



Committee Report

To:	Chair and Members of the Committee of Management
Committee Date:	September 22, 2020
Subject / Report No:	LTCR-CM-26-20
Title:	Provincial Long-Term Care Funding Announcement and Impacts
Prepared by:	Joanna Alpajaro, Deputy Treasurer and Jennifer Cornell, Director of Long-Term Care
Reviewed by:	
Lower Tier(s) Affected:	
Status:	Recommendation adopted by Committee as presented per Resolution CM28-20; Endorsed by County Council CC79-20

Recommendation

1. That report LTCR-CM-26-20 regarding the Provincial Long-Term Care Funding Announcement and Impacts be received for information.

Executive Summary

The Committee of Management is responsible for providing input on annual capital and operating budgets, the treatment of surpluses and deficits, and the overall financial performance for Grey Gables, Lee Manor and Rockwood Terrace.

The Ministry of Long-Term Care has recently announced the 2020-21 Level of Care funding, the Case Mix Classification (CMI) funding, funding for additional licenses to provide additional emergency capacity, resident accommodation fee rates, and a new Minor Capital program.

Although the funding announcements provide a positive overall financial impact for the Long-Term Care operations, without the increased funding for additional beds, an overall funding deficit of (\$50,813) for the three Long-Term-Care homes for 2020 would have been anticipated.

Background and Discussion

Long-Term Care Homes in the Province of Ontario are funded by the Ministry of Long-Term Care (MOLTC). The Spring Economic Statement confirmed the Government of Ontario will increase funding to the sector by \$102 million to maintain quality of care. This increase includes an investment of up to \$61.25 million, representing a 1.5% increase in the Level of Care (LOC) per diem provided to all homes, effective April 1, 2020.

Level-of-Care (LOC) Per Diem Funding

The funding model for each Long-Term Care Home is based on the Level-of-Care daily rate per resident (per diem) and consists of four primary funding components, referred to as envelopes:

- Nursing and Personal Care (NPC)
 - This envelope has both an acuity adjusted (CMI) and a non-acuity adjusted portion
- Program and Support Services (PSS)
- Raw Food (RF)
- Other Accommodation (OA)

The expenditures that are funded within each envelope, known as eligible expenditures, are described below:

Nursing and Personal Care (NPC):

- Funds expenditures related to nursing and other direct care staff who assess, plan, provide, assist, evaluate, and document the direct care provided to residents; as well as, supplies and equipment used by staff to provide care to residents.

Program and Support Services (PSS):

- Funds expenditures related to staff and equipment related to programs and therapies provided to residents.

Raw Food (RF):

- Funds expenditures related to the purchase of raw food including food materials used to sustain life including supplementary substances such as condiments and prepared therapeutic food supplements ordered by a physician, nurse practitioner, registered dietitian, or registered nurse, as appropriate, for a resident. It excludes costs related to other programs and cost of food preparation.

Other Accommodation (OA):

- Funds expenditure related to housekeeping services, buildings and property operations and maintenance, dietary services (nutrition/hydration services), laundry and linen, general and administrative services, and costs that will maintain or improve the care environment of the LTC home.

All beds in LTC homes receive the same base LOC per diem for the PSS, RF and OA envelopes in effect for that period; however, the LOC per diem for the NPC envelope may vary among homes as the amount may be adjusted based on the resident acuity (the home's Case Mix Index or CMI).

Global Level-of-Care Per Diem Funding

Effective April 1, 2019, a Global Level of Care per diem increase to the LOC per-diem funding was introduced as a measure to enhance direct care services and support other operating costs within any of the four envelopes. The Global LOC per diem will not be adjusted by the Case Mix Index. This Global LOC per diem amount can be applied against eligible expenditures in the NPC, PSS, RF or OA envelopes with some restrictions. The Ministry 1.5% LOC increase, effective April 1, 2020, was all included in the Global Funding component per diem, which provides flexibility on how this funding can be applied to each home's respective four funding envelopes. The County had budgeted a 1% LOC increase for 2020 and this 1.5% increase will provide additional funding in 2020. This increase is summarized in Table 1 and Table 2

