
2004 BRIEFING NOTE

Comparison of Expenditure Per Diem, City of Toronto Homes for the Aged and Selected Charitable Homes for the Aged

Issue/Background:

At the March 11, 2004 Budget Advisory Committee meeting, a question was raised by Councillor Watson on why the City's Homes for the Aged do not operate within the funded per diem that is provided for in the Ministry of Health and Long-Term Care (MOHLTC) funding formula. The General Manager of the Homes for the Aged Division advised that contributing factors include a higher level of care and service (i.e. staffing levels) and a broader scope of services (e.g. the provision of services such as occupational therapy, art therapy, music therapy and complementary care) maintained in the City's homes as approved by City Council, in comparison to the minimum MOHLTC requirements. Another key contributing factor is the higher salary costs present in a municipal organization. The General Manager also advised that there are collective agreement obligations that impact on the City's costs. Further, the General Manager advised that there are costs related to the Toronto Public Service commitment to accountability and transparency.

The Budget Advisory Committee deferred consideration of the 2004 Operating Budget for Homes for the Aged and requested that staff report back to the wrap-up meeting of BAC, providing a briefing note comparing the per diem costs for the City's homes with comparable charitable not-for-profit homes. Councillor Watson advised that she would provide the name of a charitable home for the aged that does not rely on a charitable contribution to fund its operation, to be included in the comparison.

This briefing note provides a summary of the analysis of key comparative factors between the City's Homes operating costs and two (2) charitable organizations. This briefing note also provides a summary of comparative information available from and printed in the OMBI data, which compares municipal homes for the aged.

Five types of analyses were used to prepare this briefing note.

First, the scope of services and profile of residents within the City's homes was reviewed and found to be markedly different from other comparison organizations. A brief description was developed for inclusion in this briefing note. Next, the salary scales of 60 long-term care facilities throughout Ontario were reviewed. This data was then refined to compare only municipal organizations. Next, reported OMBI data was reviewed, to analyze factors reported in the Ontario Municipal

Benchmarking Initiative (OMBI). Third, selected key factors were identified and provided to two charitable organizations, including the one identified by Councillor Watson, with the request to voluntarily and confidentially provide the City with their data to allow a comparison. Last, the collective agreement obligations of the organization identified by Councillor Watson and the City's collective agreement obligations were compared.

Key Point(s):

Resident Profile

The resident population of the City's Homes for the Aged reflects Toronto, is quite diverse and very multi-cultural. Consequently, the resident profile presents challenges in care and service provision that is not always present in a stand alone charitable/church run organization.

For example, while the provincial average for residents who do not speak English is 6.9%, the City's homes range from a low of 3.1% to a high of 23.3%. Residents in the City's homes have more complex care and behavioural care needs, due to the City's commitment to provide care and service to this group of citizens who are not well-served and/or rejected for admission by other organizations. Indeed, the number of residents with cognitive and/or behavioural response care needs in the City's homes exceeds the provincial average by 6%. Sensory disorders amongst residents in the City's homes total 27%, in comparison to a provincial average of 19%. The City has admitted individuals with significant care requirements, such as complex skin conditions, feeding requirements, and/or dialysis requirements, which add to team workload without having these factors captured in the provincial classification data. These factors appear to have a direct correlation to the number of families who need weekly or daily support from staff (e.g. assistance coping with language and/or cultural needs and/or the realities of frailty, dementia and/or behavioural issues of their family members). The provincial classification data provides evidence that 69.59% of the City's families need significant social support, in comparison to a provincial average of 57.86%.

Due to the City's commitment to public service, the City admits more individuals with low income, who are unable to purchase preferred accommodation than many other organizations and as a result does not receive the preferred accommodation revenue that some other organizations can rely on. Only 40% of resident days in the City's homes are charged at a preferred rate, in comparison to the allowable provincial rate of 60%. As a result, a portion of the City's net contribution goes towards replacing revenue that would be contributed by preferred accommodation residents.

