

BUSINESS PLAN

2019-2020

INTRODUCTION

Mandate

The Retirement Homes Regulatory Authority (RHRA) is mandated by the government to administer Ontario's *Retirement Homes Act, 2010* (the Act). Our core responsibility is to enhance the safety and consumer protection of residents in Ontario's retirement homes. We are both a regulator and an advisor, with a singular focus on ensuring that retirement homes operate in a manner that support residents in living with dignity, respect, privacy, and autonomy, in security, safety and comfort and can make informed choices about their care options.

Scope

We fulfill our mandate by:

- Informing and educating the retirement home sector, residents, and the public about the Act, regulations and role of the RHRA;
- Licensing Ontario's more than 750 retirement homes and maintaining a Public Register available on our website;
- Inspecting retirement homes, overseeing compliance with the regulations and care standards and enforcing the Act for the protection of residents; and
- Advising the Minister for Seniors and Accessibility on policy matters related to retirement homes.

Organizational Structure and Accountability

The RHRA is a not-for-profit corporation established as an administrative authority of the Ontario government through the Act. We are mandated to administer the Act and its regulations.

The government retains responsibility for the Act and regulations. The RHRA is responsible for ensuring the legislation and regulations are implemented and enforced. Headquartered in Toronto with staff deployed across the province, the RHRA is self-financed primarily through annual fees and receives no taxpayer monies. The RHRA is not part of the Ontario government, nor are we a Crown Corporation. However, we are accountable to government through the Minister for Seniors and Accessibility. A Memorandum of Understanding (MOU) sets out the roles and obligations of the RHRA and government.

Vision

Ontarians have choice and the protection they need to live with confidence and dignity in retirement homes.

Mission

The RHRA employs the most effective means to encourage and achieve compliance, to reduce harm, to support residents and families in making informed choices, and to enable a strong and diverse sector. Using an innovative and balanced approach, we:

- Use data, evidence and analysis to support a risk-based approach to decision-making;
- Inform, educate and engage current and prospective residents, families, partners and other stakeholders;
- Inform, guide, inspect and educate the retirement home sector; and
- Use all available tools to protect residents including enforcement.

Throughout the implementation of the Strategic Plan, we will be measuring progress based on:

- Reduced harm to residents;
- Increased compliance;
- Increased, demonstrated effectiveness of regulatory tools;
- Greater satisfaction from retirement home operators and residents;
- Improved inspection consistency;
- Better informed residents with choice;
- Strong, effective relationships with relevant regulators;
- Data driven decision-making;
- Operators' access to more educational/training options;
- RHRA's operational capacity to implement the Strategic Plan; and
- RHRA's leadership role as a trusted advisor for policy and data.

RHRA values

Excellence

Fairness

Accountability

Collaboration

Efficiency and Effectiveness

ENVIRONMENTAL CONTEXT

The RHRA's Strategic Plan defines our priorities encompassing 2017-2022, and as such, we monitor developments in the marketplace, regulation and government policy, and other factors that could affect the achievement of the goals in our strategy.

In 2019/2020 the RHRA is bolstering its environment scanning to inform strategic planning sessions with the Board, senior leadership team meetings, and other activities including our periodic review of the enterprise risk register.

Some of the key external factors that are expected to impact the RHRA and its mission in the years ahead are:

- Increasing awareness of RHRA driving additional regulatory activity as more residents and their families avail themselves of the protections offered
- Extending protections in the context of evolving alternative ownership and operating models that may increase regulatory complexity as it relates to senior living
- Rising age, acuity and tenure among current retirement home residents which could increase risk levels of homes, resulting in a corresponding requirement for increase in inspection frequency and/or other regulatory activity
- Technology advances may yield opportunities in data gathering by the RHRA leading to operational efficiencies; technological advances may also lead to new consumer protection considerations particularly as it relates to meeting care needs and preferences

The RHRA will require sufficient capacity to respond to growth in regulatory activity as well as the increased consumer demand for information as seniors and their families seek to inform their retirement living choices. The evolution of our risk-based oversight model along with alternative assurance measures can help mitigate

capacity risk. To respond to a changing marketplace, the RHRA needs to be a responsive regulator, working with industry and government to identify challenges and opportunities. Engaging early and often with the retirement home sector will help the RHRA ensure a fairly regulated, robust sector and be an enabler of innovation while preserving the safety and consumer protections afforded to residents under the Retirement Homes Act.

