Community Financial Policy

For LHIN Health Service Providers (HSPs)

April 1st, 2016

Ministry of Health and Long-Term Care

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INTRODUCTION

The Ministry-LHIN Accountability Agreement (MLAA) requires the Local Health Integration Networks (LHINs) to comply with all applicable legislation, including the Financial Administration Act as reflected in Schedule 4, s.9 of the MLAA. The *Local Health System Integration Act* (LHSIA) and the MLAA require LHINs to have a current Service Accountability Agreement (SAA) in place with their health service providers (HSPs).

Community HSPs funded by the LHINs are expected to adhere to the terms of their Multi-Sector Service Accountability Agreement (MSAA) and to meet certain financial requirements.

Community HSPs include the following Community Services sectors:

- Acquired Brain Injury
- Addictions
- Assisted Living Services in Supportive Housing
- Community Care Access Centres/LHIN Delivered Services[1]
- Community Health Centres
- Community Mental Health
- Community Support Services

This Community Financial Policy document is a consolidation of four ministry financial policies relevant to the different community sectors (see Appendix). It is not a comprehensive review of operational policies and no substantive changes are intended. The requirements set out in this document consolidate the related financial policies that are outlined in the following documents:

- 2001/2002 Planning, Funding & Accountability Policy & Procedures Manual for Long-Term Care Community Services, 8th Edition, December 2000.
- Operating Manual for Mental Health Services and Addictions Treatment Services (Substance Abuse and Problem Gambling Services) Funded by the Ministry of Health and Long-Term Care, December 2003.
- Community Health Centre Policies & Procedures Manual, December 2001.
- Ministry of Health and Long-Term Care Funding Policy (included with the CCAC Business Plan/Budget Package).

Schedules with sector specific requirements can be found in Section 6 of this document.

Additional policies, guidelines, directives or standards that are applicable to HSPs are listed in Schedule D of the MSAA.

[1] Until all Community Care Access Centres (CCAC) are transferred to the LHINs under the *Patients First Act*, references to CCAC will be referred to as " Community Care Access Centre/LHIN Delivered Services".

DEFINITIONS

EXPENSES – FUNDED AND NON-FUNDED

Appropriations/Reserves: Setting aside operating funds for purposes other than intended (e.g. to utilize operating funds for capital purposes).

Contingent Liabilities: A contingent liability is either a possible obligation arising from past events and depending on future events not under the organizations control, or a present obligation not recognized because either the organization cannot measure the obligation or settlement is not probable. (e.g.: A provision for future sick leave costs, or expected future salary awards.)

Employee Transportation Costs: Costs incurred by employees to travel to arrive at and depart from work.

Expenditures for Brokered Services other than Administration and Coordination: Client payment for services arranged through the brokered service (e.g. client payment to plumber).

Fines: Costs incurred by a breach of law or financial inattentiveness, negligence or incompetence (e.g., fees for NSF cheques or parking tickets).

Gifts, Honoraria: Expenses for gifts/tributes, and staff entertainment or parties.

Non-Arm's Length Transactions: All expenditures arising from transactions not conducted at arm's length. A non-arm's length transaction is one in which a director or authorized officer of the HSP can influence the value or cost of goods or services to exceed the item's fair market value.

REVENUE, EXCLUSIONS AND INCLUSIONS FROM THE SUBSIDY CALCULATION

Client Fees to be used in the Subsidy Calculation: Revenue arising from client charges made for the provision of LHIN or ministry services if allowed by legislation.

Consulting or Training Fees: Fees charged for services provided to other organizations (e.g., training, consulting or other related services).

Donations Received for General Purposes: Revenue received in excess of the amount identified in the budgeting process for LHIN or ministry funded service provision.

Fundraising: Activities to increase revenue NOT involving the use of LHIN or ministry funded resources.

Other Grants or Subsidies (non-LHIN/ministry): Revenue received from other ministries, government bodies or community agencies for costs ordinarily subsidizable. These revenues are not recorded or accounted for separately.

Other Income: Revenue arising from charges levied for the use of LHIN or ministry subsidized resources such as parking fees, staff or visitor accommodation or meals, space or equipment rentals, transportation charges, etc. **Rental Income:** Revenue generated from renting LHIN or ministry funded space to other organizations.

