

**MEMORANDUM OF UNDERSTANDING
ALTERNATIVE PAYMENTS COMMITTEE (APC) RANGE INCREASES**

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**”)

(collectively the “**Parties**”)

WITNESSES THAT WHEREAS:

- A. The Parties agreed to continue the Alternative Payments Committee pursuant to Section 4.1 of the 2014 Alternative Payments Subsidiary Agreement until the date on which it completes the implementation of the adjustments to Service Contract Ranges and Salary Agreement Ranges contemplated by the Consensus Decisions of the Alternative Payments Committee dated December 9, 2010 and May 22, 2014.
- B. The Parties agreed to adopt an expedited approach to implementing APC Range increases for the 2012/13 and 2013/14 Fiscal Years whereby the Parties applied the planned Ranges as agreed to by the Parties in early 2014 and published those Ranges in the May 22, 2014 APC Consensus Decision (2014 Consensus Decision) along with those agreed to in subsequent amendments to the 2014 Consensus Decision;
- C. As a result of the expedited implementation approach, the Parties recognized there was a risk that expedited implementation might result in the actual costs for the 2012/13 and 2013/14 Fiscal Years either exceeding or falling short of the funding amounts set out in the 2012 Physician Master Agreement (2012 PMA) of \$4M and an additional \$10M respectively;
- D. Both the 2010 and 2014 Consensus Decision and related amendments explicitly state that the published Ranges are subject to change based on a detailed costing at the level of individual Salary Agreements and individual/group Service Contracts to confirm the adjustments did not exceed the available PMA funding (the “**Detailed Costing**”). Both Consensus Decisions provide

that the Ranges will be adjusted by the APC in the manner it determines appropriate if such funding is exceeded or if there is a portion of unused funding;

E. The amounts calculated for payment have been determined to exceed the 2012 PMA funding amounts and therefore the Parties must revise downward certain 2012/13 and 2013/14 Ranges and reach agreement on addressing any ongoing over expenditures in 2015/16 and their impact on funding set out in the 2014 PMA for the 2016/17 Fiscal Year;

NOW THEREFORE in consideration of the premises and the agreements of the Parties as set out herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Words used in this Agreement that are defined in the 2014 Physician Master Agreement (2014 PMA) or the 2014 Alternative Payments Subsidiary Agreement (2014 APSA) have the same meaning as in the 2014 PMA or the 2014 APSA unless otherwise defined in this Agreement.

2. In this Agreement, the following definitions apply:

(a) **“this Agreement”** means this document including the Schedule;

(b) **“Funding”** means the amount of funding available to adjust the ranges pursuant to Section 2.04 of the Amended Memorandum of Agreement dated July 23, 2010 and Sections 1.1 (c) and 1.2 (b) of Appendix F to the 2012 Physician Master Agreement.

(c) **“Range”** means a Salary Agreement Range or a Service Contract Range.

3. The amounts calculated for payment based on the Detailed Costing resulted in unapplied funds in both 2010/11 and 2011/12 but exceeded the available funding in both 2012/13 and 2013/14. The Parties recognize that there are disagreements affecting the allocation of the Funding that require setting aside certain amounts of the Funding as described in Schedule A and withholding retroactive payments from those physicians who may be impacted by those disagreements as listed in Schedule B until those disagreements are resolved. Notwithstanding the foregoing, the Parties agree that if Doctors of BC does not initiate a Provincial Dispute on the practice category disagreements by June 30, 2016, the Funding set aside for those disagreements as per Schedule A will be released and retroactive payments made to those physicians listed in Schedule B.

4. The Range adjustments to the Practice Category of Laboratory Medicine for the 2012/13 and 2013/14 Fiscal Years as set out in an amendment to the 2014 Consensus Decision dated August 20, 2015 (the “**2015 Amendment**”) will be eliminated and the 2015 Amendment revoked. The Laboratory Medicine Ranges found at Appendices A through D of the 2014 Consensus Decision will now apply to the 2012/13 and 2013/14 Fiscal Years.

5. The actions set out in 4 above will reduce the ongoing over expenditure associated with the 2012/13 and 2013/14 Fiscal Years by \$143,762 and \$521,896 respectively.

6. The over expenditures in the 2012/13, 2013/14 and 2014/15 Fiscal Years will be covered from funds that remain available to the APC in the 2010/11, 2011/12, 2012/13 or 2013/14 Fiscal Years (“**Unapplied Funds**”).

7. In 2015/16, the Laboratory Medicine over expenditure totals \$521,896 per Fiscal Year as a result of the 2015/16 Laboratory Medicine Ranges being calculated and paid based on the application of the 2015 Amendment. The Parties agree that the 2015/16 over expenditure will be covered on a one-time basis from Unapplied Funds available from the 2010/11 and 2011/12 Fiscal Years.

8. Should the Unapplied Funds be insufficient to cover all errors and omissions in the amounts calculated for payment based on the Detailed Costing, the Ranges will be adjusted by the APC in the manner it determines appropriate to ensure that the Funding is not exceeded. The Parties agree that the inflated cost base in 2016/17 resulting from correcting the errors and omissions that exceed the Unapplied Funds will be covered by an ongoing reduction per Fiscal Year to the 2016/17 funding of \$9 M set out in Section 1.3 (b) of Appendix F to the 2014 PMA.

9. The Parties agree that the inflated cost base from 2015/16 that has been used to plan ongoing Range increases for 2016/17 will be corrected by an ongoing reduction of \$521,896 per Fiscal Year to the 2016/17 funding of \$9M set out in Section 1.3(b) of Appendix F of the 2014 PMA (to \$8.478M). The Parties agree that notwithstanding Section 1.3(b) of Appendix F of the 2014 PMA, there will only be \$8.478M available to the Allocation Committee to fund adjustments to the Ranges in 2016/17.

10. This Agreement concludes all matters related to the funding amounts for APC Range adjustments in 2010/11, 2011/12, 2012/13 and 2013/14 with the exception of the allocation of remaining ongoing APC Unapplied Funds and the allocation of ongoing APC Unapplied Funds that may arise from the resolution of any of the disagreements described in Schedules A or B or through the correction of errors in the Detailed Costing

IN WITNESS WHEREOF the parties have executed this Memorandum of Understanding by or in the presence of their respective duly authorized signatories as of the 30th day of MARCH, 2016.

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:)

Ryan Murray)
Signature of Witness)
Ryan Murray)
Name)
1515 Blanshard St)
Address)
Victoria, BC)

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

Paul Straszak)
Signature of Authorized Signatory)
PAUL STRASZAK)
Name)
EXEC DIRECTOR, NEGOTIATIONS)
Position)

T. Patterson)
T. Patterson, ADM, Ministry)
of Health)

