

Newfoundland and Labrador
Health and Community
Services Association

NLHCSA

Towards Better Health

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**Presentation to
Minister of Finance
on**

Budget 2000

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DEFINITION OF “HEALTH”

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

**THE NEWFOUNDLAND AND LABRADOR
HEALTH AND COMMUNITY SERVICES ASSOCIATION**

MISSION

As a federation of health boards, the NLHCSA is dedicated to working collaboratively with the province's publicly-funded health system through dynamic leadership in advocacy, the creation and exchange of ideas, and development of consistent policies, standards, and guidelines.

1. INTRODUCTION

Government has invited everyone in the province to provide their input into the budget consultation process. The Newfoundland and Labrador Health and Community Services Association (NLHCSA) is the federation of regional health boards that serve Newfoundlanders and Labradorians across the province. Through our membership, NLHCSA represents the regional Institutional Health Boards, the regional Integrated Health Boards, the regional Health and Community Services Boards, the St. John's Nursing Home Board and the Newfoundland Cancer Treatment & Research Foundation. These Boards are governed by voluntary trustees, who are appointed by the Minister of Health and Community Services and serve in the public interest.

The budget consultation process provides an excellent opportunity for NLHCSA to review and strengthen for Government its policy positions on key concerns for the health system in the Province. We urge Government to give the most serious consideration to these consistent messages from the Health Boards, which are based on the realities of delivering the programs and services in the health system for our Province.

Since the 1999 Budget was presented to the public, the Association has been lobbying Government on three major issues:

1. a consultation and decision-making process for Health Boards and Government to complete the development of the crucial overall strategic directions for the health system in our Province. Government has already undertaken the development of a business plan for this purpose. We now need to complete and strengthen the process;
2. adequate and predictable funding to establish all aspects of the health system on a secure financial basis for long-term planning; and
3. an improved budget process.

These objectives have been the financial focus of the Association during this fiscal year in order to work towards the goals of:

- maintaining and strengthening the high profile of health in funding priorities
- establishing a long-term, predictable and adequate funding plan for the health system
- working with Government towards optimal conditions for a publicly-funded, responsive, accessible, quality-driven, client-centred health system
- moving away from the current crisis-driven decision-making system.

2. FUNDING ISSUES IN THE HEALTH SYSTEM

2.1 Lack of Strategic Directions

Issue: The lack of overall strategic directions for the health system in the Province is one of the most significant barriers to the development of the restructured health system to full potential. The Department of Health and Community Services has the responsibility for establishing province-wide policies, programs and standards. The Health Boards look to the Department, in consultation with the Association and the Health Boards, to take the lead role in the development process, for strategic directions for the health system. Decisions on the availability, extent and location of programs and services need to be made by Government in the light of available funding. These decisions should be made in the context of an overall strategic plan.

It is not possible to make good decisions on the most effective and efficient usage of health funding without having first worked out what the health system should look like in our Province. It is necessary to identify the services that should be offered, the locations for those services, the needs of the population and whether certain needs will be met, based on what the Province can afford. Health Boards cannot work

cooperatively with each other and Government to direct their resources and expertise towards the same goals, when those goals are not identified and developed.

Without an comprehensive strategic plan, there are impediments to an effective and efficient health system:

- *accountability* - in the absence of system-wide, clear objectives and responsibilities, standards for measurement and monitoring, and resources for accomplishing the objectives, it is impossible to develop an accountability framework as a constructive tool for organizational development and renewal, enhancing management practices, provision of quality services and long-term planning for management excellence;
- *policy and programming decisions* at Board level have to be made without an overall strategy for the system;
- *budget decisions* at Board level are hampered by Government's avoidance of difficult decisions on the services that should be provided for the available funding, together with realistic decisions on principles and standards for service provision;
- *human resources decisions* have to be made without an overall health human resources plan, with appropriate funding;
- *time is spent unnecessarily* duplicating the provision of the same information to fill similar requests at different times from different sources in Government, sometimes even having to reformat information already provided for a different purpose to the same government department;
- *the pace of change* in the health system continues without clear directions, adequate funding for necessary infrastructure or assessment of the effects of the restructuring;
- *operational funds* have to be spent maintaining obsolete equipment, buildings and institutions and funding deficits; and
- *programs are transferred* to Health Boards from other Government agencies with inappropriate funding, adding to Boards' liabilities.

Government and Health Boards have spent a great deal of time gathering information about the workings of the health system in this Province, including line-by-line analyses of health budgets, and institutional and organizational review. We now need to use this information as a basis for a strategic approach for the future directions of the system in order to ensure the best usage and placement of available funds.

