
6 Health and Wellness: Physician Alternate Funding Arrangements

Summary

The Department of Health and Wellness' monitoring of alternative payment and academic funding plans is poor. Approximately \$251 million per year is paid to physicians under these plans but the Department does not know if contract requirements are met.

Alternative payment plans have limited reporting requirements making it difficult for the Department to determine if an appropriate level of service is provided. When physicians paid through academic funding plans submit reports on contract deliverables, no review is completed. If the Department becomes aware that reporting requirements are not met, it does not take steps to achieve compliance.

Our work included testing at three academic funding departments to assess whether contract deliverables were met. Our testing results indicated those departments met their academic funding plan requirements for the deliverables we tested.

Although progress has been made towards the development of new alternative payment and academic funding models, considerable work is still needed. The Department has been working on improvements to these plans since 2008 and 2010. Health and Wellness must still develop detailed processes to guide daily operations, including an adequate monitoring process.

Health and Wellness contracts with a private company (Medavie Blue Cross) to audit physician compensation. However, the Department requested too few audits of alternate funding arrangements during our audit period. Medavie provides an annual risk analysis for alternative payment plans, but the majority of the physicians identified through the risk analysis are not selected by the Department for audit. We recommended the Department develop a risk-based approach to audit selection.

Additionally, the Department is not taking timely action to address issues. There were concerns around a specific group of alternative payment plan physicians as far back as 2009, but this group was not selected for audit until 2013. The audit results, which were very negative, were reported to the Department on September 30, 2013 but, as of January 2014, the Department had failed to take any action to address the findings. We recommended the Department develop a process to address all audit results in a timely manner.

6 Health and Wellness: Physician Alternate Funding Arrangements

Background

- 6.1 The Department of Health and Wellness' Partnerships and Physician Services branch is responsible for the administration of alternative funding programs for physicians. The two major types of alternative funding arrangements are alternative payment plans and academic funding plans. These programs include physician remuneration arrangements which are not based on a fee-for-service model. Under fee-for-service, physicians bill the government through the MSI program for each service provided to a patient.
- 6.2 Alternative payment plans are used to recruit and retain physicians to areas of the province where the fee-for-service model may not result in competitive remuneration for the physician. These plans are also used in new models of care such as collaborative emergency centers. Alternative payment plans can be used for individual physicians or groups. The specific contract will depend on the physician's specialty. Each contract includes deliverables, or contract requirements, that outline the level of service to be provided by the physician. Deliverables can include hours per week and weeks per year that the physician must work, along with requirements to provide after-hours, weekend, and holiday, on-call coverage.
- 6.3 Academic funding plans are established for teaching or academic departments at the IWK or Capital Health. Physicians in these departments teach at Dalhousie University's medical school and have research responsibilities, in addition to providing clinical care. The traditional fee-for-service model does not remunerate physicians for these additional responsibilities. Each academic funding plan includes deliverables related to patient care, teaching, research and administration to be met by the physician group.
- 6.4 During the 2012-13 fiscal year, there were approximately 220 physicians across the Province paid via alternative payment plans with a value of approximately \$38.5 million. For the same period, approximately 550 physicians were paid under academic funding plans with a value of approximately \$212.5 million. Together these funding arrangements accounted for over 45 percent of total physician payments.
- 6.5 Physicians under alternative payment and academic funding plans are generally required to shadow bill for clinical services provided. When physicians shadow bill, claims for clinical services are submitted to the MSI program as if the physician was compensated on a fee-for-service basis. The same fee codes used in a fee-for-service environment are used to record



the services provided by the physician without triggering a payment. This allows tracking of clinical activity for alternative payment plan and academic funding plan physicians.

- 6.6 Medavie Blue Cross administers payments to physicians under both fee-for-service and alternative funding arrangements through a contract with the Province. Medavie is also contracted to monitor payments to physicians. Annual audit plans are determined by the Department and audit work is conducted by Medavie. Alternative payment and academic funding plans may be included for audit depending on what the Department decides. It is the Department's responsibility to address audit findings with alternative payment physicians or academic funding departments.
- 6.7 During our audit, the Department was in the process of developing new models for both alternative payment and academic funding plans with collaboration from key stakeholders. Department management told us they want the new models to improve accountability for funding and address other deficiencies.

