

October 11, 2008

## To: All Ontario Physicians Re: Proposed New Contract (Part 2)

As you know, the Coalition of Family Physicians of Ontario (COFP) has decided to **NOT SUPPORT** the new deal. Our previous bulletin generated a tremendous amount of discussion, which we believe deserves further comment on our part.

The COFP is astounded and dismayed at the partisan approach taken by the OMA to sell the proposed deal. We are also deeply perturbed by its attempts to portray us as misrepresenting the deal and misleading Ontario's doctors.

- **Advance Selling of the Deal to the Public**

On October 7, 2008, one day **prior** to the start of voting, Dr. Ken Arnold, the OMA President, publicly announced to the press in London that the deal will be good for doctors and patients alike. We believe that he should have at least waited for ratification of the deal by the doctors **before** selling it to the public. What if the doctors of Ontario fail to agree with his viewpoint and turn it down? (Don't forget, several OMA section executives have already recommended a NO vote to their members.)

This strategy appears to us like coercion, trying to muster public sentiment to sway the doctors' vote. The COFP respectfully reminds the OMA to curb its enthusiasm until/unless it has gotten the support of its own constituents, the doctors of Ontario, or risk sounding like a representative of the government of Ontario rather than **our** bargaining body.

- **Misleading the Profession**

In a letter sent to all physicians, the COFP has been accused by members of the OMA Board of misrepresenting the details of the deal. **But who is really misleading whom?**

Below are key features of the proposed contract, along with our analysis of their contents. Please read these carefully and judge for yourselves.

***"The total fee increase over the four-year term of the contract is 12.5%."***

We have already pointed out that only one-half of that increase will be given to all physicians outright, and the other half will be allocated to different specialties in an unspecified way in the future. However, even the 12.5% figure itself is inaccurate. Since the final 4.25% increase in the fourth year will only be in force for the final seven months of the contract, it will actually amount to  $4.25\% \times 7/12$ , or 2.5%. ***If we add the other increases of 3%, 2% and 3%, the total is 10.5%, and not the 12.5% advertised by the OMA.*** The 10.5% has been already noted as the true TOTAL increase by the OMA's Section of General and Family Practice and the OMA's own economics department. The 12.5% figure touted by the OMA is clearly misleading.

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***“There will be a 3% fee increase on October 1, 2008.”***

In actual fact, Section 3.1 of the proposed contract clearly specifies no actual fee increase but only a 3% temporary top-up to existing OHIP rates, with the first real fee increase being the 2% on October 1, 2009 and calculated on the basis of the present fees. This simple but important fact was missed even by the OMA's legal advisor/negotiator, Stewart Saxe, in his letter to the President of the OMA dated October 7, 2008, summarizing the proposed deal. We may optimistically conclude that the negotiating team was simply not paying close attention to important details, again resulting in misleading information. What else might they have missed when they endorsed the new deal?

***“The proposed contract will make Ontario competitive and vault its physicians into fourth place in Canada in terms of compensation.”***

At present, according to the OMA Economics Department, the OMA's own fee schedule is an astonishing 87% higher than what we are paid by OHIP. In a 2004 study by the Fraser Institute, the net real (adjusted for inflation) earnings of Ontario doctors peaked in 1972, and have declined steadily since. In fact, by 2002, they were at  $\frac{3}{4}$  of their level of 1972. As for our relative ranking within Canada, we are at present in seventh place. Even the OMA has grudgingly admitted that the projected fourth-place standing with the proposed deal will be only temporary, and we will slip back to sixth or seventh place as contracts in the other provinces are implemented. We are again being misled.

***“Based on an inflation rate of 2% over the past several years, this contract offers a clear financial advantage.”***

The present rate of inflation is 3 to 3.5%. Given the economic turmoil of today, most economists agree that it is impossible to predict the future rate of inflation with any degree of certainty. To assume a 2% inflation rate, as the OMA has done, is misleading and obfuscates the fact that the proposed contract is clearly sub-inflationary.

***“A relativity process, to be established in the future, will be used to allocate the other half of the total fee increase, and the OMA will work hard to ensure a fair outcome.”***

The OMA is trying to sell the deal based on vague and/or unspecified terms of contract. Is their willingness to “work hard” a sufficient reassurance of a fair outcome? We do not think so, and require something far more specific in order to evaluate it properly. Would you accept such vague terms in a contract involving a house sale or investment? If not, then why accept it here, based only on faith?

***“The contract will assist physicians in employing 500 nurses.”***

Aside from providing any clear terms of reference for this process, it would be extremely difficult to find the 500 nurses at a time of a severe nursing shortage. Again, this is a misleading promissory note and nothing more.

***“The proposed contract is good for all doctors.”***

This is a claim widely cited by the OMA, but a closer examination of the deal shows that 50% of the fee increases will be allocated on the basis of a (as yet unspecified) relativity adjustment process. In fact, only four Sections have been targeted for a significant upward adjustment in the proposed deal: Neurology, Paediatrics, Psychiatry and Physical Medicine/Rehabilitation. The vast majority of specialties are relegated to increases of 2.5 to 4% on October 1, 2009.

