



# Committee Report

<b>To:</b>	Chair Burley and Members of the Committee of Management
<b>Committee Date:</b>	June 9, 2020
<b>Subject / Report No:</b>	LTCR-CM-18-20
<b>Title:</b>	LTC Financial Update and Projection as of April 30, 2020
<b>Prepared by:</b>	Joanna Alpajaro, Deputy Treasurer and Jennifer Cornell, Director of Long-Term Care
<b>Reviewed by:</b>	Kim Wingrove, CAO
<b>Lower Tier(s) Affected:</b>	All Grey County
<b>Status:</b>	Recommendation adopted by Committee as presented; Endorsed by County Council as presented June 25, 2020 per Resolution CC62-20;

## Recommendation

- 1. That report LTCR-CM-18-20 regarding Long-Term Care Financial Update and Year-End Projection as of April 30, 2020 be received for information.**

## Executive Summary

This report provides a financial projection to year-end for the Long-Term Care Homes based on revenues and expenditures to April 30, 2020, including an update on the known and potential future financial impacts of the COVID-19 pandemic.

Year-end financial estimates are dependent on the following factors, which are currently not known:

- The provision of additional emergency COVID Ministry funding
- The impact of the release of Case Mix Index funding
- Funding announcements for 2020-2021 fiscal year
- The duration and operational and financial impacts of COVID-19

A review of actual financial results as compared to budget as at the end of April 2020 for Long Term Care projects an overall year end deficit position ranging from a best-case scenario of \$405,000 to a worst-case scenario of \$1,375,000. The best-case projections are derived from the expectation that the Ministry of Health will provide

additional funding to cover the incremental costs associated with COVID-19. COVID-19 related assumptions used in the forecast model are outlined in the next section of this report. Advocacy to upper levels of government for incremental funding to offset COVID related costs is required to minimize the financial impact to the County of Grey.

## Background and Discussion

Over the past two months, the COVID-19 pandemic has had a significant impact on the finances and operations of the County of Grey Long-Term Care department. The financial implications of COVID-19 are difficult to predict at this time, given the uncertainty of provincial funding regarding extraordinary expenditures and the unknown duration of time this pandemic will last. Complicating the financial forecast are such matters as: the potential for residents and/or staff to become ill with the virus, causing an outbreak, availability and cost of personal protective equipment (PPE), and the additional expenditures required to protect the homes if social distancing restrictions are relaxed in the future .

Expenditures related to COVID-19 have been put into place as a result of provincial directives that have been received from either the Ministry of Long-Term Care, Ministry of Health, or the Chief Medical Officer of Health for Ontario. This includes increased spending relating to additional staff, personal protective equipment, cleaning supplies, equipment to support infection prevention and control measures, and screening and testing initiatives.

Significant COVID-19 related assumptions used in the forecast model include the following:

1. That all three care communities will remain free of COVID-19 outbreak.
2. That Ministry of Long-Term Care directives and regulations issued over the past few months will require current staffing levels and operational costs to continue through to December (this recognizes the precautions needed to protect the residents and staff).
3. That Ministry of Long-Term Care will provide emergency funding support to its licensees in June 2020, although the amount of funding has not been announced. No further funding has been committed beyond June; therefore worst case scenarios have been developed with the assumption that no additional funding will be received after June 2020.
4. That pandemic wage increases announced by the Province will be fully funded by the Province and will not impose any additional cost to the County.

### Additional COVID-19 Prevention and Containment Ministry Funding

The Ministry of Long-Term Care has provided emergency funding support as a result of COVID-19 to long-term care (LTC) home licensees. This funding is in recognition of the extraordinary costs associated with preventing and containing the spread of COVID-19. These costs include 24/7 screening, more staff in homes, and supplies and equipment to help prevent and prepare for a COVID-19 outbreak.

To date, the following COVID-19 emergency funding has been received. A further instalment will be processed for June 2020 but at this time, no details are available.

Home	March-April 2020	May 2020	Total COVID-19 Funding
Grey Gables	\$75,000	\$25,600	\$100,600
Lee Manor	\$75,000	\$42,200	\$117,200
Rockwood Terrace	\$75,000	\$42,400	\$117,400
<b>Total</b>	<b>\$225,000</b>	<b>\$110, 200</b>	<b>\$335,200</b>

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. The following table outlines the additional beds per home and the increased funding for each home related to the increased bed capacity. The increased funding for these additional beds is not case-mix index adjusted.

