

## Financial Considerations

The following provides a preliminary overview of financial considerations associated with this mental health implementation plan.

**NOTE:** The following funding targets and enhancements identified relate to the development of core essential service/system elements only – that is, they do not reflect the investments required for a fully reformed mental health system, nor adjustments required to address wage parity issues. All costing estimates based on 2002 dollars.

### REGIONAL ALLOCATIONS

Regional allocations provided to MHGA's must consider the following:

1. The principle of equitable access to critical mental health services for Ontarian regardless of where they live in the province.
2. The development of fiscal strategies related to the achievement of funding equity (e.g. funding methodologies etc.).
3. The development of funding mechanisms for the mental health care system which recognizes enhancement/growth requirements, similar to that which has been provided to hospitals and CCAC's.
4. The development of multi-year funding strategies for mental health services.
5. Further, that service system reforms indicated within this report not proceed in the absence of significant re-investment funding.

### BACKGROUND INFORMATION

According to the Ministry of Health 2000/01 expenditures, the provincial average per capita expenditure for Total Mental Health Programs and Services\*\* was \$83.04. The variation from region to region is enormous. For example, the variations range from a high of \$143.80 in the North region to a low of \$25.26 in Central West.

Region	Community * Spending 2000/01	CMHP Spending per Capita	Total MHPS * *Spending 2000/01	Total MHPS Spending per Capita
North	\$ 48,823,593	\$54.77	\$128,192,512	\$143.80
South West	\$ 48,689,341	\$32.11	\$170,684,433	\$112.55
Central West	\$ 30,940,642	\$14.89	\$ 52,469,873	\$ 25.26
Central South	\$ 22,485,083	\$19.42	\$ 79,261,626	\$ 68.45
Toronto	\$108,741,508	\$42.59	\$253,355,281	\$ 99.23
East	\$ 39,420,250	\$25.22	\$174,358,999	\$111.56
Central East	\$ 34,228,207	\$17.96	\$110,409,266	\$ 57.94
Simcoe County	\$ 6,360,859	\$16.98	\$ 33,469,156	\$ 89.33
<b>Total Province</b>	<b>\$333,328,624</b>	<b>\$28.57</b>	<b>\$968,731,990</b>	<b>\$ 83.04</b>

\* Includes total community mental health programs, sessional fees, children's mental health, Homes for Special Care, and supportive housing.

\*\* Total Mental Health Programs & Services

*The table above excludes \$26M in funding for the Provincial Forensic PPH Facility – Oakridge.*

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Specifically, in relation to community mental health spending, the variations are as follows:

MOHLTC Region	Total CMHP Spending* 2000/01	CMHP Spending per Capita
North	\$ 41,377,306	\$46.41
South West	\$ 39,218,924	\$25.86
Central West	\$ 24,806,986	\$11.94
Central South	\$ 16,797,612	\$14.51
Toronto	\$ 82,100,340	\$32.15
East	\$ 31,569,134	\$20.20
Central East	\$ 19,491,908	\$10.22
Simcoe County	\$ 4,555,173	\$12.15
Total Province	\$255,362,210	\$21.89

\*Includes case management, ACT, non-schedule 1 treatment, crisis services, employment/education supports, consumer/survivor initiatives, family initiatives, sexual assault counselling, children's mental health.

## LOCAL IMPACT

The regional disparities noted above translate into the following impacts locally:

A shortfall of \$54.47/capita (or \$20.4M annualized) total Mental Health Program & Services spending compared to the North region.

A shortfall of \$33.31/capita (or \$12.15M annualized) total Mental Health Program & Services spending compared to the average rates of the North, Southwest and East regions. These three areas have been in receipt of significant mental health reform investment funds.

**NOTE:** The above analysis is conservative, as it does not include enhanced funding to provide acute and tertiary care services to Muskoka residents.

It is important to note the following other factors when considering the implications of this level of funding disparity within a local area such as Simcoe County:

- The region continues to operate with a shortfall of 19 acute care beds.
- The disability rate in Simcoe County is 8.08/1000 population versus a provincial average of 7.75 and a rate of 7.88 in Toronto Region.
- The impact of the recently opened Central North Correctional center is beginning to add pressures to the already fragile mental health system.
- The population growth in the area has and continues to be significant, next only to York and Peel regions.

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### ALLOCATION OF REINVESTMENT FUNDS

The MHGA will make investment choices based on its priorities, service demands and funding levels. In contrast the present day scenario, the MOHLTC will in principle empower a local entity (i.e. the MHGA) to establish and fund specific local priorities rather than having them filtered through the Ministry and the Provincial Government.

