WATERLOO WELLINGTON
LOCAL HEALTH INTEGRATION NETWORK

(the “LHIN”)

and

North Wellington Health Care
(the “Hospital”)

Hospital Service Accountability Agreement for 2018 - 2020

TABLE OF CONTENTS

ARTICLE 1. DEFINITIONS AND INTERPRETATION 3
ARTICLE 2. APPLICATION AND TERM OF AGREEMENT 7
ARTICLE 3. OBLIGATIONS OF THE PARTIES 8
ARTICLE 4. FUNDING 9
ARTICLE 5. REPAYMENT AND RECOVERY OF FUNDING 11
ARTICLE 6. HOSPITAL SERVICES 13
ARTICLE 7. PLANNING AND INTEGRATION 13
ARTICLE 8. REPORTING 16
ARTICLE 9. PERFORMANCE MANAGEMENT, IMPROVEMENT AND REMEDIATION 18
ARTICLE 10. REPRESENTATIONS, WARRANTIES AND COVENANTS 19
ARTICLE 11. ISSUE RESOLUTION 20
ARTICLE 12. INSURANCE AND INDEMNITY 21
ARTICLE 13. REMEDIES FOR NON-COMPLIANCE 23
ARTICLE 14. NOTICE 24
ARTICLE 15. ACKNOWLEDGEMENT OF LHIN SUPPORT 24
ARTICLE 16. ADDITIONAL PROVISIONS 25

SCHEDULES

Schedule A: Funding Allocation
Schedule B: Reporting Requirement
Schedule C: Indicators and Volumes
Schedule C.1: Performance Indicators
Schedule C.2: Service Volumes
Schedule C.3: LHIN Indicators and Volumes
Schedule C.4: PCOP Targeted Funding & Volumes

BACKGROUND

This service accountability agreement, entered into pursuant to the *Local Health System Integration Act, 2006* ("LHSIA"), reflects and supports the commitment of the LHIN and the Hospital to, separately, jointly, and in cooperation with other stakeholders, work diligently and collaboratively toward the achievement of the purpose of LHSIA, namely "to provide for an integrated health system to improve the health of Ontarians through better access to high quality health services, co-ordinated health care in local health systems and across the province and effective and efficient management of the health system at the local level by local health integration networks".

The Hospital and the LHIN, being committed to a health care system as envisioned by LHSIA and the Patient's First: Action Plan for Health Care ("Patients First"), intend to cooperate to advance the purpose and objects of LHSIA and the further development of a patient-centered, integrated, accountable, transparent, and evidence-based health system contemplated by LHSIA and Patients First. They will do so by such actions as: supporting the development and implementation of sub-regions and Health Links to facilitate regional integrated health care service delivery; breaking down silos that inhibit the seamless transition of patients within the health care system; striving for the highest quality and continuous improvement in the delivery of health services and in all aspects of the health system, including by identifying and addressing the root causes of health inequities, and by improving access to primary care, mental health and addiction services and wait times for specialists; and otherwise striving for the highest quality and continuous improvement in the delivery of health services and in all aspects of the health system.

The Hospital and the LHIN are committed to working together, and with others, to achieve evolving provincial priorities described: in mandate letters from the Minister of Health and Long-Term Care to the LHIN, from time to time; in the provincial strategic plan for the health system; and, in the LHIN's Integrated Health Services Plan.

In this context, the Hospital and the LHIN agree that the LHIN will provide funding to the Hospital on the terms and conditions set out in this Agreement to enable the provision of services to the local health system by the Hospital.

In consideration of their respective agreements set out below, the LHIN and the Hospital covenant and agree as follows:

Article 1. DEFINITIONS AND INTERPRETATION

1.1 **Definitions**. The following definitions are applicable to terms used in this Agreement:

Accountability Agreement means the accountability agreement, as that term is defined in LHSIA, in place between the LHIN and the MOHLTC during a Funding Year, currently referred to as the "Ministry-LHIN Accountability Agreement";

Agreement means this agreement and includes the Schedules, as amended from time to time;

Annual Balanced Operating Budget means that in each Funding Year of the term of this Agreement, the total expenses of the Hospital are less than or equal to the total revenue, from all sources, of the Hospital when using the consolidated corporate income statements (all fund types and sector codes). Total Hospital revenues exclude interdepartmental recoveries and

facility-related deferred revenues, while total Hospital expenses exclude interdepartmental expenses, facility-related amortization expenses and facility-related interest on long-term liabilities;

Applicable Law means all federal, provincial or municipal laws, regulations, common law, any orders, rules, or by-laws that are applicable to the parties, the Hospital Services, this Agreement and the parties' obligations under this Agreement during the term of this Agreement;

Applicable Policy means any rules, policies, directives, or standards of practice issued or adopted by the MOHLTC or other ministries or agencies of the Province of Ontario that are applicable to the Hospital, the Hospital Services, this Agreement and the parties' obligations under this Agreement during the term of this Agreement and that are available to the Hospital on a website of a ministry or agency of the Province of Ontario or that the Hospital has received from the LHIN, the MOHLTC, an agency of the Province or otherwise (For certainty, Applicable Policy does not include any rules, policies, directives, or standards of practice issued or adopted unilaterally by one or more Local Health Integration Network.);

Board means board of directors;

CEO means chief executive officer;

Chair means the chair of the Board;

Confidential Information means information disclosed or made available by one party to the other that is marked or otherwise identified as confidential by the disclosing party at the time of disclosure and all other information that would be understood by the parties, exercising reasonable judgment, to be confidential. Confidential Information does not include information that: (i) is or becomes available in the public domain through no act of the receiving party; (ii) is received by the receiving party from another person who has no obligation of confidence to the disclosing party; or (iii) was developed independently by the receiving party without any reliance on the disclosing party's Confidential Information;

Days means calendar days;

Digital Health means the coordinated use of digital technologies to electronically integrate points of care and transform the way care is delivered, in order to improve the quality, access, productivity and sustainability of the healthcare system. Key application areas of Digital Health in Ontario include, but are not limited to:

- Electronic health information systems (e.g., electronic medical records, hospital information systems, electronic referral and scheduling systems, digital imaging and archiving systems, chronic disease management systems, laboratory information systems, drug information and ePrescribing systems)
- Electronic health information access systems (e.g., provider portals, consumer Digital Health)
- Underlying enabling systems (e.g., client/provider/user registries, health information access layer)
- Remote healthcare delivery systems (e.g., telemedicine services)

***Digital Health Board* (*DHB*)** is a board that provides advice to the MOHLTC on the development and implementation of the Digital Health Action Plan (as defined in the Accountability Agreement). DHB is chaired by the Deputy Minister of Health and Long-Term Care, and membership includes the LHIN Chief Executive Officers.

Effective Date means April 1, 2018;

Explanatory Indicator means a measure of the Hospital's performance for which no Performance Target is set. Technical specifications of specific Explanatory Indicators can be found in the HSAA Indicator Technical Specifications;

Factors Beyond the Hospital's Control include occurrences that are, in whole or in part, caused by persons or entities or events beyond the Hospital's control. Examples may include, but are not limited to, the following:

(a) significant costs associated with complying with new or amended Government of Ontario technical standards or guidelines, Applicable Law or Applicable Policy;

(b) the availability of health care in the community (long-term care, home care, and primary care);

(c) the availability of health human resources;

(d) arbitration decisions that affect Hospital employee compensation packages, including wage, benefit and pension compensation, which exceed reasonable Hospital planned compensation settlement increases and in certain cases non-monetary arbitration awards that significantly impact upon Hospital operational flexibility; and

(e) catastrophic events, such as natural disasters and infectious disease outbreaks;

FIPPA means the *Freedom of Information and Protection of Privacy Act*, Ontario and the regulations made under it, as it and they may be amended from time to time;

Funding Year means, in the case of the first Funding Year, the period commencing on the Effective Date and ending on the following March 31, and in the case of Funding Years subsequent to the first Funding Year, the period of 12 consecutive months beginning on April 1 following the end of the previous Funding Year and ending on the following March 31;

Funding means the funding provided by the LHIN to the Hospital in each Funding Year under this Agreement;

GAAP means generally accepted accounting principles;

Health System Funding Reform has the meaning ascribed to it in the Accountability Agreement, and is a funding strategy that features quality-based funding to facilitate fiscal sustainability through high quality, evidence-based and patient-centred care;

Hospital's Personnel and Volunteers means the directors, officers, employees, agents, volunteers and other representatives of the Hospital. In addition to the foregoing, Hospital's Personnel and Volunteers include the contractors and subcontractors and their respective shareholders, directors, officers, employees, agents, volunteers or other representatives;

Hospital Services means the clinical services provided by the Hospital and the operational activities that support those clinical services, that are funded in whole or in part by the LHIN, and includes the type, volume, frequency and availability of Hospital Services;

HSAA Indicator Technical Specifications means the document entitled "HSAA Indicator Technical Specifications" as it may be amended or replaced from time to time;

Indemnified Parties means the LHIN and its officers, employees, directors, independent contractors, subcontractors, agents, successors and assigns and her Majesty the Queen in Right of Ontario and her Ministers, appointees and employees, independent contractors, subcontractors, agents and assigns. Indemnified Parties also includes any person participating in a Review conducted under this Agreement, by or on behalf of the LHIN;

Improvement Plan means a plan that the Hospital may be required to develop under Article 9 of this Agreement;

Interest Income means interest earned on Funding that has been provided subject to recovery;

LHSIA means the *Local Health System Integration Act, 2006* and the regulations made under it, as it and they may be amended from time to time;

Mandate Letter has the meaning ascribed to it in the Memorandum of Understanding and means a letter from the MOHLTC to the LHIN establishing priorities in accordance with the Premier of Ontario's mandate letter to the MOHLTC.

