
5 Health and Wellness: Long Term Care – New and Replacement Facilities

Summary

The Department of Health and Wellness (Department) engaged in a detailed needs analysis to determine the number and location of new long term care facilities to be constructed under its Continuing Care Strategy. We found the Department had an appropriate process to develop the request for proposals, and evaluate the bids received. We concluded the Department complied with the provincial procurement policy and appropriately awarded successful proposals. The estimated commitment to construct and operate these new and replacement facilities during the 25-year contracts with the service providers is approximately \$4.5 billion.

The Department had no support to show it replaced those facilities which were most in need. We do not know whether the facilities with the most serious deficiencies were replaced. We recommended the Department take appropriate steps to ensure decisions to replace long term care facilities are based on a fair and consistent process and are adequately supported and documented.

The Department developed and followed an adequate process for the development, construction, commissioning and initial licensing of new and replacement facilities. The Department also signed standard development agreements covering facility construction, and long term care service agreements with facility operators.

The Department has not established agreements with existing long term care service providers, who represent the majority of long term care facilities. Since there were no agreements and therefore no clear termination provisions, Department management believed they had to negotiate with existing service providers for replacement facilities rather than going through a competitive bid process. Although this process was in compliance with the Provincial procurement policy, we do not accept the reasonableness of this explanation. It is a poor management practice to spend large amounts of public funds without contractual agreements.

None of the eight recommendations made in our June 2007 Report have been implemented. We recommended that the Homes for Special Care Act and Regulations be updated as far back as 1998; however, no action has been taken. We are concerned about the Department's willingness to implement the recommendations in this Chapter given its inaction in implementing our 2007 recommendations.



5 Health and Wellness: Long Term Care – New and Replacement Facilities

Background

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- 5.1 The Department of Health and Wellness, through the Continuing Care Branch, is responsible for administration of the Continuing Care program, which includes home care and long term care. Long term care is provided through third party for-profit or not-for-profit service providers who operate nursing homes, residential care facilities, and community based options across the Province. There were 6,772 nursing home beds, 832 residential care beds and 90 small option or community residence beds in 146 facilities as of December 2010.
- 5.2 In May 2006, the Department released the “*Continuing Care Strategy for Nova Scotia: Shaping the Future of Continuing Care*” (Strategy). This is a ten-year action plan to improve and expand the province’s continuing care system.
- 5.3 The Strategy called for 1,320 new long term care beds to be added across the province. New beds were to be allocated based on “*geographic disparity, population projections, community needs, and current pressures on acute care services.*” The Department issued two requests for proposals (RFPs) for new stand-alone facilities or attachments to existing long term care facilities in April 2007 and June 2009. The Department also reviewed existing long term care facilities to identify facilities in need of replacement.
- 5.4 Most of the Department’s new and replacement beds constructed in recent years fell under the Strategy; a small number had already been announced before May 2006.
- 5.5 The Department is adding almost 800 new beds. Most of these beds were constructed following an RFP; a small number of beds were added to existing facilities. In addition, the Department is also replacing over 800 beds in a number of facilities.
- 5.6 The estimated commitment to construct and operate these new and replacement facilities during the 25-year contracts signed with the service providers is approximately \$1 billion in capital costs, and \$3.5 billion in operating costs for a total of \$4.5 billion.



