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Submission to the House of Commons Standing Committee on Finance regarding the Pre-Budget Consultations

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The Canadian Federation of Nurses Unions (CFNU) represents over 176,000 nurses and student nurses. Our members work in hospitals, long-term care facilities, community health care and our homes. CFNU speaks to all levels of government, other healthcare stakeholders and the public about evidence-based policy options to improve patient care, working conditions and our public health care system.

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Executive Summary

The Health Accord is coming to an end in 2014, and many of its goals are far from achieved. In order to protect and enhance our public health care system, innovation and savings must be found to ensure better value for money. Canada's economy is recovering, but a continued focus on good jobs and a flexible and skilled workforce is needed. The health care sector employs about 1 in 10 Canadian workers and the need for health care services continues to grow. The Canadian Federation of Nurses Unions' recommendations focus on education and skills training for this important area of the economy, as well as on the implementation of a pharmaceutical program which will create savings for Canadians, businesses and public health care deliverers.

1) Create a Health Worker Innovation Fund to undertake projects and programs that test, evaluate, and replicate new models of care delivery. ($30 million over three years.)
2) Expand existing education and training initiatives targeting the health care sector, specifically the use of the EI program for job laddering and the federal student loan forgiveness program for doctors and nurses. ($200 million over three years.)
3) Enter into a cost-sharing program with provinces and territories to create a national pharmaceutical program. (up to $10.7 billion savings per year.)

Introduction

The Canadian Federation of Nurses Unions (CFNU) thanks the Standing Committee on Finance for the opportunity to share our views. Our recommendations are rooted in the dual goals of economic recovery and health care renewal. If implemented, our recommendations will assist in developing a skilled labour force that meets current and emerging needs in health care, as well as contributing to containing health care costs while improving quality and access – a key focus for a new Health Accord.

Despite reinvestments in health care over the past 10 years, the ratio of nurses to the Canadian population has still not returned to what it was in the early 1990s.[1] In contrast, the number of physicians relative to the size of the population is now at an all-time high.[2] Considering only the nursing workforce, Canada is currently short 11,000 FTE (full-time equivalent) Registered Nurses (about 16,500 persons). Without immediate intervention, this labour shortage will increase to 60,000 FTE RNs (about 90,000 persons) by 2022.[3]

The cost of this shortage in paid overtime alone is $660.3 million annually. Public sector health care nurses worked the equivalent of 11,400 full-time positions in paid and unpaid overtime in 2010.[4] One in five nurses in the hospital sector leave their jobs annually, costing a minimum of $25,000 per nurse as a result of the transition.[5] Turnover also negatively affects patient care - medical errors are 38% more likely for every 10% increase in the turnover rate.[6]

Evidence from Canada and abroad shows that by changing the culture of workplaces, turnover can decrease, retention and recruitment can increase, the quality of care can be improved and money can be saved.

Budget 2011 focused on innovation, education and training as key drivers for economic recovery. Our first two recommendations build on this trajectory by targeting these programs to health care workers.

Recommendation 1: Fund innovative projects that transform health care workplaces to deliver better value for money. This fund should be made accessible to partnerships of health care authorities, health care worker unions as well as provincial and territorial governments. This fund should be on the same scale as the $30-million over three years Patient Wait Time Guarantee Pilot Project Fund which was announced in 2007.

Our public health care system can be reorganized to deliver better service for Canadians for less money. There is no better place to do this transformation than within each health care facility, from the bottom up. It takes time and commitment to transform the health care system from a siloed approach to a system where health care providers working together deliver safe, efficient, quality-driven, client-focused services. An innovation fund to transform health care workplaces to deliver better quality care while reducing costs will help in kickstarting the transformation required in the culture of health care workplaces and allow for the exchange and promotion of these lessons through knowledge transfer.

The projects should address:

- Capacity building in rural/remote areas, community sector with vulnerable populations
- Client-centered practice/safety
- Positive culture change within organizations
- Exploration of inter-jurisdictional or multiple jurisdictional approaches
- Inter-professional practice and effective models of care
- Mentoring
- On-the-job professional development

Research shows that fostering a culture change in health care workplaces improves retention, recruitment and patient outcomes.[7] Without changing health care workplaces, adding more personnel is like adding water to a leaky bucket. Innovation in the workplace leads to plugging the hole, by decreasing overtime, absenteeism, turnover, nurse fatigue and low productivity.

