

# Analyst Briefing Notes

## Budget Committee

(February 10, 2009)

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## Executive Summary

- Toronto Long-Term Care Homes & Services 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 areas of 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 faces both challenges and opportunities over the next 3 years. The challenges include maintaining current service levels with limited resources mainly due to ongoing salary pressures, ongoing Provincial funding uncertainties, and the Homes for the Aged Stabilization Reserve depletion, as well as addressing increasing service demands driven by rising resident acuity, changing needs of residents and clients and changes in government regulations. The Program has opportunities over the next few years to review salary pressures through collective agreement negotiations, to continue exploring integration opportunities with the Local Health Integration Networks, and to identify further efficiencies arising from a review of operations.
- The service objectives for Long-Term Care Homes & Services include:
  - Continuing to provide a continuum of long-term resident and convalescent care and service to a growing number of residents with complex care needs
  - Maximizing Provincial funding by maintaining an occupancy of 97% or higher to respond to community needs
  - Strengthening 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
  - Expanding the Homemakers and Nurses Services (HMNS), Supportive Housing, and Adult Day Programs to meet demonstrated unfulfilled community needs
- The 2009 Recommended Operating Budget includes funding for priority actions which address the challenges, opportunities, and service objectives.

To maximize Provincial revenues and respond to changes in client needs, Long-Term Care Homes and Services will:

- Enhance the community health and wellness by adding 41.6 nursing positions to manage rising resident acuity levels, at a cost of \$3.341 million, fully funded by the Province.

- Provide two additional Supportive Housing services in priority neighbourhoods, at a gross cost of \$0.804 million, fully funded by the Province. The additional sites address the growing client preference for “Aging at Home” and will create additional 60 units to fulfill the community needs.

To continue to maintain current service levels with limited resources, Long-Term Care Homes & Services will:

- Review collective agreements to find efficiencies where possible.
  - Implement the Return to Work Program, which results in efficiency savings (and WSIB budget reduction) of \$0.060 million by retraining injured workers in receptionist roles and increasing reception service at the long-term care homes.
  - Promote integration and efficiency within the healthcare systems by finding partners to deliver the Adult Day Program, resulting in savings of \$0.088 million.
- For 2008, the Long-Term Care Homes & Services is projecting to be at budget. The gross and revenue variance is due to the delay in the anticipated Provincial subsidy increase and the subsequent delay in the implementation of specific care and service level adjustments.

**Table 1: 2009 Recommended Budget**

	2008		2009 Recomm'd Operating Budget			Change - 2009 Recommended Operating Budget v. 2008 Appvd. Budget		FY Incremental Outlook	
	2008 Appvd. Budget	2008 Projected Actual	2009 Base	2009 New/Enhanced	2009 Operating Budget			2010	2011
	\$	\$	\$	\$	\$			%	\$
<b>(In \$000s)</b>									
<b>GROSS EXP.</b>	207,426.6	204,426.6	212,656.6	803.8	213,460.4	6,033.8	2.9	1,151.8	1,000.2
<b>REVENUE</b>	165,878.8	162,878.8	170,345.3	803.8	171,149.1	5,270.3	3.2	100.0	100.0
<b>NET EXP.</b>	41,547.8	41,547.8	42,311.3	0.0	42,311.3	763.5	1.8	1,051.8	900.2
<b>Approved Positions</b>	2,167.4	2,167.4	2,217.3	1.0	2,218.3	50.9	2.3	0.0	0.0
<b>TARGET</b>			<b>40,716.8</b>		<b>40,716.8</b>				
<b>\$ Over / (Under) Program Target</b>			<b>1,594.5</b>		<b>1,594.5</b>				
<b>% Over / (Under) Program Target</b>			<b>3.9%</b>		<b>3.9%</b>				

- The 2009 Recommended Operating Budget for Long-Term Care Homes & Services of \$42.311 million net is \$0.764 million or 1.8% higher than the 2008 Approved Operating Budget, and \$1.595 million or 3.9% higher than the 2009 target as any further reductions would result in significant service impacts.
- The 2009 Recommended Operating Budget of 42.311 million net is comprised of base funding of \$42.311 million net and \$0 net for new/enhanced services, as the \$0.804 million gross cost for new/enhanced services is entirely funded by the Province. The 2009 Recommended Operating Budget of \$42.311 million net includes service level efficiencies and reductions of \$1.149 million.

