

Policy: Construction Funding Subsidy Policy for Long-Term Care Homes, 2019

EXECUTIVE SUMMARY

The Ministry of Health and Long-Term Care (the ministry) provides a Construction Funding Subsidy (CFS) on a per-bed-per-day basis (Per Diem) to support the costs of developing or redeveloping an eligible long-term care (LTC) home, subject to all applicable requirements.

In 2019, the *Construction Funding Subsidy Policy for Long-Term Care Homes, 2015* was updated to increase the base Per Diem funding from \$16.65 to \$18.03.

A CFS Per Diem will be provided if the Eligible Operator (as defined in the current *Construction Funding Subsidy Policy for Long-Term Care Homes*) has:

- Signed a Development Agreement (DA) with the ministry;
- Successfully completed construction in accordance with the conditions of the DA, including compliance with the specified LTC home design standards;
- Met all conditions of funding set out in DA, including the successful completion of pre-occupancy inspection and legislated licensing/approval requirements, and continues to meet the ongoing conditions of funding, including operating the developed or redeveloped beds in accordance with applicable requirements; and
- Received ministry approval for the admission of the first resident.

The following chart outlines the maximum Per Diem funding that is available under the *Construction Funding Subsidy Policy for Long-Term Care Homes, 2019*.

Construction Funding Subsidy Per Diem Components	<i>Construction Funding Subsidy Policy for Long-Term Care Homes, 2019</i>
Base Per Diem	\$18.03
Home Size	Small LTC home, up to 96 beds - Add \$1.50
	Medium LTC home, 97-160 beds - Add \$0.75
	Large LTC home, 161 beds and over - Add \$0.00
Basic Accommodation Beds	Percentage of basic accommodation beds in a LTC home between 40%-60% - Add \$3.50 or a prorated amount (See <i>Construction Funding Subsidy Policy for Long-Term Care Homes for further details</i>)
Maximum CFS Per Diem	\$23.03
One-Time Planning Grant for Not-For-Profit Long-Term Care Homes	\$250,000.00
Design Variance Standards	Where variances from design requirements are permitted, applicable reductions from the CFS Per Diem may apply (See <i>Construction Funding Subsidy Policy for Long-Term Care Homes for further details</i>)

Note: This Executive Summary is for convenience of reference, does not constitute a formal part of the *Construction Funding Subsidy Policy for Long-Term Care Homes, 2019* (the *Policy*) and may be removed from the document containing the *Policy*. See *Policy* for detail.

1.0 INTRODUCTION

Funding provided under this *Construction Funding Subsidy Policy for Long-Term Care Homes, 2019* (the *Construction Funding Subsidy Policy* or the *Policy*) is intended to help support the costs of developing a new long-term care (LTC) home or beds, or redeveloping an existing LTC home or beds, where the Ministry of Health and Long-Term Care (the ministry) has approved the development and/or redevelopment and specified in writing that this *Policy* applies.

This *Construction Funding Subsidy Policy* supports the implementation of the most current design standards for LTC homes, as currently set out in the *Long-Term Care Home Design Manual, 2015* (the Design Manual).

This *Policy* is subject to applicable law, and applicable Government of Ontario policies. The ministry reserves the right to provide clarifications of any matter in connection with this *Policy* that the ministry determines is unclear.

The ministry intends to periodically review this *Policy* to assess its effectiveness in supporting LTC home development or redevelopment to meet the needs of Ontarians.

2.0 ELIGIBILITY FOR A CONSTRUCTION FUNDING SUBSIDY PER DIEM

Under the *Construction Funding Subsidy Policy*, the ministry shall provide construction funding, or ensure the provision of funding, to a LTC home Operator if, and only if,

- (a) the ministry determines that the Operator meets all applicable criteria and requirements;
- (b) the ministry approves the Operator's application to develop and/or redevelop LTC home beds and specifies in writing, at the time of approval or otherwise, that this *Policy* will apply; and
- (c) all conditions and requirements of this *Policy* are met.

In this *Policy*, unless the context indicates otherwise, "Operator" means a person who operates a LTC home pursuant to a licence under Part VII of the *Long-Term Care Homes Act, 2007* (the *LTCHA*) or pursuant to an approval under Part VIII of that *Act*, or a person with whom the ministry contracts to develop and operate a LTC home, subject to applicable requirements.

An Operator that has been approved by the ministry for funding to develop and/or redevelop LTC beds and that has entered into a development agreement with the ministry that expressly incorporates this *Policy* (a Development Agreement or DA) is eligible for construction funding under this *Policy* only after the Operator has met all the requirements and conditions for funding set out in the Development Agreement to the satisfaction of the ministry. An Operator that meets these eligibility requirements and conditions for construction funding is referred to in this *Policy* as an "Eligible Operator".