Memorandum of Understanding means the memorandum of understanding between the LHIN and the MOHLTC in effect from time to time in accordance with the Management Board of Cabinet "Agencies and Appointments Directive".

MOHLTC means the Minister or the Ministry of Health and Long-Term Care, as the context requires;

Notice means any notice or other communication required to be provided pursuant to this Agreement or LHSIA;

Performance Corridor means the acceptable range of results around a Performance Target;

Performance Factor means any matter that could or will significantly affect a party's ability to fulfill its obligations under this Agreement;

Performance Indicator means a measure of Hospital performance for which a Performance Target is set;

Performance Standard means the acceptable range of performance for a Performance Indicator or Service Volume that results when a Performance Corridor is applied to a Performance Target (as described in the Schedules and the HSAA Indicator Technical Specifications);

Performance Target means the planned level of performance expected of the Hospital in respect of Performance Indicators or Service Volumes;

person or entity includes any individual and any corporation, partnership, firm, joint venture or other single or collective form of organization under which business may be conducted;

Planning Submission means the Hospital Board-approved planning document submitted by the Hospital to the LHIN. The form, content and scheduling of the Planning Submission will be identified by the LHIN;

Post-Construction Operating Plan (PCOP) Funding and ***PCOP Funding*** means any annualized operating funding provided under this Agreement, whether by a funding letter or other amendment, to support service expansions and other costs occurring in conjunction with completion of an approved capital project, as may be set out in ***Schedule A*** and further detailed in ***Schedule C.4***;

Program Parameter means, in respect of a program, any one or more of the provincial standards (such as operational, financial or service standards and policies, operating manuals and program eligibility), directives, guidelines and expectations and requirements for that program that are established or required by the MOHLTC; and that the Hospital has been made aware of or ought reasonably to have been aware of; and that are available to the Hospital on a website of a ministry or agency of the Province of Ontario or that the Hospital has received from the LHIN, the MOHLTC, an agency of the Province or otherwise;

Reports means the reports described in ***Schedule B*** as well as any other reports or information required to be provided under LHSIA or this Agreement;

Review means a financial or operational audit, investigation, inspection or other form of review requested or required by the LHIN under the terms of LHSIA or this Agreement, but does not include the annual audit of the Hospital's financial statements;

Schedule means any one of, and ***"Schedules"*** mean any two or more, as the context requires, of the Schedules appended to this Agreement, including the following:

Schedule A:	Funding Allocation
Schedule B:	Reporting Requirements
Schedule C:	Indicators and Volumes
Schedule C.1:	Performance Indicators
Schedule C.2:	Service Volumes
Schedule C.3:	LHIN Indicators and Volumes
Schedule C.4:	PCOP Targeted Funding & Volumes

Service Volume means a measure of Hospital Services for which a Performance Target has been set.

2008-18 H-SAA means the Hospital Service Accountability Agreement for 2008-10 as amended and extended to March 31, 2018.

1.2 **Interpretation**. Words in the singular include the plural and vice-versa. Words in one gender include all genders. The words “including” and “includes” are not intended to be limiting and mean “including without limitation” or “includes without limitation”, as the case may. The headings do not form part of this Agreement. They are for convenience of reference only and do not affect the interpretation of this Agreement. Terms used in the Schedules have the meanings set out in this Agreement unless separately and specifically defined in a Schedule in which case the definition in the Schedule governs for the purposes of that Schedule.

1.3 **HSAA Indicator Technical Specification**. This Agreement will be interpreted with reference to the HSAA Indicator Technical Specifications.

1.4 **Denominational Hospitals**. For the purpose of interpreting this Agreement, nothing in this Agreement is intended to, and this Agreement will not be interpreted to, unjustifiably, as determined under section 1 of the *Canadian Charter of Rights and Freedoms*, require a Hospital with a denominational mission to provide a service or to perform a service in a manner that is contrary to the denominational mission of the Hospital.

Article 2. APPLICATION AND TERM OF AGREEMENT

2.1 **A Service Accountability Agreement**. This Agreement is a service accountability agreement for the purposes of section 20(1) of LHSIA.

2.2 **Term**. The term of this Agreement will commence on the Effective Date and will expire on March 31, 2020, unless extended pursuant to its terms.

Article 3. OBLIGATIONS OF THE PARTIES

3.1 **The LHIN**. The LHIN will fulfill its obligations under this Agreement in accordance with the terms of this Agreement, Applicable Law and Applicable Policy.

3.2 **The Hospital**.

3.2.1 The Hospital will provide the Hospital Services and otherwise fulfill its obligations under this Agreement in accordance with the terms of this Agreement, Applicable Law, Applicable Policy and Program Parameters. Without limiting the foregoing, the Hospital acknowledges:

(a) that all Funding will be provided in accordance with the requirements of LHSIA, including the terms and conditions of the Accountability Agreement;

(b) that it is prohibited from using Funding for compensation increases prohibited by Applicable Law;

(c) its obligation to follow the Broader Public Sector Procurement Directive issued by the Management Board of Cabinet as the same may be replaced or amended from time to time; and

(d) its obligation to post a copy of this Agreement in a conspicuous public place at its sites of operations to which this Agreement applies, and on its public website if the Hospital operates a public website.

3.2.2 When providing the Hospital Services, the Hospital will meet all of the Performance Standards and other terms and conditions applicable to the Hospital Services that have been mutually agreed to by the parties.

3.2.3 The LHIN will receive a Mandate Letter from the MOHLTC annually. Each Mandate Letter articulates areas of focus for the LHIN, and the MOHLTC's expectation that the LHIN and the health service providers it funds will collaborate to advance these areas of focus. To assist the Hospital in its collaborative efforts with the LHIN, the LHIN will share each relevant Mandate Letter with the Hospital.

3.3 **Subcontracting for the Provision of Hospital Services**.

3.3.1 Subject to the provisions of LHSIA, the Hospital may subcontract the provision of some or all of the Hospital Services. For the purposes of this Agreement, actions taken or not taken by the subcontractor and Hospital Services provided by the subcontractor will be deemed actions taken or not taken by the Hospital and Hospital Services provided by the Hospital.

3.3.2 The terms of any subcontract entered into by the Hospital will:

(a) enable the Hospital to meet its obligations under this Agreement; and

(b) not limit or restrict the ability of the LHIN to conduct any audit or Review of the Hospital necessary to enable the LHIN to confirm that the Hospital has complied with the terms of this Agreement.

3.4 **Conflict of Interest**. The Hospital has adopted (or will adopt, within 60 Days of the Effective Date) and will maintain, in writing, for the term of this Agreement, a conflict of interest policy that includes requirements for disclosure and effective management of perceived, actual and potential conflict of interest and a code of conduct, for directors, officers, employees, professional staff members and volunteers. The Hospital will provide the LHIN with a copy of its conflict of interest policy upon request at any time and from time to time.

3.5 **French Language Services**. The Hospital shall comply with the requirements and obligations set out in the "Guide to Requirements and Obligations Pertaining to French Language Health Services". This obligation does not limit or otherwise prevent the LHIN and the Hospital from negotiating specific local obligations relating to French language services, that do not conflict with the guide.

3.6 **Designated Psychiatric Facilities**. If the Hospital is designated as a psychiatric facility under the *Mental Health Act,* it will provide the essential mental health services in accordance with the specific designation for each designated site of the Hospital, and discuss any material changes to the service delivery models or service levels with the MOHLTC.

3.7 **Digital Health.** The Hospital shall make best efforts to:

(a) assist the LHIN to prepare its annual LHIN Digital Health plan that aligns with provincial Digital Health priorities;

(b) assist the LHIN to implement the LHIN Digital Health plan and include, in its annual Planning Submission, its plans for achieving the agreed upon Digital Health initiatives;

(c) track the Hospital's Digital Health performance against the LHIN Digital Health plan; and

(d) comply with any clinical, technical, and information management standards, including those related to data, architecture, technology, privacy and security, set for the Hospital by the MOHLTC within the timeframes set by the MOHLTC.

Despite Article 9 of this Agreement, to the extent that the Hospital is unable to comply, or anticipates it will be unable to comply with the foregoing without adversely impacting its ability to perform its other obligations under this Agreement, the Hospital, in consultation with the LHIN, will refer the matter to the Digital Health Board and its subcommittees, including the Hospital Information System Renewal Advisory Panel, for resolution.

Article 4. FUNDING

4.1 **Annual Funding**. Subject to the terms of this Agreement, the LHIN:

4.1.1 will provide the Funding identified in ***Schedule A*** to the Hospital for the purpose of providing or ensuring the provision of the Hospital Services; and

4.1.2 will deposit the Funding in equal installments, twice monthly, over the term of this Agreement, into an account designated by the Hospital provided that the account resides at a Canadian financial institution and is in the name of the Hospital.

4.2 **Funding Limited**. The LHIN is not responsible for any commitment or expenditure by the Hospital in excess of the Funding that the Hospital makes in order to meet its commitments under this Agreement, nor does this Agreement commit the LHIN to provide additional funds during or beyond the term of this Agreement.

