

To:	Warden Halliday and Members of Grey County Council
Committee Date:	April 26, 2018
Subject / Report No:	LTCR-CW-15-18
Title:	Redevelopment Budget Pro-Forma 128 Beds
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 adopted as presented by Committee of the Whole per Resolution CW106-18; Endorsed by County Council on May 10, 2018 per Resolution CC47-18.

Recommendation

- 1. That report LTCR-CW-15-18 regarding the Redevelopment Budget Pro-Forma for 128 Long Term Care Beds be received for information.**

Executive Summary

The 2017 decision of County Council, to amalgamate the long term care beds from 2 homes and redevelop 1 larger long term care (LTC) home, was based on a number of factors including:

- Improving operational efficiency
- Improving financial performance
- Addressing human resource challenges

This report examines the financial impact of operating a 128 bed home compared to the current operating costs of the 100 bed home.

Background and Discussion

The 100 beds located in Durham need redeveloped by 2025. This provided an opportunity to review LTC services currently delivered by Grey County and it was identified that amalgamation would facilitate improvements in operations while maintaining the same level service.

In December, the provincial government announced the addition of 5,000 new LTC beds to be operational by 2022. The announcement was followed by a call for application. Despite the short timeframe in which to apply, staff was directed by the Committee of Management to complete an analysis of the impact of adding 28 beds to the current 100 beds located at Rockwood

Terrace.

A high level review was completed reflective of a new building with 60% private and 40% basic accommodation, the recommended Sienna Senior Living staffing levels and expenses based on the purchasing history of the home. (Note- the pro-forma is for operations only and did **not** include capital projections or construction costs)

By proceeding with redevelopment of a 128 bed home, LTC services would be maintained in the current communities and the savings realized at Rockwood Terrace would reduce/slow the overall levy dependency required by LTC. This model does not address the identified inefficiencies at Grey Gables, current and future HR challenges and the ongoing capital and operating costs to maintain three homes.

Staff have spoken with private operators within the region, the MOHTLC and LHIN and verified that private operators have submitted applications for additional beds to support “top-up” and future redevelopment.

Legal and Legislated Requirements

The province’s Action Plan for Seniors titled “Aging with Confidence” provides an outline of evolving care that supports seniors at all stages in their life including those living in their own homes and those requiring varying degrees of support to live safe, independent lives for as long as possible.

Long term care is for people who require intensive supports. As part of the Action Plan for Seniors, the province is seeking to add LTC capacity, improve staffing and enhance care. These enhancements are welcomed however it is important to recognize that the sector is experiencing a growing labour shortage, ongoing challenges in meeting the complex and behavioural needs of residents and significant enhancements to regulatory requirements.

Grey County is legislated to operate a long term care home. Currently, the County provides care for 316 residents in three long term care homes. There is a requirement to redevelop 100 of the beds by 2025.

Financial and Resource Implications

The results of the budget modeling for a 128 bed home were favorable and project a decrease in the required levy funding to support operating costs from \$1.33 million to \$0.20 million. The pro-forma does not address the ongoing capital cost for three homes, any operational inefficiency experienced in a small home or HR challenges that are being experienced across the health care sector.

Relevant Consultation

Internal Finance Department,

External Sienna Senior Living, Ministry of Health and Long Term Care, South West Local Health Integration Network

Appendices and Attachments

Appendix A Financial Pro-Forma- 128 Beds

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APPENDIX A - Financial Pro-Forma - 128 Beds

