

Ontario Health Sector: Spending Plan Review

Briefing Deck

Purpose and Overview

- This report analyzes the Province's health sector spending plan.

Health Sector Spending Outlook

- Compares the FAO's projection vs. the Province's outlook.

FAO Spending Projection by Program Area

- Outlines key assumptions, issues and uncertainties behind the FAO's health sector spending projection.

Health Sector Priority Areas

- Reviews five health sector priority areas: hospital capacity, long-term care and home care, surgical waitlists and wait times, emergency departments, and the health sector workforce.

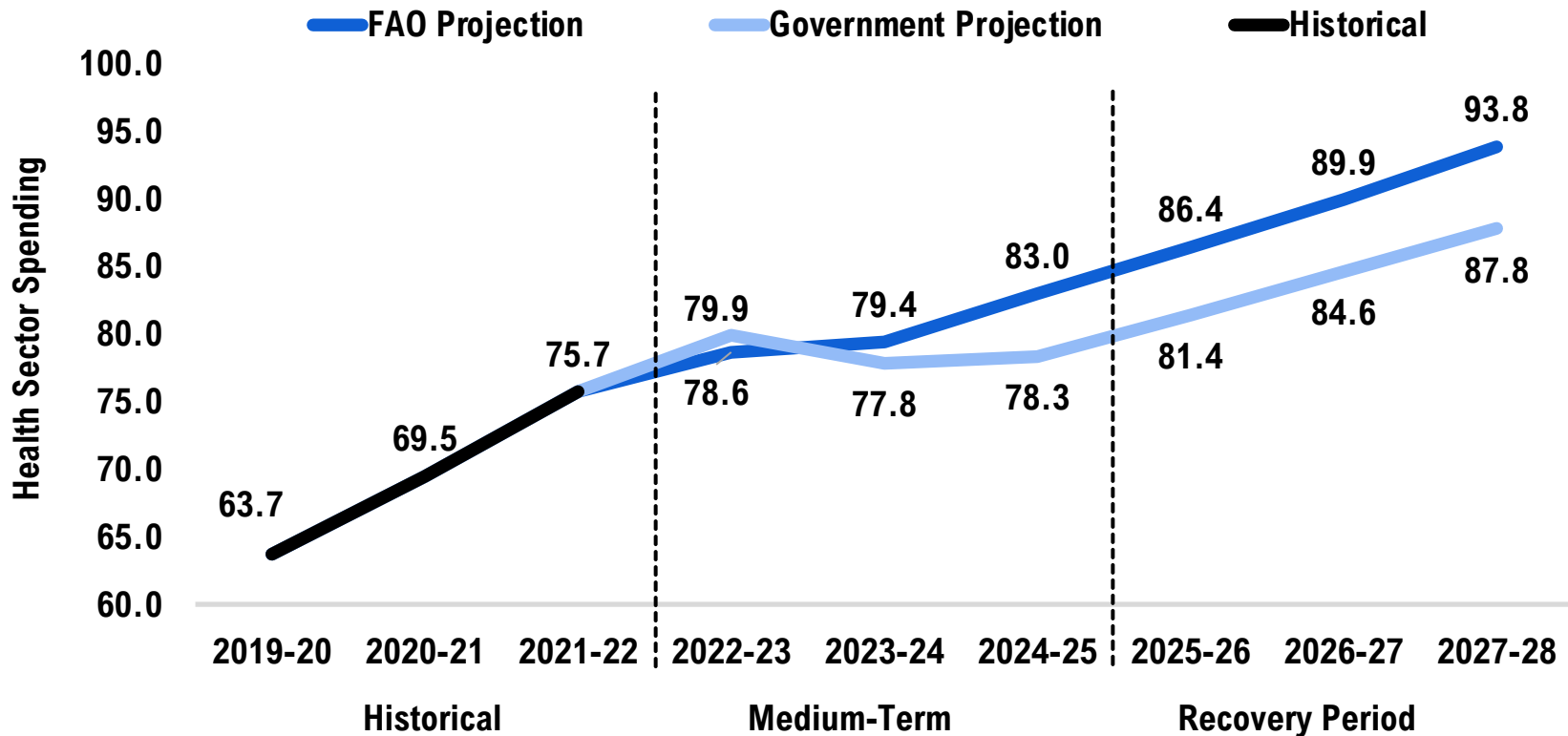


Health Sector Spending Outlook



Projected Health Sector Spending: FAO vs. Province

- FAO projects 3.6% growth rate vs. 2.5% growth rate in the 2022 budget.
- Overall, there is a cumulative \$21.3 billion funding shortfall.



Note: From 2022-23 to 2024-25, the Ontario government projection is from the 2022 Ontario Economic Outlook and Fiscal Review. From 2025-26 to 2027-28, the Ontario government projection is from the 2022 Ontario Budget.

Source: Public Accounts of Ontario, 2022 Ontario Budget, 2022 Ontario Economic Outlook and Fiscal Review, and FAO analysis of information provided by the Province.

FAO Spending Projection by Program Area



FAO Spending Projection by Program Area

Program Area	2021-22 Actual Spending (\$ billions)	2027-28 Projected Spending (\$ billions)	Average Annual Growth Rate (%) 2021-22 to 2027-28	Average Annual Growth Rate (%) 2019-20 to 2027-28
Hospitals	26.4	31.5	3.0	4.0
OHIP (physicians and practitioners)	16.6	21.1	4.1	3.7
Ontario public drug programs	5.3	7.4	5.7	5.6
Community programs	5.2	7.0	5.0	5.6
Mental health and addictions programs	2.0	2.7	5.4	5.1
Long-term care	6.8	11.0	8.3	12.2
Other programs	11.2	10.4	-1.2	4.1
Health capital	2.2	2.6	3.1	4.2
Total Health Sector	75.7	93.8	3.6	5.0

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



Key Risks to FAO Spending Projection

Wage settlements above the historical average

- FAO projection assumes wage growth consistent with existing collective agreements or historical long-term average wage growth.
- Given recent elevated inflation, there is the potential for above-average wage settlements which would lead to higher than projected spending.

The legal challenge to Bill 124

- On November 29, 2022, the Ontario Superior Court of Justice ruled that Bill 124, which limits base salary increases for most provincial employees to one per cent per year for a period of three years, was in violation of the Canadian Charter of Rights and Freedoms and was declared to be void and of no effect.
- The government has appealed this decision. If the government is unsuccessful in its appeal, then provincial spending on wages would be higher than projected in the FAO's forecast.



