TORONTO CITY CLERK

Clause embodied in Report No. 8 of the Community Services Committee, as adopted by the Council of the City of Toronto at its meeting held on October 1, 2 and 3, 2002.

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Ontario Long-Term Care Facility Funding Announcement

(City Council on October 1, 2 and 3, 2002, adopted this Clause, without amendment.)

The Community Services Committee recommends the adoption of the report dated August 26, 2002, from the Commissioner of Community and Neighbourhood Services.

The Community Services Committee reports, for the information of Council, having directed that the Commissioner of Community and Neighbourhood Services be requested to submit the report on the impact of the proposed changes in the way the Province will fund long-term care facilities in the future to the Community Services Committee by November 2002, and elaborate further with respect to the report dated August 7, 2002, from the General Manager, Homes for the Aged, headed "Long-Term Care Resident Co-Payment Increase".

The Community Services Committee submits the following report (August 26, 2002) from the Commissioner of Community and Neighbourhood Services:

Purpose:

To provide Toronto Council with an overview of the Ontario Associate Minister of Health and Long-Term Care's July 31, 2002, announcement on long-term care facility funding and the implications for the City of Toronto.

Financial Implications and Impact Statement:

The announced funding increase will result in a $2.9 million increase in provincial revenues from the approved 2002 operating budget. Combined with the provincial acuity funding adjustment announced earlier this year that resulted in additional revenue of $0.9 million, the Division is forecasting an overall increase in revenue over approved budget of $3.8 million in 2002.

As a result of the provincial funding announcement and the large resident co-payment increase established by the government to take effect on September 1, 2002, there is a public expectation that the Homes for the Aged will increase the level of care beyond the amount currently provided. While the opportunity exists to immediately increase nursing levels as a result of this funding announcement, Divisional management is recommending that any decisions to adjust the 2002 operating budget (i.e., contribution to the reserve) be deferred until staff have had an opportunity to prepare the 2003 budget estimates, so that impending cost pressures and the impact of proposed changes in the way the Province will fund long-term care facilities in the future may be more fully assessed.

Divisional management will prepare a further report to Community Services Committee and Policy and Finance Committee by November 2002.

The Chief Financial Officer and Treasurer has reviewed this report and concurs with the financial impact statement.

Recommendations:

It is recommended that:

(1) the General Manager, Homes for the Aged undertake a review of the program and financial implications of the provincial funding increase for long-term care and services for the City and report back the findings to Toronto Council; and

(2) the appropriate City officials be authorized and directed to take the necessary action to give effect thereto.

Background:

On July 31, 2002, the Associate Minister of Health and Long-Term Care, Dan Newman, announced that the Ontario Government was "investing $198 million in funding to improve the delivery of long-term care services in Ontario and greatly enhance long-term care nursing and personal care services". He also announced a resident accommodation co-payment rate increase of 6.8 percent compared to the 15.8 percent escalation in co-payment fees that was announced just one month earlier. A three-year phase-in of the 15.8 percent resident co-payment increase is planned.

Included in the announcement was:

(i) $100 million to enhance the delivery of nursing and personal care services;

(ii) $98 million in funding to build new and renovate existing long-term care facilities as part of the government's $1.2 billion commitment to open 20,000 new beds; and

(iii) increasing the minimum income threshold for seniors in each of the next three years and an immediate review of the comfort allowance for residents of long-term care facilities.

A total of $100 million in funding has been allocated towards enhancing the delivery of nursing and personal care services. An amount of $38 million represents new funding commitments that were included in the Ontario Government's June 17, 2002, budget. The increase in resident co-payment fees will produce additional accommodation revenues that will allow government to reallocate subsidy to nursing and personal care.

The $98 million for capital development relates to the $1.2 billion investment announced by the Province on April 29, 1998, to add 20,000 new long-term care beds. Twenty thousand beds are said to be the equivalent of adding 175 new facilities into the long-term care system. The investment will also be used for rebuilding and renovating more than 100 older facilities. Two of the City of

Toronto's homes for the aged, Albion Lodge (i.e., Wesburn Manor) and True Davidson Acres are currently being redeveloped to meet compliance with the new design standards for long-term care facilities.

