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September 25, 2020

MEMORANDUM TO: Ontario Hospitals and Ontario Health Regional Leads

FROM: Melanie Fraser
Associate Deputy Minister
Health Services
Ministry of Health

Mike Heenan
Assistant Deputy Minister
Hospitals and Capital Division
Ministry of Health

RE: **Addressing the Surgical Backlog**

The Ministry of Health (the “ministry”) is grateful for the extraordinary efforts that all Ontario hospitals have demonstrated during the COVID-19 pandemic and also understands the unprecedented pressures that hospitals face as a result of the current situation. The ministry recognizes that the ramp down of scheduled surgeries as a result of Directive 2 resulted in hospitals not being able to complete most of their regular surgical activity during the first quarter of the fiscal year and that after issuance of the May 26th Chief Medical Officer of Health memo on resumption of services, many hospitals have continued to work to achieve normal levels of surgical activity during this second quarter.

The ministry greatly appreciates that emergency surgeries did not cease during the pandemic and hospitals across Ontario have ensured those needing urgent surgery received it.

As the Minister of Health has noted, the ministry is committed to providing additional funding to help address the resulting backlog of scheduled surgeries in Ontario’s hospitals. This will help hospitals increase their surgical activity and support added costs associated with running operating rooms during evenings and weekends that will be required to substantially reduce the backlog.

Specifically, to help support the reduction of backlog, the ministry will provide a COVID-19 premium on a portion of key priority services that are currently funded by the ministry through volume-based funding programs.

The COVID-19 premium will be set at 20%. This means hospitals will receive a one-time 20% rate increase for eligible volumes. Eligible priority procedures are:

- Cancer Surgery Quality-Based Procedures (QBPs)
- Cardiac
- Elective LHIN-managed QBPs, including Bundled QBPs
- Neurosurgeries
- Instrumented Spinal procedures
- Living Donor Transplantation
- Wait Times program surgical procedures (select adult and pediatric procedures)
- Bariatric
- Cochlear implants

This 20% COVID-19 premium is intended to support the higher costs that hospitals are experiencing to extend operating room hours and complete the funded surgical volumes allocated to them in the 2020-21 initial funding letters, as well as surgical cases that are supported through hospital global budgets.

The COVID-19 premium will be applied to 50% of a hospital's initially allocated volumes in each volume-based program. The first 50% of volumes will be funded according to the current rates, while the latter 50% of volumes provided will receive the 20% COVID-19 premium. Applying the COVID-19 premium to 50% of allocated volumes is meant to recognize the challenges hospitals have faced in completing assigned volumes in the first half of the fiscal year and the extra costs associated with catching up on completing them.

Public hospitals with volume-based funding allocations are strongly encouraged to start performing as many priority services (e.g., cardiac, cancer, neuro) and QBP volumes (e.g., hip and knee replacements, cataracts) as possible.

Regional backlog and capacity information must be considered in order to address those procedures that are high priority or have the largest backlogs in your region.

To access the funding, the ministry requires hospitals to develop a plan for how surgeries will be prioritized and scheduled to address the backlog. This plan should be submitted to your Ontario Health (OH) Region **by Thursday, October 8, 2020**. Hospitals are encouraged to take an equitable approach to achieving our shared goal of reducing the provincial backlog. OH Regions are expected to use regional data on current backlog from the Wait Times Information System, available from the Access to Care program at OH, to ensure that the hospital plans are aligned to meet the needs of local residents.

In addition to producing a plan for prioritizing surgeries, and to assist with the allocation and reconciliation process associated with flowing this COVID-19 premium, hospitals must meet their existing reporting requirements in the Self Reporting Initiative (SRI). Following the submission of Q2 SRI reports, which must include year-end projections, the ministry will send funding letters regarding the funding premium to eligible hospitals.

Here's an example of how it works:

If your hospital is funded for 100 cases in a volume-based program at a funding rate of \$1,000 per case for the entire 2020-21 fiscal year, then:

- a) Each case after the 50th case, up to the funded target of 100 cases (i.e., up to 50% of the annual funded volumes of 100), will be eligible for a COVID-19 premium;

- b) The COVID-19 premium applicable to each eligible case noted above will be 20% of the funding rate – in this example, 20% of \$1,000 = \$200.

If your hospital completes a total of 90 cases by year-end, then a funding letter would flow in Q3 to allocate \$8,000 (40 cases x \$200 per case) in additional dollars to the hospital for this particular volume-based program.

The ministry will monitor volumes achieved through existing reporting mechanisms (e.g., SRI, CIHI DAD/NACRS) as surgical capacity ramps up across the province and will communicate with the hospital sector later in the year regarding any shifts in volume-based funding across the system and/or if funding can be used for COVID-19 pressures. Funds not used for the intended and approved purposes are subject to recovery in accordance with the ministry's year-end reconciliation policy. Any one-time reallocations through this 2020-21 surgical backlog funding process will not negatively impact the 2021-22 volume allocations.

To assist with the diagnostic imaging backlog, the ministry will allocate additional MRI and CT funding to expand hours to assist with the diagnostic imaging backlog through a separate funding process.

If you have any questions or concerns about this process, please contact Kristin Taylor, A/Director, Provincial Programs Branch at Kristin.Taylor@ontario.ca.

Again, thank you for continuing to provide high quality patient care during these challenging times. We look forward to working together to address the backlog.

Sincerely,



Melanje Fraser
Associate Deputy Minister, Health Services



Mike Heenan
Assistant Deputy Minister

Enclosure: MOH HCD Surgical Backlog Implementation QAs (25Sept2020) FINAL

- c: Helen Angus, Deputy Minister, Ministry of Health
Matthew Anderson, President and CEO, Ontario Health
Anna Greenberg, President, Ontario Health (Quality)
Garth Matheson, Interim CEO, Ontario Health (Cancer Care Ontario)
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