

Assessing the Gap in Health and Social Service Funding Between the GTA/905 and the Rest of Ontario

Report
October 24, 2006

Prepared for Strong Communities Coalition:
A Coalition of Human Services in
Durham, Halton, Peel and York



Note on Methodology

The assumptions used in the preparation of the analysis are primarily based on assumptions used by Statistics Canada, the Government of Ontario and generally accepted economic principles. These assumptions, although reasonable in magnitude, are inherently subject to uncertainty and variations depending on evolving events. Hence, we are unable to make any representation that the estimated gap is precisely as presented. There is significant risk that actual results will vary, perhaps materially, from the estimates. For example, the true gap in health care and social services funding may be larger or smaller than that suggested by the per capita estimates. As such, PwC accepts no liability associated with the use of this document.

Given the uncertainty associated with the relationship amongst the variables, the intent of our engagement is to demonstrate the order of magnitude of any differences between the average per capita annual operating funding for health and social services in the GTA/905 area and the rest of Ontario, rather than a precise estimate of any such differences. **However, even with the assumptions and risks mentioned above, based on the analysis in this document, we conclude that a sizable gap exists between per capita health and social services annual operating funding in the GTA/905 area compared to the rest of Ontario.**

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Summary

The Strong Communities Coalition obtained information on population and on health and social services funding by the Province of Ontario, for the four regions making up the GTA/905 area of: Durham, Halton, Peel and York. The Coalition analyzed this information and concluded that per capita provincial annual operating funding for health and social services in the GTA/905 area lags that in the rest of the province.

The Strong Communities Coalition requested that PricewaterhouseCoopers LLP rigorously review and analyze this information with respect to the validity of the data sources, assumptions, methodology and conclusions.

In preparing this study, we have:

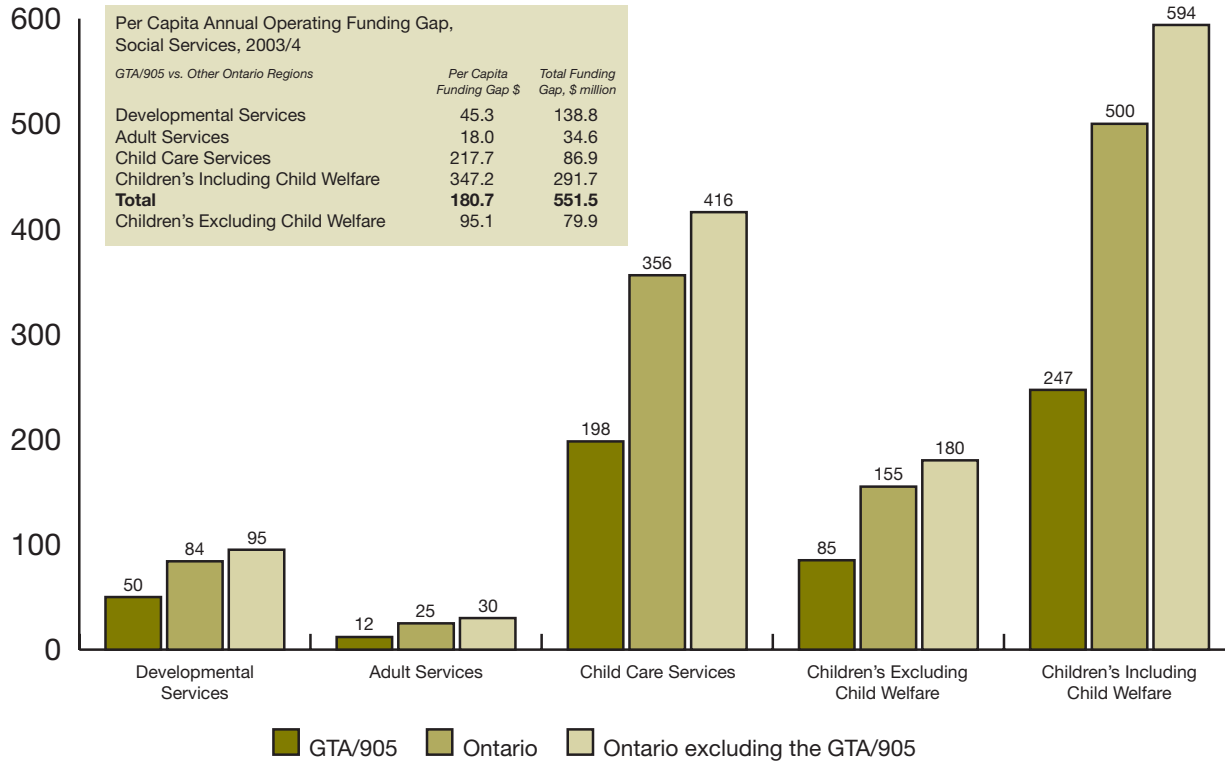
- Conducted interviews with the Strong Communities Coalition and colleague organizations who performed the analyses described above, in order to understand the information and data sources, data quality, assumptions and methodology used, as well as the conclusions and findings presented in the presentation entitled “GTA/905 Healthcare Alliance – Information Package – Better Care Close to Home” (undated) which was shared with us;
- Reviewed documents as listed in the endnotes;
- Reviewed the data sources, assumptions and methodology used, for appropriateness and suitability for use in the analysis of this type and in supporting the conclusions reached as a result of these analysis;
- Recalculated the estimates using data, assumptions and methodology we found to be most appropriate for this type of analysis (which, in some cases, differed from that performed originally by the Strong Communities Coalition); and
- Tested the conclusions reached by the Strong Communities Coalition based on our detailed review of the data sources and analyses.

