NEWFOUNDLAND
AND LABRADOR
HEALTH
BOARDS
ASSOCIATION

Budget Presentation
To
Minister of Finance and
President of Treasury Board

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MISSION

As the federation of *publicly-funded* health boards, the NLHBA is the collective voice of its members and provides advocacy, guidance and selected services to support the delivery of high quality health and community services in all regions of Newfoundland and Labrador

DEFINITION OF "HEALTH"

Health is a state of complete physical, mental, and social well-being and not merely the absence of disease or infirmity.

World Health Organization

1. INTRODUCTION

The Newfoundland and Labrador Health Boards Association (NLHBA) is the federation of health boards that serve Newfoundlanders and Labradorians across the province. These boards are governed by voluntary trustees, who are appointed by the Minister of Health and Community Services and serve without payment in the public interest in this demanding sector.

It was very encouraging that Minister Sullivan and Minister Ottenheimer took time from their busy schedules to hear personally from CEOs of the current health boards at the CEOs meeting on November 25, 2004. This document is intended to be a reference for the views expressed at that meeting, based on the realities of delivering the programs and services in the health and community services system for our Province.

In the NLHBA Budget Presentation submitted in February, 2004, we reviewed in detail many of the issues that are highlighted in this brief. We have not repeated most of those arguments. However, the priority issues from the earlier document are still valid and high in the health boards' list of budget priorities, although they are not all discussed again in this document.

In this province as compared to other provinces, we have major accessibility challenges with associated costs in our health and community services system arising from our huge geographical area and small and scattered population. Demographic changes and outmigration are increasing these costs and challenges as the population decreases, together with related challenges of recruitment and retention of health human resources in rural and remote Newfoundland and Labrador. It is essential that the Health Accord funding be used to address these issues and public expectations of service.

Every year there is more evidence about the high rates of major disease in the province requiring treatment, such as heart and renal disease, diabetes and others significantly related to lifestyles with low levels of physical activity and high levels of obesity and tobacco and alcohol abuse. Costs are being incurred not only because of more expensive treatments but also through increasing demands from a more educated public. Attention and resources are increasingly needed both for treatment of those already sick and for supporting healthier lifestyles to reduce future disease rates.

2. HEALTH SERVICES PLAN

We look forward to the move to four Regional Integrated Health Authorities (RIHAs). It is worth noting again that this move will be the latest stage in the process of change that began in 1992 with the consultations and creation of the community health boards, followed by the amalgamation of the then hospital and nursing home boards into regional institutional boards and the integration of social services from the Department of Human Resources and Employment. For this restructuring it will continue to be important to

plan strategically, taking advantage of lessons learned from the past as well as developing innovative strategies for the future.

Problems in the health and community services system are mostly provincial in nature and require provincial solutions so that regional circumstances can be addressed against a background of province-wide planning. For the new structure to be most effective, provincial standards and a provincial health services plan are needed to guide decision-making during the transition process and beyond. The NLHBA have advocated for many years for such a plan, and recommend it as an essential prerequisite for the significant decisions to be made arising from the integration of current health boards. Decisions on the location and level of services to be offered in the province need be made provincially, particularly in the context of the need to be fiscally prudent. We know that work has been done on a health services plan by DOHCS and there could not be a better time than the present to release the findings and the plan. It is preferable that changes resulting from integration, including any reductions in services, happen as part of a provincial plan in order to avoid regional inconsistencies. Indeed it is a challenge to imagine trying to plan service and program delivery in a region without a clear indication from DOHCS on which services are to be mandated and where they will be delivered.

We recommend that, for the new structure to be most effective, provincial standards and a provincial health services plan should guide decision-making during the transition process and beyond.

3. TRANSITION FUNDING

Changing from one structure to another initially costs money. While new structures, programs and services are being considered and developed, services have to continue to be delivered under the current system using the current health funds in order to avoid a negative impact on the public through interruptions to service delivery. Change issues such as the costs of building new relationships, instituting management and cultural change, improving information technology systems, standardizing practices and amending contracts, to mention only a few of the many aspects of transition, cannot successfully be addressed without dedicated funding.

