

BENEFITS SUBSIDIARY AGREEMENT

THIS AGREEMENT made as of the 1st day of November, 2007,

BETWEEN:

**HER MAJESTY THE QUEEN IN RIGHT OF THE
PROVINCE OF BRITISH COLUMBIA**, as represented by the
Minister of Health

(the “**Government**”)

AND:

BRITISH COLUMBIA MEDICAL ASSOCIATION

(the “**BCMA**”)

AND:

MEDICAL SERVICES COMMISSION

(the “**MSC**”)

WITNESSES THAT WHEREAS:

A. The BCMA, the MSC and the Government entered into the LOA and the ASMA with the intention of negotiating a new agreement structure to consist of a new master agreement to be known as the Physician Master Agreement; and five subsidiary agreements to be known as the General Practitioners Subsidiary Agreement, the Specialists Subsidiary Agreement, the Rural Practice Subsidiary Agreement, the Alternative Payments Subsidiary Agreement, and the Benefits Subsidiary Agreement;

B. The parties have agreed that this Agreement will constitute the Benefits Subsidiary Agreement; and

C. The parties intend this Agreement to:

- (a) identify the benefits that are available to physicians through agreements between the parties;
- (b) describe threshold eligibility for participation in the Benefit Plans, subject to the specific terms, conditions, rules and eligibility criteria applicable to each Benefit Plan;
- (c) assign responsibility for the oversight and administration of the Benefit Plans; and

- (d) identify the funding for the Benefit Plans.

NOW THEREFORE in consideration of the premises and the agreements of the parties as set out herein, the parties agree as follows:

ARTICLE 1 - RELATIONSHIP TO THE PHYSICIAN MASTER AGREEMENT

1.1 This Agreement is one of the Physician Master Subsidiary Agreements under the Physician Master Agreement and is subject to its terms and conditions.

ARTICLE 2 – DEFINITIONS AND INTERPRETATION

2.1 Words used in this Agreement that are defined in the Physician Master Agreement have the same meaning as in the Physician Master Agreement unless otherwise defined in this Agreement.

2.2 “**this Agreement**” means this document including the Schedules, as amended from time to time as provided herein.

2.3 “**Benefit Plans**” means the CME, the PDI, the CMPA Rebate Program, the CPRSP, the PHP, the Pregnancy Leave Program and the Parental Leave Program.

2.4 “**CMPA Rebate Program**” means the Canadian Medical Protective Association Rebate Program referred to in Schedule “C” to this Agreement.

2.5 “**CME**” means the Continuing Medical Education Fund referred to in Schedule “B” to this Agreement.

2.6 “**CPRSP**” means the Contributory Professional Retirement Savings Plan referred to in Schedule “D” to this Agreement.

2.7 “**Parental Leave Program**” means the program referred to in Schedule “F” to this Agreement.

2.8 “**PDI**” means the Physician Disability Insurance Program referred to in Schedule “A” to this Agreement.

2.9 “**PHP**” means the Physician Health Program operated by the Physician Health Program Society of British Columbia to provide advocacy and support for physicians, including those in training, and their families, who are experiencing problems related to personal and family emotional health issues, the inappropriate use of alcohol and/or drugs or coping with physical illness.

2.10 “**Physician Master Agreement**” means the agreement titled “Physician Master Agreement” between the Government, the BCMA, and the MSC, dated November 1, 2007.

2.11 “**Pre-Existing Benefit Plans**” means the CME, the PDI, the CMPA Rebate Program, the CPRSP and the Pregnancy Leave Program.

2.12 “**Pregnancy Leave Program**” means the program referred to in Schedule “E” to this Agreement.

2.13 The provisions of sections 1.2 to 1.8 inclusive of the Physician Master Agreement are hereby incorporated into this Agreement and shall have effect as if expressly set out in this Agreement, except those references in such sections to “this Agreement” shall herein be construed to mean this Agreement.

ARTICLE 3 - TERM

3.1 This Agreement comes into force on November 1, 2007.

3.2 This Agreement shall be for the same term as the Physician Master Agreement and will be subject to renegotiation and/or termination pursuant to Articles 27 and 28 of the Physician Master Agreement.

ARTICLE 4 - PHYSICIAN BENEFITS COMMITTEE

4.1 The Government and the BCMA will create a committee (the “**Benefits Committee**”) to provide oversight of the Benefit Plans and the administration of them.

