

AMENDING AGREEMENT

THIS AMENDING AGREEMENT (the "Agreement") is made as of the 1st day of April, 2010

B E T W E E N:

CENTRAL LOCAL HEALTH INTEGRATION NETWORK (the "LHIN")

AND

SOUTHLAKE REGIONAL HEALTH CENTRE (the "Hospital")

WHEREAS the LHIN and the Hospital (together the "Parties") entered into a two year service accountability agreement that took effect April 1, 2008 (the "H-SAA");

AND WHEREAS given economic uncertainties, funding allocations by the Ministry of Health and Long-Term Care which form the basis for the negotiation of the 2010-12 H-SAA have not yet been confirmed;

AND WHEREAS the OHA, LHINs and the Ministry of Health and Long-Term Care have agreed to adjust the H-SAA process for 2010/11, as set out in the letter dated February 1, 2010 attached as Appendix A;

AND WHEREAS the parties acknowledge a mutual commitment to pursuing needed operational efficiencies over the course of the agreement;

AND WHEREAS the LHIN and the Hospital have agreed to extend the H-SAA for a third year;

NOW THEREFORE in consideration of mutual promises and agreements contained in this Agreement and other good and valuable consideration, the parties agree as follows:

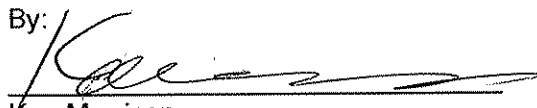
- 1.0 Definitions.** Except as otherwise defined in this Agreement, all terms shall have the meaning ascribed to them in the H-SAA.
- 2.0 Amendments.**
 - 2.1 Agreed Amendments.** The Parties agree that the H-SAA shall be amended as set out in this Article 2.
 - 2.2 Title and Headers.** The Parties agree that the title of the H-SAA and the headers within the H-SAA shall be amended by deleting "2008-2010" and replacing it with "2008-2011."

- 2.3 Definitions. The definition for HAPS in Article 2.1 shall be amended with the addition of the following text immediately after "2009-2010" and before the semi-colon:
"and the Board approved hospital accountability planning submission provided by the Hospital to the LHIN for the Fiscal Year 2010-2011"
- 2.4 Term. The reference to "2010" in Article 3.3, shall be deleted and replaced with "March 31, 2011".
- 2.5 Planning Cycle. The words "for Fiscal Years 2010/11 and 2011/12" in Article 7.1 shall be deleted.
- 2.6 Schedules.
- (a) Schedule A shall be deleted and replaced with the Schedule A attached to this Agreement.
 - (b) Schedule B shall be supplemented with the addition of Schedule B-1 attached to this Agreement.
 - (c) Schedule C shall be supplemented with the addition of Schedule C-1 attached to this agreement.
 - (d) Schedule D shall be supplemented with the addition of Schedule D-1 attached to this agreement.
 - (e) Schedule E shall be supplemented with the addition of Schedule E-1 attached to this agreement.
 - (f) Schedule F shall be supplemented with the addition of Schedule F-1 attached to this agreement.
 - (g) Schedule G shall be supplemented with the addition of Schedule G-1 attached to this agreement.
 - (h) Schedule H shall be supplemented with the addition of Schedule H-1 attached to this agreement.
- 2.7 Renegotiation of Schedules The Parties agree that it is their intention to negotiate and to further amend the Schedules following the announcement of funding allocations by the Ministry of Health and Long-Term Care. It is recognized that a waiver to the balanced budget obligation may need to be negotiated.
- 3.0 Effective Date. The Parties agree that the amendments set out in Article 2 shall take effect on April 1, 2010. All other terms of the H-SAA, including but not limited to current funding levels and those provisions in Schedule A-H not amended by s. 2.6, above, shall remain in full force and effect.

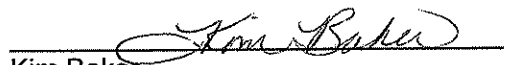
- 4.0 Governing Law.** This Agreement and the rights, obligations and relations of the Parties will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- 5.0 Counterparts.** This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.
- 6.0 Entire Agreement.** This Agreement together with Schedules A, B-1, C-1, D-1, E-1, F-1, G-1 and H-1, constitutes the entire agreement between the Parties with respect to the subject matter contained in this Agreement and supersedes all prior oral or written representations and agreements.

