



Equitable and Fair Remuneration for Family Physicians

Family physicians in Canada are not receiving fair pay commensurate with their education and training and their role supporting an efficient health care system. They make less than physicians in all other specialties¹ and, compared to before the COVID-19 pandemic, most report stagnate or reduced revenues despite working longer hours.² Family doctors are burnt out³ and in short supply,⁴ and a smaller proportion of Canadian medical graduates are ranking family medicine as their top choice.⁵

Family doctors are the backbone of Canada's health care system—family practice should be financially appealing and sustainable. A greater supply of family doctors is associated with fewer preventable deaths and hospitalizations, and patients with a family doctor consistently show better health outcomes across a variety of critical indicators.⁶ An additional 10 primary care physicians per 100,000 population can reduce cardiovascular, cancer, and respiratory mortality by up to 1.4 per cent.⁷ That same increase in primary care physicians can also result in an increased average life expectancy (plus 52 days) that is even greater than that of other specialists (plus 19 days).⁷

Fee-for-service unsustainable during significant changes in practice patterns

Family practice pattern changes (such as a shift to telemedicine during the COVID-19 pandemic) can lead to a significant reduction in average family physician income, ranging from 27 per cent to 78 per cent. This highlights the potential volatility of fee-for-service that community-based family physician practices can experience.

Investing in fair physician remuneration that incentivizes team-based practice and complexity of care is among of the top recommendations⁸ by the College of Family Physicians of Canada (CFPC) to reform and support family medicine in Canada. This, in conjunction with the other proposals, will help retain existing family physicians and increase the appeal of family medicine among medical graduates, ensuring more people in Canada have access to the trusted medical expertise of a family doctor.

How family physicians are paid matters

Types of payment

Though most family physicians in Canada receive clinical payments through fee-for-service,⁹ there is a variety of payment methods across the country:

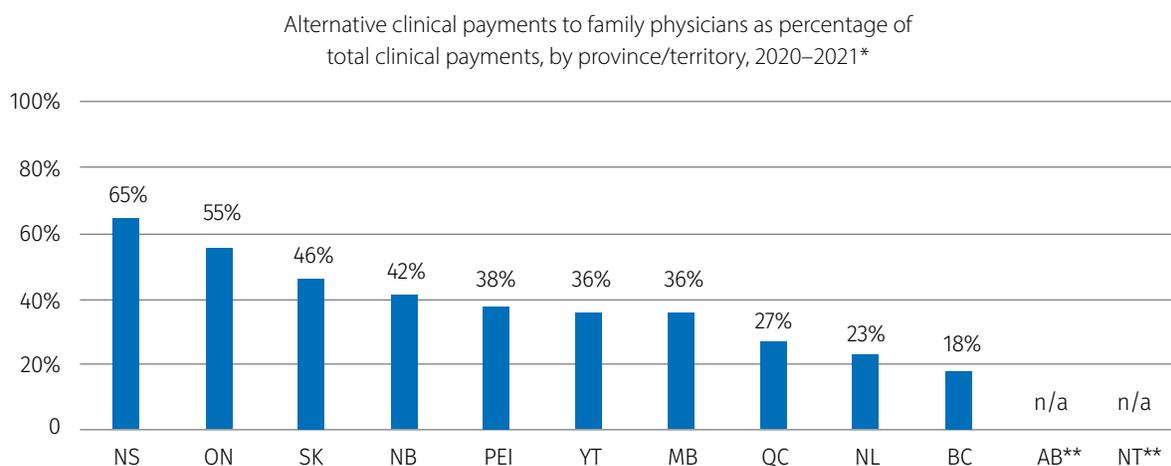
- **Fee-for-service:** Reimbursement for each individual service
- **Salary:** Based on units of time, paid in regular instalments, and often accompanied by a contract stipulating practice responsibilities and privileges
- **Capitation:** A fixed payment per patient enrolled in the practice, regardless of service use
- **Blended payments:** Also known as block fees, combines elements of fee-for-service and capitation
- **Alternative payment programs:** Non-fee-for-service remuneration options, these models provide flexibility and support for family physicians, ensuring the delivery of comprehensive and patient-centred health care services¹⁰

