



**QUESTIONS AND ANSWERS
FOR CASE MANAGERS
ON
THE NEW RESIDENTIAL CARE
RATE STRUCTURE**

Qs and As for Case Managers on the New Residential Care Rate Structure

1. What is the new rate structure?

- The monthly co-payment rate for residential care clients will be 80% of the individual's annual after tax income, subject to every client retaining a minimum residual income of \$275 per month.
- The minimum client rate will be \$894.40 per month and is based on the monthly maximum Old Age Security and Guaranteed Income Supplement benefits as of July 1, 2009 of \$1,169.47/month less \$275.
- The maximum client rate is \$2,932 per month – a rate that more accurately reflects all the components of accommodation costs (housing and hospitality), such as housekeeping staff costs.
- The new rate structure determines monthly rates for client co-payment instead of daily rates.

2. What is the current residential care rate structure?

- The current rate structure is split into 11 income-tested client rate categories, with client co-payment rates ranging from \$30.90 per day to \$74.30 per day (these rates are adjusted annually in January for inflation).
- Currently, about 62 percent of residential care clients pay the lowest rate and 9 percent pay the highest rate.

3. Why is the new residential care rate structure being introduced?

- Under the current rate structure, accommodation costs are heavily subsidized by government, even when clients have sufficient income to cover accommodation costs (housing and hospitality).
- As a result, taxpayer dollars intended for delivery of care services are being diverted to subsidize accommodation costs.
- The new rate structure is intended to introduce equity into the system, and is based on fairness and affordability for both clients and taxpayers.

4. When will the new rate structure take effect?

- Rate reductions and 50% of the increase will take effect January 2010 with the second increase taking effect January 2011 for existing clients.
- New clients admitted after the implementation date of the new rate will pay the full 80%, only those admitted prior to will have their increases phased in.

5. How will clients be informed of this change?

- Health authorities will be responsible for ensuring all residential care clients, or their family members, where appropriate, receive a letter from the Minister of Health Services in early October explaining the rate change.
- Health authorities will be distributing individual client rate letters to clients approximately three months before the implementation date.

6. How many residential care clients are there?

- As of June, 2009 there were about 26,261 residential care clients in BC.

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7. How many residential care clients will be impacted?

- Since the new residual income amount (\$275/month) is higher than the current amount (\$230/month), about 25% of clients will experience a reduction in their rate, while the remainder will have an increase.
- Clients at the higher end of the income scale who are currently paying the maximum rate of \$74.30 /day (\$2,260/month) will see their monthly rates increase by about \$336 each year for two years, up to \$2,932/month.

8. How will the new rate structure benefit clients?

- The new rate structure will allow health authorities to reinvest funds back into the delivery of care. For example:
 - increase the hours of client care provided to clients.
 - more nursing and care aide staff to provide more care to residents.
 - address the higher care needs of clients now being admitted to facilities.
 - provide rehabilitation staff to support the more complex care needs of clients now being admitted.

9. How does the maximum public residential care rate compare to the average private residential care rate

- Private pay rates are much higher than the maximum subsidized rate. Funded maximum is \$2,932 - private pay usually in the \$4,000 - \$5,000 range.
- Private care providers often do not provide care for individuals who have the same complexity of care of those living in publicly funded facilities.

10. How much revenue does BC's current rate structure generate?

- In 2009, client co-payments will generate approximately \$350 Million.

11. How much revenue will be generated by this new rate structure?

- Approximately \$53.74 million annually in additional revenue after the second year of implementation, which will be reinvested back into the delivery of care.

12. How will the new rate structure benefit health authorities?

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13. When can we expect to see an increase in the number of care hours?

- Health authorities fund facilities differently depending on a variety of factors.
- Each health authority will look at the care hours provided in their facilities and direct the additional funds to the sites showing greatest need.
- This process is expected to take at least six months.

14. How do the new rates compare to those in other provinces?

- Each province approaches the funding of residential care differently. With the new rates, BC will have the highest amount for residual income at \$275/month (Manitoba is next at \$271/month and Alberta is at \$265).

15. Do we need to change legislation?

- Yes, adjustments will be made to the Hospital Insurance Act Regulation and the Continuing Care Fees Regulation for the changes to take effect in January 2010.

16. How does income affect the type of care an individual receives?

- Publicly funded care is not based on income but on a standardized assessment of a person's care needs, with an individualized care plan being developed for each client.
- Access to publicly funded services is not dependent on income.

17. Are there any impacts to other stakeholders?

- The Ministry of Housing and Social Development will see a reduction in their expenditures as it pays the co-payment (the minimum rate) for residential care clients in receipt of disability allowance or income assistance.
- The Ministry of Health Services will ensure other stakeholders that share responsibility for administration of client funds are provided with adequate notice (e.g. Public Guardian and Trustee).

18. Are there any human resource or Information Technology impacts? If so, where and to what to extent?

- Health authorities may have to make changes to their respective information systems to accommodate the new rate structure, which is based on a monthly amount rather than a daily amount.

19. How will the minimum and maximum client rates be reviewed?

- The minimum rate will be adjusted every year on January 1, beginning on January 1, 2011, according to the rate at which OAS/GIS are calculated for the 12 month period ending on August 31 of the previous year and rounded down to the nearest \$0.10.
- The maximum client rate will increase annually based on the changes to the Consumer Price Index starting in January 2012.

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20. How will the minimum residual income amount be reviewed?

- The minimum residual income amount of \$275 will be reviewed every three years to ensure this amount leaves clients with sufficient income to cover costs for incidental needs.

21. What is the intent of residual income?

- The residual income is the amount left to the client for their personal expenses such as personal toiletry items, haircuts, newspapers and over the counter medications.

22. How will the new rate structure impact couples where one spouse still maintains a residence in the community?

- The current process for applying for a rate reduction based on financial hardship will continue to apply.

23. How does splitting pension income between two members of a married couple affect a client's rate?

- A client's rate is based on the client's net income (line 236) less taxes payable (line 435). Therefore, if a couple elects to split their pension income for tax purposes, it will impact the client's co-payment rate accordingly. If the spouse in facility ends up with a higher reported income, their rate may increase; likewise, if the spouse in facility ends up with a lower reported income, their rate may decrease.