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- 5.7 As of December 31, 2010, approximately 600 beds had been opened in 16 facilities while another 200 beds were either planned or under construction. Two replacement facilities were open; the majority of those facilities were still under construction.
 - 5.8 In 2006-07 when the Continuing Care Strategy was implemented, the average number of clients waiting for long term care beds was 1,079. The Department believed adding new long term care beds would reduce the wait list.
 - 5.9 Six long term care service providers operate 180 temporary beds in areas such as Halifax Regional Municipality, Berwick, and Glace Bay. These temporary beds were implemented between 2004 and 2008 to relieve pressures identified on the wait list for nursing homes. The temporary beds are an interim measure, and are to be evaluated at a later date to determine if these beds are still required.
 - 5.10 Long term care service providers are funded through a per diem based on the number of beds in a facility. Each year, facility operating budgets are established by the Department. Service providers receive annual funding under two funding envelopes: protected funding and unprotected funding.
 - 5.11 Protected funding covers costs related to direct patient care and food costs. These are established by the Department to ensure patient care, staffing levels, and food quality meet Department standards. Any unused protected funding at year-end must be returned to the Department. Unprotected funding covers accommodation costs such as housekeeping and food preparation, as well as administrative and maintenance costs. The service provider can allocate costs within categories; however, the Department must approve changes to staffing levels. Any unprotected funding remaining at year-end is retained by the service provider.
 - 5.12 Operational costs are indexed based on the Consumer Price Index, while unionized wages are adjusted based on negotiated collective agreements.
 - 5.13 Capital funding is included in the unprotected envelope. A portion of the capital funding relates to the cost to build and finance the facilities over the 25-year term of the mortgage. This capital cost is a fixed sum which does not change from year to year. Mortgage financing is offered to service providers by the Nova Scotia Housing Development Corporation over a 25-year term. Service providers submit a monthly progress claim, certified by an architect, outlining the work completed to date and the amount claimed. Information on the monthly claim is used by Department staff to monitor construction progress and the amount claimed and advanced by the Housing Corporation.

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Audit Objectives and Scope

- 5.14 In the winter of 2011, we completed a performance audit of the long term care program at the Department of Health and Wellness. The audit was conducted in accordance with Sections 18 and 21 of the Auditor General Act and audit standards established by the Canadian Institute of Chartered Accountants.
- 5.15 The audit objectives were to determine whether:
- the Department has adequate processes to analyze current and future long term care bed requirements and to identify the number and location of long term care beds to be constructed or replaced;
 - the Department has an adequate process to develop facility standards for the design, operation, staffing and funding of long term care facilities;
 - the Department had an adequate process to develop the requirements for the request for proposals for new long term care facilities;
 - the process to award new long term care facilities was in compliance with the provincial Procurement Policy and the related request for proposals requirements;
 - the Department and successful bidders complied with the facility development approval process;
 - the development and service agreements between the Department and facility operators were adequate;
 - the Department is providing adequate oversight during the development, construction, commissioning and initial licensing of long term care facilities; and
 - the Department has adequately monitored the impact of opening new long term care facilities on the wait list for long term care placement.
- 5.16 Generally accepted criteria consistent with the objectives of this assignment did not exist. Audit criteria were specifically developed for this audit. These criteria were discussed with, and accepted as appropriate by, senior management of the Department.
- 5.17 Our audit approach included examining requests for proposals, bid submissions, documents and reports, interviews with management and staff, and testing of compliance with policies and processes. Our testing covered May 2006 to December 2010.



Significant Audit Observations

Long Term Care Facility Needs

Conclusions and summary of observations

An analysis was performed to determine the location and type of new beds to be constructed under the Continuing Care Strategy. The Department also developed new space, design, program and funding standards. However the Department does not have evidence that those facilities most in need were selected for replacement. We recommended the Department take appropriate steps to ensure decisions to replace long term care facilities are based on a fair and consistent process and are adequately supported and documented.

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- 5.18 *Background* – In May 2006, the Department released the Continuing Care Strategy (Strategy). The Strategy noted that the province needed more long term care facilities to meet its needs; 1,320 new beds were to be added over a 10-year period. In February 2007, the Department released the “*Long Term Care Renewal & Replacement Update*”. This document described the process to determine where new facilities were to be constructed throughout the Province and considerations when determining which existing facilities should be replaced.
- 5.19 *New and replacement facility locations* – An analysis was completed to determine the location and type of new beds to be constructed. Consideration was given to county population projections, demand patterns and wait list data for long term care beds, and the location and number of beds of existing long term facilities. In April 2007, the Department issued a request for proposals (RFP) to build new stand-alone long term care facilities or attachments to existing facilities.
- 5.20 The Department is also replacing more than 800 existing beds. These facilities are currently under construction or have been completed and occupied.
- 5.21 The Department does not have any evidence to support that the facilities most in need were selected for replacement. It is possible that facilities which required significant improvements are still open while facilities which had fewer needs were replaced.
- 5.22 For example, initially the Department did not select Villa Saint-Joseph du Lac (Villa) for replacement. However in March 2007, the Department received notification from the Office of the Fire Marshal that the facility had 38 fire and life safety issues, including corridors and door widths which did not meet minimum nursing home requirements. There were resident



rooms that needed to be vacated as they were located outside fire doors and would not provide adequate protection in the event of a fire. The fire alarm system did not meet current standards; water supply pressure was low; and new sprinkler heads were required. Subsequently, the Department decided to replace the Villa.

- 5.23 Given the significant dollar amounts involved, the Department should have documented the rationale for determining which facilities to replace. The lack of analysis does not promote either transparency or accountability in the decision-making process. The absence of documentation increases the risk that facilities most in need of being replaced were incorrectly assessed, or significant information was not considered in the assessment.

Recommendation 5.1

The Department of Health and Wellness should take appropriate steps to ensure decisions to replace long term care facilities are based on a transparent, consistent process and are adequately supported and documented.

- 5.24 *Building, program and staffing standards* – The Department developed new space and design standards for long term care facilities, as well as new program standards. These standards were developed based on a review of current practices, visits to certain long term care facilities, and recommendations from a consultant’s study. Significant changes resulting from the new standards include an alternative staffing model, having 12 to 13 resident beds per household, private bathrooms and bedrooms, and single-level households. These standards were incorporated in the April 2007 and June 2009 requests for proposals.
- 5.25 Existing facilities were not required to conform to these new standards since significant changes to facility layout would have been required.
- 5.26 *Funding standards* – We found the Department had an appropriate process to determine the estimated capital cost of constructing long term care facilities. The Department used externally-prepared construction costs to estimate the cost of building a 52-bed facility in the Metro Halifax area in May 2007. Since construction of the new long term care facilities was expected to start in 2008, the Department included estimated inflation in their calculation. Costs were also adjusted based on geographic location across the province to reflect different labour and construction rates. The Department also developed operating cost standards based on costs incurred by existing service providers.
- 5.27 *Status of facilities*– There are more than 500 new beds identified under the Continuing Care Strategy which have not been constructed. We were informed no additional facilities will be tendered until a review of the Strategy is completed.

Recommendation 5.2

The Department of Health and Wellness should proceed with the review of the Continuing Care Strategy as soon as possible.

Selection of Service Providers

Conclusions and summary of observations

Service providers for new long term care facilities were selected through a request for proposals process. We found the bidders with the highest evaluation scores were selected in each geographical area tendered. Service providers for all newly-constructed facilities were required to sign standard facility development agreements and long term service provision agreements. We found these agreements covered significant areas. Despite previous recommendations by this Office, the Department does not have agreements with existing long term care service providers which represent the majority of long term care facilities. Funding service providers on a long term basis without agreements is poor management of public funds and could result in increased future service costs. Department management believed they had to negotiate with existing service providers for replacement facilities. Although this complies with the Provincial procurement policy, we do not accept the reasonableness of this explanation.

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- 5.28 *Background* – The Department issued a request for proposals in April 2007 for new stand-alone long term care facilities or attachments to existing facilities totaling 804 new beds.
- 5.29 Fourteen service providers were selected to construct 24 facilities with over 700 new beds. There are approximately 100 beds in nine locations for which there were either no bids under the RFP or the bids were not accepted. A second RFP in June 2009 for 44 of these beds also did not lead to any successful proposals.
- 5.30 *New facilities* – The Department developed a request for proposals and tendered new facilities. The RFP was comprehensive and covered areas such as facility space and design; program requirements; and agreements for the construction and operation of long term care facilities. The process followed for replacement facilities is discussed later in this Chapter.
- 5.31 *Evaluation of proposals* – The Department had an appropriate process for the evaluation of the proposals submitted under the April 2007 and June 2009 RFPs. Bids had to address certain mandatory items or the proposal was considered noncompliant and would not be evaluated. The evaluations were consistent with the RFP requirements and included presentations from



the two highest scoring proponents for each location. The Department used a procurement consultant to facilitate the RFP development and to assist with proposal evaluation and debriefing the proponents.

