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LONG TERM CARE 2004 FUNDING ADJUSTMENTS AND CHANGES LONG TERM CARE FACILITIES

The Health and Emergency Medical Services Committee recommends the adoption of the recommendation contained in the following report, October 22, 2004, from the Commissioner of Health Services:

1. RECOMMENDATION

It is recommended that:

1. Health and Emergency Medical Services Committee and Regional Council approve the receipt of $118,309 provincial funding from the Ministry of Health and Long-Term Care (MOHLTC) in 2004 and expend funds in the manner outlined in Section 4.2.1, and an annualized increase of $564,000 be incorporated into the proposed 2005 Long Term Care and Seniors Branch operating budget.

2. PURPOSE

The purpose of this report is to provide analysis and information to Health and Emergency Medical Services Committee and Regional Council regarding recent funding announcements for LTC facilities from the MOHLTC.

3. BACKGROUND

A Level of Service Study released in June 2001, which was funded by the MOHLTC jointly undertaken by the Ontario Association of Non-profit Homes and Services for Seniors (OANHASS), Ontario Long Term Care Association (OLTCA), and PriceWaterhouse Coopers, compared the amount and type of care received by residents in Ontario long term care settings with those in other Canadian, American and international jurisdictions.

The results of the study confirmed what the long term care sector had been proclaiming, that the level of service in Ontario is not what it should be and pointed clearly to the need for increased operating funding. The study concluded that of the 11 jurisdictions studied, Ontario was ranked the lowest in the amount of nursing and therapy services provided to residents in LTC facilities. The study also indicated that Ontario provided on average 2.04 hours of care/resident/day as compared to 2.44 hours of care/resident/day in the next lowest jurisdiction, Manitoba [PricewaterhouseCoopers. (2001). Report of a study to review levels of service and responses to need in a sample of Ontario long term care facilities and selected comparators. p. 92].

Following the release of this study, provincial LTC associations initiated an intensive lobbying and media campaign. The LTC sector requested an additional $600 million

which is equivalent to approximately $25/bed/day, to bring service levels up to national and international standards. In addition the LTC sector has been lobbying the government to fix the funding inequities in the current funding formula that have resulted in more funds going to the for-profit sector than the non-profit sector.

The MOHLTC has subsequently made two funding announcements. The first announcement in July 2002, provided for an additional $150 million or $7.20/bed/day increase in funding for LTC facilities. The second announcement in July of 2003 provided LTC facilities a per diem increase of $4.80/bed/day effective July 1, 2003.

The third and most recent announcement amounts to $96 million annualized in 2004 and will increase to $118 million annualized in 2005. However, because some of this new funding will be utilized by the MOHLTC to deal with inequities in the existing funding formula, not all LTC facilities will receive the same funding increase. Accordingly, LTC facilities will receive a per diem increase that will range between $2.83 - $7.83/bed/day effective October 1, 2004 and a further $0.75/bed/day effective April 1, 2005 (*see Attachments 1 and 2*).

4. ANALYSIS AND OPTIONS

In pre-budget consultations and submissions, the provincial LTC associations had urged the government to invest an additional $18 per/bed/day or $430 million over the next two years, $215 million this year and $215 million in 2005. The value of the announced increases in 2004 is $194 million. However, of that amount only $96 million [annualized] will be used to increase existing services and staffing levels. This will increase to $118 million [annualized] in 2005. The remainder of the funds will be used for targeted MOHLTC driven initiatives and projects such as the supportive care initiative that the government has been developing.

The following provides a more detailed overview of the funding increases on a per diem basis and outlines how the additional funding was/will be utilized in the Regional LTC Facilities.

4.1 Overview of Funding Increases

The total amount of the increase in funding on a per diem basis will vary from $2.83 to $7.83/bed/day as some of the funding will be used to begin to correct existing funding inequities, which at present results in for-profit facilities receiving more funding for pay equity costs and other non-controllable price variables. Of that amount, the MOHLTC has specified that $1.60 be utilized for medical/nursing and personal care, with a further increase of $0.75/bed/day effective April 1, 2005, $0.40/bed/day be utilized for program and support services and the balance of $0.83 be utilized for accommodation costs. All of the increases, except as otherwise noted, are effective October 1, 2004.

