To: Physicians, Hospitals, Clinics and Laboratories
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Re: Implementation of 2.65% Physician Payment Reduction

1. **What is the 2.65% payment reduction?**
   
The 2.65% payment reduction is a discount against all Fee-For-Service (FFS) physician payments effective February 1, 2015, and to other physician payments on dates noted further below, as per the news release titled “Physicians Services Ten Point Plan For Saving And Improving Service”, dated January 15, 2015.

2. **The 2.65% payment reduction is in addition to the 0.5% reduction which has been effective since April 1, 2013.**
   
   Specifically, the reduction will be applied to FFS payments as well as primary care models, primary care specialized models, AFP/APP agreements and physician programs in the same manner as the April 1, 2013 0.5% payment reduction. The primary care models, primary care specialized models, AFP/APP agreements and physician programs contractually required notice and payments under these contracts have an effective date which will commence no later than June 1, 2015.

3. **How long is the 2.65% payment reduction in effect?**
   
The 2.65% payment reduction is effective beginning February 1, 2015 for FFS payments and later dates for non-FFS payments with no scheduled end date at this time.

4. **Who is subject to the 2.65% payment reduction?**
   
   All physicians will be impacted by the 2.65% payment reduction regardless of their remuneration type. See Questions #20 and #21 for programs/payments that are subject to the 2.65% payment reduction and those which are not.

5. **Do physicians have to reduce their OHIP billing amounts by 2.65%?**
   
   Physicians do not have to make any changes to their OHIP billing software or their claims submissions with the implementation of the 2.65% payment reduction. OHIP will apply the 2.65% payment reduction against eligible payments and report the reduction amount on the monthly Remittance Advice (RA).
6. **When will the 2.65% payment reduction be applied to physician payments?**

   The 2.65% payment reduction processing will be effective February 1, 2015 and will be calculated against eligible payments issued through the claims processing system and first applied to the April 2015 remittance. The 2.65% payment reduction will be applied to primary care models, primary care specialized models, AFP/APP agreements and physician programs required notice and thus have a later effective date no later than June 1, 2015.

7. **Is the technical component of diagnostic services subject to the 2.65% payment reduction?**

   Both the technical and professional components of diagnostic services are subject to the 2.65% payment reduction. This includes the facility fee payments to Independent Health Facilities.

   The payments for all services listed in the “Schedule of Benefits for Physician Services” and the “Schedule of Facility Fees for Independent Health Facilities” are subject to the 2.65% payment reduction.

8. **What is the 2.65% payment reduction process for opted-out physicians?**

   Opted-out physicians will continue to bill their patients at 100% of the fee value listed in the “Schedule of Benefits for Physician Services” and submit claims to OHIP on behalf of the patient. OHIP will reimburse the patient at 100% of the fee value, calculate the 2.65% payment reduction, report it on the monthly Remittance Advice and deduct it from any payments being made directly to the opted-out physician. If this puts the opted-out physician into an ongoing negative balance, an invoice will be mailed to the opted-out physician.

   This process eliminates the need for opted-out physicians to amend their OHIP billing software to calculate 2.65% payment reduction or manually calculate the 2.65% payment reduction before invoicing their patients.

9. **How is the 2.65% payment reduction being applied?**

   The 2.65% payment reduction is being applied by reducing total payment at the remittance level via a debit accounting transaction and reporting the reduction amount on the Remittance Advice (see question 10). Individual claim items are not being reduced by 2.65%.

10. **Why is the 2.65% payment reduction not being applied at the claim item level?**

    The 2.65% payment reduction is not being applied at the claim item level because it is not a fee value decrease but is a reduction on all physician payments.

11. **How will the 2.65% payment reduction be reported on the monthly Remittance Advice (RA)?**

    One or more of the following four accounting transaction messages will be included in a new RA report titled “Discount Accounting Transaction Summary Report” to include the 2.65% payment reduction amounts and will be reported only if the applicable reduction has been applied to the remittance:

    - “Payment Reduction Automated Premiums”
    - “Payment Reduction Opted-In”
    - “Payment Reduction Opted-Out”
    - “Payment Reduction Primary Care”
The following is an explanation for each of the above accounting transaction messages:

- “Payment Reduction Opted-In” identifies the total of the 2.65% and 0.5% payment reduction discount amount applicable to an “opted-in” physician calculated against the payments made by OHIP directly to the opted-in physician.

