

CMA Brief

Responding to the COVID-19 pandemic:

Federal measures to recognize the significant
contributions of Canada's front-line health care workers



INTRODUCTION

The Canadian Medical Association (CMA) is the national voice of Canada's doctors. Since its creation in 1867, the CMA has championed improving the health of Canadians and strengthening the health care system.

The CMA is the voluntary professional organization representing physicians across all regions in Canada and comprising 11 provincial and territorial medical associations and more than 60 national medical organizations.

During these unprecedented times, Canada's physicians, along with all front-line health care workers (FLHCWs), have not only put themselves at risk but have made enormous personal sacrifices while fulfilling a critical role in life-threatening circumstances.

The CMA recognizes and strongly supports the measures the federal government has taken to date to mitigate the health and economic impacts of COVID-19 on Canadians. However, given the unique circumstances that Canada's FLHCWs face, additional measures are required to acknowledge their role, the risks to themselves and their families, and the financial burden they have taken on through it all.

To gain a better understanding of this issue, the CMA commissioned MNP LLP (MNP) to conduct a thorough economic impact study. They assessed the effects of the COVID-19 pandemic on physician practices in Canada and identified policy options to mitigate these effects.

This brief summarizes the findings, provides an overview of the impact of the COVID-19 pandemic on physician practices across the country and highlights targeted federal measures that can significantly mitigate the evident challenges physicians are experiencing. It is important to note that the recommended measures were developed through the lens of recognizing the important contribution of Canada's FLHCWs.

UNDERSTANDING HOW THE PANDEMIC IS IMPACTING PHYSICIAN PRACTICES

Canada’s physicians are highly skilled professionals, providing an important public service and making a significant contribution to the health of Canadians, our nation’s health infrastructure and our knowledge economy. In light of the design of Canada’s health care system, the vast majority of physicians are self-employed professionals operating medical practices as small business owners. Like most small businesses in Canada, physician practices have been negatively impacted by the necessary measures governments have established to contain this pandemic.

Under the circumstances of the pandemic, the provinces postponed non-emergent procedures and surgeries, indefinitely. According to data from the 2019 Physician Workforce Survey conducted by the CMA, approximately 75% of physicians reported practising in settings that would be expected to experience a reduction in patient volumes as a result of COVID-19 measures.¹ This suggests “the vast majority of physicians in Canada anticipate declines in earnings as a result of COVID-19 restrictions.”²

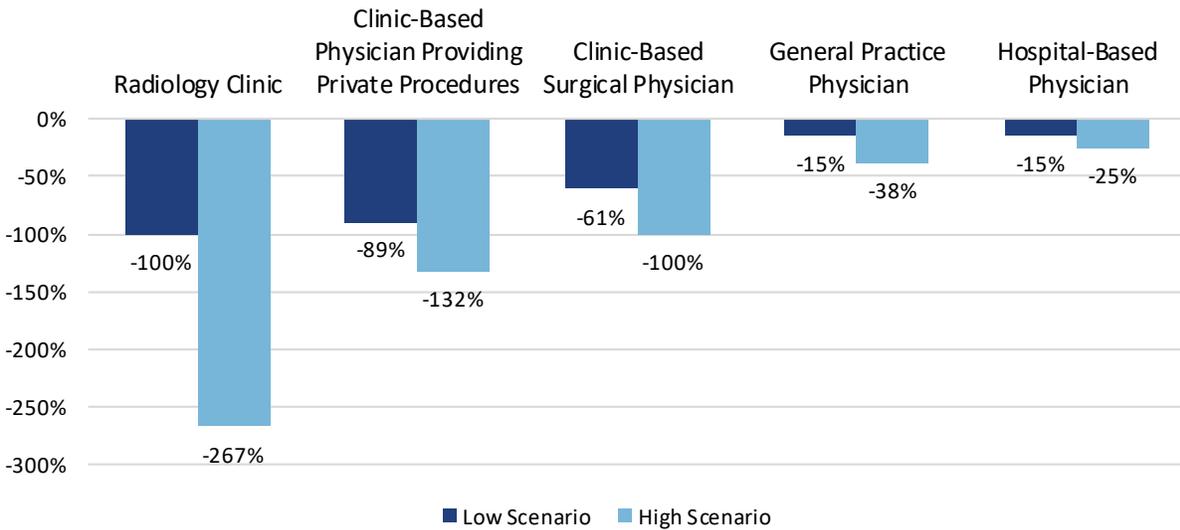
Physician practices include a variety of structures, which relate to the practice setting or type. In their economic impact study, MNP estimates that across the range of practice settings, **the after-tax monthly earnings of physician practices are estimated to decline between 15% and 100% in the low-impact scenario, and between 25% and 267% in the high-impact scenario.** These two scenarios are in comparison to a baseline scenario, prior to the pandemic. The low-impact scenario is based on the reduction of physician services reported during the 2003 experience with the Severe Acute Respiratory Syndrome (SARS) while the high-impact scenario estimates more significant impacts, being approximately double those observed during SARS.