This *Policy* does not apply in respect of LTC construction undertaken under development agreements under other ministry LTC construction funding policies, except where the applicable development agreement has been amended to expressly provide that this *Policy* will apply.

An Operator may be eligible for LTC home construction funding under this *Policy* for:

- **New Construction** – the construction of a new building, conversion of an existing non-LTC home structure, or replacement of an existing LTC home structure, but not a "Renovation", whether within or outside the existing LTC home building footprint, as defined below.
- **Renovation (within existing building footprint)** – construction within an existing LTC home

building structure and/or construction of additional floors to an existing LTC home building where construction is within the existing LTC home building footprint (i.e. no expansion beyond existing external walls.)

- **Renovation (outside of existing building footprint)** – construction of an addition to an existing LTC home building structure outside the existing LTC home building footprint (i.e. expansion beyond existing external walls.)

3.0 MINISTRY FUNDING

3.1 COMPONENTS OF THE CONSTRUCTION FUNDING SUBSIDY PER DIEM

An Eligible Operator shall be entitled to receive construction funding by way of a per diem payment, referred to in this document as the Construction Funding Subsidy (CFS) Per Diem, for each day of operation of an eligible LTC bed (a “Bed”) constructed under a Development Agreement under this *Policy*, paid by or on behalf of the ministry to the Operator on a monthly basis for a period of 25 consecutive years, provided that the Operator meets the requirements and conditions set out in this *Policy* and in the Development Agreement. The CFS Per Diem is calculated as set out below.

3.1.1 BASE AMOUNT

The base CFS Per Diem applicable to Eligible Operators under this *Policy* is \$18.03, which is subject to the adjustments identified below.

3.1.2 HOME SIZE

For homes with up to and including 160 LTC beds, including all licensed or approved beds in the home except for beds under a temporary licence or temporary emergency licence, the CFS Per Diem is adjusted in recognition of the cost differentials typical for small and medium sized homes.

3.1.3 BASIC ACCOMMODATION PREMIUM

An addition of \$3.50 to the base CFS Per Diem is provided to an Eligible Operator that makes a commitment as set out in the Development Agreement to designate and operate at least 60% of the licensed bed capacity of the home, as defined in Regulation 79/10, s. 1, as basic accommodation, or a prorated portion of this additional amount for such commitments to designate/operate basic accommodation at a set percentage higher than 40% but lower than 60%.

Where the home includes Beds being (re)developed under this *Policy* and beds not being (re)developed under this *Policy*, then for the purposes of this adjustment, the percentage for the purpose of this premium/addition shall be based on the lesser of (a) the percentage of Beds being redeveloped under this *Policy* being designated and operated as basic accommodation and (b) the percentage of licensed bed capacity in the home being designated and operated as basic accommodation. Payment of this component of the CFS Per Diem will cease and past payments may be recovered by or on behalf of the ministry, or by or on behalf of an agency providing the CFS Per Diem on behalf of the ministry, if the Operator ceases to designate the stipulated minimum proportion of basic accommodation.

The chart in Appendix A indicates the premium/addition to the CFS Per Diem for a corresponding percentage increase to the basic accommodation ratio.

3.1.4 CALCULATION OF THE CONSTRUCTION FUNDING SUBSIDY PER DIEM

The total CFS Per Diem is calculated by the ministry starting with the base CFS Per Diem and applying the additional adjustment factors in accordance with the provisions set out above, and

then any applicable Design Variance Reductions as per Section 3.2 below.

Components of Construction Funding Subsidy Per Diem	Per Diem Adjustment
Base CFS Per Diem	\$18.03
Small long-term care home (up to and including 96 beds)	\$1.50
Medium long-term care home (97 beds up to and including 160 beds)	\$0.75
Large long-term care home (161 beds and over)	\$0.00
Ratio of Basic Accommodation - Over 40% up to and including 60% (prorated)	\$3.50
Potential Maximum CFS Per Diem	\$23.03

Note: The above summary table indicates maximum amounts, but actual amounts may be less in accordance with the provisions of this *Policy*. For example, where specific variances from design requirements are permitted, applicable reductions from the CFS Per Diem may apply. See Section 3.2 below for further detail.

3.2 DESIGN VARIANCE FUNDING REDUCTION(S)

Where an Operator is permitted in respect of a project to rely on a standard variance specified in the applicable Design Manual, the amount of the CFS Per Diem in respect of the project is reduced by the applicable amount set out in the Design Manual, unless the ministry agrees in writing to waive the reduction in whole or in part. The list of standard variances and associated reductions from the 2015 Design Manual are summarized for convenience in the table below.