Specific Capital Donations, Endowments or Bequests: Revenue received for capital acquisitions, improvements or equipment.

SCHEDULE C – COMMUNITY HEALTH CENTRES

Non-insured Clients: Non-insured clients are people residing in Ontario who do not have health insurance and who are considered a priority population for the purposes of CHC services as they face a significant barrier to accessing appropriate primary care. A person is non-insured client if:

1) He or she is not covered under the OHIP;
2) He or she is not receiving Interim Federal Health assistance; and
3) He or she is not covered by health insurance in another jurisdiction.

1.0 GENERAL FINANCIAL REQUIREMENTS

The financial requirements outlined below must be met by an HSP funded by a LHIN.

Financial Requirements	Considerations
1. Audited Annual Reconciliation Reports (ARR)	The Annual Reconciliation Report must be certified by the agency's external auditors when total ministry/LHIN community funding is $100,000 or greater. Audit certification may be required for agencies funded at less than $100,000 at the discretion of the ministry.
2. Basis of Accounting	HSPs must maintain financial records in accordance with Generally Accepted Accounting Principles (GAAP) or in accordance with the International Financial Reporting Standards (IFRS) or Public Sector Accounting Board (PSAB) Standards, as advised by the HSP's auditor(s).
3. Funding for Capital Expenses	HSPs from eligible sectors that require funding for capital projects can apply to the ministry for a capital grant. While the Capital Planning Manual 1996 states an expectation that HSPs will fund capital projects under $100,000 dollars from in-year surplus operating funding within year, capital grants can be provided for these smaller projects under exceptional circumstances. The process to submit a proposed capital project for ministry funding consideration is described in the Ministry-LHIN Joint Review Framework for Early Capital Planning Stages: Toolkit.
4. Other Payments	Where fees are appropriate and possible, HSPs should collect fees from third parties such as the Workplace Safety and Insurance Board (WSIB). All funds collected for other direct billing services related to ministry or LHIN funded programs are recoverable by the ministry.
5. Purchases Under $5,000	Minor purchases under $5,000 can be incurred without LHIN or ministry (whichever is the applicable funder) approval. However, all purchases must be essential to the delivery of services and made prior to the end of the fiscal year.
6. Purchases of $5,000 or More	After the budget is approved, HSPs are required to seek LHIN or ministry approval in writing for any purchase $5,000 or more (e.g., equipment, leasehold improvements, renovations) unless a higher threshold was previously approved by the LHIN or the ministry.

Financial Requirements	Considerations
7. Procurement of Goods and Services	If the HSP is subject to the procurement provisions of the *Broader Public Sector Accountability Act* (BPSAA), the HSP will abide by all applicable directives and guidelines issued by the Management Board of Cabinet. If the HSP is not subject to the procurement provisions of the BPSAA, the HSP will have a procurement policy in place that requires the acquisition of supplies, equipment or services valued at over $25,000 through a competitive process that ensures the best value for funds expended. If the HSP acquires supplies, equipment or services with its LHIN or ministry funding, it will do so through a process that is consistent with this policy.
8. Restriction on Borrowing	HSPs may not use LHIN or ministry funding or fixed assets purchased with LHIN or ministry funds as collateral when borrowing money without the prior written consent of the applicable funder.
9. Unspent Recoverable Funds	All unspent recoverable funds are the property of the government and are returned to the government at the end of the fiscal year. • Unspent funds cannot be carried forward from one fiscal year to the next. Unspent funds will be recovered as soon as possible after an HSP submits its settlement forms and audited financial statements. • Funds will be recovered by reducing future payments/cash flow to the HSP. Interim recovery is based on the HSP's submitted settlement forms. Further adjustments may be made after the final review by the LHIN or ministry. In some instances, the LHIN or ministry may direct the HSP to issue a certified cheque payable to the "Minister of Finance".

2.0 EXPENSES – FUNDED AND NON-FUNDED

2.1 Funded Expenses

Expenditures that are deemed reasonable and necessary for the provision of services are usually admissible for calculation of the operating subsidy. These expenditures must be authorized in accordance with the policies of the HSP, consistent with government policies, approved by the LHIN or ministry, and supported by documentation as requested.

