



Remuneration models: Finding the best fit

Best Advice Guide: Quick Reference

How physicians are paid is a key component of the health system. Remuneration can encourage certain behaviours, and influence patient outcomes. Depending on the practice jurisdiction, different compensation models are used.

The most common models and payment mechanisms in Canada include:

- **Fee-for-service (FFS):** Physicians are paid by the insurer (the government) per service rendered (eg, office visit, procedure, etc.).
- **Salary:** Physicians receive a wage, similar to other workers, often based on units of time, and paid in regular instalments.
- **Capitation:** Physicians receive a set fee for each patient on their roster (assigned patient panel), which may be adjusted by age, sex, morbidity, or other modifiers.
- **Mixed/blended models:** Payment arrangements are available through different model combinations, including capitation, FFS, and salary.



This or that: Which model works best to meet your community needs?

- **Chronic care management:** Practices that emphasize chronic care management (CCM), would benefit most from a **capitation-based** model. FFS models with complex care codes can also assist. Salary can assist alternative care options.
- **Complex and vulnerable populations:** Physicians delivering health care under **salary** tend to accept more complex patients, such as low-income patients.
- **Health promotion and preventive care:** Models that promote interdisciplinary teamwork, such as **salary and capitation**, may work best to increase collaboration between physicians and other health care providers.
- **High activity clinics:** When the goals are quantity of care and risk acceptance, the **FFS model** may work best, as it encourages patient acceptance and increased service production.
- **Recruitment and retention/low population density:** **Salaries** offer family physicians a stable and predictable income for those looking to reside in northern, rural, or remote settings, with many salary contracts also offering additional benefits.
- **Achieving multiple goals:** Many practices will need to meet more than one of these needs. The mixed structure of **blended payment methods** is designed to combine the advantages of multiple remuneration types into one funding model.



For more information on how remuneration models affect practice outcomes in the **Patient's Medical Home**, and for resources available to you, refer to **Best Advice: Physician Remuneration in a Patient's Medical Home**.