

OHA Briefing Note

Hospitals and Long-Term Care Facilities

INTRODUCTION

Concerns regarding the feasibility of a small hospital subsidizing ELDCAP/long-term care beds and increasing challenges in meeting regulatory standards associated with such care were recently raised as an issue at the OHA Small, Rural and Northern Hospitals Provincial Leadership Council (SRN Council).

KEY ISSUES OF CONCERN

1. Subsidization of Long-Term Care Beds

Due to the lack of health care resources readily available in rural and northern communities, a small hospital may be directly responsible for managing and operating the healthcare resources for their defined geographic area. As such, they are obliged to meet the needs of their community at large with little staffing and resources to ensure the continuity of care for their patients and the viability of the services they deliver. Such services include subsidizing the delivery of long-term care to ensure care is adequately provided.

In order for some small communities to operate long-term care beds, the local hospital must subsidize the beds. Some Ontario hospitals have indicated that the industry standard for fiscal viability appears to be 100-128 long-term care beds. As such, facilities with less than 100 long-term care beds are often subsidizing the care and management of these beds in order to maintain fiscal viability.

A small hospital struggling to meet their financial targets cannot continue to subsidize programs outside the scope of their hospital operating budget with little/no financial recognition from the Ministry of Health and Long-Term Care (MOHLTC). With MOHLTC inflationary increases in costs of 2.5% to 3%, hospitals are having difficulties balancing their budgets. With the introduction of the hospital accountability agreements, hospitals are working to ensure their total margin balances. However, to do so requires the MOHLTC to recognize their unique cost pressures encountered by

hospitals with LTC beds/facilities. These pressures are often differential costs in wages that are beyond management control.

Medical Director Salary Supplements

Regulation 832 under the *Nursing Homes Act* requires every licensee of a nursing home to appoint a physician as Medical Director of the home.¹ Small hospitals in rural and northern areas encounter challenges recruiting and retaining physicians. Furthermore, once physicians are successfully recruited, hospitals with long-term care homes are often compelled to offer competitive salaries beyond what is provided for under the long-term care infrastructure. In order to sustain both the physician and the long-term care program for the community, some hospitals have therefore resorted to supplementing these salaries with funds from their global budget.

Staffing Wage Differentials

Given the competitive demands of recruiting qualified nursing and other staff, hospitals with LTC units/facilities have historically offered wage parity as a means of attracting and retaining these individuals in order to sustain the program. Again, as is the case with the Medical Director, some hospitals have resorted to supplementing these salaries with funds from their global budget.

2. Requirement of 24-hour Nursing Care

Existing Regulatory Standards

A small hospital with a co-located long-term care unit/facility is able to deliver care and meet the standards set out by Regulation 832 under the *Nursing Homes Act*² by ensuring the unit is covered by the hospital RN on the evening shift in addition to other RNs in

¹ Section 50 of Regulation 832 provides that “A licensee of a nursing home shall appoint a physician as the medical director for the home and shall obtain a written statement signed by the medical director stating that the medical director will advise the administrator of the home on matters relating to medical care in the home, including the quality of medical care provided in the home.” While Bill 140 includes a similar provision, as currently drafted, it does not require that the Medical Director sign a written statement, nor does it provide for the Medical Director to advise on the quality of medical care provided in the home.

²Section 59(1.1) of Regulation 832 under the *Nursing Homes Act* provides that “the license of a nursing home shall ensure that at least one registered nurse who is a member of the regular nursing staff of the home is on duty and present in the home at all times.

the hospital. Although this particular staffing ratio exceeds the levels as set by the legislation, it is considered as being non-compliant with the standard. In order to comply, the hospital must have a dedicated long-term care RN physically present in the long-term care unit at all times. However, in some cases where the hospital is the employer for both the hospital and the long-term care unit, it is felt that the hospital staffing model as described above meets the quality of care and mitigated risks issues intended by the legislation.

