Some medical fees cut for Alberta specialists

KEITH GEREN

Alberta radiologists and ophthalmologists will see a handful of their medical fees reduced starting this fall as the provincial pushes ahead to reform the physician compensation system.

The decision to reduce fees for cataract extractions, eye injections and fluoroscopies was one of the first major accomplishments of a joint physician-government committee, which hopes to use the same process for a wider review of payments.

"The value of this decision, even though it affected a small number of fees, is that it demonstrated the process can work," said Dr. Carl Nohr, president of the Alberta Medical Association, which represents doctors.

"This is a unique structure in Canada where we can have a discussion about what the value of a fee code can be. We can agree or disagree with Alberta Health, but at the end of the day, a decision is made and we don't end up in gridlock."

The Physician Compensation Committee was established in 2013 as part of an agreement that ended a long, bitter pay dispute between doctors and the Progressive Conservative government of the day.

The AMA and Alberta Health each hold one vote on the committee, while a third vote is cast by an independent chairperson.

Among its duties, the committee has responsibility for reviewing the province's fee-for-service arrangement, in which physicians bill the government a pre-determined sum for performing a specific service.

Alberta currently has about 3,200 fee codes, many of which have not been updated in a decade or more.

The committee was put into action after then-health minister Fred Horne and others suggested some medical procedures, including cataract surgery, had become "overpriced" in recent years because new technology had made them easier to perform.

A laborious and complicated process of evaluation followed, in which the committee scanned the codes for outliers and assessed procedures on their difficulty, intensity and education requirements.

Nohr said the committee also spent considerable time looking at physician costs, since most fees include funding to cover a doctor's overhead such as staff, equipment and office expenses.

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Eventually, the process selected 11 codes for a wider review, four of which were reduced in value.

Included were two fees often used by ophthalmologists: cataract removals and intravitreal (eye) injections.

The initial decision of the committee called for the cataract fee to be reduced nearly in half to $245 from $482. However, following further discussion, ophthalmologists convinced the committee to move the price to $408, a 15-per cent drop from the original fee.

"The technology has improved in cataract extraction," said Jim Huston, the AMA's assistant executive director for health economics.

"The time is reduced, the complexity. It was a different procedure 10 years ago."

Asked why the committee decided to soften its initial reduction of the fee, Nohr said it was likely a result of getting better information on overhead costs and other factors.

However, he also said it was possible the committee was worried such a big drop in the fee might send some specialists to other jurisdictions, increasing waiting times for patients.

The fee for the eye injection fell 25 per cent to $111.

In the area of radiology, the committee decided to reduce the fee for a fluoroscopy, a kind of living X-ray that helps guide a needle to a precise point in the body.

That fee was eventually dropped 22 per cent to $195 from $250, still more than the committee's initial valuation of $171.

In its final decision, the committee wrote that it did not agree with the radiologists' stance that two staff members, such as a technologist and nurse, were needed for every procedure to assist the doctor.

Dr. Rob Davies, president of the Alberta Society of Radiologists, said his organization hopes to eventually change the committee's mind.

"We do have some unresolved issues with their methodology that we are continuing to pursue," said Davies, who is also medical director for Canada Diagnostic Centres, which operates 16 clinics in Edmonton and Calgary.

The company provides a variety of diagnostic tests for Alberta Health Services, including ultrasounds, X-rays and mammographies, and also has a private MRI and CT scanner in Calgary for paying clients.

Statistics show ophthalmologists and radiologists receive some of the highest gross payments among Alberta doctors. But Davies said those figures fail to recognize such specialists also have some of the highest overhead costs.

He said the reduction in the fluoroscopy code means the vast majority of each fee will go to pay staff expenses. If two staff continue to be used, then the radiologist may operate at a loss for each procedure, he said.

"These practices will need to carefully consider how to maintain the safety, quality and service levels required with less funding, while still making sure patients have access."

Davies said more than 100,000 fluoroscopies are performed in Alberta every year, which means they represent a substantial portion of a typical radiology practice.

He said efforts to reduce medical costs should focus not on reducing individual fees, but on how certain procedures are used. In the case of ultrasounds, for example, there is some evidence they are being prescribed too often by family doctors for patients with lower back pain.

The fee reductions will be implemented over six months, with the first phase beginning Oct. 1.

Nohr said it's unclear how much money might be saved, but the AMA's deal with the province requires savings be reinvested into some area of doctor compensation.

He agreed with Davies that more work has to be done to better understand physician overhead costs.

Still, he said the fee evaluation was successful enough that the committee plans to use it for a wider review of fee codes in the province.

"The amount we have learned through this process has been almost immeasurable and how we apply that knowledge is really the test for all of us," Huston said.

Health Minister Sarah Hoffman has listed hospitals, doctor compensation and prescription drugs as the three major areas where the province needs to “bend the cost curve” on rising health expenses.

The minister could not be reached for comment, but a spokeswoman for Alberta Health issued a statement. “Physician compensation is one of the main cost drivers in Alberta’s health system so this is encouraging, but there is more to do,” the statement from Carolyn Ziegler said.

lgeren@postmedia.com

twitter.com/keithgeren