

# Offshore energy boom providing opportunities outside medicare's umbrella



## Features

## Chroniques

**Nancy Robb**

### In brief

PHYSICIANS UPSET BY LIMITS imposed by the medicare system are getting a chance to spread their entrepreneurial wings on the East Coast. A boom in offshore exploration, led by Newfoundland's massive Hibernia project, has led to numerous business opportunities for physicians.

### En bref

LES MÉDECINS QUI SE SENTENT frustrés par les contraintes imposées au système de santé peuvent saisir l'occasion de déployer leurs talents d'entrepreneur sur la côte est. Le boom de l'exploration hauturière suscité par le mégaprojet terre-neuvien Hibernia ouvre en effet aux médecins nombre de possibilités d'affaires.

**Nancy Robb is a freelance writer in Halifax.**

CMAJ 1998;159:543-6

**W**hen 4 Halifax doctors formed Atlantic Offshore Medical Associates (AOMA) about 15 years ago, the offshore oil and gas industry on the East Coast seemed a decent bet. And for a while, it was. By the mid-to-late 1980s, the company was providing medical services for 9 offshore rigs.

But this industry has as many ups and downs as the Atlantic, and eventually it took a downturn. "There were times in the early '90s when it was pretty quiet and we put things to rest for about a year," says AOMA administrator Dr. Michael Banks. "But we kept our corporate entity going because we felt business was going to pick up."

It did. AOMA was recently awarded the contract to provide medical services to Sable Offshore Energy Inc., the consortium led by Mobil Oil Canada that is tapping natural gas fields around Sable Island, about 350 km off Nova Scotia's south-east coast.

AOMA will oversee medical services for 160 employees aboard 2 offshore drilling rigs and on support vessels, production platforms, and gas and fractionation plants on shore. It will provide occupational health services and emergency and routine medical coverage.

AOMA and the consortium are still negotiating the 5-year contract, but it will be in the \$1-million range. "This is mostly third-party medicine, so it is paid for by the companies," says Banks, a family physician. Medicare or private insurance plans only come into play when onshore treatment of illness and injury is involved, adds Banks, and "the taxpayer of Nova Scotia really isn't involved in this."

Over the years, Banks, family physicians Art Parsons and Jeff Kirby, and respirologist Jim Holland have had dealings with about a dozen companies and have also done work for seismic vessels and other types of offshore installations. A fifth partner, emergency physician George Kovacs, recently came aboard.

## A way around fee restrictions

Third-party medicine like this is beginning to look attractive to more physicians as rising overhead costs and fee restrictions chip away at their income. But offshore



**Dr. Michael Banks: "We felt business was going to pick up"**

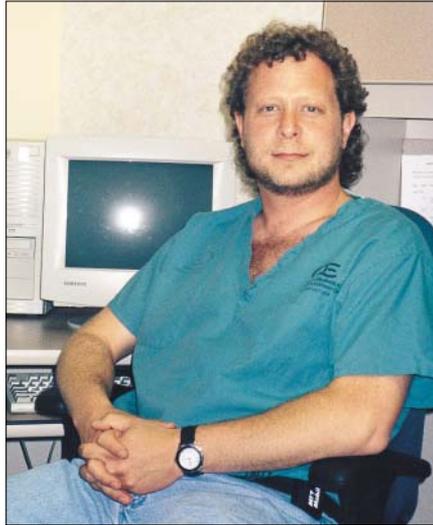


medicine is also “an opportunity to do something a little different,” says Banks, who notes that most of the experience in offshore medicine is found in the North Sea and Atlantic Canada. There is “a chance to set some standards and make a contribution.”

Calgary family doctor Rod Crutcher, the medical adviser to Mobil Oil Canada, says the remoteness of the offshore “adds unique dimensions to the work between physicians and industry. . . . Their clinical decision-making has to be particularly acute and they need to be aware of the environment the workers are in.”

Typically, physicians on land provide ongoing advice by phone to the nurse-medics who staff infirmaries on offshore installations. Crutcher says the physician’s primary function is occupational health. “Occupational medicine is primarily preventive in focus. If the job is done well, that minimizes the need to access the acute care system. We want . . . to en-

sure the health needs of employees are best met so . . . the business needs of a project can go ahead.”



**Dr. George Kovacs: “I’m looking for diversification and alternatives”**

For the Sable project, AOMA has subcontracted emergency call services to PraxES, a new company formed by local emergency physicians (see sidebar). “There are issues regarding making decisions on transport and phone decisions on patient care that really is the daily function of emergency physicians, especially in tertiary care,” says Kovacs, a PraxES member who is coordinating emergency medical services for the Sable project. He says his involvement in AOMA means more than money. “If I wanted to make more money I could just work more shifts, but I’m looking for diversification and alternatives.”

Kovacs carries out rig inspections, develops protocols for offshore medical assistants, organizes personnel for medical evacuations by helicopter and consults on emergency equipment and

## Gas project fuels ER entrepreneurs

The Sable Offshore Energy Project spurred emergency physicians at the Queen Elizabeth II Health Sciences Centre in Halifax to incorporate a company, PraxES, to sell consulting and call services.