- The 2010 Outlook net impact increase of \$1.052 million is due to step and merit increases, as well as reversal of one time reserve draw of \$0.152 million recommended in 2009. The 2011 Outlook impact of \$0.900 million net is comprised of ongoing step and merit increases. The Outlooks for 2010 and 2011 do not include a provision for COLA as well as any other economic increases which are subject to future negotiations.
- The 2009 Recommended Operating Budget includes an additional 50.9 positions, increasing the staffing complement from 2,167.4 to 2,218.3 approved positions. The additional positions are comprised as follows:
  - 41.6 new positions to respond to an increase in resident acuity, fully funded by the Province.
  - 2.3 new net positions for initiatives approved in 2008 including 4.3 new positions for the annualization of the Bleeker Street Supportive Housing initiative, fully funded by the Province, and a reduction in 2 positions as a result of the transfer to the 311 Project Office.
  - 6 new net positions to implement recommended efficiency measures; including 5 new positions to transition employees currently relying on WSIB back to work on modified duties, which will result in a reduction in WSIB costs by lowering WSIB fees and reducing the need for hiring additional part-time workers, 1.2 new positions required for food preparation support, 0.8 new positions for enhanced convalescent care, offset by a reduction in 1 Adult Day Program co-ordinator position, resulting in savings of \$0.365 million.
  - 1 new position (Supportive Housing service enhancement) to ensure that a full-time counselor is available to support the additional clients served by the expansion of Supportive Housing into two new sites at priority neighbourhoods. There is no net cost to the City.
- The 2009 Recommended Operating Budget of \$42.311 million net incorporates the Program's key cost drivers including annualization of 2008 COLA and fringe benefit increases, merit and step increases, reversal of one-time reserve withdrawal in 2008, and non-discretionary expenditures that total \$3.482 million. These cost pressures are partially offset by the reversal of 2008 Family Day costs of \$0.600 million, user fees of \$0.823 million, recommended efficiencies of \$0.365 million, reserve withdrawal of \$0.152 million and one service reduction of \$0.632 million for temporary downsizing of Kipling Acres from 312 beds to 262 beds.
- The 2009 Recommended Operating Budget addresses a broad range of priority actions that advance the Mayor's mandate and Council's policy agenda. These include:
  - Continue to implement youth initiatives by providing internship positions for youth from at-risk communities
  - Provide additional supportive housing services in priority neighbourhoods
  - Promote integration and efficiency within the healthcare systems and continuing to realign community based services based on emerging community needs

- The net expenditure of \$42.311 million funds increases in cost of living, merit, step, and other economic factors required to ensure continuous quality care of residents. In addition, it also funds the expansion of two additional Supportive Housing sites, which will be provided in the Toronto Community Housing Corporation (TCHC) building located in priority neighbourhoods.
- The 2009 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. The 2009 Recommended Operating Budget will fund:
  - 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.
  - 41.6 additional nursing staff positions to address the rise in complexity and acuity of resident needs.
  - 10 additional spaces and 12,000 client days of care under the Adult Day Program. The Adult Day Program provides daytime recreation, social and wellness programming for frail seniors.
  - 60 additional Supportive Housing units, increasing clients from 250 to 310 clients, as a result of opening two new sites located in priority neighbourhoods.
  - Continue to provide the Meals on Wheels Program that will deliver over 2,100 meals per week.
  - Continue to provide 110,000 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 Acting Chief Financial Officer recommend that:

1. Council approve the 2009 Recommended Operating Budget for Long-Term Care & Services of \$213.460 million gross and \$42.311 million net, comprised of the following segments, be approved:

<u>Service:</u>	<u>Gross (\$000s)</u>	<u>Net (\$000s)</u>
Divisional Office	1,512.6	31.0
Toronto Homes	200,313.1	40,629.1
Community Based Services	<u>11,634.7</u>	<u>1,651.2</u>
Total Program Budget	<u>213,460.4</u>	<u>42,311.3</u>

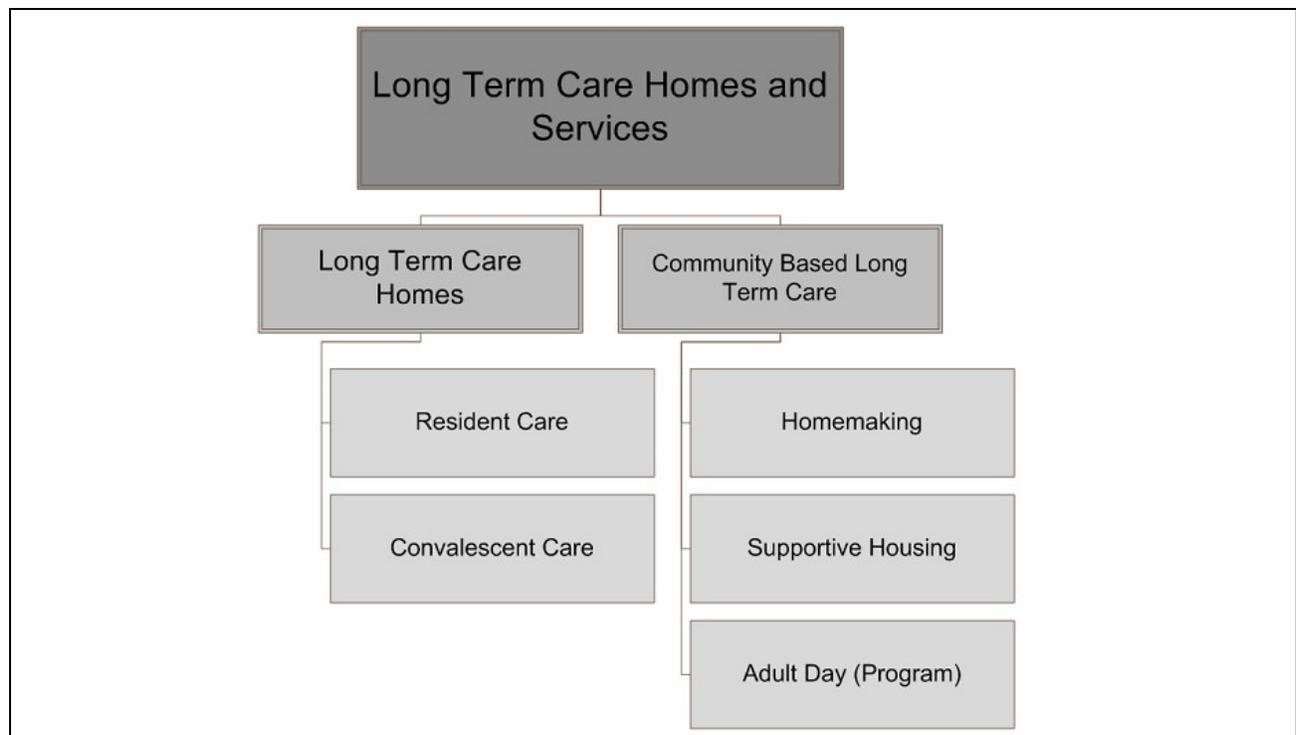
2. Council approve the new service enhancement priorities for two new Supportive Housing sites in the Toronto Community Housing Corporation buildings, located in priority neighbourhoods (\$0.804 million gross, \$0 net), subject to Provincial funding.
3. the General Manager of Long-Term Care Homes & Services report to Budget Committee as part of the 3<sup>rd</sup> Quarter Variance Report on the status of the implementation of the recommended reduction option to temporarily downsize Kipling Acres in 2009.



