GOVERNMENT OF BERMUDA
Ministry of Health

THE PROVISION OF FUNDING, FINANCING AND GOVERNANCE OF LONG-TERM SERVICES AND SUPPORTS FOR THE ELDERLY AND DISABLED IN BERMUDA

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Executive Summary

The Ministry of Health is responsible for the regulation of all nursing homes and residential care homes as detailed in the Residential Care Homes and Nursing Homes Act 1999 and the Regulations of 2001. The Ministry also operates two nursing homes, Sylvia Richardson Care Facility and Lefroy House Care Community.

The Ministry recognizes that Bermuda, like many countries, is experiencing a growth in its elderly population. The Department of Statistics, in its preliminary report on the 2016 Census, states that there are 11,090 seniors living in Bermuda (in institutional and non-institutional settings), representing 17% of the total population. Some estimates indicate that by 2030, people over the age of 65 will make up more than 22% of our population. As a consequence, the number of residents who will need long-term services and supports will also increase.

With an ageing population and a residential long-term care system that is at capacity, the Ministry understands that there is a need to improve the robustness of the care system. To accomplish this, there was a need to first gain a better understanding of the current state of the system.

This report sought to document the funding of the long-term care system, explore mechanisms that the government might employ to stimulate private sector investment in residential care, investigate seniors' needs for home conversions and their ability to pay for such conversions, and to make recommendations on methods of improving the efficiency of the long-term care system.

This report explores the residential long-term care system and expands the scope to include long-term services and supports (LTSS) which includes residential care but also takes in other services that support seniors and the disabled either in their own home or in care facilities.

Demographic information is presented on the population currently housed in nursing homes, rest homes, assisted living and independent living facilities. The Bermuda Hospitals Board also provides long-term care services at its facilities, and the demographics of this population is detailed.

The sources of funding for long-term services and supports is identified and details are provided on the amount of funding provided by the government through the health subsidy, insurance payments through HIP and FutureCare, Financial Assistance payment to seniors, the disabled and seniors who are disabled, War Veterans payments, and other government contributions from grants and service provision.

Financial data was collected for the government operated care homes and homes which operate as charities. This information is presented to provide an understanding of the costs involved in operating residential care facilities. The possible impact that changing the level of funding provided by Financial Assistance could have on the financial viability of care homes was also explored.

The factors which tend to drive up the cost of operating care homes were reviewed and suggestions were made on actions that could be taken to reduce operating costs.

Data from a previous survey of seniors was reviewed to provide insights into home ownership by seniors, the need and ability to pay for home modifications, the reported living arrangements of seniors and their plans for alternate arrangements if their care needs changed. Suggestions were also made on ways of incentivizing and supporting home modifications.

The Provision of Funding, Financing and Governance for Long-Term Services and Supports for the Elderly and Disabled in Bermuda

Bermuda, like many countries, is experiencing a growth in its elderly population. The Department of Statistics has reported that at the time of the 2016 Census there were 11,090 seniors living in Bermuda (in institutional and non-institutional settings), representing 17% of the total population. Some estimates indicate that by 2030, people over the age of 65 will make up more than 22% of our population. As a consequence, the number of residents who will need long-term services and supports will also increase.

In order to gain a greater understanding of the impact of increased pressure on long-term services and supports, the Consultant was tasked with reporting on:

- Bermuda's long-term care capacity needs;
- Measures that could be put in place to incentivize investment in long-term care;
- The need for home conversions to allow seniors to remain at home;
- Measures that could be put in place to make home conversion more affordable for seniors and the disabled;
- The cost of operating long-term care facilities and the ability of seniors and the disabled to pay for care; and
- Financing options for the long-term care system.

What Are Long-Term Services And Supports?

Traditionally in Bermuda, long-term services and supports would have been considered Rest Home and/or Nursing Home care for the elderly – residential long-term care. But, this definition omits other types of care that may be needed by those who face issues with ageing, chronic illness or disabilities – care which may be needed for weeks, months, or years.

Long-term services and supports (LTSS) are commonly defined as the services and supports needed by people of all ages who have functional limitations or chronic illnesses and who need assistance with meeting their daily care needs.

Long-term services and supports include, but are not limited to:

- Home medical services and care
- Personal home care, including
    - Companion care
    - Assistance with activities of daily living such as eating, bathing, dressing and toileting
    - Assistance with instrumental activities of daily living such as meal preparation, housekeeping, banking, medication management, shopping, and transportation

- Home modifications
- Respite care
- Adult day care
- Residential long-term care for seniors and the disabled
    - Independent living
    - Assisted living/rest home care
    - Nursing home care
- Often, palliative care and end of life care (hospice care) are also included as LTSS.

Who Provides Long-Term Services and Supports?

Long-term services and supports are provided in institutions, the home and in community-based settings by unpaid family members or friends, medical professionals such as physicians or nurses, para-professionals such as nursing assistants and by personal care providers.

TABLE 1 – Providers of Long-Term Services and Supports

Service	Providers						
	BHB		Dept. of Health	Residential Care Providers			Private Sector
	KEMH	MWI		Government	Charity	Private	
Home Medical Services	✓		✓				✓
Personal Home Care	✓		✓				✓
Home Modification							✓
Respite Care				✓	✓	✓	
Adult Day Care		✓		✓	✓	✓	
Residential Long-Term Care	✓	✓		✓	✓	✓	
Palliative Care	✓						✓

BHB = Bermuda Hospitals Board
KEMH = King Edward VII Memorial Hospital
MWI = Mid-Atlantic Wellness Institute

Who Needs and Uses Long-Term Services and Supports?

Long-term services and supports are accessed by seniors (those who are 65 years old and older) and by non-seniors who may be intellectually or developmentally disabled. Regardless of age, those who suffer from dementia, spinal cord or traumatic brain injury, or other disabling conditions may also have need of services and supports for some period of time.

A census was conducted of the residential care homes in Bermuda that included rest homes, nursing homes, assisted living and independent living facilities. The facilities from which data was collected are listed in Table 2 below along with a summary of the information coming out

of the interviews. Unfortunately, three facilities did not respond to requests for information and were not visited.

TABLE 2 – Residential Long-Term Care Facilities		Resident Type			
Home Name	**Level of Care**	**Day Care**	**Resident**	**Respite**	**Total**
Dr. Cann Park	Independent Living	0	104	0	104
Elizabeth Hills Park	Independent Living	0	23	0	23
Ferguson Park	Independent Living	0	18	0	18
Heydon Park	Independent Living	0	22	0	22
Purvis Park	Independent Living	0	23	0	23
TOTAL INDEPENDENT LIVING	**INDEPENDENT LIVING**	**0**	**190**	**0**	**190**
Dorothy Crane	Nursing Home	0	15	0	15
Easter Lily	Nursing Home	1	8	1	10
Elder Home Services	Nursing Home	2	11	0	13
Francis Telford	Nursing Home	2	10	0	12
Lefroy House	Nursing Home	9	30	0	39
Matilda Smith Williams	Nursing Home	0	24	0	24
Packwood	Nursing Home	0	27	1	28
Serenity Gardens	Nursing Home	2	19	0	21
Serenity Palms	Nursing Home	2	10	0	12
Sylvia Richardson	Nursing Home	9	32	0	41
Westmeath	Nursing Home	14	49	4	67
TOTAL NURSING HOME	**NURSING HOME**	**41**	**235**	**6**	**282**
Bendicion	Rest Home	0	5	0	5
Herb Garden	Rest Home	0	15	1	16
House of Esther	Rest Home	0	7	0	7
Living Well	Rest Home	0	5	0	5
Lorraine	Rest Home	12	31	0	43
St. Moritz	Rest Home	0	6	0	6
Summerhaven	Assisted Living	0	19	0	19
Yellow Roses	Rest Home	0	7	0	7
TOTAL REST HOME/ASSISTED LIVING	**REST HOME/ASSISTED LIVING**	**12**	**95**	**1**	**108**
TOTAL ALL		**53**	**520**	**7**	**580**
TOTAL EXCLUDING INDEPENDENT LIVING		**53**	**330**	**7**	**390**

Overview of Residential Care Homes

Group Homes

The Mid Atlantic Wellness Institute operates 30 group homes which provide assisted living for people with mental or intellectual disabilities, but these are currently not required to be licensed under the Residential Care Homes and Nursing Homes Act 1999 (RCHNH Act). Ideally, demographic information on group home residents should also be collected, as this would give a clearer picture of who is living in what could be defined as assisted living facilities.