STRATEGIC PLAN, BUSINESS PLAN and ANNUAL REPORT

The RHRA's Strategic Plan, Business Plan and Annual Report are its three major public reporting documents. The Strategic Plan defines the major corporate goals for five years and the leading strategies that will be used to address them. It also includes the measures that RHRA will use and/or develop to track progress. The Strategic Plan is supported by a Business Plan that defines the various activities that will be implemented to support each goal. It includes a three-year final plan and forecast for the years ahead. The Business Plan is updated annually as required to reflect progress made and new insights generated. The RHRA's Annual Report describes progress made against the commitments of the Strategic Plan and Business Plan.

Strategic Plan

The RHRA is embarking on year three of its Strategic Plan 2017-2022. The plan comprises five goals/pillars each with strategic objectives and is designed to enable the RHRA to transition to a new oversight system based on risk, while enhancing transparency to consumers and other stakeholders on how the organization delivers on its mandate to protect seniors living in retirement homes. The strategy also seeks to increase information-sharing with prospective retirement home residents to equip them with information to make informed decisions about their retirement living options.

Enhance Regulatory Approach to Encourage Compliance and Better Protect Residents

- Enhance compliance standards and enforcement approach
- Establish relationships with other regulators
- Expand risk management activities to assist in harm reduction
- Expand regulatory model to include harm reduction

Strategic Information Through Data and Analytics

- Create and leverage sustainable data analytics infrastructure
- Develop and implement a risk management framework
- Implement internal licence report card
- Identify, access and integrate external data sources
- Collaborate with other regulators to share information

Promote Informed Decision Making Through Outreach

- Develop and execute a retirement home engagement strategy, including residents' councils
- Build and leverage social media capabilities
- Build effective partnerships with seniors' associations, and complementary health care and regulatory organizations

Consumer Protection and Choice Through Transparency

- Increase access to inspection outcome data
- Develop and implement public report card

Prepare for the Future

- Establish dedicated environmental monitoring resources
- Monitor developments in: dementia, alternate level of care and harm prevention
- Reduce reliance on fees revenues

The RHRA's annual business plan sets out the work the RHRA will undertake in the fiscal year April 1, 2019 to March 31, 2020 in support of achieving the five-year strategic goals.

Business Plan Initiatives and Activities for 2019/2020

In order to progress against our five-year strategy goals, the RHRA has established the following priorities for the 2019/20 year. Specifics of our Plan for 2019/20 include:

Strategic Pillar 1: Enhance Regulatory Approach to Encourage Compliance and Better Protect Residents

During 2019/20 we will aim to:

- Continue a process that will define our inspection model of the future;
- Develop a compliance standard on an additional high-risk area and conduct training for stakeholders;
- Continue to streamline and improve internal procedures to increase efficiency;
- Refine the regulatory model to allow for compliance and enforcement to best use all available tools; and
- Strengthen relationships with other regulators.

Specific activities will include:

- Pilot aspects of our inspection process focused on outcomes and execution and solicit stakeholder input;
- Creating a multi-part compliance standard related to abuse and neglect and corresponding Compliance Assistance Modules for licensees and operators;
- Implementing the recommendation of the Risk Officer to increase capacity in the compliance support program; and
- Establish a standing survey to measure the satisfaction of those who regularly interact with our regulatory functions (i.e. licensing, inspection, compliance support, and complaints).

Strategic Pillar 2: Strategic Information Through Data Analytics

During 2019/2020 we will aim to:

- Continue to expand our data sets and processes to enhance our risk framework; and
- Analyzing new data sets to identify and quantify additional risk of harm areas to focus organizational efforts.

Specific activities will include:

- Pilot quality of life indicators and to understand data collection requirements and impact on the retirement home industry;
- Enter into agreements with two additional organizations to enable access to external data sources that can inform our analysis and further enhance our identification of risk; and
- Conduct research on machine learning and artificial intelligence and determine how these could be integrated into our risk framework and regulatory model

Pillar 3: Promote Informed Decision Making Through Outreach

During 2019/20 we will aim to:

- Continue with the implementation of our communications strategy to educate, inform and engage the public, retirement home operators, licensees and residents as well as other key stakeholders;
- Enhance awareness of the RHRA by strengthening relationships with government and relevant organizations with an emphasis on those involved with seniors' care; and
- Promote the use of our website.

Specific activities will include:

- Conduct research to identify and target key consumer audiences;
- Develop and begin implementation of a multi-year consumer education and awareness campaign that includes paid and earned media activities;
- Continue expanding resident communication in partnership with retirement homes';
- Establish a measurement framework to assess communications impact; and
- Continue to engage with health care regulatory colleges, Local Health Integration Networks, emergency response organizations and targeted health care professionals (i.e. discharge planners) to increase awareness of RHRA's role and identify collaboration opportunities.