Long-Term Care Homes & Services (LTC) 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. Services provided include:

- 10 Long-Term Care Homes serving over 2,600 residents, providing both permanent and short-stay admissions
- Community Support Programs including Adult Day Program (12,500 client days per year) and Meals on Wheels Program (2,100 meals/week)
- Supportive Housing site serving over 300 clients
- Homemaking and Nurse Services offered to qualified clients in their own homes (115,000 visits per year)
- Specialty medical and dental services provided through Community Partnerships

### Program Map



## Service Challenges and Opportunities

In 2006, Long-Term Care Homes & Services undertook a major initiative to update their strategic plan, involving numerous community partners. Key trends identified as having an impact on the operations of LTC are shifting demographics with an increase in seniors' population, changes in government policy, unmet community needs, unresolved funding issues, increasing regulation, and challenges in the recruitment and retention of skilled employees.

Collaboration with the five Local Health Integration Networks (LHINs), Bill 140 (The Long-Term Care Homes Act), and the Ministry of Labour's proactive health care audit process also drive the strategic planning process.

Long-Term Care Homes and Services provides services to adults who require long-term care. Services may be continuous or intermittent, but are usually delivered on a long-term basis to persons who have demonstrated need, usually as a result of chronic illness, frailty, or an inability to independently complete normal activities of daily living. The Program operates 10 long-term care homes serving over 2,600 residents, primarily adults whose average age is 85 +, with multiple diagnoses and varying degrees of physical frailties, cognitive impairment and complex care needs.

The challenges faced by Long-Term Care Homes & Services can be summarized into two areas – maintaining service levels with limited resources available and an increasing demand for services.

### *Maintaining Service Levels with Limited Resources*

As the provider of a wide range of services to a diverse clientele, LTC is faced with several challenges in delivering services mainly due to significant ongoing salary pressures, Provincial funding uncertainty and depletion of the Homes for the Aged Stabilization Reserve, as discussed below.

#### a) Salary Pressures

The City of Toronto and CUPE Local 79 received an arbitration award on May 18, 2005 resolving issues outstanding from amalgamation with respect to rate and job classification harmonization, job evaluation and pay equity. Full time employees were assigned into new harmonized job classifications and placed into the next highest step of the wage grade associated with their new position. The effective date of the award was December 31, 2004. As the overall cost to the City was significant, the award directed that employees would receive progressive step increases at one year intervals until they reached the top of their new salary range.

A further arbitration award between the City of Toronto and CUPE Local 79 Long-Term Care Homes & Services Part-Time Unit was rendered on October 24, 2006, with implementation in 2007.

Given that Long Term Care Homes & Services is a 24/7 operation, and salary costs represent about 85% of the budget, the pressures of wage harmonization are significant.

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. In addition, the current collective agreement requires that LTC employees be paid for 8-hour shifts. This is unlike the health care sector generally, where 7.5 hours are the norm. Long-Term Care Homes & Services is exploring ways with CUPE to reduce costs where possible, during the next round of negotiations.

**b) Provincial Funding Uncertainty**

As the provider of a wide range of services to a diverse clientele, LTC is faced with several challenges in delivering services, as both the funding model and organizational structure at the Province are evolving.

Since 1993, the Ministry of Health and Long Term Care (MOHLTC) has been providing long-term care (LTC) funding based on a model referred to as level of care funding. In 2006, the Province introduced new long term care legislation through Bill 140, the "Long-Term Care Homes Act, 2006". While this new legislation outlines changes in standards of care, the proposed legislation provides little clarification on pending funding reforms.

The MOHLTC will be conducting a review of the current funding mechanisms, with the goal of creating a fair, streamlined and stable funding approach with increased accountability and enhanced reporting mechanisms. The Ministry has already initiated work in the creation of an alternative assessment system to measure the level of care required, which will facilitate the development of a revised funding formula.

