A Healthy Population for a Stronger Economy

Canadian Medical Association: 2011 pre-budget consultation submission to the Standing Committee on Finance

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ASSOCIATION MÉDICALE CANADIENNE
CANADIAN MEDICAL ASSOCIATION

A healthy population and a vibrant medical profession
Une population en santé et une profession médicale dynamique

The Canadian Medical Association (CMA) is the national voice of Canadian physicians. Founded in 1867, CMA's mission is to serve and unite the physicians of Canada and be the national advocate, in partnership with the people of Canada, for the highest standards of health and health care.

On behalf of its more than 74,000 members and the Canadian public, CMA performs a wide variety of functions. Key functions include advocating for health promotion and disease/injury prevention policies and strategies, advocating for access to quality health care, facilitating change within the medical profession, and providing leadership and guidance to physicians to help them influence, manage and adapt to changes in health care delivery.

The CMA is a voluntary professional organization representing the majority of Canada's physicians and comprising 12 provincial and territorial divisions and 51 national medical organizations.

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Executive Summary

The Canadian Medical Association (CMA) submission to the House of Commons Standing Committee on Finance examines how increasing retirement income saving options, improving access to prescription drugs, and planning for a Canadian Health Quality Alliance to promote innovation in the delivery of high quality health care can enhance our health care system and, in turn, make our economy more productive. Higher quality health care and expanded options for meeting the needs of retired and elderly Canadians will contribute to the ultimate goals of better patient care, improved population health and help our country reach its full potential.

Polls show that Canadians are becoming increasingly concerned about the future of their health care system, particularly in terms of their ability to access essential care. The CMA's 2011 pre-budget submission responds to these concerns and supports a healthy population, a healthy medical profession and a healthy economic recovery. Our recommendations are as follows:

Recommendation # 1
The federal government should study options to expand the current PRPP definition beyond defined contribution pension plans. Also, the federal government should expand the definition of eligible administrators of PRPPs beyond financial institutions to include organizations such as professional associations.

Recommendation # 2
Governments, in consultation with the life and health insurance industry and the public, should establish a program of comprehensive prescription drug coverage to be administered through reimbursement of provincial/territorial and private prescription drug plans to ensure that all Canadians have access to medically necessary drug therapies.

Recommendation # 3
The federal government should convene a time-limited national steering committee that would engage key stakeholders in developing a proposal for a pan-Canadian Health Quality Alliance with a mandate to work collaboratively towards integrated approaches for a sustainable health care system through innovative practices in the delivery of high quality health care.

Introduction

Over the past year, the CMA has engaged Canadians across the country in a broad-based public consultation on health care and heard about their concerns and experiences with the system. This exercise was undertaken as part of the CMA's Health Care Transformation (HCT) initiative, a roadmap for modernizing Canada's health care system[i] so that it puts patients first and provides Canadians with better value for money.

We have heard through these consultations that Canadians do not believe they are currently getting good value from their health care system, a feeling borne out by studies comparing Canada's health care system to those in leading countries in Europe. We also heard that Canadians are concerned about inequities in access to care beyond the basic medicare basket, particularly in the area of access to prescription drugs. While all levels of government need to be involved, it is the federal government that must lead the transformation of our most cherished social program.

1. Retirement Income Improvement

Issue: Increasing retirement savings options for Canadians with a focus on improving their ability to look after their long-term care needs.

Background

The CMA remains concerned about the status of Canada's retirement income system and the future ability of Canada's seniors to adequately fund their long-term and supportive care needs. The proportion of Canadian seniors (65+) is expected to almost double from its present level of 13% to almost 25% by 2036. Statistics Canada projections show that between 2015 and 2021 the number of seniors will, for the first time, surpass the number of children under 14 years of age.[ii]

The CMA has been working proactively on this issue in several ways, including through the recently created Retirement Income Improvement Coalition (RIIC), a broad-based coalition of 11 organizations representing over one million self-employed professionals.

