



Staff Report

DATE: May 19, 2017

FILE: H-G

TO: Chair and Directors
Regional Hospital District Board

FROM: Debra Oakman, CPA, CMA
Chief Administrative Officer

RE: Province of BC – Ministry of Health – Hospital District Act

Purpose

To recommend sending a letter to the Minister of Health requesting amendment of the *Hospital District Act* to align with local government funding needs and modernize language to reflect local government practice.

Policy analysis

The *Hospital District Act* (1996) is the governing legislation for local government Regional Hospital Districts (RHD). The Province of BC, Ministry of Health (MOH) in conjunction with Union of British Columbia Municipalities (UBCM) commissioned an independent review titled 'Strengthening the Capital Planning and Cost Sharing Process – Emerging Directions for Change – A Review of the 2003 Cost Sharing Review'. The final report was submitted by Corpus Sanchez December 2008.

The Comox Strathcona Regional Hospital District (CSRHD) board adopted the following motions on June 16, 2016:

'THAT a letter be sent to the Minister of Health requesting that the Hospital District Act be updated to reflect the recommendations from the 2003 Ministry of Health review and request a meeting with the Minister to discuss;

AND FURTHER THAT a letter be sent to all Regional Hospital Districts requesting them to send a letter to the Minister as well.'

'THAT the Ministry of Health be requested to host a provincial session of Regional Hospital District chairs and chief administrative officers in conjunction with the September 2016 UBCM meetings.'

Executive summary

Responses have been received from the Minister of Health, Deputy Minister of Health and various RHDs supporting both the updating of the *Hospital District Act* and participating in a MOH provincially hosted session to review proposed amendments to the *Hospital District Act*.

In discussions with Chair Cornfield, staff have been asked to prepare a report that specifically identifies amendments to the *Hospital District Act* in order for the CSRHD board to review and discuss proposed amendments. When considering amendments to the *Hospital District Act*, there are three (3) subject areas that require review, updating and modernizing:

1. Legislative policy

Appendix D to this staff report reflects current language and proposed amendments in the *Hospital District Act*.

2. Tax rate

While conducting additional background research B.C. Reg. 406/82 (O.C. 1635/82) filed September 7, 1982 was reviewed (appendix C). The *Hospital District Act, Hospital District Act Regulation* references provincially set tax rates for each RHD. In discussions with the Assistant Deputy Minister (ADM) at the Ministry of Health it was explained that this regulation was under the ‘old system’ and that it no longer applied after the 1988/89 restructure and MOH no longer sets the RHD tax rates. Subsequently the MOH no longer required annual submissions by RHDs. The Ministry of Health had moved away from the oversight role to a more modern approach of enablement to address local needs. However, the ADM determined to seek legal counsel to confirm status of the regulation and subsequently provided two letters to the CSRHD. The letter dated December 1, 2016 (appendix E) acknowledges that the regulation is out of alignment with local CSRHD sustainable tax rate and advises to ‘continue with local practice’. A recent staff review of tax rates across the province for RHDs compared with the outdated 1982 provincial regulation indicates that of the current 23 provincial RHDs, seven (7) are aligned, five (5) no longer exist and several RHD names are not reflected correctly. The key message is that the *Hospital District Act* needs to be amended to enable RHDs to set the appropriate tax rate to reflect the local hospital district funding priorities. Appendix B provides the 2016 RHDs tax rates and the outdated 1982 tax rate regulations.

3. Facilities

The CSRHD staff conducted a survey in 2016 to determine categories of facilities that are being funded (cost shared) by other regional hospital districts. The outcome (Appendix A) identifies that several RHDs are contributing funds to other related projects, a few RHDs have requested related health care clinics to be added as named facilities and many RHDs are waiting for the modernization of the *Hospital District Act* to enable funding contributions to specific local priority health care capital projects.

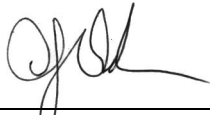
The staff report and supporting documentation will be sent to RHD Chief Administrative Officers across BC with the objective of providing an update on the request and rationale to support a provincially hosted meeting with all RHDs.