Based on the analysis in this document, we conclude that a sizable gap exists between per capita health and social services annual operating funding in the GTA/905 area compared to the rest of Ontario, and that the annual operating funding gap grew over the 2002/03 - 2006/07 period.

| Type of Funding | Most Recent Period for which Data Is Available | Total Annual Operating Funding Gap (\$ millions) | Per Capita Annual Operating Funding Gap (\$) |
|-------------------|--|--|--|
| Social Services | 2003/04 | 551.5 | 181 |
| Hospital Services | 2006/07 | 899.3 | 215 |
| CCAC Services | 2006/07 | 94.4 | 31 |

The GTA/905 lags other regions in Ontario in per capita funding for social services

Social Services Funding Per Capita, 2003/04, \$



Note: The total per capita funding gap is less than the apparent sum of the per capita funding gap by service area, because the services only pertain to segments of the population, whereas the total gap is calculated as an average across the entire population.

Methodology

Per Capita Annual Operating Funding is calculated as total social services regional annual operating funding by type of services¹ divided by the total unadjusted regional population estimates² using the population group relevant to the type of services.

Total Annual Operating Funding Gap is calculated as the GTA/905 population estimate multiplied by per capita annual operating funding gap between the GTA/905 and other Ontario regions³.

There are sizable funding gaps between the GTA/905 and other areas in Ontario across all social service areas referred to above. The GTA/905 area lags other areas in Ontario most significantly in terms of Children's Services Including Child Welfare. Specifically, the per capita annual operating funding, at \$247 in the GTA/905 is 58 percent less than what other regions in Ontario receive. This means the GTA/905 region receives less than half of the average per capita annual operating funding of what other regions in Ontario receive. Based on the differences in the per capita gap in annual operating funding between the GTA/905 and the Ontario average excluding the GTA/905, the total dollar value of the gap in annual operating funding for children's services (including child welfare), is \$291.7 million.

