



# The President's Letter

Dr. Noel W. Grisdale

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Dear Member:

The Alberta Medical Association (AMA) Board of Directors has identified the Physician Compensation Strategy as one of the five priority areas of focus for the remainder of the AMA business year. At its April 24 meeting, the board reviewed the comprehensive strategic plan developed by the Physician Compensation Strategy Board Steering Committee (PCSSC).

The key objectives of the strategy are:

- **Equity** – Improve relative fairness of physician compensation at fee and income levels
- **Access** – Ensure Albertans have access to timely, quality care
- **Productivity** – Support efficiency and cost-effectiveness in the use of physicians' time and skills

The strategic plan for physician compensation encompasses objectives and goals that extend over a multi-year period. In addition to identifying challenges and opportunities for the plan, the committee has outlined eight strategic activities to work toward the objectives over the next 12 months. These activities are:

1. **Enhance access to relevant health system data**
  - To inform decisions in key strategies such as allocation, negotiations, practice management, trilateral policy development
2. **Review the definition of full-time equivalent (FTE) physicians**
  - This issue has been raised by sections as one that needs to be addressed for fairness in calculating allocation of per-FTE amounts.
  - Update and propose modifications as necessary for allocation calculations, alternate relationship plan (ARP) discussions

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3. **Conduct Physician Business Costs Study**
  - Provide an update of baseline physician practice cost information by specialty, and type and location of practice, with a mechanism built in to allow adjustments over time
  - PricewaterhouseCoopers has been engaged to conduct the study and to report to the trilateral project steering committee.
4. Address dynamic needs of INRVs
  - Support each section with an economic role in maintaining its intra-sectional relative values (INRVs), which allows the section to allocate new funds according to the set values
5. Provide Allocation 101 material
  - Increase understanding and transparency of allocation goals, process and policy
  - Develop a web-based information package for section representatives and AMA members to better understand what is involved in each allocation
6. Determine Allocation 2010
  - Determine sectional priorities for new rules, new procedures, micro-allocation priority items for the next allocation
  - Incorporate results from Physician Business Costs Study, FTE definition, other policies
  - Allocate the 4.5% increase for 2010 consistent with physician compensation objectives
7. Collect and review information
  - Support completion of the strategic activities and measure progress towards objectives
8. Identify strategic linkages of PCS to the Alberta health system
  - Liaise with trilateral partners and explore opportunities to link the strategic compensation plan with other aspects of the health care system

As you can see, the PCSSC has its work cut out for it to complete these activities over the course of the next year! Committee members have contributed a substantial amount of time to develop the strategic plan and the board appreciates their considerable efforts to address physician compensation issues. Section representatives, AMA committee members and physicians will be asked for their help in tackling some of these issues.

## **Section and physician roles**

### **Physician Business Costs Study**

For a number of years, AMA members have requested an update on the business costs for physician practices. This information is used to calculate the funds for overhead costs in each allocation. Sections and individual physicians will be asked for help as the consultants conduct the Physician Business Costs Study. More information about the role of physicians and sections and our request for your participation will be provided within the next few weeks. I encourage you to take the time to participate in this important study.

### **INRVs**

AMA staff is currently working with sections to assist them in revising their INRVs. The Schedule Redevelopment Grant, available until March 2011, provides funds to support sections in redeveloping INRVs. Funds may be used to hire external consultants to assist in this activity. (Activity 4 above.)

### **De-insurance of medical services**

Recently the government announced its plan to de-insure gender reassignment surgery, and the minister of health has commented that this may be followed by more medical services being de-insured.

Generally de-insuring a medical service calls for consultation with the AMA under the terms of the trilateral master agreement (Article 2.4). At our request, government has clarified that gender reassignment surgery does not fall under the agreement because it is not provided under the schedule of medical benefits, nor is it provided from the master physician budget. We have also been assured that the terms of the agreement will be followed for any de-insurance of physician services that may follow.

The AMA has commented publicly about our view on the issue of de-insurance in the past, most recently in 2003 when we made a submission to the Expert Advisory Panel to Review Publicly Funded Health Services.

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Decisions around de-insurance should relate to the determination of what services are, and are not, core. The definition of core health services includes those services that are wholly or partly publicly funded. The process of deciding which services are core services should be transparent, procedurally fair, evidence-based, inclusive of all parties with a stake in the decision and give decision makers the proper authority and accountability to make the decisions. The AMA has long held the view that the public needs to be a part of an ongoing process to determine core services. Core services should be defined, in part, by the value society places on those services.

AMA has stated a core service must meet four criteria. It must be: necessary, efficient, effective and not left to individual responsibility. In addition to consultation with the public, physicians should be involved in decisions to de-insure services as we are best able to comment on questions that should be asked: Is it needed? Does it work? Is it efficient?

As always I welcome your comments on these and other issues that affect you in your practice.

Yours truly,

Noel W. Grisdale, MD, CCFP  
President