Table 1 - LTC Level-of-Care Per Diem Funding Summary

Envelope	LOC Per Diem	Supplementary Per Diem	LOC Increase Effective April 1, 2020	Total
Nursing and Personal Care (NPC)	\$100.26	\$2.08 ¹	-	\$102.34
Program and Support Services (PSS)	\$12.06	-	-	\$12.06
Raw Food (RF)	\$9.54	-	-	\$9.54
Other Accommodations (OA)	\$56.16	\$0.36 ²	-	\$56.52
Total	\$178.02	\$2.44	-	\$180.46
Global LOC	\$1.77	-	\$2.73	\$4.50
2020/21 Total – LOC	\$179.79	\$2.44	\$2.73	\$184.96

¹ RAI-MDS Funding of \$1.43 per diem and HINF-NPC of \$0.65 per diem.

² Quality Attainment Premium is clawed back until accreditation is achieved.

Table 2 – Level-of-Care 2020 Budget Funding Variance

Envelope	Grey Gables 2020 Budget Variance	Lee Manor 2020 Budget Variance	Rockwood Terrace 2020 Budget Variance	Total 2020 Level-of-Care Budget Variance
Level-Of-Care Increase/(Decrease)	\$20,961	\$45,955	\$29,892	\$96,808

Case Mix Index 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 2018 and March 2019. To acknowledge the delay in releasing the CMI results, the 2020-2021 funding allocation is based on the 2019-2020 funded CMI for the period April 1, 2020 to July 31, 2020, and 2020-2021 funded CMI for the period August 1, 2020 to March 31, 2021. The changes and 2020 budget impact are outlined in Table 3.

Table 3 – Case Mix Index 2020 Budget Impact

Home	CMI 2019-20	CMI 2020-21	Increase/(Decrease)
Grey Gables	1.0123	0.9999	(\$12,554)
Lee Manor	1.0530	1.0233	(\$68,339)
Rockwood Terrace	1.0800	1.0365	(\$66,728)
Total CMI Increase/(Decrease)			(\$147,621)

Additional Licenses

The Ministry has also invested in additional emergency capacity to support adequate space to isolate residents as needed, and to open appropriate care spaces for hospital patients who are waiting for long-term care. On March 25, 2020, the Ministry granted

approval for five additional beds to the County of Grey homes under Emergency Licenses for the period March 25, 2020 to March 24, 2021. Grey Gables and Rockwood Terrace each gained two temporary bed licenses and Lee Manor gained one temporary bed license for a total of five temporary bed licenses for County of Grey. The unbudgeted increased funding for these additional beds is not case-mix index adjusted. The increased funding is summarized below in Table 4.

Table 4 – Additional Licenses Funding for 2020

	Grey Gables	Lee Manor	Rockwood Terrace	Total Additional Licensed Beds
Additional Licensed Beds	\$105,984	\$52,265	\$105,787	\$264,036

Resident Accommodation Fees

The Ministry has established accommodation fees applicable to residents living in long-term care homes. Each year, the Ministry reviews these rates and applies an increase effective July 1st or the following year. Each resident is responsible for paying the charge for accommodation, called the resident co-payment. The Ministry of Long-Term Care recently announced that it would be deferring long term care home accommodation rate changes for a period of six months. The new rates which were schedule to be applied on July 1, 2020 have now been deferred to January 1, 2021 to provide relief to residents and families that may be experiencing financial challenges due to COVID-19. The Ministry also announced that it would be providing licensees with up to an additional \$3.2 million to cover the portion of increases related to preferred accommodation premium during the deferral period. Once more details are provided, staff will report back on the impact this funding may have for Grey County’s Long-Term Care facilities in 2020.

Minor Capital Subsidy Program

The new Minor Capital program, effective April 1, 2020, is intended to help maintain and extend the life of long-term care homes and delivers on a commitment made in Fall 2019 to address gaps in the system for funding of minor capital repairs. This program replaces the Structural Compliance Premium, 1999 funding program which ended on March 31, 2020. Both Grey Gables and Rockwood Terrace were previously receiving Structural Compliance Premium, 1999 and transitioned to the Minor Capital Subsidy program effective April 1, 2020. Lee Manor continues to receive Structural Compliance

Premiums for Self-Funded Renewal Projects, 2009, which was not discontinued. Therefore, Lee Manor will not transition to the Minor Capital Subsidy Program but will continue to receive Structural Compliance Premium, 2009 instead. Lee Manor receives \$273,744 each year in Structural Compliance Premium, 2009.

