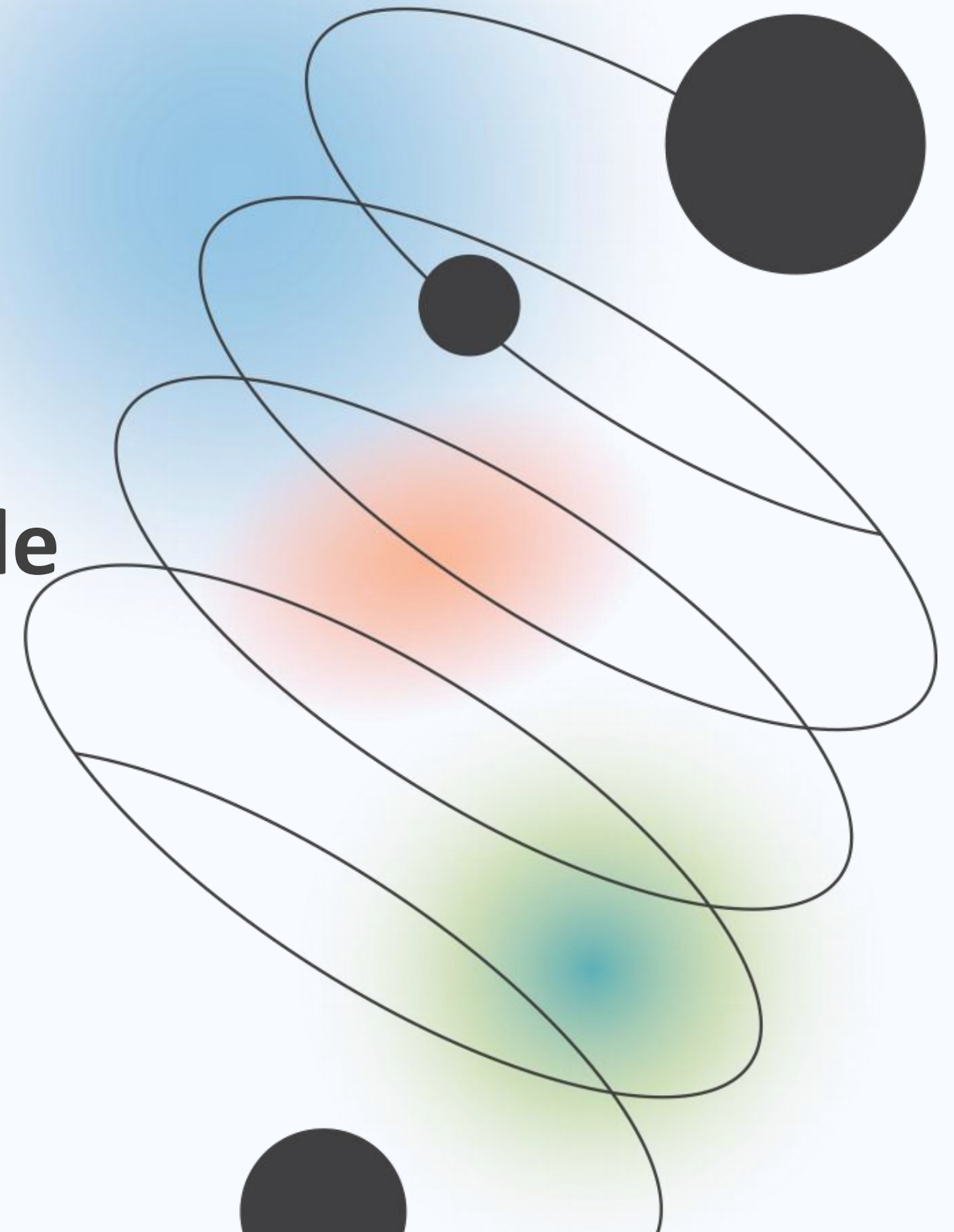




# Hastings Prince Edward Public Health, Kingston, Frontenac and Lennox & Addington Public Health, Leeds, Grenville and Lanark District Health Unit

Merger Feasibility – Public Summary Report

March 2024



# Introduction

This Merger Feasibility report outlines the results from a merger feasibility exercise conducted by Hastings Prince Edward Public Health (HPE), Kingston, Frontenac and Lennox & Addington Public Health (KFLA), and Leeds, Grenville and Lanark District Health Unit (LGL).