Strategic Pillar 4: Consumer Protection and Choice Through Transparency

During 2019/2020 we will aim to:

- Create a prototype of the public report card for testing with stakeholders; and
- Enter into information-sharing agreements with two other regulatory entities that touch the retirement home sector.

Specific activities will include:

- Seek feedback on a report card prototype from sector and consumers;
- Undertake a risk analysis and privacy impact assessment on the report card;
- Finalize IT requirements required to build report card; and
- Identify two priority authorities for information-sharing and negotiate memoranda of understanding.

Strategic Pillar 5: Prepare for the Future

During 2019/2020 we will aim to:

- Develop a strategy for robust environmental monitoring; and
- Ensure the RHRA's infrastructure enables transparency and data and analytics needs.

Specific activities will include:

- Identify priority areas for research and information gathering; and
- Begin scoping and requirements gathering for information technology modernization.

PERFORMANCE MEASURES

Last year the RHRA identified three key objectives that have the greatest impact to improve the protection of residents living in retirement homes measured in terms of levels of risk (safety), compliance and transparency. Measures to evaluate the effectiveness of targeted activities and programs year-over-year, were set out in our Annual Report 2017-2018 and included:

- As a risk-based regulator, a central evaluation measure of the RHRA's performance is whether, over time, the RHRA's efforts are reflected in changes in the risk profile of its licensees, its compliance support efforts and awareness by consumers/residents for RHRA and its mandate.

The RHRA set the baseline for these measures in its 2017/18 Annual Report and will repeat the measurement in the 2018/2019 report. The RHRA will continue to further refine its measurement framework going forward.

Safety

The RHRA currently measures the impact of the enhancements to its regulatory approach by assessing changes in the risk levels of Ontario's licensed retirement homes based on observed non-compliances. The RHRA tracks the number of homes that fall into the high-, medium- and low-risk categories. Risk is assessed on several dimensions including citations on areas where there is high risk of harm, the overall compliance history with respect to time and other factors such as extra expense insurance among others. The RHRA will continue to further refine its measurement framework in alignment with the modernization of its oversight approach.

Compliance

The RHRA currently measures its goal of increasing compliance by tracking citations related to complaints procedures. In 2017/2018, the RHRA set a baseline in this category and implemented training and support materials to help homes improve their performance by reducing the number of citations related to complaints handling. The RHRA plans to expand its library of compliance support materials and will expand and refine compliance-related performance measures accordingly.

Transparency

The RHRA currently measures consumer awareness of the organization and the licensing requirement through a survey of the general population. In 2017/18 awareness of the existence of a regulatory body for retirement homes was measured and will be repeated and published in the 2018/19 annual report. However, we feel additional indicators of the RHRA's performance should be added to measure attitudes and behaviours related to the RHRA among a subset of the population that is materially engaged in retirement home matters such as living in or researching retirement home options. The RHRA will update its measurement framework to include the attitudes and behaviours tracking of this audience subset in 2019/2020.

GOVERNANCE

The governance of the RHRA is established through the Act, its regulations, by-laws, policies and a Memorandum of Understanding (MOU) with the government through the Minister for Seniors and Accessibility. The Board of Directors is accountable to the Minister through the Chair of the Board.

The Board of Directors is composed of nine members, five of whom are elected and four appointed by the Lieutenant Governor in Council. Board member profiles are available at www.rhra.ca/en/about/board/.

The Risk Officer is a statutory role that reports to the Board and exercises an independent role requiring independent decision making. Appointed by the Board, with the Minister's consent, the Risk Officer is responsible for reviewing, monitoring and assessing the effectiveness of the RHRA's administration of the Act, including its activities directed at ensuring that licensees meet care and safety standards, and ensuring the rights of residents are respected. The most recent Risk Officer review, available on the RHRA website, focused on RHRA's inspection, compliance and enforcement process and 2019/20 initiatives to further develop the risk-based oversight model are in alignment with the Risk Officer's report.

A second independent statutory role requiring independent decision making, the Complaints Review Officer, is appointed by, and reports to, the Board of Directors, and is responsible for reviewing complaints in matters where a complainant is not satisfied by the conclusion of the Registrar to take no further action in relation to a complaint.

The Board maintains its role in enterprise risk management of the RHRA and is committed to ongoing efforts that continually strengthen its governance practices and oversight of the organization and maintains its support of government's public accountability mandate.

