

Ministry of Long-Term Care

2021 Spending Plan Review

Briefing Deck



Purpose and Structure of FAO's Report

Purpose: to support the Standing Committee on Estimates' review of the Ministry of Long-Term Care's 2021-22 Expenditure Estimates

The report has three major sections:

1. Financial overview of the ministry
2. Identifies key financial issues for the ministry. For this year, the FAO:
 - forecasts ministry spending through 2029-30, based on ministry programs and commitments;
 - reviews the Province's long-term care bed expansion and redevelopment plans;
 - projects the number of long-term care beds through 2029-30 and identifies risks to the supply of beds; and
 - examines the Province's commitment to increase daily direct care for long-term care residents.
3. Reviews requested spending by program and identifies spending trends and program changes

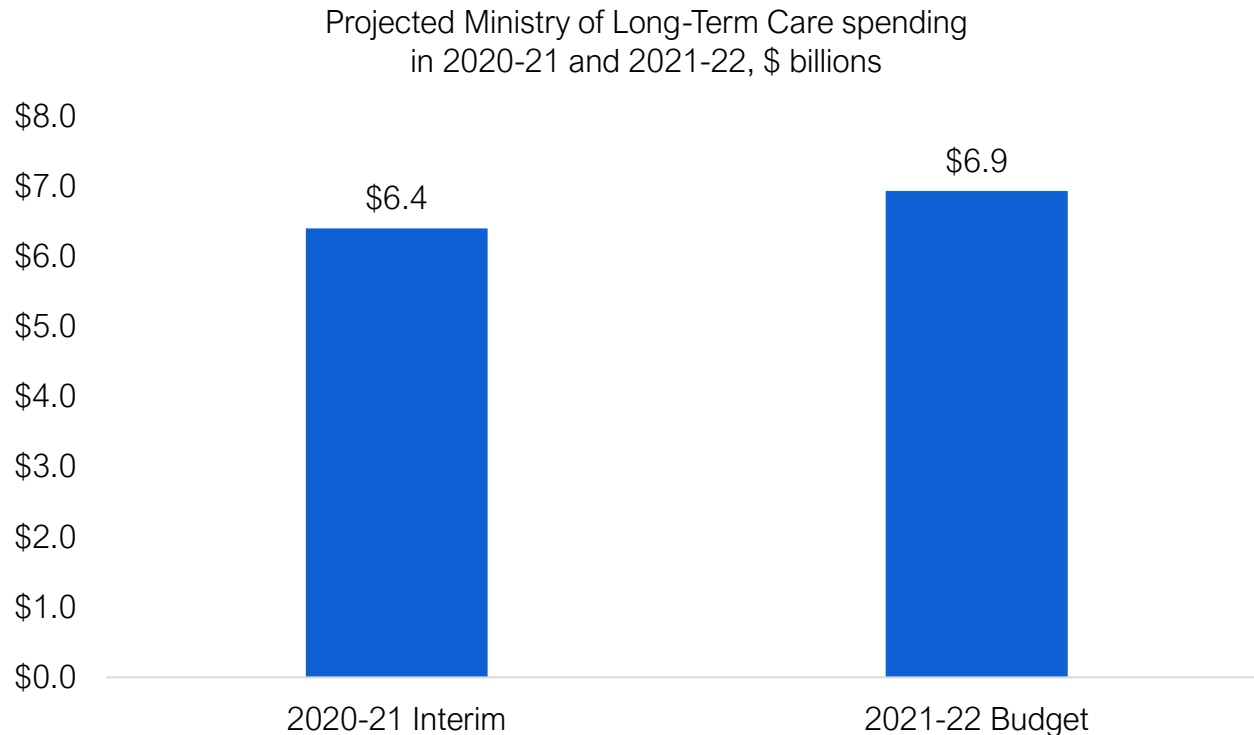


Ministry Overview



Ministry of Long-Term Care Spending for 2021-22

Projected spend of **\$6.9 billion** in 2021-22, up \$0.5 billion (8.4%) from 2020-21.



Note: Excludes negative adjustments of \$4.5 billion in 2020-21 and \$6.1 billion in 2021-22 to record expenses on the financial statements of Ontario Health and with the hospitals sector. These negative adjustments are offset by corresponding positive adjustments with the Ministry of Health.

Source: 2021-22 Expenditure Estimates, 2021 Ontario Budget and FAO analysis of information provided by the Ministry of Long-Term Care.



Ministry Budget by Estimates Categories

Program vote 4502 contains almost all ministry spending.