Audit Objectives and Scope

- 6.8 In winter 2014, we completed a performance audit of physician alternative payment plans and academic funding plans administered through the Department of Health and Wellness. It included Health and Wellness' administration and monitoring of contracts, physician compliance with academic funding agreements, auditing alternative funding agreements by Medavie, and the development of new alternative payment and academic funding models.
- 6.9 The purpose of the audit was to determine if:
- the Department of Health and Wellness has adequate processes to evaluate alternative funding mechanisms and implement needed improvements in a timely manner; and
 - physicians are complying with the requirements of academic funding plan agreements.
- 6.10 The audit was conducted in accordance with Sections 18 and 21 of the Auditor General Act and auditing standards adopted by the Chartered Professional Accountants of Canada.
- 6.11 The objectives of the audit were to:
- assess the adequacy and effectiveness of the Department of Health and Wellness' processes to monitor academic funding plan and alternative payment plan agreements with physicians;

- determine if physicians are meeting the requirements of academic funding plans;
- determine if Medavie is auditing payments to physicians under academic funding plans and alternative payment plans as required by its contract with the Province and reporting the results to Health and Wellness;
- determine if Health and Wellness is addressing issues identified through the audits conducted by Medavie;
- determine if the new models for academic funding plans and alternative payment plans sufficiently address the deficiencies identified in the existing models; and
- determine if Health and Wellness has a process for the timely transition of physicians under academic funding plans and alternative payment plans to the Department's new alternative funding models.

6.12 Criteria were developed specifically for this engagement. The objectives and criteria were discussed with, and accepted as appropriate by, senior management at the Department of Health and Wellness and physicians responsible for managing the academic funding plan departments in which we completed detailed testing.

6.13 Our audit approach included interviews with management and staff at the Department of Health and Wellness, alternative payment plan physicians and academic funding physicians and staff. We reviewed alternative payment and academic funding agreements. We tested compliance with academic funding agreements. Our fieldwork did not include detailed testing of alternative payment plans. We conducted our audit in the fall of 2013 and winter of 2014; the audit period covered April 1, 2011 to September 30, 2013.

Significant Audit Observations

Contract Management

Conclusions and summary of observations

The Department's monitoring of alternative payment and academic funding plans to ensure deliverables are met is poor. Alternative payment plans have limited reporting requirements and the Department is not using available information to assess whether physicians are providing the required level of clinical services. Academic funding plan departments are not always submitting the required



deliverable reports and the Department does not follow up on missing reports. When deliverable reports are submitted, they are not reviewed. We identified instances in which alternate payment plan physicians were working under expired contracts. We also found some physicians did not have signed letters agreeing to that hospital department's academic funding plan contract, although they were being paid under those contracts.

-
- 6.14 *Background* – Alternative payment and academic funding plans outline contract requirements or deliverables to be provided by individual physicians or groups of physicians. For alternative payment plans, deliverables relate to the provision of clinical services within a community. Academic funding plan deliverables encompass the clinical, research, education and administrative work which physicians in academic environments are responsible for. Health and Wellness is responsible for monitoring contracts to ensure deliverables are met.
- 6.15 *Contracts* – Alternate payment plan physicians sign contracts with the Province. Academic funding plans are contracts between the Province and a specific hospital department. We identified instances in which physicians under academic funding plans and alternative payment plans did not have current contracts.
- 6.16 For academic funding plans, as individual physicians are not party to the contract with the hospital department, each physician must sign a letter agreeing to abide by the terms and conditions. This letter is effectively the physician's contract with the Province. It includes a requirement to shadow bill – using fee-for-service billing codes to create a record of clinical work under the academic funding plan. Shadow billing does not trigger physician payments.
- 6.17 We tested a sample of 30 physicians added to academic funding plans during the audit period and identified four instances in which the physician had not signed a letter indicating acceptance of the academic funding contract. We also found 18 of 31 alternate payment plan contracts we tested were signed after the effective date of the contract. Three of these were more than one month late and one was almost three months late.
- 6.18 Signed contracts help to establish that both parties understand their respective roles and responsibilities. Otherwise, there is a risk that physicians will not be aware of the terms and conditions of contracts.