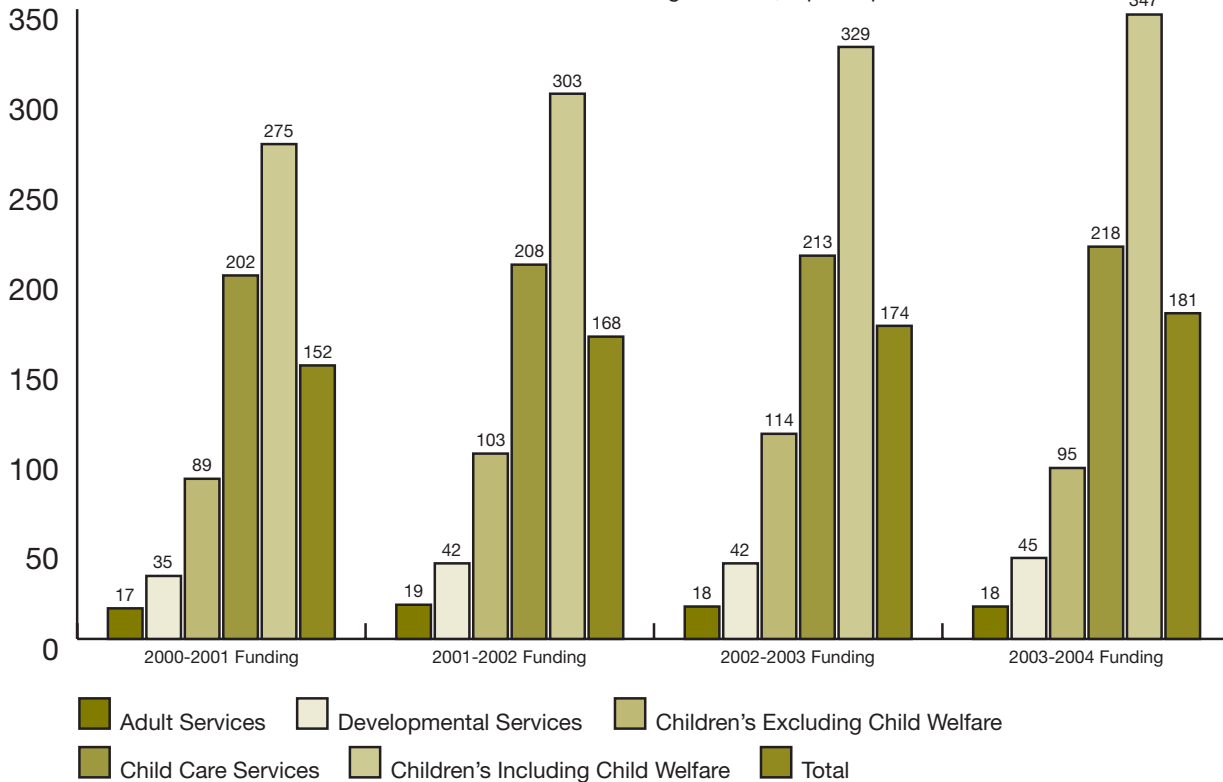
Even excluding Child Welfare, the GTA/905 area children's social services per capita annual operating funding, at \$85 falls substantially short of (53% less than) the average of \$180 across other regions in Ontario, with a total dollar shortfall of \$79.9 million.

The total annual operating funding gap for all social services combined (using children's services including child welfare) totaled \$551.5 million in 2003/04. This is based on the \$181 gap in annual operating funding on a per capita basis.



The funding gap between the GTA/905 and other parts of Ontario in per capita funding for social services has been growing in recent years

Per Capita Funding Gap in Social Services
GTA/905 vs Ontario excluding GTA/905, \$ per capita