Vote	Program Name	2021-22 Estimates (\$ millions)
4501	Ministry Administration Program	6
4502	Long-Term Care Homes Program	6,928
	Total Supply Bill (Voted) Spending	6,934
	Other spending – Ontario Health	-5,574
	Other spending – hospitals (operating)	-48
	Other spending – hospitals (capital)	-525
	Total Other Spending Adjustments	-6,146
	Standalone Legislation (Statutory) Spending	< 1
	Net Ministry of Long-Term Care Expense	789

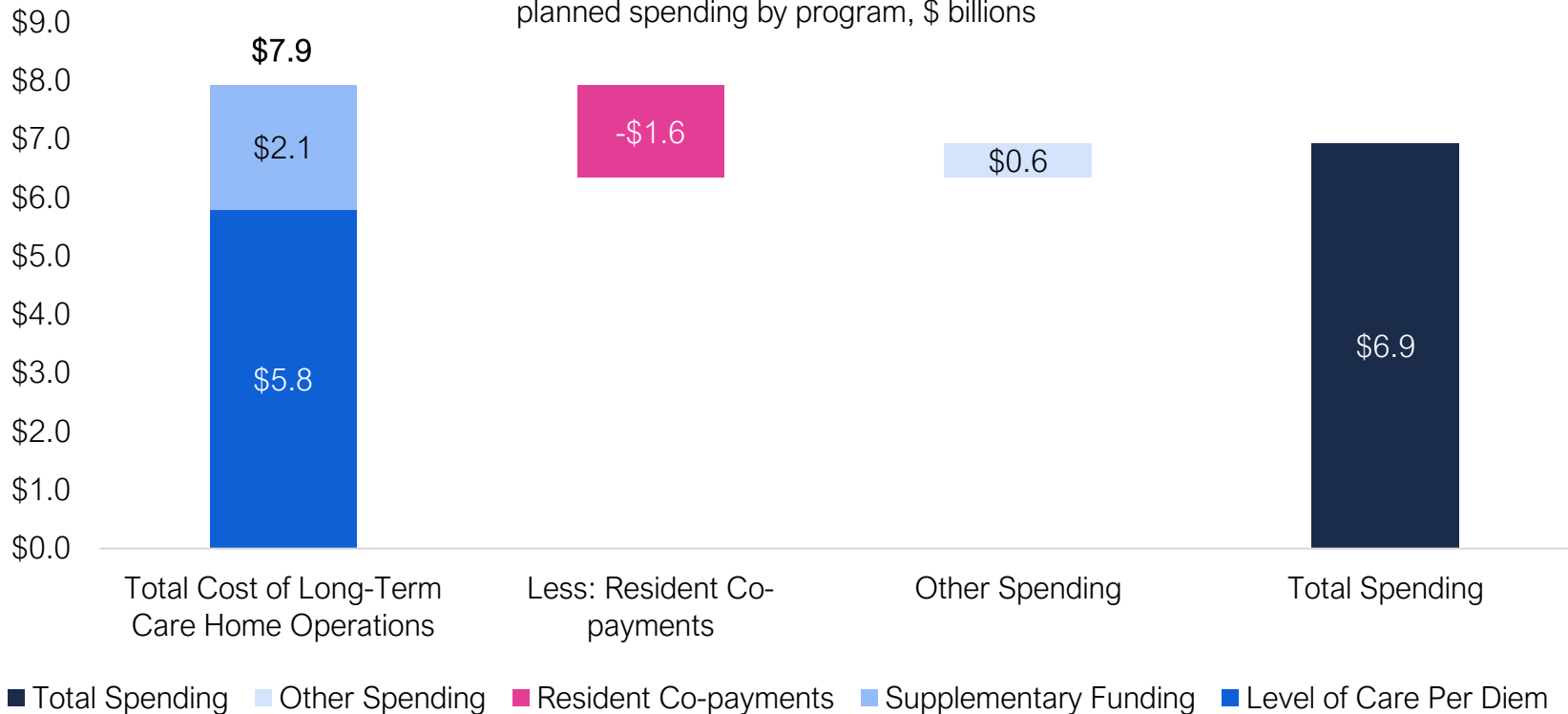
Source: 2021-22 Expenditure Estimates.



Spending by Program Area (\$ billions)

- There are 626 LTC homes in Ontario that have spaces for over 78,000 residents.
- LTC home operators receive funding from MLTC for each bed in operation.

FAO estimate of 2021-22 Ministry of Long-Term Care planned spending by program, \$ billions



Source: 2021-22 Expenditure Estimates and FAO analysis of information provided by the Ministry of Long-Term Care.

Key Issues



Key Issues Overview

- Spending plan analysis
- Expansion and redevelopment plan analysis
- LTC bed forecast and risks
- Increasing daily direct care for long-term care residents



