OHQC Ontario Health Quality Council

COQSS Conseil ontarien de la qualité des services de santé

Annual Report and Financial Statements 2005/2006

Ontario Health Quality Council
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Ontario

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Annual Report and Financial Statements 2005/2006

Introduction

The Ontario Health Quality Council (OHQC) is an independent Operational Service Agency established around the mid-point of the 2005-06 fiscal year. Created under the Commitment to the Future of Medicare Act, 2004 and reporting to the Minister of Health and Long-Term Care, the Council members were first announced by the Minister on September 12, 2005, together with the expectation that OHQC would deliver the first of its yearly reports by the end of the fiscal year.

OHQC is pleased to report it met that expectation. The 2006 First Yearly Report was delivered to the Minister on March 30, 2006.

The OHQC's functions are set out in section 4 of the Act. They are:

(a) to monitor and report to the people of Ontario on:
(i) access to publicly funded health services,
(ii) health human resources in publicly funded health services,
(iii) consumer and population health status, and
(iv) health system outcomes; and
(b) to support continuous quality improvement.

The Council has defined its vision, mission and success factors as follows:

Vision:

A trusted, independent voice dedicated to improving the health and healthcare of all Ontarians.

Mission:

We support quality improvement of the Ontario health system by:

- Encouraging and promoting an integrated, consumer-centred health system;
- Making the Ontario health system more transparent and accountable;
- Tracking long term progress in meeting Ontario's health goals and commitments, and;
- Helping Ontarians develop a complete understanding of their health system.

Success factors:

1. Identify adequacy of quantity and quality of health resources.
2. Promote improved quality, accessibility and sustained innovation.
3. Foster greater collaboration and alignment of policymakers, providers and all Ontarians.
4. Strengthen knowledge transfer and communication to the public to enhance population health outcomes.
5. Report health system performance and outcomes.

Performance in fiscal year 2005-2006

For 2005-06, Management Board of Cabinet approved performance targets for the establishment of the Council. Performance in respect to these targets was as follows:

Target	Performance
First Council board appointed and infrastructure (e.g. permanent accommodation, staff) in place by summer 2005.	• Council members appointed on September 12, 2005. • MOHLTC staff completed accommodation arrangements by mid-October 2005. • Chief Administrative Officer started November 14, 2005. Next two staff started January 2, 2006.
Memorandum of Understanding setting out accountability arrangements/other operational components is finalized by summer 2005.	• Draft MOU approved by OHQC Council November 24, 2005. • MOU approved by Minister January 8, 2006.
Council co-ordinates with the Health Results Team Information Management to ensure its initial and ongoing reporting is coordinated and consistent with Ministry transformation priorities.	• Council met formally with Executive Lead for Health Results Team Information Management in November. On-going meetings of both entities continues to occur at least once per month. • Health System Scorecard created by the Health Results Team Information Management was the a key source of performance indicators included in the First Yearly Report.
Council delivers its report before the end of 2005. (Minister revised this to Spring 2006 given the date of Council appointment.)	• Council delivered its 2006 First Yearly Report to the Minister on March 30, 2006.

Agency start-up

Almost all start-up activities were completed within fiscal year 2005-06; the remainder were done within the first quarter of the following year. This included:

- Developing a vision, mission, goals and strategic direction;
- Governance and staffing organization;
- Procuring and implementing all required services, information technology resources and insurance policies required to adequately support OHQC's work;
- Developing and implementing policies for appropriate administration of OHQC's financial, human and information resources.

Report delivery

To develop its report, the Council began with the question – what are the attributes of a high-performing health system for Ontario? As a starting point, OHQC consulted expert opinion for the best way to describe what Ontarians expect from their publicly funded health system. While this is being tested through public opinion research in the first quarter of 2006-07, the Council began with the informed assumption that Ontarians want their health system to be **safe, effective, centred on the patient, accessible, efficient, equitable, integrated, has appropriate resources and focused on population health.**

The next step was to consult research and other sources to find reliable ways of measuring each attribute through "indicators" of quality. Because indicators must be a numerical measure of progress toward a goal, they currently provide a limited view of health system performance. This tells us Ontario needs to start collecting more data in ways we can use to get valid measurements and comparisons of health care in Ontario.

