COMING OF AGE: The Municipal Role in Caring for Ontario's Seniors

An AMO Paper on
Long Term Care and Senior Services

June, 2011

Association of Municipalities of Ontario

200 University Avenue, Suite 801
Toronto, ON M5H 3C6 Canada
Tel: 416-971-9856 Fax: 416-971-6191
email: amo@amo.on.ca
website: www.amo.on.ca

Table of Contents

Executive Summary **4**

AMO's Interest in Long Term Care **7**

The Context of the AMO Paper **10**

Historical Background - The More Things Change the More they Stay the Same **10**

Demographics Then and Now **12**

Potential Impact of Impending Demographics **13**
Supply and Demand 13
Collateral Effects/Costs 14
Potential Need for Long Term Care Beds - Future Years 15

Municipal Issues and Cost Drivers **16**
Municipal dollar share increasing 16
The Legislation, the LHINs, and the LSAAs 17
Higher Expectations and Transparency in Municipal Homes 17
Effect of Arbitration and Pay Equity 18
Difficulty in Recruiting and Retaining Qualified Staff 19

Recent Provincial Initiatives **19**
Some Legislative Leeway 20
Recent Increases to Level of Care Per Diem Rates 20

Municipal Innovation and Views **21**
Innovation and Advocacy – Examples of Stretching the Dollar 21
Municipal Views are as Varied as Municipalities Themselves 23

Time to Take Notice - Others Have **23**
Planning Age Friendly Cities - The Saanich B.C. Report 23
Canadian Medical Association - Health Care Transformation in Canada 2010 24
Special Senate Committee on Aging - March 2008 25
Ontario Health Quality Council 2010 Report 25

Possible Options for Consideration **26**

Optional Approaches: 26

- *Continued Fulfillment of Legislative Requirements* 26
- *Municipal Flexibility - Change Legislative Requirement* 27
- *Outsource Operations but Keep Governance* 27
- *Outsource Operations and Governance but Maintain Ownership of the Home* 27
- *Sell the Home and Operations and Redirect Municipal Contribution* 27

Transfer Municipal Beds to Non-profit and/or For-Profit Service Providers 28

Various Forms of Partnerships 28

Moving Forward **29**

Summary **29**

Appendix **30**

Bibliography **38**

Executive Summary

Over the last number of years, long term care has come to the forefront of discussions with the AMO Board of Directors. In 2009, AMO released *Coming to a Cross Road: The Future of Long Term Care in Ontario.* The intended purpose of the 2009 paper was to communicate to provincial decision makers that municipal governments are obligated partners in the provision of long term care and that the growing legislative requirements and increased risk and liability through the Local Health Integration Network (LHINs) funding agreements were undermining and compromising the municipal role this important service. AMO also urged the government to engage municipalities in policy and program decisions as the partners they are.

Since that time, questions continue to be raised to AMO regarding the role municipal government's play in the provision of long term care and community support services for seniors. Of late, these questions have become more frequent and more vocal with many AMO members questioning whether the mandatory requirement for at least one municipal long term care home is the best investment of municipal property tax dollars as the escalating health costs prevent local investment in community services for all their residents. It is important to note, that the value of municipal contributions has not been questioned, rather, what is coming across loud and clear is that some municipal governments are questioning the ability to continue to afford their long term care beds, particularly in light of escalating costs and in some cases, a decreasing property tax base.

Coming of Age: the Municipal Role in Long Term Care in Ontario examines the key issues that our members have been raising and provides a number of options for consideration on the municipal role in long term care. The key issues identified include; the changing regulatory environment, the introduction of the LHINs, changing demographics and the regressive nature of the property tax. Each of these issues alone impact considerably on the municipal capacity to respond to local needs. Put together, over the next 25 years, Ontario's municipalities and their residents are facing a perfect storm of growing need and shrinking capacity.

What we found is, as a percentage of population, the number of "seniors" (aged 65 and over) in Ontario has consistently been higher than the Canadian average, until 2001 when the rates became virtually equal. Over the past 50 years, the percentage of Ontarians over the age of 65 has increased from 8.4% in 1956 to 13.6% in 2006. The Ministry of Finance, Ontario Populations Update, 2009 - 2036, indicates the number of seniors aged 65 and over is projected to more than double from 1.8 million (13.7% of population) in 2009 to 4.2 million (23.4%) by 2036, almost 25% of the population as a whole.

Adding to the seriousness of the situation, it must be noted that this projection has only a 26 year horizon, not too far in the future at all.

We also found that the vacancy rates continue to decline. In August 2009, the average province-wide vacancy rate was approximately 0.4% (371 beds) down from the previous year's average of 0.7% (550 beds). Currently there are about 620 long term care homes with approximately 76,400 beds province-wide, 104 are municipal homes representing just fewer than 17,000 beds (6,588 of these beds are in northern Ontario).

Wait times for a long term care bed are an average of 105 days, or more than three months for someone in hospital. For people waiting at home, the wait time is 173 days (almost half a year). Wait times have tripled since the spring of 2005.

This means that to simply maintain the same ratios as today but applied to the projected senior population in 2036 of 4.2 million, some 176,400 beds will be needed, an increase of roughly 100,000 beds. This does not consider the distribution, availability of, and requirements for long term care beds and services which vary considerably across the Province. Given that it can easily take 3-5 years to bring new beds into service, significant action must be taken now on this issue as well as in other support service areas.

The above scenario is incomplete, of course, without the understanding of costs. Currently, for long term care alone, municipalities contribute over $300,000 million annually above provincial subsidies.

In 2000, Ontario's municipal governments spent $846,388,193 on assistance to the aged. By 2008, this figure had increased to $1,433,109,628. Accounting for inflation, municipal governments spent approximately 40% more for assistance to the aged over eight years. A very crude estimate of projected costs, based on current demand, projected out to 2036, would mean an increase of costs to municipalities of about 140%.

What became clear during our consultations is that no single approach to the municipal role in providing long term care services would best serve and suit all municipal governments. Communities are unique and differ from each other in substantial ways. Municipal governments are in the best position to know what their respective communities are asking for and need. It appears that what municipal governments need is the flexibility to invest their tax dollars in the areas of senior services that would best suit their residents, and this may or may not include long term care facilities.

Many residents in municipal long term care homes require complex medical and nursing care and treatments. AMO has found that over the years there have been increasing expectations placed on municipal governments to fund, either directly or indirectly, health care – a provincial area of responsibility. This pressure to fund health services is putting additional pressure on municipal revenues. The absence of appropriate provincial funding for long term care homes means that many municipal governments are now making their own capital contributions and tax-supported operating subsidies to ensure their residents receive the quality of health and long term care they deserve. Funding the health care of our seniors who live in long term care homes should not be the growing unfunded mandate of municipal governments who are already struggling to pay for their own legislated responsibilities.

That said, a number of possible options for consideration of the municipal role in long term care are found in *Coming of Age: the Municipal Role in Long Term Care in Ontario.* They are:

- Fulfill legislative requirements
- Change the requirement
- Outsource operations but keep governance
- Maintain ownership but outsource operations and governance
- Sell the home and redirect contributions
- Transfer beds to non-profit and/or for profit
- Various forms of partnership

The options presented represent a continuum, from full municipal involvement to no involvement, with a few variations in between. It must be noted that all options except the "continued fulfillment of legislative requirements" would likely require provincial approval prior to moving in that direction, as well as considerable research on implementation impacts.

AMO's Interest in Long Term Care

Periodically questions have arisen regarding the role municipal governments play in the provision of long term care and community support services for seniors. Of late, these questions have become more frequent and more vocal with many AMO members questioning whether the mandatory requirement for at least one municipal long term care home is the best investment of municipal property tax dollars as the escalating health costs prevent local investment in community services for all their residents. The concern expressed lies not necessarily in the actual requirement to fund services for seniors but more in the belief that some communities are already well served by the non-profit and for-profit sectors. In addition, concern is that municipal property tax dollars are not income based/ income redistribution funding and as such not the appropriate way to support health care nor is it appropriate in the context of the provincial responsibility for health care and whether property taxes should be funding health care to this extent.

That said, it must be stated up front that this Paper is not meant to be a "how to get out of the business" of long term care. Municipal governments are leaders in the provision of long term care services - in many instances providing services well above and beyond their legislated obligations. Many examples exist across the province of municipal long term care administrators providing innovative and exemplary long term care services.

In addition, AMO has long advocated for funding that is sustained and adequate to support municipal governments in their long term care role. And while in some instances the Province has increased funding, the challenges for many municipal governments remain. These pressures have now been exacerbated with increased regulatory requirements and the Local Health Integration Networks Long Term Care Service Accountability Agreements. These Agreements, at this time, increase the risk and exposure to municipal governments. AMO remains concerned with the ongoing provincial policy creep that is pulling municipal governments' deeper into the provincial jurisdiction of health care provision.