***NOTE: The following analysis does not include adjustments which will be required annually to base budgets in order to address increased service demands due to population growth, wage adjustments to address parity issues and COLA, as well as general inflationary pressures.***

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### DETAILED OVERVIEW OF INVESTMENT REQUIREMENTS

Funding Category		See Notes
Assumes average cost/FTE = \$84,000	Additional funding required	1
<b>Unmet need – basic service system requirements:</b>		
<ul style="list-style-type: none"> <li>• <u>Community Supports and Services</u> <ul style="list-style-type: none"> <li>○ Case management/ACT functions</li> <li>○ Housing supports</li> <li>○ Employment supports</li> <li>○ Treatment services</li> </ul> </li> </ul>	\$17.74M \$ 0.59M \$ 0.59M -	2
<ul style="list-style-type: none"> <li>• <u>Crisis services</u></li> </ul>	\$ 0.90M	3
<ul style="list-style-type: none"> <li>• <u>Consumer/survivor leadership &amp; initiatives</u></li> </ul>	\$ 1.35M	4
<ul style="list-style-type: none"> <li>• <u>Family leadership &amp; supports</u></li> </ul>	\$ 0.63M	5
<ul style="list-style-type: none"> <li>• <u>Housing stock/supplement envelope</u></li> </ul>	\$ 3.82 M	6
<ul style="list-style-type: none"> <li>• <u>Acute Treatment Services</u> <ul style="list-style-type: none"> <li>○ Inpatient treatment capacity</li> <li>○ Outpatient treatment capacity</li> </ul> </li> </ul>	- -	7
<ul style="list-style-type: none"> <li>• <u>Specialized Services</u> <ul style="list-style-type: none"> <li>○ Inpatient treatment capacity</li> <li>○ Outreach capacity</li> </ul> </li> </ul>	- \$ 1.61M	8
<ul style="list-style-type: none"> <li>• <u>First Nations/Aboriginal Services*</u></li> </ul>	\$ 7.31M *	9
Subtotal Unmet need – basic service system requirements	\$34.54M	
<b>New service development</b>		
<ul style="list-style-type: none"> <li>▪ <u>Residential Treatment</u> <ul style="list-style-type: none"> <li>○ Annualized supports</li> <li>○ Capital costs</li> </ul> </li> </ul>	\$28.29M \$ 9.30M	10
<b>Systems Infrastructure:</b>		
<ul style="list-style-type: none"> <li>• <u>Administrative requirements of Authority:</u> <ul style="list-style-type: none"> <li>○ Public education</li> <li>○ Consultation</li> <li>○ Authority leadership</li> </ul> </li> </ul>	\$ 0.04M \$ 0.04M \$ 0.35M	11 11 11
<ul style="list-style-type: none"> <li>• <u>Technology requirements:</u></li> </ul>	\$ 0.25M	12
<ul style="list-style-type: none"> <li>• <u>Leadership requirements:</u> <ul style="list-style-type: none"> <li>○ Housing lead</li> <li>○ Employment lead</li> <li>○ Office of Consumer &amp; Family Affairs</li> <li>○ First Nation/Aboriginal Lead</li> <li>○ System Reception/Resource Centre</li> <li>○ Advocacy</li> </ul> </li> </ul>	\$ 0.09M \$ 0.09M \$ 0.09M \$ 0.09M \$ 0.27M -	13 13 13 13 13 13
<b>Total Incremental Investment Funding Required</b>	<b>\$73.44M</b>	<b>14</b>

\* **NOTE** –the costing estimate for First Nations/Aboriginal service requirements is based on draft advice of the First Nations/Aboriginal sub-committee, and is preliminary only.

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### NOTES TO ALLOCATIONS:

#### 1. Average Cost/FTE

Standard MOHLTC rate of \$84,000/FTE utilized. Rate to include all expenditures related to one direct service worker (i.e. salary/benefits, supplies, office space/rent, supervision, and administrative support, travel & expenses etc.). Rates vary for some service areas however (e.g. specialty services, ACT).

#### 2. Community Supports & Services

Estimates include the range of the following services/supports – intake and assessment, case management, ACT functions/teams, employment/education supports, and housing supports. Estimates of need based on Levels of Care requirements indicated within CAP report represents service to existing client population only. Below is a summary of the findings of the CAP in terms of proposed system capacity required to serve existing clientele.