2.1.1 Funded Expenses Requiring Prior Written Approval

Listed below are funded expenses (i.e., admissible for calculation of the operating subsidy), requiring prior written approval.

Funded Expenses	Considerations
1. Capital Items	Capital Items, that are not part of a capital project, may be negotiated and included in the operating budget with LHIN or ministry approval, see Section 1.0 General Financial Requirements regarding purchases (e.g., new equipment or replacement equipment).
2. Cost of Winding Down Services	May be funded pursuant to the provisions of the MSAA.
3. Incorporation, Reorganization or Integration Cost	None
4. Interest on Capital and Operating Loans	None
5. Lease/Rental Costs when paid to Non-Arm's Length Corporations	May be funded, provided that charges do not exceed those which would be paid if the transactions were at arm's length.
6. Mortgage Payments (including both interest and principal)	Before approving new mortgage financing or making a change to the financial arrangements of an existing mortgage and to enable the LHIN to seek approval from the ministry (not including financing for the non-profit housing program covered by a 2002 MOU between the Ministry of Health and the Ministry of Municipal Affairs and Housing), the HSP must provide the LHIN with documentation that confirms that the contribution to a mortgage does not exceed a reasonable cost of rent. Such documentation could include a professional attestation. If accepted, the ministry will protect the provincial interest in real property according to the approved financial practices of the ministry.
7. Non-Arm's Length Transactions	See definition in the Definitions section
8. Property Taxes	Note that Municipal grants/rebates in lieu of taxes must be used to offset LHIN or ministry subsidies.

2.2 Non-Funded Expenses

The following expenditures are not admissible for reconciliation purposes.

Non-Funded Expenses	Considerations
1. Amortization of Capital Assets	Amortization is to be recorded in the appropriate amortization expense accounts, e.g. Amortization on Major Equipment – Distributed, F 1 51 04 Amortized Provincial Grants – Equipment, etc. These will be part of the year- end reconciliation process. Amortization revenue and expenses are not admissible for reconciliation purposes.
2. Appropriations/Reserves	See definition in the Definitions section
3. Contingent Liabilities	See definition in the Definitions section
4. Contributions or Donations to Political Organizations	None
5. Donations to Individuals or Organizations	None
6. Employee Transportation Costs	See definition in the Definitions section
7. Expenditures for Brokered Services other than Administration and Coordination	See definition in the Definitions section
8. Fines	See definition in the Definitions section
9. Fundraising Costs	Fundraising revenue and expenses must be reported separately in Ontario Healthcare Reporting Standard (OHRS)/Management Information System (MIS) using the appropriate coding.
10. Bonuses, Gifts, and Honoraria	Bonuses and Honoraria are not admissible when paid to staff or board members. Honoraria and modest gifts are admissible for guest speakers and trainers for workshops and seminars. Modest gifts are admissible for long service staff, volunteers and board members. In order for these cases to be admissible, the HSP must have a written policy approved by the HSP's governing body.
11. "In kind" or Contributed Services where an Actual Transfer of Funds Does Not Occur	For example, donations of equipment are not recognized as eligible expenditures for subsidy. Volunteer time cannot be assigned a monetary value and claimed as revenue. These services will be recorded in the HSP's corporate MIS reporting according to GAAP, but are excluded for funding purposes.

Non-Funded Expenses	Considerations
12. Items for personal use/consumption	None
13. Loans to Clients or Staff	None
14. Medications/Emergency Dental Expenses	HSPs should not underwrite the cost of client medications or emergency dental expenses, except in specific treatment programs. These costs should be paid by the individual, private insurance, the Ontario Drug Benefit plan (for those who are eligible) or the Trillium Drug Program. See Schedule C (CHC) and D (Mental Health and Addictions), section 2.1 for exceptions.
15. Professional Membership Dues	Not admissible when paid for an individual's membership in a professional organization.
16. Provisions for Bad Debts	None
17. Rent for Premises	An HSP that receives a capital funding grant from the ministry to purchase/construct a new facility or to renovate/expand the current facility cannot charge rent for the use of that space which was approved for funding by the ministry/LHIN. Reasonable costs (in compliance with the test for reasonableness) incurred to operate that space (e.g., heat, hydro, water) are permitted.
18. Retainer Fees Applicable to Subsequent Periods	Accrual Accounting is required per GAAP and the Canadian Institute of Chartered Accountants (CICA) Not-For-Profit Organizations Guidelines. These fees are recorded as Prepaid Expenses in the Balance Sheet using account #126 00. These will be part of the year- end reconciliation process.
19. Sick Time	Accruals that are part of regular operations and would be paid out are required reporting as per GAAP and CICA Not-For-Profit Organizations Guidelines – Accounting. Reported on Balance Sheet #425 50 Accrued Current Liabilities – Sick Leave Benefits Payable (vested).

