March 2017

HEALTH FUNDING EXPLAINED 2

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The Honourable Linda Reid
Speaker of the Legislative Assembly
Province of British Columbia
Parliament Buildings
Victoria, British Columbia
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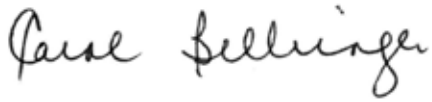
Dear Madame Speaker:

I have the honour to transmit to the Speaker of the Legislative Assembly of British Columbia the report *Health Funding Explained 2.*



Carol Bellringer, FCPA, FCA
Auditor General
Victoria, B.C.
March 2017

AUDITOR GENERAL'S COMMENTS

Information on health care costs is in high demand, but not readily accessible. In this report, we pulled it all together for easier viewing and increased understanding. This is an update to our 2013 report on health spending in the province.

The Ministry of Health spends $17.4 billion annually, or 37% of overall provincial expenses. This is three times more than the next largest ministry (Education). The Ministry of Health disburses $11.8 billion to the six health authorities, which in turn, deliver care to the people of B.C. The Medical Services Plan receives $4.2 billion and those funds are disbursed to physicians throughout the province. And $1.2 billion goes to PharmaCare for prescription drugs. B.C. spends an average of $4,050 per person annually. This is close to the Canadian average, which is $4,095.

Over the five years between 2013 and 2018, health spending is projected to increase by $2.7 billion or 15%. This is more than the combined 2015/16 budget for the 11 smallest ministries, or the budget for the third largest ministry (Social Development and Social Innovation).

The population of B.C. over the same period of time is projected to increase by 6%. In our 2015 report *Monitoring Fiscal Sustainability*, we noted that increased health care costs may threaten B.C.'s ability to provide services and meet financial commitments – both now and in the future.

A significant portion of our province's health care funding comes from the Canada Health Transfer, which is money the federal government sends to the provinces and territories to help pay for health care. Last year, the transfer for all of Canada was $34 billion, and B.C. received $4.5 billion. On March 31, 2017 – just two weeks after the release of this report – how the transfer works is going to change. Since 2004, the transfer has grown by 6% a year, and it will drop to 3% (or GDP growth – whichever is higher) starting in April.

Carol Bellringer, FCPA, FCA
Auditor General

AUDITOR GENERAL'S COMMENTS

As a result of the drop, the provinces and territories have argued that this will lower the amount of federal support for health care down from 23% to 20%.

Given the financial and social importance of providing health care, we will continue to look at health spending by producing information reports such as this, as well as conducting performance audits of various aspects of the health care system.

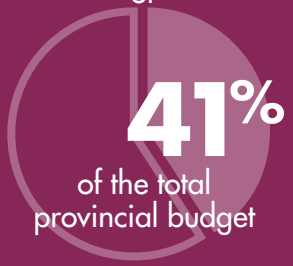
I would like to thank the staff at the Ministry of Health and health authorities for their assistance in helping us complete this project.

Carol Bellringer, FCPA, FCA
Auditor General
Victoria, B.C.
March 2017

REPORT HIGHLIGHTS

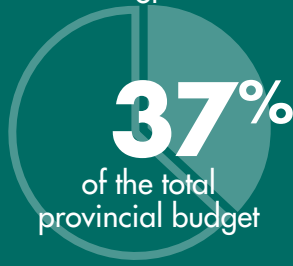
RISING
HEALTH CARE COSTS
POSE RISKS
to B.C.'s ability to provide services and meet financial commitments

The health sector **SPENDS $19.2B** annually, or



41% of the total provincial budget

The Ministry of Health **SPENDS $17.4B** annually, or



37% of the total provincial budget

INCREASED SPENDING SINCE 2012/13

Community care: **UP 14%**

Acute care: **UP 11%**

Residential care: **UP 5%**

Mental health and substance use services: **UP 3%**

PHYSICIANS: **$4.2B**

PRESCRIPTION DRUGS: **$1.2B**

HEALTH CARE DELIVERY: **$11.8B**

B.C. SPENDS **$4,050** /PERSON **on health care**

CANADIAN average is **$4,095** /PERSON

DECREASED SPENDING SINCE 2012/13

Public health and wellness **DOWN 1%**

HEALTH FUNDING EXPLAINED 2

The Ministry of Health is the steward of British Columbia's health care system. It sets the direction, funds most aspects of the system and monitors results. Many other organizations, such as health authorities and hospital societies, also ensure the people of British Columbia receive high-quality health care. With so many organizations, getting a clear picture of how the system works can be challenging.

In this information report, we present the major components of B.C.'s health care system in a series of graphs, charts and summary explanations. Our goal is to show how the system is funded and where the dollars are spent.

This is an update to our previously released report *Health Funding Explained*, and we include financial information from 2012/13 to 2015/16. Where possible, we provide government's future estimates of revenues and expenses to show where health care revenue and expense trends are heading over the next two years.

THE SCOPE OF OUR WORK

This project is not a traditional audit. We compiled information from the Ministry of Health, the province's six health authorities and other organizations in the health system. Our involvement was limited to enquiry, analysis and discussion. **We did not audit or review the information we present.**

We conducted this project under Section 13 of the *Auditor General Act*. The scope of our work was limited to significant programs and services (e.g., programs and services that receive significant funding or that significantly impact B.C.'s health care system). Many of the numbers we include are approximate.

Health funding and spending overview in B.C., 2015/16

Our report shows:

- the major funding sources for the B.C. publicly funded health system
- how those dollars flow to service delivery
- the overall provincial financial picture for the health sector
- how funding flows from central government to the health service delivery agencies (see Exhibit 2)
- key revenues and expenses, with graphs and diagrams to show financial trends

DID YOU KNOW?

In 2015/16, the Government of British Columbia reported $47.6 billion in revenues.

In 2015/16, government spent $19.2 billion in the health sector.

TOTAL PROVINCIAL REVENUES: 2015/16

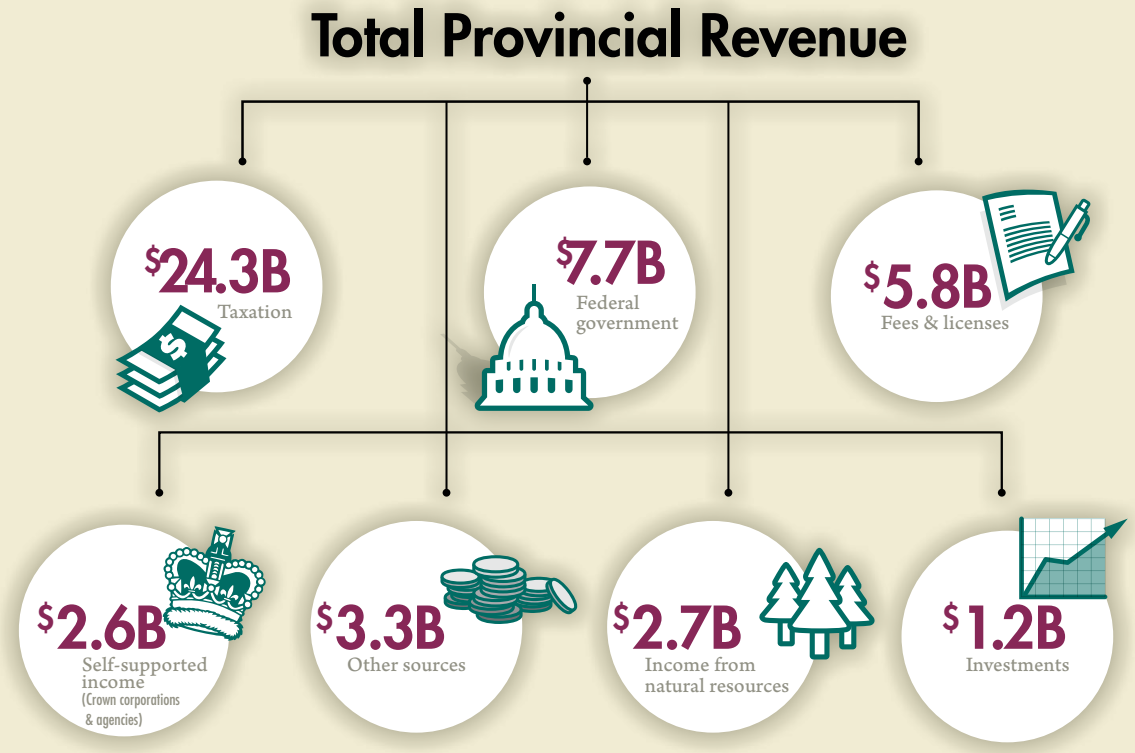
In 2015/16, the provincial government received approximately $47.6 billion in revenue from the funding sources listed below (also see Exhibit 1). Government uses these revenues to provide services to the people of B.C. The major categories include:

- **Taxation:** The province charges tax on personal and corporate income, goods and services, and other commodities. Taxation is the largest source of provincial revenue.
- **Federal transfers:** The majority of transfers come from the Canada Health Transfer and the Canada Social Transfer, as legislated in the *Federal-Provincial Fiscal Arrangements Act*. The transfers support provincial health and social services.
- **Fees and licenses income:** This is revenue generated from Medical Services Plan (MSP) payments, fees for licenses (e.g., drivers' licenses), and liquor licenses.
- **Miscellaneous and other:** This includes revenue from the sale of properties, natural resources, net income from government business enterprises (e.g., BC Hydro and BC Lottery Corporation), and investment income.

A significant portion of health sector funding comes from the Canada Health Transfer (2015/16 - $4.5 billion), with additional contributions from the federal government, as well as MSP premiums (2015/16 - $2.4 billion) included with fees and licenses.

The provincial government distributes funding for health care through the Ministry of Health (ministry), and the amount is approved by Members of the Legislative Assembly. We describe the government budgeting process in more detail on page 20.

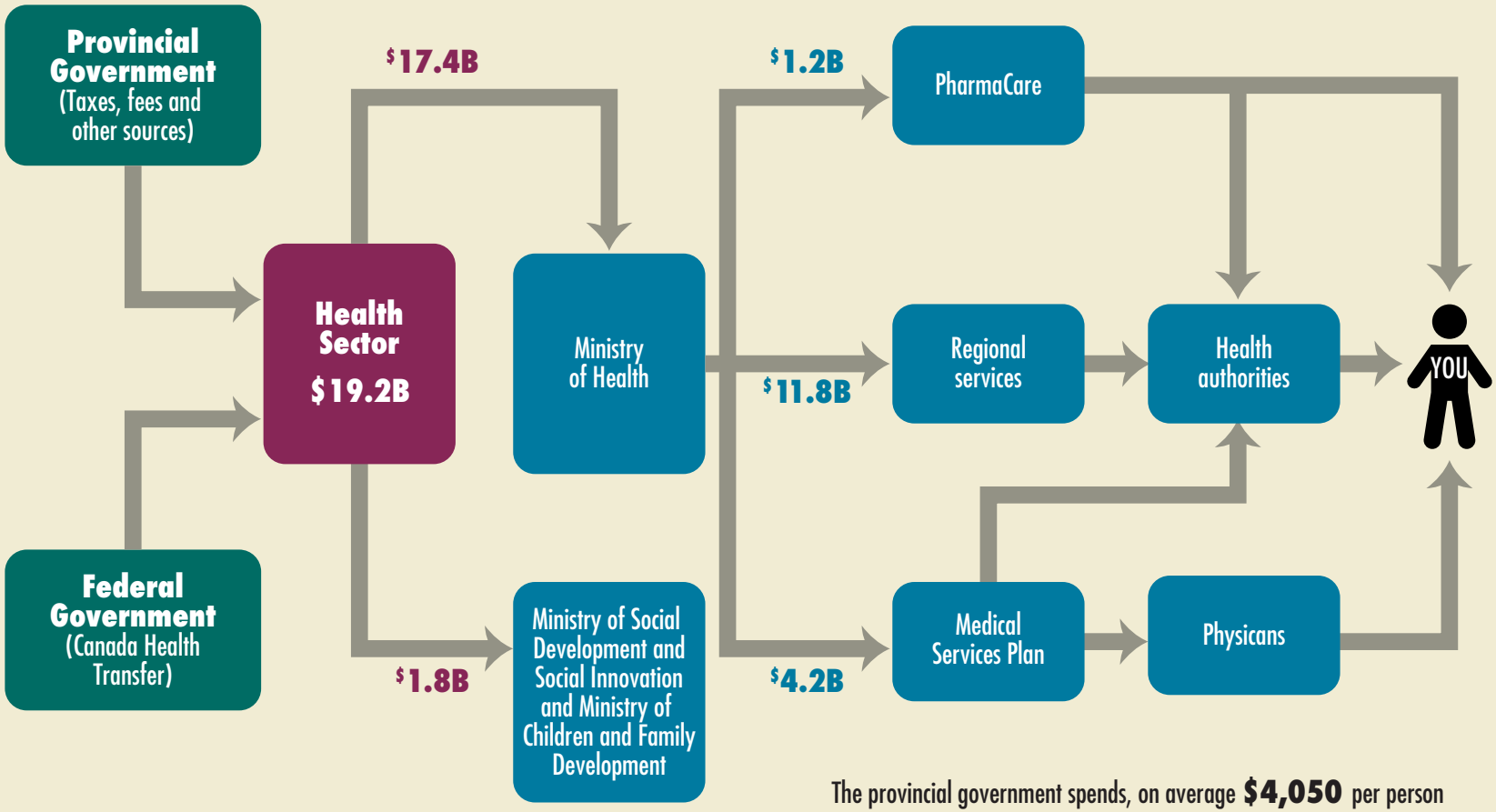
Exhibit 1: Total provincial revenue (2015/16)



Source: Office of the Auditor General of British Columbia, based on the B.C. Public Accounts

HEALTH FUNDING EXPLAINED 2

Exhibit 2: Funding through the provincial health system (2015/16)



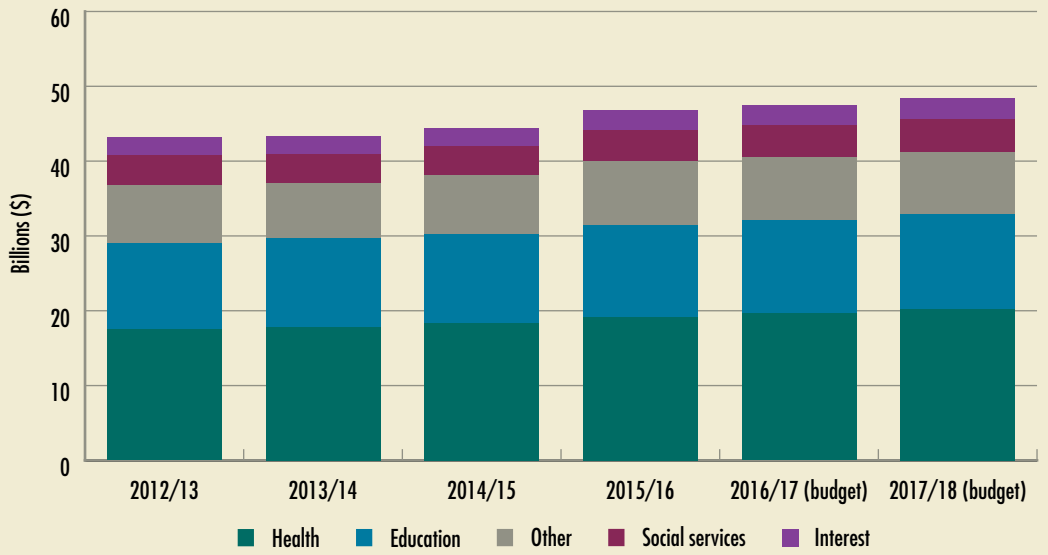
Source: Office of the Auditor General of British Columbia, based on information from the B.C. Public Accounts

PROVINCIAL HEALTH EXPENSES

In 2015/16, B.C.'s health sector expenses were $19.2 billion or 41% of total provincial expenses. Of that, the Ministry of Health accounted for $17.4 billion, or 37% of total provincial expenses. The Ministry of Social Development and Social Innovation or the Ministry of Children and Family Development also incur some health expenses for their clients ($1.8B). Between 2012/13 and 2017/18, annual health care expenses are projected to increase by $2.7 billion or 15%. The population of B.C. over the same period of time is projected to increase by 6%.

According to the provincial Budget and Fiscal Plan for 2016/17 to 2018/19, government predicts that health expenses will reach $20.8 billion in 2018/19.

Exhibit 3: Provincial expenses, by program



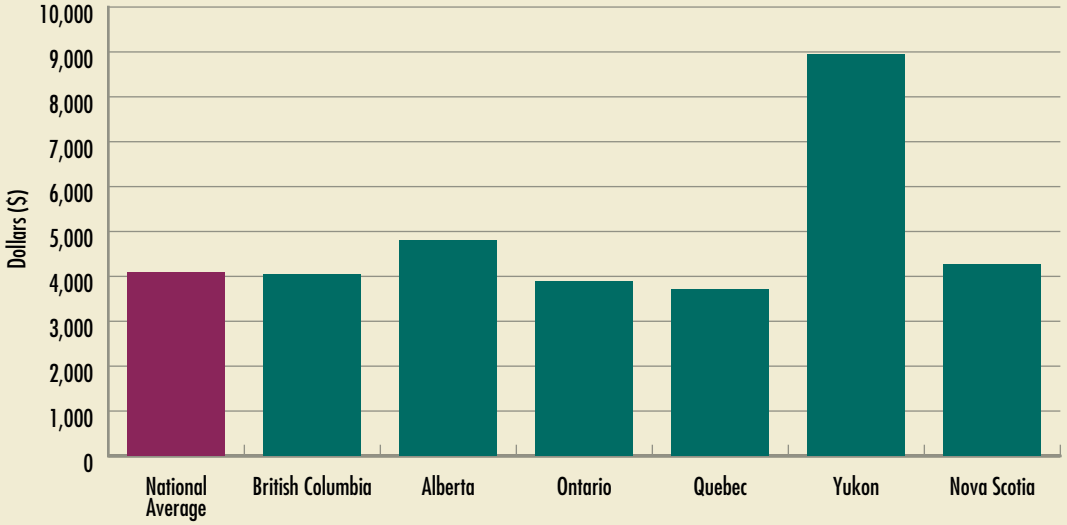
Source: Office of the Auditor General of British Columbia, based on the B.C. Public Accounts and Budget and Fiscal Plan

HEALTH FUNDING EXPLAINED 2

In 2015/16, the province spent $4,050 per person on health care. Across Canada, the average is $4,095 per person.

The majority of health spending happens through the Ministry of Health, health authorities and hospital societies, all of which are supported by the provincial government. Exhibit 5 shows how health spending flows to people in B.C. through the three main health programs: regional services, the MSP and PharmaCare.

