

# Long-Term Care Homes Program:

A Review of the Plan to Create 15,000 New  
Long-Term Care Beds in Ontario



**FAO**

FINANCIAL ACCOUNTABILITY  
OFFICE OF ONTARIO

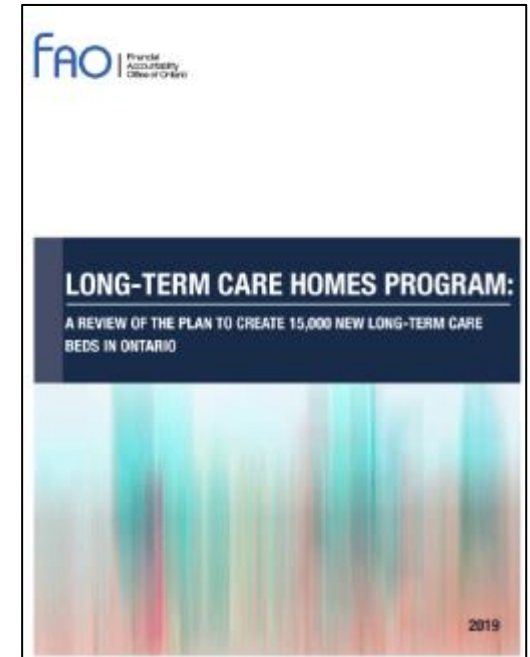
# Overview

Report was released in October of 2019

Reviews the Province's commitment to add 15,000 new long-term care beds (the LTC expansion):

The report:

- Explains how long-term care is funded by the Province
- Estimates the cost of the LTC expansion
- Analyzes how the LTC expansion will affect the wait list and wait times for long-term care
- Discusses how individuals waiting for long-term care impact hospital capacity and hallway health care



# Background: Long-Term Care in Ontario



# Long-Term Care in Ontario



There are 626 long-term care homes in Ontario that house over 78,000 residents.



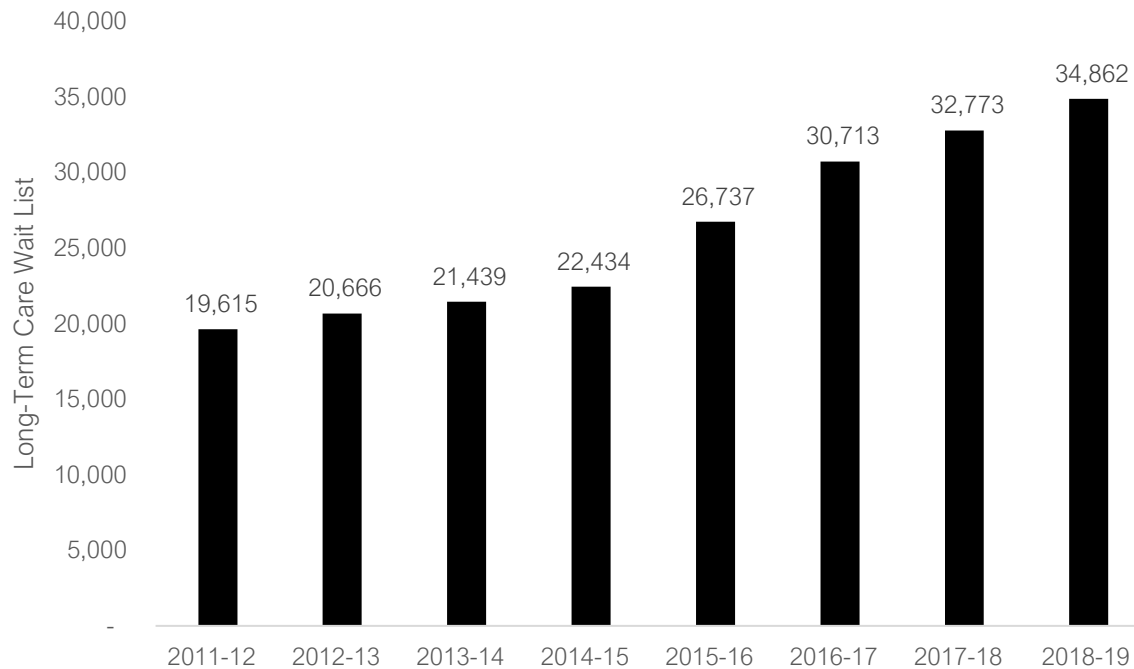
Most LTC residents are over the age of 75 and live with conditions that have compromised their health.



