

---

**From:** Keats, Don [mailto:DonKeats@gov.nl.ca]  
**Sent:** Thursday, February 12, 2009 4:42 PM  
**To:** McGrath, Karen  
**Subject:** Budget Scenario

Hi Karen,

This is to follow-up on our conversation yesterday re. the 2009-10 budget allocation. The allocation for Central Health in 2008-09 was \$222,118,861. There were a number of adjustments to this number throughout the year. If we were to provide the 08-09 budget along with the approved adjustments, the annualization of the approved adjustments relevant to the current fiscal year and the salary and benefits changes approved by Government through the collective bargaining process, what would the implications be for CH in 09-10? What measures would have to be put in place if we were to proceed in this direction? Questions/clarifications should be addressed to Jim S. or Tony W..  
Don

---



# Central Health

March 9, 2009

Honourable Ross Wiseman  
Minister  
Department of Health and Community Services  
PO Box 8700  
St. John's, NL A1B 4J6

Dear Minister Wiseman:

I am writing to advise that on March 3, 2009 the Board reviewed and endorsed the plan our senior executive team had forwarded to your officials with respect to fiscal containment for the budget year 2009 – 2010.

The Board has asked that I highlight for you that none of these measures can be enacted without significant impact on either our internal or external communities. While we acknowledge the fiscal positions of the province this has to be balanced with expectations of the citizens with regards to delivery of health services. We can only move forward on these initiatives with a firm partnership with Government.

The Board has also questioned whether or not it might be possible to use a portion of these realized savings in any one year to reinvest in other aspects of service delivery. From a Board's perspective this may be an incentive to realign these savings.

We look forward to a continuing relationship with you and your officials.

Sincerely,

Robert Woolfrey  
Board Chair – Central Health

bap



February 23, 2009

Mr. Tony Wakeham  
Assistant Deputy Minister  
Regional Health Operations  
Department of Health and Community Services  
Government of Newfoundland and Labrador  
P.O. Box 8700  
St. John's, NL A1B 4J6

RE: Budget 2009/2010

Dear Mr. Wakeham;

As requested, Central Health has performed a review of its current operating budget. This review considered the effect of maintaining the current level of funding with adjustments for approved annualizations and salary changes approved by Government through the collective bargaining process. We are also in the middle of an internal departmental review in order to address current structural budget issues. We believe the internal review will address the majority of the structural budget deficit but either some or a combination of the items proposed in the attached summary will need to be implemented. Once the internal review is completed we will share those findings with the Department.

The attached summary lists 14 potential operational changes for Central Health. These are listed down in no particular order of preference or priority. Each of these has been reviewed at a high level as to whether they are achievable and practical changes to make. These actions will impact services to some degree depending on the site and we are prepared to provide additional information as needed.

1. Combined Maternal Child Care Unit ~ \$1,300,000

Central Health operates two maternal child care units along with associated pediatric operations in the Central Newfoundland Regional Health Center (CNRHC) and James Paton Memorial Regional Health Center (JPMRHC). The changing demographic,

.../5

along with staffing issues at all levels, has placed an increasing operational burden in maintaining these units. The proposal would be to place OBS services in CNRHC and reduce staff accordingly at JPMRHC.

2. Reconfigure 5 Acute Care Beds in Notre Dame Bay Memorial Health Centre. ~ \$800,000

This site operates with 17 acute care and 33 long term care beds. The current and projected utilization would allow for the reduction of five of the acute care beds and staff accordingly. Depending on the options chosen this may be a total reduction or a configuration of these beds to alternative level of care.

3. Closure of A.M. Guy Health Centre for Inpatient and resident beds and providing clinic and emergency services only ~ \$1,000,000

A.M. Guy serves a very small population and the current infrastructure requires considerable investment. This would mean the closure of 18 long term care beds and absorbing that service through out the region.

4. Reduction of emergency services at Dr. Hugh Twomey Health Centre. ~ \$911,957

The utilization was reviewed and it was felt that this may be over servicing the area. Reduction of those services would provide considerable savings.