4.2 The Benefits Committee will be composed of up to three members appointed by the BCMA and up to three members appointed by the Government, and will be co-chaired by one member chosen by the BCMA appointees and one member chosen by the Government appointees.

4.3 The terms of reference of the Benefits Committee will include:

- (a) serving as the successor committee to all administrative or trustee committees of all or any of the Benefit Plans existing as of the effective date of this Agreement;
- (b) providing general oversight of the Benefit Plans within the available funding, consistent with the terms of this Agreement and the Benefits Administration Agreement;
- (c) determining when there is a surplus in funding for any of the Benefit Plans and allocating any such surplus in accordance with this Agreement; and
- (d) identifying and making changes to the specific terms, conditions, rules, eligibility criteria and benefits associated with each of the Benefit Plans, except the PHP, to maximize the benefits realized within the budget for each Benefit Plan.

4.4 The Benefits Committee will make decisions by consensus decision.

4.5 If the Benefits Committee cannot reach a consensus decision on any matter that it is required to determine pursuant to sections 4.3(a), (b) or (c), the Government and/or the BCMA may make recommendations to the Adjudication Committee regarding such matter and the Adjudication Committee will determine the matter. If the Benefits Committee cannot reach a

consensus decision on any matter that it is required to determine pursuant to section 4.3(d), the Government and/or the BCMA may refer the matter to the Physician Services Committee and the Physician Services Committee will attempt to resolve the matter, failing which there will be no change to the Benefit Plan(s) in issue.

4.6 On an annual basis, the Benefits Committee will develop a work plan that includes evaluations to measure outcomes of the Benefit Plans, and will report on progress and outcomes to the Physician Services Committee.

ARTICLE 5 – IDENTIFICATION OF BENEFIT PLANS

5.1 Subject to section 5.2, the following Benefit Plans will be available to physicians who have not made an election under Section 14 of the *Medicare Protection Act* and who are not subject to an order made under Section 15(2)(a) or (b) of the *Medicare Protection Act*, under the terms and conditions that are described in the Physician Master Agreement, this Agreement and any of the other Physician Master Subsidiary Agreements:

- (a) the CME;
- (b) the PDI;
- (c) the CMPA Rebate Program;
- (d) the CPRSP;
- (e) the PHP;
- (f) the Pregnancy Leave Program; and
- (g) the Parental Leave Program.

5.2 The Benefit Plans, other than the PHP, are generally described in Schedules A through F. The specific terms, conditions, rules, eligibility criteria and benefits associated with each Benefit Plan, other than the PHP, are as approved and published by the Benefits Committee from time to time.

ARTICLE 6 - FUNDING

6.1 The annual funding for each of the Pre-existing Benefit Plans in the Fiscal Year 2005/2006 was as follows:

- (a) \$11,700,000 for the PDI;
- (b) \$6,725,000 for the CME;
- (c) the amount required to reimburse eligible physicians 100% of CMPA membership dues above the 1985 CMPA dues, to a maximum of \$22,000,000, for the CMPA Rebate Program;

- (d) \$25,575,000 for the CPRSP; and
- (e) \$1,300,000 for the Pregnancy Leave Program.

6.2 For each Fiscal Year during the term of this Agreement, the annual funding for each of the Pre-existing Benefit Plans will be as set out in section 6.1 except that:

- (a) the Government increased the annual funding for CPRSP by \$1.3 million in the Fiscal Year commencing April 1, 2006;
- (b) the Government will provide an additional total of \$1.44 million in the Fiscal Year commencing April 1, 2007, to be allocated by the Benefits Committee among the Pre-Existing Benefit Plans towards maintaining the value of the benefits paid to individual physicians under the Pre-Existing Benefit Plans at the levels in existence at the end of the Fiscal Year commencing on April 1, 2005, subject to the terms, conditions, rules and eligibility criteria applicable to each of the Pre-Existing Benefit Plans;
- (c) the Government will provide an additional total of \$1.5 million in the Fiscal Year commencing April 1, 2008, to be allocated by the Benefits Committee among the Pre-Existing Benefit Plans towards maintaining the value of the benefits paid to individual physicians under the Pre-Existing Benefit Plans at the levels in existence at the end of the Fiscal Year commencing on April 1, 2005, subject to the terms, conditions, rules and eligibility criteria applicable to each of the Pre-Existing Benefit Plans;
- (d) the Government will provide an additional total of \$1.75 million in the Fiscal Year commencing April 1, 2009, to be allocated by the Benefits Committee among the Pre-Existing Benefit Plans towards maintaining the value of the benefits paid to individual physicians under the Pre-Existing Benefit Plans at the levels in existence at the end of the Fiscal Year commencing on April 1, 2005, subject to the terms, conditions, rules and eligibility criteria applicable to each of the Pre-Existing Benefit Plans;
- (e) the Government will provide additional funding as necessary in each of the two Fiscal Years commencing on April 1, 2010 and April 1, 2011 to maintain, but not increase, the value of the benefits paid to individual physicians under the PDI, the CME and the CMPA Rebate Program at the levels in existence at the end of the Fiscal Year commencing on April 1, 2009, subject to the terms, conditions, rules and eligibility criteria applicable to each of the PDI, the CME and the CMPA Rebate Program, with the funding obligation under this section to end on March 31, 2012;
- (f) effective April 1, 2010, the Government will increase the annual funding for the CPRSP by \$10 million, and the funding level established by such increase shall continue for each of the fiscal years commencing April 1, 2010 and April 1, 2011, with such increase to be allocated by the Benefits Committee to enhance the value

of the CPRSP in ways that will encourage physicians to remain in practice longer than would otherwise be the case;

- (g) effective April 1, 2010, the Pregnancy Leave Program will be discontinued and will be replaced by the Parental Leave Program, and in each Fiscal Year from April 1, 2010 to March 31, 2012, the Government will fund the Parental Leave Program at the level of \$4.3 million per year (which will include the transfer of the \$1.3 million annual budget from the discontinued Pregnancy Leave Program).

6.3 If in any Fiscal Year during the term of this Agreement, there are surplus funds in any of the Pre-existing Benefit Plans, such surplus funds will be allocated by the Benefits Committee and, in allocating any such surplus funds, the Benefits Committee shall, as a first priority, consider the adequacy of the funds available to the Pregnancy Leave Program while it is in existence.

6.4 In each Fiscal Year from April 1, 2006 to March 31, 2012, the Government will provide to the PHP the sum of \$600,000, provided that in each such Fiscal Year the BCMA and the College of Physicians and Surgeons of British Columbia, together, contribute an equal amount, so that \$1,200,000 is available to the PHP each year.

ARTICLE 7 - ADMINISTRATION OF THE BENEFITS PLANS

7.1 The Government agrees to enter into a contract with the BCMA for the term of this Agreement for the BCMA to administer the Benefit Plans except the PHP (the “**Benefits Administration Agreement**”). The Benefits Administration Agreement shall include the following terms:

- (a) The responsibilities of the BCMA include the verification that public funds have been properly used for the purposes intended, including such audit and inspection procedures as may be necessary and required.
- (b) The BCMA acknowledges and accepts its responsibility to administer the Benefit Plans available to all eligible physicians who have not made an election under Section 14 of the *Medicare Protection Act* and who are not subject to an order made under Section 15(2)(a) or (b) of the *Medicare Protection Act*, and acknowledges and accepts its responsibility to provide the same standard of administration to both members and non-members of the BCMA.
- (c) It is understood and agreed that the BCMA may charge physicians who are not members of the BCMA an administrative fee when such non-members apply for any benefits available to them under the Benefit Plans. It is further understood and agreed that non-members will not be charged administrative fees that exceed the equivalent of dues and levies charged to BCMA members in the calendar year in which the non-member applies for a benefit or benefits.
- (d) To facilitate the Government and the MSC in meeting their statutory obligations to account for the use of public money, the BCMA will report annually to the Government on its expenditures related to the administration of the Benefit Plans.

7.2 The costs associated with administering the Benefit Plans that are the subject of the Benefits Administration Agreement will be paid from the annual funding made available for those Benefit Plans.

7.3 During the term of this Agreement, either the Government or the BCMA may, at its own expense, initiate a review of the Benefit Plans. The other party will be fully reimbursed for the costs of its participation in the review. Where one party initiates a review under this section the other party will fully cooperate.

7.4 Information that contains the identification of physicians will be provided to the BCMA Benefits Department for the administration of the Benefits Plans only. Such information will be kept confidential in compliance with relevant legislation.

