

# Analyst Briefing Notes

## Budget Committee - February 16, 2010

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February 16, 2010

**PART I: 2010 OPERATING BUDGET****Executive Summary**

- Toronto Long-Term Care Homes & Services (LTCHS) provides exemplary long-term care services to residents and clients with a focus on the provision of individualized care that respects, supports and enables people to be as independent as possible. The Program strives to design and deliver programming that meets the growing and changing needs of residents and the community. Long-Term Care Homes & Services provides both long-term convalescent and resident care, as well as community based long-term care in 3 service areas: Homemaking, Adult Day Programs, and Supportive Housing. The Program operates 10 long-term care homes serving over 2,600 residents.
- Long-Term Care Homes & Services have set the following service objectives for 2010:
  - Continue to provide a continuum of long-term resident and convalescent care and service to a growing number of residents with complex care needs;
  - Maximize Provincial funding by maintaining an occupancy of 97% or higher to respond to community needs;
  - Strengthen relationships with the Ministry of Health and Long-Term Care, Community Care Access Centres, and Local Health Integration Networks to ensure specialized services better meet community needs; and
  - Expand the Homemakers and Nurses Services (HMNS), and Supportive Housing to meet demonstrated unfulfilled community needs.
- 2009 accomplishments for Long-Term Care Homes & Services include the following:
  - Met 100% of the national accreditation standards and formally recognized for three leading practices;
  - Expanding services in dementia care, behavioural response care, and mental health;
  - Expanding supportive housing under the Provincial Aging at Home strategy; and
  - Increasing volunteer programs.
- For 2009, LTCHS projects year-end net expenditures to be \$0.500 million or 1.1% above the 2009 Approved Operating Budget of \$44.684 million net. This unfavourable variance is a result of delays in downsizing of Kipling Acres by 50 beds, due to late Provincial capital redevelopment approvals. As the downsizing of Kipling Acres has not yet started, LTCHS may face additional pressures in 2010.

**Table 1: 2010 Recommended Budget**

(In \$000s)	2009		2010 Recommended Operating Budget			Change - 2010 Recommended Operating Budget v. 2009 Appvd. Budget		FY Incremental Outlook	
	2009 Appvd. Budget	2009 Projected Actual	2010 Rec. Base	2010 Rec. New/Enhanced	2010 Rec. Budget			2011	2012
	\$	\$	\$	\$	\$			%	\$
<b>GROSS EXP.</b>	215,833.4	213,233.4	219,817.2	809.3	220,626.5	4,793.1	2.2	4,105.7	1,770.0
<b>REVENUE</b>	171,149.1	168,049.1	173,043.9	809.3	173,853.2	2,704.1	1.6	1,500.0	1,500.0
<b>NET EXP.</b>	44,684.3	45,184.3	46,773.3	0.0	46,773.3	2,089.0	4.7	2,605.7	270.0
<b>Approved Positions</b>	2,193.7	2,193.7	2,173.7	9.3	2,183.0	(10.7)	(0.5)	(2.5)	0.0

TARGET COMPARISON	2010 Target	2010 Rec. Budget	2010 Rec. Budget vs. 2010 Target	2011 Target
NET BUDGET	46,327.8	46,773.3	445.5	44,993.6
PROGRAM REDUCTION (\$)	(2,234.2)	(1,788.7)	445.5	(2,234.2)
PROGRAM REDUCTION (%)	(5.0)	(4.0)	1.0	(5.0)

- The 2010 Recommended Operating Budget for Long-Term Care Homes & Services of \$220.626 million gross and \$46.773 million net is \$2.089 million or 4.7% above the 2009 Approved Operating Budget, incorporating reduction savings of \$1.789 million equal to 4.0% of the 2009 Approved Operating Budget. Any additional service changes to reach the 5% reduction target would significantly impact service levels and are not recommended at this time.
- The 2010 Recommended Operating Budget of \$46.773 million net is comprised of base funding of \$46.773 million net and \$0 net for new/enhanced services, as the \$0.809 million gross cost for new/enhanced services is entirely funded by the Province. The 2010 Recommended Operating Budget of \$46.773 million net includes recommended \$0.650 million in base expenditure savings and \$1.139 million in savings for minor service level changes.
- Approval of the 2010 Recommended Budget will result in the Program’s total staff complement decreasing from 2,193.7 to 2,173.7 approved positions as a result of the elimination of 20.0 permanent positions as a result of 2010 recommended service changes. This decrease is partially offset by the addition of 9.3 new positions for enhanced services, entirely funded by the Province.
- The 2010 Recommended Operating Budget for Long-Term Care Homes & Services results in incremental future year net costs to the Program of \$2.605 million in 2011 and \$0.270 million in 2012.
  - In 2011, projected increases of \$3.270 million for COLA, progression pay and step increases, will be somewhat offset by \$0.664 million resulting from the annualized savings from service changes included in the 2010 Recommended Operating Budget.
  - The 2012 Outlook anticipates incremental increases of \$0.270 million for progression pay and step increases.
  - LTCHS does not have any additional 2011 reduction options which will achieve the Program’s 2011 reduction target of \$2.234 million or 5% of the 2009 Approved Budget.

