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Health care costs continue to soar

Graphic examines six years of Health PEI expenses



Melanie Fraser became Health PEI CEO in early 2024. Graphic file photo

By Josh Lewis
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Health PEI spending increased by $364 million from 2019 to 2024, a 40 per cent jump, led by major increases in payments to Nova Scotia and New Brunswick, travel nurses and the cost of providing private long-term care.

It is a level of spending that Ivy Bourgeault, who has spent 35 years studying health care workforce policy and operation, says is unsustainable.

"We need to look at where the costs are going up," says the University of Ottawa professor who also leads the Canadian Health Workforce Network. "There needs to be transparency and accountability to the public."

"We need to ensure a sustainable workforce. If we don't pay attention to all these signs that things are in a state of crisis, it's going to get worse. There's only so long you can rely on the goodwill of health workers to give more," she said.



THE COST OF CARE

Where PEI's Health Dollars Go

- First in a Series -

The Graphic made a Freedom of Information request to obtain a detailed breakdown of expenses paid by Health PEI for each year beginning in 2019 and ending March 2025.

The massive trove of data covers everything from big ticket items like the cost to send Islanders for treatment in Nova Scotia, to everyday system essentials such as coffee for publicly owned facilities and office supplies.

The Graphic utilized artificial intelligence to analyze and organize expenditures, identify trends and areas of further inquiry. Details will be published over the coming weeks.

As Health PEI expenses grew significantly so did the number of payments, which jumped from 43,727 in 2019 to 49,005 in fiscal year 2024-2025.

During the same period annual expenditures soared from $711.3 million to $998.2 million.

The data does not include the human resources cost of health care, including doctors, nurses, Health PEI administration and the Department of Health and Wellness, nor does it include the capital costs for facilities.

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Town announces deputy CAO position

By Kyle Cotton
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The Town of Three Rivers is hiring a deputy CAO after the position was created at a special council meeting on September 22.

CAO John Jamieson says it's in an effort to build a more modern management structure, following the footsteps of other municipalities on PEI like Charlottetown, and Summerside. Stratford has no deputy CAO, but many major positions.

"The other thing it does is it creates an easy pathway for staff for when I'm away," Jamieson said. "Looking at Stratford compared to Three Rivers, yes they have more population but we have much more infrastructure to manage with two rinks, the playhouse, museums and marinas."

Jamieson said it will help ease the workload of others in the office too.

"Right now, we have one person (managing) financial affairs and planning and they are both distinct and important," he said. "Our planning is getting to be more busy so we thought that separating planning and finance would be a good idea."

The deputy CAO will be chosen by Jamieson along with the rest of the HR staff. The application deadline is October 6 and the hope is to have the person chosen soon after.

"We are a growing town. We have a big responsibility to provide solid public service," he said. "This is a management structure replicated in some communities smaller than us and most communities equal to or larger than us."

Although he doesn't plan on going anywhere anytime soon, Jamieson said the new hire could also help in succession planning.

"It creates a management structure that we see as a need in our growing town. I made a recommendation to council that we look into it. We looked at job descriptions from other jurisdictions and council agreed that's the way to go."

The approved salary range of the new position is $91,181 to $113,976.

Eastern Kings Sportsplex broken into, vandalized

By Kyle Cotton
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The Eastern Kings Sportsplex in Souris sustained damage following a break-in in the early hours of Thursday, September 25.

RCMP media relations officer Cpl Gavin Moore said police responded to a break and enter shortly after 4 am in the Souris area, but would not confirm that it was the Sportsplex.

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Three Rivers to hire independent investigator

By Kyle Cotton
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Of the five recent code of conduct complaints directed towards Three Rivers council and the CAO, four will require an external investigation after one complainant argued that an informal process is not applicable.

According to the Three Rivers code of conduct bylaw, there are several sections that can trigger a formal process.

"We have to move to the formal process, which means we have to hire a third party investigator to complete the investigations," said CAO John Jamieson at the September 22 sitting of the Committee of Council.

Three complaints came from Frank Dourte at the September 8 council meeting directed at councillor Martina MacDonald, mayor Debbie Johnston and Jamieson. Two others came after the meeting from resident Erin Lamb directed at council based on an exchange with presenter Charlie Hicken at the August 11 meeting according to Jamieson. He also noted council will deal with the complaint against him.

Jamieson said the town has reached out to two investigators so far, one of whom is retired and the other has "no interest whatsoever" in completing this investigation.

The investigator will have to be appointed by council before being hired.

