

The Regional Municipality of York

Committee of the Whole
Finance and Administration
June 10, 2021

Report of the Commissioner of Finance

Hospital Financing Reserve Contribution for 2021

1. Recommendations

Council receive this report for information.

2. Summary

The purpose of this report is to update Council on the 2020 Paramedic Services off-load times for the approved hospital projects and report on the 2021 contribution to the hospital reserve based on final 2020 assessment growth.

Key Points:

- All regional hospitals met the 30 minute off-load target in 2020
- The 2021 reserve contribution will be approximately \$6.9 million to support the Region's existing commitment toward the Mackenzie Health - Cortellucci Vaughan Hospital

3. Background

York Region has a long history of contributing to hospital capital expansions

Municipal contributions to capital costs for hospital expansions started prior to the formation of The Regional Municipality of York. Prior to the signing of the 2009 Hospital Capital Funding Memorandum of Understanding (MOU) between the Regional Municipality of York and the hospitals in the Region, the Region had contributed a total of \$113.4 million to hospitals for expansions and capital projects in the Region.

Currently, the provincial share accounts for approximately 65% to 75% of the total cost of constructing a new hospital. The local share from "community sources," including York Region, accounts for approximately 25% to 35%.

In 2009, Council approved annual contributions for capital funding until 2031

On [October 22, 2009](#), Council authorized the execution of an MOU with the hospitals in the Region and all parties signed on November 19, 2009. This MOU approved annual contributions for capital funding and expires on December 31, 2031. The signed MOU is available in Attachment 3 to the [Mackenzie Vaughan Hospital Capital Funding](#) report, which was approved by Council on October 19, 2017.

In 2019, Council approved reduction in reserve contributions to include only existing commitments

On December 19, 2019, Council approved a reduction in reserve contributions to support a level that covers only existing hospital commitments ([Report item H.2](#)). The focus on committed projects would result in tax levy savings to help offset various pressures identified as part of the 2020 to 2022 Budget. Accordingly, the Region has provided the hospitals with one year's written notice of the termination of the MOU.

Three Council-approved projects remain as financial commitments of the Region. They are:

- Cancer care clinic project at Southlake Regional Health Centre
- Redevelopment project at Markham Stouffville Hospital Corporation
- Mackenzie Health - Cortellucci Vaughan Hospital project at Mackenzie Health

Release of funds for an approved hospital project would be subject to verification of eligible costs and annual average off-load reporting requirements.

Regional contributions are reduced if off-load delay targets are not met

To help manage the costs of Paramedic Services, the Region tied contribution levels to progress on reducing processing time for emergency patients.

The MOU provides that in the event the 30 minute Paramedic Services off-load delay targets are not achieved, York Region may, at the discretion of Council, reduce hospital funding by an amount approximating the additional operating costs incurred by Paramedic Services for the time above the targets.

Since 2009, Council has made a total reduction of \$3.1 million in hospital funding due to hospitals not meeting their off-load delay targets. However, since 2015, all hospitals have met the off-load target.

4. Analysis

Between 2009 and 2020, the Region has paid \$124.2 million for the three approved hospital projects

By the end of 2020, the Region has paid three hospitals \$124.2 million for the approved projects under the 2009 MOU (Table 1).

At the end of 2020, the Region has fulfilled its commitment of up to \$50.9 million toward the Redevelopment project at Markham Stouffville Hospital Corporation. In October 2020, Markham Stouffville Hospital submitted its final claim for payment. On December 2, 2020, the Regional Treasurer sent a closing letter to Markham Stouffville Hospital confirming that the Region's contributions were complete. As a result, the Region's remaining commitment to Mackenzie Health - Cortellucci Vaughan Hospital is estimated to be \$87.8 million. This estimate includes forecasted adjustments for future assessment growth (2021-2031).

Table 1
Payments to Hospitals for the three approved projects

Hospital	Approved commitment (\$M)	Payments (2009- 2020)		Remaining commitment (\$M)
		(\$M)	(%)	
Markham Stouffville Hospital Corporation	50.9	40.3	100.0*	0
Southlake Regional Health Centre	17.4	17.4	100.0	0
Mackenzie Health:				
Cortellucci Vaughan Hospital**	154.2	66.5	43.1	87.8
Total	222.0	124.2	58.6	87.8

*In 2020, the Region fulfilled its commitment of up to \$50.9 million toward the Redevelopment project at Markham Stouffville Hospital Corporation for a total payment of \$40.3 million under the MOU.

