# Proposal For OHIP Savings of $20 Million Per Year

**2020 PRE-BUDGET CONSULTATIONS SUBMISSION**

**To the Standing Committee on Finance and Economic Affairs**

Attention: Amarjot Sandhu, MPP, Chair

Submitted to Julia Douglas, Clerk

Via e-mail to comm-financeaffairs@ola.org

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# $20 Million Per Year in Savings and an Improved Patient Experience

**Introduction**

It is with pleasure that the Ontario Association of Naturopathic Doctors submits this proposal to save the Provincial Health Budget more than $20 Million per year. These are savings that would be realized in OHIP cost reductions by making a very small regulatory change to increase the number of lab tests that naturopaths can order.

As one of Ontario's 26 regulated health professions, naturopaths work to keep patients healthy, already saving the province millions of dollars by reducing preventable hospital visits that contribute to hallway medicine.

Naturopathic health care is paid for by the patient, not by OHIP, and is usually covered by the patient's workplace or post-secondary education health benefits.

It is already in legislation that a naturopaths' scope of practice includes the ordering of lab tests, but the current regulation restricts us to a limited list of tests.

It is also legislated that naturopaths must refer a patient to a physician or nurse practitioner if we suspect that a patient has an illness that is out of our scope of practice to treat.

Currently, the regulation prevents naturopaths from ordering many tests which would confirm, or rule out, an illness that we suspect. It also prevents naturopaths from referring patients to other health care providers with these lab results already in hand, which would enhance the hand-off of care when that was necessary. If we could order those tests, it would be better for the patient's health because it would improve care, be more convenient for patients and save Provincial health dollars.

Currently, the patient has to make a separate OHIP-paid appointment just to have a lab test ordered (by a walk-in clinic doctor, nurse practitioner or family physician). This is unnecessary and inconvenient, as the patient is already attending an appointment with their naturopath who has the knowledge, skill and judgement to order these tests.

Allowing more naturopath-ordered tests would also result in better health outcomes because illnesses could be confirmed sooner and treatment could be started sooner. Care would be improved, collaboration between practitioners would be enhanced and unnecessary OHIP visits would be avoided.

**Calculating the OHIP Savings**

To determine the health budget savings that could be realized, an economic analysis was commissioned and undertaken by **Perspicacity Intelligence & Analytics** (their report is appended to this document). If lab test restrictions for naturopaths are lifted, Perspicacity found that the

government will eliminate nearly one million inappropriate and unnecessary OHIP visits and save just over $20 Million in OHIP payments annually.

**Some Examples of Naturopath-Ordered Lab Test That Would Benefit Patients**

Public Health: Naturopaths commonly see patients who they suspect of having a communicable disease like Pertussis (Whooping Cough), TB and Hepatitis B and C, but are not currently permitted to order lab tests to confirm their diagnostic suspicions. They currently advise these patients to go to a walk-in clinic or see their family physician who can order these tests, but there is no guarantee that this follow-up happens, or that they make that appointment in a timely manner. Naturopaths ordering these tests on the spot would better serve the patient and better protect this patient's contacts from infection.

Auto-Immune Tests: Naturopaths help manage many auto-immune disorders, in collaboration with other practitioners, however, Naturopathic interventions may require monthly tests since different monitoring is required. Sending a patient back to a Rheumatologist monthly instead of the naturopath ordering a low-cost laboratory test creates excessive and unneeded burdens.

Pregnancy: Many treatments (naturopathic or otherwise) are not indicated for pregnant women, but naturopaths are not permitted to order a simple pregnancy test to make sure.

**Additional Information**

Regulatory Requirements: All that is required to make this change and fix this problem would be the removal of a few words referencing Naturopaths' restrictive list of tests in two regulations.

Historical Precedent: This same change was made in 2011 for Nurse Practitioners.

No Financial Benefit to Naturopaths: Naturopaths are already prevented from profiting directly from this initiative as the provincial regulator does not permit price mark-ups on the cost of lab tests to patients. This would improve the service that naturopaths can offer to patients, but is not an income generator. Nor does this change the type of conditions or diseases that naturopaths are permitted to treat within their scope of practice.

(Please see economic analysis of these benefits on the following pages.)

