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Hon. Charles Sousa
Minister of Finance
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The Council of Academic Hospitals of Ontario (CAHO) is pleased to provide you with recommendations for the 2018 Provincial Budget.

Our members, the province's 23 research hospitals, play a critical role in the delivery of Ontario's health care. CAHO hospitals are the research and development arm of our health care system and they train the health care professionals of tomorrow. This is in addition to providing the advanced patient care that serves the needs of local communities, regions, and Ontario as a whole.

Budget Recommendations:

CAHO joins the Ontario Hospital Association in recommending an increase of 4.55 per cent in total operational funding for hospitals in 2018-19, as well as the creation of a one per cent Patient Safety Equipment Fund to maintain access to care, now and in the time ahead.

The last several years have been challenging for Ontario's hospitals. Our members accepted and managed within flat-lined budgets by finding efficiencies and ways to cope without compromising patient care services. But today there is no more fat to cut. At the same time demand for our services has never been greater. Ontario's population has been growing and aging at a rapid pace, and funding for hospital services has not kept up. Our members are under intense pressure: infrastructure is run down, access to basic services is at risk, and the workforce is under significant duress. Hospitals are crowded, emergency departments are over capacity and a growing number of hospital beds are occupied by patients waiting for alternative levels of care. We need a significant increase in funding to keep up with growing demand and the changing needs of the health care system.

CAHO hospitals play a critical role in Ontario's health care system. When the province's academic hospitals are underfunded, the entire health system is impacted. Across Ontario, our members are the hospitals of "last resort". CAHO hospitals care for patients with the most complicated needs and provide the most advanced and resource-intensive care in Ontario's health system. They serve entire regions and in many

CAHO hospitals are Ontario's resource for specialized care:

- 10 out of 11 trauma centres
- 100% of transplants
- 83% of neurosurgeries
- 78% of cardiac surgeries

cases the whole province. In addition to providing specialized care, academic hospitals serve the day-to-day needs of their local communities, with many doubling as the community hospital in their area.

Without sufficient funding, the province's academic hospitals will not be able to meet local health care needs and they will not be able to deliver the specialized services that they provide to the people of Ontario.

Increasing volumes in emergency departments, insufficient access to alternate levels of care and growing demand for inpatient services is putting other services at risk, particularly scheduled care such as surgeries and diagnostics. There is also growing concern about the potential impact to tertiary and quaternary care capacity such as cardiac cases. Compromised access to services at academic hospitals would mean longer wait times for many specialty procedures and would have a significant negative impact on health outcomes across the province.

Insufficient funding will also have longer term consequences for Ontario's health system.

When academic hospitals are insufficiently funded, their ability to deliver on their unique teaching and research mandates is adversely impacted. CAHO hospitals train the vast majority of Ontario's healthcare workforce, including more than 80 per cent of undergraduate medical students, 90 per cent of Ontario's medical residents and 99 per cent of Ontario's clinical fellows. Our members are also primary drivers of health research and discovery in Ontario, fuelling the future of medicine, care delivery and health care policy. Researchers in our member hospitals are using patient stem cells to regenerate the immune system, which is already treating Stiff Person Syndrome and halting the progression of Multiple Sclerosis for some patients. They are discovering ways of generating patient-matched transplantable organs. They are leading the world in High Intensity Focused Ultrasound research to treat uterine fibroids, bone tumours, brain tumours Alzheimer's disease and more. And their research is informing major policy decisions, including how opioids are prescribed to improve patient safety, how stairs are built to prevent falls and hospitalizations, and how diabetes test strips are used to reduce unnecessary testing.

The future of Ontario's health care system is highly dependent on CAHO hospitals and the training and research they provide.

The success of policy changes is having an impact on hospital services.

Recent years have brought many needed changes to Ontario's health care landscape. Our members supported the government's investments in other parts of the health system such as home and community care and long-term care. Health services funding reform has enabled significant efficiencies across the health care system, and the investments in community and home-based programs have helped to move more patients from hospital to home. However, the impact of these policy directions has reached a breaking point for academic hospitals, which are treating increasingly more complex patients that require greater resources. Today CAHO hospitals are seeing the most critical patients at literally unprecedented volumes. On top of this, patient volumes continue growing due to other factors such as unpredictable flu seasons, population growth and our aging population.

Without an increase in hospital budgets, Ontario's academic hospitals will not be able to sustain service provision at current rates or support growth in the future.

While welcomed, recent investments in hospitals have been insufficient and academic hospitals still have to do more, with less. The new surge beds provide desperately needed short-term relief. However they

are a Band-Aid and will not solve the systemic challenges that our hospitals are facing. Last year's budget stated that hospitals would receive a two per cent increase, but for many academic hospitals it resulted in an actual increase of one per cent or less, which did not even cover increases in cost of living or volume growth.

Academic hospitals are already under tremendous financial pressure.

As of last fall, 12 of our 23 members, primarily large tertiary and quaternary acute care hospitals, were forecasting budget deficits for 2017/18. Balanced or even surplus budgets are not an indicator of available Free Cash Flow to reinvest into clinical equipment, IT, or building repairs. Debt levels, working capital, and level of depreciation are all factors in hospital budgeting. A sustainable healthcare organization should have capital programs that are at least four to five per cent of revenue, and that is not the case for Ontario's academic hospitals. Massive capital deficiencies - literally hundreds of millions - exist across our members, creating current and future risks for the safe provision of services.

The combined forecast deficits for CAHO member hospitals represent a significant portion of the hospital sector's in-year financial pressures.

Support Ontario's academic hospitals in building a healthier, wealthier, smarter Ontario.

CAHO hospitals play a crucial role in Ontario's health care system and they need new and sustained investment. When our member hospitals are adequately resourced, they help make Ontario healthier, wealthier, and smarter.

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| <p>Healthier</p> <ul style="list-style-type: none">• Provide specialized care for Ontario's most complex patients• Conduct cutting-edge research to find solutions for the most pressing health challenges | <p>Wealthier</p> <ul style="list-style-type: none">• Create jobs, generate spin-off companies, and draw investment into the province• Find health system efficiencies through research and innovation | <p>Smarter</p> <ul style="list-style-type: none">• Train the health care workforce of tomorrow• Attract and retain top scientists and clinicians from Ontario and around the world |
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We urge you to invest in the province's academic hospitals and enable them to continue building a healthier, wealthier, and smarter Ontario.

Sincerely,



Michelle Noble
Executive Director,
Council of Academic Hospitals of Ontario