Alternative payment programs versus fee-for-service

Alternative payment programs offer advantages over traditional fee-for-service models through promoting enhanced patient care and overall practice sustainability.^{10,11,12} Alternative payment programs can provide stability and predictable income for physicians, allowing them to focus more on patient needs and preventive care. These programs often emphasize teamwork and collaborative care, fostering better coordination among health care providers, which align well with the CFPC's [Patient's Medical Home vision](#).¹³

As a percentage of total clinical payments to family physicians, variation exists across Canada (see **Figure 1**) with Nova Scotia reporting 65 per cent of all payments being alternative clinical payments and British Columbia reporting 18 per cent. This indicates that potential exists to implement more alternative payment programs as team-based care centred on the CFPC's [Patient's Medical Home vision](#) grows across the country.^{14,15,16,17}

Figure 1. Alternative payments to family physicians in Canada occur in different proportions across the country



*Produced using data from the Canadian Institute for Health Information. *National Physician Database — Payments Data, 2020–2021*. Ottawa, ON: Canadian Institute for Health Information; 2022.

**n/r = not reported for Alberta or Northwest Territories to the National Physician Database.

Alternative payment model welcomed by family physicians in British Columbia

The Longitudinal Family Physician (LFP) Payment Model¹⁸ was launched in 2023 in British Columbia to support and enhance primary care services provided by family physicians. Developed by the BC Ministry of Health in consultation with BC Family Doctors and Doctors of BC, this alternative to the fee-for-service model supports family physicians who practise longitudinal family medicine by compensating for time, patient interactions, and the number and complexity of patients in their practice.

Under this new payment model the average family physician in British Columbia is expected to see a raise from about \$250,000 to around \$385,000 per year.¹⁹ The LFP model also helps close the gap between family physicians and hospitalists in the province.

Hospitalists, who have the same training as family physicians, are paid close to \$300,000 per year, but without the \$80,000 to \$85,000 it costs British Columbian family physicians to run a practice.²⁰

The LFP Payment Model rolled out on February 1, 2023, and within the first five weeks 160 more family doctors were added to the new model and are now practising full scope, comprehensive care (half of whom switched from other areas of medicine, such as hospital-based work).^{19,21} As of July 2023, about 65 per cent of family doctors in the province switched to the new payment model,²² indicating a desire by family physicians to be paid differently. Both Manitoba^{23,24} and Nova Scotia^{25,26} have followed up with similar programs in their recent physician service agreements, which sets a hopeful example to be followed by other provinces and territories to improve the sustainability and appeal of family practice.

How much family physicians are paid matters

How pay differs matters

Income influences medical graduates' first choice discipline

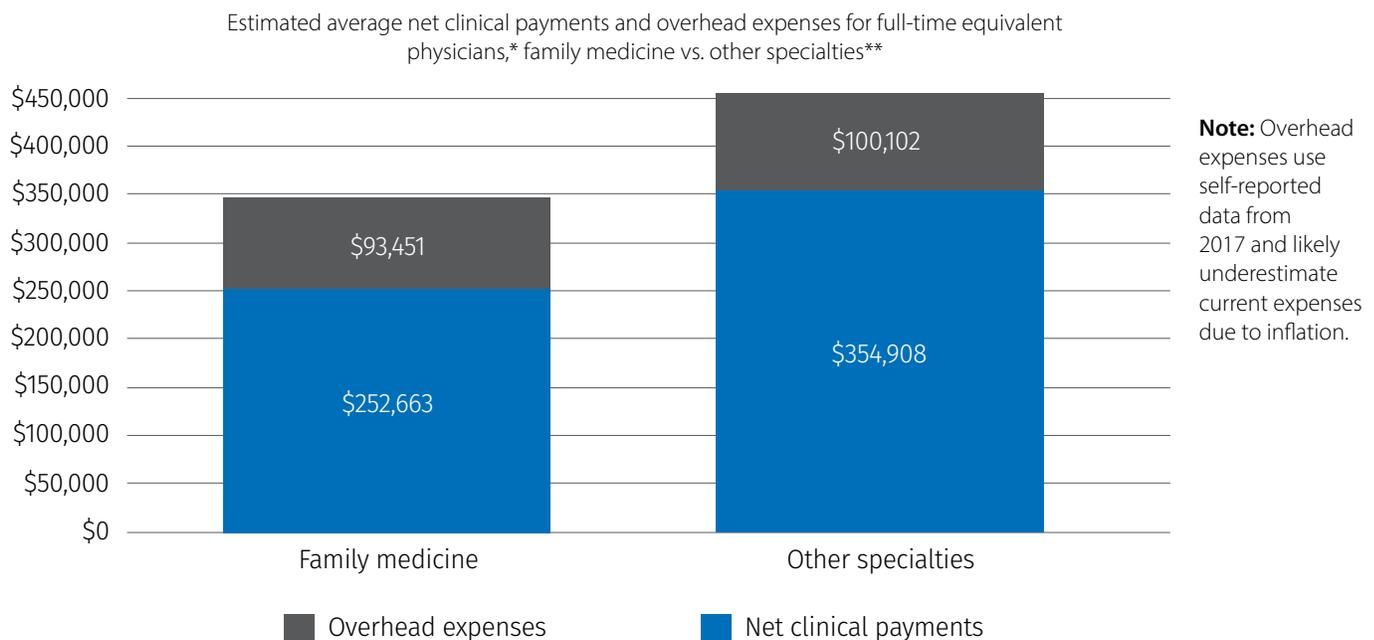
Though many factors influence medical graduates' discipline choices, over three quarters of medical graduates report that income potential is somewhat or very influential when selecting their first-choice discipline.²⁷ The median amount of debt related to medical studies in Canada is \$90,000, with one in eight medical students reporting debt of \$200,000 or more.²⁸ High medical student debt plays a role in driving students to higher paying medical specialties.²⁹ Given that family physicians are on average paid less than physicians in all other medical specialties in all other provinces and territories,³⁰ increasing remuneration for family medicine should be considered a necessary action to help improve the appeal of family medicine to medical graduates.

