



Committee Report

To:	Chair and Members of the Committee of Management
Committee Date:	January 8, 2019
Subject / Report No:	LTCR-CM-08-19
Title:	Proposed 2019 Long Term Care Budgets
Prepared by:	Lynne Johnson, Director of Long Term Care
Reviewed by:	Kim Wingrove, Chief Administrative Officer
Lower Tier(s) Affected:	All Grey County
Status:	

Recommendation

1. That report LTCR-CM-08-19 regarding the proposed 2019 Long-Term Care budgets be received; and
2. That the 2019 Long-Term Care budgets, 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.

The 2019 proposed budget was developed through the collaborative efforts of Grey County Finance, Long-Term Care staff and Sienna Senior Living.

The 2019 Long Term Care budget(s) contain operating and capital expenses of \$33,317,245. After operating and capital revenues, reserves, and capital financing are calculated, an overall net levy contribution of \$6,269,646 is required. This levy contribution is unchanged from the 2018 approved net budget.

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 2018 actuals are reflective of operations as of October 31, 2018.

Revenue

The homes operate with revenue from four sources including:

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

Historically, the homes receive an annual increase in base funding from the MOHLTC which is usually announced in 2nd or 3rd quarter of the budget year. The following table outlines the actual 2018 provincial funding increases and the assumptions used in the development of the 2019 proposed budget.

	Current Per Diem	2018 Funding Increase	2019 Increase Assumption
Nursing and Personal Care	\$100.26	2%	2%
Program and Support Services	\$9.79	2%	2%
Raw Food	\$9.54	6%	2%
Other Accommodation	\$56.16	1.6%	1.6%

In addition to base funding, the homes receive resident acuity funding which is referred to as the Case Mix Index (CMI). The CMI is calculated by the MOHLTC based on quarterly data submitted by the home. The ministry then averages the data across the province and establishes the CMI funded amount each home will receive. The CMI is effective from April 1- March 31 the following year. The 2018 CMI was used to develop the proposed budget and the new CMI to be released during the first quarter of 2019. It is difficult to predict what the CMI will be and there have been substantial fluctuations over the years. Once the new CMI is available, the Committee of Management will be updated on any potential impacts.

The resident co-payment amount is set by the Ministry of Health and Long-Term Care and effective July 1 of each year. The current daily rates are:

- Basic accommodation \$60.78;
- Semi-private \$69.11- \$73.27; and
- Private \$79.52- \$86.82.

The Grey County levy covers the portion of budget that exceeds the ministry and resident co-payment amounts.

Budget Impacts

Wages and benefits account for approximately 80% of the 2019 budget. Challenges with recruitment and retention of qualified employees lead to a high dependence on over-time and the use of agency staff both of which have a direct impact on the basic cost of service delivery. With the support of Sienna Senior Living, staff will be able to focus additional attention on recruitment and retention initiatives in 2019 and work towards managing labour costs. Other impacts on wages and benefits is the cost of modified duties and attendance management. There will be a focus on education to support improvements in these areas during the upcoming year and several expense lines have been reduced to reflect anticipated improvements to process.

There are four different collective agreements across the 3 homes. The following chart identifies the status of the various collective agreements.

Union	Agreement Expiry Date	Home	Details
Ontario Nurses Association	March 31/18	All three homes	Negotiations to commence during 2019
OPSEU	Dec 31/17	Grey Gables	Proceeding to arbitration
OPSEU	Dec 31/19	Lee Manor	Current
UNIFOR	Jan 31/20	Rockwood Terrace	Current

Grey County is a Schedule 2 employer under the Workplace Safety and Insurance Act. This means that the County monitors claim rates and manages the premiums charged to the individual departments to ensure that cost recovery is sufficient to meet current and future needs. Based on the claims history, within long term care, the WSIB premiums for the long-term care homes have been increased by 56% in the 2019 proposed budget. The following table outlines the impact of this increase.

	2018 Premium (1.69%)	2019 Premium (2.63%)	2019 Budget Impact
Grey Gables	\$55,000	\$99,000	\$44,000
Lee Manor	\$124,000	\$218,000	\$94,000
Rockwood Terrace	\$84,000	\$153,000	\$69,000
Total			\$207,000

Funding Envelopes

Within the long-term care operating budget there are four funding envelopes:

- Other Accommodation (OA);
- Raw Food;
- Nursing and Personal Care (NPC); and
- Program and Support Services (PSS).