# Elimination of Naturopath Laboratory Test Ordering Restrictions: Physician Related Cost Savings to OHIP

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## Introduction and Background

As one of Ontario's 26 regulated health professions, Ontario's 1,500 Naturopaths work to keep patients healthy, saving the province millions of dollars by reducing preventable hospital visits that contribute to hallway medicine and access to care issues. Naturopathic medicine is a distinct health care profession, emphasizing prevention, treatment and optimal health.

Services provided by Naturopaths are funded by the patient, and not by the public purse (i.e., Ontario Health Insurance Plan – OHIP). Patients pay directly out-of-pocket or through private insurance provided by their employers for services provided by Naturopaths.

While services provided by Naturopaths are not directly funded by OHIP, some costs are currently being shifted to OHIP through unnecessary visits to Family Physician offices, that are funded by OHIP. This cost shifting to OHIP is the result of current restrictions imposed on Naturopaths on the laboratory tests that they can directly order for their patients.

Currently, Naturopaths have a limited menu of laboratory tests that they can directly order for their patients. When patients need diagnostic laboratory testing that is not on this list, they are required to visit their regular Family Physician, or a Walk-in Clinic if they do not have a regular physician, simply to have tests ordered. Furthermore, a return visit is required to obtain the results of such tests.

If Naturopaths had full access to the laboratory testing for their patients, unnecessary visits to Family Physicians, and their associated costs to OHIP, would be eliminated. In this report, we quantify the quantum of these savings.

Other potential impacts of lifting restrictions on laboratory test ordering by Ontario Naturopaths include the following:

- Cost savings to OHIP from a reduction in insured laboratory testing volumes as they are shifted from the public purse to the patient or their private insurer.
- Improved access to Family Physicians as unnecessary visits are eliminated

This report estimates the potential cost savings to the OHIP medical services budget resulting from the elimination of unnecessary, and inappropriate visits, to Family Physicians by patients of Naturopaths to obtain laboratory test requisitions. Other impacts are beyond the scope of this report.

## Primary Care Physician Payment Models in Ontario

Physician provided services are paid for by the province under the Ontario Health Insurance Plan as established under the *Health Insurance Act*. Ontario is a leader in primary care model payment reform; currently there is a wide array of payment models that Ontario's Family Physicians can choose to practice in. In the early 2000s

Ontario's primary care system was expanded and redesigned. The main feature of redesign was the introduction of capitation based payment models for family physicians. Today, about 6,000 of Ontario's 15,000 active family physicians are paid primarily based on capitation, while the remaining 9,000 are paid on a blend of capitation and fee-for-service (FFS) (i.e., enhanced FFS), and traditional pure fee-for-service.[1]

For our purpose, the key point is that there are different levels of payment across Family Physician payment models for the same service or visit. The vast majority of patient visits to Family Physicians are either an intermediate or minor assessment.[2] The FFS fees for these visits, as specified in the OHIP *Schedule of Benefits*, are as follows:

| Fee Code | Descriptor | OHIP Fee |
|---|---|---|
| **A007** | GP/FP - Intermediate assessment/well baby care | $33.70 |
| **A001** | GP/FP - Minor assessment | $21.70 |

The direct cost to OHIP varies depending on the type of payment model that the physician participates in – capitation, enhanced FFS, or pure FFS.

Visits by patient to a pure FFS physician result in a direct cost to OHIP of the full fee. Similarly, a visit to an Enhanced FFS family physician generates a 10% premium to the OHIP fee. Visits to capitation payment family physicians result in a direct cost equivalent to 15% of the OHIP FFS fee – this is referred to as the 'shadow' billing premium.

The intermediate assessment (A007), FFS fee currently stands at $33.70, and for a minor assessment (A001), the FFS fee is $21.70[3]. For family physicians in the enhanced FFS model, a 10% premium is applied to the basic FFS fee values. Hence the cost of visits to these physicians are $37.05 and $23.85. The corresponding shadow billed fees, for physicians in capitation based payment models, are $5.05 and $3.25 for the intermediate and minor assessment respectively.

