

## CAPITAL REGIONAL DISTRICT

### STAFF REPORT TO THE HEALTH FACILITIES PLANNING COMMITTEE MEETING OF WEDNESDAY, JULY 21, 2004

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#### **TITLE:**

Major and minor equipment funding for the Vancouver Island Health Authority.

#### **SUBJECT:**

Extension of current funding for major and minor equipment and approval of non-shareable Capital Regional Hospital District Bylaw No. 133, 2004 in the amount of \$266,700.

#### **BACKGROUND:**

##### **A) Extension of the Three Year approval for Additional Equipment Funding**

In 1995 the Board approved a Five Year Plan for additional equipment funding beyond the annual Section 20(3) grant. The approval was based on the following factors:

- deterioration and/or obsolescence of equipment and the adverse effects on the accuracy and speed of diagnosis and treatment of patients;
- historically lower than average contributions by the Board compared to other Regional Hospital Districts and;
- difficulties in increasing private fundraising with private donors not wanting to bail out "underfunding" by governments.

The Five Year additional equipment funding (\$7.5M or \$1.5M per annum) was approved as a borrowing bylaw above and beyond the annual \$930,050 Section 20(3) grant amounting to \$2,430,050 per annum. That funding approval expired in 2000.

In 2001, the Board agreed to extend its approval for \$2,430,050 in annual equipment funding for three years (2001 through 2003). That funding approval expired in 2003.

The proposal to continue with \$2,430,050 annual equipment funding for the next three years (2004 through 2006) requires the Board's consideration this year.

##### **B) District funding approval for hospital equipment for 2004**

As noted above, there are two sources of equipment funding, the Section 20(3) grant and borrowing. From 1995 to 2000 the grant was \$930,050 and the borrowing was \$1,500,000.

In March 2001, in an effort to reduce borrowing costs, the Board approved a plan to convert borrowing to grant funding over a three to five year period.

In November 2003 the Board approved the provisional budget with \$2,163,350 in Section 20(3) grant and \$266,700 in borrowing.

In 2005, subject to Board approval, all of the District's equipment contribution will be grant funded.

On May 25, 2004, VIHA submitted its 2004/05 request to the District which included \$900,000 for major equipment (over \$100,000) and \$1,530,000 for minor equipment (under \$100,000).

The \$900,000 major equipment funding request represents 7% of the total VIHA (South) funding (\$12,425,000) for 2004 and is to be applied to the purchase of equipment itemized in Appendix 1.

The balance of major equipment funding is coming from the Ministry of Health Services (\$6,388,000 – 51%) and the Foundations/Auxiliaries (\$5,137,000 – 41%).

The \$1,530,000 request for minor equipment represents 20% of the total budget (\$7,566,000) covering a broad range of 238 items (e.g. monitors, scopes, pumps, etc.).

### **CONCLUSION:**

The climate for hospital equipment funding has not substantially changed since the Board granted its original approval for additional equipment funding in 1995. The adequacy of funding for hospital equipment is still a major issue for VIHA.

In accordance with VIHA's strategic planning process, it is anticipated the Health Authority will produce a five year capital plan including hospital equipment needs later this year. That plan may include a request for an additional equipment funding from the District which would need to be considered by the Board in light of its overall capital commitments to health facilities in the District.

Staff support a continuation of District equipment funding of \$2,430,050 over the next three years (2004 to 2006). This approval can be revisited if VIHA requests additional funding for equipment during the next three years.

This is the final year (2004) of borrowing for equipment contributions. Borrowing the amount of \$266,700 over five years translates to an annual charge against the average 2004 assessed residential value (\$290,237) of \$0.40.

**RECOMMENDATIONS:**

1. That the Committee recommend to the Capital Regional Hospital District Board to continue its \$2,430,050 annual equipment funding for the years 2004, 2005 and 2006.
2. That the Committee recommend to the Capital Regional Hospital District Board approval of funding to Vancouver Island Health Authority for 2004 in the amount of \$2,430,050 with \$2,163,350 from the Section 20(3) grant fund and \$266,700 from a non-shareable borrowing bylaw.
3. That the Committee recommend to the Capital Regional Hospital District Board approval of the Capital Regional Hospital District Bylaw No. 133, 2004 in the amount of \$266,700 for a financing term of five years.

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Comments of the Director of Finance:

Comments of the Executive Director: