Committee Report

To:	Chair and Members of the Committee of Management
Committee Date:	November 23, 2021
Subject / Report No:	LTCR-CM-28-21
Title:	LTC Financial Update and Projection as of September 30, 2021
Prepared by:	Joanna Alpajaro, Deputy Treasurer and Jennifer Cornell, Director of Long-Term Care
Reviewed by:	Mary Lou Spicer, Director of Finance
Lower Tier(s) Affected:	All Grey County
Status:	

Recommendation

1. **That report LTCR-CM-28-21 regarding Long-Term Care Financial Update and Year-End Projection as of September 30, 2021 be received for information.**

Executive Summary

This report provides a financial projection to year-end for the Long-Term Care (LTC) Homes based on revenues and expenditures to September 30, 2021. This report summarizes any variances that are projected. Each care community reviews its actual to budget figures and projects a year-end position by estimating results still to happen. These adjustments have been incorporated into each of their projections in this report.

A review of actual financial results as compared to budget as at the end of September 2021 for Long Term Care projects an operating budget deficit of $845,300 which is offset by a capital surplus of $97,000. This results in an overall year end deficit position of $748,300. Given that $353,700 is COVID related, Federal-Provincial Safe Restart Funding has been used to offset those costs. The remaining portion $394,600 is considered ongoing expenditure increases or revenue reductions. These will be funded from LTC home reserves in 2021 and will be included in the 2022 proposed budget. This deficit represents a 2.04% difference as compared to the 2021 budgeted gross expenditures of $36,576,300.

This negative variance includes:

- a total decrease in Case Mix Index (CMI) funding of $137,600 for the three care communities
- a total decrease in Ministry of Long-Term Care funding of $270,000 relating to the loss of five temporary bed licenses
- lost preferred revenue of $101,700 relating to the loss of five temporary bed licenses and COVID
- raw food shortfalls of $84,000 which is 73 cents per resident per day
- unbudgeted staffing costs of $242,000
- variances in supply lines of $10,000

Background and Discussion

As discussed in LTCR-CM-17-21 LTC Financial Update and Projection as of June 30, 3021, the 2021 budget was prepared using the 2020-2021 Case Mix Index (CMI). The 2021-2022 CMI decreased in all three homes, resulting in a Ministry funding reduction of $137,600 from what was budgeted. The 2021 budget was also prepared using Ministry funding that included five additional bed licenses granted to the homes in March 2020. At that time, it was expected these bed licenses would be in place for the entire 2021 year. On April 8, 2021, the Ministry advised that the temporary emergency licenses expired, and no new emergency licenses would be reissued at County of Grey homes. This resulted in a further Ministry funding shortfall of $270,000 from what was budgeted. Additionally, preferred revenue is expected to be $101,700 less than expected. In total it is predicted that revenues will be $509,300 less than budgeted.

Rising food costs have resulted in a projected shortfall of $84,000. The Canada's Food Price Report 2021 revealed that food prices increased 3 to 5%, due in part to COVID-19 pandemic which led to border and facility closures, shifting consumer demand and unemployment, modifications in production, manufacturing, distribution and retailing practices to enhance safety, all of which impacted food prices. Oil prices and the devaluation of the Canadian dollar also significantly impacted food prices.

Challenges with recruitment and retention of qualified employees in 2021 have led to a high dependence on unbudgeted overtime and use of agency staff. All three Homes faced high overtime and agency costs over the summer months when vacation and unexpected staffing leaves were at their highest. A variety of initiatives and strategies were undertaken to reduce unfilled shifts in the PSW departments. Overall, this resulted in $242,000 in higher wage costs than budgeted.

The Executive Directors from each home have reviewed the actual to budget figures and worked with finance staff to project a year-end position by estimating results still anticipated to occur. Highlights of the financial statements and variances are as follows:

LTC Administration

This department funds the Director of Long-Term Care's office and includes an Accreditation & Quality Specialist, a Clinical Specialist, a Support Services & Education Coordinator, an Administrative Assistant, and a Human Resources Generalist. The cost of this department is funded by each of the three Homes in proportion to the number of beds each Home operates. This department is expected to end the year with a balanced budget.

