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## **EXECUTIVE OVERVIEW OF THE ACCOUNTABILITY AGREEMENT**

This document summarizes the key elements of the 07/08-09/10 Accountability Agreement and its Schedules. It is intended to provide the reader with an overview of the performance obligations that have been agreed to in the primary agreement and accompanying schedules. Reference should be made to the agreement and schedules for further information.

<b>ACCOUNTABILITY AGREEMENT 2007/08 – 2009/10</b>
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The Ministry of Health and Long-Term Care (MOHLTC) and the Local Health Integration Networks (LHINs) began developing the Accountability Agreement in Fall 2006. The agreement is composed of a primary agreement, approved by the LHINs in November 2006, and eleven schedules. Summaries of the schedules negotiated in Winter and Spring 2007 for approval by the LHINs in March and June 2007 follow.

**The Agreement** The MOHLTC and each of the LHINs are each responsible for developing and fulfilling clear and achievable performance obligations, and to identify any risks to performance. Both parties are expected to work collaboratively and cooperatively by establishing clear lines of communication and responsibility, and by working diligently to resolve issues in a proactive and timely manner.

### **Schedules to the Agreement**

1. General;
2. Community Engagement, Planning and Integration;
3. Local Health System Management;
4. Information Management Supports;
5. Financial Management;
6. Financial Process Protocols;
7. Local Health System Compliance Protocols;
8. Integrated Reporting;
9. Allocations;
10. Local Health System Performance; and
11. e-Health.

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## SCHEDULE 1: GENERAL

Schedule 1, General, contains the provisions that are applicable to all the schedules. It includes definitions and the timetable by which schedules will be reviewed and updated. It also includes a list of the topics that were addressed in the second phase of discussions that occurred from April 1 – June 30, 2007.

## SCHEDULE 2: COMMUNITY ENGAGEMENT, PLANNING AND INTEGRATION

Schedule 2, Community Engagement, Planning and Integration, describes the performance obligations of the MOHLTC and the LHINs, such as ensuring that its community stakeholders receive regular reports on LHIN activities through the Annual Report and Integrated Health Service Plan, and provides timeframes within which these activities should take place. This Schedule also sets out the obligation of LHINs, in 2007/08, to consult with the Ministry prior to taking action on integration decisions.

## SCHEDULE 3: LOCAL HEALTH SYSTEM MANAGEMENT

Schedule 3, Local Health System Management, identifies the scope of each LHIN's decision-making and responsibility for managing its local health system. It discusses the assignment of agreements to the LHIN and the development and implementation of Service Accountability Agreements (SAAs) with health service providers (HSPs) funded by LHINs. It also identifies those programs that will remain managed by the MOHLTC and those programs for which funding is dedicated.

**Assignment of existing HSP agreements:** The MOHLTC assigned agreements to the LHINs beginning April, 2007, and set termination dates for those agreements, where applicable. The MOHLTC will inform the LHINs of applicable provincial standards (such as operational or service standards and policies, and program eligibility) and program manuals that the LHINs will require to manage the assigned agreements. The LHINs will (i) carry out the obligations of the MOHLTC as assigned; (ii) require HSPs to comply with the assigned agreements and (iii) in 2007-2008 discuss proposed changes to the assigned agreements with the MOHLTC.

**Service Accountability Agreement (SAA) Templates:** The LHINs and the MOHLTC will develop template SAAs for use by the LHINs with HSPs. The LHINs will enter into SAAs with HSPs in accordance with the legislation and any regulation.

**MOHLTC Managed Programs:** The MOHLTC will continue to manage and fund programs some of which are identified in Part D of the Schedule. The MOHLTC will seek LHIN input and advice where appropriate and will also advise LHINs of material changes to these programs that will impact a given LHIN's local health system (LHS).

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**General Obligations of the LHINs:** The LHINs will make decisions as set out in the Agreement about (i) which health services will be provided by HSPs in or for the LHS and where the health services will be provided; (ii) which HSPs will be funded to deliver those services and the amount of funding; and (iii) service volumes and performance requirements of the HSPs.