			2018 BUDGET	2018 BUDGET
			100 BEDS	PROFORMA
				128 BEDS
REVENUE				
49400	Transfer From Reserve	Note 2	\$ 51,800	\$ 51,800
51100	Provincial Conditional Grant	Note 1	\$ 5,167,522	\$ 6,614,428
51101	Structural Compliance Premium	Note 4	\$ 91,250	\$ 233,600
51115	Prov. High Needs Supplies & Lab Claim	Note 1	\$ 3,800	\$ 4,864
51118	Provincial Physician Grant	Note 1	\$ 14,528	\$ 18,596
51119	Provincial RPN Grant	Note 1	\$ 81,180	\$ 103,910
51189	High Cost Supplies and Services per Diem	Note 1	\$ 22,995	\$ 29,434
54031	Building Rentals	Note 2	\$ 7,560	\$ 7,560
54080	Receipts from Basic	Note 3	\$ 798,000	\$ 916,070
54081	Receipts from Pref. Private	Note 5	\$ 212,400	\$ 568,781
54082	Receipts from Pref. Semi	Note 5	\$ 40,800	\$ -
54083	Receipts from Private	Note 3	\$ 688,800	\$ 1,374,106
54084	Receipts from Semi	Note 3	\$ 302,400	\$ -
54087	Exceptional Circumstances	Note 1	\$ 61,215	\$ 78,355
54095	Receipts from Telephone	Note 1	\$ 12,000	\$ 15,360
54096	Receipts from Hairdresser	Note 1	\$ 25,200	\$ 32,256
TOTAL REVENUE			\$ 7,581,450	\$ 10,049,120
EXPENSES				
61000	Salaries and Wages	Note 6	\$ 5,844,139	\$ 6,531,466
61220	CPP	Note 7	\$ 252,854	\$ 285,021
61221	EI	Note 7	\$ 128,384	\$ 144,707
61222	WSIB Premiums	Note 7	\$ 84,141	\$ 94,107
61223	OMERS Premiums	Note 7	\$ 428,468	\$ 490,877
61224	EHT	Note 7	\$ 114,010	\$ 127,413
61225	Group Benefits	Note 8	\$ 424,269	\$ 487,909
61228	Boot Allowance	Note 1	\$ 750	\$ 960
61260	Service Awards	Note 1	\$ 3,250	\$ 4,160
63000	Advertising	Note 1	\$ 200	\$ 256
63010	Association/Membership Fees	Note 2	\$ 5,800	\$ 5,800
63030	Copying & Printing	Note 1	\$ 6,000	\$ 7,680
63042	Equipment/Furniture Purchases	Note 1	\$ 30,000	\$ 38,400
63051	Telephone	Note 1	\$ 16,200	\$ 20,736
63052	Cellular	Note 1	\$ 8,500	\$ 10,880
63060	Office & Charting Supplies	Note 1	\$ 7,500	\$ 9,600
63063	Postage/Courier/Freight	Note 1	\$ 2,000	\$ 2,560
63067	Resident Life Improvements	Note 1	\$ 10,000	\$ 12,800
63070	Other Materials & Services	Note 1	\$ 7,400	\$ 9,472
63073	Hi-Intensity Needs-Claimable	Note 1	\$ 4,000	\$ 5,120
63300	Staff Training and Development	Note 1	\$ 15,000	\$ 19,200
63310	Travel & Meal Expenses	Note 1	\$ 12,000	\$ 15,360
63401	Cleaning Supplies	Note 1	\$ 5,000	\$ 6,400
63402	Chemicals	Note 1	\$ 16,733	\$ 21,418
63403	Maintenance of Buildings	Note 1	\$ 90,000	\$ 115,200
63409	Non-Contract Chemicals	Note 1	\$ 10,250	\$ 13,120
63419	Waste Disposal	Note 1	\$ 15,000	\$ 19,200
63440	Heat	Note 1	\$ 72,250	\$ 92,480
63441	Hydro/Water	Note 1	\$ 143,000	\$ 183,040
63442	Water/Sewage & Fire Protect.	Note 1	\$ 45,000	\$ 57,600
63450	Maintenance of Equipment	Note 1	\$ 39,500	\$ 50,560
63485	Maintenance of Grounds	Note 1	\$ 5,000	\$ 6,400
63486	Snow Removal	Note 1	\$ 10,000	\$ 12,800
63500	Home Physician	Note 1	\$ 13,140	\$ 16,819
63502	Incontinent Supplies	Note 1	\$ 52,925	\$ 67,744
63503	Medical Supplies	Note 1	\$ 124,000	\$ 158,720
63504	Raw Food	Note 1	\$ 340,782	\$ 436,201
63505	Recreation Supplies	Note 1	\$ 6,000	\$ 7,680
63507	Outside Services	Note 1	\$ 6,000	\$ 7,680
63508	Paper Supplies	Note 1	\$ 13,250	\$ 16,960
63518	Physician On Call	Note 1	\$ 14,528	\$ 18,596
63520	Linen	Note 1	\$ 7,000	\$ 8,960

