

# **Coffee Talk A Health Industry Seminar Series**



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## Regional Integration and the Lead Agency: A Legal Perspective

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## AGENDA

- A. The Integration Spectrum
- B. Stakeholders
- C. Lead Agency Models
- D. Implementation Risk Management



### The Integration Spectrum What is Integration?

- Local Health System Integration Act, 2006
- LHSIA calls for identification of integration opportunities

**s.24** "Each LHIN and each HSP shall separately and in conjunction with each other identify opportunities to integrate the services of the local health system to provide appropriate, co-ordinated, effective and efficient services."



### The Integration Spectrum What is Integration?

- Under LHSIA "Service" means:
  - Services or programs provided directly to people
  - Services that support such a service or program
  - A function that supports the operations of a person or entity that provides a service or program



### The Integration Spectrum What is Integration?

- Under LHSIA "Integrate" includes:
  - to coordinate services and interactions
  - to partner in providing services or in operating
  - to transfer, merge or amalgamate services, operations, persons or entities
  - to start or cease providing services
  - to cease to operate, dissolve or wind up operations

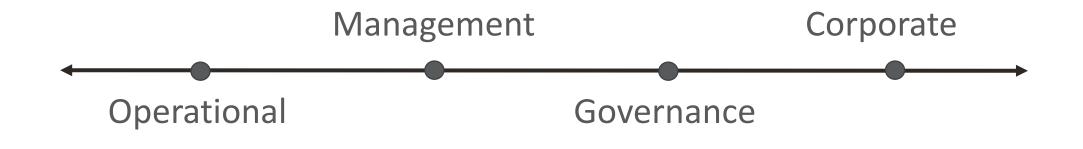


## The Integration Spectrum

- Integration can take many forms
  - Operational (e.g. service coordination, pursuit of joint initiatives)
  - Management (e.g. consolidating administrative functions, shared management)
  - Governance (e.g. joint Board)
  - Corporate (e.g. corporate merger)



## **The Integration Spectrum**





## **Stakeholders**

#### • Funders

- Various sources of funding:
  - Ministry of Health and Long-Term Care
  - Local Health Integration Networks
  - Ministry of Children and Youth Services
  - Ministry of Community and Social Services
- Each funder sets the terms of its funding and performance expectations



## **Stakeholders**

- Lead/Host Agency
  - Service integration often involves a "Lead Agency"
  - No legal meaning to term "Lead Agency"
  - One organization may be identified as the Lead Agency of the initiative by the funder and/or the group



## **Stakeholders**

- Participant/Service Provider
  - Very different roles depending on relationship with lead organization
  - Always responsible for own organization



## Lead Agency Models

- Different models for implementing service integration
  - Association Model
  - Service Provider Model
- The legal relationship is often structured around the flow of funding and accountability



- Each organization receives direct funding from funder for its services
- Organizations enter into an Association / Collaboration Agreement under which they agree to coordinate service delivery, harmonize practices and procedures etc.
- Generally involves a jointly constituted decision-making body (e.g. Steering Committee)



- Group approves a Lead or Lead appointed by funder to:
  - act as liaison with funders
  - provide regional reporting
  - engage in central functions
  - negotiate and potentially enter contracts for the group
- Funder may fund Lead to provide or engage in consolidated admin or support (e.g. service planning coordinator)



- Association Agreement should:
  - Set out scope of authority of Lead Agency
  - Define the obligations of participants
  - Allocate risk among the participant group
  - Outline governance framework for decision-making and resolution of disputes
  - Outline process for participants to join, withdraw, be terminated



- Common Challenges with the Association Model:
  - Decision making that advances the will of the group without compromising autonomy and best interest at the organization level
  - Allocating legal and financial risk
  - Addressing participant non-compliance with group decisions and standards



- The Lead Agency receives all funding for administration and service delivery and is fully accountable to the funder
- Service provider not directly accountable to the funder for services rendered



- Lead contracts with each service provider as a service delivery agent and flows through performance metrics
- Contract may be on a transfer payment or unit cost basis
- Less complex arrangement



- Transfer payment means lump sum funding at certain intervals to be managed based on an agreed budget
- Transfer payment model typically includes:
  - Flow through of balanced budget requirements of the funder and other terms
  - Audit rights for the Lead
  - Ability of funder/Lead to recoup unused funds/funds not used for intended purpose



- Unit cost basis means payment for services rendered
- Unit cost model typically includes:
  - Service fee
  - Invoice and payment mechanism for services provided
  - Service provider responsible for own admin costs



- Common Challenges with the Service Provider Model:
  - Resistance to loss of autonomy
  - Balancing of authority and collaboration
  - Control and repatriation of flow-through budgets



## **Implementation Risk Management**

- Internal and external due diligence
- For all models, ensure contracts/legal structures are in place to:
  - Define funding flow
  - Provide clarity on roles, responsibilities and accountability
  - Allocate risk and liability
  - Establish service standards
  - Identify decision-making protocol



## Implementation Risk Management

- Initiatives often begin with stepping stone documents:
  - Memorandum of Understanding (MOU)
  - Letter of Intent (LOI)
  - Interim Agreement
- These documents enable the relationship to commence while definitive agreements are being developed, approved and entered
- Consider in each circumstance whether the document of commitment is intended to be binding



## Summary

- There is a broad spectrum of integration
- Legal models of service integration follow funding and accountability relationships
- The role of the Lead Agency will differ depending on the model
- Each model has its own potential challenges
- Ensure risk managed approach to implementation



## **Questions?**

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