

# Health Infrastructure Renewal Fund Guidelines: 2007-08

Ministry of Health and Long-Term Care  
Capital Planning and Strategies Branch

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# Executive Summary

Hospitals are responsible for ensuring that their facilities are in a good state of repair by managing their capital assets and planning renewal activities.

The Ministry of Health and Long-Term Care (ministry) established the Health Infrastructure Renewal Fund (HIRF) in 1999 to assist hospitals in renewing their hospital facilities. The HIRF program was reformed in 2004 to streamline minor (less than \$1 million) infrastructure renewal project approvals and to distribute infrastructure renewal funds annually to public hospitals. The program changed in 2007 to reflect the ministry's new stewardship role, and the establishment of Local Health Integrated Networks (LHINs). The HIRF grant is to be used to supplement a hospital's renewal needs on a priority basis.

For 2007-08, the HIRF allocation for each hospital is determined and distributed by the ministry. The ministry uses an activity-based formula to determine each hospital's grant.

A hospital must use its HIRF grant for minor infrastructure renewal projects that extend the useful life of the hospital facility or improve the hospital facility's quality or functionality, provided that such improvements do not result in an increase to the hospital's approved operating funding base.

The HIRF grant must first be used to address a hospital's critical or highest priority projects, which hospitals are responsible for identifying. These projects include those required to address:

- Requirements under the Occupational Health and Safety Act;
- Requirements under the Ontario Building Code and Ontario Fire Code;
- Other facility related legislative requirements; or
- Potential interruptions in the operation of a facility.

The HIRF project approvals process should enable hospitals to undertake minor infrastructure renewal projects in a timely manner. Each hospital must follow the ministry's HIRF process, as well as comply with ministry policies on project procurement and the public tendering process as described in the *Capital Planning Manual*.

Subsequent to being informed of its HIRF grant, each hospital must complete and submit to the ministry the *HIRF Sign-back Agreement*. The *HIRF Sign-back Agreement* confirms that the hospital will use the HIRF grant for a project or projects that meet the HIRF eligibility criteria. Each hospital must also complete and submit to their LHIN the *HIRF Submission Form*. The *HIRF Submission Form* describes the projects that the grant will be used for. The LHIN will review the *HIRF Submission Form* against program eligibility criteria, and then inform each hospital of the projects it is approved to proceed with. Once the LHIN approves the projects the ministry will release the grant to the hospital.

Once a hospital has completed all of their projects involving their HIRF grant, the hospital is required to submit to the ministry the *HIRF Settlement Report*. This report includes an external Auditor's statement.

As part of the HIRF program, the ministry plans to implement a Facility Condition Assessment Program (FCAP) over the next several years to determine the state of hospital capital assets, renewal requirements, and grant performance. The program will be used to support future recommendations on health capital investment policy. When it is implemented, hospitals will be required to use the resulting information obtained to set their HIRF project priorities.

Electronic copies of the *HIRF Guidelines* and all HIRF forms can be obtained at:  
[http://www.health.gov.on.ca/english/providers/program/capital/hirf/hirf\\_mn.html](http://www.health.gov.on.ca/english/providers/program/capital/hirf/hirf_mn.html).

# 1. Introduction

Health care transfer-payment partners such as hospitals are responsible for ensuring that their facilities are in a good state of repair by managing their capital assets and planning renewal activities.

The Ministry of Health and Long-Term Care (ministry) recognizes the need for the renewal of health care infrastructure. The ministry's Health Infrastructure Renewal Fund (HIRF) program supplements a hospital's existing renewal program and helps it address renewal needs on a priority basis. Hospitals undertaking renewal projects (e.g., replacement of roofing systems, boilers, windows, etc.) must follow the ministry's HIRF approval process.

Hospitals are provided with a HIRF grant, subject to program guidelines, regardless of their ability to raise a local share of project costs. Under HIRF, hospitals are not subject to any cost-sharing requirements and can use their HIRF grant to fund eligible projects at rates of up to 100 percent.

Hospitals can select projects based on their own renewal priorities, subject to the program eligibility criteria outlined in Section 3, "HIRF Program Priorities". Each hospital is responsible for ensuring that it undertakes work of the highest priority.

## 2. How Grants are Determined for LHINs and Individual Hospitals

### 2.1 Overview

For 2007-08, the government has determined, through consultation with the ministry, the HIRF program allocation for the year. Based on this allocation, the ministry uses its distribution methodology to calculate the HIRF grant that each hospital in the province could receive. Following this step, the ministry informs each hospital of its HIRF grant and informs each LHIN about its HIRF allocation including the hospital by hospital breakdown. The LHIN's HIRF allocation is the sum of the grants for each hospital in their region as calculated by the ministry.