LTC homes must be licensed by the ministry and can be for profit, not for profit or municipal organizations.

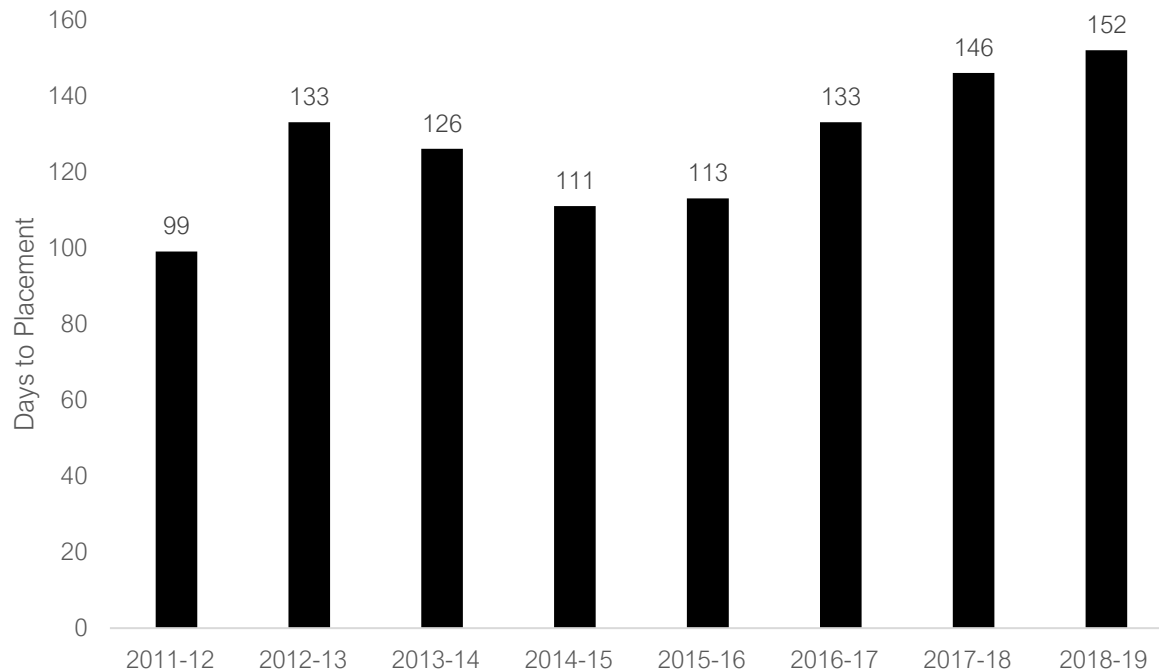
# The Wait List for Long-Term Care Has Increased

- In 2018-19, there were nearly 35,000 Ontarians on the wait list for long-term care.
- The wait list for long-term care has grown substantially since 2011-12, increasing by 78 per cent.



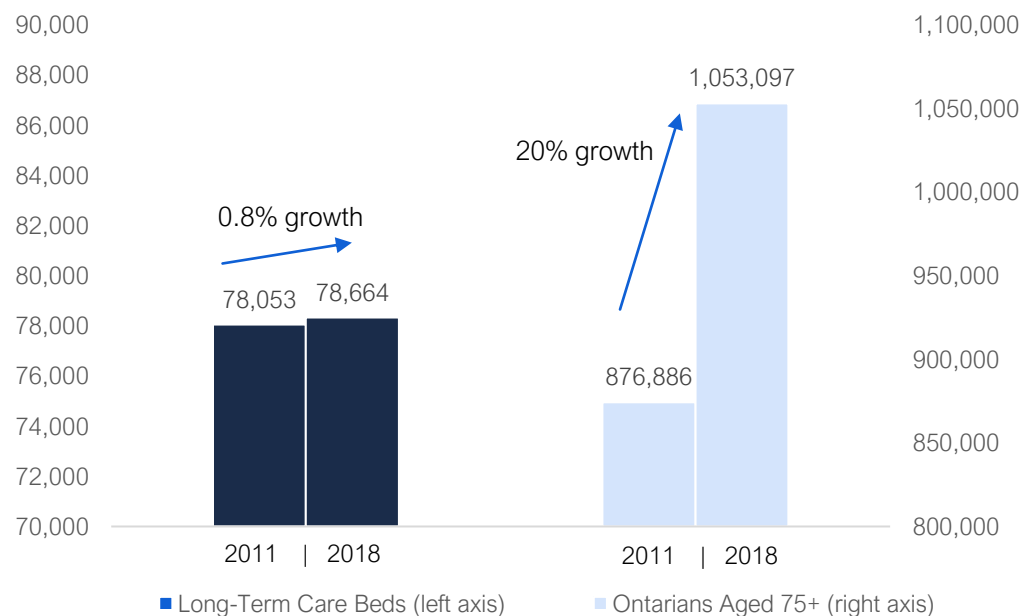
# Time to Placement for LTC Has Also Increased

