A Sector on the Brink: The Case for a Significant Investment in Ontario’s Hospitals

Pre-Budget Submission
2018 Ontario Budget
Ontario’s hospitals have been responsible partners with government over the last decade, working to ensure more sustainable growth in health care spending while continuing to deliver better quality care. During a period of significant austerity beginning in 2009, Ontario’s hospitals contributed to getting the province back on track financially by accepting years of zero per cent funding increases at a time when inflation, patient volumes, labour costs, energy, and regulatory requirements grew significantly. During this time, Ontario’s hospitals showed tremendous leadership by making their operations more efficient, reducing average lengths of stay and improving wait times.

Hospitals have consistently advocated for investments in other parts of the system, such as home and community care and long-term care, to ensure that health care dollars were being allocated to the area of greatest system need. According to data from the Canadian Institute for Health Information (CIHI), per capita funding for hospitals in Ontario is now the lowest in the country, generating $5.5 billion in savings annually for the government to spend on other important priorities.

When compared to the average of all other provinces, the Government of Ontario spends $389 less per person on hospital care. This translates into a hospital efficiency dividend of $5.5 billion annually.

Hospitals are at the heart of their communities

- 200,000 hospital employees
- 143 public hospital corporations
- 6.3 million visits to emergency departments
- 352,000 total inpatient surgeries
- 1.2 million total outpatient surgeries
- 14.2 million ambulatory care visits
While hospitals have been tremendously efficient and innovative, the hospital sector is now in need of investment. Hospitals can no longer absorb growing costs by identifying significant new efficiency measures. They can no longer defer maintenance on existing hospital sites or delay purchasing necessary clinical equipment to care for patients. Investments made in hospitals in the 2017 Budget and in the fall of 2017 are greatly appreciated, and will assist hospitals in managing the high volume of patients expected this winter – but it will be essential for the province to make ongoing investments in hospitals and across the continuum over the long-term. The capacity challenge the health system faces today is complex and systemic. Continued change and innovation within the system, and investment across a range of health services over a sustained period, is needed.

The Ontario Hospital Association (OHA), on behalf of its member hospitals, is recommending an increase of 4.55 per cent in total operational funding for hospitals in 2018-19, as well as the creation of a one per cent Patient Safety Equipment Fund to maintain access to care, now, and in the time ahead.

Warning Signs of an Imminent Capacity Crisis

The OHA monitors health system performance closely, and evidence clearly illustrates that the hospital sector is under significant pressure: wait-times are growing longer, emergency department volumes are increasing, and much of the infrastructure and equipment are run-down, at the end of their life, or outdated.

Emergency departments, for example, are a critical barometer for how the health care system is functioning – and the warning alarm is sounding loudly. While hospitals typically see an increase in patient volume in January and February, this past summer was particularly troubling. Hospital occupancy exceeded 100 per cent capacity at about half of the province’s hospitals, and in some cases, occupancy reached as high as 140 per cent. To put this into perspective, the international standard for safe hospital capacity is around 85 per cent. Wait times for patients admitted through the emergency department were the longest during the month of September over the last seven years with 10 per cent of patients waiting approximately 32 hours.

Dave, a 55-year-old male, has been an inpatient at a specialty mental health hospital for four years. Dave has schizophrenia, a developmental disability, and a long history of substance use. Dave grew up in the foster care system and was homeless at the age of 19. Dave lives in a rural community and has had limited access to community mental health services over the years but has spent much of his adult life in and out of hospitals. Dave has behavioural challenges, cognitive impairments, limited insight into his mental illness, and a history of non-compliance with medication. Dave has improved under hospital care and has been responsive to medication and behavioural therapy. As a result, he is ready to leave the hospital. However, Dave requires specialized clinical support on an outpatient basis and high-support housing with staff available 24/7 to monitor his medications. As these services are not available in Dave’s community, he remains at the hospital as a long-stay, ALC patient.
The Ministry of Health and Long-Term Care’s (Ministry of Health) investment in hospital capacity this past October was a much-needed, temporary solution for the upcoming flu season. However, this one-time investment needs to be part of a broader plan to increase system capacity or space. Many patients waiting for home care or long-term care are struggling to get the care they need in hospitals. The number of patients waiting in hospitals for an alternate level of care (ALC) has grown 16 per cent over the last two years. There are nearly 4,500 patients waiting to receive care in a more appropriate setting, and more than half of them are waiting for long-term care, according to the Ontario Long-Term Care Association. The typical hospital patient in need of long-term care spends 68 days waiting, according to Health Quality Ontario (HQO), and this figure has increased steadily over the past decade.

