



Committee Report

Report LTCR-SS-14-16

To: Chair Burley and Members of the Social Services Committee
From: Lynne Johnson, Director of Long Term Care
Doug Johnstone, Financial Analyst
Meeting Date: October 12, 2016
Subject: **Draft 2017 Long Term Care Budget Overview**
Status: Recommendation adopted by Committee as presented per Resolution SSC78-16; Endorsed by County Council November 1, 2016 per Resolution CC137-16;

Recommendation(s)

THAT Report LTCR-SS-14-16 regarding the Draft 2017 Long Term Care Budget Overview be received;

AND THAT the 2017 Long-Term Care budget as presented be forwarded to County Council for its consideration.

Background

The Social Services Committee is responsible to oversee the budget for Grey Gables, Lee Manor and Rockwood Terrace.

The overall net Long Term Care budget, of operating and capital combined, totals \$6,149,718 and has a net levy increase of \$376,890 which requires a 6.53% increase from the 2016 approved budget. This reflects a 0.71% increase to the corporate tax levy requirement for 2017.

When reviewing the budget package it should be noted that the 2016 actuals are reflective of operations as of July 31, 2016.

Wages and Benefits

Wages and benefits account for approximately 83% of total expenditures and therefore have the biggest impact on the budget. Collectively, the homes employ more than 450 full and part-time staff. Four different collective agreements represent the unionized staff in the homes. The following chart identifies the status of the collective agreements.

Union	Agreement Expiry Date	Home(s)	Current/Expired
Ontario Nurses Association (ONA)	Mar 31/16	All three homes	2 year settlement on wages, dates pending for finalization
Ontario Public Service Employees Union (OPSEU)	Dec 31/17	Grey Gables	Current
OPSEU	Dec 31/16	Lee Manor	Received notice to bargain, dates pending
UNIFOR	Jan 31/17	Rockwood Terrace	Received notice to bargain, dates pending

A considerable amount of work has been completed on pay equity over the past two years at Grey Gables and Rockwood Terrace. We are currently waiting for the results of the reviews.

Funding

The budget includes four funding envelopes.

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

Each year the homes receive an increase in base funding from the Ministry of Health and Long Term Care. Funding increases are usually announced in the 2nd or 3rd quarter of the homes budget year and applied retroactively with the OA and Raw Food budget increases effective in July and the NPC and PSS effective April 1.

The following table outlines the budget increases received in 2016 and the budget increase assumptions that have been made for 2017.

	Per diem prior to July 1, 2016	Per diem as of July 1, 2016	\$ increase	% increase	Budgeted for 2017
OA	\$53.93	\$54.52	\$0.59	1.1%	1.1%
Raw Food	\$8.03	\$8.33	\$0.30	3.7%	3.7%
NPC	\$92.52	\$94.37	\$1.85	2%	2.0%
PSS	\$9.23	\$9.41	\$0.18	2%	2.0%

Other Accommodation

Departments supported by the Other Accommodation (OA) envelope include: Administration, Dietary, Housekeeping, Laundry and Maintenance.

The rates for preferred accommodation are set by the Ministry of Health and Long Term Care and budget projections are reflective of current occupancy levels.

Supply lines have generally been set using the 2016 year to date actuals and projected expenditures. Inter-functional IS costs continue to increase for Information and Technology. This is a set corporate fee and the homes are increasingly dependent on technology to support care and service.

Expenditures for Resident Life Improvements is found in the OA- Administration envelope. The amount is offset by a Transfer from Reserve of the same amount and represents donated funds received by the home.

Other Expenditures recovery reflects a commitment from the pharmacy to provide funding that is intended to offset education.

Raw Food

The Ministry provides \$8.33 per resident day (PRD) for raw food and an additional \$0.12 for high cost supplies such as enteral feeds. Grey County has traditionally supplemented the raw food budget by providing additional funding. Beginning in 2016, the County increased its contribution from \$0.08 to \$0.18 PRD. The 2017 budget maintains this amount.

Nursing and Personal Care

This funding envelope includes all nursing staff and supplies related to the provision of nursing care. Funding for the Nursing and Personal Care (NPC) envelope is based on resident acuity and the level of care captured by the Resident Assessment Instrument (RAI) tool. Quarterly data submissions are completed and the information is averaged and used by the Ministry of Health and Long Term Care to establish funding levels. This is referred to as the Case Mix Index (CMI).

The homes are currently operating with funding based on acuity from assessments completed between April 2014 and March 2015. The next funding announcement is anticipated before the end of March 2017 and will reflect assessment data from April 2015 - March 2016. The current CMI funding level was used in developing the 2017 proposed budget. Once the CMI is released by the Ministry of Health and Long Term Care, a report will be provided to identify any potential impacts.

