



**PERSONAL AND CONFIDENTIAL  
VIA COURIER**

**APR 19 2017**

s.21

File: Extra Billing<sup>s.21</sup> 1083744

**Attention:** <sup>s.21</sup>

Dear <sup>s.21</sup>

As you are aware from previous correspondence delivered to your clinic from the Audit and Inspection Committee of the Medical Services Commission, the Commission has authorized an on-site audit of<sup>s.21</sup> You were also contacted by the Billing Integrity Program of the Ministry of Health, informing you that the audit team would be contacting you to arrange dates and to discuss the audit process, documentation required and other matters related to the audit.

Please be informed that the Commission has requested the Billing Integrity Program to proceed with the on-site portion of the audit, which will be scheduled to begin in June 2017.

You can contact Evan Machin, Director, Billing Integrity Program at 250 952-1824 should you have any questions regarding the planned audit.

Sincerely,

Dr. Robert Halpenny  
Chair  
Medical Services Commission



## Tracking Details

### Shipment Status



#### Package Status

Package Tracking Number: **s.21**



**Delivered**

Thursday, April 20, 2017 9:07 a.m.

Received By: **s.22**  
**s.22**

#### Shipment Summary

| Tracking #  | Deliver By   | Status    |
|-------------|--------------|-----------|
| <b>s.21</b> | Apr 20, 2017 | Delivered |

Packages 1 to 1 of 1

|                      |                            |      |                                       |
|----------------------|----------------------------|------|---------------------------------------|
| Service              | Purolator Express Envelope | From | 1515 BLANSHARD ST<br>Victoria, BC, CA |
| Est. Shipment Weight | 1 lb.                      | To   | <b>s.21</b>                           |
| Shipment Date        | Apr 19, 2017               |      |                                       |
| References           | 1083744                    |      |                                       |

#### History

| Date         | Local Time | City         | Description  |
|--------------|------------|--------------|--|
| Apr 20, 2017 | 9:07 a.m.  | <b>s.21</b>  | Shipment delivered to <b>s.21</b> at <b>s.21</b>   |
| Apr 20, 2017 | 7:43 a.m.  |              | On vehicle for delivery  |
| Apr 20, 2017 | 3:28 a.m.  |              | Arrived at sort facility   |
| Apr 19, 2017 | 4:40 p.m.  | Victoria, BC | Arrived at sort facility   |
| Apr 19, 2017 | 3:25 p.m.  | Victoria, BC | Picked up by Purolator from MIN HEALTH (BILLING INTEGRITY) at 1515 BLANSHARD ST VICTORIA V8W3C8 BC |
| Apr 19, 2017 | 2:13 p.m.  | Purolator    | Shipping label created with reference(s): 1083744  |



MAY 12 2017

**PERSONAL AND CONFIDENTIAL  
VIA COURIER**

s.21

1084520

s.21

Dear s.21

As you are aware from previous correspondence delivered to your clinic from the Audit and Inspection Committee of the Medical Services Commission, the Commission has authorized an on-site audit of s.21. You were also contacted by the Billing Integrity Program of the Ministry of Health, informing you that the audit team would be contacting you to arrange dates and to discuss the audit process, documentation required and other matters related to the audit.

Please be informed that the Commission has requested the Billing Integrity Program to proceed with the on-site portion of the audit, which will be scheduled to begin in July 2017.

You can contact Evan Machin, Director, Billing Integrity Program at 250 952-1824 should you have any questions regarding the planned audit.

