

**Enhanced Rate Reduction
Information System
Application (E-RRISA)**

**Rate Reduction
Summary
Guide**

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INTRODUCTION

Overview

This Summary Guide provides Long-Term Care (LTC) home licensees with a brief overview of the rate reduction methodology outlined in the Ontario Regulation 79/10 (the Regulation) under the Long-Term Care Homes Act, 2007 (the Act).

This Summary Guide will assist LTC home licensees to develop a thorough understanding of the rate reduction calculation and can also be used as a reference tool when LTC residents are completing their rate reduction applications.

Using this Guide

- This guide includes instructions for individual LTC home staff and LTC home licensees.
- Tips and shortcuts appear with a hand symbol: 
- Important notes appear with an information symbol: 

Getting More Information or Assistance

For more information about the LTC Home Rate Reduction Program, visit LTChomes.net (<https://www.ltchomes.net/lpcf2/Login.aspx>) and/or contact your corporate office.

For all other questions, contact the E-RRISA Support Line:



E-Mail: ASKHEALTHDATA@ontario.ca

Members of the public may speak to a representative at their LTC home. If their question cannot be answered, they may call the **Long-Term Care ACTION Line at 1-866-434-0144**.

Please note: Local Health Integration Network (LHIN) coordinators will provide a new resident with rate reduction information prior to their admission.

1.0 What is a Rate Reduction

What is a Rate Reduction

A resident of a **basic** long-stay or **basic** interim bed who cannot afford to pay for the LTC home co-payment, may be eligible to have their LTC co-payment amount reduced. This is known as a **rate reduction**.

Generally, a resident's rate reduction is calculated based on their net income as determined by Canada Revenue Agency (CRA).

Rate reductions under the Act will be calculated based on the following:

$$\text{Reduced Monthly Rate} = \frac{\text{Annual Net Income}^*}{12} - \text{Comfort Allowance}^{**} - \text{Dependant Deductions}^{***}$$

*Annual Net Income: Generally, is considered to be net income as defined by CRA (for a full definition, see section s. 5.0)


**Comfort Allowance: The portion of income retained by low income residents for personal needs above and beyond the meal and accommodation services funded through the co-payment. Examples include clothing, telephone and cable services, and the Ontario Drug Benefit Program's mandatory prescription co-payment.

***Dependant Deductions: Amounts that can be subtracted from a resident's annual net income calculation if the resident has eligible dependants living in the community (see s. 6.0)

2.0 Who is Eligible for a Rate Reduction?

Who is Eligible for a Rate Reduction?

A resident may be eligible for a rate reduction if they meet the following criteria:

- Occupy a long-stay or interim bed in basic accommodation
 -  If the accommodation cost is \$1,891.31 per month (effective July 1, 2019), it is likely basic accommodation.
- Access all available sources of income before applying for a rate reduction
- Provide all required supporting documents (see s. 4.0)

3.0 What Sources of Income are Residents Expected To Access?

What Sources of Income are Residents Expected to Access?

A resident must be accessing all income sources available to them **before** applying for a rate reduction. This includes:

- Financial assistance from all levels of government in Canada. Federal, provincial and municipal benefits that a resident may be eligible to receive are outlined in the table on the next page.
- All private insurance that a resident may be eligible to receive
- Financial assistance a resident may be eligible to receive from any foreign country
- Support payments that are either paid or owed to a resident
- Financial support from sponsors if the resident is a sponsored immigrant

A resident planning to apply for a rate reduction should not hesitate in applying for all available benefits as the rate reduction calculation takes into consideration all eligible benefits.



The next page outlines the federal, provincial and municipal benefits that a resident may be eligible to receive.

