

The Evolution of Health System Governance in Canada and Ontario

Including cautionary reflections on the introduction of Local Health Integration Networks in Ontario

*Steve Elson, Director
Integrated Strategic Alliances and Networks
London Health Sciences Centre and St.
Joseph's Health Care, London*

In general terms, governance refers to the responsibilities of a Board of Directors or trustees to ensure that an organization lives up to its legal responsibilities as a corporation and any other legislation that applies. This includes its financial or fiduciary role, its legal accountabilities and its stewardship or oversight role to ensure that the best interests and objects of the organization are being upheld.

The failure of corporate boards to live up to these requirements as evidenced by Enron and related scandals have led to charges that corporate governors were 'asleep at the wheel'; that they were chosen more for who they were than what they did or the skills they had; and, that they failed to live up to what was required of them legally and in some cases morally.

In the aftermath of these events and a new awareness that governance is something worth paying attention to, steps have been taken to advocate for, and promote 'Good Governance'¹²³. This has occurred within the private sector but has also taken hold in the public sector. Guidelines, workshops, conferences and courses now focus on what it now means to be an active and responsible board and board member. Terms of reference, role descriptions and board member evaluations are now expected.^{4 5}

These changes, albeit somewhat reactive in nature, reflect an evolution in the nature of governance. Rather than being largely silent and unknown adjuncts to the CEO or senior management team, Boards are now expected to have an independent voice and to challenge management as appropriate. Failure to do so has been shown to have disastrous results.

All of this has taken place within the traditional context of organizational or corporate governance. As such, it provides an interesting backdrop to the subject of health system governance.

In general, health system governance in Canada has evolved to focus on two parties. One is the governance mandate given to regional health authorities (RHAs) to govern the broad range of health services that fall under their corporate umbrella⁶. The other is the governance mandate given to provincial governments and more specifically ministries of health. The scope of responsibility of RHAs is geographically narrower than the provincial governments and it also carries a narrower service scope. For example, physician services in all provinces are paid and negotiated provincially, not regionally. The legal parameters that define the authority of RHAs are set by the provincial governments.

An important characteristic of RHAs is that in general they have been given a mandate to manage the delivery of health care services and to also improve the health status of the population for which they are responsible. This broad population health mandate has had a significant impact on governance, priority setting as well as strategic priorities set by the RHAs.

In general terms the RHAs, as legal corporations, have a very significant operational mandate in that they are directly responsible for the integration and delivery of all the health services that fall under their mandate. The governors of the RHAs in turn are responsible, like the governors of a single service organization for practicing 'good' governance. Although RHAs govern a system of health services, their primary mandate is to manage the system of services and use the resources made available to them to address client, patient and population health needs as best they can. More recently this expectation has been codified in several provinces through the development of formal accountability and performance agreements between the RHAs and the provincial government.

At the same time, broad health system planning, design and resource allocation decisions as well as some specific program allocations, have continued to rest in the hands of the provincial governments. As an example, Canada Health Infoway, an agency of the federal government⁷, is currently working with provincial governments across Canada to stimulate the development of a Pan-Canadian Electronic Health Record. Key strategic decisions about whether and how much to invest in this initiative and how it will be designed and implemented are being made at the provincial, not at the regional level. The regions will be the focus of implementation. Key system-wide (and provincial) strategic decisions like this involve senior ministry of health officials and their political counterparts.

This demonstrates that there is a 'sharing' of system governance and management responsibilities between RHAs and provincial governments with a somewhat undefined demarcation between the two parties. Circumstances and political sensitivities can push both governance and management accountabilities in different directions. The lack of territorial definition or fluidity should not be seen as a problem since it is characteristic of a complex system – the health system being a primary example.

In Ontario, in contrast to other provinces, has no history of sharing system governance. The closest Ontario has come has been the sharing of its health system planning mandate with District Health Councils, which have been disbanded in light of the creation of Local Health Integration Networks (LHINs)⁸.

System governance in Ontario has been highly concentrated within the senior levels of the Ministry of Health and Long-Term Care (MOHLTC) and their political masters. In light of this situation, the ability of individual organizations and sectors of the health system to influence the Ministry's senior management and political leadership has been a hallmark of informal 'power sharing'. For example, the Ontario Medical Association, the Ontario Hospital Association and the large academic teaching hospitals in particular have been highly

effective in being able to influence government policy and resource allocation decisions. While there is an informal 'pecking order' and a continual jockeying for influence, these large powerful groups are consistently influential; the influence of others is less consistent.