The long-term care homes sector requires a commitment to multi-year, sustainable funding from the MOHLTC. Currently, the funding is variable and based on a complex formula that fluctuates from year-to-year, which requires that the Program to aggressively pursue all available grants, subsidies and revenues wherever possible.

The Program continues to advocate for new legislative guidelines for the operation of Ontario's long-term care homes, and remains committed to working co-operatively with MOHLTC to build the new legislative governance framework.

**c) Homes for the Aged Stabilization Reserve Depletion**

The Homes for the Aged Stabilization Reserve was created in 2005 with the purpose of funding unanticipated fluctuations. The Reserve was originally established with 50% of the net favourable variance of \$2.8 million as of September 30<sup>th</sup>, 2004 plus any additional surplus generated in the fourth quarter of 2004.

As per Council policy, the Reserve replenishment requires contributions of operating surpluses generated by the Long-Term Care Homes & Services, subject to the Deputy City Manager and Chief Financial Officer's review of final operating results. The contributions are allocated evenly, on a 50:50 basis, between the Homes for the Aged Capital Reserve and Stabilization Reserve.

Annual contributions from the Homes for the Aged Stabilization Reserve have been used in part as a source of funding to offset budget pressures. Reserve funding was \$3.5 million and \$1.225 million in 2007 and 2008, respectively. There have been no contributions to replenish the Reserve. The amount of \$0.152 million remaining in the Stabilization Reserve, has been utilized in the 2009 Recommended Operating Budget and the withdrawal will deplete the Reserve. The depletion of the Stabilization Reserve puts great pressure on the Program to come up with viable and sustainable reduction strategies.

***Increasing Service Demands***

LTC 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. LTC 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.

a) Rise in Resident Acuity

Long-Term Care Homes & Services Program, as the provider of a wide range of services to a diverse clientele, is faced with several challenges in delivering services given the current level of funding.

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. In order to provide safe, high quality resident-centred care and services, the 2009 Recommended Operating Budget includes an increase in 41.6 nursing positions to address the rising acuity, for both current and new residents. 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.

b) Changes in Provincial policies & requirements

City and Provincial policy changes create the requirement for staff resources in targeted areas in order to have the capacity to accurately respond to policy direction and ensure compliance. Increased information management requirements in health care (such as RAI-MDS and e-health initiatives) have tapped LTC's current resources to the limit. In addition, there are revised accountability expectations and compliance requirements from MOHLTC and MoL.

Constant changes in policies are putting a burden on the Long-Term Care Homes & Services resources. New standards involving infection control, emergency preparedness, as well as patient and work safety require the Program to continually commit resources to ensure compliance and well being of clients/patients resulting in an erosion of base resources.

***Opportunities***

Over the next three years, Long-Term Care Homes & Services Program has an opportunity to expand services, develop partnership and integrate services, as well as review salary pressures during Collective Agreement negotiations.

a) Expansion of services through partnering with other agencies

LTC has the capacity to expand the existing Supportive Housing services in priority neighbourhoods, in collaboration with Toronto Community Housing Corporation. The service is fully funded by the Province, and expansion would result in additional counsellor positions. The Supportive Housing Program is consistent with the Provincial Aging at Home Strategy. The 2009

Recommended Operating Budget includes two additional supportive housing sites to address the growing demand of the service.

Over the next few years, Long-Term Care Homes & Services also has the opportunity to expand the Meals on Wheels program in partnership with a community agency to provide service to low-income seniors in a priority neighbourhood.

Similarly, LTC has the capacity to expand the Homemakers and Nurses Services Program as the service waiting list continues to increase each year.

And finally, the Program has an untapped potential to improve its linkages with Toronto's diverse communities, working collaboratively with community groups to design and provide care that is based on individual's values, traditions and cultural experiences.

#### b) Partnerships & Integration

Long-Term Care Homes & Services has an opportunity to continue exploring integration opportunities with the Local Health Integration Networks (LHINs) as part of their Integrated Health Services Plan (IHSP) to find partners for the delivery of the Adult Day Program. The Adult Day Program provides an opportunity for seniors in the community to participate in social and health promotion programs in a safe and supportive environment.

The Adult Day Program provides about 12,500 client days of service each year. By finding a partner to deliver the program, Long-Term Care Homes & Services would ensure that such a service remains an option to the participants, while at the same time successfully reducing costs. The 2009 Recommended Operating Budget includes a new partnership at Wesburn Manor, providing for an additional ten client spaces. It also incorporates combining the Seven Oaks Adult Day Program with the Bendale Acres Adult Day Program, resulting in net savings of \$0.088 million without impacting service levels.