4.3 **Limitation on Payment of Funding**. Despite section 4.1, the LHIN will not provide any Funding to the Hospital in respect of a Funding Year until the agreement for that Funding Year has been duly signed on behalf of the Hospital, whether by amendment to this Agreement or otherwise. Despite the foregoing, if:

4.3.1 the Hospital is unable to obtain necessary approval of its Board prior to the beginning of a Funding Year; and

4.3.2 the Hospital notifies the LHIN:

(a) that it requires this Agreement to be extended to enable the Hospital to obtain the necessary approval of its Board; and,

(b) of the date by which the Hospital Board's approval will be obtained,

then, with the written approval of the LHIN, this Agreement and Funding for the then-current Funding Year will continue into the following Funding Year for a period of time specified by the LHIN.

4.4 **Rebates, Credits, Refunds and Interest Income**. The Hospital will incorporate all rebates, credits, refunds and Interest Income that it receives from the use of the Funding into its budget, in accordance with GAAP. The Hospital will use reasonable estimates of anticipated rebates, credits and refunds in its budgeting process. The Hospital will use any rebates, credits, refunds and Interest Income that it receives from the use of the Funding to provide Hospital Services unless otherwise agreed to by the LHIN.

4.5 **Conditions on Funding**.

4.5.1 The Hospital will:

(a) use the Funding only for the purpose of providing the Hospital Services in accordance with the terms of this Agreement and any amendments to this Agreement, whether by funding letter or otherwise;

(b) not use in-year Funding for major building renovations or construction, or for direct expenses relating to research projects; and,

(c) plan for and maintain an Annual Balanced Operating Budget.

A. **Facilitating an Annual Balanced Operating Budget**. The parties will work together to identify budgetary flexibility and manage in-year risks and pressures to facilitate the achievement of an Annual Balanced Operating Budget for the Hospital.

B. **Waiver**. Upon written request of the Hospital, the LHIN may, in its discretion, waive the obligation to achieve an Annual Balanced Operating Budget on such terms and conditions as the LHIN may deem appropriate. Where such a waiver is granted, it and the conditions attached to it will form part of this Agreement.

4.5.2 All Funding is subject to all Applicable Law and Applicable Policy, including Health System Funding Reform, as it may evolve or be replaced over the term of this Agreement.

4.6 **PCOP**. The Hospital acknowledges and agrees that, despite any other provision of this Agreement, unless expressly agreed otherwise in writing, all PCOP Funding is subject to all of the terms and conditions of the funding letter or letters pursuant to which it was initially provided and all of the terms and conditions of this Agreement. For certainty, those funding letters are attached as ***Schedule C.4***.

4.7 **Estimated Funding Allocations**.

4.7.1 The Hospital's receipt of any "Estimated Funding Allocation" in ***Schedule A*** is subject to section 4.8 below and subsequent written confirmation from the LHIN.

4.7.2 In the event the Funding confirmed by the LHIN is less than the Estimated Funding Allocation, the LHIN will have no obligation to adjust any related performance requirements unless and until the Hospital demonstrates to the LHIN's satisfaction that the Hospital is unable to achieve the expected performance requirements with the confirmed Funding. In such circumstances the gap between the Estimated Funding and the confirmed Funding will be deemed to be material.

4.7.3 In the event of a material gap in Funding, the LHIN and the Hospital will adjust the related performance requirements.

4.8 **Appropriation**. Funding under this Agreement is conditional upon an appropriation of moneys by the Legislature of Ontario to the MOHLTC and funding of the LHIN by the MOHLTC pursuant to LHSIA. If the LHIN does not receive its anticipated funding, the LHIN will not be obligated to make the payments required by this Agreement.

4.9 **Funding Increases**. Before the LHIN can make an allocation of additional funds to the Hospital, the parties will: (1) agree on the amount of the increase; (2) agree on any terms and conditions that will apply to the increase; and (3) execute an amendment to this Agreement that reflects the agreement reached.

Article 5. REPAYMENT AND RECOVERY OF FUNDING

5.1 **Funding Recovery**. Recovery of Funding may occur for the following reasons:

5.1.1 the LHIN makes an overpayment to the Hospital that results in the Hospital receiving more Funding than specified in this Agreement and any funding letters;

5.1.2 a financial reduction under section 13.1 is assessed;

5.1.3 as a result of a system planning process under section 7.2.7;

5.1.4 as a result of an integration decision made under LHSIA by the LHIN; or

5.1.5 to temporarily reallocate Funding to cover incremental costs of another provider where the Hospital has reduced Hospital Services outside of the applicable Performance Corridor without agreement of the LHIN and the services are provided by another provider; and

5.1.6 with respect only to Funding that has been provided expressly subject to recovery,

(a) contractual conditions for recovery of such Funding are met; and

(b) if in the Hospital's reasonable opinion or in the LHIN's reasonable opinion after consulting with the Hospital, the Hospital will not be able to use the Funding in accordance with the terms and conditions on which it was provided.

5.2 **Process for Recovery of Funding Generally**.

5.2.1 Generally, if the LHIN, acting reasonably, determines that a recovery of Funding under section 5.1 is appropriate, then the LHIN will give 30 Days' Notice to the Hospital.

5.2.2 The Notice will describe:

(a) the amount of the proposed recovery;

(b) the term of the recovery, if not permanent;

(c) the proposed timing of the recovery;

(d) the reasons for the recovery; and

(e) the amendments, if any, that the LHIN proposes be made to the Hospital's obligations under this Agreement.

5.2.3 Where a Hospital disputes any matter set out in the Notice, the parties will discuss the circumstances that resulted in the Notice and the Hospital may make representations to the LHIN about the matters set out in the Notice within 14 Days of receiving the Notice.

5.2.4 The LHIN will consider the representations made by the Hospital and will advise the Hospital of its decision. Funding recoveries, if any, will occur in accordance with the timing set out in the LHIN's decision. No recovery of Funding will be implemented earlier than 30 Days after the delivery of the Notice.

5.3 **Process for Recovery of Funding as a Result of System Planning or Integration**. If Hospital Services are reduced as a result of a system planning process under section 7.2.7 or an integration decision made under LHSIA, the LHIN may recover Funding as agreed in the process in section 7.2.7 or as set out in the decision, and the process set out in section 5.2 will apply.

5.4 **Full Consideration**. In making a determination under section 5.2, the LHIN will act reasonably and will consider the impact, if any, that a recovery of Funding will have on the Hospital's ability to meet its obligations under this Agreement.

5.5 **Consideration of Weighted Cases**. Where a settlement and recovery is primarily based on volumes of cases performed by the Hospital, the LHIN may consider the Hospital's actual total weighted cases.

5.6 **Hospital's Retention of Operating Surplus**. In accordance with the MOHLTC's 1982 (revised 1999) Business Oriented New Development Policy (BOND), the Hospital will retain any net income or operating surplus of income over expenses earned in a Funding Year, subject to any in-year or year-end adjustments to Funding in accordance with Article 5. Any net income or operating surplus retained by the Hospital under the BOND policy must be used in accordance with the BOND policy. If using operating surplus to start or expand the provision of clinical services, the Hospital will comply with section 7.2.1.

5.7 **LHIN Discretion Regarding Case Load Volumes**. The LHIN may consider, where appropriate, accepting case load volumes that are less than a Service Volume or Performance Standard, and the LHIN may decide not to settle and recover from the Hospital if such variations in volumes are: (1) only a small percentage of volumes; or (2) due to a fluctuation in demand for the services.

5.8 **Settlement and Recovery of Funding for Prior Years**.

5.8.1 The Hospital acknowledges that settlement and recovery of Funding can occur up to seven years after the provision of Funding.

5.8.2 The Hospital agrees that if the parties are directed in writing to do so by the MOHLTC, the LHIN will settle and recover funding provided by the MOHLTC to the Hospital prior to the transition of the funding for the services or program to the LHIN, provided that such settlement and recovery occurs within seven years of the provision of the funding by the MOHLTC. All such settlements and recoveries will be subject to the terms applicable to the original provision of funding.

5.9 **Debt Due**.

5.9.1 If the LHIN requires the re-payment by the Hospital of any Funding in accordance with this Agreement, the amount required will be deemed to be a debt owing to the Crown by the Hospital. The LHIN may adjust future Funding instalments to recover the amounts owed or may, at its discretion, direct the Hospital to pay the amount owing to the Crown. The Hospital will comply with any such direction.

5.9.2 All amounts owing to the Crown will be paid by cheque payable to the "Ontario Minister of Finance" and mailed to the LHIN at the address provided in section 14.1.

5.9.3 The LHIN may charge the Hospital interest on any amount owing by the Hospital at the then current interest rate charged by the Province of Ontario on accounts receivable.

Article 6. HOSPITAL SERVICES

6.1 **Hospital Services**. The Hospital will:

6.1.1 achieve the Performance Standards described in the Schedules and the HSAA Indicator Technical Specifications;

6.1.2 not reduce, stop, start, expand, cease to provide or transfer the provision of Hospital Services to another hospital or to another site of the Hospital if such action would result in the Hospital being unable to achieve the Performance Standards described in the Schedules and the HSAA Indicator Technical Specifications; and

6.1.3 not restrict or refuse the provision of Hospital Services that are funded by the LHIN to an individual, directly or indirectly, based on the geographic area in which the person resides in Ontario, and will establish a policy prohibiting any health care professional providing services at the Hospital, including physicians, from doing the same.