To assist in the decision-making process, strategic opportunities and challenges associated with the proposed merger are also identified based on Sense and Nous' collective merger/policy experience in the broader public sector in Ontario.

# Organizational Snapshot

	KFLA	LGL	HPE
Employees	<ul style="list-style-type: none"> <li>223 employees               <ul style="list-style-type: none"> <li>163 are permanent full-time</li> <li>14 are permanent part-time</li> <li>17 are temporary (10 F/T; 7 P/T)</li> <li>29 are casual</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>160 employees               <ul style="list-style-type: none"> <li>116 are permanent full-time</li> <li>17 are permanent part-time</li> <li>11 are temporary (10 F/T; 1 P/T)</li> <li>16 are casual</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>140 employees               <ul style="list-style-type: none"> <li>129 are permanent full-time</li> <li>4 are permanent part-time</li> <li>7 are casual</li> </ul> </li> </ul>
Union Representation	<ul style="list-style-type: none"> <li>CUPE-6 (N=58)</li> <li>CUPE-12 (N=113)</li> <li>OPSEU (N=16)</li> <li>Non-Union (N=36)</li> </ul>	<ul style="list-style-type: none"> <li>CUPE (N=76)</li> <li>ONA (N=53)</li> <li>Non-Union (N=31)</li> </ul>	<ul style="list-style-type: none"> <li>CUPE (N=68)</li> <li>ONA (N=45)</li> <li>Non-Union (N=27)</li> </ul>
Budget Size (approx.)	2024 Budget <ul style="list-style-type: none"> <li>\$20.5 million</li> </ul>	2024 Budget <ul style="list-style-type: none"> <li>\$14.0 million</li> </ul>	2024 Budget <ul style="list-style-type: none"> <li>\$17.9 million</li> </ul>
Population Served (2021)	206,962	179,830	171,450
Geographic Coverage	Appx. 6,600 km <sup>2</sup> - 31.4 persons/ km <sup>2</sup>	Appx. 6,342 km <sup>2</sup> - 28.4 persons/ km <sup>2</sup>	Appx. 7,000 km <sup>2</sup> - 24.5 persons/ km <sup>2</sup>

# Provincial Policy Environment – Merger Feasibility Analysis

## Voluntary Merger Policy

The Ministry of Health ('Ministry') expressed the importance of a locally driven merger approach. As such, the Ministry seeks to examine merger Business Cases based on the articulated merits and provide approvals or convene further dialogues. For Health Units not submitting Business Cases, the Ministry has stated that they will meet with these Health Units to examine the rationale before taking further actions, as the Chief Medical Officer of Health alluded to.

The Ministry expressed an interest in how the proposed merger aligns with the geographic boundaries of the local partners (e.g., school boards and health care providers) as well as the local residents' travel patterns. These will play an additional role in demonstrating the merits of a merger when the current combined population exceeds the 500,000 mark.

## Merger Funding Support

The Ministry has obtained funding approval to support the merger transitional process for up to three years; hence, the design of the Business Case template. The funding support can cover all merger-related costs, such as system migration costs, levy equalization, etc. However, the Ministry will be working within a fixed funding envelope from the Treasury Board, and there will most likely be a limitation; as such, merging PHUs should be aware of the possibility of funding requests not being fully met. Additionally, the Ministry is keenly aware of the fact that some merger costs will continue beyond the three-year timeline (e.g., wage harmonization, levy equalization) and has a strong intention to continue to support merged health units through the revision of the funding model. At the end of the day, the Ministry expects a reasonable and fiscally prudent approach to fund the merger transitional process.

## Funding Envelope

As with previous mergers (i.e., Southwestern Public Health and Huron Perth Public Health), the Ministry intends to preserve the existing funding envelope and combine the funding should a merger proceed. It will be up to the merged health unit to determine where best to reinvest some of the duplicative resources, and this is an opportunity to strengthen the organizational/programmatic capacity through a merger process.

