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**Newfoundland and Labrador
Health and Community
Services Association**

***A Presentation to the Government
of Newfoundland and Labrador***

In response to the document:

**Making Choices:
Our Choices, Our Future,
Our Time**

18 March 1999

**Newfoundland and Labrador
Health and Community Services Association**

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**Honourable Paul Dicks, Minister of Finance
Honourable Anna Thistle, President of Treasury Board
Honourable Joan Marie Aylward, Minister of Health
and Community Services**

In Response to the Document:

**Making Choices:
Our Choices, Our Future, Our Time**

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THE ASSOCIATION

The Newfoundland and Labrador Health and Community Services Association (NLHCSA) is a federation of member Regional Health Boards and the Newfoundland Cancer Treatment & Research Foundation. The Association exists to serve its members through advocacy and representation, providing centralized labour relations, group purchasing, physician recruitment, pastoral care, and Year 2000 consulting services, as well as other services to support its members' activities.

BACKGROUND

The restructuring of the health care system has resulted in a change in the governance and operation of health care organizations in Newfoundland and Labrador. The regional structure has brought new thoughts and opinions of how health care should be provided in this province, with regional trustees bringing new ideas and strong and diverse opinions from the communities on the delivery of health services. The regional structure continues to review services being provided and responds to the population's health needs in their respective regions. Over the past couple of years the regionalization structure has not had the opportunity to mature to such a level that many of the problems associated with a developing organization have not been resolved.

As the regional structures develop, they are constantly being made aware of the scarce resources available for the health system in this province. We believe there is a conscious decision among all trustees and health care providers that the provincial health budget is not adequate, and if we are to continually respond to the needs of the population additional finances must be allocated in order to provide these services. During the Provincial Health Forum in 1997, the amount of money that was put forward by the participants to address the needs of the health care system was an additional \$100M and, as government is aware, we have fallen short of this requirement. Yet the cost of providing health care to the population of the province continues to escalate because of increased demands on our services, increased costs and new programs that must be introduced. The health care system has taken steps to maintain and improve services to the public and, as well, has taken steps to reduce costs by:

- (a) either eliminating or working towards the elimination of duplication of services within our regions;
- (b) working towards the elimination of duplicate services between regions by way of cooperation between regional boards;
- (c) reducing management employees – some organization have reduced their management employees by as high as 40 percent;
- (d) developing partnership arrangements with private industry to improve services and reduce costs;
- (e) reorganizing services to reduce costs and improve services to the population;

- (f) fostering greater cooperation between the Institutional and the Health and Community Services Boards to make the best usage of the health care dollars available to the region.

These changes have had very little negative impact on Government, but have resulted in considerable cost savings to the system. If these savings had not been realized, the projected deficit to the health care system would be considerably higher, maybe double.

The points outlined above continue to be reviewed on a regular basis in order to identify additional cost savings that may be available either through improvements in technology, better utilization of services, or reorganizations in the workplace. All of these changes have caused considerable anxiety to health care providers (an aging workforce) who are being required to do considerably more with less. It should also be noted that, apart from the cost savings already identified by our boards, very little additional savings can be achieved without adversely affecting services to the public.

Our organizations have worked together to change the focus of health delivery by reducing the number of inpatient beds and increasing the ambulatory outpatient services. Other initiatives such as daycare services, same day surgery, and increased emphasis on enhanced community services have helped reduce costs. Although the average length of stay for inpatients has been reduced, the increase of acuity levels of inpatients is now again starting to increase the length of stay of patients in our organizations. Controls on the utilization of services and supplies have resulted in enhanced monitoring of expensive drug utilization, and the number of medically discharged patients in our institutions has been reduced. This continues to be monitored on a regular basis by our member organizations.

The Association and the health care system is generally pleased with what your Government has provided to the system over the past couple of years for health care, particularly with the additional \$10M provided in 1998-99 and the \$20M announced in January 1999 for April 1, 1999. However, we feel considerable more money is needed to maintain the system.

Government should, however, be aware that factors beyond the control of the health care system are resulting in deficits being experienced by many of our organizations, mainly due to the following reasons:

1. patients being admitted to our organizations require a higher level of care, resulting in increased costs for greater medical and nursing care, and often longer stays in our health facilities;
2. increased cost of unfunded drug therapy programs and new drugs;
3. inflationary costs;
4. costs of new technology;
5. costs of unfunded programs;

6. people living longer and developing multi-system diseases, therefore increasing the costs of continuing care; increasing mental health and addiction problems arising from the socio-economic climate in this province;
7. cost of restructuring, including previous board debts.

Overall, there is an enormous increase in the expectations from the public. This is even more prevalent since the recent Federal Government announcement of increased dollars for health care. People are better informed by way of programs that are on television and through access to the internet, and as a result they have greater concerns over their health, and are demanding the latest therapies and the use of the newest technologies.