Article 7. PLANNING AND INTEGRATION

7.1 **Planning for Future Years**.

7.1.1 **Multi-Year Planning**. The Planning Submission will be submitted to the LHIN at the time and in the format required by the LHIN and may require the Hospital to incorporate:

(a) prudent multi-year financial forecasts;

(b) plans for the achievement of Performance Targets; and

(c) realistic risk management strategies in respect of (a) and (b).

The Hospital's Planning Submission will be aligned with the LHIN's current integrated health service plan, as defined in LHSIA, and will reflect local LHIN priorities and initiatives. If the LHIN has provided multi-year planning targets for the Hospital, the Planning Submissions will reflect the planning targets.

7.1.2 **Multi-Year Planning Targets**. ***Schedule A*** may reflect an allocation for the first Funding Year of this Agreement as well as planning targets for up to two additional years, consistent with the term of this Agreement. In such an event:

(a) the Hospital acknowledges that if it is provided with planning targets, these targets are:

A. targets only;
B. provided solely for the purposes of planning;
C. subject to confirmation; and
D. may be changed at the discretion of the LHIN in consultation with the Hospital. The Hospital will proactively manage the risks associated with multi-year planning and the potential changes to the planning targets; and

(b) the LHIN agrees that it will communicate any material changes to the planning targets as soon as reasonably possible.

7.2 **System Planning**.

"Pre-proposal" means a notice from the Hospital to the LHIN that informs the LHIN of a potential integration for the health system in sufficient detail to enable the LHIN to assess how the integration would impact the Hospital Services, Funding and the local health system, including access to, and quality and cost of, services.

The parties acknowledge that sections 8.7, 8.8 and 8.9 may apply to a confidential pre-proposal.

7.2.1 **General**. As required by LHSIA, the parties will separately and in conjunction with each other identify opportunities to integrate the services of the local health system to provide appropriate, co-ordinated, effective and efficient services. The Hospital acknowledges the importance of advance notice for system planning purposes. If the Hospital is planning to significantly reduce, stop, start, expand or cease to provide clinical services and operational activities that support those clinical services or to transfer any such services to another site of the Hospital, whether within or outside of the geographic area of the LHIN, and such action does not result in the Hospital being unable to achieve the Performance Standards described in the Schedules and the HSAA Indicator Technical Specification, then the Hospital will inform the LHIN of such change with a view to providing the LHIN with time to mitigate adverse impacts.

7.2.2 **Pre-proposal**. The Hospital may inform the LHIN, by means of a pre-proposal, of integration opportunities in the local health system. The Hospital will inform the LHIN by means of a pre-proposal if the Hospital is considering an integration of its services with those of another person or entity.

7.2.3 **Further Consideration of Pre-proposal**. Following the LHIN's review and evaluation of the pre-proposal and subject to section 7.2.5, the LHIN may invite the Hospital to submit a detailed proposal and business case for further analysis. The LHIN will provide the Hospital with guidelines for the development of a detailed proposal and business case.

7.2.4 **LHIN Evaluation of the Pre-proposal not Consent**. A pre-proposal will not constitute a notice of an integration under section 27 of LHSIA. The LHIN's assent to develop the concept outlined in a pre-proposal does not: (a) constitute the LHIN's approval to proceed with an integration; (b) presume the LHIN will not issue a decision ordering the Hospital not to proceed with the integration under section 27 of LHSIA; or (c) preclude the LHIN from exercising its powers under section 25 or section 26 of LHSIA.

7.2.5 **Act Prevails**. Nothing in this section prevents the Hospital from providing the LHIN with notice of integration at any time in accordance with section 27 of LHSIA.

7.2.6 **Definitions**. In this Article 7.0 the terms "integrate", "integration" and "services" have the same meanings as are attributed to them in LHSIA, including sections 2(1) and 23, of LHSIA and those meanings may be amended from time to time.

7.2.7 **Process for System Planning**. If:

(a) the Hospital has identified an opportunity to integrate its Hospital Services with that of one or more other health service providers;

(b) the health service provider or providers, as the case may be, has or have agreed to the proposed integration with the Hospital;

(c) the Hospital and the health service provider or providers, as the case may be, has or have agreed on the amount of funds needed to be transferred from the Hospital to one or more other health service providers to effect the integration as planned between them and the Hospital has notified the LHIN of this amount;

(d) the Hospital has complied with its obligations under section 27 of LHSIA, the integration proceeds or will proceed as planned in accordance with LHSIA;

(e) then the LHIN may recover from the Hospital, Funding specified in ***Schedule A*** and agreed by the Hospital as needed to facilitate the integration.

7.3 **Reviews and Approvals**.

7.3.1 **Timely Response**. Subject to section 7.3.2, and except as expressly provided by the terms of this Agreement, the LHIN will respond to Hospital submissions requiring a response from the LHIN in a timely manner and in any event, within any time period set out in ***Schedule B***. If the LHIN has not responded to the Hospital within the time period set out in ***Schedule B***, following consultation with the Hospital, the LHIN will provide the Hospital with written Notice of the reasons for the delay and a new expected date of response. If a delayed response from the LHIN could reasonably be expected to have a prejudicial effect on the Hospital, the Hospital may refer the matter for issue resolution under Article 11.

7.3.2 **Exceptions**. Section 7.3.1 does not apply to: (i) any notice provided to the LHIN under section 27 of LHSIA, which will be subject to the timelines of LHSIA; and (ii) any report required to be submitted to the MOHLTC by the LHIN for which the MOHLTC response is required before the LHIN can respond.

Article 8. REPORTING

8.1 **Generally**. The LHIN's ability to enable its local health system to provide appropriate, co-ordinated, effective and efficient services, as contemplated by LHSIA, is dependent on the timely collection and analysis of accurate information.

8.2 **General Reporting Obligations**. The Hospital will provide to the LHIN, or to such other person or entity as the parties may reasonably agree, in the form and within the time specified by the LHIN, the Reports, other than personal health information as defined in LHSIA, that the LHIN requires for the purposes of exercising its powers and duties under this Agreement, LHSIA or for the purposes that are prescribed under any Applicable Law. For certainty, nothing in this section 8.2 or in this Agreement restricts or otherwise limits the LHIN's right to access or to require access to personal health information as defined in LHSIA, in accordance with Applicable Law.

8.3 **Certain Specific Reporting Obligations**. Without limiting the foregoing, the Hospital will fulfill the specific reporting requirements set out in ***Schedule B***. The Hospital will ensure that all Reports are in a form satisfactory to the LHIN, are complete, accurate and signed on behalf of the Hospital by an authorized signing officer, and are provided to the LHIN in a timely manner.

8.4 **Additional Reporting Obligations**.

8.4.1 ***French Language Services***. If the Hospital is required to provide services to the public in French under the provisions of the *French Language Services Act*, the Hospital will submit a French language services report to the LHIN annually. If the Hospital is not required to provide services to the public in French under the provisions of the *French Language Service Act*, the Hospital will provide a report to the LHIN annually that outlines how the Hospital addresses the needs of its local Francophone community.

8.4.2 **Community Engagement and Integration**. The Hospital will report annually on its community engagement and integration activities and at such other times as the LHIN may request from time to time, using any templates provided by the LHIN.

8.4.3 **Reporting to Certain Third Parties**. The Hospital will submit all such data and information to the MOHLTC, Canadian Institute for Health Information or to any other third party, as may be required by any health data reporting requirements or standards communicated by the MOHLTC to the Hospital. To the extent that the Hospital is unable to comply with the foregoing without adversely impacting its ability to perform its other obligations under this Agreement, the Hospital may notify the LHIN and the parties will escalate the matter to their respective CEOs and Board Chairs, if so requested by either party.

8.5 **System Impacts**. Throughout the term of this Agreement, the Hospital will promptly inform the LHIN of any matter that the Hospital becomes aware of that materially impacts or is likely to materially impact the health system, or could otherwise be reasonably expected to concern the LHIN.

8.6 **Hospital Board Reports**.

8.6.1 **Hospital Board to be Informed**. Periodically throughout the Funding Year and at least quarterly, the Hospital's Board will receive from the Hospital's Board committees, CEO and other appropriate officers, such reports as are necessary to keep the Board, as the governing body of the Hospital, appropriately informed of the performance by the Hospital of its obligations under this Agreement, including the degree to which the Hospital has met, and will continue throughout the Funding Year to meet, its Performance Targets and its obligation to plan for and achieve an Annual Balanced Operating Budget.

8.6.2 **Hospital Board to Report to LHIN**. The Hospital will provide to the LHIN, annually, and quarterly upon request of the LHIN, a declaration of the Hospital's Board, signed by the Chair, declaring that the Board has received the reports referred to in this Section.

8.7 **Confidential Information**. The receiving party will treat Confidential Information of the disclosing party as confidential and will not disclose Confidential Information except:

8.7.1 with the prior consent of the disclosing party; or

8.7.2 as required by law or by a court or other lawful authority, including LHSIA and FIPPA.

8.8 **Required Disclosure**. If the receiving party is required, by law or by a court or by other lawful authority, to disclose Confidential Information of the disclosing party, the receiving party will: promptly notify the disclosing party before making any such disclosure, if such notice is not prohibited by law, the court or other lawful authority; cooperate with the disclosing party on the proposed form and nature of the disclosure; and, ensure that any disclosure is made in accordance with the requirements of Applicable Law and within the parameters of the specific requirements of the court or other lawful authority.