- From 2011-12 to 2018-19, the median time to placement (or wait time) for a long-term care bed increased from 99 days to 152 days.



# Why Did The Wait List and Wait Times Increase?

- High growth in the number of Ontarians aged 75 and over combined with a lack of investment in new long-term care beds.
- Between 2011 and 2018, the number of long-term care beds in Ontario increased by only 0.8 per cent while the population of Ontarians aged 75 and over grew by 20 per cent.



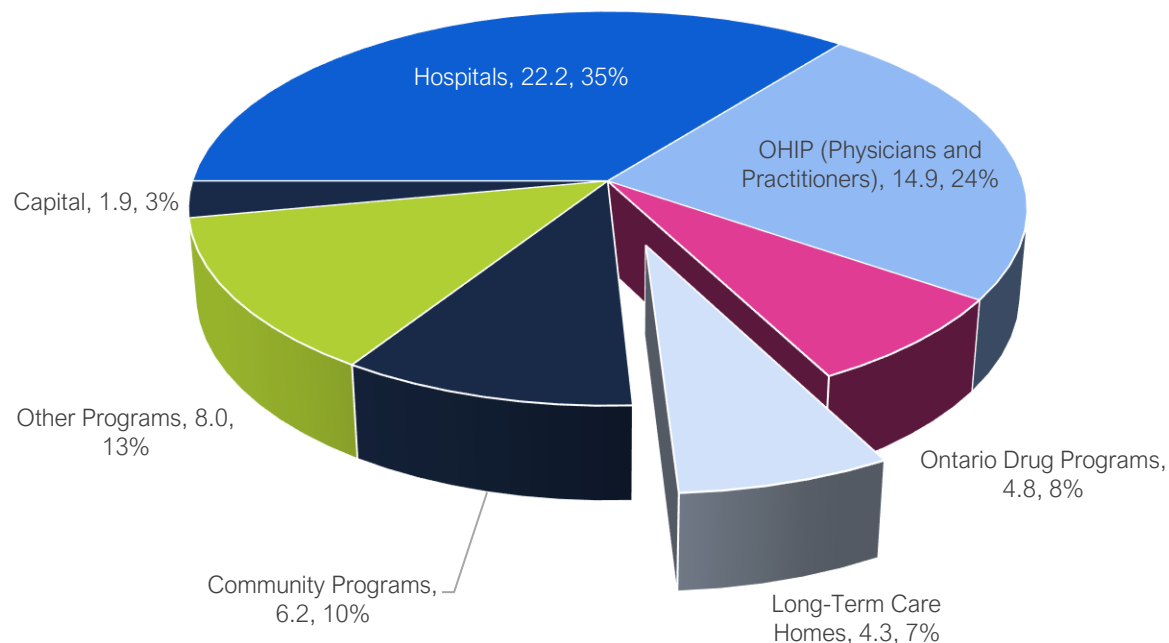
# How Does the Province Fund Long-Term Care?





# Long-Term Care Homes Program Spending

- The Province funds long-term care through the long-term care homes program, spending \$4.3 billion in 2018-19.
- The Long-Term Care Homes program area represented 7 per cent of health sector spending in 2018-19.



# Long-Term Care Homes Program Spending

- LTC home operators receive payments from the Province based on the number of beds in operation and the type of services provided.
- LTC home operators also receive payments from residents which vary based on the type of accommodation.
  - LTC home operators remit the cost of basic accommodation to the Province to offset some of the program cost.