These indicators were therefore rounded out with investigations into key topics. For the 2006 First Yearly Report, these were:

- Understanding and improving access to health care
- Getting the right number and mix of people working in health care
- Spreading the use of proven knowledge and best practice
- Transforming delivery of health services
- Using e-health to transform Ontario's health system

Once a key topic is introduced, its progress will be reported in subsequent years. The intent is to add topics over the next 2-3 reports to build up the content coverage.

In carrying out its work, OHQC is committed to leveraging the high quality research and monitoring of health system quality already underway in the province, and to avoid duplicating efforts. To this end, the research behind the 2006 First Yearly Report built upon work completed by organizations such as the Institute for Clinical Evaluative Sciences (ICES), the Canadian Health Services Research Foundation, and data collected by the Ministry of Health and Long-Term Care.

Communication with the Public of Ontario

With the Council's mandate to monitor and report to the public on health quality and to support continuous quality improvement, the communications challenges are to:

- Identify and respond to the public's key questions and concerns regarding the quality of their health care system.
- Make available high-quality, evidence-based research or reporting, that has been approved by the Council, and convey it in a form and language that can be easily understood by the diverse members of the Ontario public;
- Get the information into the hands of Ontario households;
- Capture media and public attention such that the key messages are actually received and understood, in an environment where there is strong competition for public attention, in particular on issues related to health;
- Focus the attention of policy-makers, governors, funders and providers in the health care system to help them take action on opportunities for improvement;
- Minimize the risk of receiving public challenges to the methodology, conclusions, integrity or independence of the Council.

Within fiscal year 2005-06, OHQC launched its website, designed and printed 5,000 copies of its full report, produced a video summary of the report, designed a print summary to be inserted in daily, weekly, aboriginal and ethnic newspapers across Ontario, and printed roughly half the amount required for distribution (approximately 3 million, and another 5 million printed in first month of following fiscal year).

Looking to the future

Public reporting on the quality of the health system is intended to help the Ontario public to better understand the factors underlying their concerns and to achieve appropriate accountability to the ultimate financiers of Ontario's publicly-funded health system – Ontario taxpayers. However, the value of the Council's work, in the eyes of Ontarians, will likely be measured in terms of the actual improvements achieved over time in the performance of Ontario's health care system and the health status of Ontarians.

Can public reporting meet these expectations? Two reviews of its impact on health care quality[1] found that, although there are few published studies on how public reporting has affected patient outcomes, a number do indicate that publicly released data induces health organizations to improve quality. The Council believes that the improvement of the quality of Ontario's health care system is the responsibility of all Ontarians. The Council further believes that, to achieve the real improvements the public would expect to see, there is need to go beyond public reporting of performance measures to adopt the methodologies of performance management.

Performance management requires the ability to reach a common measurable expression of the desired end-state, an objective assessment of the current state, and a solution that will get us to "here" from "there". The Council intends to support performance management by working with the public to

[1]Martin N. Marshall, Paul G. Shekelle, Huw T.O. Davies, and Peter C. Smith, Public Reporting On Quality In The United States And The United Kingdom, Health Affairs ~ Volume 22, Number 3 137May/June 2003. Kathleen Morris and Jennifer Zelmer, Public Reporting of Performance Measures in Health Care, Canadian Policy Research Networks Inc., Health Care Accountability Papers – No. 4, 2005.

identify a common understanding of the attributes of a high-performing health system, to report in plain and understandable terms on current status, and to monitor progress in all of the attributes.

In the first quarter of fiscal 2006-07, OHQC launched its first report and distributed approximately 8 million copies of the summary through inserts in all of Ontario's daily newspapers, community weeklies, and aboriginal and ethnic newspapers. The report received approximately 100 hits on radio, television and in newspapers. As of June 26, 2006 OHQC has received 734 phone calls, e-mails and letters from the public in response to the report, and 2,500 hits on its website to view the full report. Approximately two weeks after the report's launch, awareness of the Council and its report rose from zero to seven percent.[2] Further to this, the Council launched a year-long series of community outreach events intended to promote understanding of the quality of Ontario's publicly-funded health care system and receive input from the public. Importantly, a robust research program was initiated to provide the evidence base for the 2007 Yearly Report.

