



# Committee Report

<b>To:</b>	Chair and Members of the Committee of Management
<b>Committee Date:</b>	November 10, 2020
<b>Subject / Report No:</b>	LTCR-CM-30-20
<b>Title:</b>	2021 Proposed Long Term Care Budgets
<b>Prepared by:</b>	Joanna Alpajaro, Deputy Treasurer, Jennifer Cornell, Director of Long-Term Care
<b>Reviewed by:</b>	Kim Wingrove, CAO
<b>Lower Tier(s) Affected:</b>	
<b>Status:</b>	

## Recommendation

1. That report LTCR-CM-30-20 regarding the proposed 2021 Long-Term Care budgets be received; and
2. That the 2021 Long-Term Care budget, as presented, be forwarded to County Council as part of the overall corporate budget package for consideration.

## Executive Summary

The Committee of Management is responsible to oversee the budget for Grey Gables, Lee Manor and Rockwood Terrace. This budget was developed through the collaborative efforts of Grey County Finance and Long-Term Care staff.

The 2021 Long Term Care proposed budget contains operating and capital expenses of \$36,294,700. It includes a net levy requirement (total operating and capital) of \$7,628,500 compared to \$7,082,700 in 2020, an increase of \$545,800, or 7.71%.

The promise of Grey County Long Term Care is to Colour It Your Way by providing resident centered care. Resident centered care is supporting each resident with their unique care needs for both their physical and emotional wellbeing. This care and support is provided by our team members in each home. The proposed budget supports this promise in several ways; an investment in front line care hours in the nursing and recreation departments, a focus on nutrition and meal service, an investment in registered nursing hours for infection prevention and control and an investment in the building and maintenance upkeep.

The 2021 Long Term Care budget increased net requirement of \$545,800 is comprised of an increase in salaries and benefits of \$366,000 due to cost of living increases, \$16,200 for capital

increases and \$21,100 resulting from a raw food budgetary increase as well as home specific initiatives outlined below.

## Background and Discussion

This report provides an overview of the budget assumptions and projected expenditures for the upcoming year. When reviewing the budget package, it should be noted that the 2020 actuals are reflective of operations as of September 30, 2020.

### **Budget Impacts - Revenue**

The homes operate with revenue from four sources including:

- 1) Ministry of Long-Term Care (MOLTC) - includes Level of Care (LOC) Base Funding, the Global Level of Care and the Case Mix Index;
- 2) Resident Co-payment;
- 3) Other Income (i.e. rentals); and
- 4) County of Grey Taxation.

### **Level of Care (LOC) Base Funding**

Historically, the homes receive an increase in base funding from the Ministry of Long-Term Care each year, applied directly to each of the four envelopes – Nursing and Personal Care, Program and Support Services, Raw Food and Other Accommodation. The 2020 budget assumed a 1% increase to each of these four envelopes. The Province applied a 1.5% overall increase to the Global Level of Care per diem effective April 1, 2020, which can be allocated to any envelope. In consideration of this, County staff have proposed a 1.5% funding increase for the Global Level of Care in the 2021 budget (rather than for the four envelopes) effective April 1, 2021.

County staff calculated 2021 Ministry funding using the five additional bed licenses granted to the homes in March 2019. It is expected these bed licenses will be in place for the entire 2021 year.

The base funding increase and the increased bed licenses will result in additional funding of \$280,500 in total for the three homes in 2021.

## **Case Mix Index**

In addition to base funding, the homes receive resident acuity (care needs) funding which is referred to as the Case Mix Index (CMI). The higher the CMI index, the higher the acuity of the resident and the more Nursing and Personal Care funding the home may receive. Despite rising acuity in all long-term care homes in Ontario, the case mix system allocates the acuity funding envelope but does not change the size of the funding envelope. In 2020, the CMIs for all three Homes decreased, resulting in funding shortfall of \$147,621.

The unpredictability of the CMI is a risk when developing the budget. As in previous years the budget was prepared using the current year CMI.

## **Structural Compliance and Minor Capital Subsidy**

The Structural Compliance Premium, 1999, ended in 2020 for Grey Gables and Rockwood Terrace and was replaced in 2020 with the Minor Capital program, which will be phased in over four years. In 2021, the first year of the phase-in, Grey Gables will receive \$72,264 and Rockwood Terrace will receive \$91,248 in Minor Capital funding. By the final year of phase-in, this amount will drop to \$39,208 and \$56,830 respectively. This funding cannot be applied against operating expenses and will be clawed back if not used on minor capital projects. Lee Manor will continue to receive Structural Compliance Premium, 2009, of \$273,744 annually.