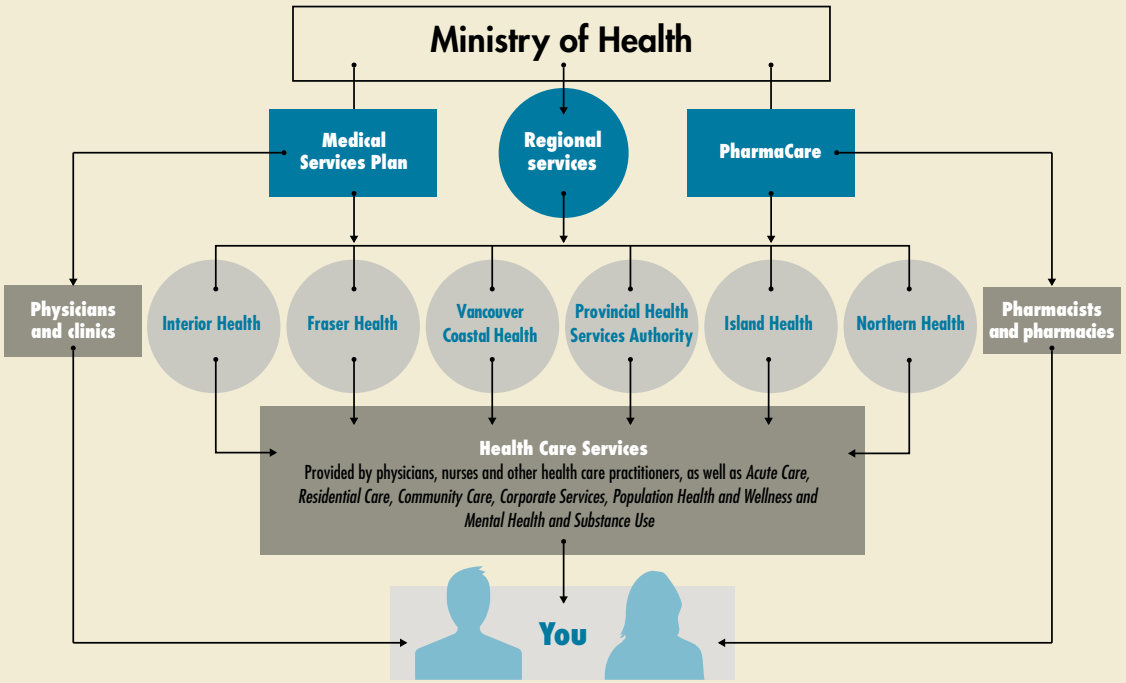
Exhibit 4: 2016 per person health care spending from select provinces/territories and national average



Source: Office of the Auditor General of British Columbia, based on Canadian Institute for Health Information (CIHI) *National Expenditure Trends, 1975 to 2016*

HEALTH FUNDING EXPLAINED 2

Exhibit 5: How health care services are provided



Source: Office of the Auditor General of British Columbia

Health authorities

In 2015/16, the five regional health authorities and the Provincial Health Services Authority spent $11.2 billion or 64% of Ministry of Health expenses. The health authorities plan and deliver the majority of publicly funded health care services through hospitals and other health care facilities.

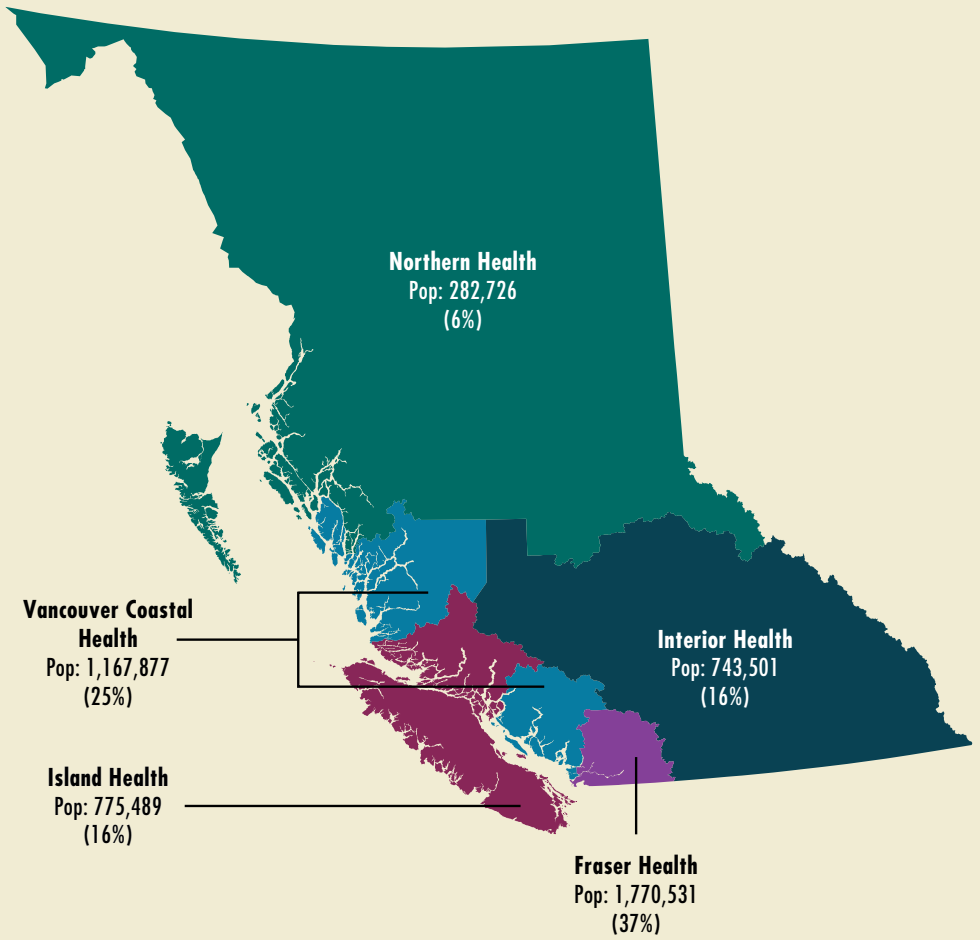
Regional health authorities

The five regional health authorities deliver health services within their geographical regions. Each regional health authority has various characteristics that influence the planning and costs of delivering health services. These include:

- population size
- population age and health status
- the extent of complex, specialized and centralized acute services
- urban and rural health delivery

Some regional health authorities also partner with denominational (faith-based) hospital societies

Exhibit 6: Map of regional health authorities (2016 forecast)



Source: Office of the Auditor General of British Columbia, based on information from BC Stats and the Ministry of Health

for service delivery. The largest is Providence Health Care, which operates St. Paul's Hospital and partners with Vancouver Coastal Health.

Provincial Health Services Authority (PHSA)

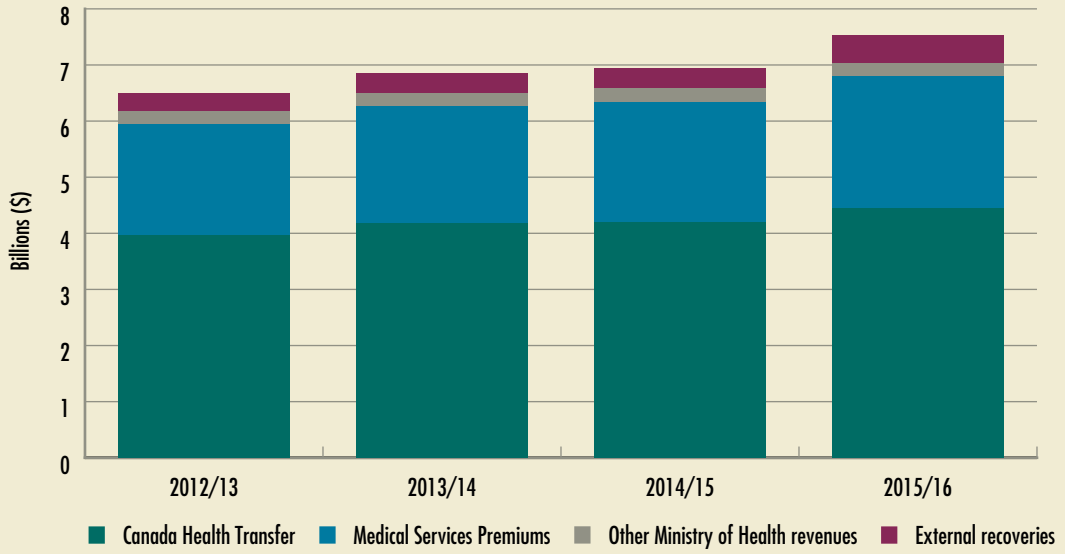
According to PHSA's website, this health authority "provides specialized, province wide health care services in B.C., working collaboratively with the Ministry of Health and the regional health authorities to initiate, plan, implement, monitor and evaluate programs and improvements for specific populations."

HEALTH RELATED REVENUES

In 2015/16, the provincial government allocated $7.6 billion to the Ministry of Health (ministry) from the sources below. Revenue from these sources has increased by $1.1 billion or 16% since 2012/13 (see Exhibit 7). The remaining $9.8 billion allocated to Ministry of Health revenue is from the provincial general revenue fund (see Exhibit 1).

- Canada Health Transfer ($4.5 billion): The federal government transfers money for health services in B.C.
- MSP premiums ($2.4 billion): Residents of B.C. pay monthly fees.
- Other health revenues ($233 million): This money comes from gaming revenue, other contributions from the federal government and fees (e.g., ambulance fees and registration fees to vital statistics for weddings, births, etc.).

Exhibit 7: Health related revenues



Source: Office of the Auditor General of British Columbia, based on Ministry of Health data

- External recoveries ($497 million): This includes fees that B.C. charges to other provinces for health services, drug rebates from pharmaceutical companies and funds from other insurers (e.g., Worker's Compensation Board and ICBC).

The provincial government determines health sector spending (including ministry spending) through the annual budget process. The Members of the Legislative Assembly vote to determine how much funding will go to the ministry, and the ministry distributes that money to health organizations that deliver care.

Canada Health Transfer

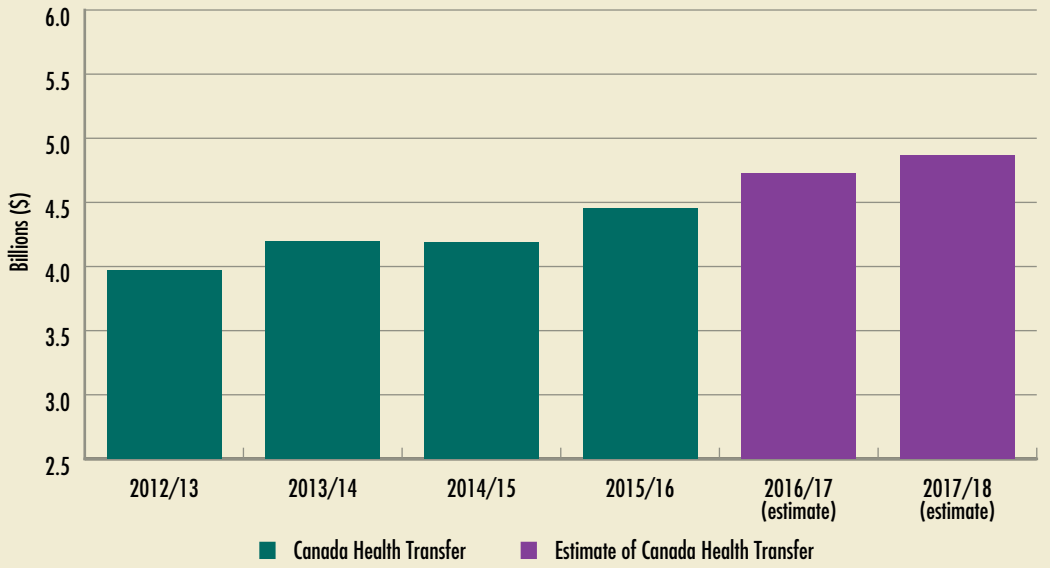
The *Federal-Provincial Fiscal Arrangements Act* sets out how much the provinces and territories will receive for health care through the Canada Health Transfer. For 2015/16, the total for all of Canada was $34 billion, and this will increase by 6% for 2016/17, followed by a minimum annual increase of 3%.

According to a recent press release from Health Canada, the federal government will provide B.C. with the minimum annual increase, as well as an additional $1.4 billion over the next ten years:

- $786 million for better home care, including addressing critical home care infrastructure requirements
- $655 in support of mental health initiatives

In 2015/16, the B.C. government received $4.5 billion from the federal government for the Canada Health Transfer – the largest revenue stream for health in the province. Since 2012/13, this funding has increased by $483 million or 12%.

Exhibit 8: Canada Health Transfer revenue



Source: Office of the Auditor General of British Columbia, based on information obtained from the Department of Finance Canada

The provinces and territories will receive funding through the Canada Health Transfer, so long as their insurance plans adhere to the following principles:

- public administration – it must be publicly administered by a government agency on a non-profit basis
- comprehensiveness – it must be comprehensive and covered by provincial law
- universality – it must provide services to everyone on uniform terms and conditions

- portability – people are entitled to no-charge health care services while travelling to other provinces
- accessibility – it must provide reasonable access to insured services by providing compensation to the deliverers of the insured services

As of 2014/15, the federal government allocates Canada Health Transfer funding on a per person basis. For B.C., this means about $940 per person. Total funding may change over time, as the population fluctuates throughout B.C. and Canada.

DID YOU KNOW?

As defined in the *Canada Health Act*, "Insured services mean hospital services, physician services and surgical-dental services provided to insured persons, but does not include any health services that a person is entitled to and eligible for under any other act that relates to workers compensation." For example a visit to the doctor is insured but massage therapy is not.

DID YOU KNOW?

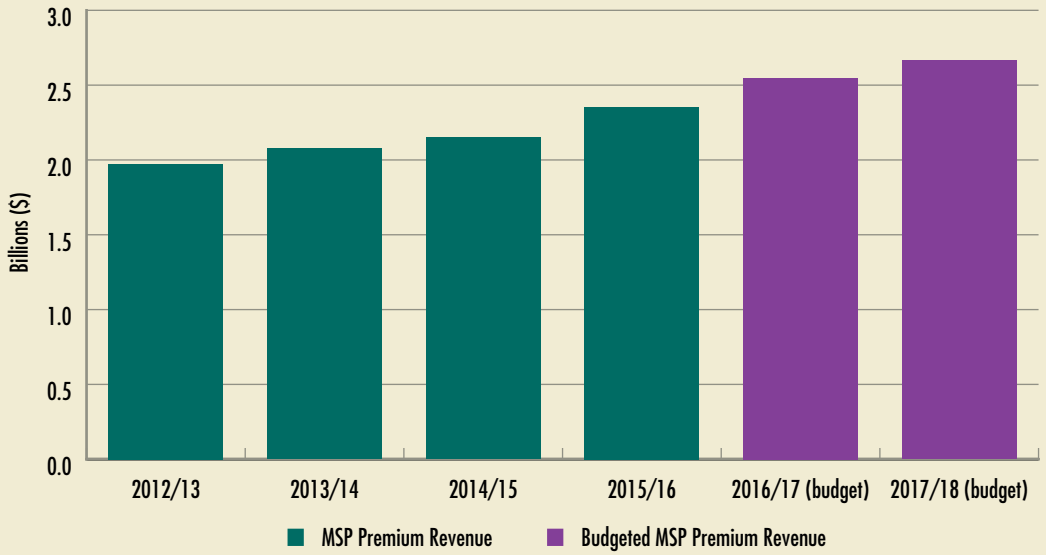
In 2015/16, for every dollar spent by the Ministry of Health, about 23 cents came from the federal government through the Canada Health Transfer.

Medical Services Plan (MSP) premiums revenue

Under B.C.'s *Medicare Protection Act*, enrolment with MSP is mandatory for all B.C. residents. These premiums fund some of B.C.'s health care costs. In 2015/16, revenues from MSP premiums were $2.4 billion. Since 2012/13, MSP collections have increased by $380 million or 19%; over the same period of time the population of B.C. increased by 3%.

Historically, monthly MSP premiums were based on family structure. For example, last year, a one-person household paid $75 per month and a family of three or more persons paid $150 per month. As of January 1, 2017, MSP premium rates are no longer based on family size. Adults pay a single rate of $75 per month and all children (under the age of 19 years) are exempt. Based on the Budget and Fiscal Plan released this year, starting January 1, 2018, the provincial government will reduce MSP premiums by 50% for households with annual family net income up to $120,000. For example, a household with net income less than $120,000 that paid monthly premiums of $150 in 2017 will pay $75 in 2018. See Exhibit 10 for a comparison.

Exhibit 9: MSP premium revenue*



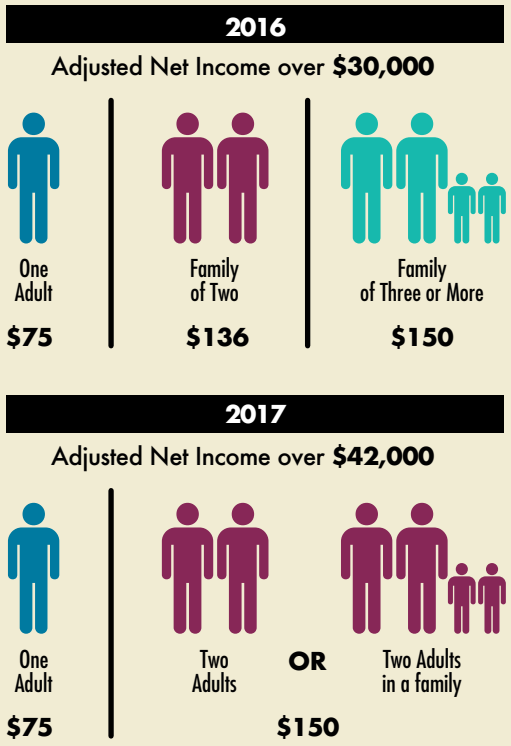
*Revenues for 2016/17 and 2017/18 in Exhibit 9 are based on the 2015/16 rate structure.
Source: Office of the Auditor General of British Columbia, based on the Public Accounts and the Ministry of Health's Service Plan

Medical Services Plan (MSP) premium assistance

Low-income individuals and families pay lower MSP premiums. Based on the new rate structure for 2017, adults or couples with adjusted net incomes less than $24,000 (adjusted for age, number of children and disability) per year do not pay MSP premiums. The rates will increase based on individual and family net income, climbing to the full monthly premium once adjusted net income exceeds $42,000 per year.

For a full breakdown of MSP premium assistance rates, see the ministry website.