On June 18, 19 and 20, 2002, City Council adopted Clause No. 21(f) of Report No. 6 of The Community Services Committee regarding the "Homes for the Aged Level of Care Acuity Funding Adjustment" advising that a provincial acuity funding adjustment effective April 1, 2002, would result in additional provincial revenue of $0.9 million for the Division from the 2002 approved budget. The July 31, 2002, funding announcement increases the Division's 2002 provincial revenues by an additional $2.9 million to a total of $3.8 million in revenues over approved budget.

On October 2, 3 and 4, 2001, City Council adopted Clause No. 9 of Report No. 10 of The Community Services Committee regarding the "Report of a Study to Review the Levels of Service and Responses to Need in a Sample of Ontario Long Term Care Facilities and Selected Comparators". The report provided a summary of the issues identified in and arising from the level-of-care study that was released in June 2001. The level-of-care study was a joint initiative involving the Ontario Association of Non-profit Homes and Services for Seniors (OANHSS), the Ontario Long Term Care Association (OLTCA) and PricewaterhouseCoopers, funded by the Ministry of Health and Long-Term Care (MOHLTC). The report compared long-term care in 10 jurisdictions (three Canadian provinces, four U.S. states and two countries in Europe), and it ranked Ontario last in meeting the needs of residents in nursing homes and homes for the aged.

The PricewaterhouseCoopers report clearly indicated that differences exist between the needs of residents in Ontario's long-term care (LTC) facilities and the level of care and service provided to them, compared to all other jurisdictions in the study population. The jurisdictions selected for the study were: Ontario (long-term care), Ontario (complex continuing care), Saskatchewan, Manitoba, Michigan, Maine, Mississippi, South Dakota, Sweden, Finland and the Netherlands. There is a greater gap between the needed care and service and the provided care and service in Ontario long-term care facilities, for both nursing and other therapy services. In general, Ontario long-term care residents have similar, and in some cases, higher need characteristics compared to residents in other jurisdictions.

The recommendations of the Community Services Committee adopted by Council included that:

(1) the City of Toronto reiterate its strong concern to the provincial government regarding the inadequacy of the funding for long-term care facilities;

(2) the City of Toronto request that the MOHLTC increase its base funding to long-term care facilities by a minimum of 20-25 percent over the next three years, with the majority of the increases targeted to the nursing and therapy envelopes;

(3) the City of Toronto reiterate its position that legitimate cost differentials must be addressed in the funding formula for long-term care facilities; and

(4) the City of Toronto request that all temporary funds established to address cost differentials, such as the high wage transition fund, be continued until a permanent funding solution is found and implemented.

Comments:

Level-of-Care Funding:

In 1993, the Ministry of Health introduced a new long-term care facility funding model that was referred to as level-of-care funding. All long-term care facilities in Ontario are funded on a per diem basis through three funding envelopes as described below.

(1) Nursing and Personal Care – Funding in this envelope is variable and is based on the assessed resident care needs from an annual resident classification. Each year's funding for this envelope is determined by the facility's Case Mix Index (CMI) established from the provincial resident classification system. Funds in this envelope are used to pay the nursing and personal care staff salaries and wages, as well as to purchase the supplies and equipment for the nursing department.

The nursing and personal care per diem amount for each facility is calculated by first dividing the Case Mix Index value by the average of "100", and then multiplying this amount times the provincial base per diem for the nursing and personal care envelope. As an example of how this works, the provincial nursing and personal care base per diem as of August 1, 2002 is $59.81 for a CMI of 100. If a facility has a Case Mix Index value of 101.1, then the nursing and personal care per diem is $60.47 (i.e., 101.1/100 x $59.81).

