

Hospitals can get by without any cuts: minister

BY LEE GREENBERG, THE OTTAWA CITIZEN DECEMBER 18, 2009

Ontario's health minister says she believes the province's hospitals can overcome a serious budget crunch without cutting beds and services.

"There will be very difficult decisions," Deb Matthews said in an interview. "I think the important thing is to acknowledge that these are tough times. I think hospitals know that. We've got to find ways to work together to keep hospital spending at a sustainable level."

In recent days, Ottawa hospital executives have sounded the alarm about what they foresee as an impending budget shortfall brought on by the province's significant deficit.

The province has told the institutions to submit three budget scenarios, based on funding increases of two, one and zero per cent.

Ottawa's six hospitals now potentially face a funding shortfall of nearly \$52 million on total budgets of about \$1.8 billion. (The numbers are based on a zero-per-cent increase in five of six of those hospitals. The Ottawa Hospital, which accounts for more than half the total local hospital budget, would only release figures based on the most optimistic scenario, a two-per-cent increase.)

The consequences are potentially dire. Bed closures and cancelled surgeries are possible, as are layoffs.

But Matthews says hospitals can face the tightened financing without cutting beds and services.

"That's what we're asking hospitals to do," she said. "My opinion is that they can."

"Ottawa is dealing with the challenges that hospitals right across the province are dealing with," she added.

Matthews suggests hospitals should get by with less because the government has implemented changes that alleviate pressure on them -- more family health teams, nurse practitioners and a range of community supports all help keep people out of hospital, and shorten visits of those who are admitted.

She pointed to the Liberal government's \$25-billion deficit as motivation for bringing new discipline to hospital spending.

However, she also said she would be pushing changes without the deficit.

"Growth in health-care spending has been way higher than the growth in government revenues year after year after year," she said. "So even if we were not in a recession, I would be advocating that we get spending in line with our capacity to spend."

But critics, including opposition Conservatives, pin the blame for rising hospital costs on the Liberal government.

An estimated 70 per cent of hospital costs are salaries. The McGuinty government has signed a string of generous contracts with unions, deals that consistently outstrip private-sector agreements.

The most obvious recent contract is a three-year deal signed in 2008 with nurses. The deal provides annual wage hikes of 3.1 per cent. (Inflationary cost pressures in all hospitals are estimated to run between three and five per cent.)

"I think it's fair to say if we were negotiating now, it might look a little bit different," says Matthews. "But those were negotiated and agreed upon at the time."

Matthews wouldn't comment on another solution to skyrocketing wages floated by the region's top health bureaucrat.

Dr. Robert Cushman, chief executive of the Champlain Local Health Integration Network (LHIN), said a wage freeze in the health sector was "worth entertaining."

But Matthews says a wage freeze is something to be imposed by the finance minister, and not the LHIN.

Greater fundraising might be another solution to the current shortfall, she said.

"Hospitals do a lot of fundraising now. I'm sure there are some hospitals that have more capacity to do that."

The timing of the provincial decision on hospital funding is causing anxiety among many health officials. Some expect to hear the bad news in May and June, well after the new fiscal year begins on April 1.

One expert said that could prompt more serious cuts than necessary, as some hospitals prepare for the most severe scenario -- a zero-per-cent increase.

Matthews would not say when the final decisions would be made.

"As soon as we know, they will know," she said. "But we're not there yet."

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