RECOMMENDATIONS

1. Human Resource Plan

The Association has been requesting for a number of years that a comprehensive review be undertaken by the Department of Health and Community Services, in conjunction with all its stakeholders, to develop a Human Resource Plan that would consider the optimum utilization of health care providers. This Human Resource Plan should review the role, not only of physicians (fee for service and salaried), but nurses and other health care professionals who provide services to the population of our province so that there are no gaps or duplication of services provided by these professionals. There needs to be a full range of services appropriate for each region based on the population needs of that region. Part of the review should include the centralization of service within regions so that all services – medical, nursing and other professionals – can be provided to outlying areas of the region, thereby maximizing utilization of available human resources. As you are aware, one of the main costs of providing service delivery in health care is the cost of human resources.

When the decision is made on the appropriate human resource plan for each region, it should be adequately funded in order to attract the best-qualified professionals to all regions of the province.

2. Drug Therapy Programs

Government should review the costs of expensive drug therapy programs and new drugs so as to make the treatment of patients/residents more equitable. Currently, different standards apply to long term care, acute care and community care, as well as the considerable costs to the system for specific expensive drugs required for specific treatment (i.e. cancer).

Government should also monitor closely the relationship between the cost of generic drugs in relation to the patented drugs. The cost of generic drugs is increasing;

Government and the Association should work closely to review this issue to ensure the health system is not disadvantaged by changing drug formularies for drugs and the cost of expensive drugs.

Government should undertake a review to identify the prescribing practices of physicians, not only on the types of medications, but also on the frequency, and that educational programs be developed to educate physicians on the availability of possible cheaper drugs that would provide the same outcome to patients/residents. There is a potential of considerable cost savings to the province in this area.

3. Health Promotion/Disease Prevention

In considering changes to the funding of health care, Government be continually mindful of the fact that community-based programs involving health promotion, disease prevention, family poverty, employment opportunities, violence prevention, income support programs, housing and community support programs in many cases can reduce, in the long term, the overall costs of providing care to the population. Money spent on health promotion, such as Anti-Smoking Campaigns, will be cost effective in the long term as services would not be required by people needing to use the health system for smoking-related diseases. The Association is encouraged by Government's recent announcement of \$300,000 per year over three years for the Anti-Smoking Campaign; however, there is a concern that the funding for this program be used in the best possible way to give maximum value for the money being provided by Government.

The preventative AIDS strategy implemented by community health groups sometime ago has yielded results in a decreased number of people diagnosed with HIV/AIDS. The Folic Acid strategy that is currently proposed will decrease neural tube defects in newborns, another example where preventative strategy has paid off. There are many other examples where health promotion/disease prevention has been money well spent, such as Well Baby Clinics, Breastfeeding Support Programs, etc. Government needs to continue to commit dollars specifically earmarked for health promotion/disease prevention, and the recent announcement with the Anti-Smoking Campaign is a good example. Other programs need to be explored and identified by our Health and Community Services Boards and dedicated dollars earmarked for these programs.

4. Newfoundland & Labrador Centre for Health Information (NLCHI)

The NLCHI should be fully funded with new money to implement the recommendations of the Health System's Information Task Force Report. This will provide government and the health care system with the basic data required for evidence-based decisions. The support of the Provincial Government, through funding, and the support of the health care system, through cooperation with health information, are necessary to ensure that the work of the NLCHI is carried out. This will eliminate duplication of information collected by the Federal/Provincial Governments and other agencies, and

provide more meaningful information that can be used by all stakeholders, including Government, to make good decisions.

5. Accountability

Over the past number of years, the Auditor General in her report to Government, has been critical of Government's role and accountability for public funds being spent in this province. The health care system, through the various pieces of legislation, is directly accountable through their Boards to the Minister of Health and Community Services. The Association and its members have requested the Department to develop standards for the operation of the health care system in this province, and continually we seem to fall short of any standards being developed. Our Regional Boards have received little or no direction from the Department of Health and Community Services as to what standards are to be required with regard to financial issues, workload measurement, staffing, ambulance services and generally benchmarks of health related programs. Efforts by the Association over the past several years to have the Department develop standard accounting practices are now starting to produce results, mainly through the cooperation of the Chief Financial Officers in our organizations and officials of the Department of Health and Community Services.

From the public point of view, the health care system over the past year has received negative publicity in several areas. This negative publicity, to a large degree, has been the direct result of no defined procedures or standards and no communication plan for dealing with situations. At times, proposals are submitted to the Department of Health and Community Services for approval and approval given, only to find that the carrying out of this approved plan results in a public outcry. As a result, the Regional Board is left in an embarrassing situation of having to undo something that Government had previously agreed it would do. Regional Boards need to know exactly what Government expects of them.

There should be set standards for financial issues, workload measurement and staffing ratios. The decision-making process needs to be defined with a communication plan between the Department of Health and Community Services, Government, and the Regional Board structures, and if at all possible, there should be regular meetings (at least on a quarterly basis) between the Minister of Health and Community Services and Board Chairs.