This Paper presents, at a high level, the issues and pressures, both currently and in the future, that may impact the capacity of some municipal governments to meet their legislated and regulatory obligations for long term care. As such, local decisions will be complicated and include, as examples, the need for consideration of service impacts and human resource obligations as well as on investment priorities related to capital needs.

The Province and municipal governments are diverse. For some, the question of what role a municipal government plays in long term care in the future may arise given local circumstances.

What became clear during our consultations is that no single approach would best serve and suit all municipal governments. Communities are unique and differ from each other in substantial ways. Municipal governments are in the best position to know what their respective communities are asking for and need. It appears that what municipal governments need is the flexibility to invest their tax dollars in the areas of senior services that would best suit their residents, and this may or may not include long term care facilities.

As stated, the sector is going through fundamental change including the introduction of the new *Long Term Care Homes Act 2007* (LTCHA) and the recent introduction of the Local Health Integration Networks (LHINs), the special purpose bodies responsible not only for health planning but also for allocating funds and enforcing appropriate regulations and accountability.

Given these recent changes and the urgency of the topic, AMO began discussions with a cross section of its membership and with external stakeholders in order to enunciate the various issues and viewpoints with specific focus on the municipal role. This discussion paper has been developed using five key sources of information:

- Extensive literature review with emphasis on more recent publications and papers (see Bibliography)
- One-on-one interviews with a cross section of AMO members involved in the provision of Long term care beds and/or community or in-home support services
- Panel presentations at the annual conference (Windsor) to advise those in attendance of what was being heard and to provide a further opportunity for member input
- Discussions with AMO's Long Term Care and Community Support Working Group
- Short survey of Consolidated Municipal Service Managers focussing on municipal share of increasing costs

Throughout the stakeholder interviews and the literature review it became very clear that the main issue for municipal governments was not their reluctance to spend money and contribute to services for their senior residents. In fact, Ontario's municipal governments go far beyond what they are required to do in law by investing approximately $300 million a year of their own resources in the provincial long term care system through the funding and operation of long term care homes. They do so because they recognize the need for services in their communities and because provincial funding for the provincial long term care system remains inadequate. AMO's members are proud of the contribution municipal long term care homes provide to their communities. Many municipal long term care homes are recognized as community builders – given the very diverse service mandates of municipal governments, municipal homes are often viewed as more responsive to the harder

to serve and lower income segments of the senior's population.[1] The value and the important work that municipal long term care homes currently do for communities across Ontario is not being questioned. What came across loud and clear however was that some municipal governments were questioning their ability *to continue to afford* their long term care beds particularly in light of escalating costs and in some cases a decreasing property tax base.

AMO's interest in developing this Paper was to examine the issues our members have been bringing to our attention, that being, the impending demographic shift and the regressive nature of property tax and how this may create a perfect storm of growing need and shrinking capacity in parts of Ontario.

It is important to start the discussion now on how the resources we have in Ontario can best be used to meet the many faces of need for seniors across our communities.

Finally, the Paper takes a precursory look at what role municipal governments could or should play in sustaining the system of long term care and its connection to the larger health care system.

Many residents in municipal long term care homes require complex medical and nursing care and treatments. AMO has found that over the years there have been increasing expectations placed on municipal governments to fund, either directly or indirectly, health care – a provincial area of responsibility. This pressure to fund health services is putting additional pressure on municipal revenues - property taxes, user fees and grants. The absence of appropriate provincial funding for long term care homes means that many municipal governments are now making their own capital contributions and tax-supported operating subsidies to ensure that their residents can receive the quality of health and long term care they deserve. Funding the health care of our seniors who live in long term care homes should not be the growing unfunded mandate of municipal governments who are already struggling to pay for their own legislated responsibilities.

While this Paper explores the role of municipal governments in long term care, AMO recognizes the resonance of the unanswered question of who will step in to meet the growing pressures in Ontario's long term care system. It is AMO's contention, that it is the provincial government who holds that jurisdictional obligation.

[1] OANHSS, 2010. *Municipal Delivery of Long Term Care Services: Understanding the Context and the Challenges.*

The Context of the AMO Paper

It is important to note that for the purposes of this Paper, we are focussing specifically on municipal long term care beds licensed and regulated by the Province under the *Long Term Care Homes Act*. There are a number of other forms of residential facilities which are not regulated by either the Province or municipal governments. Such facilities can be known as retirement homes, rest homes, domiciliary hostels as examples, but they are not the primary subject of this Paper. They do however represent services often seen as "filling the gap" between supply and demand, but which form part of the *unregulated* service sector with no oversight/monitoring requirement [2]. While these additional facilities can be helpful it can also be harmful if services rendered do not meet generally accepted quality of care standards[3].

Historical Background - The More Things Change the More they Stay the Same

Municipal involvement in the provision of services for seniors, the indigent, the poor and the sick has its roots in the "Elizabethan Poor Laws", introduced in England in the sixteenth century and which resulted in the establishment of the "British workhouse".[4] It appears this system of institutionalizing those who could not care for themselves was transplanted to Upper Canada (Ontario) by the British settlers and although at various times legislation was amended or enacted, the system also known as Houses of Refuge and Houses of Industry, remained substantially the same for the next 250 years.[5] There were times when the provisions of such services were mandatory for municipal governments and times when they were "permissive". Provincial financial grants were sometimes available and sometimes not.

By the early to mid 1800's, groups of "interested citizens" and charitable institutions began establishing their own refuges in answer to a growing need. In fact, it is a long held view that charitable institutions were the originators of homes for the aged in this province. In a great many cases these homes for the aged were founded by groups of charitable minded people who saw a need and did something about it".[6] Ladies Benevolent Societies, Catholic Sisters and many others were among the first to provide refuge for those in need.

---

[2] The Province is passing the new *Retirement Homes Act* which will give some structure and standards around services in retirement homes. At present, however, it lacks enforcement and consequences if standards are not met and there are concerns with self-regulated nature of the oversight body.

[3] Recent media reports on some unregulated services have clearly indicated the need for regulation, oversight, monitoring and enforcement.

[4] Norma Rudy, *For Such A Time As This: L. Earl Ludlow and a History of Homes for the Aged in Ontario 1837-1961* (Ontario Association of Homes for the Aged, 1987), p.15.

[5] Ibid.

[6] Ibid., p. 67.

1947 saw the passing of *The Homes for the Aged Act* which changed the name from Houses of Refuge to Homes for the Aged and raised the provincial assistance for constructing new homes from $4,000.00 to 25 percent of construction costs.[7] On April 8, 1949, a completely new *Homes for the Aged Act* was passed which, increased regulations concerning quality of care, set age determinants, changed the term "inmates" (which had been used for more than 100 years) to "residents" or "persons" and increased provincial funding. A range of accommodation types were provided for any older persons who required a measure of care and supervision that could not be obtained in their own homes. As a result, much needed hospital beds occupied by elderly persons could now be made available.[8]

This new approach and increased provincial funding had a dramatic effect on the number of homes and beds being built. During the forty year period 1909 -1949, only 8 municipal homes were built and only 5 additions. However, from 1949 - 1961, when more funding became available, thirty-three new homes and thirty-four additions were built. During this same time municipal beds increased from 3,732 in 1949 to 9,190 beds in 1961.

At the same time, the *Charitable Homes for the Aged Act* provided similar stimulus for the non-profit/charitable sector with similar results of adding new homes and beds. Increasingly, the private sector was making inroads in the provision of residential beds for the elderly, but was governed separately under the *Nursing Homes Act.* Then as now, the funding involvement of the provincial government was/is a pivotal factor in meeting the growing need for residential beds for persons requiring a level of care. When the provincial government makes significant funding available, the other stakeholders (municipalities, non-profits and for-profit sectors) respond accordingly and partner to provide this much needed service. Availability of provincial funding may be the single most effective determinant of whether long term care beds and other community support services increase or not.

Of note, it would appear that prior to 1949, municipalities within certain boundaries had the discretion whether to establish a "house of refuge" (prior to 1947) or a "home for the aged" (after 1947).

It appears that on the passing of the *Homes for the Aged and Rest Homes Act, 1949*, these same municipalities were now required to establish a home for the aged; "Except as otherwise provided, every municipality not in a district shall establish, erect and maintain to the satisfaction of the Minister, a home for the aged."

The legislation has since been repealed and replaced with the *Long Term Care Homes Act*, 2007, and the requirement now is to have a "long term care home".

[7] Ibid., p. 99
[8] Ibid., p. 116

Demographics Then and Now

Most of what was previously outlined happened to a large extent, as a result of the pressure of population alone. According to estimates of the Census Reports from 1881-1941 and from the Dominion Bureau of Statistics 1951-1971, the total national population over sixty-five increased from 3.9 percent in 1881, to 8 percent in 1941.[9] By 1961 it had increased to 7.6 percent for Canada and 8.1 percent for Ontario.[10]

Fast forward to today and we are seeing the beginning of what some have called the "Grey Tsunami". Officially, the "Baby Boom" generation begins turning 65 years of age in January 2011. What will then follow is the greatest increase in our senior population than has ever been seen before and over a relatively short period of time. The influence of declining birth rates, better health care and treatment and the sheer number of "baby boomers" are all contributing factors to the impending growth.

