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## PHYSICIAN COMPENSATION (UPDATE 2013)

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### Executive summary

CMA's position on physician compensation is based on several overarching principles. Physicians must receive fair and reasonable remuneration for the full spectrum of their professional activities. Payment models must not compromise the ability of physicians to provide high quality medical services to their patients, and should also be consistent with overall health system objectives including timely access to quality care. There should be an appropriate relationship between the provincial /territorial medical association and its respective government—one built on mutual respect, trust, consultation and co-operation as well as an expectation of bargaining in good faith.

Key tenets of CMA's policy are as follows:

- Physicians should have the liberty to choose among payment methods. Physicians should not be compelled to adopt any particular method of payment where options are available.
- Physician compensation arrangements must allow for a balance between professional demands and physician wellness.
- Physicians must receive reasonable consideration and compensation when

facilities and programs are discontinued, reduced or transferred.

- Provincial/territorial governments should enact legislation that expressly recognizes the representational role of the provincial and territorial medical associations or federations in negotiations and dispute resolutions. Provincial and territorial medical associations must be expressly recognized as the sole bargaining agent for physicians.
- In the event a negotiated settlement is not achieved, such disagreement must be resolved by binding arbitration or other mutually agreed upon, timely process of dispute resolution.

### Trends in physician compensation

Many different physician compensation models have been introduced over the past two decades in Canada and elsewhere. Some include alternatives to fee-for-service models while others involve a blended approach that incorporate a variety of compensation models (e.g., capitation, salary, sessional fees and fee-for-service). In recent years, pay-for-performance models have been introduced in some provinces and other countries that involve the use of an incentive payment to reward a provider for achieving a target for the quality of patient care. This may be linked to processes or

outcomes of care and could be related to the attainment of a specified threshold and/or percentage improvement.<sup>1</sup>

Fee for service remains the predominant option for the provision of insured medical services for Canadian physicians although an increasing number of physicians are compensated through blended funding models<sup>2</sup>.

### **Overarching values for physician compensation**

Regardless of which funding models are considered, they should all be consistent with several important overarching values. Recognizing that the range of professional responsibilities placed on physicians extends well beyond the strict provision of medically required services, the CMA maintains that all medical practitioners are entitled to receive fair and reasonable remuneration for the full spectrum of their professional activities including administration, teaching, research and committee work, as well as throughout the full spectrum of payment modalities. In addition, service complexity, length of training and the demands of work should be considered. Payment systems must not compromise the ability of physicians to provide high quality cost effective medical services to their patients, and should also be consistent with overall health system objectives including timely access to quality care and ensuring a productive and effective use of resources. Finally, an appropriate relationship between the provincial/territorial medical association and its respective government is necessary—one built on mutual respect, trust, consultation and co-operation as well as an expectation of bargaining in good faith.

### **Choice of payment model**

Physicians may have the option of remuneration through an increasing array of payment methods. In keeping with the democratic rights accorded to all associations the CMA maintains that all individual medical practitioners should have freedom to choose their method of remuneration.

Physicians should not be compelled to adopt any particular method of payment where options are available. Moreover, the implementation of these models should not result in intersectional fee/income inequities.

Funding for physicians negotiated with provincial and territorial governments should be flowed exclusively to physicians regardless of whether the funds are channeled through other agencies.

### **Balance between professional demands and physician wellness**

Physician compensation arrangements must allow for a balance between professional demands and physician wellness. This is important when considering issues such as on-call services and availability of locum tenens. In this regard, the scheduling of physicians' services and training need to be limited to reasonable hours, both to safeguard their ability to provide quality care and in consideration of their need to balance professional and personal life.

### **Reasonable compensation when programs are discontinued, reduced or transferred**

Health care professionals in hospitals and institutional settings are normally given reasonable compensation packages when facilities are closed, downsized, transferred, etc. In these settings, physicians' employment status may not necessarily be the same as other staff members. They may therefore lack certain benefits and risk having their interests inadequately captured by existing mechanisms. Physicians therefore need to receive reasonable consideration and compensation when facilities and programs are discontinued, reduced or transferred. Affected physicians should be involved in any discussions and decision making relating to the discontinuing, reduction or transfer of programs/facilities.

### **Right to representation**

All physicians, including those indirectly affected, exercise their freedom of association through their

respective provincial or territorial medical association, and have the right to be represented by their respective association in negotiations on issues of payment, funding and the terms and conditions of their work. The CMA strongly supports the provincial and territorial medical associations in their right to representation as the sole bargaining agents for physicians, regardless of payment method, and in their efforts to fulfill the profession's commitments to negotiated agreements. The CMA exhorts all provincial/territorial governments to immediately enact legislation that expressly recognizes the representation status of provincial and territorial medical associations in negotiations and dispute resolutions.

Consistent with the process of negotiation and the guiding principles of contract law, the CMA fully expects paying agencies to fulfill the terms of agreements with the medical profession and be obliged to honour a mutually agreed upon and established process of negotiation.

### **Appropriate dispute resolution process**

The CMA's Code of Ethics places a high priority on patient care. Withdrawal of services by physicians has been infrequent. The medical profession must be afforded the protection of good-faith negotiations and binding arbitration.<sup>3</sup>

The CMA calls on the federal minister of health to strengthen the provisions of the *Canada Health Act* (section 12.2) to mandate provincial and territorial governments to enter into an agreement with provincial and territorial medical associations with regard to negotiations on compensation and requiring binding arbitration or other mutually agreed upon timely process of dispute resolution for the settlement of disputes related to physician compensation to satisfy the "reasonable compensation" criteria of section 12.1 (c) of the Act for full federal funding.

In instances where the compensation agreement has expired before a new agreement between the jurisdiction and its medical association can be

reached, all pre-existing funding arrangements and programs should be continued until such time that a new agreement comes into effect.

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<sup>1</sup> Canadian Medical Association, *Health Care Transformation in Canada: Change that works. Care that lasts*. Ottawa. 2010.

<sup>2</sup> 2010 National Physician Survey. The College of Family Physicians of Canada, Canadian Medical Association, The Royal College of Physicians and Surgeons of Canada. [http://www.nationalphysiciansurvey.ca/nps/2010\\_Survey/2010nps-e.asp](http://www.nationalphysiciansurvey.ca/nps/2010_Survey/2010nps-e.asp). See also, Canadian Collaborative Centre for Physician Resources, *How Physician in Canada are paid? Results of the 2010 National Physician Survey*.

<http://www.nationalphysiciansurvey.ca/nps/news/PDF-e/PhysicianRemuneration-Nov-2011.pdf>

<sup>3</sup> This was acknowledged by Justice Emmett Hall in his 1980 report to the minister of national health and welfare, *Canada's National-Provincial Health Program for the 1980's*. Hall concluded that "when negotiations fail and an impasse occurs, the issues in dispute must be sent to binding arbitration."