### **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. The service objectives are aligned with the services identified on the Program Map and 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

neighborhoods

- 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

### **Priority Actions**

The 2009 Recommended Operating Budget provides \$42.311 million net in base and new funding for a broad range of services and activities that address the challenges, opportunities, and service objectives of Long-Term Care Homes & Services. These include:

- Expanding the supportive housing program by creating 60 additional units to fulfill a growing demand for service. Expansion includes two additional Supportive Housing sites, which will be located in priority neighbourhoods, at a gross cost of \$0.803 million, fully funded by the Province. The additional sites will provide an alternative assistive living for persons who do not require the full services of a long-term care home and assist clients in areas of homemaking, laundry, meal preparation, and personal care. The service is consistent with the Provincial Aging at Home Strategy and will prevent or delay admission into the facility-based care.
- Addressing ongoing salary pressures by reviewing collective agreements for possible efficiency savings.
- Implementing the Return to Work Program, which results in efficiency savings (and WSIB budget reduction) of \$0.060 million net by retraining injured workers in receptionist roles and increasing reception service at the long-term care homes. At present time, there is no overnight reception coverage at the long-term care homes and this program will improve service levels by providing live help on the telephone.
- Promoting integration and efficiency within the healthcare systems by finding partners to deliver the Adult Day Program at Wesburn Manor, resulting in savings of \$0.088 million and creating additional 10 client spaces.

In addition to the specific service objectives for each business area, Long-Term Care Homes & Services has also developed a multi-year plan that prioritizes and aligns strategic initiatives that directly address a number of Mayor's and Council's priorities. Some of these initiatives include the following:

- Influence positive outcomes for Toronto's communities and the broader health system through leadership and expertise in long term care.
- Promote integration, and efficiency within the healthcare system through collaboration with other healthcare providers.
- Develop targeted recruitment plan for entry level or internship positions toward hiring youth from at-risk communities such as a youth entrepreneurship landscaping and/or indoor plant maintenance program.
- Continue to realign community based services, based on stakeholder/client assessment and emerging community needs.

Table 2: 2008 Budget Variance Review

	2007 Actuals	2008 Approved Budget	2008 Projected Actuals	2008 Apprvd. Budget vs Projected Actuals Variance	
(In \$000s)	\$	\$	\$	\$	% Unspent
<b>GROSS EXP.</b>	194,547.2	207,426.6	204,426.6	(3,000.0)	(1.4)
<b>REVENUES</b>	155,449.4	165,878.8	162,878.8	(3,000.0)	(1.8)
<b>NET EXP.</b>	39,097.8	41,547.8	41,547.8	0.0	0.0
<b>Approved Positions</b>	2,121.4	2,167.4	2,167.4	0.0	0.0

## 2008 Experience

As of September 30<sup>th</sup>, 2008, Long Term Care Homes and Service is projecting a favourable year-end gross expenditure variance of \$3.0 million, and a net expenditure variance of \$0. The favourable gross expenditure variance is mainly attributed to reduced expenditures in both the community based services and homes programs (due to lower than anticipated provincial subsidies and grants).

## Impact of 2008 Operating Variance on the 2009 Recommended Budget

There is no impact of the 2008 Operating Variance on the 2009 Recommended Budget.

**Table 3: 2009 Recommended Base Budget**

(In \$000s)	2008 Appvd. Budget	2009 Recommended Base	Change 2009 Recommended Base v. 2008 Appvd. Budget		FY Incremental Outlook	
					2010	2011
	\$	\$	\$	%	\$	\$
<b>GROSS EXP.</b>	207,426.6	212,656.6	5,230.0	2.5	1,151.8	1,000.2
<b>REVENUE</b>	165,878.8	170,345.3	4,466.5	2.7	100.0	100.0
<b>NET EXP.</b>	41,547.8	42,311.3	763.5	1.8	1,051.8	900.2
<b>Approved Positions</b>	2,167.4	2,217.3	49.9	2.3	0.0	0.0
<b>NET TARGET</b>		<b>40,716.8</b>				
<b>\$ Over / (Under) Program Target</b>		<b>1,594.5</b>				
<b>% Over / (Under) Program Target</b>		<b>3.9%</b>				

### 2009 Recommended Base Budget

- The 2009 Recommended Base Budget expenditures of \$212.657 million (gross), reflect an increase of \$5.230 million or 2.5% compared to the 2008 Approved Operating Budget of \$207.427 million. The increase in gross expenditures includes annualized impact of 2008 COLA, merit, step, and fringe benefit cost increases, non-labour inflationary increases and an increase in resident acuity funding. The costs are partially offset by the reversal of leap day and Family Day costs, as well as continued efficiencies and a service level reduction.
- The 2009 Recommended Base Budget revenues of \$170.345 million are \$4.466 million or 2.7% higher than the 2008 Approved Operating Budget. The increase reflects the implementation of higher user fees, additional Provincial funding for higher resident acuity, as well as Provincial revenue maximization arising from service efficiencies.
- The 2009 Recommended Base Budget of \$42.311 million net is 1.8% or \$0.764 million higher than the 2008 Approved Operating Budget and 3.9% or \$1.595 million over the 2009 target, after the recommended service level adjustments of \$1.149 million.
- The additional 49.9 positions, included in the 2009 Recommended Base Budget, are funded by Provincial subsidies and will respond to an increase in resident acuity (41.6 positions) as well as assist with WSIB budget reductions by returning employees to work safely and enhanced convalescent care and meal support (6 positions). Furthermore, an additional 4.3 positions are required for the support of Bleeker Street Supportive Housing initiative, which was initiated in 2008 and is fully funded by the Province.