Grey Gables

Grey Gables is expected to end the year with an operating budget shortfall of $103,200. This is primarily due to:

- A reduction in Ministry funding of $105,000 from the loss of two beds
- A decrease of $8,600 in CMI funding
- A reduction of $15,800 in preferred revenue
- Raw food is expected to be over budget by $18,700
- $44,900 in unfilled shifts offsets the overall shortfall

Grey Gables' capital budget is anticipated to end the year with a $40,000 surplus. Four of Grey Gables' capital projects will be delayed into 2022 due to COVID and the inability to proceed with non-essential construction. The remaining projects came in at or under budget.

Lee Manor

Lee Manor is expected to end the year with an operating budget deficit of $444,900.

The overall projected deficit is due to:

- A reduction in Ministry funding of $60,000 from the loss of one bed
- A decrease of $80,000 in CMI funding
- A reduction of $42,100 in preferred revenue relating to the loss of preferred beds resulting from COVID
- Raw food is expected to be over budget by $39,100
- An increase in $41,000 in higher than anticipated retroactive increases because of Lee Manor's new collective agreement that awarded higher wages to several positions retroactive to January 1, 2020
- Minor variances of $10,000 in supply lines

- Further staffing costs result in $172,700 higher than expected costs

Lee Manor's capital budget is anticipated to end the year with a $37,000 surplus. Six of Lee Manor's capital projects will be delayed to 2022 due to COVID and the inability to proceed with non-essential construction. The remaining capital projects per the 2021 approved budget are well underway and some of them have incurred surpluses.

Rockwood Terrace

Rockwood Terrace is expected to end the year with an overall operating budget deficit of $297,200.

The overall projected deficit is due to:

- A reduction in Ministry funding of $105,000 from the loss of two beds
- A decrease of $49,000 in CMI funding
- A reduction of $43,800 in preferred revenue
- Raw food is expected to be over budget by $26,200
- A new initiative undertaken in 2021 to reduce unfilled shifts in the PSW department created twelve-hour shifts compensated at eight hours of regular time and four hours of overtime. This initiative reduced unfilled shifts in the PSW department but created a projected shortfall in staffing costs of $182,100
- $108,900 in unfilled shifts offsets the overall shortfall

Rockwood Terrace's capital budget is anticipated to end the year with a capital surplus of $20,000. There is a need to provide a safe, comfortable environment while balancing the need to redevelop, so capital projects are only undertaken if necessary.

LTC Redevelopment

Expenditures for materials & services, professional & consulting fees and site maintenance totaling $74,200 have been incurred. These expenditures have been approved to be funded from the Long-Term Care Redevelopment Reserve.

COVID-19 Impacts

The COVID-19 pandemic continues to have a significant impact on the finances and operations of the County of Grey Long-Term Care department. Expenditures related to COVID-19 include increased spending relating to additional staff, personal protective equipment, cleaning supplies, equipment to support infection prevention and control measures, and screening and testing initiatives.

In 2021, the following COVID-19 Containment and Prevention funding and expenditures are anticipated:

Home	COVID Prevention & Containment Funding - 2021	COVID Anticipated Expenditures - 2021	Shortfall to be funded by Ministry or Safe Restart
Grey Gables	$ 677,500	$ 801,000	$123,500
Lee Manor	$1,187,100	$1,658,200	$471,100
Rockwood Terrace	$ 718,600	$ 784,600	$ 66,000
Total	**$2,583,200**	**$3,243,800**	**$660,600**

It is unclear at this time if the Ministry of Long-Term Care will fund 2021's COVID related shortfalls. If this funding is insufficient, Safe Restart funding will be used to fund any remaining deficits in the COVID department. There is no levy impact expected due to COVID-19 expenditures.

Cost Containment Measures

Long-term care staff will continue to work closely with staff from Finance, Human Resources and Purchasing to ensure responsible emergency response spending. In the remainder of 2021, staff will consider the actions that can be taken to help mitigate costs and reduce future deficits.

Legal and Legislated Requirements

None

Financial and Resource Implications

The total operating deficit is predicted to be $845,300 and will be offset by capital surpluses of $97,000 and by Safe Restart Funding of $353,700, resulting in an overall deficit of $394,600 that will be funded by long term care home reserves. The projected deficit represents 11.24% of long term-care reserve levels.

Relevant Consultation

☒ Internal - Long Term Care Executive Directors, CAO, Director of Finance, Director of Long-Term Care

☐ External - None

Appendices and Attachments

[Financial summary statements as of September 30, 2021]