[1] For more detailed information on Ontario's primary care delivery and payment models see: Kralj, Boris and J. Kantarevic (2013). "*Quality and quantity in primary care mixed-payment models: Evidence from family health organizations in Ontario.*" Canadian Journal of Economics.
Kralj, Boris and J. Kantarevic (2012). "*Primary Care in Ontario: reforms, investments and achievements*." Ontario Medical Review.
Some, NH et all (2019). "*Production of physician services under fee-for-service and blended fee-for-service: Evidence from Ontario, Canada*". Health Economics.

[2] OHIP professional fee-for-service claims data

[3] Schedule of Benefits, Physician Services Under the Health Insurance Act. October 1, 2019. See http://www.health.gov.on.ca/en/pro/programs/ohip/sob/physserv/sob_master20191001.pdf

In summary, the direct cost to OHIP of typical family doctor visits varies from a low of $3.26 to a high of $37.07. See table below.

| FFS FP | Enhanced FFS FP | Capitation FP |
|---|---|---|
| **Fee Paid** | **Fee Paid** | **Fee Paid** |
| $33.70 | $37.07 | $5.06 |
| $21.70 | $23.87 | $3.26 |
| **Weighted Mean Visit Fees:** | | |
| **$32.16** | **$35.37** | **$4.82** |

Based on data presented in a recent C.D. Howe Institute report we are able to estimate the distribution of Ontario Family Physicians across the three payment categories.[4] Combined with Statistics Canada population data, we can calculate a blended expected fee for a primary care physician visit.[5] The overall blended fee is $21.74 per visit.

**Medical Services Cost Savings Simulations**

Based on data collected by a survey of Ontario Naturopaths, conducted by the Ontario Association of Naturopathic Doctors, the mean number of patients seen per week by Naturopaths is 21.6.[6] Assuming a 48-week work year, this translates into 1,038 patients seen per year.

Furthermore, based on information from a panel of 21 participants (i.e., Delphi methodology), Ontario Naturopaths in active practice, it was estimated that 31% of Naturopathic patients, or 321 patients per year, would generate laboratory testing currently not directly accessible through Naturopaths if restrictions were eliminated.

The table below provides a summary of the information needed to perform simulations of the impacts on OHIP Family Physician visit related costs from the elimination of current restrictions on laboratory test ordering by Naturopaths.

- There is a degree of uncertainty in the estimate of the number of patients per Naturopath requiring expanded testing. As a result, we simulate this factor, assuming a random triangular distribution ranging between plus/minus 10 percent from the current reported mean of 321 patients.

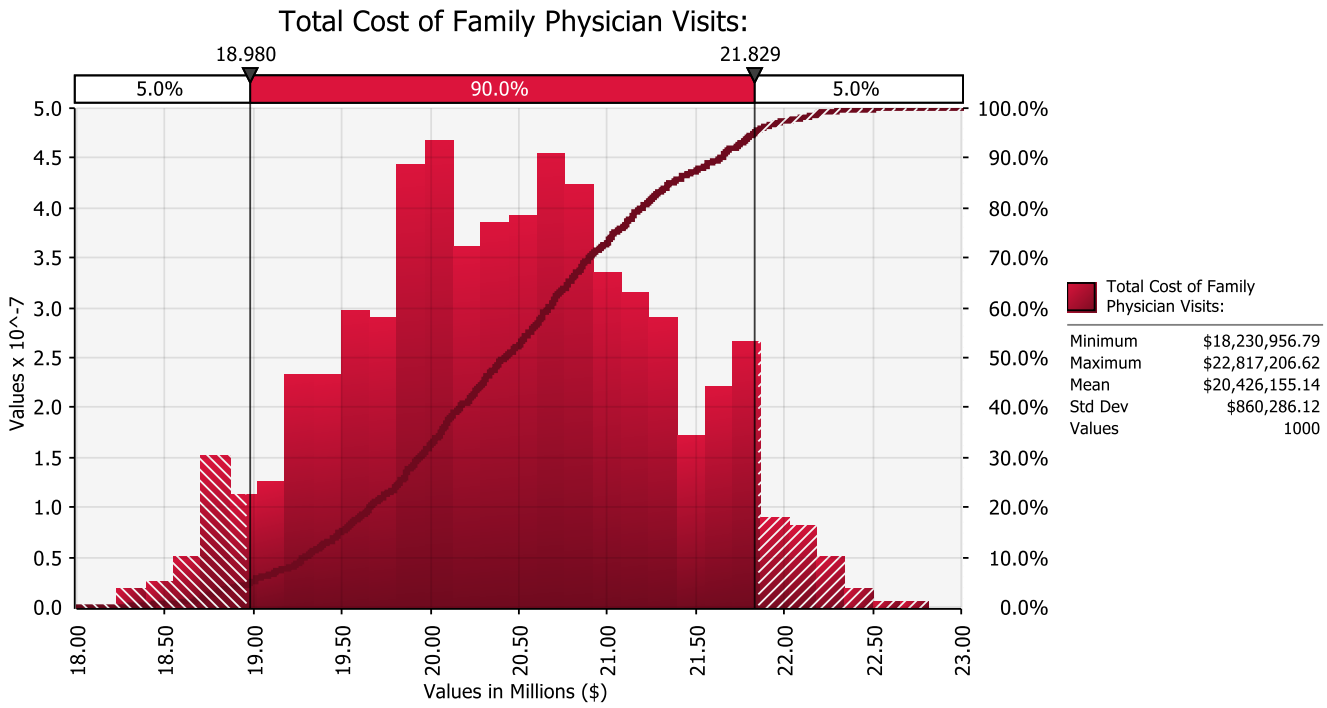
[4] Blomqvist, Ake and Rosalie Wyonch (2019). "Health Teams and Primary Care Reform in Ontario: Staying the Course". C.D. Howe Institute Commentary No. 551.
[5] See https://www150.statcan.gc.ca/n1/pub/12-581-x/2018000/pop-eng.htm
[6] A total of 308 Naturopaths participated in the survey.