(2) Program and Support Services – Funding in this envelope is a fixed per diem and is the same for all long-term care facilities. Funds in this envelope are to be used to cover the costs of services such as recreational programs, rehabilitation therapies, social work, spiritual and religious care, volunteer co-ordination, staff education and other resident support services including staff salaries and wages, and supplies.

(3) Accommodation – Funding in this envelope is a fixed per diem that includes a mandatory amount set aside for raw food costs. Funds cover the costs of services such as administration, dietary and environmental services (for example, laundry, housekeeping, and maintenance). This envelope is funded through a mix of fees collected from the residents and subsidies paid by the Province for those residents who cannot afford to pay the full basic accommodation rate.

The Province ensures that funds provided for the nursing and personal care envelope and for the program and support services envelope are spent for those purposes. Any unspent funds in these two envelopes are recovered by the Ministry of Health and Long-Term Care. Facilities are reimbursed for their actual expenses through a reconciliation process. Any surplus funds from the accommodation funding envelope can be retained by the facility with the exception of the raw food allowance, which must be spent as required or returned to the Province.

The long-term care facility which is accredited by the Canadian Council on Health Services Accreditation (CCHSA), will receive a supplement of $0.33 per resident per day for the time that the facility is accredited. If the accreditation lapses or the home is not accredited, there is no supplement. All of the City of Toronto's Homes for the Aged are fully accredited.

Funding Increase (Effective August 1, 2002):

Following the Associate Minister of Health and Long-Term Care's funding announcement the MOHLTC confirmed that the level of care funding per diem will increase by $7.20 or 7.0 percent effective August 1, 2002. Therefore, a home with a provincial average CMI of 100 will receive per diem rates in the three funding envelopes as follows:

Funding Envelope	April 1, 2002	Increase	August 1, 2002
Nursing and Personal Care	$ 53.48	$ 6.33	$ 59.81
Program and Support Services	5.35	N/A	5.35
Accommodation*	44.70	0.87	45.57
Total	$103.53	$ 7.20	$110.73

* includes a mandatory raw food expenditure of $4.49 per resident per day

For the City of Toronto's Homes for the Aged, this funding adjustment will increase the 2002 provincial revenues by approximately $2.9 million from approved budget as the Division's CMI is 101.1, which is above the provincial average. Combined with the provincial acuity funding adjustment announced earlier this year that resulted in additional revenue of $0.9 million, the Division is forecasting an overall increase in revenue over approved budget of $3.8 million in 2002.

The increase in level-of-care funding is approximately one-third of the amount recommended by Toronto Council in 2001, which recommended an overall increase in funding of 20-25 percent over a three-year period. However, in announcing this funding increase, the Associate Minister provided no indication that the Province intends to make further adjustments over the next two years.

If the long-term care facility sector were adequately funded, it would take pressure off other health care sectors and thereby reduce costs in those sectors. One of the failures of our health care system is that government rarely approaches health care in a systematic way. For example, long waiting lists for long-term care facilities amount to "bed blockers" for public hospitals. The lowest per diem operating cost for a bed in a public hospital is $400.00. The per diem rate for long-term care facilities pales in comparison and would represent a considerable saving to the Province over the cost of a hospital bed.

While this funding increase is a positive first step, staff have learned that the MOHLTC intends to seriously consider a plan over the next few months that would put an end to supplemental funding provisions that provide a measure of financial relief for some of the cost differences that exist between LTC facilities. The outcome would be that funds currently allocated to supplemental funding "pots" would be collapsed and redistributed to all LTC facilities as part of level-of-care funding. The City of Toronto receives about $8.9 million annually in supplemental funding.

Supplemental Funding:

All long-term care facilities are legislated and regulated by the Ontario Ministry of Health and Long-Term Care. Historically, legislation developed separately for the various types of facilities – nursing homes, charitable homes for the aged and municipal homes for the aged. As a result, there are three specific Acts that currently govern long-term care facilities, namely, the *Nursing Homes Act*, *Charitable Institutions Act*, and the *Homes for the Aged and Rest Homes Act*.

