OANHSS

Submission to the Standing Committee on Finance and Economic Affairs

February 2011

Ontario Association of Non-Profit Homes and Services for Seniors

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1. Introduction

The Ontario Association of Non-Profit Homes and Services for Seniors (OANHSS) is the provincial association that represents not-for-profit providers of long term care (LTC), community services and housing for seniors. Our members include municipal and charitable long term care homes, non-profit nursing homes, seniors' housing projects and community service agencies. Collectively our members operate over 27,000 LTC beds and over 5,000 seniors housing units.

OANHSS long term care home members do more than rely solely on the provincial government for funding. In addition to ensuring that **all provincial funding goes to the provision of care**, not-for-profit providers also contribute funding to the system; a substantial amount of funding. Conservative estimates for 2008 put not-for-profit (NFP) contributions to long term care homes in excess of $250M annually. As a result, NFPs have higher staffing levels. For example in the municipal LTC homes sector, contributions account for additional 48 minutes of care per resident per day, based on Ministry data. Contributions also allow for a rich mix of registered to non-registered direct care staff.

NFP delivery not only provides higher levels of service, but also allows for local accountability – providers are accountable to the public through elected representatives and charitable boards. Accountability is further strengthened by greater transparency including open councils and regular community meetings. The benefits of NFP LTC delivery is not lost on its residents. A recent OANHSS analysis of the Ministry's waitlist data revealed that two of every three seniors on the list identified NFP homes as their number one choice. This is despite the fact that NFP homes account for just over 40% of all homes in the province.

The Ministry of Health and Long-Term Care (the "Ministry") has moved forward at an impressive rate in reforming the long term care home program and much has been accomplished. Nevertheless, much remains to be achieved in the evolution of LTC in Ontario. OANHSS and its members appreciate that LTC reform cannot continue to evolve at the same rate given the current fiscal context. Nonetheless, it is vital that we not lose the gains achieved to date. This report and our recommendations are intended to inform the Ministry of the actions our members view as critical for the maintenance of the LTC home system during this time of major fiscal challenge.

Our primary concerns revolve around ensuring proper staffing and safe and comfortable physical environments for residents, while continuing the effectiveness of recent reforms (i.e. *Long-Term Care Homes Act*, case mix transition, capital renewal, compliance and quality improvement). Each of our recommendations puts the needs of residents first. We have included only those recommendations that are crucial to the maintenance and further evolution of the LTC system. We have not included items that are already under consideration in the LTC Funding System Review. Those are listed in Appendix A.

2. Outstanding Staffing Commitment

The Ministry has demonstrated a strong commitment to increased staffing in LTC. In its FY2008-09 Budget, the government committed to add 2,500 personal support workers (PSWs) and 2,000 nursing full time equivalents (FTEs) over the following three year period for PSWs, and four years for the nursing, positions. The Budget described the expenditure as "significantly improving the amount and quality of care provided to long-term care residents" (2008 Budget Papers, Chapter 2, page 62). By the end of the third year (FY2010-11), the MOHLTC will have allocated 1,400 of the promised PSWs and 624 of the 2,000 nursing positions. The 'nursing' FTEs were allocated to employ RAI coordinators to enable the implementation of RAI-MDS in all LTC homes. The investment to date[1] has moved the Ministry about 0.225 paid hours closer to the 3.500 paid hours of care recommended in "*People Caring for People*" (the 'Sharkey Report').

These investments are paying off; not only in increasing the number of hours of care, but also increasing homes' ability to provide the appropriate mix of staff. Based on the OANHSS Benchmarking Survey, we estimate that in the not-for-profit sector, one out of every three direct care staff are registered (RNs and RPNs) and the remaining direct care staff are composed of PSWs.

To continue building on this success, OANHSS urges the Ministry to launch a phased and strategic roll out of the remaining 1,376 nursing and 1,100 PSW FTEs over the next year and a half. The implementation of these remaining positions will bring the total level of care to approximately 3.249 paid hours, 15 minutes short of the targeted 3.500 hours overall and less than 1 minute under the targeted 1.000 paid hour of licensed staff. These averages include for-profit providers.

