

## LONG-TERM CARE FUNDING ENVELOPE POLICY

**Policy:** Long-Term Care Funding Envelope Policy  
**Originating Branch:** Continuing Care  
**Original Approval Date:** July 25, 2007  
**Effective Date:** November 1, 2022



**Approved By:** \_\_\_\_\_  
Paul Lafleche, Deputy Minister, Seniors and Long-term Care

**Date:** October 31, 2022  
**Version:** New

### 1. POLICY STATEMENT

- 1.1. This Policy describes the provision of funding by the Department of Seniors and Long-term Care (“the Department”) through the protected and unprotected envelopes.

### 2. DEFINITIONS

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

**Accommodation Services Costs based on CCA<sup>1</sup> Full Scope of Practice Staffing Model** are salaries, benefits and operational costs<sup>2</sup> of administration (including but not limited to: utilities, equipment leases, office supplies, long-term debt, and capital projects), maintenance, management<sup>3</sup>; and dietary, laundry and housekeeping services not provided by Continuing Care Assistants/Residential Care Assistants in the Resident Household. Under this model, the costs of dietary, laundry and housekeeping services provided by Continuing Care Assistants/Residential Care Assistants within the Resident Household are

<sup>1</sup> CCA = Continuing Care Assistants; and or Residential Care Assistants

<sup>2</sup> Operational costs under the Unprotected Envelope do not include Raw Food Costs. These costs are covered under the Protected Envelope.

<sup>3</sup> Resident Care Management positions are covered under the Protected Envelope.

excluded from Accommodation Services Costs and funded under the Protected Envelope.

**Accommodation Services Costs based on Traditional or Augmented Traditional Staffing Model** are salaries, benefits and operational costs<sup>4</sup> of administration (including but not limited to: utilities, equipment leases, office supplies, long-term debt, and capital projects), maintenance, management<sup>5</sup>, and all dietary, laundry and housekeeping services. Under this model, the cost of all dietary, laundry and housekeeping services is funded under the Unprotected Envelope.

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

**Capital Costs** are fixed one time approved costs that are normally capitalized, and can include items such as enhancements on existing assets, repairs, constructing, planning and design, furnishing & equipping, and debt servicing.

**Capital Renewal Reserve** is the funds received, managed, and invested in by eligible Service Providers with respect to a Facility to support the replacement of Facility Components (see *Capital Renewal Reserve Policy eligibility*).

**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 CCA<sup>6</sup> Full Scope of Practice Staffing Model** are salaries, benefits, and operational costs related to the provision of Resident care by professional nursing, CCAs, and program supports (including, but not limited to, 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 Traditional or Augmented Traditional Staffing Model** are salaries, benefits, and operational costs related to the provision of Resident care by professional nursing, CCAs, and program supports (including but not limited to, dietitians, physiotherapy, occupational therapy, social work, and recreation) in the Resident Household. Under this model, the cost of all

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<sup>4</sup> Operational costs under the Unprotected Envelope do not include Raw Food Costs. These costs are covered under the Protected Envelope.

<sup>5</sup> Direct Care Management positions are covered under the Protected Envelope.

<sup>6</sup> CCA = Continuing Care Assistants; and or Residential Care Assistants

dietary, laundry and housekeeping services is excluded from Health Care Costs and funded under the Unprotected Envelope.

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

**Protected Envelope** is the portion of the Approved Budget defined in Section 4.3 of this Policy.

**Raw Food Costs** are 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.

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

**Resident** is a person who lives in the Facility.

**Resident Household** is 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 Seniors and Long-term Care and/or Nova Scotia Health Authority and the Service Provider governing the provision of services and operation of the Facility.

**Service Provider** is the owner and operator of a Facility with a License.

**Unprotected Envelope** is the portion of the Approved Budget defined in Section 4.4 of this Policy.

### 3. APPLICATION

3.1. This Policy applies to each Facility funded and licensed by the Department.

3.2. The Department is responsible for the administration and implementation of this Policy.

## 4. FUNDING

4.1. Funding to a Service Provider will be provided through two envelopes:

- Protected Envelope
- Unprotected Envelope

4.2. Funding may also be available to eligible Service Providers in accordance with the *Capital Renewal Reserve Policy*.

4.3. Protected Envelope

4.3.1. 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.

4.3.2. Health Care Costs

The Department will fund the Health Care Costs for Resident care in the Facility. Health Care Costs include the following:

4.3.2.1. Resident Care Staff

The Department 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 as determined by the Department.

4.3.2.2. Program Support Staff

The Department 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 as determined by the Department.