### 2.2 Ministry Distribution Methodology

A distribution model is used to distribute the ministry's HIRF program allocation among all hospitals in an equitable manner. The model uses an activity-based formula derived from ministry operating funding, which represents the best approximation of the relative renewal needs of hospitals.

Every HIRF grant includes an initial per site minimum amount. Any remainder to the ministry's HIRF allocation is distributed and added to the minimum per site amount, as follows:

- Activity-based measure derived from the ministry base operating funding,
- Northern Adjustment Factor applied, where applicable, to both the minimum amount and the activity-based measure.

The distribution formula has the following key components:

- A. For fiscal year 2007-08 every HIRF grant includes a **minimum amount** per site. Note: The minimum amount may vary from year-to-year based on the provincial HIRF allocation. The minimum amount allows each public hospital corporation to undertake at least one meaningful capital project on each site each year and recognizes the higher costs of developing capital projects at multiple hospital sites. The ministry does not allocate funding specific to any site. Each hospital corporation is responsible for determining its priorities across its sites.
- B. The remainder of the ministry's HIRF allocation is then distributed using an **activity-based measure** among all hospitals. This measure estimates relative renewal needs and reflects the differing renewal requirements of hospitals with differing intensities of service delivery. A three-year moving average of ministry base operating funding (excluding one-time funding) for each hospital corporation is calculated, and each hospital's share of the three-year moving average is used to distribute the remainder of the fund. (See Appendix A, "Distribution Model Specifications," for a detailed description of the model.)
- C. A **Northern Adjustment Factor** is used to determine the relative renewal needs of northern hospitals and reflects the higher costs of delivering infrastructure projects at hospitals in northern Ontario, owing to factors such as higher costs for delivery of supplies, higher wage rates, severe weather conditions, and a shorter construction season. The initial minimum amount and the three-year moving average of base operating funding for each hospital in the north region is adjusted by the Northern Adjustment Factor applicable for the hospital's specific location. The percentage share of total base operating funding is then re-calculated for each hospital. The remainder of funds is distributed among all hospitals using their percentage share of the adjusted total hospital base funding allocation.

The distribution model recognizes that the cost of developing capital projects also differs significantly between geographical areas **within** the north region. For example, project development costs faced by hospitals in the near north (e.g., Sudbury area, Parry Sound, North Bay) are only slightly greater than those faced by hospitals in other regions. Costs at hospitals in the remote north (e.g., Moosonee), where most supplies must be delivered from great distances and where appropriate labour is scarce, are substantially higher.

The Northern Adjustment Factor is consistent with known cost differences in construction projects in the north region (see Appendix B, "Northern Adjustment Factor by Area," for details).

The grant determined for each hospital is a maximum allowance and, as a result, hospitals are not eligible for increases in their grant.

The Northern Adjustment Factor will be applied to the hospitals found in Appendix B.

## 3. HIRF Program Priorities

The HIRF grant is aimed at supplementing an institution's existing facilities renewal program and addressing renewal requirements on a priority basis. Eligible projects must extend the useful life of the hospital facility or improve the hospital facility's quality or functionality, provided that such improvements do not result in an increase to the hospital's approved operating funding base.

HIRF projects must comply with all federal, provincial and municipal laws, statutes and codes relating to construction and renovation projects, and with ministry policies on eligible consultants and costs, project procurement and the public tendering process as described in the ministry's *Capital Planning Manual*.

HIRF grants must first be used to address projects of a critical or high priority nature. Hospitals are responsible for identifying these projects. The ministry will not consider additional requests or Capital Project Requests, for critical facility renewal funding where the HIRF grant has not been applied to the facility's critical priority projects.

The highest priority projects include those to address:

- Requirements under the Occupational Health and Safety Act;
- Requirements under the Ontario Building Code and Ontario Fire Code;
- Other facility related legislative requirements; or
- Possible interruptions in the operation of a facility.

Only after all high priority projects have been addressed, can HIRF funds be used for projects of a lesser priority, such as projects:

- Intended to improve the efficiency of building systems (i.e., energy efficiency);
- Deemed necessary to reduce or minimize downtime of building systems resulting from predictable building deterioration; and
- That address accessibility issues (e.g., installing ramps to provide access for people with disabilities, renovating washrooms to provide barrier free access, etc.).