Recommendation from the Chief Administrative Officer:

THAT a letter be sent to the Minister of Health with copies to Deputy Minister of Health, Union of BC Municipalities and all Regional Hospital District Boards requesting

- a) alignment and modernization of the 1996 *Hospital District Act* and repeal of regulation B.C. Reg. 406/82 (O.C. 1635/82) as noted in the staff report dated May 19, 2017 and
- b) that the Ministry of Health coordinate a session at the 2017 UBCM convention to discuss the alignment and modernization of the *Hospital District Act*.

Respectfully:



Debra Oakman, CPA, CMA
Chief Administrative Officer

Enclosures:

- Appendix A – RHD funding survey results re: residential care funding
- Appendix B – 2016 RHD tax rate comparison to 1982 Tax Regulation
- Appendix C – 1982 BC Tax Regulation
- Appendix D – Proposed updates and changes to the *Hospital District Act*
- Appendix E – December 1, 2016 letter from the Ministry of Health to the CSRHD regarding updates to the *Hospital District Act*

Appendix 'A' - Regional Hospital District funding survey results re residential care funding

Health Authority	Regional Hospital District	General Information			Facilities Funded				Notes
		Total Annual Budget 2015	2015 Population	2015 Residential tax rate	Acute Care (hospital/named facilities)	Residential Care	Health Programs	Other	
Island Health	Alberni Clayoquot	\$ 1,806,000	31,061	0.2949	Yes	No	No	No	
Island Health	Capital	\$ 29,726,450	359,991	0.3004	Yes	Yes	No	No	The three categories of capital funding include Major Capital Projects (over \$2M) which includes residential care, Minor Capital Projects (\$100,000 - \$2M) and medical equipment (greater than \$100,000). Have been funding major residential care bed replacement projects as well as minor capital/equipment.
Interior & Northern Health	Cariboo Chilcotin	\$ 7,648,736	63,466	0.7154	Yes	Yes	No	Yes	Residential care facilities are included as long as the funding is only for capital costs and as long as the facility is owned by or under long term lease to the health authority. Fund community foundations that are hospital related (projects are within a health authority facility). Have a medical staff recruitment and retention fund.
Vancouver Coastal	Central Coast		3,206	0.1234	Yes	No	No	No	
Interior Health	Central Okanagan	\$ 30,386,351	179,839	0.3567	Yes	No	No	No	Extended care (patients receiving nursing care)
Island Health	Comox Strathcona	\$ 122,009,201	106,790	0.8369	Yes	No	No	No	
Island Health	Cowichan Valley	\$ 8,539,633	80,332	0.5436	Yes	No	No	No	Information obtained from website - The sole purpose of the CVRHD is to provide funding for Hospital Capital Equipment.
Fraser Health	Fraser Valley	\$ 11,073,018	277,593	0.2234	Yes	Yes	No	No	
Northern Health	Fraser-Fort George	\$ 6,740,810	91,879	0.3512	Yes	No	No	No	
Interior Health	Kootenay East	7,451,183	56,655	0.1605	Yes	No	No	No	
Island Health	Mount Waddington	\$ 642,916	11,506	0.3205	Yes	Yes	No	No	Any capital, however reserve judgement on level of contribution
Island Health	Nanaimo	\$ 9,989,109	146,574	0.2242	Yes	Yes (if it is a designated facility)	No	No	The RDN only provides capital funding to designated facilities, this includes all capital including relatively small items, but no operating funding at this time.
Interior Health	North Okanagan/Columbia	\$ 13,263,561		0.2918					
Northern Health	North West	\$ 8,926,067	72,412	0.4558	Yes	Yes	No	No	In 2007 NWRHD funded \$6M of \$15M for renovations and building a new wing on a Terrace residential care facility. 2010 funded \$6.8 M to the \$19.5M to expand residential care beds in Prince Rupert. A general grant is given for small capital items and the Health Authority can decide which facilities to purchase items for. NWRHD does not fund anything that is not capital.
Northern Health	Northern Rockies	\$ 864,660	5,578	0.08253					
Interior Health	Okanagan-Similkameen	\$ 16,170,600	80,742	0.3156	Yes		No	No	
Northern Health	Peace River	\$ 17,293,778	60,082	0.5950	Yes	Yes		Yes	Medical recruitment, some residential care not all. Funded 40% of Rotary Manor in Dawson Creek, did not fund facilities built onto the new hospital in Fort St. John and (since they were funding \$98M for the hospital)
Vancouver Coastal	Powell River	\$ 1,975,988	19,906	0.2408	Yes	Yes	No	No	New - Complex Care connected to hospital prior to that acute care only
Vancouver Coastal	Sea to Sky	\$ 1,000,218	35,266	0.0497	Yes	No	No	No	