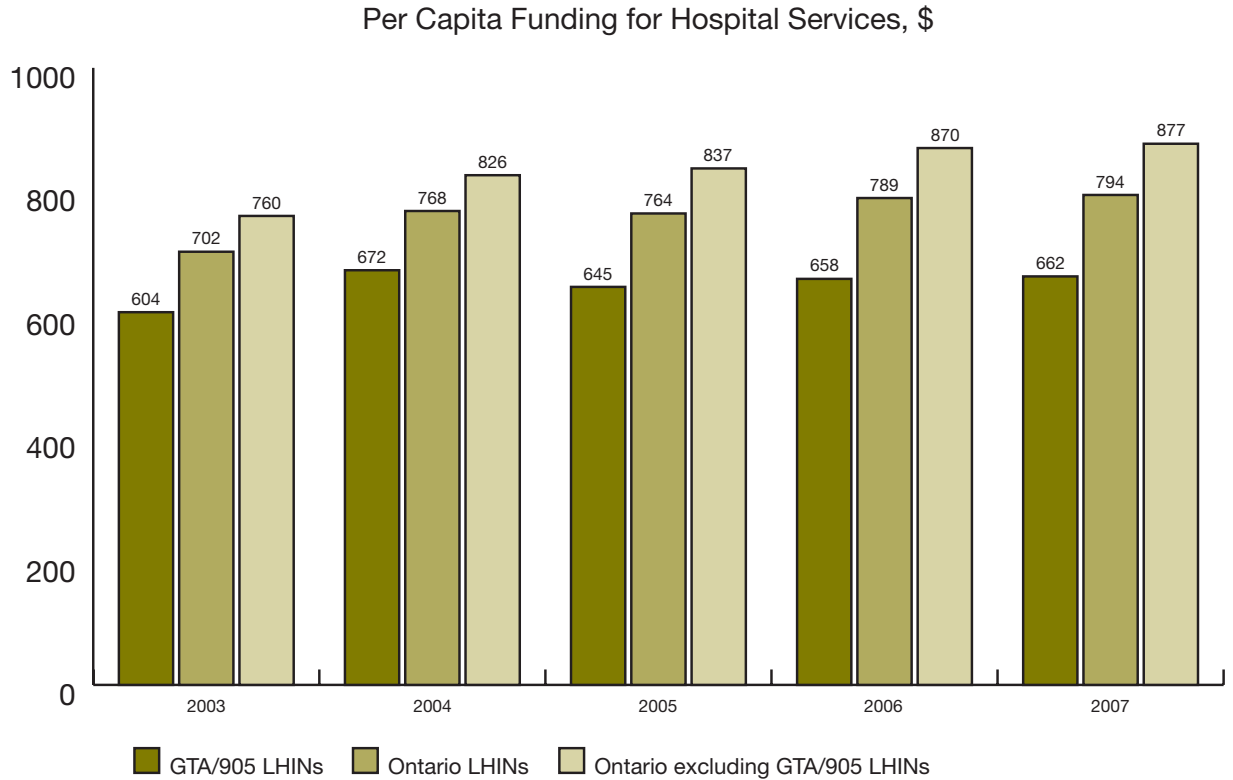


The annual operating funding gap on a per capita basis has persisted for all types of social services over the 2000-01 to 2003-2004 period. The gap has also grown in several areas. In absolute terms, the largest increase was in the per capita funding gap for children's services (including child welfare), where the funding gap increased from \$275 to \$347 per capita. In relative terms, the largest increase was in the per capita funding gap for developmental services, where the per capita funding gap increased by nearly 30 percent from \$35 in 2000/2001 to \$45 in 2003/2004.

The total annual operating funding gap has increased from 2000/2001 to 2003/2004 for all social services: by \$43.5 million for developmental services, by \$5.7 million for adult services, by \$12.3 million for child care services and by nearly \$78 million for children's services (including child welfare).

In just three years, the total annual operating funding gap for all social services combined (using children's services including child welfare) increased by almost 34 percent or \$139 million from \$412.1 million in 2000/2001 to \$551.5 million in 2003/04. On a per capita basis, the gap in annual operating funding increased by \$46 from \$152 in 2000/2001 to \$181 in 2003/2004.

There is a sizeable gap in hospital funding between the GTA/905 and other parts of Ontario and the funding gap has been growing



| Per Capita and Annual Operating Funding Gap, Hospital Services GTA/905 LHINs vs. Other LHINs | | | | | |
|---|---------|---------|---------|---------|--------|
| | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/7 |
| Per Capita Funding Gap, \$ | 156.9 | 154.0 | 192.4 | 211.1 | 214.7 |
| Total Funding Gap, \$ million | 584.7 | 592.1 | 761.6 | 861.1 | 899.3 |

Methodology

Per Capita Annual Operating LHIN Hospital Funding is calculated as total hospital annual operating funding per LHIN⁴ divided by the age weights adjusted⁵ locally served⁶ total LHIN population estimates⁷.

Total Annual Operating Funding Gap is calculated as the GTA/905 age adjusted population estimates multiplied by per capita annual operating funding gap between the GTA/905 LHINs and other Ontario LHINs⁸.