Health Sector Priority Areas

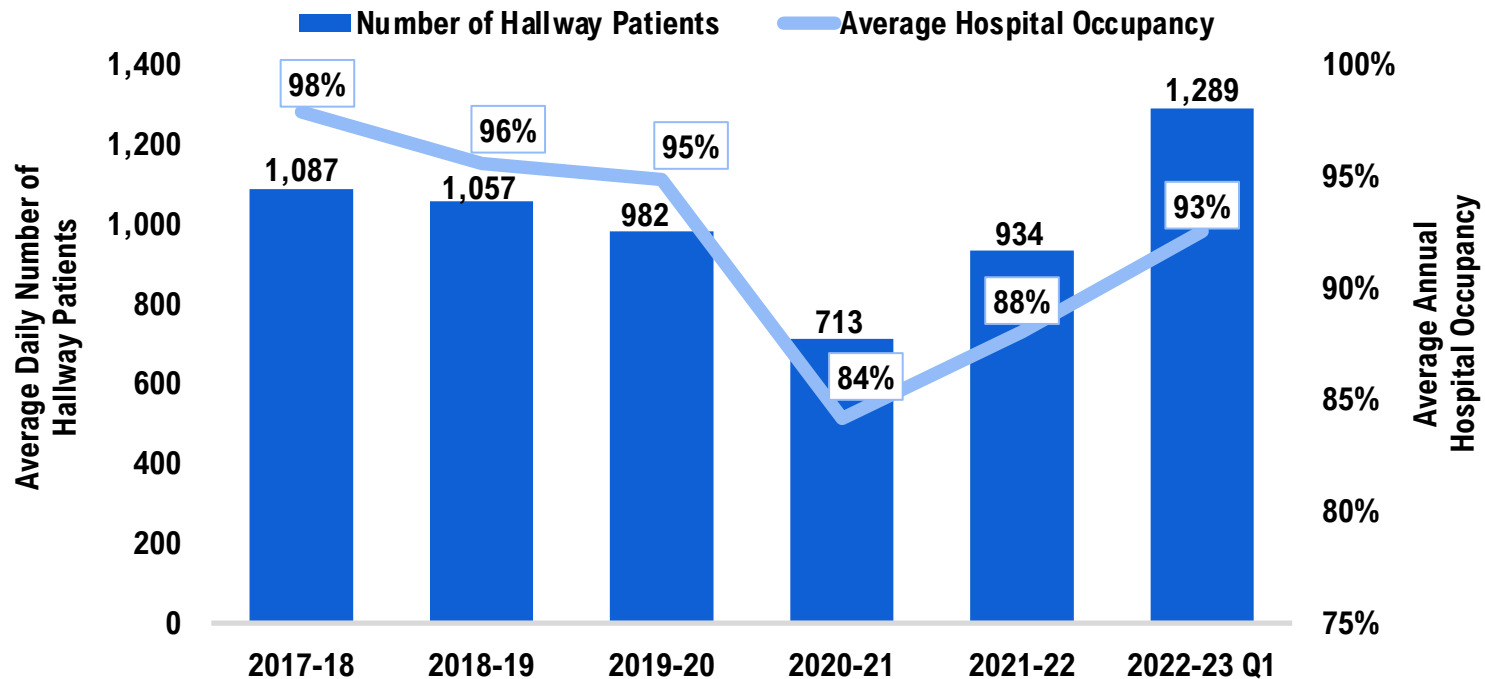


Hospital Capacity



Hospitals are Experiencing Capacity Strain

- From 2005 to 2019, the number of hospital beds increased by 3% while 65+ population grew by 56%.
- Growing numbers of hospital beds occupied by patients waiting to go elsewhere (ALC patients).
- Hospitals averaged 96% occupancy (2017-18 to 2019-20) with approximately 1,000 patients receiving care in hallways or other unconventional spaces each day.

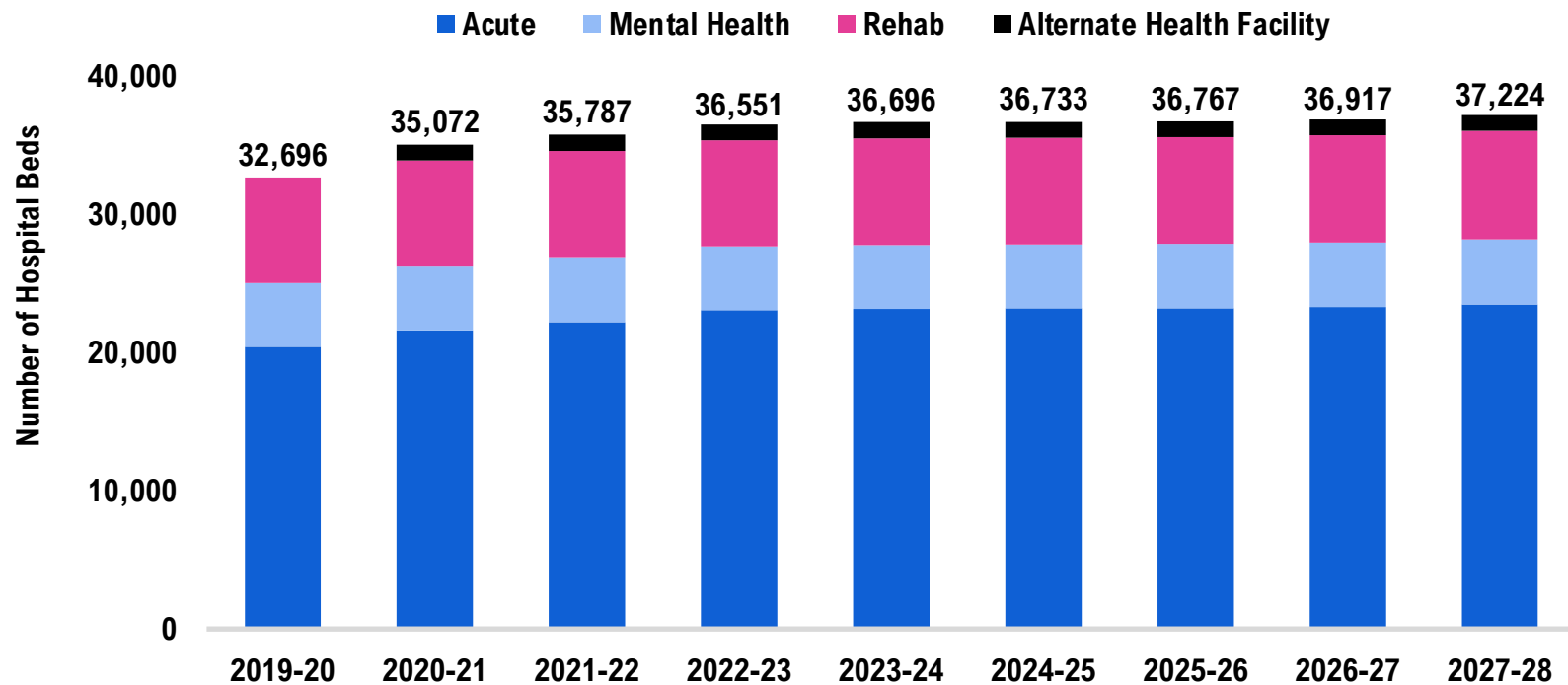


Note: 2022-23 Q1 is for April to July of 2022. "Hallway patients" refers to hospital patients who received care in hallways or other unconventional spaces.
 Source: FAO analysis of information provided by Ministry of Health.



Hospital Capacity Expansion Plan

- Increase available hospital capacity by 7,000 beds by 2027-28 by:
 - Adding 4,500 hospital beds from 2019-20 to 2027-28; and
 - Freeing up 2,500 existing hospital beds occupied by ALC patients in hospitals waiting for long-term care and home care.



Note: Alternate Health Facility refers to beds in alternate health facilities such as retirement homes that are available to hospitals to meet surges in patient demand.
 Source: FAO analysis of information provided by Ministry of Health.