Sincerely,

Dr. Robert Halpenny  
Chair  
Medical Services Commission



## Tracking Details

## Shipment Status

Shipment Created

Picked Up

In Transit

Delivered

## Package Status

Package Tracking Number: **s.21**

Delivered

Monday, May 15, 2017 9:21

Received By: **s.22****s.22**

Service Purolator Express  
Envelope  
Est. Shipment Weight 1 lb.  
Shipment Date May 12, 2017  
References 1084520

From 1515 BLANSHARD ST  
Victoria, BC, CA  
To **s.21**

## Shipment Summary

| Tracking #  | Deliver By   | Status    |
|-------------|--------------|-----------|
| <b>s.21</b> | May 15, 2017 | Delivered |

Packages 1 to 1 of 1

## History

| Date         | Local Time | City         | Description  |
|--------------|------------|--------------|--|
| May 15, 2017 | 9:21       | <b>s.21</b>  | Shipment delivered to <b>s.21</b> at <b>s.21</b>   |
| May 15, 2017 | 8:13       |              | On vehicle for delivery  |
| May 15, 2017 | 6:27       |              | Arrived at sort facility   |
| May 12, 2017 | 16:52      | Victoria, BC | Arrived at sort facility   |
| May 12, 2017 | 15:06      | Victoria, BC | Picked up by Purolator from MIN HEALTH (BILLING INTEGRITY) at 1515 BLANSHARD ST VICTORIA V8W3C8 BC |



MAY 12 2017

PERSONAL AND CONFIDENTIAL  
VIA COURIER

s.21

1084538

s.21

Dear s.21

As you are aware from previous correspondence delivered to your clinic from the Audit and Inspection Committee of the Medical Services Commission, the Commission has authorized an on-site audit of s.21. You were also contacted by the Billing Integrity Program of the Ministry of Health, informing you that the audit team would be contacting you to arrange dates and to discuss the audit process, documentation required and other matters related to the audit.

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Sincerely,

Dr. Robert Halpenny  
Chair  
Medical Services Commission



## Tracking Details

## Shipment Status

Shipment Created

Picked Up

In Transit

Delivered

## Package Status

Package Tracking Number: **s.21****Delivered****Monday, May 15, 2017 9:18**

Signature not required

|                      |                            |
|----------------------|----------------------------|
| Service              | Purolator Express Envelope |
| Est. Shipment Weight | 1 lb.                      |
| Shipment Date        | May 12, 2017               |
| References           | 1084538                    |

|      |                                       |
|------|---------------------------------------|
| From | 1515 BLANSHARD ST<br>Victoria, BC, CA |
| To   | <b>s.21</b>                           |

## Shipment Summary

|             |              |           |
|-------------|--------------|-----------|
| Tracking #  | Deliver By   | Status    |
| <b>s.21</b> | May 15, 2017 | Delivered |

Packages 1 to 1 of 1

## History

| Date         | Local Time | City         | Description   |
|--------------|------------|--------------|---|
| May 15, 2017 | 9:18       | <b>s.21</b>  | Shipment delivered at: RECEPTION of <b>s.21</b>   |
| May 15, 2017 | 6:26       |              | On vehicle for delivery   |
| May 13, 2017 | 4:16       |              | Arrived at sort facility  |
| May 13, 2017 | 3:43       |              | Arrived at sort facility  |
| May 12, 2017 | 16:52      | Victoria, BC | Arrived at sort facility  |
| May 12, 2017 | 15:06      | Victoria, BC | Picked up by Purolator from MIN HEALTH (BILLING INTEGRITY at 1515 BLANSHARD ST VICTORIA V8W3C8 BC |



## **Project Terms of Reference**

### **Audit of Extra-billing and User Charges Occurring in British Columbia**

The following are the terms of reference (ToR) under which the British Columbia Ministry of Health (BC) agrees to undertake an audit project to determine the extent and nature of patient extra-billing and user charges (EBUC) levied by physicians and private clinics for publicly insured services in BC. Health Canada (HC) will collaborate with BC on the project under mutually agreed upon terms as outlined below. However, the primary responsibility for undertaking and delivering the project rests with BC.

#### **1.0 Context**

The practice of providers and clinics levying charges on patients for publicly insured services in BC has been an issue of long-standing concern. Such charges run counter to both the *Canada Health Act* (CHA) and the *BC Medicare Protection Act* (MPA). While BC has reported to HC each year on such charges, as required by the CHA, the accuracy of the reports has been questioned by HC.