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The COFP strongly supports the elimination of unfair discrepancies in fees across different specialties and applauds relativity adjustments. But should this be done merely by bringing the fees of some specialties up to the same mediocre level of the others? For us, the real issue of relativity is relativity of Ontario doctors within Canada. The proposed contract completely fails to address this gross inequity. Is this deal really good for all doctors? Cardiology, Rural Practice, Group Practice and Emergency Medicine do not think so. Neither do we.

***“Given the present economic climate in Ontario, this deal is the best that we can possibly get.”***

The OMA’s negotiating team and legal advisor have repeatedly said that given the present economic climate, this is the best deal that we can hope to get, and that there simply is no more money available. The COFP acknowledges that the government is cash-strapped, and will be even more so in the future. However, this is relevant only if the government insists on remaining as the sole payer for necessary medical services in Ontario.

Rather than decrying the present economic situation as a crisis for healthcare funding, we can instead choose to view it as a timely opportunity to explore alternative ways of financing healthcare. In most of Canada today, it is now possible to purchase a wide variety of necessary medical services, ranging from diagnostic tests such as CT, MRI and SPECT to surgical knee or hip prostheses, and even primary care plans. The big exception is Ontario, where the government is determined to ban such practices on the grounds of protecting exclusive one-tier Medicare. It bears noting that the only other constituency in the world with exclusive one-tier Medicare is North Korea – it does not exist anywhere else because it is economically unworkable.

Instead of collaborating with the Ontario government on preserving an unworkable system, by agreeing to a deal that relies on underpaid labour, the COFP respectfully suggests that the OMA begin a serious dialogue with government on alternative funding. This dialogue has already begun not only in other provinces but also at the national level, with both the past and present CMA presidents publicly advocating some form of a mixed public-private system, such as those found in the 29 countries which rank ahead of Canada in terms of healthcare according to the World Health Organization.

Why has the OMA not dared venture in this direction? We answer this question in the next section.

### • **The Nature and Underpinnings of the OMA**

The Ontario government has formally appointed the OMA as the bargaining agent for Ontario’s doctors. More significantly nearly two decades ago, the government enacted legislation, the 1991 OMA Dues Act, which forces physicians to pay compulsory dues to the OMA. Most importantly, the OMA has assumed the role of a collection agency, either through seizure of a non-compliant doctor’s OHIP fees or through civil proceedings (i.e. the Rand formula). This last legal twist effectively gave the government very significant control over the profession, since the OMA now became dependent on government for its fiscal existence, and its funding was no longer tied to its performance and accountability as our representative body. This state of affairs persists today, and was recently affirmed in Bill 8, *The Commitment to the Future of Medicare Act, 2004*, which was passed by the present government.

When we consider the close fiscal relationship that the OMA has with the government, it should come as no surprise that the OMA often pushes through contracts which are advantageous to government but not

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necessarily to its supposed constituents, the doctors of Ontario. ***In our view, the proposed deal is clearly such a contract, one in a long series of one-sided deals that has resulted in our being among the lowest paid doctors in the country.***

The COFP is deeply dismayed by the publicly coercive tactics and deliberately misleading information used by the OMA to sway your vote and silence its opponents. ***We are also troubled by the near-missionary zeal of the OMA to advance its goals. After all, they have over \$30 million per year of your dues to finance their campaigns.***

They could use a small part of that money to explore alternative models of funding health care. But we do not feel that they will, since this would be contrary to the political interests of the Ontario government. Instead, they will continue to focus on such "safe" topics as smog and smoking. ***We are also dismayed, but not surprised, by the OMA's adoption of their patronizing and defeatist position, for this pattern has been repeating itself over and over through the past 20 years, at our expense and the government's gain.*** As long as the OMA allows the government to guarantee its funding (remember, the OMA has the power to refuse Randed funds and did so in 1996-97), it will continue to serve the wrong master.

### • What Can be Done to Set Things Right?

At the level of the OMA, it must rescind the Rand, refuse the compulsory dues/funding structure, and become dependent on, and thus finally accountable to, its members, the doctors of Ontario.

At the level of individual doctors, you may consider resigning from the OMA – yes, your dues will still be forcibly collected, but you will no longer be a member. If enough physicians did this, the government would have a much harder time justifying the OMA as your official bargaining agent, since it would have few members to represent. We realize that many of you have various insurance programs through the OMA, but if you examine these carefully, you may well find that these may be purchased more cheaply elsewhere. More importantly, if you actually calculate the savings through the OMA plans, they will be far less than the amount of fees that you have lost and will continue to lose through the contracts negotiated by the OMA supposedly on your behalf.

***As individuals, you can also gain control by voting NO to the proposed contract.*** As we have shown you by our analysis in this bulletin, the proposed deal actually gives very little and ensures a further drop in your real incomes by the end of its four-year term. Do not be swayed by fear-mongering that the government will simply choose to give you nothing. In this time of severe doctor shortages, the political optics and fallout from such a move would be too devastating, since voters expect and demand healthcare.

***In other words, you have very little to lose, and much to gain by sending the OMA and the government a strong message at this critical time. Don't be afraid to take control of your future. No one else can do this for you but YOU!***

Sincerely,



Douglas Mark MD, President  
and the Board of the Coalition of Family Physicians of Ontario