Exhibit 10: MSP premium rates for 2016 and 2017



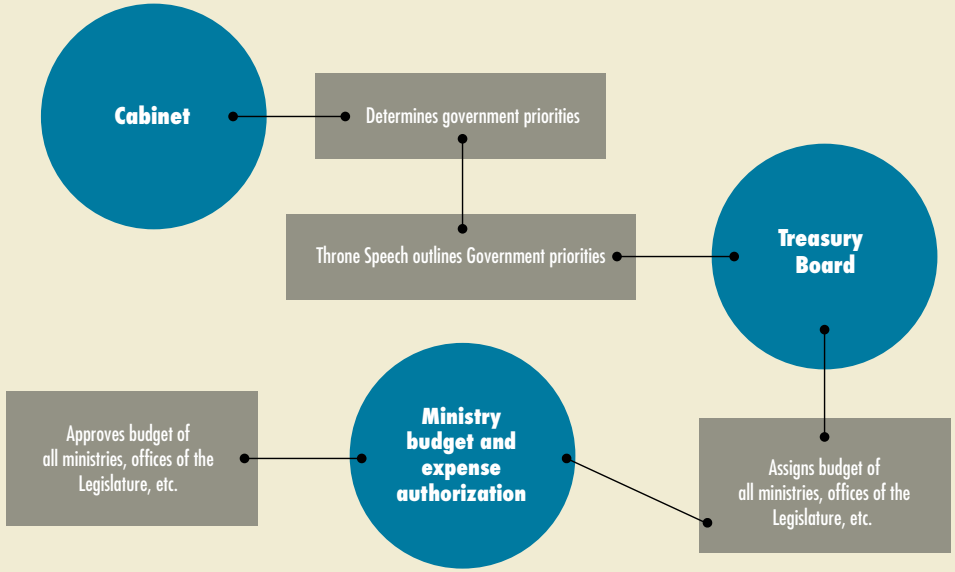
Source: Office of the Auditor General of British Columbia, based on data from the Ministry of Health

GOVERNMENT'S BUDGET ALLOCATION PROCESS

Each year, the Speech from the Throne formally presents government's priorities and goals for the year to the Members of the Legislative Assembly. After the Lieutenant Governor of British Columbia delivers the speech, the Minister of Finance presents the Budget and Fiscal Plan to the Legislative Assembly. The plan outlines government's planned financial position and results for the next three fiscal years. At Cabinet's direction, Treasury Board Staff within the Ministry of Finance prepare the budget based on government's priorities.

As part of the annual budget process, Members of the Legislative Assembly debate and approve the *Supply Act*. This act authorizes spending for all government ministries for their identified purposes. For more information on government's budget process, see our report *Budget Process Examination Phase 1: Revenue*.

Exhibit 11: Government's budget allocation process



Source: Office of the Auditor General of British Columbia

For 2015/16, the Ministry of Health was authorized to spend $17.4 billion, and it spent 100% of those funds. In addition, the ministry received approval to spend $379 million on health sector capital assets. Capital assets include health facilities, specialized health and office equipment, and computer hardware and software.

DID YOU KNOW?

Ministry of Health spending accounts for 37% of all provincial expenses and receives just over three times more funding than the next largest ministry, the Ministry of Education.

Ministry of Health expenses

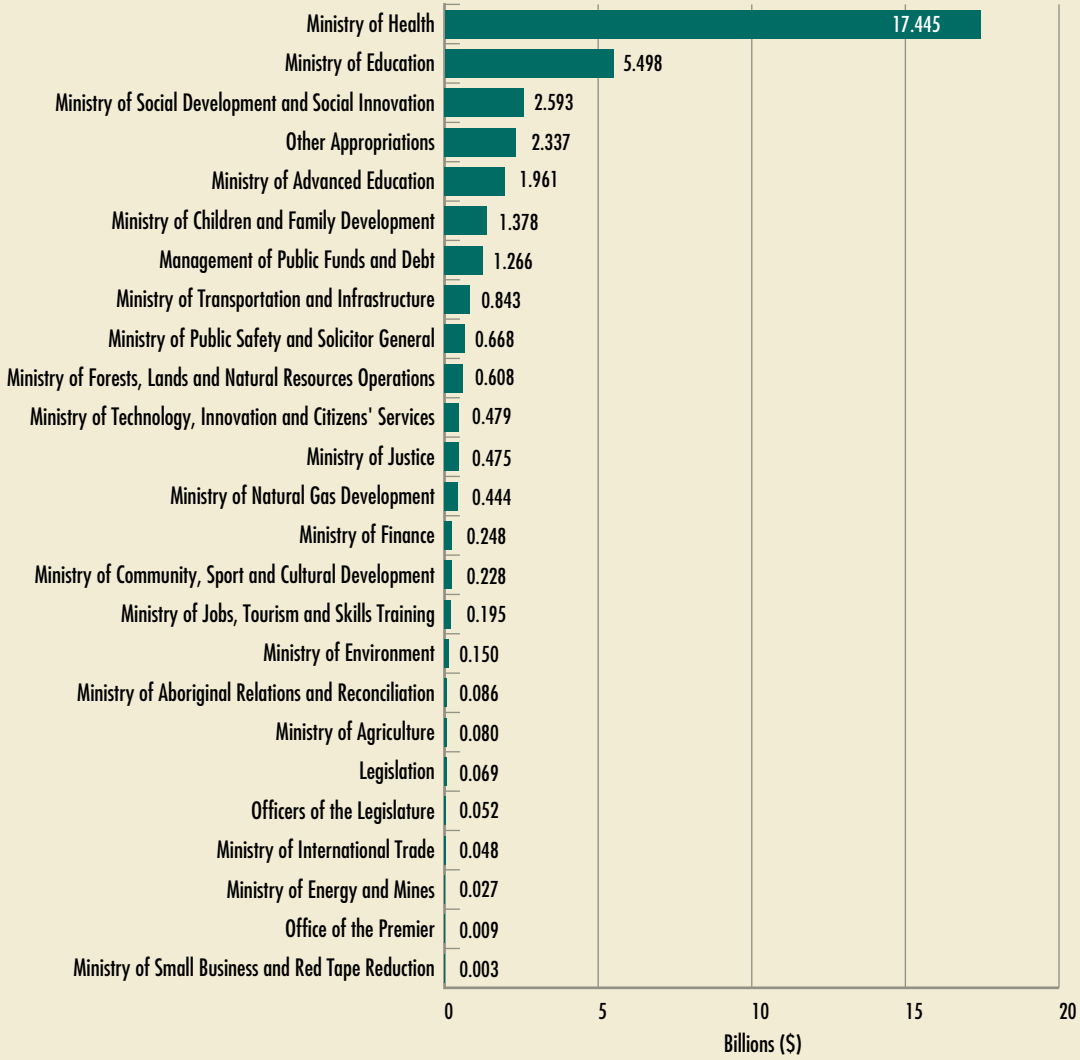
The Ministry of Health funds three major areas:

1. Regional services (2015/16 - $11.8 billion or 68% of expenses): funding for health authorities and other provincial health services
2. MSP (2015/16 - $4.2 billion or 24% of expenses): services provided by physicians and other health care providers, such as surgeons and diagnostic examiners
3. PharmaCare (2015/16 - $1.2 billion or 7% of expenses): assistance for the cost of prescription drugs (drugs approved by the ministry), dispensing fees, medical supplies and pharmacy services

Other expenses outside these three programs totalled $267 million or 1.5% of expenses, and included:

- Executive and support services (2015/16 - $217 million or 1.2% of expenses) –Ministry of Health administration costs, such as corporate services and information management

Exhibit 12: Estimated appropriations (funds designated by the *Supply Act*), by organization (2015/16)



Source: Office of Auditor General of British Columbia, based on the B.C. Estimates 2015/16

HEALTH FUNDING EXPLAINED 2

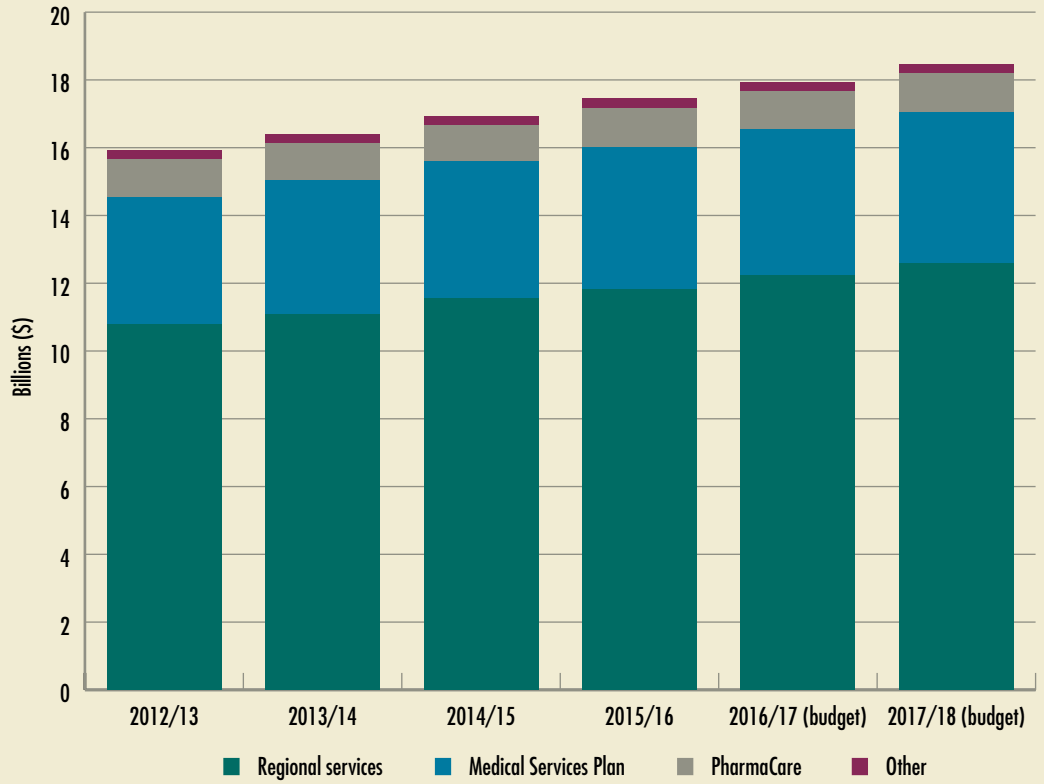
- Health Benefits Operations (2015/16 - $44 million or 0.2% of expenses) – Through Health Insurance BC, Health Benefits Operations administers medical coverage through MSP, and drug coverage through the PharmaCare programs
- Vital Statistics (2015/16 - $6 million or 0.1% of expenses) – provides certificates of birth, marriage and death

Expenses for regional services

The Ministry of Health spent $11.8 billion in regional services in 2015/16. Since 2012/13, this has increased by $1 billion or 10%. Regional services provide funding for the management and delivery of health care services throughout the province.

The majority of regional services funding goes to the five regional health authorities ($9.3 billion) and the Provincial Health Services Authority ($1.9 billion). Total funding provided to the health authorities in 2015/16 was $11.2 billion. In addition to health authorities, a number of other

Exhibit 13: Ministry of Health expenses

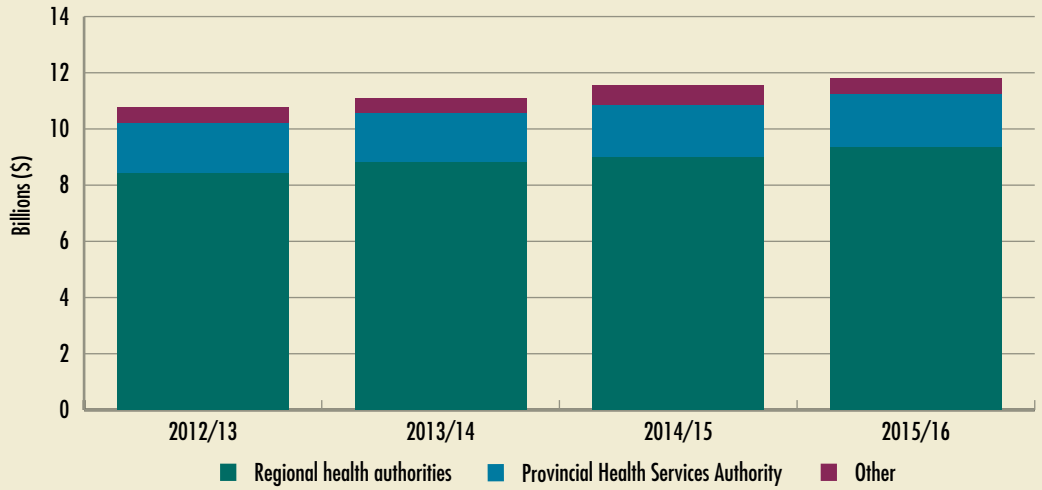


Source: Office of the Auditor General of British Columbia, based on B.C. Public Accounts and Ministry of Health's Service Plan

organizations and smaller programs also receive funding from regional services, and include:

- **Canadian Blood Services ($176 million)**
  This organization manages the blood supply in Canada and collects and tests donated blood for distribution.
- **Other costs ($173 million)**
  This includes discretionary grants to related health organizations, risk management and funding for the First Nations Health Authority.
- **Post Graduate Medical Program ($126 million)**
  Funding provided to university medical campuses in B.C.
- **Out-of-province claims ($102 million)**
  When residents of B.C. are outside the province and require health care, B.C. must pay those provinces or territories for the services that B.C. residents received.

Exhibit 14: Regional services expenses, by type



Source: Office of the Auditor General of British Columbia, based on Ministry of Health data

DID YOU KNOW?

The First Nations Health Authority (FNHA) administers health benefits and directs community service funding for First Nations in British Columbia. The FNHA has assumed the programs, services and responsibilities formerly handled by Heath Canada's First Nations Inuit Health Branch – Pacific Region. The FNHA was a result of the Tripartite Partners Agreement between First Nations, and the provincial and federal governments as a way to address the health gaps of First Nations in B.C.

HEALTH AUTHORITY FUNDING ALLOCATION PROCESS

Transfers to health authorities are the largest Ministry of Health (ministry) expense. For 2015/16, the health authorities received $11.2 billion to fund their operations.

Allocating funding to regional health authorities

The ministry funds health authorities based on the services delivered within their geographic area.

When allocating funding for regional services, ministry staff use the prior year funding as a starting point and then:

- identify government commitments affecting each health authority, such as funding for new facilities or programs, and wage or benefit increases
- adjust for previously provided one-time funding
- determine how much funding is unallocated and available
- allocate the remaining funding using the Population Needs-Based Funding tool, activity-based funding or other methods

The ministry uses the Population Needs-Based Funding model to allocate funding to each health authority for acute care, residential care and community care. The ministry monitors health authority financial needs throughout the year and adjusts funding based on cost pressures or new programs. A health authority's workload is calculated by dividing its workload by the provincial workload. Factors that determine a health authority's workload include:

- population health needs
  - population size and age structure
  - health status (See Appendix B)
- where services are delivered
  - inter-regional flows (e.g., you live in Surrey but receive day surgery in North Vancouver)
  - adjustments for the delivery of acute services to residents of other health authorities (e.g., you live in Terrace but you need a heart transplant in Vancouver)
- cost adjustment factors
  - adjustments for operating remote or small facilities (e.g., it's more expensive to run a health centre in Smithers than in Victoria, due to economies of scale)
  - adjustments for operating complex or large acute facilities (e.g., because the services are more complex and specialized, it's more expensive to run a heart transplant centre than a small hospital)

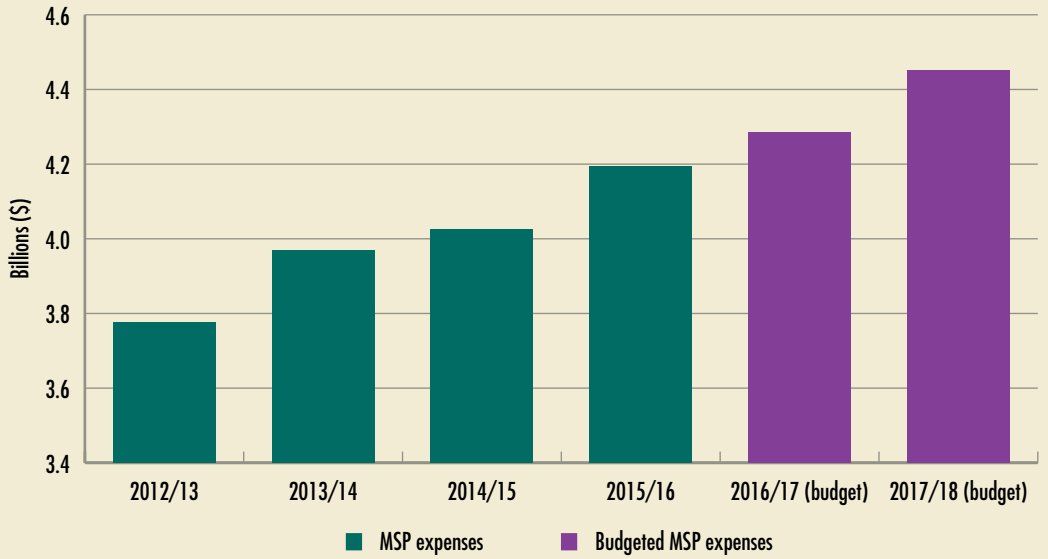
MEDICAL SERVICES PLAN

In 2015/16, MSP expenses were $4.2 billion or 24% of ministry expenses. MSP pays for physician and supplementary health care provider services. Since 2012/13, annual spending has increased by $418 million or 11%.

Physician funding models

The British Columbia Medical Association negotiates with the provincial government for physician compensation. MSP pays physicians through two primary funding models: fee-for-service and alternative payments. As shown in Exhibit 16, most physician compensation is through the fee-for-service model. However, there are a number of other programs for compensating physicians, including the Alternate Payments Program, Medical On-Call Availability Program, Rural Funding Program, Joint Clinical Committees and Physician Benefits.

Exhibit 15: Total MSP expenses



Source: Office of the Auditor General of British Columbia, based on the Public Accounts and the Ministry of Health's Service Plan

HEALTH FUNDING EXPLAINED 2

Fee-for-service model (2015/16 - $2.9 billion)

Physicians receive fees based on the type of health service they provide to patients. There are numerous unique fee codes that physicians use to bill MSP.

