Remuneration Models

Fee-For-Service (FFS)	• Each province establishes a schedule of benefits that outlines the fees paid for the services and procedures that physicians provide. • The principles of fee-for-service billing are the same across the country, but the logistics and coding are provincially specific. • Payment for uninsured fee-for-services is the responsibility of the patient or a third-party payer, such as an insurance company or employer.
Enhanced fee-for-service, block funding	• **Enhancements and bonuses** to the existing fee-for-service fee schedule which can include incentives for complex and chronic disease management. • Several provinces offer guaranteed **block funding** to complement the FFS payments in more rural areas, or for physicians who are providing care to special-needs populations. • Enhancements can also include dedicated funding to assist physician groups to work in a collaborative multidisciplinary model along with nurse practitioners, RNs, social workers, etc. • Enhanced models are often customized to the demographic and service needs of the particular region. • Other enhancements, such as seen in Quebec and BC, include a percentage increase to specific FFS billings when the physician works in qualifying rural or remote areas. • To learn more, contact your Provincial/Territorial Medical Association and Ministry of Health. • Many of the enhancements to FFS models are also incorporated into alternative payment plans (APPs).

Alternative payment plans (APP)	• The contractual aspects of APPs are much more complex than traditional FFS or salary contracts.
	• Details of the APP contract will determine if the physician is considered an employee or a self-employed contractor and this will impact what expenditures can be included as tax deductions.
	• APPs may consist of a blend of some (or all) of:
	  – Fees for clinical services
	  – Population or capitation funding (see below)
	  – Time-based payments, whether hourly, daily or other
	  – Rewards for participation in specific clinical initiatives
	  – Bonuses for achieving specific targets in preventative or quality care
	  – Remuneration for administrative duties and costs
	  – Financial contributions for medical information technology

Alternative payment plans (APP) *(cont.)*

- In the case of APPs for academic physicians, there may also be some (or all) of:
  - Compensation for teaching
  - Research funding
- Stipends for administrative duties
  - Partial compensation or subsidies for staff, other healthcare workers, facilities and/or equipment
- Because remuneration can be paid either directly to an individual or to a group of physicians participating in the APP, how the income is shared becomes another factor in the formula. Accordingly, the contractual aspects of such new payment models can be quite complex.
- The terms for the payment formats may differ from province to province, but, essentially, include the following:
  - Fee-for-service payments
  - Capitation payments
  - Sessional fees
  - Block funding
  - Blended formats
  - Salary
- APPs that target primary care physicians may include some or all of the following components:
  - **Patient-enrolled models** (PEMs): an APP in which a physician or a group of physicians agrees to formally enrol patients in the practice and register this enrolment with the Ministry of Health (MoH).
  - **Rostering**: enrolling patients in a physician's practice and registering that enrolment with the MoH for tracking purposes. Many APPs will pay the physician either a set fee per patient or a lump-sum payment for the administrative work of rostering their patients.
  - **Fee-for-service billing**: an APP that incorporates the FFS format with a percentage bonus top-up for each service. Income relates directly to the number of patients seen and the services provided for each patient. For enrolled patients, the fee paid is topped up; for example, by 10% during regular office hours and, potentially, an additional 30% for evenings and weekends.
  - **Blended payment formats:** incorporates traditional FFS billing for a portion of the physician's income, which is then topped up with a guaranteed amount of money annually. This model is often employed in the more rural and remote areas.
  - **Capitation payments**: a guaranteed fixed payment for the comprehensive annual care of a rostered/enrolled patient, regardless of the number of times the patient visits the doctor or the number of services provided. The capitation payment is in lieu of FFS payment for a designated number of outpatient primary care services. The designated services are often referred to as a "basket" of services. The payment varies demographically by age and gender. If the service

Alternative payment plans (APP) *(cont.)*

provided is not in the "basket" of services, then full FFS payment will be received. The total of capitation fees, fee-for-service billings and bonuses for all patients, minus expenses, is your net income.

- **Shadow fee-for-service billing**: a physician who is participating in an APP with capitation payments must also submit FFS invoices for all services provided to rostered patients. Although the physician will not receive full FFS payment for these services, physicians who participate in a capitation PEM may receive a percentage bonus (e.g., 15% per service) for all shadow FFS billings they submit.
- Shadow billing requires the physician to submit an invoice for all services provided, as if still paid by FFS—even though there will be no remuneration for the individual service.
- **Preventative care bonus:** annual bonus when the physician can document that they have met or exceeded certain percentage targets for preventative health care.
- **Comprehensive care management fee:** a payment for ongoing administrative work, medical record review and upkeep. A monthly/quarterly/semi-annual (varies by jurisdiction) payment is made to the physician/practice. Rates vary, based on age and gender and number of patients in the practice.
- **Chronic disease management bonuses:** an annual bonus for managing chronic diseases. In certain provinces, specialists may also qualify for such bonuses.
- **New patient incentives:** a fixed bonus to physicians who accept patients who do not have a family doctor as new patients into their practices.
- **Administrative fees:** per-patient fees paid annually to the physician or the group practice to help defray some of the administrative costs of meeting all of the accountability criteria required by APPs that have a capitation payment format. Not all APP formats offer administrative fees.
- **Sessional fees**: typically based on an hourly rate and paid for the delivery of specific services.
- **Block funding:** a guaranteed payment to provide medical services for patients in a specific location or region for a defined interval of time. Often offered to physicians who work in rural and remote areas. Shadow FFS billing may or may not be required. In an APP that incorporates block funding, these physicians often also qualify for additional FFS billing and other bonuses.

Salary	• Regular payment from an employer, which is specified in a contract. The contract will also often stipulate minimum expectations and maximum limits for payment. Therefore, working overtime or provided "extra" time or services may not necessarily be remunerated. • Remuneration is often based on "time-based payments" made for active clinical work, but there may also be time-based fees for standby availability, administration, professional development, research and teaching. • The specific time period can vary as well: annual salaries, sessional payments, shift stipends and hourly rates. • Salaried physicians are either the employees or contractors. If the physician is an actual employee, then the institution will deduct tax, CPP, EI and potential benefit contributions from the negotiated salary. If a guaranteed gross income (without taxes and other deductions deducted) is received, then a physician is in effect a contracted physician, contracting their services for a negotiated amount of money, and considered self-employed by the Canada Revenue Agency.
Alternative Payment Plans for Academic Physicians	• Remuneration for clinical work, but also academic teaching, administration, research and the provision of all facilities, staffing and resources. • Each of the academic physicians of a medical faculty will be obliged to evaluate and understand their own individual contractual obligations and benefits when they participate in the APP contract that is negotiated between the medical faculty, the participating teaching hospitals, their specialty-specific division and department heads, the medical research facilities and the MoH. • Community physicians who participate in teaching under APP will negotiate and deal directly as a group with the MoH or University Faculty of Medicine. • In some jurisdictions, the PTMA is involved in the negotiations of academic contract rates.