Frequently Asked Questions

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What is an Academic Health Science Centre (AHSC)?

The coming together of:

i. a university with a faculty of health sciences or a school of medicine
ii. fully affiliated teaching hospital(s), and
iii. medical staff who hold both privileges at the teaching hospital and an academic appointment from the university.

The function of an AHSC is to provide education, research and clinical services.

What is an AHSC Alternative Funding Plan (AFP)?
An AHSC Alternative Funding Plan (AFP) is a contract between the Ministry of Health and Long-Term Care (MOHLTC), the Ontario Medical Association (OMA) and a provider party that sets out non-fee-for-service funding for a range of services and which aligns the interests of the university, the teaching hospital and the involved medical staff by merging multiple funding sources for the remuneration of involved medical staff for clinical service, education, research and associated administration.

In exchange for the merger of funding sources, the parties of an AFP agree to meet a comprehensive set of deliverables in clinical service, education, research and associated administration.

How has the government shown its commitment to AHSCs?

The 2000 Agreement between the OMA and the MOHLTC recognized the need to fund physicians in AHSCs in innovative ways to allow them to fulfil both their patient service and academic responsibilities.

The 2000 Budget expanded the government's commitment to AHSCs by providing $75 million in new base funding in addition to the conversion of existing fee-for-service funds and other funding that would form part of the AFPs.

Why does the government want to implement AFPs in AHSCs?

The government's objective for implementing AFPs in AHSCs is to:

- maintain and enhance the capacity of AHSCs to provide education, research and clinical services in an integrated and proficient manner; and
- ensure that AHSCs are accountable to the government for the funds provided

The development of AFPs are aimed at:

- better coordination and integration of the interests of the medical staff, teaching hospitals and universities;
- more successful recruitment and retention of academic physicians through appropriate recognition and remuneration of their work in all areas of activity such as education, clinical service and research; and
- enhancing predictability around physician funding, service volumes in the areas of clinical service, research and education, thereby improving accountability.
What are some of the challenges facing today's AHSCs?

i. Lack of integration across medical staff, teaching hospital(s) and university - Analysis of existing AHSCs has shown that the responsibilities and mandates of each of these entities in the areas of education, clinical service and research may not be clearly defined, coordinated or integrated. In addition, existing planning processes in and between the medical staff, university and teaching hospital(s) may not be integrated in an effective and formal way. Sometimes these entities may be isolated from each other, and may not recognize the impact that they have on each other. As a result, AHSCs may not be meeting their full potential.

ii. Recruitment and retention of academic physicians/Lack of funding for all academic physician activities - AHSCs are facing recruitment and retention challenges for increasingly scarce academic physicians. Currently physicians working in AHSCs are paid through a number of different and unequal funding streams. While the most prominent funding source comes from the OHIP pool, there are other significant direct and indirect funding/resource streams. No single one of these funding sources directly or exclusively funds the AHSCs academic mission of education, research and clinical activity. Consequently, a large portion of the activity may not be funded.

iii. Lack of predictability around physician funding, service volumes in the areas of clinical service, research and education, and lack of accountability - Currently, a physician's responsibilities in the areas of research, clinical service and education may not be clearly defined, and it may be difficult to determine the time that a physician spends working in each of the areas. Similarly, there is no single objective method for assigning a specific value to work being carried out by a physician.

How can AFPs benefit AHSCs?

i. Improve the coordination and integration of medical staff, teaching hospital(s) and university across the AHSC - the government will require all AHSCs entering into an AFP to have a governing body which is responsible for the administration of the AFP agreement. Through the creation of this governing body, the government expects:
   - AFPs to strengthen the planning processes between each of the provider parties, aligning teaching hospital and university resources with physician activities. Through this alignment, the expectations of each provider party would be more clearly defined, and the teaching hospital's infrastructure would better be able to sustain and support physician activity. Thus AFPs would provide a central point, where intersecting activities could be better coordinated and planned;
   - AFPs would provide a single unified body with ultimate responsibility, and with whom the government could interface directly with when various issues arise; and
   - the governing body would provide a single focal point for decisions pertaining to funding requirements. Thus the implications and impact of implementing a particular decision across all areas of the AHSC would be taken into consideration.

ii. Recruitment and retention of academic physicians - the government's objective in implementing
AFPs is to enable AHSCs to more successfully recruit and retain academic physicians through appropriate recognition and remuneration of their work in all areas of activity - research, clinical service and education. Successful recruitment and retention of physicians would help to stabilize physician human resources within and across AHSCs.

