



# Committee Report

<b>To:</b>	Chair and Members of the Committee of Management
<b>Committee Date:</b>	July 12, 2022
<b>Subject / Report No:</b>	LTCR-CM-13-22
<b>Title:</b>	LTC Financial Update and Projection as of April 30, 2022
<b>Prepared by:</b>	Markus Hawco, Manager Finance, Long Term Care and Shannon Cox, Karen Kraus and Stacey Goldie, Executive Directors
<b>Reviewed by:</b>	Mary Lou Spicer, Director of Finance Jennifer Cornell, Director of Long-Term Care
<b>Lower Tier(s) Affected:</b>	none
<b>Status:</b>	

## Recommendation

- 1. That report LTCR-CM-13-22 regarding Long-Term Care Financial Update and Year-End Projection as of April 30, 2022, 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 April 30, 2022, and summarizes any projected variances. 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 the projections in this report. As this is an early in-year projection there are a number of variables that will adjust the projection as the year progresses; examples are staffing shortages, shifts paid at overtime or agency rate, modified duty, unanticipated repairs, infectious disease outbreaks, the impact of the change in Case Mix Index (CMI) etc. This projection will continue to be monitored and refined over the course of the year.

A review of actual financial results as compared to budget as of April projects that the operating and capital budgets will be sufficient for the year. At this point in the year, if the financial position remains consistent an overall surplus of approximately \$328,800 would result at the end of the year (comprised of \$156,800 for Grey Gables, \$117,900 for Lee Manor and \$54,100 for Rockwood Terrace). Should this surplus be achieved, it

will be used to reduce the operating budget transfer from reserve. This positive variance represents a 0.9% variance as compared to the 2022 budgeted gross expenditures of \$36,333,500. The current position shows savings primarily from wages and associated benefits; however, it is a very early forecast and fluctuations will occur throughout the year. Staff monitors program costs and eligible expenditure guidelines to ensure maximum funding allocations are achieved; any savings in Ministry funded programs do not result in a surplus and funds are returned to the Province.

The April financial statements are included as a link at the end of the report, some entries will not be recorded until year-end such as reserve transfers, grant reconciliations, debt repayment etc.

## Background and Discussion

The budget includes numerous Ministry initiatives to improve direct care hours and overall resident care at all levels as well as provides funding to supplement PSW and registered staff wages. For funding directly tied to programs or activities, any unspent funds will be returned to the Ministry.

The Executive Directors from each care 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.

## Budget Impacts and Assumptions

- It is a challenge estimating wages and associated benefits; 85% of the operating budget is comprised of these costs. These lines are budgeted based upon a number of assumptions including hours required for backfill of staff on vacation, illness, training, modified duty etc. and are impacted by working short staffed, modified duty/WSIB claims, filling shifts at overtime rates or the use of agency staff etc.
- The CMI for the 2022-23 fiscal year has not been released, in 2021 results were released in August and homes with more than a 5% decrease in comparison to the previous year were limited to a 5% decrease. The CMI was estimated using the calculator from AdvantAge Ontario; as a result, an additional \$24,000 in revenue was budgeted as compared with 2021. This index affects the Nursing & Personal Care (NPC) per diem and reflects the level of care required by residents at the time results were measured. For comparison purposes, in 2021 the CMI decreased in all three homes and this resulted in a Ministry funding reduction of \$137,600.

- The 2022 budget was developed with the assumption that a 1.5% Global Level of Care increase would be received effective April 1 (based on percentage received in 2021); funding has been received equal to the amount budgeted.
- Ministry funding increases to the Nursing & Personal Care, Programs and Support Services and Raw Food funding envelopes have been received in June, retroactive to April 2022. The impact of these increases is being reviewed in comparison to amounts budgeted and will be discussed with the care homes; a funding analysis will be provided in the next financial update.
- The impact of inflation and supply chain shortages are being experienced and range from increase in costs, staffing recruitment and retention, ability to source products and challenges in obtaining contractors.