Independent Living

While not strictly part of the population that is under review for residential long-term care, independent living facilities provide a critical service – especially for those in financial need.

Two organizations which cater to seniors in financial need are the Bermuda Housing Corporation (BHC) and the Bermuda Housing Trust (BHT).

The mission of the BHC is "To provide accessibility to adequate and affordable housing and to promote independent living to enhance the quality of life in Bermuda." While not focused entirely on seniors, the BHC does provide housing to a number of those who are more than 65 years old. Demographic data is not yet available on BHC residents who are seniors and/or disabled.

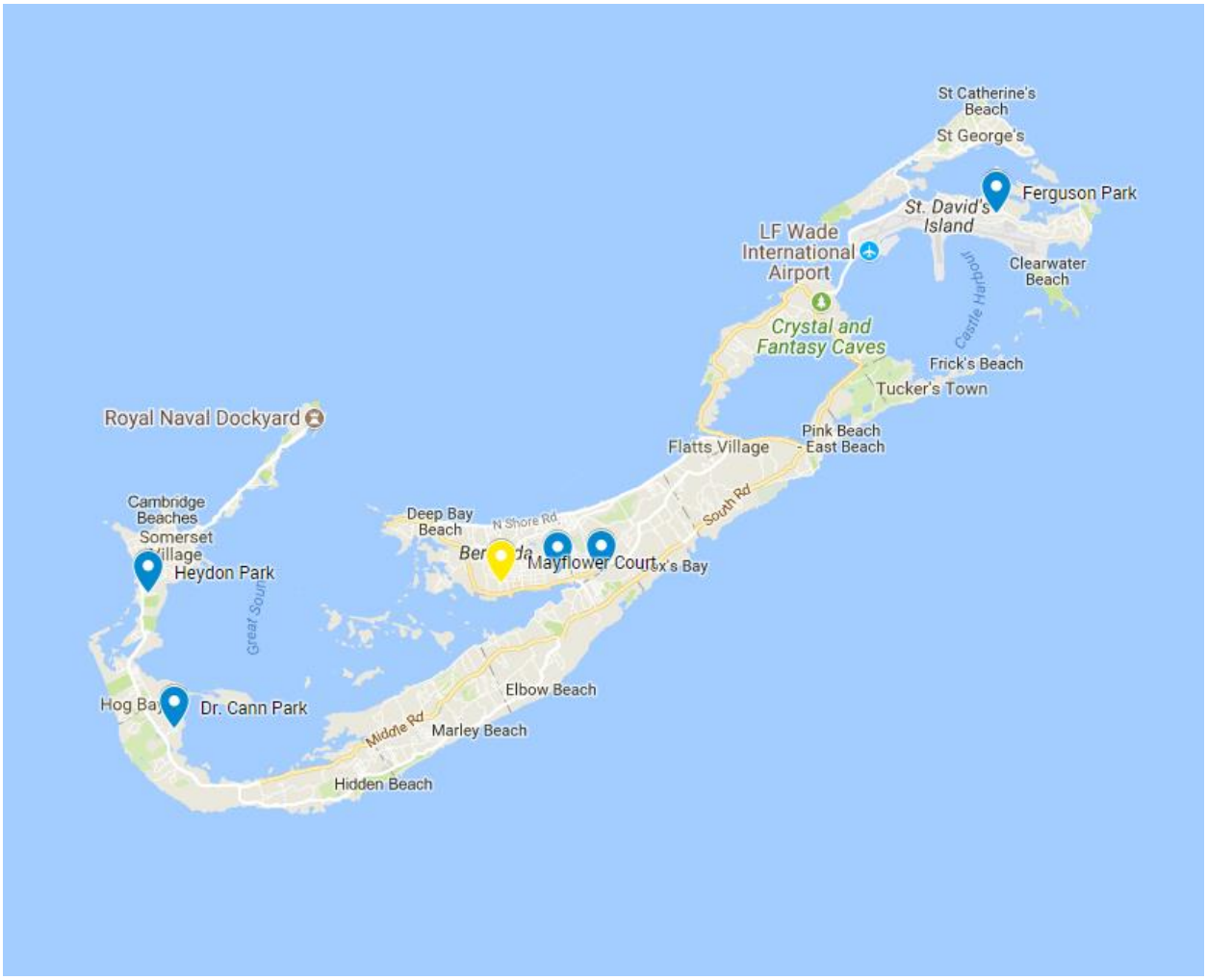
The BHT was founded, according to their web site, "to improve the quality of life of Bermuda's seniors who have financial needs, but also able to live independently." The BHT manages five properties located as shown on Map 1 below.

At the time of sampling, the BHT had 190 residents between their five properties as detailed in the table above.

The BHT currently maintains a landlord/tenant relationship with their residents, and their policy is that tenants must be able to live in their units without outside assistance. If assistance with activities of daily living (ADL's) is required, the resident must begin the process of finding alternate accommodations. The Trust is interested in partnering with care agencies to assist their residents with monitoring and maintaining their health. Many of the residents have health insurance through FutureCare which provides a personal care benefit. This benefit provides assistance with ADL's, so the Trust may need to revisit their relocation policy.

Demographics of note regarding those in independent living provided by the BHT:

- 74% are female (141 of 190), and 49 or 26% are male.
- The average age of residents is 78 years old. The youngest is 66 and the oldest is 100.
- 56% of residents are supported by Financial Assistance (106 of 190).
- The average length of stay is 6.3 years. Minimum is 0 years (new resident) and maximum is 10.7 years.



MAP 1 – Locations of Bermuda Housing Trust Properties

Rest Homes/Assisted Living and Nursing Homes

Rest homes/assisted living and nursing homes are the most common categories of residential long-term care facilities. All are registered under the RCHNH Act.

Although Summerhaven is registered as a rest home, it was founded as a home for the physically disabled, but many of its residents have aged and are now seniors. Due to the services provided by Summerhaven, it is required to be registered under the Act.

The locations of the rest homes and nursing homes are shown on Map 2 below.

Map 2– Locations of Rest Homes and Nursing Homes

There are 11 rest homes and 11 nursing homes. Five of the homes operate as charities (three nursing and two rest homes), two are operated by the government (both nursing homes), and the remaining 15 are privately owned, for-profit facilities.

Rest homes and nursing homes provide 24 hour care for their residents and many also offer respite care and adult day care services. Of the homes sampled, there were 330 seniors who resided full time at the homes, 53 were in adult day care, and seven were in respite care.

It should be noted that some of the homes visited close for a few days each year (usually around Christmas), and families must make alternate arrangements for their relatives.

Demographics of note regarding those who receive care and services (residents, day care and respite care) in **Nursing Homes**:

- 68% are female (175 of 258), and 32% or 83 are male.
- 235 people were full time residents, 41 were in adult day care, and 6 were in respite care.
- 74% of nursing home clients were judged to have some level of dementia.

- The average age of residents is 83 years old. The youngest is 41 and the oldest is 104.
- 62% of nursing home clients received some level of Financial Assistance. If Westmeath (where only 40% are on Financial Assistance) is excluded, the percentage on Financial Assistance rises to 70.5%.
- The average length of stay is 3.7 years. Minimum is 0 years and maximum is 56.8 years.

Demographics of note regarding those who receive care and services (residents, day care and respite care) in **Rest Homes**:

- 54% are female (48 of 89), and 46% or 41 are male.
- 76 people were full time residents, 12 were in adult day care, and 1 was in respite care. (Summerhaven has 19 residents)
- 63% of rest home clients were judged to have some level of dementia.
- The average age of residents is 78 years old. The youngest is 52 and the oldest is 100.
- 89.5% of rest home clients received some level of Financial Assistance.
- The average length of stay is 4.2 years. Minimum is 0 years and maximum is 14.9 years.

