



December __, 2024

The Honourable Josie Osborne
Minister of Health
PO Box 9050 Stn Prov Govt
Victoria BC, V8W 9E2
Via email: HLTH.Minister@gov.bc.ca

Dear Minister Osborne:

Re: Invitation to meet with Regional Hospital Districts within Northern Health

The Regional Hospital Districts in the Northern Health region would like to take this opportunity to congratulate you on your appointment to Minister of Health and extend an invitation to meet with us regarding the current funding challenges that northern Regional Hospital Districts are experiencing.

The North West, Stuart-Nechako, Fraser-Fort George, Cariboo-Chilcotin, Northern Rockies and Peace River Regional Hospital Districts (the RHDs) contribute some of the highest residential property tax requisition rates per thousand in the Province to Northern Health's capital budget. There are a number of factors that are impacting the current state of affordability with fairness across the Province being a consideration. There is a noteworthy disparity across the Province in terms of what taxpayers pay, with RHDs in the North of the Province paying more on average.

At the 2024 Union of B.C. Municipalities Convention during the Electoral Area Directors' Forum, the Fraser-Fort George and Stuart-Nechako Regional Hospital Districts provided a presentation that provided background and financial data that supported the special resolution (SR1) - Unsustainable Local Government Contributions to Regional Hospital Districts that was endorsed by the UBCM membership.

We would like to arrange a meeting with you prior to the adoption of the RHDs budgets in March of 2025 to discuss funding and affordability concerns along with the need for legislative reform of the *Hospital District Act*.

Sincerely,

Judy Greenaway
Chair
Stuart-Nechako Regional
Hospital District

Barry Pages
Chair
North West Regional
Hospital District

Joan Atkinson
Chair
Fraser-Fort George Regional
Hospital District

Al Richmond
Chair
Cariboo-Chilcotin Regional
Hospital District

Leonard Hiebert
Chair
Peace River Regional
Hospital District

Rob Fraser
Chair
Northern Rockies Regional
Hospital District

Attachment: 2024 UBCM Resolution – SR1 Unsustainable Local Government Contributions to
Regional Hospital Districts

cc: Chris Calder, CAO, Fraser-Fort George Regional Hospital District
Shawn Dahlen, CAO Peace River Regional Hospital District
Curtis Helgesen, CAO, Stuart-Nechako Regional Hospital District
Murray Daly, CAO, Cariboo-Chilcotin Regional Hospital District
Scott Barry, CAO, Northern Rockies Regional Hospital District
Alisa Thompson, Executive Director, North West Regional Hospital District

Section SR



Health and Social Development

SR1 Unsustainable Local Government Contributions to Regional Hospital Districts

UBCM Executive

Whereas local governments are facing significant financial pressures due to the expansion of services which are being downloaded by the provincial and federal governments on many issues including housing, community safety and climate change;

And whereas local governments must share the capital infrastructure project costs for healthcare facilities with the provincial government through their Regional Hospital Districts with 60 percent contributed by the Province and 40 percent contributed by Regional Hospital Districts;

And whereas local governments must provide the 40 percent 'voluntary' contribution towards the provincial government's health care capital costs, including any cost overruns, or risk losing those projects to other areas of the province:

Therefore be it resolved that the provincial government work with Regional Hospital Districts and UBCM to review the cost-sharing model for funding health capital projects in BC, and acknowledge that the reliance on property taxes to fund areas of provincial health care responsibility is inconsistent and unsustainable for BC local governments.

UBCM Resolutions Committee Recommendation: **Endorse**

UBCM Resolutions Committee Comments:

The Resolutions Committee notes that the UBCM membership has endorsed numerous resolutions regarding the cost-sharing of capital projects between Health Authorities and Regional Hospital Districts. (2023-NR11, 2021-EB64, 2018-B50, 2018-B144, 2017-B39, 2016-B114, 2014-B35, 2011-B58, 2009-B150, 2008-B129, 2007-B184, 2005-B42, 2004-B28). Several of the resolutions have requested a review of the historic cost-sharing ratio and have advised reliance on the property tax system to provide 40 percent of the capital costs is inflexible, inconsistent, and unsustainable.

The Committee also notes that the membership supported resolution 2023-NR10 which called for a review of the structure/management of Health Authorities; and resolution 2014-C19 which requested legislative change to require the composition of health authority boards to include representation from regional districts.

For 2024, UBCM received three related resolutions on regional hospital districts that will be referred to this Special Resolution. Resolution RR1 requests that the provincial government consult with Regional Hospital Districts to reconsider the existing capital infrastructure project funding split as the 60:40 percentages are not legislated in the Hospital District Act; Resolution RR2 asks the provincial government for transparent and accurate cost estimates for healthcare infrastructure projects, enabling accountability and effective financial planning by local governments; and Resolution RR3 requests equitable funding arrangements for healthcare infrastructure projects, ensuring that the financial burden is distributed fairly among communities based on their capacity to contribute.

See resolutions RR1, RR2, RR3

Background

The UBCM Executive is bringing forward a special resolution on Regional Hospital Districts to highlight and provoke action by the provincial government on the long-standing issue of the expected contributions from local governments to provincial health care capital projects.

Local governments, through their Regional Hospital Districts (RHD), provide a voluntary 40 percent contribution towards capital costs. However, most RHDs acknowledge that while they theoretically can (and some do) refuse to approve the full 40 percent of project requests from Health Authorities, they feel that it is risky to do so as the project could be placed at risk and the local community could lose needed investments.

In response to endorsed resolution 2021-EB64, the Ministry of Health advised that “RHDs are expected to contribute 40 percent of capital project costs within their region”. The provincial government noted that “when there is an opportunity to amend the Hospital District Act - the legislative framework for the roles and responsibilities of RHDs - the review of the cost-sharing model for funding health capital projects in BC could be considered in consultation with all stakeholders, including RHDs and the Union of BC Municipalities”.

