

Revisit the 30-Year Old Health Act to Address Looming Crisis

Issue

The Canada Health Act is now more than 30 years old and the impact of changing demographics and funding relationships warrants fundamental change before it is too late.

Background

There is no more ingrained symbol of our national identity than universal health care. The majority of Canadians cannot remember a time when medical care was not intended to be universal, portable, comprehensive, publicly-funded, and accessible.

Times have changed since 1966 when Medicare was conceived and 1984 when it was consolidated under the Canada Health Act (CHA), most notably in the form of an older population and access to new life-saving therapies. The baby boomer cohort is now reaching retirement, promising additional strain on an illness care system that has increased exponentially in cost, now in some cases, representing more than 40% of provincial program expenditures.

Over the past 50 years, the health system in Canada has changed. It is no longer universal, completely comprehensive, nor 100% publicly funded and it is more and more difficult to access on a timely basis. The perennial response to address problems in the system has been to increase funding, a solution that is blatantly unsustainable and threatens the fiscal stability of many provincial/territorial governments.

To achieve sustainability requires that healthcare be affordable in relation to public finances. And affordability is a function of both the price of and demand for services. The price of services is actively managed on our behalf by government, but must be done better. A critical development that should concern both citizens and politicians is the explosion in demand for continuing care of seniors that is inevitable in the coming decades. It is clear that we need to manage access to our healthcare system and deliver services more efficiently.

Further increasing health budgets is not a solution and in fact exacerbates the situation, allowing system managers to avoid the use of efficiency measures. In 2010, the OECD declared that Canada as a whole “wasted” \$40.6 billion of the \$136.9 billion that the public sector spent on health¹. An essential first step to managing patient-flow and costs is the acceptance of accountability measures.

A renewed CHA will need to define and focus on the drivers of increasing health costs and implement measures to manage service usage. For example, a large percentage of emergency room services are employed in providing primary care. One option to improve the appropriate use of services would be to expand access to primary care in community health centres² beyond normal business hours, diverting patients to comparable care at a fraction of the cost. Increasing home care resources could free up hospital beds that are currently occupied by individuals who lack support services.

In support of actively managing system costs, our governments need to recognize that as a nation we are paying some of the highest costs in the world for drugs. For instance, New Zealand has a much smaller population than Canada, but negotiates brand-name drug prices that are about 40 per cent lower and generic drug prices that are 90 per cent lower than Canadian prices because it buys medications as a country. Initiatives such as the Council of the Federation’s Pan-Canadian Pharmaceutical Alliance³ need to be expanded to maximize the benefits available through bulk purchasing.

¹ Organization for Economic Co-operation and Development. “Healthcare Systems: Efficiency and Policy Settings 2010,” http://www.oecd.org/document/39/0,3343,en_2649_33733_46491431_1_1_1_1,00.html.

² Community Health Centres <https://www.aohc.org/community-health-centres>

³ Pan-Canadian Pharmaceutical Alliance Fact Sheet

http://www.canadaspremiers.ca/phocadownload/newsroom_2014/apr3_fact_sheet_pan_canadian.pdf

Governments need to recognize that a solution is required now before the system implodes. We need to fix the public system by employing private sector rigor. Creation of a parallel private system will neither reduce costs nor control demand, only add to inflation and siphon resources from the public system.

Recommendations

That the federal government in partnership with provinces and territories:

1. Renew the Canada Health Act to provide an up-to-date framework that will support a sustainable and modern health system including expanded treatment options, access to private sector services, and the possibility of an income-based health services deductible.
2. Review accountability measures, defined and designed to reduce or eliminate inappropriate or excessive use of health services in the Canadian system. There must, however, be no barrier to access and defined exceptionality to reduce exposure to catastrophic cost.
3. Collaborate on purchasing and regulation to reduce prescription drug costs in an effort to ensure that all patients can benefit from the full therapeutic effects of pharmaceutical treatment, irrespective of income levels or province/territory of residence.