



Calgary Chamber of Commerce Submission to the Minister's Advisory Committee on Health October 15, 2009

1) Introduction

The Calgary Chamber of Commerce represents over 3,200 members and seeks to raise the consciousness and quality of public discourse on key policy issues confronting its members and stakeholders, through informed discussion grounded in fact and reasoned analysis.

The Minister's Advisory Committee on Health was formed September 1, 2009 to "provide input and recommendations to the Minister of Health and Wellness on legislative reforms...that will facilitate current and future health system initiatives."¹

The Calgary Chamber of Commerce has long advocated for legislative change with regards to the *Health Care Protection Act (HCPA)*. The repeal of the *HCPA* will result in at least two clear benefits that align with the suggested recommendations for legislative reform in the terms of reference: [1] establishing clear and efficient lines of accountability between public, private, and both profit and non-profit health care providers and their contracting agents, and [2] removing barriers to accessing health care.

2) Establishing Clear Lines of Accountability

Under the current regulatory regime, private surgical facilities face regulatory scrutiny from three different agencies, Alberta Health Services (AHS), the College of Physicians and Surgeons (CPSA) and Alberta Health and Wellness (AHW). Private surgical facilities tell of the useful and cooperative regulation of facilities by the AHS and CPSA, while lamenting the duplicative and often superfluous regulatory oversight provided by (AH&W). Where CPSA and AHS are focused on patient safety and quality of care, oftentimes private health providers find that AHW oversight focuses on issues that are better left to health providers themselves.

Surgical facility operators have commented that the system would function at much higher level of efficiency if AHW were stripped of its regulatory function and non-hospital surgical facilities (NHSF) dealt exclusively with AHS as a contracting agent with both AHS and CPSA acting regulators of services. Since, under this scheme, AHS would become a purchaser, regulator, and provider of services it

¹ Minister's Advisory Committee on Health – Terms of Reference available at <http://www.health.alberta.ca/documents/Advisory-Committee-TOR-Sept-09.pdf>



would be of paramount importance to draw clear separation between the different branches of AHS to avoid potential conflicts of interest.

3) Removing Barriers to Providing Health Care

a) A Collaborative Approach to a Streamlined Regulatory Environment

Under the current approval process as delineated in the HCPA, NHSFs require a designation from the CPSA and an agreement with AHS before applying for approval from the Minister of Health & Wellness to provide services. In sum, each NHSF, in cooperation with AHS, is required to submit the following items for a complete *HCPA* proposal:

- Service Agreement and/or Amending Service Agreement with the non-hospital surgical facility (NHSF) (Agreements must be signed by appropriate regional officer(s) and private provider(s))
- Narrative that reflects the subject matter of the Requirements Document and Agreement
- Ministry Criteria Checklist for HCPA Agreements
- Operator Profile (including corporate registry information)
- Economic Analysis and accompanying Narrative
- Other Supporting Documentation

Supporting documentation must include:

- Current accreditation certificate (and any letters) from the College of Physicians & Surgeons of Alberta (CPSA)
- Current ownership information (include current corporate search documents, shareholders, certificate of incorporation if applicable, etc.)
- Facility profile
- Current certificate of NHSF insurance
- Economic analysis
- Waitlist statistics

Even after the initial applications AHS and NHSF must inform the Alberta Health & Wellness of any changes to accreditation and the types of procedures performed. Moreover, the Minister's discretionary powers to cancel contracts with NHSFs extend so far as to deter capital investment in private surgical facilities.

Public, private for-profit and non-profit facilities all agree that safety requirements for operating surgical facilities should be stringent because each and every facility places patient safety at the top of their priority list. The current approval process with its red tape and often nebulous criteria carries a significant administrative burden that is unrelated to patient safety and quality care and



requires significant resources that could otherwise be directed at increasing facility capacity and expanding access to care. Collaboratively, AHS and the CPSA, given their expertise, are ideally situated to ensure the safety of Alberta's patient population and, given its goals to increase accessibility and sustainability, AHS should also take steps to reduce unnecessary oversight and reporting.

b) A Competitive Facilities Market

Competition encourages technological, clinical, and systemic innovation and productivity enhancements that improve the overall sustainability and accessibility of our system. The current legislative framework inhibits competition by functioning as a barrier for entry into the facilities market. Other systems that are not covered by the HCPA, like diagnostic services and long term care facilities, have experienced success at attracting private capital and encouraging competition. Thus, as part of any legislative reform, the Chamber recommends that the Government of Alberta adjust the current legislative framework to encourage competition among public and private providers, both for-profit and non-profit.

The amended legislative framework can facilitate competition in a number of ways: (1) by ensuring that contracts are structured in the same fashion as commercial contracts, with duties and obligations distributed more evenly between the two parties; (2) by facilitating different funding methodologies including patient focused funding; and (3) by decreasing Ministerial authority over NHSFs and the associated red tape when contracting with AHS.

c) Cooperation to Mitigate Cost Escalation

While enhancing competition, it is important to keep in mind that all providers are operating under the same system and should cooperate in distributing resources especially when for-profit and non-profit facilities are contracted to provide publicly funded care.

For example, because AHS purchases pharmaceuticals for system wide application it can purchase at a scope that allows for bulk purchases and discounted rates. Previously, under the Calgary Health Region, ophthalmological centres could purchase extraordinary pharmaceuticals at rates set by the Region for publicly funded patient care. This allowed for-profit and non-profit providers to address complex cases, of which there may have been 10 or less per year, without having to purchase 1000 units (the minimum order) of pharmaceuticals the vast majority of which would go to waste. Since the transition, these providers have not been able to purchase from AHS resulting in significant and unneeded cost escalation, and decreasing system-wide efficiency. Any cost-savings achieved by an even distribution of resources, pharmaceutical and



otherwise, among for-profit and non-profit providers could be captured by AHS thus reducing system wide costs and increasing sustainability.

In principle then, the whole system should benefit from the economies of scale generated by AHS. If and when the AHS is able to negotiate joint / equal procurement agreements with non-AHS providers, the entire system will benefit through reduced costs.

4) Recommendations

The Calgary Chamber of Commerce recommends that the Government of Alberta:

- 1) Amend the *Health Care Protection Act* to decrease Ministerial authority over surgical facilities.
 - a) In doing so, prioritize patient safety by ensuring that Alberta Health Services and the College of Physicians and Surgeons of Alberta collaborate on creating a streamlined regulatory environment.
- 2) Make certain that any legislative change facilitates competition in the surgical facilities market.
- 3) Ensure, where possible, that any legislative change helps create a level playing field for all health care providers by cooperating in the distribution of resources.