This can be accomplished by facilitating a merger of the various funding sources through which physicians are currently compensated. A single source of funding exclusively dedicated to the AHSCs academic mission, would align physician activity with remuneration and better ensure that all physician activity is appropriately funded.

iii. **Enhance predictability around physician funding, service volumes in the areas of clinical service, research and education, and improve accountability** - AFPs can help ensure that physicians are compensated for their work in all areas of activity and can begin to facilitate the application of objective methods, such as workload measurement tools, for relating clinical, educational and research activity to compensation. Workload measurement could clearly articulate the activities to be conducted and prescribe a relative value to each activity. Workload measurement tools could help to better ensure that physicians are compensated appropriately and that teaching hospitals are not required to use global budget funds to pay for physician activity.

AFPs will set out the services that the AHSC has contracted to provide and the funds that the government will give to the AHSC to ensure provision of these services. By measuring performance and ensuring that the services that the AHSC has contracted to provide have in fact been delivered, AFPs will begin to establish a greater level of systemic accountability than currently exists.

In addition, clearly defining the services to be provided could facilitate a greater degree of organization and coordination across the system. Hence, clinical, educational and research activities could be more closely aligned. The more precision and clarity that there is around the services being provided, the greater the opportunity to ensure that the infrastructure required to support the services is in place. In this regard, AFPs further help to ensure that a hospital's operating dollars are aligned with the level of services that the AHSC has contracted to provide.

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**Which AHSCs have been identified for AFP negotiations?**

i. Hamilton
ii. London
iii. Ottawa
iv. Toronto

Kingston has already established an AFP - South Eastern Academic Medical Organization (SEAMO).
Who are the five parties to an AFP?

i. Government of Ontario
ii. Medical Staff
iii. Ontario Medical Association
iv. Teaching Hospitals
v. Universities

What progress has the Ministry made in fulfilling its commitment to AHSCs?

The Ministry’s accomplishments so far:

- developed a Provincial Alternate Funding Plan (AFP) Design;
- developed the Provincial Working Group (PWG) Report which outlines the AFP structure and provisions for voluntarily entering into this arrangement;
- presented the PWG Report to the academic community;
- established the Provincial AFP Steering Committee with membership from academic physicians, fully affiliated teaching hospitals, medical faculties/schools, the PSC, OMA, PAIRO and MOHLTC. The mandate is to:
  - monitor the schedule of AFP negotiations;
  - serve as a reference panel for the Ministry negotiation teams for ongoing AFP negotiations;
  - review negotiation progress and advise the Ministry’s negotiating teams, and
  - advise the Assistant Deputy Minister, Health Services Division regarding viability of all AFP proposals.
- established two negotiating teams - one for Toronto hospitals and another for the Hamilton, London and Ottawa hospitals. Preliminary discussions have taken place at all sites;
- negotiations have begun at the University Health Network/Mount Sinai and Bloorview MacMillan;
- established the Project Secretariat within the ministry, which is responsible for overseeing the project, providing consultation and support to the AHSCs, and ensuring that deliverables are met on time;
- provided eligible teaching hospitals with infrastructure funding. At the July 18, 2002, Provincial Steering Committee, the Assistant Deputy Minister, Health Services Division, Dr. David McCutcheon, announced that one-time funding would be provided to assist with the administrative costs of supporting these negotiations at each centre - $35K for large organizations and $17.5K for smaller organizations. This funding is in addition to the $75 million already committed. The Ministry will provide eligible teaching hospitals with 50 per cent of one-time funding after groups successfully complete the pre-AFP assessment. The remaining 50 per cent will be provided to eligible hospitals when the AFP has been negotiated and signed.

