



Dr. G.N. (Gerry) Kiefer

The President's Letter

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August 29, 2007

Dear Member:

I am very pleased to inform you that the Clinical Stabilization Initiative (CSI) becomes effective September 1. This important initiative provides new tools to address the challenges of physician recruitment and retention, as well as the unique circumstances faced by Alberta in a booming economy.

I'd like to commend the leadership of the Alberta Medical Association (AMA) Board of Directors and the Representative Forum for their role in advocating for these programs to assist physicians. The three new programs within the CSI mirror, to a considerable degree, proposals and ideas previously discussed in AMA letters, papers and Negotiations 2006 presentations.

Alberta Health and Wellness, AMA and the regional health authorities (RHAs) all recognize that action is required to tackle these challenges. As a result, the three parties worked together decisively to find solutions, basing their decisions on existing statistics and available data. All three parties have demonstrated leadership in reaching broad consensus on important priorities that address pressing physician issues.

Clinical Stabilization Initiative

The Clinical Stabilization Initiative has three separate components:

- Business Costs Program
- Rural, Remote, Northern Program
- Communities in Crisis

Although all three programs are effective September 1, implementation will take some time. Physician payments will be retroactive to the effective date. Physicians in some communities will be eligible for payments from more than one program.

Business Costs Program (BCP)

When rising overhead costs emerged as a major issue in Negotiations 2006, the AMA was able to advocate on physicians' behalf by bringing forward a proposal to deal with business costs.

As stated in the 2006 amending agreement, this program is established "to support practices where increased business costs are having an impact on stability and attractiveness, including family practice and other groups in like circumstances."

The BCP is an important step in addressing costs of practice. It recognizes that these costs have risen dramatically, particularly for physicians in office-based practices. While practice costs vary across Alberta, Calgary and Airdrie (because of its close proximity to Calgary) were identified as communities that warranted additional support.

The BCP applies across the province and all physicians who provide visit services in an office-based setting are eligible to receive payments through a fee modifier. The program will have a greater impact on family physicians, and specialists in office-based practices such as some internal medicine specialties, pediatrics, psychiatry and others.

CSI funding will support an independent study to provide broad objective data that will be used in the future to revise and improve the Business Costs Program over time. This study will include all sections and focus on input prices, such as salaries and rents, that impact on the stability and sustainability of physician practices.

Rural, Remote, Northern Program (RRNP)

The RRNP addresses the challenges of recruiting physicians to live and practise in rural, remote and northern areas of Alberta.

The AMA has always recognized that while there are physician shortages across the province, there are communities that face even greater challenges in retaining and recruiting physicians. The RRNP defines and addresses the relative degree of physician under-servicing in Alberta communities. Through trilateral discussions, the parties developed a provincial framework that will be broadly applied to recognize and address these communities' relative needs.

The program is available to Alberta physicians practising in communities that are eligible to receive assistance through the Alberta Rural Physician Action Plan (RPAP). RRNP is modeled on the general structure of the British Columbia Rural Incentive Program.

Province-wide criteria will be used to assign points to individual communities, with the number of points assigned determining the funding incentives available to physicians in each community. The criteria define the relative isolation of medical practice in each community.

Physician funding incentives will take the form of fee-for-service modifiers for each service provided by a physician in an eligible community, and an additional flat fee that will be paid to physicians who work and reside in the community. Payments through the RRNP are capped at \$60,000 per physician annually.

The RRNP is a starting point to address under-serviced areas around the province. Work will continue to identify other under-serviced areas that may require assistance.

Communities in Crisis

The amending agreement outlines the purpose of this component of the CSI as follows: "to provide specific financial support on a timely basis to physicians practising within communities deemed to be in crisis with regard to access to physician services." Master Committee will review and approve funding for these communities.

The following communities have been identified as current communities in crisis. They will receive additional funding through the two programs mentioned above. These communities are:

- Calgary/Airdrie
- Fort McMurray
- Grande Prairie

The two northern communities face alarming shortages of physicians and infrastructure to deal with their economic and population growth. Each of these communities is facing unprecedented growth and above-average overhead costs. The information available convinced all three parties that physicians in these communities needed extra help to attend to their practice costs.

For Calgary and Airdrie physicians, this will be handled through a differential fee modifier under the Business Costs Program. Physicians in Fort McMurray and Grande Prairie will receive funding under the Rural, Remote, Northern Program.

Please refer to the attached backgrounder for information currently available about the Clinical Stabilization Initiative. AMA will provide more information once all program details are final.

The President's Letter

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Page 4

As noted in my July 27 *President's Letter*, the AMA board strongly supports the implementation of the CSI program. We believe that the three components of CSI will go a long way toward ameliorating the crises facing physicians in rural, remote and northern communities and the hardships faced by physicians in office-based practices across the province.

We have addressed needs where they are most critical at this time, and our efforts in addressing these issues will continue. We will work with section leaders to determine their specific needs for future negotiations and allocations. Data provided by the future study of practice costs will help us to improve the programs as time goes on.

We look forward to the roll-out of the CSI program and trust that it will help to ease the financial burden for many Alberta physicians. As recruitment and retention as well as practice costs begin to be addressed, physicians can continue to do what they do best: caring for their patients and keeping Patients First®.

Yours truly,

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