

**Follow-up of needs-based resource allocation  
among health districts**

**6E**

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## Introduction

This section describes our follow-up of action taken by the Department of Health on audit recommendations concerning needs-based resource allocation among health districts.

During 1997-98, we audited the Department's processes to allocate resources among health districts based on health needs. The audit was part of a series of audits related to health reform and the introduction in 1994-95 of a new funding formula described by the Department as a "needs-based funding formula".<sup>1</sup>

We limited the audit to the needs-based aspects of the Department's processes to allocate resources among health districts. We did not audit the influence of concerned citizens or cost-drivers like inflation on the Department's resource allocation processes. We reported our findings and conclusions in our 1999 Fall Report – Volume 2, Chapter 1E (p.93).

## Recommendation 1 – Priorities and objectives for health

In 1999, we recommended that the Department develop processes that involve stakeholders and experts to identify and communicate:

- ◆ priority health needs for the province; and
- ◆ health status objectives for the long term (e.g., 10 years or more) for the highest priority provincial health needs.

The Standing Committee on Public Accounts considered this recommendation on June 6, 2001. The Standing Committee agreed and recommended: "that the Department continue to develop, as one component of resource allocation, processes that involve stakeholders and experts to identify and communicate priority health needs for the province, and health status objectives for the long term (e.g., 10 years or more) for the highest priority provincial health needs."

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<sup>1</sup> As described in *Introduction of needs-based allocation of resources to Saskatchewan district health boards for 1994-95*, Saskatchewan Health.

## Priorities

The Department told us that it involves various stakeholders to help it identify priorities. Experts also contribute to this process.

During 1999 and 2000, the Department communicated its provincial priorities in its Guidelines for the Preparation of the Annual Health Budget Plan. In 2000, the priorities listed in the Guidelines referred to health needs (e.g., fetal alcohol effect, mental health, diabetes), as well as service delivery issues (e.g., service providers, equipment). In 2001, the Guidelines for 2001-2002 district budgets did not refer to health need priorities.

The Department's priorities vary from year to year. Consistent priorities would help the Department to set more specific objectives for improving health status over the long term.

## Objectives

During 2000, the Department set objectives in its 2001-2005 Strategic Plan.<sup>2</sup> The Department's Plan includes two types of objectives—service delivery objectives and health status objectives. For example, an objective that relates to service delivery is “improved program effectiveness” or HOW things will be done. An objective that relates to health status or WHAT will be achieved is “improved health for children and youth”. These objectives are general. More specific objectives would provide better direction for managers and service providers. However, this internal Strategic Plan is an important step forward.

The Government now endorses an accountability framework that requires departments to set specific objectives, and report progress toward achieving those objectives using performance measures. For 2002-03, the Government will require all departments to make public their objectives and performance measures.

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<sup>2</sup> The Department's Strategic Plan for 2001-2005 is not public.

## Recommendation 2 – Monitor and report achievement of objectives

In our 1999 report, we recommended that the Department monitor and report the impact of resource allocation on the achievement of provincial objectives for service delivery and for health status. The Standing Committee on Public Accounts agreed with this recommendation on June 6, 2001.

### Monitor achievement of objectives

In 1999, the provincial and federal governments agreed to monitor and report on the achievement of outcome objectives.<sup>3</sup> The Department is working with health districts and national committees to identify ways to measure health outcomes. Agreement on these outcome measures will make it possible for specific health outcomes to be monitored and compared across the country.

With the signing of a Health Ministers Communiqué in 2000, the Department agreed to use these health outcome measures to report its health outcomes to the public by 2002.

### Report achievement of objectives

The Department told us it communicates internally among its program managers to explain the districts' objectives and the resources to be allocated to each district. Senior managers and the Minister receive briefing notes on an ad hoc basis as required. The Department's senior managers do not receive regular reports about the Department's progress toward its provincial objectives. Without regular access to this information, the Department is less able to monitor and take action on the highest priority health needs to protect the health of Saskatchewan residents.

In 2000, the Department published information about the health status of the population:

- ◆ *Health Services and Outcome Indicators by Population Group: Overview.* This report describes the Department's plans for

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<sup>3</sup> *A Framework to Improve the Social Union for Canadians*, February 1999.

reporting in the future. It also describes the nature of the information the Department plans to collect and report.

- ◆ *Health Services and Outcome Indicators by Population Group: Mothers and Infants.* This is the Department's first public report of health status outcomes. It describes health status outcomes for mothers and infants based on commonly used measures (e.g., infant mortality).

This *Mothers and Infants* report will help readers to analyze the relative health status of Saskatchewan's population compared to that of other similar provinces or the country as a whole. The report is an important step toward reporting on the achievement of provincial objectives.

The *Mothers and Infants* report does not yet show the link to what the Department planned to accomplish. At present, the report can not be used to assess whether resource allocation among the districts is helping to achieve provincial objectives.

## Summary

We recognize that the recommendations we made in 1999 cannot be achieved quickly.

We note that the Department's processes are evolving in ways that will increase their capacity to set direction using specific objectives for health status as well as for service delivery. The Department also increased its capacity to monitor and report on the achievement of its objectives. In particular, the Department worked with others to select and use performance measures that will help it to monitor progress.

We will continue to watch how the Department identifies priority health needs, sets specific objectives, and monitors their achievement. We also will continue to watch how the Department analyzes whether its resource allocation among health districts helps to address the highest priority health needs and to achieve provincial health objectives.