## **Resident Co-Payment**

The resident co-payment amount is set by the Ministry of Long-Term Care and is normally effective July 1 of each year. These new rates 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. Basic accommodation rates will be increased based on the Consumer Price Index which is 1.9%.

The new daily rates effective January 1, 2021 are:

- Basic accommodation \$63.36;
- Semi-private \$72.04 - \$76.38; and
- Private \$82.90 - \$90.51

This will result in a \$18,000 increase in preferred accommodation revenue in total for all three homes.

## **Budget Impacts - Expenditures**

### **Salaries and Benefits**

Wages and benefits account for over 80% of the 2021 budget. Challenges with recruitment and retention of qualified employees leads to a high dependence on overtime and use of agency staff, both of which have a direct impact on the basic cost of service delivery. This budget proposes an investment in direct care staffing hours to support the complex physical and emotional care needs of our residents.

There are four different collective agreements across the three homes. There will be new collective agreements negotiated for the ONA agreement for all three homes, Lee Manor OPSEU staff and Grey Gables OPSEU staff. The budget has anticipated some impacts as a result of these negotiations.

The table below show full time equivalent staff and direct care hours per resident per day for the three homes. Lanark Lodge, a municipal home in Lanark County with 163 beds, is shown below as a comparator to County of Grey homes.

Home		Grey Gables		Lee Manor		Rockwood Terrace		Lanark Lodge	
Municipality		County of Grey		County of Grey		County of Grey		Lanark County	
# of beds		68		151		102		163	
Funding Envelope	Position	2021 FTE (1 FTE = 1950 hours)	Direct Care Hours/Resident/Day	2021 FTE (1 FTE = 2080 hours)	Direct Care Hours/Resident/Day	2021 FTE (1 FTE = 2080 hours)	Direct Care Hours/Resident/Day	2020 FTE (1 FTE = 1950 hours)	Direct Care Hours/Resident/Day
NPC	RN	4.39	0.36	4.39	0.16	4.39	0.24	5.30	0.17
	RPN	4.80	0.39	17.18	0.66	10.47	0.60	15.52	0.51
	PSW	28.34	2.30	52.74	2.01	34.79	1.99	68.60	2.25
	<b>Total NPC</b>	<b>37.54</b>	<b>3.05</b>	<b>74.32</b>	<b>2.82</b>	<b>49.65</b>	<b>2.82</b>	<b>89.42</b>	<b>2.93</b>
PSS	<i>Total Recreation</i>	<i>2.80</i>	<i>0.23</i>	<i>5.20</i>	<i>0.23</i>	<i>3.01</i>	<i>0.23</i>	<i>4.40</i>	<i>0.14</i>
OA	FSWs	3.92	0.32	11.11	0.42	7.11	0.41	15.68	0.51
	Cooks	2.42	0.20	3.10	0.12	2.80	0.16	2.80	0.09
	Housekeeping	3.69	0.30	6.47	0.25	4.55	0.26	13.20	0.43
	Laundry	1.45	0.12	3.68	0.14	2.47	0.14	-	-
	Maintenance	2.13	0.17	4.27	0.16	3.06	0.17	2.20	0.07
	<b>Total OA</b>	<b>13.61</b>	<b>1.11</b>	<b>28.63</b>	<b>1.09</b>	<b>20.00</b>	<b>1.14</b>	<b>33.88</b>	<b>1.10</b>

### **Raw Food**

The Ministry of Health and Long-Term Care (MOHLTC) provides \$9.54 per resident day (PRD) for raw food which is unchanged from 2020. Historically this funding envelope has operated with an 18 cent per diem levy requirement. In the 2020 budget, this levy amount was removed. In 2021, 18 cents per diem has been added back to fund the purchase of locally sourced beef. The total levy requirement for raw food is \$21,100 for the three homes.

### **COVID-19 Pandemic**

Over the past several months, the COVID-19 pandemic has had a significant impact on the finances and operations of the long-term care homes. The financial implications of COVID-19 are difficult to predict for 2021, given the unknown duration of time this pandemic will last.

The homes have proposed a total of \$1,983,400 in COVID expenditures in 2021. 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.

The 2021 budget assumes that the Ministry of Long-Term Care will continue to provide emergency funding support of \$1,322,400 to the long-term care sector. The shortfall of \$661,000 will be funded by the Federal-Provincial Safe Restart Agreement – Municipal Operating Funding - Phase I. There is no budgeted levy impact for COVID in 2021.

### **Budget Impacts – Long Term Care Administration**

This department funds the Director of Long-Term Care's office and includes a Quality Specialist, a Clinical Specialist and a Human Resources Generalist. The cost of this department is funded by each of the three Homes in proportion to the number of beds each Home operates.

