

How Physicians in Canada are paid? Results of the 2010 National Physician Survey

Methods of payment

According to the 2010 National Physician Survey (NPS), the proportion of physicians who are paid primarily by the fee-for-service method continues to decline. In 2010, 42% of physicians reported receiving 90% or more of their professional earnings via fee-for-service payments. This is down from 48% in 2007, 51% in 2004 and 68% in 1990¹.

Since fee-for-service has in the past been the dominant method of paying physicians, it is not surprising that physicians who are 65 or older are much more likely to be paid primarily by this mode (58%) than the youngest age group of physicians (33%).

Table 1: Primary method of remuneration by age group of physician

Remuneration Method	Age group of physician						Total
	<35	35-44	45-54	55-64	65+	NR	
90%+ fee-for-service	32.6%	37.6%	39.9%	43.3%	58.3%	48.5%	41.9%
90%+ salary	8.6%	10.0%	8.6%	8.5%	5.1%	5.8%	8.5%
90%+ capitation	0.5%	1.0%	1.4%	1.3%	1.6%	0.8%	1.2%
90%+ sessional/per diem/hourly	3.2%	3.0%	3.1%	3.2%	4.0%	2.8%	2.9%
90%+ incentive and premiums	0.0%	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%
90%+ other	1.5%	1.8%	1.6%	2.0%	1.8%	1.8%	1.8%
Blended	39.5%	34.0%	35.0%	31.6%	20.3%	23.6%	32.3%
No response	12.2%	9.4%	7.9%	7.0%	5.5%	13.9%	8.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

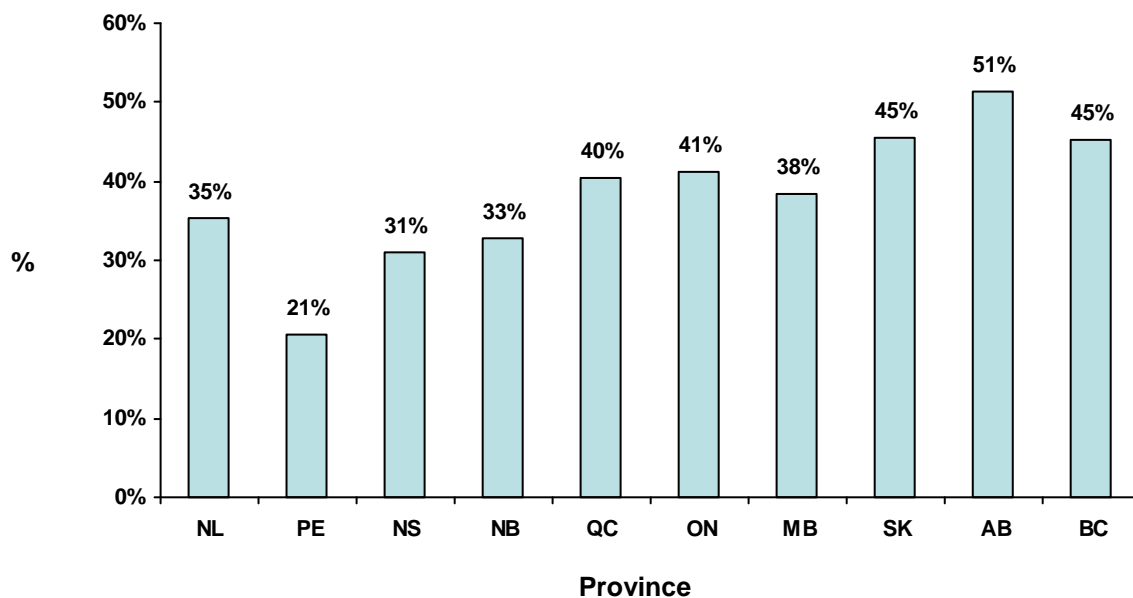
Family physicians are a little less likely to be paid fee-for-service (40%) than other specialties (44%) but are more likely to have a blended form of payment where no single method contributes to 90% or more of their total professional earnings. Over a third of family physicians are paid this way (35%) compared to 30% of specialists of other disciplines. The differences, while not huge, are statistically significant. Men are more likely than women to be paid fee-for-service (44% vs. 37%) both for family physicians (41% vs. 38%) and other specialists (47% vs. 35%). Female physicians were more likely than their male colleagues to receive their professional earnings from a mix of remuneration methods (35% vs. 31%) or other single methods such as salary or sessional (21% vs. 16% for all other single methods combined).

¹ 1990 CMA Physician Resource Questionnaire

There are only small differences between men and women with respect to fee-for-service in the youngest age categories (up to age 44) but a 10% difference occurs in the age category 55-64 where 46% of males are remunerated via fee-for-service compared to 36% of females.

