

2.1 FHT Budget + Accountability desired end state -2013-09- 18

ISSUE:

To enable more effective and responsive management of resources, FHTs have been asking for greater flexibility in using their ministry funds. The ministry has likewise expressed interest in doing so. All parties recognize that greater flexibility in use of public funds requires appropriate accountability measures. FHTs are also looking for ways to ensure that funding decisions remain aligned with service needs and expectations.

The purpose of this discussion is to:

1. Present what FHTs have identified as the “desired end state” they believe would best serve the interests of patients, the public, the ministry and their FHTs; and
2. Collectively determine how best to move forward to achieve this.

BACKGROUND:

At the last AFHTO-AOHC-FHT Unit meeting the ministry expressed interest in extending greater budget flexibility for the FHT budgets along with improvements in the accountability reporting process, and that a joint Ministry-AFHTO working group be convened in the fall to discuss these issues.

In the meantime AFHTO’s Executive Director Advisory Council (EDAC) and their budget working group explored the issues to give advice to the AFHTO board on a position that reflects what FHTs wants in terms of budget flexibility and accountability structures. EDAC reached unanimous agreement on a “desired end state” for budget flexibility; this position was subsequently approved by the AFHTO board and agreed to by the AOHC CFHT EDs.

The Ministry has suggested that a joint Ministry-AFHTO working group be convened in the fall to discuss these issues. The purpose of developing an AFHTO position is to guide discussions over the fall with the FHT unit.

ANALYSIS:

The status quo is clearly unacceptable given *Ontario’s Action Plan for Health Care* goal for “Better patient care through better value from our health care dollars.” The current system to approve budget reallocations:

- Creates rigidity that deters innovation and problem-solving
- Results in budget decisions that are not always in the best interest of patient care, as different consultants interpret the rigidity in “the rules” in different ways
- Adds greatly to the “bureaucratic burden” on both FHTs and government as each small decision requires time and effort to get ministry approval
- Keeps ministry and FHTs in an unhealthy dependency relationship, with the FHT being constrained in the reasonable management of its affairs and the ministry constantly being

2.1 FHT Budget + Accountability desired end state -2013-09- 18

petitioned to solve one problem or another, or being blamed as the reason why a problem can't be solved.

To determine the “desired future state”, EDAC reviewed the advantages, constraints and risks associated with global budgets and started discussing accountability issues.

The question of global budgets:

Global budgets would provide FHTs with increased capacity to respond rapidly to changing service demands and resource availability. On the other hand, global budgets may impact negatively on programs and services given potential rigidity in establishing the amount for total yearly funding, and given that the Ontario Government does not allow for the creation of surplus/reserve to address special needs or unforeseen circumstances. Moreover, transparency and clarity around funding is decreased, since the “lump sum” provides no insight into how the total amount was derived.

Some of the issues associated with a move to global budgets include:

- Historical funding inequities: all FHTs are not starting from same baseline (for example wave 1 versus wave 5)
- Need to ensure that future funding decisions take into account changes in service demand and cost pressures, and also the unique circumstances of FHTs that serve more special needs (e.g. BSM, Academic, Francophone/Aboriginal/homeless populations) .
- Governance, accountability and conflict of interest requirements need to be appropriate and sufficient to support “Better patient care through better value from our health care dollars.”
- HR competition could be increased if some use higher salaries to attract scarce professions.
- A fully global budget could also make FHTs more vulnerable to increased costs arising from collective bargaining.

“Hybrid” global budget:

In order to mitigate some of the risk associated with fully global budgets, the option of a “hybrid” model was explored. Given that 75-80% of each FHT's budget is directly related to HR, a separate envelope for salaries and benefits, combined with provincially-mandated salary grades,¹ would:

- Avoid unproductive competition for staff
- Reduce pressure on collective agreements
- Maintain transparency in the awarding and use of 75-80% of each FHT's budget.

Funding formulas :

As noted above, a more “global” approach to budgets also requires greater transparency and sufficient adaptability to ensure funding decisions keep pace with needs as they change over time. To date FHTs have had very little knowledge of current formulas or criteria used by the ministry to make funding

¹ Note the recent AFHTO-AOHC-NPAO report -- [Toward a Primary Care Recruitment and Retention Strategy for Ontario: Compensation Structure For Ontario's Interprofessional Primary Care Organization.](#)

2.1 FHT Budget + Accountability desired end state -2013-09- 18

decisions. The necessary first step would be for the ministry to enable FHTs to understand these current formulas.

Accountability issues:

The key accountability question is: how does the Ministry ensure that FHTs can demonstrate to the public/patients that funds are expended for the benefits of patients? This opportunity converges with AFHTO's work to develop measurement capacity in FHTs through the QIDS program, and to initiate the "Starfield Project", where performance measurement is applied in support of the goal to foster and maintain trusting long-term relationships and assure quality, access and optimal outcomes (measured by total system cost) from comprehensive primary care.

DESIRED END STATE:

In summary, the FHT position on budget flexibility is to achieve:

- A global budget divided into two envelopes, one for HR and the other for operations.
- The HR envelope should allow for complete flexibility in determining the positions.
- A provincial salary grid for each position should continue to be enforced to avoid unproductive competition for staff (with movement toward [a more competitive primary care compensation structure, as advocated by AFHTO, AOHC and NPAO.](#))