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¹ CMA. *Physician Workforce Survey*. 2019.
² MNP-LLP. *Implications of the COVID-19 Pandemic for Physician Practices in Canada*. 2020.

Figure 1: Estimated change in after-tax monthly earnings per physician by scenario³



Unlike salaried public sector professionals, such as teachers, nurses or public servants, most physicians operate as small business owners who are solely responsible for the management of their practices. They employ staff, rent office space and have numerous other overhead costs related to running a small business, which they are still responsible for regardless of decreased earnings. According to data published by Statistics Canada in 2019 there were 120,241 people employed in physician offices in Canada and an additional 28,054 employed in medical laboratories.⁴ Additionally, physicians manage significant overhead expenses that are unique to medical practice such as practice insurance, licence fees and continuing medical education. It's important to understand that even hospital-based physicians may be responsible for significant overhead expenses, unlike other hospital staff. Like any small business owner grappling with drastic declines in revenue, physicians may be forced to reduce their staffing levels or even close their practices entirely in response to the COVID-19 pandemic.



³ MNP-LLP. *Implications of the COVID-19 Pandemic for Physician Practices in Canada*. 2020.

⁴ Statistics Canada. *Employment by industry, Annual: Table 14-10-0202-01*. 2019.

ADDRESSING THE GAPS: ENSURING THAT FEDERAL ECONOMIC PROGRAMS CAPTURE PHYSICIAN PRACTICES

To reiterate, the CMA supports the federal government's decisive and meaningful response to the pandemic, including delivering critical economic relief programs. However, more detailed analysis is revealing that segments of physician practices are not eligible for these critical economic programs, because of technicalities.

At this time, the CMA has identified three key segments of physician practice models who may not currently be eligible for the economic relief programs because of technicalities. These are:

1. hospital-based specialists
2. physician practices that operate as a small business but may not meet technical criteria
3. physicians delivering locum medical care

These technical factors reflect the complexity of the health system infrastructure in Canada. Although hospital-based specialists may receive some form of salary, they may still be structured as a small business and be responsible for paying overhead fees to the hospital. Many physicians may operate as a small business and remit a statement of self-employment, and they may not have a business number or a business bank account. As is common amongst other self-employed professionals, many physicians operate practices within cost-sharing structures. The CMA is deeply concerned that these structures are presently being excluded from the federal government's critical economic relief programs. As a result, this exclusion is affecting the many employees of practices structured as cost-sharing arrangements. Finally, physicians providing care in other communities, known as locum practice, would also be responsible for overhead expenses.

It is the CMA's understanding that the federal government is seeking to be inclusive in delivering economic relief programs to mitigate the impacts of the pandemic, such as closures or unemployment. For physician practices, eligibility for federal economic relief programs would extend the reach of these mitigation measures to maintaining Canada's critical health resources and services, as physician practices are responsible for a significant portion of health system infrastructure.

As such, the CMA respectfully recommends that the federal government ensure that these critical economic programs be made available to all segments of physician practices.

To this end, the CMA recommends that the federal government expand eligibility for the federal economic relief program to:

1. Include hospital-based specialists paying fees for overhead expenses to the hospitals (e.g., staff, equipment, space);
2. capture physician-owned medical practices using a "personal" banking account as well as those in cost-sharing structures to access programs; and,
3. include physicians who provide locum medical care.

