

Community Health Centre Program

BACKGROUND

The Ministry of Health and Long-Term Care's Community and Health Promotion Branch is responsible for administering and funding the Community Health Centre Program.

Community health centres (CHCs) are non-profit organizations governed by volunteer boards of directors. CHCs are funded under the authority of the *Ministry of Health Act* and provide primary health care, health promotion and other health, educational and social services to identified priority groups within a given geographical area. These services are tailored to the needs of groups within the community that can benefit from enhanced access to health care, such as recent immigrants, the elderly and those with low incomes. Unlike most primary health care providers, which are funded on a fee-for-service basis, CHCs have fixed budgets and provide services using salaried staff.

For the 1999/2000 fiscal year, the Ministry provided approximately \$87 million to fund 56 CHCs.

AUDIT OBJECTIVES AND SCOPE

The objectives of our audit of the Community Health Centre Program were to assess whether the Ministry had adequate procedures in place:

- to ensure that the Program was managed with due regard for economy and efficiency; and
- to measure and report on the effectiveness of the Program.

Our audit was performed in accordance with the standards for assurance engagements, encompassing value for money and compliance, established by the Canadian Institute of Chartered Accountants and accordingly included such tests and other procedures as we considered necessary in the circumstances. Prior to the commencement of our audit, we identified the audit criteria that would be used to address our audit objectives. These were reviewed and agreed to by senior ministry management.

In conducting our audit, we reviewed and analyzed program policies and procedures, interviewed ministry staff and outside experts in the primary health care field, including representatives of the Association of Ontario Health Centres, and reviewed relevant literature.

The work performed by the Ministry's Internal Audit Service did not affect our audit because the Service had not issued any relevant reports on the Program since 1996. Our audit covered the period up to May 2000.

OVERALL AUDIT CONCLUSIONS

In our last audit of the Community Health Centre (CHC) Program, conducted in 1994, we expressed concern that procedures were not in place to measure and report on the effectiveness of the Program. In our current audit, we found that the management information system needed for evaluating effectiveness and for financial reporting had been developed but was not yet operational. Our other major concerns were:

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- The efficiency, effectiveness and ability of CHCs to provide quality care was not being assessed by the Ministry or compared with the results achieved by other primary health care delivery models.
- Agreements with CHCs did not include measurable objectives, targets and expectations for the services to be provided by CHCs.
- Base funding provided to each CHC was not determined by the level of services provided. The Ministry did not adjust payments to CHCs to minimize surplus funds held by CHCs at year-end.
- Procedures needed to be developed for conducting periodic reviews of CHCs and ensuring that CHCs regularly review the quality of care they provide and the services they deliver.
- Access to information issues related to the management information system needed to be resolved.

DETAILED AUDIT OBSERVATIONS

CHCs provide health care and health promotion programs to individuals, families and communities (clients). In addition to physicians, a CHC's multi-disciplinary team may include nurse practitioners, community health care workers, psychologists, nutritionists and others. CHCs are funded to:

- promote equity of access to health services;
- strengthen the role and responsibility of the individual and the community in health and health care delivery;
- develop coordinated primary health care services that make the most appropriate and efficient use of health care providers and health care resources;
- promote health and prevent illness to enhance the health status of the individuals and communities served; and

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- foster strong links with organizations and groups in the community and work collaboratively with them.

CHCS AND PRIMARY CARE REFORM

In its May 1996 report to the Minister and the President of the Ontario Medical Association (OMA), the Task Force on the Funding and Delivery of Medical Care in Ontario, with ministry and OMA representation, recommended that three types of primary care practice models be recognized: fee-for-service, capitation and health centre. In addition, the Task Force recommended that the effectiveness and efficiency of primary medical care under each of the three models should be systematically evaluated and compared.

While the Ministry has incorporated many of the recommendations of the Task Force, at the time of our audit, it had not addressed the role of CHCs in the reform of primary care.

In April 2000, the Association of Ontario Health Centres recommended that the Ministry invest \$85 million over the next three years to increase the number of health centres and their satellites by 65 and a further \$30 million to support existing health centres. In our 1994 audit report, the Ministry agreed with our recommendation that it obtain information about the effectiveness of the CHC Program before any significant expansion occurred. We continue to have this concern. The program evaluation had still not been completed because the information needed for the evaluation was not yet readily accessible.

Recommendation

To ensure that any additional investments in community health centres (CHCs) are justified, the Ministry should first evaluate the efficiency and effectiveness of CHCs in providing quality primary health care and compare the results with other models of primary care delivery.