7.5 The Benefits Committee will review the current information needs of the BCMA Benefits Department with the aims of improving the quality of the information collected and reducing the administrative burden on the Health Authorities, the Government, and the BCMA associated with collecting the information.

7.6 The BCMA Benefits Department will report to the MSC the value of the benefits (excluding PDI and PHP) at the level of the individual physician on an annual basis. This information will be treated as confidential by the MSC and, subject to any statutory requirements to the contrary, will not be published or otherwise publicly reported.

7.7 The BCMA Benefits Department will report to the Benefits Committee the value of administrative fees charged to non-members for each Benefit Plan on an annual basis.

ARTICLE 8 - ELIGIBILITY TO PARTICIPATE IN THE BENEFIT PLANS

8.1 Subject to any specific provision of the Physician Master Agreement and any of the Physician Master Subsidiary Agreements, including this Agreement, and subject to the specific terms, conditions, rules and eligibility criteria applicable to each of the Benefit Plans, physicians who are compensated by Fees, Sessional Contracts or Service Contracts are eligible to participate in all of the Benefit Plans. Income from each compensation source shall be totalled and combined in determining eligibility/coverage.

8.2 Physicians who are compensated by Salary Agreements are not eligible to participate in the Benefit Plans (except for the PHP), with the exception of certain physicians who are compensated under part-time Salary Agreements and are entitled to participate in Benefit Plans as per current policy, provided however that no physician, as a result of working under more than one mode of compensation, may receive more than the full annual value of the benefits available under any of the Benefit Plans. Should a physician transfer to or from a Salary Agreement position during a year, the benefits available under each compensation arrangement will be pro-rated to match the time served by the physician under each compensation arrangement during that year.

8.3 A physician who elects to be paid directly by a beneficiary pursuant to Section 14 of the *Medicare Protection Act* is not entitled to participate in the Benefit Plans.

8.4 Where the MSC has, for cause, made an order under Section 15 (2) (a) or (b) of the *Medicare Protection Act* that physician is no longer entitled to participate in the Benefit Plans.

ARTICLE 9 - QUARANTINE INCOME REPLACEMENT

9.1 The Government will compensate physicians required by the Provincial Health Officer to undergo a period of quarantine as a result of exposure to a communicable disease while providing Insured Medical Services in British Columbia. Such compensation will be paid at a rate equal to the maximum benefit available under the PDI, for a period of up to two weeks.

ARTICLE 10 - DISPUTE RESOLUTION

10.1 Disputes as to the interpretation, application, operation or alleged breach of this Agreement are Provincial Disputes and will be resolved in accordance with the provisions of Articles 21, 22 and 23 of the Physician Master Agreement applicable to Provincial Disputes.

IN WITNESS WHEREOF the parties have executed this Agreement by or in the presence of their respective duly authorized signatories as of the 1st day of November, 2007.

SIGNED, SEALED & DELIVERED on behalf of HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA, by the Minister of Health or his/her duly authorized representative, in the presence of:



Signature of Witness

Name

Stephen Brown

Address

3-1, 1515 Blanshard St.

THE CORPORATE SEAL of the BRITISH COLUMBIA MEDICAL ASSOCIATION was hereto affixed in the presence of:



Signature of Authorized Signatory

G.M. Appleton

Name

President

Position

MEDICAL SERVICES COMMISSION

Per:


Authorized Signatory

TOM VINCENT

Name

CHAIR

Position

SCHEDULE A

PHYSICIAN DISABILITY INSURANCE PROGRAM

Funding for the PDI will be as set out in the applicable provisions of Article 6 of the Benefits Subsidiary Agreement.

The PDI funds will be payable by the MSC to, and on the date required by, the insurance company which is providing the PDI coverage.

The PDI provides income replacement to eligible physicians who become totally disabled. Coverage is not automatic and each physician must apply for coverage and provide medical evidence of insurability. The specific terms, conditions, rules and eligibility criteria applicable to, and the benefits available from, the PDI are as approved and published by the Benefits Committee from time to time.

SCHEDULE B

CONTINUING MEDICAL EDUCATION FUND

Funding for the CME will be as set out in the applicable provisions of Article 6 of the Benefits Subsidiary Agreement.

The annual funds will be payable to the BCMA on May 1st of each Fiscal Year.

The CME fund is a yearly allotment of monies used to assist physicians with eligible educational expenses. The specific terms, conditions, rules and eligibility criteria applicable to, and the benefits available from, the CME are as approved and published by the Benefits Committee from time to time.

