

Report to Albertans

Rationale of Minister's Approval of Contracts under
the *Health Care Protection Act*

September 29, 2000

MESSAGE FROM THE MINISTER

Alberta's health authorities have had contracts with surgical facilities for years, but those arrangements did not have the public profile they have now under the *Health Care Protection Act*. Understandably, Albertans are very interested in public contracts with private facilities.

The Alberta government is committed to an open and transparent process that ensures all contracts meet the requirements of the *Health Care Protection Act*, support the principles of the *Canada Health Act*, and demonstrate a public benefit. As part of that process, I am pleased to present my rationale for approving the first contracts under the *Health Care Protection Act*.

Before these contracts came to me, they were reviewed by a Proposal Assessment Team at Alberta Health and Wellness, and the team's recommendations were assessed by an independent third party. Another independent third party reviewed the assessment criteria used to evaluate the proposals, and the Auditor General of Alberta provided an independent review of the entire assessment process.

In my own evaluation, I reviewed the information again, and focused specifically on the public benefit of each proposal. Those benefits are detailed in this report. I also was guided by public concerns over preventing potential conflicts of interest. To that end, my colleagues and I strengthened the ownership disclosure requirements in the regulations. Successful contractors were not aware that more detailed ownership information would be required. I have granted the facility owners one month to provide this information.

This report does not address contracts for oral surgeries performed by dentists. The Alberta Dental Association needed to define major and minor surgeries under the legislation, which created a necessary delay. I have granted a one-month extension for existing contracts to give health authorities more time to develop their proposals.

This report is a summary of my findings. More detail is available in the contract proposals, which will be publicly available from the health authorities. Albertans can be confident the approved contracts meet all legislated and regulatory requirements, and that this truly is an accountable process that protects the public delivery of insured health services.

Original signed by the Minister

Gary G. Mar, Q.C.
Minister of Health and Wellness

EXECUTIVE SUMMARY

Assessment To date, three health authorities submitted 18 contract proposals for approval. As expected, these proposals renew existing contracted services with previous providers. One exception is a new provider for previously contracted ophthalmology and plastic surgery services in the Capital Health Authority.

Alberta Health and Wellness used strict assessment criteria to thoroughly review the proposals. The Auditor General of Alberta reviewed the assessment process, and an independent reviewer validated the assessment criteria. Another third party conducted an independent assessment of the contract proposals and recommendations.

In addition, I reviewed the contracts and the department's recommendation on each contract.

Compliance I am satisfied all 18 contracts meet the requirements of the *Health Care Protection Act*. They support the principles of the *Canada Health Act*, and identify a benefit to the public.

The proposals show services will be provided by doctors who have proven qualifications and experience, and provisions are in place to monitor physicians' compliance with the *Medical Professions Act*. Further, each facility holds College of Physicians and Surgeons of Alberta (CPSA) accreditation. Albertans can be confident the facilities will provide the service safely.

Conflict of Interest Physicians providing contracted services must comply with CPSA bylaws, and the facilities must comply with health authority bylaws that govern decision-makers and their personal and business associates. Health authority bylaws are modeled on the conflict of interest bylaws that apply to M.L.A.s, provincial government employees and contractors.

I have reviewed facility ownership information and conflict of interest declarations, and am satisfied no conflict of interest exists. To fully address public concerns over potential conflict of interest, I have requested more detailed ownership information to be provided within 30 days.

Patient Protection The proposals demonstrate that patients are fully protected during regular pre- and post-operative care, and in emergencies. Every approved contract has an appropriate patient complaint resolution process.

All regions have reasonable contingency plans to bring the contracted services back into public facilities, or otherwise provide the service, should the need arise. Albertans can have confidence their access to insured services will be sustained.

Public Benefit All contracts show a public benefit, which varies by region and type of service. The public benefits will be examined more closely in the body of this report.

PUBLIC BENEFIT

Many proposals cite access as the main public benefit, while other proposals also explain the contract increases patient choice, or allows public facilities to be used more effectively to reduce waiting lists for more complex procedures. This is especially important in the Calgary and Capital regions, which provide complex and resource-intensive province-wide services to meet many kinds of medical need.

The proposals show either a cost saving or comparable cost to services provided in public facilities. The Auditor General of Alberta has validated the costing methodology that the Capital and Calgary health authorities used to develop their proposals.

Even where cost is not the primary benefit, I am satisfied the contracts help health authorities make effective use of existing public capacity and resources, including human resources. Through these contracts, Albertans will continue to enjoy uninterrupted access without charge to insured surgical services through the public health system.

Ophthalmology **Calgary Regional Health Authority:** 5 contracts, 6000 cataract surgeries, 2000 non-cataract surgeries

Calgary contracts the vast majority of its ophthalmology surgery for cataracts, using its public facilities and resources for more complex surgeries. This is enabling Calgary to reduce waiting lists for more urgently needed services. Calgary is targetting new capital funding to regenerate more operating rooms to further reduce waiting lists for more complex surgeries.