3.0 REVENUE, EXCLUSIONS AND INCLUSIONS FROM THE SUBSIDY CALCULATION

Revenue received by the HSP from the LHIN or ministry must be used for the services that the HSP is approved to deliver.

3.1 Revenue to be Included in the Subsidy Calculation (Non-Retainable Revenue)

If HSPs are generating income from assets or services already funded 100% by the LHIN or ministry, they are either required to use the funds to support LHIN or ministry (whichever is the applicable funder) funded programs or to repay the funds. The following are to be included in the subsidy calculation to determine non-retainable revenue (i.e., the subsidy calculation).

Non-Retainable Revenue	Considerations
1. Client Fees to be used in the Subsidy Calculation	See definition in the Definitions section
2. Consulting or Training Fees	See definition in the Definitions section
3. Expenditure Recoveries	Recoveries occur when financial resources, which were intended to fund a specific activity, are temporarily used and then repaid.
4. Fundraising and Donations	The specific amount of local contributions to be achieved and determined through the budgeting process.
5. Interest Income	Interest earned on advances/subsidy must be included in the income of LHIN or ministry funded programs. HSPs may use interest income earned on LHIN or ministry funds to support activities funded by the applicable party within the same fiscal year.
6. Other Grants or Subsidies (non-LHIN/ministry)	See definition in the Definitions section
7. Other Income	See definition in the Definitions section
8. Rebates, Credits and Refunds	All HST and other rebates, credits and refunds, anticipated from the use of LHIN or ministry funding should be incorporated into the budget.
9. Refunds or Recoveries of Previous Expenditures	Refunds or recoveries of previous expenditures are treated as a reduction of the related expense (the amount of the refund or recovery is deducted from the total invoice). This includes items such as HST rebates, recovery of overpayments, refunds of sales, gasoline, property or municipal taxes paid.

Non-Retainable Revenue	Considerations
10. Rental Income	This income must be used to cover any expenses related to the rentals. Any excess can be used to support/enhance activities funded by the applicable party in the same fiscal year. At the end of the fiscal year, any rental income that is not spent on program activities will be recovered.
11. Reporting on Funds from Different Sources	HSPs that receive funding from more than one source must allocate expenses – including central administration costs – fairly and appropriately to each funding source, keep separate financial records for LHIN and ministry funding, and report separately on their use of these funds.

3.2 Revenue to be Excluded from Subsidy Calculation (Retainable Revenue)

These sources of revenue must be clearly identified so that there is no possibility that they are included in the subsidy calculation. These funds may be used to support other services provided by the HSP and/or accumulated in one or more funds for designated purposes. If these sources of revenue are maintained from one fiscal year to another, it is essential that they be clearly identified on the balance sheet of the audited financial statement; otherwise income may be deemed for operating purposes.

Retainable Revenue	Considerations
1. Donations Received for General Purposes	See definition in the Definitions section
2. Fundraising and Donation	See definition in the Definitions section
3. Interest Income	Income arising from the investment of general or capital donations not designated for LHIN or ministry programs.
4. Specific Capital Donations, Endowments or Bequests	See definition in the Definitions section

4.0 REALLOCATION

4.1 In-Year Budget Reallocation

After the budget has been approved, HSPs may, within the fiscal year, reallocate funds in order to meet approved service targets or respond to increased/different service demands. Prior written approval from the LHIN or ministry is required in advance to reallocate funds:

- To provide a service that was not in the approved budget
- To provide additional approved services above the approved service targets
- To substitute one type of approved service for another
- To use Dedicated Service Funding for purposes other than intended (see Schedules for sector specific details)

Reallocated funds can only be used for allowable expenses as defined above.

