

Osler: your partner to navigating Ontario's health care system integration

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The Ontario government recently announced its plan for a new model of integrated public health care delivery in the province. To fulfil this objective, the government has tabled Bill 74, *The People's Health Care Act, 2019* (the Bill), which if passed would enact the *Connecting Care Act, 2019* and make other consequential legislative amendments and repeals.

The Bill contemplates changes aimed at creating an integrated health care system that will put each patient at the centre of a connected care system. The Bill contemplates the creation of a new health agency that will be given broad integration powers to facilitate the required integration in the health care system. The government's expectation is that the new legislation will result in an unprecedented, but the required, integration of Ontario's fragmented and siloed health care system without having taken the drastic step of legislating regional health authorities, which is the direction taken by almost all of Canada's other provincial governments. More information regarding the implications of the Bill can be found in our Osler Update entitled "[Ontario introduces Bill 74: The People's Health Care Act, 2019.](#)"

It is our view that the foreseeable future will be characterized by voluntary and directed integrations, such as alliances, amalgamations, mergers, partnerships, joint ventures and clinical and back office shared service arrangements. This activity has already commenced in earnest as many of Ontario health services providers are following the same strategy that hospitals engaged in the early 90s, which is premised on the belief that the best outcome is likely achieved through a voluntary integration with partners and conditions that they voluntarily negotiate rather than have an integration forced upon them.

The challenge stakeholders are facing is that the system capacity and leadership in hospitals and partnerships alliances are, as time has evidenced, not optimal and can be complicated to implement. Key to effectively navigating such a period of change is understanding the legal implications of such transformative change and drawing upon the lessons learned from previous health system restructurings. [Michael Watts](#), the Chair of Osler's [Health Industry Group](#), has extensive experience in facilitating and providing legal services during exactly such periods of health care system restructuring and integration, making the Osler Health Industry Group the perfect partner as organizations attempt to navigate the changes to come.

Looking to the past to understand the future

In 1996 the Ontario Legislature created the Health Services Restructuring Commission (the Commission) primarily to restructure hospitals in Ontario. The Commission was empowered to direct hospitals to amalgamate, transfer or accept programs, change their volumes, cease to operate or make any other changes considered to be in the public interest. The Commission's formal mandate was to undertake three tasks:

1. to make binding decisions on the restructuring of hospitals;

2. to make recommendations on the restructuring of sectors or other elements of the health services system, including advice about reinvestment needed to restructure hospitals and enhance other health services; and
3. to foster the creation of a genuine, integrated, co-ordinated health services system.

Upon assessment of restructuring options, the Commission issued formal “directions” or, in respect of northern and rural Ontario hospitals, “reports.” Michael Watts facilitated numerous voluntary and directed restructurings between many health care organizations, both in the lead up to the Health Services Restructuring Commission creation and to implement directed and facilitated restructurings.

Most recently, Osler also assisted numerous community care access corporations (CCACs) in responding to Bill 210, *Patients First Act*, 2016 (Bill 210), which led to the dissolution of the CCACs and the transfer of their assets and employees to the local health integration networks (LHINs).

Osler’s health care restructuring experience

Amalgamations:

- Bluewater Health;
- Brant Community Healthcare System;
- Chatham-Kent Health Alliance
- Grey Bruce Health Services;
- Halton Health Care Services Corporation;
- Muskoka Algonquin Healthcare;
- Northumberland Hills Hospital;
- Perth and Smith Falls District Hospital;
- South Bruce Grey Health Centre; and
- William Osler Health System;

Program and Funding Transfer Agreements:

- Brockville General Hospital and Royal Ottawa Healthcare Group;
- Chatham-Kent Health Alliance and St. Joseph’s Health Services Association of Chatham, Incorporated;
- Hôpital Régional de Sudbury Regional Hospital and Northeast Mental Health;
- Hospital Diagnostic Imaging Repository Services and Greater Toronto Area West Diagnostic Imaging Repository
- Northeast Mental Health and North Bay Regional Hospital;
- Providence Continuing Care Centre and Brockville General Hospital;
- Windsor Regional Hospital and Hôtel-Dieu Grace Healthcare; and
- Women’s College Hospital and Sunnybrook Health Sciences Centre;

Alliances:

- Chatham-Kent Health Alliance

- Huron Perth Healthcare Alliance; and
- MICs, an alliance of the following hospitals: Matheson Iroquois Falls Cochrane and Smooth Rock Falls

Shared Service Organizations:

- Hospital Diagnostic Imaging Repository System;
- Plexxus; and
- Transform shared service organization

Accountability Agreements:

- Provided advice to numerous health service providers in negotiating service accountability agreements

Dissolutions:

As noted above, Osler advised many CCACs in connection with their dissolutions. This advice led to amendments to Bill 210, which resulted in: (a) the CCACs' officers and directors being granted statutory protection in connection with such transfers to the LHINs, (b) indemnity agreements being entered into by all of the CCACs' directors, and (c) HIROC extending its tail end insurance for a period of seven years following the dissolution of CCACs.

Governance best practices

In our view, the development of any integrated care delivery system will require counsel knowledgeable in health care best governance practices in Ontario. Osler's expertise in the areas of health care and hospital governance is well recognized. We have advised on modernizing, optimizing and refining governance structures, business and funding models for a wide range of public and private health industry clients and have the ability to provide our clients with up-to-date advice on best practices in both the private and public sectors.

Osler's experience in acting for many of the supervisors appointed under the *Public Hospitals Act* to provide governance advice includes the Brant Community Healthcare System, Chatham-Kent Health Alliance, Hamilton Health Sciences Centre, Hôtel-Dieu Grace Healthcare, Kingston General Hospital, Sudbury Hospital, The Ottawa Hospital, The Scarborough Hospital and Toronto East General Hospital.

For further information on our expertise, please visit the Osler [Health Industry Group](#) page or contact [Michael Watts](#).