Following an exchange of correspondence between the Health Ministers of Canada and BC in 2016, it was ultimately agreed that efforts should be made to determine more accurately the extent of extra-billing and user charges in BC. This agreement was confirmed in a letter signed by the Health and Finance Ministers representing BC and Canada on March 19<sup>th</sup>, 2017, and is attached as Appendix A.

s.16

#### **2.0 Audit Project Objective**

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### **3.0    Process**

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The Project Objectives will be achieved through the following actions:

#### **3.1    Audit Approach Validation**

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#### **3.2    Clinic Audits**

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s.16

### 3.3 Audit Project Final Report

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### 3.4 High Level Analysis

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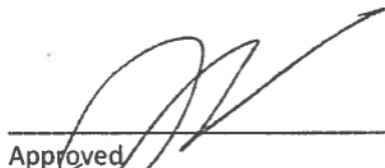
## Appendix B.

### 4.0 Resource Requirements

BC will be responsible for all costs associated with the project, with the exception of HC staffing and travel costs.

5.0 Extra-billing and User Charges Report 2015-2016

s.16

  
\_\_\_\_\_  
Approved  
Stephen Brown  
Deputy Minister, BC Ministry of Health

April 7, 2017.  
\_\_\_\_\_  
Date Signed

  
\_\_\_\_\_  
Approved  
Simon Kennedy  
Deputy Minister, Health Canada

April 7, 2017  
\_\_\_\_\_  
Date Signed

**Attachments:**

Appendix A: Final Letter of Agreement signed by BC and Canada

Appendix B: s.21

Appendix C:

Appendix D: Sample Terms of Reference (ToR) for the clinic audits s.21

Appendix E: High level analysis

Letter of Agreement - Canada and British Columbia  
Canada Health Act – Extra-Billing and User Charges in British Columbia  
March 18, 2017

The Governments of Canada and British Columbia believe that British Columbians must have equitable access to the health care they need, when they need it. s.16

s.16 Our governments share the same goals, as codified in the Canada Health Act and the Medicare Protection Act, and we recognize the need for better information on which to base actions to support these goals.

Systems that permit patients to pay out of pocket for publicly insured services undermine a fundamental value of health care for Canadians – that is, that access to health care should be based on patient need, rather than the willingness or ability of patients to pay.

The *Canada Health Act* came into being because of the concern that the growing prevalence of payment at the point of service was undermining Canada's system of universal access to care based on health need, not ability or preparedness to pay. In the years following the coming into force of the *Canada Health Act*, every province and territory in Canada, including British Columbia (BC), adopted legislation which mirrored the principles of the *Canada Health Act* (CHA) and set out the operating parameters for their respective provincial-territorial health insurance schemes. In BC, this legislation is the Medicare Protection Act (MPA). This approach has stood the test of time, and all provinces strive to manage their public health insurance schemes in full compliance with the requirements of the *Canada Health Act*.

The *Canada Health Act* requires that deductions to the Canada Health Transfer (CHT) be taken each year for extra-billing and user charges occurring in the Province. s.16

s.16 An audit conducted under the authority of the BC Medical Services Plan of practices at two clinics during 2010 and 2011 provided some insight into the extent of such charges in the province. It is not known whether the findings from the audit of the two clinics are representative of other clinics in the Province.

As a result of the Medical Service's Commission's decision to audit, the clinics launched a legal challenge to the constitutionality of the MPA prohibitions on extra billing and this litigation is currently before the courts. This is the first legal case of its kind in Canada and could have consequences for all Provinces. BC is vigorously defending the principles of the MPA/CHA, and the Federal Government has received intervener status to support the Province in this case.

s.16

s.16  
s.16

The Government of Canada's approach to *Canada Health Act* is not to exercise its authority for the purpose of making deductions to health transfers to provinces. Rather, it is to use it to help ensure that all

Canadians have access to medically necessary physician and hospital services on uniform terms and conditions where health need is the sole determinant of access to care.