As a percentage of population, the number of "seniors" (aged 65 and over) in Ontario has consistently been higher than the Canadian average until 2001 when the rates became virtually equal. Over the past 50 years, the percentage of Ontarians over the age of 65 has increased from 8.4% in 1956 to 13.6% in 2006.[11] Ontario's Aging at Home Strategy projects that the senior population will double in the next 16 years. The Ministry of Finance, Ontario Populations Update, 2009 - 2036, indicates the number of seniors aged 65 and over is projected to more than double from 1.8 million (13.7 percent of population) in 2009 to 4.2 million (23.4 percent) by 2036, almost 1/4 of the population as a whole. Adding to the seriousness of the situation, it must be noted that these projections have only a 26 year horizon, not too far in the future at all.

Population projections have been done by a number of reliable sources so at times it can appear confusing and perhaps contradictory since the data collectors do not necessarily use the same time frames or the same data bases. However, what is common to all is their total agreement that we are poised to enter an unprecedented time of growth in our senior population bringing with it a significant increase in the need for services to sustain the quality of their lives and extend their independence as long as possible. In addition, what needs to be considered is that more seniors are living well beyond 80 and subsequently may require additional community and health services.

[9] Ibid., p. 123
[10] Statistics Canada, census of population, 1956 to 2006
[11] Statistics Canada, censuses of population, 1956 to 2006

Ontario's general population growth, is anticipated to experience unprecedented growth. To give readers an idea of what is anticipated; following are the projected population growth and shifts from 2010 to 2031.

Region	2010*	2031*
Ontario	13.2	16.9
North East	.568	.587
North West	.239	.237
Eastern	1.72	2.11
Central/GTA	9.08	12.9
South West	1.6	1.81

**** In millions***

While the above chart does not specifically examine population growth and shifts related to seniors in Ontario, it does paint an important picture of the anticipated municipal pressures and capacity adjustments needed in the coming decades. In short, the pressures municipal governments will be facing to respond to community needs - both in hard and soft infrastructure - will be complex, significant and costly.

Potential Impact of Impending Demographics

What follows is a very simple projection of the potential need for long term care beds by 2036. It does not attempt to project the need for other community and "in home" senior services but it must be recognized that these services can help to delay institutionalization of seniors and enable their independence thereby playing a large part in managing long term care waitlists, costs and respecting the dignity of those who wish to remain in their home or with their families. Again, the projection provided is high level and does not get in to the analysis of issues such as the cost impacts and service requirements of frail seniors, as an example.

Supply and Demand

There are about 620 long term care homes with approximately 76,400 beds province-wide.[12] Of those numbers[13], municipal governments have 104 long term care homes (17%), representing 16,650 beds or 22% of the market. Using 2009 statistics for the number of seniors aged 65 and over (1.8 million), the regulated long term beds represent about 4.2% of that population.

[12] 2010. *Submission to the Standing Committee on Finance and Economic Affairs: Building a Seniors' Care Continuum* January 2010.

[13] There are 6,558 long term care beds across the north west and north east Ontario.

The overall demand for beds is increasingly outstripping supply. Waitlists are growing and there are virtually no beds available. The Ministry of Health and Long term Care (MOHLTC) places the current waitlist count at 25,680, a 5.1% increase over last year. Vacancy rates continue to decline. In August of 2009, the average province-wide vacancy rate was approximately 0.4% (371 beds) down from the previous year's average of 0.7% (550beds)[14].

With a waitlist of over 25,000 it is not hard to understand the substantial strain on seniors and their caregivers while they wait for appropriate placement and/or alternate support services.

All indicators support the belief that the current level of service is far from adequate even with the addition of home support services and alternate community living accommodations.

Collateral Effects/Costs

Collateral effects of this growing situation are numerous and include the backlog in patient flow across the health care system resulting in significantly increasing costs throughout that system. One only needs to look at the number of hospital acute care beds being occupied by those waiting for an appropriate placement where their ongoing healthcare needs can be met.

A recent Ontario Health Quality Council 2010 Report states there are serious problems with how patients move through the healthcare system, from the emergency department to hospital to a long term care facility. Patients wait too long and the system is wasting resources. Wait times for a long term care bed are an average of 105 days, or more than three months for someone in hospital. For people waiting at home, the wait time is 173 days (almost half a year). Wait times have tripled since the spring of 2005.

Consider also emergency room wait times and "offload delays" for emergency medical services (EMS) and the domino effect becomes even more costly. Millions of dollars in emergency medical services funding can be wasted when crews wait for hours with their patients in emergency departments until the hospital officially takes over patient care and the crew becomes available to once again respond to a call. This all comes with a dollar cost but more importantly a cost to timely and efficient human care and service.

[14] Ministry of Health and Long-Term term Care, Long-Term term Care Homes System Report, November 2009 and September 2008

Having said that, recent provincial investments have targeted the hospital wait times and emergency medical services "offload delays" with some positive outcomes and over the past decade the Province and municipal governments have invested significant dollars in areas of acute need, but still the waiting lists for long term care beds or alternative services keep expanding.

So, money is still being spent but by default rather than by plan and the deficit funding issues often fall to the municipal governments and hospitals to deal with however best they can.

Potential Need for Long Term Care Beds - Future Years

Even though it is evident that providing regulated long term care beds for about 4.2% of the over 65 population is far from adequate, we are concerned that this percentage will be used as a benchmark and will be applied looking forward. This means that to simply maintain the same ratios as today but applied to the projected senior population in 2036 of 4.2 million, some 176,400 beds will be needed, an increase of roughly 100,000 beds. This does not take in to consideration the distribution, availability of, and requirements for long term care beds and services can vary considerably across the province. Given that it can easily take 3-5 years to bring new beds into service, significant action must be taken now on this issue as well as in other support service areas.

While at first it may seem an exaggeration to talk about needing an additional 100,000 long term care beds, it must be remembered that the current need already far outstrips the supply of licensed beds. This is in spite of recent provincial and municipal dollar investment which has focussed more on preventive and supportive measures like in-home supports, respite services, alternative community living units and convalescent beds. Still there remains growing waitlists and often diminished home and community support service hours per client so that available funding dollars can serve more people. So, what does this mean for Ontario's seniors and their families? What does this mean for Ontario's municipal governments? Is not the onus on the provincial government to make the future plan for licensed, regulated long term care beds as well as the community and home support service system before we are so far behind we cannot regain control of this evolving situation? Long term care is an emerging health care crisis and must be rightfully addressed and resourced by the provincial government.

Municipal Issues and Cost Drivers

As previously stated, during the development of this Paper, it became very clear that the main issue for municipal governments was not their reluctance to spend money and contribute to services for their senior residents. What came across loud and clear was that some municipal governments were questioning their ability to continue to afford their long term care beds particularly in light of escalating costs and funding capacity, especially when there is a decreasing tax base. There was growing concern that long term care beds and senior services have become "health" services and there were increasing questions around municipal governments being "required" to pay for what are clearly health services - a provincial responsibility. This in a service area which is clearly health related and some would argue it was never the intention that municipal governments would be required to help fund health costs. It can be reasonably argued that long term care homes have now become chronic care hospitals and as such should be fully funded by the Province. The lines of "who does what and who pays for what" continue to blur. At the same time this is happening, municipal governments struggle to find and fund their appropriate place in this important service.

Municipal dollar share increasing

For years municipal governments have been investing in what used to be called Homes for the Aged now called Long Term Care Homes. To better meet the needs of their residents as identified by their residents, they have added investment dollars in preventive and in-home services and have often been at the forefront of new and innovative service arrangements and partnerships. However for some municipal governments, particularly smaller municipalities, their ability to continue investing in non-mandatory services is being compromised by the escalating cost of the mandatory services (long term care facility).

Most municipal governments have seen their share of service costs increase over the past 10 years. In an effort to view municipal trends, AMO sent out a questionnaire to the Consolidated Municipal Service Mangers (CMSMs) requesting data on both the gross approved budget and the approved net municipal cost for both long term care homes and other community support services for seniors over a ten year period. From the responses received, we discovered that the municipal share of expenditures for long term care homes and community programs for seniors has risen considerably in many of these municipalities.

The Ministry of Municipal Affairs and Housing keeps a record of municipalities' assistance to aged persons[15] as part of the Financial Information Return (FIR) data. In 2000, Ontario's municipal governments spent $846,388,193 on assistance to the aged. By 2008, this figure had increased to $1,433,109,628. Accounting for inflation, municipal governments spent approximately 40% more for assistance to the aged over eight years.

