

Clause 17 in Report No. 8 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on May 25, 2017.

17

Hospital Capital Funding – Memorandum of Understanding Allocations – 2017

Committee of the Whole recommends adoption of the following recommendations contained in the report dated April 21, 2017 from the Commissioner of Community and Health Services:

1. Council approve the 2017 capital contribution allocations to the Hospital Reserve fund for hospital construction of \$14.424 million.
2. The 2017 contribution be allocated to the participating hospitals, in accordance with the 2009 funding agreement, in the proportionate shares outlined in Table 1.

Table 1
Summary of 2017 Hospital Funding

Hospital	2017 Potential Funding	Paramedic Services Costs Due to Off-Load Delays (Based on 2016 Performance)	2017 Actual Funding Available
Mackenzie Richmond Hill	\$ 1,961,718	0	\$ 1,961,718
Markham Stouffville	3,909,012	0	3,909,012
Southlake	2,062,689	0	2,062,689
Mackenzie Vaughan	6,490,979	0	6,490,979
Total	\$14,424,398	0	\$14,424,398

Report dated April 21, 2017 from the Commissioner of Community and Health Services now follows:

1. Recommendations

It is recommended that:

1. Council approve the 2017 capital contribution allocations to the Hospital Reserve fund for hospital construction of \$14.424 million.
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Total	\$14,424,398	0	\$14,424,398

2. Purpose

This report provides an annual update to Council on the Hospital Capital Funding Memorandum of Understanding (MOU) and recommends Council approve the 2017 capital contribution allocation of \$14.424 million.

3. Background and Previous Council Direction

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

Municipal contributions to capital costs for hospital expansions were made prior to the formation of The Regional Municipality of York. Cumulatively to the year 2000, York Region contributed \$51 million to York Region hospitals for expansions. From 2001 to 2009, Regional Council provided additional support totalling \$62.4 million.

Hospital Capital Funding
Memorandum of Understanding Allocations – 2017

The Province funds up to 90 percent of “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, and advance Regional funds for 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 Hospital Vaughan project.

Provision of funding is subject to each hospital showing bona fide efforts toward improvements in Paramedic Services off-load delays. Constraints in hospital capacity have previously resulted in more paramedics waiting at hospitals and reducing the number of available crews to respond to new 9-1-1 calls. When this occurs, paramedics must cover greater distances to reach their patients resulting in longer response times.

On May 17, 2012, Council recommended 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 specific to hospital-controlled time) to fund projects that could reduce off-load delay and report back to a future Council on progress. In 2013 and 2014, Council held back funding pending finalization of a new methodology for off-load delay calculation and collaborative work toward improved efficiencies.

A 30 minute Paramedic off-load target was set in the MOU

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

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 will prevail through 2031.

The MOU provides that in the event the 30 minute Paramedic Services off-load delay targets are not achieved, York Region may, at the discretion of Council,

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

Key new processes were implemented at each hospital to reduce off-load delays

The partnership between York Region Paramedic Services and all York Region hospitals, has developed and implemented several key processes that have resulted in significantly shorter off-load delay times. These initiatives were outlined in more details in the January 2017 report [Hospital Transfer of Care Time Improvements – 2016](#).

4. Analysis and Implications

2017 funding allocations are determined by hospital performance and assessment growth

In accordance with the MOU, the annual contribution is indexed based on assessment growth. Assessment growth is determined by the Municipal Property Assessment Corporation on an annual basis. Table 2 provides a summary of the 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 Health Centre – 14.3%
- Mackenzie Richmond Hill – 13.6%
- Vaughan Hospital (Mackenzie Health) – 45.0%

Table 2
Summary of Annual Allocations

Year	Base Allocations (\$)	Assessment Growth (%)	Increase Due to Assessment Growth (\$)	Total Allocation after Assessment Growth (\$)	Off-Load Delay Reductions (\$)	Available Allocation for all Hospitals (\$)
2009	8,000,000	n/a	n/a	8,000,000	n/a	8,000,000
2010	12,000,000	2.70	324,000	12,324,000	n/a	12,324,000
2011	12,324,000	3.10	382,044	12,706,044	(691,200)	12,014,844
2012	12,706,044	2.87	364,662	13,070,706	(861,208)	12,209,498
2013	13,070,706	2.23	291,810	13,362,516	(679,064)	12,683,452
2014	13,362,516	2.06	275,394	13,637,910	(876,381)	12,761,529
2015	13,637,910	2.15	293,215	13,931,125	0	13,931,125
2016	13,931,125	1.76	245,188	14,176,313	0	14,176,313
2017	14,176,313	1.75	248,085	14,424,398	0	14,424,398
Total	113,208,614		2,424,398	115,633,012	(3,107,853)	112,525,159

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, are shown in Attachment 2. The proposed capital contributions, with forecasted assessment growth, are shown in Attachment 3.

In 2016, 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 regional hospitals met the 30 minute average target time. As a result, they are able to access all available capital funding without any reductions for exceeding off-load delay targets. Table 3 outlines the hospitals' off-load performance for 2016.

Table 3
Patient Transport Volumes and Average Off-load Times

	Number of Transports	Average Off-Load Time at Hospital per Transport	Time Over 30 minute Target
Markham Stouffville	9,786	24	0
Southlake	14,912	24	0
Mackenzie Richmond Hill	20,782	20	0
Total or Average	45,480	23	0

The Hospital Capital Funding MOU Supports the Region’s Vision

Investing in York Region’s hospitals supports the goals outlined in both Vision 2051 and the Corporate Strategic Plan. By working with the hospitals to reduce the off-load delays, experienced in the past, efficiencies have been achieved that reduce the time spent by paramedics waiting to transfer patients to the hospital’s care. This supports the Corporate Strategic Plan objective of supporting community health and well-being.