Named after a Greek word that refers to excellence in the application of the art of medicine, the company was an unsuccessful competitor for the Sable offshore contract but has been subcontracted to provide emergency call service for the project.

The offshore “is an interesting opportunity,” says Dr. John Ross, a founder. “As an emergency physician working shifts I had to think of life down the pipe. Did I want to be working shifts when I’m 60?”

Since its inception, PraxES has also provided consulting services to hospital emergency departments in Nova Scotia and beyond. Membership in the company, which has a core group of 5 partners, extends to all physicians in the QE II emergency department.

“Because we are a concentrated number of fellow-

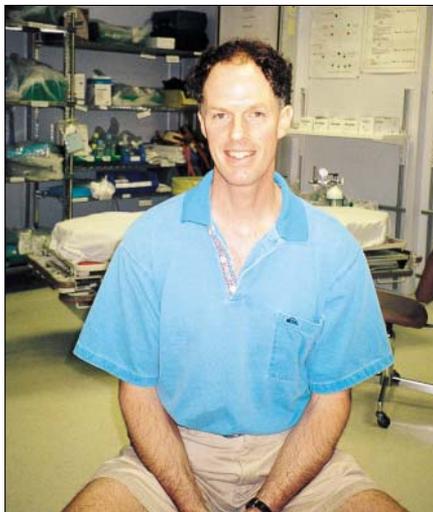
ship-trained physicians,” says Ross, “people on the outside like to have that knowledge.”

However, that “intellectual capital” now comes with a cost. Ross says PraxES physicians grew tired of providing free phone advice to ships in distress or regarding emergency matters outside the realm of medicare. “It’s OK in a collegial sort of way but . . . there comes a time when you say this knowledge is for sale, not for giveaway.”

Ross says much of the income earned from the Sable project will go toward project development, for the company hopes to tap the international telemedicine market. PraxES may, for example, take part in a Dalhousie medical school project with St. Kitts.

The company may also consider providing medical services for international shipping companies. “If you sit in a room in the lotus position and let your mind

wander about the possibilities, the opportunities become almost limitless.”



**Dr. John Ross: limitless opportunities**



## Practising medicine outside medicare isn't for everyone

Doctors should seek professional business advice before they negotiate the complicated terrain surrounding third-party medicine, a St. John's physician warns.

"Too many of our colleagues have been very badly burned and medical training is still very lacking in that regard," says Dr. Ciaran O'Shea. "All sorts of things can cost an arm and a leg, things that most physicians wouldn't think about."

O'Shea should know. His company, Atlantic Offshore Medical Services (AOMS), has been working for the offshore and other industries since the mid-1970s, when it began assessing divers for oil-exploration work. In 1990 O'Shea closed his family practice and said goodbye to fee-for-service life to become a full-time occupational medicine consultant.

AOMS employs 1 other full-time physician and 3 part-time ones, and has designated doctors across Canada. The company's clients include an oil-field consortium, seismic vessels, insurance companies and various levels of government.

But the company's largest project by far was providing medical services during the construction phase of the Hibernia platform at Bull Arm, northwest of St. John's. "That was a colossal project," says O'Shea. "At its peak there were as many as 7000 workers on that site, and that's a major town as far as this province is concerned."

O'Shea and his associates implemented a baseline screening protocol for Hibernia employees and provided routine general and ongoing emergency care, as well as occupational medical services. The project included designing and running a site health centre with 4 acute care beds, nurses and a physician on duty and on call. It provided emergency equipment and ambulance services, and developed procedures, protocols and policy manuals.

"From a business point of view it was a huge challenge," says O'Shea. "It was an extremely difficult [contract] to bid on terms of what the costs were going to be. You had to understand the effects of unionization and where you could lose significantly in terms of salaries, payment burdens and ongoing consumable inventory costs, which were quite extensive. We didn't lose. We sought advice and worked with business professionals."

But Atlantic Offshore Medical Services didn't get to bid on the production phase of the Hibernia project. When the 5-storey platform moved to sea in the spring of 1997, the Offshore Health Sciences Group at the Health Sciences Centre (HSC) in St. John's was providing medical services.

"We were invited to come in to the project by some members of the consortium," says Dr. Carl Robbins, 1 of 5 physicians in the group and the occupational med-

ical adviser on the Hibernia project. "They saw some benefit in us doing it because of our presence in the HSC and our links here."

Robbins, a former ship medical officer, is a professor of family medicine, vice-dean of professional development and chair of telemedicine at the Memorial University medical school. He says the principles of contract negotiations with the Hibernia consortium, led by Mobil Oil Canada, weren't new, although the specifics were.

He and his colleagues have helped recruit the occupational nurses who run the platform infirmary, drafted a policy manual on standards for Hibernia employment and set up treatment protocols. Their responsibilities also include pre-employment assessments, call services and follow-up with treating physicians.

