

Primary Health Care
Negotiations and Accountability
Management Division

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AUG 07 2012

Memorandum To:

**Board Chairs
Executive Directors
Family Health Teams**

From:

**Phil Graham
Manager, Family Health Teams & Related Programs
Primary Health Care Branch**

RE:

2012-2013 Schedule B – Budget Changes

The Ministry of Health and Long-Term Care (the “ministry”) has implemented improvements to the way it funds Family Health Teams (FHTs) beginning with the 2012-2013 fiscal year. We would like to bring your attention to the following changes:

1. Association Membership Fees

The General Overhead operating line in Schedule B of your Amending Agreement has been increased by \$2,000 to account for the costs of membership fees, which were not fully captured in the original calculations for this line item. The increase is intended to support FHTs in paying membership fees to either the Association of Family Health Teams of Ontario (AFHTO) or the Association of Ontario Health Centres (AOHC). This change will assist FHTs to become, or continue as, members of either of these two provincial associations and to access the benefits that this entails.

2. Operational Overhead - Flexibility in Budget Lines

In order to give FHTs increased budget flexibility in the day-to-day management of operating priorities, the ministry has refined budget rules to move beyond line by line management of funds in the Operational Overhead portion of your budget (Schedule B). Specifically, the separate Operational Overhead line items have been organized into three sub-categories: Information Technology, Professional Services and Professional Development and Recruitment.

FHTs are entitled to reallocate funds equaling up to the lesser of 10% or \$10,000 of their annual budget between and within eligible budget categories. While this rule still applies, there is no longer a limit to the amount of funds that can be reallocated between line items in the budget sub-categories listed above, with one exception (see below).

The new Operating Overhead sub-categories and rules associated with the management of each are described as follows:

Operating Overhead Budget Sub-Category	Description/Line Items	Restrictions
Information Technology	<ul style="list-style-type: none"> • Equipment leases • Service contracts • IT training • Software licensing and subscriptions • Local IT support funds 	Funds can be moved between the information technology lines as necessary but not between the sub-categories, without prior authorization from the ministry.
Professional Services	<ul style="list-style-type: none"> • Audit • Insurance • Legal • General consulting 	Funds can be moved between the professional services lines as necessary but not between the sub-categories, without prior authorization from the ministry.
Professional Development and Recruitment	<ul style="list-style-type: none"> • Professional development • Recruitment 	<p>Recruitment funds may be moved to professional development.</p> <p>Professional development funds may not be diverted to recruitment or other line items without prior ministry authorization.</p>

These changes will be implemented as a trial for the 2012-2013 fiscal year. The ministry will continue to expect line by line reporting for these sub-categories and invoices must be submitted at year-end to substantiate expenditures. Each sub-category must be reported separately on quarterly and year-end reports.

The rules outlined in your quarterly reporting templates regarding ineligible reallocations continue to apply. For example, reallocation of funds between the following categories is not permitted: from the human resources category to any other budget category and vice versa; within the human resources category, from the overhead category to the one-time category, etc. Please refer to your quarterly report document for greater detail.

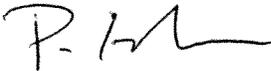
3. Recovery of Unspent Funds

Based on an assessment of overall FHT expenditure trends, the ministry has identified variations in the amount of funds allocated to FHTs versus the funds that are expended. In the past, unspent funds have been recovered in subsequent fiscal years. In order to maximize the use of funds within each fiscal year, the ministry will be recovering a portion of unspent funds through a reduction in FHT monthly payments. This will be done following a review of quarterly financial reports and in discussions with each FHT.

It is important to note that this new approach will have no impact on the overall approved budget of the FHT and will not be associated with a reduced allocation of resources. Rather, it is being implemented to make the best use of unspent funds within each fiscal year. Ministry representatives will be in touch to discuss the extent to which this applies to each individual FHT.

If you have any questions, please contact your Senior Program Consultant.

Sincerely,

A handwritten signature in black ink, appearing to read 'P. Graham', with a stylized flourish at the end.

Phil Graham
Manager, Family Health Teams and Related Programs