Key Issues

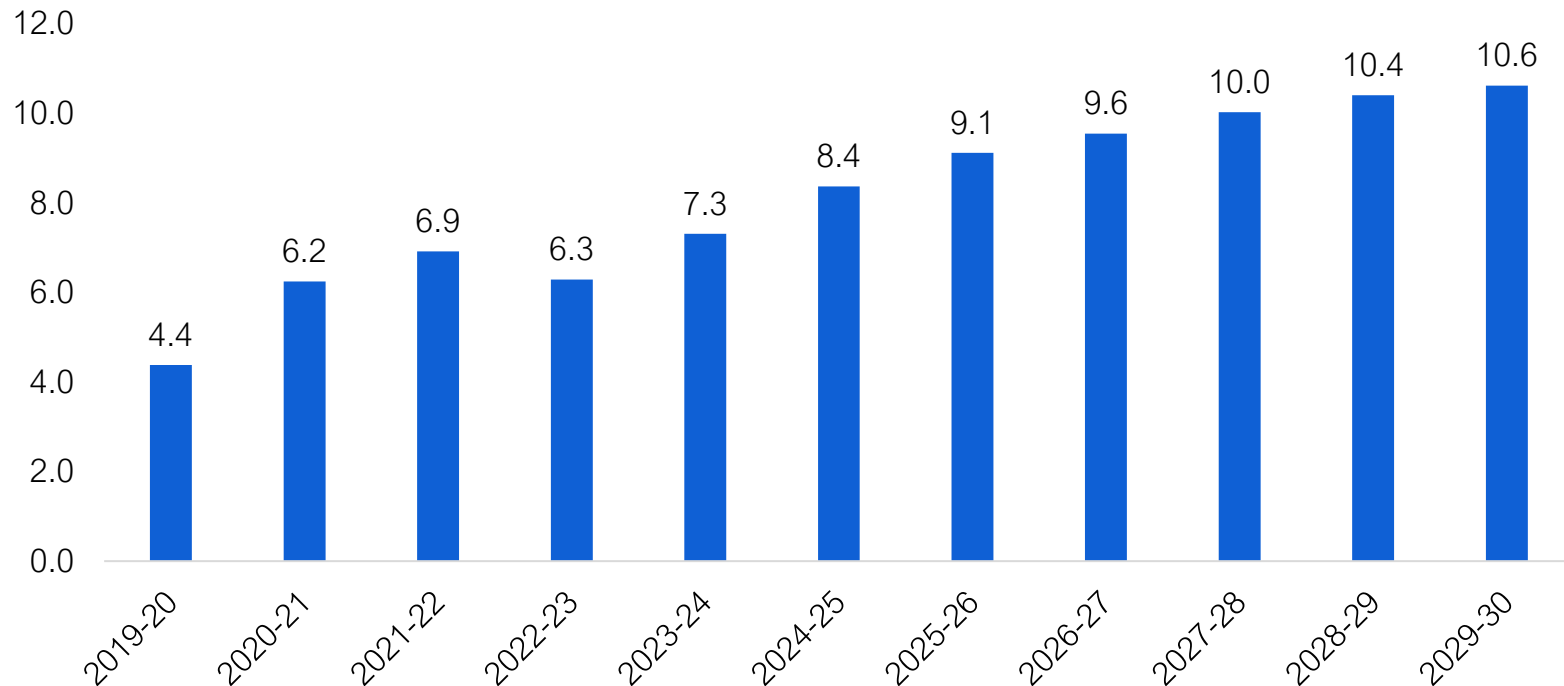
Spending Plan Analysis



Long-Term Care Spending Outlook

- 9.3% average annual growth over the 10-year period, compared to 3% annual growth over the previous 10 years.

FAO projection for Ministry of Long-Term Care spending,
2019-20 to 2029-30, \$ billions



Source: FAO calculations.



Key New Spending Commitments

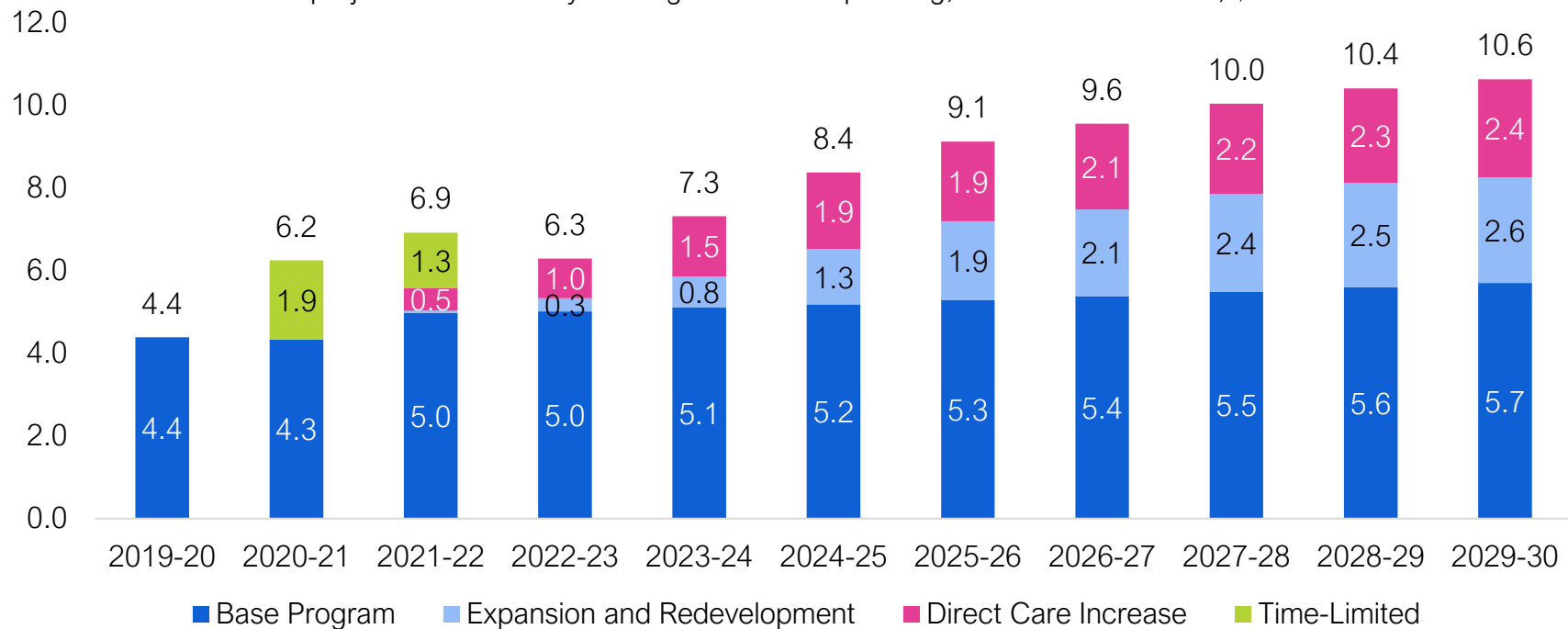
- The relatively high projected spending growth is primarily due to **two significant long-term care commitments** made by the Province:
 - To expand and redevelop 30,000 long-term care beds over 10 years, including a new bed development funding policy.
 - To increase the average hours of daily direct care provided to long-term care residents by nurses and personal support workers from 2.75 hours per day in 2018 to four hours per day by 2024-25.