The coalition has previously recommended to the federal government the following actions:

- increased retirement saving options for all Canadians, particularly the self-employed;
- changes to the Income Tax Act, Income Tax Regulations and the Employment Standards Act to enable the self-employed to participate in pension plans;
- the approval of Pooled Retirement Pension Plans (PRPP) as a retirement savings program for the self-employed;
- changes to the current tax-deferred income saving options (increase the percentage of earned income or the maximum-dollar amount contribution limit for RRSPs);

- a requirement that registration to all retirement saving options be voluntary (optional); and
- opportunities for Canadians to become better educated about retirement saving options (financial literacy).[iii]

The CMA appreciates that federal, provincial and territorial finance ministers are moving ahead with the introduction of Pooled Registered Retirement Plans (PRPPs). The CMA, as part of the RIIC, has been providing input into the consultation process. However, PRPPs represent only one piece of a more comprehensive retirement savings structure.

Recommendation # 1

The federal government should study options that would not limit PRPPs to defined contribution pension plans. Target benefit plans should be permitted and encouraged. Target benefit plans allow risk to be pooled among the plan members, providing a more secure vehicle than defined contribution plans.

Also, the administrators of PRPPs should not be limited to financial institutions. Well-governed organizations that represent a particular membership should be able to sponsor and administer RPPs and PRPPs for their own members, including self-employed members.

The CMA also continues to be concerned about the ability of Canadians to save for their long-term health care needs. The Wait Time Alliance – a coalition of 14 national medical organizations whose members provide specialty care to patients – reported recently that many patients, particularly the elderly, are in hospital while waiting for more suitable and appropriate care arrangements. Mostly in need of support rather than medical care, these patients are hindered by the lack of options available to them, often due to limited personal income.

The CMA has previously recommended that the federal government should study options for pre-funding long-term care, including private insurance, tax-deferred and tax-prepaid savings approaches, and contribution-based social insurance. This remains pertinent.

2. Universal access to prescription drugs

Issue: Ensuring all Canadians have access to a basic level of prescription drugs.

Background

Universal access to prescription drugs is widely acknowledged as part of the "unfinished business" of medicare in Canada. In 1964 the Hall Commission recommended that the federal government contribute 50% of the cost of a Prescription Drug Benefit within the Health Services Program. It also recommended a $1.00 contributory payment by the purchaser for each prescription. This has never been implemented.[iv]

What has emerged since then is a public-private mix of funding for prescription drugs. The Canadian Institute for Health Information (CIHI) has estimated that, as of 2010, 46% of prescription drug expenditures were public, 36% were paid for by private insurance and 18% were paid for out-of-pocket.[v]

Nationally there is evidence of wide variability in levels of drug coverage. According to Statistics Canada, 3% of households spent greater than 5% of after-tax income on prescription drugs in 2008. Across provinces this ranged from 2.2% in Ontario and Alberta, to 5.8% in P.E.I. and 5.9% in Saskatchewan.[vi]

Moreover, there is significant variation between the coverage levels of the various provincial plans across Canada. For example, the Manitoba Pharmacare Program is based on total income, with adjustment for spouse and dependents under 18, while in Newfoundland and Labrador, the plan is based on net family income.[vii,viii]

The Commonwealth Fund's 2010 International Health Policy Survey found that 10% of Canadian respondents said they had either not filled a prescription or skipped doses because of cost issues.[ix] Moreover, there have been numerous media stories about inequities in access across provinces to cancer drugs and expensive drugs for rare diseases.

The high cost of prescription drugs was frequently raised during our public consultations this year. The need for a national drug strategy or pharmacare plan was mentioned by an overwhelming number of respondents, many of whom detailed how they had been affected by the high cost of drugs.