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Raising funds

Ashley Ramsay from A Touch of Gold holds tickets for the annual event the store hosts to raise funds for the PEI Cancer Treatment Centre at the QEH. See story on page 3. Pratik Bhattarai photo

From page 1 - Health care costs



THE COST OF CARE
Where PEI's Health Dollars Go

However, using data compiled and released by government as part of its provincial budget process, the Graphic's analysis is able to show how the system has grown, including front-line service providers and bureaucracy.

By the numbers

Costs are anticipated to increase to $1.075 billion in 2025-26, not including the Department of Health and Wellness budget. That would represent a 51 per cent increase since 2019-20.

In total, Health PEI spent a little over $5 billion in the past six years. That rises to $6.1 billion in seven years including the 2025-26 estimate.

For procuring goods and services, it used 8,712 different suppliers at least once over that period, and the number per year grew by 3.4 per cent.

Payments to private long-term care homes increased by 116 per cent from 2019-20 to 2024-25, going from $30.7 million to $66.34 million.

That was driven in part by then-Premier Dennis King's pledge in April 2024 to invest nearly $25 million in private long-term care through opening 54 new beds and increasing private workers' wages to move closer to those of the public sector. The daily bed rate increased by $77.55 per day with operators committing to put at least 65 per cent of that toward increased wages.

That announcement led to a single-year increase of 54.4 per cent.

William McGuigan, owner of Gillis Lodge in Belfast, said the benefits have been obvious with a drastic reduction in staff turnover rates. The lodge's five new beds were opened last year.

"Having increased wages ensures more people are going to enter health care and it ensures they have a good standard of living," he said. "To stabilize the workforce, it's an amazing thing."

The data also shows direct, periodic payments to doctors through Health PEI's procurement system - many of them to doctors' professional corporations - rose from about $3.5 million in 2019-20 to just under $9.5 million in 2024-25, an increase of 168 per cent. Costs dipped during the 2020-21 pandemic year before rising in each of the next four years.

Those numbers do not represent fee-for-service payments, which are processed through Medicare and are not included in the data, or full billings for doctors. Periodic payments can be made for various non-clinical arrangements such as administrative duty.

There are many variables that can play a part in the increased costs, such as higher demand for services and major population growth. Service volume is not included in the provided documents, but the number of unique doctor payees per year increased by 9.8 per cent from 2019-20 to 2024-25.

Meanwhile, Health PEI's goods and services expenditures have grown at twice the rate of salaries and benefits from 2019 to 2025, according to the documents and the agency's annual reports.

Goods and services expenditures have risen from about $286 million in 2019-20 to $450 million in 2024-25, a hike of more than 57 per cent.

Salaries and benefits, meanwhile, make up a greater proportion of total spending and have risen by nearly 29 per cent.

Travel nurse expenditures have skyrocketed, with Health PEI spending 43 times more in 2024-25 than it did in 2021-22. That represents an increase from about $592,000 to $25.9 million in three years, with at least six different agencies having been used, according to both the documents and data provided by the PEI Nurses Union.

Health PEI has also spent nearly $26 million on the province's Electronic Health Record system since 2019. In addition, government has invested heavily in Electronic Medical Record systems provided by Telus Health.

Spiraling costs 'cause for concern,' opposition parties say

The leaders of both the Liberal and Green parties say the spending increases are a major cause for concern because Islanders are not seeing results for their money.

Many people inside and outside the system believe the health care crisis can't be resolved by throwing more money at it, says Green Party leader Matt MacFarlane.

"We need a strategy and a plan to make the best use of tax dollars," he said. "To still have 20 per cent of the population without access to primary care would suggest that no, throwing 40 per cent more at health care to get the results we're getting is not reasonable and it's not the answer."

MacFarlane said he doesn't see any indication spending will be brought under control - in fact, he argued the opposite is happening.

"What I'm seeing is a government that is quite prepared to overspend on this to try to turn this into more of a politically good story."

Previous Health PEI CEO Michael Gardam was criticized for increasing executive leadership salaries to levels higher than authorized. MacFarlane said that was a pittance compared to what's being spent under current CEO Melanie Fraser on C-suite salaries, personal assistants and a sole-sourced $1.9 million "transformation office" contract awarded to global consultancy firm KPMG.

"We're seeing government direct the spend of millions of dollars on executive leaders, consultants and private delivery models, at the expense of our budget and tax dollars. Meanwhile we're making no progress," he said.