Highlights of the financial statements and variances are as follows:

#### LTC Administration

This funds the Director of Long-Term Care's budget and includes an Accreditation & Quality Specialist, a Clinical Specialist, a Support Services & Education Coordinator, administrative and human resources support. The cost of this department is funded through the care homes' budgets on a per bed allocation and is therefore expected to end the year on budget.

#### Grey Gables

Grey Gables is currently trending less than budget and this is attributable to vacancies in shifts in both nursing and support positions. Overages in RN and RPN shifts are being covered by ministry funding for increased direct care hours while PSW remains under budget.

Grey Gables long time maintenance manager recently retired; the change in staff accompanied by challenges procuring contractors results in projects that have not been awarded. Projects that cannot be completed during the year will be brought forward for discussion in the 2023 budget and funds earmarked for these projects will be transferred to reserve for future use.

#### Lee Manor

Lee Manor is expected to end the year on target; materials and purchased services are overall expected to end the year on budget. Support roles remain on budget with position vacancies and delays in recruitment due to labour shortages.

Lee Manor's capital budget is anticipated to end the year on target. Projects were selected to ensure completion for year end and while some projects are delayed due to

contractor availability and scheduling, it is anticipated that all projects will be completed by year end.

### Rockwood Terrace

Rockwood Terrace is expected to end the year within budget; savings currently exist in staffing within support service and program services roles. Support roles remain on budget with position vacancies and delays in filling vacancies due to labour shortage. There is a preferred private and semi-private revenue shortfall that if trends continue and savings from other areas are not available to offset the revenue loss, this will result in a shortfall of \$21,900 at year end.

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, capital projects are only undertaken if necessary.

### LTC Redevelopment

The Long-Term Care Redevelopment Reserve provides funding for these costs; this amounted to \$398,836 in the first four months of the year.

### COVID-19 Impacts

The COVID-19 pandemic continues to have a significant impact on the operations of the 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 2022, the following COVID-19 Containment and Prevention funding has been received from the Ministry of Long-Term Care:

Home	Jan to April 2022
Grey Gables	\$330,662
Lee Manor	\$490,667
Rockwood Terrace	\$224,598
<b>Total</b>	<b>\$1,046,127</b>

Covid Containment and Prevention funding is slated to continue through to March 2023 and ensures that funding will continue to flow to cover COVID related expenditures.

### Cost Containment Measures

Long-term care staff continue to work closely with staff from Finance, Human Resources and Purchasing to ensure responsible emergency response spending. It is anticipated that the 2022-2023 CMI will be released in August; staff will evaluate the budget impact and in accompaniment with financial analysis through the remainder of the year, staff will consider opportunities to help mitigate costs while ensuring a safe environment is provided for residents and staff.

## Legal and Legislated Requirements

None

## Financial and Resource Implications

The three care communities anticipate that the operating and capital budgets are sufficient for the year. If the current financial position remains consistent, a \$328,800 year-end surplus will result. This estimate is comprised of \$156,800 for Grey Gables, \$117,900 for Lee Manor and \$54,100 for Rockwood Terrace; this positive variance represents a 0.9% variance as compared to the 2022 budgeted gross expenditures of \$36,333,500. Should this surplus be attained, the funds will be used to reduce the operating budget transfer from reserve.

This is a very early forecast and as a result, the projection will fluctuate depending on staffing, Ministry funding announcements including the release of the 2022 CMI, the continued impact of inflation and unanticipated repairs. For Ministry funded programs, any savings are returned to the Province; staff monitor programs and eligible expenditure guidelines to ensure maximum funding allocations are achieved.

The April financial statements are attached for each of the homes as well as the administration and redevelopment budgets; some entries are outstanding for items such as reserve transfers, grant reconciliations, interfunctional transfers, debt payments etc.

## Relevant Consultation

- Internal - CAO, Director of Finance, Director of Long-Term Care
- External - None

## Appendices and Attachments

[Attachment to LTCR-CM-13-22 Long Term Care Financial Update and Projection as of April 30, 2022](#)