In terms of care and service provision, past City Council decisions directed the Homes for the Aged Division to staff at a higher staffing level than is required by the Ministry of Health and Long-Term Care. For example, City Council provides a net contribution in the nursing and personal care envelope to ensure that there is a higher level of nursing care provided than is possible in the funded level of care (LOC) funding from the MOHLTC. The City also makes a net contribution to provide a higher level of service in recreation, therapeutic recreation, rehabilitation, social work and spiritual and religious care services than is funded in the MOHLTC programs and services envelope.

The City's homes' operating per diem for 2004 is \$148.77, with LOC funding being \$118.89. The City receives additional supplemental funding from the MOHLTC that makes up part of this variance. The remainder is received from the City as a net contribution.

Cross Provincial Comparison

A comparison of 60 long-term care facilities throughout Ontario provided evidence that the City's wages were above the average in all job categories. In refining this data to compare only 38 municipal homes, the variance lessened and the City had a more comparable wage scale. However, the City's wage rate was still higher than the blended average (approximately 8-9%) in most position classifications. In comparing actual wage rates with individual municipal employers, there were four identified municipalities whose wage rates tended to be higher than the City of Toronto.

A review of the preliminary OMBI data provided evidence that, of the 13 municipalities involved in and reporting to the Ontario Municipal Benchmarking Initiative, Toronto's Case Mix Index (CMI) was the 3rd highest while Toronto's per diem costs were the 4th lowest. Staff felt that it was important to benchmark with other municipalities, in addition to the comparison with the 2 charitable organizations, as the Corporate and accountability mechanisms and arbitrated wage settlements of other municipal homes were more similar to the City's homes than other comparisons.

Comparison Organization Number 1

With respect to the direct comparison with the 2 charitable organizations selected for comparison, the one identified by Councillor Watson has a self-reported operating per diem of \$123.86. This compares to the City's 2004 operating per diem of \$148.77. This organization reports that they are not multicultural or multilingual and they do not have a resident population of hard-to-serve and/or complex care individuals. They do have a secure unit (39 residents) on one floor.

Although their hours of nursing and personal care per resident day (2.46 hr) are quite comparative to the City's (2.4 to 2.54 hr), this organization has a much more limited scope of services than found in the City's Homes. For example, they staff most of their nursing and personal care hours with non-registered staff; only 24.5% of all of their nursing and personal care hours are provided by registered nurses or registered practical nurses. This compares to a City rate of approximately 35% to 45%, dependent on the assessed specific care needs of residents in each home. Non-licensed personnel provide the remainder of care. The City's homes have made a deliberate decision to staff with more registered nurses and registered practical nurses to ensure accurate assessment of care needs and appropriate care delivery, for individuals with more complex care needs.

The comparison organization provides no staff in the areas of therapeutic services, rehabilitation and/or social work services. Spiritual and religious care services are provided on a voluntary basis by the sponsoring church. They do provide recreational/activity services. They do not have a comparable resident population in behavioural care, complex medical care and/or financial means. They do not have a Residents' Council or a Family Committee to guide decision making, as exist in the City's homes; however, it is noted that they do have quarterly communication meetings to which residents and families are invited.

The reported operating per diem of \$123.86 exceeds the LOC funding from the MOHLTC (\$119.36). The organization reports that they make up the variance through preferred accommodation revenue and minor sundry income. They have 44 private rooms from the total available 110 beds. Assuming that all of the private rooms are charged at a private rate or an additional \$18.00 per day and some of the semi-private rooms are charged at an additional \$8.00 per day, it is possible to make up this shortfall and create a small surplus. Revenue from private rooms alone could contribute \$289,080.00 annually.

The wage rates in this organization are significantly less than in the City's homes and this variance is described in more detail in the section entitled Collective Agreement Obligations. However, it is important to note here that the wage rates are between 12-33% less for all position classifications.

Comparison Organization Number 2

The second charitable home selected for comparison has a more similar scope of care and service as the City's homes. This organization has a similar philosophy of care, involvement of families and commitment to staff at a higher level than is funded by the MOHLTC funding formula (\$117.04). The organization has a self-reported operating per diem of \$174.55, in comparison to the City's 2004 operating per diem of \$148.77. This organization staffs at a higher level (3.5 hr) in nursing and personal care than the City's homes do (2.4 to 2.54 hr). This organization provides therapeutic, rehabilitation, spiritual and religious care and social work services similar to the City's scope of services and has a resident population with a similar profile to the City's homes. This organization has a strong Residents' Council and Family Council. Similar to the City's homes, this organization staffs at a level higher than the minimum required by the MOHLTC in all areas of operation, in order to enhance care and service to their residents. Their wage rates are similar to the City's wage rates.

This organization receives some supplemental funding from the MOHLTC and relies on a significant charitable contribution to support its operating budget, in addition to the preferred revenue received. This funding is received in the form of a direct annual contribution from the Foundation and through borrowing from the Foundation to cover any remaining shortfall.

Collective Agreement Obligations

The collective agreement obligations of the comparison organization number 1 are very different than the collective agreement obligations found in the City's homes. Unionized employees working in comparison organization number 1 are represented by SEIU through a site-specific collective agreement, while the City's employees are represented by CUPE through a City-wide collective agreement. Significant variances were identified in a detailed review of the provisions, in items such as the completeness of the agreement, recognition and scope, definitions of full-time and part-time work and corresponding scheduling obligations, probationary provisions, vacation and designated holidays, benefits, pension plan, sick leave, rates of pay and employment security. Several, but not all, of the variables are outlined below.

Probationary employees at the comparison organization are paid \$0.20 less per hour than their non-probationary counterparts and are not members of the bargaining unit until the completion of their probationary period. A significant number of employees, including clerical staff, activity staff, and registered nurses are not unionized and are paid significantly less than the City's staff. A detailed comparison of wage rates provides evidence that employees are paid between 12-33.3% less per hour than City employees. For example, registered nurses are paid 15% less; health care aides/personal support workers are paid 28% less; food service staff are paid 12% less; housekeeping staff are paid 18% less.

Part-time employees at the comparison organization do not have the same benefit entitlements as City staff; for example, they have no paid sick time and are paid a \$0.60 per hour payment in lieu of all benefits. Full-time staff bank 1 sick day per month in comparison to the City's 1.5 days per month, and they have their sick bank capped at 120 days. Employees at the comparison organization have no entitlement to premium pay, such as shift and/or weekend premium rates. Registered nurses do not receive the "RN-in-Charge" awarded to City staff as a result of an arbitration award.

Conclusions

The City has given consideration to the factors that affect the City's per diem costs a number of times in the past, including a review of governance options (2001) which was completed by The Hay Group. The primary factors that affect the City's homes' operating costs are tied to the City's commitment to provide a higher level and broader scope of services than is provided through the MOHLTC funding formula. In addition, the higher operating costs are an effect of the funding formula not recognizing cost differentials (i.e. the same per diem is paid to operators regardless of their actual costs for providing the service). As noted in this report, the City's wage rates are higher than the provincial average.

The City's homes operate as a Division of the City and as such are part of City-wide bargaining and City-wide job evaluation. Historic increases in wage rates and benefit provisions have been awarded through arbitration processes. The homes' wage rates and benefit entitlements represent City-wide employment equity and recognition of pay equity obligations which exceed other employers. As a result, it is not possible to compete on a per diem cost basis with a church-run single home operation with a more limited scope of service.

The profile of the resident population in the City's homes is reflective of the diversity of Toronto. This diversity guides the organization and delivery of services. In addition, the City's homes tend to serve a higher percentage of "hard-to-serve" residents than some other organizations.

The City's per diem costs benchmark very favourably to other municipalities, and sit between the per diem costs for the two comparison charitable organizations. Explanation has been provided in this report as to what drives those variances.

The Homes for the Aged Division is very cognizant of the financial pressures that have faced the City over the past number of years and each year has presented a budget with new efficiency measures. The 2004 net budget request was below target and below 2003 net.

Past reports to City Council have reflected on both the costs and the quality of care and services in the City's Homes. As a municipal organization, the Division plays a vital role in advocating for improvement in the overall long-term care system to better serve seniors. In addition, as a result of the high quality achieved in the City's homes, the good practices developed within the Division have often been used by other organizations to improve their own care and service and accountability mechanisms.

Date: March 21, 2004