IN WITNESS WHEREOF the Parties have executed this Agreement on the dates set out below.


CENTRAL LOCAL HEALTH INTEGRATION NETWORK

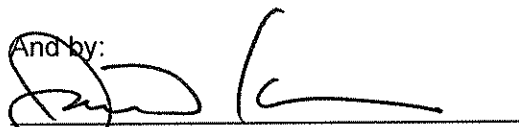
By:  April 12, 2010
Ken Morrison
Board Chair Date

And by:

 April 9, 2010
Kim Baker
CEO Date

SOUTHLAKE REGIONAL HEALTH CENTRE

By:  March 31, 2010
Steve Quinlan
Chair Date

And by:  March 31, 2010
Daniel Carriere
CEO Date



OHA

February 1, 2010

Mr. Ken Deane
Assistant Deputy Minister
Accountability & Performance
Ministry of Health & Long Term Care
80 Grosvenor Street
5th Floor, Hepburn Block
Toronto, ON M7A 1R3

Dear Ken:

We are writing to provide you with a further update from the Joint LHIN/OHA Hospital Service Accountability Agreement (H-SAA) Steering Committee. As a valued partner in the process, we want to ensure that the Ministry of Health and Long-Term Care is aware of and in alignment with our proposed course of action.

Current Accountability Obligations of LHINs and Hospitals

Subsection 29(1) of the *Local Health Systems Integration Act 2006* (The Act), stipulates that LHINs are required to enter into a service accountability agreement (SAA) with each of the health service providers that they fund. Subsection 19(2) of the Act requires that such funding provided to health service providers be in accordance with: (i) the funding that the LHIN receives from the MOHLTC; and (ii) the LHIN's accountability agreement with the MOHLTC.

Schedule 5 of the Ministry-LHIN Accountability Agreement (M-LAA 2007-10) stipulates that the Ministry will provide the LHINs with multi-year funding targets for each LHIN Operating and Transfer Payment Budget. Schedule 5 further describes the obligation of the LHINs to plan for and achieve an annual balanced budget for each of the operating budgets and transfer payment budgets and to include balance budget provisions in agreements with health service providers, including hospitals.

The Hospitals and the LHINs did enter into a service accountability agreement (H-SAA 2008 - 10). The terms and conditions of the H-SAA 2008-2010 are in accordance with: (i) the funding that the LHIN receives from the MOHLTC; and (ii) the M-LAA 2007-10.

Part II of Schedule A, of the H-SAA 2008-10, provides for a planning process for entering into the 2010-12 H-SAA. This process anticipated the announcement of multi-year funding allocations (reaffirm 2010-11 and announce 2011-12 planning targets) as a basis for the completion of the hospital negotiation of the 2010-12 H-SAA.

An Extraordinary Year

We recognize that this is an extraordinary year for the provincial government economically. We also acknowledge that the Ministry of Health and Long-Term Care is not able to provide LHINs and hospitals with the funding targets required by the above noted legislative and contractual obligations. We are appreciative of the efforts you and your staff have undertaken to try and provide us with planning targets for 2010/11. We do understand the reasons for the delay in providing this information. As you know, the H-SAA Steering Committee has been working hard to help hospitals and LHINs work closely together in responding to this unique environment. Accordingly, we have developed a process that will enable funding to continue to flow to hospitals in the absence of these allocations.

Joint LHIN/Hospital/Ministry Solutions Required for 2010/11:

The process that we have developed contemplates agreement on a *common legal vehicle* to extend the terms and conditions of the current 2008-10 H-SAA to cover 2010-11. In this regard we wanted to bring several of its elements to your attention:

- In the absence of a planning allocation, the extension will allow 09/10 base funding revenues and volumes to be carried over into 2010/11;
- The provision for balanced budget waivers and the criteria for LHINs to grant such a waiver (as per the 08/10 H-SAA), is included for the 10/11 extension period;
- Hospitals will be asked to submit a balanced budget plan once they have been advised by the LHINs of a final funding allocation for 2010/11; and,
- Once the allocation is known, revised H-SAA schedules for 2010/11 will be established.

