



## Provincial Physician Signing Bonus Policy

**Revision Date:** September 9, 2014

### 1 Program Description

This *Provincial Physician Signing Bonus Program* will provide signing bonuses to newly recruited physicians who agree to practice in a position that is defined as difficult-to-fill in Newfoundland and Labrador.

### 2 Scope

This program is a collaboration of the Newfoundland and Labrador Medical Association (NLMA) and the Government of Newfoundland and Labrador with funding provided from the 2009-2013 Memorandum of Agreement's (MOA) Clinical Stabilization Fund. As the program funding is utilized, an evaluation will occur to assess the success of this program and to provide advice regarding the creation of a long term signing bonus program. Signing bonuses are only available to individuals who meet the criteria described in Section 5 of this document.

Additional incentives are available to support the recruitment and retention of medical students, medical residents and physicians in Newfoundland and Labrador; however, these programs are outside the scope of this policy. Additional information on physician incentives is available on the Department website.

### 3 Definitions

Appropriate Deductions: Statutory deductions from pay, including but not limited to income tax, Canadian Pension Plan and Employment Insurance.

Default: Failure to complete the service obligation, in part or in whole, or failure to comply with any term or condition of the service agreement.

Difficult-to-Fill Position: A physician position is considered difficult-to-fill if it includes one or more of the following elements:

- The position has been vacant for at least six (6) months and active recruitment, including advertising, has occurred for six months;
- The position has been vacated by more than three (3) full-time physicians in the previous thirty-six (36) months;
- The position has utilized more than three (3) locums of at least one (1) month duration for each locum in the previous twelve (12) months;
- The position has been filled by more than one (1) provisionally licensed physician in the past thirty-six (36) months; and

- The position is part of a general practitioner or specialist cohort in a defined area / community that has experienced a combination of the above issues in any of the positions in that cohort.

Full-Time Practice: A minimum of forty (40) hours per week spent in patient care exclusive of on-call services for a minimum of forty-four (44) weeks per year on the terms and conditions applicable to such a position.

Incentive: Financial assistance provided by Government or a Regional Health Authority (RHA) to a recipient, which can include a bursary, grant, signing bonus or relocation reimbursement, in return for the recipient's commitment to fulfill a service obligation. In this program, incentive only covers signing bonuses.

Interest: A fee paid by the recipient who defaults on his/her service agreement.

- If a recipient defaults on his/her service agreement, interest is calculated on unfulfilled portion of the service obligation.
- Interest on the amount to be repaid by the recipient is calculated retroactively from the date the money was advanced to or on behalf of the recipient, and will compound on the outstanding balance as of the end of each month.
- The interest rate will be the prime rate posted by the Bank of Canada plus two percentage points.

Leave: For salaried physicians, leave is any entitlement outlined in the 2009-2013 MOA. For fee-for-service (FFS) physicians, leave means any time away from practice.

Medical Resident or Resident: A post-graduate medical trainee within the Professional Association of Internes and Residents of Newfoundland (PAIRN) bargaining unit, or equivalent organization in other Canadian jurisdictions, for example, the Professional Association of Resident Physicians in the Maritime Provinces (PARI-MP) representing medical residents and post-graduate trainees in the Maritimes, and includes any individual in an employment relationship with the training institutions / health authority who is engaged in an educational program leading to eligibility for licensure as a physician in a Canadian jurisdiction.

Physician Type: Physician types are classified as the following:

- a) General Practitioner/Family Medicine: Physicians who receive certification from the College of Family Physicians of Canada (CFPC), or other recognized training by the College of Physicians and Surgeons of Newfoundland and Labrador.
- b) Specialist: Physicians whose training is recognized and certified by the Royal College of Physicians and Surgeons of Canada (RCPSC), or other recognized training by the College of Physicians and Surgeons of Newfoundland and Labrador.
- c) Sub-specialist: Specialists who have been recognized and have successfully completed a Certificate of Special Competence from the RCPSC, or other recognized training by the College of Physicians and Surgeons of Newfoundland and Labrador.

Physician Signing Bonus Selection Committee (“the Committee”): The Physician Signing Bonus Selection Committee is comprised of two (2) representatives from the NLMA and two (2) representatives from the Department of Health and Community Services.

Prime Rate: The rate that is posted by the Bank of Canada as the prime rate shall be the base interest rate for calculating repayment.

