Intelligence MEMOS

From: Åke Blomqvist and Colin Busby

To: Provincial Ministries of Health, The Ontario Medical Association and other Provincial Medical Associations

Date: September 9, 2016

Re: Physician Compensation: The Long, Long Run - Levelling the Playing Field in Negotiations (Part III)

The Canada Health Act stipulates that provincial plans must provide for "reasonable compensation for... services rendered by medical practitioners", but it does not give the medical profession the right to prescribe how its members are to be paid. The responsibility for doing so rests with our elected politicians who are accountable to the taxpayers, not with representatives for the medical profession.

Negotiations between doctors and the provincial government in Ontario may be more acrimonious than in other provinces because Ontario has some of the most restrictive rules in Canada with respect to the right of a doctor to make a living by selling his or her services outside the provincial insurance plan. In Ontario, this simply is not permitted. No doctor, even one who has opted out of the Ontario Health Insurance Plan (OHIP), is allowed to supply and charge for services that are insured under OHIP, even to patients who are willing to pay for them. In our view, this rule is misguided and is the source of much conflict in negotiations.

Ontario should allow doctors who want to opt out of OHIP to supply services privately, on terms they negotiate with their patients or private insurers, to anyone who is willing to pay for them, even if these services also are available through OHIP.

Defenders of the current system will object to allowing this primarily on the grounds that it would allow people with high incomes to buy certain services that would not be immediately available to someone without similar means. However, a significant private market outside of OHIP would only appear if many people became dissatisfied with the quality of the services supplied inside OHIP (including wait times), and hence would serve as a warning signal to the public system managers. That is, the existence of a private alternative would imply competition for the public system that might spur those who manage it to improve its performance.

When government effectively compels physicians to work for a single employer (the provincial plan), and the same government then dictates compensation, acrimonious conflict will result. Although the doctors' case for binding arbitration is based on this imbalance under the current Ontario system, binding arbitration is no solution if it proves too costly for taxpayers.

In the cases of policemen and firefighters, there are good reasons why there are no markets where can sell their services privately. However, in the case of doctors, we could change government regulations, making the Ontario system more like that in the United Kingdom. In the UK – a relatively high performing international healthcare system – private medical practice has existed alongside the National Health Service for a long time while protecting the principle that all people regardless of income access needed care without direct charges.

With the existence of a private option, there will be avenues for doctors and governments to appropriately apply pressure on each other to negotiate. This is more desirable than bargaining in the press, which is the preferred – and only – option for both sides under the current regulatory arrangements.

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