The Legislation, the LHINs, and the LSAAs

With the passage of the new *Long Term Care Homes Act*, the introduction of the Local Health Integration Networks (LHINs) and their complex and restrictive Local Service Accountability Agreements (LSAA), municipal governments have increasingly been questioning the role they are required to play in providing long term care beds. For example, with increased reporting requirements which have taken away from resident care, administrators have a dilemma - how to provide the additional staff hours required to fulfill all the new obligations of increased orientation, training and education while not decreasing resident care hours or increasing municipal costs. Based on past trends, it is unlikely that provincial base subsidy will increase enough to cover such costs.

While the Province has provided transition funding, including some base funding increases as well as one-time funds, what is really needed is stable, predictable and adequate funding.

The LHINs are a special purpose body created by the Province through which duly elected municipal governments now must report for compliance monitoring and funding for their long term care homes and community programs. Compliance with accountability requirements are not issues for municipal long term care homes as most if not all are accredited and maintain their accreditation. The challenge is the enforcement control over the subsidy for a municipal service. It creates and accountability conundrum between a duly elected governing body (i.e., council) and its taxpayers and a LHIN that has responsibility to plan for the health care needs of a broad community.

Higher Expectations and Transparency in Municipal Homes

Some research indicates somewhat higher standards exist in municipal government facilities while other research finds little difference. What is clearly different is the level of transparent accountability, which is higher in the municipal homes. While all homes have boards of directors, only the boards of municipal homes are comprised totally or primarily of publically elected persons and as such are more accessible and more directly accountable to the public every day. Municipal governments have a stringent annual budget process which is

[15] Assistance to aged persons includes the following expenditures: administration; grants to voluntary organizations assisting the aged; grants under the *Municipal Elderly Residents' Assistance Act*; Homes for the Aged; housing for elderly persons; seniors' drop-in centers; social and recreational activities; transit subsidies for elderly persons; and other expenditures for assistance to the aged. (See FIR Line 1220 Assistance to aged Persons).

required to be public and is publically deliberated by council. They are not bound by the same commercial confidentiality as private providers. Residents or their relatives know they can call their elected representatives when they need something and do not know where to turn or when they have a complaint. It is not difficult to understand the impact this direct representative access can have on the quest for higher standards of care.

Effect of Arbitration and Pay Equity

There is a perception in the municipal field that arbitrators in Ontario view municipal employers as having "deep pockets" and a perceived ability to pay based on the property tax base. In many cases, this has not placed municipal employers on a level playing field in collective bargaining and they tend to experience higher arbitration settlement decisions due to their perceived ability to pay. As a result, not-for-profit homes have higher than average salary and benefit costs that many homes must cover through their own contributions. These, and other unique cost drivers must be recognized by the Province in allocating human resource funding.[16]

Additionally, the pay equity requirements are still having an impact on municipal homes, adding increased human resource costs.

The following excerpt is from the Ontario Association of Non-Profit Homes & Services for Seniors (OANHSS) and explains why pay equity became and remains a significant municipal cost driver.

"The *Pay Equity Act* and certain of its provisions unintentionally created unfairness. The methods of comparison contained within the Act resulted in imbalance in the salary levels between job-to-job and proxy employers. Although the Act applies to all long term care providers, its provisions affect homes differently.

Nursing homes were generally able to use the proxy method of comparison because they typically had an insufficient number of male comparators in their workplace. The proxy method allowed employers to select another organization of *their* choosing to compare wages and salaries. Also, under the Act, proxy employers have no enforceable obligation to maintain their pay equity plans, resulting in a smaller, one time increase in salary and benefit costs for these employers. Municipal governments, on the other hand, typically had a sufficient number of male comparators to complete the job-to-job method. Invariably, the internal job-to-job method resulted in higher salary levels than those faced by proxy employers.

[16] 2010. OAHNSS media release June 3.

The *Pay Equity Act* not only resulted in wage or cost difference between long term care homes but the Province's funding provisions affected municipal homes differently as well. Proxy employers received 100% of their proxy obligations up to 1998 and additional funding has been provided in recent years following litigation whereas job-to-job employers receive funding only for a fraction of their pay equity obligations. The proxy method has tended to result in lower salary costs and offered those operators higher subsidy levels than provided to municipal governments. Municipal governments pay the difference in pay equity related cost increases."[17]

Difficulty in Recruiting and Retaining Qualified Staff

Municipal governments across the province identified difficulty in recruiting and retaining qualified staff. The reasons differed from one municipality to the other but the resulting time and effort needed to continuously recruit and train staff took valuable time away from other work including direct resident care.

Some larger, more urban municipal governments reported having little trouble recruiting and retaining staff. However, rural, northern and small municipalities had a number of issues recruiting and retaining staff. Staffing issues ranged from lack of available professionally qualified staff, staff holding part-time positions in multiple homes, homes losing staff to higher paying hospital jobs in acute care and the impending significant increase in those expected to retire without similar numbers of qualified professional replacements. The industry-wide issue of foreign certification for healthcare professionals will need to be resolved quickly. There is no other option and there will be no choice. This issue should be part of discussions between orders of government and health sector stakeholders.

The problem will continue to grow with the given reality of retirements to come in record numbers and with the desire for optional care approaches, while qualified replacement personnel are decreasing in number.

Recent Provincial Initiatives

The *Long Term Care Homes Act, 2007* still mandates municipal governments to deliver long term care service to the minimal extent of at least one long term care facility directly, jointly or through an agreement with another municipality. The definition of facility does not indicate size and municipal governments are the only service providers in Ontario that are *required* to do so under this legislation. Having said that, the Province seems to have taken into consideration some of the issues raised by municipal governments during the consultation period for this new legislation.

[17] OANHSS, Municipal Delivery of Long Term Care Services, Understanding the Context and the Challenges.

Some Legislative Leeway

The legislation does provide some leeway, with different approaches for achieving the mandatory requirement to have a long term care facility. Two or more southern municipalities are permitted to establish and maintain a municipal home jointly. A southern municipality that is required to establish and maintain a home but is not currently maintaining a home or joint home may enter into an agreement with a municipality which does have a long term care home or joint home and help maintain that home. Of course all of the above accommodations must receive prior approval by the Province in order to be considered as meeting the municipal obligation under the new Act.

A northern municipality that is an upper tier or single tier municipality and that has a population of more than 15,000 may establish and maintain a municipal home. They may also establish and maintain a joint home with another northern municipality but only if both northern municipalities are in the same territorial district. A northern municipality that is currently not maintaining a municipal or joint home can enter into an agreement with one that is to help maintain their home or joint home. Once again prior provincial approval is required for these arrangements to meet municipal requirements under the Act.

While there are numerous other changes to the new *Long Term Care Homes Act, 2007*, the above examples have given some municipal governments more flexibility in partnering, the flexibility has come with, as indicated above, certain very strict limitations.

Recent Increases to Level of Care Per Diem Rates

AMO and municipal governments are pleased to see the provincial announcement of increases in funding within the long term care funding envelope. In general terms, it has announced over $157 million in new funding applied to the level of care per diems, funding to modernize and update the compliance inspection process for long term care homes, to annualize last year's per diem increase and to provide some support for education, training, quality improvement and capacity building initiatives led by the Ontario Health Quality Council and other partners in system improvement. Base funding increases will be applied to the Nursing and Personal Care component as well as the Program and Support Services envelope which directly support resident care needs. A further increase will support the hiring of additional Personal Support Workers in the sector and there will be a small increase to the Other Accommodation and Raw Food per diems intended to offset the increasing cost of meals and accommodations within homes.

While increases in funding are welcomed, the per diem funding for residents of long term care homes remains inadequate to support a level of quality of life and care for such residents that they, their families and society see as appropriate. It is this reality that often underlines a municipality's decision to contribute over and above their normal share for long

term care services and other community and in-home support services for seniors. However, it is this decision to 'top-up' that is becoming more difficult to make.

Municipal Innovation and Views

There is a long-held belief that adversity and struggle often lead to creativity and innovation and this belief is exemplified in the way municipal governments have often been at the forefront of new and creative thinking regarding service delivery and community partnering. In short, municipal governments have become leaders in doing more with less. As stated earlier, many municipal governments are providing services to the aging and disabled residents well above and beyond their legislated obligations, and there are examples across the province of municipal governments providing innovative and exemplary long term care services.

Innovation and Advocacy – Examples of Stretching the Dollar

These examples in no way reflect all the numerous creative programs and partnerships in which municipal governments engage, but are taken from the AMO survey responses and other contacts.