- 5.32 *Testing results* – We found the April 2007 and June 2009 RFPs were in compliance with the Provincial procurement policy. We selected a sample of seven successful service providers and reviewed their April 2007 RFP submissions for compliance with requirements. The evaluation of these successful bidders was consistent with the evaluation criteria. Bids received were evaluated on their long term care culture, service delivery, proposed facility, and financial plan. For each geographic area tendered, the proponent with the highest evaluation score was appropriately selected.
- 5.33 We also reviewed the submissions of four unsuccessful proponents from the April 2007 RFP and three unsuccessful proponents from the June 2009 RFP. We determined these submissions had been appropriately evaluated and rejected by the Department.
- 5.34 *Replacement facilities* – The Department is also replacing more than 800 beds in a number of facilities. As of December 31, 2010, ten facilities are under construction and two facilities are open. Replacement facilities were awarded in accordance with the provincial procurement policy based on an existing relationship with the service providers. This issue is discussed further below.
- 5.35 *Development and service agreements* – Service providers were required to sign facility development and long term service agreements for all new stand-alone or attached facilities as well as replacement facilities. These agreements outline the roles and responsibilities of both the service provider and the Department for facility construction and operation, including service standards and initial per diems. For those instances in which an attachment was added to an existing facility, the service agreement with the operator only covers the new beds; there are still no service agreements for the existing beds.
- 5.36 When all of the new and replacement facilities have been opened, 39 of 150 facilities (26%) will have agreements covering some or all of their beds.
- 5.37 We examined signed development and service agreements for seven new and six replacement facilities and concluded standard agreements were signed in all instances. These agreements covered the areas we expected including: legislative requirements, RFP requirements, provisions for delays and termination, establishing annual funding, future funding changes, and audit by the Department.



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- 5.38 *Lack of agreements with existing facilities* – There are no signed service agreements between the Department and existing long term care facility service providers whose facility is not being replaced. In our June 2007 Report (Chapter 4 – Long-term Care – Nursing Homes and Homes for the Aged), we recommended the Department establish service agreements with all nursing homes which include performance expectations and reporting requirements. In the four years since we made this recommendation, Department management informed us they have been unable to negotiate an agreement which existing long term care facility service providers are willing to sign. We do not accept the reasonableness of this explanation for the Department’s lack of action.
- 5.39 Because they lacked signed agreements, Department management told us they believed they had to negotiate with existing service providers for replacement facilities rather than going through a competitive bid process. Management was not certain how much notice would be required for these service providers in order to tender replacement facilities. Tendering could mean ending a long term service relationship between the provider and the Department if another party were to win the RFP. We do not accept the validity of this explanation. Management needs to decide the notice required to break the arrangement, and take action to safeguard the public interest.
- 5.40 Additionally, this lack of agreements and subsequent negotiation directly with service providers may not have resulted in the most cost effective solutions for replacement long term care facilities. The funding commitment for replacement facilities totals \$2.3 billion over the 25-year agreements (\$619 million in capital construction, and \$1.7 billion in operating costs). It is possible that government will pay more for future services than if these arrangements had been subject to a competitive bid process. We were not able to compare per diems between new and replacement facilities because the per diems vary due to facility size, staff models selected, and other factors. Service providers were required to publicly tender for construction services and materials as part of the development process for replacement facilities.
- 5.41 The absence of service agreements may result in inconsistent service delivery standards and expectations, or may result in inconsistent or unclear reporting requirements.
- 5.42 Department management informed us that they are working on an accountability framework with the district health authorities (DHAs) which would include the delivery of continuing care services, including long term care. We were told the Department will require DHAs to have signed agreements with their service providers. Since the Department has not been successful in signing agreements with service providers over the past four



years, it is difficult to see how simply requiring DHAs to put agreements in place will address this issue. The Department needs to immediately develop a plan to move all service providers to signed agreements. This issue cannot be left to each individual health district to resolve on their own. It is a poor management practice to spend large amounts of public funds without contractual agreements. We repeat our recommendation below and urge the Department to address this issue within a year.

Recommendation 5.3

The Department of Health and Wellness should sign agreements with all long term care service providers within a year.

Funding

Conclusions and summary of observations

Funding for new long term care facilities was based on the proposals submitted by the service providers, while funding for replacement facilities was negotiated individually with existing service providers. Funding policies are included in the development and service agreements. Once approved by the Department, both new and replacement facility construction costs were fixed.