Design Variances		Per Diem Reduction
1	RHA size (up to 40 beds)	\$0.54
2	Split level RHA	\$1.50
3	Bedroom Size	\$0.67
4	Closet Size	\$0.13
5	Lounge / Activity Space per Resident	\$0.39
6	Dining Space per Resident	\$0.39
7	Dining Space at 70%	\$0.39
8	Corridor Widths	\$0.26
9	Percentage Lounge / Activity Space in RHA	\$0.26
10	Outdoor space not provided on each floor or 1 floor of a split RHA	\$0.40
11	5-Foot Turning Circle Radius in Washroom	\$0.25
Total of Potential Funding Reductions to the CFS Per Diem from Design Variances		\$5.18

Note: Variances from applicable design requirements may only be permitted in respect of Renovations, whether within or outside existing building footprint. All variances from applicable design standards require ministry approval in writing except for variances specified in the 2015 Design Manual in respect of a portion of a Project that is classified as "Renovation (within existing building footprint)". Applications for variances and/or relief from applicable associated funding reductions shall be in accordance with any instructions provided by the ministry from time to time.

3.3 PLANNING GRANTS FOR NON-PROFIT HOMES

For Operators of non-profit homes only, upon entering into a Development Agreement with the ministry under this *Policy*, a one-time grant of \$250,000 is provided to assist in planning and organizing for development or redevelopment, subject to the terms and conditions set out in that Development Agreement. For the purposes of this grant, non-profit homes are LTC homes operated by a non-profit entity as defined in Regulation 79/10, s. 269. Regardless of whether a

project involves the consolidation of existing LTC homes, the transfer of licences or beds, and/or the construction of new LTC beds, all subject to applicable approvals, the planning grant is paid only once and only to the Eligible Operator who enters into a Development Agreement with the ministry. A Planning Grant under this section may be provided only where no grant of this type has previously been provided to the Operator in respect of the development or redevelopment of the home, or in respect of any other LTC home at the same location, as determined by the ministry. Where the Operator has received a grant of this type for another project, and has not complied with requirements under the applicable Development Agreement, the ministry may make it a condition of receiving the grant for the later project that the Operator comply first with the requirements of the earlier project's Development Agreement.

3.4 BASIC TRANSITION SUPPORT

The purpose of Basic Transition Support funding is to support Eligible Operators with the incidental, non-construction costs that are associated with relocating residents and equipment while redeveloping LTC beds.

Basic Transition Support funding is only available to operators who have redeveloped their LTC beds, pursuant to an executed Development Agreement with the ministry.

Basic Transition Support funding is not available for net new LTC beds that were not previously in operation but have been approved to be added to a redevelopment project, or that are being developed separately. Beds that have been in abeyance immediately prior to redevelopment are also not eligible for Basic Transition Support funding.

Eligible operators may receive \$300 in one-time Basic Transition Support funding for each LTC bed that is redeveloped to replace a LTC bed that was in operation immediately prior to redevelopment. This overall funding helps cover the costs for one (1) move over the course of a LTC redevelopment project. This funding is intended to support:

- Moving residents and their belongings and/or the home's equipment;
- Hiring a moving coordinator, extra staffing for the move, and/or professional movers; and
- Supplying transportation for the move, e.g., non-emergency patient transportation.

Operators do not have to apply separately for Basic Transition Support funding, which will be flowed after the First Resident Date has occurred and once the Confirmation of Admission of First Resident has been received by the ministry from the Operator. Operators must retain receipts and/or invoices for expenditures on eligible costs. The ministry may audit these records or require the operator to substantiate these expenditures, and may adjust the funding amounts accordingly and recover the funding where appropriate, under s. 243 of Regulation 79/10 or as otherwise provided for in applicable agreements and/or ministry financial policy.

3.5 OCCUPANCY REDUCTION PROTECTION

Eligible Operators that have a Development Agreement with the ministry under this *Policy* are eligible to apply for Occupancy Reduction Protection in respect of beds that are temporarily or permanently closed to facilitate construction carried out under the Development Agreement in accordance with and subject to the *Long-Term Care Homes Occupancy Reduction Protection Policy* published by the ministry from time to time, and/or such other policy or guidelines that the ministry may identify for this purpose.