For example:

- Improvements in working conditions, opportunities for professional development and skills upgrading would convince at least half of nurses contemplating retirement to extend their careers.[8]
- Reducing nurse absenteeism from the current average of 14 days/year to seven days would be equivalent to 7,000 new nurse FTEs entering the workforce in three years.[9]
- Strengthening leadership and empowering nurses can more than half turnover rates.[10]

The federal government has recently invested in pilot projects to assist unions and professional associations to establish partnerships with employers to improve workplaces. For example, our organization, the Canadian Federation of Nurses Unions, received funding from Health Canada for pilot projects in 10 jurisdictions to put into action research results related to changing health care workplaces. The *Research to Action* project, which wrapped up in 2011, demonstrated strong results - a 10% decrease in turnover, overtime and absenteeism, and a 147% increase in the number of nurses reporting a high level of leadership and support. As one nurse participant put it, “I was constantly feeling overwhelmed and was contemplating leaving ICU prior to this

course. Now I wake up looking forward to work. I feel like I give my patients so much better care."

Another example is the Educator Pathway project, a partnership between the Vancouver Coastal Authority, the Nurses' Bargaining Association (BC), the Fraser Health Authority, the University of British Columbia and the University of Victoria.[11] The project was funded through the Workplace Skills Initiative, HRSDC, with additional support from the British Columbia Ministry of Advanced Education and Labour Market Development. The Educator Pathway project helped develop nurse educator competencies and increased the mobility of nurse educators between the academic and clinical settings in order to better integrate nursing curriculum and clinical practice education. Over 1100 nurses participated in the project, acquiring the knowledge and skills to effectively support new nurses before and after licensure. The majority reported greater intentions to remain working in the health authority and managers reported appreciable impacts on their units or areas of practice. Improving capacity and leadership in this way reduces turnover and promotes healthy work environments, to the benefit of patients, nurses and employers alike.

A Health Innovation Pilot Project Fund would (a) build on the momentum from these initiatives; (b) assist in saving money currently spent on overtime, absenteeism and turnover; and (c) support provincial and territorial governments and employers in creating and fostering a culture shift in work environments to improve patient outcomes.

Recommendation 2: Dedicate $200 million over the next three years to targeted education and skills training programs for health care workers.

Budget 2011 proposed to combat the shortage of health care professionals by forgiving a portion of Canada Student Loans for new family physicians, nurse practitioners and nurses that practice in under-served rural or remote communities. Whereas this initiative is welcome, it is insufficient. We encourage the federal government to extend this program to health care workers that have gone back to school to upgrade skills. For example, a personal care worker that is seeking to upgrade skills to become a Licensed Practical Nurse (LPN), or an LPN seeking to become an RN, or an RN seeking to become a Nurse Practitioner could all benefit from this program, as financial cost is a common barrier to skills upgrading. Nursing research shows that a rich skill mix is associated with increased patient outcomes and decreased costs.[12]

A lack of faculty is a constraint to expanding educational seats in nursing schools. The Canada Student Grants program should be made eligible to graduate students in nursing and medicine and the Student Loan forgiveness program should be provided for graduates who take faculty positions.

Through the Economic Action Plan, the Labour Market Agreements and Development Agreements and the Employment Insurance program, there has been much effort to find better ways of helping people obtain and keep employment as productive members of the labour force. Under the current program for apprentices in trades, they are paid by their employer during periods of practical training. During the classroom portion of their training, apprentices are eligible for regular benefits under Part I of the EI Act. Depending on the regional and local

priorities of the province or territory, the apprentice may receive EI Part II support to cover classroom-related expenses.

A similar tiered-pathway approach through modular education and laddered credentialing would provide health care students the option to graduate into the workforce at various stages of training. This would be of particular value for engaging Aboriginal Canadians and internationally educated health care workers in skills upgrading.[13]