The new program will be phased in over four years so homes have time to plan for future minor capital priorities. The funding will be provided to long-term care homes who are not already receiving other capital-related funding, such as the Construction Funding Subsidy which is paid to homes that have developed or redeveloped under a Development Agreement with the Ministry.

Once the new funding model is fully phased in by 2023-2024, all eligible homes will receive a \$5,000 base allocation, plus a \$1.42 per diem amount for each eligible bed. The \$5,000 base allocation will ensure all eligible licensees receive a minimum allocation which will help ensure smaller homes with fewer beds are supported, while the per diem portion will support larger homes.

In Year 1, the program will be targeted only to homes that received Structural Compliance as of March 31, 2020 under the Structural Compliance Premium, 1999 program. These homes will receive the same allocation as their 2019-2020 SCP payment.

In Years 2 to 4, funding will be expanded through the phased-in approach to include former SCP-1999 recipients as well as other long-term care homes with eligible beds as of March 31, 2020.

The new program includes expenditure eligibility criteria that enables the funding to be used for minor capital projects designed to improve or extend the life of existing facilities. This funding may only be spent on specific capital expenditures, routine maintenance is excluded from eligible expenditures, and any unused funds will be recovered as part of the annual reconciliation process. Staff are reviewing capital projects to determine how this funding may be used in 2020. Minor Capital funding for Grey Gables and Rockwood Terrace for the phase-in period is summarized below in Table 5.

Table 5 – Minor Capital Subsidy

Phase-In Period	Grey Gables	Rockwood Terrace	Total Minor Capital Subsidy
2020-2021	\$72,264	\$91,248	\$163,512
2021-2022	\$54,198	\$68,436	\$122,634
2022-2023	\$39,208	\$56,830	\$96,038
2023-2024	\$39,208	\$56,830	\$96,038

Impact of 2020 Funding Announcements

The increases (decreases) and budget variance are outlined in the following Table 6.

Table 6 – Impact of 2020 Funding Announcements

Envelope	Grey Gables 2020 Budget Impact	Lee Manor 2020 Budget Impact	Rockwood Terrace 2020 Budget Impact	Total 2020 Budget Impact
Level-of-Care	\$20,961	\$45,955	\$29,892	\$96,808
Case Mix Index (CMI)	(\$12,554)	(\$68,339)	(\$66,728)	(\$147,621)
Sub-Total	\$8,407	(\$22,384)	(\$36,836)	(\$50,813)
Additional Licensed Beds	\$105,984	\$52,265	\$105,787	\$264,036
2020 Estimated Budget Impact Increase/(Decrease)	\$114,391	\$29,881	\$68,951	\$213,223

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. Since the new rates that were scheduled to be applied on July 1, 2020 have now been deferred to January 1, 2021, this notice will need to be provided later in the year.

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

The Ministry of Long-Term Care recently announced an increase of 1.5% on the level of care (LOC) per diem funding for the 2020-2021 funding year, retroactive to April 1, 2020. This increase will provide additional revenues of \$96,808 in total for the three homes. However, CMI decrease for the three homes results in a decrease of \$147,621 in funding for an overall decrease of \$50,813. The additional five bed licenses will result in additional \$264,036 in revenue for a total positive impact of \$213,223 compared to what was budgeted in 2020. Minor Capital funding and any funding related to Resident Accommodation funding has not been included in these figures at this time until additional information is acquired.

Relevant Consultation

Internal - Finance Department

External

Appendices and Attachments

[Attachment to LTCR-CM-26-20: LTC Financial Policy April 1, 2020](#)

[Attachment to LTCR-CM-26-20: LTC Financial Policy May 2019 updated April 1, 2020](#)

[Attachment to LTCR-CM-26-20: ADM Letter - Deferral of Accommodation Rate Changes](#)

[Attachment to LTCR-CM-26-20: Minister Letter Deferral of Accommodation](#)

[Attachment to LTCR-CM-26-20: LTC Minor Capital Funding Policy](#)

[Attachment to LTCR-CM-26-20: Minister Letter to Licensees Minor Capital Funding Program](#)

[Attachment to LTCR-CM-26-20: Quality Attainment Premium, April 1, 2020](#)