New Standards: Bill 140 – The *Long-Term Care Homes Act, 2006*

The requirement for nursing homes to have a registered nurse physically present in the long-term care unit at all times³, has been included, with some revisions, in Bill 140. As drafted, it provides that *“every licensee of a long-term care home shall ensure that at least one registered nurse, who is both an employee of licensee and a member of the regular nursing staff of the home is on duty and present in the home at all times, except as provided for in the regulations.”*⁴

It is important to note that Bill 140 requires the nurse to be both an employee of the licensee as well as a member of the regular nursing staff, and that regulations to Bill 140 may make some exemptions to the staffing model.⁵

³*Supra* note 4.

⁴*Long-Term Care Homes Act, 2006*, ss. 7(3).

⁵Bill 140 has not yet been proclaimed in force, and as such no regulations have been developed.

Appendix A

Backgrounder

Hospitals and Long-Term Care Beds

A number of hospitals in Ontario own, operate and govern long-term care homes as well as Elderly Capital Assistance Program beds (ELDCAP). In Ontario there are approximately 33 hospitals that operate long-term care beds (i.e. Interim long-term care, non-profit long-term care home, and charitable home) and/or Elderly ELDCAP beds. Some of these hospitals are co-located with long-term care beds.

ELDCAP Beds

A total of 13 hospitals operate 244 ELDCAP beds through the Northern Ontario Elderly Capital Assistance Program. These beds were established in Northern Ontario communities with capital assistance from the Ministry of Northern Development and Mines. The ELDCAP program was established by the Ministry of Northern Development and Mines in the mid 1980's to ensure communities, without any extended care homes (i.e., long-term care beds), were accommodated with the needed services.

ELDCAP beds are operated and funded by local hospitals and are built as additions to existing hospitals or as free-standing homes operated by local hospitals.⁶ Although ELDCAP beds are subject to the long-term care program requirements, they are funded through a hospital's global budget and at a higher per diem rate than other long-term care beds.

Funding of Long-Term Care Beds

Long-term care facilities receive their operating funds on a per diem basis rather than a global budget.

The per diem rate is divided into three separate envelopes: nursing and personal care; program and support service; and accommodation. The MOHLTC determines the total per diem funding that the operator will receive and expenses that can be charged.

⁶MOHLTC, Glossary of Terms,
http://www.health.gov.on.ca/english/public/program/ltc/28_pr_glossary.html

The residents of long-term care homes are charged a co-payment that covers the cost of their meals and accommodation. It is calculated based on the type of accommodation: \$31.67 for short stay; \$48.69 for basic accommodation, \$66.69 for private bed. The province covers 100% of the cost of healthcare costs provided.⁷ In 2006, the per-diem rate for a basic long-term care bed was approximately \$117, which includes the co-payment of \$48.69 paid by the resident. After an income means test the MOHLTC pays some or all of the \$48.69 so the operator is guaranteed full payment.

Long-Term Care Legislation: Bill 140: *Long-Term Care Homes Act, 2006*

Bill 140, the *Long-Term Care Homes Act, 2006* was introduced by the Minister of Health and Long-Term Care on October 3, 2006. If passed, this Act would consolidate three existing pieces of legislation (*Nursing Homes Act, Charitable Institutions Act and Homes for the Aged and Rest Homes Act*) into one single Act. OHA has made submissions to government⁸ in the spirit of ensuring that the legislative framework for long-term care homes meets the needs of residents and families. Specifically, hospitals are concerned about the prescriptive nature of the legislation creating a culture of compliance and moving away from a culture of accountability built on quality of care. (*For a copy of OHA's background and submission, see www.oha.com, "Communications – Legislative Issues & Analysis"*).

⁷ The facility Case Mix Index is calculated by the Ministry and applied to the nursing and personal care envelop for the facility.

⁸ OHA Submission to the Standing Committee on Social Policy – available at [http://www.oha.com/client/oha/oha_lp4w_lnd_webstation.nsf/resources/Bill+140/\\$file/Bill+140+Submission+_FINAL_.pdf!OpenElement&Login](http://www.oha.com/client/oha/oha_lp4w_lnd_webstation.nsf/resources/Bill+140/$file/Bill+140+Submission+_FINAL_.pdf!OpenElement&Login)

