



BACKGROUNDER GOVERNMENT IMPOSITION NOVEMBER 2012

On November 15, 2012, government unilaterally announced imposition of a “settlement” on Alberta physicians. The Alberta Medical Association (AMA) does not view this as an agreement; it is not the result of negotiations. The government’s representation of what is being imposed is also misleading as this document explains. Government has provided an initial calculation of \$463M new dollars for physician compensation.

- The calculation neglects to account for a planned reduction to targeted physician fees.
- It takes away dollars that physicians need to stay in practice, run their offices and care for patients.
- There is a critical difference between dollars provided for physician compensation and those used elsewhere in the health system, such as for primary care networks (PCNs).
- Government failed to differentiate a five-year impact vs. one-year impact, such as when calculating the total impact of removing the Business Costs Program (BCP).

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1. WHAT THE NUMBERS REALLY MEAN

Retention Benefit and Business Costs Programs **keep physicians practicing longer and able to handle high overhead costs** in Alberta's economy (e.g., rent, staff, equipment, costs of infection prevention and control measures, etc.) Government counted a one-year loss but losses will continue.

Impact: \$293 million loss over five-year period.

The minister refused to provide direct assurance that these funds will be returned to physicians.

The \$62 per patient money identified here is for primary care networks (PCNs). These increases were already announced in April 2012 to address inflation over the first six years of PCNs. There is no additional money for PCN physicians.

The vast majority of PCN dollars go toward providing team-based care (hiring nurses, physiotherapists, pharmacists, etc.) and providing programs to improve health or prevent disease.

Impact: \$0

<i>(in Millions)</i>	<i>Total</i>
Lump sum (based on 2011/12 actual billings)	\$72.1
Insured Services Rate increase (COLA adjusted)	\$251.1
Retention Benefit and Business Costs Program	\$(119.2)
Net PCN increase	\$140
BCP Repatriation	\$63.4
Health System and Physician Support	\$119.2
Net Change	\$463.2

Government wants to "consult with affected physicians with respect to several specialty fee codes" by April 2013 (see Section 5 of this document). With those fee reductions government's \$463 million is reduced even further.

Impact: \$240 million loss

The AMA agrees that fee relativity should be reviewed on a cost-neutral basis and without singling out particular groups. We have proposed a transparent process, based on evidence. The minister has rejected this approach. He will consult, but he will decide what doctors should be paid.

The government has repeatedly refused to commit to reallocate the revenue associated with the terminated Business Costs Program and Retention Benefit Program within physician compensation. Therefore, it is misleading to include these revenues as new physician compensation.

Impact: \$293 million loss

Government will continue the Business Costs Program until April 2014. But, these are not net new dollars (i.e., they are already in the budget). Government has incorrectly added these as new money.

Impact: \$0

2. THE REAL BOTTOM LINE

Despite agreeing (prior to the provincial election) to increases of 2.5%, 2.5% for the first two years of an agreement, government has transformed that amount to 0% and 0%, then cost of living increases and a one-time 2.5% lump sum, all of which will add up to \$325 million over five years. As explained in **What the Numbers Really Mean** (above) government will then proceed to remove \$533 million from physician compensation using program terminations and applying arbitrary fee cuts. The net impact is a **\$209.8 million LOSS** over the course of a five year term from April 1, 2011.

<i>(in Millions)</i>	<i>Total</i>
Lump sum (based on 2011/12 actual billings)	\$72.1
Insured Services Rate increase (COLA adjusted)	\$251.1
Removal of retention benefit and business costs program	\$(293)
Net PCN increase is not physician compensation	\$0
BCP Repatriation	\$0
Health System and physician support	\$0
Include 3-year impact of reductions to physician fees	\$(240)
Net Change	\$(209.8)

All physicians will be negatively impacted:

- Financially
- By being subject to ministerial order vs. being partners in a relationship
- By being denied universally accepted processes to resolve disputes, e.g., arbitration

3. BUSINESS COSTS PROGRAM PAYMENTS TO PHYSICIANS

The Business Costs Program reimbursed physicians \$64M during 2010-11. The majority of this funding, 83%, went towards community-based family physicians. This is money physicians have used to keep their practices viable. It pays to employ thousands of staff, to rent space, obtain medical equipment and supplies, keep practices safe, clean and quality-focused. This money is being taken away without any direct assurances about how it will be returned to community practice. Vague promises are not enough: Physicians need to know the details.