**Mackenzie Health - Cortellucci Vaughan Hospital's full share under the MOU is estimated at \$154.2 million, including forecasted future adjustments for assessment growth. Payments to date and remaining commitment combined may not add due to rounding.

After indexation, the Region's contribution to the reserve for 2021 is \$6.9 million

The MOU contains a provision that adjusts the Region's annual Hospital Financing Reserve contribution by the rate of change in its prior year's assessment growth. Through the 2021 Budget, Council approved to set aside approximately \$6.9 million for 2021 to support the Region's existing hospital commitment. The annual reserve contribution of \$6.9 million is already indexed to the prior year's assessment growth.

Assuming the Region's annual assessment growth ranging between 0.82% to 1.68% between 2021 to 2031, the forecasted total cumulative Regional contribution to the Hospital Financing Reserve would be approximately \$211.9 million (Attachment 1). Actual contributions will vary subject to actual assessment growth and imposition of further delay reductions if targets are not met.

In 2020, all three regional hospitals met the off-load target of 30 minutes

Although two of the three regional hospitals no longer receive regional funding, all three regional hospitals continue to meet the 30 minute average target time in 2020. The new Mackenzie Health - Cortellucci Vaughan Hospital was not yet operational in 2020. Table 2 outlines the hospitals' off-load performance for 2020.

Table 2
2020 Patient Transport Volumes and Average Off-Load Times

Hospital	Number of Transports	Average Off-Load Times at Hospital per Transport (minutes)	Time Over 30 minute Target (minutes)
Markham Stouffville Hospital Corporation	9,595	22	0
Southlake Regional Health Centre	14,842	23	0
Mackenzie Health:			
Mackenzie Richmond Hill Hospital	21,144	18	0

As a result of meeting the processing time targets, the Region will not reduce the 2021 reserve capital contribution of approximately \$6.9 million. The full 2021 reserve contribution is allocated to fulfil the remaining commitment to Mackenzie Health - Cortellucci Vaughan Hospital.

On February 7, 2021, the Mackenzie Health - Cortellucci Vaughan Hospital opened to exclusively focus on supporting Ontario's pandemic response and not its regular operations with its Emergency Department closed. During the pandemic, Paramedic Services has been supporting the transfer of patients between GTA hospitals, including Mackenzie Health - Cortellucci Vaughan Hospital, to support system capacity.

Investment in hospital capital projects supports the Region's Strategic Plan

Investing in hospital capital projects and working with the hospitals to reduce off-load delays supports the 2019 to 2023 Strategic Plan objective to improve access to health and social support services.

5. Financial

The 2021 Regional contribution for hospital funding is included in the approved 2021 Budget

On March 25, 2021, Council approved the 2021 operating budget ([Report item G.3](#)), which included a contribution of approximately \$6.9 million for the Region's Hospital Financing

Reserve to fulfil its existing commitment toward Mackenzie Health - Cortellucci Vaughan Hospital.

6. Local Impact

Growing municipalities need increased hospital capacity

The amended provincial Places to Grow legislation sets a target for population for the Region of 2.02 million by 2051. The combination of high pace of growth with an aging demographic increases the need to support and increase hospital capacity to provide appropriate levels of health care.

Residents in the local municipalities benefit from improved access to health care

The Region's contribution to fund hospital capital projects will provide residents in local municipalities with improved access to health care. Also, Regional incentives to achieve an annual average target off-load time promote more timely access to health care for residents.

7. Conclusion

All three regional hospitals met the off-load delay target in 2020. The Region continues to set aside capital funding to fulfil its existing commitment to Mackenzie Health - Cortellucci Vaughan Hospital.

For more information on this report, please contact Edward Hankins, Director, Treasury Office and Deputy Treasurer at 1-877-464-9675 ext. 71644. Accessible formats or communication supports are available upon request.

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Recommended by:

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Approved for Submission:

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Attachment (1)
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