## Other Parallel Policy Streams

At the time of this report, the Ministry's work on the new funding formula and the revision of the Ontario Public Health Standards are still in the developmental phase. The merger outcomes will inform the other policy streams (and vice versa). However, Sense and Nous articulated in a consultation that the outcomes of the funding formula and the OPHS revision represent significant changes to local health units. Having just experienced a global public health crisis, it was advocated that the parallel streams should enable, support and serve as incentives for voluntary mergers and strengthen the public health system.

**The Ministry has announced support for voluntary mergers unseen in Ontario's public health sector in the last decade. The Ministry intends to partner with the local health units and understands the longer-term implications of mergers, such as wage harmonization costs and change burnout on public health staff. The combined population size already exceeds the Ministry's definition of the requisite population size for critical mass. No significant barrier to the proposed merger.**

# Community Overview

KFLA

LGL

HPE

## Commonalities

### Aging population

All three PHUs serve communities with significant and growing populations of seniors (65+) who experience a greater burden of disease from infections and a higher rate of injury related to falls.

### Access to health services

In all regions, a significant percentage of the population lives in rural communities with limited access to transportation, communication, or health services.

### Perinatal health and early childhood development

The PHUs prioritize supporting early childhood development, including the promotion of both physical and mental health, especially in regions with elevated risk factors for poor childhood development.

### School health

Local school boards have long-standing MOUs/relationships with the local PHUs on creating and ensuring healthy school environments and school communities that contribute to the overall well-being of children and youth.

### Poverty, housing and food insecurity

In the three communities, economic disparities are shared concerns, with a similar portion of the populations considered low-income and struggling to pay for rent, bills and healthy food.

### Healthy environments and safe water

All three PHUs have substantial risks from waterborne enteric diseases and elevated rates of Lyme disease.

### Health equity

There is a shared commitment across the PHUs to address health equity in their communities, with significant overlap in the identified priority populations.

### Mental health

In each PHU, mental health promotion is a focus area. The three PHUs recognize the interlinkages between mental health and social determinants of health in their programming.

### Substance use

Substance use prevention and harm reduction are public health issues for the three PHUs, particularly amongst priority populations, due to the increase in the number of opioid-related overdoses and deaths, along with elevated rates of tobacco use.

### Healthy sexuality

Promoting healthy sexuality and safer sexual practices is a priority for all three PHUs.

# Governance – Merger Feasibility Analysis

## Potential Benefits

- With the proposed merger, the resulting Board of Health represents a vast geography with diverse local needs (e.g., rural and urban needs). The new Board of Health is expected to have a greater voice in government relations, advocacy, and coordination with peer PHUs in Ontario.

**All PHUs have the same funding apportionment structures (population-based approach). A governance structure has been proposed by the three Boards of Health, and levy-related decisions can be handled through iterative discussions between the three Boards of Health. The top risks identified share many similarities between PHUs. The differences in financial control are not significant and can be rationalized at the "design" stage of the merger.**

**No significant barrier to the proposed merger.**

## Potential Benefits

- Incremental cost efficiencies as contracts are rationalized. However, no significant cost savings are expected. As a result, marginal efficiencies may be gained in the function of contract and vendor management.
- The IT-related contracts directly demonstrate the synergies that can be realized by the proposed merger.

**The PHUs already share a number of collaborative agreements demonstrating a high degree of readiness for the proposed merger. One health unit is facing a number of legal claims (with low claim amounts) due to a now - divested program; this represents a material and financial risk to the proposed merger. Additionally, the IT contracts show considerable synergies that can be achieved through the proposed merger.**

**There is a minor barrier to the proposed merger.**

## Potential Benefits

- Greater organizational capacity to manage fiscal constraints and future funding uncertainties.
- Strengthen the organization's financial sustainability and financial health.
- Ability to spread capabilities from one Health Unit to another (e.g., workflow automation, ERP capability from SparkRock).

**The PHUs share significant financial characteristics, including their financial challenges over the provincial funding policy and the burden of COVID-19. The merger is an opportunity to strengthen the overall financial position. There is no barrier to the proposed merger.**



# Communications – Merger Feasibility Analysis

## Potential Benefits

- Bringing together the communications departments at each PHU will allow for innovation and collaboration. Reviewing and exploring each communication style and outputs will allow the newly merged PHU to employ best practices and communicate their services to the communities they serve best.
- Leveraging robust and comprehensive policies and procedures and employing them across the newly merged PHU will allow for alignment and clear directions for branding efforts.
- A strong communications team will be crucial in pushing forward the public communications campaign to ensure continuity of services for the public. In addition, internal communications must be strengthened to ensure a sense of unity and culture are preserved throughout the merger.