Each Health Board has already developed an individual internal set of goals, with missions, values, and strategic directions for each year. It is preferable for this process to be undertaken under the guidance of provincial goals. Health Boards and Government now need to work collaboratively on the development of clear overall goals and expectations for the entire health system in our Province, together with guidelines and standards for the delivery of services and programs to meet those goals, as an essential step towards system-wide accountability and best management practices.

RECOMMENDATION:

Develop a consultation and decision-making process between the Association, Health Boards and Government, the next stage of which will be to establish a strategic direction, principles and a collaborative process for planning and implementing change for the health system to ensure the most effective use of health funding. One way to accomplish this goal would be through an effective liaison committee with decision-making powers, meeting regularly at a senior department level with representatives of the Association.

2.2 Adequate and Predictable Funding for the Health Boards

Issue: Neither Institutional Boards, Integrated Boards nor Health and Community Services Boards receive enough funding for the increased demands for the services they are expected to provide. The Institutional Boards are facing increasing public

expectations, and the increased costs of new technology, new drugs, new equipment, new medical specialists and expanding and enhanced programs (in one Health Board, dialysis treatments per month have risen from 50 to 300 in the past three years alone). The Health and Community Services Boards face deficits in the community services sector due to increased demands and services transferred without enough funds. The Integrated Boards face both the institutional and the community services concerns.

2.2.1. Inadequate Funding for Transferred Services

In the social services sector, the services and programs that were moved from the Department of Human Resources and Employment (H.R.E.) to the Health and Community Services and Integrated Boards were not provided with enough funding to compensate for the continually increasing level of services required. In addition, a major reason for inadequate funding at the time of restructuring was that there were no funding projections that linked population needs to budgeting:

- Funding was not adequate from the population health perspective for provision of health and community services, taking into account, for example, variations in regional population needs and current regional disparities in allocated resources;
- Funding is needed for the Health and Community Services and the Integrated Boards to ensure physical separation between the employment related HRE services and the social services that used to be in HRE and, ideally, to co-locate social services programs with other Health and Community Services programs.
- Funding is required to support services and programs according to the principles of the Strategic Social Plan. Although some resources have been allocated through programs such as the National Child Benefit to strengthen prevention and early intervention principles, there is an additional requirement for funding because the need for crisis intervention at one end of the continuum of services was not met by the establishment of programs and services in prevention and early intervention at the other end.

- A major operational issue is that, going into integration, most Health and Community Services Boards had inadequate infrastructure, such as information systems, financial, human resources and support services. Adequate funding was not established to set up the infrastructure required to provide necessary information, feedback and responses.

It is clear that integration continues to need organizational development, with adequate bridge funding and a population needs assessment by region.

2.2.2. Capital Funding

During the late 1980s and 1990s the health system was unable to keep up with appropriate capital and renovation funding. This has left a legacy of outdated equipment and buildings in need of repair. The system urgently needs a significant infusion of funds in two major areas:

- Capital Equipment:
 - ♦ Expenditures on technology. Costs for technology are constantly increasing.
 - ♦ Aging equipment is not being replaced.
 - ♦ The operating budgets are being used to maintain obsolete technology and equipment.
 - ♦ Items such as CT scanners and stress testing equipment are not available in all regions
 - ♦ People in many rural areas are unable to take advantage of feasible telehealth technology to reduce their need to travel to receive services.
- Capital works funding:
 - ♦ Capital works funding is urgently needed in both long term and acute care.
 - ♦ Significant capital requirements are necessary to maintain the current structures
 - ♦ Buildings need to be renovated/redesigned to respond to newer approaches in service delivery, i.e., more day care/surgery clinic space.

2.2.3. *Human Resources Issues*

Problems of recruitment and retention of health professionals are seriously affecting the administration and morale of the health system. Funding has been found to address some of the issues for nurses. The Association is pleased that Government has responded to the Association's recommendations on bonus payments and reclassification. However, benefits provided to unions, either as part of the collective bargaining process or otherwise, should be fully funded by Government to avoid adding extra costs to the Health Boards' budgets. We cannot emphasize enough the importance of addressing human resources issues as a means of ensuring quality services in the health system.

However, the Association would like to stress that a proactive, rather than a reactive, approach is preferable. It is clear that there are unsolved concerns in every sector of health human resources. A higher level of funding has to be applied to health salaries and wages in order to establish the ability to compete for necessary health professionals and prevent a critical mass of health professionals leaving the Province. The Health Human Resources Steering Committee should accordingly give the highest priority to developing and recommending to Government a five year human resources plan with appropriate funding for implementation.

