



News RELEASE

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PHSA on track to balance budget by March 2004

The Provincial Health Services Authority (PHSA) is on track to balance its budget over the three-year period ending March 31, 2004.

PHSA ended the 2002/2003 fiscal year with a surplus of \$14 million on a \$1.091 billion budget, compared to a projected surplus of \$4 million. The positive variance resulted from a number of factors, including successful health service design strategies, lower drug costs resulting from lower than predicted use of new oncology drugs added to the formulary, operational efficiencies and savings achieved in support and administrative structures within mental health and the non-payment of accrued severance costs.

While larger than projected, the surplus is on track with PHSA's plan to achieve a balanced budget over the three year-period ending March 31, 2004. It will be used to address the \$2.3 million deficit from the 2001/2002 fiscal year, and the \$10.3 million deficit projected for the current fiscal year. Major cost drivers accounting for the 2003/04 fiscal year deficit include negotiated wage increases for unionized staff and cost increases for expensive cancer drugs.

“The PHSA is committed to ensuring that British Columbians have access to specialized health care services and therapies like cancer treatments, dialysis and organ transplants that, although costly, save lives and provide quality of life,” said PHSA CEO Lynda Cranston. “By striving to use the resources that we have as efficiently and effectively as possible, we can protect and advance patient care services while managing significant cost pressures.”

PHSA's budget for the 2003/04 fiscal year totals nearly \$1.128 billion. This includes an increase of \$28.8 million, announced in June 2003 that resulted from the province's health accord with the federal government. Nearly \$20 million of the new funding was pre-designated to life support costs such as hemodialysis and cancer drugs, and more than \$8 million was pre-designated for new provincial vaccination programs.

Also included is a funding increase of \$7.8 million from the province in response to cost pressures identified in the PHSA's budget management plan. The new funding provides the following:

- Funding of \$4.2 million in 2003/04 to cover the anticipated growth in the use of Visudyne a new drug used to treat an age-related eye disease called macular degeneration.

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- Base funding of \$1.3 million in 2003/04 to address waitlists for pediatric and adult cochlear implants.
- Base funding of \$2.3 million in 2003/04 for the further implementation of the PHSA autism assessment program (the BC Autism Assessment Network).

“Since taking office, our government has increased B.C.’s health spending by \$1.4 billion to \$10.7 billion,” said Health Services Minister Colin Hansen. “Our additional investments, along with targeted reforms to the health-care system are allowing health authorities like the PHSA to reinvest funding in priority patient care areas leading to and improving access to specialized care.”

Looking into the future, PHSA projects a balanced budget in the 2004/05 fiscal year, and is continuing to explore strategies to resolve significant cost pressures projected in the 2005/06 fiscal year.

PHSA’s health services design plan and budget management plan are posted on its website, located at www.phsa.ca. It is important to note that the plans reflect information and projections developed this spring that may have evolved significantly since then. For current, up-to-date information on any of the initiatives detailed in the plans, please contact PHSA Communications.

The Provincial Health Services Authority (PHSA) plans, manages and evaluates selected specialty and province-wide health care services across BC, working with the five geographic health authorities to meet local and regional needs. A portion of this role involves operating health care agencies that focus on specialty health care services for the entire province. The agencies operated by the PHSA are: BC Cancer Agency; BC Centre for Disease Control; BC Provincial Renal Agency; BC Transplant Society; Children’s & Women’s Health Centre of BC (including BC’s Children’s Hospital, BC Women’s Hospital and Health Centre and Sunny Hill Health Centre for Children); the Forensic Psychiatric Service Commission and Riverview Hospital. The PHSA has a budget of more than \$1 billion and 10,000 employees.

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