In evolutionary terms, little has happened in Ontario to change this dynamic. However, with the introduction of LHINs there is an expressed intent on the part of the Ontario government to share system governance and management with these newly created entities. The Ontario government has stated that it is interested in moving away from its traditional system management role and taking on a more strategic and central governance role. This is very much in keeping with what the other provinces have done, with one important and significant difference. They have chosen not to dissolve the governance role of the thousands of organizations currently delivering and governing largely single and special purpose health service organizations throughout Ontario. They have introduced Local Health Integration Networks without dismantling the traditional power or governance structures either within or outside the MOHLTC. Through LHINs system governance at the regional level has been introduced and will, to some degree, be positioned as a go-between or middle ground between health service organizations and the MOHLTC. Not a particularly comfortable spot from a governance perspective, given the centralized history of health care governance in Ontario.

The other tension that is inherent in the governance role of the LHINs, as currently outlined, is that unlike RHAs they will not have direct control over the delivery of health services. However, they are expected to be accountable for system coordination and management. In this circumstance, the legislative framework and powers given to the LHINs will be critical to their success. For example, if they are given the power to allocate and reallocate resources and some measure of autonomy from the MOHLTC apparatus, then they will have the capacity to be an important instrument of on-going system reform and

change. If such is not the case, then the LHINs will be in a very difficult position. They will not have the powers to exercise system governance from a regional perspective and they will not have the authority to manage from a system perspective either.

Like the relationship between RHAs and ministries of health, LHINs and the MOHLTC will share responsibility for health system planning; one from a regional perspective and the other from a provincial one. Since there is a significant interdependence between the two this can be expected to generate on-going tension between the two system governing organizations.

In conclusion, there has been an evolution of health system governance throughout Canada that has most recently come to Ontario. As a very complex system there are no easy or straightforward answers or solutions. The introduction of LHINs in Ontario represents an evolutionary step toward sharing responsibility for system governance with an important cautionary note. To be successful the MOHLTC and its leaders will have to be prepared to formally share and divest power to the LHINs and the LHINs will need to be in a position to exercise true system governance, system planning and system coordination at the regional

level. If LHINs take on a largely 'one step removed' system management role then its lack of direct responsibility for service delivery will likely create unworkable tensions between itself and the multitude of long-standing health service delivery organizations. If this occurs the capacity of health service organizations to exercise their political influence individually and collectively will likely serve to make the LHINs largely ineffective in being able to address their integration mandate.

Ontario prides itself in not having followed the same RHA route as other provinces. Ironically it has looked more to the USA (e.g. Kaiser Permanente and the Veterans Health Administration) and the UK for models of healthcare reform than to its Canadian brothers and sisters. Now that the "looking" phase is over, it's imperative that the LHINs as the governments "transformation" agents in the field, be given the necessary tools to be as effective as possible.

Steve Elson is the recipient of the R. Alan Hay Memorial (Executive) Award, 2005 from the Ontario Hospital Association. The focus of his investigation has been on management and governance models that support health services integration. It is in this context that he has developed these reflections.

¹ "Principles for Good Governance in the 21st Century", Policy Brief No. 15 – August 2003 by John Graham, Bruce Amos, Tim Plumptre, Institute On Governance. <http://www.iog.ca>

² "Governance DO'S & DON'TS, lessons from Case Studies on Twenty Canadian Non-profits", Final Report, Mel Gill, April 23, 2004, Institute On Governance. <http://www.iog.ca>

³ "The New Rules of the Board Game: The Changing World of Corporate governance and Its Implications for Multilateral development institutions", Tim Plumptre, Institute On Governance, February 4, 2004. <http://www.iog.ca>

⁴ "Hospital Governance and Accountability in Ontario", a report for the Ontario Hospital Association by Maureen Quigley and Graham W.S. Scott, April 2004. [http://www.oha.com/client/oha/oha_lp4w_Ind_webstation.nsf/resources/Hospital_GovernanceandAccountability_Report_Quigley_and_Scott/\\$file/Hospital_GovernanceandAccountability_Report_Quigley_and_Scott.pdf](http://www.oha.com/client/oha/oha_lp4w_Ind_webstation.nsf/resources/Hospital_GovernanceandAccountability_Report_Quigley_and_Scott/$file/Hospital_GovernanceandAccountability_Report_Quigley_and_Scott.pdf)

⁵ Best Practice Guidelines. Governance and Disclosure Guidelines for Governing Boards of British Columbia Public Sector Organizations. Board Resourcing and Development Office, Office of the Premier, February 2005.. www.fin.gov.bc.ca/abc

⁶ For more information about Regional Health Authorities visit the Canadian Centre for Analysis of Regionalization and Health (CCARH) website at www.regionalization.org

⁷ Canada Health Infoway website - <http://www.infoway-inforoute.ca/>

⁸ For details on Local Health Integration Networks go to the Ontario ministry of Health and Long-Term Care website at http://www.health.gov.on.ca/transformation/lhin/lhin_mn.html