



Committee Report

To:	Chair and Members of the Committee of Management
Committee Date:	July 27, 2021
Subject / Report No:	LTCR-CM-17-21
Title:	LTC Financial Update and Projection as of June 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:	Adopted as presented by Committee of Management through Resolution CM26-21; Endorsed by County Council CC60-21.

Recommendation

1. That report **LTCR-CM-17-21 regarding Long-Term Care Financial Update and Year-End Projection as of June 30, 2021** 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 June 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 June 2021 for Long Term Care projects an overall year end deficit position of \$630,600. This negative variance represents a 1.72% 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 and a total decrease in Ministry of Long-Term Care funding of \$270,000 relating to the loss of five temporary bed licenses.

Background and Discussion

The 2021 budget was prepared using the 2020-2021 Case Mix Index (CMI). The recently announced 2021-2022 CMI decreased in all three homes, resulting in a funding reduction of \$137,600 from what was budgeted.

County staff calculated 2021 Ministry funding using the 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. As mentioned in [LTCR-CM-09-21 Long Term Care COVID-19 Update](#), 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 has resulted in a funding shortfall of \$270,000 from what was budgeted.

The 2021 budget includes a 1.5% increase (a total of \$245,000 for the three homes) for the Global Level of Care effective April 1, 2021. Year-end financial estimates are dependent on funding announcements for 2021-2022 fiscal year, which are currently not known. This projection assumes County of Grey will receive a 1.5% increase to the Global Level of Care effective April 1, 2021.

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:

Grey Gables

Grey Gables is expected to end the year with an operating budget shortfall of \$113,600. The overall projected deficit is due to a reduction in funding from the loss of two beds as well as a decrease in CMI funding. Staffing costs, materials and services and purchased services are all expected to end the year on budget. At June 30, 2021, Grey Gables has \$48,959 in unbudgeted overtime costs, and more is expected by year end. The overages in staffing are offset by unfilled shifts in some departments that resulted in savings.

Grey Gables' capital budget is anticipated to end the year on target. Two of Grey Gables' capital projects, the replacement of a retaining wall and the front entrance door system, will be delayed into 2022 due to COVID and the inability to proceed with non-essential construction. The remaining capital projects per the 2021 approved budget are scheduled to continue as planned.

Lee Manor

Lee Manor is expected to end the year with an operating budget deficit of \$140,000.

The reduction in funding from the loss of one bed as well as a decrease in CMI funding has resulted in this budget shortfall. Lee Manor has \$210,625 in unbudgeted overtime costs, and more is expected by year end. The overages in staffing are offset by unfilled shifts in some departments that resulted in savings. Materials and services and purchased services are all expected to end the year on budget.

Lee Manor's capital budget is anticipated to end the year on target. Four 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 scheduled to continue as planned.

Rockwood Terrace

Rockwood Terrace is expected to end the year with an overall operating budget deficit of \$377,000. The overall projected deficit is due to a reduction in funding from the loss of two beds as well as a decrease in CMI funding. At June 30, 2021, Rockwood Terrace has \$121,285 in unbudgeted overtime costs, and more is expected by year end. A new initiative to reduce unfilled shifts in the PSW department has created twelve-hour shifts compensated at eight hours of regular time and four hours of overtime. This initiative has reduced unfilled shifts in the PSW department but has created a projected shortfall of \$150,000. Other staffing changes have resulted in \$73,000 more staffing costs than anticipated, resulting in a total of \$223,000 of a staffing shortfall for Rockwood Terrace.

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.

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 has been received from the Ministry of Long-Term Care:

Home	Jan to March 2021	April to June 2021	Total COVID-19 Funding
Grey Gables	\$109,500	\$174,300	\$283,800
Lee Manor	\$365,100	\$293,100	\$658,200
Rockwood Terrace	\$176,100	\$213,600	\$389,700
Total	\$650,700	\$681,000	\$1,331,700

It is unclear at this time if funding from the Ministry of Long-Term Care will be sufficient to fund all of the year's COVID related expenditures. If this funding is insufficient, Safe Restart funding will be used to fund any remaining deficits in the COVID department.

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. Also, staff will review each homes' capital projects to see if any capital projects could be deferred or adjusted to help fund this deficit.

Legal and Legislated Requirements

None

Financial and Resource Implications

The overall deficit across the three care communities is expected to be \$630,600. This negative variance represents a 1.72% variance as compared to the 2021 budgeted gross expenditures of \$36,576,300. Staff will consult with the province regarding use of COVID Prevention and Containment funding to cover some of these costs.

This deficit will be funded by each care communities' respective reserves. The projected deficit represents 18% 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

[Attachment to LTCR-CM-17-21 Grey Gables Temporary Emergency License Expiry](#)

[Attachment to LTCR-CM-17-21 Lee Manor Temporary Emergency License Expiry](#)

[Attachment to LTCR-CM-17-21 Rockwood Terrace Temporary Emergency License Expiry](#)