

**Ontario Driving Development of New Long-Term Care Homes  
(Modernized Funding Model)  
Technical Briefing  
July 15, 2020  
Frequently Asked Questions & Answers**

**Q1: Why are these changes being proposed now?**

**Answer:**

Currently, more than 38,000 people are on the waitlist to access a long-term care space, and new long-term care home construction is not keeping pace. One reason is the current “one size fits all” funding model, which does not incentivise development or account for how regional differences impact land, construction and other development costs.

The COVID-19 outbreak has also raised additional concerns about the safety of residents in long-term care homes. Planning for and preventing future outbreaks in long-term care homes requires immediate action, including investments to add capacity where it’s needed most, and redeveloping older beds to modern standards.

Providing incentives for developers to modernize and improve long-term care homes ensures that the sector will be able to address the growing waitlist, build healthier and safer communities and end hallway health care.

**Q2: How does the existing funding model work?**

**Answer:**

The ministry currently supports the development of new and redevelopment of existing long-term care homes by providing a **Construction Funding Subsidy (CFS)**.

The CFS is a per bed per day (per diem) funding amount provided to eligible long-term care homes once they complete a long-term care infrastructure project. The baseline CFS is currently the same regardless of location or size of the community where the long-term care home will be built.

The ministry has consistently heard from long-term care stakeholders that this system has created barriers to varying degrees across Ontario, due to the increasing costs of land, construction and development charges.

**Q3: How will this new model work and improve upon the existing model?**

**Answer:**

The ministry will be making changes to the current Construction Funding Subsidy Policy by creating four new community categories, based on size and geographic location: large urban, urban, mid-size and rural.

In addition to increasing the existing CFS amount, it will be tailored to projects in these four categories, which will allow government to address the needs and barriers faced by different communities across the province.

Another key component of the Modernized Funding Model is a development grant, which will be payable to long-term care operators engaged in development and redevelopment projects, ranging from 10 to 17 percent of total project costs, depending on the geographic location. The development grant is expected to make a significant difference to the sector by incentivizing development and redevelopment of long-term care homes.

The Modernized Funding Model addresses concerns raised by stakeholders about the structure and sufficiency of funding and is supported by market research in November 2019 and formal stakeholder consultations in January 2020.

**Q4: How exactly will this new model encourage and improve upon development/redevelopment targets?**

**Answer:**

The changes will make it more attractive for operators to build new capacity and bring aging homes up to modern design standards across Ontario by increasing the amount of funding available to those building new and redeveloping older homes.

The development reimbursement payments will help small operators in rural communities navigate the high cost of development, while ensuring operators in larger urban centres can get assistance with the high costs of land.

The Modernized Funding Model addresses concerns raised by stakeholders about the structure and sufficiency of funding and is supported by market research in November 2019 and formal stakeholder consultations in January 2020.

**Q5: Which projects are eligible to receive the Modernized Funding Model?**

**Answer:**

The Modernized Funding Model will be applied to projects dating back to June 2018 and will include new projects that the ministry determines are eligible to receive this funding.

**Q6: Can you explain the other elements in the Modernized Funding Model?**

**Answer:**

Other funding model elements will include increased funding provided for basic accommodation of \$2.40 per bed, per day and continuing to provide top-ups for small and medium sized homes.

**Q7: Does this new model favour urban and large urban areas over rural areas?**

**Answer:**

No. The ministry, in partnership with Infrastructure Ontario, has designed the modernized funding model to support bed development across the province, recognizing that barriers are unique to each area of the province, and accounting for these geographical factors as appropriate.

**Q8: How does this model encourage the redevelopment of older homes to address COVID-19 concerns?**

**Answer:**

The impact of the COVID-19 pandemic on the long-term care sector in Ontario has reinforced the government's commitment to adding new capacity and redeveloping older beds to modern design standards. Delivering on this commitment will ensure that homes have adequate measures in place to prevent future outbreaks and to provide residents and staff a safe environment.

The redevelopment of older homes includes the elimination of ward beds, which have been identified to have higher rates of infection in LTC homes. Redevelopment has the potential to positively impact or improve the health of residents in LTC homes by eliminating these ward beds.

Providing incentives for developers to modernize and improve long-term care homes ensures that the sector will be able to address the growing waitlist, build healthier and safer communities and end hallway health care.

**Q9: Who was consulted on the Modernized Funding Model?**

**Answer:**

The ministry conducted market research in November 2019 and held a series of formal stakeholder consultation sessions in January 2020 with over 50 key stakeholders from the sector. Stakeholders included long-term care home operators (not-for-profit and for-profit, municipal), long-term care associations (The Ontario Long-Term Care Association and AdvantAge Ontario), the Association of Municipalities Ontario, lenders, builders and architects. The Modernized Funding Model was modeled to consider the feedback that was received through the consultation sessions.

**Q10: How will the Modernized Funding Model be funded?**

**Answer:**

Our government is committed to an historic investment of \$1.75B to create new long-term care beds and redevelop existing beds to modern design standards.

**Q11: How does this impact the ministry's stated commitment to develop 15,000 new LTC beds and redevelop 15,000 older beds?**

**Answer:**

Our government is committed to investing an historic \$1.75B to build new long-term care beds and redevelop existing beds to modern design standards.

Through our Modernized Funding Model, we will be providing incentives to develop and redevelop LTC beds across the province in both urban and rural areas will help get shovels in the ground faster to build beds where they are needed most.

We expect that several thousand beds will be online and in use by 2022.

**Q12: The ministry is reporting that 611 beds were built between 2011-2018. Where did this information come from?**

**Answer:**

This figure was taken from the Financial Accountability Offices' 2018-2019 Annual Report. The figure was calculated by taking the difference in the total number of beds in operation in 2018/19 and subtracting the number of beds in operation in 2011/12. The FAO report uses the fiscal year as the reporting period.