Over the years, this resulted in a fragmented system with different placement, funding and accountability systems depending on the type of long-term care facility. The residents, however, in all three types of homes, have similar care needs. In 1993, legislation to provide the legal framework for all long-term care reform was passed. The major area of change that resulted from this reform was a common funding system for all long-term care facilities.

Supplemental funding initiatives were, however, needed because the level-of-care funding model failed to recognize and allocate sufficient dollars to fund legitimate cost differentials related to the delivery of care and services. Many of the differences in operating circumstances between LTC facilities exist due to provincially controlled factors such as the arbitration process, pay equity legislation, and facility size and design. Although the cost of operating large homes for the aged is the direct result of previous provincial policies, no supplemental funding is made available for this purpose.

Supplemental provincial funding is currently available for pay equity, high wages, municipal and capital taxes, debt service, and structural compliance premiums. Each of the supplemental pots support only a portion of the applicable costs and funds are not distributed on an equitable basis as allocation methodologies have disadvantaged many LTC facilities. Also, as noted above, not all legitimate operating differences are recognized with supplemental funding, which also creates inequity across the LTC system.

Over the last several years, the government has gradually, albeit inadvertently, shifted funds away from the not-for-profit sector and increased funding levels to private for-profit nursing homes. The attached schedules (Appendix I) illustrate the shift in provincial funding to LTC facilities by comparing funding levels in 1994 and 2001 between nursing homes, charitable homes for the aged and municipal homes for the aged. In 1994, compensation and facility size differences were recognized under red-circling provisions, so funding favoured the municipal homes for the aged. In 2001, red-circling provisions had been phased out, and new and enhanced supplemental funding initiatives greatly favoured the nursing home sector.

The only cost difference that the MOHLTC strives to recognize by making regular adjustments to supplemental funding levels is one that provides funding to private nursing homes for property taxes. The MOHLTC sets aside funds to pay up to 90 percent of each nursing home's property taxes. As new LTC facilities are built by the for-profit sector, the Province increases the amount of resources allocated to nursing homes. The Ontario Government included $48.0 million dollars for LTC facilities in their June 17, 2002 budget, of which $10.0 million was allocated towards funding property taxes. The remaining $38.0 million was included in the Associate Minister's July 31, 2002, funding announcement as part of the level-of-care funding increase that was distributed to all LTC facilities.

Structural compliance premiums do not represent a cost difference, but funding is not allocated on an equitable basis. Structural compliance premiums are paid to LTC facilities based on their structural classification. Each LTC facility is designated as either an A, B, C or D. Facilities designated as a 'D' do not receive a structural compliance premium, but are eligible to receive the construction per diem of $10.35 upon completion of the redevelopment of their facility. Facilities designated as an 'A' are eligible to receive a $3.00 pro rata per diem (two LTC facilities in Ontario receive $5.00) based upon the amount of money paid by the operator to update and maintain their physical plant. Since most homes for the aged traditionally received capital grants on a 50:50 basis, the structural premiums are measured at 50 percent.

In the past, nursing homes received capital funding as well, but it flowed on a per diem basis similar to the current LTC capital funding mechanism. The MOHLTC has failed to measure the provincial capital contributions provided to nursing homes. Accordingly, nursing homes receive 100 percent of their structural compliance premiums, which exacerbates the funding inequities within the LTC system.

Another supplemental funding initiative available to many LTC facilities is one that seeks to provide subsidy for pay equity costs. However, the amount of funding provided compared to each LTC facility's pay equity obligation is skewed. The Act and certain of its provisions have unintentionally created unfairness. Specifically, the methods of comparison contained within the Act has resulted in an imbalance in the funding received by job-to-job versus proxy employers. Although the Act applies to all LTC facilities, its funding provisions affect facilities differently. For instance, nursing homes have been able to take advantage of the proxy method of comparison because they typically have insufficient numbers of male comparators in their workplace. Proxy employers have received 100 percent of their proxy obligations up to 1998 and under the Act, proxy employers have no obligation to maintain pay equity.