With the above context in mind, the following actions are agreed to by the governments of BC and Canada:

s.16

3. BC agrees to continue to move forward with the audits of individual clinics (e.g. s.21  
s.21


4. The costs of the audit will be covered by BC.

5. BC agrees to review its communications strategy to identify opportunities to improve public awareness and understanding of extra billing, including how the public can report cases of extra billing.

s.16

Signed by:

On behalf of Canada

  
Minister of Health

On behalf of Canada

  
Minister of Finance

Date:

On behalf of British Columbia

*Shake*  
Minister of Health

On behalf of British Columbia

  
Minister of Finance

Date: March 19, 2017



Page 15 to/à Page 16

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s.21





## MINISTRY OF HEALTH - AUDIT AND INVESTIGATIONS BRANCH

### TERMS OF REFERENCE

**Cliff #:** 1082749  
**Prepared For:** Manjit Sidhu, Assistant Deputy Minister  
**Audit Project:** s.21  
**Audit Period:** April 1, 2015, to March 31, 2017  
**Audit Team:** Medical Inspector, Project Manager, and Senior Auditor

#### **Background:**

s.21

#### **Issue:**

There is concern that s.21 may be privately charging people either for a benefit under the *Medicare Protection Act (the Act)* or for the matters in relation to a benefit. *The Act* prohibits medical practitioners from extra billing beneficiaries for a benefit, or for materials, consultations, procedures, facility use, or for any other matters that relate to the rendering of a benefit. These limitations are found under part 4, subsection 17 and 18 of *the Act*.

In 2008, the Medical Service Commission (the Commission) referred s.21 to the Audit and Inspection Committee (AIC) and they notified FCSC of their intent to audit. The Commission Chair issued an audit reminder in March 2013, to s.21 and its practitioners.

#### **Audit Purpose:**

The purpose of the audit is to establish whether beneficiaries were charged for, or in relation to a benefit, where it is not permitted under *the Act* or the Regulations. The clinic is required to comply under part 7, section 36 of *the Act*.

#### **Audit Scope:**

The audit will cover all privately paid services received by people at the s.21 (excluding third party payers) during the two year period of April 1, 2015, to March 31, 2017.

#### **Audit Objective:**

To identify services privately rendered at s.21 where the services are deemed medically necessary, and the beneficiary was charged for, or in relation to, the benefit under *the Act*.

## **Audit Approach:**

### **PHASE 1 – AUDIT PLANINNG AND PREP WORK**

s.15,s.21

### **PHASE 2 – FIELD WORK**

1. The on-site work will take place at s.15,s.21  
s.15,s.21

**PHASE 3 – REPORTING AND FOLLOW-UP**

s.15,s.21

**Governance and Accountability:**

Ongoing status reports will be provided to the Ministry and the Commission. A final report on the Audit and Investigation Branch's findings, with any relevant recommendations, will be provided for consideration.

**Timelines:**

Planning work has commenced. Conduct of the audit fieldwork will occur in June and July. The final audit report will be complete and presented in November 2017. A detailed timeline is outlined in Appendix A.



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**Approved/Not Approved**  
Marie Thelisma  
Executive Director

April 4, 2017

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Date Signed



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**Approved/Not Approved**  
Manjit Sidhu  
Assistant Deputy Minister

April 4, 2017

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Date Signed

Appendix A- Timeline

| Activity                                 | Date                           | Notes |
|--|--------------------------------|-------|
| <i>Phase 1 - Planning</i><br>s.15,s.21   | <i>April – June 2017</i>       |       |
| <i>Phase 2 – Field Work</i><br>s.15,s.21 | <i>June – September 2017</i>   |       |
| <i>Phase 3 - Reporting</i><br>s.15,s.21  | <i>October – November 2017</i> |       |
| Notes:<br>s.15,s.21                      |                                |       |

## High Level Analysis

### Rationale

Conduct analysis using Medical Services Plan (MSP) data to identify physicians who may be involved with extra-billing.

### Method

This analysis will be done in a two-stage approach, to assess extra-billing for specific surgeries/procedures performed by physicians.

s.15,s.21

Page 23

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s.15;s.21