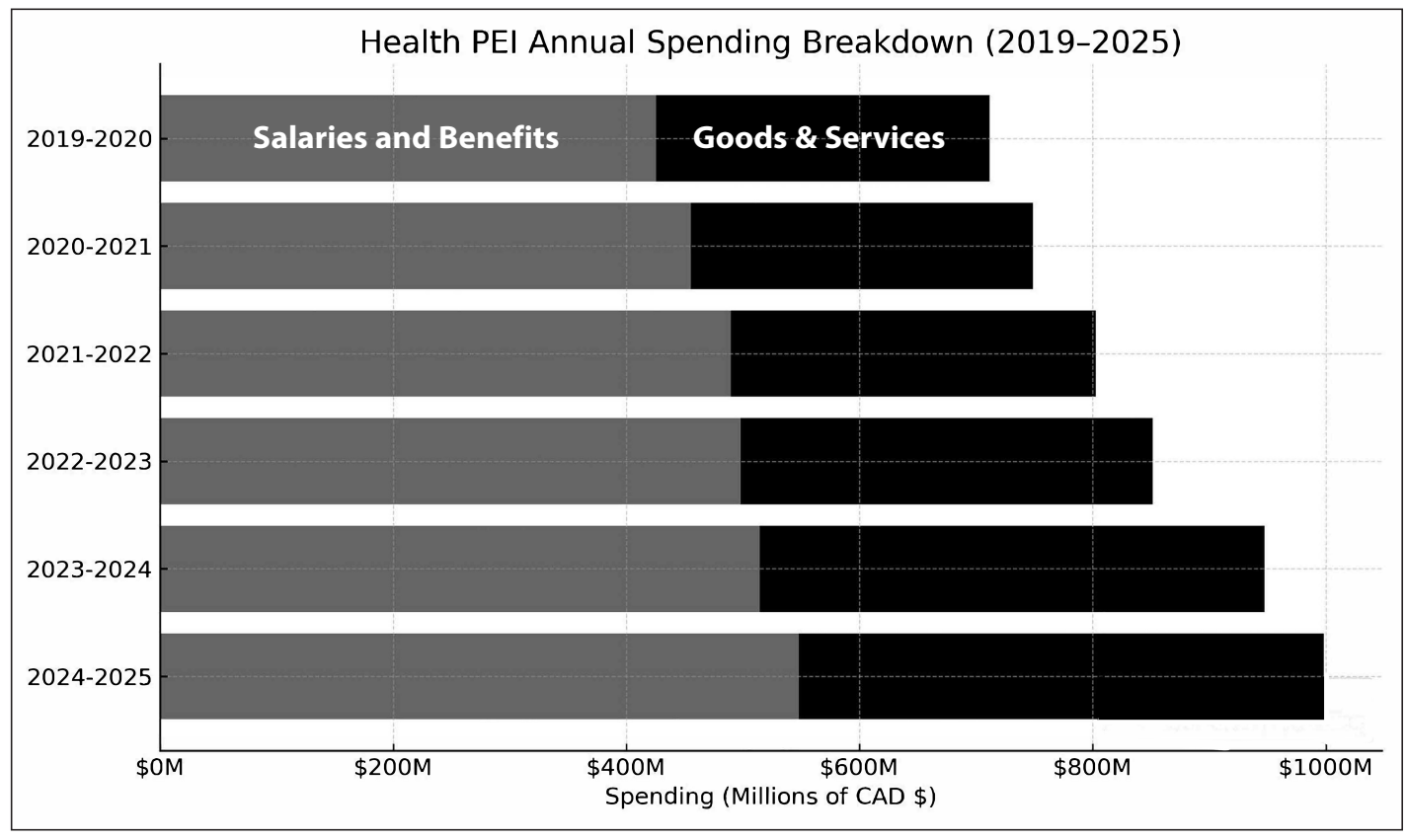
Liberal Opposition Leader Hal Perry noted PEI has the worst access to primary care in the country, according to a 2024 report from the Canadian Institute for Health Information.

He suggested a 40 per cent increase in spending should translate to a similar drop in the patient registry or increase in doctors. The registry has remained stubbornly high, with roughly 35,000 Islanders still without a doctor.