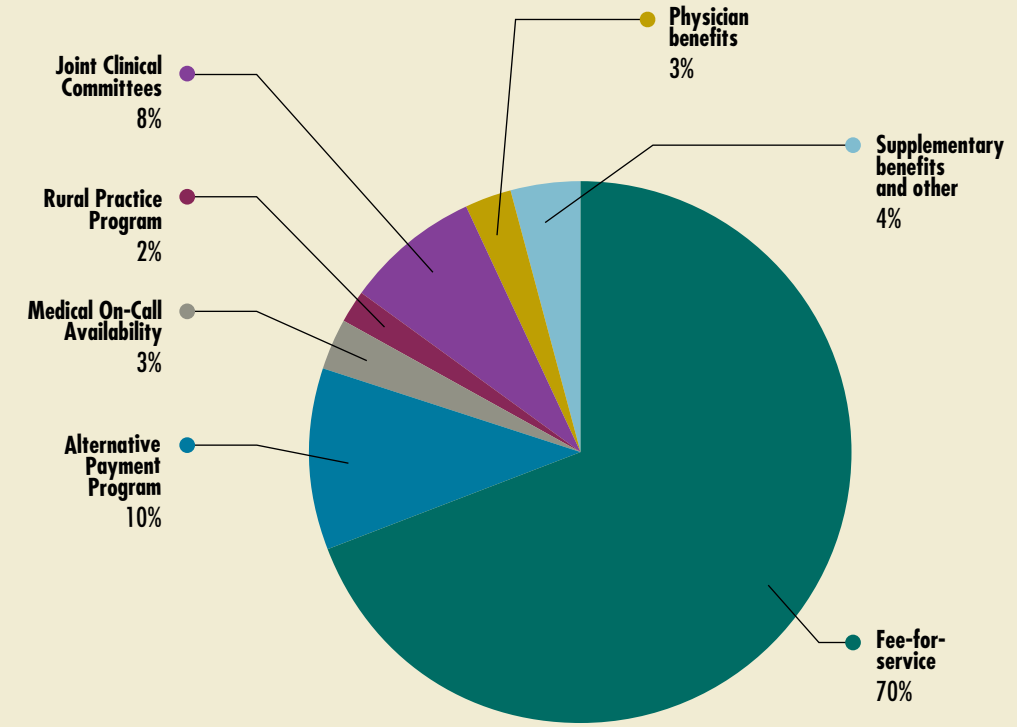
The Medical Services Commission administers most fee-for-service spending, and manages MSP on behalf of the provincial government in accordance with the *Medicare Protection Act* and regulations. The commission's mandate is to facilitate reasonable access throughout B.C. to quality health care and diagnostic services.

Joint Clinical Committees (2015/16 - $325 million)

Membership of the Joint Clinical Committees includes equal representation from government and physician representatives. There are three primary committees:

- General Practice Services Committee – mandated to improve delivery of full-service family practice provided by general practitioners

Exhibit 16: Funding for physicians by type of compensation (2015/16)



Source: Office of the Auditor General of British Columbia, based on data provided by the Ministry of Health

- Specialist Services Committee – mandated to improve the specialist care system (e.g., surgeons, pediatricians) within B.C.
- Shared Care Committee – mandated to improve the link between general practitioners, specialists and other health care professionals (and is a subcommittee of the other two)

The ministry is projecting Joint Clinical Committees expenses to be $284 million in 2016/17 and $312 million in 2017/18. These committees pay physicians through a combination of fee-for-service and alternative payment models.

Alternative Payments Program (2015/16 - $447 million)

The Alternative Payments Program provides funding for health authorities or other health agencies to contract with physicians for services on a non-fee basis.

The two alternative funding methods provided by the ministry are:

- Service Agreement – a contract between the ministry and a health authority for the required physicians
- Sessional Arrangements – based on a contract between a physician and health authority for a session (3.5 hours of service)

Medical On-Call Availability Program (2015/16 - $127 million)

This program compensates physicians who are part of a call rotation (or physician group) for providing unassigned patients with emergency care. For example, when you receive emergency care at the hospital it is from the physician on call – not your family doctor.

Rural Practice Program (2015/16 - $72 million)

This program works with health authorities and other partners to develop policy and programs to improve health services in rural areas of B.C. This program encourages physicians to practice medicine in rural and remote communities.

Physician benefits (2015/16 - $118 million)

The ministry has a shared cost arrangement with the British Columbia Medical Association for physician benefits, such as the Contributory Professional Retirement Savings Plan, Continuing Medical Education fund and the Canadian Medical Protective Association.

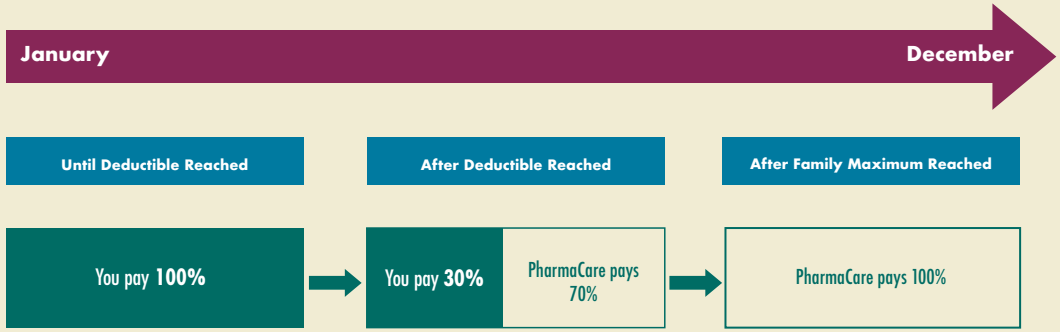
Supplementary benefits and other (2015/16 - $169 million)

Some residents of B.C. receive MSP coverage; for example, MSP premium assistance recipients, income assistance recipients and refugees. For a complete list, see the ministry website. According to the ministry, "for eligible MSP beneficiaries, MSP contributes $23 per visit for a combined annual limit of 10 visits each calendar year for the following services; acupuncture, chiropractic, massage therapy, naturopathy, physical therapy and non-surgical podiatry."

PHARMACARE

PharmaCare helps eligible B.C. residents with the cost of prescription drugs, dispensing fees, medical supplies and other pharmaceutical-based services. In 2015/16, gross expenses were $1.4 billion; after recoveries, PharmaCare expenses were $1.2 billion. The $200 million difference is from recoveries that are subtracted from the total. These recoveries are from drug companies for sales rebates. Since 2012/13, PharmaCare expenses have increased by $71 million or 6%. The PharmaCare program funds a number of separate plans, and the majority of funding goes to Fair PharmaCare, income assistance and HIV/AIDS plans.

Exhibit 17: How Fair PharmaCare Works



Source: Office of the Auditor General of British Columbia, based on information from Ministry of Health

Fair PharmaCare (2015/16 - $709 million)

All B.C. residents are eligible to receive assistance with the cost of prescription drugs from Fair PharmaCare. Coverage for this plan is based on family income and age. Lower income families and seniors receive greater assistance.

All registered families pay 100% of eligible prescription drug and medical supply costs, up to the annual deductible. (Families with income below $15,000, or $33,000 for seniors, do not have an annual deductible.) Once the annual deductible is reached, the program pays for 70% of eligible costs (75% for seniors). Once the annual family maximum is reached, Fair PharmaCare pays 100% of eligible costs.

Income Assistance (2015/16 - $382 million)

B.C. residents receiving income assistance through the Ministry of Social Development and Social Innovation receive 100% coverage of eligible drug and medical supply costs.

B.C. Centre for Excellence in HIV/AIDS (2015/16 - $123 million)

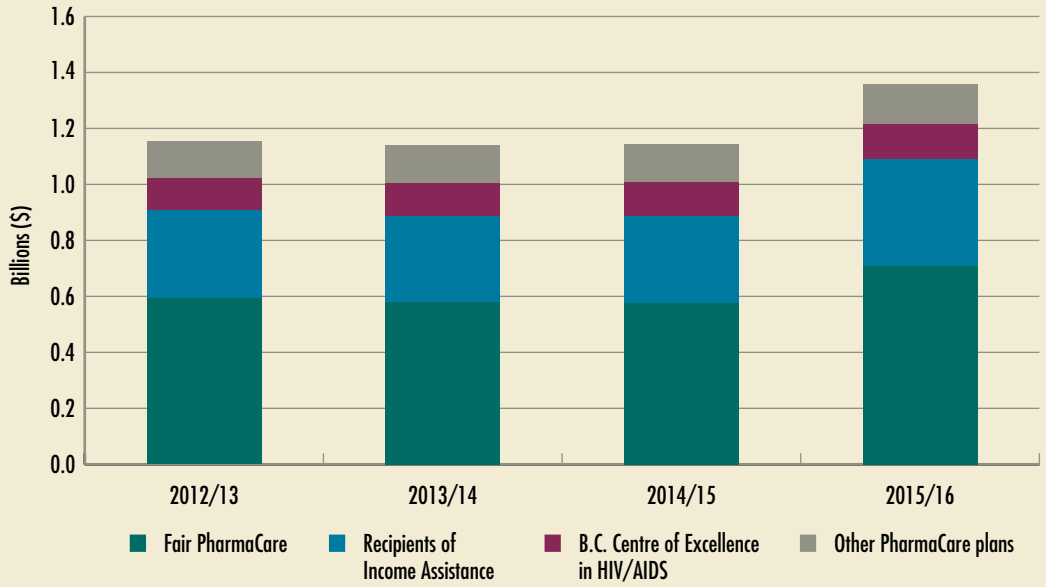
PharmaCare pays for the cost of anti-retroviral drugs at the B.C. Centre for Excellence in HIV/AIDS.

Other PharmaCare Plans (2015/16 - $142 million)

PharmaCare includes a number of smaller plans for specific drugs, patients or clients, such as:

- permanent residents of licensed residential care facilities
- individuals registered with the provincial cystic fibrosis clinic
- clients receiving mental health services provided by the Ministry of Health
- the BC Palliative Care Benefits Program, for those who choose to receive palliative care at home

Exhibit 18: PharmaCare expenses by plan



Source: Office of the Auditor General of British Columbia, based on Ministry of Health data

DID YOU KNOW?

The significant increase in expenses during 2015/16 is from the province's approval of specific hepatitis C drugs that PharmaCare will cover.

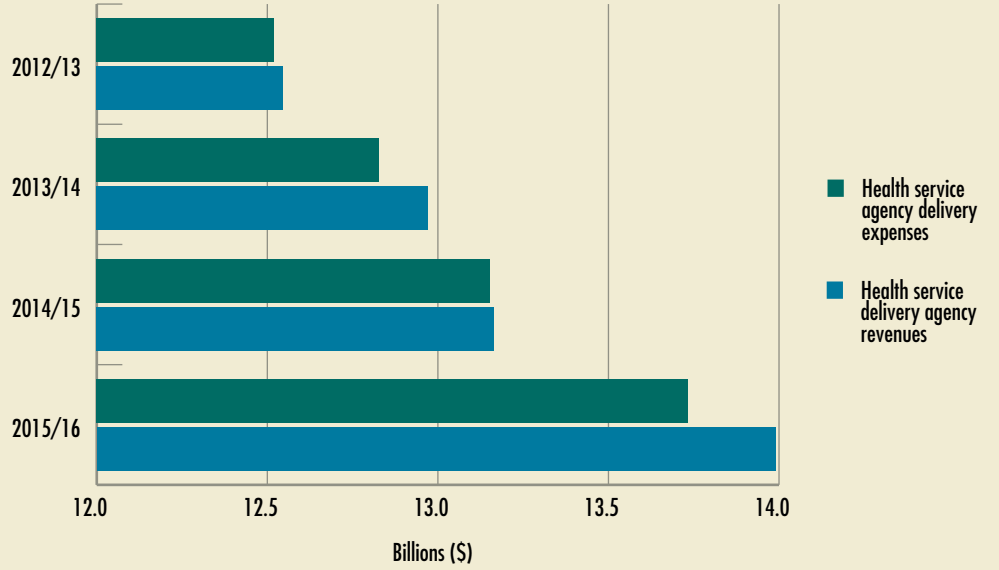
HEALTH SERVICE DELIVERY AGENCIES

The province's six health authorities are primarily responsible for health service delivery. Five health authorities meet B.C. residents' health care needs within their geographic areas:

- Fraser Health
- Interior Health
- Northern Health
- Island Health
- Vancouver Coastal Health

The Provincial Health Services Authority is responsible for managing the quality, coordination, accessibility and cost of certain province-wide health care programs and services. A number of non-profit hospital societies also provide health care services, in partnership with their regional health authorities. Providence Health Care – a Catholic faith-based society – is the largest, located in Vancouver Coastal Health.

Exhibit 19: Health authority and hospital society revenues and expenses



Source: Office of the Auditor General of British Columbia, based on the B.C. Public Accounts

Due to balanced budget legislation and the mandate for health authorities to keep spending within their budgets, the health authorities' revenues and expenses are normally quite close. This means the health authorities spend the amount they receive from the ministry – usually no more, no less. Health authorities and the hospital societies they've partnered with are referred to as health service delivery agencies. Health service delivery agencies in B.C. spent $13.7 billion in 2015/16, and received $14 billion in revenue. This $300 million difference was

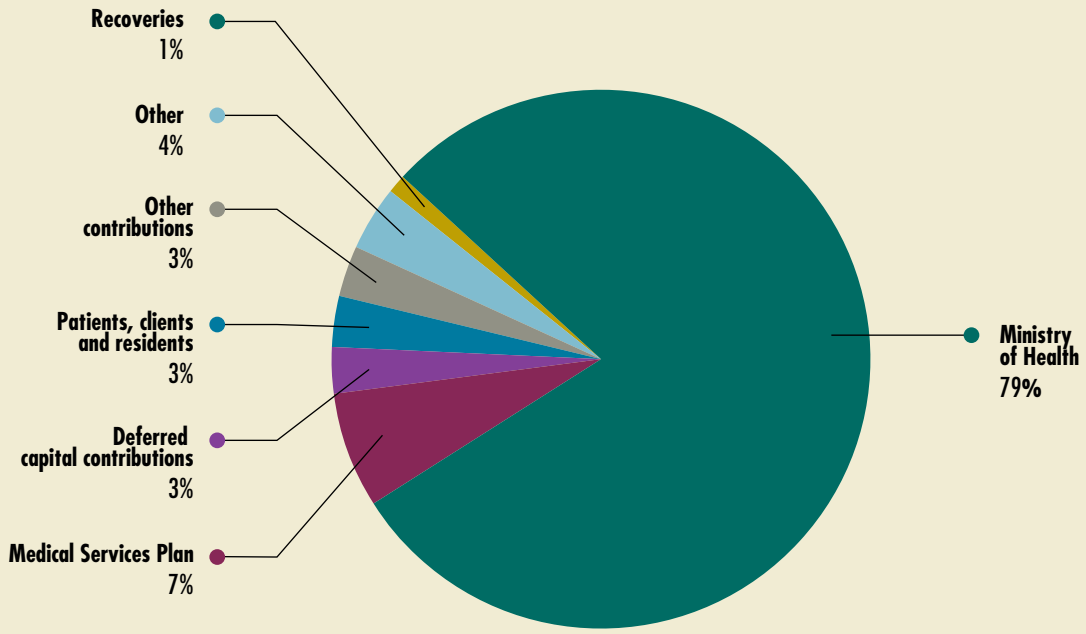
largely because of Vancouver Coastal Health's sale of Pearson Dogwood lands.

Each health authority has factors that play a role in their health service delivery. For example, Fraser Health and Vancouver Coastal Health serve large urban populations, compared to the others. Geographically, Northern Health is the largest and serves many rural and remote communities. Both Island Health and Interior Health serve a mix of urban and rural populations, with an older population than other health authorities. See Appendix B for the health status of residents in each health authority.

Funding allocation and revenues

Health authority and hospital society revenues for 2015/16 were $14 billion. These revenues have increased by $1.4 billion or 12% since 2012/13.

Exhibit 20: Health authority revenues by source (2015/16)



Source: Office of the Auditor General of British Columbia, based on health authority financial statements

HEALTH FUNDING EXPLAINED 2

Expenses

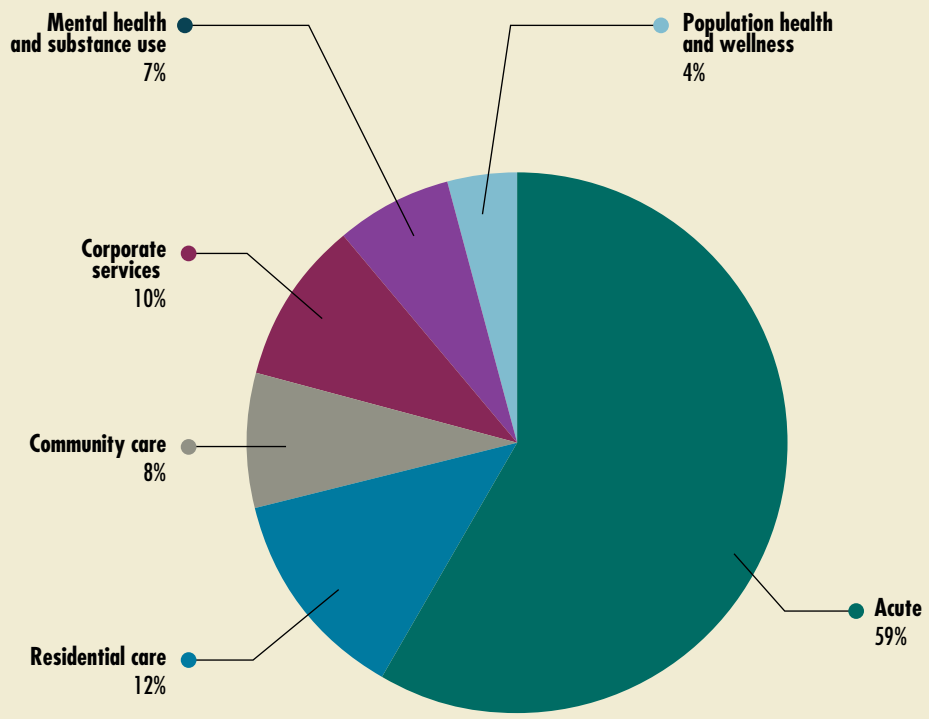
Health authorities and hospital societies spend the majority of health care dollars in the province. Expenses for 2015/16 by health authorities and hospital societies were $13.7 billion. As shown in Exhibit 19, health expenses have increased $1.2 billion or 10% since 2012/13.

Major program areas within the health authorities include:

- acute care
- residential care
- community care
- corporate services
- mental health and substance use
- population health and wellness

For more information on health services, see Appendix B.