Through the work of the LTC Funding System Review, filling the FTEs approved to date has not been without challenges. Uptake has been inhibited by a number of issues such as local labour supply, constraints on provider decision-making and the timing of the flow of funds to operators. The LTC Funding System Review Steering Committee has made recommendations to the Ministry that may mitigate the labour supply shortages and 'provider decision-making' issues, but the timing and certainty around the flow of funds remains a concern to the sector. The unpredictability in the flow of funding impedes the efficient and effective use of Ministry funding, resulting in less than optimal levels of service to residents. Our suggested plan, below, is designed to minimize the negative effects. The plan builds on the recommendations, noted above, that are currently being considered by the Ministry. OANHSS urges the Ministry to adopt those recommendations.

We recommend that the Ministry roll out the remaining positions in concert with graduation dates (spring and new year) and that the Ministry provide assurance of funding dates six months in advance. The assurance should be strong enough to provide a comfort level to homes that will enable them to commit to hiring new staff to start work on the day funding commences, rather than waiting until the funds are actually flowing.

[1] This estimate includes licensed staff and PSW hours only; including 1,200 RPNs allocated in 2007-08 and 2008-09. Program staff hours are not included in this analysis.

Recognizing the fiscal challenges facing government and balancing that reality against the needs of residents, we recommend spreading the full roll out over the next two fiscal years. Based on this schedule, detailed in Table 1 below, 700 PSWs, 500 RPNs, and 330 RN FTEs would be phased in across FY2011-12. This would increase the level of direct care by 0.107 hours per resident day (prd). The remaining 400 PSWs, 326 RPNs, and 220 RNs would be phased in early in 2012-13 and would add another 0.066 hours of direct care prd. Implementation of all positions will increase the daily level of paid care by an estimated 0.173 paid hours prd, bringing total paid hours prd to 3.249, only 0.251 hours short of the Sharkey target.

Table 1: Recommended Rollout - FTEs

	July/11 - Q2	Oct/11 - Q3	Jan/12 - Q4
PSWs	300	200	200
RPNs (60%)*	300	-	200
RNs (40%)*	220	-	110

* The '2000 nurses' commitment did not specify which types of nurses. For costing purposes we split the remaining nursing FTEs based on their current 60/40 distribution found within the not-for-profit sector. Source: OANHSS Benchmarking Survey 2009

OANHSS estimates the FY2011-12 cost of these 1,530 FTEs, based on detailed OANHSS Benchmarking Survey cost data and the proposed timing to be $49.8M or $1.78 prd. A commitment on the part of the Ministry to provide advance notice of funding decisions and setting a schedule will be fundamental to the successful and efficient use of these funds.

Recommendation 1: *Allocate 1,530 of the remaining 2,476 FTEs based on the schedule above and provide homes with strong assurance of funding and scheduled dates for funding to flow. Allocating these positions as proposed is estimated to cost $49.8M in 2011-12.*

3. LTCHA Regulations

Effective July 1, 2010 the MOHLTC provided LTC homes with about $15.5M in funding for staffing increases necessitated by the new LTCHA and regulation. A large share of these funds was earmarked for increases in nutrition management and food service support. The associated human resource costs, based on MOHLTC figures for 2010-11, annualized to approximately $18.7M. Nonetheless, OANHSS estimates the true annual costs to be closer to $42.7M. This leaves a funding gap of approximately $24.0M. Table 2, below, details the estimated costs, and the funding gap, for each of the main positions affected by the new regulation. Detailed assumptions are available.

Table 2: Human Resource Cost Funding Gap

Position	Ministry	OANHSS	Gap
Dietician	$3.4M	$13.8M	$10.4M
Nutrition Manager	$3.4M	$8.6M	$5.3M
Food Service Workers	$12.0M	$20.3M	$8.3M
Total	**$18.7M***	**$42.7M**	**$24.0M**

**Does not sum due to rounding*

The reason for the discrepancy may be the hourly wage assumption underlying the estimates. In the case of the food service workers there is an hourly wage gap of about $7.76 per hour (before benefits) between the sector benchmark and the Statistics Canada estimate used by the Ministry. A similar gap existed in the nutrition manager hourly wage estimates. It is not known why the dietician costs vary to the extent they appear to.