Inherent in the process described above are two deviations from the current process, factors that require support from the Ministry:

- LHINs will continue to fund Hospitals at 09/10 levels without any provision for inflation/adjustment to revenue. Consequently, a large number of hospitals are likely to run a deficit for this period and as a result, LHINs may not be able to meet the MLAA balanced budget obligation for the extension period (10/11).
- During the extension period, hospitals may be in a negative total margin position, potentially increasing working capital deficits.

It should also be noted that a significant assumption included in the "extension agreement" is that priority programs, wait times and PCOP funding will remain at current levels.

This letter contains a sign-back to confirm your agreement with the process that we have set out including relief from the contractual obligations that cannot be met under these conditions.

We have planned a web cast for February 10, 2010 to provide hospitals and LHINs with clarification on the process to extend the 2008-10 H-SAA for 2010-11 and review the elements of the amending agreement and schedules. We are requesting receipt of your sign-back in advance so that we can proceed with moving forward with implementing this plan.



LHINs and hospitals continue to be focused on providing quality patient care to Ontarians with resources available. It goes without saying however, that a timely decision on funding allocations (e.g. base, wait times, PCOP, provincial programs) is a crucial step in allowing the hospitals and LHINs to move forward with implementing the measures necessary to operate within budgets.

During these unprecedented economic times, now more than ever before we know that the government, LHINs and hospitals share the same vital objectives and that we must continue to work very closely together. We look forward to receipt of your sign-back at the earliest opportunity.

Sincerely,

A handwritten signature in black ink, appearing to read "Sandra Hanmer".

Sandra Hanmer
Co-Chair, H-SAA Steering Committee

A handwritten signature in black ink, appearing to read "Marian Walsh".

Marian Walsh
Co-Chair, H-SAA Steering Committee

Authorizing Sign-back

I acknowledge that:

- The ADM November 2007 letter provided to LHINs outlining terms and conditions for granting waivers to hospitals regarding the Balanced Budget obligations in the 2008-2010 HSAA will also apply to the H-SAA extension for 2010/11 and;
- After a the MOHLTC provides funding allocations to the LHINs, LHINs will require hospitals to submit a plan to achieve balanced budgets and LHINs and Hospitals will establish revised Schedules for the 2010/11 H-SAA extension as necessary.

Signed,

A handwritten signature in black ink, appearing to read "J. Kenneth Deane".

J. Kenneth Deane
Assistant Deputy Minister
Health Accountability and Performance Division

Schedule A

Planning and Funding Timetable

OBLIGATIONS

Part I - Funding Obligations	Party	Timing
Announcement of multi-year funding allocation (confirmation of 2008/09 Schedule C funding, reinforcement of 2009/10 Schedule C funding)	LHIN	The later of June 30, 2008 or 14 days after confirmation from the Ministry of Health and Long Term Care
Announcement of multi-year funding allocation (confirmation of 2009/10 Schedule C funding)	LHIN	The later of June 30, 2009 or 14 days after confirmation from the Ministry of Health and Long Term Care
Announcement of multi-year funding allocation (confirmation of 2010/11 Schedule C funding)	LHIN	The later of June 30, 2010 or 14 days after confirmation from the Ministry of Health and Long Term Care

Schedule A
Planning and Funding Timetable

Part II - Planning Obligations	Party	Timing
Announcement of 2010/11 planning target for hospital planning purposes	LHIN	The later of June 30, 2008 or 14 days after confirmation from the Ministry of Health and Long Term Care
Publication of the Hospital Annual Planning Submission Guidelines for 2010-12	LHIN	No later than June 30, 2009
Announcement of multi-year funding allocation (reaffirm 2010/11 and announce 2011/12 planning targets for 2010-12 HSAA negotiations)	LHIN	The later of June 30, 2009 or 14 days after confirmation from the Ministry of Health and Long Term Care
Indicator Refresh (including detailed hospital calculations)	LHIN (in conjunction with MOHLTC)	No later than November 30, 2009
Submission of of any other relevant documents		tbd
Refresh related Schedules for 2010-11	Hospital/LHIN	No later than February 26, 2010
Sign 1 year extension to the 2008/10 H-SAA	Hospital/LHIN	No later than March 31, 2010
Announcement of multi-year funding allocation for 2010/11 and announce, if possible, planning targets for 2011/14 HSAA negotiations)	LHIN	14 days after confirmation from the Ministry of Health and Long Term Care
Submission of Hospital Annual Planning Submission for 2010-11	Hospital	tbd
Publication of the Hospital Annual Planning Submission Guidelines for 2011/14	LHIN	No later than June 30, 2010
Announcement of multi-year planning targets for 2011/14 HSAA negotiations)	LHIN	14 days after confirmation from the Ministry of Health and Long Term Care
Submission of Hospital Annual Planning Submission for 2011-14	Hospital	No later than October 31, 2010
Indicator Refresh (including detailed hospital calculations)	LHIN (in conjunction with MOHLTC)	No later than November 30, 2010
Refresh the Hospital Annual Planning Submission for 2011-14 and related Schedules	Hospital/LHIN	No later than January 31, 2011
Sign 2011-14 Hospital Service Accountability Agreement	Hospital/LHIN	No later than February 28, 2011

