



2010 ALBERTA CHAMBERS OF COMMERCE RESOLUTION Renewal of Alberta's Health Care System

Alberta's publicly funded health care system is integral to the competitiveness of Alberta businesses. Employees and their families need timely and efficient ways to access the system. Over the past couple of years the province of Alberta has shown its commitment to quality health care by embarking upon a program of reform, including the amalgamation of regional health boards into a provincial board, the provincialization of emergency medical services. In the midst of this systemic reform, the Minister's Advisory Committee on Health has recommended a corresponding legislative reform.

The government's *Vision 20/20*, which seeks to put the patient at the centre of the health care system, is a positive step to address system level reform. The ongoing reforms associated with *Vision 20/20* represent a tremendous opportunity for the people of Alberta to implement a set of changes resulting in a world class health system that enhances not only the health outcomes but also the economic climate of the whole province.

Timely access to quality care

With an aging population and advances in health care technology, governments across the country have struggled to meet demand for health care services. In 2007, the lost productivity costs to employees of waiting for medically necessary services exceeded \$63.5 million in Alberta, and \$793 million in Canada.¹ The situation has become severe, as is noted in the landmark Supreme Court of Canada case *Chaoulli vs. Quebec*:

"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).

In a comparison of OECD country health systems based on universal access and public funding, it was found that Canada spends more, on an age adjusted basis, than any other industrialized country with the exception of Iceland and Switzerland, yet ranks near the bottom on several key measures such as wait-times and access to technology. The study concluded that the Canadian model "is inferior to others in place in the OECD. It produces inferior access to physicians and technology, produces longer waiting times, is less successful in preventing death from preventable causes, and costs more than any

¹ Frase Institute, 2008. The Cost of Being Canadian. *Fraser Forum*. January



of the other systems that have comparable objectives, save the programs in Iceland and Switzerland.”²

In recent years, the Government of Alberta addressed front line access issues through Primary Care Networks and surgical wait times through initiatives like the Hip & Knee Arthroplasty pilot. These new models of care should serve as examples of the kind of innovation and results required for a better functioning, more efficient and higher quality health system.

The Alberta Chambers of Commerce believe that private sector delivery of publicly funded health care will also lead to greater efficiencies within the public system, and that the government of Alberta should use this period of reform to ease the restrictions around private provision of publicly funded healthcare. As the Minister’s Advisory Committee on Health has suggested that the current legislative framework “does little to support efforts to find the most effective solutions to issues around health service delivery and improving health outcomes.”³ Legislation and regulations that act as a hindrance to this type of innovation should be reconsidered in the drafting of the *Alberta Health Act*. The flexibility of private delivery may also allow the government develop accounting principles and test different funding models like patient focused funding or payment for performance.

Fiscal sustainability

Public health care encompasses an increasing proportion of the provincial budget. Alberta Health and Wellness’s real per capita expenditures have increased by nearly 75 per cent in the last 10 years. With ministry allocations increasing by approximately 18 per cent in 2010/11 alone, health care now comprises 40.8 per cent of the province’s budget (\$15.8 billion).⁴ Although the new 5-year funding arrangement between the Government of Alberta may serve to bring costs under control, Alberta already spends the most per capita on health care of any province in Canada and, based on these expenditure patterns, health care threatens to crowd out other important programs and take an ever-increasing share of government expenditures.

Research conducted by the Alberta Chambers of Commerce and Certified General Accountants Association of Alberta finds that real per capita health expenditures in Alberta increased by 2.2 per cent per year on average between 1980/81 and 2003/04, while real GDP per capita only grew an average of 1.5 per cent per year between 1982 and 2003.⁵

The Alberta Chambers of Commerce recognizes that more spending is not the solution. In a 2008 survey of Calgary and Edmonton Chamber members, 70 per cent of respondents agreed that current health care spending is unsustainable. The looming

² Fraser Institute. 2008 *How Good Is Canadian Health Care?*

³ Minister’s Advisory Committee on Health. 2010. *A Foundation for Alberta’s Health System*.

⁴ Alberta Finance. 2010. *Budget 2010 Striking the Right Balance: Fiscal Plan Tables 2010*.

⁵ See: Vision 20/20 Demographic Impacts on Alberta’s Provincial Budget until the year 2026.



demographic shift will continue to put pressure on the health care system, particularly since the amount spent per patient increases with age.

Additionally, 79 per cent of respondents support the idea of a health care system that charges reduced premiums or provides tax incentives for individuals who make healthy lifestyle choices, and 66 per cent thought that a greater private sector role in health care delivery would reduce costs and improve services.

It is essential that government, private industry, and the health care community collaborate to build a health care system that offers a competitive advantage, fiscal sustainability, and fosters and supports a healthy population.

Better Allocation of Health Care Dollars

The Alberta Chambers of Commerce also see many opportunities to continue with cost savings by changing current practices.

More Efficient Allocation of Labour Costs

On a typical visit to the dentist's office a patient will spend the majority of their time with a series of specialized technicians and assistants, and only a limited amount of time with the highest cost individual, the dentist themselves. Current labour contracts and scope of practice guidelines limit the ability of the government to implement a more efficient distribution of costs based on the price of labour in Alberta's health care system. With labour costs accounting for a majority of total health system costs the Alberta Chambers will support efforts to maximize the efficient use of the Alberta health system's human resources.

Advanced Diagnostic Tools

More and more patients are demanding access to advanced diagnostic tools like MRIs and CT Scans. In some cases surgeons have indicated that MRIs are ordered without medical necessity. While the Alberta Chambers of Commerce is not in a position to question the clinical judgment of doctors, there are programs which have reduced the overall number of MRIs while maintaining services and quality standards.

Of particular note is the work of the University of Calgary's Sports Medicine Clinic. By using scientifically based criteria, the clinic was able to reduce the number of MRI's ordered by 2/3. If this type of result is replicable throughout the system, then the average wait time for MRIs and other advanced diagnostics could be significantly reduced.

The Alberta Chambers of Commerce recommends the Government of Alberta continue its renewal of the health care system focused on four key objectives:

Ensure that the *Alberta Health Act* simplifies the legislative framework and aligns it with principles of flexibility in delivery and improved choice in access:



1. Use the *Alberta Health Act* to simplify the existing legal framework and enable
 - i. Increased access to physicians and technology by competitive private delivery of public funded health care services.
 - ii. Facilitate the contracting out of publicly funded services.
2. Ensure that public and private facilities meet common standards of quality and care.

Pursue strategies that demonstrably improve access and the cost effectiveness of health care delivery:

3. Recognize choice by allowing patients to purchase health care services including upgrades beyond the basic levels funded by government (e.g., orthopedic and ophthalmological devices), similar to other provinces.
4. Investigate innovative financing options, such as internal competition within the public health system, and the patient focused funding.
5. Review pilot programs that have improved access to diagnostic and surgical services and facilitate the replication of their successes in other parts of the system.

Focus on increased wellness and incentives for healthy lifestyle choices (personal accountability):

6. Investigate incentives to encourage healthy behaviour to help individuals become more personally responsible for their health decisions.

Improve transparency and accountability in Alberta Health Services and Alberta Health and Wellness:

7. Work with Alberta Health Services to develop financial, program and service data, capable of providing consistent accurate, comprehensive and transparent accounting of all costs, including the recognition of capital and operating expenditures.
8. Continue the development of primary care networks by primary care physicians.
9. Introduce baseline measurements with respect to cost-effectiveness, efficiency, quality, access and objective outcomes.