However, the Program will review options during 2010 and report back during the 2011 Operating Budget process.

- The 2010 Recommended Base Budget provides funding for the following key cost drivers:
  - A cost of living adjustment (COLA) of 2% for Union staff and 1% for exempt staff, along with step, progression pay and fringe benefit increases results in an increase of \$3.760 million.
  - Collective agreement changes, such as the addition of Family Day and shift bonuses for Registered Nurses in charge, contribute to an additional \$0.664 million in expenditures
  - WSIB increase to reflect actual experience in the amount of \$0.653 million
- The cost drivers noted above have been partially off-set by the following savings and revenues included in the 2010 Recommended Operating Budget:
  - Absorbing non-discretionary inflationary increases of \$0.650 million for Hydro, gas, water, food, and medical supplies.
  - Increased Provincial subsidies (\$1.157 million) and user fees (\$0.889 million).
- The Program's 2010 Recommended Operating Budget includes service changes with savings of \$1.139 million for 2010 that will result in additional savings of \$0.664 million in 2011. The recommended service change actions include:
  - Backfilling absences of Registered Nurses with Registered Practical Nurses (\$0.194 million);
  - Additional service changes, which will result in the reduction of 20 approved positions (\$0.945 million net in 2010 with an incremental impact of \$0.664 million net in 2011). Please refer to the Confidential Attachment.
- Approval of the Service Changes will result in a reduction of 20 approved permanent positions reducing the staff complement to 2,173.7 approved positions.
- The following key program issues have been identified during the 2010 Operating Budget process:
  - Maintaining current service levels with limited resources is becoming increasingly more difficult mainly due to ongoing salary pressures and ongoing Provincial funding uncertainties, as well as increasing service demands driven by rising resident acuity, changing needs of residents and clients and changes in government regulations.
  - To achieve the 2011 budget target, the Program's opportunity to reduce salary pressures, without impacting service delivery is limited by the Collective Agreement.
- The 2010 Recommended Operating Budget will allow Long-Term Care Homes & Services to continue to provide exemplary long term care services to residents and clients, and to actively participate in the creation of an effective continuum of care through strong partnerships with

other health care organizations and community partners. Funding for the 2010 Recommended Operating Budget will:

- Continue the delivery of long-term care services including resident and convalescent care offered at 10 long-term care homes and provide support to over 2,600 residents.
- Continue to provide over 12,500 client days of care under the Adult Day Program. The Adult Day Program provides daytime recreation, social and wellness programming for frail seniors.
- Continue to provide Supportive Housing units to 430 clients.
- Continue to provide the Meals on Wheels Program that will deliver over 2,100 meals per week.
- Continue to provide 115,000 client visits under the Homemakers and Nurses Services to support the Aging at Home strategy and provide housekeeping, laundry and meal preparation assistance.

**Recommendations**

The City Manager and Chief Financial Officer recommend that:

1. Council approve the 2010 Recommended Operating Budget for Long-Term Care Homes & Services of \$220.626 million gross and \$46.773 million net, comprised of the following services:

<u>Service:</u>	<u>Gross</u> <u>(\$000s)</u>	<u>Net</u> <u>(\$000s)</u>
Divisional Office	1,444.0	111.0
Toronto Homes	207,710.4	45,353.7
Community Based Services	<u>11,472.1</u>	<u>1,308.6</u>
 Total Program Budget	 <u>220,626.6</u>	 <u>46,773.4</u>