8.9 **LHIN Public Meetings**. The Hospital acknowledges that all meetings of the LHIN Board and its committees will be open to the public under LHSIA, subject to the exceptions contained in LHSIA. The LHIN acknowledges that the Confidential Information of the Hospital may fall within the exceptions contained in LHSIA.

8.10 **Document Retention and Record Maintenance**. The Hospital will:

8.10.1 retain all records (as that term is defined in FIPPA) related to the Hospital's performance of its obligations under this Agreement for seven years after this Agreement ceases to be in effect, whether due to expiry or otherwise. The Hospital's obligations under this section will survive if this Agreement ceases to be in effect, whether due to expiry or otherwise;

8.10.2 keep all financial records, invoices and other financially-related documents relating to the Funding or otherwise to the Hospital Services in a manner consistent with international financial reporting standards as advised by the Hospital's auditor; and

8.10.3 keep all non-financial documents and records relating to the Funding or otherwise to the Hospital Services in a manner consistent with all Applicable Law.

8.11 **Final Reports**. If this Agreement ceases to be in effect, whether due to expiry or otherwise, the Hospital will provide to the LHIN all such reports as the LHIN may reasonably request relating to, or as a result of, this Agreement ceasing to be in effect.

Article 9. PERFORMANCE MANAGEMENT, IMPROVEMENT AND REMEDIATION

9.1 **General Approach**. The parties will strive to achieve on-going performance improvement. They will follow a proactive, collaborative and responsive approach to performance management and improvement. Either party may request a meeting at any time. The parties will use their best efforts to meet as soon as possible following a request.

9.2 **Notice of a Performance Factor**. Each party will notify the other party, as soon as reasonably possible, of any Performance Factor. The Notice will:

9.2.1 describe the Performance Factor and its actual or anticipated impact;

9.2.2 include a description of any action the party is undertaking, or plans to undertake, to remedy or mitigate the Performance Factor;

9.2.3 indicate whether the party is requesting a meeting to discuss the Performance Factor; and

9.2.4 address any other issue or matter the party wishes to raise with the other party, including whether the Performance Factor may be a Factor Beyond the Hospital's Control.

9.2.5 The recipient party will acknowledge in writing receipt of the Notice within seven Days of the date on which the Notice was received ("Date of the Notice").

9.3 **Performance Meetings**. Where a meeting has been requested under section 9.2.3, the parties will meet to discuss the Performance Factor within 14 Days of the Date of the Notice. The LHIN can require a meeting to discuss the Hospital's performance of its obligations under this Agreement, including a result for a Performance Indicator or a Service Volume that falls outside the applicable Performance Standard.

9.4 **Performance Meeting Purpose**. During a performance meeting, the parties will:

9.4.1 discuss the causes of the Performance Factor;

9.4.2 discuss the impact of the Performance Factor on the local health system and the risk resulting from non-performance; and

9.4.3 determine the steps to be taken to remedy or mitigate the impact of the Performance Factor (the "Performance Improvement Process").

9.5 **Performance Improvement Process**.

9.5.1 The purpose of the Performance Improvement Process is to remedy or mitigate the impact of a Performance Factor. The Performance Improvement Process may include:

(a) a requirement that the Hospital develop an Improvement Plan; or

(b) an amendment of the Hospital's obligations as mutually agreed by the parties.

9.5.2 Any Performance Improvement Process begun under a prior agreement will continue under this Agreement. Any performance improvement required by a LHIN under a prior agreement will be deemed to be a requirement of this Agreement until fulfilled.

9.6 **Factors Beyond the Hospital's Control**. If the LHIN, acting reasonably, determines that the Performance Factor is, in whole or in part, a Factor Beyond the Hospital's Control:

9.6.1 the LHIN will collaborate with the Hospital to develop and implement a mutually agreed upon joint response plan which may include an amendment of the Hospital's obligations under this Agreement;

9.6.2 the LHIN will not require the Hospital to prepare an Improvement Plan; and

9.6.3 the failure to meet an obligation under this Agreement will not be considered a breach of this Agreement to the extent that failure is caused by a Factor Beyond the Hospital's Control.

9.7 **Hospital Improvement Plan**.

9.7.1 **Development of an Improvement Plan**. If, as part of a Performance Improvement Process, the LHIN requires the Hospital to develop an Improvement Plan, the process for the development and management of the Improvement Plan is as follows:

(a) The Hospital will submit the Improvement Plan to the LHIN within 30 Days of receiving the LHIN's request. In the Improvement Plan, the Hospital will identify remedial actions and milestones for monitoring performance improvement and the date by which the Hospital expects to meet its obligations.

(b) Within 15 business Days of its receipt of the Improvement Plan, the LHIN will advise the Hospital which, if any, remedial actions the Hospital should implement immediately. If the LHIN is unable to approve the Improvement Plan as presented by the Hospital, subsequent approvals will be provided as the Improvement Plan is revised to the satisfaction of the LHIN.

(c) The Hospital will implement all aspects of the Improvement Plan for which it has received written approval from the LHIN, upon receipt of such approval.

(d) The Hospital will report quarterly on progress under the Improvement Plan, unless the LHIN advises the Hospital to report on a more frequent basis. If Hospital performance under the Improvement Plan does not improve by the timelines in the Improvement Plan, the LHIN may agree to revisions to the Improvement Plan.

The LHIN may require, and the Hospital will permit and assist the LHIN in conducting, a Review of the Hospital to assist the LHIN in its consideration and approval of the Improvement Plan. The Hospital will pay the costs of this Review.

9.7.2 **Peer/LHIN Review of Improvement Plan**. If Hospital performance under the Improvement Plan does not improve in accordance with the Improvement Plan, or if the Hospital is unable to develop an Improvement Plan satisfactory to the LHIN, the LHIN may appoint an independent team to assist the Hospital to develop an Improvement Plan or revise an existing Improvement Plan. The independent team will include a representative from another hospital selected with input from the Ontario Hospital Association. The independent team will work closely with the representatives from the Hospital and the LHIN. The Hospital will submit a new Improvement Plan or revisions to an existing Improvement Plan within 60 Days of the appointment of the independent team or within such other time as may be agreed to by the parties.

Article 10. REPRESENTATIONS, WARRANTIES AND COVENANTS

10.1 **General**. The Hospital represents, warrants and covenants that:

10.1.1 it is, and will continue for the term of this Agreement to be, a validly existing legal entity with full power to fulfill its obligations under this Agreement;

10.1.2 subject to Applicable Law, it has made reasonable efforts to ensure that the Hospital Services are and will continue to be provided by persons with the experience, expertise, professional qualifications, licensing and skills necessary to complete their respective tasks;

10.1.3 it holds all permits, licences, consents, intellectual property rights and authorities necessary to perform its obligations under this Agreement;

10.1.4 all information (including information relating to any eligibility requirements for Funding) that the Hospital provided to the LHIN in support of its request for Funding was true and complete at the time the Hospital provided it, and will, subject to the provision of Notice otherwise, continue to be materially true and complete for the term of this Agreement; and

10.1.5 it does and will continue to operate for the term of this Agreement, in compliance with Applicable Law and Applicable Policy.

10.2 **Execution of Agreement**. The Hospital represents and warrants that:

10.2.1 it has the full power and authority to enter into this Agreement; and

10.2.2 it has taken all necessary actions to authorize the execution of this Agreement.

10.3 **Governance**. The Hospital represents, warrants and covenants that it will follow good governance practices comparable to those set out in the Ontario Hospital Association's Governance Centre of Excellence's "Guide to Good Governance" as it may be amended; will undertake an accreditation process which will include a review of its governance practices; and will promptly remedy any deficiencies that are identified during that accreditation process.

10.4 **Supporting Documentation**. The Hospital acknowledges that the LHIN may, pursuant to section 22 of LHSIA, require proof of the matters referred to in this Article 10.

Article 11. ISSUE RESOLUTION

11.1 **Principles to be Applied**. The parties acknowledge that it is desirable to use reasonable efforts to resolve issues and disputes in a collaborative manner. This includes avoiding disputes by clearly articulating expectations, establishing clear lines of communication, and respecting each party's interests.

11.2 **Informal Resolution**. The parties acknowledge that it is desirable to use reasonable efforts to resolve all issues and disputes through informal discussion and resolution. To facilitate and encourage this informal resolution process, the parties may jointly develop a written issues statement. Such an issues statement may:

11.2.1 describe the facts and events leading to the issue or dispute;

11.2.2 consider:

(a) the severity of the issue or dispute, including risk, likelihood of harm, likelihood of the situation worsening with time, scope and magnitude of the impact, likely impact with and without prompt action taken;

(b) whether the issue or dispute is isolated or part of a pattern;

(c) the likelihood of the issue or dispute recurring and if recurring, the length of time between occurrences;

(d) whether or not the issue or dispute is long-standing; and

(e) whether previous mitigation strategies have been ignored; and

11.2.3 list potential options for its resolution, which may include:

(a) performance management, in accordance with sections 9.4 through 9.7;

(b) a Review of the Hospital or a facilitated resolution, which may involve the assistance of external supports, such a peers, coaches, mentors and facilitators ("Facilitation").