**Sector Specific Obligations of the LHINs:** LHINs agree (i) to protect the funding designated by the MOHLTC for specific programs; (ii) that the MOHLTC may designate HSPs to provide specific programs; and (iii) to require that certain services are provided in a manner consistent with performance levels or other specifications set by the MOHLTC.

#### **SCHEDULE 4: INFORMATION MANAGEMENT SUPPORTS**

Schedule 4, Information Management Supports, describes the MOHLTC's and LHINs individual and mutual performance obligations in relation to the collection, storage and use of data and information for health system management. The MOHLTC's obligations focus on setting standards, definitions and reporting timelines; developing data sources to support health system needs; ensuring data quality and timeliness; and providing a simple, straightforward means in which the LHINs can obtain routine data and information from the MOHLTC. The LHINs' responsibilities focus on ensuring that HSPs submit required data and information to the MOHLTC, CIHI or other parties, and to work with HSPs on maintaining and/or improving data quality and timeliness. This Schedule also identifies the mutual obligation to communicate with each other, as well as with HSPs, on information management issues.

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## SCHEDULE 5: FINANCIAL MANAGEMENT

Schedule 5, Financial Management, sets out the LHIN's obligations with respect to the management of the operating budget and the transfer payment budget.

**Accounting:** The MOHLTC and the LHINs will develop a chart of accounts for the LHINs that is inter-operable between all LHINs and the MOHLTC. The LHINs will follow Public Service Accounting Board (PSAB) standards.

**Risk Management:** The MOHLTC will develop a set of LHIN Risk Management Tools and Policies for use by the LHIN. The LHINs will use the LHIN Risk Management Tools and Policies and report on identified risks and related mitigation strategies.

**Multi-Year Funding:** The schedule contains two types of multi-year funding provisions – one set in respect of the LHINs, the other set in respect of HSPs.

(a) The LHINs – The MOHLTC agrees to provide multi-year (i.e. 3 year) funding targets for each LHIN's Operating and Transfer Payment budgets. The LHINs agree to use these funding targets to develop a three-year spending plan (the Annual Service Plan) recognizing that the two out years are planning targets only and remain subject to adjustment by the MOHLTC.

(b) HSPs – The LHINs agree that they will advise public hospitals of their multi-year funding targets, and will implement multi-year funding targets for other HSPs, as directed and in accordance with the parameters set by the MOHLTC.

**Balanced Budget:** The schedule contains two types of balanced budget obligations – one set in respect of the LHINs, the other set in respect of HSPs.

(a) The LHINs – the LHINs agree to plan for and achieve an annual balanced budget for each of the Operating Budgets and Transfer Payment budgets, over each of the three years of the Accountability Agreement.

(b) HSPs – The LHINs agree to enforce the annual balanced budget provisions in agreements with public hospitals and CCACs. They also agree that they will include and enforce annual balanced budget provisions in agreements with HSPs in other sectors as directed by the MOHLTC.

Both parties agree that they will work jointly to identify budgetary flexibility and manage in-year risks and pressures to ensure that annual balanced budget requirements are achieved.

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**In-Year Allocations/Reallocations:** The LHINs agree that there will be no reallocation from the Transfer Payment Budget to the Operating Budget and that any in-year reallocation decisions across the local health system (i) will be consistent with the IHSP, the ASP and the Agreement; (ii) will consider the impact on future financial and performance plans; (iii) preserve funding for identified programs or services; (iv) will be consistent with any guidelines issued by the MOHLTC. The LHINs further agree that in the fourth quarter, they will undertake only those reallocations identified in the third quarter report, or that have been approved by the MOHLTC.

**Capital:** Provision of capital is wholly within the authority of the MOHLTC. Section 19 of LHSIA only provides the LHIN with the authority to fund *services*. The LHINs have no authority to provide capital funding.

With respect to capital, Schedule 5 deals with:

- (i) HSPs that have requested capital funding from the MOHLTC;
- (ii) Hospitals that are required by law to get Ministry approval for capital projects – even when Ministry funding is not required (Own-Funds Capital);
- (iii) HIRF funding (Hospital only Infrastructure Renewal Funding; and
- (iv) Bridge funding for hospitals that is related to an approved capital project (i.e. Post Construction Operating Funds funding).