Health Authority	Regional Hospital District	General Information			Facilities Funded				Notes
		Total Annual Budget 2015	2015 Population	2015 Residential tax rate	Acute Care (hospital/named facilities)	Residential Care	Health Programs	Other	
Northern Health	Stuart-Nechako	\$ 3,843,000	22,941	0.5400	Yes	Yes	No	Yes	Residential care at reduced level. Other funding was identified as clinical information systems.
Vancouver Coastal	Sunshine Coast	\$ 5,373,560	28,619	0.2423	Yes	No	No	No	Budget includes current hospital expansion project. Limited capital finding provided to a care home that is considered part of the hospital compound.
Interior Health	Thompson	\$ 31,466,697	130,304	0.4684	Yes	Yes	No	No	Sample of current residential care project - handicapped washrooms at Gillis House (complex care facility).
Interior Health	West Kootenay-Boundary	\$ 7,160,668	80,000 (approx)	0.3028	Yes	Yes	No	No	Hospitals/health care centres, some residential care. Sample projects are Hardy View Lodge (operated by Interior health) Nurse call system \$280K total (40% funded), Boundary Hospital/Sunshine Manor home

Appendix 'B' - Regional Hospital District 2016 tax rate - BC Regulation 1982 tax rates

Health Authority	Regional Hospital District	2016 Net taxable assessed value - hospital purposes	2016 RHD Residential tax rate	BC Regulation 1982 tax rate	Notes
Island Health	Alberni Clayoquot	4,506,269,213	0.2894	0.4676925	
Island Health	Capital	83,292,051,289	0.2909	0.0618850	
	Cariboo			0.2052897	1982 Regulation name references 'Cariboo' only
Interior & Northern Health	Cariboo Chilcotin	7,692,907,867	0.7048	0.2052897	Assuming 1982 regulation tax rate same as 'Cariboo' tax rate.
Vancouver Coastal	Central Coast	166,196,726	0.0906	0.0433723	
Interior Health	Central Okanagan	39,940,397,150	0.3332	0.1575625	Extended care (patients receiving nursing care)
Island Health	Comox Strathcona	17,423,837,557	0.8177	0.1122445	1982 Regulation Comox Strathcona is spelled incorrectly
Island Health	Cowichan Valley	13,188,666,277	0.5867	0.1644235	
	Central Fraser Valley			0.1044510	1982 Regulation: identifies 'Central' Fraser Valley
Fraser Health	Fraser Valley	40,442,251,172	0.2089	0.1044510	Assuming same 1982 regulation tax rate as 'Central Fraser Valley'
Northern Health	Fraser-Fort George	11,679,261,052	0.4527	0.1869025	
	Fraser-Cheam			0.3420459	1982 regulation name
Interior Health	Kootenay East	16,181,513,013	0.1572	0.0498969	1982 Regulation indicates 'East Kootenay'
Island Health	Mount Waddington	1,187,073,386	0.3240	0.0519059	
Island Health	Nanaimo	27,047,636,469	0.2181	0.1036486	
	North Okanagan			0.0353586	1982 regulation has two separate RHDS, current structure is merged North Okanagan Columbia Shuswap
	Columbia Shuswap			0.4800350	1982 regulation has two separate RHDS, current structure is merged North Okanagan Columbia Shuswap
Interior Health	North Okanagan Columbia Shuswap	22,106,728,583	0.2818		Combined 1982 regulation tax rate would equal .5153936
Northern Health	North West	8,516,001,040	0.4364	0.4271226	1982 Regulation refers to this area as 'Kitimat Stikine'.
Northern Health	Northern Rockies	2,312,748,375	0.0447	0.0598032	
Interior Health	Okanagan-Similkameen	14,929,476,391	0.3181	0.1645235	
Northern Health	Peace River	14,510,952,289	0.5999	0.4109541	
Vancouver Coastal	Powell River	3,016,437,296	0.2492	0.4557523	
	Greater Vancouver			0.0356105	1982 regulation name
	Squamish-Lillooet			0.0373670	1982 regulation name
Vancouver Coastal	Sea to Sky	16,669,086,651	0.0442		Name not included in 1982 regulation
	Buckley-Nechako			0.3400706	1982 regulation name
Northern Health	Stuart-Nechako	2,127,962,034	0.5610		Not included in 1982 Regulation.
Vancouver Coastal	Sunshine Coast	8,525,119,431	0.1517	0.0345659	
	Skeena-Queen Charlotte			0.2683779	1982 regulation name
Interior Health	Thompson	21,691,340,346	0.4574	0.1262574	1982 regulation references Thompson - Nicola.
	Central Kootenay			0.0317692	1982 regulation name
Interior Health	West Kootenay-Boundary	12,571,786,188	0.2986	0.0523568	1982 regulation name is 'Kootenay-Boundary'.