The health authority's proposal shows clearly that the cost of contracting is less than the cost of converting existing capacity in public facilities, or leasing and equipping new public space for these services. Calgary's dependency on contracted ophthalmology services does not present a risk to patients. Should one operator be unable to fulfil its contract, the other contracted operators have sufficient capacity to maintain service.

I noted apparent differences in ophthalmology surgery wait times between the Calgary and Capital regions. Further investigation revealed a difference in administrative parameters used to calculate wait times. I am confident the ophthalmology contracts between the Calgary Regional Health Authority and its providers meet patient needs within a comparable wait time.

Ophthalmology **Capital Health Authority:** 7 contracts, 1593 cataract surgeries,
(continued) 1777 non-cataract surgeries

In the Capital region, contracted services account for about 24 per cent of cataract surgeries and 6.7 per cent of other ophthalmic surgeries. These contracts ensure continuing access to previously contracted services and volumes at a cost similar to that provided in public facilities.

By continuing to contract these services, Capital Health is able to focus its existing resources and facilities on reducing waiting lists for other, more complex procedures, such as joint replacement, cardiac surgery and cancer care.

The number of contracted operators, plus the public Eye Centre at the Royal Alexandra Hospital, ensure patient choice at an equivalent cost.

Pregnancy **Calgary Regional Health Authority:** 1 contract, 1975 procedures
Termination **Capital Health Authority:** 1 contract, 2800 procedures

The substantive benefits of both contracts is to provide improved patient choice. All health facilities are strongly committed to maintaining patient privacy. However, patients may choose to have the procedure performed in a surgical facility that, because of its much smaller size, can offer greater patient anonymity.

These contracts also permit the health authorities to allocate public resources and facilities to reduce waiting lists for other gynecological procedures and other, more complex services.

The costs of the contracted services are comparable to those offered in public facilities.

Dermatology **Capital Health Authority:** 1 contract, 136 procedures

The contract offers a single insured service—the removal of port wine stain birthmarks. The procedure requires specialized expertise with specific equipment that already exists in a private facility.

Given the small number of patients who require this elective procedure, it makes sense to not invest public dollars to buy specialized equipment that is not used extensively.

I agree with the health authority that this contract is a practical method of delivering the publicly insured service. Through its previous contract, the provider has a proven record of safety and quality.

Plastic Surgery **Capital Health Authority** 2 contracts, 1775 procedures
Headwaters Health Authority: 1 contract, 167 procedures

The contracts provide insured services such as skin cancer surgery, medically required breast reductions and other medically necessary procedures.

The main public benefit is allocating space in public facilities to more complex or urgently needed services. This is important both for the Capital Health Authority, which provides province-wide services, and for the small Banff Mineral Springs Hospital in the Headwaters region, which has limited operating room capacity.

These contracts renew previously contracted services, and I am satisfied the contracts provide the same quality of service available in a hospital.

SUMMARY OF APPROVED CONTRACTS

<i>Ophthalmology</i>	Calgary Regional Health Authority	Annual Value	Status
	Gimbel Eye Centre	\$ 869,800	Renewal
	Holy Cross Surgical	\$ 2,504,200	Renewal
	Mitchel Eye Centre	\$ 373,600	Renewal
	Rocky Mountain Surgical Service	\$ 543,200	Renewal
	Surgical Centres Inc.	\$ 729,600	Renewal
	Total	\$ 5,020,400	0.39 % of \$1.3 B current budget
	Capital Health Authority		
	Gimbel Eye Centre	\$ 293,855	Renewal
	Alberta Eye Institute	\$ 279,030	Renewal
	Dr. David Climenhaga	\$ 269,250	Renewal
	Dr. Royce Johnson	\$ 97,190	Renewal
	Surgical Centres Inc.	\$ 50,410	New provider
	Coronation Day Surgery	\$ 35,460	Renewal
	Buski Eye Centre and Surgical Suite	\$ 16,265	Renewal
	Total	\$ 1,041,460	0.07 % of \$1.4 B current budget
<i>Pregnancy Termination</i>	Calgary Regional Health Authority		
	Kensington Clinic	\$ 1,350,000	Renewal
	Capital Health Authority		
	Morgentaler Clinic	\$ 1,085,500	Renewal
<i>Dermatology</i>	Capital Health Authority		
	Groot Dermasurgery Centre	\$ 166,700	Renewal
<i>Plastic Surgery</i>	Capital Health Authority		
	Surgical Centres Inc.	\$ 22,425	New Provider
	Plastic and Cosmetic Laser Surgical Centre	\$ 241,000	Renewal
	Headwaters Health Authority		
	Banff Outpatient Surgery Centre	\$ 67,000	Renewal
	Total Value of All Contracts	\$ 8,994,485*	

* Represents 0.16 % of the \$5.6 billion provincial health budget in 2000/2001.