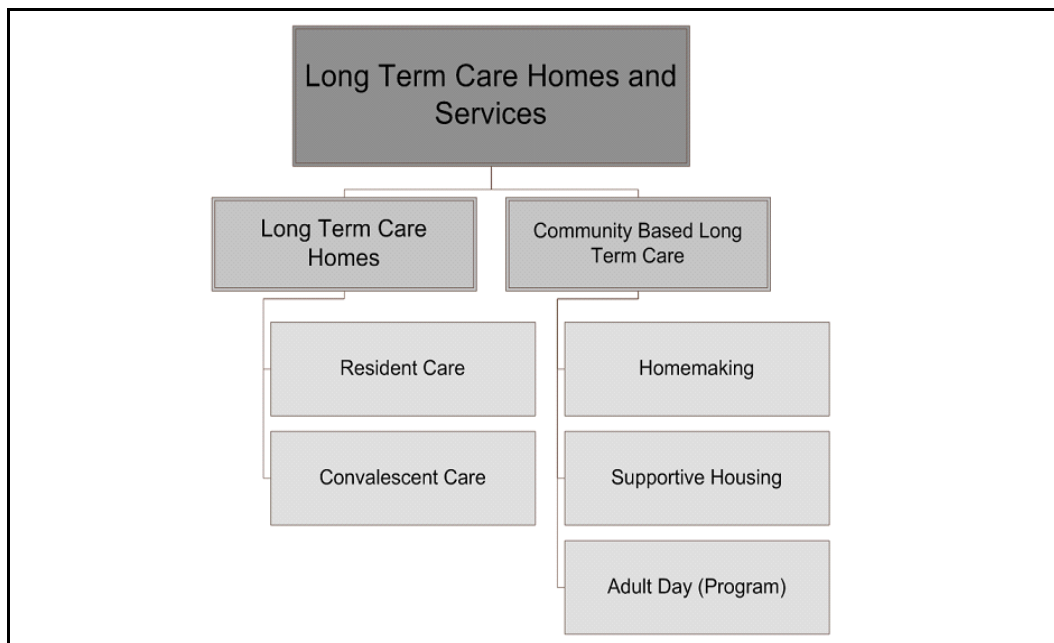
2. Council approve the new Nutrition and Dietetic services enhancements as required by the Long-Term Care Homes Act Draft Regulation, (\$0.803 million gross, \$0 net), subject to Provincial funding.
3. The information contained in confidential attachment 1 remain confidential until the outcome of Council's decision has been communicated to the Unions and affected staff.

**PART II: 2010 SERVICE OVERVIEW AND PLAN**

**Mission Statement**

Long-Term Care Homes & Services (LTCHS) is committed to providing exemplary long-term care services to residents and clients, and to actively participating in the creation of an effective continuum of care through strong partnerships with other health care organizations and community partners. Their focus is on the provision of individualized care that respects, supports and enables people to be as independent as possible.

**Program Map**



**2010 Recommended Services: Overview**

Long-Term Care Homes & Services (LTCHS) delivers two key services: Long-Term Care Homes and Community Based Long-Term Care.

The *Long-Term Care Homes* service provides high quality care and accommodation for adults who require the care and services available in a long-term care home for an extended period of time. The service consists of the following activities:

- Convalescent care (38 beds), providing an alternative to extended hospitalization for persons recovering from illness or surgery and requiring care for a prolonged period of time prior to returning home; and
- Resident care (over 2,600 beds), including both long and short-term stays in long-term care homes.

*Community Based Long-Term Care* ensures the provision of social and recreational programs, homemaking assistance and supportive housing to senior and/or ailing citizens. It is comprised of the following activities:

- Homemakers & Nurses Services, which includes over 115,000 client visits and provides assistance with housekeeping, laundry and meal preparation to qualified clients in their own homes;
- Supportive Housing, which has 430 clients, and provides assistance with personal care, homemaking, laundry, security checks, and meals; and
- Adult Day Program, which provides day-time recreation, social, and wellness programming for 250 frail seniors living in the community.

### **Service Objectives**

Long-Term Care Homes & Services has developed a multi-year plan that prioritizes and aligns strategic initiatives that directly address a number of Council's priorities. LTCHS' service objectives for 2010 and beyond are listed below:

- To provide a continuum of long-term care and services through both permanent admission, short-stay and convalescent care to over 2,600 residents with multiple diagnoses and varying degrees of physical frailties, cognitive impairment and complex care needs.
- To maintain an occupancy rate of 97% or higher to respond to community need and maximize provincial subsidy.
- To strengthen relationships with the Ministry of Health and Long-Term Care (MOHLTC), Community Care Access Centers (CCAC), other City health providers and Local Health Integration Networks (LHIN) to ensure specialized services better meet the needs of the community.
- To expand and enhance supportive housing services, with primary attention to priority neighbourhoods.
- To provide a variety of quality activities and services in a safe and supportive environment to individuals living in the community who are physically frail, have a cognitive impairment or are socially isolated.
- To avoid unnecessary transfers to emergency departments and alleviate alternative level of care pressures in hospitals.

