

President's Letter

December 22, 2016

Update on the Reduction of Benefits Outside the MOA

Dear Colleagues:

This President's Letter is an update on the NLMA's legal review of the government/RHA efforts to reduce benefits included in many individual contracts with physicians outside the provincial Memorandum of Agreement (MOA).

In my letter to you of [September 1, 2016](#), we provided advice that it is each "physician's right to legally challenge an RHA's proposed course of action if the RHA is a party to a contract with a physician and the change(s) affect(s) the benefits outlined in such contract." Many contracts and commitments exist with individual physicians for recruitment and retention purposes in which specific benefits have been provided for many years.

In recent months, following from the government's proposed direction, many doctors have received notices from RHAs that certain benefits will be terminated with notice. For example, RHAs have variously terminated support for continuing medical education, college fees, NLMA fees, CMPA fees, and other items. As of the present date, the government proposal that any FFS physician provided with an office in a public health facility be charged \$2400 per month has not been implemented, though we understand it remains government's intention to do so.

The NLMA has obtained additional legal advice to determine whether and how doctors might address the benefits that are being unilaterally terminated by government and the RHAs. The legal advice can be summarized as follows:

1. Physicians have the right to challenge the unilateral changes in their contracts;
2. Compensation for unilateral changes may be payable to physicians where appropriate notice has not been provided prior to the removal of benefits;
3. The amount of appropriate notice will likely vary depending on the value of the benefit being removed and the timeframe during which the benefit had been paid. The larger the benefit and the longer the applicable contract period, arguably, the longer should be the notice period. Periods between 3 and 12 months for smaller benefits may be appropriate, but there is no rule that can be applied with certainty.
4. The charge for office space would be the largest item that government and RHAs intend to impose. It could cost individual physicians almost \$30,000 per year. This is a significant imposition on a physician's income and may constitute a breach of a different order of magnitude. The notice period or compensation should be adjusted accordingly.

In summary, a legal route to prevent the government and RHAs from proceeding with changes to these individual contracts does not exist, though there is a legal obligation on their part to provide adequate notice or compensation. If any physician believes that reasonable notice has not been provided, please let the NLMA know and we will consult with our legal counsel to determine how best to advocate on your behalf. You can send the relevant details to Jonathan Carpenter, Director of Communications and Public Affairs by email at jcarpenter@nlma.nl.ca.

We believe that the actions of government and the RHAs to remove these benefits are inappropriate and objectionable. Doctors expect that benefits in individual contracts should be honoured in good faith. These changes may also have a negative impact on recruitment and retention, as well as the relationship between doctors and the government. If the government decides to move forward with the office charges it may also result in a reduced presence of physicians in the hospital environment if they choose to relocate to a community office, which would be a significant loss for the affected hospitals.

We will continue our advocacy on these issues in the coming months.


Sincerely,



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President



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