

Memorandum of Understanding

Low levels of remuneration and other issues including deteriorating working conditions have threatened this province's ability to deliver quality medical care. That's why in 1997, the Newfoundland and Labrador Medical Association (NLMA) chose to negotiate a comprehensive agreement with government to provide long-term solutions to address an ailing medical services system.

Those negotiations, which began in earnest in January, have produced a memorandum of understanding (MOU) between the NLMA, provincial government and the Newfoundland and Labrador Health Care Association (NLHCA). The NLHCA represents regional health boards and has been included in this MOU because government, physicians and the boards have a shared responsibility for providing medical services in this province.

Foundation of MOU

- April 1, 1998 to September 30, 2002
- Tri-partite (NLMA, NLHCA and government)
- Based on co-operation and good faith
- NLMA as sole negotiator for physicians

Physician compensation budget

The physician budget for salaried and fee-for-service physicians will increase by \$32 million over the life of the agreement, with the base budget set at \$146.84 million as of March 31, 1997. The breakdown of the increase:

Fiscal Year	Economic Increase	Retention Fund	Total Increase
Apr – 98	\$2.9 m	\$4.0 m	\$6.9 m
Apr – 99	\$1.7 m	\$4.0 m	\$5.7 m
Apr – 00	\$3.1 m	\$3.0 m	\$6.1 m
Apr – 01	\$4.3 m	\$3.0 m	\$7.3 m
Apr – 02	\$3.0 m	\$3.0 m	\$6.0 m

As medical service delivery changes during the term of this MOU, the budget will be adjusted to respond to the evolving health care system. This will include adjustments for demographics, physician resources, new technologies and changes in treatment modes.

Salaried Physicians

Salaries

The budget for salaried physicians will increase by \$8.11 million or about 25% over the course of the MOU. This will bring salary scales for general practitioners close to the scales recommended by the NLMA in its 1997 Comprehensive Proposal to government – \$100,000 to \$120,000 for general practitioners and \$120,000 to \$144,000 for salaried specialists – with retention bonuses paid to doctors working in the province on a pro-rated scale, depending on the degree of geographic or professional isolation. These amounts are required to address recruitment and retention.

Terms and conditions of employment

This is the first time that salaried physicians will be covered under the same agreement as fee-for-service physicians. Several amendments are put forward in the MOU to address many long-standing issues surrounding the terms and conditions of employment for salaried physicians. These include:

- All salaried urban GPs and all salaried specialists will receive the same study leave benefit, previously only available to rural GPs. This benefit ensures a yearly entitlement to time-off for study and allows for leave accumulation.
- Physicians who provide call to a regional board in excess of one in three for specialists and one in four for GPs will receive additional compensation.
- Covers clinical work for all salaried physicians, except CEOs and medical directors.
- Call will qualify as working a statutory holiday.

Fee-for-service physicians

Fees

The budget for fee-for-service physicians will increase by \$23.89 million or just over 20% over the 4.5 years of the MOU. This includes \$1.66 million to address the rising cost of liability insurance and \$0.8 million to compensate physicians for the additional cost implications imposed on them with the implementation of the HST. As well, \$1.45 million is available specifically for physicians providing nursing home coverage, surgical assisting and emergency room coverage.

On-call

The current policy for on-call payments will remain in effect until otherwise negotiated and within the financial constraints outlined in the MOU. This policy states that fee-for-service general practitioners who are required to be on call more than one night in four and specialists who are required to be on call more than one night in three will be compensated for additional call in the core specialities as defined by the department of health and community services.

Impact of HST

Fee-for-service doctors will be compensated for the increased costs they have been forced to absorb because of the unfair impact of HST. No other group has been forced to absorb the increased costs of the HST without recourse to either tax credits or increased fees. Physicians continue to bear the costs of GST.

Compensation for rising liability insurance costs

In order to ensure rising malpractice insurance fees do not prevent doctors from providing necessary high-risk services in Newfoundland and Labrador, fee-for-service physicians will be compensated 90% of their Canadian Medical Protective Association (CMPA) dues in excess of the basic general practitioner rate. No physician will pay more than \$5,000 per year. Salaried physicians will continue to be reimbursed for the cost above the basic GP rate.

Elimination of the Needs Assessment Committee (NAC) Measures

The NAC rules that cut payments by 50% to physicians who establish practices in areas where government feels there are already enough GPs has been eliminated. As of August 27, St. John's was the only area affected by this rule.

Physician resource plan

This MOU reaffirms the necessity of having a provincial physician resource plan to ensure a fair and equitable distribution of physicians. Such a plan will also provide for reasonable access to medical services for all people in the province.

The timing for development of this plan is at the call of the minister of health and community services. Once the request for such a plan has been initiated, it will be presented to her within six months. In the interim, all parties will examine on a regular basis the distribution of physician resources throughout the province to bring potential oversupply/undersupply situations to the minister's attention.

Dispute resolution

This MOU provides for non-binding mediation to resolve disagreements between the parties relating to interpretation and administration. For individual physicians, this means if a dispute with a regional board or government cannot be resolved locally, it can be brought to the provincial level for dispute resolution. In addition to the provincial dispute resolution committee referenced in the MOU, there will be a special dispute resolution committee set up to deal with disputes involving the terms and conditions of employment for salaried physicians.

Medical service review

A "tripartite liaison committee" will be established to consider medical system issues. This committee includes the department of health and community services, the NLHCA and NLMA and will provide guidance to the minister of health and community services. As well, one of the ways in which issues will come to this committee is through joint initiatives of regional boards and physicians at the regional level.

Incorporation

The MOU indicates the minister of health and community services will ask the provincial cabinet to consider the issue of physician incorporation. Most other provinces have legislation that allows physicians

to incorporate. This is of great interest to many members because it will allow fee-for-service physicians greater freedom to organize their practices.

Alternate Payment Plans

When physicians feel their current method of remuneration no longer suits their practice situation, they may choose an alternate payment plan. Alternate payment plans will be jointly pursued by all three parties. Physicians will be encouraged to evaluate and contemplate alternate forms of payment for medical services that achieve a greater efficiency for their situation. The implementation of such models will not negatively impact on physicians or patients.

Additional information:

- Last global increase: 1991
- Number of salaried physicians: 252
- Number of fee-for-service GPs: 279
- Number of fee-for-service specialists: 318
- Number of physicians eligible to vote on MOU: 938*
- Base budget for salaried physicians: \$32.26 million
- Base budget for fee-for-service physicians: \$114.59 million
- Percentage of fee-for-service budget for GPs: 39.19%
- Percentage of fee-for-service budget for specialists: 60.81%

* includes residents and locums.

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