On the other hand, homes for the aged typically had a sufficient number of male comparators to complete the job-to-job method. Some Ontario facilities have not received any pay equity funding at all or they lost it through the staged elimination of red-circle funding. In essence, the proxy method has tended to result in lower salary costs, but offered operators higher subsidy levels than the job-to-job method. With the Ontario Government placing a Province-wide cap on the amount of pay equity funding available to employers, this issue will begin to negatively affect the private sector, but certainly not to the degree that it has impacted the homes for the aged.

At this point in time, the Ontario Government provides, on average, more subsidy to for-profit nursing homes than it allocates to not-for-profit LTC providers, such as municipal and charitable homes for the aged. It is critical that these funding anomalies are addressed so that fairness and funding equity are restored amongst LTC providers.

Senior Divisional management staff continue to be involved in discussions and negotiations with the MOHLTC to establish a permanent mechanism that will recognize legitimate price differentials on an ongoing basis. However, the Ministry recognizes the serious funding inequity that exists and is reluctant to expand and increase the amount of funding that is allocated to supplement base or level-of-care funding. The MOHLTC wants to remedy this inequity by reducing and simplifying the funding mechanisms they use.

Management Multi-Year Plan:

Within the Division's long term plan was the expectation that level-of-care facility funding would be adjusted to more accurately reflect the true cost of providing care and services to seniors. This recently announced funding increase will result in a higher than budgeted provincial subsidy for the Homes for the Aged program in 2002, but changes to the provincial funding formula in 2003 may partially offset this increase. Based on the MOHLTC's own funded PricewaterhouseCoopers study, the amount of funding allocated to long-term facility care is still insufficient to provide the level, quality, and scope of service that is required by residents.

Through its Homes for the Aged Division, the City of Toronto owns and operates ten (10) Homes for the Aged, providing care to 2,641 residents. Services in the Homes include: nursing and medical services, recreation, rehabilitative and therapy services, social work, spiritual and religious care, housekeeping, maintenance, dietetics and food services, laundry, volunteer services, and trust and administrative services. All care and service is designed with a strong client-centred focus, delivered through an interdisciplinary team approach, and based on principles of health promotion and best practice in long-term care environments.

The City of Toronto continues to make an annual net contribution to the Division's operating budget, but this amount has decreased to approximately 18 percent of gross budget from the 30 percent that was provided in the early 1990s. The 2002 net contribution of the City of Toronto to the Division's operating budget is $25.9 million.

The Homes for the Aged Division remains fully committed to providing vulnerable seniors with a client-centred approach to care and service. Over the past several years, the Division has been proactive in adjusting to changes in the provincial funding system. Management identified numerous innovative and creative approaches to maintaining quality services for clients during a time that the Division experienced a severe loss of funding. Divisional management continues to develop and implement operating efficiencies. The Division's multi-year management plan is expected to continue to deliver net operating savings in 2003 and beyond.

Conclusions:

The recent provincial funding announcement will result in a $2.9 million increase in provincial revenues from the Homes for the Aged Division's approved 2002 operating budget. Combined with the provincial acuity funding adjustment announced earlier this year that resulted in additional revenue of $0.9 million, the Division is forecasting an overall increase in revenue over approved budget of $3.8 million in 2002.

The Homes for the Aged Division is inalterable in its principles and inviolable in its commitment to a client-focused approach to caring for residents. As well, staff continue to be innovative in their search for economies of operation. The City's high standards in the provision of long-term care and services have provided a qualitative comparator in the system and have served, indirectly, to influence favourably the quality of the system as a whole. The City currently staffs all resident care and service areas at or above the MOHLTC's minimum standards.

Communications received from residents and their families convey a public expectation that the City will increase nursing levels beyond that which is currently provided in the City's Homes. While there is an opportunity to immediately increase nursing levels, Divisional management is recommending that any decisions to adjust staffing levels be deferred until staff have had an opportunity to fully assess the impact of impending budget pressures and proposed changes in the way the Province will fund long-term care facilities in future years.