Growth in Demand for Hospital Beds Expected to Exceed Capacity Expansion Plan

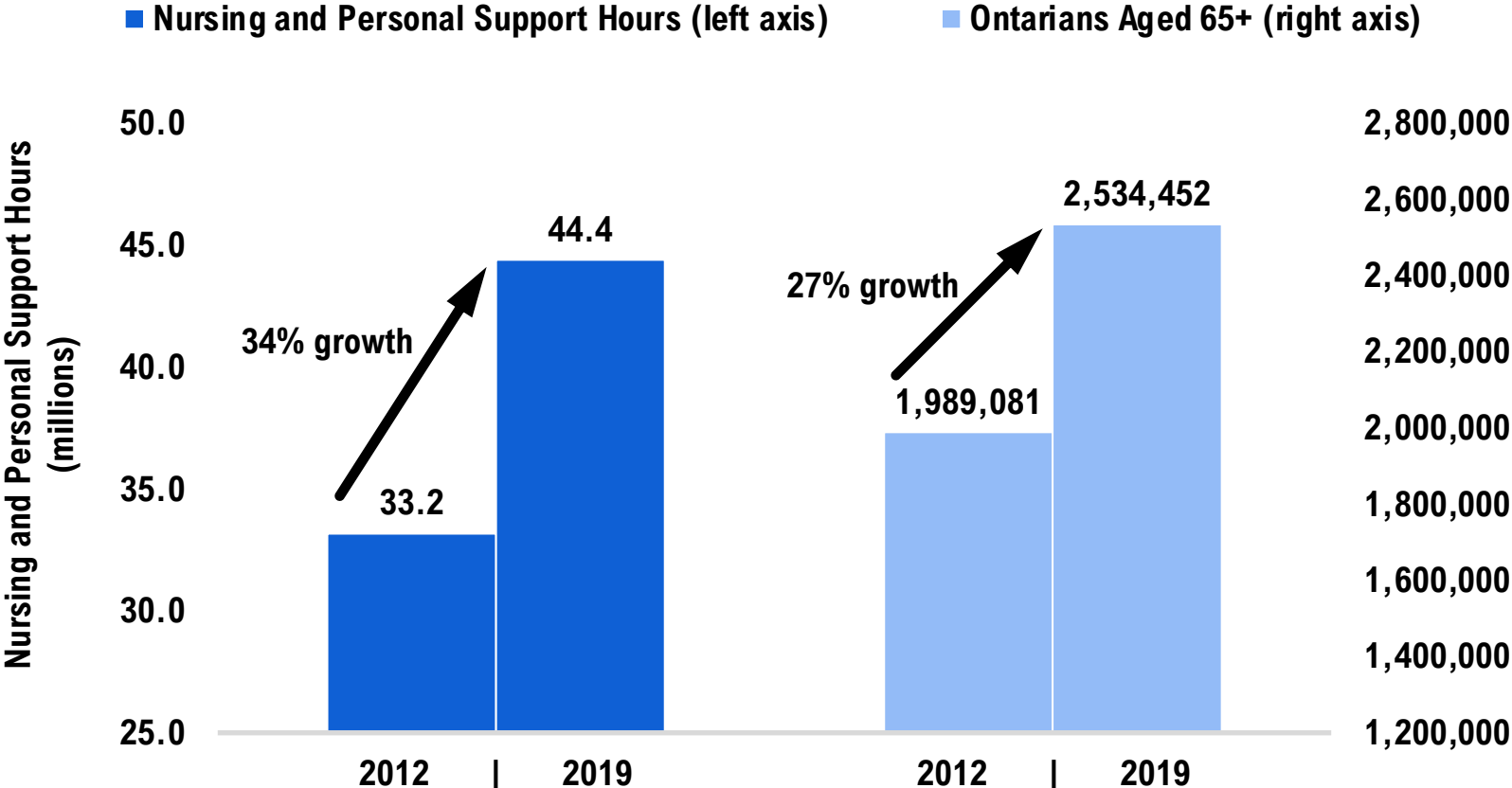
- It is unlikely that the Province's measures will increase available capacity by 7,000 beds.
 - The Province has not allocated enough operating funding to sustain the 4,500 beds to be added.
 - Capacity issues and wait times for long-term care will make it challenging to free up hospital beds occupied by ALC patients waiting for long-term care.
- The FAO estimates that 7,500 hospital beds will be needed just to serve the growth in demand for hospital services from 2019-20 to 2027-28.
 - So even if the Province achieves its plan to free up 7,000 beds, it will still be 500 beds short.



Home Care and Long-Term Care



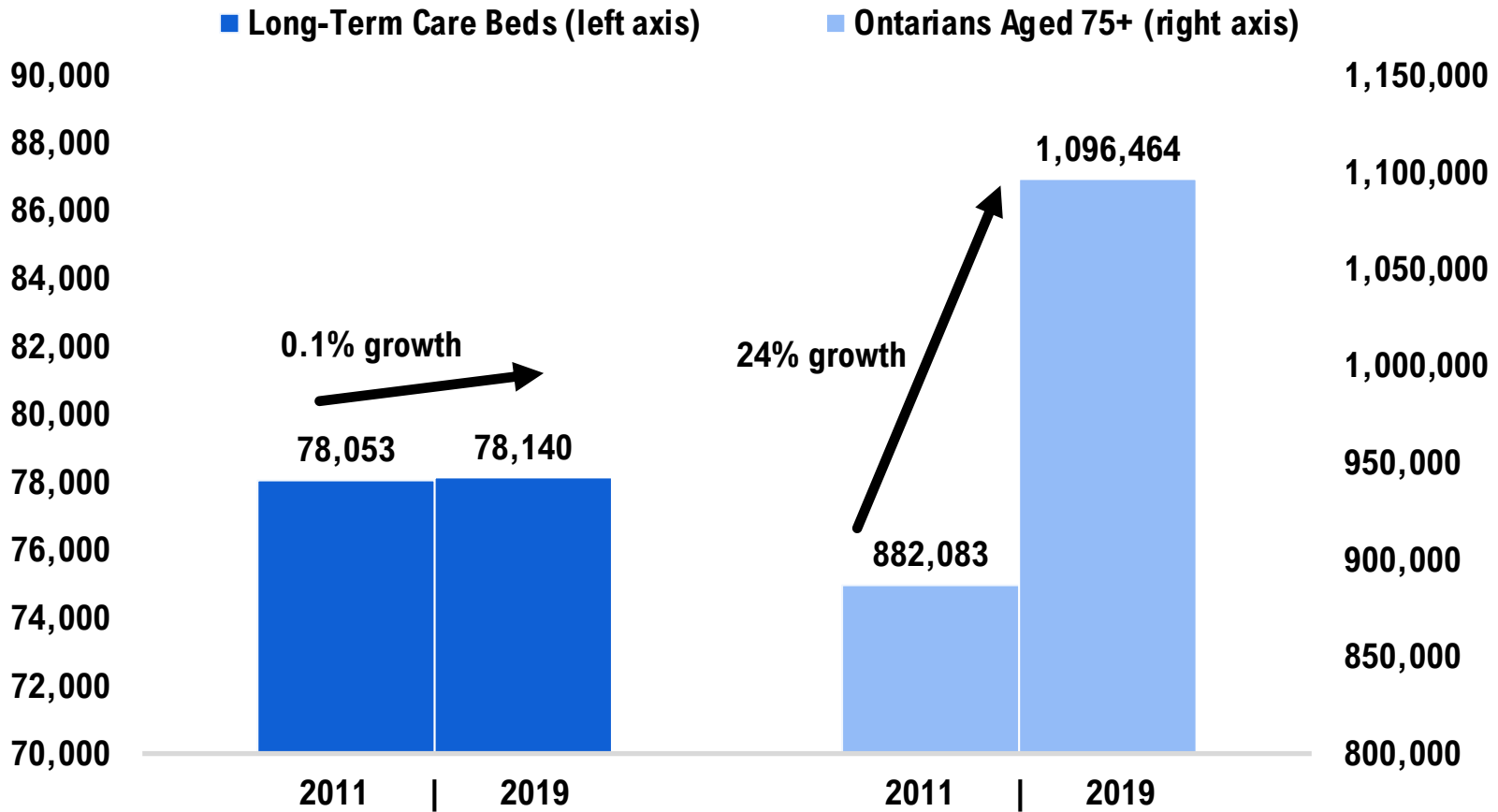
Growth in Home Care Hours has Exceeded Growth in Seniors...