**2009 Key Cost Drivers and Reduction Strategies**

The 2009 Recommended Base Budget provides funding for the following key cost drivers:

- Increases to salaries & benefits of \$2.087 million net, including merit, step, annualization of 2008 COLA and fringe benefits
- Reversal of a one time contribution from the Homes for the Aged Stabilization Reserve used in 2008 of \$1.226 million net
- Non-labour inflationary increases of \$0.178 million net including increases in food, water, Hydro, natural gas, and medical supplies
- These key costs drivers are partially offset by savings arising from reversal of Family Day funding (\$0.600 million net) and increased user fees (\$0.823 million)

Reduction strategies recommended to mitigate cost pressures include:

***Service Efficiencies:***

- Return to Work Program (\$0.060 million net savings):

In 2007-2008, Long-Term Care Homes & Services piloted a Return to Work program in which injured workers were re-trained in a receptionist role, expanding telephone reception, staff scheduling and clerical duties for the hours between 8:00 pm and 6:00 am. The implementation of the program has increased service levels during the specified hours and resulted in net savings. The project will be expanded to other homes in 2009 and result in a WSIB budget reduction of \$0.060 million net.

- Adult Day Program Partnerships (\$0.088 million net savings)

In order to mitigate pressures, LTC staff explored integration opportunities with the Local Health Integration Networks (LHINs) as part of their Integrated Health Services Plan (IHSP) to find partners for the delivery of the Adult Day Program (ADP). Long-Term Care Homes & Services has created a new partnership at Wesburn Manor, creating an additional ten spaces. In addition, LTC also combined the Seven Oaks Adult Day Program with the Bendale Acres Adult Day Program, which resulted in net savings of \$0.088 million due to a reduction of one ADP coordinator. Transportation services will be maintained for all clients at Bendale Acres/Seven Oaks and service levels will not be affected.

- Better Utilization of Resources (\$0.217 million net savings)

LTC reviewed actual experiences for possible efficiency savings, realigned resources for various services (such as Meals on Wheels), and implemented permanent cost containment measures. Provincial revenues are maximized by absorbing salary costs of two additional positions, that are fully funded.

***Service Revenue Changes (0.152 million net revenue):***

A one-time draw from the Stabilization Reserve Fund is recommended that will deplete the Reserve and result in a pressure in 2010.

***Major Service Level changes:***

- Temporary Downsizing of Kipling Acres (\$0.632 million net savings):

Kipling Acres is located in an ageing facility that is in immediate need of repair. The temporary reduction of 50 beds at Kipling Acres (from 312 beds to 262 beds) will result in temporary net savings in 2009 and allow Long-Term Care Homes & Services to prepare the home for a redevelopment (as specified in a report entitled “Long-Term Care System Challenges and Opportunities for the City of Toronto”). Kipling Acres can be operated in a downsized mode effective June 2009 that will result in temporary expenditure and staff reduction totaling \$0.632 million in 2009.

The Province, through the LHINs, funds about 76% of the service under the current agreement, which also provides a 3% penalty if the occupancy falls below 97%. Negotiations with the Province will be necessary to waive this penalty for the duration of the redevelopment.

**2010 and 2011 Outlook: Net Incremental Impact**

The net incremental impact of a \$1.052 million increase in 2010 is a result of staffing costs (step increases) of \$0.900 million and the reversal of the one time revenue contribution from the Stabilization Reserve Fund in the amount of \$0.152 million.

The additional \$0.900 million net in 2011 represents increases in staffing costs mainly for step increase. The 2010 and 2011 Outlooks do not include a provision for COLA, as the increase is subject to future negotiations nor do they include unconfirmed pressures and savings driven by inflation, volume increases, and potential Provincial funding.



**Table 4**  
**2009 New / Enhanced Service Priority Actions: Summary**  
**(In \$000s)**

Description	2009 Recommended		Rec. New Positions	Net Incremental	
	Gross Exp.	Net Exp.		2010	2011
	\$	\$	#	\$	\$
<b>Enhanced Services:</b>					
(a) Enhanced Services - Council Approved					
(b) Enhanced Services - Program Initiated Supportive Housing - Two New Sites	803.8	0.0	1.0	-	-
<b>Sub-Total Enhanced Services</b>	<b>803.8</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>Total New/Enhanced Services</b>	<b>803.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**2009 Recommended New / Enhanced Service Priority Actions****New Service Priority Actions – Program Initiated***Supportive Housing - Two New Sites*

The Supportive Housing service provides an affordable alternative assistive living program for persons who do not require the full services of a long-term care home. The service prevents or delays admission to a facility based care and provides on-site help in areas of homemaking, laundry, meal assistance, and personal care.

To address the service objectives of expanding supportive housing and maximizing Provincial funding, Long-Term Care Homes & Services will add two new supportive housing sites in the Toronto Community Housing Corporation (TCHC) building, located in priority neighbourhoods. Although Supportive Housing services (including on-site homemaking support in areas of laundry, homemaking, meal assistance, and personal care), which are purchased from third parties, are fully funded by the MOHLTC/LHINs, the expansion of the program will exceed the ability of the Supportive Housing supervisor to adequately manage multiple locations and one additional full-time counselor position is required to support operations of the two sites and determine client eligibility. Expansion of supportive housing is consistent with the Provincial Aging at Home Strategy and addresses a growing demand for the service by creating additional 60 client spaces, increasing total clients from 250 to 310.