### 3.1 Eligible Projects and Costs

Within the context of the "HIRF Program Priorities", the HIRF grant may be used only for costs associated with minor infrastructure renewal projects that, generally:

- Address replacement of systems as opposed to components of systems;
- Are valued at under \$1 million;
- Require less than one year to complete;
- Do not require any increases to the hospital's balanced budget plan; and
- Do not require the preparation of a functional program.

Appendix C, "Examples of Eligible and Ineligible HIRF Projects/Costs", provides specific examples of eligible and ineligible projects.

### Shareable Fee Schedule

In compliance with existing ministry policies, the amount of funding allowed for consulting fees is limited. See the *Capital Planning Manual* (Appendix D – The ministry’s Shareable Fee Schedule) for information on the ministry’s shareable fee schedule.

## 3.2 Ineligible Projects and Costs

Under the HIRF program, certain types of costs are ineligible. HIRF grants cannot be used for:

- Maintenance work because maintenance costs are generally considered to be an operating expense. Maintenance work is not expected to prolong an asset’s economic life or improve its long-term efficiency. Maintenance costs should be recorded in accordance with the *Ontario Health Care Reporting System Manual*;
- Infrastructure to accommodate additional beds or new/expanded programs or services;
- Consulting fees for equipment, interior design and/or colours, landscape architecture, traffic, and/or kitchen/dietary issues; or
- Infrastructure issues for programs (e.g., community-based mental health program, community-based substance abuse programs, etc.) and/or facilities (e.g. long-term care facilities) that may be operated by a hospital, but receive operating funding outside of the ministry’s approved hospital operating budget.

Appendix C, “Examples of Eligible and Ineligible HIRF Projects/Costs”, provides specific examples of ineligible projects costs.

## 4. Special Grants

Occasionally, the ministry may provide a special grant through the HIRF distribution mechanism or require a hospital to use a portion of its HIRF grant to address specific government priorities. The special grant amount will be subtracted from the total provincial allocation prior to the ministry calculating hospital-specific grants.

## 5. HIRF Process and Forms

The HIRF process differs from that typically required for other capital projects (see Appendix D). The HIRF forms and processes are described in detail below.

### 5.1 HIRF Forms

- **HIRF Sign-Back Agreement:** Hospital CEOs and Chairs are required to sign and return this form to guarantee that the HIRF grant will be spent on projects that are eligible under the *HIRF Guidelines*.
- **HIRF Submission Form:** Hospitals use this form to describe projects they plan to spend the HIRF grant on.

- **HIRF Settlement Report:** Hospitals use this form to report on their expenditures on HIRF projects once these projects have been completed.

The HIRF forms are available at

[http://www.health.gov.on.ca/english/providers/program/capital/hirf/hirf\\_mn.html](http://www.health.gov.on.ca/english/providers/program/capital/hirf/hirf_mn.html).

## 5.2 HIRF Process

### Part I: Grant Determination

1. Based on the HIRF allocation from the government, the ministry uses its distribution methodology to calculate the per hospital grant and informs LHINs of the per hospital grants for their region.

