
Update on Third-Party Delivery of Surgical and Diagnostic Services Saskatchewan Surgical Initiative

ISSUE:

- The government has introduced third-party delivery of insured outpatient surgery and specialized diagnostics as part of the Saskatchewan Surgical Initiative.

KEY MESSAGES:

- The government has introduced an ambitious plan to improve surgical care in Saskatchewan. One of the plan's innovative strategies is the use of third-party outpatient surgery and specialized diagnostics, such as CT scans.
- Third party surgical and CT services will be performed through the publicly funded and administered system. Patients will pay no fee; they will be referred through the health region and will not be able to "jump the queue".
- Third party delivery within a publicly funded and administered system is not new in Saskatchewan. We have had private ambulance services, laboratories, x-rays and long term care facilities for many years.
- We are expanding both public and private capacity in order to reduce surgical wait times. Third party cases will represent a small percentage of the total surgeries and diagnostic tests performed in the province each year.
- This is another way to put patients first. It supports our efforts to reduce surgical wait times.

BACKGROUND:

Public-Private Service Volume Comparison

- The government is expanding both public and privately delivered surgical and diagnostic capacity in order to reduce patient waits.
- The vast majority of surgical and diagnostic procedures will continue to be provided through the publicly delivered system.
 - Approximately 78,000 surgeries will be performed in Saskatchewan this year. Of those approximately 700 (or less than 1%) will be delivered by the Omni and SurgiCentre facilities.

- There were approximately 146,000 CT scans performed in Saskatchewan in 2009-10. (Annual volumes for 2010-11 are not currently available.) When we look at adding 15,000 scans per year through the Regina CT contract and adding more publicly delivered CT capacity in Melfort, the third party share of CT services will represent less than 10 per cent of the total capacity.

Current Surgical Contracts – Omni and SurgiCentre

- RQHR entered into a sole source agreement with Omni Surgery Centre for the period August 2010 to March 2011. SktnHR entered into a similar agreement, but for different procedures, with Saskatoon SurgiCentre for the period October 2010 to March 2011.
- It is anticipated that Omni and SurgiCentre will each perform approximately 350 procedures, for a total of 700 during 2010-11. As of December 31, 2010, Omni had performed 171; SurgiCentre had performed 157.
- RQHR and SktnHR extended the contracts of Omni and SurgiCentre until the end of September 2011. This will ensure there is no gap in services prior to the completion of the RFP process and awarding of a new contract. Consideration is also being given to expand the types of services to include during the extension period.

Request for Proposals (RFP) for Future Surgical Services -

- The RQHR and SktnHR issued RFPs on January 17 for longer-term third party surgical services contracts beginning in 2011-12. The deadline for submitting proposals was February 14 and the regions are assessing the proposals.
- RQHR requested proposals for up to 2,390 procedures annually in the following surgical services: Ear Nose Throat; Gynecology; Orthopedics; and Dental. The contract period is for September 1, 2011 to December 31, 2013, with an option to renew for up to two years. The period of the RQHR third-party contracts are constrained by an arbitrator's ruling.
- SaskatoonHR requested requesting proposals for up to 7,850 procedures in the following surgical services: Ear Nose Throat; Orthopedics; Dental; and Cataracts. The contract period begins October 1, 2011 for a period of three years, with an option to renew for up to two years. Note: Saskatoon deliberately invited proposals for a broad range of services, including large numbers of dental and cataract cases, in order to determine market interest, but has not committed to enter contracts for the full volume of cases. Third party cases must be delivered within the Region's funding and surgical volume targets.
- The number of procedures that will be delivered under these RFPs will not be known until the RHAs issue their contracts. The successful vendors must be licensed under the *Health Facilities Licensing Act* before commencing service.

RQHR CT Contract -

- On January 12, 2011 the RQHR announced that a CT contract has been awarded to Radiology Associates of Regina (RAR) through an RFP process. The contract is for 32 months for the period May 1, 2011 to December 31, 2013, with a possible extension of one (1) or two (2) years.
- The province will provide funding based on the number of CT exams provided. RQHR expects RAR to provide about 42,500 scans over the length of the contract. This equates to about 17,000 additional scans annually – 23 per cent more than the region can currently complete.

RQHR-CUPE Arbitration -

- The Canadian Union of Public Employees (CUPE) took the RQHR to arbitration, claiming plans to use private surgical and CT facilities violated the contracting out provision of its collective agreement.
- The contract states contracting out shall not occur unless the employer can establish it will “significantly increase the cost effectiveness and maintain the quality of health services provided”.
- Arbitration hearings were conducted in September and a ruling from the arbitrator followed. The arbitrator ruled as follows:
 - “For the foregoing reasons, I find the Employer has not demonstrated that the third party contracts are less costly than doing the work in-house. However, I find that the meaning of “cost-effectiveness” in Article 6.02 can be more broadly interpreted to take into account the particular context within which the third party contracting is occurring – that context includes externally imposed targets for increased procedures and limited ability to increase capacity in the short term to medium term. The result is that I find that the third party contract in place (the OMNI contract) and those contemplated can be utilized to no later than the end of 2013 to eliminate backlogs”.

General -

- The Saskatchewan Surgical Initiative plan, entitled *Sooner, Safer, Smarter: A Plan to Transform the Surgical Patient Experience* included a commitment to deliver out-patient surgery and Diagnostic Imaging (CT/MRI) scans through the publicly funded and administered system.
- The Ministry developed a policy framework for the delivery of third party surgical and specialized diagnostic services. The framework is posted on the public website at: <http://www.health.gov.sk.ca/saskatchewan-surgical-initiative>. Costing frameworks are posted on the public website at www.health.gov.sk.ca/third-party

- Under the *The Health Facilities Licensing Act*, all private surgical, CT and MRI facilities must be licensed under the Act. An application is reviewed by the College of Physicians and Surgeons which advises the Minister whether the health facility conforms to the standards of the College's accreditation program. An application is also reviewed by the regional health authority of the health region in which the facility is located.

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