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Memorandum

To: All Long-Term Care Home Administrators
From: Stewart Sutley, Interim Chief Executive Officer
Central East Local Health Integration Network
Date: June 6, 2019
Subject: 2019/20 Level-of-Care Per Diem Funding Increases

The Ministry of Health and Long-Term Care (“ministry”) notified the Central East Local Health Integration Network (Central East LHIN) that it will provide funding representing a 1.7 per cent increase to the Long-Term Care Home sector in the 2019/20 funding year to preserve front-line staff and maintain current levels of service provided for resident care and accommodation.

On April 11, 2019 the government tabled its 2019 Budget. This year’s budget reflects the outcomes of a comprehensive multi-year planning process that built on the findings of Ernest & Young Canada’s line-by-line review, and the ideas identified in the Planning for Prosperity Survey and the Big Bold Ideas Challenge. The government conducted a thorough review of all government programs in order ensure investments are sustainable and modernized. The review is also meant to ensure that duplication is eliminated, and valuable programs and services are sustainable and delivering outcomes for the people of Ontario.

In addition to this review, all ministries were required to identify administrative savings. This was to be done by identifying opportunities to modernize services to reduce administrative costs and burden, while improving services across ministries, agencies and transfer-payment partners. Ministries considered how they could eliminate duplicative and non-value-added processes and implement automation and other streamlining solutions where repetitive and routine tasks existed previously.

As noted above, the ministry is investing 1.7% more in long-term care (LTC) this year, which includes investments in more specialized services, specifically high-acuity priority access beds and behavioural support units. Other changes to the long-term care funding system are captured below:

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A. Changes Effective April 1, 2019

1. The level-of-care, or per diem, rate will increase by \$1.77 per resident per day (PRPD). Homes will have flexibility on which envelope(s) this increase should be applied to with the exception that no more than 32% of this increase can be allocated to the Other Accommodation envelope. The increase is non-case mix index (CMI) adjusted and will be shown on the funding summary sheet as a global adjustment. There will be no further adjustment in July 2019 for the Raw Food or Other Accommodation envelopes.
2. The physiotherapy program funding will be converted to a per diem (\$2.27 PRPD) and allocated to the Program and Support Services (PSS) envelope. Homes will have full flexibility in how this funding can be spent within the existing PSS envelope eligibility guidelines. With the aggregation of the physiotherapy fund into the PSS envelope, the ministry is also no longer requiring any reporting on the physiotherapy fund.
3. Small homes (those with 64 beds or less) will receive a fixed top-up of \$180,000/annum that can be used for any direct care staff. This fixed amount is the combination of the Registered Nurse (RN) and Registered Practical Nurse (RPN) funding as well as a further top-up of \$4529. As such, no requirements to use this funding on RN and RPNs exist but the ministry encourages homes to continue to staff according to their resident needs.
4. All other homes (those with more than 64 beds) will receive a fixed top-up of \$106,000/annum that can be used for any direct care staff. This top-up replaces the RN funding that was introduced in the 2018/19 fiscal year (FY). Requirements to use this funding to hire a RN by July 1, 2020 are now lifted. The ministry encourages homes to continue to staff according to their resident needs.

With these changes the per diem effective April 1, 2019 is \$180.80 PRPD.

In addition, operators that provide convalescent care beds will have more flexibility in how funding can be used, as the ministry is embedding the historical, additional physiotherapy subsidy of \$11.34 PRPD into the PSS envelope. Further, the ministry is also applying a 1% increase to the funding envelopes.

Please refer to **Appendix A** for further details.

B. Changes Effective August 1, 2019

1. The CMI will be effective from August 1, 2019 to March 31, 2020. Only the pre-April 1, 2019 Nursing and Personal Care (NPC) envelope (excluding the supplemental amount) will be CMI adjusted, as the increase for this year (as noted in **section A** above) can be applied to any envelope.
2. The Resident Assessment Instrument - Minimum Data Set (RAI-MDS) funding will be converted to a per diem (\$1.43) and allocated on a non-CMI basis to the NPC envelope. As such, the *Resident Assessment Instrument Minimum Data Set 2.0 Funding Policy* has been embedded into the NPC envelope as a supplementary per diem, resulting in greater flexibility in the use of the funds while maintaining a RAI-MDS Coordinator(s) position.
3. The High Wage Transition Fund (HWTF) will end. HWTF was introduced on April 1, 1996, as a three-year temporary transition measure. The objective was to assist operators to maintain equitable service levels while higher-than-average wage costs were addressed, as the ministry moved to a “needs based” funding approach. HWTF has now exceeded its intended purpose as the transition to the Level of Care funding model has since standardized funding approaches across all Long-Term Care homes.
4. The Structural Compliance Program (SCP) will end. Since April 1, 1998, the ministry has paid a Structural Compliance Premium (SCP) to long-term care home operators who were not eligible at the time to receive other financial assistance from the ministry to upgrade their homes. The intention was to support eligible operators with complying with relevant design standards until such time that they were eligible for other ministry support for development and upgrading projects, namely the Construction Funding Subsidy (CFS) program. As there is now improved financial support (including the adjustments of the base CFS to \$18.03 PRPD) with which operators can build new and/or upgrade existing long-term care homes, the ministry will be harmonizing the eligibility for SCP payments with the 20-year terms for CFS payments that were provided to eligible operators in 1998. The SCP funding for eligible operators under the Structural Compliance Premiums for Self-Funded Renewal Projects, 2009 will not be discontinued at this time.