Divisional management will prepare a further report to Community Services Committee and Policy and Finance Committee by November 2002.

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List of Attachments:

(1) Appendix I – 1994 and 2001 MOHLTC Average Per Diem by Sector

(A copy of the Appendix I, referred to in the foregoing report, was forwarded to all Members of Council with the agenda of the Community Services Committee for its meeting on September 12, 2002, and a copy thereof is on file in the office of the City Clerk, City Hall.)

The Community Services Committee submits the following communication (August 23, 2002) from the City Clerk:

The Advisory Committee on Homes for the Aged on August 23, 2002, had before it a report (August 7, 2002) from the General Manager, Homes for the Aged, informing the Advisory Committee on Homes for the Aged of the resident accommodation co-payment increase announced by the Associate Minister of Health and Long-Term Care on July 31, 2002; advising that there are no immediate financial implications arising out of this report, but that the planned co-payment increases may negatively affect future demand for preferred accommodation; and recommending that this report be forwarded to the Community Services Committee for information.

The Advisory Committee adopted the aforementioned report.

(Report dated August 7, 2002, addressed to the
Advisory Committee on Homes for the Aged from the
General Manager, Homes for the Aged)

Purpose:

To inform the Advisory Committee on Homes for the Aged about the resident accommodation co-payment increase announced by the Associate Minister of Health and Long-Term Care on July 31, 2002.

Financial Implications and Impact Statement:

There are no immediate financial implications arising out of this report. However, it is anticipated that there may be future implications should public reaction to the provincial co-payment rate increase discourage future applicants from requesting preferred accommodation. Preferred accommodation generates revenue that is 100 percent retained by the City.

Recommendation:

It is recommended that this report be forwarded to Community Services Committee for information.

Background:

Accommodation rates for residents living in long-term care facilities are reviewed and adjusted annually (normally July 1st) by the Ministry of Health and Long-Term Care. The basic accommodation fee, which is applicable to all residents, is set out in regulations under the three Acts that govern all long-term care facilities. The accommodation fee structure for residents of long-term care facilities is the same throughout Ontario.

On June 28, 2002, the Ministry of Health and Long-Term Care (MOHLTC) notified the Toronto Homes for the Aged by letter that basic accommodation rates for all residents living in long-term care facilities would increase to $51.53 per day or $1,567.24 per month, effective August 1, 2002. The new accommodation fee increased costs to residents and their families by $7.02 per day or $213.51 per month.

On July 31, 2002, the Associate Minister of Health and Long-Term Care, Dan Newman, publicly announced that the resident co-payment increase of $7.02 was now going to be phased in over three years, and would take effect September 1, 2002. The new basic accommodation rate is $47.53 per day or $1,445.71 per month, an increase of $3.02 per day or $91.98 per month over the current rate. The new accommodation co-payment rate represents an increase of 6.8 percent compared to the 15.8 percent escalation in co-payment fees that was previously communicated.

The Ministry of Health and Long-Term Care pays for costs incurred related to nursing and personal care, and programming and support services (e.g., therapy and recreation). Residents contribute toward their accommodation costs only (e.g., housekeeping, food, lighting, and heating). This is known as the “resident co-payment”. The Ministry allows for a rate reduction for those residents in basic accommodation who cannot afford to pay some or all of their accommodation costs. Residents are charged an amount that allows them to retain a minimum $112.00 per month for discretionary spending. This is known as the "comfort allowance".

Included in the Associate Minister’s announcement was an advisement of the government’s intention to increase the minimum income threshold for seniors in each of the next three years, and a commitment to initiate an immediate review of the comfort allowance for residents of long-term care facilities.