Health boards recommend that Government provide separate funding specifically for the process of transition from the current fourteen boards to the four Regional Integrated Health Authorities. Experience in other provinces has indicated clearly that appropriate funding is essential for the transition process to achieve the identified objectives. New Brunswick's recent experiences in amalgamating health organizations were seriously hampered by the attempt to go through the process of change without transition funding, and as a result there are ongoing repercussions still to be addressed. It is expected that cost savings will be realized as a longer term goal, but in the beginning change costs money and all the current health budget is taken up with service delivery.

We recommend that Government provide separate funding specifically for the process of transition from the current fourteen boards to the four Regional Integrated Health Authorities, recognizing that cost savings will come only after changes have actually been successfully implemented and that the success of the transition may be adversely affected without dedicated transition funds.

4. COSTS AND FUNDING

Provincially, nationally and internationally, health systems dynamically continue to develop and expand. The expansion of research and innovation has resulted in previously untreatable diseases now having options for treatment, but at a high price to the system. Enhanced communications have exposed increasing numbers of people to new options, giving rise to expectations that they will be available here in this province. Costly innovations intended to improve health and/or extend life are in demand by health and medical professionals and also the public, as are new drugs on the market, which may or may not represent an advance in care. Balanced operating budgets have proved to be difficult to maintain as public expectations and costs continue to rise, leading to increased debt in health boards. Already strained budgets are further burdened by the necessity of using current funds, intended for the delivery of health and community services, to service the costs of past debts.

Since significant costs in the health system are not under the control of health organizations and increase each year through inflation and demographic change, a flat budget will inevitably lead to service reductions. In *Understanding Canada's Health Care Costs*, the Provincial and Territorial Ministers of Health identified such cost accelerators as population growth (in the case of this province, population shrinkage), aging, inflation, changing public expectations, increased availability and demand for expensive health technologies, increasing drug costs, and new or increasingly prevalent diseases. Due to these cost drivers, they predicted a total increase in these costs of almost 250 per cent between 2001 and 2026.[1]

In addition, health boards have been struggling to find resources from operating funds to keep the capital investment in place. Capital works funding is urgently needed to address the deteriorating condition of our physical plants and equipment in order to contain the costs being incurred in patching up the current structures. The move to RIHAs will bring its own costs, as changes in certain aspects of services delivery, which have already been happening over the past few years, require renovation or redesign of buildings to respond to the newer approaches in service delivery, such as more day care/surgery clinic space or appropriate interdisciplinary team clinic space.

Finally, the health and community services system requires long term and sustainable funding to achieve long-term goals in acute care, health status and health human

[1] ***Understanding Canada's Health Care Costs: Final Report*, Provincial and Territorial Ministers of Health, August 2000, pp. 28-56.**

resources. The recruitment of a physician, to take an example from health human resources, takes several years to achieve from first contact, heart disease will not be conquered in one year, nor will child protection case loads be dramatically reduced in a short period of time. Long term funding allocations, together with a health services plan, are an essential part of long-term planning, in that all sectors in the health and community services system have long-term goals.

We recommend that Government strategically address debt repayment, rising costs and capital needs in a way that limits the negative impact on service delivery and clarifies where to limit the service mandate in order to stay within budget.

We recommend long-term, sustainable funding to act as the basis for good forward planning in the health and community services system.

Consistent and Fair Allocation Principles for Funding

In 2001, the NLHBA, with a team of senior executives from the health boards, developed and proposed a set of principles for a funding model as a basis for discussion with DOHCS on strategic directions for funding allocation decisions. DOHCS hired a consultant whose report essentially supported the feasibility of a "funding model" for Newfoundland and Labrador. Clearly-defined funding goals and principles, based on the population health principles that support the provincial health system, will provide the basis for accountability in the health system, letting us track health funding expenditures, ensure that funding is allocated according to regional needs, and communicate both the perception and the reality of fairness in funding allocation and the achievement of a level playing field for all regions of the province. A model for funding allocation should also include a strategy for funding technology, building and equipment replacement.

