

NOVA SCOTIA DEPARTMENT OF HEALTH CONTINUING CARE BRANCH

Subject: PROTECTED ENVELOPE FUNDING POLICY

Original Approval Date: July 25, 2007 Revised Date: September 16, 2008

Approved by: ***Original signed by Keith Menzies***

Keith Menzies, Executive Director, Continuing Care Branch

1.0 INTRODUCTION

- 1.1 Funding to a Service Provider operating under a Service Agreement will be provided through two envelopes:
- Protected Envelope
 - Unprotected Envelope (see *Unprotected Envelope Funding Policy*)
- 1.2 Funds shall also be available to the Service Provider in accordance with the Capital Renewal Reserve Policy.

2.0 POLICY STATEMENT

- 2.1 This Policy describes the provision of funding through the Protected Envelope.

3.0 DEFINITIONS

Actual Accommodation Contributions refers to the total amount of Authorized Accommodation Charges that the Service Provider is responsible for collecting from a Resident as determined by the Department of Health, in accordance with the Resident Charge Policy, *Long Term Care Policy Manual*.

Approved Budget is the combined total budget for the Protected and Unprotected Envelopes.

Business Plan is the annual submission to the Department of Health by the Service Provider with respect to a Facility, which serves as a planning tool for the Service Provider to be able to identify and convey Residents' needs to the Department of Health, and to assist the Department of Health in responding to those needs.

Capital Renewal Reserve is a reserve managed and invested in by the Service Provider with respect to a Facility to support the replacement of Facility Components (see *Capital Renewal Reserve Policy*).

Facility is the building, its furnishings, and equipment used to provide long term care to Residents pursuant to the *Homes for Special Care Act*.

Health Care Costs based on CCA¹ Full Scope of Practice Staffing Model are defined as salaries, benefits, and operational costs related to the provision of Resident care by professional nursing, CCAs, and program supports (i.e., dietitians, physiotherapy, occupational therapy, social work, and recreation) in the Resident Household. Under this model, the cost of dietary, laundry and housekeeping services provided by Continuing Care Assistants within the Resident Household is included within Health Care Costs and funded under the Protected Envelope.

Health Care Costs based on Augmented Traditional CCA Direct Care Staffing Model are defined as salaries, benefits, and operational costs related to the provision of Resident care by professional nursing, CCAs, and program supports (i.e., dietitians, physiotherapy, occupational therapy, social work, and recreation) in the Resident Household. Under this model, the cost of *all* dietary, laundry and housekeeping services is excluded from Health Care Costs and funded under the Unprotected Envelope.

License is defined as a License issued pursuant to the *Homes for Special Care Act*.

Protected Envelope means that portion of the Approved Budget defined in Section 5.0.

Raw Food Costs include the costs of all the ingredients and food items necessary to create a meal day, which includes the food products on the menu, supplements, and any specialty products required to meet the daily nutritional needs of the Residents.

Meal Day is one 24 hour period, which includes 3 nutritious meals (as per recommendations of Canada's Food Guide) with at least 2 choices per meal plus beverages, and two snacks throughout the day. A snack should be at least a beverage and a food item such as a starch or fruit.

Specialty Products are particular food products needed to support therapeutic diets, e.g. gluten-free, calorie reduced, low sodium, low fat.

¹ CCA = Continuing Care Assistants

Supplements are enteral nutritional formulae, either homemade or purchased, to meet a Resident's assessed nutritional need; and calcium and vitamin D food enrichment.

Resident means a person who lives in the Facility.

Resident Household refers to a self-contained unit that will accommodate small groups of Residents and must include single bedrooms with private washrooms; Resident bath and shower rooms; living room; kitchen and dining room; and staff work space and support service areas.

Service Agreement is a legal agreement between the Minister of Health and the Service Provider governing the provision of services and operation of the Facility.

Service Provider refers to the owner and operator of the Facility.

Unprotected Envelope means that portion of the Approved Budget as defined in the *Unprotected Envelope Funding Policy*.

4.0 APPLICATION

- 4.1 This Policy applies to each Facility operating under a Service Agreement with the Minister of Health.
- 4.2 The Service Provider will be funded in accordance with the agreed upon staffing model with respect to a Facility:
- CCA Full Scope of Practice Staffing Model
 - Augmented Traditional CCA Direct Care Staffing Model

It is expected that staff working under the Full Scope and Augmented Traditional staffing models will embrace the philosophy of care within Resident Households outlined in the Long Term Care Program Requirements.

- 4.3 Department of Health staff is responsible for the administration and implementation of this Policy.

5.0 PROTECTED ENVELOPE

- 5.1 The Protected Envelope is that portion of the Approved Budget for Health Care Costs and Raw Food Costs that is funded at approved rates prescribed by the Department of Health.
- 5.2 Health Care Costs
The Department of Health will fund the Health Care Costs for Resident care in the Facility. Health Care Costs include the following:

5.2.1 Staffing

5.2.1.1 *Resident Care Staff*

The Department of Health will fund Registered Nurses, Licensed Practical Nurses, Continuing Care Assistants, and/or other supportive positions, based on the number of approved beds, the Long Term Care Facility Program Requirements, and subject to available resources.

Funding for Continuing Care Assistants will be allocated in accordance with Section 4.2.