Schedule A
Planning and Funding Timetable

Obligation Timeline Diagram

Definitions:

Planning Target = For negotiations

Confirm = Confirm signed agreement amounts after appropriation of monies by the
 Legislature of Ontario

Funding Year								
	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14
		2007/08 HAA	2008-11 H-SAA					
June 06	Confirm Schedule C Funding	Planning Target	Planning Target					
June 07		Confirm Schedule C Funding	Planning Target (Oct)	Planning Target (Oct)				
Feb. 08			Negotiated Schedule C Funding	Negotiated Schedule C Funding				
June 08			Confirm Schedule C Funding	Reaffirm Schedule C Funding	Planning Target			
June 09				Confirm Schedule C Funding	Planning Target			
Feb. 10					Negotiated Schedule C Funding			
June 10					Confirm Schedule C Funding			

Funding Obligations are shaded

Planning Obligations are not shaded

Schedule B-1

Performance Obligations for 10/11

1.0 PERFORMANCE CORRIDORS FOR SERVICE VOLUMES AND PERFORMANCE INDICATORS

- 1.1 The provisions of Article 1 of Schedule B apply in fiscal year 10/11 with all references to Schedule D being read as referring to Schedule D-1.

2.0 PERFORMANCE CORRIDORS FOR PERFORMANCE INDICATORS

- 2.1 The provisions of Article 2 of Schedule B apply in fiscal year 10/11 subject to the following amendments:
- (a) sub articles 2.2, 2.3 and 2.6 shall be deleted; and
 - (b) all references to Schedule D shall be read as referring to Schedule D-1.

3.0 PERFORMANCE OBLIGATIONS WITH RESPECT TO NURSING ENHANCEMENT/CONVERSION

- 3.1 The provisions of Article 3 of Schedule B apply in fiscal year 10/11 with all references to Schedule D being read as referring to Schedule D-1.

4.0 PERFORMANCE OBLIGATIONS WITH RESPECT TO CRITICAL CARE

- 4.1 The provisions of Article 4 of Schedule B apply in fiscal year 10/11 subject to the following amendments:
- (a) references to "2008/09" and "2009/10" shall be read as referring to "2010/11".
 - (b) all references to Schedule E shall be read as referring to Schedule E-1.

5.0 PERFORMANCE OBLIGATIONS WITH RESPECT TO POST CONSTRUCTION OPERATING PLAN FUNDING AND VOLUME

- 5.1 The provisions of Article 5 of Schedule B apply in fiscal year 10/11, subject to the following amendments:
- (a) references to Schedule F shall be read as referring to Schedule F-1;
 - (b) references to "2008/09 and 09/10" shall be read as referring to 2010/11.

6.0 PERFORMANCE OBLIGATIONS WITH RESPECT TO PROTECTED SERVICES

- 6.1 The Performance Obligations set out in Article 6 of Schedule B apply in fiscal year 10/11, subject to the following amendments:
- (a) All references to Schedule D or Schedule G shall be read as referring to Schedules D-1 and G-1 respectively; and
 - (b) All references to "2008/09 and 09/10" shall be read as referring to "2010/11"

7.0 PERFORMANCE OBLIGATIONS WITH RESPECT TO WAIT TIME SERVICES

- 7.1 The Performance Obligations set out in Article 7 of Schedule B apply to fiscal year 10/11

with all references to Schedules A, G, or H being read as referring to Schedules A-1, G-1 or H-1 respectively.