Business Costs Program					
Specialty	No. of Physicians	Total Payments \$	Average \$	Maximum\$	% of Total BCP
Anesthesiology	41	51,227	1,249	12,482	0.1%
Cardio & Thoracic Surgery	5	5,970	1,194	1,690	0.0%
Cardiology	79	248,039	3,140	25,162	0.4%
Critical Care Medicine	11	10,632	967	2,648	0.0%
Dermatology	46	877,694	19,080	44,259	1.4%
Diagnostic Radiology	130	66,109	509	4,124	0.1%
Emergency Medicine - Specialty	10	43,604	4,360	15,287	0.1%
Endocrinology/Metabolism	9	27,239	3,027	4,966	0.0%
Gastroenterology	68	220,181	3,238	13,351	0.3%
General Practice and Rural Medicine	3287	52,616,628	16,007	111,670	82.5%
General Surgery	120	464,048	3,867	14,410	0.7%
Generalists Mental Health Physicians	5	8,477	1,695	4,001	0.0%
Infectious Diseases	6	12,563	2,094	9,427	0.0%
Internal Medicine	248	1,185,390	4,780	43,914	1.9%
Nephrology	28	60,936	2,176	8,434	0.1%
Neurology	65	213,631	3,287	13,134	0.3%
Neurosurgery	16	54,792	3,424	6,052	0.1%
Obstetrics & Gynecology	156	1,315,334	8,432	37,400	2.1%
Ophthalmology	109	1,320,828	12,118	39,533	2.1%
Orthopedic Surgery	113	335,674	2,971	11,212	0.5%
Otolaryngology	52	369,030	7,097	27,274	0.6%
Pathology	1	13,153	13,153	13,153	0.0%
Pediatric Gastroenterology	1	1,218	1,218	1,218	0.0%
Pediatrics	201	1,459,322	7,260	33,569	2.3%
Physical Medicine and Rehabilitation	31	159,628	5,149	26,032	0.3%
Plastic Surgery	42	112,560	2,680	7,769	0.2%
Psychiatry - Specialty	255	1,913,921	7,506	44,859	3.0%
Respiratory Medicine	43	200,877	4,672	23,078	0.3%
Rheumatology	18	106,596	5,922	19,230	0.2%
Thoracic Surgery	3	11,947	3,982	5,415	0.0%

Specialty	No. of Physicians	Total Payments \$	Average \$	Maximum\$	% of Total BCP
Urology	40	239,929	5,998	19,991	0.4%
Vascular Surgery	11	49,531	4,503	10,387	0.1%
Unknown	8	1,175	147	913	0.0%
Totals	5258	63,777,880	12,130	111,670	100%

4. RETENTION BENEFIT PAYMENTS TO PHYSICIANS

The Retention Benefit successfully helps to retain physician practices in Alberta. In 2010-11, physicians were compensated \$55M. We hear repeatedly from physicians that hopes for this program are being met: these individuals, close to retirement age, are remaining in practice longer because the program makes it possible to do so.

