



Dr. G.N. (Gerry) Kiefer

The President's Letter

February 16, 2007

Dear Member:

The Alberta Medical Association (AMA) continues efforts to finalize the two-year fiscal agreement (April 1, 2006-March 31, 2008) with Alberta Health and Wellness (AHW) and the regional health authorities (RHAs).

We are negotiating financial issues that comprise funding for: fee increases, primary care networks, office computerization, on-call, under-serviced areas, and benefits including new funding to recognize the importance of retaining physicians who practise in Alberta.

We hope to have a tentative agreement to discuss with the Representative Forum (RF) March 9 and 10. Based on the RF discussion, the AMA Board of Directors would decide whether to send the tentative agreement to members for ratification.

As we continue negotiations, we are also developing internal processes that will be needed when an agreement is reached.

An important element is determining how to allocate new funds into the Schedule of Medical Benefits (SOMB). As a first step, AMA develops an allocation proposal to share with the other parties to the agreement (AHW, RHAs). Then the three parties jointly finalize the allocation proposal for approval by the trilateral Physician Services Committee.

At its February 9 meeting, the Board of Directors discussed allocation of funds for physician fees, once we have negotiated an agreement. Allocation occurs in two phases:

- First phase – Macro-allocation: Funds are allocated off the top to targeted items and to sections. Each section's allocation is based on the outcome of considerations for targeted items, support for overhead and a general increase.
- Second phase – Micro-allocation: Funds are allocated by sections or from specific pools to particular fees. Direction is given to sections to use their funds to address section priorities and to improve fee equity within the section.

To avoid a section bearing the full cost of its targeted items, the board will consider whether an item should be covered fully by an off-the-top allocation or shared by the section.

AMA's overall objectives for allocating funds address:

- Patient needs and access to quality care
- Fee equity where fees reflect physician input in time, intensity and complexity; and non-physician expenses (overhead)
- Fee schedule modernization to keep the schedule current with changes in technology and methods of service delivery through fee adjustments, rule changes and the introduction of new items
- Full compliance with the letter and spirit of the 2003 trilateral master agreement

These parameters help the AMA to ensure that, as funds are allocated to physician fees, patients' needs are met and that we move toward a modern and equitable fee schedule.

Recognizing that physicians are concerned with how funding increases impact their sections and their fees, board members view allocation as a critical step in implementing the agreement. They are very aware of the challenges of rising overhead costs currently facing Alberta physicians and, consequently, overhead will be a key element of the upcoming allocation.

The board agreed to use existing Alberta overhead data as a basis to determine this allocation, as recommended by the AMA's Overhead Working Group. The board also directed the working group to examine the feasibility of a new study to update the overhead data, and to assess the impact of overhead costs on physician practices.

Determining the distribution of funds for fees (i.e., allocation) is a multi-step process, which began last fall. The process includes these steps:

1. Physicians provide input to their sections.
2. Sections request allocation of funds to targeted items or section priorities.
3. Representative Forum brings forward its priorities.
4. AMA Board of Directors establishes principles, objectives and funding priorities.
5. The trilateral Schedule of Medical Benefits (SOMB) Subcommittee considers the trilateral members' recommendations and requests from sections.
6. SOMB Subcommittee makes final recommendations to the trilateral Physician Services Committee (PSC).
7. PSC provides final approval for the allocation of funds.

Sections were asked to submit their proposals for allocation last fall. As not all sections have submitted their proposals, the board has now set a firm deadline of February 28 for final section submissions.

Please note: If you have suggestions about distributing funds within your section, please contact your section president or fees representative as soon as possible. Log into the AMA website at <http://www.albertadoctors.org/Sections/Index> for names and contact information for your section.

The board agreed that if a section fails to submit an allocation proposal, AMA will allocate that section's funds either in accordance with its intra-sectional relativity or across-the-board to the section-owned health service codes.

Once section proposals are submitted, the board will discuss specifics for allocation at its next meeting.

As you can see, allocation is a crucial and complex process involving a number of stakeholders. More in-depth background information will be published in an upcoming issue of *Alberta Doctors' Digest*.

While we continue negotiating with our trilateral partners, I have sincerely appreciated the dialogue with physicians who have attended our negotiations tour meetings. We have more meetings scheduled as follows:

February 20 - Medicine Hat, 7 p.m., Medicine Hat Lodge

February 21 - Lethbridge, 7 p.m., Lethbridge Lodge

February 22 - Fort McMurray, 7 p.m., Radisson Hotel

I encourage you to come to a meeting in a centre near you and look forward to meeting you.

With tremendous help from the Aspen RHA staff, we are also setting up a videoconference meeting for physicians in Aspen Health Region. We have also organized a videoconference for physicians in East Central Health and rural physicians in regions 1, 2 and 3. Watch for your email invitation if you live in one of these areas.

Yours truly,

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