Spending Outlook – Base and New

- The two commitments will increase program spending by an estimated \$2.2 billion by 2023-24 and \$5.0 billion by 2029-30.
- The FAO's forecast also incorporates a total of \$3.2 billion in time-limited spending in 2020-21 and 2021-22, mostly for spending related to the COVID-19 pandemic.

FAO projection for Ministry of Long-Term Care spending, 2019-20 to 2029-30, \$ billions



Source: FAO calculations.

Key Issues

Expansion and Redevelopment Plan Analysis



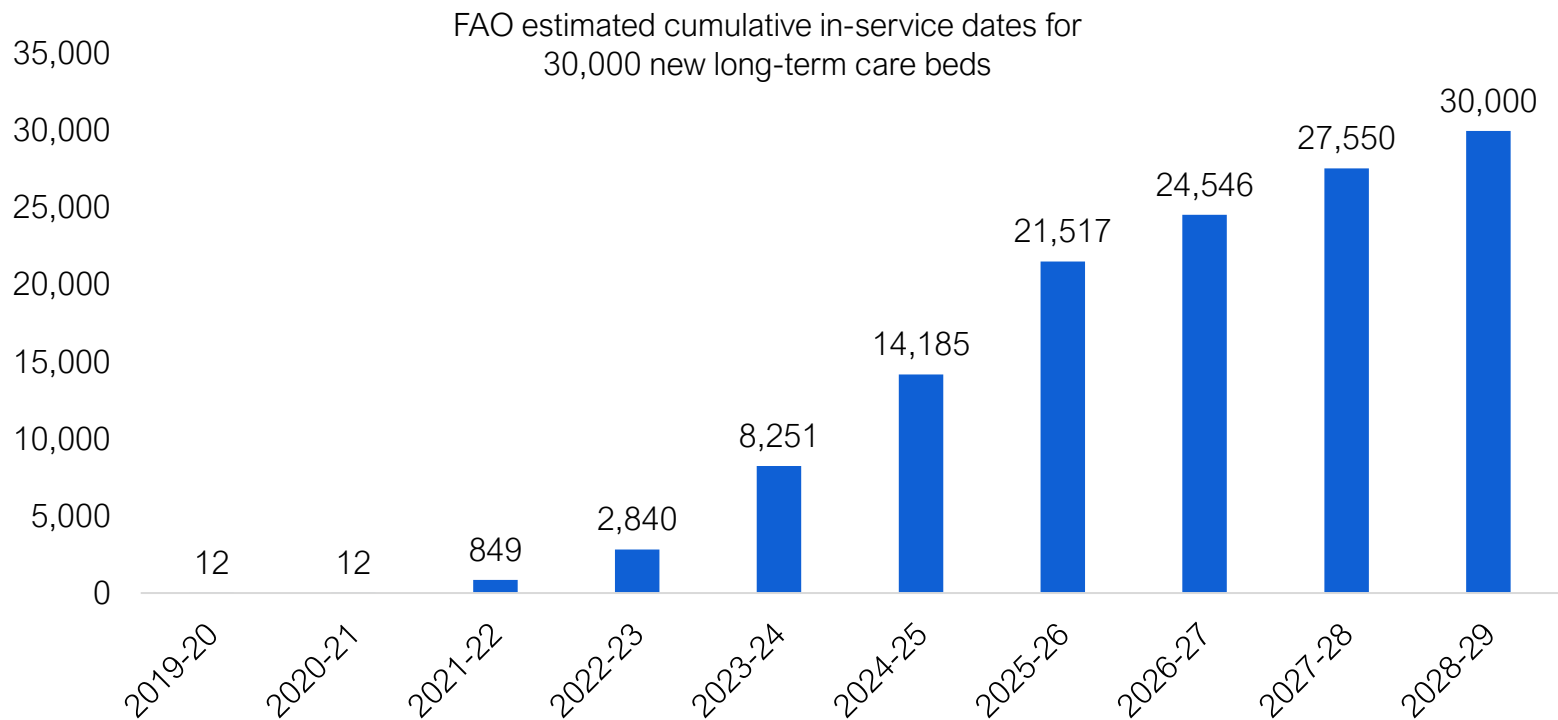
Expansion and Redevelopment Plan

- The long-term care bed expansion and redevelopment plan is part of the Province's plan **to address capacity issues** in the health sector.
 - As of December 2020, there were over 40,000 Ontarians on the wait list for a long-term care placement and the median wait time for a long-term care bed was 144 days.
- Expansion and redevelopment plan targets:
 - The Province has committed to build **30,000 new long-term care beds** by 2028-29.
 - The FAO assumes that the Province will need to **redevelop at least 30,701 beds** by 2028-29.
- To help facilitate the construction and redevelopment of beds, the Province significantly increased construction subsidies.