### Part II: Notification and Submission

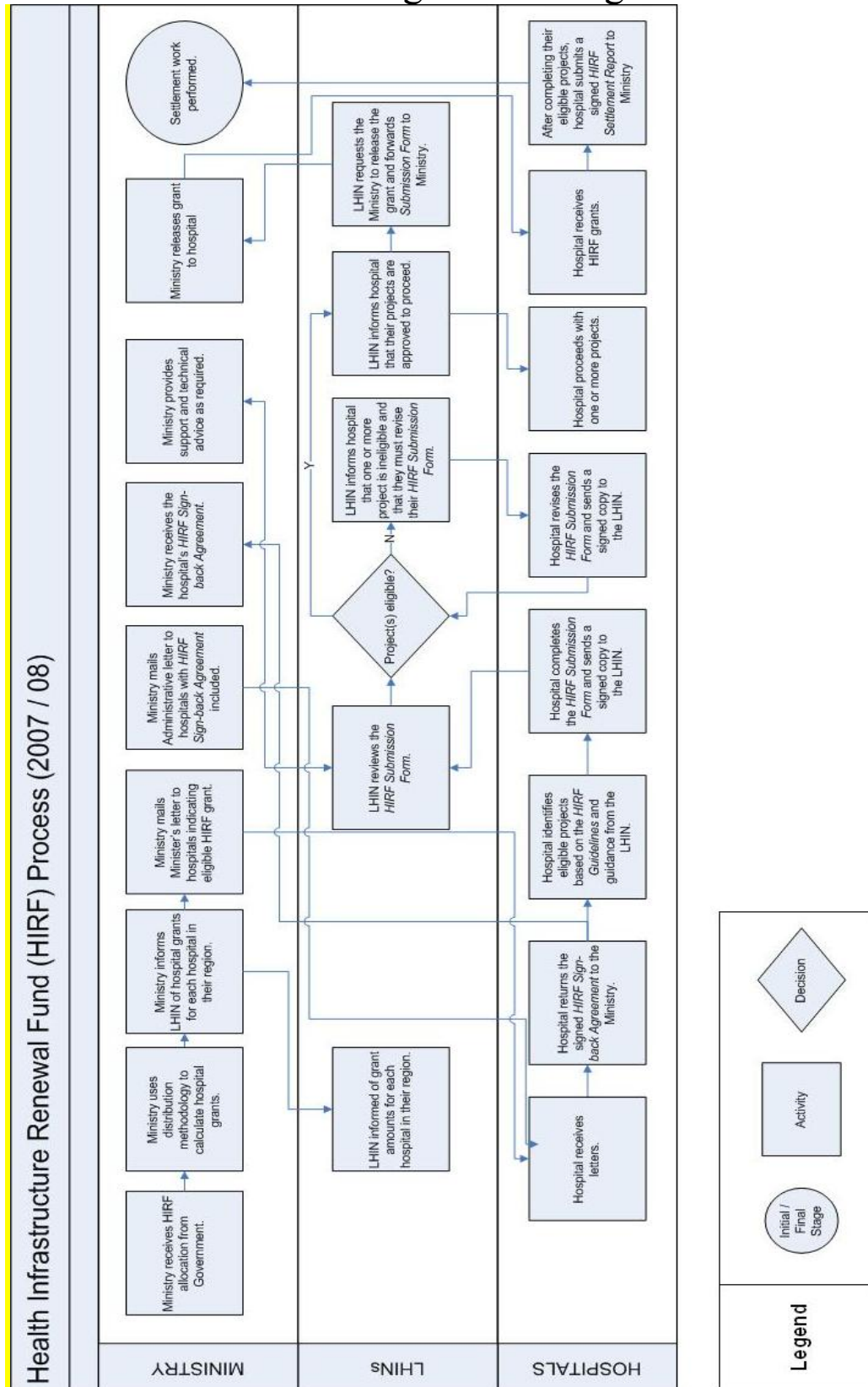
2. The ministry sends a letter from the Minister to each hospital. This letter specifies the amount of the HIRF grant that the hospital is eligible to receive, and the hospital's obligations under the HIRF program.
3. Following the Minister's letter, the ministry sends the hospital an administrative package. This package includes a letter from the Director of the Capital Planning and Strategies Branch (CPSB), and the *HIRF Sign-back Agreement*. This package provides the hospital with the administrative details for the program.
4. The hospital CEO and Board Chair sign the *HIRF Sign-back Agreement* and the hospital returns it, as soon as possible, to the ministry. The form can be sent by email (in PDF form) or mail. See "Section 9 – Contact Information" for mailing details.
5. The hospital identifies eligible projects based on the *HIRF Guidelines* and lists them on the *HIRF Submission Form*.
  - TIP: If the hospital is unsure whether a project they plan to propose is eligible they should contact their LHIN HIRF contact (see Section 9 – Contact Information for a list of contacts) for guidance before signing and submitting the HIRF Submission Form. This step may prevent the hospital from having to resubmit their form.
  - TIP: Appendix C of these Guidelines provides examples of eligible and ineligible HIRF projects.
6. The hospital CEO or CFO signs the completed *HIRF Submission Form* and the hospital returns it, as soon as possible, to the LHIN. The form can be sent by email (in PDF form) or mail.
7. LHIN staff review the hospital's *HIRF Submission Form* to determine project eligibility and informs the hospital whether they have the approval to proceed or not. A project is eligible if it meets the criteria found in the *HIRF Guidelines*.
  - TIP: If a LHIN contact is unsure of a project's eligibility they can call the ministry for technical advice.

8. If all of the projects listed on the *HIRF Submission Form* are deemed eligible, the hospital can then proceed with one or more of their listed projects.
9. If any of the projects on the *HIRF Submission Form* are determined to be ineligible, the LHIN informs the hospital that one or more projects are ineligible.
10. In this case, the hospital must revise, sign, and resubmit their *HIRF Submission Form*. Follow steps 5 and 6 above.
  - REMINDER: If the hospital is unsure whether a project they plan to propose is eligible they should contact their LHIN HIRF contact for guidance before signing and submitting the *HIRF Submission Form*. This should prevent the hospital from having to resubmit the form.
11. The submission, review, and approval process continues until a list of projects is approved in writing by the LHIN.
12. Once the hospital's projects have all been approved, the LHIN directs the ministry to release the HIRF grant to the hospital. The LHIN sends copies of the signed *HIRF Sign-back Agreement* and *HIRF Submission Form* to the ministry.
13. The ministry releases the grant to the hospital.
14. The hospital receives the HIRF grant.

