



Ontario Health Coalition

Hospital Cuts & Restructuring: a Closer Look

January 2006

Hospital Restructuring - Then

Hospitals were hit by a major wave of health restructuring under the Conservative government in the mid-1990s. In two short years the government unilaterally cut almost \$1 billion from hospital budgets, ordered amalgamations and closures of approx. 40 hospitals and almost 9,000 critical, acute and chronic care beds and the layoff of 25,000 positions including nurses and support staff.

The hospital system was thrown into chaos with well publicized emergency room redirects, hallway waits and burgeoning waiting lists. Ultimately the Conservative government was forced to re-fund hospitals, but hospital deficits have continued into the current government's tenure. The cost of restructuring was billions of dollars spent to close hospital beds and lay-off staff. As care was moved into the community, nursing homes were increasingly privatized and the elderly saw their home support services cut in favour of home care for patients who used to be in hospitals.

By the time the Conservatives lost government in 2003, hospital funding was back up to pre-Conservative levels and thousands of hospital beds had been re-opened. By the election, bed cuts totalled approximately 5,000. Hospitals were fighting restructuring orders in court in several communities and the attempts to convert some beds to cheaper long term care beds from complex continuing care had been turned back in several places.

But the damage was done. Hospital finances had been seriously compromised: reserves were spent down and hospitals were in serious deficit. (It should be noted that one of the ways hospitals forced the province to re-fund was through running deficits and getting bailed out by the government.) Renovation and construction projects had been put on hold for years waiting for better times. Services, such as

Hospital Restructuring - Now

The current government is embarking on a new round of health restructuring. By the beginning of 2005, hospital deficits were approx. \$600 million. In late January 2005, the province announced that it would fund \$200 million towards these deficits, half of which was to go to severance payments for laid-off staff. A new regime of cost control through so called "accountability agreements" was imposed.

We are currently in the second round of accountability agreements negotiated between the province and the hospitals. Hospitals have submitted two-year balanced budget plans to the government. In order to balance their budgets hospitals have been told to take seven steps ranging first from raising revenue through new user fees, to cuts in support services, then to cuts in laboratory services, and finally, cuts to clinical services. In much of the province the information contained in these budget agreements is secret - held by the hospitals and the province. It is possible the provincial government may provide some funding announcements in the next month or two to offset some of the cuts but we are seeing in some areas where the information has

Communities Fight to Protect Local Hospital Services

Community pressure can work to protect services. Recently in Sarnia, 1,500 people turned out for rallies to stop the closure of palliative care beds. These cuts were postponed. 1,000 people or more flooded town hall meetings in Picton, near Belleville, and forced their local hospital to refuse to recommend bed cuts at the Picton hospital. There is a major media storm over cuts to ICU beds in Port Colborne, and recently in Ajax 1,500 people turned out at a community forum to protest the moving of the pediatric services out of the local hospital. They were successful in stopping and reversing this policy.

When the provincial government cut services, inevitably patients pay more user fees and pay through travelling greater distances in order to get the care they need. If there are any lessons to be learned

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