Alberta at 51% of physicians remains the jurisdiction where fee-for-service is most prevalent followed by Saskatchewan and British Columbia (BC) both at 45%. Newfoundland has the highest proportion paid primarily salary (26%) compared to only 6% in BC and Quebec. While all provinces have significant numbers of physicians on a blended form of remuneration, Prince Edward Island (PEI) leads the way at almost half (49%) followed by New Brunswick and Quebec at 38% each. This compares to Saskatchewan which has the smallest percentage at less than one out of every 5 physicians (19%).

Graph 1: % of physicians receiving 90% or more of their professional earnings from the fee-for-service method of remuneration



Almost a third (32%) of physician respondents were paid by multiple remuneration modes. Fee-for-service, however, remains a popular component of mixed forms of remuneration. Of this “blended” group, on average, 46% of their income came from fee-for-service payments with all other remuneration categories averaging less than 20% each.

Those receiving 90% or more of their professional income from salary (9%), sessional (3%), service contract (3%), and capitation (1%) remain small and relatively unchanged from previous years with the exception of the previously mentioned salaried physicians in Newfoundland and Labrador.

There is a marked difference in how physicians are paid compared to how they would like to be paid. The NPS data from 2007 shows that while 48% of physicians at that time were paid primarily fee-for-service, only 23 % said they would prefer to be paid that way. Over half of physicians (51%) preferred a blended method of remuneration, given the choice, but of that group, 82% wanted fee-for-service to remain a component of the blended model.

There were no significant differences between fee-for-service physicians and those paid by a blended method with respect to professional satisfaction. In addition to the same levels of satisfaction with their current professional life, the results were also very similar for issues such as balancing personal and professional commitments and their relationship with their patients.

Practice expenses

Overall physicians report that more than a quarter (26%) of their gross professional income goes toward the running of their practice. This would include such expenses as staff, equipment, rent, malpractice fees, etc. Family physicians (FPs) report higher overhead than do other specialists (28% versus 23%) and for both groups those paid primarily on a sessional basis have the lowest overheads (about 12%). Among FPs, those on capitation report the highest figures (34%) followed by fee-for-service physicians at 31%. Among other specialists, fee-for-service physicians report the highest practice costs at 26% of their gross income.

Table 2: % of gross professional income going to running a physician's practice

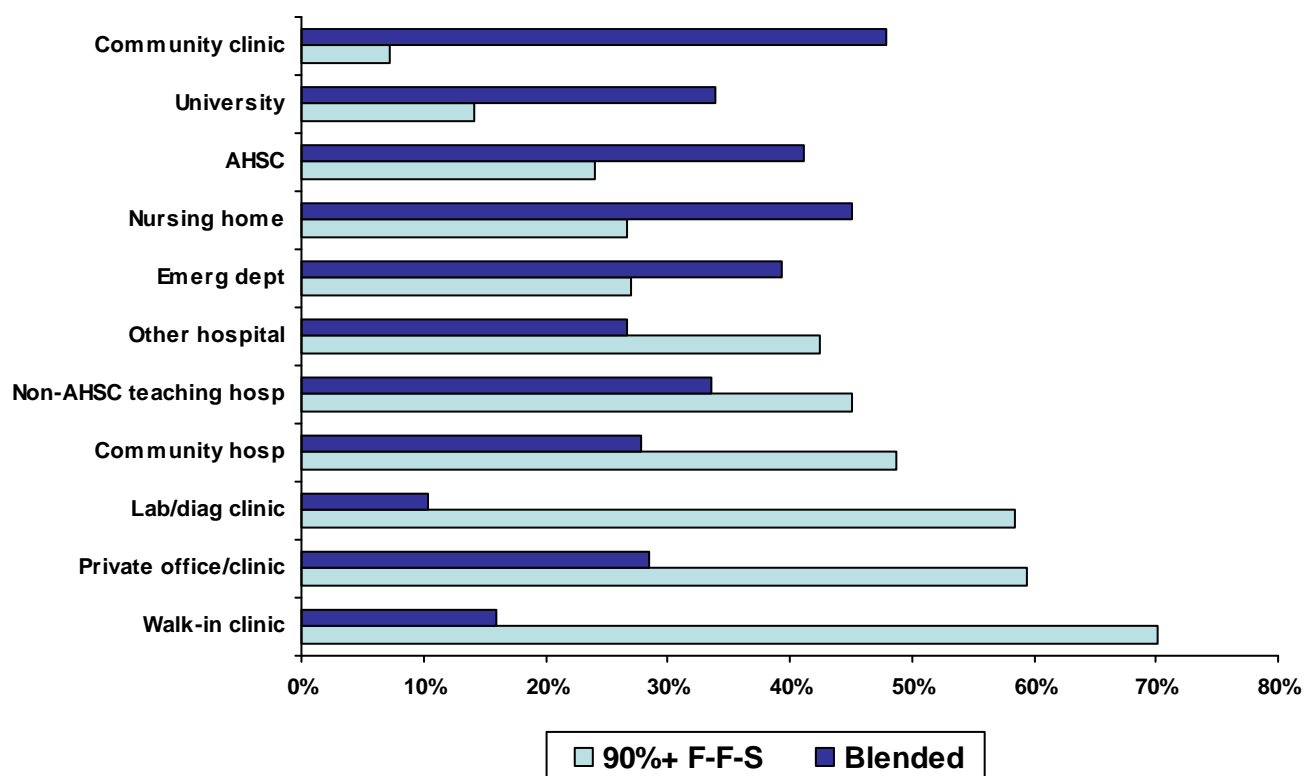
Remuneration Method	Percent of income needed for overhead		
	GP/FP	Other specialist	Total
90%+ fee-for-service	31.4%	26.3%	28.9%
90%+ salary	16.5%	13.8%	15.0%
90%+ capitation	34.1%	18.9%	33.6%
90%+ sessional/per diem/hourly	11.7%	12.8%	12.0%
90%+ incentive and premiums	15.5%	13.9%	14.7%
90%+ other	21.7%	13.7%	16.3%
Blended	25.5%	18.2%	22.4%
No response	28.1%	21.2%	24.8%
Total	27.7%	22.2%	25.2%