Exhibit 21: Health authority expenses by type (2015/16)



Source: Office of the Auditor General of British Columbia, based on health authority financial statements

Health authority revenues

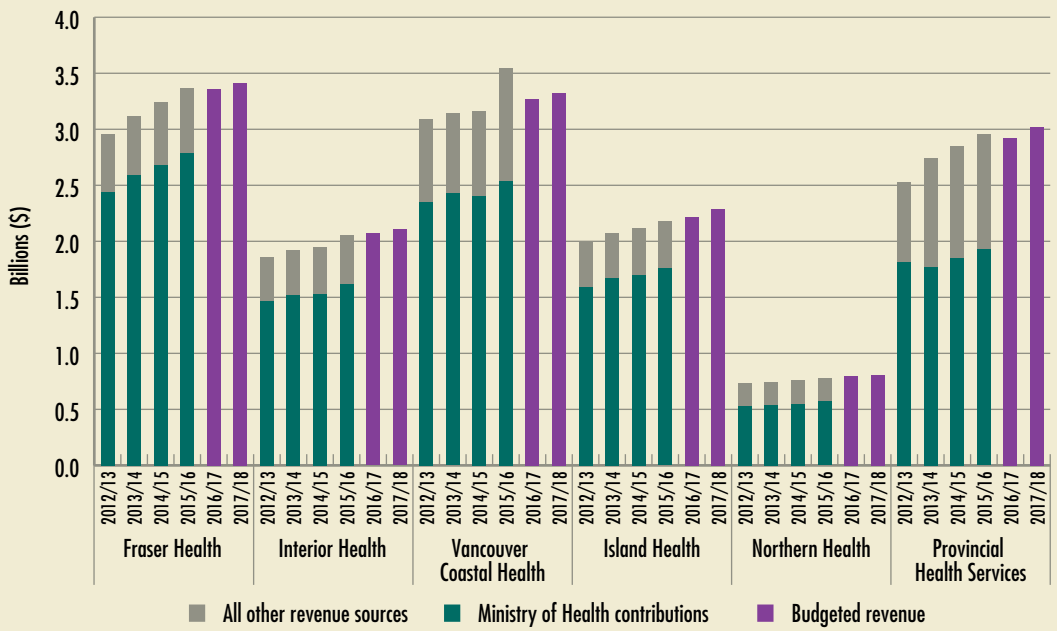
The Ministry of Health contributed $11.2 billion to health authorities in 2016. Since 2013, Ministry of Health contributions have increased by $1 billion or 10%. Over the last four years, contributions from the Ministry of Health have been the largest revenue source for health authorities, with approximately 80% of annual revenue from this source.

Over the past four years, the following six revenue sources totalled approximately 20% of health authority revenues.

Medical Services Plan (MSP) (2015/16 - $960 million)

Over the last four years, MSP revenue accounted for 6.6% of all health authority revenue. MSP revenue mostly pays for physicians in the alternative payment program and for outpatient diagnostic and laboratory costs.

Exhibit 22: Ministry of Health contributions to health authorities



Source: Office of the Auditor General of British Columbia, based on health authority financial statements and service plans

HEALTH FUNDING EXPLAINED 2

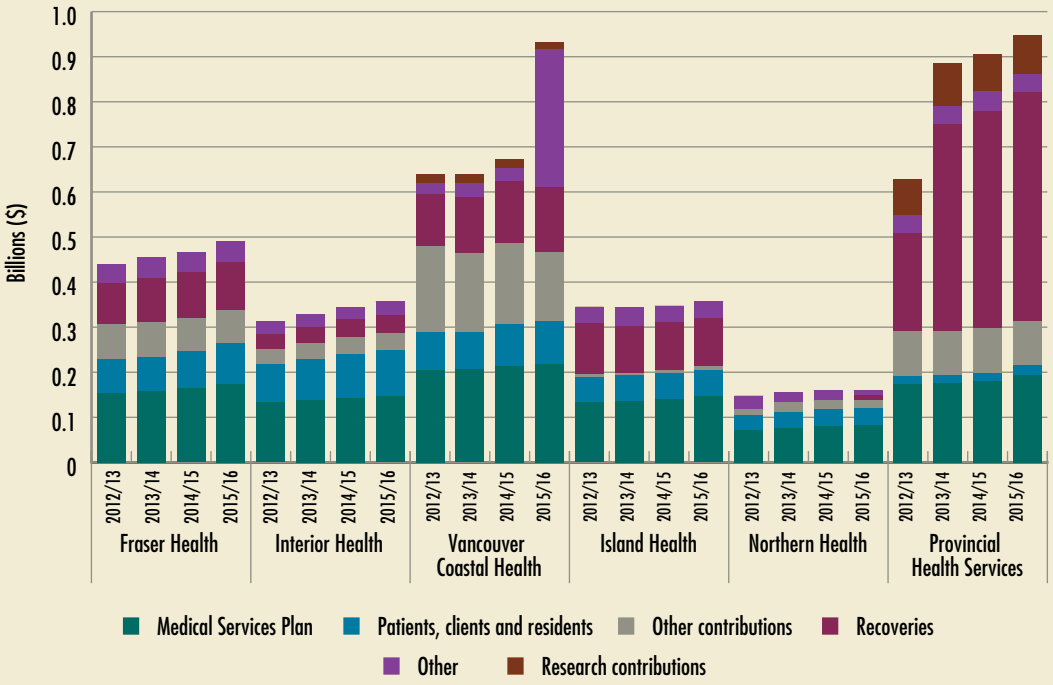
Recoveries (2015/16 - $919 million)

Over the last four years, recoveries accounted for 5.7% of all health authority revenue. Recoveries are funds received from other organizations for expenses incurred by one health authority on behalf of another organization. Recovery revenue should mostly offset the expense incurred so that the net financial impact should be close to zero. For example, if Fraser Health saves money and buys prescription medicine in bulk on behalf of all the other health authorities, Fraser Health will recover the cost from the other health authorities.

Other sources of revenue (2015/16 - $480 million)

Over the last four years, 2% of all health authority revenue came from other sources. This includes minor investment and parking revenue. Earlier, we mention the one-time gain from the $276 million sale of Pearson Dogwood lands in Vancouver Coastal Health.

Exhibit 23: Other health authority revenues by source



Source: Office of the Auditor General of British Columbia, based on health authority financial statements and service plans

Other contributions (2015/16 - $388 million)

Over the last four years, other contributions accounted for 3% of all health authority revenue. This includes funding from the federal government, other ministries and other health authorities. For example, the Provincial Health Services Authority provides a number of contributions to other health authorities to deliver provincially coordinated health programs.

Fees from patients, clients and residents (2015/16 - $405 million)

Over the last four years, revenue from patients, clients and residents was 2.7% of all health authority revenue. This includes fees for non-insured services for B.C. residents, such as residential care fees and private hospital room fees.

When non-B.C. residents receive services, health authorities charge this to other provinces, countries or private insurers. Also, when patients receive health care services for injuries from workplace or motor vehicle accidents, health authorities charge this to, for example, Worksafe BC or ICBC.

Research contributions (2015/16 - $101 million)

Over the last four years, research contributions were 0.8% of all health authority revenue. The Provincial Health Services Authority and Vancouver Coastal Health are the only two that receive significant enough research contributions to separately identify those funds in their financial statements. Vancouver Coastal Health partners with the University of British Columbia for research in seven centres and three programs that have more than 1,500 staff. Provincial Health Services Authority research funding includes a network of about 700 researchers involved in lab-based, clinical and community health research. This includes the BC Cancer Agency's Research Centre and the Child and Family Research Institute.

EXPENSES BY MAJOR PROGRAM AREA

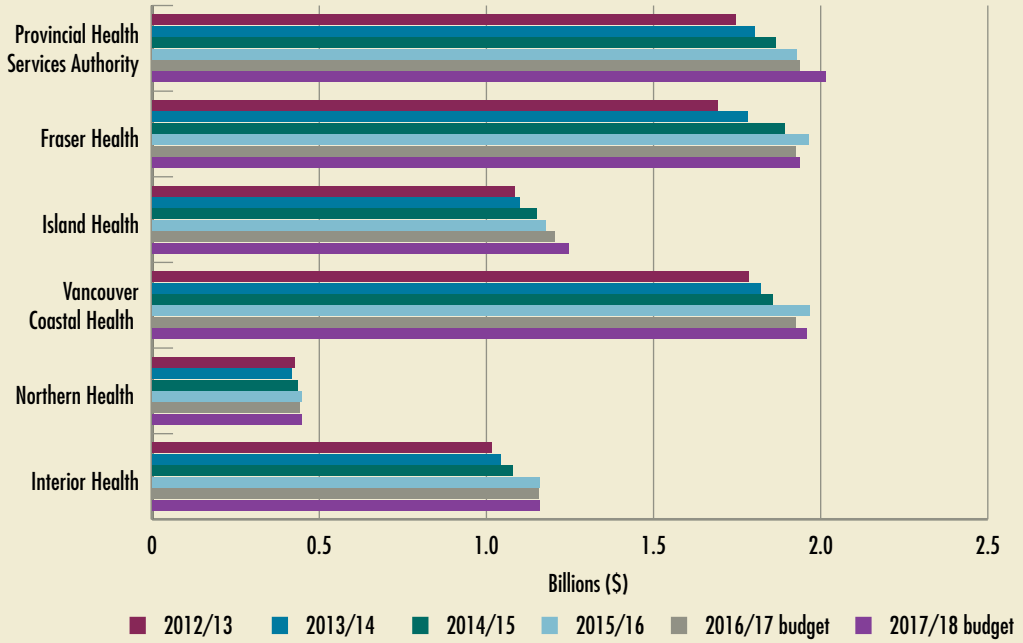
Health sector expenses for 2015/16 by health authorities and hospital societies were $13.7 billion. The total expenses for all health authorities (if totaled from major program areas listed below) is $14.5 billion. The reason for the $800 million difference is that one health authority may provide goods or services to another, and the same goods or services will show up in the records for both health authorities.

Acute care

In 2015/16, the health authorities spent $8.6 billion on acute care services, which totals 59% of all health authority expenses. Since 2012/13, expenses for acute care have increased by $890 million or 11%.

Acute Care is short-term, urgent medical treatment, usually in a hospital, for illness, injury or recovery from surgery. Visits to the emergency room also fall under this area.

Exhibit 24: Acute care expenses by health authority



Source: Office of the Auditor General of British Columbia, based on health authority financial statements and service plans

Residential care

In 2015/16, health authorities spent $1.8 billion or 12% of expenses on residential care services. Since fiscal 2012/13, expenses have increased by $94 million or 5%.

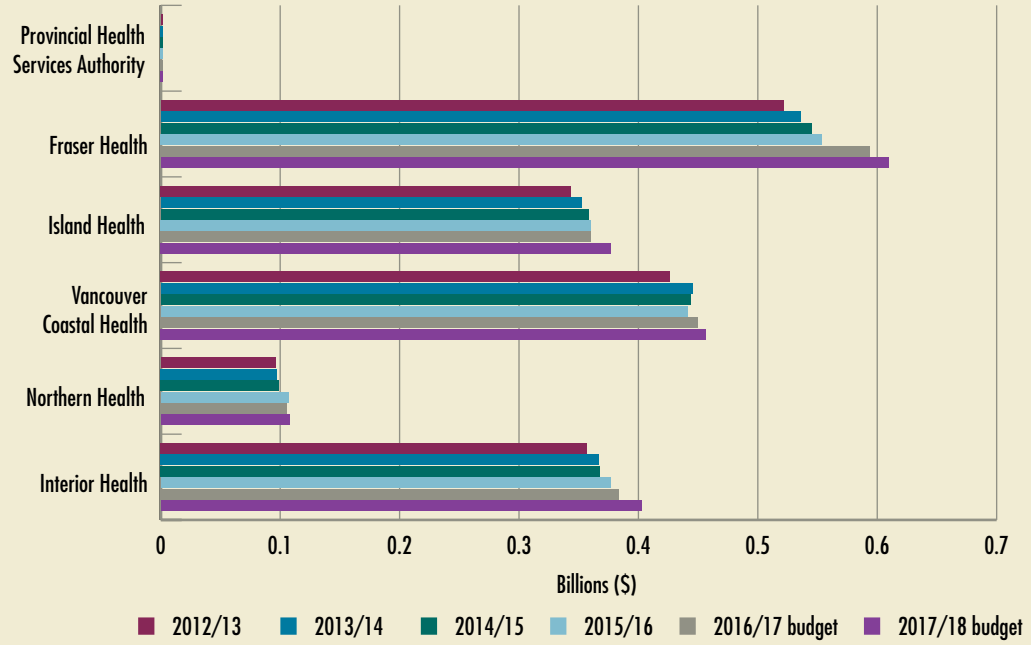
Residential care services are delivered through a combination of health authority managed and contracted service provider facilities, and include a range of housing. Residential care facilities provide 24 hour professional supervision and care for those who can no longer support themselves, or be cared for, in their own homes.

Unlike patients who receive acute care, individuals in residential care pay a client rate based on income, or a set fixed rate depending on the service, with adjustments for low income clients.

DID YOU KNOW?

Patients in publicly funded, long-term residential care facilitates pay up to 80% of their after tax income towards the cost of housing and hospitality services. The maximum monthly rate for 2017 is $3,240.

Exhibit 25: Residential care expenses by health authority



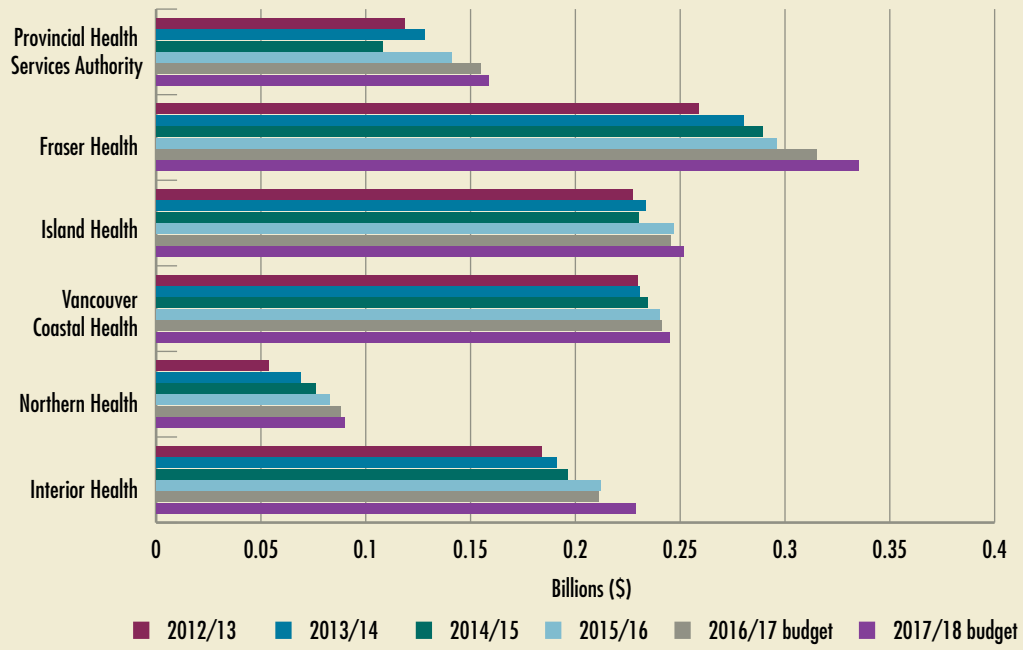
Source: Office of the Auditor General of British Columbia, based on health authority financial statements and service plans

Community care

In 2015/16, the health authorities spent $1.2 billion or 8% of expenses on community care services. Since 2012/13, expenses have increased by $149 million or 14%.

Community care services provide home support, community nursing and rehabilitation for assisted living and adult day programs. Similar to residential care, community care is provided by the health authority directly or contracted to a third party.

Exhibit 26: Community care expenses by health authority



Source: Office of the Auditor General of British Columbia, based on health authority financial statements and service plans

Corporate services

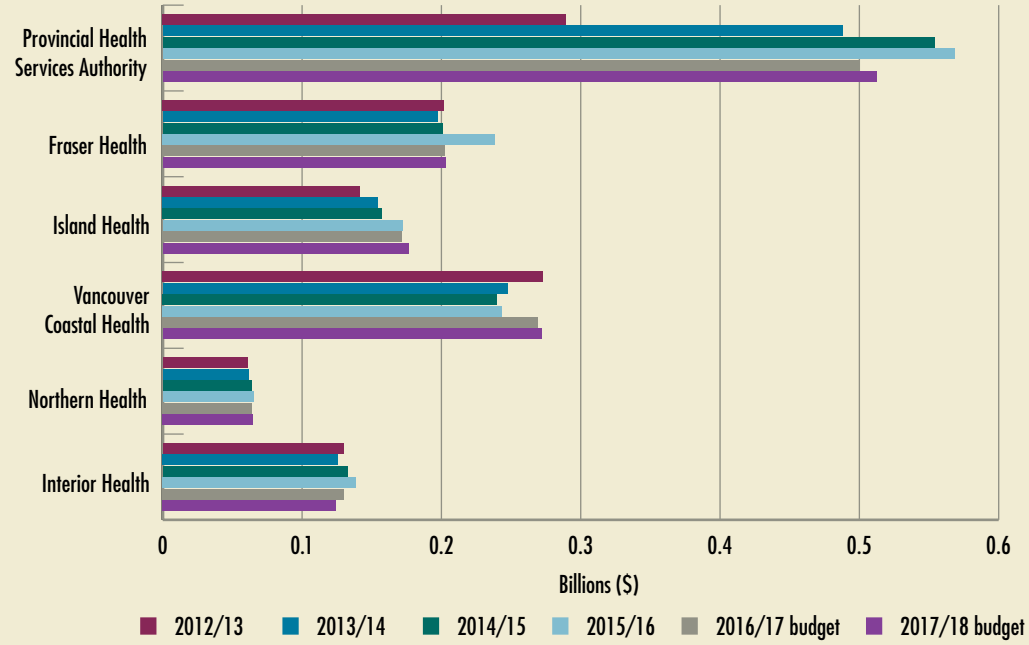
In 2015/16, health authorities spent $1.4 billion, or 10% of expenses on corporate services. Since 2012/13, expenses have increased by $330 million or 30%.

These expenses include:

- human resources
- financial services
- capital planning
- communications
- technology and information and risk management
- medical administration
- emergency service planning

The Provincial Health Services Authority has higher corporate services expenses than other health authorities because up until March 31, 2016 it included Health Shared Services BC expenditures (HSSBC). HSSBC provided non-clinical support services to health authorities through increased process efficiency, standardization, capital avoidance and leveraging of buying power and cross integration. On April 1, 2016, the operations of HSSBC were transferred to BC Clinical and Support Services, a separate legal entity independent of the Provincial Health Services Authority.

Exhibit 27: Corporate services expenses by health authorities



Source: Office of the Auditor General of British Columbia, based on health authority financial statements and service plans

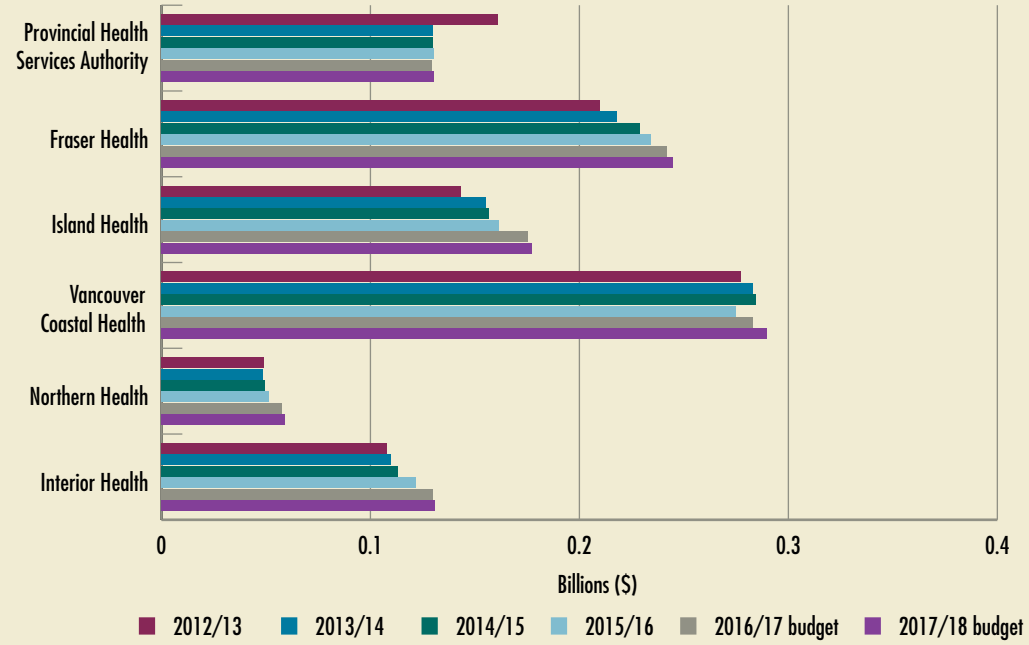
Mental health and substance use

In 2015/16, health authorities spent $974 million or 7% of expenses on mental health and substance use services. Since 2012/13, expenses have increased by $26 million or 3%.