Proof of Payment: A copy of the cheque or a stamped invoice from the RHA which indicates payment in full was made to the recipient. Proof of payment must include the amount paid, recipient name, date of payment, community and type of incentive.

Recipient: A signing bonus recipient is an applicant who is eligible for a signing bonus by accepting a difficult-to-fill position and who is required to enter into a service agreement with a RHA.

Regional Health Authority (RHA): Corporations established under the *Regional Health Authorities Act* SNL 2006 cR-7.01 responsible for providing the delivery and administration of health and community services in the health regions in Newfoundland and Labrador. There are four (4) RHAs: Eastern Health, Central Health, Western Health and Labrador-Grenfell Health.

Service Agreement: An agreement entered into by a recipient and a RHA, setting out the terms and conditions of the service obligation. A signing bonus is provided to a recipient with a service agreement of thirty-six (36) months in a full-time practice.

Signing Bonus: An incentive paid to a recipient to accept employment (i.e., salaried physicians) or to establish a fee-for-service practice in a difficult-to-fill position.

## **4 Eligible Communities**

Signing bonuses are available with a location-specific service agreement, and with amounts increasing for more rural and difficult-to-fill positions. Four levels have been assigned to communities in accordance with the 2009-2013 MOA (Annex A). Community levels increase from Level 0 (Labrador) to Level 3 (major towns and cities) based on the level of rural location and remoteness. If additional communities are identified, they shall be assigned to Level 2 unless otherwise agreed by the Committee. In order for a community to qualify, there must be an existing service need as identified by the applicable RHA. Emphasis will be placed on filling vacant positions in the most difficult-to-fill communities.

## **5 Signing Bonus Recipient Criteria**

A physician who agrees to work in a difficult-to-fill position is eligible to receive a signing bonus if he/she:

- a) Has not previously received a community-specific medical resident bursary or a signing bonus from a RHA in Newfoundland and Labrador or from the Government of Newfoundland and Labrador to practice medicine in Newfoundland and Labrador;
- b) Agrees to practice for thirty-six (36) months in a full-time position at a specific location upon obtaining full licensure;
- c) Has full licensure under the Medical Act, 2011 to practice as a physician in Newfoundland and Labrador;
- d) Agrees to obtain associate or active privileges with the RHA in the area of medical practice upon obtaining full licensure; and
- e) Agrees to provide the full range of services appropriate to the specialty, reflective of the needs of the RHA. Services may include, but are not limited to, emergency room coverage, day clinics, evening clinics, travelling clinics, institutional services and/or inpatient services. Recipients may also be required to participate in 24/7 coverage at an approved facility or emergency room in the recipient's community of practice upon obtaining full licensure or, when such a facility does not exist in an adjacent community, within a thirty (30) minute driving distance. The NLMA and Physician Services Division will maintain consistency in approving coverage in adjacent communities and determine whether exceptions are required.

Preference will be given to graduates from Memorial University's Medical Doctorate degree program and physicians who have completed residency training in rural communities in Newfoundland and Labrador.

## 6 Amount and Disbursement

There is a fund of \$2.477 million available through the 2009-2013 MOA. The amount of the signing bonus per recipient will be based on the community levels as per Annex A. The following table shows the signing bonus amounts by community level. Recipients are only eligible for one signing bonus from Newfoundland and Labrador.

Recipient	One-Time Signing Bonus Amount per Recipient with a 36-Month Service Agreement	Community Level
Specialist	\$90,000	0
	\$70,000	1
	\$60,000	2
	\$50,000	3
Family Medicine	\$90,000	0
	\$70,000	1
	\$60,000	2
	\$50,000	3

In cases where evidence is provided that funding beyond the amounts specified above is required to secure an eligible physician, the Physician Signing Bonus Selection Committee (herein called the

Committee) will decide the level of funding based on the principle that a signing bonus can increase by a maximum of two community levels; for example, a Category 3 community could be eligible for a \$70,000 signing bonus, which is equivalent to a Category 1 community. Only in extreme cases will consideration be given by the Committee to increase the signing bonus to the highest community level.

## **7 Taxation and Pension**

Signing bonuses paid to the recipient may be subject to income taxation. The recipient is responsible for taxes assessed by the Canada Revenue Agency in relation to payments made under this program. The recipient should consider consulting a tax professional on the effects and ramifications associated with the receipt of signing bonuses. All signing bonuses are non-pensionable.