B.C. Reg. 406/82
O.C. 1635/82

Deposited September 7, 1982

This consolidation is current to May 2, 2017.

Hospital District Act

HOSPITAL DISTRICT ACT REGULATION

[includes amendments up to B.C. Reg. 24/2016, April 5, 2016]

Contents

- 1 Prescribed date
- 2 Tax rate relationships
- 3 Limits on amount specified by minister
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- 5 Tla'amin Nation vote under section 9 (1) of the Hospital District Act

Schedule

Prescribed date

- 1 The date prescribed for the purposes of section 23 (1) of the *Hospital District Act* is December 31, except for the 1996 budget which must be submitted by January 31, 1996.

[am. B.C. Regs. 312/87; 544/95.]

Tax rate relationships

- 2 If the council of a municipality raises a tax under section 26 of the Act, the relationships between tax rates on each property class to the tax rate on Class 1 must be the relationships in the following Schedule:

SCHEDULE	
<i>Class of Property</i>	<i>Ratio to Class 1 Rate</i>
1	1.0 : 1
2	3.5 : 1
3	1.0 : 1
4	3.4 : 1
5	3.4 : 1
6	2.45 : 1
7	3.0 : 1
8	1.0 : 1
9	1.0 : 1

[en. B.C. Reg. 336/2008, Sch. 7.]

Limits on amount specified by minister

- 3 For the purpose of section 20 (3) of the Act, the amount to be specified by the minister shall not exceed in the aggregate whichever is the greater of
- (a) \$200 000, or
 - (b) the product of the rate set out in Column 2 of the schedule opposite the regional hospital district set out in Column 1 per thousand dollars of the assessed value of land and improvements in the district.

[en. B.C. Reg. 61/85.]

Spent

- 4 Authority Repealed. [1998-30-84.]

Tla'amin Nation vote under section 9 (1) of the Hospital District Act

- 5 (1) Despite section 9 (1) of the *Hospital District Act*, the Tla'amin Nation may participate in a vote under that section by the board of the Powell River Regional Hospital District.
- (2) The number of votes to which the Tla'amin Nation is entitled is
- (a) the number obtained by dividing the population of the Tla'amin Nation by the voting unit specified in the letters patent for the Powell River Regional Hospital District, or
 - (b) if the quotient under paragraph (a) is not an integer, the next greater integer to the quotient.
- (3) A change in the population of the Tla'amin Nation established by census, for the purposes of subsection (2), takes effect in the year following the year in which that census was taken.

[en. B.C. Reg. 24/2016, Sch. s. 1.]

Schedule

[en. B.C. Reg. 120/89; see 1998-30-84; 14/2009.]

Column 1	Column 2
<i>Regional Hospital District</i>	<i>Rates for Section 20 (3) of Act</i>
Alberni-Clayoquot	.4676925
Bulkley-Nechako	.3400706
Capital	.0618850
Cariboo	.2052897
Central Coast	.0433723
Central Fraser Valley	.1044510
Central Kootenay	.0317692
Central Okanagan	.1575625
Columbia Shuswap	.4800350
Comox-Strathcona	.1122445

Cowichan Valley	.1644235
Dewdney-Alouette	.0330258
East Kootenay	.0498969
Northern Rockies	.0598032
Fraser-Cheam	.3420459
Fraser-Fort George	.1869025
Greater Vancouver	.0356105
Kitimat-Stikine	.4271226
Kootenay-Boundary	.0523568
Mount Waddington	.0519059
Nanaimo	.1036486
North Okanagan	.0353586
Okanagan-Similkameen	.1645235
Peace River	.4109541
Powell River	.4557523
Skeena-Queen Charlotte	.2683779
Squamish-Lillooet	.0373670
Sunshine Coast	.0345659
Thompson-Nicola	.1262574