Source: FAO analysis of information provided by Ministry of Health.



... But Growth in Elderly Ontarians has Exceeded Growth in Long-Term Care Beds



Source: FAO analysis of information provided by Ministry of Health.



Home Care and Long-Term Care Expansion Plan

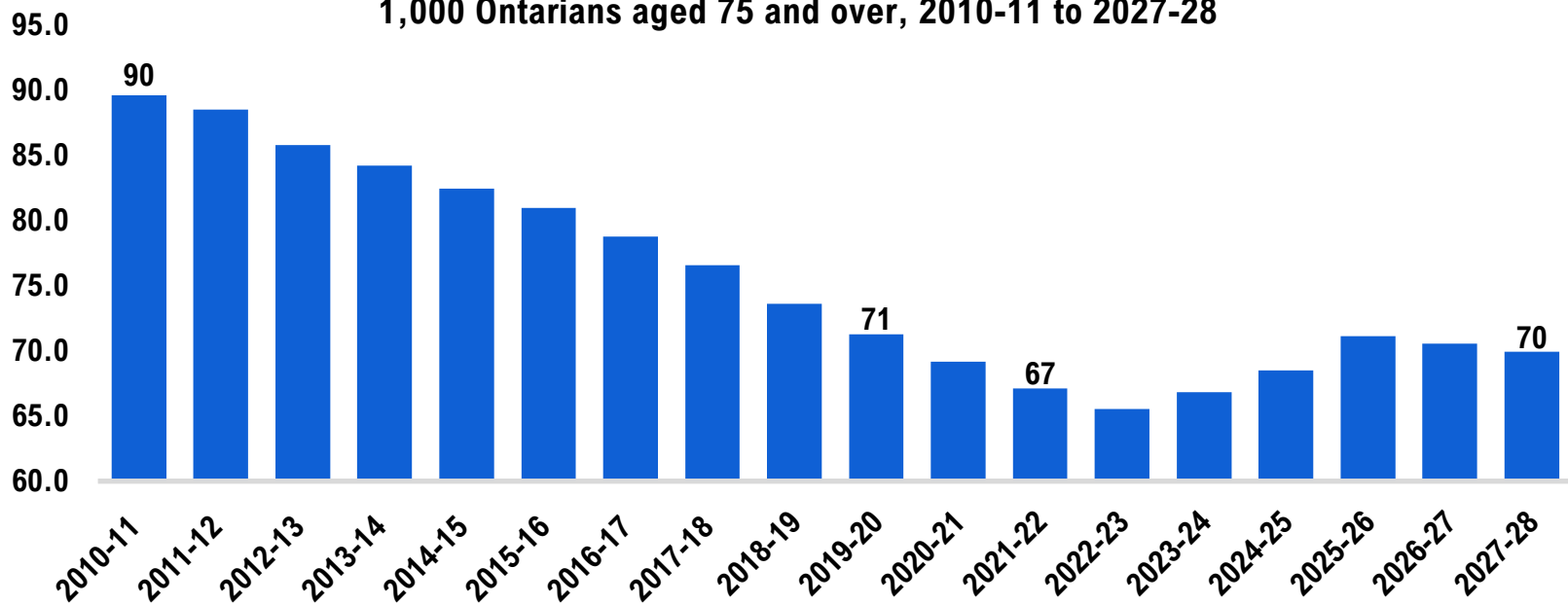
- Add 30,000 net new long-term care beds by 2028; and
- Spend an additional \$1.0 billion over three years to increase the supply of home care services.
- Combined, spending on these programs is projected to increase at an average annual rate of 10.0% from \$7.3 billion in 2019-20 to \$15.6 billion in 2027-28.
 - Double the 5.0% growth rate in the health sector as a whole.



Capacity Will Still Decline Slightly Relative to Need

- For home care, the annual hours of nursing and personal support services per Ontarian aged 65 and over will be approximately the same in 2024-25 as it was in 2019-20.
- For long-term care, the number of beds per 1,000 Ontarians aged 75 and over will decline slightly from 71 in 2019-20 to 70 in 2027-28.

FAO projection for the number of long-term care beds per 1,000 Ontarians aged 75 and over, 2010-11 to 2027-28



Source: FAO.



Surgical Waitlists and Wait Times



398,000 fewer Surgeries were Performed from 2020 to 2022

- In response to the COVID-19 pandemic, the Province issued directives to pause elective surgical procedures three times to preserve hospital capacity.

Reduction in surgeries performed compared to 2019

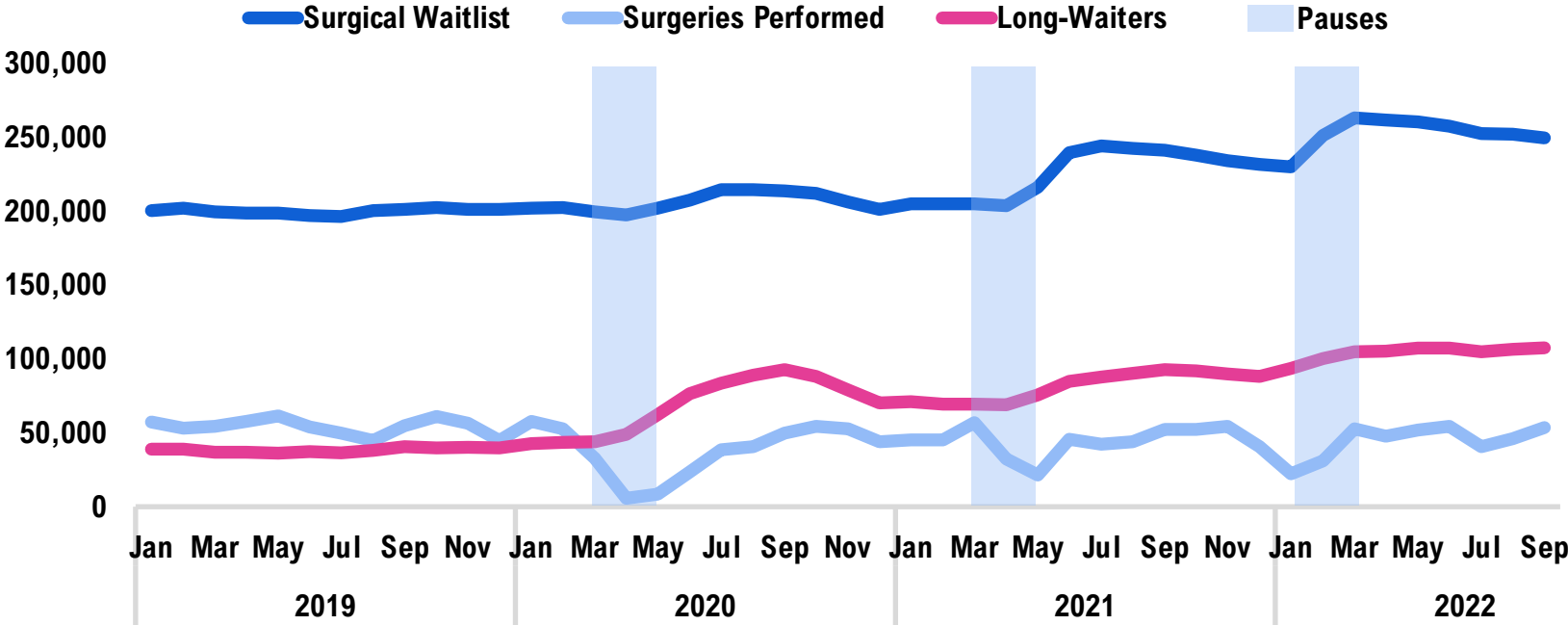
	2019	2020	2021	2022	2020 to 2022 Average
Surgeries Performed	649,299	461,785	532,241	555,487	516,504
Change from 2019 (Number of Surgeries)		-187,514	-117,058	-93,812	-132,795
Change from 2019 (%)		-29%	-18%	-14%	-20%

