



Staff Report

DATE: November 10, 2021

FILE: H-G

TO: Chair and Directors
Regional Hospital District Board

Supported by Russell Dyson
Chief Administrative Officer

FROM: Russell Dyson
Chief Administrative Officer

R. DYSON

RE: Strategic Planning – Implementation Considerations

Purpose

To update the Comox Strathcona Regional Hospital District Board (CSRHD) on its strategic planning process and key considerations for advancing community health care initiatives in partnership with Island Health.

Recommendations from the Chief Administrative Officer

1. THAT the Comox Strathcona Regional Hospital District Board direct that further assessment and analysis be undertaken, in partnership with Island Health, to develop the required policies, agreements and financial plans for:
 - a. supporting a service health hub (through lease consolidation and program co-location) in the Comox Valley;
 - b. evolving and expanding clinic grants in rural, remote and Indigenous communities; and
 - c. supporting a long term care facility in Campbell River;as described in the staff report dated November 10, 2021;
AND FURTHER THAT letters of support be provided by the Chair to Island Health for the service hub and long term care facilities;
AND FINALLY THAT reports be presented to subsequent Comox Strathcona Regional Hospital District Board meetings as required.

2. THAT the Comox Strathcona Regional Hospital District write the Ministry of Health, including the Premier of BC, highlighting the importance of regional equity for health care services and requesting that a legislative review be undertaken to modernize provincial legislation that provides a framework for financing capital health care projects.

Executive Summary

The CSRHD Board of Directors undertook strategic planning in early 2021 to explore ways by which the CSRHD can further support health care services throughout the CSRHD area. A report presented at the April 2021 meeting identified the process and outcome, which included the CSRHD potentially

- supporting service community health hubs (through lease consolidation and program co-location);
- evolving and expanding rural clinic grants, and
- supporting transitional care/restorative health facilities (note this report focuses on long term care facilities, which often include transitional care/restorative health services).

These roles would be in addition to the current role for the CSRHD in providing capital funds for acute care facilities.

Briefings on the above potential roles are described in the attached appendices, and based on the financial analysis described in Appendix D, **the CSRHD would be able to support all of the roles without an increase to its current requisition, while still maintaining a reserve fund balance that meets all current requests from Island Health and positions the CSRHD to have strong reserve fund balances to fund strategic capital investments in the future.** Importantly, under each option and under a combined approach, the tax requisition can be maintained at \$12.6 million annually, which in 2021 equated to \$191 in taxes for a property with an assessed value of \$500,000. In subsequent years, the board could look at a larger contribution to the reserve fund on the basis of new assessment in the region – while keeping the impact to the taxpayer at our about the same as in 2021.

The graphic presented on page 4 of this report summarizes the fiscal impact as well as the community health benefit that would result from each initiative. Important factors associated with this report include:

- Acute care facilities are designed for acute care needs however are often occupied by patients who need attention that can more appropriately be delivered in different settings, including in long term care facilities that include restorative and transitional health services, at home and in community care spaces;
 - o Acute care beds cost more than twice as much to construct, and four times as much to operate when compared to long term care beds, so it is much more economically prudent to invest in long term care as a way to release acute care capacity rather than build additional acute care beds.
- The CSRHD has an opportunity to improve community health outcomes and services by partnering with Island Health to increase the acute care capacity through:
 - a long term care facility (in Campbell River)
 - Campbell River in particular has long term care demand that is 35 per cent higher than the Island average, and is the highest of any community on Vancouver Island (statistics from September 2020)
 - a community health hub (in the Comox Valley)
 - Integrated health approach leads to more optimal health outcomes, especially in populations that have lower socio-economic status scores
 - Health hubs would provide much needed mental health and addictions services, which when left untreated can result in family breakdown, poverty and homelessness
 - community health grants for rural and remote community clinics (specifically in electoral areas and smaller municipalities)
 - Grant funds to rural, remote and Indigenous community health clinics enables local decisions on fund distribution to best suit local priorities
- Regional differences exist across the Province that affect some communities' ability to pay for health services. Efforts can be directed to the Provincial Government to balance the playing field to create geographic equity; however, these Provincial policy changes take time to enact. The CSRHD has previously that the Province update the *Hospital District Act*. Now may be an opportunity to advocate for such changes (as noted in recommendation 2 in this report). That said, the CSRHD currently has an opportunity to positively affect local health outcomes
 - o The Treasury Board will consider all projects submitted by Island Health on each project's merits – and where local financial contributions are also applied, more facilities and services can result

The recommendation presented in this report would enable staff to work directly with Island Health to obtain additional information for advancing the health hub (lease consolidation) and long term care projects and enhancing the rural clinic grants program. An approved recommendation provides clear direction to finalizing the CSRHD’s 2022 financial plan. The board could consider adjusting the recommendation to remove one or more of the alternatives, giving clear direction to advance specific aspects only. The Board could also direct this topic to be referred to staff again for additional information.