There are no other circumstances under which the MOHLTC provides capital or capital related funding. Schedule 5 does not address the situation where a non-hospital HSP has a capital project wholly funded with third party funds because no approvals are required.

## SCHEDULE 6: FINANCIAL PROCESS PROTOCOLS

Schedule 6, Financial Process Protocols, describes the financial processing services that will be provided to the LHINs by the MOHLTC both in the transition year of 07/08 and thereafter for the term of the Accountability Agreement.

**Payments to HSPs:** In this schedule the MOHLTC agrees that it will process the initial payment for 2007/2008 to each HSP funded by the LHINs and then process subsequent payments as directed by authorized LHIN personnel. It will also support the LHINs in responding to inquiries from HSPs concerning payment processing and, as instructed by the LHINs, prepare year-end reconciliations of health service provider expenditures, and settle financial obligations with HSPs.

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**Receipt of information from HSPs:** The LHINs agree to require HSPs to submit financial information to the MOHLTC. In turn the MOHLTC agrees to receive financial reports from HSPs on behalf of the LHINs, and will provide the LHINs with access to the financial information contained in those reports. The MOHLTC will conduct routine timeliness and quality checks on the financial information submitted by HSPs including (i) contacting HSPs about late reports, missing data, and inconsistent data; and (ii) measuring the timeliness and quality of data submitted by HSPs and advising the LHINs when problems arise. The LHINs agree to monitor this financial information and to direct the MOHLTC on reallocations and in-year adjustments.

**Data base:** The MOHLTC agrees to establish, by April 30, 2007, a database that will allow the LHINs to (i) provide direction to the MOHLTC concerning HSP allocations and payments and (ii) to access information on their HSP allocations and payments.

#### **SCHEDULE 7: LOCAL HEALTH SYSTEM COMPLIANCE PROTOCOLS**

Schedule 7, Local Health System Compliance Protocols, sets out the obligations of the LHINs and the MOHLTC with respect to compliance, inspection and enforcement functions in the local health system.

**MOHLTC Obligations:** The MOHLTC will maintain its compliance, inspection and enforcement authorities under legislation. The MOHLTC will consult with the LHINs when considering activities such as appointing an investigator or supervisor for an HSP or ordering an HSP to suspend activity. The MOHLTC will inform LHINs of any non-compliance by a long-term care home operator and provide access to long-term care home data.

**LHIN Obligations:** This schedule refers to the responsibility of the LHINs with respect to managing the HSPs in its local health system as described in Schedule 3, and its legislative and contractual authorities which may include conducting or commissioning audits and reviews of HSPs, other than inspections of long-term care homes as performed by the MOHLTC. LHINs will inform the MOHLTC of any non-compliance by an HSP, or of the results of any audit or review that may be the grounds for MOHLTC to take action under legislation. In addition, LHINs will inform the MOHLTC of a long-term care home operator experiencing financial pressures that may lead to non-compliance with or urgent or critical matters related to alleged non-compliance with long-term care home legislation.

The MOHLTC and the LHINs will work to proactively assess and mitigate risks that arise or may arise from the MOHLTC's activities. To support this work, protocols for consultations and information exchanges between the LHINs and the MOHLTC will be developed. In addition, guidelines on conducting audits, inspections and reviews of HSPs will be jointly developed to support the work of the LHINs in these areas.

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## SCHEDULE 8: INTEGRATED REPORTING

Schedule 8, Integrated Reporting, describes the LHINs reporting obligations and the activities that the MOHLTC will undertake to assist the LHINs in meeting reporting obligations.

**MOHLTC Obligations:** The MOHLTC will advise the LHINs of the approved allocation for the current fiscal year, in addition to the planning targets for the subsequent three fiscal years. The MOHLTC will also provide any training, instructions, materials and guidelines required to assist the LHINs in completing the reports outlined in this Schedule.