Source: FAO based on data provided by Ontario Health.



Surgical Waitlist has Increased

- As of September 2022, there were approximately 250,000 patients on waitlists for surgical procedures, which is 50,000 more patients than the pre-pandemic level of 200,000.
- Of the 250,000 on the waitlist, 107,000 were “long-waiters,” up from an average of 38,000 before the COVID-19 pandemic.

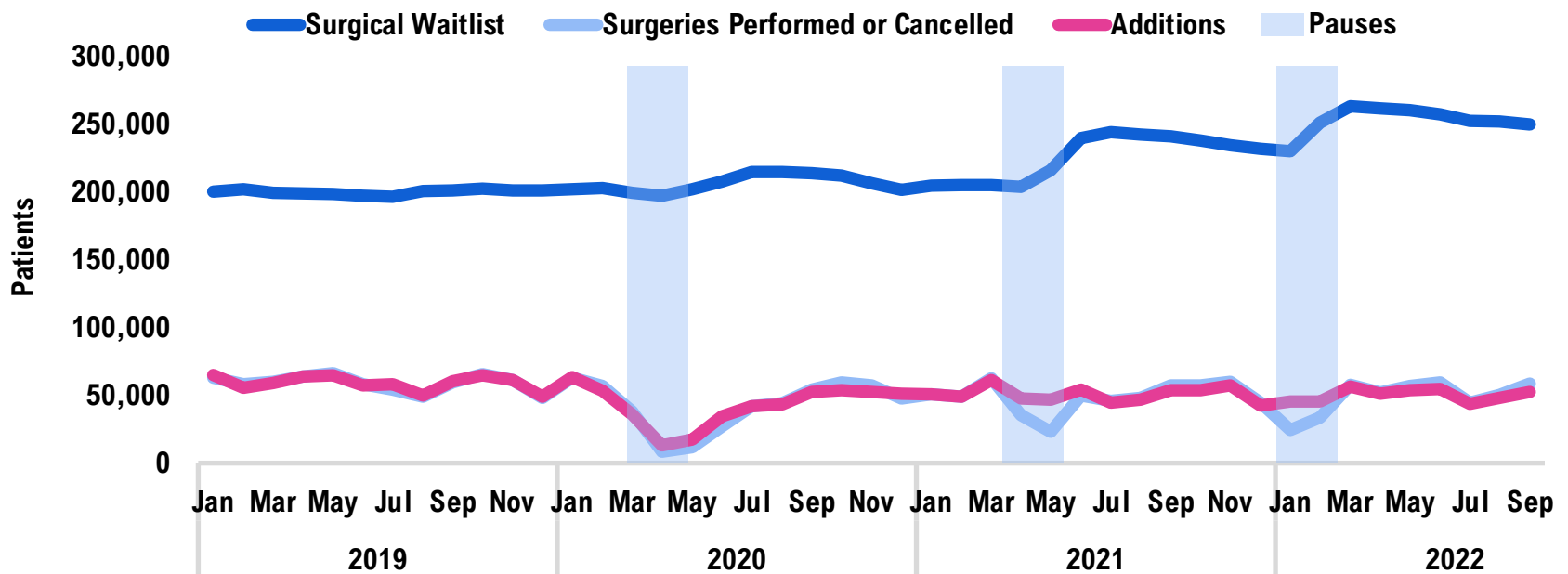


Note: Shaded areas represents periods where the Province issued directives to pause elective surgical procedures to preserve hospital capacity. Long-waiters are Ontarians on the waitlist who have waited longer than the maximum clinical guidelines for their surgical procedure.
 Source: FAO based on data provided by Ontario Health.



Fewer Surgeries are Being Performed Compared to Before the Pandemic

- The Province invested \$858 million in surgical recovery from 2020-21 to 2022-23, however, volume of surgeries has not returned to pre-pandemic levels.
- Waitlist has only increased by 50,000 despite 398,000 fewer surgeries performed because fewer Ontarians are being added to the waitlist.



Note: Waitlist data is only shown up to the latest complete data for September 2022. Change in the waitlist reflects the difference between additions and individuals removed from the waitlist because their surgery was performed or cancelled. Shaded areas represent periods where the Province issued directives to pause elective surgical procedures to preserve hospital capacity. Source: FAO based on data provided by Ontario Health.

Achieving Waitlist and Wait Time Targets Will be Challenging

- Province's target is to reduce the waitlist and number of long-waiters to pre-pandemic levels by March 2023. That would require 200,000 patients on the surgery waitlist and 38,000 long-waiters.
- Based on the current rate of decline in the waitlist, the Province is on track to reduce the surgical waitlist back to 200,000 patients by July 2024.
 - To achieve its March 2023 target, Province would need to increase surgical volumes by 12% from September 2022 to March 2023.
- As of September 2022, the number of long-waiters on the surgery waitlist was 107,000, which was the highest number recorded since the start of the pandemic.
 - Without additional measures, the Province will not achieve its long-waiters target.