- A number of local, small Ontario municipal governments jointly invested in helping a group of concerned citizens to organize into a formal entity and to fund a feasibility study to assess the need for local long term care beds in the area over a 20 year period. At issue was the current provincial formula for determining facility-based long term care allocations, benchmarked at 99.1 beds per thousand persons over the age of 75. The group felt strongly about a number of issues including the fact that the age of eligibility for admission to long term care facility is 18, not 75 indicating a flaw in the provincial formula. Additionally, there is a growing population of seniors who wish to live close to their home communities where they have family roots dating back several generations and unless there are more long term care homes closer to them they will have to leave their communities and everything familiar to them in order to get the care they need as they age.[18]

- A number of municipal governments have established Seniors Advisory Committees and at least one municipality has established them as a Committee of Council. This advisory committee identifies concerns and reports to the mayor and city council on issues that affect seniors in their city.[19]

[18] City of Windsor
[19] Ibid

- Municipal recreation departments have become leaders in providing healthy living options for the broader community including seniors. Options range from swimming lessons to ballroom dancing, from karate to tai chi, and landscape design to ice-skating. Departments incorporate an area that is devoted to providing specialized services to seniors and other special populations allowing them better access to recreational and leisure services.[20]

- One municipality has become the recognized specialist leader for psycho-geriatric programs and training in and for their region.[21]

- One municipality partners with other funding bodies such as the United Way and the Ministry of Health and Long term Care to provide funding for Centers for Seniors. This is a non-profit registered charity providing recreational programs, creative art classes, educational workshops, community support services, intergenerational activities and volunteer opportunities.[22]

- Another municipality has recently partnered with a for-profit service provider, and, with the approval of the Province, will provide a specific up-front dollar investment needed to build a new long term care facility which the for-profit organization will operate with revenue streams from provincial per diems, resident fees and other non-municipal dollars. The municipal investment will be repaid over a four-year period from the increased property tax realized from the new facility. The municipality will have no further investment requirement but the increased tax revenue will continue.[23]

- In larger municipal governments where they have more than one home, sharing services and service leads has been found to be very effective in cost reduction/containment. Centralized approaches to such services as laundry and linen, dietician services, facilities management, orientation and education etc. are some of the efficiencies available for review.[24]

- Introduction of energy consumption strategies supported by funding from other government sources specifically for these purposes.[25]

- Numerous municipal governments were able to access 100% provincial subsidy to start or increase support services for seniors, recently through the Aging at Home provincial initiative.

[20] Ibid
[21] Regional Municipality of York
[22] City of Windsor
[23] City of Timmins. Contact CAO Joe Torlone.
[24] Regional Municipalities of Niagara and York
[25] Regional Municipality of York

Municipal Views are as Varied as Municipalities Themselves

While there is no question that municipal governments whether large or small provide excellent long term care and other senior support services, different views exist as to whether the municipal role should include, as a requirement, the provision of what have clearly become health services. In some cases the views are driven by decreasing municipal tax base issues and the inability to keep up with ever increasing municipal share of costs, but not always. During our consultations we found the difference in views did not depend on whether the municipality was large or small or whether it was single or upper tier. In fact, some of the predominant views included the principle of whether or not municipal governments should be funding what is clearly a health care cost and whether the requirement to fund a long term care facility is in fact the most effective municipal expenditure for the needs of their senior community, particularly if the non-profit or for-profit sectors were interested and willing to be the long term care providers.

It became clear that in the continued absence of appropriate provincial funding, what is needed at the municipal level is the ability to be flexible in its investment in senior services. To facilitate this, a legislative framework that is flexible and responsive to local capacities and needs is required.

Time to Take Notice - Others Have

Over the past few years much has been written and said about care for the elderly, the need to expand services, the need for regulation and enforcement and particularly the need for stable funding providers can count on. This report has referenced work done by a number of stakeholder groups, associations, policy bodies, think tanks and government departments all of which can be seen in the bibliography at the end.

There are however a few which should be particularly noted and they follow.

Planning Age Friendly Cities - The Saanich B.C. Report

To support governments in developing and strengthening health and social policies in an aging world, the World Health Organization released a policy framework on active aging in 2002. This active aging approach is grounded in the United Nations recognized principles of independence, participation, dignity, care and self-fulfillment. It acknowledges the importance of gender, earlier life experiences, and culture on how individuals age. It takes into account the biological, psychological, behavioural, economic, social and environmental factors that operate over the course of a person's life to determine health and well-being in later years.

Recently the District of Saanich, British Columbia took this World Health Organization publication and developed their own global age friendly cities project. This project involved levels of government, stakeholder organizations and most importantly the aging population of Saanich themselves. In committing to do this their Council passed a resolution that supported the goal of achieving an age friendly community, tasked a councillor and staff to take the lead on developing a plan and engaged the broader community in establishing priorities -- citizens, business, caregivers, service providers, municipal staff. They developed a guide to an age friendly city, the core of the guide is a checklist, a user-friendly tool for city self-assessment and map to chart progress.

The importance of this report lies both in the process that was used to produce it and the expected results of its implementation over time. As with any difficult social crisis (e.g. housing and homelessness), the best and usually least costly solution is often to prevent or avoid the crisis in the first place if at all possible. That is the very premise of public health disease prevention and this approach warrants serious discussion applied to most other human issues. The benefits of age friendly cities (which will also meet the requirements for accessibility), may not show itself in dollar terms immediately except as an expense, but future cost avoidance should be easily understood. Given our future demographics, this initiative is probably the most important policy discussion that needs to be undertaken immediately. We owe it to our citizens who are also our taxpayers.[26]

Canadian Medical Association - Health Care Transformation in Canada 2010

In this report, the Canadian Medical Association identifies 4 of its 14 recommended directions as relating to the issues of long term care and services for the aging. These are as follows:

- **Begin construction immediately on long term care homes.** "Construction should begin immediately on additional long term care homes. With the senior population projected to increase to around 24% of the population by 2031, and with 3.5% of seniors currently living in these homes, in order to simply maintain the same occupancy rates, we will need roughly 2500 additional homes by then". (Recommendation 4)

- **Develop options to facilitate pre-funding long term care needs and initiate a national dialogue on the *Canada Health Act* in relation to the continuum of care.** "Continuing care includes services to the aging and to the disabled of all ages provided by long term care, home care and home support. Because continuing care

[26] More on the Saanich report can be seen at www.saanich.ca and the original publication on the World Health Organization's website.

services are excluded from the *Canada Health Act*, they are, for the most part, not provided on a first-dollar coverage basis. As this kind of care moves away from hospitals and into the home, the community or into long term care homes, the financial burden has shifted from governments to the general public. Furthermore, there is tremendous variation across the country in the accessibility criteria for both placement in long term care homes and for home care services. The Organization for Economic Co-operation and Development (OECD) has estimated that long term care accounted for 1.2% GDP in Canada in 2005 and that, at a minimum, the burden will double to 2.4% by 2050." (Recommendations 7 & 8)

- **Explore ways to support informal caregivers and long term care patients.** "Canada will soon have to grapple with how to finance a more comprehensive and expensive system of health and continuing care. This, in turn, raises issues about intergenerational equity, that is to say the fairness with which the costs of the system are distributed between generations. If these escalating costs are not addressed now, future generations will be unfairly, and possibly untenably, saddled with the burden flowing from today's growing elderly population." (Recommendation 9)

Special Senate Committee on Aging - March 2008

"Loss of independence and ill health are not the exclusive domain of seniors. They can be experienced in a temporary or permanent way by Canadians at any stage of life. Therefore, programs and policies to maximize independence and health are not only "seniors' issues", but can potentially benefit all Canadians. We recognize that some older seniors face mobility and housing challenges; however, accommodations to make age-friendly cities will force society to embrace the long held dictum that we are all only temporarily able-bodied. Similarly, addressing the myriad of challenges that the final years of life present to individuals, their families, and the health and social systems, will benefit all Canadians, whether those final years occur in their youth, middle years, or as seniors."

Ontario Health Quality Council 2010 Report

"There are serious problems with how patients move through the health care system, from the emergency department to hospital to long term care. Patients wait too long and the system is wasting resources. Wait times for a long term care bed are too long -- an average of 105 days, or more than three months. For people waiting while at home, the wait time is 173 days (almost half a year). Wait times have tripled since the spring of 2005.

Wait times for long term care affect hospitals, since frail individuals who cannot go home typically spend 53 days in hospital waiting for placement. As a result, currently 16% of all hospital beds in Ontario are occupied by patients designated as ALC (Alternate Level of Care), who do not need to be in hospital. Indeed, every increase of 3.3 days of average time

spent waiting in hospital for long term care placement is associated with a 1% increase in the proportion of beds that are ALC. Not only is this a waste of hospital resources, but it puts patients at risk because they are being cared for by staff who are not trained to deal with their needs. This problem has gotten much worse in the last three years. One in four people placed in long term care could potentially be cared for in alternate settings.

Wait times to get into a long term care home are too long, and have tripled since spring of 2005. For those placed from home, the wait time is over five months. This has occurred, despite a major expansion of long term care beds which took place earlier in the decade."