Summerhaven is a residential home for the physically disabled which provides studio apartments, basic care needs, and transportation for residents. Demographics of note regarding those who receive care and services (residents, day care and respite care) in **Assisted Living (Summerhaven)**:

- The number of full time residents is 19.
- 79% are male (15 of 19), 4 or 21% are female.
- Average age is 56 years. Minimum age is 26 and maximum is 77,
- 89.5% of residents receive support from Financial Assistance (17 of 19).
- The average length of stay is 14.5 years. Minimum is 0.8 years and maximum is 33.3 years.

BHB Long-Term Service and Support Residents

In addition to their dedicated acute care facilities, the Bermuda Hospitals Board (BHB) provides long-term services and supports for some patients at King Edward VII Memorial Hospital (KEMH), on wards at the Mid-Atlantic Wellness Institute (MWI) and in group homes operated by MWI.

For the purposes of this review, data were collected from Non-DRG[1] claims, claims for what was called the Continuing Care Unit (CCU), claims for Long-Term Care billed to the Health Insurance Department (LTC-HID), hospice claims, and MWI room and care claims.

[1] Generally, upon admission to an acute care ward, the patient is assigned a diagnostic related group (DRG) which determines the fees for the service and the estimated length of stay. If a patient is in the hospital for more than 15 days a Non-DRG per diem charge is added.

For the fiscal year 2017/18 from April to October, 2017, the KEMH wards and subsidy supports involved include:

- KEMH
    - AC 3M NON DRG (Rate = $1,350 per day) – Age and Indigent Subsidies
    - AC 4S NON DRG (Rate = $1,350 per day) – Age and Indigent Subsidies
    - AC 5S NON DRG (Rate = $1,350 per day) – Age and Indigent Subsidies
    - CCU - ROOM & CARE(Rate = $440 per day) – Geriatric Subsidy – Subsidy discontinued after May, 2017
    - DR EF GORDON - NON DRG (Rate = $1,350 per day) – Age and Indigent Subsidies – Subsidy discontinued after May, 2017
    - GORDON WARD EXT NON DRG (Rate = $1,350 per day) – Age and Indigent Subsidies – Subsidy discontinued after May, 2017
    - GOSLING WARD - NON DRG (Rate = $1,350 per day) – Youth and Age Subsidies
    - ICU WARD - NON DRG (Rate = $1,350 per day) – Age and Indigent Subsidies
    - LTC-HID - ROOM & CARE (Rate = $658 per day) – LTC-HID Subsidy – Billed starting in June, 2017
    - MATERNITY WARD - NON DRG (Rate = $1,350 per day) – Age Subsidy
    - OVERFLOW BEDS - NON DRG (Rate = $1,350 per day) – Age and Indigent Subsidies
- Hospice
    - HOSPICE - ROOM & CARE (Rate = $595 per day) – Age and Indigent Subsidies
- MWI
    - MWI ROOM & CARE DEVON LODGE (Rate = $739 per day) – Age Subsidy
    - MWI ROOM & CARE REID WARD (Rate = $739 per day) – Age Subsidy
    - MWI ROOM & CARE SOMERS WARD (Rate = $739 per day) – Age, Youth and Indigent Subsidies

Demographics of note regarding those who receive care through the Bermuda Hospitals Board on Non-DRG wards at KEMH, Hospice and MWI are shown below in Table 3:

TABLE 3 – Demographic Information for KEMH and MWI Long-Term Services and Supports Recipients																
WARDS	Gender				Age			Subsidy						Monthly Occupancy		
	F	M	%F	%M	Avg	Min	Max	Aged	Geriatric	Indigent	Indigent + Aged	LTC	Youth	Grand Total	Min	Max
KEMH																
AC 3M	37	46	44.6%	55.4%	80	40	96	78	0	5	0	0	0	83	9	18
AC 4S	41	36	53.2%	46.8%	79	20	100	68	0	6	3	0	0	77	10	20
AC 5S	33	26	55.9%	44.1%	80	31	95	55	0	3	1	0	0	59	10	15
CCU	32	30	51.6%	48.4%	77	28	104	0	62	0	0	0	0	62	0	61
DR EF GORDON	22	24	47.8%	52.2%	80	50	98	41	0	4	1	0	0	46	0	41
GORDON WARD EXT	6	8	42.9%	57.1%	79	65	95	10	0	2	2	0	0	14	0	13
GOSLING WARD	1	3	25.0%	75.0%	31	13	75	1	0	0	0	0	3	4	0	2
ICU WARD	5	3	62.5%	37.5%	76	57	88	7	0	1	0	0	0	8	0	2
LTC-HID	60	65	48.0%	52.0%	77	13	104	0	0	0	0	125	0	125	0	112
MATERNITY WARD	1	0	100.0%	0.0%	82	82	82	1	0	0	0	0	0	1	0	1
OVERFLOW BEDS	29	35	45.3%	54.7%	83	51	100	57	0	6	1	0	0	64	13	20
HOSPICE																
HOSPICE	27	24	52.9%	47.1%	79	51	99	50	0	1	0	0	0	51	5	14
MWI																
MWI ROOM & CARE DEVON LODGE	1	0	100.0%	0.0%	85	85	85	1	0	0	0	0	0	1	0	1
MWI ROOM & CARE REID WARD	0	2	0.0%	100.0%	72	71	73	2	0	0	0	0	0	2	0	1
MWI SOMERS WARD	10	0	100.0%	0.0%	53	18	89	6	0	1	0	0	3	10	1	3

The following should be noted regarding the above data:

- The data covers the first seven months of the 2017/18 fiscal year (April through October) and includes information from claims that have been submitted during that period.
- The "Grand Total" under Monthly Occupancy represents the number of individuals who had claims submitted during the period. "Min" represents the minimum number of individuals for whom claims were submitted in one calendar month, and likewise "Max" represents the maximum number of individuals. For example, on the Acute Care Ward 3M, 83 people had claims submitted during the period April through October, 2017. In any one of those months, no fewer than 9 people had claims submitted and no more than 18 had claims submitted. Of the claims submitted during the period, 78 were on Aged Subsidy and 5 were on Indigent Subsidy.

- The numbers of persons within columns are not cumulative, as some persons had claims submitted from multiple wards during the period.
- Claims for Geriatric Subsidy were submitted until the end of May, 2017 when new Fees Regulations came into effect. "Geriatric Subsidy" is an old term which referred to funding provided to the Continuing Care Unit when it existed.
- Claims for LTC subsidy began in June, 2017 when the new Fees Regulations came into effect.

In addition to the demographic data on those who were resident at KEMH, it is valuable to review the numbers of persons who were resident.

Table 4 below shows the number of people for whom claims were submitted each month – for the first seven months of the 2017/18 fiscal year.

- No claims were submitted for CCU, Dr. E. F. Gordon, and Gordon Ward Ext. after May, 2017, as those fees were removed from the Regulations. Patient claims were billed under the LTC-HID subsidy from June, 2017.
- Revenues per month remained stable. This despite the fact that the rate for CCU Room & Care went from $440 per day to $658 per day under LTC HID. This would have been offset by patients on Gordon Wards who were being charged at $1,350 per day moving to the LTC-HID rate of $658 per day.
- Note that these figures do not represent everyone who has been admitted to KEMH and MWI. These are only for those who could be considered "residents" of KEHM and MWI or those who have been in hospital more than 15 days.

TABLE 4 – Number of People for Whom Claims were Submitted – Data for FY 2017/18 (April through October)										
WARDS		NUMBER OF PEOPLE FOR WHOM CLAIMS WERE SUBMITTED								
	Total People Per Ward	April	May	June	July	Aug	Sept	Oct	Min	Max
KEMH										
AC 3M	83	17	18	17	17	18	9	10	9	18
AC 4S	77	17	17	14	17	10	20	13	10	20
AC 5S	59	11	12	11	10	15	10	11	10	15
CCU	62	60	61	0	0	0	0	0	0	61
DR EF GORDON	46	41	34	0	0	0	0	0	0	41
GORDON WARD EXT	14	11	13	0	0	0	0	0	0	13
GOSLING WARD	4	2	2	0	1	1	0	0	0	2
ICU WARD	8	2	1	0	2	2	1	1	0	2
LTC-HID	125	0	0	111	112	111	109	109	0	112
MATERNITY WARD	1	0	1	0	0	0	0	0	0	1
OVERFLOW BEDS	64	16	13	19	18	20	15	13	13	20
HOSPICE										
HOSPICE	51	11	12	5	14	9	11	11	5	14
MWI										
MWI ROOM & CARE DEVON LODGE	1	0	1	0	0	0	0	0	0	1
MWI ROOM & CARE REID WARD	2	1	1	0	0	0	0	0	0	1
MWI ROOM & CARE SOMERS WARD	10	1	2	3	3	1		2	1	3
Total People Submitted Claims – All Wards	408	169	163	170	176	174	166	163	163	176
Value of Claims Submitted – All Wards	$20,557,389	$3,013,446	$2,977,515	$2,881,998	$3,116,601	$3,039,718	$2,713,856	$2,814,256	$2,713,856	$3,116,601

Funding for Long-Term Services and Supports

Long-term services and supports are funded (paid for) through out of pocket payments, health insurance, Financial Assistance, War Veterans and Health Subsidy. Government grants paid to MWI and to some care homes which operate as charities help to pay for group homes, residential care, respite care and adult day care. Out of pocket payments include income sources such as savings, current account income and pensions (disability, private, and social insurance pensions).