The Commitment to Build 30,000 New Beds

- The Province has allocated **20,161** new long-term care beds.
- To achieve 30,000 new beds in service by the end of the 2028-29 fiscal year, the remaining 9,839 bed allocations must be completed by March 2026.



Source: FAO analysis of information provided by MLTC.



The Plan to Redevelop Existing Beds

- There are 31,266 B, C and D class beds in Ontario that are **not built to modern design standards**.
 - These beds were built to the design standards of the 1972 Nursing Homes Act Regulation, which allowed three and four beds per room and did not require washrooms in all resident bedrooms.*
 - Licences for 26,531 of the Province’s B and C class beds will expire on June 30, 2025, while the licences for the 1,764 D class beds expired in 2020.

Long-term care beds by structural classification as of March 31, 2020

Structural Classification	New	A	B	C	D	Unknown	Total
Number of Beds	39,232	6,819	5,803	23,699	1,764	1,482	78,799

* The D bed classification refers to “upgraded D” beds, which are beds that do not meet the standards of the 1972 Nursing Homes Act Regulation but were “upgraded” starting in 2002 by spending an approved amount to benefit resident health, safety or well-being.

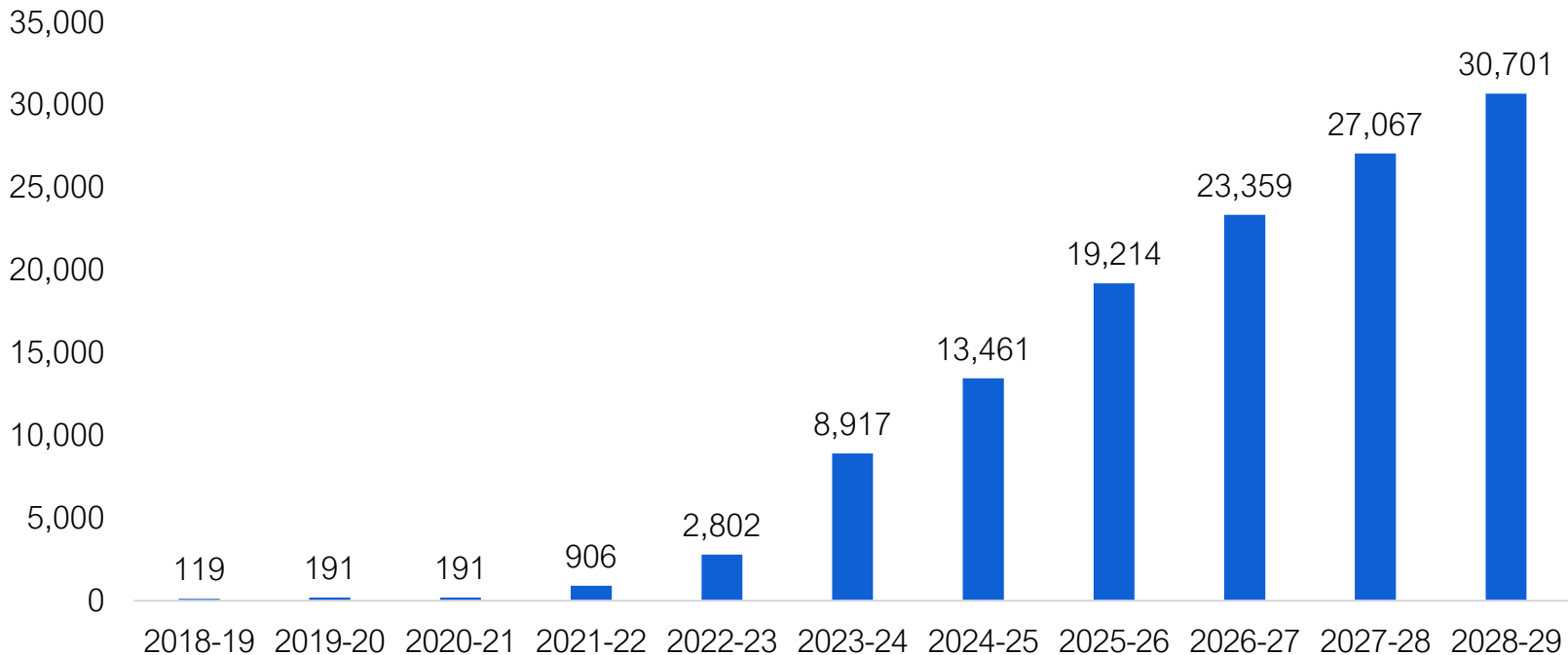
Source: Information provided to the FAO by MLTC. See [Slide 26 of MLTC's presentation on the Long-Term Care Home Development Framework](#) for a more detailed description of long-term care bed structural classifications.



