

<b>To:</b>	Chair Burley and Members of the Committee of Management
<b>Committee Date:</b>	June 11, 2019
<b>Subject / Report No:</b>	LTCR-CM-32-19
<b>Title:</b>	Provincial Long-Term Care Funding Announcement and Impacts
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<b>Lower Tier(s) Affected:</b>	
<b>Status:</b>	

## Recommendation

1. That report LTCR-CM-32-19 regarding the 2019-20 Provincial Long Term Care Funding Announcement and Impacts be received for information.

## Executive Summary

The Ministry of Health and Long-Term Care has recently announced an amendment to the Ministry-Local Health Integration Network (LHIN) Accountability Agreement to increase Level-of-Care base funding by 1.7% overall for the Long-Term-Care Home sector. In addition, the LTCH Occupancy Targets Policy has been changed and consolidated with a new policy called the “Long-Term Care Homes Level-of-Care Per Diem, Occupancy and Acuity Adjustment Funding Policy”.

The 2019-2020 Case Mix Classification funding, also known as the Case Mix Index (CMI), was also recently announced. CMI is a complex process that groups individuals into categories that reflect the relative costs of services and supports they are likely to use. The CMI sets the acuity-based funding and is also used as a staff planning tool and for health system planning.

Typically, during the 1<sup>st</sup> quarter of each year Long-Term Care Homes are notified of their CMI funding for a twelve-month period (historically, the funding year has been April-March, for this year the change in CMI is effective August 1).

# Background and Discussion

On April 11, 2019, the Provincial Government released the 2019 Budget which reflected the results of a comprehensive multi-year review process. A fiscal recovery plan was put into place by the Province that includes a variety of spending cuts and tax decreases.

As part of the funding announcement, the Ministry identified several changes to be made to the long-term care funding system. These changes are summarized below. The impact of these changes for 2019 budget year are summarized in the table below.

Changes retroactive to April 1, 2019:

- An increase in Other Accommodation (OA) envelope of 36 cents per diem
- A global per diem increase to the level-of-care per diem funding of \$1.77 per diem to enhance direct care services as well as to support other operating costs within any of the four envelopes (some restrictions apply as to where this funding can be allocated)
- Annual staffing supplement (which includes the prior Added Base RN funding) can be used to hire and retain any direct care staff in the Nursing and Personal Care (NPC) envelope
- Behavioural Support Unit (BSU) top up of \$100 per diem on new BSUs designated by the Ministry. Currently we do not have any BSUs but we may have one in the future at Lee Manor.
- Additional subsidy for Convalescent Care Beds for each of the four envelopes (currently Grey County does not have this bed style)
- High Acuity Priority Access Beds (HPABs) would be established which would provide top-ups of \$100 per diem for each bed designated as HPABs.

Changes effective August 1, 2019:

- Case Mix Index (CMI) will be effective August 1, 2019 to March 31, 2020
- RAI-MDS Funding converted to a per diem amount of \$1.43 embedded into the NPC envelope
- High Wage Transition (received at Grey Gables and Rockwood Terrace) ends
- Structural Compliance Program (received at all three Homes) ends, these funds are being redeployed to increase the Construction Funding Subsidy Program from \$16.65 to \$18.03.

## Case Mix Classification (CMI)

Long Term Care Homes complete regular resident assessments that classify residents with similar needs and acuity levels. The assessments are uploaded electronically where they are processed through weighted case mix formulas and each resident is placed into one of 34 different grouping categories. The information is then used provincially to calculate the home's per diem funding for the Nursing and Personal Care envelope.

Data is submitted quarterly and combined to establish an average level of care during the reporting period. The CMI was calculated on assessments submitted between April 2017 and March 2018. To acknowledge the delay in releasing the CMI results, the 2019-2020 funding allocation is based on the 2018-2019 funded CMI for the period April 1, 2019 to July 31, 2019, and 2019-2020 funded CMI for the period August 1, 2019 to March 31, 2020.

The changes and 2019 budget impact are outlined in the following table.

Home	CMI 2018-19	CMI 2019-20	Increase/(Decrease)
Grey Gables	1.0146	1.0123	(\$2,323)
Lee Manor	1.0841	1.0530	(\$71,739)
Rockwood Terrace	1.1055	1.0800	(\$39,168)
Total Decrease			(\$113,230)

## Impact of 2019 Funding Announcements

The increases (decreases) and budget impact are outlined in the following table.

Envelope	2019 Budgeted Increase	Grey Gables 2019 Budget Impact	Lee Manor 2019 Budget Impact	Rockwood Terrace 2019 Budget Impact	Total 2019 Budget Impact
Nursing and Personal Care (NPC)	2%	(\$9,722)	(\$15,390)	(\$11,352)	(\$36,464)
Program and Support Services (PSS)	2%	(\$4,384)	(\$9,452)	(\$6,792)	(\$20,628)
Raw Food	2%	(\$2,317)	(\$5,266)	(\$3,511)	(\$11,094)
Other Accommodation (OA)	1.6%	(\$35,623)	(\$124,016)	(\$47,239)	(\$206,878)
Case Mix Index (CMI)		(\$2,323)	(\$71,739)	(\$39,168)	(\$113,230)
Total Unbudgeted Decreases		(\$54,369)	(\$225,863)	(\$108,062)	(\$388,294)

## Legal and Legislated Requirements

Long term care homes are required to provide a minimum of 30 days written notice of a co-payment rate increase to the resident or their financial power of attorney and this notice has

been provided.

It is a legislated requirement for long term care homes to complete and submit resident assessments on admission, readmission, quarterly and with any major change in condition.

## Financial and Resource Implications

While the Ministry did provide an increase over the prior year, the budgeted revenues anticipated a higher increase than what will be received based on funding announcements that have been received. This will have a negative impact to the 2019 budget totaling \$388,294.

Contingencies were built into the budgets for each Home in the event of CMI decreases. The budget for contingencies totals \$122,959 and will help to offset the impact of the decreases in CMI and other sources of funding for a net funding shortfall of \$265,335. A future report will discuss recommendations from staff for funding this anticipated shortfall.

There are other sources of funding from the Ministry that are not mentioned in the letters referenced below and for the purposes of this report, it is assumed that there will be no change for equalization, pay equity, fall prevention, physician on call, quality attainment premiums etc. Any changes to these funding programs will have a financial impact; staff will update the committee should information be received.

A letter from Brian Pollard, the Assistant Deputy Minister (ADM) of Ministry of Health and Long-Term Care is attached. Also attached are summaries explaining the changes that will take effect for April and August, as well as the new Long-Term Care Homes Level-of-Care Per Diem, Occupancy and Acuity Adjustment Funding Policy.

## Relevant Consultation

Internal - Finance Department

External

## Appendices and Attachments

[ADM Letter](#)

[Summary of Changes - April 1, 2019](#)

[Summary of Changes - August 1, 2019](#)

[LOC Policy](#)