TABLE 5 – Funders of Long-Term Services and Supports						
Service	**Funders**					
	Out of Pocket	**Insurance**	**FA**	**War Vets**	**Subsidy**	**Grants**
Home Medical Services	✓	✓	✓	✓	✓	
Personal Home Care	✓	✓	✓	✓		
Home Modification	✓					
Respite Care	✓			✓		✓
Adult Day Care	✓	✓	✓	✓		✓
Residential Long-Term Care	✓	✓*	✓	✓	KEMH & MWI	✓
Palliative Care	✓	✓		✓	✓	

FA = Financial Assistance
* - Health Insurance may cover long stay at KEMH

Data was collected from HIP and FutureCare for insurance claims and subsidy claims. Financial Assistance and War Veterans provided information on payments made to their clients. Information on out of pocket payments is challenging to gather and is not included. Claims and payments, where information was available are detailed below.

Subsidy LTSS Claims

Government provides a subsidy, the amount being approved by the Legislature, which pays towards a portion of the Standard Health Benefit (SHB) for certain persons – generally these are services provided by the BHB at the hospital, although the SHB has expanded to include some non-hospital based services.

Aged subsidy pays:

- Towards 70% of SHB for those who are eligible and are between the ages of 65 and 74 years; and
- Towards 80% of SHB for those who are 75 years old and older and are eligible for the subsidy.

Indigent subsidy pays towards 100% of SHB for those who are unable to afford to pay the premium for health insurance (as defined by the Health Insurance Act 1970).

Youth subsidy pays towards 100% of SHB for children – those who are under the age of 18 and those who are between 18 and 21 and still full time students.

Aged, youth and indigent subsidies are the only subsidies defined in the Health Insurance Act 1970, and the funds allocated are paid to the service provider (usually KEMH) each month – one twelfth of the amount allocated is paid each month.

What was termed the Geriatric subsidy paid towards 100% of SHB for KEHM patients classified as Continuing Care Unit (CCU) residents. This fee designation was removed from the Fees Regulations in 2017.

LTC-HID is a new fee category implemented in June, 2017 to reduce the cost of care received by long stay patients/residents at KEMH. This fee of $658 per day is charged to long-term care patients/residents who are insured by the Health Insurance Department.

The tables below provide information on the value of subsidy paid during fiscal year 2016/17 and fiscal 2017/18 (extrapolated based upon claims submitted from April through October 2017).

TABLE 6 – Subsidy Claims for LTSS – Fiscal Year 2016/17						
WARD FY 2016/17	Subsidy Class					
	Aged	Indigent	Youth	Geriatric	LTC	TOTAL
KEMH						
Acute Care Wing	$4,044,131	$538,380	$9,450	$0	$0	$4,591,961
CCU Room	$10,560	$0	$0	$8,407,664	$0	$8,418,224
Dr. EF Gordon	$9,980,685	$1,372,950	$0	$0	$0	$11,353,635
Gordon Ward Ext	$3,332,880	$425,385	$0	$0	$0	$3,758,265
Gosling Ward	$0	$0	$700,650	$0	$0	$700,650
ICU Ward	$107,190	$810	$0	$0	$0	$108,000
LTC-HID	$0	$0	$0	$0	$0	$0
Overflow Beds	$407,835	$41,175	$0	$0	$0	$449,010
HOSPICE						
Hospice	$669,018	$18,326	$0	$0	$0	$687,344
MWI						
MWI Devon Lodge	$4,656	$9,607	$0	$0	$0	$14,263
MWI Reid Ward	$298,556	$5,912	$0	$0	$0	$304,468
MWI Somers Ward	$94,149	$48,035	$41,384	$0	$0	$183,568
TOTAL	$18,949,659	$2,460,580	$751,484	$8,407,664	$0	$30,569,387

TABLE 7 - Subsidy Claims for LTSS – Fiscal Year 2017/18 – Extrapolated based on April through October Claims						
Ward FY 17/18 (12/12)	Subsidy Class					
	Aged	Indigent	Youth	Geriatric	LTC	TOTAL (12/12)
KEMH						
Acute Care Wing	$3,646,947	$469,136	$0	$0	$0	$4,116,083
CCU	$0	$0	$0	$2,215,668	$0	$2,215,668
Dr. EF Gordon	$2,630,644	$320,153	$0	$0	$0	$2,950,797
Gordon Ward Ext	$699,593	$194,693	$0	$0	$0	$894,285
Gosling Ward	$2,678	$0	$262,013	$0	$0	$264,690
ICU Ward	$99,450	$13,388	$0	$0	$0	$112,838
LTC-HID	$0	$0	$0	$0	$15,162,627	$15,162,627
Overflow Beds	$2,605,782	$129,094	$0	$0	$0	$2,734,876
HOSPICE						
Hospice	$566,777	$8,429	$0	$0	$0	$575,206
MWI						
MWI Devon Lodge	$10,993	$0	$0	$0	$0	$10,993
MWI Reid Ward	$0	$0	$0	$0	$0	$0
MWI Somers Ward	$39,573	$1,047	$36,642	$0	$0	$77,262
TOTAL	$10,302,437	$1,135,939	$298,655	$2,215,668	$15,162,627	$29,115,325

Comments:

- Total claims are consistent over the two years, averaging $29.8 million.
- Note that CCU Room & Care claims were discontinued at the end of May, 2017. A new fee category of LTC – HID Room & Care was introduced.
- In fiscal year 2017/18, residents of Dr. EF Gordon and Gordon Ward Extension were billed on those wards until June when their billing was moved to the LTC – HID Room & Care fee.
- The Hospital Fees Regulations has a second long term care fee, LTC – Room & Care, ($1,063 per day) which has not yet been billed, as all residents are billed on the LTC – HID Room & Care ($658 per day) fee. The higher fee would be billed to residents who are not insured by the Health Insurance Department.

HIP and FutureCare LTSS Claims

HIP and FutureCare are billed for the portion of SHB claims which are not covered by the subsidies. They are also billed for services which are not Standard Health Benefit, in which case the insurer will cover part of the cost and the balance will be paid out of pocket by the policy holder.

It is important to note that the majority of HIP policy holders are not seniors, but all FutureCare policy holders are seniors. As a result, age subsidy pays towards 70% or 80% of SHB claims – leaving FutureCare to pay the remaining 30% or 20%. HIP policy holders who are not eligible for subsidy on SHB claims will have 100% of the value of their claim paid by HIP.

The Health Insurance Department reports that there are 4,081 seniors on FutureCare and 366 seniors who are HIP policy holders. This means that 40.1% of all seniors (4,447 of 11,090) are insured by the Health Insurance Department on government subsidized health insurance. GEHI insurers an additional 2,023 seniors, so taking HIP, FutureCare and GEHI together, the government insures 58.3% of all seniors (6,470 of 11,090).