[Provisions relevant to the enactment of this regulation: [Hospital District Act](#), R.S.B.C. 1996, c. 202, sections 20 (3) and 23 (1) and 51]

Hospital District Act		
Section		Review/update/modernize
Part 1 Definitions	Hospital	Hospital Act section 49
	Hospital facilities	Further define 'things'. A more complete current list would modernize the legislation ie: for the purposes of cost sharing capital equipment, projects in Acute care hospitals; diagnostic and treatment centres; complex, multi-purpose and extended care facilities; client/patient information technology projects or any other project permitted by Ministry of Health Services as defined in Ministry policy (or regulation).
	Secretary	Consider establishing a more independent organization or updating definition to reflect LGA and Community Charter 'officers'
Part 2 Hospital Districts and Boards	Division 1	Review and modernize – it is not clear on whether sections in this division are still relevant
	Division 2	
	Section 8 (1)	Add: 'and alternative directors'
	Section 17	Modernize – this section could be updated to reflect either an independent organization governance model or improve clarity with regard to appointments from regional districts.
	Section 17 (6) (b)	ADD: 'appoint'
	Division 3 and 4	Review and modernize
Part 3 Functioning of Boards	Division 1 Section 20 (1)(a)	Modernize the role of RHDs, ie: <ul style="list-style-type: none"> • Represent the RHDs interest in the capital planning process and to work with the health authority to establish capital priorities; • Determine the level of support available for capital projects sponsored by the health authority, and • Raise revenue for health capital contributions to assist the health authority. Purposes - Propose new definition ie: (a) To cost share towards the establishment, acquisition, construction, reconstruction of hospitals and hospital facilities.
	Section 20 (1) (c)	Review intent of section
	Sections 20 (1) (d);(e)	Modernize – no longer seem applicable
	Section 20 (3)	Modernize – does not align with current practice. Could delete 'an amount which must not be greater in aggregate than a prescribed amount'. Each RHD is taxing and establishing their budgets based on local needs.
	Section 20 (4)	Modernize – Align with current practice. Delete 'and must be reported to the minister'
	Section 20 (6)	Modernize – may no longer be applicable
	Section 22	Modernize – align with current practice. Delete section as RHDs establish their own policies.
	Section 23 (1)	Delete 'a prescribed date' Replace with 'December 31 st '
	Section 27 (3)	Modernize – align with current practice. Delete (a). Review all and update
Part 4 General	Section 51 (2)	Modernize – align with current practice. Delete (a). Review all and update.

HOSPITAL DISTRICT ACT – LEGISLATIVE REVIEW/MODERNIZATION

General Summary – The Hospital District Act is 35 pages in length and generally does not reflect current practice of either the Ministry of Health or Regional Hospital Districts. The Hospital District Act requires a full review and modernization.



Comox Valley Regional District

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DEC 01 2016

Ms. Debra Oakman
Chief Administrative Officer
Comox Strathcona Regional Hospital District
600 Comox Road
Courtenay, BC V9N 3P6

Dear Ms. Oakman:

This letter is further to my letter of October 20, 2016, regarding the *Hospital District Act* (HDA) Regulation implementation.

The Ministry of Health (the Ministry) recognizes that the HDA Regulation has not been amended since its enactment in 1982 and is in need of updating to reflect current practices. The Ministry is working with the Ministry of Justice to determine the best mechanism for updating the HDA regulation and will be recommending that changes be made to the Regulation at the earliest opportunity. In the meantime, there is no expectation that regional hospital districts change their current practices with respect to the setting of tax rates.

If you require any further information, please contact Joel Palmer, Executive Director, Capital Services Branch, at 250-952-1102 or Joel.Palmer@gov.bc.ca.

I appreciate the opportunity to respond.

Yours truly,

Manjit Sidhu, CPA, CA
Assistant Deputy Minister
Finance and Corporate Services

pc: Mr. Joel Palmer, Executive Director, Capital Services, Ministry of Health