11.3 **Escalation**. If the issue or dispute cannot be resolved at the level at which it first arose, either party may refer it to the senior staff member of the LHIN who is responsible for this Agreement and to his or her counterpart in the senior management of the Hospital. If the dispute cannot be resolved at this level of senior management, either party may refer it to its respective CEO. The CEOs may meet within 14 Days of this referral and attempt to resolve the issue or dispute. If the issue or dispute remains unresolved 30 Days after the first meeting of the CEOs, then either party may refer it to their respective Board Chairs (or Board member designate) who may attempt to resolve the issue or dispute.

11.4 **Reviews and Facilitations**. The Hospital will cooperate in every Review and Facilitation. The Hospital acknowledges that for the purposes of any Review, the LHIN may exercise its powers under sections 21 and 22 of LHSIA.

11.5 **LHIN Resolution**. Nothing in this Agreement prevents the LHIN from exercising any statutory or other legal right or power, or from pursuing the appointment of a supervisor of the Hospital with the MOHLTC, at any time.

Article 12. INSURANCE AND INDEMNITY

12.1 **Limitation of Liability**. The Indemnified Parties will not be liable to the Hospital or any of the Hospital's Personnel and Volunteers for costs, losses, claims, liabilities and damages howsoever caused arising out of or in any way related to the Hospital Services or otherwise in connection with this Agreement, unless caused by the negligence or wilful misconduct of the Indemnified Parties.

12.2 **Same**. For greater certainty and without limiting section 12.1, the LHIN is not liable for how the Hospital and the Hospital's Personnel and Volunteers carry out the Hospital Services and is therefore not responsible to the Hospital for such Hospital Services; moreover the LHIN is not contracting with, or employing, any of the Hospital's Personnel and Volunteers to carry out the terms of this Agreement. As such, the LHIN is not liable for contracting with, employing or terminating a contract or the employment of, any of the Hospital's Personnel and Volunteers required to carry out this Agreement, nor for the withholding, collection or payment of any taxes, premiums, contributions or any other remittances due to government for the Hospital's Personnel and Volunteers required by the Hospital to perform its obligations under this Agreement.

12.3 **Indemnification**. The Hospital will indemnify and hold harmless the Indemnified Parties from and against any and all costs, expenses, losses, liabilities, damages and expenses (including legal, expert and consultant fees), causes of action, actions, claims, demands, lawsuits or other proceedings (collectively "Claims") by whomever made, sustained, brought or prosecuted (including for third party bodily injury (including death), personal injury and property damage) in any way based upon, occasioned by or attributable to anything done or omitted to be done by the Hospital or the Hospital's Personnel and Volunteers in the course of performance of the Hospital's obligations under, or otherwise in connection with, this Agreement, unless caused by the negligence or wilful misconduct of an Indemnified Party.

12.4 **Insurance**.

12.4.1 **Required Insurance**. The Hospital will put into effect and maintain, for the term of this Agreement, at its own expense, with insurers having a secure A.M. Best rating of B+ or greater, or the equivalent, all the necessary and appropriate insurance that a prudent person in the business of the Hospital would maintain including the following.

(a) **Commercial General Liability Insurance**. Commercial general liability insurance, for third-party bodily injury, personal injury and property damage to an inclusive limit of not less than five million dollars per occurrence and not less than two million dollars for products and completed operations in the aggregate. The policy will include the following clauses:

A. The Indemnified Parties as additional insureds;
B. Contractual Liability;
C. Cross Liability;
D. Products and Completed Operations Liability;
E. Employers Liability and Voluntary Compensation unless the Hospital can provide proof of *Workplace Safety and Insurance Act, 1997* ("WSIA") coverage as described in section 12.4.2(b);
F. Non-Owned automobile coverage with blanket contractual and physical damage coverage for hired automobiles, except that such coverage may nevertheless exclude liability assumed by any person insured by the policy voluntarily under any contract or agreement other than directors, officers, employees and volunteers of the Hospital pertaining only to the liability arising out of the use or operation of their automobiles while on the business of the Hospital; and
G. A thirty-day written notice of cancellation, termination or material change.

(b) **All-Risk Property Insurance**. All-risk property insurance on property of every description providing coverage to a limit of not less than the full replacement cost, including earthquake and flood. Such insurance will be written to include replacement cost value. All reasonable deductibles and/or self-insured retentions are the responsibility of the Hospital.

(c) **Boiler and Machinery Insurance**. Boiler and machinery insurance (including pressure objects, machinery objects and service supply objects) on a comprehensive basis. Such insurance will be written to include repair and replacement value. All reasonable deductibles and/or self-insured retentions are the responsibility of the Hospital.

(d) **Professional Liability Insurance**. Professional liability insurance to an inclusive limit of not less than five million dollars per occurrence for each claim of negligence resulting in bodily injury, death or property damage, arising directly or indirectly from the professional services rendered by the Hospital, its officers, agents or employees.

(e) **Directors and Officers Liability Insurance**. Directors and officers liability insurance to an inclusive limit of not less than two million dollars per claim, with an annual aggregate of not less than four million dollars, responding to claims of wrongful acts of the Hospital's directors, officers and board committee members and of the Hospital's volunteer association and auxiliary in the discharge of their duties on behalf of the Hospital or the volunteer association or auxiliary, as applicable.

12.4.2 **Proof of Insurance**. As requested by the LHIN from time to time, the Hospital will provide the LHIN with proof of the insurance required by this Agreement in the form of any one or more of:

(a) a valid certificate of insurance that references this Agreement and confirms the required coverage;

(b) a valid WSIA Clearance Certificate or a letter of good standing, as applicable, unless the Hospital has in effect Employers Liability and Voluntary Compensation as described above; and

(c) copy of each insurance policy.

12.4.3 **Subcontractors**. The Hospital will ensure that each of its subcontractors obtains all the necessary and appropriate insurance that a prudent person in the business of the subcontractor would maintain.

Article 13. REMEDIES FOR NON-COMPLIANCE

13.1 **Planning Cycle**. The success of the planning cycle depends on the timely performance of each party. To ensure delays do not have a material adverse effect on Hospital Services or LHIN operations, the following provisions apply:

13.1.1 If the LHIN fails to meet an obligation or due date in ***Schedule B***, the LHIN may do one or all of the following:

(a) adjust funding for the Funding Year to offset a material adverse effect on Hospital Services resulting from the delay; and/or

(b) work with the Hospital in developing a plan to offset any material adverse effect on Hospital Services resulting from the delay, including providing LHIN approvals for any necessary changes in Hospital Services.

13.1.2 At the discretion of the LHIN, the Hospital may be subject to a financial reduction if the Hospital's:

(a) Planning Submission is received by the LHIN after the due date in ***Schedule B*** without prior LHIN approval of such delay;

(b) Planning Submission is incomplete;

(c) quarterly performance reports are not provided when due; or

(d) financial and/or clinical data requirements are late, incomplete or inaccurate.

If assessed, the financial reduction will be as follows:

A. if received within seven Days after the due date, incomplete or inaccurate, the financial penalty will be the greater of: (i) a reduction of 0.03% of the Hospital's total Funding; or (ii) $2,000; and

B. for every full or partial week of non-compliance thereafter, the rate will be one half of the initial financial reduction.

Article 14. NOTICE

14.1 **Notice**. A Notice will be in writing; delivered personally, by pre-paid courier, by any form of mail where evidence of receipt is provided by the post office, or by facsimile with confirmation of receipt, or by email where no delivery failure notification has been received. For certainty, delivery failure notification includes an automated 'out of office' notification. A Notice will be addressed to the other party as provided below or as either party will later designate to the other in writing:

To the LHIN:	To the Hospital:
Waterloo Wellington LHIN 141 Weber St South Waterloo, Ontario N2J 2A9	North Wellington Health Care 500 White Rd Palmerston, ON N0G 2P0
Attn: CEO Telephone: 519-748-2222 Email: reports@lhins.on.ca	Attn: President & CEO Fax: 519-323-3741 Email: sstreet@nwhealthcare.ca

14.2 **Notices Effective From**. A Notice will be deemed to have been duly given one business day after delivery if the Notice is delivered personally, by pre-paid courier or by mail. A Notice that is delivered by facsimile with confirmation of receipt or by email where no delivery failure notification has been received will be deemed to have been duly given one business day after the facsimile or email was sent.

Article 15. ACKNOWLEDGEMENT OF LHIN SUPPORT

15.1 **Publication**. For the purposes of this Article 15, the term "*Publication"* means: an annual report; a strategic plan; a material publication on a consultation about a possible integration; a material publication on community engagement; and, a material report to the community that the Hospital develops and makes available to the public in electronic or hard copy.

15.1.1 **Acknowledgment of Funding Support**.

(a) The following statement will be included on the Hospital's website, on all Publications and, upon request of the LHIN, on any other publication of the Hospital relating to a Hospital initiative:

> "The [Insert name of Hospital] receives funding from [Insert name of LHIN] Local Health Integration Network. The opinions expressed in this publication do not necessarily represent the views of [Insert name of LHIN] Local Health Integration Network."

(b) Upon request of the LHIN, the Hospital will include a statement in a form acceptable to the LHIN, acknowledging the support of the Province.

15.2 **Insignia and Logo**. Neither party may use any insignia or logo of the other party without the prior written permission of the other party. For the Hospital, this includes the insignia and logo of Her Majesty the Queen in right of Ontario.

Article 16. ADDITIONAL PROVISIONS

16.1 **Interpretation**. In the event of a conflict or inconsistency in any provision of this Agreement, the main body of this Agreement will prevail over the Schedules.