Ministry Response

During the last decade, many authoritative reports have concluded that the integrated, multi-service approach and the emphasis on illness prevention used by CHCs are particularly well suited to meeting the needs of disadvantaged populations, as well as of people with multiple chronic conditions or requiring complex case management.

The Ministry will ensure that future expansion of the CHC Program is appropriately aligned with primary care reform and other strategic health directions relating to mental health, rural and northern health, and the integration of community health and other human services; and with the development of best practices for health promotion and illness prevention. The Ministry is undertaking a strategic review of the CHC Program to ensure appropriate policy and program alignment with other key strategies. This review will identify service delivery approaches used in CHCs, and in similar programs in other jurisdictions, where clear evidence of effectiveness and/or efficiency has been documented. The Ministry will continue to evaluate the

experiences of other jurisdictions to identify best practices and approaches that warrant consideration in Ontario.

The CHC Program Evaluation System was completed in October 1998. CHCs have been collecting information based on evaluation system standards since April 1998 (individual service events) and April 1999 (group and community work). The Ministry recognizes that difficulties with data extraction have, to date, limited the ability of the system to meet its intended purposes and will resolve the data extraction issues by December 2000.

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FINANCIAL MANAGEMENT

CHCs are required to submit annual budgets to the Ministry that describe the strategic focus of their programs and services for the future year and detail their funding requirements. Each CHC is also required to submit quarterly financial reports that compare year-to-date expenditures to budgeted amounts and activity reports that provide information on the client population served and the number and types of client visits.

No later than three months after the fiscal year-end, CHCs are also required to submit to the Ministry annual audited financial statements, including a ministry questionnaire to be completed by each CHC's auditors. As well, they must provide a copy of any management letters issued by their auditors and a copy of their annual reports.

As part of the auditors' questionnaire, the auditors must confirm that they have reported in writing to the CHC's board any internal control weaknesses that might expose the CHC to a material loss of funds or other assets. The auditors must also indicate whether the CHC has complied with their previous recommendations.

We reviewed a sample of CHC files maintained by the Ministry for the 1998/99 fiscal year and found that payments to CHCs were properly authorized and paid in accordance with approved budgets. However, we also noted that:

- A majority of the audited financial statements were received more than six months after the fiscal year-end.
- The majority of CHCs had not submitted the auditors' questionnaire, and there were no management letters in the files we sampled. In the absence of auditors' questionnaires, it could not be determined whether any letters ought to have been on file.
- While the files contained all required quarterly financial reports, the majority did not contain all of the required activity reports. Half did not contain the activity report for the final quarter, which includes the activity totals for the year. This limits the Ministry's ability to monitor and analyze CHC activities.

We also found that, while the Ministry received quarterly and annual financial reports, many CHCs had accumulated significant surplus funds. In 1999, consultants were hired by the Ministry to determine the amounts owed to it by CHCs. They reported that, as at March 31, 1998, CHCs owed the Ministry approximately \$10.8 million, of which \$7.2 million related to periods prior to the 1997/98 fiscal year.

In the 1998/99 fiscal year, the Ministry recovered \$4.2 million in surplus funds. However, as at March 31, 1999, CHCs still owed the Ministry \$12.6 million. During our review of a sample of CHC financial statements for the year ending March 31, 1999, we found one instance where the Ministry had incorrectly flowed \$456,000 to a CHC but had not included this amount in the funds to be recovered. We were advised that this amount would be recovered. By March 31, 2000, the Ministry had recovered most of the surplus funds that were outstanding from previous years.

Recommendation

To better enable it to assess whether community health centres (CHCs) use their funding economically and in accordance with funding arrangements, the Ministry should:

- ensure the timely receipt of audited financial statements and activity reports; and
- monitor CHC expenditures during the year and adjust cash flows where warranted.

Ministry Response

The Ministry agrees with the need to ensure timely receipt of audited financial statements and activity reports. Many CHCs do not hold their Annual General Meetings until six months into the fiscal year. In those cases, the Ministry receives draft statements. To ensure appropriate accountability, it is the Ministry's standard practice to approve each CHC's annual funding agreement only upon receipt and acceptance of audited financial statements.

Once data transmission from CHCs becomes routine, the Ministry's management information system will produce a detailed series of standard service activity reports on a monthly basis.

The Ministry agrees to monitor CHC expenditures during the year and adjust cash flows where warranted.