To support provisions within the Act and the RHRA's French Languages Services Delivery Policy, available on the RHRA website, the RHRA will continue to make its communications and information available in French to meet the needs of the Francophone communities that RHRA serves. The RHRA responds to all requests for French services.

Complaints or concerns that relate to the administration of the RHRA may be received directly by management, staff members or intake representatives. Official written complaints are referred to a member of the RHRA's management team and receive a written acknowledgment of receipt.

Any such complaint and its resolution are reviewed by the RHRA's management to determine the impact or action required related to RHRA policies, processes or informational material and the board is advised of substantive concerns. Complaints are tracked in a confidential database, including details of the complaint, RHRA actions and responses, and timeline to resolution. In 2019/20 the RHRA will benchmark complaints handling and establish metrics for administrative complaints responses. The RHRA's policy on administrative complaints is available on the RHRA website.

STAKEHOLDER ENGAGEMENT

In the governance of the RHRA's operations, the Board and management have consistently adopted an approach of seeking input from, and consulting with, its various stakeholders. Integral to its consultation process is its Stakeholder Advisory Council (SAC), which includes representatives of key stakeholder groups. The RHRA has adopted a practice of referring matters that may have a consequential impact upon residents, their families, operators or other stakeholders to SAC for feedback and advice, although the RHRA is not bound by the deliberations or a decision reached by SAC. Members must agree to abide by the relevant sections of the MOU, by-laws and policies of the Board, including the Code of Ethics and the Access and Privacy Code. Its scope includes that members:

- provide advice on issues pertinent to the business of the Board, and advice of an 'ongoing' or 'ad hoc' nature on specific issues; and
- identify issues that they recommend to the statutory officers and Board for specific attention.

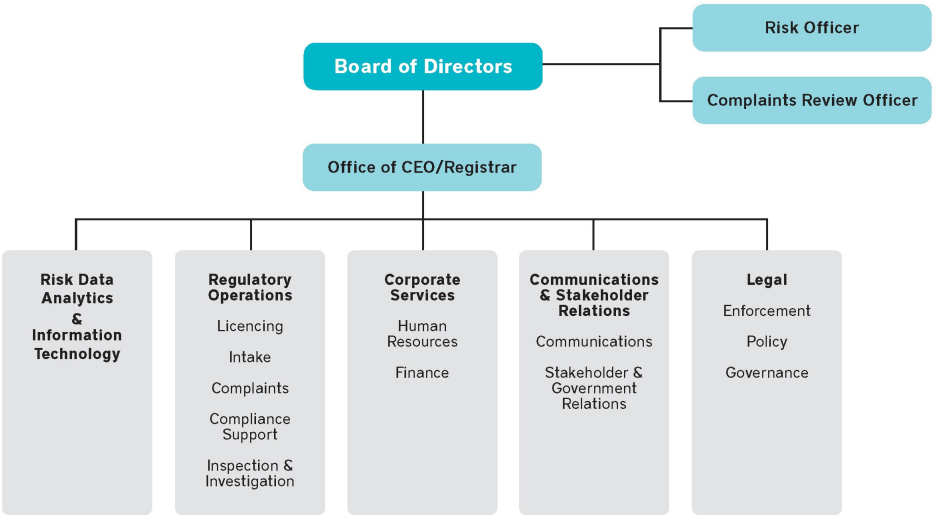
In addition, the RHRA engages stakeholders in project-specific working groups, pilot test groups and through targeted outreach as appropriate to inform work set out in the 2019/2020 business plan.

Information on the RHRA's stakeholder advisory committee can be found at rhra.ca

RESOURCING

Human Capital

A key focus for 2018/19 was managing transitions and capacity building to support the implementation of the Strategic Plan 2017-2022 and addressing increases in regulatory activity. The functional structure remains consistent for 2019/20 and continues to be focused on optimizing talent contributions. The organization of functions is reflected in the chart outlined below:



February 2019

FINANCIAL POSITION

The RHRA is well-established as fiscally self-sustaining, with a strong financial position that it carries into 2019/2020. The organization continues to experience pressure on resources in fulfilling the initiatives in the strategic plan and is facing a number of demands in regulatory activity in the context of stable revenue projections.

Heading into 2019/2020, the RHRA will have completed its second year of implementation of its Strategic Plan and had planned an operating deficit. The RHRA mitigated some of this operating deficit as a result of staff turnover necessitating the re-prioritization of initiatives. Although the investment portfolio performance was below initial forecast, the RHRA expects to finish the year with a modest surplus, sustaining the organization's overall financial health. In 2019/2020, the RHRA is budgeting for an overall deficit of \$79,155 in contemplation of various investments related to strategic plan initiatives with an increase in annual fee rates aligned with or below the current rate of inflation planned for 2020.