There are a range of programs and services under mental health and substance use, in a variety of facilities, as well as community and home settings, for people with mental health and/or substance use problems and illnesses.

In 2016, we released a report called *Access to Adult Tertiary Mental Health and Substance Use Services.* We looked at whether the ministry and B.C.'s six health authorities adequately managed access to adult tertiary care.

Exhibit 28: Mental health and substance use expenses by health authorities



Source: Office of the Auditor General of British Columbia, based on health authority financial statements and service plans

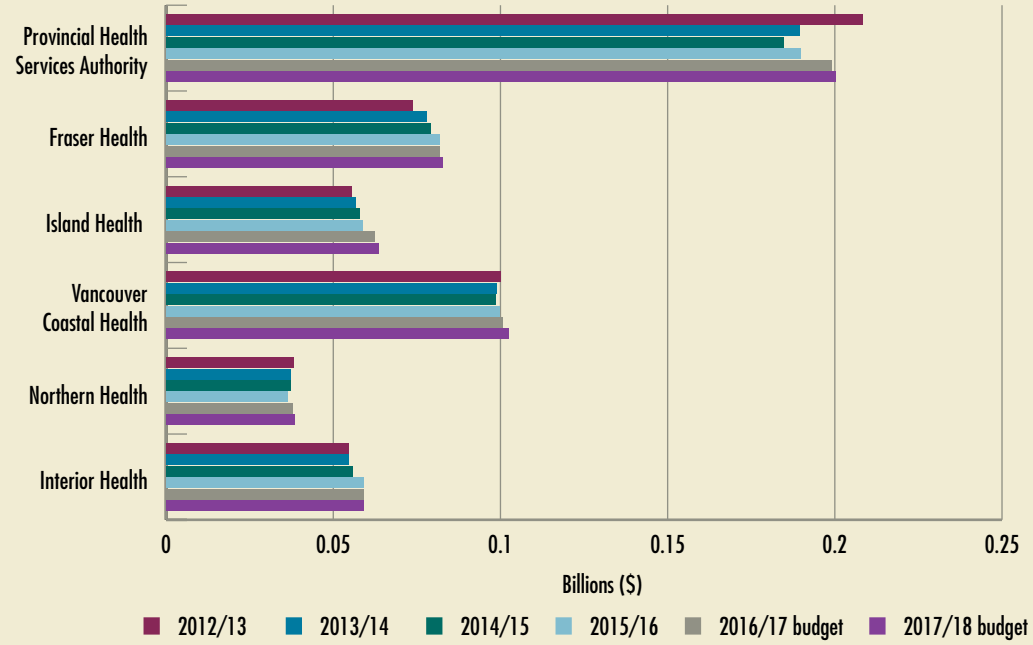
HEALTH FUNDING EXPLAINED 2

Population health and wellness

In 2015/16, health authorities spent $525 million or 4% of expenses on population health and wellness services. Since 2012/13, expenses have decreased by $5 million or 1%. This decline is from one-time expenses in 2012/13.

Population health and wellness focuses on health promotion and disease prevention. This includes cancer screenings, immunizations and programs like Baby's Best Chance. The Provincial Health Services Authority has higher population health and wellness expenses than regional health authorities because of significant programs in two of its health agencies. The BC Cancer Agency runs cancer screening programs and the BC Centre for Disease Control operates public health surveillance programs.

Exhibit 29: Population health and wellness expenses by health authority



Source: Office of the Auditor General of British Columbia, based on health authority financial statements and service plans

DID YOU KNOW?

The determinants of health (e.g., income, education, social status, sex, genetics, access to clean water/air and shelter,) have strong effects on the health of Canadians – even more so than diet, physical activity and even tobacco and excessive alcohol use. For example, according to a report released by Megaphone, a Vancouver area street magazine, "the median age of death for a homeless person in the province is between 40 and 49. This is almost half the life expectancy for the average British Columbian, which is 82.65 years."

PROVIDENCE HEALTH CARE

Providence Health Care is a Catholic faith-based hospital society that partners with Vancouver Coastal Health and is a significant component of health service delivery in the Greater Vancouver area.

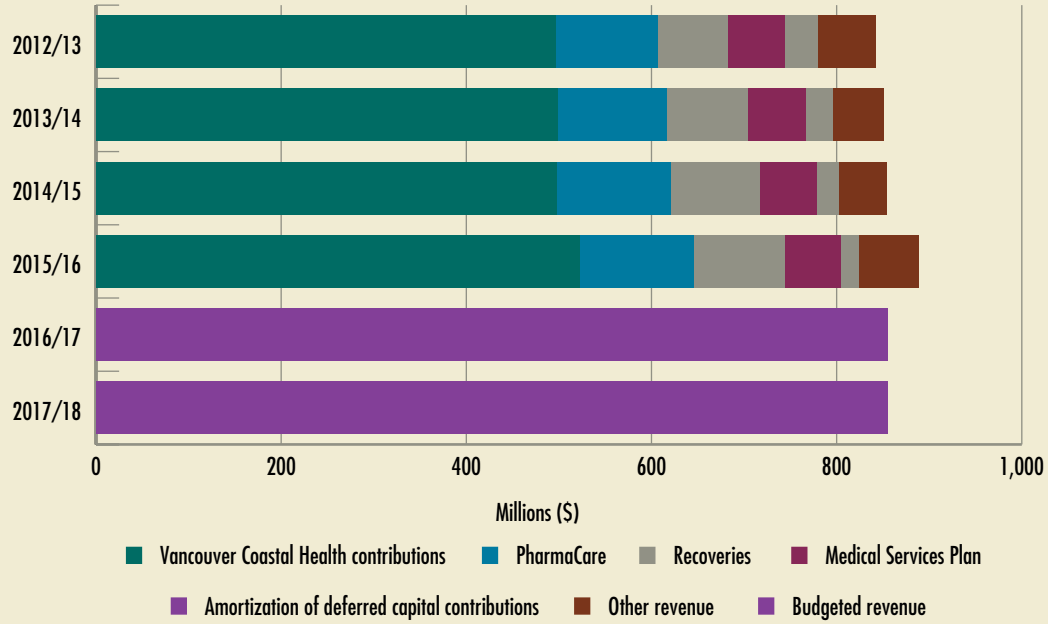
Providence Health Care is a not-for-profit organization that provides care for society's vulnerable populations. The society specializes in:

- heart/lung
- kidney/renal
- seniors services
- HIV/AIDS
- urban health
- seniors services
- mental health

Funding allocation and revenues

For 2015/16, Providence Health Care received $522 million in operating grants from Vancouver Coastal Health to deliver services. This funding is approximately 59% of Providence Health Care's annual revenues, and is supplemented by a number of other smaller revenue streams similar to those in health authorities. However, one unique revenue stream is funds from the PharmaCare program ($123 million or 14% of revenue) to operate the B.C. Centre for Excellence in HIV/AIDS.

Exhibit 30: Providence Health Care revenue, by type



Source: Office of the Auditor General of British Columbia, based on Providence Health Care financial statements

Expenses

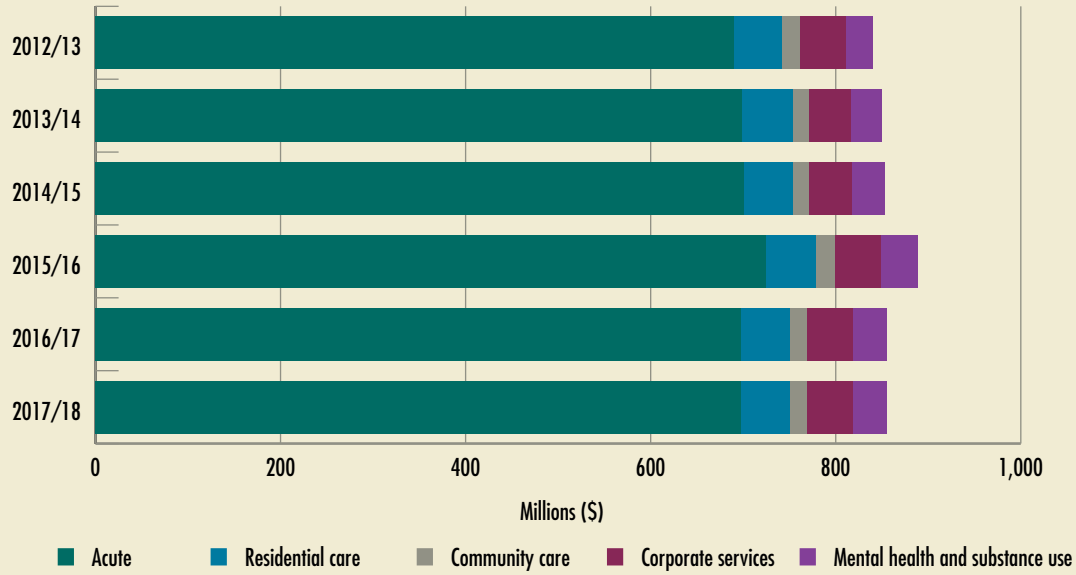
Consistent with the health authorities, Providence Health Care reports the breakdown of annual expenses by health care category. The mix of services differs from health authorities in that over 80% are for acute care. This is because St. Paul's Hospital, Providence Health Care's primary facility, provides acute care and is a teaching and research hospital.

Providence Health Care also offers numerous programs and has leading centres that address the needs of its patient base within Vancouver and throughout the province. Such programs and centres include:

- Institute for Heart and Lung Health and B.C.'s Heart Failure Network
- Mental Health Program and St. Paul's Eating Disorders program
- B.C. Center for Excellence in HIV/AIDS and St. Paul's HIV/AIDS program

See Providence Health Care's website for more information.

Exhibit 31: Providence Health Care expenses, by type



Source: Office of the Auditor General of British Columbia, based on Providence Health Care financial statements

TANGIBLE CAPITAL ASSET FINANCING

Tangible capital assets are property or equipment used to provide public services for a period of more than one year. In the health sector, the majority of the publicly owned assets are held by the health authorities and hospital societies. The main categories of tangible capital assets include buildings, such as hospitals or residential care homes, medical and diagnostic equipment, and other assets, like computer hardware, and information management technology and software. Unlike operational funding, capital asset funding is not consistent year over year. Capital asset funding is generally driven by large capital projects, such as the completion of a major health facility or a health information system project.

Financing for tangible capital assets comes from four primary sources:

- capital contributions from the ministry
- debt, including private public partnership debt (see page 47)
- capital contributions from regional hospital districts and hospital foundations
- existing health authority financial resources

Based on the capital funding available through the budget process, the ministry works with Treasury Board and health authorities to identify priority projects regionally and provincially and then allocates funding accordingly. For planning purposes, capital projects and funding are classified into two categories:

- **Priority investment** This is specific funding for assets, including building improvements. Priority investment is allocated to specific projects on a priority basis, case by case. Priority investment capital includes restricted capital grants, public private partnership debt and other sources.
- **Routine capital investment** This is restricted to asset improvement projects. Routine capital investment is primarily allocated to the health authorities on a formula basis.

Capital contributions

Capital contributions account for approximately 77% of all capital asset funding. Capital contributions are funds received by health authorities for capital projects from the ministry, regional hospital districts, hospital foundations and other organizations. Capital contributions are used to build or purchase capital assets and do not have to be repaid. As noted in Exhibit 33, the majority of capital contributions in the health sector are from the ministry, regional hospital districts and hospital foundations.

The Members of the Legislative Assembly approve the budget for acquisition of tangible capital assets within the health sector. The ministry contributes the greatest percentage of this financing source at 67%.

HEALTH FUNDING EXPLAINED 2

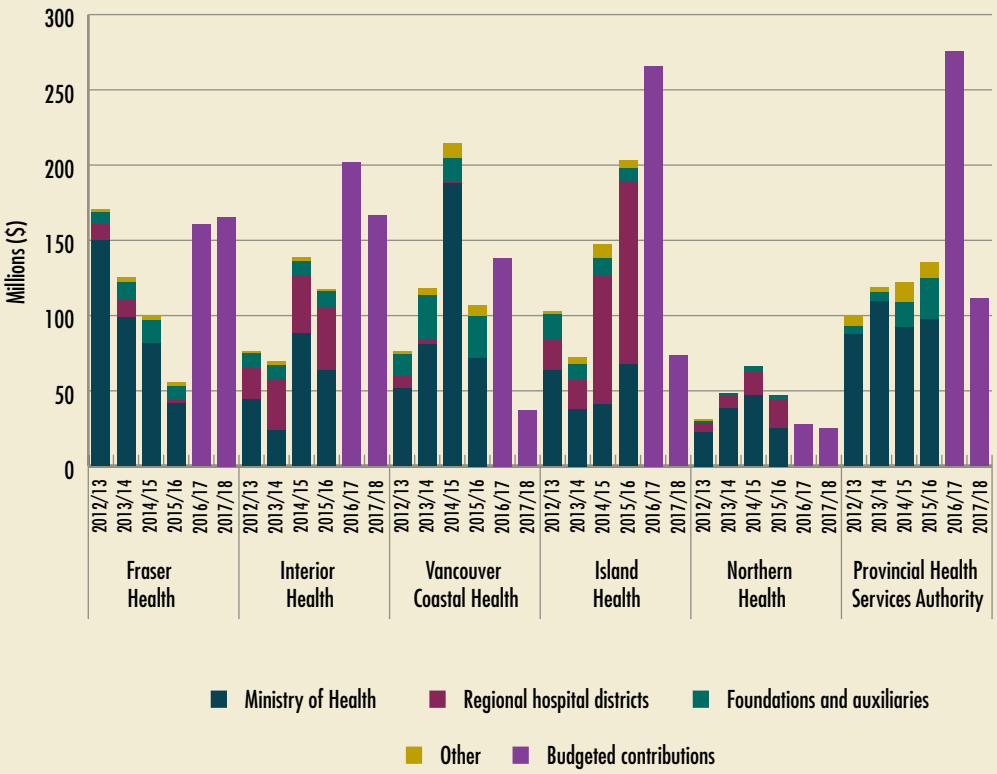
Exhibit 32: Ministry of Health capital expenditure budget

2012/13	$438 million
2013/14	$414 million
2014/15	$424 million
2015/16	$379 million
2016/17	$506 million

Source: Office of the Auditor General of British Columbia, based on the B.C. Estimates

Regional hospital districts (see page 48 for a description) and hospital foundations also provide capital funding for hospital facilities. Over the past four years, regional hospital districts provided 18% of all capital contributions and hospital foundations provided 11%. Hospital foundations are registered charities that raise funds on behalf of a specific hospital facility – generally for capital projects (like upgrading a pediatric ward) or medical equipment (like hospital beds). These organizations are independent, but they work in cooperation with health authorities.

Exhibit 33: Source of health authority capital contributions



Source: Office of the Auditor General of British Columbia, based on health authority financial statements and service plans

Debt, including public private partnership (P3) debt

A recent shift in tangible capital assets financing is the use of public private partnerships (P3). When building large, capital projects, ministries must consider a P3 as a procurement option. P3 projects in the health sector can include the design, build, financing or maintenance of tangible capital assets (usually hospital buildings). Approximately 23% of capital asset acquisitions have been financed through P3 or debt (similar to a mortgage).

For more information about P3s, see our report called *Understanding Public Private Partnerships*.

Internal Funding

Health authorities can fund, from financial assets on hand, the purchase of tangible capital assets such as building upgrades and equipment purchases. Approximately 5% of capital asset acquisitions have been financed through existing health authority financial resources.

Financing for future projects

Over the next two years, about 66% of capital asset contributions will come from the provincial government and 34% will come from regional hospital districts, hospital foundations and other non-governmental sources.

Regional hospital districts

History and purpose

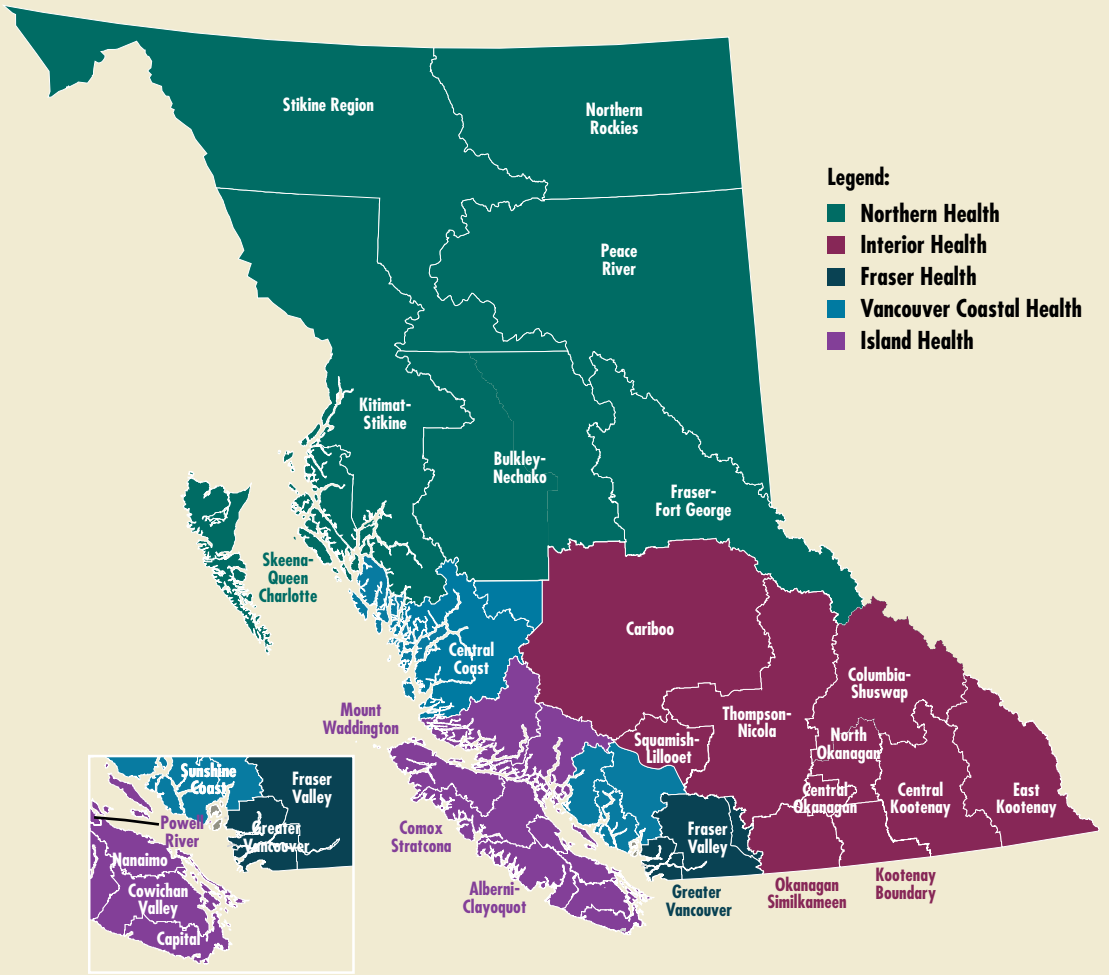
The provincial government created regional hospital districts through the *Hospital District Act* in 1967. District boundaries align with municipal regional districts, and they fund the development, renovation or maintenance of hospitals and hospital facilities, such as laundries and cafeterias. The districts do not have any say in the operations of hospitals.