4.2 Change in Permanent Budget

To transfer funds permanently, HSPs should use the budget approval process. The HSP will submit a budget that reflects the transfer and note the LHIN or ministry pre-approved change in the Narrative that accompanies the budget. When the budget is approved, then the permanent change is approved.

4.3 Allowable Uses of In-Year Unspent Recoverable Funds

Requests to use in-year unspent/surplus funds must be made in writing to the LHIN or ministry unless there are sector specific requirements for Community Care Access Centres/LHIN Delivered Services, Community Support Services Agencies, Community Health Centres, and Community Mental Health and Addictions Agencies. Use of the funds must be approved and the funds expended before the end of the fiscal year.

4.4 In-Year System Reallocations

HSPs need to ensure accurate fiscal forecasts in the quarterly reports to the LHIN or ministry. Confirmed forecasts of un-spent LHIN or ministry funding may be recovered within the fiscal year and reallocated to address one-time financial pressures in other HSPs.

5.0 ASSETS

A Registry of Assets must be maintained for physical assets such as buildings, building service equipment and land, vehicles, computers and software, furniture and other equipment that have been purchased by HSPs with LHIN or ministry funds. The expectation is that these assets will be used for the provision of services. The LHIN or ministry may ask for a copy of the inventory at any time.
It is also expected that when an HSP closes or ceases to provide services, the LHIN or the ministry (whichever is the applicable funder) will approve the disposition of assets for which it has provided funding.

Instructions for the Registry of Assets

List all assets with an original cost in excess of $5,000 with a useful life longer than one year ("original cost" is defined as the original cost of the asset including transportation and set-up, net of discounts or the total cost of a capital lease).

Assets are to be listed by the following categories:

- Buildings and Land
- Building Service Equipment
- Leasehold Improvements
- Vehicles, Computers & Software, Furniture
- Other Equipment and Other (Specify)

Details should include date of purchase, cost, description (serial number if possible) and amortization rate.

There must be a notation of the source of funds used for the purchase of the asset (i.e., LHINs, ministry, fundraising or donation).

HSPs use straight-line amortization per Canadian Institute for Health Information (CIHI) guidelines. Current Year's Purchases (e.g. recorded in Balance Sheet Accounts# 32854, 32862, 32871, or 32884) are recorded in the year-end submission to meet the needs of Statistics Canada. These accounts are cleared at the beginning of the new fiscal year to their related Total Asset accounts (e.g. 32850, 32857, 32870, 32880).

There must be a policy on the disposal of assets. The registry should include a separate list of the items disposed of, including date, methods of disposition and proceeds from disposition. As per the MSAA, the HSP shall not, without the LHIN or ministry's prior written consent, sell, lease or otherwise dispose of any assets purchased with funding, the cost of which exceeded $25,000 at the time of purchase.

The asset registry must be kept current and must balance with the total year-end asset and amortization accounts on the balance sheet.
The proceeds of the sale should be reported as "other revenue." With LHIN or ministry (whichever is the applicable funder) approval, the HSP can use these proceeds to support program activities.

6.0 SCHEDULES: SECTOR SPECIFIC REQUIREMENTS

The following schedules outline additional sector specific requirements.

6.1 SCHEDULE A – COMMUNITY CARE ACCESS CENTRES/LHIN DELIVERED SERVICES

1.0 GENERAL FINANCIAL REQUIREMENTS

No sector specific requirements

2.0 EXPENSES – FUNDED AND NON-FUNDED

2.1 Funded Expenses

No sector specific requirements

2.2 Non-Funded Expenses

Professional licensing fees (e.g. for nurses etc.)

3.0 REVENUE, EXCLUSIONS AND INCLUSIONS FROM THE SUBSIDY CALCULATION

No sector specific requirements

4.0 REALLOCATION

For dedicated funding for School Health Professional and Personal Support Services, HSPs must receive prior approval from the LHIN or ministry to use these funds for other purposes should the HSP not be able to spend this dedicated funding on these initiatives.