The 2016 CMI change is the largest influence on the Nursing and Personal Care envelope. The amount included in the 2016 budget was based upon the 2015 actual CMI; the actual amount received is a reduction for two of the homes resulting in a budget impact for both 2016 and 2017. The following chart shows the impact on the 2017 budgeted revenue:

Home	2016 budgeted CMI	CMI effective April 1, 2016	CMI Impact on 2017 Budget
Grey Gables	103.28	98.39	(\$112,845)
Lee Manor	103.74	102.38	(\$71,328)
Rockwood Terrace	107.28	111.78	\$157,341
Total			(\$26,832)

It is difficult to manage the fluctuations in the CMI and any change has immediate impact. Regular audits of the assessments and education for staff responsible for completing the assessments support data quality and will ensure that accurate assessments are submitted.

Program and Support Services

The Program and Support Services (PSS) envelope includes activity and recreation staff, materials and services. Contracted services including occupational therapy, dietitian, social work and physiotherapy are also funded within this envelope.

Grey Gables

The Grey Gables operating and capital budget has a net levy increase of \$158,164. The budget includes a 2% wage increase as required under the current collective agreement for service staff.

The following are highlights of proposed budget changes for 2017:

- OA- Laundry
 - Chemical costs have been increased by \$3,750 to reflect actual costs. On review, Grey Gables has a higher cost per resident day than the other homes. The chemicals are automatically dispensed for each load and staff is reviewing ways to reduce costs in this area.
- Nursing and Personal Care

- Maintenance of Equipment has increased by \$3,500. This is related to an increase in cost for the Arjo Service and Maintenance Agreement.
- Hours for the Resident Assessment Instrument (RAI) staff were reduced mid-year 2016. The full impact of this reduction is reflected in the 2017 budget.
- Program and Support Services
 - The addition of a summer student at a net cost of \$4,700 is reflected in this envelope. The additional 320 hours will provide support for evening and weekend programs and special events organized by the Recreation Department.

Lee Manor

The Lee Manor operating and capital budget has a net levy decrease of \$389,536 with few proposed budgetary changes. The operating budget increase totals \$218,588 with the following budget highlights:

- OA- Administration
 - Increase of \$7,600 for telephones. This will replace the current handheld system which is no longer serviceable.
- OA- Director
 - The budget includes \$39,800 for salary and wages for secondment of a staff member for 4 months (January 1- May 1). This person will complete some project work that has been delayed due to other work responsibilities of the director. The position will be funded from the One Time Funding Reserve.
- OA- Maintenance
 - Collectively, budget lines for water, sewage and hydro have been increased by \$38,000 to better reflect trends for these services.
 - Purchase services have increased by \$8,500 to provide a service agreement for the nurse call system.

The capital budget shows a decrease of \$608,124; the 2016 budgeted net levy includes \$614,320 for the final debenture payment for the renovation that was completed in 2006. These funds are not required for 2017 and have been reallocated to the Rockwood Terrace capital budget as a transfer to reserve in order to assist with future redevelopment plans. There is a small increase of \$6,196 in the Administration capital budget to set aside funds for building and equipment capital replacements as identified in the 2017-2021 Five Year Capital Forecast.

Rockwood Terrace

The Rockwood Terrace operating and capital budget has a net levy increase of \$608,262. The operating budget decrease totals \$75,757 with the increase in CMI assisting this budget. Following are budget highlights from the operating budget:

- OA- Maintenance
 - An increase of \$32,500 has been budgeted for water, sewage and hydro to better reflect trends for these services.
- Nursing and Personal Care
 - Medical Supplies has been increased by \$32,000 as a direct result of the increasing acuity of the residents residing in the home.
 - The budget includes an increase of 16 hours weekly for Registered Practical Nurses at a cost of \$35,400 (wages and benefits) to assist in the provision of a wound care program and to facilitate physician rounds.

The capital budget shows an increase of \$684,019. The increase is made up of the \$614,320 reallocated from the Lee Manor capital budget to assist with future redevelopment and an increase of \$69,699 in the Administration capital budget to set aside funds for building and equipment capital replacements as identified in the 2017-2021 Five Year Capital Forecast.

Financial / Staffing / Legal / Information Technology Considerations

The overall net Long Term Care budget, of operating and capital combined, totals \$6,149,718 and has a net levy increase of \$376,890 which requires a 6.53% increase from the 2016 approved budget. This reflects a 0.71% increase to the corporate tax levy requirement for 2017.

Historically the homes receive an annual increase in base funding and the level of increase experienced in 2016 has been applied to the proposed budget (see table on page 2 of this report). In the event these increases are not received, revenue will not be realized as outlined in the proposed budget.

The unpredictability of the Case Mix Index (CMI) is a challenge. The proposed budget is based on the current CMI and we anticipate the release of the 2017 CMI within the 1st quarter of 2017.

Link to Strategic Goals / Priorities

Communication and planning are key values identified in the County Strategic Plan. The annual operating and capital budgets are important tools to assist in managing the

homes in a responsible way, to ensure financial sustainability and ongoing public accountability.

Attachments

Attachment to LTCR-SS-14-16 Long Term Care Draft Budget Summary October 12, 2016

Attachment to LTCR-SS-14-16 Grey Gables Draft Budget October 12, 2016

Attachment to LTCR-SS-14-16 Lee Manor Draft Budget October 12, 2016

Attachment to LTCR-SS-14-16 Rockwood Terrace Draft Budget October 12, 2016

Respectfully submitted by,

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