Government Income Source	Who is Expected to Access this Income Source and the Supporting Documents Required
<p>Old Age Security (OAS) and Guaranteed Income Supplement (GIS) Pension Benefits and Guaranteed Annual Income System (GAINS)</p>	<p>OAS To Be Accessed By:</p> <ul style="list-style-type: none"> Any resident 65 years and older <p>GIS To Be Accessed By:</p> <ul style="list-style-type: none"> Any resident who is receiving or is eligible to receive OAS <p>“Involuntary Separation” To Be Accessed By:</p> <ul style="list-style-type: none"> Any resident: <ul style="list-style-type: none"> Who is receiving or is eligible to receive GIS; and Who has a spouse they are currently not living with; and Whose spouse is also receiving or is eligible to receive GIS Applying for “Involuntary Separation” means: <ul style="list-style-type: none"> That as a result of circumstances beyond one’s control, married couples are required to live apart The resident and their spouse will have their benefits calculated separately which will result in each person receiving a higher benefit amount This application does not change the couple’s marital status <p>CONTACT: When applying for GIS, a resident must indicate on their application form that they wish to have their income considered separately from their spouse. Please contact Service Canada at 1-800-277-9914 for further information.</p> <p><i>Please note that a resident must apply for OAS, GIS, and “Involuntary Separation” simultaneously.</i></p> <p>GAINS To Be Accessed By:</p> <ul style="list-style-type: none"> Any resident receiving or who is eligible to receive OAS and GIS is automatically assessed for GAINS
<p>Ontario Disability Support Program (ODSP) from the Ministry of Community and Social Services (MCSS)</p>	<p>ODSP To Be Accessed By:</p> <ul style="list-style-type: none"> Any resident under 65 years of age with an income of less than the maximum provided by ODSP for LTC residents Any resident 65 years and older who is ineligible for OAS and whose income is less than the maximum provided by ODSP for LTC residents <p>Maximum amount provided by ODSP to LTC residents:</p> <ul style="list-style-type: none"> Effective September 1, 2018 - \$1,166 per month or \$13,992 per year. Effective September 1, 2019 - \$ 1,166 per month or \$13,992 per year. Effective September 1, 2020 - \$1,166 per month or \$13,992 per year. <p>CONTACT: Ministry of Community and Support Services Interactive Voice Response (IVR) system at 1-800-808-2268, and press “zero” or a local ODSP office directly to apply for ODSP</p> <p><i>Please note, a resident who is entitled to income support from ODSP, must first receive a decision from ODSP before applying for a rate reduction.</i></p>

4.0 What are the Supporting Documents that Residents are Required to Submit?

What are the Supporting Documents that Residents are Required to Submit?

The following is a list of supporting documents required for a rate reduction application. Some of these documents may not be applicable to all residents, based on their individual circumstances.

Notice of Assessment (NOA)

A resident must submit their **most recent** NOA.

- Rate reduction applications submitted from July 1 to December 31 must include a NOA and other tax-related documents from the previous calendar year
- Rate reduction applications submitted from January 1 to June 30 must include a NOA and other tax-related documents from the previous calendar year unless they are not yet available in which case, the NOA and all tax documents from two calendar years prior may be included

Income generally reported on a NOA can be calculated using alternative documents that are not dependent on the resident having filed their taxes. The alternative documents must be from the same and **most recent** NOA year as defined above.

Exemptions for Submitting an NOA

- A resident who receives income support from the ODSP
- A residents who is a client of the Office of the Public Guardian and Trustee
- A resident who has been in a LTC home for a year or less and is unable to obtain a valid NOA (i.e., from their most recent taxation year)
- A resident who has provided a signed CRA Consent Form to authorize the LTC home to electronically obtain the resident's income information from the CRA

“Option-C Printout”

An “Option-C Printout” is a CRA issued document that provides a more detailed breakdown of the NOA. This document is required in certain situations to verify the income amounts that are used to determine a resident's rate.

An Option-C Printout” is required if a resident submits a NOA and has:

- Claimed an exclusion (see s. 5.2); or
- Received support payments; or
- Received benefits that have since been replaced by new benefits (e.g., OAS Spousal Allowance has been replaced by OAS pension)

If a resident is unable to obtain an “Option-C Printout” in a timely manner from CRA, the resident may instead submit an appropriate tax slip (e.g., t-slip) for the corresponding income.