- 5.43 *Background* – The Department provides funding to long term care service providers through an approved per diem rate which is paid based on the number of beds in the facility. Overall per diem rates for new stand-alone or attached facilities range from \$158.30 to \$306.55. Rates for replacement facilities range from \$275.27 to \$320.03.
- 5.44 Funding for both new and replacement facilities is broken into two main components: protected and unprotected funding. This funding is described in policies and forms part of the development and service agreements.
- 5.45 *New facilities* – The RFPs included minimum and maximum per diem rates for each facility tendered. These per diems were established based on the construction and operating cost standards developed, and based on one of two approved staffing models. Inclusion of a maximum per diem in the RFPs may have resulted in providers offering per diems higher than they would have otherwise. Department staff indicated they included the per diem in the RFPs to ensure rates proposed were within the Department’s acceptable range and to aid in situations where there may not have been sufficient competition for facilities in some areas.
- 5.46 *Replacement facilities* – Replacement facilities funding was based on a negotiated per diem with the existing service provider. The Department



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used the per diems established in the requests for proposals as a starting point in their negotiations.

- 5.47 *Testing results* – All facility construction costs were to be fixed once approved by the Department. Facility per diems include a fixed amount to cover this capital component over the 25-year service agreement. Service providers were responsible for construction costs exceeding the approved budget. The Department did not change the approved capital budget for service providers who completed the facilities for less than the approved capital budget, providing an incentive for service providers to complete projects at or under the approved budget. We tested the files of seven new and six replacement facilities and noted the mortgage amount advanced was less than or equal to the approved budgets for all 13 facilities tested.

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Design and Construction of Long Term Care Facilities

Conclusions and summary of observations

The Department developed and followed an adequate process for the development, construction, commissioning and initial licensing of new and replacement facilities. The development process includes a series of steps to be completed by the service providers. The Department reviewed the service providers' documentation and approved the submissions before service providers could advance to the next step in the development process. We tested the facility development approval process and initial licensing process, and noted only minor instances of noncompliance.

- 5.48 *Facility development approval process* – The Department developed and followed an adequate process for the development, construction, commissioning and initial licensing of new and replacement long term care facilities. The development process for new facilities includes significant steps such as site selection, budget submission, facility design, commissioning and pre-licensing. The same process was used for replacement facilities with minor differences.
- 5.49 Service providers were required to submit information to the Department at the end of each step of the facility development process. The Department was responsible for reviewing and approving the required documents before the service providers could move to the next step.
- 5.50 *Testing* – We tested a sample of seven new facilities and six replacement facilities, all of which were at various stages of the facility development approval process. We found only minor instances of noncompliance.
- 5.51 Commissioning is undertaken to test the building and related components to ensure everything functions as designed. This can be carried out by



the service provider or a third party. We tested the files for three new and two replacement facilities and did not note any deficiencies. At the time of our audit, the remaining facilities we selected for testing were still under construction and were not yet ready for commissioning.

- 5.52 Finally, service providers were required to submit a pre-licensing checklist, including copies of key reports such as inspections to the Department. We tested the files for three new and two replacement facilities and did not note any issues. The remaining facilities selected for testing had not completed the pre-licensing checklist submission at the time of our testing.
- 5.53 *Licensing* – Long term care facilities are licensed by the Department’s monitoring and compliance division. For new facilities, a pre-occupancy licensing inspection is completed. This focuses primarily on the physical structure. A pre-occupancy inspection report is provided to the service provider, who is required to respond in writing indicating how each issue will be addressed and providing a time frame for resolution. Once issues have been resolved to the Department’s satisfaction, a short-term license is issued to the service provider.
- 5.54 A second licensing inspection is completed three months after occupancy. This inspection is more focused on the residents and other issues which could exist once a facility is occupied. The service provider receives a written inspection report. The provider must respond to the inspection and indicate the time frame for resolution of identified issues. Once the Department is satisfied that issues have been dealt with, another short-term license is issued for the remainder of the year. Following these initial inspections, facilities are inspected annually.
- 5.55 *Pre-occupancy licensing testing* – We tested five facilities with completed pre-occupancy licensing inspections. We examined Departmental inspection records, as well as documentation submitted by the service provider during the inspection. We also reviewed the inspection report to ensure all documented deficiencies were addressed by the service provider. We did not note any deficiencies in the pre-occupancy inspection process.
- 5.56 *Three month licensing testing* – We also reviewed the three month inspection after the pre-occupancy inspection to ensure requirements had been followed. Four of the five facilities we selected for testing had the second inspection completed at the time of our testing. We noted all four facilities were in compliance with the Department’s licensing process and all identified deficiencies were addressed by the service providers.