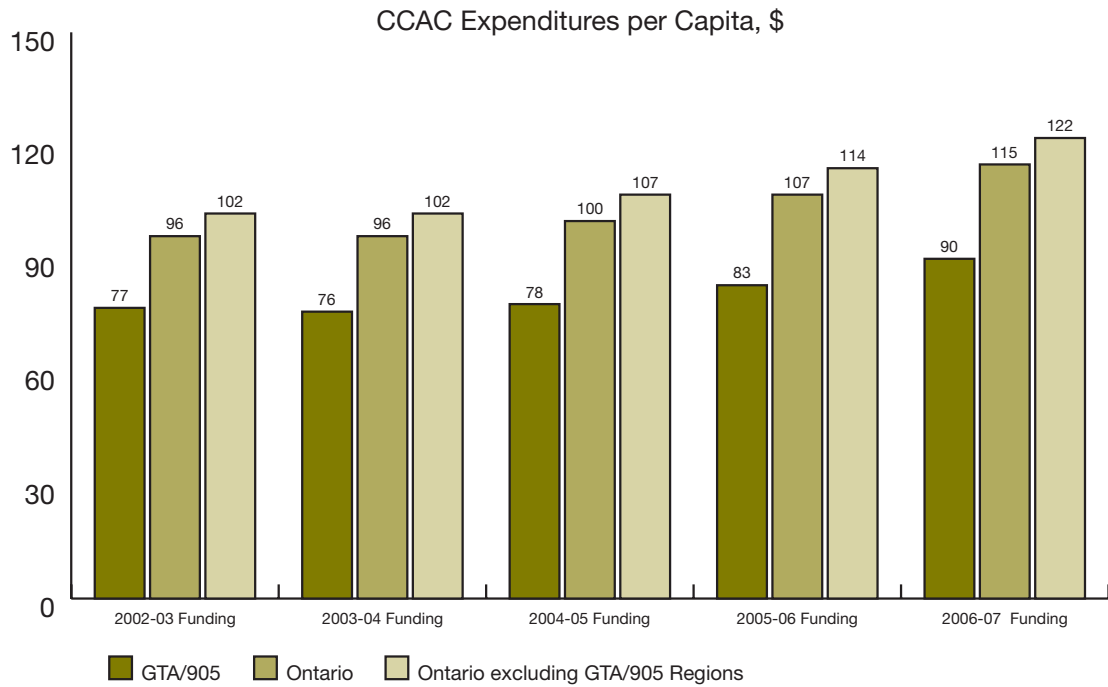
The Ontario Government has established the Local Health Integration Networks as regional health care planning, integration, and (ultimately) funding authorities. Population and funding data are available for the hospital sector on Local Health Integration Network catchment area (“LHIN”) basis. Accordingly, we have analyzed comparative annual operating hospital funding on a LHIN boundary basis to reflect this new health system management organization.

Overall, the GTA/905, which consists of four LHIN's (Central East, Central, Central West, and Mississauga-Halton), receives substantially less per capita annual operating hospital funding than the LHINs in the rest of Ontario (excluding Toronto and Northern Ontario)⁹. The per capita annual operating funding gap between the GTA/905 LHINs and the rest of the LHINs in Ontario is estimated at \$215 for 2006/07. This means that the GTA/905 receives about 75.5 percent of the amount that other regions receive, on a per capita basis.

As other LHINs in Ontario (excluding Toronto and Northern Ontario)¹⁰ have seen their per capita annual operating hospital funding increase from \$760 in 2002/03 to \$877 in 2006/07 (a growth of 15%), the GTA/905 LHINs have seen an increase of just 9.7 percent in their per capita annual operating funding (from \$604 to \$662) over the 2002/03 to 2006/07 period. As a result, the per capita gap in annual operating funding between the GTA/905 LHINs and LHINs in the rest of Ontario (excluding Toronto and Northern Ontario) has grown from \$157 in 2002/03 to \$215 in 2006/07, which represents an increase of almost 37 percent over four years. The total gap in annual operating funding for hospitals in the GTA/905 LHINs compared to the average of LHINs in Ontario (excluding Toronto and Northern Ontario) has increased from \$585 million in 2002/03 to \$899 million in 2006/07. This represents an increase of \$314.6 million in the annual operating funding gap for hospitals in the GTA/905 LHINs.



There has been a growing gap in CCAC Funding to the GTA/905 in comparison to other areas of Ontario



| | 2002/03 | 2003/04 | 2004/05 | 2005/06 | 2006/07 |
|-------------------------------|---------|---------|---------|---------|---------|
| Per Capita Funding Gap, \$ | 24.8 | 25.9 | 28.3 | 31.3 | 31.5 |
| Total Funding Gap, \$ million | 63.5 | 69.4 | 78.9 | 90.7 | 94.4 |

Methodology

Per Capita Annual Operating CCAC Funding is calculated as total CCAC regional annual operating funding¹¹ divided by the age-weights adjusted¹² total regional population estimates¹³.