**2018-19 long-term care homes program spending by category, \$ millions**

Category	\$ millions	%
Nursing and Personal Care	2,919	50
Program and Support Services	279	5
Raw Food	268	5
Basic Accommodation	1,595	27
<b>Total LOC Per Diem</b>	<b>5,062</b>	<b>87</b>
Supplementary Funding Programs	764	13
<b>Total Cost of Long-Term Care Homes Program</b>	<b>5,826</b>	<b>100</b>
Less: Resident Co-payments	-1,537	
<b>Net Cost to Province of Long-Term Care Homes Program</b>	<b>4,289</b>	

Note: Excludes payments made by residents that are retained by LTC home operators (e.g. for semi-private and private rooms).  
 Source: Information provided to the FAO by MLTC.



# Long-Term Care Homes Program Spending

- From 2011-12 to 2018-19 long-term care homes program spending grew by an annual average of 2.5 per cent, increasing from \$3.6 billion in 2011-12 to \$4.3 billion in 2018-19.
- Level of care per diem funding increased at an annual average of 2.1 per cent which is slightly higher than the rate of inflation over the same time period at 1.7 per cent.
- Supplementary funding increased at an annual average of 4.2 per cent.

**Long-term care homes spending, 2011-12 to 2018-19**

\$ billions	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	Average Annual Growth
Nursing and Personal Care	2.5	2.5	2.6	2.6	2.7	2.7	2.8	2.9	2.3%
Program and Support Services	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	2.4%
Raw Food	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	3.6%
Basic Accommodation	1.4	1.5	1.5	1.5	1.5	1.5	1.6	1.6	1.5%
<b>Total LOC Per Diem</b>	<b>4.4</b>	<b>4.4</b>	<b>4.5</b>	<b>4.6</b>	<b>4.7</b>	<b>4.8</b>	<b>4.9</b>	<b>5.1</b>	<b>2.1%</b>
Supplementary Funding Programs	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.8	4.2%
<b>Total Cost of Long-Term Care Homes Program</b>	<b>4.9</b>	<b>5.0</b>	<b>5.2</b>	<b>5.3</b>	<b>5.4</b>	<b>5.5</b>	<b>5.6</b>	<b>5.8</b>	<b>2.4%</b>
Less: Resident Co-payments	-1.3	-1.4	-1.4	-1.4	-1.5	-1.5	-1.5	-1.5	2.1%
<b>Net Cost to Province of Long-Term Care Homes Program</b>	<b>3.6</b>	<b>3.7</b>	<b>3.8</b>	<b>3.9</b>	<b>3.9</b>	<b>4.0</b>	<b>4.1</b>	<b>4.3</b>	<b>2.5%</b>
Number of Beds	78,053	77,444	77,862	78,006	78,340	78,357	78,517	78,664	0.1%

Source: Information provided to the FAO by MLTC.