The districts raise funds through property taxes or borrowing; however, all debt will ultimately be repaid through property taxes.

Funding to health authorities

Health authorities partner with regional hospital districts when planning how to finance capital projects. However, district funding for any capital project is voluntary and not mandatory. Health authorities received $185 million in capital contributions from regional hospital districts in 2015/16. Exhibit 35 shows how district contributions can vary significantly from year to year.

Exhibit 34: Map of regional districts



Source: BC Stats (2011)

HEALTH FUNDING EXPLAINED 2

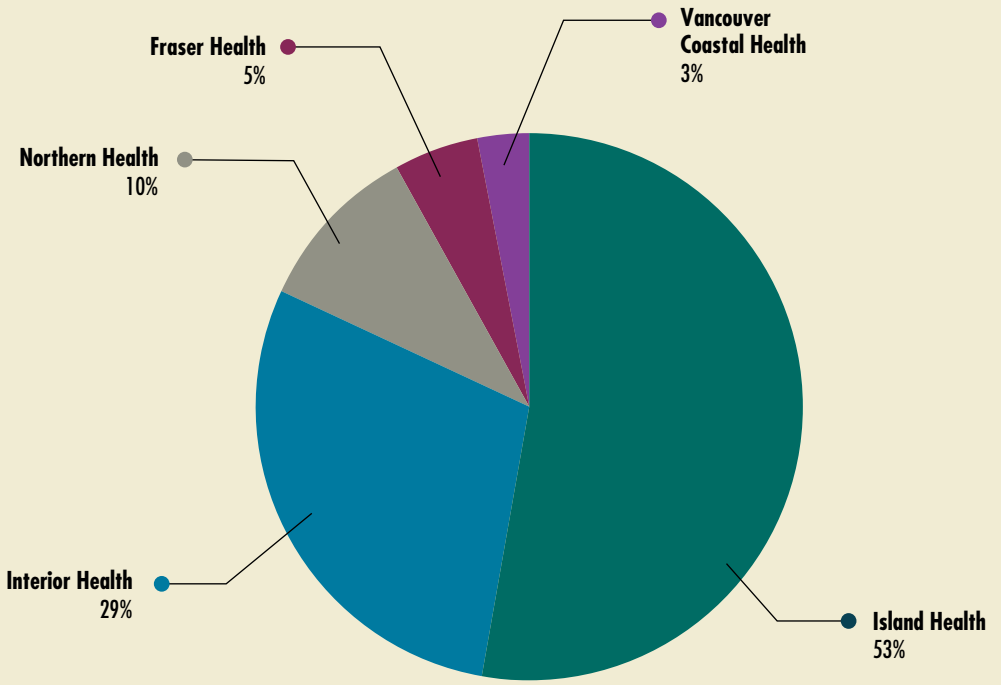
Exhibit 35: Regional hospital district contributions to regional health authorities

2012/13	$68 million
2013/14	$77 million
2014/15	$141 million
2015/16	$185 million

Source: Office of the Auditor General of British Columbia, based on health authority financial statements

Exhibit 36 shows that the majority of regional hospital district contributions go to Island Health, Interior Health and Northern Health. This is because the majority of Vancouver Coastal Health and Fraser Health are part of the Greater Vancouver Regional District which does not have a regional hospital district. This is a result of the *Greater Vancouver Transportation Authority Act*, which changed how hospitals and hospital facilities in the Greater Vancouver Regional District were to be financed, in order to provide additional taxation room for transit services.

Exhibit 36: Distribution of regional hospital district contributions, by health authority



*Provincial Health Services Authority does not receive funding from regional hospital districts.

Source: Office of the Auditor General of British Columbia, based on health authority financial statements

TANGIBLE CAPITAL ASSET EXPENDITURES

The health sector invests in tangible capital assets in order to provide health services. Exhibit 37 shows capital tangible asset spending by health authorities for the last four years.

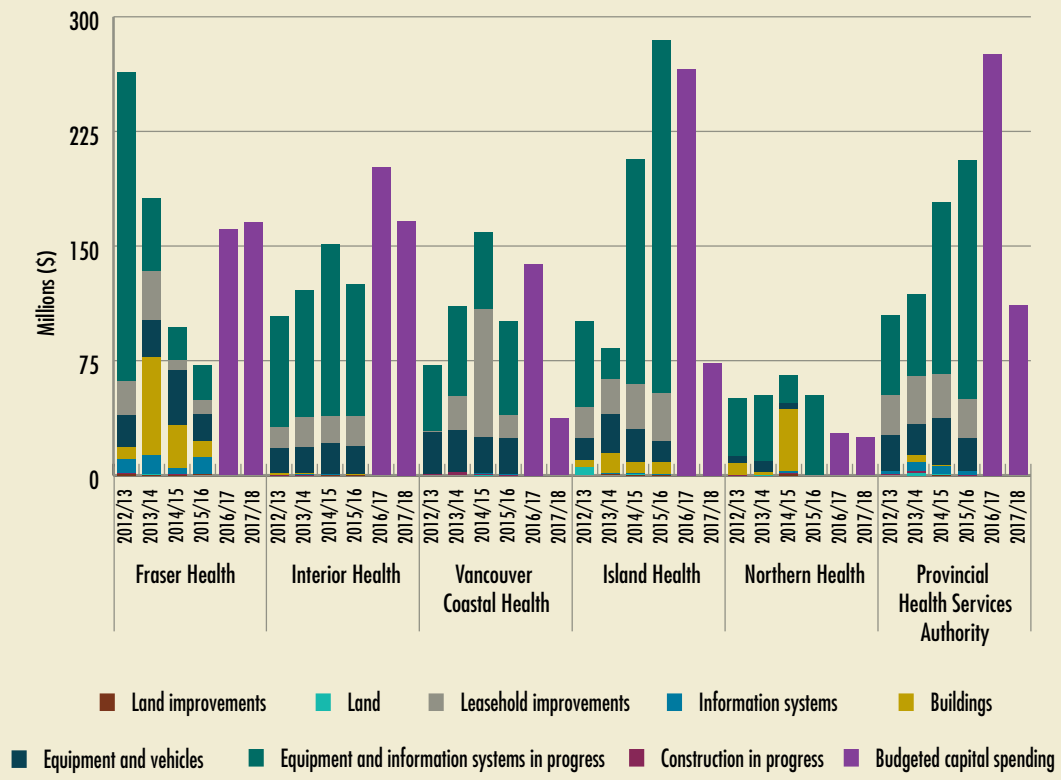
Exhibit 37: Combined annual health authority capital expenditures

2012/13	$697 million
2013/14	$667 million
2014/15	$855 million
2015/16	$841 million

Source: Office of the Auditor General of British Columbia, based on health authority financial statements

Exhibit 38 shows health authority annual expenditures on tangible capital assets by classification or type. Annual spending tends to vary depending on whether or not major capital projects are in progress at a point in time. Expenditures on construction in progress, or equipment and information systems in progress,

Exhibit 38: Health authority capital asset additions, by type



Source: Office of the Auditor General of British Columbia, based on health authority financial statements

tend to happen over more than one fiscal year. When these projects are complete, the costs are transferred to the appropriate category by the respective health authority or hospital society.

Appendix C summarizes the major capital projects exceeding $50 million, including the cost to complete and how the project is being financed.

APPENDIX A: PHSA HEALTH AGENCIES

The Provincial Health Services Authority (PHSA) has a unique role in B.C.'s health system. It operates and coordinates provincially managed health programs. PHSA's organizational structure includes separate, subsidiary organizations for delivering many of these specific programs. This is summarized in the chart below, along with roles and responsibilities and 2015/16 expenses.

Exhibit 39: Provincial Health Services Authority's health agencies – 2015/16 expenses

Provincial Health Services Authority
Consolidated 2015/16 expenses: $2.96 Billion

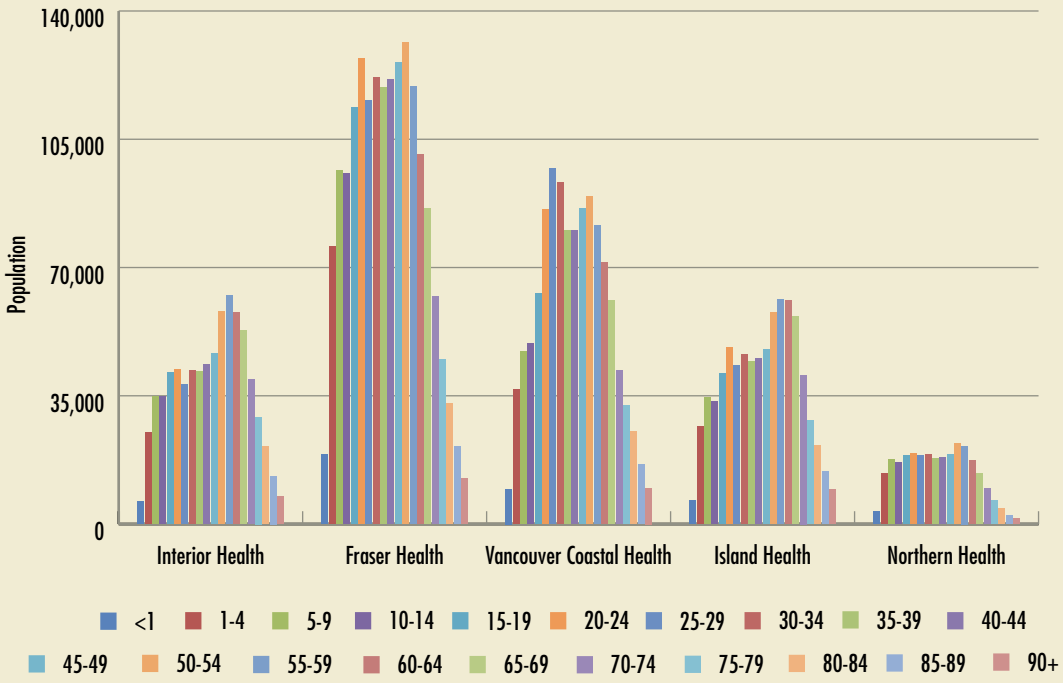
BC Cancer Agency	$669 Million	Provides a comprehensive cancer control program including prevention and early detection, treatment and education services. The agency conducts research through the BC Cancer Research Centre.
BC Centre for Disease Control	$112 Million	Provides public health surveillance, detection, prevention, consultation and direct diagnostic and treatment services. Also responsible for the development of immunization programs.
BC Children's & Women's Health Centre	$549 Million	Provides a major children's and women's health resource centre for the province of B.C. by providing leadership in the areas of clinical services, research, education and health promotion.
BC Transplant	$59 Million	Formed for the purpose of planning, coordinating, managing, and publicizing the human organ donor activities in B.C.
BC Mental Health and Substance Use Services	$22 Million	Provides care for people and their families experiencing significant mental health and substance use concerns. Supports initiatives that promote mental health and substance use services across the province.
BC Emergency Health Services	$401 Million	Provides public ambulance services and manages the planning and coordination of all inter-facility patient transfers
Forensic Psychiatric Services Commission	$69 Million	Provides specialized hospital and community-based assessment, treatment and clinical case management for adults with mental health disorders who are in conflict with the law
BC Clinical and Support Services*	$363 Million	Provides non-clinical support services to health authorities through increased process efficiency, standardization, capital avoidance and leveraging of buying power and cross integration.

Source: Office of the Auditor General of British Columbia, based on information provided by the Provincial Health Services Authority
*On April 1, 2016, the operations of Health Shared Services BC were transferred to BCCSS, a separate legal entity independent of PHSA

APPENDIX B: POPULATION DISTRIBUTION BY HEALTH AUTHORITY

THIS APPENDIX GIVES context to the financial information throughout our report. It includes information on regional health authority population demographics, information from the Canadian Institute for Health Information (CIHI) on per capita health spending by age, and information from the Ministry of Health on the health status profile of each regional health authority.

Exhibit 40: Population distribution by health authority (2016)



Source: Office of the Auditor General of British Columbia, based on data from BC Stats

APPENDIX B: POPULATION DISTRIBUTION BY HEALTH AUTHORITY

Exhibit 41: Age distribution as a percentage of health authority health authority (2016)

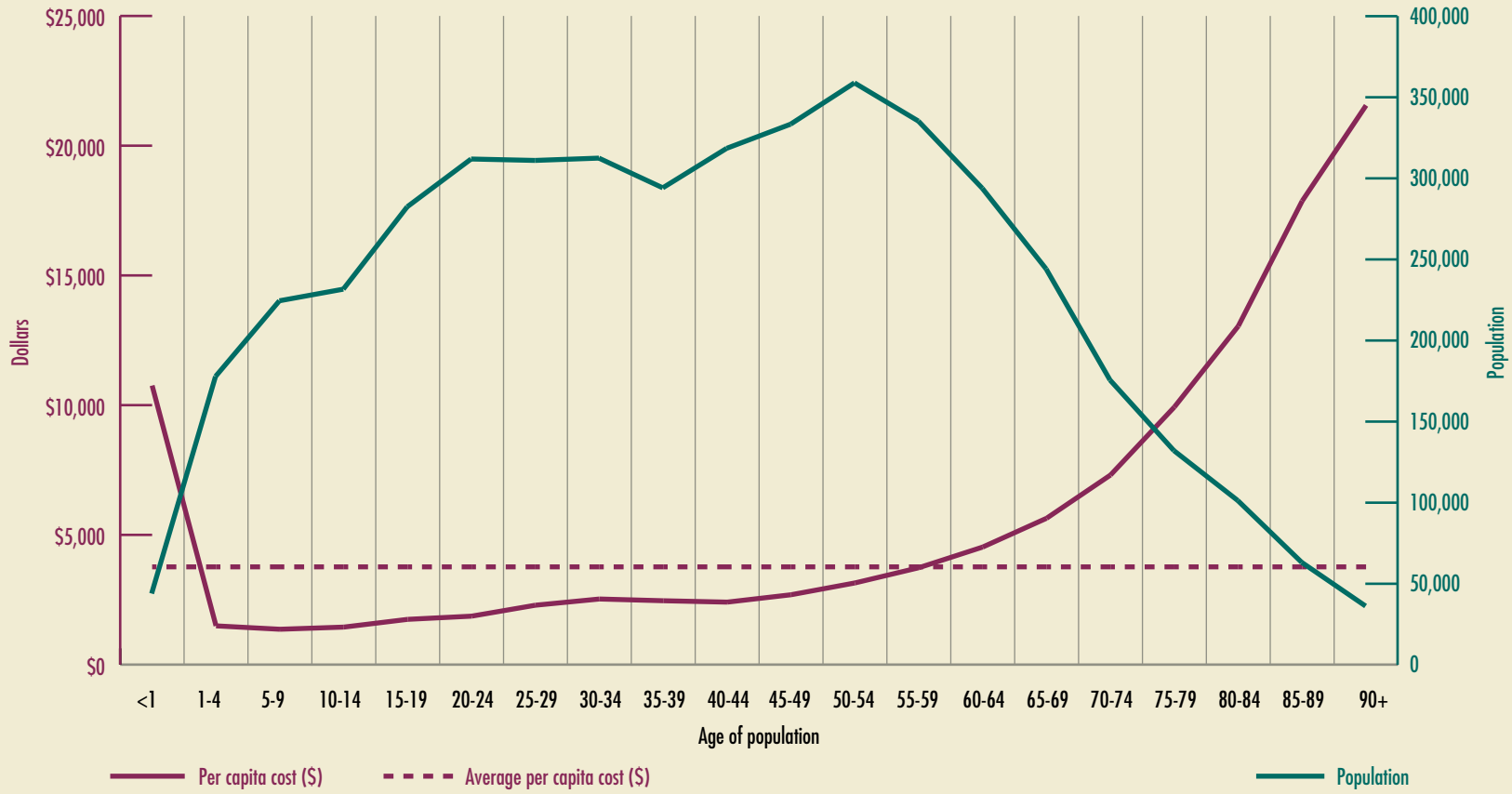
Age	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85-89	90+
Interior Health	0.8%	3.4%	4.7%	4.7%	5.6%	5.7%	5.2%	5.7%	5.6%	5.9%	6.3%	7.9%	8.5%	7.8%	7.2%	5.4%	4.0%	2.9%	1.8%	1.0%
Fraser Health	1.1%	4.3%	5.5%	5.5%	6.5%	7.3%	6.6%	7.0%	6.8%	7.0%	7.2%	7.5%	6.9%	5.8%	4.9%	3.6%	2.6%	1.9%	1.2%	0.7%
Vancouver Coastal Health	0.8%	3.2%	4.1%	4.3%	5.4%	7.4%	8.4%	8.1%	6.9%	6.9%	7.4%	7.7%	7.0%	6.2%	5.3%	3.6%	2.8%	2.2%	1.4%	0.8%
Island Health	0.8%	3.5%	4.5%	4.4%	5.3%	6.3%	5.6%	6.0%	5.8%	5.9%	6.2%	7.5%	8.0%	7.9%	7.4%	5.3%	3.7%	2.8%	1.9%	1.2%
Northern Health	1.2%	5.0%	6.3%	6.0%	6.6%	6.9%	6.7%	6.7%	6.4%	6.5%	6.7%	7.8%	7.6%	6.2%	4.9%	3.4%	2.3%	1.5%	0.9%	0.6%
Provincial Average	**0.9%**	**3.8%**	**4.9%**	**4.9%**	**5.9%**	**6.9%**	**6.7%**	**6.9%**	**6.5%**	**6.6%**	**6.9%**	**7.7%**	**7.4%**	**6.6%**	**5.8%**	**4.1%**	**3.0%**	**2.2%**	**1.4%**	**0.9%**

Below Average Average Above Average

Source: Office of the Auditor General of British Columbia, based on data from BC Stats

APPENDIX B: POPULATION DISTRIBUTION BY HEALTH AUTHORITY

Exhibit 42: Estimate of total provincial government health expenses by age (2013)



Source: Office of the Auditor General of British Columbia, based on data from BC Stats and the Canadian Institute of Health Information

APPENDIX B: POPULATION DISTRIBUTION BY HEALTH AUTHORITY

Exhibit 43: Distribution of health status groups in health authority populations with comparison to B.C. average (2013/14)*

	Health status groups	Interior Health	Fraser Health	Vancouver Coastal Health	Island Health	Northern Health	B.C.
Staying healthy	Healthy non-user	13%	14%	16%	12%	16%	15%
	Healthy or Minor episodic health needs	36%	41%	42%	37%	38%	39%
	Maternity and healthy newborns	2%	2%	2%	2%	3%	2%
Getting healthy	Major or significant time-limited health needs: children and youth	1%	1%	1%	1%	1%	1%
	Major or significant time-limited health needs: adults	4%	3%	3%	4%	4%	3%
Living with illness and chronic conditions	Mental health and substance use needs	2%	2%	2%	2%	2%	2%
	Population with cancer	1%	1%	1%	1%	1%	1%
	Low complex chronic conditions	23%	23%	21%	25%	22%	23%
	Medium complex chronic conditions	10%	7%	7%	10%	7%	8%
	High complex chronic conditions without frail activities of daily living supports	5%	4%	3%	4%	4%	4%
Towards the end of life	Frail population, living in the community	1%	0%	0%	1%	0%	0%
	Frail in community with high complex chronic conditions	1%	0%	1%	1%	0%	1%
	Living in the community with palliative needs	1%	0%	0%	1%	0%	0%
	Frail population, living in residential care	1%	1%	1%	1%	0%	1%

Below Average Average Above Average

Source: Office of the Auditor General of British Columbia, based on data provided by the Ministry of Health
*Percentages are rounded. Populations of 0.5% or less are listed as 0%.