- “Payment Reduction Opted-Out” identifies the total of the 2.65% and 0.5% payment reduction amount applicable to an “opted-out” physician calculated against the payments made by OHIP directly to the patients of the opted-out physician.

- “Payment Reduction Automated Premiums” identifies the total of the 2.65% and 0.5% payment reduction amount applicable to the automated premiums payment for services claimed under the “HCP” Payment Program Type.

- “Payment Reduction Primary Care” identifies the total of the 2.65% and 0.5% payment reduction amount applicable to the primary health care contract incentive payments.

As well as the above accounting transaction messages, a separate “Physician Payment Discount Report” will continue to be included with the monthly RA to show the current month’s total payment amount eligible for the total of the 2.65% and 0.5% payment reduction, the current month’s total 2.65% and 0.5% payment reduction amount and the totals to-date for both the eligible payment amount and the 2.65% and 0.5% payment reduction amounts.

12. How is the 2.65% reduction being applied if a physician submits claims through one or more physician groups?

The 2.65% reduction will be applied to the payments being made to groups per the Group Billing Number that was indicated on the physician’s claim. This is regardless of whether or not the physician is actively affiliated to the group since physicians have six months from the date of service to submit claims for payment. A breakdown of the 2.65% payment reduction amounts by physician will be reported on the group’s RA. For each group physician, the report will show the current month total payment amounts eligible for the 2.65% payment reduction, the total amount of the 2.65% payment reduction, and the totals to-date for both.

13. Are payments for manually assessed claims subject to the 2.65% payment reduction?

Payments for claims that are manually assessed by staff at the OHIP claims processing offices are subject to the 2.65% payment reduction for services rendered on and after February 1, 2015.

14. Are payments for claims submitted “Independent Consideration” (IC) subject to the 2.65% payment reduction?

Payments for approved “IC” claims are subject to the 2.65% payment reduction for services rendered on and after February 1, 2015.

15. Are payments for stale-dated claims subject to the 2.65% payment reduction?

Payments for approved stale-dated claims are subject to the 2.65% payment reduction for services rendered on and after February 1, 2015.
16. Which automated premium payments are subject to the 2.65% payment reduction?

All payments for premiums that are automatically calculated by the OHIP claims processing system are subject to the 2.65% payment reduction:

- Access Bonus Payment
- Access Bonus Reconciliation
- After Hours Evening Age <29dy Premium
- After Hours Evening Age <1 Yr Premium
- After Hours Evening Age 1-8yr Premium
- After Hours Evening Age 70-79 Premium
- After Hours Evening Age 80+Yr Premium
- After Hours Night Age <29dy Premium
- After Hours Night Age <1 Yr Premium
- After Hours Night Age 1-8yr Premium
- After Hours Night Age 70-79 Premium
- After Hours Night Age 80+Yr Premium
- Anaesthesia Age <29dy Premium
- Anaesthesia Age <1 Yr Premium
- Anaesthesia Age 1-8yr Premium
- Anaesthesia Age 70-79 Premium
- Anaesthesia Age 80+Yr Premium
- APP EDAFA Holiday Premium
- APP EDAFA Seasonal Premium
- APP Flow Through
- APP Shadow Billing (Global Funding) Premium
- Base Rate Payment
- Base Rate Payment Adjustment
- Blended Fee-For-Service Premium
- Blended Premium on Age Premium (Shadow Billing)
- Comprehensive Care Capitation Adjustment
- Comprehensive Care Capitation Payment
- Comprehensive Care Capitation Reduction Roster > 2400
- Geriatric GA
- Geriatric IA
- GP Psychotherapy Premium
- Long-Term Care Capitation
- Long-Term Care Capitation Adjustment
- Paediatric Consult and/or Surgical Age Premium for Child <30 Days
- Paediatric Consult and/or Surgical Age Premium for Child >=30d<1yr
- Paediatric Consult and/or Surgical Age Premium for Child 1yr <2yr
- Paediatric Consult and/or Surgical Age Premium for Child 2yr <5yr
- Paediatric Consult and/or Surgical Age Premium for Child 5yr <16yr
- Specialist SB (Primary Care Premium)
17. Why does the 2.65% payment reduction appear to include automated premium payments for service dates prior to February 1, 2015?