	Current Capacity – Community	Current Capacity - Hospital	Total Current Capacity	Proposed Capacity - Community	Proposed Capacity - Hospital	Total Proposed Capacity
Level 1	970	35	1005	410	30	440
Level 2	445	250	695	775	125	900
Level 3	100	30	130	280	195	475
Level 4&5		185	5185	65	155	220

#### ***The demand based approach to determining system size requirements:***

The CAP identified that within the existing clientele of the mental health system, 440 require Level 1 care, 900 require Level 2 care, and 475 require Level 3 care. Applying this distribution to standard client-staffing ratios for these different populations would suggest the following staffing requirements:

Level of Care	Client: Staff Ratio	FTE's Required
1 – 440 clients	1:30	15
2 – 900 clients	1:15	60
3 – 475 clients	1:8	59
<b>Total FTE's required</b>		<b>134</b>
<b>Existing FTE's*</b>		<b>56</b>
<b>Shortfall</b>		<b>78</b>

\*Estimate reflects direct program staff only as follows: approx. 40 FTE case managers (including homelessness program funding); approx. 15 FTE (excluding Schedule 1 Day Hospital); 1.4 FTE social/vocational. Figures do not include consumer initiatives, crisis program staff, Homes for Special Care or specialized service outreach staff.

#### Strengths of CAP approach:

- CAP is systematic approach for determining need – provides empirical data.
- CAP incorporates strengths and identifies the level of unmet need in a range of areas.

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Weakness of CAP approach:

CAP is based on current population only.

CAP assumes appropriate existence of the full range of services within the community system, as well as specialized services (e.g. specialized outreach, residential treatment etc.).

### ***The benchmark approach to determining system size requirements:***

Over the years, the MOHLTC has released benchmarks for planning purposes. While benchmarks have not been established for the continuum of services and supports as outlined in Making It Happen, the following can provide guidance to establishing service capacity targets:

- Assertive Community Treatment – estimated to be required for 15% of the 2.5% of the population anticipated to experience serious mental illness.
- Case Management – 19 to 26 FTE's/100,000 population; of these, 13 to 17 FTE/100,000 will provide intensive services.

Applying these benchmarks to the regional adult population (313,113, based on CEHIP 2003 projections) generates the following service capacity requirements:

Benchmark	Assumptions	FTE's Required
Case management	26 * (313,113/100,000) = 81 case managers required.	81
ACT	15% * 2.5% * 313,113 = 1,174 clients requiring ACT – based on standard 10:1 staffing ratio = 117 FTE required.	117
<b>Total</b>		<b>198</b>
Existing FTE's		56
<b>Shortfall</b>		<b>142</b>

Strengths of benchmark approach:

Benchmarks are theoretically based on prevalence rates, and so, capacity to serve those individuals not currently engaged within the system is included.

Weakness of benchmark approach:

Provides little guidance with respect to a multi-disciplinary model approach.

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### **Summary Costing:**

- Given the ability of the latter approach to estimating the requirements of a total target population, costing utilizing this approach is proposed. The CAP approach may serve as a guide to the overall distribution of resources during implementation.

ACT	1,174 clients/average 90 clients per team = 13.04 teams * \$1.2M/team	\$15.64M
Case management*	81 FTE less existing 56 FTE's * \$84,000/FTE	\$ 2.10M
<b>Total incremental requirement</b>		<b>\$17.74M</b>

\* NOTE: incremental cost does not include wage parity requirements for existing case management FTE's.

### **Housing and Employment Services:**

- Assumes new funding required for 1.0 FTE (on average) for employment and housing specialist roles for each multidisciplinary team area and 2.0 FTE for the Barrie area. Total of 14 additional FTE.

## **3. Crisis Services**

Incremental costing estimate based on the Hamilton area experience/benchmark which utilizes approximate 15 FTE (in addition to basic crisis line services) to provide a comprehensive crisis service. While the existing service delivery plan does not directly address mobile requirements; it does require on-call capacity to provide on-site services 24/7 to all five hospital emergency departments within a mixed urban-rural region.

## **4. Consumer/Survivor Leadership & Initiatives**

Per the recommendation of OPDI, assumes that in order to maintain a balanced service delivery system, that 5% of all new investments (excluding residential treatment facilities) will be directed toward enhancing/developing consumer/survivor initiatives throughout the region, including leadership for the Regional Consumer & Family Service. Roles/functions to include those described within best practice as outlined in Making It Happen.