T4A (P) Slip

If a resident received a Canada Pension Plan (CPP) or other provincial Death Benefit under CPP (i.e., Quebec Pension Plan), in their NOA year, they must also submit their T4A (P) slip to ensure this income amount is excluded from the resident's annual net income calculation.

What are the Supporting Documents that Residents are Required to Submit?

Additional Supporting Documents

Document	Has the Resident Submitted a NOA?	
	Yes	No
ODSP Notice of Decision letter or Cheque Stub	Required for a resident who must access ODSP or who currently receives income support from ODSP. <ul style="list-style-type: none"> • If eligible, provide ODSP cheque stub or another form of ODSP documentation (e.g., a drug or dental benefit card provided to ODSP income support recipients) • If ineligible, provide MCSS Notice of Decision letter dated within application year, indicating ineligibility 	
Service Canada Rate Letter	Required for a resident for whom eligibility for a Service Canada benefit is required. This document is also required if a resident is currently receiving income from Service Canada that was not included in the NOA line 23600. <ul style="list-style-type: none"> • A resident who has applied for “Involuntary Separation” (see table in s.5.3) must request a Service Canada Rate Letter that includes their “Involuntary Separation” status 	
Ministry of Revenue Rate Statement Letter for GAINS	Required for a resident who currently receives income support from GAINS and this benefit was not included in NOA line 23600.	Required for a resident who currently receives income support from GAINS.
Ontario Works (OW) Cheque Stub	Required for a resident who currently receives income support from OW and this benefit was not included in NOA line 23600.	Required for a resident who currently receives income support from OW.
Workers’ Compensation Letter	Required for a resident who currently receives income support from Workers’ Compensation and this income was not included in NOA line 23600.	Required for a resident who currently receives income support from Workers’ Compensation.
Foreign Country Letter	Required for a resident who currently receives income support from a foreign country and this income was not included in NOA line 23600.	Required for a resident who currently receives income support from a foreign country.
Regie de rentes Quebec Rate Letter	Required for a resident who is currently receiving QPP and this income was not included in NOA line 23600.	Required for a resident who is currently receiving QPP.
Private Insurance Letter - for taxable private insurance	Required for a resident who is currently receiving taxable private insurance and this income was not included in NOA line 23600.	Required for a resident who is currently receiving taxable private insurance
Private Insurance Letter - for non-taxable private insurance	Required for a resident who is currently receiving non-taxable private insurance	
Currently Applicable Court Order or Support Agreement	Required for a resident who currently has support payments due or owing to them.	
Assistive Device Receipt	Required for a resident who elects to have income excluded that was used to pay for an assistive device.	
LTC Home Accommodation Receipt	Required for a resident who elects to have income excluded that was used to pay for LTC home accommodation.	

5.0 How is the Annual Net Income Calculated?

Overview

The following formula is used to calculate annual net income for the purposes of rate reduction:

$$\text{Annual Net Income} = \text{NOA line 23600 Income*} + \text{Current Income} - \text{Exclusions of Specific Income Sources}$$

*Line 23600 of the resident's most recent NOA represents the CRA definition of net income.

Canada Revenue Agency		Agence du revenu du Canada		NOTICE OF ASSESSMENT		T451 E (08)
Date	Name	Social Insurance no.	Tax year	Tax centre		
May 5, 2007	Jane Doe	123 456 789	2007	Shawinigan QC G9N 7S6		
Summary						000000
Line						\$ Amount
150	Total Income.....					00,000
	Deductions from total income.....					000
236	Net Income.....					00,000
260	Taxable Income.....					00,000
6150	Total Ontario non-refundable tax credits					000
420	Net federal tax.....					0,000.00
428	Net Ontario tax.....					0,000.00
435	Total payable.....					0,000.00
437	Total income tax deducted.....					0,000.00
448	CPP Overpayment.....					00.00
482	Total Credits.....					0,000.00
	(Total payable minus total credits).....					(000.00)
	Balance from this assessment.....					CR 000.00
	Direct deposit.....					CR 000.00