## **8 Procedure**

### ***8.1 Application and Approval***

1. RHAs must submit the following information to the Physician Services Division on behalf of the applicant:
  - a) A completed Physician Signing Bonus Application Form. Applications are obtained by contacting the Physician Services Division.
  - b) A letter of confirmation of the practice location from the RHA with proof that the community is a designated area of need and that the position meets the criteria of difficult-to-fill as outlined in the policy.
  - c) A letter of offer from a practice in the practice community or from the RHA outlining the full range of services appropriate to the specialty, and reflective of the needs of the RHA. Services may include, but are not limited to, emergency room coverage, day clinics, evening clinics, travelling clinics, obstetrics, institutions services and/or inpatient services.
  - d) Proof of eligibility for licensure with the College of Physicians and Surgeons of Newfoundland and Labrador.
2. The Committee will review all applications and required documentation as listed above and the Committee will decide by consensus if the applicant meets the criteria for a signing bonus. The decision of the Committee will be provided to the Health Workforce Planning Division and the RHA.
3. The RHA will send a letter of approval and a service agreement to each successful applicant. The service agreement, in Section 3.4.2, must include an outline of practice requirements as submitted with the application and letter of intent, and approved by the Committee at the time of application approval. Service agreements may include addendums. Service agreements and addendums must be signed by the applicant and the applicable RHA. If an applicant fails to sign the service agreement and addendums, he/she will not be eligible to receive a signing bonus.

4. Applicants will be encouraged to review the service agreement and addendums with the NLMA.
5. Applicants must sign and return the service agreement and addendums to the RHA within one month of receiving them.
6. The RHA will sign the service agreement and addendums, keep the original documents, and forward a copy of the documents to the recipient and the Health Workforce Planning Division.

## **8.2 Payment to Recipient**

After the service agreement is signed by all applicable parties, and upon the commencement of practice by the recipient, the RHA issues a cheque to the recipient with appropriate deductions.

## **8.3 Reimbursement to RHA**

The RHA provides a copy of the service agreement, proof of payment and an invoice to the Health Workforce Planning Division for reimbursement. The Health Workforce Planning Division will reimburse the RHA by notifying Western Health as the paymaster for the Provincial Physician Signing Bonus Program to issue a cheque to the RHA. Reimbursements will be issued to RHAs on a quarterly basis.

## **8.4 Establishment of Practice**

Recipients will establish a medical practice as per the service agreement no later than six (6) months after the date the signing bonus was approved. If the recipient is completing post-graduate studies, he/she will establish a medical practice as per the service agreement no later than six (6) months after being eligible to obtain full licensure in Newfoundland and Labrador. If the recipient has not obtained full licensure after the six (6) month period, then that will constitute a default of the service agreement.

RHAs will contact the Physician Services Division and the Health Workforce Planning Division within thirty (30) calendar days of the practice being established to advise that practice has commenced and to provide updated contact information, if necessary. This communication will ensure that the service obligation period is accurately calculated.

RHAs will monitor completion of service obligations and notify the Physician Services Division and Health Workforce Planning Division of default or completion of the service obligation.

## **9 Maximum Service Agreement Length**

Recipients of incentives under both the Undergraduate Medical Student Bursary Program and the Physician Signing Bonus Program in Newfoundland and Labrador will complete their service

agreements concurrently. A maximum of thirty-six (36) months will therefore be required. Any service obligation for undergraduate medical student bursaries will be considered fulfilled upon completion of twelve (12) months of a thirty-six (36)-month service agreement for physician signing bonuses.

A medical resident who received an incentive under the *Medical Resident Bursary Program* is **NOT** eligible for an incentive under the *Physician Signing Bonus Program* in Newfoundland and Labrador.

## **10 Service Agreement Provisions, Default, and Repayment**

Service agreements are legally binding contracts. Below are some of the conditions that may be included in a physician signing bonus service agreement.