Prepared by:

Concurrence:

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Government Partners and Stakeholder Distribution

Island Health	
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- Attachments: Graphic 1 – Comparison of status quo and expanded roles showing fiscal impacts and community health outcomes
 Appendix A – Supporting Service Hubs (Through Lease Consolidation) Briefing
 Appendix B – Expanding Rural Clinic Grants Briefing
 Appendix C – Supporting Transitional Care/Restorative Health Facilities Briefing
 Appendix D – Financial Analysis Describing Potential CSRHD Roles

Graphic 1 – Comparison of status quo and expanded roles showing fiscal impacts and community health outcomes

Option	Annual Tax Requisition	Reserve Fund (in 2032)	Community Health Outcome
Status Quo	\$12.6 M	\$73.6 million	<ul style="list-style-type: none"> - Continued support for acute care facilities - Reserve account accumulates substantial funds - Limited support for the smaller clinics serving our remote and rural communities - Lost opportunity for consolidation and working with other local supports - Long term care left to provincial support, which then may not advance without local support
Service Health Hubs	\$12.6 M	\$66.0 million	<ul style="list-style-type: none"> - Integrated health approach leads to more optimal health outcomes, especially in populations that have lower socio-economic status scores - Co-locating health services in purpose-built spaces optimizes services to various clientele - Service hubs would provide added value specifically for mental health and addictions services - Efficiencies are gained in co-locating services, both for clients and the health system - CSRHD builds and owns a facility with guaranteed lease payments by Island Health - Opportunities for co-locating additional community (municipal) services
Rural & Remote Clinic Expansions	\$12.6 M	\$71.9 million	<ul style="list-style-type: none"> - Additional funding for current rural clinics and including other clinics and indigenous-led health centres
Transitional / Restorative (Long Term) Care	\$12.6 M	\$40.9 million	<ul style="list-style-type: none"> - Capacity at acute facilities is increased as long term patients able to access long term care - North Island residents provided with long term care spaces closer to home
All three initiatives	\$12.6 M	\$33.8 million	<ul style="list-style-type: none"> - All aspects above are combined - Reserve account set at sustainable levels to address future requirements

Appendix A – Service Health Hubs (Through Lease Consolidation) Briefing

There are a number of community health services that are in sub-par leased space and would benefit in terms of economies of scale and scope through co-location on one site. These services may include

- home and community care
- primary care
- community rehabilitation
- mental health
- substance abuse
- wound care and
- public health.

Additionally, there is an opportunity through consolidation of services to develop a health and service hub with other health care services and with community partners. These integrated community, health and even housing supports have proven globally to have positive effects on populations served through an integrated and holistic approach. Supporting youths to seniors in all areas of the social determinants of health under an integrated hub model will improve the quality of living for citizens and residents in both major centres.

Island Health is actively pursuing a service health hub (through lease consolidation) in the Comox Valley and seeking a partnership with the CSRHD wherein the CSRHD could construct the suitable building and Island Health would lease that space back.

Depending on the consolidated sites, the need is for 15,000 to 30,000 square feet (1400 to 2800 square meters). Tenant improvements are estimated at \$700/sf for a new build. Order of magnitude costs for a variety of consolidation options as follows (excluding land value):

- 15,000 SF of built space: \$10.5M
- 30,000 SF of built space: \$21M

Island Health has a budget placeholder for its lease consolidation project that is insufficient to address all leased space needs in the community. In order to encompass all space requirements, Island Health would be willing to entertain an operating lease with the CSRHD for the remaining unfunded capital costs if the CSRHD builds the space. CSRHD could fund up to \$21M to build a community health hub building (the building would be owned by the CSRHD). Island Health would pay 60 per cent of the CSRHD funded cost (up to \$12.6M) through a 25 year lease agreement (The other 40 per cent represents what the CSRHD would traditionally contribute by way of cost sharing.)

Therefore, the CSRHD Board could support the concept of service hubs (through lease consolidation) without increasing the 2021 tax requisition. The CSRHD's reserve fund would be at \$66.0 million after 10 years, under this concept.

Appendix B – Expanding Rural Clinic Grants Briefing

The CSRHD provides grant funding of \$5000 to each of six rural health centres across the Comox Strathcona region as follows:

- Cortes Health Centre
- Gold River Health Clinic
- Kyuquot Health Centre
- Sayward Health Centre
- Tahsis Health Centre
- Zeballos Health Centre

The funds are unconditional and are generally used to support operations. Separately, capital improvement requests are submitted through the CSRHD's \$1.85 million allocation to Island Health.

Two options are presented to consider expanding the supports received by rural facilities.

OPTION 1: The CSRHD Board could consider increasing the annual grant and also expanding the recipients to include some or all of

- North Quadra Urgent and Primary Care Centre
- Quadra Island Medicate Clinic
- Denman Island Health Centre
- Hornby Island Health Centre
- Wei Wai Kum First Nation (Kwakiutl District Council Health Centre)
- We Wai Kai First Nation Health Centre
- Klahoose First Nation Health Centre
- Homalco First Nation Health Centre
- Laichwiltach Family Life Society
- K'ómoks First Nation Health Centre
- Wachiay Friendship Centre

Expanding the number of recipients would require the Minister to name each facility. To illustrate the financial impact of an increase to the amount, grants of \$10,000 annually are shown for the original six recipients and also the additional 11 facilities.