Recommendation 6.1

The Department of Health and Wellness should obtain a signed letter from all physicians added to academic funding plans acknowledging the physician's acceptance of the terms of the academic funding plan. This letter should be signed before services are provided and payments are made. Similarly, the Department should obtain signed contracts from alternate payment plan physicians before services are provided and payments made.

Department of Health and Wellness Response:

It has been the practice of DHW to require signed physician declarations from the academic funding plan Departments. In 2012, the Department hired a dedicated resource for the management of the academic funding plans. Since November 2012, DHW has been able to enforce the requirement for physician declarations from the academic funding plan Departments to be signed. The Department also requires signed contracts from alternative payment plan physicians. The Department will endeavor to obtain the signed contracts before services are provided and payments are made.

- 6.19 There are currently three clinics in the Province funded through a group alternative payment plan. However, none of the clinics have a current contract with the Province. In one instance, the group has existed since 1994 but has never had a contract. The number of full-time-equivalent physicians in the group, as well as annual funding, have been outlined in an annual letter from Health and Wellness. No deliverables or reporting requirements have been established. The contracts with the remaining two alternative payment groups expired in 2007 and 2008. Since that time, the Department has sent annual funding letters to these groups.
- 6.20 Of the 15 academic funding plans, 13 expired on or before March 31, 2013; two of these expired in 2007. The Department has not renegotiated new agreements with the academic funding departments but has obtained Cabinet approval to extend the funding. Management in some of the academic funding plan departments we spoke with expressed concerns related to the lack of current contracts. There is a risk that the deliverables included in the academic funding plans are no longer appropriate. In order to be meaningful, deliverables must be current. As well, current contracts are necessary to ensure physicians are providing the services for which they are paid.
- 6.21 This is not the first time an audit by our Office has identified issues with lack of contracts or expired contracts at the Department of Health and Wellness. In 2003 and 2008, this was identified as an issue because the Department did not have current contracts with home care service providers or long-term care facilities. Health and Wellness has persistently allowed operators to continue without current contracts. The Department needs to take this Office's recommendations regarding the importance of contracts more seriously. Senior Department management need to take steps to ensure



signed contracts are in place for all physicians under academic funding or alternative payment plans.

Recommendation 6.2

The Department of Health and Wellness should have current, signed contracts for all alternative payment plans and academic funding plans.

Department of Health and Wellness Response:

DHW agrees with this recommendation and with the new academic funding plan Model, will have current, signed contracts for all existing academic funding plan Departments in 2015. The Department will move the 3 alternate payment plan physician groups currently without a contract, to a contract in 2015.

- 6.22 *Academic funding plan deliverables* – We reviewed a sample of five academic funding plans and found each included deliverables related to clinical work, research, education and administration. The agreements also included specific indicators to support the achievement of deliverables. For example, the volume of clinical services measured by shadow billing, research publications completed, and teaching hours provided at the Dalhousie Faculty of Medicine by academic funding department staff.
- 6.23 When academic funding plan contract requirements or deliverables were established, targets were not always included or were not regularly updated. For one of five agreements we tested, no targets were established. For another agreement, only a clinical services target was included. For the remaining three agreements we examined, the targets were established at the start of the agreement but were not updated in subsequent years. Current targets for deliverables are necessary to ensure an appropriate level of service is provided. Without targets, it is difficult to assess whether deliverables are met.

Recommendation 6.3

The Department of Health and Wellness should develop targets for all academic funding plan deliverables. Targets should be reviewed annually to determine if changes are necessary.