Main patient care setting

Fee-for-service remains the dominant method of payment for private office/clinic where 59% receive 90% of their professional earnings from this method, as well as walk-in clinics where 70% of doctors are paid for each service they provide.

Of the clinical settings, the blended form of payment is most prevalent among community clinics or health centres (48% of physicians) followed nursing homes (45%) and academic health science centres at 41%.

Graph 2: % Distribution of physicians by remuneration mode & main patient care setting

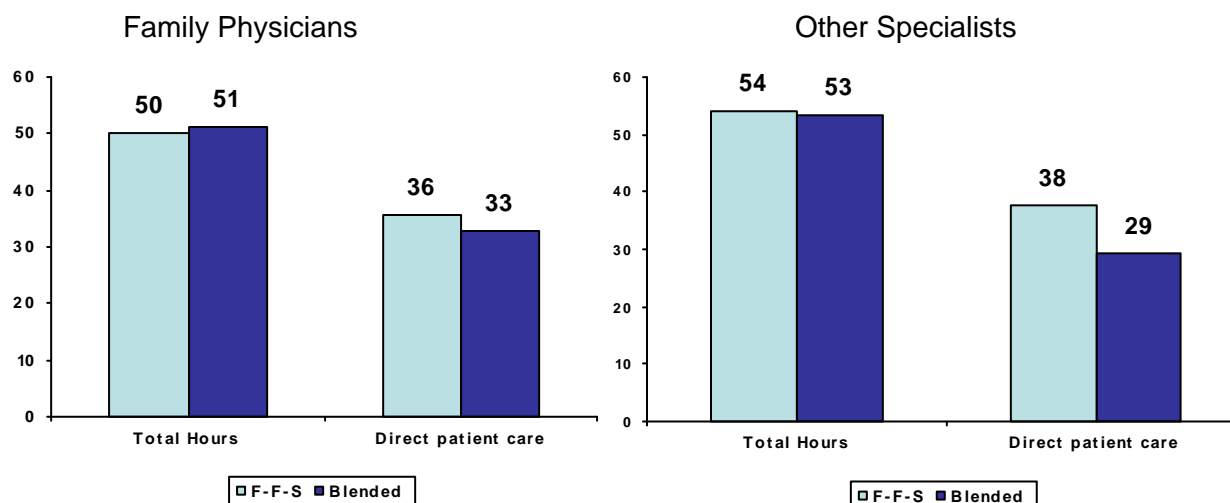


Workload

There are not large differences among the types of remuneration modes when looking at total hours worked per week, excluding on-call duties. In fact physicians paid primarily fee-for-service or by a blended method both reported working 52 hours per week. Fee-for-service physicians report more time spent on direct patient care than those on any other payment modality. The difference is particularly noticeable among non-primary care specialists where those paid mostly fee-for-service spend nine hours more per week providing direct care compared to those on blended forms of remuneration. These blended specialists, however, report substantially more hours each week on activities such as teaching, research, and administration.

