



**To: All unincorporated Medical Staff Associations (MSA)**

## **F.E. SERVICES INC. (FESC)**

### **Introduction**

MSAs who have expressed interest in the Facility Engagement (FE) Initiative are eligible to receive funding for that work. Since MSAs are not legal entities, a structure is required to allow funds to be transferred, to ensure an individual physician is not responsible for the funds, to enable the legal entity to enter into contracts with consultants, assistants and others, and, to ensure liability insurance can be purchased. In the larger sites, MSAs have formed a corporation/society to meet these needs.

Taking into account administrative needs and costs compared to the amount of funding for smaller sites, FESC has been introduced as an alternative to the costly option of incorporation. As a separate legal entity, the purpose of FESC is to hold and transfer funds, enter into service and staffing contracts and limit liability risk to MSA physician executives, while reducing administrative burden and costs. Doctors of BC will no longer process sessional claims and contractor invoices or hold staffing contracts for unincorporated MSAs. The information below provides further information regarding FESC background, administration fees and timelines.

### **Why the FESC Approach?**

Currently, Doctors of BC is processing sessional claims and contractor invoices for unincorporated MSAs; however, it is transitioning out of this role because of the risks of holding staffing contracts for MSAs and losing their member-funded status as a society. After several models were explored, it was determined that setting up a separate legal entity was the best approach for the MSAs. (See information below for further explanation)

### **Director Information**

Cathy Cordell, Dr David Butcher and Dr Stephen Hughes will be serving as directors of FESC. The directors will be responsible for the management of FESC and ensuring the funds are appropriately disbursed and accounted for. The directors will not have a role in overseeing MSA work plans or reviewing their use of funds.



**Accountability**

Local decision-making over the use of FE funds will remain with the MSA and their executives. MSA Executives will continue to hire and direct their contractors’ work (i.e. project managers and coordinators) and approve payments.

The Specialist Services Committee (SSC) retains its role as the provincial oversight body of the FE Initiative. MSAs will report to the SSC on its progress, as required, to receive subsequent annual funding using the same process as incorporated MSAs.

**Administration Fee**

An administrative fee will be charged to participating MSAs to partially cover the cost of the service company. Enkel Backoffice Solutions Inc. (Enkel) are the contracted FESC bookkeepers and will provide general bookkeeping services, process internal operating expenses and suppliers claims, provide payroll processing for up to two employees, provide monthly financial reporting as well as provide audit support.

The administrative fee will also cover FESC director expenses such as sessionals, liability insurance and other legal and financial fees. Please note, fees will not produce a profit but rather will be fully used to cover the aforementioned services.

Administration fees are provided below, based on funding tier. Fees will be pro-rated and deducted by Enkel on a monthly basis from date of onboarding. Fees will be reviewed and adjusted as needed following March 31, 2019.

Funding Tier	Full Funding (Per Annum)	Admin Fee (Per Annum)	Admin Fee (Per Month)	As a Percentage of Funding
Tier I 1.1	\$35,000	\$1,050	\$87.50	3.00%
Tier I 1.2	\$50,000	\$1,500	\$125.00	3.00%
Tier I 1.3	\$65,000	\$1,950	\$162.50	3.00%
Tier II	\$150,000	\$6,000	\$500.00	4.00%
Tier III	\$200,000	\$8,000	\$666.67	4.00%

**Facility Engagement Management System (FEMS) Training**

FEMS is the web-based information system that supports the management, tracking and reporting of engagement activities and fund usage for MSAs. This is a benefit to MSAs, allowing real-time tracking of expenses related to on-going work and more effective budgeting. FEMS training will be provided to MSA Administrators, who will subsequently train their MSA Executives. Training on FEMS will be provided regionally, in person or by webinar to



MSAs starting September 2018. This training will be tailored to the needs of Administrative professionals (e.g. Project Managers, Project Coordinators, Administration Assistants, and Bookkeepers where applicable).

Each training session will take approximately 3 hours during which participants will be provided the opportunity for hands-on experience. An Enkel representative will also be present at the training or via webinar to go through their business process requirements on finances (e.g. submitting supplier invoices, ReceiptBank and financial reports). FEMS and FEMS training for Administrators are provided at no cost to MSAs.

After training and reconciling with DoBC, participating MSAs will use the Facility Engagement Management System (FEMS) to submit sessional claims, manage their budgets, and provide data to the Facility Engagement provincial evaluation team by responding to embedded survey questions. Financial processing with Doctors of BC will cease.

Your Facility Engagement Liaison (FEL) will contact you to schedule your fall 2018 training.

### *Training Timeline*

FEMS training will begin in the second week of September 2018 for participating fully funded MSAs. Site reconciliation must be completed a week prior to training (please note that during this one week training period no invoices or sessional claims will be processed). Once the training is complete, the site will be made operational in FEMS, and they can begin to process their invoices and sessional claims through FEMS. Funding will be sent to the FESC bank account prior to training sessions and will be available as needed.

### **Frequently Asked Questions**

#### 1. Were physicians consulted prior to the SSC making a decision to pursue FESC?

In 2017 and 2018, physicians from 26 MSAs from every health authority region were consulted to gather input on the desired principles for any model that would be implemented.

Physicians identified the following principles to be used to guide decision-making around choosing an appropriate model:

- Ensure preservation of local autonomy for individual MSAs over use of funds and determination of priorities.
- Minimize the degree of administrative burden on local physicians.

- Maximize administrative efficiency and effectiveness by ensuring FE funds are used for their intended purpose(s) rather than supporting burdensome administrative/governance structures and functions.
- Minimize change/disruption from current state.

## 2. Were other models for flowing funds considered?

Other existing structures for effective flow of funds were considered including those used by the Divisions of Family Practice and health authorities. At this time, the SSC has determined that the management of funds will not occur through either the Divisions of Family Practice or health authorities due to the MOU governance requirements of FE funds, constraints associated with the not-for-profit society model, as well as health authorities' limited capacity

and associated risks. Based on the feedback from physicians, the SSC approved creation of a service company as a preferred structure for flowing of funds to unincorporated sites.

## 3. Can MSAs choose to leave FESC after a period of time?

After a year of participation, the requests of MSAs wishing to opt-out from FESC will be reviewed by the SSC on a case-by-case basis to assess alternative viable mechanisms for flowing of funds to MSAs.

## 4. Why was FESC chosen over a hub and spoke not-for-profit society model?

FESC was chosen for of the following main reasons:

- The FESC directors role in this model is limited to managing the business of the company - it does not involve overseeing the work plans of the individual MSAs nor approving their expenditure.
- The administrative costs of FESC is less than a hub and spoke society model.
- There are no requirements for the MSAs to nominate a member for participation in FESC as is required for the hub and spoke society model.
- FESC directors can be paid for their local FE MSA work and for their FESC work. Under the hub and spoke society model, the Societies Act prohibits the majority of physician directors to be paid for their local FE MSA work.

## 5. Who do I contact if I have additional questions?

For additional questions related to FESC, please reach out to your site FEL or [engagement@doctorsofbc.ca](mailto:engagement@doctorsofbc.ca).