Department of Health and Wellness Response:

DHW agrees with this recommendation and has developed an academic funding plan Deliverables Template with its stakeholder partners, CDHA, IWK, Dalhousie Faculty of Medicine, academic funding plan Physicians and Doctors Nova Scotia (DNS). DHW is currently developing targets for the academic funding plans.

- 6.24 Although academic funding agreements provide a template for physician departments to report against deliverables on an annual basis, there are no deadlines for these reports.

Recommendation 6.4

The Department of Health and Wellness should include reporting deadlines in all academic funding plans.

Department of Health and Wellness Response:

DHW agrees with this recommendation and in combination with 6.3 is working to develop monitoring, and reporting deadlines for the academic funding plans.

6.25 *Alternative payment plan deliverables* – Alternative payment contracts do not have comprehensive physician deliverables. Contracts require physicians to shadow bill for clinical services in the community, and work a specific number of hours per week and weeks per year. For example, under the family medicine alternative payment plan, each full time physician equivalent is required to provide 37.5 clinical hours per week and work at least 46 weeks per year. Other responsibilities include providing community-based, after-hours, weekend and holiday on-call coverage sufficient to meet the medical needs of the community. With the exception of shadow billing, the contracts do not require physicians to submit documentation to the Department to support the clinical hours provided. The contracts do require that physicians provide an annual report to Health and Wellness of days they were absent. We found these reports were not submitted and the contracts do not have consequences for noncompliance.

6.26 There are eight types of alternative payment plan contracts depending on the physician speciality. For three of these contract types, the contract template indicated agreements would be reviewed annually. This has not occurred. Specific performance deliverables and reporting requirements are needed to ensure the level of service provided is consistent with the Department's expectations. Otherwise, it is difficult to hold physicians accountable under the terms of the contract. Furthermore, specific deliverables would help demonstrate whether alternative payment positions met the goals of placing a physician in a particular community.

Recommendation 6.5

The Department of Health and Wellness should develop physician-specific contract deliverables for alternative payment plans. Contracts should include reporting timeframes and actions to be taken if deliverables are not met.

Department of Health and Wellness Response:

DHW has developed and is in the process of implementing a new alternate payment plan accountability model which requires individual deliverables for all contracts. The updated contract templates clearly specify reporting timeframes and actions if deliverables are not met.

6.27 *Monitoring* – Health and Wellness does virtually no monitoring of performance against alternative payment or academic funding plan



deliverables. There are no processes to track and assess deliverables to ensure contract requirements are met.

- 6.28 With the exception of shadow billing, there are no reporting requirements for alternative payment plans. While the Department has shadow billing data for these physicians, it does not use this information to assess whether the physicians provided an appropriate level of clinical services. The Department relies on Medavie to identify alternative payment plan physicians with low shadow billings relative to their salary, but Health and Wellness does limited work to address the concerns identified.
- 6.29 In the past, Health and Wellness had performance management committees to monitor the quarterly and annual deliverables reports from academic funding plan departments. However, management told us these committees were suspended in January 2010 due to a lack of resources and the development of a new academic funding model. Since the committees no longer exist, deliverables reports are to be submitted directly to Health and Wellness.
- 6.30 We selected five academic funding plans to determine if deliverable reports were submitted for the 2011-12 and 2012-13 fiscal years.
- For one department, a deliverable report was not submitted for either year.
 - One department submitted its 2011-12 and 2012-13 reports in December 2013.
 - For another sample item, the 2012-13 report was not received until ten months after year end.
 - The remaining two departments submitted deliverable reports for both years.
- 6.31 In instances when reports were not provided, Health and Wellness took no action. Even when deliverable reports were received, they were not assessed. During our audit, three academic funding departments expressed concern that Health and Wellness was not reviewing deliverable reports. Some academic funding departments questioned the value of these reports if the information is not used, especially considering the time and resources required to prepare them.

Recommendation 6.6

The Department of Health and Wellness should develop and implement processes to track and monitor performance against deliverables in alternative payment and academic funding plans. This should include action to be taken if reports are not provided or if deliverables are not met.