ASSESSING CHC PERFORMANCE

Management Board of Cabinet's Directive on Transfer Payment Accountability requires an effective accountability framework for the prudent management of provincial transfer payments. A key principle is that transfer payments should be managed wisely and prudently to achieve value for money. "Value" in this context refers to results expected for funds approved.

The Directive contains a list of mandatory requirements, including defining expectations for results to be achieved, which, as stated in the Directive, should "focus more on measurable results than on process."

The Ministry, after it reviews and approves a CHC's operating budget, signs a funding agreement with the CHC that indicates the amount of the grant and its terms and conditions.

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We reviewed a sample of CHC operating budgets and funding agreements for the 1998/99 fiscal year and found that they did not include measurable objectives, the expected amount of services to be provided, the number of clients to be served or the anticipated outcomes. We had raised similar concerns in our 1994 audit report.

At the time of our current audit, the Ministry was in the process of revising its standard funding agreement with CHCs. The Ministry needs to ensure that its revised funding agreement meets the requirements of Management Board of Cabinet's Directive on Transfer Payment Accountability, including measurable objectives and results to be achieved. As well, CHCs should continue to be required to adhere to the policies in the *CHC Program Resource Manual*, which sets out accountability requirements for CHCs to the communities they serve and to the Ministry.

The Ministry expects that a new CHC information system will be operational in late 2000. While this system will improve the Ministry's ability to monitor CHCs, the Ministry had not yet developed performance indicators and benchmarks for CHCs. Information about costs, client characteristics, services provided and outcomes is important for assessing the efficiency, effectiveness and quality of care being delivered by CHCs and for assessing the success of the programs and services at individual CHCs. At the time of our audit, the Ministry had initiated a consultative process with the Association of Ontario Health Centres and the 56 CHCs to generate a set of measurable performance indicators.

Recommendation

To help ensure the prudent use of funds by community health centres (CHCs), the Ministry should:

- **develop measures and benchmarks to monitor and evaluate CHC performance; and**
- **ensure funding agreements include measurable objectives and the results to be achieved by CHCs for the funding provided.**

Ministry Response

The Ministry agrees with the need to meet Management Board requirements for transfer payment accountability and is revising its funding agreement accordingly. At the time of this audit, the Ministry had initiated a consultative process with the Association of Ontario Health Centres and the 56 CHCs to generate a set of measures and performance indicators that will be incorporated into CHC funding agreements in 2001/02. The data requirements of the new management information system (MIS) include furnishing the information needed to support this task. The MIS includes service volumes by provider type and priority population, as well as data on referrals, coordination of care, client characteristics and community partnerships.

SERVICES AND STAFFING

Comparisons of the types and amounts of services provided and their related costs would provide information about the relative service efficiency of individual CHCs. Although CHCs annually submit budgets to the Ministry detailing the needs in their communities, we found the Ministry had not compared budgeted amounts to actual services provided or the number of clients served.

Comparing combinations of health care staff used to deliver programs with standards for staffing combinations would also enable the Ministry to ensure that staffing at CHCs is adequate and economical in the circumstances.

In 1999, to assess the relative efficiency of CHCs, the Ministry compared the ratio of CHC budgeted annual operating costs to approved staffing levels. While this information was used to allocate additional funding to some CHCs, it was not used to determine whether any adjustments should be made to the base funding provided to CHCs.

Most of the funding received by CHCs is used to provide primary health care services. In addition to employing primary health care providers, many CHCs employ a variety of health care professionals, and as such, develop their own staffing plans. We found that the Ministry had not developed standards or guidelines to help CHCs determine cost-effective combinations of health care providers. Such information would also assist the Ministry in reviewing the appropriateness of current combinations of health care providers at CHCs.

Recommendation

To help ensure that community health centres (CHCs) deliver efficient and economical health care, the Ministry should:

- **obtain and utilize information about the services provided to determine the funding level required to provide them; and**
- **develop guidelines to assist CHCs in determining cost-effective combinations of health care staff.**

Ministry Response

The Ministry agrees that, with the information available in its management information system, it will be able to make relative comparisons among CHCs and review historic trends in service volumes to assist in determining funding levels.

The Ministry notes that, at this time, CHCs are required to include a variety of data and supporting documentation as part of their budget submission, including the number of active clients registered, volume of services delivered by type of health care provider, major health issues and priority populations addressed, major achievements, strategic plans and organizational goals.