TABLE 8 – HIP and FutureCare Claims for LTSS – Fiscal Year 2016/17			
WARD	**FutureCare**	**HIP**	**TOTAL**
KEMH			
Acute Care Wing	$679,185	$795,150	$1,474,335
CCU	$0	0	$0
Dr. EF Gordon	$1,539,675	$1,081,890	$2,621,565
Gordon Ward Ext	$599,400	$18,630	$618,030
Gosling Ward	$0	$492,750	$492,750
ICU Ward	$17,145	$25,650	$42,795
LTC-HID	$0	$0	$0
Overflow Beds	$68,580	$47,790	$116,370
HOSPICE			
Hospice	$103,887	$152,677	$256,564
MWI			
MWI Room & Care	$120,383	$1,532,686	$1,653,069
NON-BHB LTSS			
Home Medical Services	$273,072	$617,520	$890,592
Personal Home Care	$1,576,716	$131,453	$1,708,169
TOTAL	$4,978,043	$4,896,196	$9,874,239

- HIP claims for Home Medical Services are high, as $578,000 of the $617,000 claimed was for home dialysis.
- Dialysis was a SHB insurable service during 2016/17 and eligible for subsidy. Not shown (as it is not part of LTSS) are age subsidy claims for $10.93 million and indigent subsidy dialysis claims for $0.97 million ($11.9 million for the 16/17 fiscal year). In 2017/18 hemodialysis was changed so that it will be covered by the Mutual Reinsurance Fund (MRF), so dialysis subsidy claims should decrease substantially in the 17/18 fiscal year.
- The amount spent by subsidy, HIP and FutureCare for non-DRG services continues to be troubling and may speak to the need to continue efforts to reduce both the number of days spent in acute care as well as removing barriers to patients being discharged.
- It would be useful to understand how many patients who are currently in LTC beds or in non-DRG beds could be cared for at their own home, or in a sub-acute setting such as a rest home, nursing home or a rehabilitation facility. Discharge would, of course be contingent on LTSS being available at the patient's home and on there being space at other institutional settings.

Financial Assistance LTSS Payments

The Department of Financial Assistance (FA) provides financial support to seniors, disabled person and seniors who are disabled. Potential recipients of Financial Assistance must submit an application along with supporting documentation and they must meet the eligibility requirements before they are approved for support.

The Department of Financial Assistance has recently been able to provide detailed information on the amounts paid to their clients and the types of services that their benefits support (BELCO, rent, food, etc.).

Table 9 below presents demographic data for those who are classified by FA as disabled, seniors and seniors who are disabled – for the months of September, October and November, 2017.

Table 9 – Demographic of Seniors, Disabled and Senior/Disabled on Financial Assistance				
	Disabled	**Seniors**	**Senior/Disabled**	**TOTAL**
Total	636	594	413	1,643
Female	263	382	204	849
Male	373	212	209	794
% Female	41.4%	64.3%	49.4%	51.7%
% Male	58.6%	35.7%	50.6%	48.3%
Average Age	49.8	78.4	75.0	66.5
Average Age (F)	50.3	79.3	76.3	69.6
Average Age (M)	49.5	76.7	73.7	63.1
Minimum Age	9	65	65	9
Maximum Age	80	104	101	104
Minimum Age (F)	9	65	65	9
Maximum Age (F)	80	104	101	104
Minimum Age (M)	12	65	65	12
Maximum Age (M)	65	101	95	101

Table 10 below provides additional detail on the funding provided (for the three months of September, October, and November, 2017) to seniors and the disabled for services ranging from food, housing, BELCO, and health insurance to name but a few.

Table 10 – Funding Provided by Financial Assistance for Three Months of September, October, November 2017								
BENEFITS	Disabled		Seniors		Senior/Disabled		TOTAL	
	Total Paid	No	Total Paid	No	Total Paid	No	Paid	No
Adult Day Care	$1,750	1	$4,500	1	$4,227	1	$10,477	3
Auditory exam	$100	1					$100	1
BELCO	$47,146	155	$59,179	206	$33,581	112	$139,906	473
Child Day Care Allowance	$22,400	10					$22,400	10
Clothing	$36	1					$36	1
Dental Care	$6,815	8	$6,818	3	$524	2	$14,158	13
Disability Allowance	$410,017	223			$29,944	18	$439,960	241
Disability Equipment Or Service	$25,987	9			$7,576	4	$33,562	13
Eye Care Examination	$100	1	$275	1			$375	2
Eye Care Frames	$475	1	$350	1	$350	1	$1,175	3
Food - Children	$20,458	30	$920	1	$1,163	1	$22,542	32
Food - Adult	$321,043	309	$262,604	294	$173,215	191	$756,862	794
Water	$3,751	12	$1,895	13	$1,372	5	$7,018	30
Fuel - Cooking	$2,223	8	$308	2	$1,438	3	$3,969	13
Funeral Expenses	$6,000	2	$8,877	2	$12,000	2	$26,877	6
FutureCare	$1,500	1	$646,971	433	$389,609	267	$1,038,081	701
HIP	$654,161	512	$9,443	9	$21,462	19	$685,067	540
Insurance (Medical)	$35,610	31	$98,790	82	$58,081	50	$192,480	163
Nursing Home	$157,299	12	$595,009	52	$754,298	67	$1,506,607	131
Rest Home	$178,273	16	$486,637	50	$320,293	36	$985,203	102
Group Home	$49,067	19	$2,668	2	$7,318	4	$59,053	25
Rent - 1 Bed	$323,710	101	$728,229	252	$285,269	93	$1,337,209	446
Rent - 2 Bed	$208,769	61	$180,058	61	$88,608	32	$477,435	154
Rent - 3+ Bed	$37,033	16	$48,501	19	$42,585	20	$128,118	55
Rent - Studio	$49,130	19	$106,897	42	$47,797	19	$203,824	80
Room	$103,943	66	$48,927	32	$32,430	22	$185,300	120
Room And Board	$8,410	6	$3,600	2	$3,450	2	$15,460	10
Home Care	$56,215	15	$14,690	4	$51,179	14	$122,084	33
Medical Equipment	$17,252	9	$7,964	7	$676	3	$25,892	19
Medical Supplies	$8,847	16	$3,156	5	$8,344	19	$20,347	40
Medication	$18,331	6	$7,662	2			$25,993	8
Podiatry	$429	3	$969	7	$197	2	$1,595	12
Laundry	$44,207	199	$27,001	131	$18,766	88	$89,974	418
Telephone	$15,629	142	$14,478	135	$8,270	83	$38,378	360
Public Transportation - Adult	$22,724	117	$431	3	$966	6	$24,121	126
TOTAL	$2,858,840		$3,377,809		$2,404,987		$8,641,636	

As indicated earlier, the preliminary report on the 2016 Census states that there are 11, 090 seniors living in Bermuda.

Using this figure and the data in the tables above, it can be noted:

- 9.1% of Bermuda's senior population is on Financial Assistance (1,007 of 11,090).
- There are 807 seniors on Financial Assistance who get assistance with housing (rest homes, nursing homes, group homes, rent, and room and board). This is 80.1% of all seniors on FA and 7.3% of all seniors.
- 485 seniors on Financial Assistance receive assistance with buying food. That's 48.2% of the seniors on FA and 4.4% of all seniors.
- 860 seniors on Financial Assistance have their health insurance paid for by FA. That's 85% of those on FA and 7.8% of all seniors.

War Veterans LTSS Funding

The War Veterans (WV) fund, operated under the Social Insurance Department, provides assistance to war veterans and the eligible spouses of deceases veterans. WV pays the premium for FutureCare, will pay for insurance benefits not covered by FutureCare, pays up to $7,000 per month for nursing home care, and pays up to $5,000 for funeral costs.

Table 11 – War Veterans Benefits and Funding	
War Veterans Benefit	**2016/17 Funding**
BHB	$218,243
Homecare	$2,934,630
Prescription drugs (Pharmacy)	$129,563
Future Care	$1,089,598
Funeral	$99,281
TOTAL	$4,471,315

War Veterans currently supports 172 beneficiaries. As shown in the table above, over the 2016/17 fiscal year, War Veterans paid a total of $4.47 million for the care of their beneficiaries. The "Homecare" line item includes care provided in the veteran's own home as well as fees to rest homes and nursing homes.

Government Grants and Government Operating Expenses

The Ministry of Health provides grants to four residential care homes which are charities, and it operates and maintains two residential care homes. Additionally, the government operates and funds the Ageing and Disability Service which includes the K. Margaret Carter Center. The Mid Atlantic Wellness Institute (MWI) provides services at their day facility for the intellectually disabled, New Dimensions. MWI also operates group homes and a psychogeriatric facility. The

Department of Education provides educational services for children with physical and/or intellectual disabilities at the Dame Marjorie Bean Hope Academy.