- There is also a degree of uncertainty in the return visit propensity – the likelihood that the patient will make a visit to the Family Physician to obtain their laboratory test results. Some small number of patients may be able to obtain results without a return visit, but rather directly from the laboratory via a self-serve website. For example, LifeLabs offers patients who register the opportunity to retrieve results directly through their website. We assume that the visit propensity is a random variable with a triangular distribution ranging between a low of 0.90 to a high of 1.00 and a most likely value of 0.95.

| | |
|---|---|
| Number of Ontario Naturopaths: | 1,500 |
| Patients seen per year per Naturopath: | 1,038 |
| Patients requiring new lab test: | 321.15 |
| | |
| Total new lab test requests: | 481,725 |
| Initial visits to Family Physicians: | 481,725 |
| Return visit propensity: | 0.95 |
| Return visits to Family Physicians: | 457,639 |
| Total Visits to Family Physicians: | 939,365 |
| | |
| Cost per Family Physician Visit: | $21.74 |
| **Total Cost of Family Physician Visits:** | **$20,426,182** |

We applied statistical simulation estimation, 1,000 monte carlo simulations, to arrive at a distribution of potential savings.[7] The results indicate that the mean expected annual savings in Family Physician costs to OHIP total $20.4 Million. There is a small chance, 5 percent or less, that the expected annual saving will exceed $21.8 Million, or fall short of $18.9 Million. The result of the simulation, distribution of potential cost savings, is depicted in the chart below.

[7] The simulations were performed using @RISK software, Version 7.6. A triangular distribution of the random variables was assumed. A triangular random variable is a generalization of the best case, worst case, and most likely scenarios. The triangular random variable allows any value between the best and worst case to occur, with values near the most likely value of random variable having the largest chance of occurring.




## Summary

Reducing inappropriate care is a prime concern to the provincial government, in fact it is a goal explicitly stated in the February 2019 MOHLTC-OMA Physician Agreement, which sets up a committee to do just that.[8] This would allow for better access for other patients requiring the services of Family Physicians.

In this report, we estimated the financial savings accruing to OHIP from the elimination of unnecessary visits to physicians, from eliminating current restrictions on laboratory test ordering by Naturopaths.

Direct ordering of laboratory tests by Naturopaths, rather than using the Family Physician as the intermediary, would appropriately shift the cost of these laboratory tests out of the OHIP budget to the patient and/or their private insurer. Almost 1 million inappropriate and unnecessary visits to physicians would be eliminated, and save approximately $20 Million in OHIP payments to physicians on an annual basis.

[8] See http://www.health.gov.on.ca/en/pro/programs/ohip/bulletins/4000/bul4726.aspx