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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, coordinated, 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

# Lead Agency Models

## Association Model

- 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)

# Lead Agency Models

## Association Model

- 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)

# Lead Agency Models

## Association Model

- 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

# Lead Agency Models

## Association Model

- 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



# Lead Agency Models

## Service Provider Model

- 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 Agency Models

## Service Provider Model

- 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

# Lead Agency Models

## Service Provider Model

- 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

# Lead Agency Models

## Service Provider Model

- 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

# Lead Agency Models

## Service Provider Model

- 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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