**PART III: 2009 BUDGET EXPERIENCE**

**2009 Accomplishments**

Long-Term Care Homes & Services’ major accomplishments during 2009 are listed below:

- Achieved recognition with Accreditation Canada for exceeding national averages in areas of service quality and safety, developing three leading best practices, and meeting 100% of the national standards;
- Continued to achieve excellence in integrated quality management and clinical areas for enhanced care and services based on best practices, leadership in falls prevention strategy, medication and pain management, and rehabilitation;
- Expanded services in dementia care, behavioural response care, and mental health by working with other providers and alleviating alternative level of care pressures in hospitals;
- Expanded supportive housing under the Provincial Aging at Home strategy;
- Continued to influence public policy on aging and long-term care issues by providing input into the Regulations for the Long-Term Care Act, promoting age-friendly communities, and leading the City of Toronto – 5 Local Health Integration Networks Collaborative Table;
- Embedded a continuous safety culture in daily work and developed environments in all ten homes to respond to the care, comfort and safety needs of residents with higher acuity and dementia;
- Increased volunteer programs, with over 130,000 volunteer hours provided in 2009

**Table 2: 2009 Budget Variance Review (\$000s)**

(In \$000s)	2008 Actuals	2009 Approved Budget	2009 Projected Actuals*	2009 Appvd. Budget vs Projected Actuals Variance	
	\$	\$	\$	\$	%
<b>GROSS EXP.</b>	200,559.7	215,833.4	213,233.4	(2,600.0)	(1.2)
<b>REVENUES</b>	159,076.4	171,149.1	168,049.1	(3,100.0)	(1.8)
<b>NET EXP.</b>	41,483.3	44,684.3	45,184.3	500.0	1.1
<b>Approved Positions</b>	2,167.4	2,193.7	2,193.7	0.0	0.0

\*Projected Actuals Based on the September 30, 2009 Variance Report

**2009 Budget Variance Analysis**

The Long-Term Care Homes & Services’ Third Quarter Variance report projects that the Program will be \$0.500 million or 1.1% above the 2009 Approved Operating Budget of \$44.684 million net by year-end.

- The projected favourable gross variance is a combined result of reduced spending due delays in receiving Ministry of Health & Long-Term Care (MOHLTC) and Local Health Integration Networks (LHINs) funding of \$4.8 million, offset by the impact of delays in downsizing Kipling Acres resulting in higher gross expenditures of \$2.600 million and \$0.500 million net as shown below:

	100% funded programs	Kipling Acres	Total Variance
Gross	(4,800)	2,200	(2,600)
Revenue	<u>(4,800)</u>	<u>1,700</u>	<u>(3,100)</u>
Net	0	500	500

- The delay in downsizing Kipling Acres by 50 beds is due to late Provincial approvals for capital redevelopment.

**Impact of 2009 Operating Variance on the 2010 Recommended Budget**

- The Ministry of Health and Long-Term Care approval for capital redevelopment of Kipling Acres was received on January 5, 2010, almost six months later than expected. Given that the downsizing of Kipling Acres has not yet begun and official details and timelines have not yet been finalized, LTCHS may face additional pressures in 2010 resulting from the delay in Kipling Acres downsizing.

**PART IV: 2010 RECOMMENDED BASE BUDGET**

**Table 3: 2010 Recommended Base Budget (\$000s)**

	2009 Appvd. Budget	2010 Recommended Base	Change 2010 Recommended Base v. 2009 Appvd. Budget		FY Incremental Outlook	
			\$	%	2011	2012
(In \$000s)	\$	\$	\$	%	\$	\$
<b>GROSS EXP.</b>	215,833.4	219,817.2	3,983.8	1.8	4,105.7	1,770.0
<b>REVENUE</b>	171,149.1	173,043.9	1,894.8	1.1	1,500.0	1,500.0
<b>NET EXP.</b>	44,684.3	46,773.3	2,089.0	4.7	2,605.7	270.0
<b>Approved Positions</b>	2,193.7	2,173.7	(20.0)	(0.9)	(2.5)	0.0

TARGET COMPARISON	2010 Target	2010 Rec. Budget	2010 Rec. Budget vs. 2010 Target	2011 Target
<b>NET BUDGET</b>	46,327.8	46,773.3	445.5	44,993.6
<b>PROGRAM REDUCTION (\$)</b>	(2,234.2)	(1,788.7)	445.5	(2,234.2)
<b>PROGRAM REDUCTION (%)</b>	(5.0)	(4.0)	1.0	(5.0)