The patient base is sizable. In addition to personnel on support vessels and those who visit Hibernia, 560 employees work 3-week shifts on the platform, 380 km southeast of St. John's. Most of the medical problems seen so far have been routine, but some cases have required evacuation. "We've had a year of experience and the safety record is pretty good," Robbins says. "And frankly, that was the year I was most concerned about because for many workers this is a new experience."

He says nurse-physician consultations, which are typically done by phone, have been augmented by telemedicine. Using examining cameras, the platform nurse can transmit pictures ranging from ear-drum damage to wounds to a monitor at the HSC. "I can look at nurses as they are suturing, so we can go live on video."

Robbins thinks the technology brings employees peace of mind. "It's clearly a point of some reassurance for workers or their families that they're that close to medical resources."

O'Shea, who used telemedicine on an offshore project, acknowledges its public-relations value but questions its benefits during an emergency. He says it's more important to make sure that the nurses stationed on offshore rigs are well trained. Assessing employees is also critical. "The biggest thing people don't understand is the psychological risk of working in a harsh, dangerous, remote environment and closed, confined space. It's not for everybody."

O'Shea was disappointed that medical services for the Hibernia production phase didn't go to tender but he knows that other offshore projects will keep his company busy. "We are diversified. We would never rely on one industry or one corporate entity."

Nor would O'Shea ever consider returning to fee-for-service work. "You don't get paid exceptionally more by doing this, but it's easier dollars."



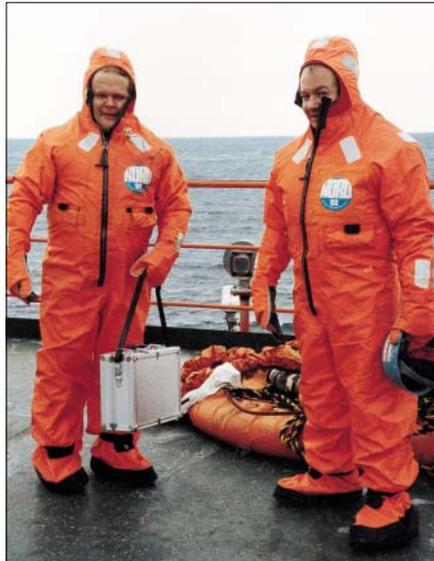
drugs kept in the offshore infirmary. "The rig infirmary can provide the full range of medical care that would be available in any small hospital," he says.

In the case of Sable, that may also include telemedicine. Although Kovacs is a little reluctant to promote it — "we have a tendency to embrace technology before it has been proved that it's needed" — he says telemedicine may help avoid some evacuations, which could reduce both the costs and the risks posed by such travel.

Fortunately, medical emergencies are rare. Banks says AOMA has had its "moments of excitement," including evacuations during thick fog and following a rig explosion. There have also been outbreaks of scabies and influenza.

Banks and AOMA's other original partners are handling Sable's nonurgent calls and case management, as well as occupational health components such as surveillance programs and fitness-to-work exams. Banks says the pre-employment-assessment process associated with the offshore still raises questions, especially in areas where unemployment is high. "Who should be allowed to go out on a rig for 3 weeks at a

time? It's basically isolated, there's a fair amount of stress, and workers need to have the physical capability. If there is a calamity on a rig, everybody relies on everybody else."

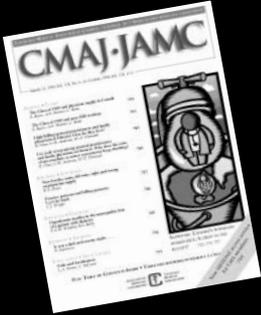


Dr. Ciaran O'Shea (right) and Dr. Henry Manson prepare to leave an exploration rig in the North Atlantic

These issues aren't new to AOMA, which is already looking after one Sable rig and is on contract to a Pan Canadian rig, but the Sable project marked the first time the company had to bid on a contract and deal with a large consortium. "That was a tremendous learning curve for us," says Banks.

Liability-insurance issues proved especially complicated, but Crutcher says that isn't the only challenge facing physicians working in the offshore. "They need to be able to organize their practice to address the needs of the company, and Sable Offshore Energy . . . certainly expects a high level of organizational ability, flexibility and knowledge."

Another issue is the ability to weather lean economic times. "There are times of recession and pull-back," says Crutcher, "and one of the challenges of health providers is to try . . . to be there not only when things are good but also when things are tough." ?



**CMAJ**  
for the best of Canadian medicine

ASSOCIATION  
MÉDICALE  
CANADIENNE



CANADIAN  
MEDICAL  
ASSOCIATION

# CMAJ Index

An index to each volume of *CMAJ* is mailed to paid subscribers and to CMA members who request it from CMA Member Service Centre. Others may order single copies for \$15 (Canadian subscribers add 7% GST/15% HST as applicable) or US\$15

(outside Canada). Starting with volume 152, the index is available online: [www.cma.ca/cmaj](http://www.cma.ca/cmaj)

## CMA Member Service Centre

1867 Alta Vista Dr.  
Ottawa ON K1G 3Y6  
tel 888 855-2555 or 613 731-8610 x2307