1. Failure to comply with the service agreement constitutes a default of the service agreement and said default includes the following:
  - Having made a materially misleading or inaccurate statement in the signing bonus application;
  - Purporting to confirm statements in the application and/or in the service agreement as being true when they are not in fact true;
  - Failure to comply with any term or condition of the service agreement;
  - Failure to abide by the *Provincial Physician Signing Bonus Program Policy*;
  - Failure to obtain full licensure;
  - Failure to complete the service obligation; or
  - Termination of the service agreement by the recipient.
2. Recipients must notify in writing the RHA of the decision to terminate the service agreement at least three (3) months prior to the termination date and arrange for repayment of the defaulted amount in accordance with service agreement. The RHA will notify the Health Workforce Planning Division of the default of the physician signing bonus including the arrangements for repayment by the recipient.
3. Leave in excess of eight (8) weeks per year will extend the service agreement by the same amount. Any request by the recipient for postponement of the service agreement must be approved in writing by the RHA in consultation with the Physician Services Division of the Department of Health and Community Services, and will only be considered under extenuating circumstances. The RHA will monitor leave amounts. Requests to postpone must provide the reason for postponement. Eligible reasons may include serious personal illness, pregnancy, serious family illness, death of a family member, or request for additional training. The RHA, in consultation with the Physician

Services Division, shall review each request for deferral and communicate the decision in writing to the recipient and the Health Workforce Planning Division.

4. If the recipient defaults on their service agreement, he/she will be required to repay 1) the prorated amount of the signing bonus based on the number of months of unfulfilled service obligation, and 2) interest. In all instances where the recipient will be charged interest under the service agreement, interest on the amount to be repaid by the recipient will be calculated on the unfulfilled portion of the service obligation. Interest on the amount to be repaid by the recipient will be calculated retroactively from the date the money was advanced to or on behalf of the recipient, and will compound on the outstanding balance as of the end of each month. The interest rate will be the prime rate posted by the Bank of Canada plus two percentage points.
5. Where the recipient transfers, within the same RHA or another RHA, to a community/facility or position that qualifies for a lower dollar value physician signing bonus, the recipient will repay 1) the difference between the two signing bonuses; and 2) interest. The interest rate will be the prime rate posted by the Bank of Canada as of the first day of the month of leaving the position with the higher incentive plus two percentage points. Interest is calculated on the date of leaving the position with the higher incentive and will compound on the outstanding balance as of the end of each month. This can only occur with agreement of the RHA, as defined in Section 10.6 below, for which the recipient has an existing service obligation.
6. Notwithstanding Section 10.5 above, another RHA may serve on the RHA named in the service agreement a Request to Transfer Signing Bonus and Service Agreement for the recipient. The RHA as named in the original service agreement will respond to this request in writing within thirty (30) calendar days of receipt of this request indicating whether approval is granted to allow the recipient to transfer the service agreement to the second RHA, and the terms and conditions of the transfer, if approved, including the transfer date and the number of service obligation months completed.
7. In accordance with the recipient's service agreement, a recipient may be required to pay reasonable costs, including but not limited to costs associated with advertising, relocation expenses, recruiting firm fees, site visits by candidates, and other such costs incurred by the Provincial Government and/or RHAs as a result of the recipient's default necessitating recruitment of a replacement physician. These costs would be calculated for the period of time until a replacement physician is found, but in any event not exceeding the duration of the service agreement, to a maximum of fifteen thousand dollars (\$15,000).
8. In the case of default, the RHA will provide repayment details in writing to the recipient describing the prorated amount owing, interest and the repayment procedure.



# 11 Responsibilities

The Physician Services Division, Health Workforce Planning Division and the NLMA are jointly accountable for the Provincial Physician Signing Bonus Program.

## 11.1 Recipient Responsibilities

The recipient is responsible for the following:

1. Reviewing and complying with the terms and conditions of the incentive and service agreement.
2. Notifying the RHA in writing if he/she is unable to fulfill the service agreement at least three (3) months prior to the termination date of the service agreement and arrange for repayment of the signing bonus in accordance with the service agreement.
3. Notifying the RHA of any change in contact information such as name, permanent or temporary address, and phone number provided at the time of signing the service agreement.

## 11.2 Regional Health Authority Responsibilities

The RHA responsibilities include the following:

1. Working with potential applicants to complete the Physician Signing Bonus Application Form.
2. Sending completed Physician Signing Bonus Application Forms to the Physician Services Division for Committee approval.
3. Establishing a written service agreement with the recipients of physician signing bonuses.
4. Sending copies of signed service agreements to recipients of physician signing bonuses and the Health Workforce Planning Division.
5. Preparing cheques for recipients under the Provincial Physician Signing Bonus Program with appropriate deductions.
6. Requesting reimbursement of funds from the Health Workforce Planning Division with supporting documentation on a quarterly basis.
7. Tracking the fulfillment of service agreements for recipients under the Provincial Physician Signing Bonus Program.
8. Maintaining ongoing communication with recipients under the Provincial Physician Signing Bonus Program throughout service agreement completion, and the final months of residency if required.
9. Notifying the Health Workforce Planning Division once a recipient has defaulted.