Recommendation 2: *In order to ensure that appropriate resources are in place to provide care to residents and to ensure homes are able to comply with the new regulations, OANHSS asks that the Ministry ensure the gaps noted in Table 2, above, be addressed in 2011-12. The total cost increase is estimated at $24.0M in 2011-12.*

4. Resident Acuity

Acuity continues to increase year over year. Unfortunately, it is difficult to estimate the rate of increase system wide. Anecdotal evidence and historic precedents support the contention that the rate is increasing and, likely, accelerating. Further, the stability of the case mix transition was predicated on an assumption that acuity increases of 2.0% would be provided in recognition of the needs of homes with 'frozen CMIs'. We, therefore, request that the Ministry support a minimum of a 2.0% increase to NPC and PSS to offset increases in service demands due to increased resident acuity and to ensure system stability through the case mix transition period. OANHSS estimates the combined cost of this increase at $50.5M ($45.95M NPC + $4.52M PSS). Although we recognize that increased acuity puts pressure on all level of care funding envelopes, we are deferring a request for acuity-related cost increases in other envelopes until the fiscal situation improves.

In addition to a major disruption to the case mix transition process, the absence of an acuity increase will prompt significant labour disruption. A $50.5M pressure could result in layoffs of up to 1,100 PSWs, or 895 RPNs, or up to 570 RNs. Such disruption would negatively impact not only the maintenance of current reform progress, but the level of service to residents.

Recommendation 3: *It is recommended that the Ministry provide a 2.0% increase to the NPC and PSS per diems to offset the cost of increased service demands resulting from increased resident acuity and to ensure system stability through the case mix transition period. The total cost increase is estimated at $50.5M in 2011-12.*

5. Capital Renewal

The capital renewal program targeting B and C homes has received a lukewarm reception from the sector. Two of the main factors behind the program's low uptake are: 1) the inadequate construction per diem; and, 2) inflexibility of the movement of licenses within and among LHINs. Exacerbating the first issue is the adequacy of the OA envelope. [This is discussed in more detail in Section 7 below.] Detailed analysis by the Ministry and others supports the view that the per diem is inadequate to make projects feasible. The consensus is that an increase of no less than $4.00 is required to make these projects viable. OANHSS supports the need to increase the base construction per diem by $4.13.

Recommendation 4: *It is recommended that the Ministry increase the base construction per diem of $13.30 by $4.13 to $17.43 and that this increase be provided retroactive to phase 1 applicants to the renewal program.*

The second issue inhibiting the success of the capital renewal program is barriers to the movement of beds across LHIN borders. Redeveloping homes often need to adjust their size creating a need to move bed licenses between LHINs. Transfer of beds among LHINs is a difficult task to achieve as LHINs do not wish to have what they see as "their" resources migrating out of their jurisdictions. Although operators know the economics of home size in their immediate and broader markets, LHINs and the province do not know what the distribution of beds ought to be, because there is no capacity planning. In the absence of capacity planning, it is impossible for government to properly assess where beds are needed most by residents.

Although there is an informal effort within the Ministry to look at capacity planning, OANHSS recommends that this process be formalized and accelerated in order to generate reliable evidence to support and encourage the appropriate distribution of the existing bed supply across the province and to identify what the appropriate number of beds ought to be going forward.

Recommendation 5: *It is recommended that the Ministry accelerate its LTC capacity planning efforts in order to inform and support evidence-based decisions on the distribution of existing LTC beds across the province. It is further recommended that the capacity planning effort also be tasked with assessing the total number of LTC beds needed in the province going forward.*

6. Compliance Software - ABACUS

The Ministry is well into the implementation of the Long-Term Care Quality Inspection Program (LQIP) designed to create a culture that is focused on resident outcomes and continuous quality improvement. The emphasis on quality improvement benefits individual residents, homes and the system as a whole. The new inspection program is heavily reliant on automation and standardized data collection at the home level, allowing inspectors to collect consistent information within and between homes.

Providers are very interested in continuous improvement and are anxious to adapt the LQIP methodology for their own quality improvement programs. The developers of the methodology used in the LQIP have made available software, branded as ABACUS, for use in US nursing homes that collects the same information as is collected during an Ontario home's formal assessment. This software is currently not directly transferable across jurisdictions. Nevertheless, Ontario homes have expressed strong interest in having access to such a software tool. Such a tool would enable mock inspections to get to the root cause of any areas of noncompliance and improve the quality of life for residents. The Ministry has begun an initial exploration of the possibility of having the ABACUS software adapted to the Ontario context, but much work remains.

OANHSS recommends the Ministry move forward in having the ABACUS tool adapted for the Ontario market and ensure that the tool is made available to all LTC homes.