Estimated Timing to Redevelop Existing Beds

- The Province will need to redevelop at least 30,701 beds by 2028-29 to maintain the existing stock of long-term care beds.
 - Due to expired (all D class beds) or expiring (most B and C class beds) licences.

FAO estimated cumulative in-service dates for redeveloped beds



Source: FAO analysis of information provided by MLTC.



The New Long-Term Care Development Policy

- To build or redevelop long-term care beds, LTC operators are required to finance the project.
- Previously, the Province paid a construction subsidy of up to \$23.03 per bed per day for 25 years.
 - However, LTC operators have stated that the subsidy did not cover a sufficient portion of the cost of construction, leading to limited uptake of new projects.
- Under the new subsidy policy, the Province will pay up to \$25.28 per bed per day for 25 years and a grant of up to \$51,376 three months prior to project completion.
- This new policy will increase the maximum construction funding subsidy by an estimated 41 per cent, from \$164,000 (\$2021) to \$232,000 (\$2021) per bed.
- In total, the new development policy will increase long-term care spending by over \$2.5 billion from 2020-21 to 2029-30.



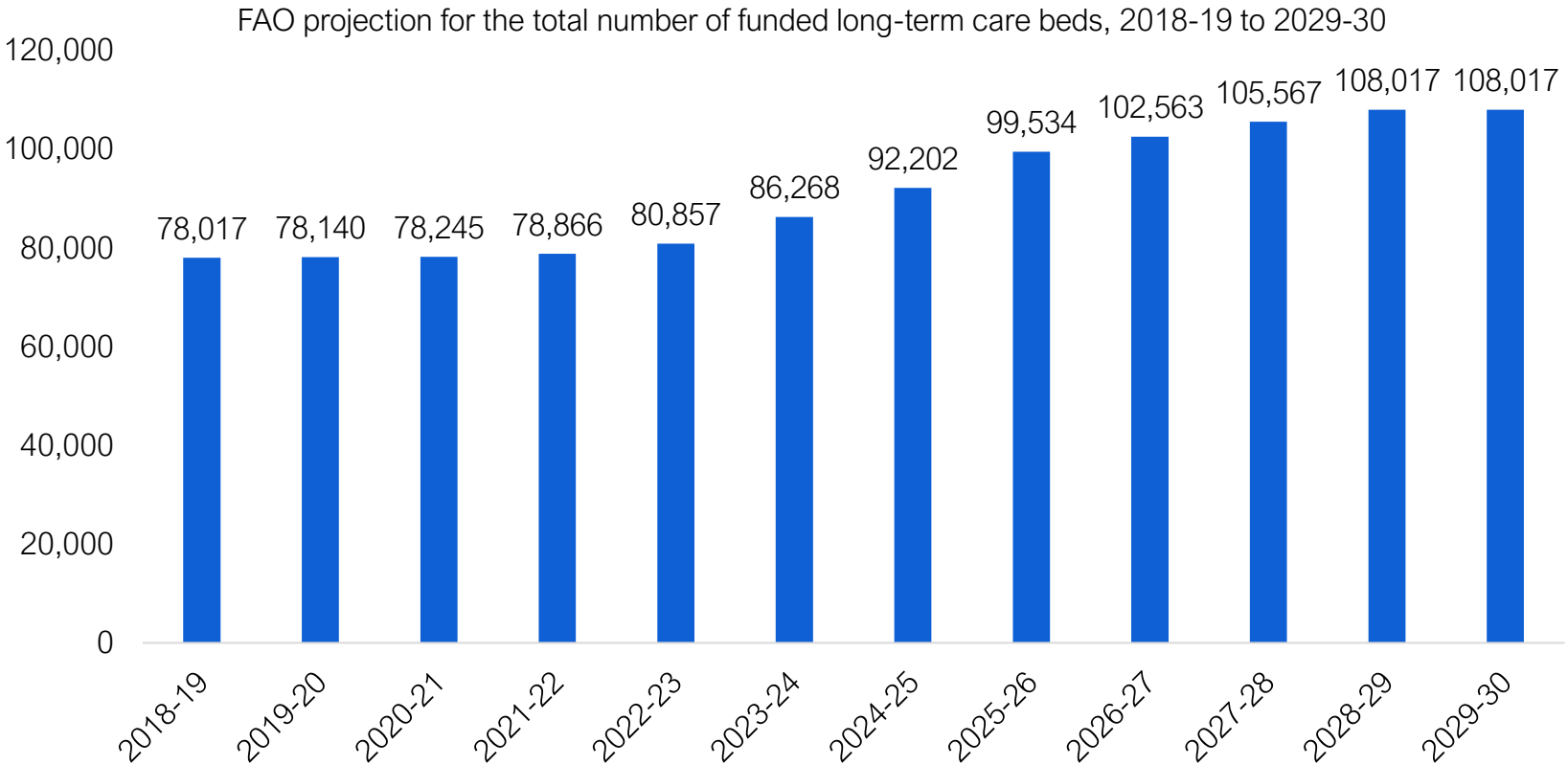
Key Issues

LTC Bed Forecasts and Risks



Long-Term Care Bed Projection

- If the expansion and redevelopment targets are met, the number of long-term care beds is projected to reach 108,017 by 2028-29.