The cost to the federal government of a program that would ensure universal access to prescription drugs would depend on the threshold of out-of-pocket contribution and the proportion of expenses that it would be willing to share with private and provincial/territorial public plans. Estimates have ranged from $500 million[x], and $1 billion[xi], to the most recent estimate from the provincial-territorial health ministers of $2.5 billion (2006).[xii]

Recommendation # 2

Governments, in consultation with the life and health insurance industry and the public, should establish a program of comprehensive prescription drug coverage to be administered through reimbursement of provincial/territorial and private prescription drug plans to ensure that all Canadians have access to medically necessary drug therapies.

Such a program should include:

- a mandate for all Canadians to have either private or public coverage for prescription drugs;
- a uniform income-based ceiling (between public and private plans and across provinces/territories) on out-of-pocket expenditures, on drug plan premiums and/or prescription drugs;
- federal/provincial/territorial cost-sharing of prescription drug expenditures above a household income ceiling, subject to capping the total federal and/or provincial/territorial contributions either by adjusting the federal/provincial/territorial sharing of reimbursement or by scaling the household income ceiling or both;
- a requirement for group insurance plans and administrators of employee benefit plans to pool risk above a threshold linked to group size; and
- a continued strong role for private supplementary insurance plans and public drug plans on a level playing field (i.e., premiums and co-payments to cover plan costs).

3. Innovation for Quality in Canadian Health Care

Issue: Development of a proposal to establish a Canadian Health Quality Alliance to promote innovation in the delivery of high-quality health care in Canada.

Background

There is general agreement that Canada's health care system is no longer a strong performer compared to similar nations. Clearly, we can do better. However, progress has been slow on a comprehensive quality agenda for our health care system. At the national level, there is no coordination or body with a mandate to promote a comprehensive approach to quality improvement.

Over the past two decades, health care stakeholders in Canada have gradually come to embrace a multi-dimensional concept of quality in health care encompassing safety, appropriateness, effectiveness, accessibility, competency and efficiency. The unilateral federal funding cuts to health transfers that took effect in 1996 precipitated a long preoccupation with the accessibility dimension that was finally acknowledged with the Wait Time Reduction Fund in the 2004 First Ministers Accord. The safety dimension was recognized with the establishment of the Canadian Patient Safety Institute (CPSI) in 2003. Competence has been recognized by health professional organizations and regulatory bodies through the development of peer-review programs and mandated career-long professional development.

While six provinces have established some form of health quality council (B.C., Alta., Sask., Ont., Que., N.B.), there is no national approach to quality improvement beyond safety. Given that health care stands as Canadians' top national priority and that it represents a very large expenditure item for all levels of government, the lack of a national approach to quality improvement is a major shortcoming.

In the U.S., the Institute for Healthcare Improvement is dedicated to developing and promulgating methods and processes for improving the delivery of care throughout the world.[xiii] England's National Health Service (NHS) has also created focal points over the past decade to accelerate innovation and improvement throughout their health system.

Canadian advancements in the health field have occurred when the expertise and perspective of a range of stakeholders have come together. The CPSI, for example, was established following the deliberations and report of the National Steering Committee on Patient Safety.[xiv]

It is estimated that it would cost less than $500,000 for a multi-stakeholder committee to develop a proposal for a national alliance for quality improvement, including the cost of any commissioned research.

Recommendation # 3

The federal government should convene a time-limited national steering committee that would engage key stakeholders in developing a proposal for a pan-Canadian Health Quality Alliance with a mandate to work collaboratively towards integrated approaches for a sustainable health care system through innovative practices in the delivery of high quality health care.

This alliance would be expected to achieve the following in order to modernize health care services:

- Promote a comprehensive approach to quality improvement in health care;
- Promote pan-Canadian sharing of innovative and best practices;
- Develop and disseminate methods of engaging frontline clinicians in quality improvement processes; and
- Establish international partnerships for the exchange of innovative practices.

Such an alliance could be established in a variety of ways:

- Virtually, using the Networks of Centres of Excellence[xv] approach;
- By expanding the mandate of an existing body; or
- Through the creation of a new body.

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