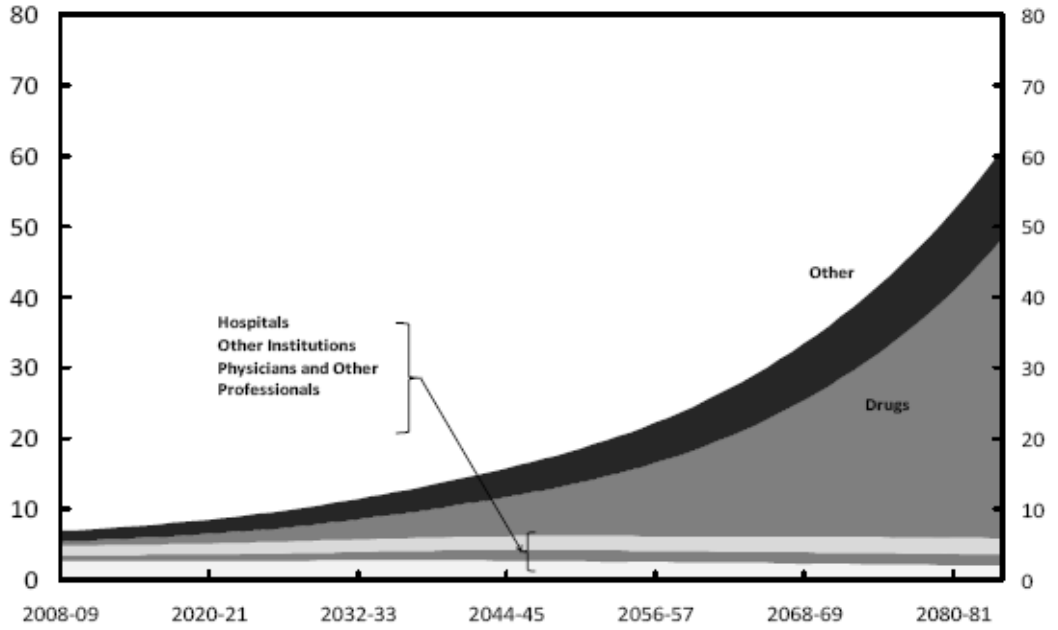
We are recommending that programs for health care workers be specifically developed under these programs with targets. This pilot program will increase the number of skilled health care workers, easing the shortage within the public system.

Recommendation 3: Commit to cost-sharing with the provinces and territories to provide public insurance for essential medicines.

Canada is second last among OECD countries in the provision of public drug insurance.[14] Our reliance on private insurance for drug coverage is an expensive solution that only works for about 50% of the population. Premiums for private drug insurance soared by 15% annually between 2003 and 2005, while drug costs rose by 8%.[15] Private plans also pay more for drugs than public plans as they do not have the same bargaining power. As a result of the myriad private and public plans, Canadians pay 30% more than the OECD average for essential medicines.[16]

The cost of drugs is the fastest growing part of the health care pie. As evidenced in the Parliamentary Budget Officer's 2010 report, if drug prices remain unchecked, they will continue to increase to the detriment of the health and finances of Canadians.

Projected Provincial-Territorial Government Health Expenditures as percent of GDP[17]



Such outcomes are far from determined. A researcher from *Institut de recherché et d'informations socio-economiques* has modeled savings that could be gained from implementing a public insurance plan for pharmaceuticals and from changing drug pricing practices.[18] For example, if Canada modeled its pharmacare program after New Zealand's in how it tenders and prices drugs, Canada could shave as much as $10.2 billion annually from its current drug expenses. With savings from dispensing fees, cheaper administration and removal of tax subsidies from private plans total savings could be $10.7 billion annually. Importantly, this would not require tax increases.

As far back as 1964, the Royal Commission on Health Services recommended that a universal drug insurance plan be established for all Canadians. The National Health Forum in 1997 recommended universal drug coverage, and the 2002 Romanow Commission recommended catastrophic drug coverage as a first step.

In 2004, the Premiers agreed that no Canadian should suffer undue financial hardship in accessing necessary drug treatment, noting the federal government had made a formal commitment to this priority. Premiers agreed that a national pharmaceutical program should immediately be established and that the federal government should assume full financial responsibility for a comprehensive drug plan for all Canadians, and be accountable for the outcomes.[19]

The federal government in September of 2004 agreed to partner with the provinces and territories to develop and implement the national pharmaceuticals strategy and report on progress by June 30, 2006 as part of the Ten Year Plan to Strengthen Health Care. Four years later in 2008, the provincial and territorial ministers of health said publicly that they can't move forward on several key elements of a national pharmaceutical strategy unless the federal government is willing to take leadership and share costs.[20]

In 2010, the Premiers agreed to work to control drug costs through the establishment of a pan-Canadian purchasing alliance. Whereas this is an important step, the federal government is required to move forward on other aspects of ensuring that no Canadians face financial hardship due to drug costs. We are on the eve of 2012, and Canadians are still waiting for a national pharmacare plan that will provide access to prescription drugs through first-dollar coverage, control drug costs through a national drug formulary and bulk purchasing, and increase the safety and efficacy of drugs.

A national pharmacare plan is a spending program that pays for itself. We urge the federal government to enter into a cost-sharing arrangement with the provinces and territories on a comprehensive national pharmaceutical program.

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