Possible Options for Consideration

Following are some of the options or approaches which could be open for discussion by municipal governments. They represent a continuum, from full municipal involvement to no involvement with a few variations in between. It must be noted that all options except the "continued fulfillment of legislative requirements" would likely require provincial approval prior to moving in that direction, as well as considerable research on implementation impacts.

Each approach attracts implementation considerations, for example successor rights for unionized staff, severance payments, the reduced or loss of influence over bed allocations (with no guarantee they will stay in municipalities), and the impact that this could have on residents and their families.

Outlined below are some approaches municipal governments may wish to discuss or investigate based on its own circumstances. The list is not comprehensive nor are the options fully developed, but may assist in beginning a local dialogue on the role of your municipality in long term care and care of aging.

To further explore the options considered below, the Appendix includes examples of municipal governments who have considered and/or exercised some of the options.

Optional Approaches:

- ***Continued Fulfillment of Legislative Requirements***
  At one end of the continuum of options is to change nothing and continue operating as is. While some municipal governments may be able to work with the current system and its challenges, others may not. For municipal governments who decide this is the best route for them, looking at best practices and lessons learned from others who have found ways to trim expenditures and/or adjust their level of service to a more affordable level may be helpful. Taking into consideration future pressures on

long term care with long term care capital and human resource analysis would also be prudent.

Recognizing the important contribution municipal governments make to long term care services, AMO continues to advocate for the provincial financial contributions that address the growing pressure in the sector. It is essential that the provincial government take steps to provide all necessary and appropriate funding to support municipal governments as they strive to meet the need for services in their communities. Availability of provincial funding may be the single most effective determinant of whether long term care beds and other community support services increase or not, and whether or not municipal governments are able to continue operating as is.

- ***Municipal Flexibility - Change Legislative Requirement***
  At the other end of the continuum is the option to work towards eliminating the legislated requirement that municipal governments must provide a long term care facility. This change would allow municipal governments to fund customized services better suited to their communities which vary across the province. It still may be that the municipality supports their involvement in owning and operating long term care homes or they may choose to redirect their current dollar investments into programs and services that support seniors in their homes as long as possible. Different areas of Ontario have different needs because their citizens are different. Eliminating the legislated requirement would allow for the greatest flexibility to customize services to better suit the individuality of our communities.

- ***Outsource Operations but Keep Governance***
  The operations of municipal long term care homes can be determined through a competitive process such as a Request for Proposal (RFP). The option would remain for the municipality to keep the governance role and maintain their accountability and funding relationship with the LHIN's and the provincial government.

- ***Outsource Operations and Governance but Maintain Ownership of the Home***
  The municipality would be in the role of landlord in this scenario. The operator and its governance structure would have the direct accountability and funding relationship with the LHINs and the provincial government.

- ***Sell the Home and Operations and Redirect Municipal Contribution***
  This approach could make municipal dollars derived from the asset sale available for other community and human services, which may be more appropriate for the community or specific services for specific areas.

As explained above, municipal governments are required by legislation to establish and maintain a long term care home directly, jointly or through an agreement with another municipality. This option is one that would require the municipality to undergo extensive deliberations and discussions on the possible arrangements which would need to be made with the Province and other stakeholder groups.

It should be noted that this option does not intend to advocate, in the event that municipal flexibility is provided, for the Province to legislate municipal participants in other provincial areas of health care provision, such as in home services. At its core, this approach advocates for the Province taking on more responsibility for long term care while providing the municipal government with the flexibility to respond to local issues with local dollars.

Transfer Municipal Beds to Non-profit and/or For-Profit Service Providers

Over time, municipal long term care beds could be transferred to new or existing non-profit and/or for-profit homes and service providers. As in the option above, this could free up municipal dollars for other needed community and in-home services including additional Assisted Community Living (ACL) units for municipal and non-profit social housing projects.

Various Forms of Partnerships

Municipal governments have gained experience with various types of partnerships within their social housing portfolios. A variety of provincial funding programs for social housing have required unique and out-of-the-box thinking on behalf of municipalities and community organizations to find ways to partner with each other and the provincial government in order to access money being made available. Even though dollars have recently been available for much-needed social housing, strict and sometimes strange eligibility requirements could be barriers to getting or being able to use this money. This situation has seen the creation of new partnerships where municipal governments own or contribute equity to the building of the asset, while other credible organizations provide the services and run the project. Other arrangements have seen municipal governments investing in upfront "equity contributions" to enable the facility to be built with reduced capital debt. This allows for operating costs to be low enough that the revenue streams (e.g. subsidy and resident contributions) cover the costs.

While the above examples emanate primarily from municipal social housing portfolios, these and other forms of partnerships should be explored as to their relevance and feasibility in the long term care sector.

Moving Forward

It is absolutely essential that work begin on a move forward strategy while we still have a chance to get in front of the issue. The "Grey Tsunami" has begun and governments of all orders have a choice of either driving the train or being run over by it.

Municipal governments are very familiar with the requirement to develop official plans which are primarily land-use planning documents. Provincial growth plans in parts of Ontario are setting population targets and influencing related land use needs – density, hard services plans among other matters.

To help contribute to a broader strategic approach, municipal governments may consider exploring developing strategic human service planning and the municipal role in the service range. Some municipal governments have done this and some are in the process. The strategy must be comprehensive and include both health and social services that considers the well-being of the human being as resident and the capacity of the property taxpayer. Such a task may seem daunting. Some manage this by tackling human service issues within smaller sectors such as senior services and aging but always applying the broader "continuum of life" lens so that the pieces can ultimately fit together and not collide.

Summary

It is anticipated that the issues and options explored in this Paper will provide a starting point for discussing the significant social and health issues facing Ontario's communities and the place that aging has in it. The changing demographics of municipalities and resulting service needs, human and hard services are real, as are the cost impacts and the ability to raise revenue by municipal governments. Municipal governments' fiscal capacity to cope with the multi-year, multi-billion dollar infrastructure deficit constrains the ability to invest in more human services and provide additional services to seniors, including long term care as the need for it continues to grow over time. Simply put, health care is a provincial responsibility. On a go forward basis, it is clear that municipal government cannot possibly increase its role in care for seniors in light of the "Grey Tsunami" that is arriving. That role rests with the Province.

Appendix

Historically, under different provincial legislation, municipalities have been required to provide long term care to their citizens, with clearly stated fiscal and operational standards, providing a tight reign on how flexible municipalities can be when they determine how they best to support their senior population with long term care home options.

In order to further substantiate the options provided in the Paper, we have looked at a number of specific municipalities who have each explored options for providing long term care. These municipalities have demonstrated some strategically nimble activities in how each has carved out the best locally made solution to meet their local needs. The stories also bring home one truth: none have been able to go so far as to relieve themselves of the provincial obligation to provide at least one municipal long term care home.

Upon the recommendation of members of the AMO Board of Directors, this appendix provides a snapshot of some of the municipal long term care home arrangements in the following municipalities: the City of London, the City of Thunder Bay, the City of Timmins, the District Municipality of Muskoka, the City of Sault Ste. Marie and the City of Hamilton.

It should be noted that all of these municipalities, in making choices surrounding the management, development, opening and or closure of homes, have had to weigh the economic impact on commercial, industrial, and residential taxes along with the desire and need to provide high quality services to the seniors living in their communities. These are not at all easy choices to make. Municipalities are making important decisions surrounding the availability, level of service and the allocation of municipal dollars. They are working with third party and non-profit organizations to come up with the best value and level of service for their community that is possible.

Summary of Municipal Experiences:

The City of Sault Ste. Marie - Transfer Municipal Beds to Non-Profit Providers

In 2001 the District of Algoma had one "D" facility (Algoma Manor) and, as well, the City of Sault Ste. Marie (part of the District) had its own "D" facility (F.J. Davey Home). As "D" facilities, they were both required by the Province to be redeveloped.

At this time, other situations had/were occurring which came together into what today may be referred to as "a perfect storm" scenario. Sault area hospitals had outstanding awards for some 148 beds from 1998/1999, there was redevelopment money being made available by the Province to upgrade facilities, and provincial funding was cost shared at 50/50, but was changing to the current funding method of a per diem rate issued over approximately 20 years.

To upgrade both "D" facilities would be cost prohibitive for the municipalities making up the District of Algoma and who would be levied a portion of the costs (approximately $22-$23 million each). The Province approached the City of Sault Ste. Marie with a proposal that could see the Districts Algoma Manor redeveloped and a new Davey Home built including the transfer of 148 beds from the area hospitals for a total of 370 long term care beds for the new Davey Home.

The financial arrangements included a Funding Agreement between the Corporation of the City of Sault Ste. Marie and the F.J. Davey Home dated the 22nd of January 2002. The Davey Home was originally a municipal Home for the Aged but part of this agreement included setting up the new Davey Home as a not-for-profit corporation governed by the provisions of the *Nursing Homes Act*. This change completely severed legal relationships between the City and the Davey Home and ensured the Davey Home had no recourse back to the City.