Preparing for Future Patients and Clients

The population of Ontario is growing and aging at a rapid pace. Ontario’s population growth over the past year is expected to be 1.5 per cent, according to the Ministry of Finance. The Ministry projects that Ontario’s population is expected to grow by 30 per cent (4.1 million) over the next 25 years. At the same time, Ontario’s population is aging. By 2041, there will be a sharp increase in the number of seniors. The number of seniors aged 65 and older is projected to almost double from 2.3 million (16 per cent of the population) to 4.6 million (25 per cent of the population) by 2041.

While today’s seniors are healthier than those of previous generations, they are living longer with chronic conditions. According to CIHI, nearly three-quarters of Canadians over age 65 have at least one health condition, and many older Canadians have increasingly complex health needs that require a highly specialized form of care.

Anne, a 90-year-old widow, was admitted to the hospital after falling at her retirement home and breaking her hip. Anne has dementia and is now bed-ridden. Anne is unable to return to the retirement home because they are not equipped to care for her new needs. Her only son lives out of the province. The hospital social worker had suggested she put her name on a couple of nursing homes with shorter wait lists, but her son has requested his mother go to a culturally-appropriate nursing home that has a waiting list of eight months. An application has been made to the nursing home of her choice, but in the meantime, Anne remains in the hospital.
At the same time, according to Health Canada, younger Ontarians are less healthy than previous generations and often have less healthy weights, increased chronic diseases and more mental health concerns. This leads to heightened demand for health care services.

About one-fifth of ALC patients have a specialized need that acts as a barrier to discharge. Many of these patients need a combination of supports such as social, behavioural, neurological, mental health and addiction and others, in order to be discharged from hospital.

Current work underway, such as recently announced investments in long-term care, Patients First, capacity planning, and new models of care, may help along this journey. But, it will take a number of years for these gains to be made – and in the meantime, the hospital sector requires additional support. The province has experienced capacity challenges like this before – in the 1990s and in 2006. Without action, patients will wait far too long in the emergency department and may even be redirected elsewhere because there simply isn’t any room.

HQO reported that emergency wait times were improving based on an analysis of 2014/15 data. However, the organization also notes that the number of annual visits to the emergency department is likely to increase by 30 per cent over the next quarter century. Similarly, in 2016, the Auditor General of Ontario reported that patients are already waiting too long to be admitted to the hospital from emergency departments. In the three hospitals studied by the Auditor General, 90 per cent of patients waited 37 hours or less for hospital beds – and 23 hours or less for intensive care beds.

In addition, over the last three years, wait times for diagnostic procedures have gone up. For instance, reported CT scan wait times in the 90th percentile are up from 30 days to 45 days. Wait times for these critical health procedures will only continue to increase as a result of the growing and aging population. Ongoing investments in hospitals will help to protect the progress the province has made in keeping wait times low.