Both the HWTF and the SCP were slated to be wound down effective July 1, but, in light of the on-going conversations with sector stakeholders, implementation has been delayed by a month to further support LTC home operators.

With these changes the per diem effective August 1, 2019 is \$182.23 PRPD.
Please refer to **Appendix B** for further details.

C. Policy Changes and Consolidations

Effective January 1, 2019, the *LTCH Occupancy Targets Policy* has been changed and consolidated into a new policy called the *Long-Term Care Homes Level-of-Care Per Diem, Occupancy and Acuity-Adjustment Funding Policy*.

One specific change is to remove occupancy targets for small homes for the care and food envelopes. This will assist a cohort of homes that have traditionally returned funds to maximize use of provided funding. Other changes related to reducing administrative burden in applying for credits for lost days due to outbreaks and other occupancy target protections are detailed in the policy, which will be available on the portal.

The Central East LHIN and the Long-Term care Home (LTCH) confirm that all provisions of the *2019-22 Long-Term Care Home Service Accountability Agreements (LSAA)* are amended to reflect the funding and conditions in effect as of the date of this memo. All other terms and conditions in the LSAA remain the same. LTCHs are required to maintain financial records for this allocation for audit and evaluation by the Central East LHIN and by the ministry. Unspent funds, and funds not used for the intended and approved purposes, are subject to recovery in accordance with the Central East LHIN's reconciliation and recovery policy.

Please note, the LTC home Level-of-Care Per Diem Funding Summary and Long-Term Care Homes Level-of-Care Per Diem, Occupancy and Acuity-Adjustment Funding Policy have been revised to reflect the April 1, 2019 and August 1, 2019 per diem changes. The revised policy will be posted on the ministry's public website at:

http://www.health.gov.on.ca/en/public/programs/ltc/lsaa_policies.aspx

Please keep this web address as a resource as it is the responsibility of the LTCHs to review and remain current with all applicable laws and policies.

Monthly payment notices will be adjusted to reflect the new per diem rates, including applicable retroactive payments for the increases made effective April 1, 2019.

As outlined in the 2019 Ontario Budget, the government is committed to embedding a focus on optimizing the value of investments into future multi-year planning processes and into the culture of the Ontario Public Service more broadly. To that end, the government will undertake program evaluations on a permanent and ongoing basis to ensure government services are meeting people's needs and to identify ways to modernize programs and save money.

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The government will continue to engage with long-term care stakeholders to make the system more efficient and has already addressed issues that the sector raised, such as the costs of Bill 148 and the rising costs of Workplace Safety and Insurance Board (WSIB) premiums. In fact, beginning in January 2019 eligible employers saw a significant decrease in premiums. The recommendations that have been provided thus far to reduce red tape in both the operating and the capital expansion (development) areas are appreciated and under review and as identified above we are making tangible changes to reporting burden.

Please refer to **Appendix C** for further details.

Should you require any further information or clarification regarding the 1.7% overall funding increase in 2019/20, please contact Nita Singh, Senior Financial Policy Advisor at the Ministry by telephone 416-327-7105 or by email at Nita.Singh@ontario.ca.

Thank you for your continued commitment to delivering better quality long-term care.

Sincerely,



Stewart Sutley
Chief Executive Officer
Central East Local Health Integration Network

Attachments: Appendix A – Long-Term Care Home Level-of-Care Per Diem Funding Summary (April 2019)
Appendix B – Long-Term Care Home Level-of-Care Per Diem Funding Summary (August 2019)
Appendix C – Long-Term Care Home Level-of-Care Per Diem Occupancy and Acuity Funding Policy

c: Bill Hatanaka, Board Chair, Central East Local Health Integration Network
Tunde Igli, Interim Vice President, Health System Strategy, Integration, Planning and Performance
Lisa Burden, Vice President, Home and Community Care
Lisa Mizzi, Director, Home and Community Care, Patient Services