Other Accommodation

Departments supported within the OA envelope include: Administration, Dietary, Housekeeping, Laundry, and Maintenance.

Supply lines have generally been set using the 2018 year to date actuals and projected expenditures. The cost for heat and hydro have been reduced to reflect industry projected costs.

Information and Technology (IT) costs are impacted by the need to improve infrastructure, security and address changes in licensing requirements. With approximately 50% of the county employees, the homes will experience the largest impact from these increased costs. The table below illustrates the 2019 budget impact.

	2018 Cost	2019 Cost	2019 Budget Impact
Grey Gables	\$26,000	\$46,000	\$20,000
Lee Manor	\$69,000	\$82,000	\$13,000
Rockwood Terrace	\$38,000	\$51,000	\$13,000
Total			\$46,000

A recommendation from Sienna was to transition the financial management electronic platform to Yardi. This will support the homes with improved financial management and reporting. The 2019 budget includes \$24,000 (total cost for the three homes) for the implementation and licensing fee for the first year.

Three items at a total cost of \$58,000 were identified as eligible for funding through the individual home funding reserve and are included in the proposed budget as such. The items are as follows:

- Upgrade of the electronic health record platform- \$40,000. This is a one-time expense.
- Menu data transfer and education- \$8,000. This one-time expense will move the homes to the Sienna menu platform. This will provide the homes with full access to the Sienna dietitian approved menus that have been developed to meet MOHLTC requirements, available funding and various therapeutic needs. This move will free up time within the individual homes to meet other regulatory requirements.
- The initial cost of accreditation is \$10,000. Once accreditation has been achieved, the homes will receive an additional \$0.36 per resident day (total of \$41,522 annually). The additional revenue will be realized in the 2020 budget year. The accreditation fee is an expense each time that the survey is completed. We anticipate it will occur again in 2022.

As directed by council in 2018, 25% of the cost for the Sienna management contract (net of HST rebate) is reflected in the 2019 operating budget of the respective home as follows:

- Grey Gables- \$256,353
- Lee Manor- \$585,742
- Rockwood Terrace- \$387,584

The balance of the contract fee is reflected as a transfer from reserves in each of the respective home proposed budgets. Over the next 3 years, the full cost will be transitioned into these operating budgets.

Raw Food

The Ministry of Health and Long-Term Care (MOHLTC) provides \$9.54 per resident day (PRD) for raw food. Grey County has traditionally supplemented the raw food budget by providing additional funding of \$0.18 PRD. There have been substantial Ministry increases for raw food over the past 2 years. Because of these increases, the additional County funding has not been included in the 2019 budget resulting in an overall budget reduction of \$20,761.

The managers will work with Sienna, the dieticians and various food service partners to ensure that the menus and meals are nutritious, provide variety and meet MOHLTC and resident expectations.

Nursing and Personal Care

The Nursing and Personal Care (NPC) envelope includes wages and benefits for all nursing staff and equipment, supplies and services related to the provision of nursing care. The 2018 increase in the CMI at Grey Gables, Lee Manor and Rockwood Terrace was beneficial to support service delivery within this envelope. As previously identified, the unpredictability of the CMI is a risk when developing the budget. Once the CMI is released the Committee of Management will be updated on any potential impacts.

New in the 2019 budget is the addition of a new Registered Nurse position in each of the homes. The \$106,000 expenditure is offset by provincial funding specific for this purpose.

Program and Support Services

The Program and Support Services envelope includes activity and recreation staff, materials and services. Contracted services including occupational therapy, dietitian, social work and physiotherapy are also funded through this envelope. There are no substantial changes to staffing or services in the proposed budget.

Grey Gables

The Grey Gables operating, and capital budget has a net levy requirement of \$1,394,575, which is unchanged from 2018. In addition to the impacts identified earlier in this report, the following change is specific to Grey Gables:

- Increase of 468 hours annually for the office clerk/scheduler to provide additional support in creating schedules, filling shifts and supporting clerical functions.

