

**NOVA SCOTIA DEPARTMENT OF HEALTH  
CONTINUING CARE BRANCH**

---

**Subject: UNPROTECTED 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 (see *Protected Envelope Funding Policy*)
- Unprotected Envelope

1.2 Funding 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 Unprotected 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*.

**Accommodation Services Costs based on CCA<sup>1</sup> Full Scope of Practice Staffing Model** are defined as salaries, benefits and operational costs<sup>2</sup> of: administration; maintenance; management; and dietary, laundry and housekeeping services not provided by Continuing Care Assistants 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 excluded from Accommodation Services Costs and funded under the Protected Envelope.

**Accommodation Services Costs based on Augmented Traditional CCA Direct Care Staffing Model** are defined as salaries, benefits and operational costs<sup>2</sup> of: administration, maintenance, management, 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.

**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 Costs** are the costs that are normally capitalized, and are associated with planning, designing, acquiring land, constructing, furnishing & equipping, and debt servicing.

**Capital Renewal Reserve** is the funds received 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*.

**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 the *Protected Envelope Funding Policy*.

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

---

<sup>1</sup> CCA = Continuing 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.

**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 defined in Section 5.0.

#### **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 UNPROTECTED ENVELOPE**

5.1 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.

##### **5.1.1 Capital Costs**

Principal and interest related to Capital Costs to be financed with Nova Scotia Housing Development Corporation.

### 5.1.2 Accommodation Services Costs

The Department of Health will subsidize the resident's portion of Accommodation Services Costs in accordance with the staffing model (CCA Full Scope of Practice or Augmented Traditional CCA Direct Care Staffing Model).

## 5.2 Funding under the Unprotected Envelope shall be indexed as follows:

### 5.2.1 Capital Costs shall not be indexed.

5.2.2 Unionized wages and benefits shall be indexed in accordance with Minister of Health approved Collective Agreements. The per diem rate for management and administrative services shall be adjusted annually based on the all-items Consumer Price Index (CPI) for Nova Scotia catalogue # 62-001-XWE.

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

5.3 The Service Provider is expected to operate within the Unprotected Envelope portion of the Approved Budget with respect to the Facility to meet the Long Term Care Facility Program Requirements and the legal obligations described in the Service Agreement. Any deficits will not be funded by the Department of Health.

## 5.4 Approved Budget – Protected & Unprotected Envelope

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

5.4.2 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*.

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

- 5.4.4 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.
- 5.4.5 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

## **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 Capital Costs and Accommodation Services Costs (see *Resident Charge Policy, Long term Care Policy Manual*).

## **8.0 ACCOUNTABILITY**

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

## **9.0 MONITORING**

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

## **10.0 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*  
*Protected Envelope Funding Policy*

## **11.0 ENQUIRIES**

Director, Finance - Programs  
Department of Health  
PO Box 488  
Halifax, NS B3J 2R8  
Phone: (902) 424-5916

## **12.0 APPENDICES**

Not applicable.