Home	Number of beds - original	Additional licenses	Number of beds – increased capacity	Additional Ministry Funding
Grey Gables	66	2	68	\$104,000
Lee Manor	150	1	151	\$ 52,000
Rockwood Terrace	100	2	102	\$104,000
<b>Total</b>	<b>316</b>	<b>5</b>	<b>321</b>	<b>\$260,000</b>



## COVID-19 Impacts

The Executive Director from each home has 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:

### Grey Gables

Grey Gables is expected to end the year with an operating deficit in the range of \$135,000 to \$385,000. It is expected that salaries and associated benefits will be \$475,000 over budgeted. The following summarizes the staffing impact for Grey Gables as a result of COVID-19:

- RPN – additional 8 hours per day to maintain consistent staffing levels in each Home area and to limit the risk of exposure by going from one area to another
- PSW – additional 8 hours per day to maintain consistent staffing levels in each Home area and to limit the risk of exposure by going from one area to another
- Dietary Aide – additional 10 hours per day to allow cooks to stay in the kitchen and to have one aide assigned to each home area
- Recreation Aide – additional 16 hours per week to assist with window visits and virtual calls to families
- Housekeeping – additional 8 hours per day for intensive cleaning, sanitizing and to have one housekeeper dedicated to each home area
- Emergency Support Workers – additional 16 hours per day to assist with screening at front door and as needed throughout the home
- Maintenance Manager – additional 15 hours per week

To maintain the safety of the staff and residents, it is estimated that the cost of personal protective equipment and cleaning supplies will be \$113,000 over what was budgeted.

At this time, Grey Gables has received \$100,600 in COVID-19 funding and will receive \$104,000 in additional funding for the two beds licensed on March 25, 2020 for a total of \$204,600 in additional Ministry funding which will be used to partially offset the COVID expenditures.

Grey Gable's capital budget is anticipated to end the year on target. Two of Grey Gables' capital projects, the provision of laundry equipment and the replacement of a retaining wall, will be delayed into 2021 due to COVID and the inability to proceed with non-essential construction. The remaining capital projects per the 2020 approved budget are scheduled to continue as planned.

## Lee Manor

Lee Manor is expected to end the year with an operating deficit in the range of \$150,000 to \$480,000. It is expected that salaries and associated benefits will be \$660,000 over budgeted. The following summarizes the staffing impact for Lee Manor as a result of COVID-19:

- PSW – additional 12 hours per day to maintain consistent staffing levels in each Home area and to limit the risk of exposure by going from one area to another
- Recreation Aide – additional 8 hours per day to assist with window visits and virtual calls to families
- Housekeeping – additional 8 hours per day for intensive cleaning, sanitizing and to have one housekeeper dedicated to each home area
- Emergency Support Workers –additional 40 hours per day to assist with screening at front door and as needed throughout the home
- Scheduler – additional 15 hours per week to assist with scheduling

To maintain the safety of the staff and residents, it is estimated that the cost of personal protective equipment and cleaning supplies will be \$172,000 over what was budgeted. Increased security costs, which were not budgeted, are anticipated to cost \$24,000.

At this time, Lee Manor has received \$117,200 in COVID-19 funding and will receive \$52,000 in additional funding for the one bed licensed on March 25, 2020. It was recently discovered that Structural Compliance of \$22,812 per month for Lee Manor will continue until further notice. Since County staff only budgeted for three months of Structural Compliance, this provides an additional unbudgeted amount of nine months of Structural Compliance totaling \$205,300 in funding. This provides a total of \$374,500 in additional Ministry funding which will be used to partially offset the COVID related expenditures.

Lee Manor's capital budget is anticipated to end the year on target. One of Lee Manor's capital projects, the redevelopment of resident common area and staff area on main floor, will be delayed to 2021 due to COVID and the inability to proceed with non-essential construction. The remaining capital projects per the 2020 approved budget are scheduled to continue as planned.