The Provincial Government should fully fund the cost of the accountability framework for the health care system, and that discussions take place immediately with the Association and its members to develop the appropriate framework that provides for not only financial accountability but also measurable outcomes, reporting mechanisms and

services provided, as well as detailed standards as to what the Provincial Government expects from a financial reporting point of view, as well as a service delivery point of view, which would also include a detailed communication plan.

NOTE: The Association has made a submission to the Premier and Minister of Health & Community Services on Accountability.

6. Adequate Funding

The Government should review the current health system to determine whether or not there is substantial adequate funding for items such as:

- (a) costs associated with providing physicians in locum services that are currently not funded through MCP either because the locum policy does not provide compensation, or because accommodations and travel associated with providing the locum services are not covered;
- (b) costs of restructuring the health care system, including the costs that the boards have incurred with regard to severance pay, notice to terminate employees, and other downsizing initiatives;
- (c) fully funding of pay equity;
- (d) new technologies;
- (e) family poverty programs;
- (f) increased costs of drug therapy programs and new drugs;
- (g) substantial increase in capital funding - currently operating funds are being used for capital equipment due to lack of adequate capital budget;
- (h) costs associated with providing adequate programs for early discharged patients to their homes;
- (i) costs associated with providing adequate community-based mental health programs;
- (j) costs of previously negotiated benefits in the collective agreement that are not fully covered; and
- (k) violence prevention programs.

As part of this review, a methodology needs to be developed to ensure equitable funding of the health system amongst regional boards on a needs basis. Part of the consideration should include the type and level of service being provided by each of the regional boards. There needs to be detailed criteria developed, which can be publicly defended.

7. Changes in the CHST

The Association and its members expressed grave concerns over the announcement in the recent Federal Budget of the change in the funding formula for the CHST in that the

dedicated financial resources from the Federal Government for health care may not be there in the future. As we understand the situation, our province will receive increased payments over the next couple of years, either through the CHST supplements or through equalization payments. Due to the fact that these federal equalization dollars are not “committed to health care”, we feel it is important that the Provincial Government indicate to the health industry and the public of this province that Government continues to support funding for health care. There should be at least an ongoing three-year commitment for funding from the equalization payments from the Federal Government, which would continue to go to health care. Without the continued commitment of your Government in this area, there will, most likely, have to be major reductions in the level of services that can be provided to the population of the province.

8. Job Classification System

The current job classification system that is in place for employees in the health system has been in existence since the late 60’s or early 70’s, and needs desperately to be reviewed. Adjustments that were made to the “support staff” classification system for pay equity have caused considerable internal inequities in the health care system. Employees are applying for demotions in order to get increases in salaries. The Association went on record when the current pay equity program was first announced, that the Association would prefer to see money that would be allocated to pay equity to be used as part of the implementation of a new classification system that would be gender neutral. Government chose not to accept our recommendations in this area. Pay equity has cost this province millions of dollars, and although many employees have benefited financially from the pay equity adjustments, our current classification system is still not equitable.

The regionalization of the health system could not be accommodated in the existing classification system, and as a result many of our managers are classified in positions that do not match their duties and responsibilities. This has been an ongoing issue with your Government.

Government should undertake immediate review of the job classification system that exists in the health industry and immediately plan for the introduction of a new classification system that would meet all the criteria for pay equity programs. In the meanwhile, all requests for classification reviews by management employees should be completed. The cost of the implementation of this system should be fully funded by the Provincial Government.

9. Y2K

The health care system, like most industries, will be caught with the year 2000 “bug”. With support from the Department of Health and Community Services, the Association

was able to hire a Y2K Coordinator. Problems are being identified in the system by our regional boards. Government needs to commit to fully fund solutions to problems that are identified with regard to Y2K in the health system.

CONCLUSION

The Newfoundland and Labrador Health and Community Services Association is pleased that some progress has been made in the province's health system over the past couple of years. Although the restructuring of health care started approximately seven years ago, the health system has not had the opportunity to stabilize. As things start to level out, new changes are made, and this is particularly evident with the merger last year of the Social Service programs into our Community Health Boards.

Some of our member organizations have been criticized for problems that have incurred, either financially or organizationally; however, the restructuring of the health system has served both the Government and the population of the province extremely well. We have maintained and improved the level of care in the province with no major increase in funding to provide these changes to the health industry. If we are to continue to address these concerns and make improvements, Government, the Association, and its members need to work more closely to provide the best possible services within our resources to the population of the province. We need to identify our weaknesses and address them. We need to promote our strengths to the benefit of the province as a whole.

The Association looks forward to a continued good working relationship with the Department of Health and Community Services and your Government towards further improvements in the health care system. If we all work together we can not only make improvements but also identify many areas of cost saving.