Note: The FAO forecast reflects the number of funded beds, not the number of beds available for LTC residents, as some beds will be under redevelopment or may be unavailable due to infection prevention and control measures.
Source: FAO analysis of information provided by MLTC.



Long-Term Care Bed Projection – Risks

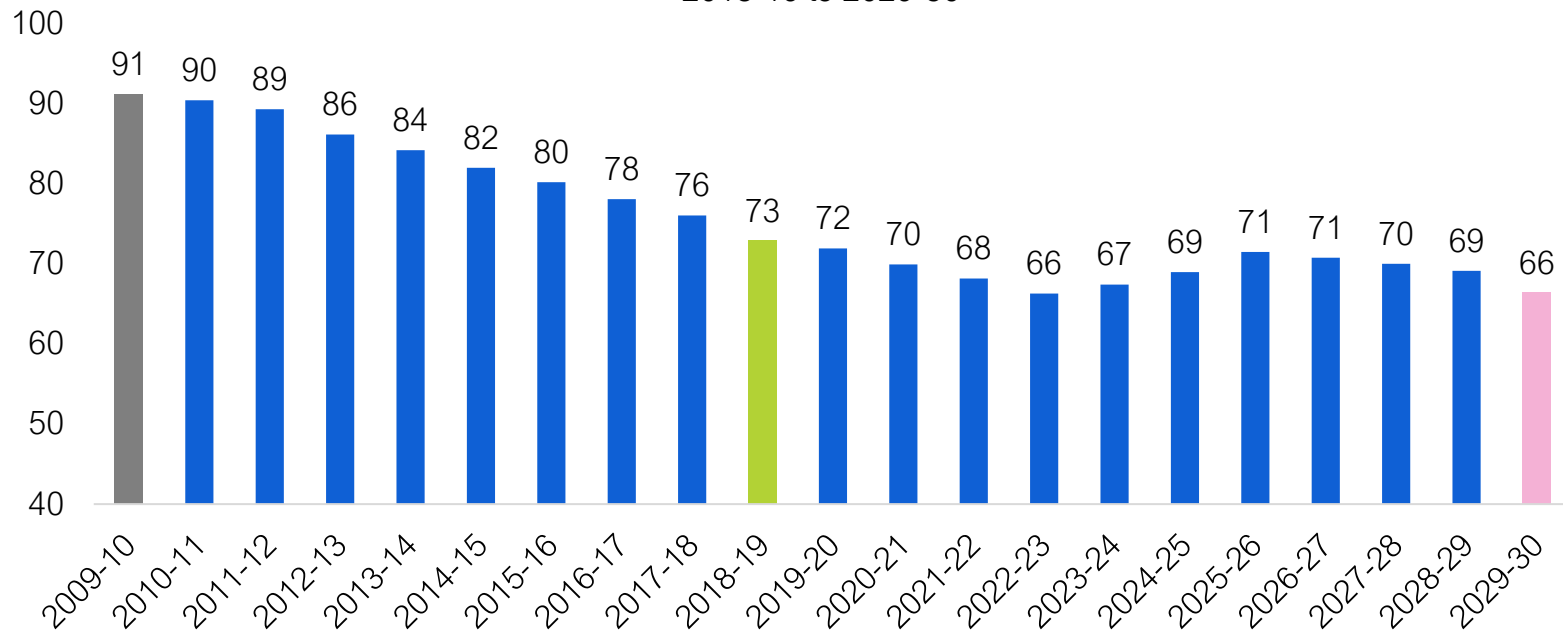
- **Risk: 7,400 beds may not return to service**
 - As of March 2021, over 7,400 long-term care beds were temporarily not in service due to public health measures to prevent the spread of COVID-19.
 - Ongoing infection prevention and control measures could mean that many of these beds will continue to be unavailable and some beds may be prevented from reopening entirely.
- **Risk: construction timelines may not be achieved**
 - Previous long-term care bed expansion and redevelopment commitments have not been achieved, which highlights the historic difficulty in meeting long-term care bed expansion and redevelopment targets.
- **Risk: beds with expiring licences may be permanently taken out of service**
 - The ministry has allocated only 15,918 beds for redevelopment, leaving an estimated 14,783 beds with expired or expiring licences that do not have redevelopment plans.
 - The ministry recently stated that “further advancement on redeveloping beds will be contingent on future funding availability.”
 - The Province could decide to permanently take these beds out of service and reduce its supply of long-term care beds.



LTC Beds as a Share of 75+ Population

- If achieved, 30,000 new beds by 2028-29 will likely not be sufficient to keep pace with the growing demand for long-term care from Ontario's growing and aging population.
- From 2018-19 to 2029-30, the number of Ontarians aged 75 and over will increase by 52 per cent, while the number of long-term care beds will increase by 38 per cent.

Projected number of long-term care beds per 1,000 Ontarians aged 75 and over, 2018-19 to 2029-30



Source: FAO.