# Timing and Cost of the LTC Expansion

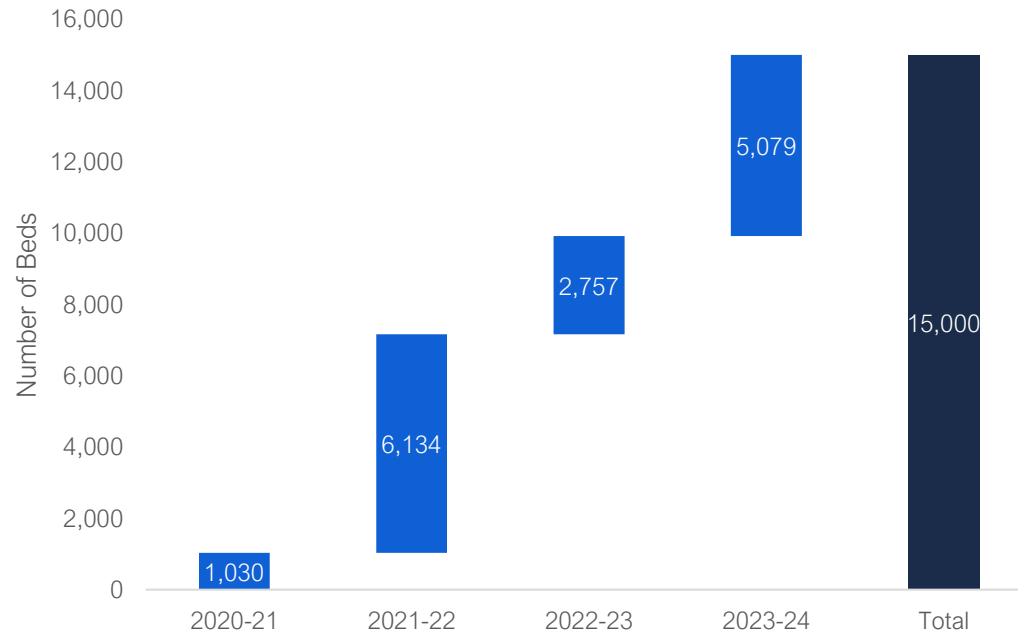


# Long-Term Care Expansion

- In July 2018, the Province announced its commitment to add 15,000 new long-term care beds over the next five years.
- The 15,000 new beds represent the first meaningful increase to the supply of long-term care beds in over 15 years.
- The process for building or redeveloping a long-term care bed in Ontario begins when the LTC home operator signs a development agreement with the Ministry of Long-Term Care.
- It takes approximately three years from the execution of a development agreement to when the first resident occupies a new bed.

# Long-Term Care Expansion Timing

- As of October 2019, the Province had allocated 7,889 of the 15,000 beds.
- If the remaining beds are allocated by March 2021, all 15,000 beds could be in service by 2023-24.



# Long Term Care Expansion Cost

- The 15,000 new beds will not impact long-term care program spending until each bed comes into service and begins to receive LOC per diem payments and supplementary funding.
- The supplementary funding includes payments to subsidize the construction of the bed over 25 years.
- As of 2019, a newly constructed bed that is in operation is eligible to receive a daily payment of between \$18.03 and \$23.03 over 25 years to cover the cost of construction.
- In total, the FAO estimates the construction of the 15,000 new beds will cost the Province \$2.0 billion (in 2019 dollars) or about \$135,000 (in 2019 dollars) per bed.

# Long Term Care Expansion Cost

- LTC homes program spending will increase by a total of \$1.7 billion over five years, as new beds come into service.
- Once all 15,000 beds are in service provincial spending will increase by an ongoing annual amount of approximately \$970 million.

## 15,000 new beds will increase LTC homes program spending by \$1.7 billion over five years

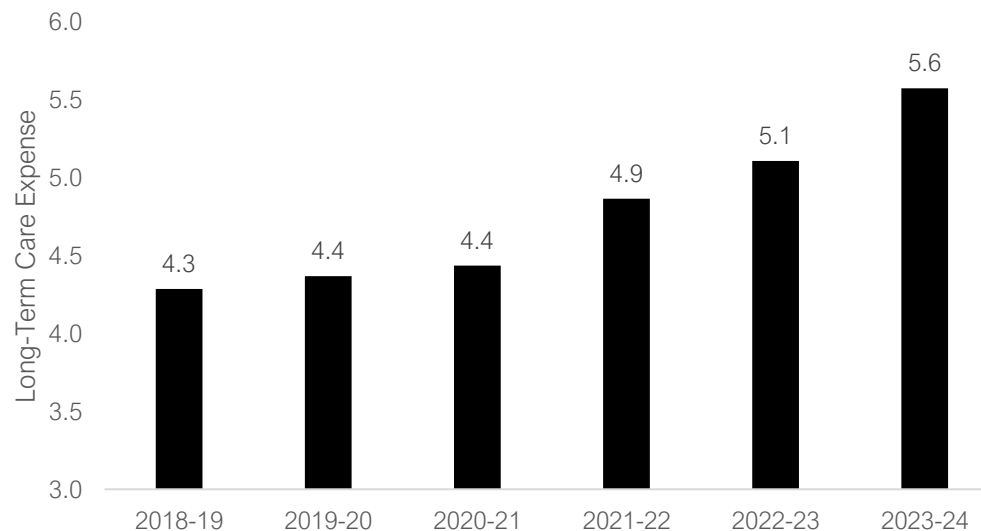
(\$ millions)	2019-20	2020-21	2021-22	2022-23	2023-24	Total
LTC homes program spending increase for 15,000 new LTC beds	0	14	350	505	863	1,732

Source: FAO.



# LTC Homes Program Spending Forecast

- LTC homes program spending will grow at an annual average of 5.4 per cent over the next five years, increasing from \$4.3 billion in 2018-19 to \$5.6 billion in 2023-24.
- LTC homes program spending growth will accelerate in 2021-22 as over 6,000 beds are expected to come into service in that year.