4.1.1 Funding Changes to Nursing and Personal Care Envelope

The nursing and personal care envelope funds direct and indirect costs associated with the provision of nursing and personal care to residents. Funds not spent in this envelope must be returned to the MOHLTC. The MOHLTC has directed that $1.60 of the funding increase is to be allocated to the nursing and personal care funding envelope. A further increase of $0.75 will be implemented to this envelope in April 2005.

4.1.2 Funding Changes to Program and Services Envelope

The program and services envelope funds therapy, recreational, activational and social work programs for residents. Funds not spent in this envelope must be returned to the MOHLTC. The MOHLTC has advised that the per diem rate for the program and services funding envelope will be increased by $0.40/bed/day.

4.1.3 Funding Changes to Accommodation Envelope

The MOHLTC has advised that $0.83 of the increase is be allocated to the accommodation funding envelope. The accommodation envelope funds housekeeping, laundry, maintenance, utilities and administration costs. Funds not spent in this envelope may be retained by the operator to support other costs or enhancements to services or, in the case of for-profit operators, retained as profit.

4.1.4 Equalization Adjustments

This funding increase provides for an equalization adjustment of up to $3.25 per resident per day on the basis of a facility's pre-1998 pay equity funding levels. There will be no negative adjustments made to funding and there will be no red circling created by this adjustment.

Facilities that currently receive nothing in pay equity will now get $3.25; if they get less than $3.25, they will get the difference between what is received and $3.25. For facilities that get more than $3.25, they will get to keep it and there is no red circling. The equalization adjustments will be allocated 70.43% to the Nursing Envelope; 4.11% to the Programs and Services Envelope; and 25.46% to the Accommodation Envelope.

This funding adjustment will predominately benefit not-for-profit and new facilities because they currently receive less pay equity subsidy from the province than existing for-profit facilities.

4.1.5 Structural Compliance Premiums

The pro-ration of structural compliance premiums for facilities that were built prior to April 1, 1998 will be eliminated. Facilities that received capital grants in the past received a prorated subsidy, usually half of the amount of the premium paid to other facilities. This practice resulted in a lower subsidy for not-for-profit facilities than the subsidy that was provided to for-profit facilities.

4.1.6 Resident Co-Payment Rates and Comfort Allowance

The government will freeze resident co-payment rates at their current level but will increase the residents comfort allowance from $112 to $116. Although this is a nominal amount it is the first increase in comfort allowance rates in over 20 years. However, because the co-payment rate will remain frozen, this also means that the amount of subsidy that would otherwise be received from the government will be reduced by a corresponding amount.

4.1.7 Amending Agreement & New Standards

Amending agreements to the facilities service agreements were issued with the funding announcements and had to be signed and returned by October 19, 2004.

The new standards in the agreement and the MOHLTC's expectations relating to this new funding require the service provide to utilize most of the funding for staffing related increases and related costs. The service provider must also commit to ensuring that a Registered Nurse is on site 24 hours a day, seven days a week, menu plans must be reviewed and signed by a Registered Dietician, provision of at least two baths a week for all residents, in accordance with their needs and preferences and progress reports to government regarding improvements in social programming and community engagement.

4.2 Utilization of Funding

On an annualized basis the amount of the funding increase for The Region's LTC facilities equals $6.10 bed/day or $564,398. However, since the funding increases take effect October 1, 2004, the value of the increase in the 2004 fiscal year equals only $118,309.

4.2.1 Current Year

The current year increase in funding amounts to $118,309. It is proposed that this additional funding be used to facilitate the following interim increases in direct care staffing and that the remainder of the dollars be utilized to purchase additional resident equipment on a one time basis.

The following staffing costs must be incurred to address MOHLTC standards:

- .25 hours/resident/week in contract dietician hours at both facilities to address increasingly complex nutritional needs of residents [$6,000]
- An increase in therapy staffing levels by 10.7 hours/day, [$12,000] to meet greater rehabilitative care requirements
- An increase of 14 hours/day in RPN/HCA staffing [$23,000] to meet increased nursing and personal care needs.
- Upgrade 1 RPN position to an RN position [$3,000] to address increased acuity and complexity of care.