## **5. Family Leadership & Supports**

- Family Lead - assumes an enhancement of approximately 0.5 FTE to existing Family Mental Health Initiative base budget currently allocated to CMHA – base and new funding to be allocated to the Regional Consumer & Family Service.
- Assumes new funding required for 1.0 FTE (on average) for each area and 2.0 FTE for the Barrie area for local family support worker positions.
- Total new funding required = 7.5 FTE.

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### 6. Housing Stock/Supplement Envelope

As per the 1996 document of the MOHLTC, entitled “Benchmarks and Targets for Case Management & Housing”:

- Benchmarks provide provincial planning targets; therefore it is expected that each ratio will be adapted for regional conditions and that each region may be different from the provincial target (i.e. above or below the provincial average).
- Housing supports (in the form of beds or spaces) should be made available to approximately one-third of people with serious mental illness who utilize mental health services. Based on the projected 0.8% utilization rate, this would translate to a total of 834 individuals requiring residential support.

	Adult Population (proj. 2003)*	Estimated No. People with SMI Utilizing Services (based on .8%)	Estimated No. People with SMI Requiring Residential Support (based on 33% of total)	Residential Spaces Provided*	Deficit (Surplus)
Bradford & area	19,392	155	52		
Alliston & area	30,271	242	81		
Collingwood & area	34,769	278	92		
Midland & area	44,648	357	119		
Orillia & area	50,294	402	134		
Barrie & area	133,739	1,070	356		
<b>Total</b>	<b>313,113</b>	<b>2,504</b>	<b>834</b>	<b>196</b>	<b>638</b>

\* includes capacity of Simcoe County's dedicated mental health housing stock only (i.e. Phase II Homelessness Initiative – 100 rent supplements, Homes for Special Care – 91 beds, one group home – 5 beds).

#### **Summary Costing:**

- Utilizing average monthly rent supplement rates (\$260) which would be required to access decent affordable housing for the 638 consumers identified above, the incremental cost to the system would be \$2.0 M. Alternatively, capital construction of the equivalent of 638 units at \$60,000 per unit would require \$3.82M.
- Funding in the amount of \$3.82M is requested, noting the need for flexibility to address a variety approached to housing development (e.g. rent supplements, capital construction) as recommended by a comprehensive housing strategy.

**NOTE: These requirements assume a comprehensive community mental health system including case management and ACT teams is in place in order to effectively support individuals in these housing units.**

### 7. Acute Treatment Services

- Assumes that funding required for acute mental health Schedule I services will be enhanced as required via general hospital funding mechanisms.
- HSRC benchmarks indicate a requirement of 19 additional acute mental health beds, based on 2003 population figures. Enhanced funding would be required in this area.

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### 8. Specialized Services

- *Inpatient Treatment Services* – assumes no changes outside of MOHLTC hospital redevelopment initiatives until such time that it is demonstrated that an enhanced community support & RTF system lessen the requirement for such services.
- *Outreach Capacity* –
  - Assumes enhancement of capacity of a rate of approximately 1.0 FTE/area for each of the specialty areas of dual diagnosis and psycho-geriatrics (2.0 FTE each for the Barrie area) = additional total of 14.0 FTE \* \$95,000/FTE.
  - Assumes a regional requirement of approximately 3.0 FTE \* \$95,000/FTE to serve all (5) local courts. Estimates based on a proposal developed and previously submitted to the MOHLTC by the Human Services & Justice Coordination Committee.

### 9. First Nations/Aboriginal Services

- The costing estimate for the First Nations/Aboriginal service was developed by the First Nations/Aboriginal sub-committee and is preliminary only. Detailed costing will be required upon final decision-making in this area. To date, sub-committee members have endeavored to reflect what they believe to be in the best interest of First Nations and Aboriginal people who experience a serious mental illness. However, in keeping with cultural values and traditions, the sub-committee document along with its draft recommendations will require consultation in January 2003 with First Nations and Aboriginal community leadership in order to assure their appropriateness and to secure community buy-in.
- The preliminary estimate provided is based on the following:
  - Estimate of a regional First Nations/Aboriginal population to be approximately 10,000 people (average figure between Stats Canada figures and BANAC estimates), and that the prevalence rate of serious mental illness is double that of the non-aboriginal population (i.e. 5%) – yielding a potential target population of 500. Higher than average prevalence rates were estimated based on health status indicators the sub-committee reviewed.
  - Estimate of an average service intensity level of Level 2, which would indicate an average FTE:client ratio of 1:15 – yielding a total FTE requirement of 33 FTE. Based on an average cost per FTE of \$84,000/FTE – the cost of the community based service component of the Mental Wellness Program would be \$2.77M annually.
  - Estimate that the cost/bed/day of the Residential Service is approx. ½ of that of a Residential Treatment Facility bed – 30 beds @ \$250/day – yielding a residential service component cost of the Mental Wellness Program of \$2.74M. In addition, at an average rate of \$60,000/bed, the capital cost requirements of this service would approximate \$1.8M.
  - It is acknowledged that the costs identified above are preliminary estimates only.