The chart below shows the history of changes to the basic accommodation rate:

Effective Date	Resident Basic Accommodation Rates			
	Daily		Monthly	
	Minimum	Maximum	Minimum	Maximum
July 1, 1993	26.64	38.87	810.27	1,182.27
July 1, 1994	26.94	39.40	819.53	1,198.53
July 1, 1995	27.00	39.49	821.23	1,201.23
July 1, 1996	27.51	40.29	836.62	1,225.62
July 1, 1997	28.08	41.16	854.04	1,252.04
July 1, 1998	28.34	41.56	862.01	1,264.01
August 1, 1999	28.63	42.01	870.95	1,277.95
July 1, 2000	29.29	43.03	890.89	1,308.89
July 1, 2001	30.24	44.51	919.73	1,353.73
September 1, 2002	30.90	47.53	939.74	1,445.71

Comments:

Resident Fee Policy - Basic and Preferred Accommodation:

There are three types of accommodation in long-term care facilities: basic (ward), semi-private and private accommodation. The rates for basic accommodation and the maximum rates that can be charged for preferred accommodation are set by the Ministry of Health and Long-Term Care and regulated under the three long-term care facility Acts. All long-term care facilities must administer their resident fee policies in keeping with the amounts and protocols prescribed in legislation. The rates for private and semi-private accommodation are $18.00 and $8.00 per day, respectively. The preferred accommodation rates were established in 1993 and have not been revised since that time.

Each long-term care facility must provide basic accommodation for at least 40 percent of the residents living in the facility. The remaining percentage of residents (60 percent or less) may be offered preferred (semi-private and private) accommodation depending on the structural design of the facility. In other words, the facility must charge at least 40 percent of the residents at the basic accommodation rate and the remaining residents may be charged at the preferred rate, which includes the maximum basic accommodation fee, subject to the availability of private and semi-private rooms.

Basic (ward) accommodation is income-tested to permit subsidized rate reductions. Financial assistance is available to those residents who, based on their net disposable income after taxes, cannot afford to pay the basic accommodation fee. This assistance is not available to residents in preferred accommodation. To obtain a Ministry subsidy for accommodation, a resident must go

through an application process that requires the submission of financial information confirming his or her actual income. A resident or guardian(s) who decide not to request a reduction in long-term care facility accommodation fees are considered able to pay the regulated basic accommodation fee. In respect of an individual's privacy, residents cannot be automatically income tested.

In general, the City of Toronto's Homes for the Aged tend to admit more residents with lower levels of income, who do not have the financial means to purchase preferred accommodation. For this reason, the City's homes tend to have more residents who pay only the basic accommodation rate. Nevertheless, 43.6 percent of the Homes for the Aged Division's residents are currently paying a preferred accommodation rate.

Co-Payment Increase (Effective September 1, 2002):

Following the MOHLTC's June 26, 2002, announced resident co-payment rate increase, there was considerable negative public reaction. Numerous letters, telephone calls and petitions expressed anger and outrage at the government's 15.8 percent increase. Coalitions were formed and media coverage on the subject was sustained throughout the month of July leading up to the Associate Minister's announcement on July 31st. Toronto's Homes for the Aged received a number of letters and telephone calls from residents and family members expressing concern. A small number of residents requested transfer from preferred to basic accommodation in order to avoid the large rate increase.

Since 1993, when the Ontario Government passed the *Long-Term Care Statute Law Amendment Act* (Bill 101), until this year's increase, the new accommodation rates were based on changes in the payment entitlement for Old Age Security (OAS), federal Guaranteed Income Supplement (GIS), and the provincial Guaranteed Annual Income Supplement (GAINS). These entitlements are set on April 1st each year and are indexed quarterly to reflect increases in the Consumer Price Index. This year, the net annualized increase was approximately 2.6 percent. This equates to an increase of $1.02 per day in the maximum basic accommodation fee.