5.0 ASSETS

No sector specific requirements

6.2 SCHEDULE B – COMMUNITY SUPPORT SERVICES

1.0 GENERAL FINANCIAL REQUIREMENTS

Client Fees: May be charged for meals-on-wheels, wheels-to-meals/diners club, transportation, the meals and transportation services of the adult day service, and home maintenance and repair.

2.0 EXPENSES – FUNDED AND NON-FUNDED

No sector specific requirements

3.0 REVENUE, EXCLUSIONS AND INCLUSIONS FROM THE SUBSIDY CALCULATION

No sector specific requirements

4.0 REALLOCATION

No sector specific requirements

5.0 ASSETS

No sector specific requirements

6.3 SCHEDULE C – COMMUNITY HEALTH CENTRES

1.0 GENERAL FINANCIAL REQUIREMENTS

Non-Insured Funding: CHCs receive funding to provide diagnostic services (laboratory and x-ray) and/or specialist care (OHIP listed procedures) for their non-insured clients. Funding provided to purchase these services shall not be used for any other purpose.

Non-insured clients are people residing in Ontario who do not have health insurance and who are considered a priority population for the purposes of CHC services as they face a significant barrier to accessing appropriate primary care. A person is non-insured client if:

1) He or she is not covered under the OHIP;
2) He or she is not receiving Interim Federal Health assistance; and
3) He or she is not covered by health insurance in another jurisdiction.

CHCs that purchase diagnostic and specialist care services for clients who are not insured under OHIP shall:

- Ensure payments made for such services are in accordance with OHIP fee schedules;
- Cover specialists' services only if provided in a provider's office, where their clients resides or in a health facility; and
- Cover only those hospital-related costs that the ministry would cover for insured persons under OHIP.

CHCs receiving funding for non-insured clients shall report on the expenditure of these funds and forecast planned expenditures for the fiscal year. Any unspent funds are subject to recovery. If demand for services for non-insured clients exceeds the annual allocation, CHCs may request additional in-year funding from their LHIN for consideration.

Fees for CHC Activities: CHCs may not charge individual clients (who are residents of Ontario) for any LHIN or ministry funded services. If services for a CHC client have been requested by a third party, the CHC shall collect the applicable fees from the third party and/or advise the client to direct any claims for costs associated with services delivered by CHC staff on behalf of third parties to the CHC.

Claims for Service Provider Interactions with Clients from Other Canadian Provinces: CHCs are not entitled to receive or use LHIN or ministry funds for out-of-province clients. If the client is covered under a health insurance plan of another province, CHCs must make claims for encounters with these out-of-province clients by using the OHIP out-of-province claim forms, or by billing Regie de l'Assurance Maladie du Quebec (RAMQ) directly, in the case of residents of Quebec.

Claims for Service Provider Interactions with International Clients: The CHC shall charge persons residing outside of Canada for services; however this service provision cannot take priority over services to be provided to Ontario residents.

2.0 EXPENSES – FUNDED AND NON-FUNDED

2.1 Funded Expenses

No sector specific requirements

2.2 Non-Funded Expenses

Professional Licensing Fees: (e.g., for physicians and nurses, etc.)

Medications/Emergency Dental Expenses: CHCs should not underwrite the cost of client medications or emergency dental expenses, except in specific treatment programs. These costs should be paid by the individual, private insurance, the Ontario Drug Benefit plan (for those who are eligible) or the Trillium Drug Program. CHCs are encouraged to seek out other sources of coverage for medications and emergency dental expenses (e.g., Ontario Works, Trillium).

Exceptions to this are on a case by case basis under extenuating and emergency circumstances for individuals:

- Who do not have access to an alternative source for coverage for these expenses; and
- Who may suffer unnecessary risk or harm if the service is not provided.

The expenses incurred must not negatively impact the organization's negotiated service delivery and financial commitments.

3.0 REVENUE, EXCLUSIONS AND INCLUSIONS FROM THE SUBSIDY CALCULATION

No sector specific requirements.

4.0 REALLOCATION

4.1 Non-Insured Funding

Funding for clients who are not insured persons under the Ontario Health Insurance Plan (OHIP) is dedicated funding under the MLAA and cannot be reallocated unless supported by the LHIN and approved by the ministry.