Table 12 below sets out the grants and funding provided to the organizations listed.

Table 12 – Government Grants and Funding	
SERVICE	Funding
Grant to Lorraine Rest Home	$502,639
Grant to Matilda Smith Williams	$250,000
Grant to Packwood	$300,000
Grant to Summerhaven	$300,000
Grants to LTSS Providers	$93,000
Operating Budget for Lefroy House	$4,771,784
Operating Budget for Sylvia Richardson	$5,208,244
Ageing and Disability Services	$1,016,000
K. Margaret Carter	$1,867,000
MWI – New Dimensions	$459,223
MWI – Group Homes	$7,620,147
MWI – Psychogeriatric (Reid Ward)	$1,833,684
Dame Marjorie Bean Hope Academy	$1,288,193
TOTAL	**$25,509,914**

The total funding for long-term services and supports for seniors (and some disabled persons) is shown below in Table 13.

Table 13 – Total Funding for Long-Term Services and Supports	
SOURCE	Funding
Out of Pocket	?
Health Insurance Department (HIP and FC)	$9,874,239
Financial Assistance	$34,566,544
War Veterans	$4,471,315
Disability Pensions	?
Workman's Compensation	?
Health Subsidy	$29,800,000
Grants and Public LTC Funding	$25,509,914
Public Donations	?
Social Insurance	?
Pensions	?
TOTAL	**$104,022,012**

After reviewing all of the sources of funding for long-term services and supports, it is evident that there is no formal insurance coverage available for residential long-term care.

HIP and FutureCare now offer the personal home care benefit which is helping an increasing number of seniors to remain in their own home for much longer. Some private insurers have followed the Health Insurance Department's lead and also offer some level of home care, but there is no significant coverage for residential long-term care.

The fact that personal home care benefits are now being offered by both government and private insurers is a huge step in the right direction and is helping to meet the government's goal of having seniors age at home for as long as possible. However, there will always be seniors whose care needs mean that they have to move into residential care.

Bermuda is like many countries in that residential care is not a universal benefit afforded to all citizens. It is a service that is either paid for by the individual as an out of pocket expense, or if the individual does not have financial means, the state may step in and help to pay for care.

In addition to paying out of pocket some jurisdictions do offer long-term care insurance, but that is not currently an option in Bermuda. Other sources of funding for long-term care include:

- Health Savings Accounts – which usually include tax benefits which make them attractive alternatives to regular savings accounts. In Bermuda there are no tax incentives available for health savings accounts, and this along with low interest rates make them less attractive.
- Home Equity Release – many Bermudian seniors own their own home, but releasing equity in the home through a reverse mortgage is not possible, as reverse mortgages are not currently offered. Rather than selling the home, it may be possible to rent the home to make cash available to pay for long-term care, but it is unlikely (in most instances) that the rental income will cover all the costs of long-term care.

A mechanism to ensure that everyone has access to both personal home care and residential long-term care if it is needed is to expand the Standard Health Benefit to include both of these services.

Recommendation: Revisit the Bermuda National Health Plan modelling which included coverage for residential long-term care. Review both the single payer model and the dual payer model and arrange for an update on the pricing of the Standard Health Benefit packages which were proposed by the Benefit Design Working Group.

The Cost of Operating Residential Long-Term Care

As discussed previously, residential long-term care services are provided by private, for-profit, companies, charities, and as parts of government departments. Due to the structure of the long-term care system, financial information is only available on the cost of providing residential services at the government facilities and those that function as charities.

Financial statements/information were secured for Summerhaven, Matilda Smith Williams, Packwood, Lorraine, Westmeath, Lefroy House and Sylvia Richardson. Basic information from the financials is included in Table 14 below.

The full financial statements are attached.

Table 14 – Financial Data for Care Homes

	Lorraine	Matilda Smith Williams	Westmeath	Packwood	Summerhaven	Lefroy	Sylvia Richardson
	2015-16	2016	2015-16	2015-16	2017	2017-18	2017-18
Residents	31	24	49	27	19	30	32
Adult Day Care	12	0	14	0	0	9	9
Fee Income	$1,565,437	$1,428,102	$5,587,313	$1,819,975	$710,982	$482,556	$2,054,346
Government grant	$558,486	$256,250	$0	$362,500	$500,000	$0	$0
Donations	$13,810	$44,169	$48,286	$79,071	$9,644	$0	$0
Rental, Other Income	$25,553	$0	$6,491	$84,535	$44,250	$0	$0
TOTAL INCOME	$2,163,286	$1,728,521	$5,642,090	$2,346,081	$1,264,876	$482,556	$2,054,346
Payroll Expenses	$1,720,604	$1,394,844	$4,091,414	$1,796,930	$1,073,226	$4,163,874	$3,872,979
Other Expenses	$369,928	$397,675	$1,428,199	$488,433	$343,681	$607,910	$1,335,265
TOTAL EXPENSES	$2,090,532	$1,792,519	$5,519,613	$2,285,363	$1,416,907	$4,771,784	$5,208,244
Total Income-Total Expenses	$72,754	($63,998)	$122,477	$60,718	($152,031)	($4,289,228)	($3,153,898)
Without Grant	($485,732)	($320,248)	$122,477	($301,782)	($652,031)	($4,289,228)	($3,153,898)
Fee Income-Payroll	($155,167)	$33,258	$1,495,899	$23,045	($362,244)	($3,681,318)	($1,818,633)
Payroll/Resident	$55,503	$58,119	$83,498	$66,553	$56,486	$138,796	$121,031
Fee Income per Resident per Month	$4,208	$4,959	$9,502	$5,617	$3,118	$1,340	$5,350

The financial information presented above demonstrates that residential long-term care facilities are finding it difficult to break even.

Points of note regarding the seven care homes detailed above:

- The only home listed which does not receive support from government is Westmeath.
- All of the homes except the government homes are charities and entitled to solicit donations from the public.
- All of the charities generate some donations, but their fundraising activities could be enhanced.
- Only three of the homes (Lorraine, Westmeath and Packwood) generated a profit for the periods considered (Total Income-Total Expenses).
- If government support is withdrawn from consideration, only Westmeath was profitable (row "Without Grant")
- Only Matilda Smith, Westmeath and Packwood are able to cover the cost of their payroll from the fees generated from residents. This means that the other homes aren't able to cover operating expenses without having government support. (Fee Income-Payroll)
- It is interesting that the payroll/residents is about the same for all of the homes except Westmeath and the government homes. It would be useful to gather more detailed information on the number of staff, their skill levels and the remuneration levels for the different homes. It is likely that the residents at Westmeath and the government homes require a higher level of care, therefore necessitating a greater number of skilled nursing staff with higher salaries. Westmeath and the government homes are all unionized, and this could also make a difference in salary levels.
- Dividing the gross fee income by the number of residents, the average fee per resident per month equates closely with the level of payment by Financial Assistance - $4,000 per month for rest homes and $5,000 per month for nursing homes.
- Using this information on the average fee per resident per month, the FA level of payment can be adjusted to determine the level of payment that results in the care home breaking even. The results are shown in Table 15 below.
- The data shown assumes that the only variable is the fee paid per resident per month which moves from $6,000 per month to $6,500 per month to $7,000 per month. The other sources of income from day programs, rent, donations, and government grants are assumed to remain the same. Likewise, the number of residents and expenses are assumed to remain the same as the fees change.