Effective September 1, 2002, the co-payment rate will be increased beyond the $1.02 per day by an additional $2.00 per day ($60.91 per month). The total increase in this year's co-payment rate is $3.02 per day ($91.98 per month). The remaining $2.00 is an additional fee that residents are required to pay so that government can free up subsidy that is currently used to supplement accommodation costs for rate-reduced residents and reallocate it to nursing and personal care. For the month of August, residents will pay the current 2002 rate. The co-payment rate for the following two years will be adjusted by $2.00 per day each year. Part of the future rate increases will be offset by the annual inflationary adjustment to retirement benefits for seniors.

Reaction to the phasing-in of the new accommodation co-payment has been somewhat mixed. While there is a general measure of relief, many residents and their families must still cope with a rate increase that exceeds all previous years' adjustments. It also exceeds the 2002 guideline for rent increases, which is 3.9 percent. The new co-payment represents an annual increase to residents of $1,103.76 or 6.8 percent.

Annual Co-payment Increases:

1994 - 1995	$0.53 per day
1995 - 1996	$0.09 per day
1996 - 1997	$0.80 per day
1997 - 1998	$0.87 per day
1998 - 1999	$0.40 per day
1999 - 2000	$0.45 per day
2000 - 2001	$1.02 per day
2001 - 2002	$1.48 per day
2002 - 2003	$3.02 per day

For a period of more than nine years (from July 1, 1993 until August 31, 2002), long-term care facility resident accommodation rates have risen by a total of $171.46 per month or 14.5 percent during this timeframe. On September 1, 2002, the new accommodation rate will increase the monthly cost to residents by $91.98 per month or 6.8 percent over the current rate. Only residents occupying a basic (ward) accommodation bed will be eligible to apply for a rate reduction subject to an income test. Residents assessed at the minimum accommodation fee will see their monthly cost rise by only $20.01 or 2.2 percent.

In previous years, the maximum accommodation fee increase was proportionate to the minimum accommodation rate adjustment. With this year's announced rate adjustment, the increase is 4.6 times higher for residents having to pay the maximum rate than those who are eligible to receive a subsidized rate.

According to Dan Newman, the Associate Minister of Health and Long-Term Care, the government is seeking to generate additional accommodation revenue through this resident co-payment increase. The revenue produced will be used to offset the subsidy that was previously provided by the Ministry to financially support residents requiring a reduced rate. As a result, the government has reallocated their subsidy to nursing and personal care.

It is well recognized that long-term care facilities require a substantial increase in funding to meet the rising care requirements of residents. Instead of accepting responsibility to adequately fund the system through public monies, the government has decided to require residents and their families to shoulder more of the financial burden. It was never anticipated that the frail and vulnerable elderly, most of whom live on fixed incomes, would be forced to finance an under-funded health care system.

Comfort Allowance:

Section 23 of the *Homes for the Aged and Rest Homes Act* stipulates that all subsidized residents of Homes for the Aged receive a comfort allowance for personal expenses. The allowance is $112.00 per month, and this amount has not been adjusted since 1985. For residents who rely solely on government pensions, the comfort allowance is, with minor exceptions, the only money available for personal expenses. All other government and personal pension monies are used to pay accommodation charges.

In Toronto's Homes for the Aged, approximately 47 percent of residents rely on the comfort allowance for personal income. Beyond personal items of comfort, residents are required to pay for their own dental care, eye glasses, hearing aids, mobility aids, clothing, specialized shoes, etc. The Associate Minister's commitment to initiate an immediate review of the comfort allowance for residents of long-term care facilities will be favourably received.

Conclusions:

The provincial government has announced that basic accommodation fees for all residents living in long-term care facilities will increase by 6.8 percent, effective September 1, 2002. The new basic accommodation rate is $47.53 per day or $1,445.71 per month, an increase of $3.02 per day or $91.98 per month over the current rate. The government intends to phase-in a $7.02 per day or 15.8 percent accommodation rate increase over a three-year period. The planned co-payment increases may negatively affect future demand for preferred accommodation. Preferred accommodation generates revenue that is 100 percent retained by the City and used to financially support the Division's operations. Staff will monitor this situation and provide a future report, as required.

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