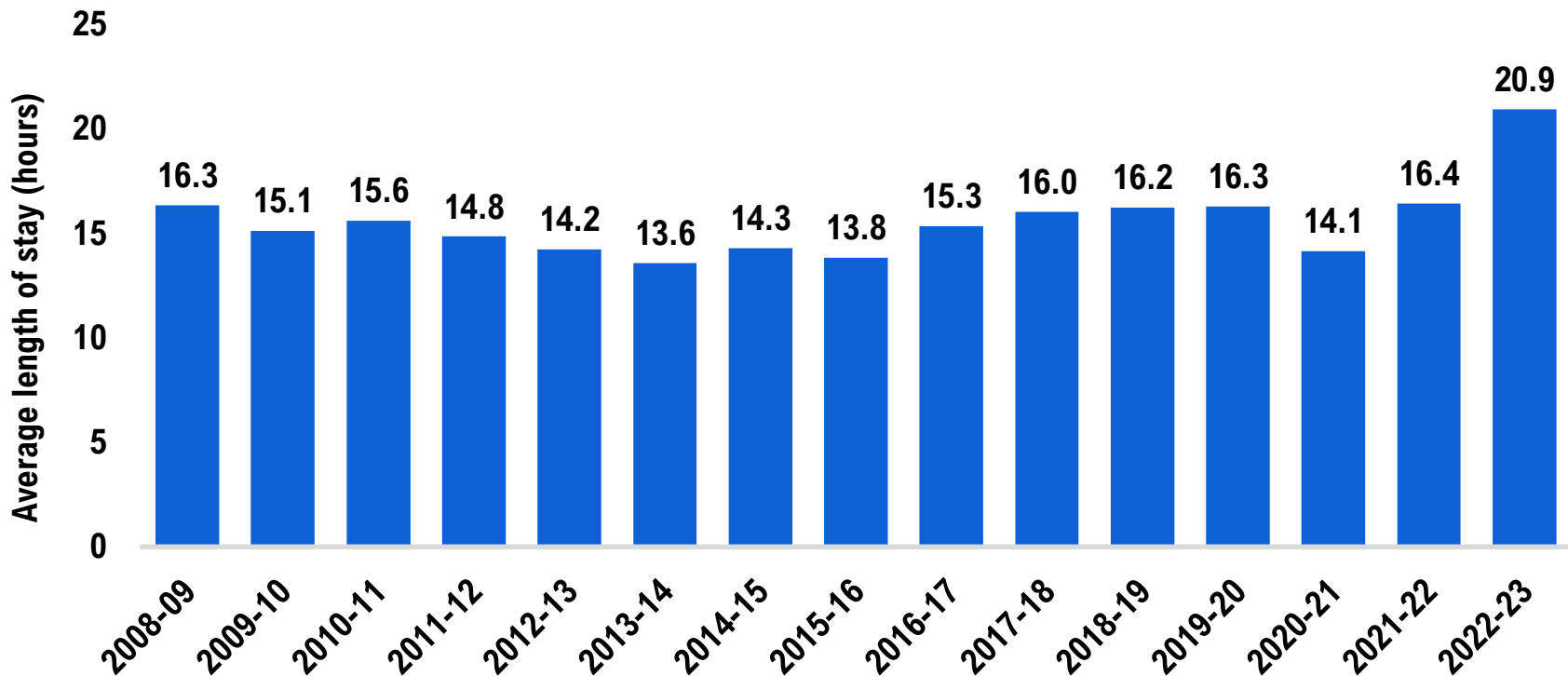


Emergency Departments



Emergency Department Wait Times and Closures

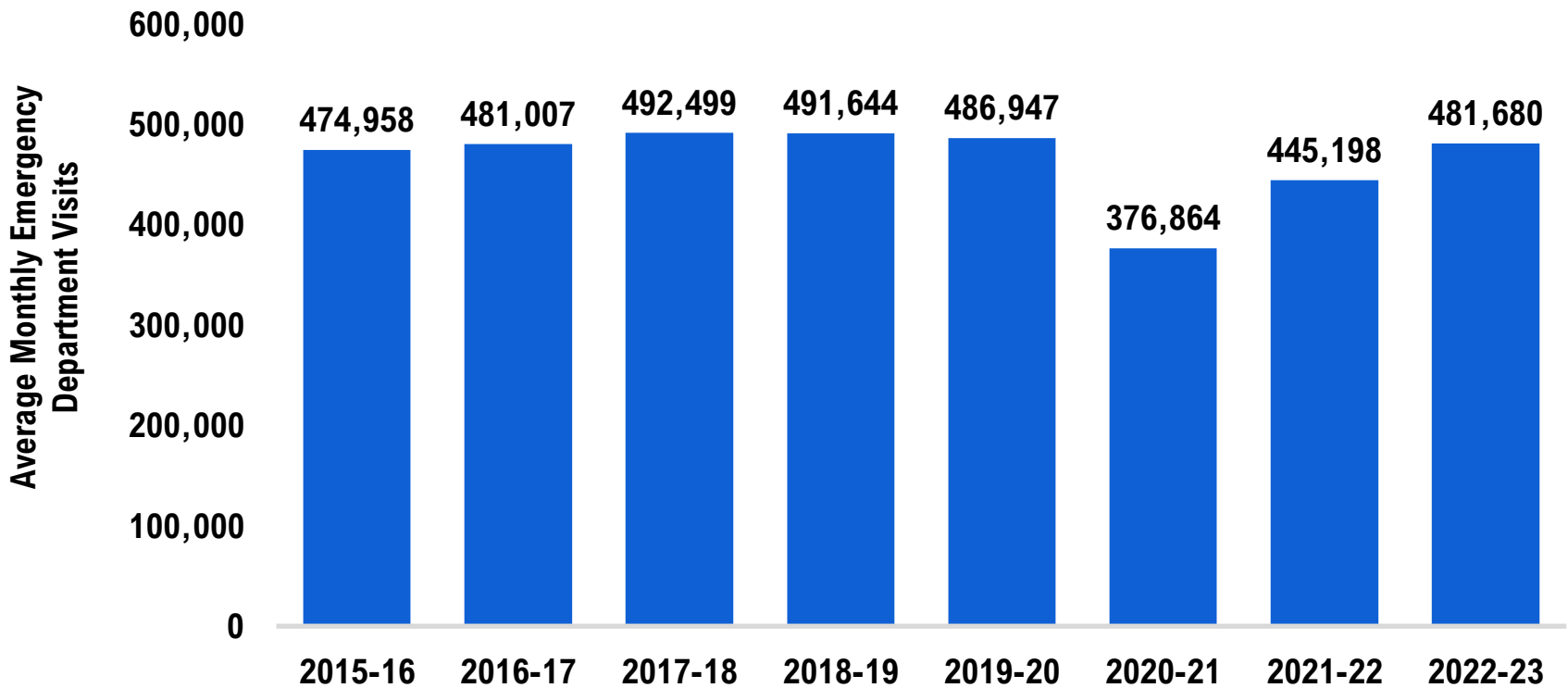
- In 2022-23, the average length of stay in an emergency department for patients admitted to hospitals was 20.9 hours. This is 34% higher than before the COVID-19 pandemic.
- There have been at least 145 unplanned emergency department closures in Ontario in 2022-23.



Note: 2022-23 average is from April to November.
Source: FAO analysis of information provided by Ministry of Health.



Patient Volumes are still below Pre-Pandemic Levels



Note: 2022-23 monthly visits are from April to November of 2022.
Source: FAO analysis of information provided by the Ministry of Health.