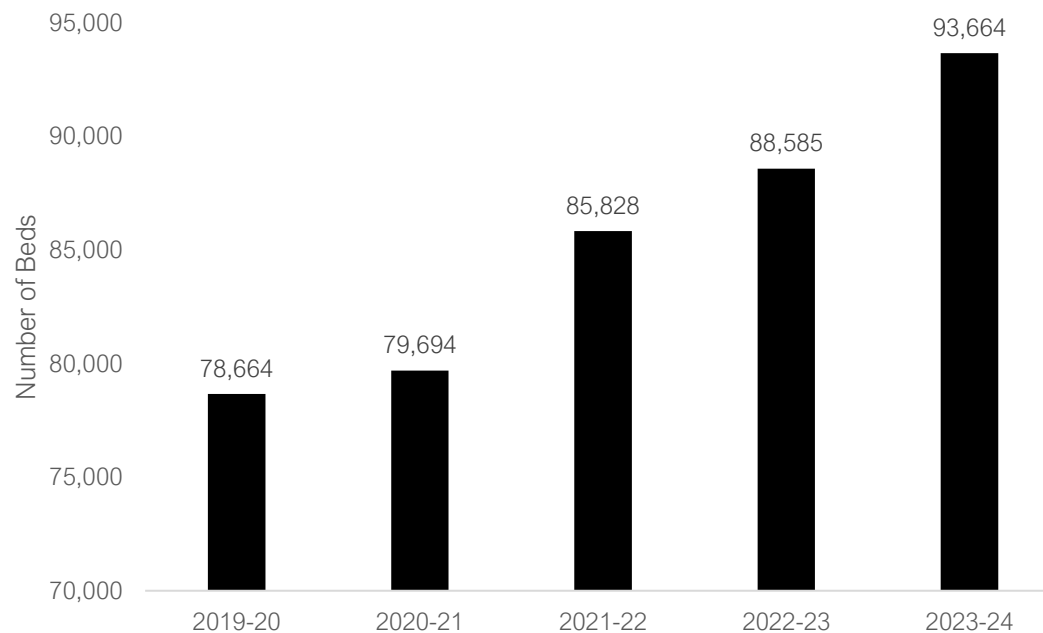


# Effect of the LTC Expansion on the Wait List and Wait Times



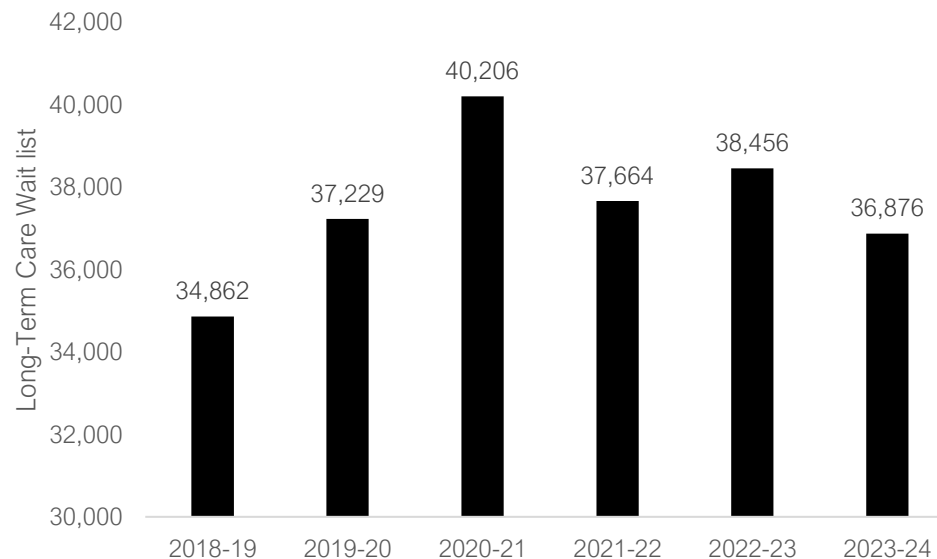
# Number of LTC Beds

- The 15,000 new long-term care beds will increase the supply of long-term care spaces in Ontario from 78,700 in 2018-19 to approximately 93,700 in 2023-24.