Analysis of financial performance

With the signing of its Memorandum of Understanding with the Ministry of Health and Long-Term Care in January 2006, OHQC received funds of $1,383,810 for fiscal 2005-06, and earned interest, for a total of $1,389,247. Expenditures totaled $919,933, and therefore the remainder of $469,314 was returned to the Ministry as a deduction from OHQC's 2006-07 funding.

OHQC's 2005-06 expenses were much lower than anticipated since it was launched mid-way through the fiscal year. About $448,000 was spent to design and print the full Yearly Report and about half of the newspaper inserts, and to produce an accompanying video. Expenses to print the remaining inserts and distribute them were incurred in the following fiscal year[3]. Research expenses of about $197,000 reflect an intense but abbreviated research program to deliver the first report in less than 6 months. Administration expenses of about $275,000 reflect a staff and office infrastructure that began to be established in November 2005. By year end, half of the staff complement was in place, with the remainder hired in the first quarter of the following fiscal.

[2]MOHLTC omnibus survey, conducted May 8-13, 2006.

[3]Note that communications expenditures in 2006-07 will be unusually high since printing and distribution for both the 2006 and 2007 Yearly Reports will take place within the same fiscal.

Council governance

Under the regulations related to the Commitment to the Future of Medicare Act, 2004, the affairs of the OHQC are governed and managed by the Council members, appointed by the Lieutenant Governor in Council. The Deputy Minister of Health and Long-Term Care or his/her designate sits as a non-voting ex-officio member. At least one member is cross-appointed to both the OHQC and to the Health Council of Canada.

Council member appointments

All Council members were first appointed by order in Council on August 17, 2005 and announced on September 12, 2005.

2-year term, expiring August 17, 2007

Shaun Devine (Waterloo)
Victoria Grant (Stoufville), Council Vice-Chair
Abbyann Day Lynch (Toronto)
Dr. Janice Owen (Ilderton)
Laura Talbot-Allan (Kingston), Chair Operations & Audit Committee

3-year term, expiring August 17, 2008

Dr. Arlene Bierman (Toronto)
Paul Genest (Ottawa), Chair Communications Committee
Raymond V. Hession (Ottawa), Council Chair
Zulfikarali Kassamali (Toronto)
Dr. Raymond Lafleur (Hearst)
Lyn McLeod (Newmarket), Provincial Representative to Health Council of Canada

Governance structure in support of Council

Operations & Audit Committee:
Laura Talbot-Allan, Shaun Devine, Zulfikarali Kassamali, Dr. Raymond Lafleur

Communications Committee:
Paul Genest, Abbyann Day Lynch, Dr. Janice Owen, Dr. Arlene Bierman, Lyn McLeod

Council administration

Staff structure reporting to Council and in place as at March 31, 2006:
Angie Heydon Chief Administrative Officer
Harpreet Bassi Communications Director
Phuong Truong Office Manager
(Research Director, Research Analyst and Communications Assistant positions filled in fiscal year 2006-07)

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Auditor's Report

To the Directors of:
Ontario Health Quality Council

We have audited the statement of financial position of **Ontario Health Quality Council** as at March 31, 2006 and the statements of revenue and expenses, and cash flows for the 106 days then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2006 and the results of its operations and the changes in its cash flows for the 106 days then ended in accordance with accounting principles described in note 2.

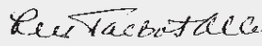
Oakville, Ontario
June 16, 2006

Loftus Allen & Co
CHARTERED ACCOUNTANTS

Statement of Financial Position
As At March 31, 2006

ASSETS	
CURRENT	
Cash	$1,222,262
Accounts receivable	1,208
	1,223,470
CAPITAL ASSETS	
Office furniture and fixtures	19,058
Computer and equipment	39,764
	58,822
Accumulated amortization	58,822
	-
	$1,223,470
LIABILITIES	
CURRENT	
Accounts payable and accrued liabilities	$754,156
Due to Ministry of Health, Note 3	469,314
	$1,223,470

APPROVED ON BEHALF OF THE BOARD:



Laura Talbot, Director

Raymond Hession, Director

Statement of Revenue and Expenses
For the 106 days ended March 31, 2006

REVENUE	
Ministry of Health	$1,383,810
Interest	5,437
	1,389,247
ADMINISTRATION EXPENSES	
Salaries and benefits	95,215
Council Honoraria	44,854
Computer expenses	39,552
Travel	22,389
Office equipment	19,058
Telecommunications	14,481
Office supplies, postage, courier and printing	12,816
Rentals	5,713
Insurance	5,097
Audit	4,200
Hospitality	4,037
Publications and memberships	3,244
Financial services	2,538
Human resources services	2,020
	275,214
RESEARCH	196,615
COMMUNICATIONS	
Yearly report	393,903
Video	34,987
Translation	13,018
Media	6,196
	448,104
TOTAL EXPENSES	919,933
EXCESS OF REVENUE OVER EXPENSES, Note 3	$469,314

Statement of Cash Flow
For the 106 days ended March 31, 2006

CASH FROM (USED IN) OPERATING ACTIVITIES	
Cash received from MOH	$1,383,810
Cash from interest	5,437
Cash paid for salaries and benefits	(83,080)
Cash paid for materials and services	(83,905)
INCREASE IN CASH	1,222,262
CASH , beginning of period	-
CASH , end of period	$1,222,262

Notes to the Financial Statements
March 31, 2006

1. THE ORGANIZATION

The Ontario Health Quality Council is an independent agency, created under Ontario's Commitment to the Future of Medicare Act on September 12, 2005. Their role is to enhance accountability to Ontarians by independently and objectively reporting on the quality of the health system and to help Ontarians better understand its underlying factors.
Their vision is to be a "trusted, independent voice dedicated to improving the health and healthcare of all Ontarians."

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) General
The financial statements are prepared in accordance with generally accepted accounting principles except for capital assets which are amortized 100 % in the year of acquisition. This policy is in accordance with the accounting policies outlined in the Ontario Ministry of Health funding guidelines.

(b) Revenue recognition
The deferral method of accounting is used. Income is recognized as income as the funded expenditures are incurred.

(c) Donated materials and services
Value for donated materials and services by voluntary workers has not been recorded in the financial statements. These services are not normally purchased by the organization and their fair value is difficult to determine.

(d) Capital assets
Capital assets purchased with government funding are amortized 100% in the year of acquisition in accordance with funding guidelines.
During the initial months of operations furniture and fixtures totaling approximately $28,900 and leasehold improvements totaling approximately $138,900 were purchased directly by the Ministry of Health and Long Term Care on behalf of the Ontario Health Quality Council. These assets are on loan from the Ministry and are not reflected in the balance sheet. These assets cannot be disposed of without Ministry approval and are the property of the Ministry and not Ontario Health Quality Council.

Notes to the Financial Statements
March 31, 2006

3. DUE TO MINISTRY OF HEALTH AND LONG TERM CARE

Excess revenue over expenses must be repaid to the Ministry of Health and Long Term Care.

4. LEASE OBLIGATIONS

The Council is obliged under a long term property lease which commenced October 1, 2005 and expires September 30, 2010. The first ten months of the lease was rent free. Payments of $5,417 begin August 1, 2006. The landlord invoices Ontario Realty Corporation (ORC) as the tenant and ORC charges the Council rent. There is no formal lease between ORC and the Council. Annual payments under the lease include estimated rent of $65,000. The annual total of rental premises and other obligations during the next five years of the lease are estimated as follows:

	Property	Fax	Photocopier
2007	$43,333	$835	$4,306
2008	$65,000	$835	$4,306
2009	$65,000		
2010	$65,000		
2011	$32,502		

5. ECONOMIC DEPENDENCE

The Council receives all their funding from the Ministry of Health and Long Term Care.

6. FINANCIAL INSTRUMENTS

Fair value

The carrying value of accounts receivable and accounts payable are substantially the same as their fair value.

Schedule of Revenue, Expenses and Budget
For the 106 Days Ended March 31, 2006

	ACTUAL	BUDGET
REVENUE		
Ministry of Health	$1,383,810	$1,379,515
Interest	5,437	-
	1,389,247	1,379,515
ADMINISTRATION EXPENSES	275,214	584,075
RESEARCH	196,615	272,090
COMMUNICATIONS	448,104	523,350
TOTAL EXPENSES	919,933	1,379,515
EXCESS OF REVENUE OVER EXPENSES, Note 3	$469,314	$ -

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