Department of Health and Wellness Response:

DHW agrees with this recommendation and has already begun to take steps for tracking of deliverables. As a step in this direction, in February of 2014, 2 new tracking documents were developed: 1.) DHW Alternative Funding Document Review and Action Sheet; and 2.) DHW Alternative Funding Shadow Billing Review and Action Sheet.

DHW will be developing its deliverable monitoring system over 2014-15.

6.32 *Payments* – We compared payments made during the audit period to the applicable contracts for 33 alternative payment plan physicians or groups and five academic funding departments. Overall payments were made in accordance with contracts, with only minor differences identified.

Academic Funding Plans – Contract Compliance

Conclusions and summary of observations

We found clinical, teaching and research deliverables were met for the three academic funding departments we tested. However, we identified instances in which shadow billings were not always supported by documentation in patient files.

6.33 *Background* – We conducted detailed testing at three academic funding plan departments. We wanted to assess whether these departments were meeting contract deliverables. Each department submitted annual deliverable reports to Health and Wellness. We focused our testing on clinical services provided, and teaching and research activity.

6.34 *Clinical services* – We selected 30 shadow billings from each of the three academic funding plan departments audited. In seven of 90 shadow billings tested, we were not able locate physician notes or other documentation to support that the patient was seen by that physician on the day we selected for testing. Six cases were related to inpatients at one academic funding department. Management acknowledged there should be documentation in patient files to support all shadow billings and indicated this has been communicated to physicians.

6.35 Two of the three academic funding departments selected had clinical activity targets included in their agreements. For each department, the targets were met in both 2011-12 and 2012-13.

6.36 *Teaching deliverables* – Each of the three academic funding departments included in our sample tracked teaching completed during the year. The teaching hours reported were supported by detailed schedules. We identified no issues with the teaching information other than minor differences due to



clerical errors. We also met with senior leaders from Dalhousie's Faculty of Medicine. They told us they have no issues with the teaching hours provided by academic funding departments.

- 6.37 *Research deliverables* – All three academic funding departments maintained supporting documentation for research activities reported. Similar to teaching statistics, some minor differences were identified, but these had minimal impact on the information reported each year.

Medavie Blue Cross Audits

Conclusions and summary of observations

Health and Wellness contracts with a private company (Medavie Blue Cross) to audit payments to physicians. The Department is responsible for audit selection but there is no established process to ensure high risk alternative funding plans are selected for audit. During our audit period, only a limited number of alternative payment and academic funding plans were audited. Furthermore, the scope of these audits was limited as they did not address all deliverables. The audits that were completed identified potentially serious issues, but the Department did not address them in a timely manner.

- 6.38 *Background* – Medavie Blue Cross has a contract with the province to disburse and audit payments to physicians. Medavie's annual audit plan is approved by Health and Wellness. It considers both fee-for-service and alternative funding arrangements. The audit plan may include audits of specific alternative payment and academic funding plans. However, this could vary depending on what the Department requests. Medavie is only contracted to perform the audit function. The Department has the final decision on the specific audits completed. Medavie communicates audit results to Health and Wellness. Department staff are responsible for discussing results with the auditees and addressing any issues identified.
- 6.39 We reviewed the approved audit plans for the 2011-12, 2012-13, and 2013-14 fiscal years. We found Medavie completed all alternative payment and academic funding plan audits requested by Health and Wellness during this period. Results were reported to the Department.
- 6.40 *Audit selection* – Audit work covers both fee-for-service and alternative funding arrangements. Audits should focus on high risk areas. For example, instances in which shadow billings or the number of patients seen by alternative payment plan physicians are lower than expected. Health and Wellness does not have an established process to select alternative payment and academic funding audits. Department staff meet with Medavie to discuss the audit plan, but no minutes are kept and decisions are not recorded. There is no

support outlining why particular alternative payment and academic funding plans were selected for audit.

