

Ontario Health Coalition

AUSTERITY INDEX Summary

December 5, 2012

More than \$3 billion carved out of health care funding

After four years of hospital restructuring and cuts by stealth, Ontario has now moved into a period of outright “austerity” (meaning a particularly harsh approach of budget cuts, public service cuts and labour force restructuring). The health care budget in Ontario – which is already nearly the lowest per capita in the country – is undergoing more than \$3 billion in cost curtailment.

In a complete departure from past restructuring and parliamentary democratic tradition, there has been no public consultation and no proper legislative process to launch and govern health care restructuring. There is no coherent plan to assess need and meet that need. Underfunding is used as a tool to force ad hoc cuts. Proposals to cut, offload – or in one CEO’s words “jettison” services – are developed by hospitals and CCACs and approved without any public input and without principle and without any coherent health system plan.

Hospitals under pressure to “jettison” services

Global budgets for hospitals are now set at 0%, far less than the rate of inflation and population growth/aging. As a result, hospitals are reporting that they are under pressure to “jettison” services. At the same time, the hospital funding formula has been changed, cutting hospital global budgets in some locations to less than 0%, in order to shift money to other locations. The government is also implementing a controversial fee-for-service style of funding for hospitals in a bid to centralize services into fewer locations. The latter, euphemistically called “patient-based funding” does not enable funding to follow patients as the Health Minister claims. It requires patients to travel further for care – in fact many patients are forced to chase the funding that is leaving their home communities rather than the other way around.

Home care clients waitlisted, referred off to lesser levels of service, or refused services

Finally, during the month of November – seven months into the fiscal year – 12 out of 14 LHINs publicly released funding information on home care for this year. In the budget the government promised a 4% increase for home care and community care annually for a total of \$526 million per year by 2014/15. However, the government did not define what it means by “home care and community care” in the budget. According to funding announcements made so far, \$106.1 million has been allocated by 12 LHINs. While the total seems to be in the range of 4%, this funding is not only allocated to home care services. Instead, it covers a whole range of community agencies, mental health and housing as well as CCACs. What is abundantly clear from CCAC deficits, wait times and cuts to clients, is that funding for home care – home support and nursing – is set at levels far too low to meet the existing waiting lists and new need from hospital offloading of more complex patients.

In June 2011 Ontario’s Auditor General warned that the government’s health care funding projections were based on a 50% reduction in annual health funding increases over the next three years. He warned that these targets were “aggressive”.

In the 2012 Ontario Budget, the government reduced health funding increases far more dramatically than the serious situation previously reported to the Auditor. The “Austerity” Budget of 2012 will result in unprecedented cuts to public health care services.

Already the cuts and deficits are becoming evident all across Ontario. As this year progresses, the situation will worsen unless the government adopts a more balanced fiscal plan.

Dismantling of public health care coverage, privatization and cuts

The results of this year's cuts are just becoming evident. Ontario is poised at the brink of an aggressive systematic dismantling of public hospital care – rivalling that which we experienced under the Harris government's cuts on the 1990s. Across the continuum of care we see accelerated downloading and offloading of patients. Public health care coverage is shrinking. Needed clinical services are being axed. Access to publicly-covered long-term care and home care is severely rationed. Outpatient care and primary care are being privatized. Services are being centralized out of local communities to fewer sites forcing patients to travel further. All of the dismantling, privatization and cuts are now occurring at an accelerated rate.

After the second quarter of this fiscal year (end of September), hospitals and Community Care Access Centres (CCACs) are reporting significant deficits and, consequentially, are being required to undertake very significant cuts. Outpatient clinics are closing and their services are cut or being privatized all across Ontario. CCACs are forced into a new level of severity in rationing the available care among ever growing demand, as patients are offloaded in attempts to get them out of hospital faster. The complexity of patients requiring home care through the CCACs is increasing, but home care budgets are simply insufficient to meet need.

Smoke and mirrors obscure fiscal policy that benefits one set of vested interests at the expense of Ontarians

The Health Minister often denies that her government is engaging in health care cuts. Instead, LHIN, CCAC and hospital executives are dispatched to give the bad news. When they are publicly exposed, health cuts are too frequently defended as a necessity. But the Health Minister's and the McGuinty government's claims regarding health care funding are disingenuous. Despite the proclamations about health spending careening out-of-control and "eating the provincial budget", the evidence shows the opposite. Health care is *shrinking*, not growing as a percentage of the provincial budget. (See chart on page 7.) Ontario spends less on health care than most other provinces, ranking 8th out of 10 provinces in health funding according to the Canadian Institute for Health Information (National Health Expenditures Database 2012). In fact, the Ontario government spends the least amount per capita of any Canadian province on all government-funded programs and services for its residents (CIHI and Ontario Budget 2012). User fees for education and health care in Ontario are the highest in the country as a result. The evidence shows, in fact, that tax cuts have reduced Ontario's budget capacity to fund programs and services by \$15 billion per year. It is tax cuts – that have mainly benefitted the wealthy and corporations – which are "eating up" the provincial budget, not health care.

The AUSTERITY INDEX: Health Service Cuts Occurring Now Across Ontario

- *More than 100 hospital beds slated to be cut.*
- *Home care clients increasingly waitlisted, referred to community agencies that cannot provide for all their needs or denied service.*
- *For-profit privatization of services from patient transport to physiotherapy to endoscopy and pain clinics.*
- *Closure of local maternal and pediatric care and other women's services.*
- *Centralization of so-called "home care" services into private for-profit clinics to which patients have to travel.*
- *Cuts to operating rooms.*
- *Proposed hospital closures.*
- *Closure of physiotherapy, cardiac rehab, pain and audiology clinics.*
- *Nurses, health professionals and support staff workforce cut; fewer staff per person.*
- *Cuts to mental health clinics and services.*
- *Centralization of cancer and cataract treatments to fewer hospitals, forcing patients to travel further for care.*
- *In the most extreme case – Niagara – a proposal to close 5 community hospitals entirely before potential replacement with one hospital some years down the road.*

Health service cuts are listed by region & community in the full Austerity Index report at

www.ontariohealthcoalition.ca

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