NEW FEDERAL TAX MEASURES TO SUPPORT AND RECOGNIZE FRONT-LINE HEALTH CARE WORKERS

It is also important to note that the impact of COVID-19 on FLHCWs goes well beyond the financial impacts. All FLHCWs face numerous challenges trying to carry out their work during these difficult times. They put their health and the health of their families at risk. They make enormous sacrifices, sometimes separating themselves from their families to protect them. These risks and sacrifices can strain an individual's mental health, especially when coupled with anxiety over the lack of proper personal protective equipment (PPE). A survey conducted by the CMA at the end of April showed that almost **75% of physicians who responded to the survey indicated feeling very or somewhat anxious about the lack of PPE**. FLHCWs deserve to be recognized for their unique role during this pandemic.

Given the enormous sacrifices and risks that FLHCWs are making every day, the federal government should enact measures to recognize their significant contributions during these unprecedented times.

The CMA recommends that the federal government implement the following new measures for all FLHCWs:

1. **An income tax deduction for FLHCWs put at risk during the COVID-19 pandemic, in recognition of their heroic efforts.** All FLHCWs providing in-person patient care during the pandemic would be eligible to deduct a designated amount against their income earned. This would be modelled on the deduction provided to members of the Canadian Armed Forces serving in moderate- and high-risk missions.
2. **A non-taxable grant to support the families of FLHCWs who die in the course of responding to the COVID-19 pandemic or who die as a result of an occupational illness or psychological impairment related to this work.** The grant would also apply to cases in which the death of an FLHCW's family member is attributable to the FLHCW's work in responding to the pandemic. The CMA is recommending that access to the Memorial Grant program, or a similar measure, be granted to FLHCWs and their family member(s).
3. **A temporary emergency accommodation tax deduction for FLHCWs who incur additional accommodation costs as well as a home renovation credit in recognition of the need for FLHCWs to adhere to social distancing to prevent the spread of COVID-19 to their family members.** The CMA recommends all FLHCWs earning income while working at a health care facility or public health unit or in a capacity related thereto (e.g., paramedics or janitorial staff) be eligible for the deduction and credit.
4. **Provide additional child-care relief to FLHCWs by doubling the child-care deduction.** The CMA recommends the individuals listed above be eligible for the enhanced deduction.

It is important that any measures enacted be simple for the government to implement and administer as well as simple for FLHCWs to understand and access. The recommendations above will ensure that relief applies to a wide range of Canada's FLHCWs who are battling COVID-19.

More details on these recommendations are provided in Appendix A to this brief.

INCREASING FEDERAL HEALTH FUNDING TO SUPPORT SYSTEM CAPACITY

It is due to the action of the federal and provincial/territorial governments, together with Canadians, in adhering to public health guidance that our health systems have been able to manage the health needs of Canadians during the pandemic. However, as governments and public health experts consider how we may proceed in lifting certain restrictions, we are beginning to comprehend the enormity of the effort and investment required to resume health care services. During the pandemic, a significant proportion of health care services, such as surgeries, procedures and consults considered "non-essential" have been delayed. As health services begin to resume, health systems will be left to grapple with a significant spike in already lengthy waiting times. Further, all health care facilities will need to adopt new guidance to adhere to physical distancing, which may necessitate longer operating hours, increasing staff levels and/or physical renovations. Given these issues, the CMA is gravely concerned that Canada's already financially struggling health systems will face significant funding challenges at a time when provincial/territorial governments are grappling with recession economies. The CMA is strongly supportive of new federal funding to ensure Canada's health systems are resourced to meet the care needs of Canadians as the pandemic continues.

CONCLUSION

As outlined in this brief, the overwhelming majority of Canada's physician practices will be negatively impacted financially by COVID-19. The indefinite postponement of numerous medical procedures, coupled with restrictions related to physical distancing resulting in reduced patient visits, will have a material effect on physician practices, risking their future viability. As well, all FLHCWs will be severely impacted by COVID-19 personally, through risks to themselves and their families. Many families of FLHCWs will also be impacted financially, from increased child-care costs to, tragically, costs associated with the death of a loved one because of COVID-19.

In light of these substantial risks and sacrifices, the CMA urges the adoption of the above-mentioned recommendations designed to recognize the special contribution of Canada's FLHCWs during these extraordinary times.