Pay disparity between family medicine and all other specialties is exacerbated by overhead expenses

In addition to being paid less than other specialties family physicians have reported, on average, spending a greater proportion of their income on overhead expenses (see **Figure 2**). This can include staff salaries, leases/rent/mortgage, equipment leasing/rental, etc., given that many family physicians run small businesses. As of 2017, average reported overhead expense was 27 per cent for family physicians and 22 per cent for other specialties.³¹

These are underestimates of overhead expenses given recent inflation. According to more recent information from Doctors of BC, for example, overhead cost for family physicians in British Columbia is 35 per cent of their income.³² According to the Alberta Medical Association, approximately 40 per cent of physician billings go directly to covering business expenses (in some cases, as high as 75 per cent).³³ For full-time family physicians in Alberta this results in take-home pay of about \$258,000 (before taxes) with about \$146,000 spent on business expenses. For expensive cities such as Toronto and Vancouver, those practice expenses can be prohibitive and result in low take-home pay.^{34,35}

Figure 2. Physicians who specialize in family medicine in Canada make on average 71 per cent of net income compared with all other specialties.



*Net clinical payments = Average gross full-time equivalent clinical payment, family medicine 2021 – calculated average reported overhead expenses for 2017

** Produced using data from: Canadian Institute for Health Information. *National Physician Database — Payments Data, 2020–2021*. Ottawa, ON: Canadian Institute for Health Information; 2022; Canadian Medical Association. *CMA Physician Workforce Survey, 2017. National Results by FP/GP or Other Specialist, Gender, Age, and Province/Territory* [slides]. Accessed July 4, 2023.

Policy recommendations

The CFPC released a [policy proposal package](#) in 2023 to help reform family practice in Canada, including recommendations for provincial and territorial governments to **invest in fair physician remuneration that incentivizes team-based practice and complexity of care**⁸:

- Facilitate the transition from fee-for-service to blended capitation by investing in capitation-based payment programs that compensate family physicians for their full range of tasks and services (including administration and paperwork) and encourage team-based care
- Increase the appeal and sustainability of comprehensive community-based family medicine by ensuring fair and competitive remuneration for family physicians as an appropriate incentive to enter and remain in comprehensive community-based family practice

The recent [federal investment in health](#) provides an excellent opportunity to bolster funding directed toward family medicine. As provinces and territories develop health action plans through the bilateral agreements signed with the federal government, changes to family physician remuneration must result in a sustainable and appealing career choice in family medicine. These changes are urgently needed to lend the required support to family doctors who continue to serve as the foundation of Canada's health care system.



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