We recommend that Government institute an appropriate funding model to promote consistency and fairness in funding allocation to the health and community services system.

5. EARLY INTERVENTION AND PREVENTION

From both the health and the fiscal perspectives we need to look beyond healing the sick towards keeping the population healthy and to strengthen the investment in early intervention and prevention to meet the great need for front-end services, starting with children. In community services we are facing out-of-control referrals and a lack of family support. Waitlists exist, where there is not supposed to be any delay, in accessing child protection and family services.

For home support, where the greatest deficits are (except in Labrador, where the pressures are mainly in Child, Youth and Family Services), we recommend enacting the recommendations from the three studies already completed. The numbers of people receiving home support are increasing in spite of emergency criteria alone being used to identify recipients. Additional funding is needed for persons with mental illness, who

currently do not have access to home support services, even though research shows that small amounts of home support decrease the number of hospital admissions and the lengths of stay for those with mental illness. The current major expense in home support is for service to the growing number of people with disabilities, complicated by demographic change and out-migration leading to loss of family support and making home support workers hard to find. The long-awaited federal funding is mainly directed to post-hospital care and will not make an appreciable difference to home support services needed either for seniors, people with disabilities or persons with mental illness.

As we stated in our 2004 budget paper, these services and programs, legislatively mandated to address the needs of the most vulnerable members of the population, always run over budget under current circumstances. When Government was delivering these services, special warrants were required annually to meet those needs. Health boards face the same challenges from increasing needs in these areas where service delivery is mandated by legislation. In spite of this, they have had some success with prudent management of resources in child, youth and family services, (except in Labrador, where child, youth and family services, not home support services, are the major challenge) but the home support services and programs continue to present challenges of expanding needs, particularly in this time of significantly shortened hospital stays.

We recommend that the investment in early intervention and prevention services be strengthened.

We recommend that the home support program should either be fully funded or limited, with clear guidelines to fit the available resources.

6. LONG TERM CARE AND SUPPORTIVE SERVICES

Long Term Care and Supportive Services need redeveloping in this province and we need to look at suggestions for change from other jurisdictions, for reasons both of cost and efficacy. The gap between the enormous cost of institutional care versus the lack of support for home and community based services shows that we need to do a cost-benefit analysis of the most effective use of our resources. Nursing homes are expensive and usually the least desirable option. This process need not necessarily require new funds, since redirecting funding to new policies and programs may well meet the need. We do, however, still need to deal with infrastructure, but without overlooking the need for innovations in facility-based Long Term Care.

We recommend that Government make a clear commitment during the transition process to the most effective way to deliver Long Term Care and Supportive Services.

Mental Health
All of the Boards participated in the development of the provincial mental health strategy and each region has developed a regional plan to further operationalize the provincial plan. However, both shifting of resources and additional funding is needed to move this strategy forward.

We recommend that Government take action and operationalize the widely-supported Mental Health Strategy. This is particularly needed in rural areas since available services in mental health are mostly urban at present.

7. RESEARCH, INNOVATION AND TRAINING

Research
In the NLHBA Budget paper presented to Government in February, 2004, it was stressed that, from the financial perspective, research brings in large amounts of funding from outside the province with associated employment, generates evidence to evaluate health services and possibly less costly alternatives and positions the province to take advantage of the federal government's agenda for advancing research. The support and encouragement of research will enable the body of research to reach a critical mass where it can compete with other provinces for federal research funds, taking advantage of research successes through employment spinoffs and the possibility of commercial advantage from innovations arising from research projects. At this point in the restructuring of the health and community services system, we are well positioned to take advantage of the exciting opportunity for investment in research both in acute care and in early intervention and prevention, directed towards health outcomes, and close-to-home services.