Implementation will be contingent upon the City receiving increased funding from the LHINs. A full time counsellor position is required to support the additional clients served. The gross impact of this priority action is \$0.804 million, with \$0 net cost to the City in 2009.

## 2009 Budget Issues

### *2009 Recommended Operating Budget vs. Guideline*

The 2009 Recommended Operating Budget for Long-Term Care Homes & Services is 3.9% over the 2009 target, after the recommended service adjustments of \$1.149 million.

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 merit, step, COLA, and fringe benefit increases are significant and contribute to the 2009 Recommended Operating Budget increase above target by \$2.087 million. Furthermore, reversal of the \$1.226 million withdrawal from the Stabilization Reserve Fund contributes to the remaining increase over the target.

Annual contributions from the Stabilization Reserve Fund have been used in part as a source of funding to offset budget pressures. However, the funding of \$0.152 million included in the 2009 Recommended Operating Budget will deplete the Reserve Fund, creating greater pressures for 2010.

Long-Term Care Homes & Services' 2009 Recommended Operating Base Budget relies on a City funding contribution of about 20 percent.

Wherever possible, LTC has offset the higher expenditures driven by salaries, reserve reversal and inflationary economic factors. However, the service level reductions have not been sufficient to reach the 2009 target of -2% without significantly impacting the delivery of services.

### *2009 Reduction Options*

To offset the significant increase in costs over the 2008 Operating Budget and the 2009 target, various reduction options are being recommended as noted on page 14. However, the reduction options discussed below require Provincial and/or Union support before being implemented.

#### **a) Temporary Downsizing of Kipling Acres (\$0.632 million net)**

On July 31, 2007, the Ministry of Health and Long-Term Care (MOHLTC) announced plans to redevelop all B and C homes. The MOHLTC released program and funding details on November 26, 2008, through a formal briefing session to Long-Term Care Home provider associations. The MOHLTC indicated that construction of the initially approved projects is expected to begin later in 2009 (with completion date of 2010-2011). The City of Toronto has six (6) homes classified as either B or C. Each home will require development or retrofitting within the next 10-15 years, through a prioritized multi-year redevelopment plan. Kipling Acres (located in North Etobicoke - Ward 2), is past its building life expectancy and is the Program's highest priority for redevelopment due to its advanced age and condition. A report entitled "Long-Term Care System Challenges and Opportunities for the City of Toronto" recommending a \$2.0 million redevelopment study will be going before the Budget Committee in 2009.

The capital cost to redevelop the site will be included in the 2010-2015 Capital Plan submission for Long-Term Care Homes & Services. Also, as recommended during the capital budget process, the

General Manager of Long-Term Care Homes & Services will report to Budget Committee on the business model, financial requirements and timing of redevelopment.

In an effort to mitigate pressures and prepare Kipling Acres for the redevelopment, LTC will temporarily downsize the home by 50 beds, from 312 beds to 262 beds. The home can be operated in a downsized mode beginning in summer of 2009 and with a natural attrition rate of 25-33% per year produce an expenditure reduction and a temporary staff reduction.

Since the Province/LHIN funds about 76% of the service, an agreement between all parties involved would be necessary as the downsizing could result in a significant funding penalty beyond the actual reduction of beds. In addition, reducing the number of residents cared for at Kipling Acres for a temporary period of time will result in longer waiting times for admission into long-term care. It will also result in a reduction of available work for employees of the home. The reduction could be achieved through a combination of reduction in work for part-time employees and transfers of employees to other homes. The relocation of staff to other work locations, although complex, will be managed within existing collective agreements.

Should the Province impose penalties for a decline in occupancy below the acceptable 97% rate, savings will be less than anticipated in 2009 and create further pressures for Long-Term Care Homes & Services to remain on target.

Given the significant budget pressures in the event of the above noted reduction not being implemented as planned, it is recommended that the General Manager of Long-Term Care Homes report to Budget Committee as part of the 3<sup>rd</sup> Quarter Variance Report on the status of the implementation of the recommended reduction options in 2009.

In addition, City Council should continue to reiterate its position to the Provincial government that funding to long-term care homes must be improved to meet the care and service requirements of residents living in long-term care homes.