- 6.41 Each year, Medavie provides Health and Wellness with a risk analysis that identifies alternative payment physicians who may not be providing an appropriate level of service based on criteria such as shadow billing, days worked and patients seen. There is no evidence that Health and Wellness reviews this analysis.
- 6.42 During our audit period, the risk analysis identified 69 physicians, 27 of whom appeared on the risk analysis in more than one year. However, we found only four of these physicians were selected for audit. Without a detailed review of the risk analysis, potential issues identified by Medavie may go unaddressed. Additionally, if there are legitimate reasons why certain physicians are included on the risk analysis, this should be documented so these individuals are not continually identified or selected for audit.

Recommendation 6.7

The Department of Health and Wellness should develop a risk assessment process for the selection of alternative payment and academic funding audits. This should include criteria to evaluate the risk analysis provided by Medavie.

Department of Health and Wellness Response:

DHW agrees with this recommendation and will implement this recommendation. Strengthening the audit and evaluation role of DHW is part of both the new academic funding plan and alternate payment plan models.

- 6.43 *Audit frequency* – The Department does not necessarily ask Medavie to audit alternative payment and academic funding plans each year. No alternative payment audits were requested in 2011-12, and no academic funding audits were requested 2012-13. The Department indicated there were no alternative payment audits in 2011-12 due to the development of a new alternative payment model. However, the implementation of this model did not begin until January 2014. The current model was still in use when Health and Wellness decided not to have any audits completed. Department staff were not able to provide a reason for the exclusion of academic funding audits from the 2012-13 plan.
- 6.44 Alternative funding arrangements cost \$251 million in fiscal 2012-13. During the same period, \$295 million was spent on fee-for-service payments. The number of audits completed during the audit period is not sufficient given the dollar amount of alternative funding arrangements and the lack of monitoring of these plans by the Department. Regular audits are necessary to monitor physician compliance with the plans and ensure an appropriate level of service is provided.



- 6.45 *Audit Scope* – The scope of alternative payment and academic funding plan audits requested by Health and Wellness is limited. Alternative payment plan audits only consider hours spent at the physician’s clinic. However, many physicians under alternative payment plans are required to provide care within hospitals and nursing homes. This work is not considered in the audit process and can potentially understate the physician’s clinical work. This concern has been expressed by physicians when responding to audits.
- 6.46 There are numerous deliverables outlined in academic funding plans but the scope of audits is limited. Health and Wellness requested the completeness and accuracy of shadow billing be assessed for a specific academic funding department, without consideration of the teaching, research and administrative deliverables not measured through shadow billing. Given the issues we identified with Health and Wellness’ lack of monitoring of academic funding plans, excluding significant deliverables from the audit process is even more concerning.

Recommendation 6.8

The Department of Health and Wellness should re-evaluate the mix of audits selected each year to determine if audit resources are being allocated to the appropriate areas.

Department of Health and Wellness Response:

DHW agrees with this recommendation and will evaluate the mix of FFS, alternate payment plan and academic funding plan audits conducted as part of DHW’s contract with Medavie.

- 6.47 Under each academic funding plan, physician departments are required to submit billings for services provided to out-of-province patients so Nova Scotia can be reimbursed by the patient’s home province or territory. Each academic funding plan includes a requirement that out-of-province billing is to be audited annually. If actual out-of-province billings are less than 95% of eligible out-of-province billings, Health and Wellness can recover the unbilled amounts from the academic funding department.
- 6.48 These audits are not being completed annually for all academic funding departments. Two out-of-province billing audits were completed in the 2011-12 fiscal year. Neither academic funding plan met the 95% target stipulated in the academic funding plan. In one instance, potential concerns were identified with the billing data. Health and Wellness has not followed up on the results of the audit to resolve the data issues and potentially recover any unbilled amounts. Management has been aware of these results since February 2012.

Recommendation 6.9

The Department of Health and Wellness should follow up on out-of-province billing audits and collect any unbilled amounts.