We recommend that Government financially support and encourage research and development partnerships between the new RIHAs and Memorial University, particularly in the schools of nursing, pharmacy, medicine and social work.

Training
In this province we are fortunate to have academic health professional schools in nursing, medicine, pharmacy and social work. This has advanced the development of health human resources in the province and enriched the relationship of research and innovation with the health and community services system. It is, however, crucial that this relationship is supported and strengthened so that the academic training of our health professionals reflects the latest developments in the health system and the most current procedures.

We recommend that the relationship between academic health professional schools and the health and community services system be strengthened and supported so that the latest developments in the health system are included in health professional education.

8. CONCLUSION

The NLHBA is ready to work with Government during the transition process to ensure that the expected outcomes are achieved. We have a remarkable opportunity to make the most effective use of our resources by developing new models of care for our clients, patients and residents, reviewing current service delivery in the light of the new structure, and continuing to work towards the best health and community services system for the people of Newfoundland and Labrador.

Recommendations from the February 2004 Budget submission, accessible on the NLHBA website at www.nlhba.nf.ca under "Documents," are attached.

RECOMMENDATIONS, JANUARY 2005

That, for the new structure to be most effective, provincial standards and a provincial health services plan should guide decision-making during the transition process and beyond.

That Government provide separate funding specifically for the process of transition from the current fourteen boards to the four Regional Integrated Health Authorities, recognizing that cost savings will come only after changes have actually been successfully implemented and that the success of the transition may be adversely affected without dedicated transition funds.

That Government strategically address debt repayment, rising costs and capital needs in a way that limits the negative impact on service delivery and clarifies where to limit the service mandate in order to stay within budget.

That long-term, sustainable funding be provided to act as the basis for good forward planning in the health and community services system.

That Government institute an appropriate funding model to promote consistency and fairness in funding allocation to the health and community services system.

That the investment in early intervention and prevention services be strengthened.

That the home support program should either be fully funded or limited, with clear guidelines to fit the available resources.

That Government make a clear commitment during the transition process to the most effective way to deliver Long Term Care and Supportive Services.

That Government take action and operationalize the widely-supported Mental Health Strategy. This is particularly needed in rural areas since available services in mental health are mostly urban at present.

That Government financially support and encourage research and development partnerships between the new RIHAs and Memorial University, particularly in the schools of nursing, pharmacy, medicine and social work.

That the relationship between academic health professional schools and the health and community services system be strengthened and supported so that the latest developments in the health system are included in health professional education.

RECOMMENDATIONS, FEBRUARY 2004

That in order to apply provincial resources in the most effective manner, decisions on the location and level of health and community services to be offered in the province be made as soon as possible at the provincial level.

That decisions on the number and type of regional boards be made as soon as possible with appropriate legislative and regulatory changes and clear directions on Government expectations as a basis for accountability frameworks.

That a realistic base budget for the health system be established and a timely, multi-year, truly global budget process instituted, based on valid acceptable funding formulae, which take into consideration the health needs of the population in each region, as identified collaboratively by the health system and Government.

That clearly-defined funding goals and principles be developed and established, based on wellness and population health principles and including a technology, building and equipment replacement funding strategy.

That, in order to minimize the funds taken from operating budgets, Government should co-sign or take over Health Boards' debts, with Health Boards arranging their repayments to Government according to the amount owed by each Board

That a health human resources strategy be developed, using the reliable data from the Health Human Resources Planning group, to address the serious shortage and lack of forward planning for training, recruitment and retention of health professionals in the light of decisions on the location of services and the regional board structure in the Province and the effects of the public service wage freeze.

That we maintain and strengthen an effective focus on wellness and lifestyle issues on the premise that a long term strategic focus on population health and wellness will guide the necessary investments today for good health in the future.