

Memorandum of Understanding
To Achieve a Physician Services Compensation Agreement
(Statement)

Alberta Health (AH) and the Alberta Medical Association (AMA) have undertaken discussions for a physician services compensation agreement commencing April 1, 2011. The details of this Statement, as reached by the parties, are explained below. Based on the details set out in this Statement, the parties will develop a final legal agreement which will require ratification by the parties.

1. Structure

This agreement will be structured as follows:

- a. An ongoing evergreen agreement that will reflect the permanency of the relationship between AH and the AMA. The contents will include preamble, joint goals of AH and AMA, roles and responsibilities of the AH and AMA, scope of the contract, principles that should guide decision making by the joint committees, dispute resolution processes and links to the sub-agreements of the evergreen contract.
- b. Schedules attached to the evergreen portion will provide details related to rates and prices, financial re-openers and provisions of agreed to programs and benefits.

2. Financial Term

The financial term for this agreement with respect to rates paid under the Schedule of Medical Benefits and Alternate Relationship Plans shall be April 1, 2011 to March 31, 2018. Negotiations will commence at least six months prior to March 31, 2018 for the next financial term.

3. Programs

The agreement applies to the following programs:

- a. Fee-for-Service Compensation under the Schedule of Medical Benefits
- b. Alternative Relationship Plans, including the clinical component of Academic Alternative Relationship Plans
- c. Compassionate Expense Program
- d. Parental Leave Program

- e. Physician and Family Support Program
- f. Continuing Medical Education
- g. Medical Liability Reimbursement Program
- h. Regular and Specialist Locum Program
- i. Learning Prescription Plan
- j. Practice Management Program
- k. Towards Optimized Practice
- l. Retention Benefit
- m. Business Cost Program
- n. Physician On-Call Program
- o. Rural Remote Northern Program
- p. Program Management Office(s)

The funds for the programs listed "c" through "l" and "p" will be provided in grants to the AMA in the same manner and conditions as has been provided in the recent past.

The parties acknowledge that the current plan to end the EMR completion program will remain in effect. Furthermore, Government agrees to consult with the AMA on the development of a new approach and on-going implementation plan for physician electronic medical records. The agreement will include a process to develop and implement a replacement provincial strategy for EMR that directly involves the AMA.

Primary care delivery in Alberta continues to evolve. By way of a separate agreement, the parties will work together on a number of related matters to include but not limited to the following:

- Establish a framework within which PCN evolution, through PCN 2.0, can be managed, and linkages established to the broader, provincial primary care strategy, as well as how primary care impacts the broader health system.
- Review and adjust the per capita funding amount for Primary Care Networks on a regular basis, subject to a non-binding dispute resolution process.
- Address physician compensation elements of primary care, including physician compensation from PCN funding and physician compensation within FCCs.

4. Funding

- a. Rates payable under the Schedule of Medical Benefits and under Alternate Relationship Plans will increase as follows:

2011/2012: 0%

2012/2013: 0%

2013/2014: 0%

2014/2015: 2.5%

2015/2016: 2.5%

2016/2017: COLA

2017/2018: COLA

- b. All other rates for programs and benefits will subject to rate increases in 4a.
- c. The Cost of Living Adjustment (COLA) means the average annual percentage change in the Alberta All Items Consumer Price Index as determined by Statistics Canada and published in the December Consumer Price Index Report immediately preceding the implementation date of a negotiated rate change.
- d. There shall be a one-time amount of \$68 million paid to physicians in a manner established by the AMA in consultation with AH. This amount will not create an on-going financial liability in addition to 4a and 4b, and the parties will use best efforts to have these funds distributed to physicians within 90 days of the agreement being approved by the parties.
- e. Alberta Health has responsibility for the funding impact of increases in expenditures for all insured services and programs beyond the rate increases, including utilization increases. The exception will be any errors in calculation for the pricing and introduction of new services or changes in description, rules and pricing made by the PCC. In these cases, the PCC will have responsibility to making appropriate corrections.