Departmental Oversight

Conclusions and summary of observations

The Department is providing adequate oversight during the development, construction, commissioning and initial licensing of long term care facilities. However, the Department did not perform an overall risk assessment at the start of this project, and should develop a risk assessment process for subsequent projects. The Department has documented processes for monitoring individual project risks, and the Department has ensured significant risks have been included in the request for proposals requirements and signed agreements. Our testing indicated service providers are submitting monthly status reports as required. Regular reports concerning the long term care project are prepared and reviewed by department staff and committees.

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5.57 *Roles and responsibilities* – Roles and responsibilities for the development, construction, commissioning and initial licensing of new and replacement facilities are clearly documented in the facility development approval process. Roles and responsibilities are further defined in the development and service agreements signed with the service providers.

5.58 *Project risks* – The Department did not perform a risk assessment at the start of this project. The Department identified certain risks prior to the issuance of a pre-strategy RFP and incorporated provisions to address these risks in the April 2007 and June 2009 RFPs. Ongoing project risks are documented in service providers' monthly status reports submitted to the Department, and addressed in consultation with Department staff. Due to the significance of the project, the Department should have developed a process to identify, monitor and address risks.

Recommendation 5.4

The Department of Health and Wellness should develop a risk assessment process for subsequent projects.

5.59 *Status reporting* – Service providers are required to submit monthly status reports during the development and construction phases. Status reports contain information on the status of project milestones, project pressures, expected occupancy date and budget information. There is no requirement that Department staff respond to the service providers regarding the status reports; however, there is regular and ongoing verbal and written communication with the service providers. Department staff also performed site visits which are documented in site inspection reports. Any significant issues identified are escalated to the continuing care leadership team for their review.



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- 5.60 We selected two months to determine whether status reports were submitted and submission date requirements met by 13 long term care service providers. All the reports were submitted, and all reports included required information.
- 5.61 *Internal reporting* – Regular reports on the long term care project are prepared and reviewed by Department staff and committees, usually on a monthly basis. Key reports include occupancy forecast reports, mortgage reports, and status reports.
- 5.62 We selected seven internal reports to determine if they were prepared for the two months we tested. We found the reports were prepared on a regular basis.
- 5.63 The long term care project team and the continuing care leadership team meet weekly to discuss the status of new and replacement long term care facilities, and in particular, issues and challenges encountered by service providers.

Wait Lists

Conclusions and summary of observations

We found the Department has adequately monitored the impact of opening new long term care facilities on the wait list for long term care placement. The addition of new long term care beds has not decreased the wait list for long term care placement. We were informed the Department is examining various options, such as expansion of the home care program, and changes to policies, procedures and processes, to reduce wait times for admission to long term care facilities. Wait list information concerning long term care placement should be publicly available on the Department's website.

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- 5.64 Wait lists are a key indicator of whether the Department is able to provide placement in long term care facilities in a timely manner. The long term care wait list is managed using SEAscape; the Department's computerized assessment system. There are a number of weekly and ad-hoc wait list reports which can be generated from SEAscape. These reports provide information on the numbers of clients who are waiting for long term care, the numbers of clients who have been placed, as well as trending information. We did not perform any audit work on these reports.
- 5.65 Wait list information concerning long term care placement is not publicly available on the Department's website. We believe this is useful information which should be available.