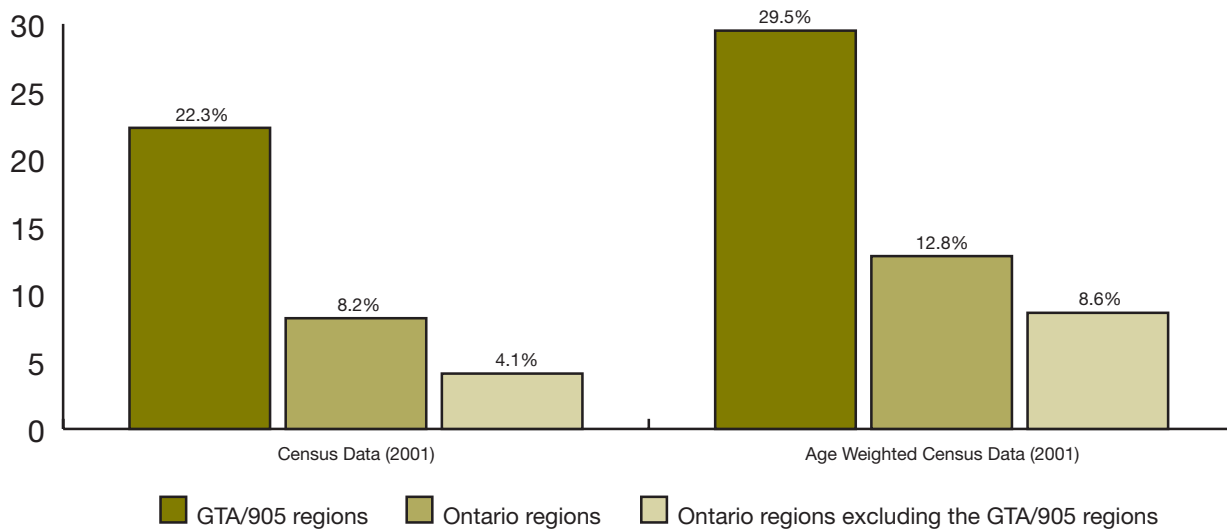
Total Annual Operating Funding Gap is calculated as the GTA/905 age adjusted population estimates multiplied by per capita annual operating funding gap between the GTA/905 and other Ontario regions¹⁴.

There is a sizable and growing gap in per capita annual operating funding between the GTA/905 regions and other regions in Ontario in regards to Community Care Access Centres (CCAC's) services. The GTA/905 area receives 74 percent of what other regions receive, on a per capita basis, for CCAC services. Moreover, while other regions in Ontario have experienced a per capita annual operating funding increase from \$102 in 2002/03 to \$122 in 2006/07 (20%), the GTA/905 has seen an increase of 17 percent in their per capita annual operating funding (from \$77 to \$90). As a result, the annual operating funding gap per capita increased from \$25 to \$31 in the same time frame, which represents a 24 percent increase. The total gap for CCAC annual operating funding increased from \$63.5 million in 2002/03 to \$94.4 million in 2006/07 (an increase of \$30.9 million).

The population in the GTA/905 has grown faster than that in Ontario as a whole

The following chart illustrates that the GTA/905 have been experiencing significantly stronger population growth than the rest of Ontario.

Ontario Population Growth, 2001–2007



According to the population forecast based on the Statistics Canada 2001 Census, it is expected that from 2001 to 2007 the population in Ontario will have increased by 8.2 percent. At the same time, total GTA/905 population is expected to increase by 22.3 percent – or more than 5 times faster than in the rest of Ontario, where the population is expected to grow only by 4.1 percent.

Taking into account age weights population adjustment that account for the fact that the elderly population uses health services proportionally more often, it is expected that the age weighted GTA/905 regional population will increase by 29.5 percent from 2001 to 2007 compared to only 8.6 percent in other regions in Ontario – or more than 3 times faster.