Province's Measures Primarily Target Rural Emergency Departments

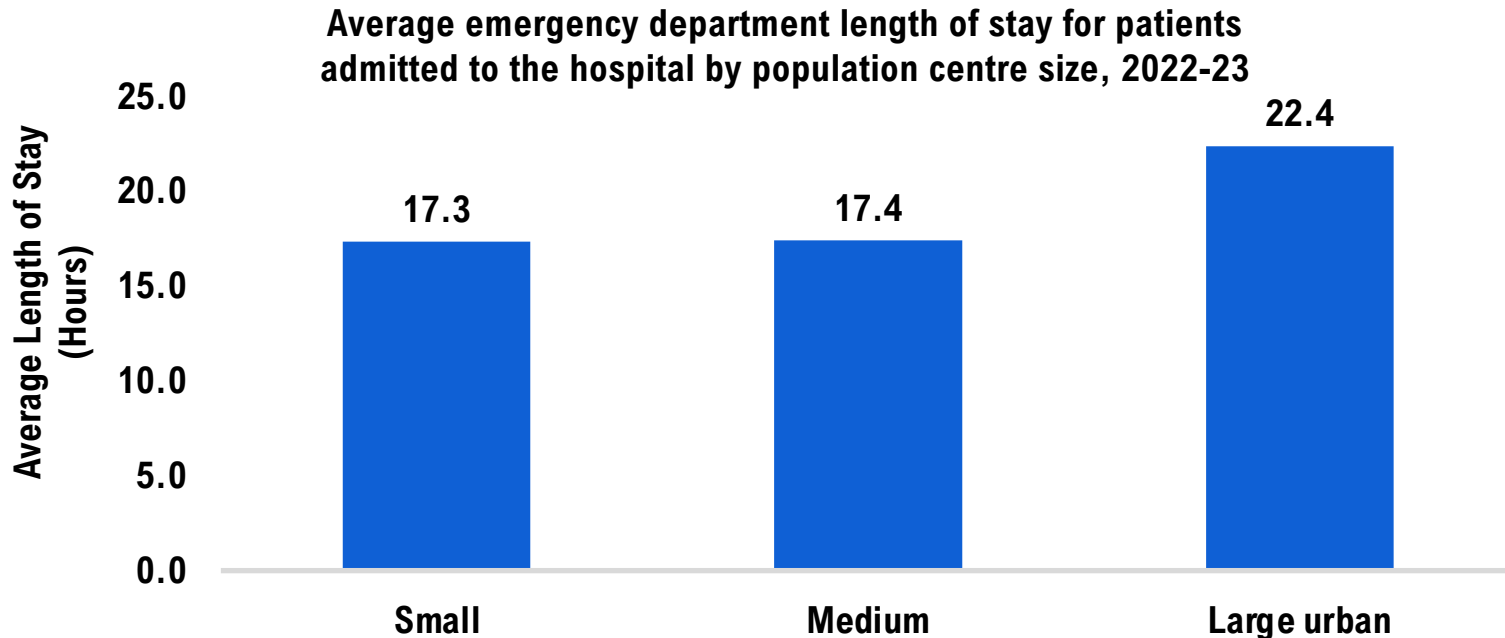
The Province's plan includes:

- Increased funding for physician coverage in northern and rural emergency departments.
- Measures to reduce the number of emergency department visits across the Province



Longest Wait Times are in Large Urban Areas

- Although closures are primarily in rural areas (143 of 145), the longest wait times are in large urban centres.



Note: Small population centres have a population of less than 30,000. Medium population centres have a population between 30,000 and 99,999. Large urban population centres have a population of 100,000 or more.

Source: FAO analysis of information provided by the Ministry of Health.

- Hospitals have identified a lack of staff as the primary issue causing wait times and closures.

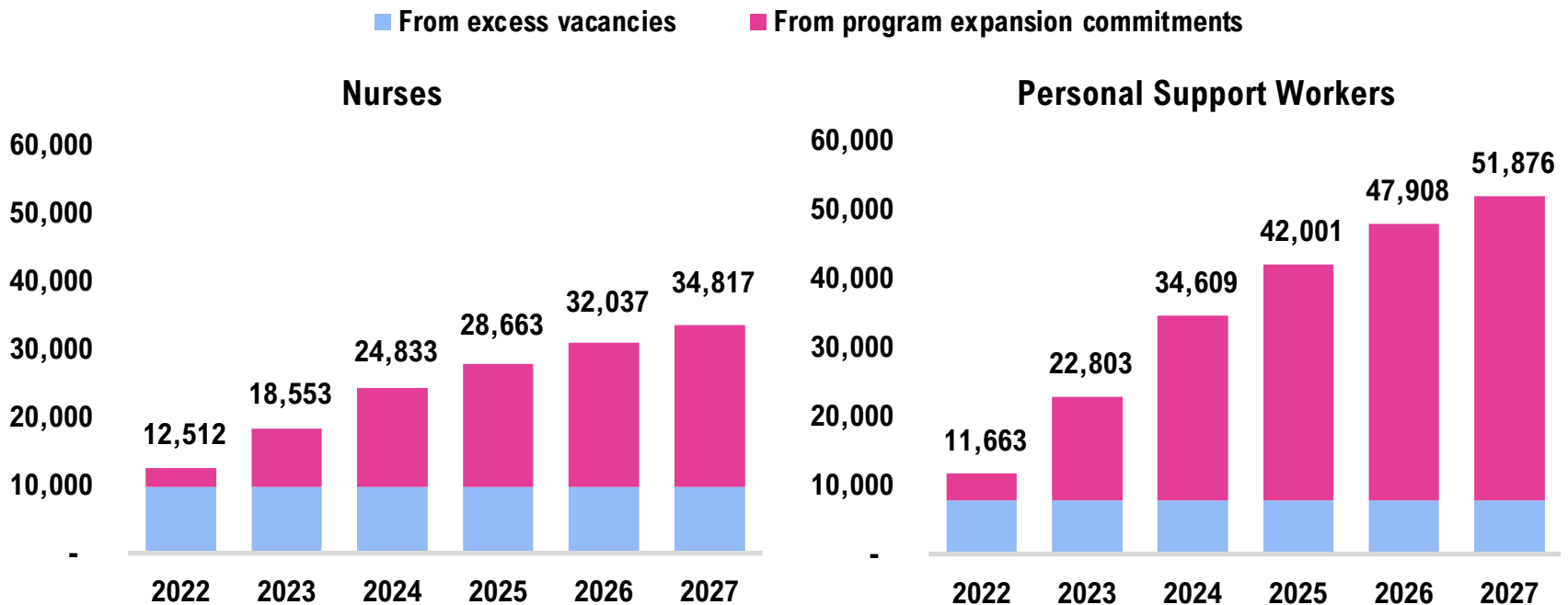


Ontario's Health Sector Workforce



Need for Nurses and Personal Support Workers

- Since the start of the COVID-19 pandemic, health sector job vacancies have more than doubled in Ontario.
- In addition to filling vacancies, Ontario also needs thousands of nurses and personal support workers to staff expansion commitments in hospitals, long-term care and home care.
- In total, Ontario needs 34,800 additional nurses and 51,900 additional personal support workers by 2027-28.



Source: FAO calculations.



Key Provincial Workforce Measures

Measures for increasing nursing employment include:

- Accelerating the registration of internationally educated nurses by relaxing regulatory barriers to registration.
- Temporarily increasing nursing student enrollment by 2,000 spaces in 2021-22 and permanently increasing nursing student enrollment by 1,500 spaces in 2023.