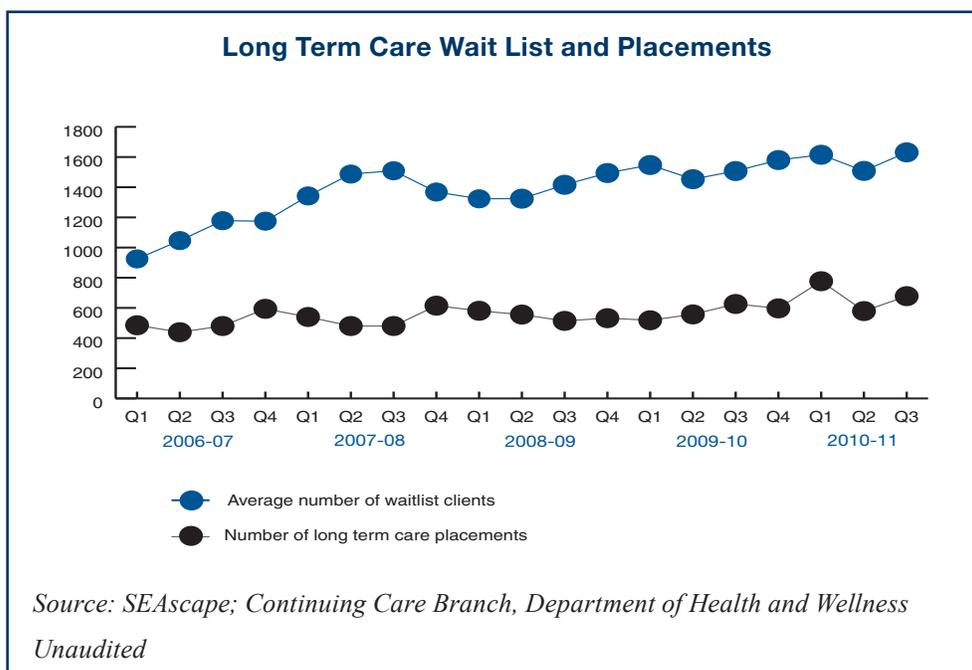
Recommendation 5.5

The Department of Health and Wellness should include wait list information concerning long term care placement on its website.

5.66 One of the goals of the Department is to increase the number of long term care facilities and to reduce wait times for admission to these facilities. A 2010 draft report titled *“Removing Barriers in Accessing Long Term Care”* noted the following.

- The wait list for long term care grew by 38% since 2007.
- The number of hospital clients on the wait list remained relatively stable with between 200 and 250 clients at any time.
- The number of clients waiting to access long term care from the community continues to grow, increasing from approximately 1,280 people in April 2007 to approximately 1,740 people in April 2010, representing a 35.5% increase.
- Bed capacity has increased 13% between April 2007 and April 2010.

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5.67 There are many factors that impact the demand for long term care services. Not all individuals who are eligible for long term care services may apply for admission. The draft report identified a number of factors which could influence demand for long term care services resulting in increases to the wait list despite the added capacity. Factors such as the desirability of the



new facilities and barriers in accessing home care or other community-based services may impact the demand. In addition, public perception of access issues may lead to clients beginning the process prior to being prepared to move to a long term care facility, in an attempt to get on the wait list and ensure a bed is available when they need it.

- 5.68 We were informed the Department is examining various options, such as expansion of the home care program, and changes to policies, procedures and processes, to reduce wait times for admission to long term care facilities.

Other Audit Observations

Conclusions and summary of observations

We followed up the status of the eight recommendations we made in our June 2007 Report related to the long term care program and found that none of our recommendations were implemented. We recommended Health immediately implement all recommendations from our 2007 Report. As far back as 1998, we recommended that the Homes for Special Care Act and Regulations be updated but the Department has taken no action to implement this recommendation. Finally, we identified instances in which long term care facilities were licensed without approval from the Office of the Fire Marshal.

- 5.69 *Background* – Our most recent audit of the long term care program was reported our June 2007 Report (Chapter 4). We follow up the status of the eight recommendations made in that audit in Chapter 2 of this Report. None of the recommendations have been implemented. We are concerned with the Department’s inaction in implementing these recommendations and its willingness to implement the recommendations in this Chapter.

Recommendation 5.6

The Department of Health and Wellness should immediately implement all recommendations made in Chapter 4 of the June 2007 Report of the Auditor General.

- 5.70 *Homes for Special Care Act* – One of the recommendations made in our June 2007 Report concerned the Homes for Special Care Act and Regulations. The Act and Regulations are administered by the Departments of Health and Wellness, and Community Services. The Homes for Special Care Act was introduced in 1989. There were minor amendments to the Act in 1994-95 and 2007. Regulations were introduced in October 1977, with minor amendments up to February 2010.



5.71 The Regulations include standards which must be met by long term care service providers. The new and replacement service agreements exceed the standards specified in the existing Regulations. As far back as 1998, we recommended that the Act and Regulations be updated. Since the Department has taken no action to implement the recommendation, we have repeated it here.

Recommendation 5.7

The Departments of Health and Wellness and Community Services should update the Homes for Special Care Act and Regulations to ensure current service delivery standards are included.