As for their part in this agreement the City of Sault Ste. Marie agreed to make an upfront equity contribution of $9.8 million dollars (approximately 10 years of operating subsidy) towards the construction of the facility to be built by this new corporation. It also agreed that until the new facility opened it would continue to make payment of its current operating levy which at that time was about $875,000 annually.

Of particular interest is this agreement was conditional upon the Province of Ontario creating a separate territorial district for the City of Sault Ste Marie as it applied to responsibilities under the *Homes for the Aged Act* which released the City from its obligation to provide/fund long term care from then on and into the future.

This particular initiative appears to be most closely aligned with the option of "Transferring Municipal Beds to Non-Profit Providers" but resulted from a number of opportunities coming together at the right time and the right place. There may also have been a situation at that time in which the legislation allowed a more permissive approach to municipal provision of long term care services in certain areas of the Province. It would seem most opinions hold that permissiveness no longer exists except where and how allowed under the new legislation.

There are more details to the arrangements between the Province, the District of Algoma, the Davey Home and the Sault Area Hospitals.

For further details or more information on this initiative please contact:
Peter Maclean - CEO, FJ Davey Home - 705-256-4217 - pmaclean@fjdaveyhome.org
Bill Freiburger - Commissioner of Finance and Treasurer, City of Sault St. Marie – 705-759-5350 - b.freiburger@cityssm.on.ca

City of Timmins - Various Forms of Partnerships

The City of Timmins maintains one municipal long term care facility thereby meeting its obligation under the legislation. However, in or around 2008 the City and Extendicare each responded to a Request for Proposal (RFP) from the Province of Ontario for the construction of 64 new long term care beds. Subsequent to their RFP submissions, the City, Extendicare, the Province and the North East Local Health Integration Network (LHIN) had numerous conversations regarding a joint solution. An agreement was reached that will result in the relocation of a new Extendicare building with additional long term care beds.

The new facility will have a capacity of 180 beds comprised of their existing Extendicare's 119 beds plus additional beds some of which were new and others which came as a result of transferring existing "interim beds".

Financing was secured from the North East LHIN for the additional beds but the City of Timmins played a significant role in ensuring the approach was viable over the long term. Timmins contributed $2.5 million dollars up front as a one-time cash and/or in-kind contribution with no further on-going obligations on their part. The City will realize annual property tax revenues from the new facility thereby recouping their investment and establishing an on-going revenue stream for the municipality. It anticipates the project will be "shovel ready" in April 2011 with probable completion in 2012.

This example most closely relates to the option of "Various Forms of Partnerships". Specifically the City of Timmins has invested an up-front equity contribution to enable the facility to be built with reduced capital debt. The payback for the City is the property tax revenue stream. The result is the City retains its Class "B" long term care facility, area residents get a new Class "A" Extendicare facility with additional beds and the hospital frees up its acute care beds.

For further details on this initiative please contact:
Joe Torlone - CAO, City of Timmins - 705-360-2601 - Joe.Torlone@timmins.ca

Region of Niagara - Continued Fulfillment of Legislative Requirements

As far back as 1996 the Region of Niagara undertook an overview of alternative service delivery methods for senior services. It looked at options such as continuing as it was, restructuring to streamline service delivery, contracting out selected services, contracting out management of entire homes and community programs, devolution of the operations to a non-profit corporation and sale of the homes and the transfer of community programs to other operators.

In essence, conclusions reached were many including that under legislation the municipality was still required to provide a long term care facility. To attempt alternative service delivery models such as contracting out total management and operations, sale, devolution or transfer of Niagara's homes would entail, among other things, complicated labour relations and "successor rights" issues and legislative and real estate issues. Of particular concern would be the inevitable disruption and uncertainty to the residents and their families.

Niagara decided the best approach for them was to streamline their services for seniors and they developed the "Niagara Model". This Model was developed as a planning tool based on a "made in Niagara" 100-bed facility and is used by them to establish the equitable allocation of resources among their six long term care facilities. It also sets benchmarks against which they can define efficiencies affecting expenditure control while maintaining quality of care.

It incorporates:

- benchmarks for the Ministry of Health standards and industry norms from both private and charitable homes

- Guiding principles developed by Niagara stakeholders (i.e., residents, families, volunteers and staff)

- Consistent operational standards (e.g., housekeeping, maintenance) among Niagara homes, as adjusted by physical plant factors

- Allowances for staffing, goods and services for nursing, resident programs and accommodations in accordance with the Ministry funding envelopes as adjusted by the Case Mix Index and available Regional funding.

Niagara's decision most closely aligns to the option of "Continued Fulfillment of Legislative Requirements", however, they have established a system whereby they achieve equitable resource distribution among their homes and continuously review the efficiency of their operations. It should be noted that efficiencies may be more readily available in larger municipalities who may be able to benefit from economies of scale.

For further details on this initiative please contact:
Dominic Ventresca - Director, Senior Services Niagara Region - 905-984-6900 ext 3805
dominic.ventresca@niagararegion.ca

City of London - Continued Fulfillment of Legislative Requirements

In September 2008 the Council of the City of London considered a staff report respecting options for the future operation of their long term care facility.

They considered the following options:

1. Close/Sell the home
2. Reduce Beds
3. Establish an Agency, Board or Commission (ABC)
4. Contract out the Management for the Home
5. Re-establish the homes Foundation.

The context under which they reviewed their options included the following legal/legislative realities:

- The Provincial Legislative Framework
- The Annual Service Agreement
- Agreement for the Redevelopment of Long Term Care Beds
- Provincial Policy for Funding Construction Costs for Long Term Care Facilities
- City of London Procedural By-Law
- Current Municipal Governance/Management Arrangements
- Potential Impact of the *Long Term Care Homes Act, 2007* when proclaimed.

As with other municipal reviews they concluded the new Act does not relieve the City of its legislated obligation to operate a long term care home therefore they did not have discretion to close or sell the home. Permission of the Minister of Health and Long Term Care would be required and would not likely be forthcoming.

Regarding the option of reducing beds, they concluded the conditions of their Capital Development Agreement placed a harsh financial penalty on the City if the Agreement was breached. They would be required to repay funding received to date from the Province related to the home and this would be substantial.

The *Municipal Act* allows for the creation of special purpose bodies. In this option a Council could create a Board, Agency or Commission (ABC) to manage a home. However, the legislative framework limits the powers that council could assign to such a body as legislation clearly defines Council as the Board of Directors. There would appear to be no capacity for Council to delegate their ultimate responsibility.

Although the City of London conducted reviews of options for governance of their long term care home, their decision was to maintain their legislative requirements but to look at internal adjustments and streamlining.

Administrative staff found the central issue for reducing the City's cost would be a rebalancing of the Provincial - Local funding relationship.

For further details on this initiative please contact:
Ross Fair - Executive Director, Community Services - 519-661-2500 ext 5430 - rfair@london.ca

District Municipality of Muskoka – Continued Fulfillment of Legislative Requirements

In the 1990's the District Municipality of Muskoka looked at the possibility of having a private organization take over the management of their long term care home, The Pines. As the idea developed, the municipality found that there were several serious legal encumbrances to having a private organization take over their municipal home – in particular successor rights legislation and administrative difficulties such as transferring OMERS membership. As such, the municipality continues to meet their legislated obligation to provide a long term care home.

Still concerned with ways to reduce costs to both the residents of the long term care home and also the municipal tax payer, in 1996 the municipality entered into a contract with Extendicare to act as a consultant in a number of areas. While the ownership of the home and employment of staff for the home rests with the municipality, Extendicare acts as a consultant to provide advice regarding operational efficiency and effectiveness and help ensure that an operating subsidy is not required. To date, this has worked well for the municipality. Extendicare provides the municipality with advice on where they can improve, and assists in budget preparations as well as human resource operations and efficiencies. The operating tax-supported operating subsidy for The Pines (approximately $400,000 for 105 beds in 1996) was eliminated by December 2000. The home was expanded from 105 beds to 160 beds as part of the 2004 rebuilding, and this year the municipality will have to contribute a subsidy to the home due to some of those construction costs.

Based on the degree of success Muskoka has had with using a consultant with industry specific knowledge and expertise, they are now considering other ways to implement this model – for example pairing up with other municipalities nearby who may also benefit from a consultant arrangement. Muskoka, being a smaller municipality without the same resources as larger municipalities, yet still committed to providing quality long term care, found an arrangement that provides the best outcomes and use of resources for them.

This story most closely correlates with the option of "Continued Fulfillment of Legislative Requirements". After determining the best solution for this municipality was to maintain their home, while seeking operational efficiencies.

For further information specifically on the District Municipality of Muskoka's arrangement, contact Rick Williams, Commissioner of Community Services for the District Municipality of Muskoka, 705-645-2412 ext. 33, rwilliams@muskoka.on.ca.