LHINs will review reallocation requests by CHCs and if in agreement, will submit a formal written request to the Director of LHIN Liaison Branch on behalf of the CHC(s). The request must include the following information:

- Rationale for funding reallocation;
- Total amount to be reallocated; and
- Details of how funding will be reallocated.

4.2 Funding for Physician Compensation

Physician compensation is comprised of physician salaries and benefits only (the additional 5% funding for relief is excluded). Physician compensation is dedicated under the MLAA and must be used for its intended purpose. Any request for in-year reallocation of this funding must be supported by the LHIN and approved by the ministry.

Requests for reallocation of physician funding surpluses within the CHC sector due to vacancies and/or leaves should be used primarily for direct service provision based on the needs of the organization and client demand. Examples of permissible requests include, but are not limited to, reallocation to hire/reimburse other health care providers such as locum physicians, visiting physicians, nurse practitioners, and/or other primary health care staff to support the provision of ongoing primary care services for clients. Requests for reallocation of physician funding surpluses to support non-insured diagnostic and specialist care/consults are also allowed.

LHINs will review reallocation requests by CHCs and, if in agreement, will submit a formal written request to the Director of LHIN Liaison Branch on behalf of the CHC(s). The request must include the following information:

- Reason for request;
- Total amount to be reallocated; and
- Details of how funding will be reallocated.

4.2.1 Vacancies

The CHC should strive to maintain a full complement of physicians and recruit accordingly when vacancies occur.

Ad-hoc, unexpected vacancy (or leave of absence for up to 12 months): CHCs will develop solutions internally to cover for the absence of a physician expected to resume work within 12 months.

Ongoing (recurring) vacancy: CHCs experiencing recurring/continued vacancies beyond 12 months are expected to make a concerted effort to recruit physicians to fill these vacancies. These CHCs may request partial reallocation early in the fiscal year for direct service provision, as indicated above, while continuing to recruit for unfilled physician positions. In addition, they are required to provide the LHIN with a year-end Primary Care Provider Recruitment and Retention Plan. The reporting plan should include the following items:

- Reason(s) for vacancies;
- Explanation of recruitment challenges; and
- Details of recruitment efforts undertaken by the CHC.

4.2.2 Physician Benefits

The pooling of the benefits portion of physician funding to purchase group benefits and pension for the organization is allowed when:

- physician FTE positions are filled; and/or
- ad-hoc/unexpected vacancies occur; and/or
- approval has been received for reallocation.

Ad-hoc, unexpected vacancy (or leave of absence for up to 12 months): If a vacancy occurs within the fiscal year, and the CHC has not received approval to reallocate, the CHC will be required to return resulting surplus funds from the salary portion of physician funding. CHCs are not required to return the funding allocated to physician benefits as it is expected that they would have already contributed to a group benefits and pension plan). In some cases, if a replacement is secured and approval received to cover for the short-term vacancy, the CHC is expected to pay benefits for the covering role as well.

Ongoing (recurring) vacancy: CHCs with recurring vacancies of 12 months or greater may not pool physician benefits to purchase group benefits and pension for the organization, unless approval has been received for reallocation.

5.0 ASSETS

No sector specific requirements

6.4 SCHEDULE D – COMMUNITY MENTAL HEALTH AND ADDICTIONS

1.0 GENERAL FINANCIAL REQUIREMENTS

No sector specific requirements

2.0 EXPENSES – FUNDED AND NON-FUNDED

2.1 Funded Expenses

No sector specific requirements

2.2 Non-Funded Expenses

Medications/Emergency Dental Expenses: HSPs should not underwrite the cost of client medications or emergency dental expenses, except in specific treatment programs. These costs should be paid by the individual, private insurance, the Ontario Drug Benefit plan (for those who are eligible) or the Trillium Drug Program.

Exceptions to this are:

- HSPs with clients eligible for the Personal Needs Allowance and drug and dental coverage.
- HSPs sponsored by hospitals that may be expected to provide medications from the global hospital budget.
- HSPs that provide certain medications or supplements (e.g., thiamin), based on best practices in addiction treatment.

HSPs are encouraged to seek out other sources of coverage for medications (e.g., Ontario Works, Trillium), and to help their clients apply for programs that will continue to assist them when they are no longer in a treatment program that provides medication.