## **Part II: Settlement**

15. After completing their eligible projects hospitals submit a *HIRF Settlement Report* to the ministry by email or mail.
  - NOTE: Hospitals only submit the *HIRF Settlement Report* once all of their projects using their grant are completed. Given the short-term nature of these projects in general, the ministry expects this report to be submitted within 24 months of project approval. If the report is not received by then, the ministry will contact the hospital for a status report.

## 5.2.1 HIRF Process – High-level Diagram



Current as of: February 2008

## 5.3 Unexpended Balance of Grant

The ministry recognizes that certain projects may be completed under budget. While the ministry does not expect program surpluses to occur under normal circumstances, if a hospital has an unexpended balance of its HIRF grant at the completion of their projects, these funds must be carried forward (with interest) to be applied towards eligible HIRF projects in the following fiscal year.

All unexpended balances must be recorded on the hospital's *HIRF Settlement Report* for the following fiscal year. The *Report* must show what the unexpended balance was used for.

Hospitals are not permitted to accumulate a year-over-year balance, to retain as a reserve. If the ministry finds evidence of an accumulated surplus/balance, funds will be recovered through an equal reduction in the hospital's HIRF grant in the subsequent fiscal year.

## 6. Conditions

### **Compliance with Laws**

HIRF projects must comply with all federal, provincial and municipal laws, statutes and codes relating to construction and renovation projects.

### **Compliance with Ministry Policies**

Hospitals must comply with ministry policies on eligible projects and costs as described in these *Health Infrastructure Renewal Fund Guidelines* and project procurement and the public tendering process as described in the ministry's *Capital Planning Manual*.

Hospitals may expend HIRF funds only on the projects described in their *HIRF Submission Form* that have been approved by the LHIN. If a hospital submits a *HIRF Settlement Report* that differs from the approved list of projects, the ministry will recover the HIRF funds expended on unapproved projects. The ministry will reduce the HIRF grant the following year to offset the expenditures on the unapproved projects.

### **Annual Appropriation of Ministry Funding**

All HIRF grants are conditional upon an appropriation of funds by the Legislative Assembly of Ontario, which has the sole authority to make such appropriations. Accordingly, the ministry makes no assurance that an appropriation will be made from year to year or that the minimum HIRF grant will not change.

## 7. Cash Flow

The HIRF grant paid by the ministry will not exceed the maximum of the HIRF grant approved by the ministry for that hospital. On LHIN direction, the ministry will provide the HIRF grant for

each hospital in one lump-sum payment to the hospital, through direct deposit in accordance with ministry policies.

## 8. Facility Condition Assessment Program

Over the next several years, the ministry plans to implement a Facility Condition Assessment Program (FCAP) to determine the stock and condition of Ontario's hospitals. FCAP will be used to support recommendations on health capital investment policy.

The main elements of FCAP include a physical assessment of hospital facilities and sites, and asset management software that will be used to store and report on the information derived from assessments. The program will measure and record the condition of hospitals' physical assets with the data being available to the Hospitals, LHINs, and the ministry. This objective, accurate information will assist all three organizations meet their capital renewal responsibilities and obligations.

The program will provide asset information that includes a Facility Condition Index (FCI)—the ratio of the cost of renewal work deferred from previous years to the cost of replacing a facility. This index will, for example, assist in making other capital planning decisions, such as determining when to invest in renewal and when to build new facilities. Program guidelines will be provided to hospitals once FCAP is implemented. At that time, hospitals will be required to use the assessment information to set project priorities. A hospital's acceptance of the HIRF grant will imply participation in the Facility Condition Assessment Program.

## 9. Contact Information

### 9.1 LHIN HIRF Contacts

To submit the *HIRF Sign-back Agreement*, the *HIRF Submission form*, and to ask program-related questions, hospitals should contact their LHIN HIRF contact. A list of HIRF contacts by LHIN is available on the ministry's website at

[http://www.health.gov.on.ca/english/providers/providers\\_mn.html#capital](http://www.health.gov.on.ca/english/providers/providers_mn.html#capital).