Recommendation 6: *It is recommended that the Ministry have the ABACUS tool adapted for use in Ontario LTC homes and ensure that all homes have access to the software and appropriate training when it is available.*

7. Other Accommodation Pressures

As illustrated in Figure 1, below, Other Accommodation (OA) funding increases have lagged substantially behind Nursing and Personal Care (NPC). Although the government recognized the need in the OA envelope with last year's $1.55 prd base increase, a significant gap persists. Over the period 2002 to 2010 the OA per diem increased by 22%; substantially less than the NPC envelope increase of 53%. While it is clearly important to place an emphasis on direct care to residents by increasing the NPC per diem, it is equally important not to lose sight of the fact that OA funding also contributes to the well-being of residents. Diminished support for the built environment negatively affects the health and well-being of residents and staff. Declines in OA funding have been identified as a factor inhibiting capital redevelopment as well as the maintenance of existing equipment and facilities. The declining adequacy of OA funding has been exacerbated by inflationary pressures on all inputs to the operation of LTC homes.

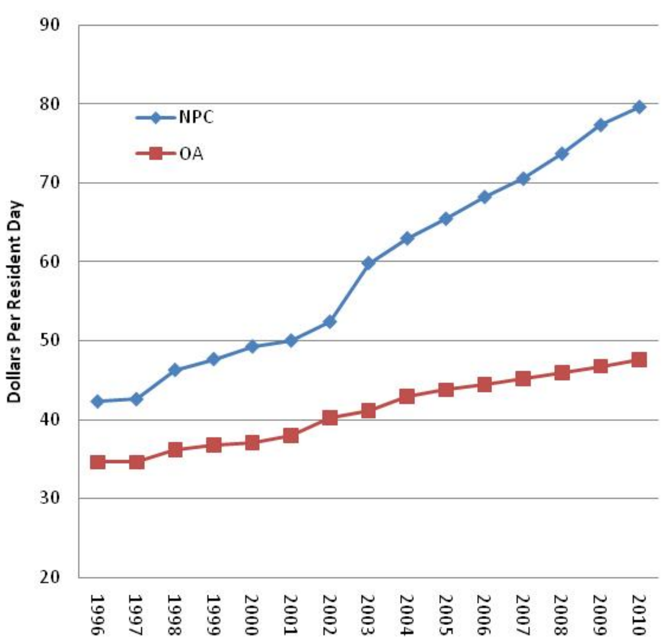

Figure 1: Growth in NPC and OA

Capital Implications of the LTCHA and Regulations

In addition to the staffing costs noted in section 2, the LTCHA and Regulations necessitate a number of one-time capital costs; specifically, elevator modifications, door alarm systems, generators, and communications systems. These costs were not recognized at all in the funding accompanying the LTCHA and regulation.

As currently understood, the emergency generator requirement under the new regulations poses a significant problem for homes. We estimate the cost to be in the neighborhood of $130M, individual home cost estimates range from $75,000 to $500,000. There is no provision for funding this requirement by the Ministry. Further, this regulation will require many homes, that have just redeveloped and invested in generators based on the existing design guidelines, to replace those with more costly generators. The sector feels that the cost and replacement issues make the regulation farther reaching and more comprehensive than originally intended or envisioned.

This level of expenditure on a capital enhancement, given the current fiscal environment and level of pressure on the OA envelope, is difficult to justify in light of more pressing areas for investment in direct care.

Recommendation 7: *OANHSS recommends that the generator regulation be revised so existing homes are grandparented until such time as they redevelop or rebuild.*

The regulation also calls for upgrades to elevators and doors. Costing of these requirements, with any degree of accuracy is very difficult, as it is unknown how many homes are affected and to what extent. Allocating funding through LOC would be highly inappropriate given the likely variation across homes in their individual needs.

In addition to these regulation-related capital upgrades, LTCHs also need to be able properly to maintain capital plants and to plan and save for longer term capital replacement. With respect to day-to-day maintenance, homes must ensure that lifts are properly maintained and that kitchen and HVAC systems keep up with ever-changing regulations. These examples capture only a few of the day-to-day equipment maintenance pressures. Also, the Ministry has to keep in mind that all homes are either currently paying for a recent redevelopment or planning to so in the near future. OANHSS urges the Ministry to develop a minor capital funding program to ensure the day-to-day maintenance of existing homes.

