

## Ivey Global Health Innovation Conference

Remarks by: John G. Abbott, CEO, Health Council of Canada

November 30, 2010

### The Financial Challenge to Health Care

#### Introduction

Good morning everyone. I'm pleased to be here and to bring the Health Council of Canada's voice to this important conversation. The topic—the financial challenges affecting health care, and innovative solutions to these challenges, is not new. But it's absolutely vital that in Canada we begin moving from conversation to implementation.

Before I move on to today's main theme, I thought I'd briefly introduce the Health Council of Canada to those of you who aren't familiar with us.

The Health Council was conceived in the 2003 health accord and came to life in 2004 at the time of the 10-Year Plan to Strengthen Health Care. Our Council is appointed by the Ministers of Health and we monitor and report on the progress of health care renewal in Canada. Lately, we are focused on identifying the best practices and innovations that will allow us to move the reform agenda forward – both faster and further.

It's a tall order. In this regard, we keep our activities focused on three main sub-themes:

- One: The belief that access to health care services must be improved (if nothing more than that is what Canadians want and expect) and, in doing so, they must provide high quality. That means working to standards that ensure among other things patient safety.
- Two: That a sustainable health system is one which uses resources and services effectively and efficiently to improve access, quality and the overall health of Canadians. In short, when it comes to health care professionals, we must maximize their scopes of practice since collectively they represent approximately 70% of health care costs in Canada.
- And three: That a real and sustained commitment to improved health requires addressing the very real health inequalities that exist today and shifting our focus to a 'healthier Canadian' agenda by addressing more forcefully the social determinants of health. It is commonly understood that our health care system contributes only 25% of the health care solution (though we spend \$193 B in doing so).

In terms of the current financial challenge to health care, we see it happen over and over. In the 1990s, governments ran large deficits, and health care was seen as the culprit. Changes were made in health care financing and in administrative and delivery systems to control costs. Health care reforms were offered (and funded), and a temporary lull in a brewing storm was achieved. But over the past decade we continued to see rising costs and rising expectations. Health care costs doubled in 10 years.

We're currently at \$193 B of which 70% is publicly funded. Furthermore, 30% of the population - predominantly living with chronic diseases best managed outside the hospital - account for 70%+ of these costs.

Today, we have deflated economies and deflated federal and provincial finances able to address today's and tomorrow's health system challenges – as we are told. Here in Ontario, the provincial government is currently spending about 46% of its budget on health care. If expenditures continue unchecked, this could rise as high as 70 - 80%. Now that is what I call a financial challenge, if not a political one!

So what is Ontario or any other province facing these same fiscal realities going to be able to do – or should do?

Here's an excerpt from an article entitled: "Finding The Right Business Models For Health Care," that was published recently on the Harvard Business Review website. Speaking about health care south of the border, the authors state that:

"The legacy institutions of health care delivery are jumbled mixtures of multiple business models struggling to deliver value out of chaos, incorporating indecipherable systems of cost accounting, excessive overhead, pervasive cross-subsidization, and an unacceptable amount of variability and medical error."

Sound familiar?

## The Basis for an Innovation Agenda

The real challenge is not to make quick fixes, however. What's required instead is clear thinking leading to well-conceived changes that will shape our future that are integrated and, in turn, sustainable: clinically, financially and politically. That's the basis for an innovation agenda for health care in Canada: improving health care technologies, systems and processes that support improved delivery of care and health outcomes, and that have the ongoing support of Canadians. And, they must show a net health benefit.

Despite our challenges, here in Canada, public confidence in the health care system is actually improving. The results of a recent Commonwealth Fund Survey show that a majority of Canadians—76 percent of those surveyed—rate the quality of medical care they receive as excellent or very good. This is above the international average. More than one in three say they feel the system is working well and needs only minor changes to make it better.

But at the same time, more than half (52%) say that fundamental changes are required to make the system work better (with 10% saying the system is irretrievably broken and needs to be completely rebuilt).

Let's look at two specific fronts—access to care and timeliness of care—on which Canada is ranked behind Australia, France, Germany, the Netherlands, New Zealand, Norway, Sweden, Switzerland, the United Kingdom, and the United States.

To improve on these key measures, a number of innovative solutions have already been adopted.

For example, the Health Council has tracked the development and implementation of primary health care teams in all jurisdictions across Canada. These teams, which provide skilled care from nurses, pharmacists and other health care providers alongside the care provided by family doctors, are already improving patient access to care as well as the quality of care provided. The result is more “same-day/next day service” which is keeping people out of expensive ERs and reducing the costly and frustrating logjam of beds in our hospitals.