5.1 What is “current income”?

$$\text{Annual Net Income} = \text{NOA line 236 or line 23600 Income} + \text{Current Income} - \text{Exclusions of Specific Income Sources}$$

“Current income” included in the annual net income calculation is income that is available to the resident right now but not reflected in the NOA line 23600. This may include:

- Canadian government benefits that were not reflected in the NOA line 23600, except:
 - Benefits provided to a LTC home resident from any of the following: *War Veterans Allowance Act, Pension Act, or under the Veterans Health Care Regulations under the Department of Veterans Affairs Act and any non-taxable benefits under the Canadian Forces Members and Veterans Re-Establishment Act*; OR
 - Income sources directed for a specific purpose such as LTC home accommodation
 - Please note, income directed toward living expenses must be included as current income unless the Director under the Act confirms otherwise
- Private insurance that is not reflected in the NOA line 23600 (both taxable and non-taxable)
- Support payments paid or owed to the resident
 - The annual net income calculation will only reflect the support payments actually received by the resident.
- Non-Taxable Income:
 - Financial assistance from a foreign country
 - Financial support from sponsors if a resident is a sponsored immigrant

If a resident has been in the LTC home for a year or less and does not have a NOA, the income listed above will be included in the resident’s

Income Example	Document Required
• RIF Income	Statement of Income from a Registered Retirement Income Fund (T4RIF)
• Interest Income	<ul style="list-style-type: none"> • Trust income allocations and designations (T3) • Statement of Investment Income (T5) • Partnership Information Return (T5013 or T5103A)
• Pension, Retirement and Annuities and Other Income	Statement of Pension, Retirement, Annuity and Other Income (T4A)
• Employment Insurance Benefits	Statement of Employment Insurance and Other Benefits (T4E)
• Rental Income	Self report the annual rental income received from a rental property

5.2 What Income Can Be Excluded?

$$\text{Annual Net Income} = \text{NOA line 236 or line 23600 Income} + \text{Current Income} - \text{Exclusions of Specific Income Sources}$$

There are **four (4)** types of exclusions available to a LTC home resident for the 2021-22 Program Cycle:

1. Automatic exclusions:


The following is a list of income types that are included in line 23600 of the NOA but will be automatically excluded from a resident’s annual net income:

- Taxes payable on line 43500 from of the NOA
- Payments received for the Universal Child Care Benefit
- Payments received from a Registered Disability Savings Plan
- Payments from CPP or QPP death benefit

2. Lump-sum income exclusions:

A resident may receive exclusions from their annual net income if they used lump-sum income in their NOA year to pay for:


- LTC home accommodation
- Assistive Device from the Ministry’s Assistive Devices Program

 Lump-sum income is defined as a one-time, non-recurring income.

3. Income payable prior to receiving a rate reduction exclusion:

In addition, if the resident received income payable for a period when they did not receive a rate reduction and this income is reflected in their NOA, this resident may receive the following exclusions from their annual net income:


- Employment income no longer available
- RRSPs withdrawn prior to receiving a rate reduction
- Split pension income prior to receiving a rate reduction
- RRIF and LIF income that that was withdrawn prior to receiving a rate reduction
- OAS/GIS/GAINS retroactive lump-sum payments payable for a period when the resident did not receive a rate reduction

 If the resident received another type of income in addition to those listed above, that was also payable for a period when they did not receive a rate reduction in their NOA year, then the resident may also exclude this income. The resident should speak to the LTC home to apply for Director’s Discretion to exclude this income.

