

Report FR-SS-38-14

To: Chair Burley and Members of the Social Services Committee
From: Doug Johnstone, Financial Analyst
Meeting Date: November 12, 2014
Subject: **Long Term Care Financial Update and Year-End Projection as of September 30, 2014**
Status: Recommendation adopted by Committee as presented per Resolution SSC69-14; Endorsed by County Council November 25, 2014 per Resolution CC164-14;

Recommendation(s)

THAT Report FR-SS-38-14 regarding a Financial Update and Year-End Projection as of September 30, 2014 for the Long Term Care department budgets be received for information.

Background

The purpose of this report is to provide members of the Social Services Committee with a financial update and year-end projection for the Long Term Care department budgets based upon financial statements as of September 30, 2014.

Summary

This report is based upon September 2014 financial statements and updates the financial position reported in FR-SS-28-14. The projection also takes into account known expenses and has been prepared based upon consultation with the respective Administrator.

The following table summarizes the year-end projection for each of the Long Term Care budgets and further information is contained within the body of this report.

A report requesting approval for the treatment of any surplus/deficit from the budgets will be provided at the December committee meeting. Surplus estimates from the capital budget are based upon projects that have been awarded at the time the report was written and excludes funds for projects that will be deferred to 2015.

Summary of Projected Long Term Care Year-End Surplus/Deficit

Long Term Care Department Budget	Projected Year-End Surplus/(Deficit)
Grey Gables Operating Budget	(\$88,000)
Grey Gables Capital Budget	\$2,800
Lee Manor Operating Budget	\$18,000
Lee Manor Capital Budget	\$0
Rockwood Terrace Operating Budget	\$165,000
Rockwood Terrace Capital Budget	\$18,000
Total Projected Surplus	\$115,800

Applicable to all three Homes: Unbudgeted Funding Increases

There were two unbudgeted funding increases that were received by each home during the year.

The first increase was based on a change in the Case Mix Index (CMI). The CMI is a factor determined by the level of care required by the residents at the time that a review is carried out by the Province. The CMI is used to calculate funding which goes toward the Nursing and Personal Care “envelope.” For all three homes, the CMI increased for 2014, resulting in increased revenue for each home. The amounts received are detailed below for each home.

The second increase was based on increased per diem amounts as announced by the Province in September 2014, applicable retroactively. Each home is paid a per diem per resident for funding envelopes. The Nursing and Personal Care envelope received the greatest amount of the increase (\$1.78 (multiplied by the CMI) per resident day). The Program and Support Services envelope (\$0.18 per resident day) and the Other Accommodation envelope (\$0.36 per resident day) received smaller amounts.

Grey Gables Operating Budget

Preliminary estimates indicate that Grey Gables will have a budget deficit of approximately \$88,000.

The shortfall is made up of several factors: Wages, benefits and contracted registered nursing services are projected to be over budget by \$76,000. There were several maintenance expenses that were unexpected – the purchase of three steam tables (\$13,500), a hot water heater (\$7,700), and a sprinkler flush and associated pipe repairs (\$20,000). The steam tables were scheduled for replacement in the 5-year capital plan, but were moved forward as the estimated lifespans were not met. There is expected to be a shortfall in the snow removal budget of \$5,000, and a shortfall in the heat (natural gas) budget of \$13,000. Within the Nursing & Personal Care envelope, medical

supplies are expected to be overspent by approximately \$32,000 – this is the result of the Province removing some claimable items and replacing the funding with a per diem that, depending on residents’ needs, may not cover the expenses. Other expense items contributed to the remaining shortfall of \$6,285.

The shortfalls were mitigated by the two unbudgeted funding increases – the increase in the CMI (\$18,920) and the per diem increase (\$66,565).

Grey Gables Capital Budget

The surplus on awarded and completed projects totals \$2,800; staff will request that funds for several projects be carried forward for use in 2015.

Lee Manor Operating Budget

Preliminary estimates indicate that Lee Manor will have a budget surplus of approximately \$18,000.

The two unbudgeted funding increases provided Lee Manor with revenues of \$98,703 (CMI change) and \$92,931 (per diem increase). These unbudgeted revenues were offset by a variety of overexpenditures.

It is anticipated that salary and benefits, including contracted registered nursing services, will be approximately \$146,000 over budget. This amount includes greater than anticipated modified duty, costs for contracted services, and the non-union grid adjustment.

There was a long delay in receiving hydro invoices for the fall of 2013 – some 2013 expense is recorded in 2014 and staff anticipates that hydro expenses recorded in 2014 will be \$42,000 over budget. However, the shortfall is offset from savings in other utility budget lines.

There were higher costs than anticipated for housekeeping chemicals (\$10,000), incontinent supplies (\$8,000), snow removal (\$4,500), and various other expenses (\$5,134).

Lee Manor Capital Budget

There are no anticipated surpluses or deficits from awarded and completed projects; staff will request that funds for several projects be carried forward for use in 2015.

Rockwood Terrace Operating Budget

It is anticipated that Rockwood Terrace will end the year with a surplus of approximately \$165,000. This is the mainly the result of the two unbudgeted funding increases -

\$81,918 (CMI increase) and \$62,869 (per diem increase). In addition, the Ministry has completed a reconciliation of a prior year subsidy entitlement and \$10,300 more was received than was anticipated.

The unbudgeted revenue was partially offset by an overexpenditure in salaries and benefits of \$33,000.

Savings throughout the various line items in departmental budgets are as follows: Maintenance (\$39,000), Programs (\$8,600), and small amounts in various budget lines (\$10,313).

In the Nursing and Personal Care budget it is expected to have overexpenditures in incontinent supplies (\$7,000) and medical supplies (\$8,000).

Rockwood Terrace Capital Budget

The capital budget has savings of approximately \$18,000 from projects that have been completed. As with the other two Homes, Rockwood Terrace has capital projects that will not be completed in the year and will request that funds be carried forward to 2015.

Financial / Staffing / Legal / Information Technology

Considerations

A review of the actual to budget, as of the end of September projects that the net year-end position for the Long Term Care department will be a surplus of \$115,800. This represents a surplus in the operating budgets of \$95,000 and savings in the capital budgets of \$20,800. A report requesting approval for the treatment of any surplus/deficit from the budgets will be provided at the December committee meeting.

Link to Strategic Goals / Priorities

The analysis of current financial statements compared to the approved budget is a key mechanism to ensure Council's goals of ensuring financial sustainability and ongoing public accountability are maintained.

Respectfully submitted by,

Doug Johnstone
Financial Analyst

Director Sign Off: *Kevin Weppler, Director of Finance; Lynne Johnson, Director of Long Term Care*