**Table 3a: Program Reduction Requirements (\$000s)**

(In \$000s)	2010 Required Reductions	2011 Required Reductions
2009 Approved Budget (September 30)	44,684.3	
<b>Pressures Reported with 2010 / 2011 Outlook</b>	<b>3,877.7</b>	<b>900.0</b>
Pressures Not Reported with 2010 / 2011 Outlook	0.0	0.0
<b>5% Reduction Target</b>	<b>(2,234.2)</b>	<b>(2,234.2)</b>
Additional Pressures not in 2010 Reported Outlook	0.0	TBD
<b>Program Reduction Target</b>	<b>(2,234.2)</b>	<b>(2,234.2)</b>
<b>Net Budget Target</b>	<b>46,327.8</b>	<b>44,993.6</b>

**2010 Recommended Base Budget**

The 2010 Recommended Base Budget of \$219.817 gross and \$46.773 million net represents a \$2.089 million or 4.7% increase over Long-Term Care Homes & Services' 2009 Approved Operating Budget of \$44.684 million net. The 2010 Recommended Base Budget includes funding of \$3.879 million for base budget increases, which have been partially offset by \$1.789 million in budget reductions arising from recommended base budget savings of \$0.650 million and minor service level change savings of \$1.139 million.

This represents \$0.445 million or 1.0% shortfall in Program reductions from the Program's 2010 Operating Budget reduction target of \$2.234 million or 5% of the 2009 Approved Budget.

Approval of the 2010 Recommended Base Budget will result in the Program's total approved complement decreasing from 2,193.7 to 2,173.7 approved positions as a result of the elimination of 20 permanent positions arising from service changes recommended for 2010.

### **2010 Base Budget Key Cost Drivers**

The 2010 Recommended Base Budget provides funding for the following key cost drivers:

- Cost of living adjustments (COLA) of 2% for Union staff and 1% for exempt staff, along with fringe benefit changes require an increase of \$3.514 million for salaries and benefits.
- Step and progression pay increases of \$0.131 million and \$0.116 million respectively.
- Changes to the Collective Agreement, including Family Day and shift bonuses for Registered Nurses (RN) in charge, amount to additional pressures of \$0.665 million
- WSIB cost increases to reflect actual experience of a growing number of claims in the amount of \$0.653 million
- Reversal of a one time contribution from the Homes for the Aged Stabilization Reserve used in 2009 of \$0.151 million

The cost drivers noted above will be partially offset by the following savings included in the 2010 Recommended Base Budget:

- An increase in user fees and Provincial subsidies in the amount of \$0.890 million and \$1.157 million respectively
- Absorbing non-labour inflationary increases for Hydro, food, water, gas and medical supplies of \$0.650 million

### **2010 Service Changes**

The 2010 Recommended Base Budget for Long-Term Care Homes & Services includes service change savings of \$1.789 million representing 4.0% of the 2009 Approved Budget resulting in \$0.664 million of incremental savings in 2011. The recommended 2010 service changes are comprised of \$0.650 million in base change savings noted above and \$1.139 million in savings arising from service changes.

The recommended service changes are summarized below:

*Minor Service Changes:*

- Backfilling/replacement of sick Registered Nurses (RN) with Registered Practical Nurses (RPN), resulting in 2010 savings of \$0.194 million due to lower RPN wage rates
- Reduction of 20 approved positions, resulting in 2010 savings of \$0.945 million, and 2011 savings of \$0.664 million. Please refer to the Confidential Attachment.

**2011 and 2012 Outlook: Net Incremental Impact**

Approval of the 2010 Recommended Base Budget for Long-Term Care Homes & Services will result in 2011 and 2012 incremental increases of \$2.606 million and \$0.270 million, respectively. Future year costs are primarily attributed to the following:

- The 2011 Outlook for LTCHS anticipates incremental net expenditure increases of \$3.270 million for COLA, progression pay and step increases, which will be somewhat offset by \$0.664 million in annualized savings arising from the recommended 2010 service changes.
  - The 2010 Recommended Operating Budget will result in savings of \$0.664 million in 2011 that will assist the Program in achieving the 2011 reduction target of a further decrease of \$2.234 million or 5% of the 2009 Approved Budget. At present time, there have not been any additional reduction options identified for 2011 and beyond. However, the Program will review options before the 2011 Operating Budget process.
- The 2012 Outlook anticipates incremental increases of \$0.270 million for progression pay and step increases.