4. COVID-19 Benefit Increases and One-Time Payments:

For the 2021-22 Program Cycle, the Director has made a determination that the following COVID-19 income benefits and one-time payments, if received by the resident, must be excluded from the determination of annual net income for the 2021-22 Rate Reduction Cycle:

- (1) Guaranteed Annual Income System COVID-19 Top-Up Income
- (2) Old Age Security and/ or Guaranteed Income Supplement One-Time Payment
- (3) GST/HST Tax Credit One-Time Payment and;
- (4) One-Time Payment for Persons with Disabilities

 For more information, please refer to the Director's Determination Letter and the Frequently Asked Questions (FAQ) document.

5.3 Are there any conditions placed on annual net income calculation?

There is a condition placed on the annual net income of a resident when they:

1. Receive income support from ODSP
2. Receive or are eligible to receive the OAS pension benefit

Rate Reduction Annual Net Income Calculation for Residents Currently Receiving ODSP:

If a resident receives income support from ODSP, their annual net income will be equal to the maximum amount provided by ODSP to a LTC home resident.

Rate Reduction Annual Net Income Calculation for Residents who Receive or are Eligible to Receive OAS under the *Old Age Security Act (Canada)*:

The OAS Threshold applies to the following LTC home residents:

- 1) A resident without a spouse who is eligible to receive or is receiving the OAS pension and:
 - a. Has not applied to OAS and GIS, or
 - b. Has applied to OAS and GIS but has not received a decision from these programs
- 2) A resident who has a spouse with whom they are not sharing LTC home accommodation and both the resident and their spouse are eligible for the OAS pension, but the resident:
 - a. Has not applied to OAS and GIS through involuntary separation, or
 - b. Has applied to OAS and GIS through involuntary separation, but has not received a decision from these programs.

6.0 What are Dependant Deductions?

What are Dependant Deductions?

Dependant deductions allow a resident to retain income to support eligible dependants living in the community.

6.1 What is the Eligibility Criteria for a Dependant Spouse and Child Deduction?

Spouse Definition

A spouse means two persons who:

- (1) are married to each other or have in good faith, or
- (2) live together in a conjugal relationship outside of marriage

To be eligible for the dependant spouse deduction, a resident must have been living with their spouse immediately before entering their current LTC home. If a resident lived in another LTC home, hospital or other institution prior to entering their current LTC home, their spouse must have been living with them immediately before they entered one of these institutions.

Child Definition

A resident may be eligible to receive deductions in their annual net income to support dependant children. A child is considered a resident's dependant for the rate reduction purposes if that child is:

- under 18 or under 25 years old and is financially dependant on the resident while enrolled full-time at a recognized secondary or post-secondary school

To verify a recognized school:

- All secondary schools will be considered as recognized schools and no additional documentation will be required to verify this
- A resident with a dependant child 18 and over will be required to submit a copy of a T2202 or T2202A form to verify that child's enrolment in a recognized post-secondary school
- To verify that a child attends a recognized international post-secondary school, a TL11A, TL11B or TL11C form must be submitted.

These documents will be from the most recent tax year. If these documents have not yet been prepared by the post-secondary school, a letter from the registrar's office indicating one of these documents will be provided to the student may be acceptable.

To verify current full time enrolment:

To verify full-time enrolment in a secondary or post-secondary school, the following documents will be accepted:

- Enrolment papers or invoice for tuition
- Confirmation of full-time enrolment document (i.e., letter from the registrar's office)

6.1 What is the Eligibility Criteria for a Dependant Spouse and Child Deduction? (cont'd)

Accessing all Available Income Sources

A resident's dependant spouse and/or child must access all income sources available to them **before** a resident can request to retain income to support that dependant in the community.

Situations in which a Resident Cannot Retain Income to Support a Dependant

If a resident's dependant does not meet the eligibility criteria described above, the resident will not be able to have a dependant deduction applied. In addition, the resident cannot receive a dependant deduction for a dependant spouse and/or child who is:

- Also living in a LTC home, hospital or other government institution
- Receiving income support from ODSP or OW directly or as part of a benefit unit

In addition, if the resident's dependant spouse is receiving an OAS pension or is eligible to receive an OAS pension, the resident cannot receive a dependant deduction for that spouse.