4.3.2.3. Employee Salary and Wage Rates

The Department will fund unionized salaries and wages in

accordance with Minister of Seniors and Long-term Care approved Collective Agreements. Funding for non-unionized salaries and wages will be indexed in accordance with Treasury and Policy Board issued Administrative Directives.

#### 4.3.2.4. Employee Benefits

The Department will fund a standardized benefit rate for the sector, as approved by the Department, to each Facility which will encompass Canada Pension Plan, Employment Insurance, Workers Compensation, and applicable employer group insurance premiums for Dental and prescription drugs. Unique supplemental rates and Pension rates will be applied as approved by the Department.

#### 4.3.2.5. Operational Costs

The Department will fund resident care and program support supplies necessary to fulfil Long-Term Care Program Requirements: Nursing Homes & Residential Care Facilities at approved rates as determined by the Department (see Long-term Care Policy Manual: *Resident Charge Policy*).

#### 4.3.3. 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.

Funding for Raw Food Costs must be applied to such costs respectively and cannot be transferred to any other costs or the Unprotected Envelope.

#### 4.3.4. Funding under the Protected Envelope shall be indexed as follows:

- 4.3.4.1. Unionized salaries and wages shall be indexed annually in accordance with Minister of Seniors and Long-term Care approved Collective Agreements.
- 4.3.4.2. Non-unionized and management salaries and wages shall be indexed in accordance with Treasury and Policy Board issued Administrative Directives.

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

4.3.4.4. 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.

#### 4.4. Unprotected Envelope

4.4.1. The Unprotected Envelope is that portion of the Approved Budget for Capital Costs and Accommodation Services Costs that is funded at a non-prescribed rate.

##### 4.4.1.1. Accommodation Service Costs

The Department may subsidize a portion of the Accommodation Services Costs in accordance with the Resident Charge policy.

4.4.2. Funding under the Unprotected Envelope shall be indexed as follows:

4.4.2.1. Capital Costs shall not be indexed.

4.4.2.2. Unionized wages and benefits shall be indexed in accordance with Minister of Seniors and Long-Term Care approved Collective Agreements. The per diem rate for management and administrative services shall be adjusted annually based on Treasury and Policy Board issued Administrative Directives.

4.4.2.3. The Department will index operational costs annually based on the all-items Consumer Price Index (CPI) for Nova Scotia catalogue # 62-001-XWE.

## 5. APPROVED BUDGET

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

5.2. 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 and in accordance with the Long-term Care Policy Manual: *Resident Charge Policy*.

- 5.3. The Approved Budget, net of estimated accommodation contributions from Residents, will be distributed on a bi-weekly basis.
- 5.4. Quarterly reconciliations will be conducted by the Department 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. If the amount the Service Provider is responsible for collecting from Residents is less than estimated, the Department will subsidize these costs.
- 5.5. The Service Provider is required to operate within the Protected Envelope portion of the Approved Budget for the Facility. The Department 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 Agreements and Long-Term Care Program Requirements: Nursing Homes & Residential Care Facilities. In addition, the Department 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.
- 5.6. In any given year, funding from the Protected Envelope not used for its intended purposes to achieve standards and outcomes as set out in the Service Agreement and Long-Term Care Program Requirements: Nursing Homes & Residential Care Facilities will be forfeited or recovered. Any budgetary deficits will not be funded by the Department.
- 5.7. The Service Provider is required to operate within the Unprotected Envelope portion of the Approved Budget with respect to the Facility to meet the Long-Term Care Program Requirements: Nursing Homes & Residential Care Facilities and the legal obligations described in the Service Agreement. Any deficits with respect to the Unprotected Envelope will not be funded by the Department.

## 6. 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. PAYER OF LAST RESORT

- 7.1. The Department is the payer of last resort for Health Care Costs, Raw Food Costs, Capital Costs and Accommodation Services Costs (see Long-term Care Policy Manual: *Resident Charge Policy*).

## 8. ACCOUNTABILITY

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

## 9. MONITORING

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

## 10. REPORTS

- 10.1. 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. Audited financial statements shall include a total for bad debt. 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
  - A signed copy of any collective agreement between the organization and its union(s) where applicable.

## 11. REFERENCES

*Homes for Special Care Act*  
*Capital Renewal Reserve Policy*  
*Resident Charge Policy*  
*Long-term Care Policy Manual*  
Long-Term Care Facility Program Requirements: Nursing Homes & Residential Care Facilities



## 12. APPENDICES

Not applicable.

## 13. VERSION CONTROL

Version 1.0: New Policy

Formerly two different policies: Protected Envelope Funding Policy and Unprotected Envelope Funding Policy, Original Approval Date July 25, 2007, revised September 16, 2008.

## 14. INQUIRIES

Executive Director, Finance  
1894 Barrington Street  
Halifax, NS B3J 2A8