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5.72 *Annual licensing* – This audit did not focus on the annual licensing process; however, in conjunction with our audit at the Office of the Fire Marshal, we performed additional testing to determine whether long term care facilities are licensed only after approval by the Office of the Fire Marshal. The Homes for Special Care Act Regulations require long term care facility operators to request that the Fire Marshal inspect each facility at least yearly. The Department requires either an inspection or approval from the Fire Marshal to license a facility. We selected a sample of 15 long term care facilities and found three instances in which the facility was licensed even though there was no approval or inspection from the Office of the Fire Marshal. We suggest Department staff meet with Office of the Fire Marshal staff to develop a process to ensure this legislative requirement is met.

Response: Department of Health and Wellness

Thank you for this opportunity to respond to the recommendations in Chapter 5 of the Report of the Auditor General for May 2011, on the area of Health and Wellness: Long Term Care – New and Replacement Facilities. The Department also appreciates the learning opportunities afforded our staff through the auditing process. Following are the Department’s responses to each of the recommendations identified as a result of the recent audit.

Recommendation 5.1

The Department of Health and Wellness should take appropriate steps to ensure decisions to replace long term care facilities are based on a transparent, consistent process and are adequately supported and documented.

The Department of Health and Wellness concurs with the recommendation to ensure decisions to replace long term care facilities are based on a transparent, consistent process and are adequately supported and documented. Although the Department is confident that the facilities currently being replaced were appropriately selected, we recognize that clear and concise documentation for all steps of the selection process would have provided transparency and improved accountability. Using lessons learned from the previous analysis and incorporating the recommendations of this audit, the Department will develop a process map with documentation requirements to be followed when considering future facilities for replacement.

Recommendation 5.2

The Department of Health and Wellness should proceed with the review of the Continuing Care Strategy as soon as possible.

The Department of Health and Wellness accepts recommendation 5.2 to proceed with the review of the Continuing Care Strategy prior to the tendering of additional long term care facilities. Work has already begun on validating the previously identified future requirements for new beds. In addition, we are collaborating with research partners to evaluate the effectiveness of the environment and models of care delivery on the clients, families and staff.

Recommendation 5.3

The Department of Health and Wellness should sign agreements with all long term care service providers within a year.

Department of Health and Wellness supports the recommendation to have signed agreements with all long term care service providers within a year. The Department has been collaborating with the District Health Authorities and the LTC providers for more than a year to develop these, and the Service level Agreements are now in the final stages of approval. As the long term care facilities are being integrated

with the District Health Authorities, the signing authorities on the agreement will be the individual long term care facility and its respective District Health Authority.

Recommendation 5.4

The Department of Health and Wellness should develop a risk assessment process for subsequent projects.

The Department of Health and Wellness supports the recommendation to develop a risk assessment process and will ensure this process is followed and documented for subsequent projects in all project charters. The Department will continue to include the requirement for risk assessments to be performed and documented by the successful proponents of all RFPs as well as continuing to require it as part of the formal facility development approval process carried out by the Department.

Recommendation 5.5

The Department of Health and Wellness should include wait list information concerning long term care placement on its website.

The Department of Health and Wellness recognizes that the wait list information concerning long term care placement has potential value for clients and other stakeholders and will make a business case for long term care wait list information to be included within the larger wait list strategy for the Department.

Recommendation 5.6

The Department of Health and Wellness should immediately implement all recommendations made in Chapter 4 of the June 2007 Report of the Auditor General.

The Department of Health and Wellness will review all previous recommendations in Chapter 4 of the June 2007 Report of the Auditor General for current state. Activity has begun on the identified recommendations, however, it is recognized that most have not yet been fully implemented. The Department will review each recommendation to determine what action, if any, is now required to fully implement these recommendations and proceed accordingly.

Recommendation 5.7

The Departments of Health and Wellness and Community Services should update the Homes for Special Care Act and Regulations to ensure current service delivery standards are included.

The Department of Health and Wellness recognizes the need to update the Homes for Special Care Act and Regulations and accepts the recommendation to ensure current service delivery standards are included in the regulations. The Department of Health and Wellness, in consultation with the Department of Community

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Services, will explore the most effective way to incorporate the new standards in the Regulations and follow through on the process to enable this to occur.

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