SCHEDULE C

CANADIAN MEDICAL PROTECTIVE ASSOCIATION REBATE PROGRAM

The maximum funding available for the CMPA Rebate Program will be as set out in the applicable provisions of Article 6 of the Benefits Subsidiary Agreement.

The Government will make contributions to maintain the CMPA Rebate Program such that 100% of CMPA membership dues above the 1985 CMPA dues are reimbursed to physicians who are practising under the MSP, subject to the maximum funding obligations as set out in the applicable provisions of Article 6 of the Benefits Subsidiary Agreement.

The CMPA Rebate Program provides eligible physicians with partial reimbursement of their CMPA dues. The specific terms, conditions, rules and eligibility criteria applicable to, and the benefits available from, the CMPA Rebate Program are as approved and published by the Benefits Committee from time to time.

SCHEDULE D

CONTRIBUTORY PROFESSIONAL RETIREMENT SAVINGS PLAN

Funding for the CPRSP will be as set out in the applicable provisions of Article 6 of the Benefits Subsidiary Agreement.

The CPRSP is a retirement savings program that provides funds for eligible physicians to contribute to their retirement savings plan, subject to the available CPRSP funding, and subject to the specific terms, conditions, rules and eligibility criteria approved and published by the Benefits Committee.

John Cook, or an alternative person agreed to by the Government and the BCMA if John Cook is unwilling to act or is unable to commit to meeting the time frame stipulated herein, will be engaged to develop, by June 30, 2008, terms (the "Replacement Terms") for the administration of the CPRSP to replace the 1993 Contributory Professional Retirement Savings Plan Agreement as amended. The costs associated with developing the Replacement Terms will be an administrative expense of the CPRSP. The 1993 Contributory Professional Retirement Savings Plan Agreement, as amended, will continue until the earlier of August 31, 2008 or the date that the Government and the BCMA approve the Replacement Terms, at which time it will terminate and be of no further force or effect.

SCHEDULE E

PREGNANCY LEAVE PROGRAM

Funding for the Pregnancy Leave Program will be as set out in the applicable provisions of Article 6 of the Benefits Subsidiary Agreement.

Effective April 1, 2010, the Pregnancy Leave Program will be discontinued and will be replaced by the Parental Leave Program (as generally described in Schedule F).

The purpose of the Pregnancy Leave Program is to protect the health and well-being of pregnant women and new biological mothers while undergoing the health and other stresses of giving birth and recovering from giving birth so that they can reasonably effectively return to the workforce.

The Pregnancy Leave Program provides a maximum 17 week benefit for female physicians on pregnancy leave. The benefit is equal to 50% of the physician's average weekly billings in the calendar year prior to the delivery date or the 12 months prior to the delivery date, whichever yields the greater average, to a maximum of \$880 per week for 17 consecutive weeks.

The Pregnancy Leave Program will be reviewed annually to determine whether the maximum weekly amount should be adjusted based upon projected utilization of the benefit, to ensure that the annual cost does not exceed the annual funding level available.

The specific terms, conditions, rules and eligibility criteria applicable to, and the benefits available from, the Pregnancy Leave Benefit Program are as approved and published by the Benefits Committee, and include the following:

- (a) the physician must remain practising in British Columbia for at least 17 weeks after her return to work from pregnancy leave;
- (b) if the physician fails to return to practice in British Columbia for at least 17 weeks after her return to work from pregnancy leave, the physician shall reimburse the benefits received on a pro-rata basis;
- (c) it is the physician's responsibility to arrange for any locum coverage required while she is on pregnancy leave; and
- (d) benefits are administered by the BCMA pursuant to an administrative agreement between the Government and the BCMA, which is expected to be superseded by the Benefits Administration Agreement.

SCHEDULE F

PARENTAL LEAVE PROGRAM

The Parental Leave Program will be effective on April 1, 2010. Funding for the Parental Leave Program will be as set out in the applicable provisions of Article 6 of the Benefits Subsidiary Agreement.

The Parental Leave Program will provide up to \$1,000 per week for up to 17 consecutive weeks, to eligible male and female physicians who have become parents of a newborn or newly adopted child or of a newborn through a surrogate mother.

The specific terms, conditions, rules and eligibility criteria applicable to the Parental Leave Program will be as approved and published by the Benefits Committee from time to time.