5. Financial Implications

The Hospital Capital Funding MOU provides potential funding of at least \$12 million per year (indexed annually for assessment growth) from now until 2031. Under the terms of the MOU, the funds are contributed to the Hospital Capital reserve fund until the terms of the MOU have been met for eligible projects. The proposed allocation of \$14.424 million in funding to the Hospital Reserve fund is included in the approved 2017 Budget.

6. Local Municipal Impact

All local municipalities benefit 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.

Finding new, more efficient ways to provide services to residents is an important strategy to help the Region address the expected population growth forecasted. The success of this initiative illustrates the benefits of ongoing partnerships and collaboration within the broader human services sector.

7. Conclusion

Through the MOU signed between York Region and York Region Hospitals, the Region continues the strong tradition of contributing to hospital expansion. The Hospital Capital Funding MOU provides potential funding of at least \$12 million per year (indexed annually for assessment growth) from now until 2031.

As all hospitals continue to demonstrate their commitment to meeting the 30-minute average off-load delay target time, it is recommended that they be able to access all available capital funding without any reductions.

For more information on this report, please contact Norm Barrette, Chief and General Manager, Paramedic and Seniors Services at 1-877-464-9675 ext. 74710.

The Senior Management Group has reviewed this report.

April 21, 2017

Attachments (3)

#7590179

Accessible formats or communication supports are available upon request

Summary of Provisions within the November 2009 Memorandum of Understanding

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

- \$12 million will be set aside annually by York Region for distribution among the York Region hospitals to fund eligible capital construction through 2031. Attachment 2 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. Attachment 3 reflects those same contributions assuming annual indexing to match assessment growth as set out in *Places to Grow*, the Provincial Growth Plan (also summarized in Table 2 below). Note: historically, there have been fluctuations in assessment growth; recently, it's been below 2%.

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
Mackenzie Health Richmond Hill	13.6	36.99
Mackenzie Health Vaughan	45.0	122.40
	100%	272.00

Table 2
Capital Contributions to Hospitals
**(with actual assessment increases until 2016 and
estimated assessment increases for 2017 to 2031)**

York Region Hospital	% Share	2009 – 2031 Total (\$ million)
Markham Stouffville	27.1	94.80
Southlake	14.3	50.02
Mackenzie Health Richmond Hill	13.6	47.58
Mackenzie Health Vaughan	45.0	157.42
	100%	349.82

**Summary of Provisions within the November 2009
Memorandum of Understanding**

- Provision of funding is subject to each hospital showing bona fide efforts toward improvements in Paramedic Services off-load delays; reducing the average delay, which ranges from 60 – 90 minutes, to 30 minutes over five years (i.e. by 2014).
- 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. In this event, the hospital shall continue to be entitled to receive hospital funds, approved by the Region, where the Ministry of Health and Long-Term Care has approved the project.
- The hospitals and their respective foundations are committed to support the Region's request 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 funding 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
Mackenzie Health Richmond Hill	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
Mackenzie Health 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
Mackenzie Health Richmond Hill	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
Mackenzie Health 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 2016, and estimated for 2017 - 2018 per 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	\$3.842	\$3.909	\$3.973	\$4.052	\$4.134
Southlake	14.3%	\$1.144	\$1.762	\$1.817	\$1.869	\$1.911	\$1.950	\$1.992	\$2.027	\$2.063	\$2.096	\$2.138	\$2.181
Mackenzie Health Richmond Hill	13.6%	\$1.088	\$1.676	\$1.728	\$1.778	\$1.817	\$1.855	\$1.895	\$1.928	\$1.962	\$1.994	\$2.034	\$2.074
Mackenzie Health Vaughan	45.0%	\$3.600	\$5.546	\$5.718	\$5.882	\$6.013	\$6.138	\$6.269	\$6.380	\$6.491	\$6.597	\$6.729	\$6.864
	100%	\$8.000	\$12.324	\$12.706	\$13.071	\$13.363	\$13.639	\$13.932	\$14.177	\$14.425	\$14.661	\$14.954	\$15.253

	% Share	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	TOTAL
Markham-Stouffville	27.1%	\$4.216	\$4.301	\$4.387	\$4.474	\$4.564	\$4.655	\$4.748	\$4.843	\$4.940	\$5.039	\$5.140	\$94.80
Southlake	14.3%	\$2.225	\$2.269	\$2.315	\$2.361	\$2.408	\$2.456	\$2.505	\$2.556	\$2.607	\$2.659	\$2.712	\$50.02
Mackenzie Health Richmond Hill	13.6%	\$2.116	\$2.158	\$2.201	\$2.245	\$2.290	\$2.336	\$2.383	\$2.430	\$2.479	\$2.529	\$2.579	\$47.58
Mackenzie Health Vaughan	45.0%	\$7.001	\$7.141	\$7.284	\$7.430	\$7.578	\$7.730	\$7.884	\$8.042	\$8.203	\$8.367	\$8.534	\$157.42
	100%	\$15.558	\$15.869	\$16.186	\$16.510	\$16.840	\$17.177	\$17.521	\$17.871	\$18.229	\$18.593	\$18.965	\$349.82

Assessment Increase	2.70%	3.10%	2.87%	2.23%	2.07%	2.15%	1.76%	1.75%	1.63%	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%

Note: Assessment growth is estimated at 2%, per the Provincial Growth Plan, effective 2019. Historically, there's been fluctuations in assessment growth; recently, it's been below 2%.