8.0 REPORTING OBLIGATIONS

8.1 The reporting obligations set out in Article 8 of Schedule B apply to fiscal year 10/11.

8.2 The following reporting obligations are added to Article 8 of Schedule B:

- (a) **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 be required to submit a French language implementation report to the LHIN. If the Hospital is not required to provide services to the public in French under the provisions of the *French Language Service Act*, it will be required to provide a report to the LHIN that outlines how the Hospital addresses the needs of its local Francophone community."

9.0 LHIN SPECIFIC PERFORMANCE OBLIGATIONS

9.1 Except where specifically limited to a given year, the obligations set out in Article 9 of Schedule B apply to fiscal 10/11.

9.2 The following provisions are added to Article 9 of Schedule B

- (a) The Hospital shall continue, in consultation with the LHIN, the implementation of operational efficiencies identified by the Hospital in its Management Planning and Risk Report submitted to the LHIN on December 15, 2009.
- (b) The LHIN shall review the performance obligations of the Hospital Service Accountability Agreement including Schedule B within 6 weeks of the LHIN issuing to the hospital its specific allocation.
- (c) The LHIN acknowledges that based on the performance standard set in this Amending Agreement, the Hospital could incur a 2010-11 deficit. The Hospital agrees that any such deficit shall not exceed a margin of 3%, prorated for the period until such time as performance obligations are reviewed in accordance with item (b) above. The Hospital will provide to the LHIN a monthly report, commencing for the month of May 2010, and each month thereafter, on the Hospital's projected deficit for 2010-11 and planned strategies to reduce the deficit, to be delivered no later than the 15th day of the following month.

Hospital Multi-Year Funding Allocation

Schedule C1 2010/11

NEWMARKET Southlake Regional

736

Opening Base Funding	\$227,475,900	
Multi-Year Funding Incremental Adjustment		
Other Funding		
Funding adjustment 1 (Annualization Aging at Home)	\$90,533	
Funding adjustment 2 (Base Adjustment)	\$120,000	
Funding adjustment 3 ()		
Funding adjustment 4 ()		
Funding adjustment 5 ()		
Funding adjustment 6 ()		
Funding adjustment 7 ()		
Other Items		
Prior Years' Payments		
Critical care Strategies Schedule E		
PCOF: Schedule F		
PCOF	included in above Base Funding	
Stable Priority Services: Schedule G		
Chronic Kidney Disease		
Cardiac Catheterization		
Cardiac Surgery		
Provincial Strategies: Schedule G		
Organ Transplantation		
Endovascular aortic aneurysm repair		
Electrophysiology studies EPS/ablation		
Percutaneous coronary intervention (PCI)		
Implantable cardiac defibrillators (ICD)		
Daily nocturnal home hemodialysis		
Provincial peritoneal dialysis initiative		
Newborn screening program		
Specialized Hospital Services: Schedule G		
Cardiac Rehabilitation		
Visudyne Therapy		
Total Hip and Knee Joint Replacements (Non-WTS)		
Magnetic Resonance Imaging		
Regional Trauma		
Regional & District Stroke Centres		
Sexual Assault/Domestic Violence Treatment Centres		
Provincial Regional Genetic Services		
HIV Outpatient Clinics		
Hemophilia Ambulatory Clinics		
Permanent Cardiac Pacemaker Services		
Provincial Resources		
Bone Marrow Transplant		
Adult Interventional Cardiology for Congenital Heart Defects		
Cardiac Laser Lead Removals		
Pulmonary Thromboendarterectomy Services		
Thoracoabdominal Aortic Aneurysm Repairs (TAA)		
Health Results (Wait Time Strategy): Schedule H		
Selected Cardiac Services		\$1,237,700
Total Hip and Knee Joint Replacements		\$1,336,500
Cataract Surgeries		\$233,500
Magnetic Resonance Imaging (MRI)		\$129,000
Computed Tomography (CT)		
Total Additional Base and One Time Funding	\$210,533	\$2,936,700
Total Allocation	\$230,623,133	