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63522 Cable TV Expense	Note 1	\$	6,000	\$	7,680
63523 Dishes	Note 1	\$	5,000	\$	6,400
63530 Cable TV Recovery	Note 1	\$	(4,000)	\$	(5,120)
63531 Other Expenditure Recovery	Note 1	\$	(30,400)	\$	(38,912)
53759 Volunteer Services	Note 1	\$	500	\$	640
64020 Computer Support/Maintenance	Note 1	\$	38,145	\$	48,826
64096 Hairdresser Services	Note 1	\$	21,420	\$	27,418
64100 Legal Fees	Note 1	\$	6,000	\$	7,680
64102 Professional & Consulting Fees	Note 1	\$	49,400	\$	63,232
64120 Purchased Service	Note 1	\$	180,326	\$	230,817
64325 Chaplaincy Services	Note 1	\$	11,040	\$	14,131
65110 Insurance	Note 1	\$	107,300	\$	137,344
67007 Interfunc. Rent	Note 2	\$	(12,509)	\$	(12,509)
67013 Interfunc. Audit Fees	Note 2	\$	7,800	\$	7,800
67014 Interfunc. IS Costs	Note 2	\$	38,266	\$	38,266
67023 Interfunc. Laundry	Note 2	\$	(8,000)	\$	(8,000)
TOTAL EXPENSES		\$	8,850,511	\$	10,167,756
NET SURPLUS (LEVY)			\$ (1,269,061)		\$ (118,635)
Less:					
54087 Exceptional Circumstances	Note 9	\$	(61,215)	\$	(78,355)
ADJUSTED NET SURPLUS (LEVY)			\$ (1,330,276)		\$ (196,991)

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APPENDIX A (Cont'd) - Notes and Assumptions

Note 1 - The line item is expected to be variable and so, will fluctuate based on the number of beds in the long term care home.

Note 2 - The line item is expected to be fixed and so, is not expected to fluctuate based on the number of beds in the long term care home.

Note 3 - The redeveloped home will have 128 beds allocated as follows: 60% private (76 beds) and 40% basic (52 beds). Therefore, revenue has been re-allocated between the following accounts.

	2018 Budget - 100 Beds	2018 Budget Proforma - 128 Beds	Reallocated 2018 Budget Proforma - 128 Beds	Comment
54080 Receipts from Basic	\$ 798,000	\$ 1,021,440	\$ 916,070	40% Basic
54083 Receipts from Private	\$ 688,800	\$ 881,664	\$ 1,374,106	60% Private
54084 Receipts from Semi	\$ 302,400	\$ 387,072	\$ -	0% Semi-Private
Total Receipts	\$ 1,789,200	\$ 2,290,176	\$ 2,290,176	

Note 4 - The structural compliance premium has been updated to \$5.00 per resident day from \$2.50 per resident day. It is assumed that this increased premium will be available for the redeveloped home and it will be used for operations rather than transferred to the capital reserve.

Note 5 - As the new residence would be considered a Class A home, it would be eligible for the higher private premium earned by Class A homes. As at July 1, 2017, this premium is equal to \$25.63. To be conservative, it was assumed that 80% of the maximum preferred accommodation revenue would be earned by the residence.

	Pro-Forma
Beds	128
Maximum Number of Private Beds (60%)	76
Private Premium	\$ 25.63
Number of Days	365
Maximum Private Accommodation Revenue	\$ 710,976
Portion of Maximum Estimated to be Earned	80%
Private Accommodation Revenue - Included in Budget Proforma	\$ 568,781

Note 6 - As the number of beds will be increasing from 100 beds to 128 beds, additional staffing will be required in certain departments. Sienna reviewed the current staffing plan and determined that the following incremental staff would be needed if the new home was organized efficiently into 32 bed home areas. An additional 0.5 hours was added for every six incremental hours to represent the paid lunch break. Note that no new management staff have been added below as the current management staffing could accommodate the higher number of beds. Other Costs below represents the additional costs related to vacation days, modified duty hours, education days and clothing allowances.

Department	Role	Incremental Hours/Week	Total Hours Per Year	Wage Rate	Other Costs	Total Incremental Wage Impact
Housekeeping	Aide	56	3,155	\$ 27.11	10%	\$ 94,075
Laundry	Aide	25	1,380	\$ 24.09	10%	\$ 36,573
Programs	Aide	12	676	\$ 28.14	10%	\$ 20,825
Nursing	RPN	112	6,309	\$ 34.82	10%	\$ 241,660
Nursing	PSW	175	9,858	\$ 27.12	10%	\$ 294,084
TOTAL						\$ 687,327

Note 7 - The benefits on the incremental wages was calculated based on the highest benefit percentages from the budget worksheet provided by Grey County

Benefit	Incremental Wages	% of Wages	Total Incremental Benefit Impact
CPP	\$ 687,327	4.68%	\$ 32,167
EI	\$ 687,327	2.37%	\$ 16,323
WSIB	\$ 687,327	1.45%	\$ 9,966
OMERS	\$ 687,327	9.08%	\$ 62,409
EHT	\$ 687,327	1.95%	\$ 13,403

Note 8 - Group Benefits have been adjusted by 15% to represent the increase in benefits expected related to the incremental staff.

Note 9 - Per Grey County, Account 54087 - Exceptional Circumstances should be removed from the budget.