

**LETTER OF UNDERSTANDING**

**ALTERNATIVE PAYMENTS PROGRAM FUNDING**

**BETWEEN:**

**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH  
COLUMBIA**, as represented by the Ministry of Health

(the “**Ministry**”)

**AND:**

**THE BRITISH COLUMBIA MEDICAL ASSOCIATION**  
doing business as Doctors of BC

(the “**Doctors of BC**”)

1. Effective April 1, 2015, the Ministry will provide to Health Authorities \$10 Million in annual funding, and on April 1, 2016, an additional \$10 Million in annual funding, to increase physician FTE’s providing services under existing Alternative Payment Arrangements.
2. The funding will be allocated by the Ministry to each Health Authority in an amount proportionate to its current annual expenditure on Alternative Payment Arrangements, and will be used to help address the impact of increased service demand on physicians presently working under those Alternative Payment Arrangements.
3. In its annual Alternative Payment Program funding letters to Health Authorities, the Ministry will provide instruction to Health Authorities regarding appropriate allocation of the above-noted funds, including specific instruction that the funds cannot be used to offset current Health Authority expenditure on Alternative Payment Arrangements (including funded vacancies).
4. To facilitate allocation decisions by Health Authorities, prior to each Fiscal Year, medical staff leadership in each Health Authority will engage with and consider the views of physicians or physician groups presently working under Alternative Payment Arrangements who wish to provide information regarding opportunities for allocation of available funds. Physicians or physician groups may also make written submissions to Health Authorities regarding such opportunities.

5. The Ministry will review and approve all Health Authority allocations of the above-noted funds, and will closely monitor Health Authority expenditure through its financial reporting mechanisms in order to ensure compliance with Ministry instructions. The Ministry will provide to the Doctors of BC written confirmation of compliance for each Health Authority for the 2015/16 and 2016/17 Fiscal Years, which will include information on baseline expenditure and specific allocation of new funds for each Fiscal Year within four months of the end of the applicable Fiscal Year.

6. In the event that claims submitted to Health Authorities by physicians related to the impact of increased service demand are less than the amount allocated to a Health Authority for that purpose by the Ministry, the Health Authority may use the funding difference to establish new Alternative Payment Arrangements, subject to discretion of the Ministry.

7. In addition to the above, Health Authorities will work with physicians and other members of the health care team to identify opportunities to more effectively and efficiently address service demand growth within existing budget allocations, for example, through optimal service design and health human resources planning and management.

**Post Review Period (April 1, 2017 for the term of the 2014 Physician Master Agreement)**

1. The Ministry of Health will be conducting a comprehensive policy review of the Alternative Payments Program in 2014/15, which may be followed by discussions by the parties on mutually agreeable opportunities to improve the 2014 Alternative Payments Subsidiary Agreement (“APSA”).

2. In the event that the parties are not able to agree on changes to the APSA,

(a) the process described in Sections 2 – 7 above will continue for the term of the 2014 Physician Master A (Fiscal Years 2017/18 and 2018/19); and

(b) the additional annual funding available to the Health Authorities for the 2017/18 fiscal year will be \$8 million and the funding for the 2018/19 fiscal year will be \$6 million.

3. Nothing in this Letter prevents Physicians from advocating for additional funding from the Health Authorities to support additional Alternative Payment Arrangements nor the Health Authorities providing additional funding to support additional Alternative Payment Arrangements.

IN WITNESS WHEREOF the parties have executed this Letter of Understanding by or in the presence of their respective duly authorized signatories as of the 1<sup>st</sup> day of APRIL, 2014.

SIGNED, SEALED & DELIVERED on )  
behalf of HER MAJESTY THE QUEEN )  
IN RIGHT OF THE PROVINCE OF )  
BRITISH COLUMBIA, by the Minister )  
of Health or his/her duly authorized )  
representative, in the presence of: )



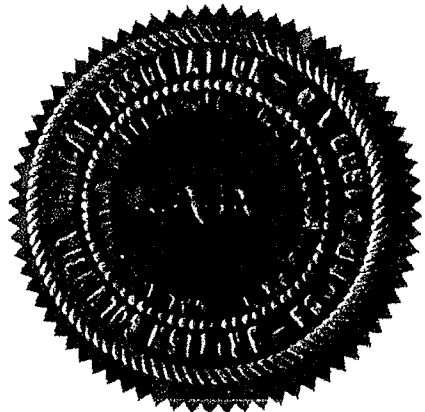
H. Murray )  
Signature of Witness )

Heather Murray )  
Name )

3-1, 1515 Blanshard St. )  
Address )

Victoria, BC )

THE CORPORATE SEAL of the )  
BRITISH COLUMBIA MEDICAL )  
ASSOCIATION was hereunto affixed in )  
the presence of: )



[Signature] )  
Signature of Authorized Signatory )

Dr. William T. R. Covert )  
Name )

PRESIDENT )  
Position )