Global Volumes

Schedule D1 2010/11

Hospital

NEWMARKET Southlake Regional

Fac #

736

Global Volumes

Total Acute Activity, including
inpatient and Day Surgery*

Weighted
Cases

28,439

27,301 - 29,577

Other

Complex Continuing Care

RUG Weighted
Patient Days

12,201

>10,371

Mental Health

Inpatient Days

9,599

>8,639

ELDCAP

Inpatient Days

N/A

N/A

Rehabilitation

Inpatient Days

9,590

>8,152

Emergency Department Visits

Visits

73,163

>68,042

Ambulatory Care***

Visits

157,008

>133,457

Performance Indicators

Hospital

NEWMARKET Southlake Regional

Fac #

736

Performance Indicators

HSAA Performance Indicators

Performance Indicators For All Hospitals

Current Ratio

0.8

0.8-2.0

Year End Total Margin

0%

0%

Critical Care Funding

Schedule E1 2010/11

Hospital

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Once negotiated, an amendment will be made under section 15.3 of the Agreement to include these targets and any additional conditions not otherwise set out in Schedule B or B1. This funding would be an additional in-year allocation contemplated by section 5.3 of the Agreement

Post-Construction Operating Plan Funding and Volume

Schedule F1 2010/11

Hospital

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Once negotiated, an amendment (Sch F1.1) will be made under section 15.3 of the Agreement to include these targets and any additional conditions not otherwise set out in Schedule B or B1. This funding would be an additional in-year allocation contemplated by section 5.3 of the Agreement

Protected Services

Schedule G1 2010/11

Hospital **NEWMARKET Southlake Regional**

Page 736

Stable Priority Services

Chronic Kidney Disease	Weighted Units	N/A	N/A	N/A
Cardiac Catheterization	Procedures	5,200	5,200	5,200
Cardiac Surgery	Weighted Units	as per 09/10 budget	as per 09/10 budget	as per 09/10 budget

Provincial Services

Organ Transplantation*	Cases	N/A	N/A	N/A
Endovascular aortic aneurysm repair				
Electrophysiology studies EPS/ablation				
Percutaneous coronary intervention (PCI)				
Implantable cardiac defibrillators (ICD)				
Daily nocturnal home hemodialysis				
Provincial peritoneal dialysis initiative				
Newborn screening program				

Specialized Services

Cardiac Rehabilitation	Number of patients treated	TBD	TBD	TBD
Visudyne Therapy	Number of insured Visudyne vials	TBD	TBD	TBD
Total Hip and Knee Joint Replacements (Non-WTS)	Number of Implant Devices	TBD	TBD	TBD
Magnetic Resonance Imaging	Hours of operation	TBD	TBD	TBD
Regional Trauma	Cases	TBD	TBD	TBD
Regional & District Stroke Centres				
Sexual Assault/Domestic Violence Treatment Centres				
Provincial Regional Genetic Services				
HIV Outpatient Clinics				
Hemophilic Ambulatory Clinics				
Permanent Cardiac Pacemaker Services				

Provincial Resources

Bone Marrow Transplant				
Adult Interventional Cardiology for Congenital Heart Defects				
Cardiac Laser Lead Removals				
Pulmonary Thromboendarterectomy Services				
Thoracoabdominal Aortic Aneurysm Repairs (TAA)				

* Organ Transplantation - Funding for living donation (kidney & liver) included as part of organ transplantation funding. Hospitals are funded retrospectively for deceased donor management activity, reported and validated by the Trillium Gift of Life Network.

Note: Additional accountabilities assigned in Schedule B, B1

Funding and volumes for these services should be planned for based on 2009/10 approved allocations. Amendments, pursuant to section 5.2 of this Agreement, may be made during the quarterly submission process.

Wait Time Services

Schedule H1 2010/11

Hospital **NEWMARKET Southlake Regional**

Facility **736**

Selected Cardiac Services

Refer to Schedule G for Cardiac Service Volumes and Targets

Total Hip and Knee Joint Replacements
(Total Implantations)

422

169

422

169

Cataract Surgeries
(Total Procedures)

2,599

1,284

2,804

1,782

Magnetic Resonance Imaging (MRI)
(Total Hours)

3,120

898

3,120

898

Computed Tomography (CT)
(Total Hours)

4,726

516

4,726

516

* The 2009/10 Funded volumes are as a reference only

** Once negotiated, an amendment will be made under section 15.3 of the Agreement to include these targets and any additional conditions not otherwise set out in Schedule B, B1. This funding would be an additional in-year allocation contemplated by section 5.3 of the Agreement.