But while any degree of progress is good, we still see an urgent need to accelerate primary health care team-based practice across Canada. In our report on health services utilization, released this Fall, we pointed out that patients in team-based care tend to make fewer visits to emergency rooms and are less likely to be hospitalized. So that is a strategy that needs promoting to get us to the end goal.

Most importantly, encouraging more widespread adoption of this approach doesn’t require huge amounts of “new money”—we just need to do more of what we know works. This is an important point that I hope will be made again and again in our discussions today. Useful and effective innovations don’t necessarily require that we spend more money.

In one of our most important and well-received reports—“Value for Money: Making Canadian Health Care Stronger” released in 2009—we questioned whether additional resources were required to achieve a high quality and sustainable health care system, especially since we were not measuring the overall health outcomes from current levels of investment. Data showed that some other countries were spending less and achieving better results.

We found that the doubling of health care costs in the previous decade was driven mainly by an increase in the cost and use of health care services by all of us. But we didn't stop there. We decided to take a closer look at and then build on our findings.

Specifically, we asked “What are the key drivers of utilization for some of the top line items in the health care budget—doctors, drugs and diagnostic imaging?; Were all these services required, and are there opportunities to curb areas of overutilization?”.

This approach challenges us to consider more deeply what the right mix of services is, for whom, and with what goals in mind. How can we improve on a service - a diagnosis, a prescription, an MRI scan, an office visit? What is the appropriate role for clinical practice guidelines and other protocols, electronic medical record systems? How can we influence patient and provider behaviour modification? What is the role of innovation in addressing these pointed questions?

At the Health Council we have worked hard to practice what we preach about seizing every opportunity to innovate: many of our reports and key messages are being delivered online and in the form of publicly accessible podcasts with an emphasis on the emerging social networks which in themselves are a significant innovation over the life of the Health Council.

## RNAO Best Practice Guidelines

One of our recent podcasts touches on the fact—identified by many as a problem with the current health care system—that despite some best efforts, adherence to clinical practice guidelines remains too low in Canada.

These evidence-based practice guidelines inform health care providers (mainly doctors) about appropriate care while helping to reduce inappropriate variations in care. They are seen as an important way to rationalize health care spending by ensuring that we pay only for services and procedures that are known to be effective.

Recently, the Health Council partnered with the Registered Nurses Association of Ontario to spread the news about its Nursing Best Practice Guidelines Program. The group has developed and posted 42 practice guidelines for nurses aimed at informing them what they should be doing for their patients, what works and what doesn't based on the latest research. The RNAO guidelines are a wonderful Canadian innovation success story and I invite you to listen to the podcast which you'll find on the Health Council of Canada's website.

## HCC Health Innovation Award

Finally, to encourage momentum in innovation and to bring young, fresh minds into the conversation, in 2009 the Health Council launched an annual Health Innovation Award. The competition challenges university students across Canada to make their case for a best practice or innovation in Canadian health care. The question put to entrants was: "What do you propose to help renew and sustain Canadian health care, and why?"

Submissions flowed in from across the country and a submission from Kathryn Nicholson, a student at the University of Western Ontario was selected as the winner.

Her winning idea was to introduce a “client response tab” to any new electronic health record system developed and introduced in Canada. In her submission, Ms. Nicholson wrote that: “...despite (the) aim of delivering tailored patient care, the most personal part of the health record to the actual individual is the patient identification section...It is difficult to truly empower individuals when they ultimately have no input into the record of their health status and treatment. In fact, this further exacerbates the mentality of Canadians that healthcare is supposed to be done to and for them. Instead, physicians must begin to manage care and promote health with greater patient involvement. Active communication and collaboration between patient and physician will then strengthen an ongoing and continuing relationship.”

So with that, I think we can take heart as we move forward. Good ideas are already out there; indeed they abound! And more are coming our way. Let's be ready to seize the day.

In conclusion, we have another three years or so before the First Ministers sit down again to discuss the future of Canada's health care system and how we might best sustain it. Early next year the Health Council will publish a progress report intended to fairly and accurately summarize how we've done so far in meeting some of the goals set out in the 2003-2004 Health Accords, with additional reports planned for the coming years.

These reports will also highlight any significant gaps that remain and must be addressed. This is where we would like to identify the innovations and best practices that are needed to achieve our public goals for health care.

I hope some of this information and some of these ideas will resonate with you. I look forward to engaging with you throughout the day.

Thank you for your attention.

**END**