## PART V: 2010 RECOMMENDED SERVICE CHANGES

**Table 4: 2010 Recommended Service Change Summary**  
(In \$000s)

Description	2010 Recommended Service Changes				Net Incremental Impact	
	Position Change	Gross Exp.	Net Exp.	% Change over 2009 Budget	2011	
	#	\$	\$	#	\$	# Pos
<b>Base Change Summary</b>	<b>0.0</b>	<b>(649.5)</b>	<b>(649.5)</b>	-1.5%	<b>0.0</b>	<b>0.0</b>
<b>Minor Service Level Changes:</b>						
Replace sick RNs with RPNs		(194.2)	(194.2)	-0.4%		
Reduce 20 approved positions	(20.0)	(905.6)	(905.6)	-2.0%	(562.0)	
Centralize Services		(39.4)	(39.4)	-0.1%	(102.3)	(2.5)
<b>Sub-Total Service Changes</b>	<b>(20.0)</b>	<b>(1,139.2)</b>	<b>(1,139.2)</b>	-2.5%	<b>(664.3)</b>	<b>(2.5)</b>
<b>Total Changes</b>	<b>(20.0)</b>	<b>(1,788.7)</b>	<b>(1,788.7)</b>	-4.0%	<b>(664.3)</b>	<b>(2.5)</b>

### 2010 Recommended Service Changes

The budgetary impacts of implementing the following service changes are included in the 2010 Recommended Base Budget, with savings estimated at \$1.789 million in 2010 with incremental impacts in 2011 of \$0.664 million. Approval of the recommended service changes will result in a reduction of 20 approved permanent filled positions reducing LTCHS' complement to 2,173.7. Included in the \$1.789 million in savings is \$0.650 million in reductions applied to the base budget, which will have no impact in the level of service provided by the Program in 2010.

#### Service Changes

The following 5 recommended service changes included in 2010 Recommended Base Budget for Long-Term Care Homes & Services, resulting in 2010 savings of \$1.139 million net and 2011 savings of \$0.664 million are discussed below.

##### *Minor Service Changes*

##### *Replace Sick Registered Nurses (RNs) with Registered Practical Nurses (RPNs)*

Currently as RNs call in sick, their positions are backfilled by other available RNs to ensure service continuity. The 2010 Recommended Operating Budget for Long-Term Care Homes & Services includes service change savings of \$0.194 million arising from backfilling sick RNs with RPNs (effective January 1<sup>st</sup>, 2010). The savings are a result of lower wage rates for RPNs. While each home will still continue to ensure that there is sufficient RN coverage available 24/7, replacing an

RN who is off ill with an RPN, may result in delays in conducting non-critical assessments and care interventions.

*Reduction of 20 approved positions in 2010, and 2.5 approved positions in 2011.*

- Recommended service level changes will result in a reduction of 20 permanent positions in 2010, generating savings of \$0.945 million in 2010 and savings of \$0.664 million in 2011. An additional 2.5 permanent positions will be reduced in 2011. Please refer to Confidential Attachment.

**PART VI:  
RECOMMENDED NEW SERVICE PRIORITY ACTIONS**

**Table 5: 2010 New / Enhanced Service Priority Actions: Summary**

(In \$000s)

Description	2010 Recommended			Net Incremental Impact			
	Gross Exp.	Net Exp.	New Positions	2011		2012	
	\$	\$	#	\$	# Pos	\$	# Pos
<b>Enhanced Services:</b>							
(a) Enhanced Services - Council Approved							
(b) Enhanced Services - Program Initiated Long-Term Care Homes Act Nutrition Enhancements	809.3	0.0	9.3				
<b>Sub-Total Enhanced Services</b>	<b>809.3</b>	<b>0.0</b>	<b>9.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>New Services:</b>							
(a) New Services - Council Approved							
(b) New Services - Program Initiated							
<b>Sub-Total New Services</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Enhanced/New Services</b>	<b>809.3</b>	<b>0.0</b>	<b>9.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**2009 Recommended New / Enhanced Service Priority Actions**

**Enhanced Service Priority Actions**

*Program Initiated*

**New Long-Term Care Homes Act Regulations - Nutrition Enhancements (\$0.809 million gross, \$0 net, 9.3 positions):**

Revisions to the Long-Term Care Homes Act require an increase in accountability for food service operations. The draft regulations establish higher mandatory standards related to both staffing levels and service requirements. In addition, the draft regulations introduce new qualification and training requirements for staff dealing with nutrition. Increased time has to be allocated to each resident’s diet and nutritional consultation as well as monitoring of diets and food distribution during meal time, requiring 9.3 additional positions at a cost of \$0.809 million gross, \$0 net.

