

**MEMORANDUM OF AGREEMENT**

**PAYMENT SCHEDULE REVIEW AND UTILIZATION MANAGEMENT  
INITIATIVES**

**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”)

(individually a “Party” and collectively the “Parties”)

**WHEREAS:**

- A. The Office of the Auditor General’s February 2014 report, Oversight of Physician Services, concludes that action must be taken to ensure physician services are high quality and that compensation for physicians is cost-effective.
- B. To that end, the Ministry of Health seeks to improve value for money with respect to physician services provided under fee for service arrangements in British Columbia.
- C. In addition, the Parties agree to work collaboratively to support high quality, cost-effective physician services through a number of actions as set out in this Memorandum and in the 2014 Physician Master Agreement (the “PMA”).

**NOW THEREFORE** the Parties agree as follows:

**Medical Services Commission Payment Schedule Review**

- 1. The Ministry will establish a Payment Schedule Review Working Group (the “Working Group”) to review the Medical Services Commission Payment Schedule with the objective of

identifying areas for change to ensure that public expenditure on insured medical services results in the highest quality patient care and the highest value for money.

2. The aims of the Working Group will be to identify:
  - i. adjustments to fees and billing rules to reflect changes in the knowledge, skills, time and technology required to deliver a service;
  - ii. fees that are no longer necessary or in accordance with the standard of care for elimination; and
  - iii. adjustments to fees based on evidence-based outcomes data.
3. By March 31, 2015, the Working Group will develop a methodology to analyze physician fee-for-service billings in order to identify fee codes or groups of fee codes for review.
4. By November 30 in the year prior to each of the Fiscal Years 2016/17, 2017/18 and 2018/19, the Working Group will:
  - i. apply the methodology to the fee-for-service billings and thereby identify the fee codes or groups of fee codes for review, adjustment and elimination; and
  - ii. identify the fee codes or groups of fee codes that the Working Group believes should be adjusted and/or eliminated.
5. Once the Working Group has identified fee codes or groups of fees to be adjusted or eliminated under 4 ii. the Ministry may pursue the changes through Articles 12 and 13 of the PMA.

#### **Utilization Management Initiatives**

The Parties agree to work collaboratively through the Guidelines and Protocols Advisory Committee and the Patterns of Practice Committee to support the goal of high quality patient care and effective utilization of physician services. This will include, amongst other things:

1. An analysis of the impact of existing practice protocols and guidelines on patient utilization and recommendations to the Medical Services Commission on changes to protocols and guidelines;
2. Identification of new practice protocols and billing guidelines and recommendations to the Medical Services Commission;
3. Examination of variations in practice, including referral patterns, and encouragement of physicians to assimilate and evaluate evidence and to implement current best practice; and

4. Promotion of Choosing Wisely Canada to optimize value and minimize waste in medical care.

The target reduction in costs of the Utilization Management Initiatives over the term of PMA is \$25M in annual savings.

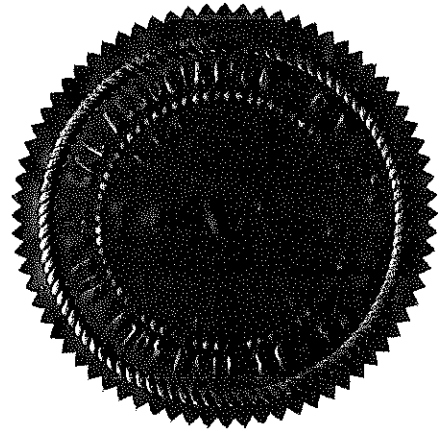
IN WITNESS WHEREOF the parties have executed this Agreement by or in the presence of their respective duly authorized signatories as of the 10<sup>th</sup> day of APRIL, 2014.

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 J. R. CAVERS  
Name  
PRESIDENT  
Position

