

Funding for the Future: Reimagining How We Organize, Fund and Deliver Care in Ontario

Summary from the Health
Care Financing Forum

November 2023

Health care in Ontario is at a crossroads. Coming out of the pandemic, one of our key lessons as a system was that the province needs to transition to funding models that align with an integrated, high-quality, and sustainable health and care system. The pandemic also taught us that change is possible—given the right conditions—and that proactivity and collaboration are among the most important of those conditions.

With this in mind, and as a key partner in advising on funding methodologies for more than two decades, the Ontario Hospital Association (OHA) hosted a two-day forum (October 11-12) to launch a dialogue with local and international experts, provincial decision-makers and health care providers to expand the body of evidence on funding, and learn from the experience of other jurisdictions. The goal was to generate insights and learning to help collectively reimagine elements of funding methodologies to build a system that incentivizes the creation of a high-quality, equitable, and financially sustainable system that addresses and builds on the lessons we've learned.

The Challenges Facing Health Care in Ontario

Ontario's population is growing and aging. Our overall population has reached the 15 million milestone and is expected to reach 20 million by 2042.¹ The number of seniors (aged 65 and over) is projected to increase significantly, from 2.8 million (or 18.4 percent of the population) in 2022 to 4.4 million (or 20.3 percent) by 2046.² Together, these increases will translate into corresponding increases in demands on health and social care.

To build the system Ontario needs to meet competing demands, there are five key challenges we will need to overcome.

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Variations in capacity and performance across communities.

②

Deficiencies in data and data use.

③

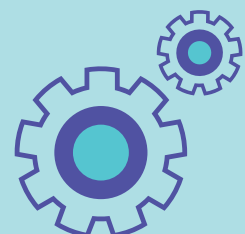
Longstanding policies, rules, and ways of playing the game (institutions).

④

Geographic variation translating to differential care and funding needs.

⑤

Inability of organizations/geographies to change at the same time or at the same pace.



1 Building a Strong Ontario. <https://budget.ontario.ca/2023/pdf/2023-ontario-budget-en.pdf>. Accessed October 30, 2023.

2 Ontario Population Projections. <https://www.ontario.ca/page/ontario-population-projections>. Accessed October 30, 2023.

Lessons from Around the World

Ontario is not unique, and during the Forum we heard from system leaders and academics from the UK, the US, the Netherlands, Germany, and Australia about the similar challenges their health care systems have faced—as well as the solutions that worked to address them.

It was clear there were a number of common challenges, themes, and lessons across the health systems. The second day of the Forum focused on roundtable discussions on how these insights could be used to inform a path towards a reimagined funding methodology for Ontario.

As an initial step in moving forward, these discussions were used to frame several key questions to be explored.



WHAT HAVE WE LEARNED ABOUT HOW TO ADDRESS THESE CHALLENGES?

1. Instead of rebuilding a hospital funding system, focus on the health system as a whole. Recognize the interdependency between health care, social care, and public health, ensuring social and primary care are valued in the same way and receive the same focus as acute care.
2. Goals should be triple aim (better health, better health care, better cost), not based solely on access or cost - meaning that volumes of care are not the driver for funding. Big goals equal bigger (more included) budgets, with adequate funding in advance, realistic efficiency targets, and future health human resource planning. In addition to supply, the change will require paying attention to demand (prevention and patient engagement) by fully engaging communities in improving health outcomes.
3. Innovation and improvement require the ability to move money across time and sectors which is why we need to take a long-term perspective. There is no single model or silver bullet, and as such, it is important to see reforms through, with a focus on a culture of innovation, relationships, and trust.
4. The basic architecture is that goals drive care standards, which in turn drive data and funding standards. It is important to remove funding that hinders care standards.
5. Make leadership and performance clear and support smart leadership by relying on data, education, and engagement.
6. A plurality of funding models is appropriate as long as they support the system goals; the funding model does not need to be monolithic.
7. Be relentless about the use of information and leadership (both clinical and operational) that focuses on internal and intrinsic motivations. Leverage friendly competition/co-opetition.
8. Work at the community level and scale to drive effectiveness; allow for differences in evolution across the new systems.
9. Recognize that making system change across the province at once and at the same pace may be challenging, but we can make a start.
10. There are many approaches to regulatory permissiveness, such as legislative experimentation, regulatory sandboxes, or more complex models like the Stark II laws in the US, that would allow us to move things forward.

DO WE HAVE WHAT WE NEED TO BUILD A FUNDING MODEL THAT RESPONDS TO THE CHALLENGES IN FRONT OF US?

YES We have the data, analytical capacity, and clinical leadership to do so, and we have structures like the Hospital Advisory Committee (HAC) that can support validation of models. As we build the system, there needs to be a clear line of sight into the pressures and opportunities ahead. A major pressure identified is the demographic change and the resulting demand for public services due to illness.

BUT We can not try to fit new models into the constraints and the ossified rules and ways of doing business that currently define our system. If we do so, it will be a recipe for failure, and we will disappoint ourselves.



WHAT ARE THE KEY PRINCIPLES FOR A NEW FUNDING MODEL?

In addition to the principles of equity, flexibility, transparency, innovation, simplicity, sustainability, accountability, and integrity previously identified through OHA-led consultations with hospital members, academics and policy makers, the Forum identified the following:

1. Anticipatable funding year-over-year
2. One budget perspective
3. Disconnect volume of care and funding (including physician income)
4. Focus on return on investment, *not* on spending (you will need to spend more in the first years)

Conclusion

At the end of the Forum there was a sense of optimism about our collective strength. Although there are significant issues and challenges ahead, we have the tools we need to make change—we have a burning platform with the current crises and upcoming tsunami of demand; we have funding as an existing lever that we can grasp *now*; and recent experience that has demonstrated that we *can* change.

We can also make it easy for political leaders to get behind the necessary changes if we can come together as a system, building broad support as we did with the *Excellent Care for All Act*. We've done it in the past and within other systems—even the highly fractious US system does it regularly.

The OHA will be exploring opportunities to host similar collaborative events with various providers and policymakers to continue to build on the outputs of this Forum and inform a roadmap for health care financing approaches for Ontario.