Specialty	Payments \$	% of Total RB
Anesthesiology	2,525,270	4.6%
Cardio & Thoracic Surgery	87,120	0.2%
Cardiology	816,750	1.5%
Critical Care Medicine	635,250	1.2%
Dermatology	403,535	0.7%
Diagnostic Radiology	2,737,020	5.0%
Emergency Medicine - Specialty	1,213,630	2.2%
Endocrinology/Metabolism	297,660	0.5%
Gastroenterology	663,080	1.2%
General Practice and Rural Medicine	26,587,935	48.6%
General Surgery	1,256,585	2.3%
Generalists Mental Health Physicians	265,595	0.5%
Infectious Diseases	291,610	0.5%
Internal Medicine	2,945,140	5.4%
Nephrology	425,315	0.8%
Neurology	781,055	1.4%
Neurosurgery	222,640	0.4%
Obstetrics & Gynecology	1,368,510	2.5%
Ophthalmology	869,385	1.6%
Orthopedic Surgery	1,079,320	2.0%
Otolaryngology	408,375	0.7%
Pathology	1,200,320	2.2%
Pediatric Gastroenterology		
Pediatrics	2,553,705	4.7%
Physical Medicine and Rehabilitation	312,180	0.6%
Plastic Surgery	421,685	0.8%
Psychiatry - Specialty	3,037,100	5.5%
Respiratory Medicine	475,530	0.9%
Rheumatology	324,280	0.6%
Thoracic Surgery	62,920	0.1%
Urology	361,790	0.7%
Vascular Surgery	121,000	0.2%
Unknown		
Totals	54,751,290	100.0%

5. ARBITRARY FEE REDUCTIONS: A GOVERNMENT THREAT TO IMPOSE

The AMA is more than willing to consider questions of fee relativity through a fair, transparent process that uses best evidence and allows for input from the physicians affected who know how care is delivered to patients. We have offered options to the minister, but he has rejected these. Instead, the minister wants only to “consult with affected physicians with respect to adjustment of several specialty fee codes which have been identified as most seriously misaligned with other provinces.” But then, the minister decides.

The net loss to physicians over three years will be \$240 million.

Tables provided by Alberta Health

Reductions:

Code	Description	Rate -- April 1, 2013
01.14	Other non-operative Gastroscopy	\$112.37
01.22	Other non-operative Colonoscopy	\$155.79
01.22A	Other non-operative Colonoscopy for screening of high risk patients	\$155.79
01.22B	Other non-operative Colonoscopy for screening of moderate risk patients	\$155.79
01.22C	Other non-operative Colonoscopy for screening of average risk patients	\$155.79
03.01AA	After hours time premium By ASSESS (benefit will vary depending on the modifier used.)	\$19.28 to \$38.56 (10 per cent reduction)
03.52B	Electrocardiogram, interpretation	\$4.95
09.13E	Optical coherence tomography, interpretation	\$25.08
09.13F	Optical coherence tomography, technical	\$22.24
27.72	Insertion of intraocular lens prosthesis with cataract extraction, one stage	\$397.75
28.79B	Injection or aspiration of vitreous cavity for purposes of diagnosis or drug delivery	\$90.00
X128	Bone mineral content determination dual photon absorptiometry	\$103.20
X Codes	All Diagnostic Radiology Fees for technical and professional (X-Codes) reducing by 10 % except as otherwise noted above.	Reduction by 10 per cent

Changes:

Code	Description	Change as of April 1, 2013
X107A	Fluoroscopy performed by a radiologist during special diagnostic or therapeutic procedures, including biopsy, endoscopy, intubation, pacemaker insertion and bougienage etc. (Related Diagnostic Fluoroscopy with Facet Joint Injections.)	No payment for fluoroscopy in addition to facet joint injections as fluoroscopy is part of the injection procedure.
Anesthesia Codes (variable)	Anesthesia services to be paid on time only	\$17.90 per 5 minutes
Post Operative Care (variable)	Existing General Rule 6.8.6 states that if surgeon does not provide the major portion of post operative care, the surgical benefit may be reduced to a lesser rate.	75 per cent of listed surgical fee will be paid for completed procedure; remaining 25 per cent of surgical fee will be paid with the submission of claim(s) for post-operative care.
03.04J	Development, documentation, and administration of a Comprehensive Annual Care Plan for a patient with complex needs	Add pediatricians to those physicians eligible to submit claims under this code. Add chronic kidney disease for eligible health need under the code.

Additions:

Physicians to physician e-consults	Facilitate better access for patients	Consultant physicians \$20.50
Physician to pharmacist consultation	Facilitate better access for patients.	\$16.95
Physician to patient e-consultations	Development of a payment process for indirect physician to patient contact that is cost effective and improves patient care.	TBD