10. Enforcing collection of defaulted amounts for recipients under the Provincial Physician Signing Bonus Program, and transferring the collected amounts to Western Health as the paymaster as per the Bursaries and Incentives Collection Policy.
11. Notifying the Health Workforce Planning Division of collected amounts of defaulted signing bonuses on a quarterly basis.
12. Communicating any changes in recipient contact information to the Physician Services Division and Health Workforce Planning Division.
13. Preparing the appropriate T4 and T4A for recipients annually under the Provincial Physician Signing Bonus Program.

Western Health is directly responsible for:

1. Reimbursing RHAs for signing bonuses awarded to recipients under the Provincial Physician Signing Bonus Program with direction from the Health Workforce Planning Division.

### **11.3 Physician Services Division Responsibilities**

The Physician Services Division responsibilities include the following:

1. Reviewing all applications with the Committee, and providing notification of approval to the RHA and the Health Workforce Planning Division.

### **11.4 Health Workforce Planning Division Responsibilities**

The Health Workforce Planning Division responsibilities include the following:

1. Requesting reimbursement of funds for signing bonuses from Western Health as the paymaster to RHAs on a quarterly basis.
2. Requesting quarterly updates on service agreement completion from RHAs for recipients under the Provincial Physician Signing Bonus Program.
3. Maintaining a financial database of signing bonus recipients, service agreement details (i.e. amounts, location, and service obligation), defaults and collections.

### **11.5 Physician Services Division and Health Workforce Planning Division Mutual Responsibilities**

The Physician Services Division and Health Workforce Planning Division are mutually responsible for the following:

1. Maintaining all policies, terms and documentation including updating approved changes to the Provincial Physician Signing Bonus Program.

2. Consulting with the Committee when situations arise outside the realm of existing policies.
3. Preparing an annual report to the Deputy Minister of Health and Community Services and the Executive Director of the NLMA. This report will include details of signing bonuses awarded that fiscal year, including the number, amount, location, service obligations, and fulfilled and defaults.
4. Preparing an evaluation of the program within five (5) years of program implementation.

### **11.6 NLMA Responsibilities**

The NLMA responsibilities include the following:

1. Participating on the Committee to approve physician signing bonuses.
2. Consulting with the Committee when situations arise outside the realm of existing policies.
3. Reviewing the annual report and monitoring the financial status of the program.

## **12 Program Monitoring**

The Health Workforce Planning Division and Physician Services Division of the Department of Health and Community Services in collaboration with the NLMA will monitor the financial status of the Provincial Physician Signing Bonus Program. The Provincial Physician Signing Bonus Program will be reviewed annually by the Department of Health and Community Service's Director of Physician Services and Director of Health Workforce Planning, and the Executive Director of the NLMA.

## **Annex A: Community Levels**

### **General Practitioner / Family Medicine – Community Levels**

#### **Level 0**

Labrador (all communities)

#### **Level 1**

Baie Verte	Buchans	Burgeo	Cow Head
Flowers Cove	Fogo	Hampden	Harbour Breton
Hermitage	Jackson's Arm	La Scie	Mose Ambrose
Norris Point	Port Saunders	Ramea	Roddickton
St. Alban's	Trepassey	Woody Point	

#### **Level 2**

Bay L'Argent	Bell Island	Bonavista	Botwood
Brookfield	Burin	Cape St. George	Carmanville
Centreville	Codroy Valley	Ferryland	Gambo
Glovertown	Grand Bank	Hare Bay	Lewisport
Lourdes	Marystown	Musgrave Harbour	Musgravetown
Old Perlican	Placentia	Port aux Basques	Springdale
St. Anthony	St. George's	Stephenville Crossing	St. Lawrence
Terrenceville	Trinity	Twillingate	Virgin Arm
Western Bay	Whitbourne	Jefferies	

#### **Level 3**

Carbonear	Clarenville	Stephenville	Gander
Grand Falls-Windsor	Corner Brook	St. John's	

### **Specialists – Community Levels**

#### **Level 0**

Labrador (all communities)

#### **Level 1**

Burin	St. Anthony		
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#### **Level 2**

Carbonear	Clarenville	Corner Brook	Gander
Grand Falls-Windsor	Stephenville		

#### **Level 3**

St. John's