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### 10. Residential Treatment Facilities

- Assumes that a leadership position (1.0 FTE @ \$95,000) is required to develop and facilitate planning/development of residential treatment facility sites.
- Given lack of local experience with Residential Treatment Facilities, the following staged approach is proposed:
  - Planning for the initial development of two RTF sites as part of a comprehensive phasing strategy - one 12-bed facility for individuals with a dual diagnosis; one 12-bed facility for geriatric.
  - Assuming that the cost of an RTF/bed equals that of an existing PPH bed (estimated at \$500/day) – total annualized cost for the 205 individuals assessed as requiring this level of support within the CAP study (less 50 who appear to already be receiving this type of support) yields a total bed/space requirement of 155.
    - Total annualized support cost requirements would be 155 individuals \* \$500/day \* 365 days/year = \$28.29M annually. (See Note 1)
    - Total capital cost requirements would be 155 beds/spaces \* \$60,000 each = \$9.3M. (See Note 2)
  - Additional implementation considerations:
    - **NOTE 1:** It is recognized that opportunities may exist to implement residential treatment facilities via joint arrangements with related ministries and ministry departments (e.g. Ministry of Community and Social Services for those individuals with a dual diagnosis, Long Term Care for geriatric clients). Such opportunities should be fully explored prior to the MOHLTC Mental Health Division considering funding the entire cost of such facilities.
    - **NOTE 2:** The estimated capital cost per unit figure used (i.e. \$60,000/unit) will vary depending on such factors as local market conditions, land development costs. Capital cost factor of \$60,000 per unit based on a review by the Champlain MHITF of associated costs of the following programs/services: Seven Oaks in British Columbia, the Robin Easy Centre for Acquired brain Injury in Ottawa, the Lewisham & Guys Mental Health Trust in England.

### 11. Administrative Requirements of Authority

- *Public Education* – assumes base and new funding to be allocated to the Authority – an enhancement of approximately 0.5 FTE to the existing public education base budget available within the system would be required.
- *Consultation/Operational Planning* - assumes base and new funding to be allocated to the Authority – an enhancement of approximately 0.5 FTE to the existing mental health system planning base budget available within the system would be required.
- *Authority Leadership* – assumes the creation of an existing base budget for the operation of the Authority. Costs include such areas as C.E.O., finance, information systems, administrative support.
- Costing estimates assume an average rate of \$90,000/FTE.

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### 12. Technology Requirements

Creation of systems information system requirements – estimate only – detailed costing in relation to ongoing operating and lease costs, as well as one-time capital required.

### 13. Leadership Roles

- *Housing Lead* – assumes the need for a new position to develop the housing leadership role, as well as the transfer of the MHCP Homes for Special Care funding – base and new funding to be allocated to the Authority.
- *Employment Lead* – assumes the creation of an existing base budget for the development of Employment leadership for the system (approximately 1.0 FTE) – base and new funding to be allocated to the Authority.
- *Office of Consumer & Family Affairs* – assumes the creating of a base budget for the development of leadership in this area (approximately 1.0 FTE) – funding to be allocated to the Authority.
- *First Nation/Aboriginal Lead* – assumes the creation of a base budget for the development of First Nation/Aboriginal leadership.
- *System Reception/Resource Centre* – assumes the creation of an existing base budget for this service (initial estimate of approx. 3.0 FTE) – detailed program proposal required.
- *Advocacy* – assumes that the role of the PPAO will be expanded to cover all mental health services (community and facility-based) – costs to be borne by provincial infrastructure requirements.
- Costing estimates assume an average rate of \$90,000/FTE.

### 14. Other funding required:

Further detailed costing is required for the remaining range of services and supports required for a fully reformed mental health system, as well as adjustments for population growth rates and resultant increased service demands.