City of Thunder Bay – Transfer of Municipal Beds to a Not-for-Profit Provider

The City of Thunder Bay is currently going above and beyond their legislated requirement by operating one "A" list long term care home in Pioneer Ridge, along with operating two "D" list long term care homes.

In 2002 the City was required by the Province to bring its two "D" list homes to the Province's "A" list standard by 2006. The net cost to the taxpayers over the 20 years would be more than $61 million. After careful deliberation and with the understanding that the capital reinvestment could not be afforded through the City's finite revenue options, in 2005 the City of Thunder Bay advised the Ministry of Health and Long Term Care that the City would discontinue the operation of 300 of its 450 long term care beds by January 2009. At the time almost 10% of the City's discretionary costs were related to the "D" listed long term care homes .This decision was made as it was the only option available to significantly reduce the growing burden on the property tax payer. At the same time, the City requested that the Province work with them to develop a three year transition plan which would see additional long term care beds be operated by a not-for-profit organization.

In 2006 the Ministry of Health and Long Term Care responded to the City Council confirming that the Ministry intended to keep the City's 300 "D" listed beds in Thunder Bay, and would work with the City to ensure that happened. In January 2009, when the two homes were slated to be closed by the City, the Province began paying the City to $2 million per home per year to run these two homes. To date the Province has paid an additional $12 million to the City beyond the normal per diem over the past 3 years and will likely pay another $12 million while the City waits for the construction of the new home (with an anticipated completion date of 2014). The Province worked with St. Joseph's Care Group, a not-for-profit, to come up with a development agreement for a new, not-for-profit home. The residents who are currently living in the two City homes which are closing are guaranteed a place in the new home, to be run by St. Joseph's, when it opens.

This story most closely correlates to the option in the paper of "Transferring Municipal Beds to a Not-for-Profit Provider. In an appropriate move, the Province met its obligation to provide needed health services to the residents of Thunder Bay by providing the City with funds to ensure that the current "D" listed homes can continue to operate and is working with the local not-for-profit St. Joseph's Care group on the development of a new home.

For further information specifically on the City of Thunder Bay, contact Greg Alexander, General Manager of Community Services for the City of Thunder Bay, 807-625-2315, galexander@thunderbay.ca.

City of Hamilton – Continued Fulfillment of Legislative Requirements

On May 29, 2002 Hamilton City Council provided direction to staff to proceed with the reconstruction of 160 beds at Wentworth Lodge with a capital commitment of approximately $20.41 million. However due to the investment required, City staff were simultaneously directed to investigate any possible options for the provision of equivalent facilities and/or operations with the Provincial Ministry of Health and non-profit service providers in the community. Subsequently, the survey was expanded to include all potential service providers, including private for-profit entities.

In July 2002 the City issued a "Request for Expression of Interest" (RFI) for Wentworth Lodge. The RFI was broadly defined (potential charitable support, creative financing, shared partnership) to ensure a variety of alternatives were forthcoming from both the non-profit as well as the private sector of the community. A Request for Proposals process that followed determined that it would be more cost effective to maintain ownership of the Wentworth Lodge rather than transferring ownership. There were significant cost drivers which would require a continued subsidy for Wentworth Lodge to compensate for successor rights and severance costs.

In essence the equivalent to the ongoing operational costs would be required for several years to satisfy the proponents who submitted a proposal. There was also concern about the potential liability of the municipality during a transition period, should the quality of care be reduced since the contractual agreements were with the City of Hamilton. Councillors were not prepared to assume the same or more costs to operate Wentworth Lodge with minimal ability to influence the governance of the home. They were also concerned about the transfer of an asset which at the time was estimated at a value of $6 million and yet not receive any financial compensation in return.

Ministry of Health and Long Term Care was not prepared to guarantee that the 160 beds at Wentworth Lodge would remain in the City of Hamilton if they gave the beds back to the Province. Given the shortage of long term care beds Council was not prepared to assume this risk since there was a need for those beds in Hamilton.

Given the significant implications of this report, Council had an independent consultant conduct a review of the financial, legal and labour issues and while making a few financial adjustments, supported staff's recommendation to have the City continue to own and operate Wentworth Lodge, as it was the most cost effective option even with the additional redevelopment costs.

Council endorsed the recommendations of both reports and proceeded with the reconstruction of 160 beds at Wentworth Lodge with a capital commitment of approximately $20.41 million.

This story most closely aligns to the option of "Continued Fulfillment of Legislative Requirements", and also demonstrates some of the cost and legal considerations of the some of the other options.

For more information on this report please contact Vicki Woodcox, Senior Administrator, Macassa Lodge, City of Hamilton, at 905-546-2800 ext 4827 or Vicki.Woodcox@hamilton.ca

Bibliography

Canadian Centre for Policy Alternatives. 2000. *Without Foundation. How Medicare is Undermined by Gaps and Privatization in Community and Continuing Care.* Vancouver, BC.
http://www.policyalternatives.ca/publications/reports/without-foundation

Canadian Healthcare Association. 2009. New Directions for Facility-Based Long Term Care.
http://www.cha.ca/documents/CHA_LTC_9-22-09_eng.pdf

Canadian Institute for Health Information. 2000. *Development of National Indicators and a Reporting System for Continuing Care (Long Term Care Facilities).* Ottawa.
http://secure.cihi.ca/cihiweb/en/downloads/indicators_contcare_e_CCIndctr.pdf

Canadian Medical Association. 2010. *Health Care Transformation in Canada*.
http://www.cma.ca/multimedia/CMA/Content_Images/Inside_cma/Advocacy/HCT/HCT-2010report_en.pdf

Ontario Ministry of Health Long Term Care. Ontario's Aging at Home Strategy.
http://www.health.gov.on.ca/english/public/program/ltc/33_ontario_strategy.html

Ontario Municipal Benchmarking Institute. 2007. 2007 *Performance Benchmarking Report.*
http://www.ombi.ca/docs/08-4192-Final%20OMBI-Dec8(HI-RES).pdf

Ontario Association of Non Profit Homes and Services for Seniors. 2010. *Media Release: Long Term Care Waitlists Growing – Homes Challenged to Respond*. June.
http://www.oanhss.org/AM/Template.cfm?Section=Home&CONTENTID=6592&TEMPLATE=/CM/HTMLDisplay.cfm

Ontario Association of Non Profit Homes and Services for Seniors. 2010. *Municipal Delivery of Long Term Care Services: Undertanding the Context and Challenges*. Fall.
http://www.oanhss.org/AM/AMTemplate.cfm?Section=Position_Papers_Submissions&TEMPLATE=/CM/ContentDisplay.cfm&CONTENTID=7231

Ontario Association of Non Profit Homes and Services for Seniors. 2010. *Submission to the Standing Committee on Finance and Economic Affairs: Building a Seniors' Care Continuum.* January.
http://www.oanhss.org/AM/TemplateRedirect.cfm?template=/CM/ContentDisplay.cfm&ContentID=6517

Ontario Health Quality Council. 2010. *2010 Report on Ontario's Health System.*
http://www.ohqc.ca/pdfs/2010_report_-_english.pdf

Ontario Ministry of Health and Long term Care 2004. *A Commitment to Care: A Plan for Long Term Care in Ontario*. Prepared by Monique Smith.
http://www.health.gov.on.ca/english/public/pub/ministry_reports/ltc_04/mohltc_report04.pdf

Organization for Economic Cooperation and Development. 2006. *Projecting OECD health and long term care expenditures: what are the main drivers?* Economics Department Working Papers No. 477.
http://www.oecd.org/dataoecd/57/7/36085940.pdf

Registered Nurses Association of Ontario. 2007. *RNAO submission to MHTLC* December 2007.
http://www.rnao.org/Storage/37/3163_RNAO_submission_to_MOHLTC_--_Staffing_and_Care_Standards_in_LTC_-_Dec_21_20071.pdf

From: Auditor General of Ontario. 2007. *Annual Report of the Office of the Auditor General of Ontario*. Toronto.

Sharkey, Shirley. 2008. *A Report of the Independent Review of Staffing and Care Standards for Long Term Care Homes in Ontario.* https://ozone.scholarsportal.info/bitstream/1873/12714/1/283663.pdf

Special Senate Committee on Aging. 2008. *Second Interim report: Issues and Options for an Aging Population.*
http://www.parl.gc.ca/39/2/parlbus/commbus/senate/com-e/agei-e/rep-e/repfinmar08-e.pdf

Steed, Judy. 2007. The Atkinson Fellowship in Public Policy. *Boomer Tsunami: Ready or Not a Special Report*.
http://www.atkinsonfoundation.ca/SkinnedFolder_1119011842744/Boomer_Tsunami.pdf

Stormont, Dundas and Glengarry. 2007. South-Eastern Ontario Long term Care Facility Committee. *Long term Care Beds Needs Analysis*