5. Representation

On receipt of a written request from the AMA, AH will consider entrenching a general recognition right within an appropriate legislative framework. AMA is recognized as the ongoing representative of physicians with respect to negotiating SOMB rates, ARP rates and subsidies for the Continuing Medical Education Benefit, Medical Liability Insurance, Parental Leave Program, Physician and Family Support Program, the Compassionate Expense Program, the Practice Management Program, and the Regular and Specialist Locum Programs. This representative role remains in place as part of the evergreen portion of this agreement.

For any and all other programs and benefits attached to this agreement, the AMA is recognized as the representative of physicians for the duration of this agreement, as supported by the governance provisions of the agreement.

6. Consultation

For health matters which touch and concern physicians but which are not within the stated scope and purposes of this agreement, AH will consult with and seek advice of the AMA.

7. Arbitration and other Dispute Resolution

In the event the parties do not conclude an agreement to commence April 1, 2018, by October 1, 2018, any party may trigger arbitration limited to prices only, for the following programs as established by Alberta Health: fee codes under the Schedule of Medical Benefits; ARP payment rates; funding for Medical Liability Insurance; Continuing Medical Education Benefit; Parental Leave Program; Physician and Family Support Program; the Compassionate Expense Program; the Practice Management Program; and the Regular and Specialist Locum Programs. This ability to arbitrate within these parameters is considered part of the evergreen portion of the agreement and as such stays in place beyond the term of this agreement.

With respect to all other program or benefits linked to this agreement by schedule, parties may avail themselves to non-binding facilitation or mediation in the event of impasse.

If the parties have a disagreement with regard to the interpretation or application of this agreement, either party may refer the disagreement to the PCC for resolution. If this fails, then the dispute will be referred to the Deputy Minister and the Chief Executive Officer for their consideration; if they cannot resolve the dispute, then the matter will be referred to the Minister and President. If the Minister and President cannot resolve the issue, then the Minister will make a transparent and public decision.

8. Governance

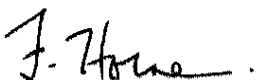
A Physician Compensation Committee (PCC) will be responsible for oversight of compensation practices and all programs linked to the agreement except those programs covered by the AMA AH grant agreements listed in 3 "c" through "l" and "p". Specific responsibilities for this committee will include: implement a physician compensation strategy for the province, allocation of the percentage fee change, payment schedule (SOMB and ARPs) management, review and adjustment of relative payment (SOMB and ARPs) rates, determination of rates, and overseeing a relative value process.

PCC will be comprised of three representatives from Alberta Health and three representatives from the Alberta Medical Association and an independent chair. The appointment of the Chair will be made by the Minister on mutual agreement with the President. PCC decisions will be by majority vote. PCC has no ability to increase the rates for programs beyond what is contemplated in this agreement. Decisions that are determined to have a risk of going beyond the average rate increase for programs as identified in section 4 must go to the Minister of Health for approval. PCC will have the authority to create sub-committees needed to ensure the priorities in the work plan are achieved. It will have the responsibility of ensuring the sub-committees have the necessary resources to complete their annual work. Either party may refer any issue to the PCC for advice and consideration.

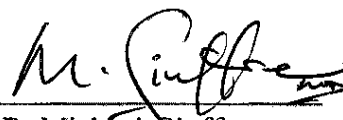
The oversight responsibility for this agreement will be between a representative from Alberta Health and a representative from the Alberta Medical Association. Specific responsibilities will include ensuring the agreement terms are followed, receiving reports from the PCC, providing guidance on the work and priorities of the PCC, ensuring that PCC has sufficient resources to accomplish its annual work plan, and becoming involved when compensation discussions are outside the current agreement.

9. Approval of the Agreement

The parties will use best efforts to conclude a tentative agreement for approval by each party by April 22, 2013. The undersigned parties agree to the above principles effective April 13, 2013 and undertake to positively support efforts to finalize an agreement through their respective approval processes.



Honourable Fred Horne
Minister of Health



Dr. R. Michael Giuffre
President, Alberta Medical Association