## Rockwood Terrace

Rockwood Terrace is expected to end the year with an operating deficit in the range of \$120,000 to \$510,000. It is expected that salaries and associated benefits will be \$405,000 over budgeted. The following summarizes the staffing impact for Rockwood Terrace as a result of COVID-19:

- RPN – additional 8 hours per week to maintain consistent staffing levels in each Home area and to limit the risk of exposure by going from one area to another
- PSW – additional 9 hours per day to maintain consistent staffing levels in each Home area and to limit the risk of exposure by going from one area to another
- Dietary Aide – additional 15 hours per week to have one aide assigned to each home area
- Recreation Aide – additional 16 hours per week to assist with window visits and virtual calls to families
- Housekeeping – additional 8 hours per day for intensive cleaning, sanitizing and to have one housekeeper dedicated to each home area
- Laundry – additional 2.5 hours per day for increased linen cleaning
- Maintenance – additional 16 hours per week
- Screeners – to provide 14 hours daily of screening at front entrance
- Emergency Support Workers – additional 36 hours per week to assist where they are needed
- Office Clerk – additional 5 hours per week to assist with room service

To maintain the safety of the staff and residents, it is estimated that the cost of personal protective equipment and cleaning supplies will be \$150,000 over what was budgeted. Increased PSW agency staffing costs, which are also not budgeted, are anticipated to cost \$174,000.

At this time, Rockwood Terrace has received \$117,400 in COVID-19 funding and will receive \$104,000 in additional funding for the two beds licensed on March 25, 2020 for a total of \$221,400 in additional Ministry funding which can be used to offset COVID-related expenses.

Rockwood Terrace's capital budget is anticipated to end the year on target. There is a need to provide a safe, comfortable environment while balancing the need to redevelop, so capital projects are only undertaken if necessary.

#### Funding Announcements 2020-2021

Although a formal funding announcement has not been made at this time, the Spring Economic Statement confirmed the Government of Ontario's commitment to maintain quality of care in the Long-Term Care sector with an increase in Level of Care funding of \$102 million. The Ministry's investment also includes up to \$23 million for a new Minor Capital Program to help maintain long-term care homes. Further details of these funding increases are expected to be released soon. The best-case financial projections have included estimated amounts from these potential funding announcements.

## 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 coming months, 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 overall financial impacts of the pandemic are difficult to assess as the extent and duration of the virus are unknown at this point and will continue to evolve. At this time, with the information that is available when this report was written, the overall deficit across the three care communities is expected to be in the range of \$405,000 to \$1,375,000. Advocacy to upper levels of government for incremental funding to offset COVID related costs is required to minimize the financial impact to the County of Grey.

The following table summarizes the potential worst-case deficit situation, based on provincial funding to the end of May, of the three Homes individually and in total:

### **Year End Projection – No Additional Provincial Funding Provided**

	Grey Gables	Lee Manor	Rockwood Terrace	All Three Homes
COVID Ministry funding Jan to May 2020	(\$100,600)	(\$117,200)	(\$117,400)	(\$335,200)
Additional license funding	(\$104,000)	(\$52,000)	(\$104,000)	(\$260,000)
Structural Compliance funding		(\$205,300)		(\$205,300)
Incremental Salary and Benefit expenditures	\$475,000	\$660,000	\$405,000	\$1,540,000
Incremental Materials and Supplies expenditures	\$113,000	\$172,000	\$150,000	\$435,000
Incremental Contracted Services expenditures	\$0	\$24,000	\$174,000	\$198,000
<b>Potential Deficit (worst case scenario)</b>	<b>\$383,400</b>	<b>\$481,500</b>	<b>\$507,600</b>	<b>\$1,372,500</b>

The following table summarizes the potential best-case deficit situation, based on additional provincial funding being provided to the end of December, of the three Homes individually and in total:

**Year End Projection – Additional Provincial Funding Provided**

	Grey Gables	Lee Manor	Rockwood Terrace	All Three Homes
<b>Potential deficit (worst-case scenario)</b>	<b>\$383,400</b>	<b>\$481,500</b>	<b>\$507,600</b>	<b>\$1,372,500</b>
COVID Funding June to Dec 2020 (at same funding levels as May 2020)	(\$179,200)	(\$295,400)	(\$296,800)	(\$771,400)
Ministry funding increase (1.5%, 2020 Budget included a 1.0% increase)	(\$14,500)	(\$33,500)	(\$23,000)	(\$71,000)
Minor Capital Subsidy to replace Structural Compliance	(\$54,200)		(\$68,400)	(\$122,600)
<b>Potential Deficit (best-case scenario)</b>	<b>\$135,500</b>	<b>\$152,600</b>	<b>\$119,400</b>	<b>\$407,500</b>

## Relevant Consultation

- Internal - Long Term Care Executive Directors, CAO, Director of Corporate Services, Director of Long-Term Care
- External - None

## Appendices and Attachments

None