16.2 **Amendment of Agreement**. This Agreement may only be amended by a written agreement duly executed by the parties.

16.3 **Invalidity or Unenforceability of Any Provision**. The invalidity or unenforceability of any provision of this Agreement will not affect the validity or enforceability of any other provision of this Agreement and any invalid or unenforceable provision will be deemed to be severed.

16.4 **No Assignment**. The Hospital will not assign this Agreement or the Funding in whole or in part, directly or indirectly, without the prior written consent of the LHIN. The LHIN may assign this Agreement or any of its rights and obligations under this Agreement to any one or more of the Local Health Integration Networks or to the MOHLTC.

16.5 **LHIN is an Agent of the Crown**. The parties acknowledge that the LHIN is an agent of the Crown and may only act as an agent of the Crown in accordance with the provisions of LHSIA. Notwithstanding anything else in this Agreement, any express or implied reference to the LHIN providing an indemnity or any other form of indebtedness or contingent liability that would directly or indirectly increase the indebtedness or contingent liabilities of the LHIN or Ontario, whether at the time of execution of this Agreement or at any time during the term of this Agreement, will be void and of no legal effect.

16.6 **Parties Independent**. The parties are and will at all times remain independent of each other and are not and will not represent themselves to be the agent, joint venturer, partner or employee of the other. No representations will be made or acts taken by either party which could establish or imply any apparent relationship of agency, joint venture, partnership or employment and neither party will be bound in any manner whatsoever by any agreements, warranties or representations made by the other party to any other person or entity, nor with respect to any other action of the other party.

16.7 **Survival**. The provisions in Articles 1 (Definitions and Interpretation) and 5 (Repayment and Recovery of Funding), sections 8.7 (Confidential Information), 8.8 (Required Disclosure), 8.9 (LHIN Public Meetings), 8.10 (Document Retention and Record Maintenance), 8.11 (Final Reports), and Articles 12 (Insurance and Indemnity), 14 (Notices) and 16 (Additional Provisions) will continue in full force and effect for a period of seven years from the date this Agreement ceases to be in effect, whether due to expiry or otherwise.

16.8 **Waiver**. A party may only rely on a waiver of the party's failure to comply with any term of this Agreement if the other party has provided a written and signed Notice of waiver. Any waiver must refer to a specific failure to comply and will not have the effect of waiving any subsequent failures to comply.

16.9 **Counterparts**. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

16.10 **Further Assurances**. The parties agree to do or cause to be done all acts or things necessary to implement and carry into effect this Agreement to its full extent.

16.11 **Governing Law.** This Agreement and the rights, obligations and relations of the parties hereto will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any litigation or arbitration arising in connection with this Agreement will be conducted in Ontario unless the parties agree in writing otherwise.

16.12 **Entire Agreement.** This Agreement forms the entire Agreement between the parties and supersedes all prior oral or written representations and agreements, except that where the LHIN has provided Funding to the Hospital pursuant to an amendment to the 2008-18 H-SAA or to this Agreement, whether by funding letter or otherwise, and an amount of Funding for the same purpose is set out in ***Schedule A***, that Funding is subject to all of the terms and conditions on which funding for that purpose was initially provided, unless those terms and conditions have been superseded by any terms or conditions of this Agreement or by the HSAA Indicator Technical Specifications, or unless they conflict with Applicable Law or Applicable Policy.

IN WITNESS WHEREOF the parties have executed this Agreement made effective as of the dates set out below.

North Wellington Health Care

By:

_____ _____

Brian McMahon Date
Chair, Board of Directors

I sign as a representative of the Hospital, not in my personal capacity, and I represent that I have authority to bind the Hospital.

And By:

_____ _____

Stephen Street Date
President and Chief Executive Officer

I sign as a representative of the Hospital, not in my personal capacity, and I represent that I have authority to bind the Hospital.

WATERLOO WELLINGTON LOCAL HEALTH INTEGRATION NETWORK

By:

_____ _____

Michael Delisle Date
Chair

And By:

_____ _____

Bruce Lauckner Date
CEO

Hospital Service Accountability Agreements

Facility #:	963
Hospital Name:	North Wellington Health Care
Hospital Legal Name:	North Wellington Health Care

2018-2019 Schedule A Funding Allocation

	2018-2019	
	[1] Estimated Funding Allocation	
Section 1: FUNDING SUMMARY		
LHIN FUNDING	[2] Base	[2] Incremental/One-Time
LHIN Global Allocation (Includes Sec. 3)	$16,214,381	
Health System Funding Reform: HBAM Funding	$0	
Health System Funding Reform: QBP Funding (Sec. 2)	$0	
Post Construction Operating Plan (PCOP)	$0	
Wait Time Strategy Services ("WTS") (Sec. 3)	$0	$0
Provincial Program Services ("PPS") (Sec. 4)	$0	$0
Other Non-HSFR Funding (Sec. 5)	$0	$493,100
Sub-Total LHIN Funding	$16,214,381	$493,100

Section 2: HSFR - Quality-Based Procedures	Volume	[4] Allocation
Rehabilitation Inpatient Primary Unlilateral Hip Replacement	0	$0
Acute Inpatient Primary Unilateral Hip Replacement	0	$0
Rehabilitation Inpatient Primary Unlilateral Knee Replacement	0	$0
Acute Inpatient Primary Unilateral Knee Replacement	0	$0
Acute Inpatient Hip Fracture	0	$0
Knee Arthroscopy	0	$0
Elective Hips - Outpatient Rehab for Primary Hip Replacement	0	$0
Elective Knees - Outpatient Rehab for Primary Knee Replacement	0	$0
Acute Inpatient Primary Bilateral Joint Replacement (Hip/Knee)	0	$0
Rehab Inpatient Primary Bilateral Hip/Knee Replacement	0	$0
Rehab Outpatient Primary Bilateral Hip/Knee Replacement	0	$0
Acute Inpatient Congestive Heart Failure	0	$0
Acute Inpatient Stroke Hemorrhage	0	$0
Acute Inpatient Stroke Ischemic or Unspecified	0	$0
Acute Inpatient Stroke Transient Ischemic Attack (TIA)	0	$0
Acute Inpatient Non-Cardiac Vascular Aortic Aneurysm excluding Advanced Pathway	0	$0
Acute Inpatient Non-Cardiac Vascular Lower Extremity Occlusive Disease	0	$0
Unilateral Cataract Day Surgery	0	$0
Acute Inpatient Tonsillectomy	0	$0
Acute Inpatient Chronic Obstructive Pulmonary Disease	0	$0
Acute Inpatient Pneumonia	0	$0
Non-Routine and Bilateral Cataract Day Surgery	0	$0
Sub-Total Quality Based Procedure Funding	0	$0

Hospital Service Accountability Agreements

Facility #:	963
Hospital Name:	North Wellington Health Care
Hospital Legal Name:	North Wellington Health Care

2018-2019 Schedule A Funding Allocation

Section 3: Wait Time Strategy Services ("WTS")	[2] Base	[2] Incremental Base
General Surgery	$0	$0
Pediatric Surgery	$0	$0
Hip & Knee Replacement - Revisions	$0	$0
Magnetic Resonance Imaging (MRI)	$0	$0
Ontario Breast Screening Magnetic Resonance Imaging (OBSP MRI)	$0	$0
Computed Tomography (CT)	$0	$0
Other WTS Funding	$0	$0
Other WTS Funding	$0	$0
Other WTS Funding	$0	$0
Other WTS Funding	$0	$0
Other WTS Funding	$0	$0
Other WTS Funding	$0	$0
Sub-Total Wait Time Strategy Services Funding	**$0**	**$0**

Section 4: Provincial Priority Program Services ("PPS")	[2] Base	[2] Incremental/One-Time
Cardiac Surgery	$0	$0
Other Cardiac Services	$0	$0
Organ Transplantation	$0	$0
Neurosciences	$0	$0
Bariatric Services	$0	$0
Regional Trauma	$0	$0
Sub-Total Provincial Priority Program Services Funding	**$0**	**$0**

Section 5: Other Non-HSFR	[2] Base	[2] Incremental/One-Time
LHIN One-time payments (17/18 Small Rural Hospital Transformation Fund)	$0	$493,100
MOH One-time payments	$0	$0
LHIN/MOH Recoveries	$0	
Other Revenue from MOHLTC	$0	
Paymaster	$0	
Sub-Total Other Non-HSFR Funding	**$0**	**$493,100**

Section 6: Other Funding *(Info. Only. Funding is already included in Sections 1-4 above)*	[2] Base	[2] Incremental/One-Time
Grant in Lieu of Taxes (Inc. in Global Funding Allocation Sec. 1)	$0	$6,300
[3] Ontario Renal Network Funding (Inc. in Cancer Care Ontario Funding Sec. 4)	$0	$0
Sub-Total Other Funding	**$0**	**$6,300**

* Targets for Year 3 of the agreement will be determined during the annual refresh process.

[1] Estimated funding allocations.

[2] Funding allocations are subject to change year over year.

[3] Funding provided by Cancer Care Ontario, not the LHIN.

[4]All QBP Funding is fully recoverable in accordance with Section 5.6 of the H-SAA. QBP Funding is not base funding for the purposes of the BOND policy.