Due to the way that automated premium payments are calculated, it was not possible to isolate specific service dates and therefore the 2.65% payment reduction is calculated on assessment date for the automated premiums payment. The payment for automated premiums for services rendered before February 1, 2015 that is paid after February 1, 2015 will be included in calculating the 2.65% payment reduction amount. However, to compensate for this, when the 2.65% payment reduction is ended, the payment for automated premiums for services rendered “before” the reduction end date that is paid “after” the reduction end date will not be subject to the 2.65% payment reduction.

18. Are payments for Reciprocal Medical Billings (RMB) subject to the 2.65% payment reduction?

Claims that are submitted with the “RMB” payment program type for services rendered to insured residents of another province are not subject to the 2.65% payment reduction and 100% of the payment will be recovered by OHIP from the patient’s home province.

19. Are payments for Workplace Safety and Insurance Board related medical services subject to the 2.65% payment reduction?

Claims that are submitted with the “WCB” payment program type are not subject to the 2.65% payment reduction and 100% of the payment will be recovered by OHIP from the Workplace Safety and Insurance Board.

20. Are telemedicine services and premiums subject to the 2.65% payment reduction?

The services and premiums paid for Ontario Telemedicine Network (OTN) related services are subject to the 2.65% payment reduction. The 2.65% report on the monthly Remittance Advice will identify the total OTN payment amounts eligible for the 2.65% payment reduction, the total amount of the 2.65% payment reduction, and the totals to-date for both.

21. Which other physician payment programs are subject to the 2.65% payment reduction?

The 2.65% payment reduction will be applied to the clinical funding of the various physician payment effective June 1, 2015 programs including:

- Anaesthesia Care Team (Kensington Eye Institute)
- Assertive Community Care Treatment Program
- Community Health Centre Physicians
- Complex Continuing Care/Rehabilitation On-Call Program
- Divested Provincial Psychiatric Hospitals Funding
- Enhanced Care for the Frail and Elderly
- Hospital Paediatric Stabilization Program
- Laboratory Physicians (Hospitals)
- Mental Health Sessional Payments
- Mental Health Sessional Fee Supplement
- Mental Health Sessional Rates Alignment through Health Board Secretariat
- Psychiatric Stipend Funding
- Northern Specialist Locum Programs (excludes travel funding)
- Ontario Psychiatric Outreach Program
- Physician On-Call Funding (Long-term Care)
- Public Health Physicians
• Rural Family Medicine Locum Program (excludes travel funding)
• Rural Medicine Investment Program
• Specialty Review Funding
• Urgent Care Centres
• Visiting Specialist Clinic Program (excludes travel funding)

22. Which other physician payment programs are not subject to the 2.65% payment reduction?

The following physician payment programs are not subject to the 2.65% payment reduction:

• Anaesthesia Care Teams (except the Kensington Eye Institute)
• Clerkship Stipend Program
• Clinical Decision Units
• Community Palliative Care On-Call Coverage Program (CPOC)
• Emergency Department Coverage Demonstration Project
• Emergency Department Recruitment and Mentorship Program
• Geneticist Funding
• Hospital On-Call Coverage Program (HOCC)
• Infectious Disease Specialists
• Laboratory Physicians (Community)
• Malpractice Insurance Coverage
• Northern Ontario School of Medicine
• Northern Physician Retention Initiative (Transitioned from OMA)
• Northern and Rural Recruitment and Retention Initiative
• Ontario MD Agreement
• Physician Health Benefits Program
• Pregnancy and Parental Leave Benefit Program
• Resident Loan Interest Relief Program
• Summer Incentive for Designated Emergency Departments
• Telestroke

23. Where can inquiries be directed for additional information about the 2.65% payment reduction process or about the 2.65% payment reduction reports provided with the Remittance Advice?

If you require additional information please contact the Service Support Contact Centre toll free at: 1-800-262-6524 or (613) 548-7981 in the Kingston area.