

Continuing Care Strategy



Living well in a place you can call home.

Nova Scotia Department of Health

**Long Term Care
Residential Care Facility**

**Financial Requirements Section 3.2.2, 4.2 and Appendix M
RFP 60137609**

DRAFT

July 27, 2009

2.4 Financing Requirements

The Proponent **must (M)** agree that it will finance the proposed facilities under the following conditions:

1. For all new construction, mortgage financing **must (M)** be either obtained from the Housing Development Corporation (HDC), or, in the case where the Proponent can obtain mortgage financing at a rate equal to or less than that offered by HDC, it will be guaranteed by HDC. Any financing or guarantee from HDC will be subject to all terms and conditions of HDC.
2. The mortgage **must (M)** be amortized over a period of 25 years.
3. HST **must (M)** be declared on your RFP submission.

Note: If non-DOH services (such as assisted living) are provided at the same site as the proposed residential care facility, these services **must (M)** be on a legally separate property and will not be financed by HDC.

2.5 Funding Arrangements

Annual funding for ongoing operations of the required facilities will be accomplished under three funding envelopes, *Protected*, *Unprotected*, and *Restricted*.

Costs falling into the **Protected** envelope will be fully funded by DOH at prescribed rates with unused available funding in any given year to be forfeited or, if advanced, recovered.

Facilities and Accommodation Services (FAS) costs fall into the **Unprotected** envelope and will be funded at agreed rates based upon the proposals submitted by the Proponent in response to Section 3.2.2.2 of this RFP.

Capital renewal costs fall into the **Restricted** envelope. A Capital Renewal Fund will be generated by the Province. The purpose of this fund is to ensure that funding will be available to replace Facility Components once the useful life of those components has been reached with the overall objective of maximizing the life of the facility. Periodic and infrequent replacement costs, not to be confused with ongoing regular maintenance costs, will be funded based on the formula that is defined in the Form of Contract in Appendix E, Article [TBD] and accessed through a DOH approval process.

There are two optional funding models from which Proponent's may choose. The following describes these options and their related funding components. In the event that a Proponent chooses a funding model and subsequently is unable to realize that model for reasons that DOH determines are beyond the Proponent's control, DOH reserves the right to negotiate funding arrangements with that Proponent based on the alternative funding model.

2.5.1 Care Model

2.5.1.1 Protected Envelope

- Care Envelope

Protected health care costs are defined as salaries, benefits, and operational costs related to the provision of resident care in the unit setting including nursing, RCWs and program supports i.e. dietician and recreation.

- **Raw Food Envelope (i.e. excluding preparation)**

Protected raw food costs are defined as all food items in the inventory for consumption by residents. This includes all the ingredients and food items necessary to create the food products on the menu, supplements¹, and any specialty products² required to meet the daily nutritional needs of the residents, i.e. meal day³.

2.5.1.2 Unprotected Envelope

- Accommodation-related costs
 - Food preparation and delivery
 - Off-unit dietary and housekeeping
 - Administration
 - Facility maintenance and upkeep
- Capital construction costs
 - Land acquisition
 - Design/build
 - Furnishings and equipment
- Financing costs

2.5.1.3 Restricted Envelope

As described in Section 2.5 above.

¹ Supplements are defined as enteral nutritional formulae, either homemade or purchased to meet a resident's assessed nutritional need, and calcium and vitamin D food enrichment.

² Specialty products are defined as particular products needed to support therapeutic diets, e.g. gluten-free, calorie reduced, low sodium, low fat.

³ Meal day is defined as 3 nutritious meals (as per recommendations of Canada's Food Guide) with at least 2 choices per meal plus beverages and two snacks. A snack should be at least a beverage and a food item such as a starch or fruit.

2.6 Financial Reporting Requirements

After the proposed facilities are in full operation, the following financial reports will be required on an annual basis within 4 months of the fiscal year end:

- Audited financial statements with Appendix 1 (Accountability Review Appendix) audited and attached. Individual audited facility statements are required for any group of homes with common ownership with Appendix 1 audited and attached to each. A review engagement is acceptable for Residential Care Facilities.
- A copy of the annual auditor's management letter
- Accountability Review Appendices
- Special purpose audit report - Protected Envelopes
- Annual business plan
- Audited financial statement for Capital Reserve Renewal

3.2 Facility Proposal

3.2.1 Proposed Facilities

3.2.2 Financial Proposal

3.2.2.1 Financial Plan

The template for submitting the financial plan for the proposed facility is available for download at http://www.gov.ns.ca/tenders/pt_files/general/LTCB_Facility_Financial_Plan_.xls.

- a) The Proponent **must (P/F)** complete and will be **rated (R)** on tabs B1, B2, B3, and B4 of the template. The first (Directions) tab provides instructions for completing the forms in the subsequent tabs. The last three tabs (RS1, 2 & 3) illustrate the financial reporting that will be required after the facility has been completed and need not be submitted with the proposal.
- b) If the proponent has had one or more external financial audits performed on their current or past operations, it must provide the most recent two reports resulting from those audits. For any Proponent that has not had a financial audit, provide a declaration to that effect in your response.

