

Abstract

In early 2006, a study on Alternative Funding Plans (AFP) for physicians in Canada was carried out. The prime objective of this work was to provide clear and comprehensible information on the various AFPs (i.e., salary, sessional, capitation, independent contractor, blended remuneration systems and others) used across the country and in selected international jurisdictions, as well as on the evaluation of Canadian AFPs, their outputs and outcomes.

The study included a national and international Literature Review of both academic and grey literatures on physician AFPs, as well as an Environmental Scan on physician AFP goals, objectives, best practices and evaluation (outputs and outcomes) in Canada. The Literature Review presents information on AFPs for physicians, both generalists and specialists, practicing in the following jurisdiction: Canada, U.S., U.K., France, Australia and New Zealand. The Environmental Scan focused on specialist AFPs and surveyed five audiences: the Provincial/Territorial Ministries/Departments of health; the federal departments involved in delivery of health services to mandated populations; the Medical Associations (P/T); the Faculties of Medicine; and, the National Associations.

The study provided no evidence that one system, capitation, or salary, was more effective or efficient than the traditional fee for service system, or delivers better value for money or quality of care. Neither theoretical arguments, nor empirical evidence pointed toward one system of physician remuneration as superior in all aspects of health care delivery. It also highlighted the fact that the effect of remuneration structures on health outcomes is scant. Likely due to the difficulty of attribution and the lack of solid data, effect on health outcomes is generally not investigated. It stressed that while AFPs have been found successful in recruitment and retention and have affected physician choice of specialty, financial incentives were still only one of several motivating factors.

The research provided evidence that physician remuneration systems, and their administration, are now seen to be essential instruments of effective health care policy and management. Remuneration systems have been the object of increased experimentation and now are the subject of growing interest in the literature. In Canada, alternative forms of remuneration currently account for close to 20% of total payments to physicians and this percentage seems to be growing. However, there appears to be a wide variation of AFPs' use across Canadian jurisdictions.

Finally, the survey indicated that, the driving objectives for the implementation of AFPs (namely providing for greater efficiency of resources while maintaining control over costs) were not realized.

The research showed that jurisdictions need to place more emphasis on evaluation, monitoring and audit (financial and value for money) of remuneration systems, including AFPs, in order to more fully understand how remuneration affects practice patterns.



Physician Alternative Funding Plans in Canada

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Alternative Payment Programs for Physicians as a Share of Total Clinical Payments



Source: CMR (2006). The Status of Alternative Payment Programs for Physicians in Canada, 2003-2004

Objectives:

The prime objective of this study was to provide clear and comprehensible information on the various alternative funding plans (AFP) used across the country and in selected international jurisdictions (i.e., salary, sessional, capitation, independent contractor, blended remuneration systems and others), as well as on the evaluation of Canadian AFPs, their outputs and outcomes.

Design & Settings:

The study included a national and international literature review of both academic and grey literatures on physician AFPs, as well as an environmental scan on physician AFP goals, objectives, best practices and evaluation (outputs and outcomes) in Canada.

Participants:

The Literature Review presented information on AFPs in Canada, U.S., U.K., France, Australia and New Zealand. The Environmental Scan surveyed five audiences: the Provincial/Territorial Ministries/ Departments of health; the federal departments involved in delivery of health services to mandated populations; the Provincial and Territorial Medical Associations; the National Medical Associations; and, the Faculties of Medicine.

Conclusions:

The study provided no evidence that one system, capitation, or salary, was more effective or efficient than the traditional fee for service system, or delivers better value for money or quality of care. Neither theoretical arguments, nor empirical evidence pointed toward one system of physician remuneration as superior in all aspects of health care delivery.

It also highlighted the fact that the effect of remuneration structures on health outcomes is scant. Likely due to the difficulty of attribution and the lack of solid data, effect on health outcomes is generally not investigated.

AFP, generally, involve a higher degree of decentralization or delegation to regional health authorities, which allows them to be utilized as required by the situation involved.

It stressed that while AFPs have been found successful in recruitment and retention and have affected physician choice of specialty, financial incentives were still only one of several motivating factors.

Conclusions on the Perceived Effectiveness of Alternative Payment Methods

Variables	Positive Impact	Unclear Impact
Patients' Satisfaction		x
Physicians' Productivity		x
Physicians' Satisfaction	x	
Quality of Care		x
Recruitment and Retention	x	
Stabilisation of the Cost of Medical Services	x	
Supporting for Teaching, Research and Clinical Responsibilities	x	
Wait Time		x

Considerations:

Information tracking and reporting systems vary from jurisdiction to jurisdiction making information collection and analysis problematic.

Nomenclature proved to be problematic in the identification of AFPs. The contractual terms utilized for Alternative Funding Plans rely principally on input measurement (number of hours worked, patients seen, etc), and rarely involve emphasis on results or health outcomes.

The capacity of Ministries/Departments of health to effectively monitor compliance and performance could benefit from more attention. Many respondents reported not measuring physician productivity or performance.

Future Research Needs:

Some AFPs in Canada having the most developed performance management systems were not reported on in this environmental scan, and would merit closer analysis for lessons learned, and possible best practices.

Attention needs to be paid to best performing AFPs, with a view of understanding and replicating their successes, as well as dissemination of best practices.

The growing use of blended models also needs to be carefully analyzed. Productivity and cost effectiveness require further analysis.