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The Ministry will continue to draw lessons from the experiences of other jurisdictions in identifying appropriate staffing combinations. For example, the CHC Program currently funds 87 nurse practitioner positions and will participate in evaluating the use of nurse practitioners in delivering primary care services in a multi-disciplinary, team-based setting. The Ministry will continue to consult as necessary with provider groups and other stakeholders to explore combinations of health care providers supported by evidence-based research that may contribute to high-quality and cost-effective health care.

The Ministry notes that the staffing mix at CHCs must be driven by each CHC's programs and the health needs of the population being served.

SERVICES FOR NON-INSURED CLIENTS

Eligibility under the Ontario Health Insurance Plan (OHIP) is not required to access services from a CHC. In our 1994 report, we acknowledged that this enables individuals who may not have the documentation or may not wish to establish their eligibility under OHIP to receive health care. This includes refugees and residents of Ontario without a permanent address.

Following our 1994 audit, the Ministry instituted a reporting system to monitor use of the funding provided to CHCs for specialist services to non-insured refugees. However, at the time of our current audit, the Ministry did not have complete information about the number of non-insured clients served and the types and number of services that they received from CHCs. This lack of information makes it difficult for the Ministry to track the volume and types of services provided to non-insured clients and to assess their impact on the CHC Program.

Recommendation

To enable it to better assess the needs of the Community Health Centre (CHC) Program, the Ministry should obtain complete information on the number of non-insured clients served by CHCs and the types of services they receive.

Ministry Response

The service data collected in the new CHC Program management information system will be used to provide the Ministry with a detailed picture of the services received in each CHC by non-insured clients, as well as the referrals to external providers.

MONITORING SERVICE DELIVERY

Currently, CHCs must adhere to the policies contained in the *CHC Program Resource Manual*, which includes a number of requirements for reviewing the provision of services at CHCs. However, the Ministry did not conduct periodic formal reviews at CHCs to ensure that

the expectations established in the annual funding agreements and the requirements in *CHC Program Resource Manual* were being met.

Ministry staff informed us that while they had visited CHCs for various reasons, the results were generally not documented. The Ministry needs to develop formal procedures for reviews of CHCs. We noted that in another jurisdiction, CHCs were subject to periodic external reviews as a condition of funding. These reviews included identifying strengths and weaknesses in governance, clinical and fiscal operations, and management information systems.

The *CHC Program Resource Manual* requires CHCs to develop and regularly review the quality of care they provide and the services they deliver, including an assessment of client satisfaction. The Ministry did not know whether these reviews were being performed.

In 1997, the Ministry began to provide funding to the Association of Ontario Health Centres to develop an independent accreditation process for CHCs. This process is intended to provide assurance that CHCs meet certain quality standards of operation. However, the process is voluntary and the results are the property of the CHC. Each CHC can decide whether or not to make the results available to the Ministry or the public.

Recommendation

To help ensure that the services provided by community health centres (CHCs) are of high quality and are provided cost-effectively, the Ministry should:

- **conduct regular reviews of CHCs to ensure that expectations are being met; and**
- **ensure that CHCs regularly review the quality of care they provide and the services they deliver.**

Ministry Response

The Ministry agrees that regular reviews of CHCs would assist the Ministry in ensuring that its expectations are being met. Since ministry reviews require significant resources, the Ministry will, wherever possible, take advantage of systems of review and audit that are already in place.

CHCs participate in an independent accreditation and quality improvement process using the Building Healthier Organizations resource manual developed by the Association of Ontario Health Centres. The processes and expectations established through Building Healthier Organizations were designed in consultation with the Ministry. These reflect transfer payment accountabilities and the policies and procedures contained in the CHC Program Resource Manual. They also identify a series of standards and indicators for gauging and continuously improving organizational health in areas such as management and administrative systems, governance and decision-making processes, programs and services, and community capacity.

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Although the accreditation process is voluntary, it should be noted that, to date, 95% of CHCs have signed participation agreements. Starting with the 2001/02 fiscal year, the Ministry will require CHCs to report on their accreditation status as part of their annual budget submissions. The Ministry will also reinforce the requirement that CHCs review the quality of care they provide to their clients and include this requirement in the new funding agreement.

COMPLAINTS

Complaints can provide important information regarding access to services, the quality of services provided and the administration of ministry funds. They may also alert the Ministry to serious problems at a CHC.