Schedule 8 also sets out the timelines by which the MOHLTC must provide LHINs with preliminary annual calendarized cash flow schedules by sector, forms for regular and consolidation quarterly reporting, information to support the development of quarterly and year-end reports to the MOHLTC, forms for annual reporting and year-end consolidation, information to support the development of a year-end consolidation report and an audited financial statement, as well as calculated results on performance indicators by the dates specified in Schedule 10.

**LHIN Obligations:** This Schedule requires the LHINs to submit regular and consolidation quarterly reports, multi-year consolidation reports, year end reports, audited financial statements and an annual report each year by the dates stipulated in the Schedule.

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## SCHEDULE 9: ALLOCATIONS

Schedule 9 describes how the LHINs are to spend the funds they receive from the MOHLTC for each fiscal year covered by the Agreement. The Schedule states the total amount each LHIN will be allocated for 2007/08, and the planning targets for 2008/09 and 2009/2010. The schedule also includes tables listing total and LHIN-specific dedicated funding for all sectors. It provides a timeline for when allocations are to be received by the LHINs, as well as any in-year revisions to the allocations and/or planning targets for the subsequent two fiscal years. The Schedule stipulates that any revised funding targets are to be discussed in the Annual Service Plan submission. LHINs are responsible for allocating the funding they receive from the MOHLTC in accordance with the Act, the approved Annual Service Plan and this Agreement.

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## **SCHEDULE 10: LOCAL HEALTH SYSTEM PERFORMANCE**

Schedule 10, Local Health System Performance, sets out performance indicators for the local health system for the purpose of improving local health system performance and supporting the achievement of provincial targets.

It defines the terms: benchmark, LHIN baseline, LHIN target, Performance Corridor, Performance Indicator, Pilot Indicator, and Variance.

The Ministry is responsible for calculating the results for the performance indicators stipulated in this Schedule, providing the results to the LHINs by the dates stipulated, providing HSP performance information to the LHINs as requested, calculating local and provincial results on the pilot indicators specified and providing them to the LHINs, providing LHINs with technical documentation on the performance indicators, and establishing provincial or local benchmarks for the indicators following consultation with the LHINs.

The LHINs must achieve their performance targets for the indicators stipulated in this Schedule, report quarterly on mitigation strategies and performance improvement plans as necessary, and report on performance through their annual reports.

This Schedule also sets out timelines for fulfilling mutual obligations such as developing appropriate LHIN baselines for all performance indicators; LHIN targets and performance corridors for targets; benchmarks for all performance indicators; LHIN dashboards to monitor local health system performance; developing a collaborative process for developing, selecting, evaluating and retiring performance indicators; and identifying needs for new data sets to support local health system performance measurement.

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## **SCHEDULE 11: e-HEALTH**

Schedule 11, e-Health, identifies MOHLTC and LHIN performance obligations related to provincial e-Health priorities and strategic directions and the Provincial e-Health Work Plan. It sets out MOHLTC and LHIN obligations with respect to governance and coordination of e-Health initiatives and technology infrastructure.

With regard to governance and coordination of e-Health initiatives, the MOHLTC is responsible for providing provincial e-Health priorities and strategic directions and informing the LHINS of a provincial e-Health governance model. The MOHLTC will provide dedicated funding for the implementation of specific e-Health initiatives. The LHINs are obligated to provide input to provincial e-Health priorities and strategic directions as well as develop a LHIN e-Health strategy, supported by a LHIN e-Health Work Plan and governance model. Each LHIN will appoint an e-Health lead and use the dedicated funding provided by the MOHLTC to implement specific e-Health initiatives.

Together the MOHLTC and the LHINs will provide a forum for the discussion of e-Health issues at a provincial level and advise each other about e-Health issues.

The MOHLTC is responsible for setting technical standards related to e-Health and will work with all LHINs and Smart Systems for Health Agency (SSHA) on issues related to the LHINs' e-Health Strategy. The LHINs are responsible for identifying and advising the MOHLTC regarding any critical technical or integrated deployment requirements, and will comply with, and require health service providers to comply with, applicable standards and timeframes.