Department of Health and Wellness Response:

DHW agrees with this recommendation and will work toward a process of collecting unbilled out-of-province billings.

- 6.49 *Timeliness of audit response* – Health and Wellness is not addressing issues identified by Medavie’s alternative funding audits in a timely manner.
- 6.50 For five of the eight alternative payment audits Medavie conducted during our audit period, the results identified significant concerns with the low level of shadow billing and hours worked. The physicians were shadow billing between 31% and 64% of their salaries and working 20 or fewer hours per week when the contract requires 37.5 hours per week. Medavie reported the audit results to Health and Wellness in April 2013. However, the Department has only met with two of these physicians and that meeting did not occur until September 2013, approximately five months after the audit results were reported. Furthermore, there is no record of meeting discussions, reasons for the poor results, or expectations for the future.
- 6.51 Audit results need to be communicated to physicians in a timely manner with plans for subsequent monitoring to correct deficiencies and promote change. Health and Wellness has taken the approach that simply identifying the issues with physicians is sufficient.
- 6.52 Each of the remaining alternative payment plan physicians audited during our audit period were identified on Medavie’s risk analysis submitted to Health and Wellness for the two previous years. Furthermore, Department staff told us they also had concerns around the level of service provided by these physicians dating back to 2009, but audits were not requested until 2013. The audits reported that the physicians shadow billed 29 to 42 percent of their annual salaries. Additionally, the audits found that each physician worked fewer hours than their contracts required. The results of the audit were reported to Health and Wellness in September 2013. Despite the severity of the audit results, as of January 14, 2014 Health and Wellness had not yet scheduled a meeting with the physicians to address the issues. The Department is potentially paying for a level of service that is not being provided. Furthermore, this could also be impacting access to medical care for the community where these physicians practice.
- 6.53 This is not the first time the timely communication of audit results has been identified as an issue at Health and Wellness. An April 2013 review of Medavie’s physician payment and auditing functions by Governments’ Internal Audit Centre noted that Health and Wellness was not taking appropriate action to respond to issues identified through Medavie’s audits. The report recommended Health and Wellness determine and define its response and action plan for audit findings. Our testing results indicate this has not been addressed.



Recommendation 6.10

The Department of Health and Wellness should establish a process to communicate audit results and discuss Medavie audit findings with physicians in a timely manner. Discussions with physicians should be documented and action plans developed as needed to ensure deficiencies are corrected.

Department of Health and Wellness Response:

DHW agrees with the recommendation and will discuss audit findings in a timely manner. Minutes of audit meetings are now taken and a process around those meetings is being developed. Action plans detailing how audit findings will be dealt with will be developed.

Recommendation 6.11

The Department of Health and Wellness should take action to address completed audits that have not yet been discussed with physicians.

Department of Health and Wellness Response:

DHW agrees with the recommendation and will address this immediately with the physicians involved.

- 6.54 *No record of meetings* – Health and Wellness does not maintain a record of meetings held with physicians to discuss audit results. Accordingly, there is no way to know whether matters identified during the audit have a reasonable explanation or if further follow up with physicians will be needed in the future.
- 6.55 In reviewing the alternative payment risk analysis provided to the Department by Medavie during the audit period, we identified seven physicians that had been previously audited but continued to appear on the risk analysis. For six of these, the Department had no documentation to support the conclusion reached by the audit or why the physician continued to appear on the risk analysis.

New Alternative Payment and Academic Funding Plan Models

Conclusions and summary of observations

Although the Department of Health and Wellness has done considerable work in developing new academic funding and alternative payment models, many detailed processes still need to be worked out. Despite this, Health and Wellness has proceeded with implementation of new contracts for alternative payment physicians. The lack of deliverable monitoring was identified as a weakness in 2010 but monitoring processes have still not been developed for the new models. The Department began working towards changes in alternative payment and academic funding plans in 2008 and 2010, however, a great deal of work is still required.