**PART VII: ISSUES FOR DISCUSSION****2010 Budget Issues*****Increasing Service Demands & Maintaining Service Levels with Limited Resources***

LTCHS works in response to the growing and changing needs of residents and clients, and in response to the diversity of the City (including ethno-racial, cultural and linguistic communities). The Program works closely with external partners and stakeholders, community agencies and health care organizations. LTCHS strives to maintain high client satisfaction levels through the provision of high quality care, while ensuring that services are delivered as efficiently as possible.

The demand for resources required to achieve program goals and maintain service levels with very limited resources presents challenges that need to be addressed.

The complexity and acuity of care in long-term care homes is rising dramatically. These increases provide significant insight into the changing face of the Long-Term Care Homes & Services. The increased complexity and acuity of care results in the need for skill and competency training for staff at all levels of the organization. Increased emphasis on admissions of individuals with dementia, mental illness, and associated responsive behaviours requires mental health education for all staff.

As acuity levels rise, so does the need for further funding needed to provide necessary services and care, which has previously been fully funded by the Province.

Long-Term Care Homes & Services is a 24/7 operation, and salary costs represent about 85% of the budget. Over the past several years the Program has been proactive in adjusting to the reduced Provincial funding system and meeting annual targets. However, salary pressures such as progression pay, step, COLA, and fringe benefit increases significantly contribute to the 2010 Recommended Operating Budget pressures. Furthermore, the addition of Family Day costs and increasing WSIB claims, are the main contributors to the recommended budgetary increase over the 2010 target. Thus, achieving reduction target is difficult given the above noted pressures and service demands.

**2011 and Future Year Issues*****2011 Reduction Target***

Long-Term Care Homes & Services will realize \$0.664 million in 2011 savings, arising from the annualization of service changes included in the 2010 Recommended Operating Budget. At this time no other reduction options have been identified to help achieve the 2011 reduction target.

With service demands and resident acuity on the rise, Provincial funding uncertainty, and continuous policy changes, any additional reductions would be derived from home closures and/or staff eliminations, which would greatly impact service delivery and the Program's ability to meet community needs. It should be noted that Provincial legislation requires a 5-year notice for any long-term care home closures.

Similarly, the transfer of beds to another organization (private or non-profit) would also be subject to Ministry approvals. The Ministry would require that the current standards are maintained throughout any transition period. There would be a continuing liability for the City regarding WSIB and LTD costs without any Provincial subsidy offsets. Successor rights provisions of the Labour Relations Act would apply, as the Collective Agreement provisions would remain in effect for the near term. The new owner would expect the City to continue to subsidize higher wage rates and higher standards of care to meet the Ministry's requirement of sustaining service levels. Thus, LTCHS cannot achieve significant savings without impacting Provincial legislation.

However, there is potential to reduce expenditures while maintaining service levels but it requires either amendments to the Collective Agreement or the negotiation of an agreement with CUPE Local 79 to implement a practice different from the provisions of the Collective Agreement. The current collective agreement prevents the Program from implementing potentially significant savings through the reduction of 8 hour shifts to 7.5 hours. Currently, shifts overlap by ½ hour. This is unlike the health care sector generally, where 7.5 hours are the norm. Furthermore, average wages for LTC staff are significantly higher than the average salaries in Ontario's long term care system. Pay equity costs are also higher for Toronto Long-Term Care Homes & Services Program as compared to many other long-term care facilities. Reducing 40 hour/week jobs to 37.5 would produce annualized savings of approximately \$3.5 million. By reducing shift time, there would be no impact on service levels, but negotiation with CUPE Local 79 would be necessary.