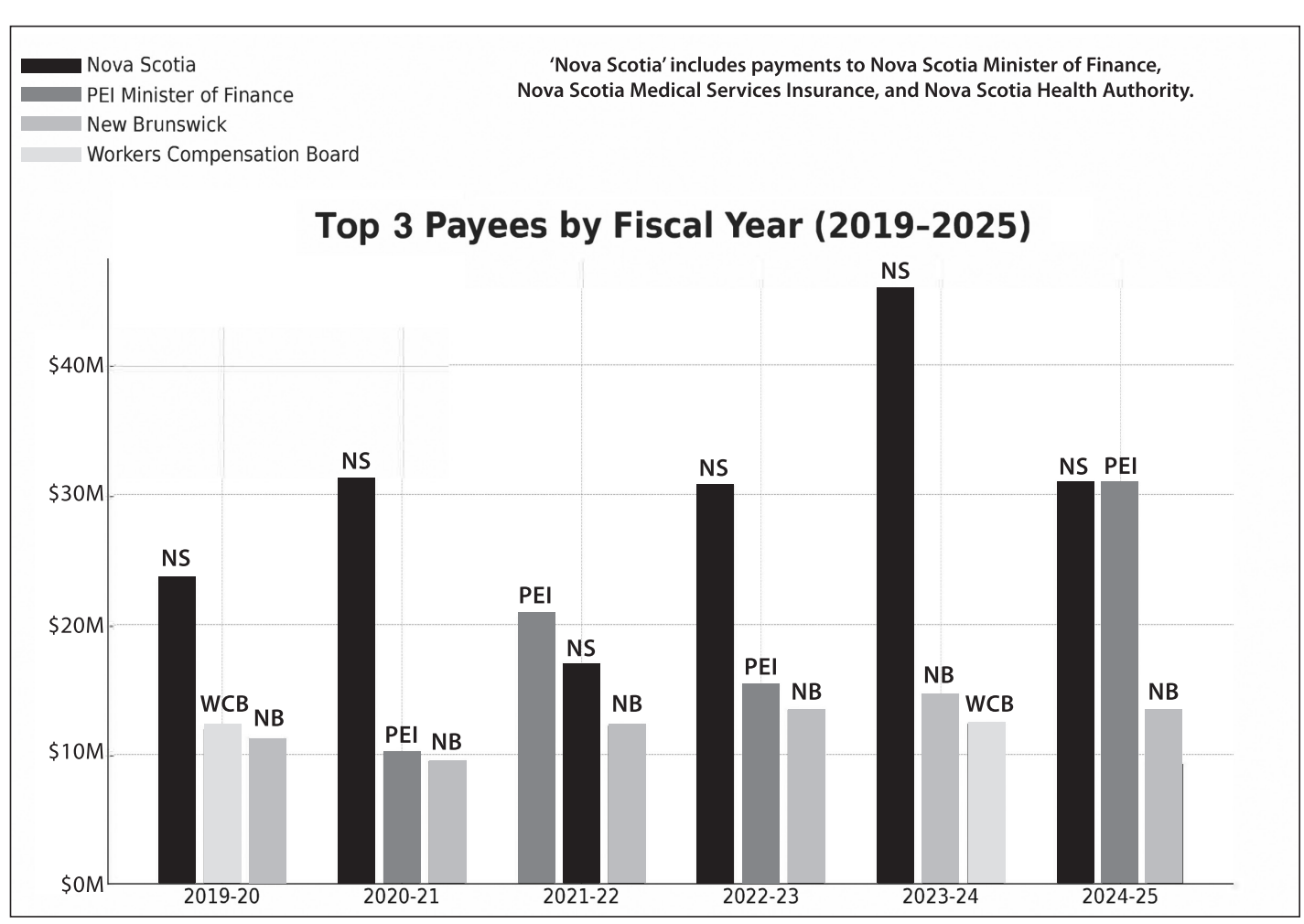
"We're not getting value for taxpayers' money," Perry said. "They're basically throwing money into the wind by hoping things will change."

He also called for more transparency from Health PEI, something Fraser publicly committed to in a statement in late 2024.

"There are heavy redactions when the (Standing Committee on Health and Wellness) asks for documents from the health authority," said Perry. The government has also been "lacking in responses" to attempts to find out why expenditures to Nova Scotia and New Brunswick have jumped so much - by 79 and 57 per cent respectively, according to the documents.



This chart shows Health PEI's annual expenditures, with the lighter-shaded portions representing annual expenses for salaries and human resources, and the darker portions representing spending on goods and services. Combined, they show the agency's total yearly spend, which has risen by 40 per cent in the past six years.



Payments seen here from Health PEI to the PEI Minister of Finance are believed to be agency revenues each year being returned to the treasury. However, Health PEI communications did not confirm what they represent by press time. Payments to Nova Scotia and New Brunswick are for the costs of sending Islanders to the mainland for treatment they cannot get here.