### 9.2 Ministry HIRF Contact

For guidance and support, and to submit copies of the approved *HIRF Sign-back Agreements* and *HIRF Submission Forms*, LHINs can contact the HIRF Program Advisor, at [capitalplanningandstrategiesbranch@ontario.ca](mailto:capitalplanningandstrategiesbranch@ontario.ca) or 416-327-2240.

To submit the *HIRF Settlement Report* hospitals should use the following addresses:

By Email: [capitalplanningandstrategiesbranch@ontario.ca](mailto:capitalplanningandstrategiesbranch@ontario.ca)

By Mail: HIRF Program Advisor, Capital Planning and Strategies Branch, 9th Floor, Hepburn Block, Queen's Park, 80 Grosvenor Street, Toronto ON, M7A 2C6.

## 10. HIRF Information

HIRF information is available on the ministry's internet site. Information includes a brief description of the program, and electronic copies of the *HIRF Guidelines*, *HIRF Sign-back Agreement*, *HIRF Submission Form*, and the *HIRF Settlement Report*. The site can be accessed at: [http://www.health.gov.on.ca/english/providers/providers\\_mn.html#capital](http://www.health.gov.on.ca/english/providers/providers_mn.html#capital)

# Appendix A

## Ministry Distribution Model Specifications

### Ministry Distribution Model:

H	=	Total HIRF for year <i>i</i>
$Y_{A, i}$	=	HIRF grant to hospital A, in year <i>i</i>
$F_A$	=	Minimum grant amount for hospital A, where F = min. yearly grant amount per hospital site
FT	=	Sum of the minimum grant amounts provided to all hospitals (i.e. F x $S_A$ x $N_A$ summed over all hospitals)
$S_A$	=	Number of sites for hospital corporation A
$N_A$	=	Northern Adjustment Factor for hospital A; N = 1 for non-northern hospitals
$A_i$	=	Ministry operating funding to hospital A, for year <i>i</i>
$B_{AVG}$	=	Three year average of total Ministry funding to hospitals for year <i>i</i> , adjusted by the Northern Adjustment Factor

The HIRF grant amount for each hospital has been determined as follows:

**Step 1:** For each hospital, calculate the minimum amount,  $F_A = F \times S_A \times N_A$

**Step 2:** Sum the minimum amount for all hospitals,  $FT = \sum F_A$

**Step 3:** For each hospital, calculate the three-year average of Ministry base operating funding, and apply the Northern Adjustment Factor,  $[(A_{2001/02} + A_{2002/03} + A_{2003/04})/3 \times N_A]$

**Step 4:** Calculate the three-year average of total Ministry operating funding to all hospitals, including the Northern Adjustment Factor, by summing the adjusted average operating funding obtained in Step 3,

$$B_{AVG} = \sum [(A_{2001/02} + A_{2002/03} + A_{2003/04})/3 \times N_A]$$

**Step 5:** Calculate HIRF grant for each hospital by summing the hospital's minimum grant amount and its share of the remainder of the HIRF allocation:

$$Y_{A, 2004/05} = F_A + [(A_{2001/02} + A_{2002/03} + A_{2003/04})/3 \times N_A] / B_{AVG} \times [H - FT]$$

Each hospital corporation receives a minimum HIRF grant amount per site which may vary from year to year. The distribution model contains a Northern Adjustment Factor to reflect the higher costs to deliver infrastructure projects at hospitals in northern Ontario. For these hospitals, the initial minimum grant amount is multiplied by the Northern Adjustment Factor that applies for the specific hospital location.

After the minimum grant amount is determined for each hospital, the remainder of the HIRF allocation is distributed among all hospitals using a three-year moving average of ministry base operating funding (not including one-time funding) for each hospital corporation as a share of the three-year moving average of total ministry operating funding.

The three-year average of ministry operating funding is multiplied by the Northern Adjustment Factor for each hospital in the North Region to determine a higher value for operating funding that is used in the formula. These “adjusted” operating funding values are summed across all hospitals to determine an adjusted total for ministry operating funding to all hospitals. All these “adjusted” values are used in the distribution formula.

### **Examples**

*Assumptions:* For the following examples, it is assumed the total HIRF allocation (H) is \$60,000,000, the total number of hospital sites is 213 (for simplicity assume,  $FT = 213 \times \$150,000 = \$31,950,000$ ), and that the three year average of total ministry base operating funding to hospitals (after the Northern Adjustment Factor has been applied) is \$10,000,000,000.