The RHRA will continue its prudent fiscal management practices and where appropriate seek to out-perform its forecasts. This same practice over the past several years resulted in the RHRA achieving an operating reserve that provides stability and flexibility to absorb fluctuations in revenue and expenses driven by regulatory and other marketplace activity which cannot always be anticipated.

Revenue

The 2019 fee schedule was distributed in September 2018 and included an increase of 2% to the annual fees over the previous year's rates. These fees are the primary source of revenue for the RHRA, accounting for approximately 90% of all revenue, and are billed in advance for the calendar year. Modest growth in the number of licensees and suites is expected to create some additional revenue in annual fees. It is forecasted that in 2018/2019, the sector will have added approximately 1,495 suites by the end of the year, representing an increase of about 2.5%. A similar, but slightly more conservative growth pattern of 1,250 suites has been included into the revenue projections for 2019/2020. In the budget for 2019/2020 the RHRA has included an increase in the annual fee rate aligned to or less than inflation.

Expenses

Compensation costs are the primary expense for the RHRA. The overall compensation costs for the organization reflect inflationary impacts, however through a reallocation of responsibilities, the organization is increasing its overall capacity to meet regulatory demands while keeping headcount relatively stable. Operating expenses in 2019/2020 reflect the current investment in strategic priorities such as consumer education and awareness campaign, sector education materials on specific compliance areas, data and analytics research and other business efficiency projects. Forecasts in subsequent years reflect general inflationary cost increases.

In February 2017 the Board of Directors adopted an updated Emergency Fund Contributions Policy. Following the parameters of this policy, no allocation will be made during the 2018/2019 fiscal year as the Emergency Fund is expected to close with a balance of approximately \$597,000 which aligns with the target within that policy. For the same reason, no allocation has been included in the 2019/2020 budget. The Fund's status will continue to be monitored by the Board during the year.

The RHRA has updated its financial forecasts initially drafted as part of the Strategic Plan to reflect both changes in actual results during the past year as well as any expected future changes. Resulting from this, the RHRA is presenting below a three-year financial forecast. There is fluctuation expected in any such forecast as assumptions and operating conditions change over time.

A summary of the forecasted statement of operations follows:

Retirement Homes Regulatory Authority

Statement of Operations

3 year Forecast

	2019-20 Budget	2020-21 Forecast	2021-22 Forecast
	\$	\$	\$
Operating Revenue			
Annual fees	7,535,235	7,783,525	8,116,223
Application fees	397,550	500,000	500,000
Administrative fees	23,000	23,000	23,000
Total Operating Revenue	7,955,785	8,306,525	8,639,223
Operating Expenses			
Salaries, Wages and Benefits	5,994,622	6,144,488	6,298,100
Operating	2,108,230	2,154,122	2,206,618
Amortization of capital assets	237,007	280,000	350,000
Total Operating Expenses	8,339,859	8,578,610	8,854,718
Operating Surplus/(Deficit)	(384,074)	(272,085)	(215,495)
Non-Operating Surplus/(Deficit)	307,919	309,236	309,375
Total Surplus/(Deficit)	(76,155)	37,152	93,880

Factored into this forecast are assumptions of continued regulatory activity increases consistent with sector growth, along with relevant expense increases reflecting general inflationary price increases. Revenue assumptions include an increase in the fee rate for 2019/2020 aligned with or below the current rate of inflation and includes inflationary increases in the two subsequent years. Suite growth of 2.7% is included in annual fee revenue in years two and three of the forecast. Application revenue in years two and three of the forecast represents an estimate based on historical ownership activity. It is important to note that the RHRA expects that it will be able to absorb the planned deficit within its unrestricted net asset balance. A summary of the forecasted changes in net assets follows:

Statement of Changes in Net Assets

3-year Forecast

	2019-20 Budget	2020-21 Forecast	2021-22 Forecast
	\$	\$	\$
Net assets, beginning of year	7,273,098	7,143,472	7,180,624
Total Surplus/(Deficit)	(76,155)	37,152	93,880
Net assets, end of year	7,196,943	7,180,624	7,274,504
Reserves			
Unrestricted reserve	1,055,832	1,062,810	1,083,937
Operating reserve	5,490,000	5,510,937	5,574,315
Emergency Fund	597,640	606,877	616,252
Total Net Assets	7,143,472	7,180,624	7,274,504