Appendix A

2009 Recommended Base Budget Changes vs. 2008 Approved Budget

(In \$000s)	Summary of 2009 Base Budget Adjustments				Net Incremental Outlook	
	Approved Positions	Gross Expenditures	Revenues	Net	2010	2011
		\$	\$	\$	\$	\$
<b>2008 Council Approved Operating Budget</b>	<b>2,167.4</b>	<b>207,363.2</b>	<b>165,878.8</b>	<b>41,484.4</b>	<b>0.0</b>	<b>0.0</b>
In-year approvals and technical adjustments		63.4		63.4		
Corporate adjustments				0.0		
<b>2008 Approved Operating Budget</b>	<b>2,167.4</b>	<b>207,426.6</b>	<b>165,878.8</b>	<b>41,547.8</b>	<b>0.0</b>	<b>0.0</b>
Prior year impacts	4.3	948.0	(521.9)	1,469.9		
Zero base items				0.0		
Economic factors		4,174.1	2,225.0	1,949.1	1,051.8	900.2
<b>Adjusted Base Budget</b>	<b>2,171.7</b>	<b>212,548.7</b>	<b>167,581.9</b>	<b>44,966.8</b>	<b>1,051.8</b>	<b>900.2</b>
Other base changes	39.6	2,657.0	3,340.5	(683.5)		
Base revenue changes			823.1	(823.1)		
Recommended Service Level Adjustments:				0.0		
Base changes				0.0		
Service efficiencies	6.0	84.2	449.3	(365.1)		
Revenue adjustments			151.8	(151.8)		
Minor service impact				0.0		
Major service impact		(2,633.3)	(2,001.3)	(632.0)		
<b>Total Recommended Base Adjustments</b>	<b>45.6</b>	<b>107.9</b>	<b>2,763.4</b>	<b>(2,655.5)</b>	<b>0.0</b>	<b>0.0</b>
<b>2009 Recommended Base Budget</b>	<b>2,217.3</b>	<b>212,656.6</b>	<b>170,345.3</b>	<b>42,311.3</b>	<b>1,051.8</b>	<b>900.2</b>
<b>2009 Program Operating Target</b>				<b>40,716.8</b>		
<b>% Over (Under) Program Target</b>				<b>3.9%</b>		
<b>% Over (Under) 2008 Appvd. Budget</b>				<b>1.8%</b>		

**Appendix B**

**Summary of Service Level Adjustments**

**Appendix C**

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

Appendix D

Program Summary by Expenditure Category  
(in \$000s)

CLUSTER A							
PROGRAM: Long-Term Care Homes & Services							
	2008	2008	2009	Change from		2010	2011
	Approved	Projected	Recommended	2008 Approved		Outlook	Outlook
	Budget	Actuals	Budget	Budget			
	\$	\$	\$	\$	%	\$	\$
Salaries and Benefits	169,905.7	169,905.7	173,355.2	3,449.5	2.0%	174,355.2	175,355.2
Materials and Supplies	18,464.1	18,464.1	18,938.3	474.2	2.6%	18,938.3	18,938.3
Equipment	2,392.5	2,392.5	2,435.9	43.4	1.8%	2,435.9	2,435.9
Services & Rents	14,844.0	14,844.0	16,893.2	2,049.2	13.8%	16,893.2	16,893.2
Contributions to Capital	-	0.0	0.0	0.0	n/a	0.0	0.0
Contributions to Reserve/Res Funds	1,391.6	1,391.6	1,391.6	0.0	0.0%	1,391.6	1,391.6
Other Expenditures	89.0	89.0	45.0	(44.0)	(49.4%)	45.0	45.0
Interdivisional Charges	339.7	339.7	401.1	61.4	18.1%	401.1	401.1
<b>TOTAL GROSS EXPENDITURES</b>	<b>207,426.6</b>	<b>207,426.6</b>	<b>213,460.4</b>	<b>6,033.8</b>	<b>2.9%</b>	<b>214,460.4</b>	<b>215,460.4</b>
Interdivisional Recoveries	153.2	153.2	158.0	4.8	3.1%	158.0	158.0
Provincial Subsidies	117,807.0	117,807.0	122,970.3	5,163.3	4.4%	123,070.3	123,170.3
Federal Subsidies	-	0.0	0.0	0.0	n/a	0.0	0.0
Other Subsidies	-	0.0	0.0	0.0	n/a	0.0	0.0
User Fees & Donations	46,359.2	46,359.2	47,602.2	1,243.0	2.7%	47,602.2	47,602.2
Transfers from Capital Fund	-	0.0	160.0	160.0	n/a	160.0	160.0
Contribution from Reserve Funds	1,225.6	1,225.6	151.8	(1,073.8)	(87.6%)	0.0	0.0
Contribution from Reserve	-	0.0	0.0	0.0	n/a	0.0	0.0
Sundry Revenues	333.8	333.8	106.7	(227.1)	(68.0%)	106.7	106.7
<b>TOTAL REVENUE</b>	<b>165,878.8</b>	<b>165,878.8</b>	<b>171,149.1</b>	<b>5,270.3</b>	<b>3.2%</b>	<b>171,097.2</b>	<b>171,197.2</b>
<b>TOTAL NET EXPENDITURES</b>	<b>41,547.8</b>	<b>41,547.8</b>	<b>42,311.3</b>	<b>763.5</b>	<b>1.8%</b>	<b>43,363.1</b>	<b>44,263.1</b>
<b>APPROVED POSITIONS</b>	<b>2,167.4</b>	<b>2,167.4</b>	<b>2,220.3</b>	<b>52.9</b>	<b>2.4%</b>	<b>2,220.3</b>	<b>2,220.3</b>

**Appendix E**

**Inflows / Outflows to / from Reserves & Reserve Funds**

Reserve / Reserve Fund Name (In \$000s)	Reserve / Reserve Fund Number	Balance as of December 2008	Proposed Withdrawals (-) / Contributions (+)		
			2009	2010	2011
		\$	\$	\$	\$
Homes For the Aged Stabilization Reserve	XQ1110	151.8	151.8	0.0	0.0
<b>Total Reserve / Reserve Fund Draws / Contributions</b>			<b>151.8</b>	<b>0.0</b>	<b>0.0</b>