As recommended by the Provincial Working Group, what seven components should AHSCs incorporate

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into their AFPs?

**Component 1 - Governance Structure** - establishment of a body responsible for overseeing the activities of the AHSC under the AFP and ensuring accountability between the parties of the AFP.

**Component 2 - Funding** - AFP funding must include new and existing dollars to support education, research, clinical service and administration in an AHSC.

**Component 3 - Measurable Deliverables** - All AFPs must include a schedule of measurable deliverables for each of education, research, clinical service and administration. Accurate and timely performance measures are required to ensure accountability of the parties.

**Component 4 - Methodology for Payment** - The governance structure for each AFP in an AHSC must design, implement and manage a payment methodology for participating physicians. The payment of participating physicians will be a function of the total value of the AFP, and the individual physician's specific deliverables in the context of the AFP. In all cases, the remuneration of an individual physician must be based on agreed upon volume measures for each of education, research, clinical service and administration.

**Component 5 - Human Resources Plan** - All AHSC AFP’s must develop a physician human resources plan, for the term of the AFP, to ensure that the parties succeed in meeting their deliverables. The plan must clearly articulate the medical human resources required to meet each deliverable.

**Component 6 - Provisions for Change** - Since education, research and clinical service are fluid in nature, AFPs must include a mechanism for forecasting and reporting changes in the deliverables. The AFP must also include a mechanism for responding to unforseen changes affecting the AHSCs ability to meet the deliverables.

**Component 7 - Broad Participation** - In order to maximize the ability for potential AFP participants to meet their deliverables the AFP should move forward only if there is broad physician participation from each of the core departments within the AHSC.

As recommended by the Provincial Working Group, what six steps should AHSCs follow when developing an AFP?

Each AHSC is encouraged to establish its own AHSC AFP Working Group that will move the potential AFP members through the following suggested steps:

**Step 1 - Pre-AFP Assessment** - A pre-AFP assessment is intended as a preliminary attempt to collect and coordinate the various information sources that will be necessary to measure and monitor the educational, research, clinical service and administrative activities of an AHSC under an AFP. Parties of the AHSC should engage in the completion of the pre-AFP assessment.

**Step 2 - Defining a Common Data Set to Articulate the Deliverables of an AHSC** - Based on the estimated level of participatory interest and in accordance with the principles of governance structure as noted in the
Step 3 - Articulation of AHSC Activities Under an AFP - Following the definition of a common data set, the AHSCs AFP working group should work with the MOHLTC negotiation team to communicate activities that the AHSC intends to maintain, change, and new activities that the AHSC hopes to meet following implementation of the AFP. Parties should ensure that deliverables are measurable and consistent with the common data set. Deliverable performance measures should also be consistent with the measures in hospital operating plans or the evolving institutional service agreements.

Step 4 - Creation of a Governing Body - All AHSCs are required to develop a governing body which is responsible for overseeing the activities of the AHSC and ensuring accountability between the AHSC and the Government.

Step 5 - Finalizing the Agreement - Ensuring Consistency with the Seven Components for AFPs in AHSCs - The final agreement must conform to the seven components as outlined in Q10. A draft AFP proposal will be submitted to the Provincial AFP Steering Committee for comment. The Steering Committee will advise the Assistant Deputy Minister, Health Services Division on the viability of the AFP proposal.

Step 6 - Approval - The parties must approve the final agreement as follows:

- universities should approve the final agreement through the standard processes and governance required by its senior administration;
- teaching hospitals should approve the final agreement through the standard processes and governance required by its senior administration;
- involved medical staff should approve the agreement through a ratification process;
- in accordance with the OMA/MOHLTC Agreement, the OMA should approve the agreement on the basis of medical staff ratification after the OMA and MOHLTC have agreed to the conversion mechanism for OHIP funds; and
- the Government of Ontario should approve the agreement through its standard approval process.

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