Although only 2% of family physicians in Canada receive 90% or more of their professional earnings via capitation payments, they are the most represented in the higher categories for patient loads. Over half (53%) report practice sizes of over 1500 patients compared to just over a third (34%) of fee-for-service physicians and 22 % for those with a blended arrangement. Those family physicians on a capitation model also report the largest number of patients seen each week, on average 131 compared to 127 and 97 for fee-for-service and blended respectively.

Graph 3: Hours worked per week by remuneration mode for FPs & Other Specialists



The difference between male and female physicians with respect to workload has been discussed in detail in a separate bulletin on workload trends, see below: http://www.cma.ca/multimedia/CMA/Content/Images/Policy_Advocacy/Policy_Research/20-WorkloadTrends.pdf .

While for the most part females work fewer hours than men regardless of their primary remuneration method, it is interesting to note that when it comes to hours spent each week providing direct patient care, the differences in time spent on direct patient care are quite small among salaried physicians and those primarily on a capitation system of payment. In both cases females spent only 1 hour less per week than men providing direct care. For those on blended methods, females reported 2 hours less per week than their male colleagues but spent 1 hour more per week on indirect patient care.

On-call responsibilities

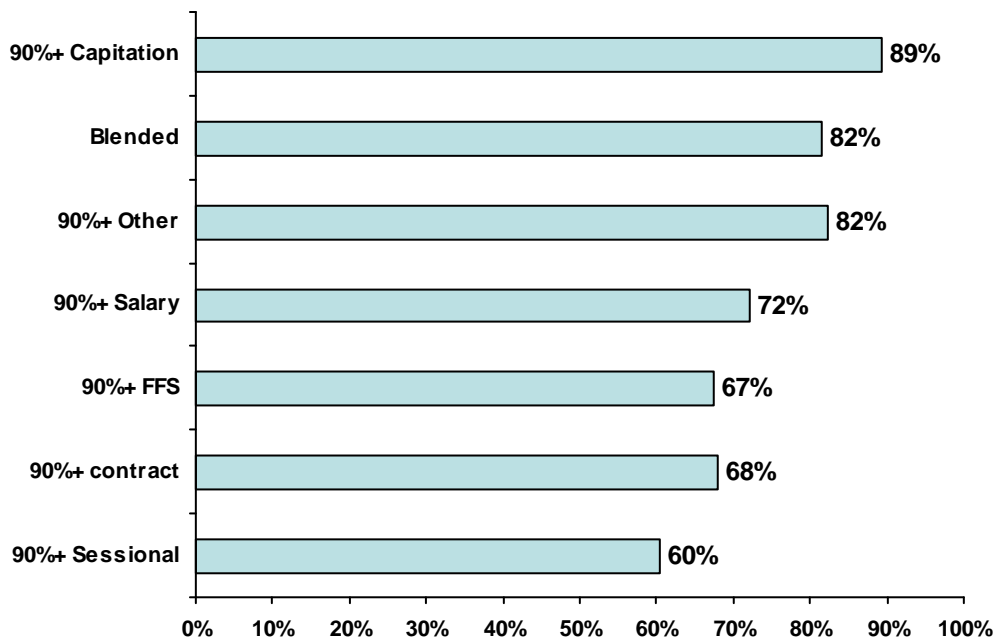
Over 70% of all physicians report having on-call duties. In the National Physician Survey on-call is described as time outside of regularly scheduled activity during which the physician is available to patients.

Physicians paid by multiple methods were much more likely to take call (82%) than those on a almost pure fee-for-service model (67%). Interestingly though, fee-for-service doctors average more hours on-call each month (134 hours) than did blended physicians (127 hours). All other payment methods averaged fewer hours than these two groups.

Another comparison showed that fee-for-service physicians spent 47 hours per month while on-call actually delivering direct patient care whereas the time spent for those on a blended payment model was 37 hours.

In terms of the number of patients seen per month while on-call, fee-for-service physicians again surpassed those on other payment modalities. They averaged 61 patients compared to those on a blended method which was the next busiest group at 46 patients per month.

Graph 4: % of physicians who take call by primary type of remuneration



Rural/urban practice location

Not surprisingly, fee-for-service among family physicians was more prevalent in urban centres where sufficient volume of services can be provided by the physician for a viable practice. In rural Canada this is not always the case and the survey indicated a larger proportion of blended FPs in these locales; 44% were paid this way compared to 35% of their urban counterparts. There was also a statistically larger proportion of rural physicians being paid a salary (8%) than city doctors at 6%.

For details on the methodology and response rate of the National Physician Survey, visit www.nationalphysiciansurvey.ca Results are considered to be accurate within +/- 1.2% 19 times out of 20.

Lynda Buske
Canadian Collaborative Centre for Physician Resources
Canadian Medical Association
November 1, 2011