**All PHUs have compatible and diverse skills, enabling them to effectively manage extensive rebranding efforts and a public communications campaign. No barrier exists to amalgamation.**

# Information Technology – Merger Feasibility Analysis

## Potential Benefits

- The absence of long-term contracts will allow the newly merged PHU to review and select the ideal software for widespread use.
- The in-house IT support from all PHUs will provide optimal support in user adoption and uptake of expanded software.
- The adoption of uniform software systems, like those mandated by the Ministry or the shared EMS, simplifies the learning process for staff and supports the amalgamation of data. Furthermore, this period of change presents a prime opportunity to remedy any shortcomings in essential software through potential new investments, thereby enhancing corporate operations with comprehensive systems for asset management and human resources information.

**The absence of long-term contracts, the desire to adopt more efficient software and the in-house IT support will allow for seamless integration and support. No significant barriers to the proposed merger.**

# Program – Merger Feasibility Analysis

## Potential Benefits

- Strengthened expertise with a larger and more diverse pool of talent and skills, more opportunities for program staff for growth and development and greater capacity to tackle program planning and absorb/manage upcoming changes to the OPHS.
- Back up and support single-incumbent roles and participation in key working groups/tables.
- As many programs are resuming after COVID-19 disruptions, the merger offers an opportunity to examine how service delivery can be enhanced.
- A high degree of alignment on strategic priorities will result in a lower barrier to program harmonization.
- Enhance infrastructure to support better programming.

**There are some programmatic benefits that can strengthen the areas in which the health units historically face shared challenges in the local communities. There is already a high degree of collaboration between the health units; program harmonization effort will be lower than otherwise. While the staff integration effort is among the highest across all functions, it is a necessary investment of time and effort to build the new health unit on a solid foundation of collaboration. No major barriers to a possible merger have been identified.**

# Merger Opportunities and Challenges

## Strategic Opportunities

Ability to pursue non-mandated opportunities to implement programs (e.g., federally funded, institutionally funded, etc.) to address unmet public health needs locally.

Ability to increase public understanding of the value of public health through a unified regional voice to the public.

The degree of financial support from the Ministry has been unseen in recent history, especially given the current government's austere approach to the Health portfolio.

Greater organizational capacity through reinvestment to better weather future disruptions or changes (e.g., public health crisis, revision to OPHS, etc.) and minimize the risk of single-incumbent roles.

Injection of funds to invest in one-time upgrades to permanently enhance the staff's ability to deliver programs and services.

## Strategic Challenges

Funding uncertainty with redesigning the funding formula and coverage for ongoing costs from the merger while wanting to minimize the impact on ratepayers.

COVID placed a significant strain on PHU staff. Need to support staff wellness and organizational culture in the face of upcoming changes (i.e., OPHS revision and changes in funding formula, both of which are provincially-led and independent of the merger exploration).

Limited or reduced ability to address local needs through ongoing budgetary constraints and inflationary costs with existing capacity (e.g., multiple PHUs have laid off staff due to financial pressure)

Retaining key staff through the critical first few years post-merger.

Important but potentially challenging discussions between the BOHs on the approach to handling different funding levels as the PHUs currently have different per capita funding level.

## Conclusion

- Across the broader public sector, the level of financial support shown by the Ministry of Health to support public health mergers is unseen in our collective experience. The environment for a merger is the most supportive S&N has seen.
- Base budget increases typically come from agencies first demonstrating a willingness to support policy directions (e.g., pilot projects, implementing policies). These agencies are viewed favourably and may have more opportunities for future investments from the Government.
- Due to a longstanding history of collaboration and working with the same local partners, the PHUs are on a solid footing for a merger and are expected to gain efficiencies, which can then be reinvested in services.
- With limited capacity, a PHU can only (and reasonably) focus on mandated programs and leave additional local needs unmet. A merger may provide a greater capacity, which is an opportunity to think "upstream" and potentially have a greater local impact.



# Thank you!

We appreciate you choosing Sense and Nous for this opportunity. We sincerely hope we can work together towards your objective.

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