#### *Example 1:*

Hospital X has received \$120,000,000, \$125,000,000, and \$130,000,000 in ministry base operating funding in 2002/03, 2003/04 and 2004/05 respectively. This hospital has two sites located in the Eastern Region (no northern adjustment).

The grant is calculated as follows:

$$\text{Grant} = 2 \times \$150,000 \times 1 + [(\$120,000,000 + \$125,000,000 + \$130,000,000)/3 \times 1] / \$10,000,000,000 \times [\$60,000,000 - \$31,950,000] = \$650,625.$$

#### *Example 2:*

Hospital Y has received \$48,000,000, \$50,000,000, and \$52,000,000 in ministry base operating funding in 2002/03, 2003/04 and 2004/05, respectively. This hospital has one site located in the North Region (northern adjustment included). The Northern Adjustment Factor is 1.1 for the geographical area of the North Region in which Hospital Y is located.

The grant is calculated as follows:

$$\text{Grant} = 1 \times \$150,000 \times 1.1 + [(\$48,000,000 + \$50,000,000 + \$52,000,000)/3 \times 1.1] / \$10,000,000,000 \times [\$60,000,000 - \$31,950,000] = \$484,275.$$

# Appendix B

## Northern Adjustment Factor by Area

<b>Location</b>	<b>Cost Gross Up Factor</b>	<b>Northern Adjustment Factor</b>
Southern Ontario (GTA)		1.00
Sudbury Base	+5 %	1.05
North Bay Base	+16 %	1.16
Sault Ste. Marie Base	+26 %	1.26
Timmins Base	+21 %	1.21
Thunder Bay Base	+15 %	1.15
James Bay Coast Base	+100 %	2.00
Manitoba Border Base	+19 %	1.19

Supplied by Altus Helyar, 2007.

Hospitals that have the Northern Adjustment Factor applied to them:

- All hospitals in the North East LHIN;
- All hospitals in the North West LHIN; and
- Muskoka Algonquin Health Centre.

# Appendix C

## Examples of Eligible and Ineligible HIRF Projects/Costs

The following list of projects is not intended to be exhaustive. Its purpose is to assist hospitals identify eligible (and ineligible) HIRF projects.

### **Eligible Projects Required to Address Code Requirements**

The following examples of projects are those that, if not undertaken, may result in a local authority issuing an “Order to Comply” to a hospital:

- Sprinklering sections of building
- Addressing egress from buildings
- Addressing penetration to fire separations
- Upgrading fire-alarm system

### **Eligible Projects Required to Address Health and Safety Requirements**

The following examples of projects are those that, if not undertaken, may affect the health and safety of a hospital’s patients, staff, and visitors:

- Mould remediation
- Replacing nurse call system
- Isolation room monitoring
- Installing protective glass partitions
- Inserting view panels in existing doors
- Addressing hazardous materials
- Installing, for security purposes, closed circuit television systems
- Addressing barrier-free requirements (i.e., at hospital entrance/exit points, in washrooms, etc.)

### **Eligible Projects Required to Maintain Critical Operations**

The following examples of projects are those that, if not undertaken, may affect the critical operations of a hospital:

- Replacing Roof/Roof sections
- Replacing/Upgrading Chiller
- Replacing pumps
- Replacing boiler(s)
- Replacing windows
- Replacing HVAC (rooftop) unit
- Replacing flooring
- Upgrading elevator(s)
- Replacing AHU (Air Handling Unit)
- Replacing emergency generator(s)
- Replacing cooling tower
- Replacing/Removing underground tank(s)
- Replacing transfer switch gear for emergency power
- Upgrading electrical distribution and/or supply
- Restoring exterior cladding (i.e., tuck/stone-pointing)
- Replacing bulk oxygen system

## Eligible Projects Required to Reduce Operating Costs or Create Efficiencies

The following examples of projects are those that may reduce a hospital's operating costs:

- Lighting retrofits
- Co-generation
- Energy retrofits
- Removing asbestos
- Computerizing control systems

## Projects that are INELIGIBLE

The following examples of projects and/or costs are those that may be required/incurred by a hospital, but which are not eligible under the HIRF program. HIRF grants cannot be used for the following:

- Patching roof/flooring systems
- Replacing hardware
- Duct cleaning
- Painting walls, ceilings, etc.
- Furnishings
- Addressing infrastructure issues for revenue generating areas (e.g., parking lots/garages, gift shops, etc.)
- Addressing any other regular maintenance issues
- Conducting planning and/or feasibility studies of any kind
- Planning/Undertaking large projects as defined in the note below.
- Consulting fees for:
  - equipment
  - interior design and/or colours
  - landscape architecture
  - traffic
  - kitchen/dietary issues
- Repairing leaks to window/skylights
- Water treatment
- Installing valves
- Gardens, works of art, and decorations
- Purchasing/Installing:
  - Medical equipment
  - Information technology
  - Communications technology
- Compensation for hospital staff engaged in renewal projects
- Financing charges and/or campaign costs associated with fundraising
- Addressing infrastructure issues for “extra-vote” programs (i.e., community-based mental health program, community-based substance abuse programs, etc.) and/or facilities (i.e., long-term care facilities) which may be operated by a hospital, but which are funded outside the ministry's approved hospital operating budget

### Note:

Large capital projects are defined as those that would otherwise be considered through the existing capital planning and funding process (see the *Capital Planning Manual*), as they generally:

- are valued at more than \$1 million;
- normally require the development of a Functional Program;
- require more than one year to plan, tender and complete construction; and
- result in the need for increased ministry operating funding.

Examples of such projects include replacement of an existing hospital, construction of a new wing, redevelopment of a department(s), and renovations/new construction to accommodate additional beds and/or new/expanded services.

# Appendix D

## Key Differences Between HIRF Approval Process and Traditional Capital Planning Process

<b>HIRF Process (annual cycle)</b>	<b>Capital Planning Process as per <i>Capital Planning Manual</i></b>
Hospitals are notified of their HIRF grant.	
Hospital submits <i>HIRF Sign-back Agreement</i> to ministry.  Hospital submits <i>HIRF Submission Form</i> to LHIN.	<p>Stage 1 Capital Project Request initiated by hospital If proposal is accepted, Minister approves project and grant (based on project priority and fiscal capacity) to develop project.</p> <p>Stage 2 Hospital submits Functional Program Once agreed-upon ministry approves hospital to proceed to next stage</p> <p>Stage 3 Hospital submits Blocks and Sketches (as appropriate)</p>
LHIN approves eligibility of projects on <i>HIRF Submission Form</i> and directs the ministry to release the grant.	<p>Once agreed-upon, ministry approves hospital to proceed to working drawings</p> <p>Stage 4 Hospital submits Contract Documents Once agreed-upon, ministry approves hospital to implement project and to proceed to tender it</p> <p>Stage 5 Hospital submits Final Estimate of Cost and bid results Ministry approves hospital to award construction contract</p>
Ministry pays the grant.	Ministry makes periodic payments towards approved grant following receipt from a hospital of their architect/consultant's certificate of progress
Hospital submits <i>HIRF Settlement Report</i> to Ministry once projects are complete.	Upon completion of the project, hospital submits Statement of expenditures and <i>Statement of Disbursement and Source of Funds Form</i> verified by the facility's auditors. Ministry reviews documentation, releases (as appropriate) the remaining grant to be paid to the hospital as part of the ministry's share of project costs, and settles the project, thereby closing the project file.

# Glossary

## **Capital assets**

Non-financial assets that have physical substance that are purchased, constructed, developed or otherwise acquired. Capital assets have useful lives extending beyond one year and are intended to be used on a continuing basis.

## **HIRF allocation**

An annual appropriation of funds by the government (or the Legislative Assembly of Ontario) that the Ministry of Health and Long-Term Care may approve for use by its transfer-payment partners (i.e., public hospitals), in accordance with the ministry's Health Infrastructure Renewal Fund (HIRF).

## **HIRF grant**

An amount of funding, approved by the Ministry of Health and Long-Term Care to a particular transfer-payment partner (i.e., a hospital), to use to assist with costs of renewing infrastructure, in accordance with the ministry's *HIRF Guidelines*.

## **Maintenance**

Work that results in a retention of the pre-determined service potential of a capital asset for a given useful life. Costs that are incurred that do not prolong an asset's economic life or improve its efficiency are not considered to be capital expenditures. Maintenance expenditures are operating expenditures and should not be included as part of capital spending.

## **Renewal**

- Work done to extend an asset's useful life or improve its quality or functionality.
- Modernization of the asset to appreciably prolong its period of usefulness or enhance its service potential. Service potential may be enhanced when there is an increase in the previously assessed physical output or service capacity such that associated operating costs are lowered, the useful life of the asset is extended, and the quality of the output is improved.
- Upgrade that increases the service potential of an asset (and may or may not increase the remaining useful life of the asset). This type of expenditure should be reported as a capital expenditure.

## **Useful life**

The estimated finite period over which a capital asset is expected to be used. The actual life of a capital asset may extend beyond its estimated useful life due to good maintenance or under-utilization.

