3%
OHIP	12.5	12.8	12.9	13.4	13.5	13.8	14.9	14.9	15.8
<i>Growth</i>		2.3%	0.9%	3.5%	0.8%	2.3%	8.2%	-0.3%	6.2%
Ontario Public Drug Programs	3.5	3.4	3.5	3.8	3.9	3.8	4.2	4.8	4.6
<i>Growth</i>		-1.8%	2.7%	7.8%	3.9%	-2.2%	9.2%	13.5%	-2.6%
Long-Term Care Homes	3.6	3.7	3.8	3.9	3.9	4.0	4.1	4.3	4.4
<i>Growth</i>		1.7%	3.2%	2.2%	2.1%	1.9%	2.6%	3.9%	1.5%
Community Programs	4.4	4.6	4.9	5.2	5.4	5.6	5.7	6.2	6.5
<i>Growth</i>		4.9%	5.8%	5.1%	4.3%	4.5%	1.1%	9.0%	5.3%
Other Programs	5.7	5.8	5.9	6.6	6.7	7.0	7.7	8.0	7.8
<i>Growth</i>		1.5%	2.0%	10.5%	2.6%	4.5%	9.0%	4.3%	-2.2%
Capital	1.3	1.3	1.4	1.6	1.6	1.7	1.8	1.9	1.9
<i>Growth</i>		2.2%	6.2%	15.5%	-5.4%	8.6%	6.2%	3.2%	2.3%
Total Health Ministry	50.4	51.6	52.9	54.3	55.3	56.3	59.3	62.2	63.5
<i>Growth</i>		2.5%	2.4%	2.8%	1.7%	1.9%	5.3%	4.9%	2.2%

Source: FAO analysis of data from MOHLTC, the 2019 Ontario Budget and FAO.

## Appendix B: Development of this Report

### Authority

The Financial Accountability Officer decided to undertake the analysis presented in this report under paragraph 10(1)(a) of the *Financial Accountability Officer Act, 2013*.

### Methodology

This report has been prepared with the benefit of publicly available information and information provided by the Ministries of Health and 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.