5.2.1.2 *Program Support Staff*

The Department of Health will directly or indirectly fund Dietitians, Physiotherapists, Occupational Therapists, Social Workers, Recreation staff, and/or other supportive positions, based on the number of approved beds and the Long Term Care Facility Program Requirements, and subject to available resources.

5.2.2 Employee Salary and Wage Rates

The Department of Health will fund unionized salaries and wages in accordance with Minister of Health approved Collective Agreements. Funding for non-unionized salaries and wages will be determined by the Department of Health.

5.2.3 Employee Benefits

The Department of Health will fund a standardized benefit rate for the sector, as approved by the Department of Health, to each Facility which will encompass Canada Pension Plan, Employment Insurance, Workers Compensation, Pension, and applicable employer premiums for Group Insurances such as Life, Health, and Medical. Unique supplemental rates will be applied as approved by the Department of Health.

5.2.4 Operational Costs

The Department of Health will fund Resident care and program support supplies necessary to fulfill Long Term Care Facility Program Requirements at approved rates as determined by the Department of Health (see *Resident Charge Policy, Long Term Care Policy Manual*).

5.3 Raw Food Costs

The Raw Food Costs, which include Meal Days, Specialty Products, and Supplements, for Residents in the Facility will be funded at approved rates determined by the Department of Health.

5.4 Approved Budget

5.4.1 The Service Provider is expected to operate within the Protected Envelope portion of the Approved Budget for the Facility. The Department of Health agrees that the Service Provider is entitled to manage the Facility and to deploy resources, under the Protected Envelope, provided that the Service Provider will be responsible to ensure that required standards and outcomes are achieved as set out in the Service Agreement and Long Term Care Facility Program Requirements. In addition, the Department of Health acknowledges that decision making authority with respect to human resource issues reside with the Service Provider, and that the Service Provider has the full rights of an employer including, but not limited to, the control and selection and retention of personnel and the right to develop personnel policies and practices.

5.4.2 In any given year, funding from the Protected Envelope not used for its intended purpose will be forfeited or, if advanced, recovered. Any budgetary deficits will not be funded by the Department of Health.

6.0 COMMENCEMENT

6.1 Funding under the Approved Budget for a Facility will commence the first day the License is issued to the Service Provider for that Facility.

7.0 PAYER OF LAST RESORT

7.1 The Department of Health is the payer of last resort for Health Care Costs and Raw Food Costs (see *Resident Charge Policy, Long Term Care Policy Manual*).

8.0 BUSINESS PLANNING PROCESS

8.1 Approved Budget – Protected Envelope

8.1.1 The business planning process applies to budget items which fall under the Protected Envelope.

8.1.2 The Service Provider is required to submit an annual Business Plan as per Department of Health guidelines with respect to a Facility. Templates will be provided by the Department of Health annually.

- 8.1.3 Indexing of Health Care Costs and Raw Food Costs will be determined by the Department of Health.

Unionized salaries and wages shall be indexed annually in accordance with Minister of Health approved Collective Agreements. Non-unionized salaries and wages shall be indexed in accordance with Department of Health guidelines, which are reviewed and adjusted periodically.

Indexing of the standardized benefit rate to each Facility will be determined by the Department of Health.

Health care operational costs and Raw Food Costs will be indexed annually based on the all-items Consumer Price Index (CPI) for Nova Scotia catalogue # 62-001-XWE.

8.2 Approved Budget – Protected & Unprotected Envelope

- 8.2.1 The Service Provider will receive written notification annually of their Approved Budget with respect to a Facility.

- 8.2.2 The Service Provider is responsible to collect the Authorized Accommodation Charge for each Resident, with respect to a Facility, as determined annually by the Department of Health and in accordance with the *Resident Charge Policy, Long Term Care Policy Manual*.

- 8.2.3 The Approved Budget, net of estimated accommodation contributions from Residents, will be distributed on a bi-weekly basis.

- 8.2.4 Quarterly reconciliations will be conducted by the Department of Health to compare estimated accommodation contributions from Residents to Actual Accommodation Contributions. If the Service Provider collects more from Residents than estimated, the amount will be recovered by the Department of Health. If the amount the Service Provider is responsible for collecting from Residents is less than estimated, the Department of Health will subsidize these costs.

8.2.5 The following financial reports will be required on an annual basis within 4 months of the fiscal year end:

- Audited financial statements with Appendix 1 (Accountability Review Appendix) audited and attached. Individual audited Facility statements are required for any group of Facilities with common ownership with Appendix 1 audited and attached to each. A review engagement is acceptable for Residential Care Facilities.
- A copy of the annual auditor's management letter
- Accountability Review Appendices
- Special purpose audit report - Protected Envelope

9.0 ACCOUNTABILITY

The Executive Director, Continuing Care Branch is responsible for ensuring compliance with this Policy.

10.0 MONITORING

The implementation, performance, and effectiveness of this Policy will be monitored by the Executive Director, Continuing Care Branch.

11.0 REFERENCES

Capital Renewal Reserve Policy
Homes for Special Care Act
Long Term Care Facility Program Requirements
Long Term Care Policy Manual, Nova Scotia Department of Health
Unprotected Envelope Funding Policy

12.0 ENQUIRIES

Director, Finance - Programs
Department of Health
PO Box 488
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13.0 APPENDICES

Not applicable.