Conclusion: There is a sizeable gap in health and social service annual operating funding between the GTA/905 and the rest of Ontario

Based on the analysis presented in this report, we conclude that a sizable gap exists between per capita health and social services annual operating funding in the GTA/905 area compared to the rest of Ontario. Further, the annual operating funding gap has been growing over the 2002/03 to 2006/07 period. Because the population of the GTA/905 is growing faster than Ontario as a whole, to the extent that the annual operating funding gap represents a lower service level to the local residents an increasing proportion of residents in Ontario would be facing lower service levels.

The conclusions of our analysis are presented in the table below.

| Type of Funding | Most Recent Period for which Data Is Available | Total Annual Operating Funding Gap | | Per Capita Annual Operating Funding Gap | |
|-------------------|--|------------------------------------|------------------------------|---|------------------------------|
| | | Amount, \$ millions | Growth, % | Amount, \$ millions | Growth, % |
| Social Services | 2003/04 | 551.5 | 33.8 (2000/01 to 2003/04) | 181 | 18.8 (2000/01 to 2003/04) |
| Hospital Services | 2006/07 | 899.3 | 53.8 (2002/03 to 2006/07) | 215 | 36.8 (2002/03 to 2006/07) |
| CCAC Services | 2006/07 | 94.4 | 48.6 (2002/03 to 2006/07) | 31 | 26.7 (2002/03 to 2006/07) |



Appendix A: Service Coverage by Funding Category

Social Services

Adult Services (persons 20-64 years old)

- Employment Support and Rehabilitation Services to Disabled Persons: These include sheltered workshops, transition support, vocational and employment support to persons with developmental, physical and emotional disabilities.
- Interpreter and Intervener Services for Persons with Hearing and/or Sight Loss.
- Select Outreach Programs to the Homeless: These include emergency hostel funding and alternatives, support for homeless persons with special needs, transition support, and counseling for the homeless.
- Services to Persons affected by Domestic Violence: These services include emergency shelter for women and children crisis support, counseling for victims, children and perpetrators.

Children's Services (Child and Family Services Act – CFSA, persons 0 to 19 years old)

- Child Welfare Services: These services include the mandatory child protection, in care and adoption services provided by designated Children's Aid Societies.
- Children's Mental Health and Treatment Services: These services include counseling, outreach, day treatment, respite, intensive, residential and psychiatric services to children and youth (0 to 18) with mental health challenges and to their families.
- Ontario Early Years Centres: These services provide early learning and parental support in local communities to children 0 to 6 and their parents and host the delivery of integrated specialized health and social services required by these families.
- Early Intervention Service to Children with Autism.
- Residential Employment Support Programs for Youth.

Child Care Services (persons 0 to 9 years old)

- Subsidies for Access to Child Care Spaces
- Child Care Programs for Special Needs Children
- Support for Child Care through Ontario Works
- Resource Centres for Parents of Young Children and their Children (0 to 6)

Developmental Services (persons of all ages)

- These services include a full range of services to persons with developmental disabilities, both children and adults: residential, community and in-home supports, respite, behaviour management, speech and language, independent living supports, vocational and assessment and infant development, among others.

It should be noted that we only included social services funded by the Ministry of Community and Social Services and the Ministry of Children's Services. This is not a comprehensive list of social services funding sources within the region.

Hospital Services

Hospital funding data includes all Ontario Government funding for hospitals including Post Construction Operating Plan (PCOP) funding, Wait Times and Priority Program funding.

- | | | | |
|---------------------------|----------------|----------------------------|-----------------------|
| • Emergency Departments | • Obstetrics | • Diagnostic Services | • Acute Care |
| • Complex Continuing Care | • Paediatrics | (MRI/CT Scans) | • Mental Health |
| • Cancer Care | • Hip and Knee | • Laboratory Services | • Day Surgery |
| • Cardiac Care | Replacements | • Intensive Care Units and | • Rehabilitation Care |
| | | Critical Care | • Pharmacy |

CCAC Services

- Homemaking
- Nursing
- Physiotherapy
- Occupational Therapy
- Speech-Language Therapy
- Social Work
- Dietetics Services
- Case Management/Coordination
- Medical Supplies & Dressings
- Hospital and Sickroom Equipment
- Laboratory and Diagnostic Services
- Transportation to other health care services

