

MEDIA RELEASE

Ontario Hospitals Face Tough Choices as Economic and Financial Pressures Increase

January 16, 2026, Toronto, ON – At today's 2026/27 Pre-Budget Consultations, held by the Ministry of Finance in North York, Ontario Hospital Association (OHA) President and CEO Anthony Dale outlined the growing pressures facing the hospital sector and the need for stable, multi-year funding that will help hospitals plan as effectively as possible through the challenging years that lie ahead.

“As the voice of the province’s public hospitals, the OHA is committed to working with government to ensure that the people of Ontario continue to have access to high-quality patient care,” Dale said. “Ontario’s hospitals support the government’s ongoing investments in the health system. Investments in home care, primary care and long-term care help ensure that more people can receive the health and social services they need in settings that are more appropriate than hospitals.”

Dale also recognized the extraordinary challenges ahead of the province, as the ongoing trade war with the United States threatens Ontario’s future prosperity and the affordability of all public services.

“Unfortunately, many hospitals are also grappling with significant challenges. Many are projecting year-end deficits, have eroded their working capital, and in the absence of certainty about their revenues, cannot properly plan for the future,” he said. “Costs for the sector have been rising by about 6% per year, primarily due to Ontario’s growing population, its aging population and inflation, in general. In recent years, the sector has received annual increases of approximately 4%, leaving the sector with a persistent and deepening structural deficit of approximately \$1 billion.”

He added that long-standing issues such as unfunded beds and outdated funding rates have pushed hospitals into structural deficits that efficiencies cannot resolve. “Through the Hospital Sector Stabilization Plan (HSSP), hospitals have identified some initial clinical, operational and administrative cost savings and cost avoidance measures,” Dale said. “Unfortunately, these measures alone won’t address system pressures.”

Hospitals are preparing for difficult decisions over the course of the next few years. Ontario hospitals are already the most efficient in Canada. The HSSP exercise proves that further significant cost-saving measures would likely include program consolidation with service impacts, closure of non-core inpatient services, and spending reductions in core inpatient services.

“There are no easy choices ahead,” Dale said. Hospitals will also need to prioritize, make trade-off decisions, and above all, take action to operate with the more limited resources that are available.

Dale reaffirmed the OHA and its members’ commitment to providing strong leadership and to continuing to work with the government to reduce the rate of cost growth in the hospital sector. “Hospitals need predictable, multi-year financial planning assumptions for the next three fiscal years in order to properly plan for the future and serve their communities despite the wider uncertainty,” he said. “Hospitals are committed to doing everything possible to safeguard access to care.”

Health care, anchored by hospitals, is foundational to a stronger competitive economy. And even under strain, hospitals continue to lead change and pursue innovation. Into the future, artificial intelligence, gene therapy, personalized medicine, and the emergent hospital-at-home model hold enormous promise. Ontario’s hospitals and their partners are working hard to unlock the potential of the future – but it will also take time.

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Ontario Hospital Association

Established in 1924, the OHA serves as the voice of the province's public hospitals, supporting them through advocacy, knowledge translation and member engagement, labour relations, and data and analytics with the goal of helping hospitals build a better health system. The OHA is also attuned to the broader strategic questions facing the future of the province's health care system and we work to ensure Ontario's hospitals have a voice in shaping this longer-term vision.

For more information, please contact:

Chantalle Aubertin
Media and Public Affairs Advisor
Ontario Hospital Association
caubertin@oha.com