Hospital Service Accountability Agreements

Facility #:	963
Hospital Name:	North Wellington Health Care
Hospital Legal Name:	North Wellington Health Care

2018-2019 Schedule B: Reporting Requirements

1. MIS Trial Balance	Due Date 2018-2019
Q2 – April 01 to September 30	31 October 2018
Q3 – October 01 to December 31	31 January 2019
Q4 – January 01 to March 31	31 May 2019

2. Hospital Quartery SRI Reports and Supplemental Reporting as Necessary	Due Date 2018-2019
Q2 – April 01 to September 30	07 November 2018
Q3 – October 01 to December 31	07 February 2019
Q4 – January 01 to March 31	7 June 2019
Year End	30 June 2019

3. Audited Financial Statements	Due Date 2018-2019
Fiscal Year	30 June 2019

4. French Language Services Report	Due Date 2018-2019
Fiscal Year	30 April 2019

Hospital Service Accountability Agreements

Facility #:	**963**
Hospital Name:	**North Wellington Health Care**
Hospital Legal Name:	**North Wellington Health Care**
Site Name:	**TOTAL ENTITY**

2018-2019 Schedule C1 Performance Indicators

Part I - PATIENT EXPERIENCE: Access, Effective, Safe, Person-Centered

*Performance Indicators	Measurement Unit	Performance Target 2018-2019	Performance Standard 2018-2019
90th Percentile Emergency Department (ED) length of stay for Non-Admitted High Acuity (CTAS I-III) Patients	Hours	N/A	N/A
90th Percentile Emergency Department (ED) length of stay for Non-Admitted Low Acuity (CTAS IV-V) Patients	Hours	N/A	N/A
Percent of Priority 2, 3 and 4 Cases Completed within Access Targets for Hip Replacements	Percent	N/A	N/A
Percent of Priority 2, 3 and 4 Cases Completed within Access Targets for Knee Replacements	Percent	N/A	N/A
Percent of Priority 2, 3 and 4 Cases Completed within Access Targets for MRI	Percent	N/A	N/A
Percent of Priority 2, 3 and 4 Cases Completed within Access Targets for CT Scans	Percent	N/A	N/A
Readmissions to Own Facility within 30 days for selected HBAM Inpatient Grouper (HIG) Conditions	Percent	15.5%	<+ 15.5%
Rate of Hospital Acquired Clostridium Difficile Infections	Rate	0.40	<= 0.40

Explanatory Indicators	Measurement Unit	
90th Percentile Time to Disposition Decision (Admitted Patients)	Hours	
Percent of Stroke/TIA Patients Admitted to a Stroke Unit During Their Inpatient Stay	Percent	
Hospital Standardized Mortality Ratio (HSMR)	Ratio	
Rate of Ventilator-Associated Pneumonia	Rate	
Central Line Infection Rate	Rate	
Rate of Hospital Acquired Methicillin Resistant Staphylococcus Aureus Bacteremia	Rate	
Percent of Priority 2, 3, and 4 cases completed within Access targets for Cardiac By-Pass Surgery	Percentage	N/A
Percent of Priority 2, 3, and 4 cases completed within Access targets for Cancer Surgery	Percentage	N/A
Percent of Priority 2, 3 and 4 Cases Completed within Access Targets for Cataract Surgery	Percentage	N/A

Hospital Service Accountability Agreements

Facility #:	963
Hospital Name:	North Wellington Health Care
Hospital Legal Name:	North Wellington Health Care
Site Name:	TOTAL ENTITY

2018-2019 Schedule C1 Performance Indicators

Part II - ORGANIZATION HEALTH - EFFICIENCY, APPROPRIATELY RESOURCED, EMPLOYEE EXPERIENCE, GOVERNANCE

*Performance Indicators	Measurement Unit	Performance Target 2018-2019	Performance Standard 2018-2019
Current Ratio (Consolidated - All Sector Codes and fund types	Ratio	1.75	>= 1.58
Total Margin (Consolidated - All Sector Codes and fund types	Percentage	0.00%	>=0%

Explanatory Indicators	Measurement Unit
Total Margin (Hospital Sector Only)	Percentage
Adjusted Working Funds/ Total Revenue %	Percentage

Part III - SYSTEM PERSPECTIVE: Integration, Community Engagement, eHealth

*Performance Indicators	Measurement Unit	Performance Target 2018-2019	Performance Standard 2018-2019
Alternate Level of Care (ALC) Rate	Percentage	12.70%	<= 12.70%

Explanatory Indicators	Measurement Unit	
Percentage of Acute Alternate Level of Care (ALC) Days (Closed Cases)	Percentage	9.46%
Repeat Unscheduled Emergency Visits Within 30 Days For Mental Health Conditions	Percentage	16.30%
Repeat Unscheduled Emergency Visits Within 30 Days For Substance Abuse Conditions	Percentage	22.40%

Part IV - LHIN Specific Indicators and Performance targets: See Schedule C3

Targets for future years of the Agreement will be set during the Annual Refresh process.
***Refer to 2018-2019 H-SAA Indicator Technical Specification for further details.**

Hospital Service Accountability Agreements

Facility #: 963
Hospital Name: North Wellington Health Care
Hospital Legal Name: North Wellington Health Care

2018-2019 Schedule C2 Service Volumes

	Measurement Unit	Performance Target 2018-2019	Performance Standard 2018-2019
Clinical Activity and Patient Services			
Ambulatory Care	Visits	13,500	>= 10,125 and <= 16,875
Complex Continuing Care	Weighted Patient Days	0	-
Day Surgery	Weighted Cases	190	>= 143 and <= 238
Elderly Capital Assistance Program (ELDCAP)	Patient Days	0	-
Emergency Department	Weighted Cases	950	>= 808 and <= 1,093
Emergency Department and Urgent Care	Visits	25,000	>= 18,750 and <= 31,250
Inpatient Mental Health	Patient Days	0	-
Inpatient Mental Health	Weighted Patient Days	0	-
Inpatient Rehabilitation	Patient Days	0	-
Total Inpatient Acute	Weighted Cases	1,250	>= 1,125 and <= 1,375

Hospital Service Accountability Agreements

Facility #:	963
Hospital Name:	North Wellington Health Care
Hospital Legal Name:	North Wellington Health Care

2018-2019 Schedule C3: LHIN Local Indicators and Obligations

Description	Target and Reporting Requirements
That Health Service Provider use the funding provided by this agreement and report on HSP performance in achieving the objectives and targets in the WWLHIN Annual Business Plan, Minstry LHIN Accountability Agreement, the Minister's mandate letter, and this SAA.	As required.
Hospitals will provide admission, discharge and emergency department notifications and summaries, preferably in electronic format, to primary care within 48 hours of discharge in order to improve patient follow-up with a family doctor after leaving hospital.	100% on target Quarterly reporting, as part of contract.
Hospitals will provide the provide the client, community-based health care provider/ primary care provider, and community pharmacy (as appropriate) with a BPMDP (Best Possible Medication Discharge Plan) complete patient medication list upon discharge.	100% on target Quarterly reporting, as part of contract.
Hospitals will participate in System Coordinated Access (SCA) for the following streams: Diabetes, Orthopaedics/ Musculoskeletal (MSK), Mental Health and Addictions (MHA), Chronic Disease Prevention and Management (CDPM), Diagnostic Imaging (DI), Specialized Geriatric Services (SGS), and cataract surgery, with clinical teams being part of the design and development of the system.[1]	Hospital sign-off on SCA system stream projects as per overall SCA program timelines for WWLHIN. Notification through the WWLHIN SCA program.
All Health Service Providers (HSPs) have a process to identify individuals who meet the Health Links definition/ criteria and/or who would benefit from a coordinated care approach. HSPs will initiate, participate in and share coordinated care plans. It is expected that HSPs will update and communicate changes to care plans as a patient's condition and situation changes.	Define percentage of complex residents per sub-region care community. Determine baseline current state of number of Coordinated Care Plans per sub-region care community. Quarterly reporting via the Health Links sub-region care community Steering Committee.
Hospitals seeking to implement a new Hospital Information System will use the Principles of Digital Health Strategy 2.0, Digital Health Investment and Sustainment Board, Hospital Information System (HIS) Renewal, HIS Clustering Guidebook for Hospitals and LHINs, and the EHR Connectivity Strategy to guide their decisions.	Obligation as per MOHLTC Digital Health policy. Notification per HSP.
Hospitals will adopt the principles and practices of senior friendly care and senior friendly hospitals (SFH) through the adoption of SFH principles, patient experience feedback, and participate in local planning related to senior services.	Each hospital to identify a set of performance indicators that highlight areas of focus, potentially including the following: - % of hospital patients (65 and over) receiving assessments of Activities of Daily Living functions with validated tool at both admission and discharge (acute only). -% of hospital patients (65 and over) receiving delirium screening with a validated tool at admission and discharge. -Incidence of delirium patients (65 and over) acquired over the course of hospital admission. Quarterly reporting, through the Health Links sub-region care community Steering Committee.
HSPs will implement the Quality Standards as released by Health Quality Ontario (HQO).[2]	Gap analysis of services in meeting the Quality Standards and work plan in achieving the standard. Annual plan and status report.

[1] http://systemcoordinatedaccess.ca/
[2] http://www.hqontario.ca/Evidence-to-Improve-Care/Quality-Standards

Schedule C4: Post Construction Operating Plans
2018-2019

Health Service Provider: North Wellington Health Care

Schedule C.4 – PCOP Targeted Funding and Volumes

Not Applicable