2.2.4. *Unfunded Demands for Service*

The system is suffering from unfunded demands for service:

- The aging of the population requires new and enhanced services, in acute, long-term care and community-based programs.
- There are increasing numbers of patients in ambulatory care and day surgery, and requiring new expensive drug therapies.

- Shorter length of stay in hospital means increased demands for additional complex care services in the community and services such as home support. Patients discharged earlier require enhanced home care services.
- Funding is needed for new and different types of community and home care services, in order to ensure that all Newfoundlanders and Labradorians have access to needed services. Care in the community is currently placing heavy stress and financial debt on family care providers, with alternatives available largely from the private sector. We need increased funding at the community level to meet increased demands for services.
- There have been increases in overall needs of children and families receiving services in Child Welfare.
- Privately-operated health services are expanding to fill unfunded health needs such as physiotherapy, laser eye clinics, home support or private blood testing/cholesterol testing/blood sugar testing offered in the home. These are available only to those people who can afford to pay.
- Means testing for some community-based services requires many people to strain their own financial resources to pay for the services, or to manage without the needed services.
- Lack of, or limited, community rehabilitation, mental health and addiction services.

RECOMMENDATION:

Establish a financial plan for the health system with adequate long-term funding to ensure the provision of quality programs along the continuum of health services in the system.

2.3. An Improved Budget Process

2.3.1. All Health Boards are increasingly concerned by the current budget process, which is inhibiting good business practice at every level. The combination of underfunding the system while insisting on maintaining services at current levels,

or continuing current inefficient delivery methods, has inevitably resulted in systemic deficit financing that Health Boards have no authority to address. Debts are continuing to mount and the cost of maintaining the debt loads of Health Boards has a significant negative impact on their operating budgets, causing a major cash-flow problem. This cannot be the best way to manage the finances of the health system.

- If services in the health system cannot be funded and sustained in a financially prudent manner at the current level, then Government needs to make decisions, in consultation with Boards, on the services and programs which will not be funded and not provided in the health system.
- Some Boards have presented plans to reduce expenditures by reforming delivery methods and consolidating services and programs, but have been instructed not to “reduce” services at this time. This has left Boards in the position of placing great stress on front line staff, management and trustees.

2.3.2. The Boards are frustrated by the process whereby they do not get timely final approvals on their budgets, particularly where projected deficits and suggested methods of balancing budgets require Government decisions. Boards need at this point to get away from crisis-driven decisions by becoming involved in the budget process for the fiscal years 2000-2001, 2001-2002 and 2002-2003, so that advance planning for strategies to balance their budgets can be developed.

RECOMMENDATION:

Institute a timely, multi-year, truly global budget process, based on valid acceptable funding formulae, which takes into consideration the health needs of the population in each region, as identified collaboratively by the health system and Government, and leads to full accountability.

3. CONCLUSION

The Association and the Health Boards appreciate that Government have provided support in the way of debt reduction, stabilization funding and other types of one time funding. We feel, however, that there are certain systemic changes that must take place, together with adequate and timely funding arrangements, in order for the health system in this Province to reach its full potential. During the past year, we have brought our concerns to Government on several occasions, and we look forward in the 2000 budget to seeing them addressed in a positive and proactive fashion.

Our position papers presented to Government on these issues are as follows:

- *Framework of Accountability for Regional Health Boards, March 15, 1999;*
- *A Presentation to the Government of Newfoundland and Labrador in Response to the Document: Making Choices: Our Choices, Our Future, Our Time, March 18, 1999;*
- *Strategies for Improving the Working Relationship with Nurses and the Nurses' Union, April 28, 1999;*
- *Tax Cuts and Health Funding, September 28, 1999;*
- *Presentation to Treasury Board, Government of Newfoundland and Labrador, December 6, 2000;*
- *Accountability Legislation and Framework, January 18, 2000.*

4. RECOMMENDATIONS

- **Develop a consultation and decision-making process between the Association, Health Boards and Government, the next stage of which will be to establish a strategic direction, principles and a collaborative process for planning and implementing change for the health system to ensure the most effective use of health funding. One way to accomplish this goal would be through an effective liaison committee with decision-making powers, meeting regularly at a senior department level with representatives of the Association.**
- **Establish a financial plan for the health system with adequate long-term funding to ensure the provision of quality programs along the continuum of health services in the system.**

- **Institute a timely, multi-year, truly global budget process, based on valid acceptable funding formulae, which takes into consideration the health needs of the population in each region, as identified collaboratively by the health system and Government, and leads to full accountability.□**