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FEB 12 2010

Dr. David Ostrow  
President and Chief Executive Officer  
Vancouver Coastal Health Authority  
11<sup>th</sup> Fl, 601 W Broadway  
Vancouver BC V5Z 4C2

Dear Dr. Ostrow:

**Re: Harmonized Sales Tax (HST) Impact to Residential Care Providers**

As you know, the HST will come into effect on July 1, 2010, and health authorities were asked to prepare plans to absorb this increased cost within current funding allocations. However, with the recent announcement of the 58 percent rebate on the provincial portion of the HST, there will now be little or no financial impact on the direct operations of health authorities.

Residential care providers that operate on a for-profit basis will not be eligible for the rebate, and will therefore experience some increased costs. The BC Care Providers Association has estimated this impact will be in the range of \$6 million across its member organizations. In order to minimize the impact on patient care, health authorities are directed to ensure that their contracted residential care service providers are kept whole with respect to the financial impact of the HST.

Yours truly,

John Dyble  
Deputy Minister

pc: Mr. Duncan Campbell, Chief Financial Officer and Vice President,  
Systems Development and Performance  
Mr. Manjit Sidhu, Assistant Deputy Minister, Financial and Corporate Services