3.2.2.2 Facilities and Accommodation Services (FAS) Per Diem Proposal

In any case where more than one otherwise compliant (i.e. not considering this requirement) proposal is received, the Proponent **must (P/F)** propose a per diem rate, excluding any proposed revenue, not to exceed the maximum for the relevant community, facility type (RCF standalone) and funding model as specified in Appendix M.

- a) The Proponent **must (P/F)** complete and will be **rated (R)** on the following table which provides the breakdown of its proposed FAS per diem costs, any proposed revenue and the resulting proposed net FAS per diem.

Component	Note	Per Diem
• Unionized wages & benefits (unprotected)	1,4	\$0.00
• Non-unionized wages & benefits (unprotected)	2,4	\$0.00
• Operational costs (unprotected)	2,4	\$0.00
• Amortized Development Project Costs (mortgage)	3,4	\$0.00
• Financing costs (interim)	3,4	\$0.00
Total	5	\$0.00
Less: Proposed Revenue		\$0.00
Net Proposed Per Diem		\$0.00

Notes:

1. The proposal should be based on the collective agreement in effect as of March 31, 2009. Future years' per diems will be indexed to the extent of DOH-approved collective mandates.
 2. Proposed rates should be in current dollars. Future years' per diem rates will be subject to periodic adjustment of applicable costs based on the Nova Scotia Consumer Price Index.
 3. Proposed rates will be fixed for the duration of the agreements.
 4. Any expected return on investment should be included in the proposed costs.
 5. Not to exceed the maximum specified in Appendix M for the relevant community, facility type (RCF standalone) and funding model.
- b) Provide the details of the mortgage financing arrangements including:
- a. The name of the lending institution
 - b. The initial mortgage principal
 - c. The mortgage interest rate and term of the mortgage
 - d. If the interest rate for the 25-year term of the mortgage is not fixed, provide the conditions and terms of the mortgage.

4 Evaluation and Selection Process

4.2 Evaluation Scheme

4.2.3 Evaluation of Financial Proposals

General

Scoring of the financial per diem rate proposals for Unprotected facilities and accommodation services (FAS) costs is based on the following principles:

- DOH will not entertain FAS per diem rates exceeding a defined maximum. The maximum acceptable proposed FAS per diem rates are contained in Appendix N. Different maximums are defined by facility and staffing approach.

- FAS per diem rates reflecting achievable economies are encouraged and rewarded down to a minimum intended to prevent proposals for substandard facilities and accommodation services. The minimum has been set at 80% of the maximum.
- The scoring assigns up to 12 percentage points based on the degree to which the proposed FAS per diem plus expected revenues approach the 80% minimum.


Note: In any situation where only one submission is received for proposed beds, contract award will be subject to DOH review, possible negotiations and approval of the proposed per diem rates.

An Excel model that computes the score for any combination of maximum and proposed per diems and revenues according to the above formula is available for download from http://www.gov.ns.ca/tenders/pt_files/general/LTCB_FAS_per_diem_Score_Calculator_v2.xls.

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This is a sample version of the model for illustrative purposes only. Download the Excel version to experiment with various parameters to determine the effect on the resultant financial score.

http://www.gov.ns.ca/tenders/pt_files/general/LTCB_Facility_Financial_Plan.xls. Per Section 3.2.2.1

		<h2 style="margin: 0;">Capital Project - Budget Summary (S1)</h2> <h3 style="margin: 0;">Long Term Care Facilities - Proposals</h3>			
		<p style="margin: 0;">Project Name: _____</p> <p style="margin: 0;">Location: _____</p> <p style="margin: 0;">Service Provider: _____</p> <p style="margin: 0;">Development Agreement #: _____</p> <p style="margin: 0;">Date: _____</p>			
Development Agreement #		Beds =	0	Gross Sq Ft =	0
Category				Budget	Notes
1	Total Facility Budget w HST (S2 - Line 9)			0	
2	Land Purchase (S2 - Line A)			0	
4	Total Project Budget			\$0	
Facilities Ratios					
Facilities Cost/GSF				\$0	
Facilities Cost/Bed				\$0	
Facilities + Land Cost/GSF				\$0	
Facilities + Land Cost/Bed				\$0	
Category		Committed +	Forecast =	Budget	Notes
5	Start Up Budget (B4 - Line C)	0	0	0	



Capital Project - Facility Budget Submission (S2)

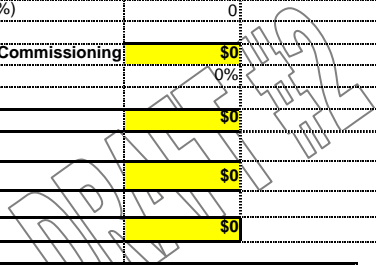
Long Term Care Facilities - Proposals

Project Name: _____
Location: _____
Service Provider: _____
Development Agreement #: _____
Date: _____

