

## **Reform of Alberta's Health Care System**

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Alberta's publicly-funded health care system is integral to the Alberta Advantage and the competitiveness of business. Employees and their families need timely and efficient ways to access the system. However, over the past decade or more the system has increasingly not met the needs of Albertans within a reasonable time frame.

With an aging population and advances in health care technology, governments have struggled to meet demand. Wait lists have grown. The situation has reached a crisis state, as noted in the landmark Supreme Court of Canada case in June 2005. The following excerpt summarizes the seriousness of the current situation:

"The evidence in this case shows that delays in the public health care system are widespread, and that, in some serious cases, patients die as a result of waiting lists for public health care. The evidence also demonstrates that the prohibition against private health insurance and its consequence of denying people vital health care result in physical and psychological suffering that meets a threshold test of seriousness." (Supreme Court of Canada, *Chaoulli vs. Quebec*, June 9, 2005).

Following from the *Chaoulli* decision, in September 2006, Calgary Bill Murray launched a similar charter lawsuit that challenges Alberta's ban on private health insurance. Murray was denied the opportunity to receive a Birmingham hip replacement due to his age and ended up going out of the province for one of his two surgeries, paying for the procedure out of his own pocket. Alberta is one of six provinces that do not allow private insurance for publicly-funded services.

Along with these landmark cases, public dissatisfaction with the health care system has grown. Both levels of government have acted to increase funding. According to research from the Alberta Chambers of Commerce and Certified General Accountants Association of Alberta (*Vision 20/20 Demographic Impacts on Alberta's Provincial Budget until the year 2026*) real per capita health expenditures in Alberta have increased by 2.2 per cent per year on average between 1980/81 and 2003/04, while real GDP per capita has only grown an average of 1.5 per cent per year between 1982 and 2003. However, fundamental problems exist.

A recent report by the Fraser Institute, titled *How Good Is Canadian Health Care, 2005 Report*, compared health care systems and outcomes of OECD countries whose systems are based on universal accessibility and public funding. After adjusting for the age of population, Canada spends more than any other industrialized country, with the exception of Iceland and Switzerland, yet we rank well below on several key measures such as wait times and access to technology.

The report's authors concluded that the Canadian model "produces inferior age-adjusted access to physicians and technology, produces longer waiting times, is less successful in preventing deaths from preventable causes, and costs more than any of the other systems that have comparable objectives."

The Alberta Chambers of Commerce believes that more spending is a flawed strategy and recommends that modernization of the Canada Health Act and its associated interpretations should incorporate the principle of accountability and expand the role of private delivery within a publicly-funded system to address the system's fiscal sustainability.

Health care should be viewed as an investment. Expanding the role of private delivery could present significant business development opportunities for Alberta companies to become leaders in the health care industry.

The Alberta Chambers of Commerce advocates for a system that:

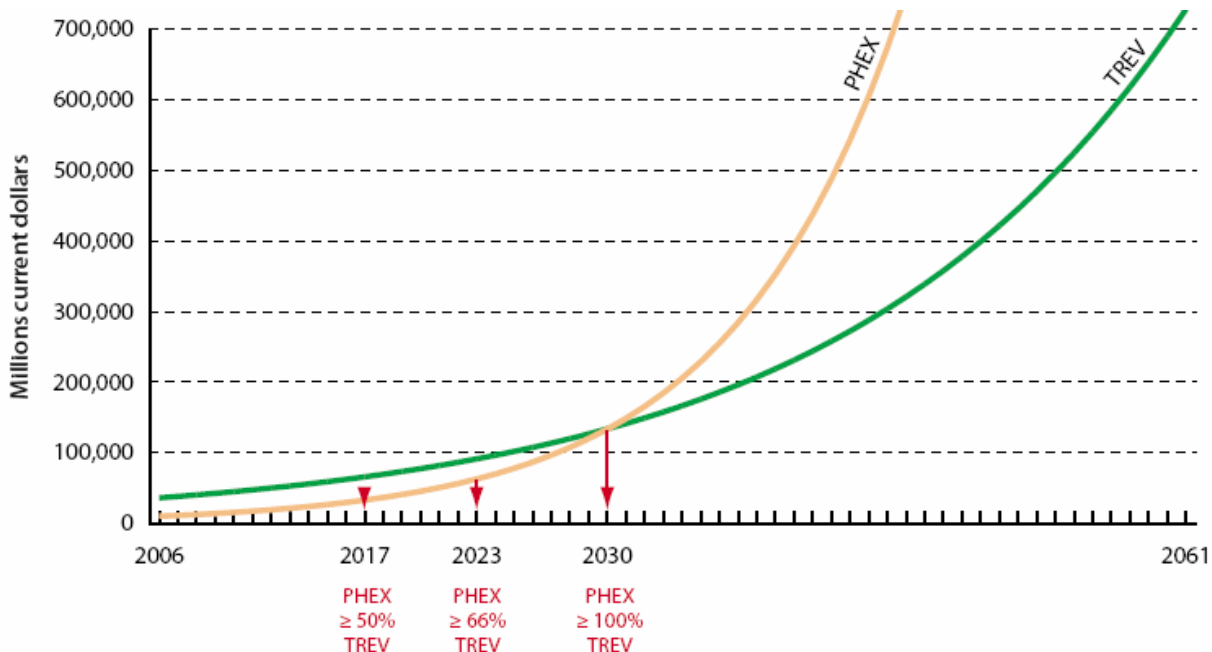
- 1) Addresses fiscal sustainability; and
- 2) Builds and supports a healthy population.