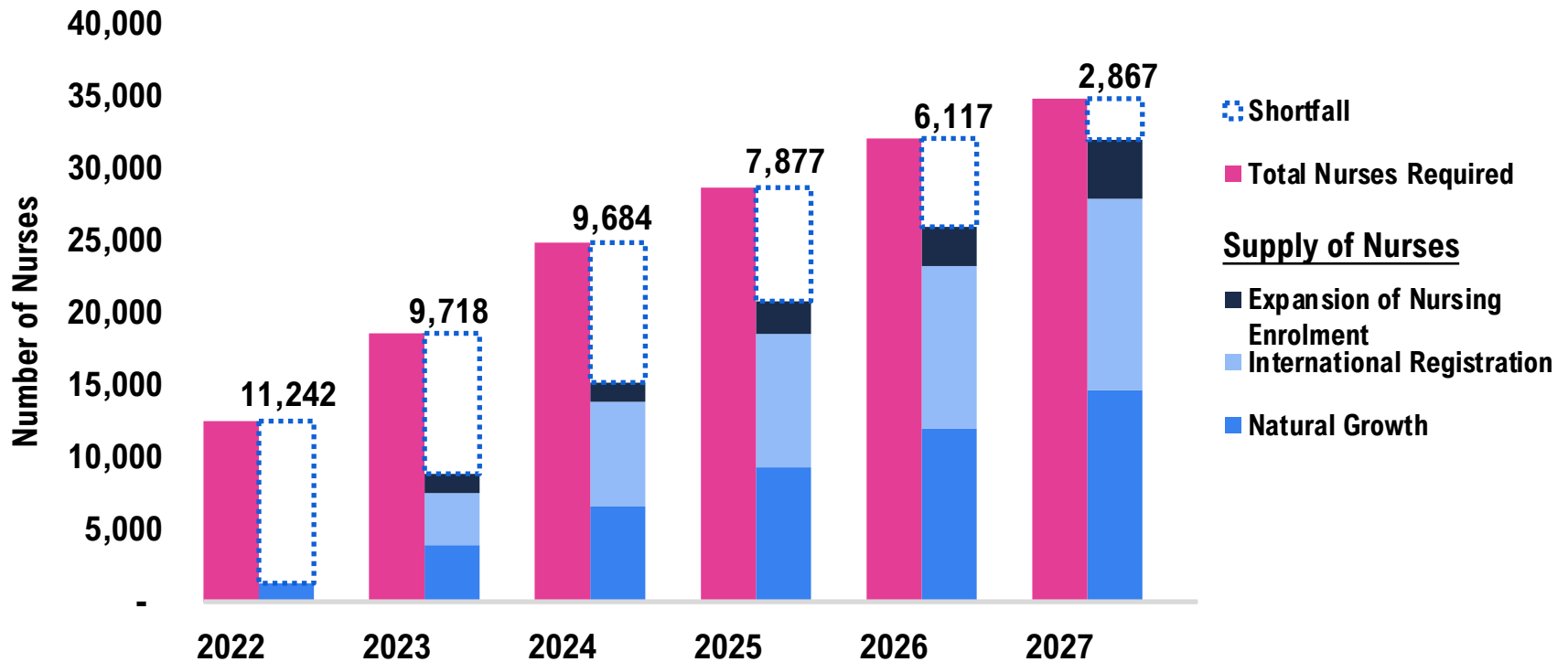
Measures for increasing PSW employment include:

- Providing grants for personal support worker students.
- Permanently increasing personal support worker wages by \$3 per hour in home care and long-term care and \$2 per hour in hospitals.



Nursing Shortage will Persist Through 2027-28

- From 2022 to 2024 the shortage will average approximately 10,000 nurses.
- Shortage will then decline as growth in demand for nurses from long-term care and hospitals slows, and the incremental graduates from increased enrolment start to enter the labour market.



Note: "Total Nurses Required" represents increase in employment needed to address excess vacancies and meet government program expansion commitments.

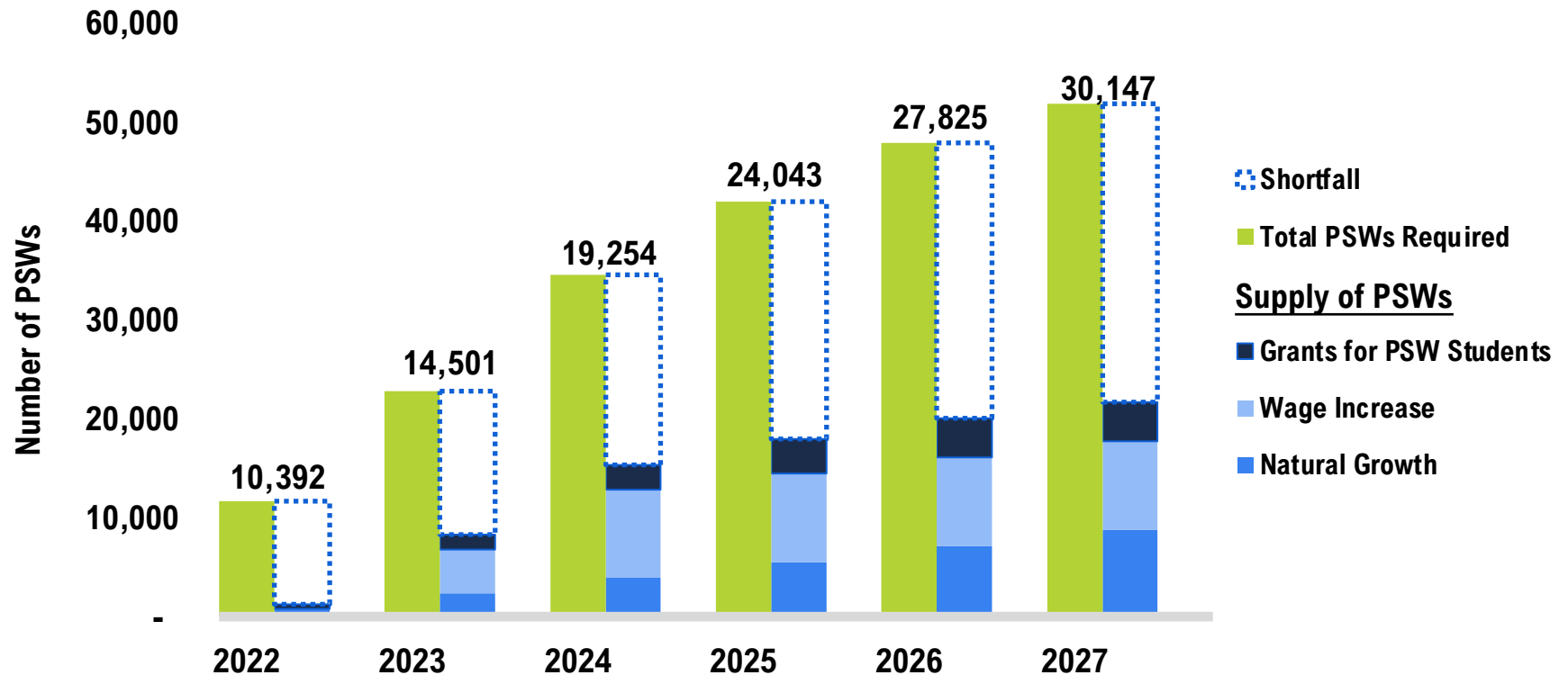
Bar heights reflect cumulative supply and demand for nurses from various factors while the gap reflects the resulting shortage in each year.

Source: FAO model.



PSW Shortage Expected to Worsen

- The FAO estimates that 51,900 more PSWs will be required by 2027 but only 21,700 will be added, resulting in a shortfall of 30,100.



Note: "Total PSWs Required" represents increase in employment needed to address excess vacancies and meet government program expansion commitments. Bar heights reflect cumulative supply and demand for personal support workers from various factors, while the gap reflects the resulting shortage in each year. Source: FAO model.

Thank you!



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