- 6.56 *Background* – Health and Wellness is currently developing and implementing new funding models for both alternative payment and academic funding plans. These are intended to provide greater accountability for funding, along with establishing new deliverables for physicians. External consultants completed program reviews of existing arrangements in 2010. Significant weaknesses were identified in the existing models, including an overall lack of monitoring by Health and Wellness.
- 6.57 *Monitoring* – The reviews of both alternative payment and academic funding plans, along with our audit, identified an overall lack of monitoring by Health and Wellness. While the Department has done considerable work towards developing new models, there are no processes to monitor contract deliverables at a detailed level. Some high-level processes have been developed, but it is not clear how these will translate into day-to-day monitoring. Without adequate monitoring, it is questionable whether there is any value in establishing deliverables for alternative payment plans and academic funding plans. Recommendation 6.6 earlier in this chapter addresses the need for Health and Wellness to monitor alternative payment and academic funding arrangements.
- 6.58 The review of academic funding plans also recommended the performance management committees required in each academic funding plan be used to monitor the achievement of contract deliverables. However, as previously reported, these committees were suspended by Health and Wellness in 2010.
- 6.59 *Contract deliverables* – Although deliverables for new alternative payment and academic funding plans have not yet been finalized, Health and Wellness has signed contracts with alternative payment physicians in one district. Under the new model, district health authorities are responsible for determining alternative payment plan deliverables. The contracts indicate districts have 90 days to develop deliverables after the effective date of the contract. One alternative payment plan physician we met with was reluctant to sign a contract knowing additional details would be added to the contract at a later date. It is unfair to ask physicians to sign a contract that does not specify what is required of them. It is also a poor business practice by Health and Wellness to sign contracts and provide funding to physicians without outlining the services to be provided. Placing the responsibility of developing alternative payment plan deliverables with the district health authorities could result in inconsistent treatment of physicians throughout the province.

Recommendation 6.12

The Department of Health and Wellness should not sign contracts with alternative payment plan physicians until deliverables have been finalized and included in the contracts.

Department of Health and Wellness Response:

DHW agrees with the recommendation and will work to make this the practice of the Department.

Recommendation 6.13

The Department of Health and Wellness should review all alternative payment plan deliverables developed by district health authorities for the new model prior to signing contracts to ensure consistency across the Province.

Department of Health and Wellness Response:

DHW agrees with this recommendation and has begun to implement it within the new alternate payment plan model. All new alternate payment plan contracts have similar elements to provide consistency across the province, while still allowing for the inclusion of unique deliverables to meet community needs.

- 6.60 Deliverables for academic funding plans under the new model have not yet been finalized. When this chapter was written, no new academic funding contracts had been signed.
- 6.61 *Timeliness* – After identifying issues with existing plans, Health and Wellness began working towards improvements in October 2008 (alternative payment) and July 2010 (academic funding). These processes eventually led to an initiative to develop new models for both types of payment plans. Several years later, the new models have still not been finalized and, in the meantime, there has been limited monitoring of the existing agreements to ensure contract deliverables are met.
- 6.62 Alternative payment plan physicians in one district health authority began to sign contracts under the new model in December 2013, with an effective date of April 2014. A schedule is in place to continue this process in the remaining district health authorities. However, contracts for group alternative payment plans have not been developed, nor have contracts for some physician specialities. Group alternative payment plan contracts were already identified as an issue in the existing model.
- 6.63 The development of the new model for academic funding plans is not yet complete. Health and Wellness hopes it will be completed by the end of 2014, with negotiations with academic funding departments tentatively scheduled to begin in January 2015. It is difficult to determine the likelihood of this deadline being met considering some of the recommendations from the 2010 academic funding plan review are still outstanding. Specifically, the review recommended a reduction in the number of academic funding plans and a move away from shadow billing as a method of tracking the level of clinical services provided by physicians. Both recommendations represent significant issues that will impact the development and negotiations of new academic funding plans, but discussions around these topics only began in January 2014. These recommendations should have been addressed much earlier in the process. Even if negotiations do begin in January 2015, it could be well into 2016 before physicians are transitioned to the new model.