3.0 REVENUE, EXCLUSIONS AND INCLUSIONS FROM THE SUBSIDY CALCULATION

Fees for Services Not Funded by LHIN or ministry: HSPs may not charge fees for any community mental health and addiction services funded by the LHIN or ministry. These services must be made available to the community without cost. However, community mental health and addictions HSPs may charge:

- Clients for related activities that are not funded by LHIN or ministry, such as transportation fees or entertainment fees.
- Fees to cover the cost of photocopying when clients request a copy of their files.
- Third parties for services provided, such as the Children's Aid Society, lawyers and insurance plans for completing required forms.
- Private insurance companies and clients from outside Ontario for treatment services.

These funds should be reported as other income and must be used to cover the cost of providing the non-LHIN/ministry services. Any excess funds can be used to support other program activities.

Other Community Mental Health and Addiction Program/Service Fees: HSPs that receive funding from other payers to run distinct programs (e.g., Back on Track) out of a LHIN or ministry-funded program or to provide services using beds funded by LHIN or ministry must report all income from these sources.

In the case of funding from programs, such as Back on Track, the HSP can allocate a portion of the funding received to overhead expenses, and use that funding to support office expenses and LHIN or ministry-funded activities.

If an HSP is charging a third party (e.g., private insurer, client from outside Ontario) for beds/staff time that are already paid for by LHIN or ministry, then the HSP must report the income earned.

4.0 REALLOCATION

Sessional Fees: must be used in accordance with the ministry Psychiatric Sessional Funding Guidelines (2004). Sessional fees are to be paid at the rate as negotiated by the Ontario Medical Association and the ministry in the current *Physicians Services Agreement*.

Funding cannot be re-allocated for any other purpose either on a one-time or annualized basis. However, sessional fees can be reallocated among HSPs to continue to provide sessional fee services with the approval of the LHIN in consultation with the ministry.

HSPs cannot use other funding to create new sessional fees.

Unspent sessional fees will be recovered by the ministry.

Sessional fee funding cannot be used to top up the Psychiatric Outpatient Medical Salaries (POMS) rate of pay, or supplement the total POMS allocation. The POMS and the sessional fee allocations are meant to remain separate. The ministry reconciles both POMS and sessional fee funding accordingly.

Dedicated Funding for Consumer Survivor Initiatives and Problem Gambling Treatment Services: HSPs must get prior approval from the LHIN or ministry to use these funds for other purposes should the HSP not be able to spend this dedicated funding on these initiatives.

5.0 ASSETS

No sector specific requirements

7.0 APPENDIX

Sections of the Original Financial Policy Source Documents Included in this Community Financial Policy

Name of Source Documents	Related Financial Policies
1. 2001/2002 Planning, Funding & Accountability Policy & Procedures Manual for Long-Term Care Community Services, 8th Edition, December 2000.	1.3 Budgeting and Reporting Procedures 1.3.1 Funding for Long-Term Care Community Services 1.3.4 Definitions of Expenditures and Revenues 1.3.5 Admissible and Non-Admissible Expenditures 1.3.6 Revenue, Exclusions and Inclusions from the Subsidy Calculation 1.3.7 Allocation of Expenditures and Revenues to Services 1.3.10 Audited Financial Report and Annual Reconciliation Report 1.3.11 Maintaining a Registry of Assets
2. Operating Manual for Mental Health Services and Addictions Treatment Services (Substance Abuse and Problem Gambling Services) Funded by the Ministry of Health and Long-Term Care, December 2003.	Chapter 3: Financial Record Keeping and Reporting Requirements 3.1 Annual Operating Budget 3.2 Funding from MOHLTC 3.3 Funding from Other Sources 3.4 Unspent/Surplus Funds 3.5 Allowable Expenses 3.6 Internal Financial Controls
3. Community Health Centre Policies & Procedures Manual, December 2001.	Chapter 6. Financial Requirements 6.2 Financial Accountability (6.2.6) 6.5 Financial Reporting (6.5.5)
4. Ministry of Health and Long-Term Care Funding Policy (included with the CCAC Business Plan/Budget Package).	1. In-Year Budget Reallocation 2. Funding and Accountability Policies 2.1 Funded and Non-Funded Expenses 2.2 Revenue, Exclusions and Inclusions from the Subsidy Calculation