### **Budget Impacts – Grey Gables**

The Grey Gables operating and capital budget has a net levy requirement of \$1,915,500, an increase of \$206,700 from the 2020 approved budget. In addition to the impacts identified earlier in this report and in response to the focus on direct resident care, human resources challenges in the sector and an investment in maintaining good building conditions, the budget proposes the following investments:

- \$221,900 in front line resident care hours (dietary additional 1.72 hours per day or 628 hours annually, PSW additional 7.5 hours per day or 2,738 hours annually, activation additional 7.5 hours per day or 2,738 hours annually)
- \$24,500 in RN infection prevention and control lead (8 hours per week or 416 hours annually for RN infection control program)

The 2021 capital budget requires a levy contribution of \$293,300, an increase of \$5,800 or 2% from 2020. An overview of the projects includes:

- Copper pipe replacement \$5,500 (carryforward from 2020)
- Debenture Payment – Roof \$73,200
- Dietary Equipment \$10,000
- Doors (entrance, interior, systems) \$30,000
- Fire panel/systems/sensors \$87,300
- Furniture and Equipment Replacement \$5,000
- Generator replacement \$115,000 (carryforward from 2020)
- Heating and/or Cooling Systems \$22,000 (carryforward from 2020)
- High-Low Beds and Mattresses \$15,000
- Home Enhancements \$10,000
- Hot Water Heating System (boiler) \$22,000 (carryforward from 2020)
- Information Technology \$15,300
- Laundry Equipment \$25,000
- Long Term Care Area Floor Replacement \$10,000 (carryforward from 2020)
- Plumbing Fixtures \$20,000
- Premise Back Flow Protection \$25,000
- Retaining Wall \$20,000 (carry-forward from 2020)
- Resident Lifts \$30,000
- Surface Drainage and Eavestroughs \$35,000
- Window Sill Replacement \$25,000

### **Budget Impacts – Lee Manor**

The Lee Manor operating, and capital budget has a net levy requirement of \$2,206,600 an increase of \$103,100 from the 2020 approved budget. In addition to the impacts identified earlier in this report and in response to the focus on direct resident care, human resources challenges in the sector and an investment in maintaining good building conditions the budget proposes the following investments:

- \$20,600 in front line resident care hours (RPN 8 hours per week or 416 hours annually)
- \$25,200 in RN infection prevention and control lead (RN 8 hours per week or 416 hours annually for RN infection control program)
- \$29,800 in additional staffing hours to provide scheduling coverage on weekends (15 hours per week or 780 hours annually)

The 2021 capital budget requires a levy contribution of \$228,000, an increase of \$4,500 or 2% from 2020. An overview of the projects includes:

- Blanket/Towel Warmers \$10,000
- Dietary Equipment \$40,000 (carryforward \$25,000 from 2020)
- Driveway and Sidewalk Repair \$10,000
- Dryer \$8,500
- Floor Replacement \$30,300 (carryforward \$15,000 from 2020)
- Furniture – Resident Lounges and Dining Rooms \$50,000
- High-Low Beds/Mattresses \$34,500
- Home Enhancements \$21,000
- Information Technology \$25,500
- Redevelopment of Resident and Staff Common Area on Main Floor \$102,000 (carryforward from 2020)
- Replacement of Fire Alarms \$196,000
- Replacement of Split Air Conditioners (carryforward \$50,000 from 2020)
- Resident Lifts - \$26,500
- Sanitary Waste Removal System and Storm Water including Drains \$15,300
- Whirlpool Tubs \$45,000

### **Budget Impacts – Rockwood Terrace**

The Rockwood Terrace operating, and capital budget has a net levy requirement of \$2,145,400, an increase of \$236,000 over 2020. In addition to the impacts identified earlier in this report and in response to the focus on direct resident care, human resources challenges in the sector and an investment in maintaining good building conditions, the budget proposes the following investments:

- \$27,800 in front line resident care hours (1 hour per day or 365 hours annually in laundry, 8 hours per week or 416 hours annually in activation)
- \$25,900 in RN infection prevention and control lead (8 hours per week or 416 hours annually for RN infection control program)
- \$13,100 in additional staffing hours to support front office (7.5 hours per week or 392 hours annually for office clerk)

The capital budget at Rockwood Terrace is challenging to predict. There is a need to provide a safe, comfortable environment while balancing the need to redevelop. Projects such as windows, flooring and plumbing are budgeted and completed on a flexible schedule which allows for the most imminent needs to be met. The identified projects for 2021 have been reviewed. Depending on the time of redevelopment and construction delays, the projects may be realigned in future years. Redevelopment must be completed in 5 years therefore capital needs for Rockwood Terrace have not been addressed past 2025. The net levy requirement for 2021 is \$301,700, an increase of \$5,900 or 2% increase from the approved 2020 budget. The following capital expenditures are planned for 2021:

- Balcony Upgrades \$ 26,200
- Blanket/Towel Warmers \$11,600
- Domestic water supply & distribution \$30,000
- Dryer \$8,600 (carryforward from 2020)
- Elevators \$11,000
- High-Low beds and mattresses \$25,500
- Home Enhancements \$10,000
- Information Technology \$15,000
- Plumbing fixtures replacement \$10,000
- Replacement of Fire Pumps \$15,000
- Resident lifts \$16,600
- Vinyl flooring replacement \$50,000
- Window replacement \$20,000
- Transfer to Reserve \$207,000

### **Budget Impacts - Long Term Redevelopment**

The most recent refurbishment of a long-term care facility was at Lee Manor and was funded by the County by entering into two debentures. The total annual debenture payment for these two debentures equaled \$1,361,000 and was funded from taxation.

As these debentures matured, payments have been budgeted as a transfer to reserve for a source of funding to assist with the redevelopment of Rockwood Terrace. This reserve contribution continues in 2021 with \$1,361,000 being budgeted to be transferred to reserve.

## **Legal and Legislated Requirements**

Upper tier municipalities are required under the *Municipal Act, 2001* to prepare and adopt an annual budget. Safety, legislation and normal life cycle replacement have all been considered in the development of the 2020 proposed long term care budgets.

## **Financial and Resource Implications**

The proposed Long-Term Care budget(s) contain operating and capital expenses of \$36,294,700. After operating and capital revenues, reserves, and capital financing are calculated, an overall net levy contribution of \$7,628,500 is required, an increase of \$545,800 from 2020.





Table 2 illustrates the Levy by Funding Envelope for each Home.

**Grey Gables Levy by Envelope**

<b>Funding Envelope</b>	<b>2019 Actual</b>	<b>2020 Budget</b>	<b>2020 Year End Projection</b>	<b>Proposed 2021 Budget</b>
Nursing and Personal Care	\$1,032,834	\$972,400	\$954,000	\$991,600
Other Accommodation	\$443,822	\$755,900	\$715,700	\$841,400
Program Support Services	\$37,770	\$36,100	(\$1,300)	\$142,700
Raw Food	\$0	\$0	\$5,000	\$4,500
COVID-19	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$1,514,426</b>	<b>\$1,764,400</b>	<b>\$1,673,400</b>	<b>\$1,980,200</b>

**Lee Manor Levy by Envelope**

<b>Funding Envelope</b>	<b>2019 Actual</b>	<b>2020 Budget</b>	<b>2020 Year End Projection</b>	<b>Proposed 2021 Budget</b>
Nursing and Personal Care	\$1,493,050	\$1,337,300	\$1,554,100	\$1,487,100
Other Accommodation	\$500,831	\$952,800	\$736,100	\$859,800
Program Support Services	\$89,579	\$112,100	\$85,100	\$146,400
Raw Food	\$2,000	\$0	\$11,900	\$9,900
COVID-19	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$2,085,460</b>	<b>\$2,402,200</b>	<b>\$2,387,200</b>	<b>\$2,503,200</b>

## Rockwood Terrace Levy by Envelope

Funding Envelope	2019 Actual	2020 Budget	2020 Year End Projection	Proposed 2021 Budget
Nursing and Personal Care	\$779,304	\$1,034,000	\$1,049,800	\$1,116,700
Other Accommodation	\$850,020	\$810,800	\$723,800	\$956,000
Program Support Services	\$44,259	\$64,700	\$52,300	\$88,900
Raw Food	\$5,837	\$0	\$29,900	\$6,700
COVID-19	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$1,679,420</b>	<b>\$1,909,500</b>	<b>\$1,855,800</b>	<b>\$2,168,300</b>

## Relevant Consultation

Internal (Finance department, Long Term Care staff)

## Appendices and Attachments

[Attachment to LTCR-CM-30-20 2021 Budget Summary](#)

[Attachment to LTCR-CM-30-20 LTC Administration 2021 Budget](#)

[Attachment to LTCR-CM-30-20 Grey Gables 2021 Budget](#)

[Attachment to LTCR-CM-30-20 Lee Manor 2021 Budget](#)

[Attachment to LTCR-CM-30-20 Rockwood Terrace 2021 Budget](#)

[Attachment to LTCR-CM-30-20 LTC Redevelopment 2021 Budget](#)