APPENDIX B: POPULATION DISTRIBUTION BY HEALTH AUTHORITY

Exhibit 44: Activity statistics for Provincial Health Services Authority

Acute	2012/13	2013/14	2014/15	2015/16
Number of acute hospital beds/patient days[1]	184,577	178,682	178,311	180,069
Number of emergency room visits[1]	40,916	42,622	44,048	46,607
Number of day surgery visits[1]	10,464	10,655	10,447	10,968
Number of Alternative Level of Care Days[2]	727	644	432	437
Number of out-patient visits[1]	372,699	400,282	406,680	429,830
Number of diagnostic imaging exams[w]	60,930	57,209	57,006	59,079
Residential Care	**2012/13**	**2013/14**	**2014/15**	**2015/16**
Number of residential care beds/patient days (public and private/contract)[4]				
Public	-	-	-	-
Private or contract	-	-	-	-
Public - residential care days	-	-	-	-
Community Care	**2012/13**	**2013/14**	**2014/15**	**2015/16**
Number of community care hours (public and private/contract)[4]				
Home Support Hours - Public	-	-	-	-
Choice in Supports For Independent Living (CSIL) hours - Public	-	-	-	-
Mental Health and Substance Use	**2012/13**	**2013/14**	**2014/15**	**2015/16**
Number of mental health and substance use inpatient days at a BC hospital[6]	5,720	4,959	5,282	5,378

Source: Office of the Auditor General of British Columbia, based on data provided by the Ministry of Health

[1] From SHARA post audit/Q4 reports for each fiscal year. Acute inpatient days excludes ALC. Out patient visits represent ambulatory visits, excluding emergency.

[2] From Data Abstract Database

[3] From BASO Fact Sheet, published July 20, 2016, includes CT, MRI, PET and Ultrasound Scans only

[4] Not applicable to the Provincial Health Services Authority

[5] Extracted from Home and Community Care Minimum Reporting Requirements (HCC MRR) submitted by health authorities to the Ministry of Health. Health autoritites submit their data each period to the ministry.

[6] From Data Abstract Database. Includes ages 15-64 and excludes Riverview Hospital

APPENDIX B: POPULATION DISTRIBUTION BY HEALTH AUTHORITY

Exhibit 45: Activity statistics for Fraser Health

Acute	2012/13	2013/14	2014/15	2015/16
Number of acute hospital beds/patient days[1]	902,289	929,780	928,238	934,713
Number of emergency room visits[1]	580,429	603,699	630,757	674,277
Number of day surgery visits[1]	118,124	127,735	130,820	137,812
Number of Alternative Level of Care Days[2]	136,341	129,819	154,317	156,455
Number of out-patient visits[1]	547,129	603,121	635,771	648,909
Number of diagnostic imaging exams[3]	429,319	446,153	474,304	452,056
Residential Care	**2012/13**	**2013/14**	**2014/15**	**2015/16**
Number of residential care beds/patient days (public and private/contract)[4]				
Public	1,710	1,677	1,809	1,796
Private or contract	6,297	6,507	6,466	6,489
Public - residential care days	2,864,734	2,920,790	3,006,147	3,106,472
Community Care	**2012/13**	**2013/14**	**2014/15**	**2015/16**
Number of community care hours (public and private/contract)[5]				
Home Support Hours - Public	2,341,955	2,709,788	2,887,424	2,883,174
Choice in Supports For Independent Living (CSIL) hours - Public	757,571	823,745	878,859	907,428
Mental Health and Substance Use	**2012/13**	**2013/14**	**2014/15**	**2015/16**
Number of mental health and substance use inpatient days at a BC Hospital[6]	86,140	92,144	90,791	90,792

Source: Office of the Auditor General of British Columbia, based on data provided by the Ministry of Health

[1] From SHARA post audit/Q4 reports for each fiscal year. Acute inpatient days excludes ALC. Out patient visits represent ambulatory visits, excluding emergency.

[2] From Data Abstract Database

[3] From BASO Fact Sheet, published July 20, 2016, includes CT, MRI, PET and Ultrasound Scans only

[4] From Beds and Facilities by Owner Type Report (per info submitted by health authorites as of March 31 for each fiscal year)

[5] Extracted from Home and Community Care Minimum Reporting Requirements (HCC MRR) submitted by health authorities to the Ministry of Health. Health autoritites submit their data each period to the ministry.

[6] From Data Abstract Database.

APPENDIX B: POPULATION DISTRIBUTION BY HEALTH AUTHORITY

Exhibit 46: Activity statistics for Island Health

Acute	2012/13	2013/14	2014/15	2015/16
Number of acute hospital beds/patient days[1]	484,372	499,535	514,069	514,815
Number of emergency room visits[1]	334,221	356,867	374,242	387,381
Number of day surgery visits[1]	70,467	71,312	75,151	76,931
Number of Alternative Level of Care Days[2]	95,740	80,108	71,456	88,496
Number of out-patient visits[1]	294,718	312,556	327,393	343,198
Number of diagnostic imaging exams[3]	251,252	267,936	285,157	289,823
Residential Care	**2012/13**	**2013/14**	**2014/15**	**2015/16**
Number of residential care beds/patient days (public and private/contract)[4]				
Public	1,728	1,721	1,733	1,713
Private or contract	3,681	3,693	3,750	3,752
Public - residential care days	1,960,503	1,982,121	2,065,634	2,103,770
Community Care	**2012/13**	**2013/14**	**2014/15**	**2015/16**
Number of community care hours (public and private/contract)[5]				
Home Support Hours - Public	2,316,561	2,397,362	2,327,261	2,230,093
Choice in Supports For Independent Living (CSIL) hours - Public	385,607	408,379	347,748	317,258
Mental Health and Substance Use	**2012/13**	**2013/14**	**2014/15**	**2015/16**
Number of mental health and substance use inpatient days at a BC Hospital[6]	47,704	47,043	47,461	45,402

Source: Office of the Auditor General of British Columbia, based on data provided by the Ministry of Health

[1] From SHARA post audit/Q4 reports for each fiscal year. Acute inpatient days excludes ALC. Out patient visits represent ambulatory visits, excluding emergency.

[2] From Data Abstract Database

[3] From BASO Fact Sheet, published July 20, 2016, includes CT, MRI, PET and Ultrasound Scans only

[4] From Beds and Facilities by Owner Type Report (per info submitted by health authorites as of March 31 for each fiscal year)

[5] Extracted from Home and Community Care Minimum Reporting Requirements (HCC MRR) submitted by health authorities to the Ministry of Health. Health autoritites submit their data each period to the ministry.

[6] From Data Abstract Database.

APPENDIX B: POPULATION DISTRIBUTION BY HEALTH AUTHORITY

Exhibit 47: Activity statistics for Vancouver Coastal Health

Acute	2012/13	2013/14	2014/15	2015/16
Number of acute hospital beds/patient days[1]	500,520	519,708	512,302	512,361
Number of emergency room visits[1]	279,223	289,085	294,703	306,877
Number of day surgery visits[1]	67,509	66,756	65,493	71,109
Number of Alternative Level of Care Days[2]	44,639	49,580	44,647	38,561
Number of out-patient visits[1]	434,912	431,070	451,542	437,176
Number of diagnostic imaging exams[3]	317,782	334,598	346,968	361,911
Residential Care	**2012/13**	**2013/14**	**2014/15**	**2015/16**
Number of residential care beds/patient days (public and private/contract)[4]				
Public	1,937	1,921	1,915	1,938
Private or contract	4,878	4,901	4,937	4,902
Public - residential care days	2,425,126	2,434,054	2,436,462	2,439,801
Community Care	**2012/13**	**2013/14**	**2014/15**	**2015/16**
Number of community care hours (public and private/contract)[5]				
Home Support Hours - Public	1,912,692	1,834,111	1,767,805	1,674,282
Choice in Supports For Independent Living (CSIL) hours - Public	529,385	553,069	552,686	541,301
Mental Health and Substance Use	**2012/13**	**2013/14**	**2014/15**	**2015/16**
Number of mental health and substance use inpatient days at a BC Hospital[6]	80,435	85,078	87,947	83,336

Source: Office of the Auditor General of British Columbia, based on data provided by the Ministry of Health

[1] From SHARA post audit/Q4 reports for each fiscal year. Acute inpatient days excludes ALC. Out patient visits represent ambulatory visits, excluding emergency.

[2] From Data Abstract Database

[3] From BASO Fact Sheet, published July 20, 2016, includes CT, MRI, PET and Ultrasound Scans only

[4] From Beds and Facilities by Owner Type Report (per info submitted by health authorites as of March 31 for each fiscal year)

[5] Extracted from Home and Community Care Minimum Reporting Requirements (HCC MRR) submitted by health authorities to the Ministry of Health. Health autoritites submit their data each period to the ministry.

[6] From Data Abstract Database.

APPENDIX B: POPULATION DISTRIBUTION BY HEALTH AUTHORITY

Exhibit 48: Activity statistics for Northern Health

Acute	2012/13	2013/14	2014/15	2015/16
Number of acute hospital beds/patient days[1]	152,812	152,905	156,083	158,521
Number of emergency room visits[1]	265,675	266,462	277,005	280,515
Number of day surgery visits[1]	29,548	33,356	30,412	30,600
Number of Alternative Level of Care Days[2]	31,076	40,753	34,704	30,569
Number of out-patient visits[1]	159,627	152,350	149,399	143,658
Number of diagnostic imaging exams[3]	86,317	96,906	92,535	96,379
Residential Care	**2012/13**	**2013/14**	**2014/15**	**2015/16**
Number of residential care beds/patient days (public and private/contract)[4]				
Public	1,004	1,006	1,023	1,032
Private or contract	143	152	149	149
Public - residential care days	401,758	410,272	411,061	419,859
Community Care	**2012/13**	**2013/14**	**2014/15**	**2015/16**
Number of community care hours (public and private/contract)[5]				
Home Support Hours - Public	231,235	230,589	230,050	245,046
Choice in Supports For Independent Living (CSIL) hours - Public	155,307	160,974	118,991	113,023
Mental Health and Substance Use	**2012/13**	**2013/14**	**2014/15**	**2015/16**
Number of mental health and substance use inpatient days at a BC Hospital[6]	21,734	21,044	21,702	21,266

Source: Office of the Auditor General of British Columbia, based on data provided by the Ministry of Health

[1] From SHARA post audit/Q4 reports for each fiscal year. Acute inpatient days excludes ALC. Out patient visits represent ambulatory visits, excluding emergency.

[2] From Data Abstract Database

[3] From BASO Fact Sheet, published July 20, 2016, includes CT, MRI, PET and Ultrasound Scans only

[4] Not applicable to the Provincial Health Services Authority

[5] Extracted from Home and Community Care Minimum Reporting Requirements (HCC MRR) submitted by health authorities to the Ministry of Health. Health autoritites submit their data each period to the ministry.

[6] From Data Abstract Database. Includes ages 15-64 and excludes Riverview Hospital

APPENDIX B: POPULATION DISTRIBUTION BY HEALTH AUTHORITY

Exhibit 49: Activity statistics for Interior Health

Acute	2012/13	2013/14	2014/15	2015/16
Number of acute hospital beds/patient days[1]	424,047	445,924	444,055	448,770
Number of emergency room visits[1]	439,240	455,450	469,087	485,188
Number of day surgery visits[1]	81,139	82,434	85,444	87,780
Number of Alternative Level of Care Days[2]	78,028	73,829	86,691	93,180
Number of out-patient visits[1]	280,787	272,266	275,172	273,649
Number of diagnostic imaging exams[3]	196,413	209,118	216,993	232,416
Residential Care	**2012/13**	**2013/14**	**2014/15**	**2015/16**
Number of residential care beds/patient days (public and private/contract)[4]				
Public	2,654	2,625	2,600	2,605
Private or contract	2,960	3,105	3,109	3,110
Public - residential care days	1,910,399	1,991,518	2,040,730	2,060,653
Community Care	**2012/13**	**2013/14**	**2014/15**	**2015/16**
Number of community care hours (public and private/contract)[5]				
Home Support Hours - Public	1,214,749	1,293,681	1,325,394	1,429,786
Choice in Supports For Independent Living (CSIL) hours - Public	539,891	594,804	662,986	748,161
Mental Health and Substance Use	**2012/13**	**2013/14**	**2014/15**	**2015/16**
Number of mental health and substance use inpatient days at a BC Hospital[6]	41,372	42,794	43,532	49,810

Source: Office of the Auditor General of British Columbia, based on data provided by the Ministry of Health

[1] From SHARA post audit/Q4 reports for each fiscal year. Acute inpatient days excludes ALC. Out patient visits represent ambulatory visits, excluding emergency.

[2] From Data Abstract Database

[3] From BASO Fact Sheet, published July 20, 2016, includes CT, MRI, PET and Ultrasound Scans only

[4] Not applicable to the Provincial Health Services Authority

[5] Extracted from Home and Community Care Minimum Reporting Requirements (HCC MRR) submitted by health authorities to the Ministry of Health. Health autoritites submit their data each period to the ministry.

[6] From Data Abstract Database. Includes ages 15-64 and excludes Riverview Hospital

APPENDIX B: POPULATION DISTRIBUTION BY HEALTH AUTHORITY

Exhibit 50: Activity statistics for Providence Health Care

Acute	2012/13	2013/14	2014/15	2015/16
Number of acute hospital beds/patient days[1]	198,743	206,596	198,552	201,716
Number of emergency room visits[1]	97,419	103,289	109,802	111,617
Number of day surgery visits[1]	33,890	33,492	33,596	36,359
Number of Alternative Level of Care Days[2]	15,023	16,839	16,620	12,903
Number of out-patient visits[1]	270,767	281,817	281,182	284,769

Source: Office of the Auditor General of British Columbia, based on data provided by the Ministry of Health

[1] From SHARA post audit/Q4 reports for each fiscal year. Acute inpatient days excludes ALC. Out patient visits represent ambulatory visits, excluding emergency.

[2] From Data Abstract Database

APPENDIX C: MAJOR CAPITAL PROJECTS

In all regions of the province, major capital projects (those that cost more than $50 million) are underway or planned. The following table summarizes those projects, including the cost to complete and how the project is being financed.

Exhibit 51: Health capital expenditure projects greater than $50 million

($ millions)	Year of Completion	Project Cost to Dec 31, 2015	Estimated Cost to Complete	Anticipated Total Cost	Project Financing		
					Internal/ Borrowing	P3 Liabilitiy	Other Contributions
Northern Cancer Control Strategy							
- Direct procurement	2014	29	1	30	27	0	3
- P3 contract	2012	71	0	71	54	17	0
Lions Gate Hospital (Mental Health) Redevelopment	2014	47	15	62	38	0	24
Lakes District Hospital	2015	49	6	55	46	0	9
Queen Charlotte/Haida Gwaii Hospital	2016	28	22	50	31	0	19
Surrey Emergency/Critical Care Tower							
- Direct procurement	2016	141	53	194	174	0	20
- P3 contract	2014	318	0	318	139	179	0
Royal Inland Hospital	2016	25	55	80	47	0	33
North Island Hospitals							
- Direct procurement	2017	21	105	126	73	0	53
- P3 contract	2017	267	213	480	60	232	188

Source: Office of the Auditor General of British Columbia, based on data from the Budget and Fiscal Plan 2016/17-2018/19

APPENDIX C: MAJOR CAPITAL PROJECTS

Exhibit 51: Health capital expenditure projects greater than $50 million *...continued*

($ millions)	Year of Completion	Project Cost to Dec 31, 2015	Estimated Cost to Complete	Anticipated Total Cost	Project Financing		
					Internal/ Borrowing	P3 Liabilitiy	Other Contributions
Interior Heart and Surgical Centre							
- Direct procurement	2017	124	124	248	213	0	35
- P3 contract	2015	130	3	133	4	79	50
Vancouver General Hospital - Joseph and Rosalie Segal Family Health Centre	2017	25	57	82	57	0	25
Children's and Women's Hospital							
- Direct procurement	2019	81	228	309	177	0	132
- P3 contract	2017	147	222	369	168	187	14
Penticton Regional Hospital - Patient Care Tower	2019	3	322	325	168	0	157
Royal Columbian Hospital	2019	0	259	259	250	0	9
Centre for Mental Health and Addictions	2019	0	101	101	101	0	0
Clinical and systems transformation	2023	140	340	480	480	0	0
Total health facilities		**1,646**	**2,126**	**3,772**	**2,307**	**694**	**771**

Source: Office of the Auditor General of British Columbia, based on data from the Budget and Fiscal Plan 2016/17-2018/19

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This report and others are available at our website, which also contains further information about the Office.

Reproducing

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Jessie Giles,
Manager

John McNeill,
Manager

Jordan Schenderling,
Audit Associate

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