



Dr. G.N. (Gerry) Kiefer

The President's Letter

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May 24, 2007

Dear Member:

My May 15 *President's Letter* advised that the trilateral Physician Services Committee (PSC) has been working to finalize the allocation under the newly ratified 2006-08 financial agreement. Here are the details.

TIMELINES

I am pleased to tell you that we are currently on track for a July 1 implementation for the increases to the fee schedule. For this to happen, however, there is still an enormous amount of work ahead for all parties. We will keep you posted.

RETROACTIVITY

Because there are two Schedule of Medical Benefits (SOMB) increases for 2006-08, there are two retroactive periods. Assuming a new SOMB effective July 1, 2007, these two periods and their corresponding payment dates are:

1. October 1, 2006-March 31, 2007 (inclusive, based on dates of service), paid out:
 - a. Early July, based on total payments for services in that period
 - b. Mid-November, to allow for reconciliation of late payments under the 180-day rule

2. April 1, 2007-June 30, 2007 (inclusive, based on dates of service), paid out:
 - a. Late August, based on total payments for services in that period
 - b. Mid-February 2008, to allow for reconciliation of late payments under the 180-day rule

Because of the introduction of new fee codes and also for administrative simplicity, your retroactive payments will be based on your total billings and the percent increase for your section (rather than on changes to the individual service items you billed).

ALLOCATION

A table showing allocation amounts for each section appears at the end of this document. ([Click here](#) to view the table now.)

Macro-allocation

What you will receive through the allocation is affected by two components that have been discussed in recent *President's Letters*: macro-allocation and micro-allocation.

Macro-allocation is the first stage of the allocation process, designating funds in three pools:

1. **Targeted items** that the board believes should not be funded wholly by sections for specific issues
2. **Overhead**, i.e., a percent sections will receive to offset overhead costs, in whole or in part
3. **Section-based payments**, i.e., a same-dollar-amount per full-time equivalent (FTE) physician that each section receives to apply to its internal fee schedule multiplied by its number of FTE physicians

Here are the results of the PSC's deliberations - by pool of funds - following many hours of three-way discussion in a remarkably brief period of time. What the Alberta Medical Association (AMA) took to these discussions was based on objectives and direction from the Board of Directors.

(1) Targeted items: Cost-shared 50/50 with the affected sections; three categories based on board priorities to improve access and encourage new ways to deliver care:

Complexity

- Increase rate for (03.03D) hospital inpatient care: medical specialties to \$50, all others to \$30
- Comprehensive visit/consultation modifiers:
 - Expand visit modifiers to include comprehensive visits >30 minutes (03.04A-H) and minor and repeat consultations (03.07A, 03.07B)
 - Introduce a second visit complexity modifier of \$14 available after an additional 15 minutes (i.e., at 30/35 minutes) of patient care/management time
 - Complexity funding (\$28) for emergency care to codes 13.99H, 13.99J and 13.99G
 - Include hospital admissions in group of codes to which CMXC30 modifier applies
- Add a body mass index (BMI) modifier of 25% for selected procedures and all general and epidural anesthetics and regional blocks for patients with BMI of 35 or greater; pediatric patients greater than 97 percentile on approved growth curve
- Increase surgical assist rates by 20%
- Anesthesia complex services, increases for selected procedures

Indirect care

- Increase the telehealth (TELES) modifier, add team conferences to eligible codes, increase the 03.01C telehealth assistance codes for all from 115% to 120% of the 03.03A rate.
- Pay telephone management of anticoagulation/INR (03.01N) up to twice per month.
- Amend physician-to-physician telephone consultations to:
 - Allow claims within 24 hours of another service by consultant
 - Allow claims for videoconference consultations
- Amend 03.01 telephone contacts to include:
 - Paramedic patch calls to emergency room physicians
 - Calls to physicians from assisted living and designated assisted living staff
 - Nurse practitioners in nursing stations

Other considerations

- New health service code for urgent attendance at the request of acute care and long-term care staff

(2) Overhead: Sections will receive 4% for BOTH October 2006 and April 2007. This was based on the Consumer Price Index (CPI) of 4% as of January 2007.

(3) Section-based payments: Sections will receive approximately \$14,000 multiplied by the number of FTEs in each section from the section-based-payment component alone.

The average increase is approximately \$26,000 per FTE once the value of all three macro-allocation pools are combined (i.e., targeted items, overhead and section-based payments). The amount varies by section depending on the benefit received from each of the three pools.

This method reflects the policy direction of the Board of Directors as a move toward fee equity. Typically, sections with lower average payments receive a higher percent increase.

Micro-allocation

Over the past year, and in addition to input on macro-allocation items, your section representative(s) have worked long and hard with AMA staff to identify rates, rule changes and new fee items that are priorities for your section. I want to say a sincere thank you to all section representatives for laying the groundwork that allows us to implement the allocations.

ALTERNATE RELATIONSHIP PLANS

At the recommendation of the Alternate Relationship Plan (ARP) Subcommittee, payments to ARP physicians will mirror the increases applied to their respective section allocations.

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FURTHER AGREEMENT IMPLEMENTATION

In the near future, I will update you on other programs and details of the 2006-08 financial agreement. Swift implementation of the agreement remains our priority.

Yours truly,

G.N. (Gerry) Kiefer, MD, FRCSC
President

Attachment (see next page)

([Click here](#) to return to letter for information on macro-allocation.)

SECTION ALLOCATIONS FOR OCTOBER 1, 2006 AND APRIL 1, 2007

Section	October 1, 2006	April 1, 2007	Compounded*
Anesthesia	3.65%	3.65%	7.43%
Cardiology	2.25%	2.25%	4.55%
Cardiovascular and Thoracic Surgery	2.40%	2.40%	4.85%
Dermatology	2.41%	2.41%	4.89%
Diagnostic Imaging	3.07%	3.07%	6.23%
Emergency Medicine	4.97%	4.97%	10.20%
Endocrinology	7.23%	7.23%	14.99%
Gastroenterology	4.52%	4.52%	9.25%
General Practice	5.41%	5.41%	11.12%
General Surgery	3.30%	3.30%	6.71%
Generalists in Mental Health	4.50%	4.50%	9.20%
Infectious Diseases	7.70%	7.70%	16.00%
Intensive Care	2.44%	2.44%	4.93%
Internal Medicine	5.52%	5.52%	11.35%
Laboratory Medicine	4.50%	4.50%	9.20%
Nephrology	2.66%	2.66%	5.39%
Neurology	6.71%	6.71%	13.88%
Neurosurgery	3.63%	3.63%	7.40%
Obstetrics and Gynecology	3.19%	3.19%	6.48%
Ophthalmology	2.93%	2.93%	5.94%
Orthopedic Surgery	3.50%	3.50%	7.12%
Otolaryngology	2.50%	2.50%	5.06%
Pediatrics	7.23%	7.23%	14.98%
Physical Medicine and Rehabilitation	7.70%	7.70%	16.00%
Plastic Surgery	3.49%	3.49%	7.11%
Psychiatry	4.50%	4.50%	9.20%
Respiratory Medicine	5.42%	5.42%	11.14%
Rheumatology	5.70%	5.70%	11.73%
Urology	3.06%	3.06%	6.20%
Vascular Surgery	3.90%	3.90%	7.94%
TOTAL	4.50%	4.50%	9.20%

* Compounded allocation is the total impact of both the October 2006 and April 2007 allocations. For example, $1.045 \times 1.045 = 1.092$ or 9.2%