Given that there are only two months left in the budget year for the implementation of any staff increases, no adjustments in permanent staffing levels are being requested at this time. Permanent staffing increases will be incorporated into the Branch's 2005 Budget

Estimates. On an interim basis, part-time, contract and/or casual staff hours will be increased pending the approval of the 2005 LTC Budget.

The remainder of the funding may be utilized for discretionary purposes. Priorities previously identified are the following:

- Upgrade bed rails to meet new MOHLTC standards as it relates to the use of safety restraints [$8,000]
- Purchase 22 additional ultra-low electronic high-low patient beds [$32,000]
- Purchase 100 specialized pressure-pedic relief mattresses [$34,000]

The upgraded beds and mattresses will help to facilitate client independence, enhance client comfort and reduce the prevalence and risk of decubitus ulcers and the need for safety restraints. In addition, the ultra-low design of the new beds can greatly reduce risk of falls and injury to residents.

4.2.2 Annualized Funding Increases

On an annualized basis the funding increases will amount to $564,398. These funds will be incorporated into the 2005 LTC Branch Business Plan and Budget. The funds will be utilized to maintain increased direct care staffing levels and to enhance dietetic support, staff development and resident care programming at the centres. A portion of the funding will also be allocated to offset salary increases and facility operating increases in hydro, gas, insurance, repair and maintenance.

4.3 Public Reporting

Concurrent with the funding announcement the government also plans to make an announcement regarding a new LTC Public Reporting web-site similar to the Hospital Report Card. This web-site will provide consumers with information about facilities that they will be able to use to make comparisons and decisions about placement. In addition to general information about facilities it will provide information about the Annual Ministry Compliance Review and the number of verified complaints.

Although Public Reporting of quality information is definitely a step in the right direction, the LTC sector has concerns about the lack of contextual information provided with this data. Unlike the Hospital Report Card, the data will not be weighted to account for differences in levels of care or resident acuity, it will not provide information about prevalence or frequency i.e. how often was a standard not met and it will not be adjusted for various risk factors. This means that the data could be misinterpreted because consumers will not have all of the information they need to be able to make an informed decision. Through its provincial LTC association, the LTC sector will work with the government to affect further improvements in the web-site and how the information is provided and conveyed to the consumer.

5. FINANCIAL IMPLICATIONS

The following chart provides an overview of the increases in each of the funding envelopes.

Funding Envelopes	Per Diem Increase	2004 Subsidy/ Revenue Increase (October – December)
Medical/Nursing	$1.60	$ 32,102
Program/Services	0.40	8,025
Accommodation	0.75	16,653
Equalization (1)	1.85	47,728
Structural Compliance Premium	1.50	13,800
Total Value of Increases	$6.10	$118,309

On an annualized basis the amount of the funding increase for The Region's LTC facilities equals $6.10 bed/day or $564,398. This amount will be incorporated into the proposed 2005 Long Term Care and Seniors Branch operating budget.

6. LOCAL MUNICIPAL IMPACT

There is no direct local municipal impact associated with these announcements.

7. CONCLUSION

The funding announcements by the MOHLTC will facilitate some valuable enhancements to the level of care and services provided in Ontario LTC facilities.

More importantly, it marks an important change in MOHLTC funding policy in that it begins to deal with the inequities in funding between facilities. In addition to a base adjustment, there is also money to begin to address the historical differences in funding that on average provided more funding to for-profit facilities than for not-for-profit facilities. This means that not every facility will receive the same funding increase, the range will be between $2.83 and $7.83 for 2004, and an additional $0.75 for April 2005. However, since the historical inequities in funding generally favoured the for-profit sector, it means that a high proportion of not-for-profit facilities will be in the upper range of this funding.

The government should also be commended for freezing co-payment increases for residents, increasing resident comfort allowances and supporting greater resident and family involvement in long term care.

Notwithstanding the foregoing, additional investments must be made by the MOHLTC in LTC funding to increase staffing levels to the recommended average of 3.0 hours of

nursing care/day. Through the provincial LTC association (OANHSS) and the Association of Municipalities of Ontario, staff will continue to lobby the Provincial Government for additional funding.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause was included in the Agenda for the November 4, 2004 Committee meeting.)