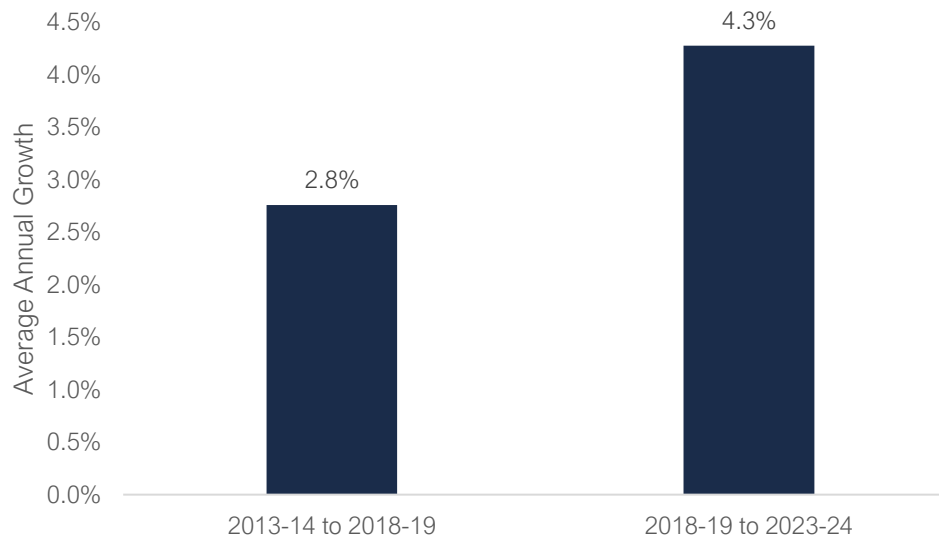
# Long Term Care Wait List Projection

- The wait list is projected to increase over the next five years despite 15,000 new beds.
- The wait list is expected to peak in 2020-21, before most of the new beds are opened.



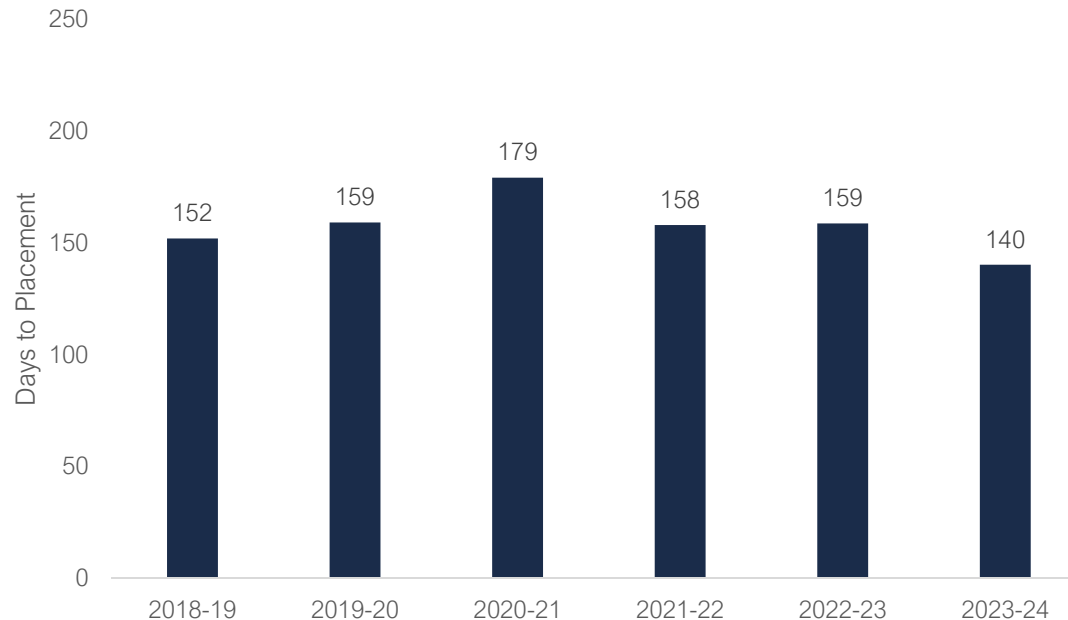
# Reasons for Wait List Increase

- High growth in Ontarians aged 75 and over will lead to long-term care demand outpacing the 15,000 new beds.
- The number of Ontarians in need of a long-term care bed placement is expected to increase by 17,000, outpacing the 15,000 new beds.
- From 2018-19 to 2023-24, the number of Ontarians aged 75 and over is projected to grow by an annual average of 4.3 per cent.



# Long Term Care Wait Times Projection

- The FAO projects a decrease in wait times by 2023-24.