Shirley, a 75-year-old patient, was taken to the emergency room after falling at home. Shirley has Chronic Obstructive Pulmonary Disease and Congestive Heart Failure, and has had eight hospital visits in 12 months for complications related to her illnesses. She lives with her daughter, a single mother of three young children, who has been struggling to care for her mother’s declining health while maintaining a full-time job. Shirley receives some home care services, but these services haven’t increased as her health has declined. Shirley was examined by the emergency physician shortly after arriving at the hospital, and it was determined that that she required acute care admission to stabilize her symptoms. No inpatient beds were available, and Shirley waited for three long days in the emergency department until a bed was found. During this time, she had difficulty sleeping due to the bright lights and ongoing noise in this hectic environment. While her daughter tried to stay and keep her company during this wait, she was forced to leave her alone to provide care to her own children and attend work, assuming that she would be admitted much faster.
Recommended Actions for 2018/19

1. **Investments in Hospitals and Across the Continuum**

To ensure that Ontario’s health care system remains sustainable, ongoing investments are needed in hospitals that reflect the true costs of delivering care. Costs for the hospital sector are expected to increase 4.55 per cent annually, as a result of inflation, labour increases, and higher demand for services. A key component of this increase is to ensure that hospitals are able to provide services to a growing number of patients—both due to population growth and an aging population. This figure also does not include the annualization of the investments in surge capacity made by the Ministry of Health in October.

Hospital funding has not kept pace with rising costs, including salary increases mandated through arbitration awards, disability premiums and energy costs. Compensation costs account for up to 70 per cent of hospital budgets and increases for unionized professional staff add up to 8.35 per cent since 2011. Further, the average increase in premiums over the past five years was 12.91 per cent for extended health benefits and 35.64 per cent for long-term disability. Most recently, with the passage of the *Fair Workplaces Better Jobs Act, 2017* (Bill 148), another significant cost pressure has been placed on the hospital sector with financial implications totaling well over $100 million.

At this critical juncture, investments in partnership and integration opportunities between hospitals and the community can also help improve efficiency and deliver better care to patients and clients. Hospitals must continue being a critical part of transforming the way care is provided across the continuum, and many are already working closely with system partners to deliver community mental health services, primary care, long-term care and community care.

2. **Investments in Capital and Equipment**

Capital investments are needed – both in buildings, hospital information systems and clinical equipment. While the Ontario government has invested in building many new hospitals over the past four years, ongoing investments are needed to address the significant backlog of deferred maintenance at existing sites and to deal with the impact of rising regulatory standards being imposed on the sector. For example, with the recent expansion of oversight of the Ontario College of Pharmacists to hospital pharmacies, new standards for hazardous and non-hazardous sterile preparations were introduced. These standards could require up to $1 million on average in new capital costs, per hospital. Because of the capital outlay required, many smaller hospitals may be forced to stop providing chemotherapy treatments, thereby forcing patients to travel long distances to receive this type of care.

There is currently no source of government funding for equipment, and many hospitals are using equipment and technology that is outdated and in need of upgrades. Investments are needed so that hospitals can take advantage of the strong clinical and operational benefits of this technology.

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**An increase of 4.55 per cent in hospital funding in 2018-19 will ensure that hospitals have the resources needed to avoid a significant capacity crisis in Ontario’s health care system.**

**An annual Patient Safety Equipment Fund of one per cent would provide hospitals with the funding needed to address the various capital investments required by hospitals – including deferred buildings maintenance, new clinical equipment, and hospital information systems.**
Conclusion

Ontario hospitals appreciate the Ontario government’s leadership and continued investments in hospitals – including an increase in the 2017 Ontario Budget and the winter surge plan to assist hospitals and the home and community care sectors in addressing high patient volumes. These investments will improve the health system’s ability to manage the significant influx of patients expected during the flu season over the 2017/18 winter months.

However, the capacity challenges hospitals are experiencing are ongoing and representative of a larger systemic capacity challenge. It will take a number of years for the recent government investments in long-term care and the impact of Patients First to be felt, and as such, the hospital sector requires additional support in the meantime. Innovative changes to the way care is delivered and significant investments are needed to ensure that hospitals can maintain access to care and prevent unacceptable increases in wait times.

Ontario needs to move forward with a province-wide capacity plan for the health care system. It is essential for hospitals, the government and community to work together to address the province’s capacity challenge – now – and in the years ahead.