Table 15 – Care Home Financial at Differing Level of Financial Assistance								
		Lorraine	**MSW**	**Westmeath**	**Packwood**	**Summerhaven**	**Lefroy**	**Sylvia Richardson**
	TOTAL EXPENSES	$2,090,532	$1,792,519	$5,519,613	$2,285,363	$1,416,907	$4,771,784	$5,208,244
$6,000 per month	TOTAL INCOME	$2,829,849	$2,028,419	$3,582,777	$2,470,106	$1,921,894	$2,160,000	$2,304,000
	Total Income-Total Expenses	$739,317	$235,900	($1,936,836)	$184,743	$504,987	($2,611,784)	($2,904,244)
	Without grant	$180,831	($20,350)	($1,936,836)	($177,757)	$4,987	($2,611,784)	($2,904,244)
	Fee Income-Payroll	$511,396	$333,156	($563,414)	$147,070	$294,774	($2,003,874)	($1,568,979)
$6,500 per month	TOTAL INCOME	$3,015,849	$2,172,419	$3,876,777	$2,632,106	$2,035,894	$2,340,000	$2,496,000
	Total Income-Total Expenses	$925,317	$379,900	($1,642,836)	$346,743	$618,987	($2,431,784)	($2,712,244)
	Without grant	$366,831	$123,650	($1,642,836)	($15,757)	$118,987	($2,431,784)	($2,712,244)
	Fee Income-Payroll	$697,396	$477,156	($269,414)	$309,070	$408,774	($1,823,874)	($1,376,979)
$7,000 per month	TOTAL INCOME	$3,201,849	$2,316,419	$4,170,777	$2,794,106	$2,149,894	$2,520,000	$2,688,000
	Total Income-Total Expenses	$1,111,317	$523,900	($1,348,836)	$508,743	$732,987	($2,251,784)	($2,520,244)
	Without grant	$552,831	$267,650	($1,348,836)	$146,243	$232,987	($2,251,784)	($2,520,244)
	Fee Income-Payroll	$883,396	$621,156	$24,586	$471,070	$522,774	($1,643,874)	($1,184,979)

- Also assumed is that Westmeath will continue to operate without government assistance and will continue to target clients who can afford to pay the higher fees which they typically charge. It is unlikely that Westmeath will be dependent on residents who are funded via Financial Assistance. Under all of the fee scenarios, Westmeath would not be viable given their staffing levels.
- Similarly, under the current governance structure, Lefroy and Sylvia Richardson will continue to be dependent on government to subsidize their operations – even at the fee rate scenarios above.

Consider the remaining four care homes: Lorraine, Matilda Smith Williams, Packwood and Summerhaven:

<u>$6,000 per month per resident</u>

- At a fee level of $6,000 per month, all four homes are able to meet their payroll expenses from the fee revenue generated – which leaves funds for operational expenses.
- Each home also has a positive balance after all expenses have been taken into account – but this still assumes that each home continues to receive a grant from government.
- If the government grant is removed, Lorraine and Summerhaven would still show a profit, but Matilda Smith and Packwood would suffer losses.

$6,500 per month per resident

- At a fee level of $6,500 per month per resident, each home except for Packwood would be profitable even without a government grant. Even Packwood, with a deficit of less than $16,000 might be able to increase their fund raising activities to make up the deficit.

$7,000 per month per resident

- At a fee level of $7,000 per month per resident, all of the four homes under consideration would be able profitable without government assistance. Their level of income over expenditure would allow them to consider making improvements in their physical plant and services.
- The level of income expected under this fee scenario would probably make financial investment in new residential care facilities more attractive to developers.

Recommendation: Financial Assistance payments should be based upon the level of care provided to each resident of a care facility.

Factors Affecting the Cost of Care

There are a number of factors which contribute to and drive up the cost of providing residential long-term care in Bermuda. These include, but are not limited to:

- The cost of property – property is expensive to purchase and new construction is even more expensive. As a result, most care home operators do not own the property in which the home is located. Most care homes are located in rented facilities – and most of these are residential homes that have been converted to care homes rather than being purpose built. Renting adds to the cost of the operation and greatly reduces the security of tenure.

Recommendation: The government should continue to review its property inventory and identify land and buildings that would be suitable for development as residential long-term care facilities. Such properties should be offered for lease by open tender with appropriate safeguards to ensure that the property is developed for the benefit of the senior/disabled population.

- Capital - Linked to the cost of property is the cost and availability of capital. Most of those who are interested in operating a long-term care facility don't have easy access to capital or the business background to inspire confidence in potential investors. There seems to be a dual disincentive to investment in long-term care – the business acumen of potential operators and the questionable profitability of the sector. These are issues that must be resolved if private investment is going to be possible.

Recommendation: It may not be seen as appropriate for the government to directly provide capital funds for private business development – even when that development may benefit a vulnerable population such as seniors and the disabled. However, there is merit in the

government assisting developers to secure private sector financing by providing guarantees for commercial loans. Such guarantees would have to be secured to safeguard public funds and should only be made available to legitimate developers. Criteria for application, review and determination of the suitability of the development and security for the guarantee would have to be put in place.

Alternatively, the government should continue to provide low interest loans through the Bermuda Economic Development Corporation (BEDC). Ideally, a fund could be established under the BEDC which would be used exclusively to assist with the provision of capital funding for residential long-term care development.

- Salaries and Wages – payroll and payroll expenses make up 74% to 87% of total expenses. Given the nature of residential, the growing need for complex care, and the regulatory focus on quality of care, it is unlikely that the relative cost of salaries and wages will decrease.
- Taxes and personnel costs – payroll tax, import duties, social insurance, pensions and insurance coverage for health, property, vehicles, and liability all contribute to the cost of care.

Recommendation: As has been done for other sectors of the economy, the government should consider tax and duty relief incentives to assist with reducing the cost of construction of new residential long-term care facilities. Import duty relief could be provided for equipment and materials imported for the construction and fitting out of new residential long-term care facilities. Relief for the employer's portion of payroll tax could be offered for the first five years of operation of the new facility. Consideration could also be given to providing relief from land tax, and the employer's portion of social insurance and private pensions for an initial period for new operations.

Factors Which Drive up Operating Costs

One question that must be asked is whether or not there are actions that can be taken to make care homes more viable other than increasing their revenue? Are there ways to increase efficiency?

Because care homes are, for the most part, private competitive businesses, they tend to be self-contained and do not share either information or services with other homes. This, I believe, is an area that could be addressed to improve efficiency.

There are a number of administrative services that each home/business must provide which are duplicated by all facilities. While these functions are essential for the operation of the business, they are time consuming and expensive and take away from the primary focus of providing care for the residents.

These administrative services include, but are not limited to:

- Human Resource Services, including:
    - Hiring

    - Discipline
    - Firing
    - Development of Staffing Standards
    - Development of Job Descriptions
    - Staff Supervision
    - Training/Education.
- Accounting/IT Services, including:
    - Information Management System
        - Staff Management
        - Resident Management
        - Health Record Management
    - Payroll
    - Accounts Payable/Receivable
    - Billing/Fee Collection
    - Insurance
    - Financial Assistance
    - Government Relations
- Residential Support Services, including:
    - Purchasing
    - Menu Planning
    - Meal Preparation and Service
    - Housekeeping Services, such as:
        - Custodial/Cleaning
        - Red Bag Waste Collection and Disposal
        - Linen Service
        - Laundry Service
    - Security
    - Facility Maintenance
    - Social Work
    - Social Programs and Activity Services
    - Physician Services
    - Medication Management Services
    - OT/PT Rehabilitation Support Services
    - Transportation Services
    - Hair and Nail Salon Services
    - Admissions Policy
    - Resident Screening and Pre-admission Assessment
    - Resident/Family Relations Management
    - Accreditation/Licensing Preparation and Maintenance

Care homes could decrease their operational expenses by working together to share services and/or purchase services from a third party. However, many of the rest home and nursing

home administrators are completely focused on their residents and do not have the spare capacity to develop these options. Other options should be explored which may involve a wholesale change in the governance structure of residential long-term care.

Fundamentally, it is not the role of the government to ensure that private businesses are profitable. Some would argue that, as private businesses, they have the right to fail and go out of business. At the same time, government has a responsibility and an interest in ensuring that residential long-term care is available to its citizens. Also, as the primary funder of long-term care, the government should/must have some say in the operation and efficiency of the businesses that provide this service.

Recommendation: the Ministry of Health should continue to develop its long-term care strategy. In addition, the Ministry should explore options for the governance and organization of the long-term care system.

The Health Insurance Department, in collaboration with BHB, developed a common assessment tool that will be used by all care home providers to assess the level of care required by each resident. This will help to provide everyone in the sector with a common, universally understood language and definition of level of care need. This will, in turn, make it easier to determine appropriate placement by ensuring that the level of care needed is matched by the level of care provided. This is a first step in ensuring that there is, as noted above, a common resident screening and pre-admission assessment tool.

