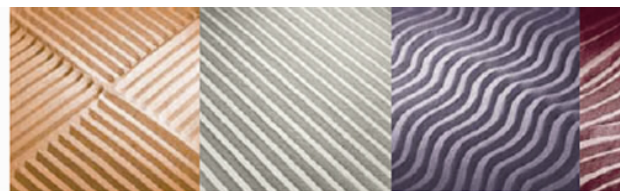


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## COMMUNIQUE FOR THE HEALTH INDUSTRY

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### 2009 ONTARIO PROVINCIAL BUDGET – OVERVIEW FOR THE HEALTH INDUSTRY

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In reaction to the economic downturn, the provincial government has announced increased spending in a number of key areas affecting the health industry, and consequently, increased deficits. Targeted areas of investment include health infrastructure, primary health care and community and home care services, eHealth initiatives, research and innovation and reduction of emergency room wait times.

Reviews of the 2009 Budget have been somewhat mixed, in part due to the lack of detail related to health care spending and the absence of a number of issues in the budget. There are also continued concerns about the sustainability of the public health system given the current work force and funding levels. In this regard, the budget does identify a number of opportunities within the private sector and encourages revenue growth and innovation in the public sector.

#### Key Government Priorities

Total health care spending is set to increase from \$40.7-billion in 2008-09 to \$42.6-billion in 2009-10 and \$47.4 billion in 2011-12. The 2009 Budget provides for the following multi-year initiatives for the provision of health care:

#### *Reducing Emergency Room (ER) Wait Times*

This strategy includes providing alternatives to ER care, improving the flow of patients from the ER, and increasing capacity and performance within the ER. In order to achieve these goals, funds have been directed towards disease prevention, nurse-led initiatives, family health teams, home care and the Aging at Home Strategy, and priority funding to LHINs for dedicated programs. Highlights include:

- Hospitals' net expense will increase 3.5 per cent in 2009-2010. This includes a 2.1 per cent increase in the overall base funding formula for hospitals;
- \$40 million to high-growth hospitals to help increase hospital services;
- \$361 million to implement the ER Wait Time Strategy; and

- \$223 million for the Aging at Home Strategy to provide increase home and community care services and to ease Alternate Level of Care (ALC) pressures

### ***Improving Access to Primary Health Care***

The stated goals of this strategy include hiring an increasing number of nurses, and working to improved access to family doctors. Specific initiatives include:

- \$35 million over two years to create 22 nurse-practitioner-led clinics;
- development of 50 more Family Health Teams over the next two years; and
- increasing home care, personal support and homemaking services and enhancing integration between hospitals and Community Care Access Centres.

### ***Health Infrastructure***

The Province currently has over 40 hospital projects under construction. More than 15 of these are expected to be completed in 2009–10, and construction for nine additional hospital projects is scheduled to begin in 2009–10. Total infrastructure expenditures designated to the health care sector total approximately \$3,177.4 million for 2009-10; \$2,542.8 million of which is dedicated to hospitals and the rest to “other health”.

In addition, the provincial government has prioritized:

- investment of approximately \$2 billion in the next three years to implement eHealth initiatives, including the creation of an electronic health record by 2015. Other priorities of the eHealth strategy include building a diabetes registry, implementing online management of prescription medications and developing an eReferral and resource matching system in Ontario hospitals;
- addition of 1,750 long-term care beds in 10 communities across the province by 2012; and
- \$35 million to support the creation of 100 additional medical school spots.

### ***Research & Innovation:***

The 2009 Budget proposes more than \$110 million in additional tax relief in 2009–10, and \$715 million in investments to support key partnerships in innovation and encourage business to develop new products and services. These investments are in addition to the approximately \$3 billion already committed by the Ministry of Research and Innovation over eight years. They include:

- \$300 million in capital funds over six years for research infrastructure;
- \$100 million in additional operating funds over four years for research performed in the biomedical field, focusing on genomics and gene-related research. This funding will be delivered through the Ontario Research Fund;
- \$250 million over five years for a new Emerging Technologies Fund that will focus on clean technologies, health and life sciences, and information and communication technologies; and
- \$2 million a year in proposed tax relief to extend the 10 % refundable Ontario Innovation Tax Credit to more small and medium-sized corporations that perform Scientific Research and Experimental Development in Ontario.

Other aspects of the 2009 Budget relevant to the health industry include the continuation of the OntarioBuys Program and the proposed tax reform package.

### ***OntarioBuys***

This initiative was designed to reduce the overall costs of broader public sector (BPS) procurement and to redirect savings to front-line services. As part of the new budget, the government is proposing legislation to expand the program and broaden procurement by requiring the majority of BPS entities to collaborate when buying common goods and services. It is anticipated that this integrated approach to procurement will result in \$200 million in annual savings within the first three years of operation.

### ***Tax Reform***

The Ontario government is proposing a comprehensive tax reform package. Starting in July 2010, subject to the approval of the legislature, Ontario would move to a single sales tax that is based on value-added taxation. The single sales tax would not be levied on items such as basic groceries, prescription drugs, and medical devices, but would apply to most other goods and services.

It is proposed that hospitals and other qualifying non-profit organizations will receive rebates so that the net effect of the provincial portion of the single sales tax would be fiscally neutral. No such protection is being proposed for other types of health services and goods, which ultimately would result in increased costs for the consumer.

Our health industry group would be pleased to explore the implications and opportunities relating to these initiatives.

### **About the Authors**

Kathryn Frelick is a lawyer practising in our Health Industry Practice Group, who received assistance from Kelly Sinclair, student-at-law.

Our National Health Industry Practice Group is dedicated to providing comprehensive and integrated legal services to health industry clients. For more information about our group, visit our website at [www.millerthomson.com](http://www.millerthomson.com) or contact one of our regional contacts:

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