

## Closing the Gap - FHO vs FHG Intra-Sectional Relativity

The degree of Intra-Sectional Relativity within Primary Care has long been a contentious issue. More specifically, there is marked unrest that family physicians who practice in FHG or CCM models earn less compared to those who practice in FHO or FHN models.

### How big was the gap?

When analyzing Relativity, one cannot simply look at gross revenues. There are many confounding factors that influence a physicians' annual income, such as the number of days worked per year and the amount of after-hours worked.

When examining FHO/FHNs vs FHG/CCMs, one can compare the "Gross Daily Income" (GDI) as calculated for the CANDI Relativity model, shown here using the most recent billing data available (2017/18):

#### Gross Daily Income for Family Medicine - 2017/18

		Blended Capitation (FHN, FHO)	Enhanced FFS (CCM, FHG)
A	Professional FFS	\$165.29	\$981.39
B	Shadow billings	\$81.26	
C	CCM Daily Rate (365 days)	\$120.05	\$110.81
D	Base Capitation (365 days)	\$571.49	
E	Access Bonus (365 days)	\$61.22	
F	Total Annual days	207	230
G	% After-Hours	14.60%	11.70%
H	Adjusted CCM Daily Rate (1-G)*(365/F)*C	\$180.77	\$155.27
I	Adjusted Base Capitation (1-g)*(365/F)*D	\$860.58	
J	Adjusted Access Bonus (1-G)*(365/F)*E	\$92.19	
K	Gross Daily Income A+B+H+I+J	\$1,380.09	\$1,136.66

**FHO/FHN > FHG/CCM by: 21.4%**

*This suggests that FHOs were getting paid 21.4% more than FHGs*

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### This gap has already closed:

Due to prolonged negotiations and arbitration processes for the 2017 Physicians Services Agreement, there has been minimal opportunity to make adjustments to any fee codes or payment models. Years 1-3 awards were arbitrated amounts of single payments based on the individual physician's prior years' gross billings.

One arbitrated decision that did improve the relativity gap was the removal of the unilateral 'across the board' payment discounts in 2019.

#### Removal of the Unilateral Cuts in 2019:

- This resulted in effectively an 4.45% "increase" for FHG/CCM physicians.
- Whereas only effectively resulted in a 3.15% "increase" for FHO/FHN physicians.

**Thus, this closed the gap by 1.3%**

The Year 4 arbitrated awards gave permanent increases to OHIP fee codes and payment models, further closing the gap.

#### Year 4 Arbitrated Awards:

- This resulted in an average 7% increase for FHG/CCM physicians.
- Whereas only resulted in an average 2.5% increase for FHO/FHN physicians.

**Thus, this closed the gap by an additional 4.5%**

*These changes cumulative reduce the gap between FHO/FHN vs FHG/CCM from 21.4% to 15.6%.*

*Furthermore, as will be shown below, that 15.6% gap may actually be an over-estimate due to flaws in the current CANDI formula.*

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## Flaws in the current CANDI formula:

The current CANDI formula *over*-estimates the Gross Daily Income for FHO physicians. Please [refer here for a thorough exploration](#) of why this is the case. Briefly, this is because OHIP billings do not accurately reflect all of the work done, and the number of days worked, especially for physicians in capitated models. Thus, the calculated income for FHO doctors is inaccurately *condensed* into a smaller number of “days worked”, thus *inflating* the result for Gross Daily Income.

It has been a project over two years in the making, but the OMA is close to [studying EMR data](#) that will allow for more accurate data regarding the amount of work (and number of days worked) by family physicians in both FHO/FHN and FHG/CCM models.

For instance, if it can be proven that the number of days worked by FHO/FHN physicians is actually closer to 230 days per year (compared to the 207 currently credited), this dramatically reduces the estimated gap down to as low as 5.6% as shown here:

### Gross Daily Income for Family Medicine - 2017/18

		Blended Capitation (FHN, FHO)	Enhanced FFS (CCM, FHG)
A	Professional FFS	\$165.29	\$981.39
B	Shadow billings	\$81.26	
C	CCM Daily Rate (365 days)	\$120.05	\$110.81
D	Base Capitation (365 days)	\$571.49	
E	Access Bonus (365 days)	\$61.22	
F	Total Annual days	230	230
G	% After-Hours	14.60%	11.70%
H	Adjusted CCM Daily Rate (1-G)*(365/F)*C	\$162.69	\$155.27
I	Adjusted Base Capitation (1-g)*(365/F)*D	\$774.52	
J	Adjusted Access Bonus (1-G)*(365/F)*E	\$82.97	
K	Gross Daily Income A+B+H+I+J	\$1,266.74	\$1,136.66

**FHO/FHN > FHG/CCM by: 11.4%**

This is using 2017/18 data **WITHOUT** considering the above noted Reversal of Unilateral Cuts **(1.3%)** and Year 4 Allocations **(4.5%)**

So,  
an 11.4% gap  
minus 1.3% from Reversal of Unilateral Cuts  
minus 4.5% from Year 4 Allocations  
  
**= 5.6% gap**

## **Closing the Gap - FHO vs FHG Intra-Sectional Relativity**

### **How much of a gap is acceptable?**

It is worth mentioning that when FHNs and FHOs were first developed there was a purposeful encouragement built in to the payment calculation to incentivize physicians to switch into those models. That is partly why the gap existed in the first place.

While all of FHO, FHN, FHG, and CCM physicians provide comprehensive primary care to their patients, the models and contracts are not exactly the same. So, what are the differences? And how much of a gap is acceptable?

If the restrictions to enter FHO models was lifted and physicians could choose their preferred payment model, would all FHG physicians then choose to enter into a FHO? If the answer is “no”, then why not? Therein lies the difference between the FHO and FHG contracts, obligations, and risks.