OPTION 2: The CSRHD Board could consider creating a grant fund that health service providers (which are not run by Island Health) make applications to on a regular basis. The CSRHD would partner with Island Health to define the grant criteria and review/approve applications. The CSRHD would have to determine whether grant recipients must also be named facilities.

To illustrate the financial impact of adjusting the rural clinic grants program to create a criteria based application program, a total annual grant amount of \$170,000 was used, and could be awarded to any number of recipients during each year.

Therefore, the CSRHD Board could support the concept of increasing the annual rural clinic grant amount and expanding the recipients without increasing the 2021 tax requisition (option 1). The CSRHD's reserve fund would be at \$71.9 million after 10 years, under this concept.

Appendix C – Supporting Transitional Care/Restorative Health Facilities (Long Term Care) Briefing

The CSRHD Board resolved to investigate supporting transitional care/restorative health facilities, rather than expanding its mandate to include long term care facilities. To this end, a portion of a long term care facility can be designed and built in such a way that it can accommodate transitional care/restorative health patients that are currently cared for in hospital. In a similar manner to long term care facilities freeing up acute care hospital capacities, the transitional care/restorative health aspects of a long term care facility would also free up acute care hospital capacity. Further, support for transitional care/restorative health may be viewed as more aligned with the existing CSRHD mandate given that transitional care/restorative health spaces are currently within the acute care hospitals and will eventually require CSRHD cost sharing to be maintained.

The CSRHD's contribution towards financial support for transitional care/restorative health space that is within a long term care facility would be proportionate to the amount of space the transitional care/restorative health occupies, compared to the long term care beds overall. As an example, if the equivalent of 15 beds in a 150 bed long term care facility are for transitional care/restorative health, then the CSRHD could contribute ten percent of the capital costs for the long term care facility. This formula would follow on from the historic 60/40 funding split between Island Health and the CSRHD.

While a financial analysis of sharing costs for a portion of a long term care facility may assist the board, Island Health has previously provided costs and opportunities associated with a long term care facility on the Campbell River Hospital Campus and the analysis below considers sharing costs for the entire facility. Should the Board prefer to fund only a portion of the long term care facility, formula adjustments would be relatively easy to determine, based on the proportion of the facility the CSRHD partners on. However, supporting only a portion of a long term care project may be less favourably supported by the Treasury Board upon consideration for project funding.

Island Health has indicated that a 150-bed long term care facility is needed in Campbell River. The total project cost is \$108 million with an Island Health/CSRHD funding split of 60 per cent and 40 per cent.

Therefore, the CSRHD Board could support cost sharing for a long term care facility in Campbell River without increasing the 2021 tax requisition. The CSRHD's reserve fund would be at \$40.9 million after 10 years, under this concept.

Appendix D – Financial Analysis Describing Potential CSRHD Roles

The financial analysis undertaken to support the findings in this report, including in Appendices A, B and C are dependent on a few assumptions

- Debt for NIHP paid off by 2028
- The CSRHD continues to budget \$1.85 million annually for Island Health capital projects; Island Health may request those payments in either the current year or subsequent years; CSRHD needs to have available funds in its budget and reserves to respond to such requests
- Additional staffing resources are included for the service hubs and long term care facility options, considering that expanding the CSRHD's current activities will require additional expertise
- This analysis is meant to illustrate that at current requisition levels, the three concepts can be achieved; however, future Boards may reassess requisition levels as conditions permit

Additionally, the CSRHD Board has expressed some concerns related to replacing or expanding the existing North Island Hospital campuses in Campbell River and Courtenay.

- The life expectancy for the facilities is at a minimum 50 years
- significant expansions will not be required because
 - o the facilities are new
 - o Island Health has other priority areas for investment across Vancouver Island
 - o Capacity in acute facilities will be relieved with additional long term care spaces and community health improvements
- Maintaining reserve funds at levels that are equitable to pre-NIHP levels will
 - o provide substantive cash to invest in new facilities (in 45 years' time)
 - o allow for intergenerational equity (in that taxpayers from previous years, current years and future years all contribute towards constructing, maintaining and replacing facilities)

Given all of this, and considering the findings described in Appendices A, B and C, the CSRHD Board could support the three concepts without increasing the 2021 tax requisition. Table D1 illustrates the resulting revenues and expenditures over 10 years under this concept. The CSRHD's reserve fund would be at \$33.8 million after 10 years, under this concept.

Should the board support any of the additional topics in this report, staff would

- engage with Island Health to develop business cases and policy documents, including agreements as necessary, to work through project details, timelines and obligations,
- request the Minister of Health to name any additional facilities for funding requirements, and
- report back to the Board on additional actions and progress as required.

The 2022-2026 Financial Plan would also be developed based on the principles noted in this report. If the board does not support any of the additional topics, at this time, the 2022 Financial Plan will be based on the status quo. This would likely mean that opportunities for improving community health impacts, as contemplated in this report, cannot be achieved in 2022.