4.0 MINISTRY APPROVAL PROCESS

4.1. TERMS AND CONDITIONS FOR THE PROVISION OF THE CONSTRUCTION FUNDING SUBSIDY

On approval to begin construction of their LTC development or redevelopment project, the ministry

will inform the Eligible Operator in writing of the total expected CFS Per Diem, based on the approved plans. The amount of the CFS Per Diem may be adjusted by the ministry after completion of the project to reflect any variation from those approved plans, e.g., a decrease from the committed designated basic accommodation ratio, or any other adjustment contemplated by this *Policy*, and any such adjustment may be applied by or on behalf of the ministry, or by or on behalf of an agency providing the funding on behalf of the ministry, retroactively to the time that the construction funding commenced or any time after that as the ministry determines.

The ministry shall not be obligated to provide, or cause the provision of, the CFS Per Diem in respect of a project, or a phase thereof where specifically permitted in the Development Agreement, unless the ministry is satisfied that all the following terms and conditions have been met:

- a) the project or, where applicable phase has been constructed in accordance with the applicable design requirements as specified in the Development Agreement, except as specifically permitted by the ministry in writing, and in accordance with the plans approved by the ministry;
- b) all terms and conditions set out in the Development Agreement have been complied with;
- c) all requirements and conditions set out in this *Policy* have been complied with;
- d) the Operator has entered into, or amended as required, a funding agreement with the ministry, or an agency providing the CFS Per Diem on behalf of the ministry, in respect of the Beds constructed under the Development Agreement;
- e) the necessary licence(s) or approval(s) to operate the Beds constructed under the Development Agreement has/have been obtained by the Operator, and is/are continuously maintained;
- f) a pre-occupancy review has been completed by the ministry and the Operator has received approval from the ministry to admit residents to the Beds constructed under the Development Agreement; and
- g) the first resident has been admitted to one of the Beds constructed by the Operator under the Development Agreement.

4.2 USE OF THE CONSTRUCTION FUNDING SUBSIDY PER DIEM

The CFS Per Diem shall first be used by the Operator to support the agreed scheduled repayment of any loans or other financing arrangements entered into by the Operator to pay for the construction of the Beds under the Development Agreement. If the Operator has fully paid any current amounts owing in respect of such repayments at a given time, the Operator may use the remaining amounts of CFS Per Diem that have been received up to that time for other purposes.

5.0 CONTIGENCIES THAT MAY AFFECT THE CONSTRUCTION FUNDING SUBSIDY

Where the home, or any of the Beds, in respect of which the CFS Per Diem is being paid is/are closed for any reason and not replaced, subject to all required approvals, with beds that meet the same standards, payment of the CFS Per Diem to the Operator shall cease, subject to any agreement to the contrary with the ministry, or other agency that is providing the CFS Per Diem on behalf of the ministry.

If Beds are transferred from one Operator to another with all required approvals and the new Operator assumes all obligations of the former Operator relating to the operation of the LTC home Beds constructed under the Development Agreement, or replacement beds, subject to all required approvals, that meet the same standards, as determined by the ministry, the new Operator shall be

entitled to the same CFS Per Diem as the prior Operator, subject to all applicable conditions and requirements.

A LTC home may be placed under receivership, subject to applicable law and agreements, where an Operator is unable to meet its financial obligations. Typically, the receiver in conjunction with a management firm experienced in operating a LTC home continues to operate the home in the name of the existing Operator, subject to approval under the *LTCHA*, until such time as a new Operator, also subject to approval under the *LTCHA*, assumes control of the home. Ministry funding support to the home, including the CFS Per Diem where applicable, continues during the receivership period, as long as the home continues to be operated in the name of the Operator and the applicable conditions of funding are satisfied to ensure continuity in the delivery of resident care programs and services.

If a new Operator cannot be found and the receiver seeks to dispose of the LTC home, or convert it to other uses, then subject to applicable law, residents may be relocated, e.g. to alternative care settings in accordance with their needs, and the LTC home may be closed. In this event, all funding to the home ceases, including the CFS Per Diem.

The above contingencies, and any others that arise, are subject to applicable law.

APPENDIX A — BASIC ACCOMMODATION RATIOS AND PER DIEM PREMIUMS

Basic Accommodation Ratio	Per Diem Adjustment
60%	\$3.50
59%	\$3.32
58%	\$3.15
57%	\$2.97
56%	\$2.80
55%	\$2.62
54%	\$2.45
53%	\$2.27
52%	\$2.10
51%	\$1.92
50%	\$1.75
49%	\$1.58
48%	\$1.40
47%	\$1.23
46%	\$1.05
45%	\$0.88
44%	\$0.70
43%	\$0.52
42%	\$0.35
41%	\$0.17
40%	\$0.00