



**STAFF REPORT
ACTION REQUIRED**

Proposed 2007 Rate Increase for Homemaking Agencies Contracted by the Homemakers and Nurses Services Program (HMNS)

Date:	December 19, 2006
To:	Community Development and Recreation Committee
From:	General Manager, Homes for the Aged
Wards:	All
Reference Number:	

SUMMARY

The Homemakers and Nurses Services Program (HMNS) contracts with eleven (11) community service agencies to provide in-home support (light housekeeping, laundry, assistance with meal preparation, etc.) to clients of the City’s HMNS (i.e. seniors, the frail elderly, persons with disabilities) to support these City residents to remain in their own homes and age in place. The rates paid to the eleven agencies are specified in annual service agreements with the City, but the actual rates have not been increased since 2004. This has created hardship to some contracted community service agencies as they have incurred wage increases of between two to three percent annually.

In addition, there was a historic approach adopted by the Ministry of Health and Long-Term Care (MOHLTC) and the City’s HMNS to pay the contracted community service agencies for their service to clients by flowing funding in three separate “streams” or “components”, namely the hourly rate, the pay equity rate and the rate paid for travel time between clients. The MOHLTC has changed its own approach to funding the City’s HMNS program and now considers all three components to be part of the base funding, making it possible for the City to initiate a blended rate for all three components, resulting in administrative efficiency within HMNS.

The HMNS is a cost shared program (80:20), although the pay equity component was previously 100 percent funded by the MOHLTC. The proposed rate increase and the proposed blended rate will be absorbed within the approved operating budget for HMNS.

RECOMMENDATIONS

It is recommended that:

1. the rate paid to community service agencies contracted by HMNS, including those community service agencies who provide service under the “Special Needs Fund” of HMNS be increased from \$16.83 to \$20.65 effective January 1, 2007;
2. the rate of \$20.65 be deemed to be an all-inclusive rate, covering the costs associated with hourly service provision, pay equity and travel, as outlined in this report;
3. the General Manager of Homes for the Aged be authorized to negotiate annual rate increases in 2008, 2009 and 2010 that do not exceed the rate of inflation and are within the Division’s approved base program budget; and
4. the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

FINANCIAL IMPACT

There are no financial implications arising out of this report. The homemaking services will continue to be cost-shared between the Province and the City on an 80:20 basis as outlined in the *Homemakers and Nurses Services Act*, and the rate increase will be managed within the divisional 2007 operating budget.

DECISION HISTORY

The 2004 rate increase was approved by City Council at its meeting on June 22, 23, and 24, 2004 through adoption of Clause No. 11 of Report No. 4 of the Community Services Committee. There has been no further rate increase since that time, as the Ministry of Health and Long-Term Care “capped” their contribution to the HMNS program. As a result of this MOHLTC decision, any decision to pass on a rate increase to contracted community agencies would have resulted in a decrease in the volume of services that the HMNS offers to the community.

However, cost escalations and negotiated wage increases have made it difficult for the contracted community agencies to continue to operate at the same hourly rate.

Senior management with the HMNS is currently engaged in discussions with the MOHLTC related to lifting the “cap” on their funding for 2007. Although these discussions have not yet concluded, it is anticipated that there will be a positive response in the near future, which will then allow HMNS to initiate the blended rate, comprised of the hourly rate, the pay equity rate and the rate for travel costs, without any reduction in the volume of services provided. If the MOHLTC does not lift the “cap”, then the total volume of services provided under the program will be reduced as a means of offsetting

the increased rate, based on the fact that agencies have a bona fide need for a rate increase.

ISSUE BACKGROUND

The *Homemakers and Nurses Services Act* was instituted in the early 1960s before the establishment of the provincially funded Home Care Program to address the needs of vulnerable citizens who needed homemaking services. Services were to be administered by the municipal level of government, and funding was provided through a cost sharing arrangement with the province where the province provided 80 percent of the cost and the municipality provided the remaining 20 percent.

When the Community Care Access Centres (CCAC) were created in 1997, there was a provincial vision to have homemaking services primarily delivered by the CCACs. However, this has not been realized to date as a result of CCAC budget constraints, and the CCACs have been unable to provide homemaking to individuals who only need this type of home help to maintain themselves in the community. As a result, the City has maintained its HMNS program and maintains a case load of approximately 2,300 clients at any given time. HMNS and the CCACs work collaboratively to deliver services, with client referral back and forth between the various CCACs and HMNS as the clients' needs have changed. Many clients would be at risk without HMNS because the CCACs are unable to provide those services necessary to maintain the client in their own homes. Clients also benefit from the coordination of services between CCAC and HMNS because the CCAC emphasis on personal care combined with the HMNS emphasis on homemaking provides a fuller range of service for the client.

In the City of Toronto, service agreements have been in place with community support (homemaking) agencies since 1968. Currently, the City contracts with 11 contracted community service agencies to provide homemaking services to individuals who meet the functional and financial eligibility criteria of HMNS. Currently, the City pays a rate of \$16.83 per hour to contracted community agencies as the base hourly rate, plus a range of \$1.00 to \$2.26 for pay equity costs and a range of \$0.79 to \$2.91 for travel costs. This has resulted in a complex billing system.

This report proposes to increase the rate and blend the rates paid for hourly service, pay equity and travel into one blended all-inclusive rate. In order to establish a fair blended rate, HMNS management has studied the historical averages for the pay equity and travel costs and is recommending an additional increase of \$3.31 to cover these costs be added to a new hourly rate of \$17.34 to cover these ancillary costs. The benefit of this arrangement would be a single all-inclusive rate paid to all agencies instead of billing for three separate components resulting in more efficient bookkeeping and accounting procedures for HMNS.

COMMENTS

HMNS delivers approximately 219,000 hours of service each year through approximately 110,000 visits to clients, 50 percent of whom are frail elderly. The rest of the client mix consists of persons with chronic illnesses, physical disabilities, mental health issues, or those recovering from an acute illness.

City Council has confirmed the value of homemaking services in supporting healthy aging, aging in place, and independence a number of times in recent years when considering past staff reports. Demographic trends indicate an increasing demand for homemaking services. The City of Toronto's Seniors' Roundtable report entitled "Housing Toronto Seniors – Planning for the Future" documents the value of homemaking services and makes a clear recommendation concerning the need to maintain and increase community supports.

Contracted community service agencies require sufficient numbers of staff with the appropriate skill levels to maintain a responsive and effective community service sector. Many agencies state that they are currently losing homemaking staff due to the lower salaries paid in the sector. Recruitment and retention of homemaking staff are major concerns in the sector.

The recommended 2007 rate increase will be absorbed within the divisional operating budget. While the number of hours of service provided will reduce by a minimal amount, a rate increase will ensure that our current contracted community service agencies are paid fairly and at a rate that will assist in recruitment and retention of staff. The proposed increase will demonstrate the City's commitment to a strong community service sector, re-affirm our willingness to work fairly with contracted community service agencies and provide an additional strategy to carry out the mandate of the HMNS program.

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