Key Issues

Increasing Daily Direct Care Hours for Long-Term Care Residents

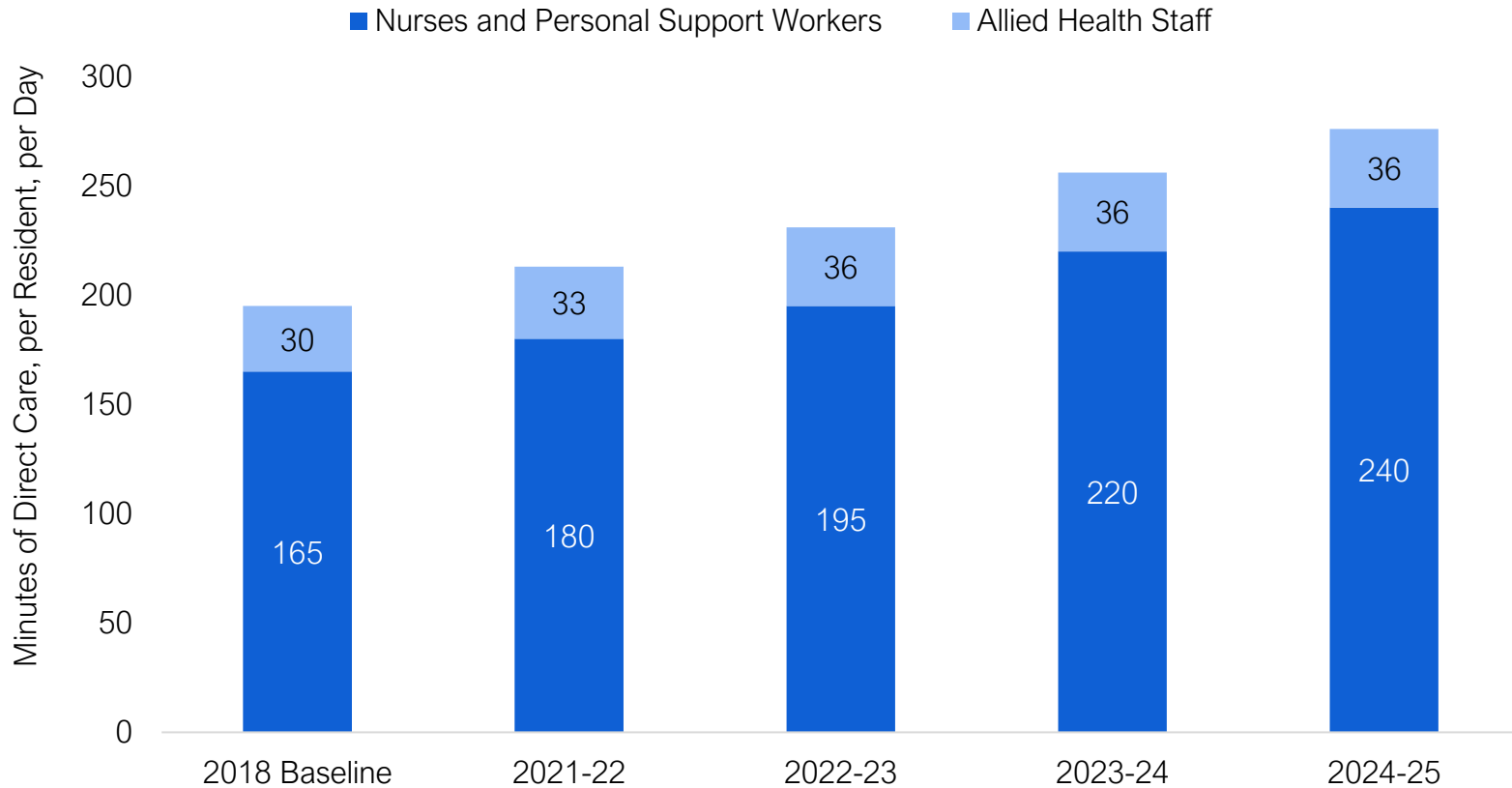


Commitment to Increase Daily Direct Care Hours

- The Province's commitment to increase daily direct care includes:
 - Providing LTC residents with an average of four hours of direct daily care from a nurse or personal support worker by 2024-25 (up from 2.75 hours in 2018).
 - Providing LTC residents with an average of 36 minutes of direct daily care from allied health professionals, including physiotherapists and health care aides, by 2022-23 (up from 30 minutes in 2018).
 - Providing funding to recruit and train personal support workers.



Targets for Daily Direct Care Hours



Note: Nurses include registered nurses and registered practical nurses. Allied health staff include activity assistants, health aides, administrators, social workers, physiotherapists and others.

Source: Ontario's Long-Term Care Staffing Plan (2021-2025).



Estimated Cost and Staffing Impact

- The commitment will cost a **total of \$4.9 billion** from 2021-22 to 2024-25.
- An estimated 29,200 full-time equivalent positions (17,000 personal support workers and 12,200 nurses) will need to be hired by 2024-25 to meet the commitment.
- Combined with the 30,000 new bed commitment, over 37,000 nurses and personal support workers will need to be hired by 2024-25 to support both the **increase in direct care hours** and the **increase in the number of long-term care beds**.

Estimated Cost (\$ millions)	2021-22	2022-23	2023-24	2024-25	Four Year Total
FAO Estimate	546	972	1,466	1,865	4,850
Government Estimate	500	1,000	1,500	1,900	4,900
<i>Difference</i>	46	<i>-28</i>	<i>-34</i>	<i>-35</i>	<i>-50</i>

Source: FAO analysis of information provided by MLTC.



Thank you!



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