Appendix A

2010 Recommended Base Budget Changes vs. 2009 Approved Budget

(In \$000s)	Summary of 2010 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2011	2012
		\$	\$	\$	\$	\$
<b>2009 Council Approved Operating Budget</b>	<b>2,193.7</b>	<b>215,833.4</b>	<b>171,149.1</b>	<b>44,684.3</b>	<b>0.0</b>	<b>0.0</b>
Technical Adjustments				0.0		
In-Year Budget Adjustments				0.0		
<b>2009 Approved Operating Budget</b>	<b>2,193.7</b>	<b>215,833.4</b>	<b>171,149.1</b>	<b>44,684.3</b>	<b>0.0</b>	<b>0.0</b>
Prior Year Impacts:						
Annualizations from Prior Year						
Reversals from Prior Year			(151.8)	151.8		
Operating Impacts of Capital						
Zero Base Items						
Economic Increases:						
Salary		3,759.9		3,759.9	3,270.0	270.0
Non Salary		674.4		674.4		
<b>Adjusted Base Budget</b>	<b>2,193.7</b>	<b>220,267.7</b>	<b>170,997.3</b>	<b>49,270.4</b>	<b>3,270.0</b>	<b>270.0</b>
Base Expenditure Changes		688.7		688.7		
Base Revenue Changes			2,046.6	(2,046.6)		
<b>2010 Base Budget Prior to Service Changes</b>	<b>2,193.7</b>	<b>220,956.4</b>	<b>173,043.9</b>	<b>47,912.5</b>	<b>3,270.0</b>	<b>270.0</b>
Recommended Service Changes:						
Service Efficiencies						
Revenue Changes						
Minor Service Level Changes		(1,139.2)		(1,139.2)	(664.3)	
Major Service Level Changes						
<b>Total Recommended Base Changes</b>	<b>0.0</b>	<b>(1,139.2)</b>	<b>0.0</b>	<b>(1,139.2)</b>	<b>(664.3)</b>	<b>0.0</b>
<b>2010 Recommended Base Budget</b>	<b>2,193.7</b>	<b>219,817.2</b>	<b>173,043.9</b>	<b>46,773.3</b>	<b>2,605.7</b>	<b>270.0</b>

**Appendix B**

**Summary of Service Changes**

**Appendix C**

**Summary of 2010 Recommended  
New/Enhanced Service Priority Actions**

Appendix D

Program Summary by Expenditure Category

CLUSTER: A							
PROGRAM: Long-Term Care Homes & Services							
	2009 Approved Budget	2009 Projected Actuals	2010 Recommended Budget	Change from 2009 Approved Budget		2011 Outlook	2012 Outlook
	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	176,111.8	174,305.4	180,608.8	4,497.0	2.6%	185,388.7	186,888.7
Materials and Supplies	18,955.1	17,900.9	18,669.0	(286.1)	(1.5%)	19,245.7	19,245.7
Equipment	2,435.9	1,454.4	2,473.1	37.2	1.5%	2,473.1	2,473.1
Services & Rents	16,148.0	15,580.2	16,646.8	498.8	3.1%	16,696.8	16,696.8
Contributions to Capital	0.0	0.2	0.0	0.0	n/a	0.0	0.0
Contributions to Reserve/Res Funds	1,730.3	1,730.3	1,730.3	(0.0)	(0.0%)	1,730.3	1,730.3
Other Expenditures	45.0	35.0	46.0	1.0	2.2%	46.0	46.0
Interdivisional Charges	407.1	350.3	452.5	45.4	11.2%	452.5	452.5
<b>TOTAL GROSS EXPENDITURES</b>	<b>215,833.4</b>	<b>211,356.8</b>	<b>220,626.6</b>	<b>4,793.2</b>	<b>2.2%</b>	<b>226,033.1</b>	<b>227,533.1</b>
Interdivisional Recoveries	158.0	151.3	170.2	12.2	7.7%	170.2	170.2
Provincial Subsidies	125,242.4	117,441.7	125,759.7	517.3	0.4%	126,450.4	127,950.4
Federal Subsidies	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Other Subsidies	(1,449.0)	0.0	0.0	1,449.0	(100.0%)	0.0	0.0
User Fees & Donations	46,779.1	47,491.9	47,521.3	742.2	1.6%	47,521.3	47,521.3
Transfers from Capital Fund	160.0	0.0	260.0	100.0	62.5%	260.0	260.0
Contribution from Reserve Funds	151.8	151.8	0.0	(151.8)	(100.0%)	0.0	0.0
Contribution from Reserve	0.0	0.0	0.0	0.0	n/a	0.0	0.0
Sundry Revenues	106.7	933.8	142.0	35.3	33.1%	142.0	142.0
<b>TOTAL REVENUE</b>	<b>171,149.1</b>	<b>166,170.4</b>	<b>173,853.2</b>	<b>2,704.1</b>	<b>1.6%</b>	<b>174,543.9</b>	<b>176,043.9</b>
<b>TOTAL NET EXPENDITURES</b>	<b>44,684.3</b>	<b>45,186.4</b>	<b>46,773.4</b>	<b>2,089.1</b>	<b>4.7%</b>	<b>51,489.2</b>	<b>51,489.2</b>
<b>APPROVED POSITIONS</b>	<b>2,193.7</b>	<b>2,183.7</b>	<b>2,183.0</b>	<b>(10.7)</b>	<b>(0.5%)</b>	<b>2,180.5</b>	<b>2,180.5</b>