Recommendation 8: *It is recommended that the Ministry develop a minor capital fund for ongoing capital maintenance costs generally and capital requirements under the new regulation in particular.*

Other Pressures

Overhead costs such as utilities, employee extended benefits packages and WSIB, are increasing at a rate that homes simply cannot sustain. In addition, despite the best efforts on the part of management and the Government of Ontario to exercise compensation restraint, upward wage pressures in the neighbourhood of 2% to 3% continue as a result of wage arbitration settlements. This trend does not appear to be improving.

Recognizing the fiscal situation, OANHSS suggests that the Ministry continue its practice of annual increases in resident co-payments and also consider the proposal to increase preferred accommodation rates. Preferred accommodation rates have not increased in over a decade, whereas the basic co-pay portion has increased annually.

Recommendation 9: *It is recommended that the Ministry ensure the annual co-pay increase and also increase the preferred accommodation rate.*

8. Conclusion and Summary of Recommendations

In this document we have tried to avoid high cost system enhancement and have focused on ensuring the necessary maintenance and overall integrity of the system by:

- ensuring proper staffing,
- ensuring the success of reforms through proper funding of requirements under the LTCHA and Regulation,
- ensuring that direct care needs are maintained and the success of the Case Mix Transition be properly supported with a minimal 2% acuity increase,
- ensuring the success of the strategically important LTC Capital Renewal program and ongoing capital maintenance of homes be properly funded,
- ensuring ongoing quality improvement and regulatory compliance be supported by putting the appropriate low cost tools in the hands of home operators.

It is our hope that the recommendations from this report will be adopted. We firmly believe they are fundamentally necessary to sustain what has been developed and to move the LTC system forward over a period of fiscal challenge. Our recommendations are summarized below.

Recommendation 1: *Allocate 1,530 of the remaining 2,476 FTEs based on the schedule above (pg 4) and provide homes with strong assurance of funding and scheduled dates for funding to flow. Allocating these positions as proposed is estimated to cost $49.8M in 2011-12.*

Recommendation 2: *In order to ensure the appropriate resources are in place to provide care to residents and to ensure homes are able to comply with the new regulations, OANHSS asks that the Ministry ensure the gaps noted in Table 2, above, be addressed in 2011-12. The total cost increase is estimated at $24.0M in 2011-12.*

Recommendation 3: *It is recommended that the Ministry provide a 2.0% increase to the NPC and PSS per diems to offset the cost of increased service demands resulting from increased resident acuity and to ensure system stability through the Case Mix Transition period. The total cost increase is estimated at $50.5M in 2011-12.*

Recommendation 4: *It is recommended that the Ministry increase the base construction per diem of $13.30 by $4.13 to $17.43 and that this increase be provided retroactive to phase 1 applicants to the Renewal program.*

Recommendation 5: *It is recommended that the Ministry accelerate its LTC capacity planning effort in order to inform and support evidence-based decisions on the distribution of existing LTC beds across the province. It is further recommended that the capacity planning effort also be tasked with assessing the total number of LTC needed in the province going forward.*

Recommendation 6: *It is recommended that the Ministry have the ABACUS tool adapted for use in Ontario LTC homes and ensure that all homes have access to the software and appropriate training when it is available.*

Recommendation 7: *OANHSS recommends that the generator regulation be revised so existing homes are grandparented until such time as they redevelop or rebuild.*

Recommendation 8: *It is recommended that the Ministry develop a minor capital fund for ongoing capital maintenance costs generally and capital requirements under the new regulation in particular.*

Recommendation 9: *It is recommended that the Ministry ensure the annual co-pay increase and also increase the preferred accommodation rate.*

Appendix A – OANHSS Funding Review Priorities

Assess and ensure funding of higher costs of residents with behaviour issues.

1) Change the CMI-adjustment of NPC from 100% to 50% in order to minimize year over year fluctuation in funding levels. In that arrangement only 1/2 of NPC funding would be adjusted base on CMI and the other 1/2 would not be adjusted.

2) Changing the 97% occupancy threshold to a more flexible, graduated arrangement to eliminate the sharp and immediate funding decrease associated with the 97% cut-off.

3) Increasing preferred accommodation maximums to help offset the OA funding gap.

4) Elimination of the enforced contributions policy created by the funding criteria associated with the new targeted staffing positions.

5) Find solutions to the problem of under spending through the development of options for collapsing the Nursing and Personal Care and Program and Support Services envelopes.

6) Find options for elimination of barriers to funding uptake through simplification of the funding process, for example, blending of supplementary funding pots into the base LOC funding envelopes.

7) Investigate longer term directions / models for LTC funding.

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