Beds = **0** Gross Sq Ft = **0**

Category	Account	Item	Budget	Notes
1 Pre-design	1.100	Functional Program	0	
	1.200	Consultants	0	
	1.300	Site Selection Process	0	
	1.400	Site Investigation/survey	0	
	1.500	Site Appraisal	0	
	1.600	Design Consultant Selection	0	
	1.700	Expenses	0	
	1.900	Contingency (0%)	0	
	Total Pre-design:			\$0
2 Design	2.100	Design Consultants (Prime)	0	
	2.200	Cost Consulting	0	
	2.300	Other Consulting	0	
	2.400	Site Inspection	0	
	2.700	Expenses	0	
	2.900	Contingency (0%)	0	
	Total Design:			\$0
3 Construction	3.100	Construction Contracts	0	
	3.200	Permits	0	
	3.300	Temporary Works	0	
	3.900	Contingency (0%)	0	
Total Construction:			\$0	0%
4 Project Management	4.100	Project Management fees	0	
	4.150	Project staff	0	
	4.200	Investigations/Studies	0	
	4.300	Materials Testing	0	
	4.400	Legal Advice	0	
	4.500	Accounting	0	
	4.600	Printing/Tendering	0	
	4.710	Meeting Expenses	0	
	4.720	Travel Expenses	0	
	4.730	Other Expenses	0	
4.900	Contingency (0%)	0		
Total Project Management:			\$0	0%

5	Furnishings & Equipment	5.100	Furn/Eq Consultants	0
		5.300	Bathing Systems	0
		5.350	Resident Lifts	0
		5.400	Kitchen Equipment	0
		5.500	Equipment	0
		5.600	Telephone Systems	0
		5.650	Information Technology	0
		5.700	Furnishings	0
		5.800	Draperies	0
		5.900	Contingency (0%)	0
			Total Furn & Equip	\$0
				0%
6	Commissioning	6.100	Consultants	0
		6.200	Materials/Equipment	0
		6.700	Expenses	0
		6.900	Contingency (0%)	0
			Total Commissioning	\$0
				0%
7	Total Facilities Budget before HST			\$0
8	H S T Burden (net)			\$0
9	Facility Budget (w HST)			\$0



Ratios (no land w HST)			
Construction Cost/Gsf			\$0
Construction Cost/Bed			\$0
Facility Cost/GSF			\$0
Facility Cost/Bed			\$0

A	Land Purchase	0.100	Land Purchase	\$0

Capital Project - Budgeted Cash Flow (S3)


Long Term Care Facilities - Proposals

Project Name: _____
Location: _____
Service Provider: _____
Development Agreement #: _____
Date: _____

Budget Category	Value	06/07				07/08				08/09				09/10				10/11				11/12			
		1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Pre-design	-																								
Site Purchase	-																								
Design	-																								
Construction	-																								
Project Management	-																								
Furnishings & Equipment	-																								
Commissioning	-																								
Approved Project Budget	\$0				\$0				\$0				\$0				\$0				\$0				\$0

Assumptions: Please state all assumptions affecting project cash flow, including milestone dates. This **must include** the Anticipated Date of Land purchase and date of substantial performance (accepting building from contractors) which are key to mortgage opening and closing.

- Directions:**
1. Infill column C with the budget figures.
 2. Shade the Quarter boxes for each quarter where activity will take place by Budget Category
 3. Actual values per category and quarter would be inserted on a support sheet to generate the total per year.



NOVA SCOTIA
Department of Health

Capital Project - Start Up Budget (S4)

Long Term Care Facilities - Replacement Facilities

Project Name: _____

Location: _____

Service Provider: _____

Development Agreement #: _____

Date: _____

		Beds =	0	Gross Sq Ft =	0		
Category	Account	Item	Committed +	Forecast =	Budget	Notes	
A Start-up	7.010	Cleaning			0		
	7.150	Supplies			0		
	7.200	Security			0		
	7.250	Interim Insurance			0		
	7.030	Moving			0		
	7.035	Opening Ceremonies			0		
	7.040	Connections of Services			0		
	7.050	Connections of Equipment			0		
	7.060	Equipment Inservice			0		
	7.650	Staff Orientation Overtime			0		
	7.070	Orientation\training			0		
	7.900	Contingency (x%)			0		
Total Startup			0	0	\$0		

Facilities and Accommodation Maximum Allowable Per Diem Rates

APPENDIX M

FINAL - RFP 60137609

DHA	Community	RCF Beds	Facility Total	Per Diem ^a
Stand Alone Facilities				
1	Chester/New Ross	22	22	\$107.25
5	Western Part of South Cumberland-Parrsboro	22	22	\$106.25
	Total:	44	44	

^aThese per diems are the total funding for the unprotected envelope.
DOH funds the balance after resident contributions.