Between 1994 and 1999, the Ministry hired consultants to conduct organizational reviews of the operations of three CHCs. The Ministry had received complaints about the operations at these CHCs. The consultants made recommendations about how CHC boards could improve CHC operations. For example, in the most recent review, the consultants noted that while protocols were in place to guide clinical practice, it was not clear whether a system was in place to monitor the extent to which practices were followed. We could find no evidence that ministry staff followed up to determine whether action had been taken to address the consultants' recommendations.

While the Ministry's usual practice is to refer complaints it receives to the CHC concerned, it has not established policies for CHCs to follow when dealing with complaints. Accordingly, while individual CHCs may have procedures to address complaints, the Ministry has no assurance that these procedures are adequate or consistent.

Recommendation

To ensure that complaints concerning community health centres (CHCs) are dealt with appropriately, the Ministry should require CHCs to have adequate procedures for addressing complaints.

Ministry Response

As part of the new funding agreement, the Ministry will require CHCs to have complaint procedures.

INFORMATION SYSTEM

DEVELOPMENT AND IMPLEMENTATION

In 1994, the Ministry, in collaboration with the Association of Ontario Health Centres, began developing an evaluation system for the CHC Program. In 1997, the Ministry began developing an information system to collect and analyze data needed for the evaluation of CHCs.

The development of this information system was divided into two components: the Ministry's management information system (MIS), which was developed by the Ministry's Information Systems Branch, and an information system for CHCs to capture and transfer the required information to the MIS.

In 1996, the Ministry provided funds to CHCs to upgrade their software and hardware. In 1997, CHCs were funded to acquire the latest versions of the three software packages then in use. In August 1998, staff from the Ministry's Systems Development Branch and their consultant discovered significant problems with the hardware, software and data integrity at several CHCs they visited.

In the fall of 1998, the vendor of the clinical management software used by the majority of CHCs became insolvent and its assets, including future product development initiatives, were sold. The new owner indicated that within a year it would no longer support the software product installed at CHCs. As a result, the Ministry implemented a plan to design and install at each CHC local databases that are in line with the data structures of the Ministry's MIS. As well, the Association of Ontario Health Centres initiated a process to replace operational system software being used at CHCs with a system to be supplied by a single vendor. The Association hired a consultant to assist it with the selection process.

Based on the information we received from the Ministry, there was a lack of coordination and collaboration among those responsible for implementing this new operational system software and converting information from existing CHC systems. While the Ministry's Systems Development Branch was consulted on some technical matters, it had no direct involvement in the process for selecting a vendor. Although data from predecessor systems has been loaded onto the Ministry's MIS, difficulties in extracting data from the new system has delayed its implementation. At the time of our audit, the system was not expected to be fully operational until late 2000.

Recommendation

To help ensure that information systems are properly developed and implemented, the Ministry should ensure that appropriate oversight and project management expertise is applied.

Ministry Response

The Ministry's Systems Development Branch has been regularly consulted on technical matters and regularly informed about the process to replace the operational system software. The Ministry agrees that the Systems Development Branch could have been more fully involved in decisions pertaining to the replacement of the operational systems in community health centres (CHCs). The Ministry will ensure that the technical knowledge and project management skills of the Systems Development Branch are more fully utilized in the future.

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ACCESS TO INFORMATION

While the information system is expected to be in operation in late 2000, the Ministry has not yet addressed essential matters relating to it, such as access to the information and the ownership and use of the data. We were informed by ministry staff that its Legal Services Branch had been requested in March 2000 to draft an agreement to be signed by the Ministry, the Association of Ontario Health Centres and CHCs concerning the sharing of data related to programs and services delivered to clients.

While the Ministry's management information system (MIS) captures information about the primary health care services that CHCs have provided to their clients, this information will not include individual health insurance numbers or other identifying information, pending the introduction of proposed legislation on the confidentiality of personal health information. The lack of such information will make it difficult to integrate and analyze the use of health care services by individuals. The Ministry also requires such identifying information to manage and evaluate the effectiveness of the CHC Program and for health care planning.

Ministry staff informed us that, where available, CHCs collect and record a patient's health insurance number and that an appropriate data field exists in CHC databases and the Ministry's management information system to do so. However, no formal requirement exists for this information to be provided to the Ministry.

Recommendation

The Ministry should expedite the resolution of any access to information issues to ensure that their impact on the new information system is recognized and addressed early in the development process.

Ministry Response

The Ministry agrees with this recommendation and is working with legal counsel to resolve this issue.

Any future decision to collect health numbers will be tied to ministry corporate data standards and the passage of legislation related to the collection, access, use and disclosure of health records.