Finally, if the resident is an ODSP or OW recipient, they may not retain income to support dependants in the community.

6.2 What are the Dependant Deduction Amounts?

The following formula is used to calculate an annual net income deduction for a dependant in the community:

$$\text{Dependant Deduction} = \text{Dependant Pre-Set Amount(s)} - \text{Dependant Annual Net Income(s)}$$

Pre-Set Dependant Deduction Amounts

An eligible resident may receive a deduction in their annual net income of up to \$1,462.87 per month for the first dependant and a deduction of up to \$630.72 per month for each additional dependant (effective July 1, 2019).

Dependant Annual Net Income

The formula for calculating a dependant’s annual net income is the same as the one used to calculate a resident’s annual net income for rate reduction purposes:

$$\text{Dependant Annual Net Income} = \text{NOA line 23600 Income} + \text{Current Income} - \text{Exclusions of Specific Income Sources}$$

- All dependants are required to submit an NOA from the most recent taxation year and, when possible, from the same taxation year as the resident.
- *Note: If a child is under 18 years and has an annual net income that is less than the federal basic personal amount, then their annual net income will be considered to be \$0.00. Neither a NOA nor other financial documents will be required for this child. To obtain more information and the current federal basic personal amount, please contact CRA at 1-800-959-8281.*

The process for completing this formula, including the collection and submission of all required supporting documents, is identical to the one outlined for a resident in section 4.0; however, some income sources relevant for a resident of a LTC home, will not be relevant for dependant(s) in the community.

6.3 Continuation of Previous Dependant Deductions

Immediately prior to July 1, 2010, an eligible resident may have received a Spouse in the Community Allowance or other deduction for a spouse/child in the community. This resident may continue to be eligible to receive these deductions as long as dependants continue to meet the eligibility criteria.

7.0 Length of Rate Reduction Terms

Overview

A rate reduction term is the period of time during which a specific reduction to a co-payment is in effect. The maximum time of a rate reduction term is one year. At the end of a term, a resident must apply for a new term if a resident would like to continue receiving a rate reduction. A resident should try and submit their rate reduction applications to the LTC home within 30 days of admission to the home.

7.1 Start Date of Term

The rate reduction term begins on the closest date to when the rate reduction application is submitted to the Director by the LTC home licensee (i.e., submitted in E-RRISA):

- Day of LTC home admission
- For renewal of a resident's rate reduction, day after the last term ended
- 90th day before the day the completed application is submitted to the Director by the LTC home licensee

Modification of a Term's Start Date

Sometimes there are delays in submitting the rate reduction forms to the Director due to:

- Work interruptions or work back logs at Canada Revenue Agency or other organizations that provide a resident with supporting documents
- Work interruptions or work back logs in an organization's ability to grant approval to the resident for a given income source or benefit.

If there was a delay such that the deadline for the rate reduction submission was missed and the delay was 'beyond the applicant's control', the Director may change the start date of that resident's term up to 12 months from the date the application was received.

7.2 End Date of Term

In general, a rate reduction term will end on the first June 30th following the day on which the term started unless the following conditions apply:

IF	THEN
<ul style="list-style-type: none"> • A resident reapplies for a rate reduction before the rate reduction term ends 	<ul style="list-style-type: none"> • The term will end on the 90th day immediately before the day on which the new rate was calculated.
<ul style="list-style-type: none"> • A resident is no longer living in basic accommodation (in either an interim or long-stay bed) 	<ul style="list-style-type: none"> • The term will end on the day the resident leaves basic accommodation.
<ul style="list-style-type: none"> • A resident turns 65 years of age 	<ul style="list-style-type: none"> • The term will end on the resident's 65th birthday plus thirty days.
<ul style="list-style-type: none"> • A resident is no longer eligible to retain income to support dependants 	<ul style="list-style-type: none"> • The term will end on the day on which the resident is no longer eligible to retain income to support dependants.