Endnotes

- 1 Sources: Ontario Ministry of Community and Social Services & Ontario Ministry of Children and Youth Services. 2003/04 funding - letter to GTA/905 Coalition dated November 10, 2005. 2002/03 funding - letter to GTA/905 Coalition dated July 7, 2004. 2001/02 funding - letter to GTA/905 Coalition dated October 28, 2003. 2000/01 funding - letter to GTA/905 Coalition dated July 14, 2002.
- 2 Source: March 2005 Ministry of Finance and Statistics Canada annual population estimates forecast based on 2001 Census. (<http://www.fin.gov.on.ca/english/demographics/demog05.html#tb15>)
- 3 We believe that it is more appropriate to compare GTA/905 average per capita funding with average per capita funding in other regions rather than use average for all Ontario regions, as this methodology does not present the actual gap facing the GTA/905 compared with other Ontario regions.
- 4 2003-2004 funding data are from Ontario Hospitals Association, as per the letter to the GTA/905 Healthcare Alliance dated: January 11, 2006. 2005-2007 funding data are from Ministry of Health and Long Term Care (MOHLTC), as per the email to the GTA/905 Alliance dated: October 11, 2006. Funding amounts include all MOHLTC funding for hospitals including, priority program, wait time and post-construction operating funding (PCOP).
- 5 To account for the fact that elderly population use health services proportionally more often, regional population estimates were adjusted using age cohort weights calculated using distribution of Ontario 2004-05 inpatient/day surgery weighted cases. As per the letter from Health Care Management Group to the GTA/905 Healthcare Alliance dated January 18, 2005.
- 6 Age-weighted population per LHIN was adjusted using the Modified Localization Index to account only for population that is served locally. For Localization Index sources and methodology see MOHLTC LHIN Bulletin No.9, April 1, 2005.
- 7 March 2005 Ministry of Finance and Statistics Canada annual population estimates forecast based on 2001 Census. (<http://www.fin.gov.on.ca/english/demographics/demog05.html#tb15>). Population allocation by LHIN is from HCM Group based on MOHLTC data – as per email from the Ministry of Health and Long-Term Care dated June 2, 2005
- 8 When the GTA/905 Healthcare Alliance prepared its initial study, it compared the GTA/905 to the Ontario average. We believe that it is more appropriate to compare GTA/905 average per capita funding with average per capita funding in other regions rather than use average for all Ontario regions, as this methodology does not present the actual gap facing the GTA/905 compared with other Ontario regions.
- 9 Toronto and Northern Ontario were excluded from the Ontario average and other Ontario regions average calculations because of their unique situations: Toronto includes numerous teaching hospitals that other regions do not have and the Northern regions face a unique situation with significant distance between sites. We believe exclusion of both from average calculations is more fair and representative of the situation in the rest of the province. Including Toronto and Northern Ontario would increase the size of the Ontario average and make the per capita funding gap between GTA/905 and the rest of Ontario even larger.
- 10 Toronto and Northern Ontario were excluded from the Ontario average and other Ontario regions average calculations because of their unique situations: Toronto includes numerous teaching hospitals that other regions do not have and the Northern regions face a unique situation with significant distance between sites. We believe exclusion of both from average calculations is more fair and representative of the situation in the rest of the province. Including Toronto and Northern Ontario would increase the size of the Ontario average and make the per capita funding gap between GTA/905 and the rest of Ontario even larger.
- 11 Source: Ontario Association of Community Care Access Centers, letter to the GTA/905 Healthcare Alliance dated: January 5, 2006.
- 12 To account for the fact that elderly population use health services proportionally more often, regional population estimates were adjusted using age cohort weights calculated using distribution of Ontario 2004-05 inpatient/day surgery weighted cases, as illustrated in the letter from Health Care Management Group to GTA/905 Coalition dated January 18, 2005.
- 13 Source: March 2005 Ministry of Finance and Statistics Canada annual population estimates forecast based on 2001 Census. (<http://www.fin.gov.on.ca/english/demographics/demog05.html#tb15>).
- 14 We believe that it is more appropriate to compare GTA/905 average per capita funding with average per capita funding in other regions rather than use average for all Ontario regions, as this methodology does not present the actual gap facing the GTA/905 compared with other Ontario regions.