### Fiscal sustainability

Health care costs are unsustainable and compromise Alberta's future economic prosperity. Consider the following:

- From 2001 to 2005, public health expenditures in Alberta increased 11.4 per cent per year, while revenues rose by 5.6 per cent per year.
- In Budget 2006, the Alberta Health & Wellness Department will spend \$10.3 billion, which is 37% of total government expenditures.
- Alberta already spends the most per-capita on health care of any province in Canada (excluding the three territories).
- Current projections indicate that by 2017 health care expenditures will account for 50 per cent of Alberta's total revenues.
- The Government of Alberta's health care costs will require 100 per cent of Alberta's total revenues by 2030.

Table 1: Alberta - Projected public health expenditure (PHEX) and total revenue (TREV) from all sources based on average annual percentage growth in PHEX and TREV, 2001/02 – 2005/06



Source: Fraser Institute. "Paying More, Getting Less 2006 – Measuring the Sustainability of Public Health Insurance in Canada" October 2006

Increasing health care costs severely constraint the government's ability to fund economic development, infrastructure, education, tax relief, and many other priorities.

## **Builds and supports a healthy population**

Research clearly illustrates that unhealthy individual choices, for example smoking, have long-term impacts and increase health care costs. The Alberta Chambers of Commerce (ACC) supports the principle that individuals must take responsibility for their own health; however, fostering healthy lifestyles also requires the participation and support of business and government.

A key component to fostering healthy lifestyles involves conditions in the work environment. There is a strong business case for the business community and government to support healthy workplace environments.

According to Health Canada, workplace health programs are “designed to help employees maintain or improve their health” and can include leadership programs, workplace safety, access to fitness centers, reducing organizational stress, employee benefits and employee assistance programs (EAP).

## **The Business Case**

In the past few years, researchers have amassed an impressive series of studies focused on showing economic outcomes for healthy workplace programs. Evidence of return on investment (ROI) in Canada for businesses that build healthy workplaces includes:

- Canada Life in Toronto showed a return on investment of \$3.40 on each corporate dollar invested on reduced turnover, productivity gains and decreased medical claims.
- Dr. Roy Shephard of the Faculty of Physical Education and Health at the University of Toronto found corporate wellness programs returned a cumulative economic benefit of \$500 - \$700 per worker per year.
- Municipal employees in Toronto missed 3.35 fewer days in the first six months of their "Metro Fit" fitness programs than employees not enrolled in the program.
- BC Hydro employees enrolled in a work-sponsored fitness program had a turnover rate of 3.5% compared with the company average of 10.3%.
- The Canadian Life Assurance Company found that the turnover rate for fitness program participants was 32.4% lower than the average over a seven-year period.
- Toronto Life Assurance found that employee turnover for those enrolled in the company's fitness program was 1.5% versus 15% for non-participants.