5. Closure of Hare Bay Clinic ~ \$70,000

Considering the population base and proximity to Gambo, Centreville Clinics and Brookfield Bonnews Health Centre, this part time physician medical clinic could be closed.

6. Closure of LaScie Clinic ~ \$128,000

The population served by this clinic could be served from the Baie Verte area. We could use the space for continuing care and reduce travel costs in that program.

7. Centralized Laundry Services ~ \$300,000

Recent investments in the CNRHC laundry department and the continued need for other logistical support to the various rural sites means that it may now be an appropriate time to move industrial laundry processing to the two main sites. Some personal laundry or other laundry may still be done onsite depending on the isolation of the location.

8. Provide food services for Lakeside Homes from JPMRHC ~ \$200,000

The previous Board in 1998 had implemented food service provision from James Paton Memorial Regional Health Center for Lakeside Homes as a cost savings measure. This decision was subsequently reversed. However with the changes in the last ten years and reconfiguring that option to consider various esthetic concerns this may be a viable option again.

9. Cap on Prostheses Budget in Orthopedics Program ~ \$200,000

This will mean expanding some waitlists, but the whole area needs to be studied for proper utilization of various supplies. This program's growth has exceeded inflation over the last couple of years.

10. Restructure Laboratory and Diagnostic Imaging Services in Lewisporte ~ \$222,573

Blood collection would still be maintained but it is becoming increasingly difficult to maintain human resources for the current level of diagnostic imaging and laboratory services.

11. Removal of unfunded positions ~ \$795,000

These positions have been put in place over the last three years and range from Safer Healthcare Now Coordinator to Human Resource Recruitment Specialist. All positions have been in response to needed operational requirements for patient safety, increased reporting requirements, workload demands coming from devolution of services or the integration of systems.

12. Elimination of vacant Senior Administration Clerk III position. ~ \$41,500

This position has been vacant for the past year.

13. Elimination of Service Awards ~ \$40,000

The employee's recognition program was part of building an integrated organizational culture. The awards component can be removed.

14. Removal of unfunded Pharmacy positions. ~ \$165,641

The pharmacy department had two positions that were not funded but also have been vacant for a period of time. These positions were originally put in place to deal with clinical and workload issues.

These options total an estimated \$6.1M in savings. As stated earlier, these will all have some service implications but in moving forward we believe that some of these, in combination with our departmental review, will have to be put in place to bring forth a balanced budget in 2010 at current funding levels.

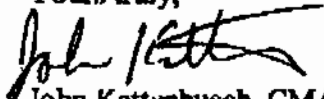
We would also like to bring your attention to the implications of no increase in funding for the Child Youth and Family Services (CYFS) program area in 2009/2010.

1. The inability to reduce work load to manageable level – This was proposed through the introduction of social work assistants as outlined in briefing note #7 and administrative support as outlined in briefing note P-3. This challenge was again highlighted in the recent clinical review conducted by the department.
2. Increasing risk, liability and cost associated with residential options – As outlined in briefing note #8, Central Health has determined that a dedicated human resource is required to ensure that we have viable options with respect to emergency and in-care placements. This issue was recently highlighted in a provincial review of in-care services.

3. Continuation of the inability to meet the demands of prospective adoptive parents and departmental officials with respect to implementation of the PRIDE model in the adoptions program. This challenge is outlined in briefing note P-2.
4. Challenges for the region with respect to implementation of orientation and training programs. The quality of these programs are excellent but there is no budget for associated implementation cost as outlined in briefing note P-4.

I trust this provides the information you require in assessing the implications of maintaining current funding levels into 2009/2010. If you need any further information you may contact me at 256-5451.

Yours truly,



John Kattenbusch, CMA  
VP Finance and Corporate Services

Encl.

cc. Ms. Karen McGrath, CEO  
Mr. Don Keats, Deputy Minister, Department of Health and  
Community Services