The 2019 capital budget requires a levy contribution of \$281,892. An overview of the projects includes:

- Self-financed debenture payment for roof replacement \$73,234
- Information Technology upgrades \$33,600
- Dietary equipment replacement \$15,000
- High-Low beds and mattresses \$15,000
- Tub/Shower room refurbishment \$60,000
- Heating/Cooling System \$74,300
- Copper piping replacement \$20,000
- Resident lifts \$25,000
- Furniture and equipment replacement \$15,000
- Laundry equipment \$20,000
- Floor cleaning machines \$20,000
- Flooring replacement lower level \$10,000
- Retaining wall \$16,000
- Flat roof replacement \$122,000 (pricing updated to reflect current estimates)
- Floor replacement \$10,000
- Hot water heating system (boiler) \$45,000
- Railings and balconies \$10,000
- Sidewalks and walkways \$10,000
- Doors (entrance, interior, systems) \$10,000
- Home enhancements \$10,000

It is projected that Grey Gables will have a negative reserve balance in 2020 and return to a positive balance by 2039. Collectively, the reserves for all three homes remain in a healthy positive balance through to 2046. Staff considers the three long term care homes as a portfolio and the reserves will be redistributed as required.

Lee Manor

The Lee Manor operating, and capital budget has a net levy requirement of \$1,924,991, which is unchanged from 2018.

The 2019 capital budget has a net levy requirement of \$219,109. Highlights of the planned capital projects for the upcoming year include:

- Beds and mattresses \$33,500
- Information Technology upgrades \$69,500
- Floor replacement \$15,000
- Resident lifts \$25,500
- Asbestos removal \$30,000
- Replacement of the mechanical air make-up system \$80,000
- Blanket warmers \$15,000

- Courtyard development \$135,000
- Replacement of kitchen servery equipment \$35,000
- Hot water heat exchange and filter replacement \$12,000
- Caulking and sealing \$12,000
- Home enhancements \$20,000

Rockwood Terrace

The Rockwood Terrace operating, and capital budget has a net levy requirement of \$1,589,070, which is unchanged from 2018.

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 2019 have been reviewed. Depending on risk and construction delays, the projects may be realigned in future years. Redevelopment must be completed in 6 ½ years therefore capital needs for Rockwood Terrace have not been addressed past 2025. The net levy requirement for 2019 is \$290,009 with the following capital expenditures planned for 2019:

- Resident lifts \$32,500
- Information Technology upgrades \$40,000
- Replacement bathing equipment \$42,500
- High-Low beds and mattresses \$24,500
- Window replacement \$20,000
- Flooring, \$50,000
- Kitchen equipment \$35,000
- Medical equipment \$11,500
- Plumbing fixtures \$10,000
- Radiator valve replacement \$60,000
- Building pumps replacement \$10,200
- Key pad entry \$25,250
- Mechanical systems \$150,000
- Domestic water supply and distribution \$216,200
- Makeup air units \$36,500
- Sprinkler system (first floor) \$115,000
- Balcony upgrades \$33,000
- Home enhancements \$10,000
- Transfer to reserves \$104,009

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 \$1,361,010 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 2019 with \$1,361,010 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 2019 proposed long term care budgets.

Financial and Resource Implications

The proposed Long Term Care budget(s) contain operating and capital expenses of \$33,317,245. After operating and capital revenues, reserves, and capital financing are calculated, an overall net levy contribution of \$6,269,646 is required. There is no increase or decrease from 2018.

The upgrades to the electronic health record, menu conversion and accreditation survey fee have a total departmental cost of \$58,000 and have been identified as eligible expenses for funding from the respective homes reserve funds.

The risk associated with this budget include maintaining a stable CMI, receipt of funding assumptions and the ability of the homes to achieve the various process changes to maximize outcomes. With the implementation of Yardi there will be an improved ability to monitor financial status at the home level and regular reports will be provided to the Committee of Management.

Relevant Consultation

- Internal (Finance Department and Long Term Care Administrators)
- External (Sienna Senior Living)

Appendices and Attachments

[Attachment to LTCR-CM-08-19 2019 Budget Summary Long Term Care Component](#)

[Attachment to LTCR-CM-08-19 Grey Gables 2019 Budget](#)

[Attachment to LTCR-CM-08-19 Lee Manor 2019 Budget](#)

[Attachment to LTCR-CM-08-19 Rockwood Terrace 2019 Budget](#)

[Attachment to LTCR-CM-08-19 Long Term Care Redevelopment 2019 Budget](#)