## **Barriers to Healthy Workplace Program Adoption**

The Calgary Chamber of Commerce interviewed 22 organizations employing over 70,000 individuals in the Calgary area in 2004. The companies interviewed ranged in size and represented both the public and private sector. The results indicated many businesses do not adopt effective healthy workplace practices due to:

- Lack of active support by company owners, executives and senior management;
- The perception that costs exceed the benefits; and,
- Lack of available resources to implement effective practices.

The ACC interprets the responses provided by these organizations as an indication that many businesses are not aware of the benefits that can be achieved through providing supportive and healthy work environments.

Given the increasing amount of taxpayer dollars devoted annually to health care, it is imperative that both provincial and federal governments recognize their role in promoting preventative initiatives, including healthy workplaces.

The ACC believes the implementation of healthy workplaces is necessary to:

- Have business and government work collaboratively to improve the recruitment and retention of skilled and healthy labour for the province of Alberta;
- Combat rising health care costs that consume a large portion of both provincial and federal budgets;
- Ensure a competitive environment for business through enhanced productivity and employees who feel valued and secure;
- Address demographic pressures including a decreasing taxpayer base and an aging population; and
- Promote and foster healthy individual choices within large segments of the population.

## **Recommendations**

It is essential that government, private industry, and the health care community collaborate to build a health care system that offers a competitive advantage, is fiscally sustainable, and builds and supports a healthy population. The Alberta Chambers of Commerce proposes action in six different areas:

- Workplace Health
- Access
- Services
- Human Resources
- Legislation
- Health Policy

The Alberta Chambers of Commerce recommends the Government of Alberta:

### **WORKPLACE HEALTH**

1. Continue to promote the recognition of health workplace best practices through competitive awards.
2. Within existing budget parameters, undertake initiatives that promote to the business community the economic and health benefits of developing and implementing workplace health initiatives.
3. In the allocation of research budgets within the Department of Health and Wellness, that priority be given to research relating to the macro-economic benefits, and potential for reductions to provincial healthcare costs, that are suggested by the studies and business case outlined above.

### **ACCESS**

4. Recognize “choice” by allowing the private purchase of health care services, including those (hospital and physician) identified in the Canada Health Act, and by eliminating barriers to the private purchase of health care services to allow patients to upgrade beyond the basic levels funded by government (e.g., Birmingham hip instead of a regular device).
5. Introduce care guarantees, with Albertans being eligible for reimbursement if the care guarantee is not met. The service may be provided in Alberta or elsewhere in Canada (public sector or private sector) or in another country.

### **SERVICES**

6. Establish a clear and ongoing process for defining what services are offered by the publicly-funded health care system, i.e., a “core basket.”
7. Accelerate the development of primary care networks of the regional health authorities and primary care physicians.

8. Ensure that public facilities and private facilities must meet common standards of quality and care, and that these standards are enforced.
9. Ensure the interests of the patient are first and foremost, including primacy of the patient-physician relationship and the clinical autonomy of the physician.
10. Invest in e-health: the electronic health record (EHR), electronic medical record (EMR), and the financial and business systems of regional health authorities and Alberta Health and Wellness.
11. Introduce baseline measurements as to cost-effectiveness, efficiency, quality and access; and promote innovation.

#### **HUMAN RESOURCES**

12. Pursue strategies so that Alberta becomes self-sufficient in nurses, physicians, therapists, technologists and other health care professionals.
13. Expedite the assessment of international health care graduates.

#### **LEGISLATION**

14. Repeal the Health Care Protection Act (Bill 11).
15. Amend the Alberta Health Care Insurance Act:
  - a. Allow physicians to practise in both the public and private sectors
  - b. Define parameters for physicians who practise in both the private sector as to their obligations to the publicly-funded sector, e.g., patients, education, research.
  - c. Legalize the sale and purchase of private health care insurance in the province of Alberta.
16. Increase the deductibility of health care expenses available to individual taxpayers.

#### **HEALTH POLICY**

17. Develop a savings plan option to enable Albertans to self-cover their future long-term care expenses.
18. Align Alberta legislation, policies and actions to respect the spirit and intent of the June 2005 *Chaoulli/Zeliotis* decision by the Supreme Court of Canada
19. Promote P3s to improve the availability and delivery of publicly-funded health care, e.g., hospitals.