Staff note that the Regional Hospital Districts exist in every region of BC except for the Greater Vancouver Regional District. A provision in the Greater Vancouver Transportation Act allows residents in that area contribute towards transit instead of health care capital costs.

UBCM Policy Position

Local contributions to Regional Hospital Districts have been a significant issue for UBCM since 1992.

UBCM was involved in drafting two Regional Hospital District Cost Sharing Reviews in 2003 and 2009.

In 2003, Sierra Systems was hired by the Ministry of Health to conduct a review of the cost sharing processes between the Ministry of Health, Health Authorities and RHDs. The review examined the appropriate role for RHDs in capital planning and contribution decisions; and the capital process concerns of each party. The report offered 15 recommendations.

In 2008 and 2009, UBCM worked with the Ministry of Health to commission a second report to review the status of the implementation of recommendations from the 2003 Cost Sharing Review.

Following the release of the report, Ministry of Health staff provided updates to the UBCM membership in 2009, 2010, and 2011 at the Annual Conventions. In 2011, the Ministry noted that of the actionable recommendations, 8 items were complete, 1 item was 95 percent complete (recommendation #2), and 1 item is headed in the right direction (recommendation #1), and 1 item will be on the legislative agenda (recommendation #11). It was noted that the Ministry was preparing a summary report to present to the RHDs in early 2012.

Work on the implementation of the recommendations stalled after the 2011 Convention session, due to a lack of staff resources at the Ministry to continue the work, and the 2013 provincial election.

To re-ignite work with the provincial government on regional hospital districts, UBCM offered a clinic on the issue at the 2018 Convention, which included the CEO of Interior Health, a representative of Island Health, two local Directors from RHDs, and a representative from the Ministry of Health.

Current Status

Regional Hospital Districts in BC have reported significant cost increases in the funding requests brought forward by Health Authorities for healthcare capital expenditures. This has resulted in substantial increases to RHD budgets and to the regional district taxpayers.

For example, the below table outlines the Fraser Fort George Regional Hospital District contributions to Northern Health between 2014 and 2023; as well as anticipated costs for 2024 to 2028.

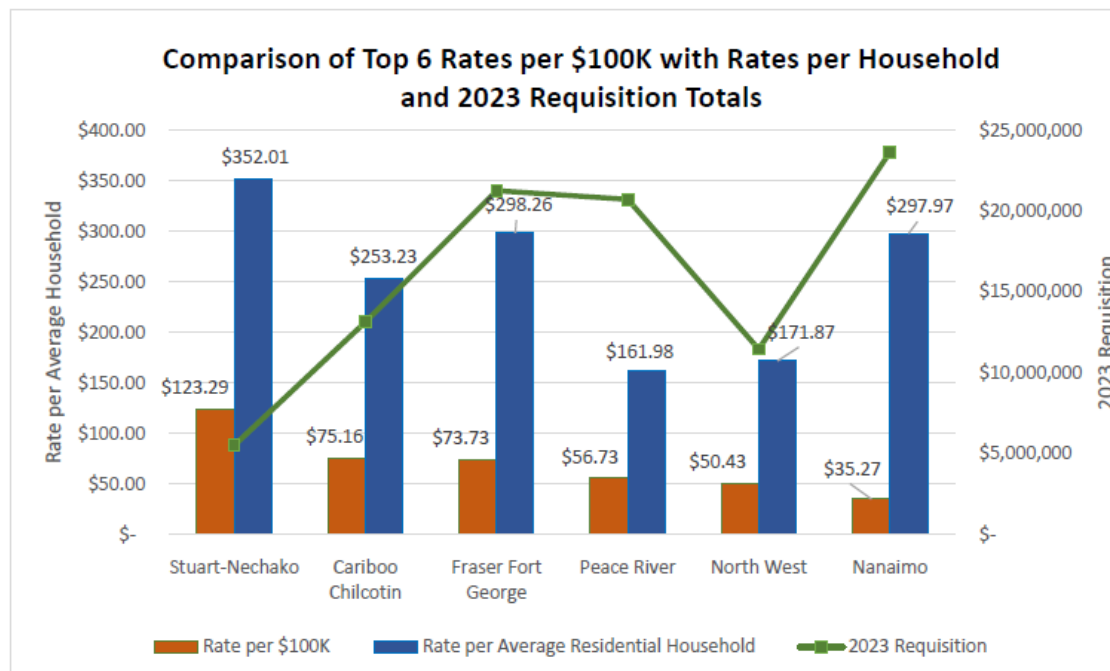
**Fraser Fort George Regional Hospital District
Grants to Northern Health Authority**

Anticipated 2028	12,910,995
Anticipated 2025	12,887,655
Anticipated 2025	23,549,665
Anticipated 2025	32,015,295
Anticipated 2024*	23,633,980
2023	10,484,730
2022	6,649,135
2021	5,168,061
2020	2,081,112
2019	4,950,916
2018	4,824,597
2017	4,033,689
2016	2,097,310
2015	2,804,326
2014	3,342,915

*Note: 2024 includes prior year commitments of \$7,313,671

Fraser Fort George also collected data on provincial hospital requisition rates, showing a comparison of requisitions rates for taxpayers in various Regional Hospital Districts.

Figure 9 – Comparison of Top 6 Rates per \$100K with Rates per Household and 2023 Requisition Totals



The Fraser Fort George Hospital District financial plan provides additional detail on future funding needs, strategic issues, and recommendations: <https://www.rdffg.ca/media/file/approved-financial-plan-2024-2038>