# Program Targets and Benchmarks

- The Ministry of Long-Term Care does not have a target or benchmark for the wait list or wait times.
- Health Quality Ontario (HQO) publicly reports on five LTC indicators that currently have targets or benchmarks.
- While median time to placement (or wait times) is an indicator measured by HQO, and reported publicly, HQO has not identified an appropriate target or benchmark for LTC wait times.

# Comparison to Other Jurisdictions

- Compared to British Columbia and Alberta, Ontario has significantly longer wait times for a long-term care bed.
- In British Columbia, there are 28,000 long-term care beds with a wait list of about 1,400 people and a median time to placement of 12 days.
- Alberta has a target of placing 65 per cent of patients into continuing care within 30 days.
  - In 2017-18, Alberta fell short of the target, placing only 52 per cent of clients within the 30-day window.
  - Less than three per cent of long-term care homes in Ontario place 50 per cent of clients within 30 days.

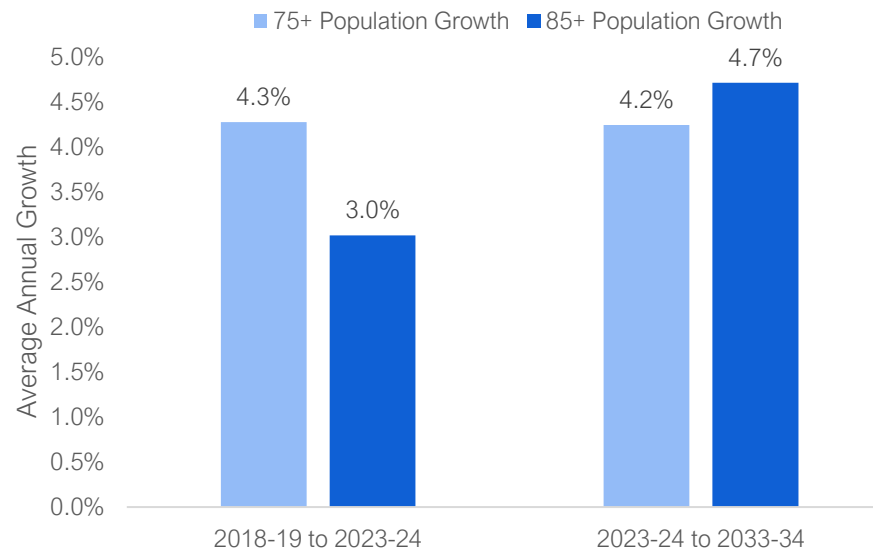


# Long-Term Implications



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- Beyond 2023-24, high growth in the number of elderly Ontarians will continue.
- To maintain the projected wait list at 36,900 Ontarians, the Province would need to add 55,000 more LTC beds by 2033-34.



# Impact on Hallway Healthcare



# Hallway Health Care

- “Hallway health care” refers to the estimated 1,000 patients receiving care in unconventional hospital spaces in Ontario on any given day.
- Patients are in unconventional spaces partly because hospital beds are occupied by patients waiting to go elsewhere (e.g., long-term care or rehabilitation facility).
- In November 2018, over 4,600 of the Province’s 34,000 hospital beds were occupied by patients waiting to go elsewhere.

# LTC Wait Times Contribute to Hallway Health Care

- ALC patients waiting for long-term care wait much longer than other ALC patients.

**Average hospital length of stay for ALC patients in Ontario**

	Acute Care Days	ALC Days	Total average length of stay in hospital
ALC patients waiting for a long-term care bed	15	54	69
All other ALC patients	14	15	29

Source: Information provided to the FAO by MLTC.

- In 2017-18, patients waiting in hospitals for a long-term care placement occupied 340,000 hospital bed days or about five per cent of all hospital bed days in Ontario.
- In 2017-18, patients waiting in hospitals for long-term care beds cost the Province approximately \$170 million.

# Will the LTC Expansion Help End Hallway Health Care?

- LTC beds are being placed in areas of the Province with the longest LTC wait lists and most hospital capacity occupied by patients waiting for an LTC placement.
- However, the FAO projects that the wait list and wait times for LTC will peak in 2020-21.
  - This implies that, in the absence of other health sector changes, the problem of hallway health care will get worse over the next two years.
- By 2023-24, the FAO projects that wait times will drop below 2018-19 levels.
  - If this also reduces the number of hospital bed days occupied by patients waiting for an LTC bed, then, all else being equal, there could be an improvement in hallway health care by 2023-24.

# Thank You



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