The updates to the Residential Care Homes and Nursing Homes Act and Regulations being developed by ADS along with the Code of Practice will position that organization well to continue as the long-term care regulator – provided that they are appropriately resourced. However, there are possible conflicts when the regulator is also a service provider (K. Margaret Carter Center).

Recommendation: Consideration should be given to separating the roles of regulator from service provider. There needs to be a body dedicated to the regulation of care homes and the protection of at-risk adults (seniors and disabled), and this body should be separate from the providers of services to avoid conflicts of interest.

Home Modification

The term “home modification” in this instance refers to changes that need to be made to a private home which will make it easier or even possible for the owner of that home to remain in their home. Home modifications can include:

- Installing ramps – if the home is accessed by exterior stairs, and the home owner’s mobility becomes impaired, a ramp may need to be installed so that they can enter and leave the home. Without a ramp, the owner may become home-bound.
- Stair lifts – can be installed on internal stairs to allow access if the home owner has mobility issues.

- Levers vs knobs – door knobs and twist faucets can be replaced with levers to make it easier for seniors to operate these devices. Light switches can also be replace with rocker switches.
- Grab bars and rails – can be installed in bathrooms and hallways to assist with mobility and to prevent falls.
- Walk in tubs or roll in showers – can be installed to eliminate the need to step over a raised bath tub or shower lip.
- Security/alarm systems – electronic systems can be installed for security and to allow the senior to call for help in the event of a fall or other emergency.
- Widen doorways and hallways – to allow for wheelchair or walker access.
- Install new doorways – it may be possible to join two apartments to allow easier access for family members while maintaining the independence of the senior.
- Etc.

In order to understand how many seniors are having issues with making modifications to their home, a survey would have to be conducted to gather the data. Unfortunately, funding was not available for a survey, so previous surveys had to be reviewed.

The last survey of seniors was conducted in 2007 for the "Seniors' Test for Ageing Trends and Services" and it contains information on senior home ownership and questions around home modifications along with other issues. A copy of the questions and the responses is attached for reference. The survey presents result for persons who are 60 years old and older. The results are broken down into five year blocks (60 to 64 years, 65 to 69 years, etc.).

A summary of some of the survey questions is provided below.

- Home ownership C1 – about 75% of seniors own their own home. If we assume that the percentage of home ownership has remained stable since 2007, this means that about 8,318 seniors (75% of 11,090) own their own home and about 2,773 do not own their own home.
    - The Department of Financial Assistance has indicated that at the end of February, 2018 there were 1,027 seniors who received financial assistance. Of these, 60 own their own home. This means that 967 seniors who receive financial assistance do not own their own home.
    - Assuming that there are about 2,773 seniors who are not home owners, this indicates that about 35% (967/2,773) of seniors who do not own a home receive financial assistance.
- Legal life tenancy C7 – about 75% of seniors had legal life tenancy.
- Plans for alternate living arrangements C8 – only about 20% of seniors indicated that they had made plans for alternate living arrangements if they were no longer able to care for themselves.
- Types of alternate living plans C9 – of those who had made alternate living arrangements, the majority planned to either move in with a child or other family member or have that child or family member move in with them.

- Living arrangement is ideal preference F5 – 91% of those responding said that their current living arrangement is their ideal preference.
- Home repairs/modifications needed D1 – when asked whether or not their home needed repairs or modifications in the last 12 months, 51% indicated that yes, repairs or modifications were needed.
- Types of home repairs needed D3 – interestingly, the majority of repairs seem to be cosmetic in nature – repairs to windows, blinds and doors, 49%; painting, 61%; roof, 49%. Only 7% indicated that modifications such as installing railings or ramps were carried out in the past year.
- Repairs not completed D5 – 24% of those responding said that repairs were not completed as they could afford the cost. 38% said the repairs were too costly.
- Home modified to meet needs of older adult D7 – on average, 83% said that their home had not been modified to meet the needs of an older adult.
- Main safety and security concerns at home E1 – crimes such as the home being broken into or being the victim of a thief were much more important that personal safety from falls, or medical emergency.
- Types of home safety devices that best meet needs E4 – again, most respondents indicated that home security systems and physical locks were more important than personal safety devices such as railings, grab bars and ramps. However, the value of a medic alert system was recognized by 27% of respondents.
- Difficulty walking or climbing steps I3 – fully 68% of those asked indicated that they had no difficulty walking or climbing steps. This may help to explain why the safety and security focus was on crime versus personal safety due to falls.
- Willingness to sell home N3 – when asked if they would be willing to sell their home to move into an independent living complex, 78% said no. If this unwillingness is still prevalent today, it may serve as a point of caution when considering the development of independent living facilities for seniors – especially for those seniors who are financially independent.

When considered together, the results of the survey suggest that:

- The majority of seniors own their own home and/or have a life tenancy agreement, but a significant minority have not made any plans for alternate living arrangements should they not be able to care for themselves.
    - This suggests that more efforts should be made to educate seniors and make them aware of the need to make alternative living arrangements.
- Linking the views on the need for home repairs and modifications with the views on safety and security, it appears that seniors are more focused on being kept safe from criminal activity. There was much less concern for their own physical safety as a result of degraded mobility – based on the fact that so little focus was put on the need for home modifications and personal (rather than property) safety.

- The fact that a majority did not currently have mobility issues may contribute to the lack of focus on personal safety.
    - Again, this suggests that there needs to be greater awareness among seniors of the impact that mobility and other consequences of ageing can have on their personal safety.
- Although the survey did not focus on the ability of seniors to make modifications to their home, almost a quarter of those responding said that they did not make repairs/modifications, as they could not afford to do so. This indicates that there would probably be some interest in government assistance in making repairs/modifications to homes, but more information may be needed – particularly concerning the relationship between Financial Assistance and home ownership.

There are a variety of incentives that could be offered by the government to seniors who wish to make modifications to their homes that will allow them to remain in those homes. For all incentives, mechanisms would have to be put in place to ensure that the modifications were appropriate and that the home would continue to be occupied by the owner. Suggestions for home modification incentives are given below.

- Releasing Equity in the Home – typically, programs such as reverse mortgages, home reversion schemes or lifetime loans which release the equity built up in a home to the owner are operated by financial institutions. To date, banks in Bermuda have not been willing to offer reverse mortgages, and there is no legislation that supports or mandates reverse mortgages. It is unlikely that the government would be willing to put the infrastructure in place which would allow it to make and monitor reverse mortgages, so this option should remain with the private sector.
- Information and Education – rather than offering funds directly to home owners, government could do more to educate the public on good financial management and planning. An excellent example is the MoneySmart web site established by the Australian Securities and Investments Commission – www.monesmart.gov.au. By increasing the financial knowledge of the young, they should be better placed to ensure their own care as they age. The work being done under the Ageing Well in Bermuda Strategy may address this issue.
- Duty Relief – as with incentives for long-term care development, the government could offer duty relief on materials imported for home modifications.
- Financial Assistance Benefit – home modification support could be introduced as a Financial Assistance benefit. It would need to be properly controlled to ensure that the costs for modifications would be less expensive than the cost of providing other types of care.
- The provision which allows seniors who own their own home to qualify for Financial Assistance should be reviewed to determine whether or not the government wishes to continue to subsidize home owners. Even if there is the desire to continue, consideration should be given to recouping some of the government's funds by using

the home owned by the senior. For example, if the senior needs to be placed in a care home, can the home owned by the senior be rented to help support their care?

- As an alternative, consideration could be given to the enactment of filial responsibility legislation which would impose a duty upon adult children for the support of their impoverished parents. In some cases, the duty could be extended to other relatives.
- Assistance with Home Sharing – having two or more seniors share a home and provide support to each other could allow those seniors to remain at home longer. Often, seniors may not be able or may not have the support necessary to set up a home sharing arrangement. This may be a service that could be offered by charities which support seniors or by the Bermuda Housing Corporation.
- Low Interest Loans – as with reverse mortgages, the government may not want to be in the business of lending money to home owners. However, this option could be delegated to organizations such as the Bermuda Economic Development Corporation which already have established lending facilities.
- Free Labour – corporations and charities are often willing to donate time and manpower to assist with projects. A senior support charity or a government agency could assist with keeping a register of seniors who have project which need to be completed. The seniors on the register could then be paired with groups that want to donate manpower to have the work completed.