

April 19, 2006

The Honourable James M. Flaherty, PC, MP
Minister of Finance
House of Commons
Ottawa, Ontario K1A 0A6

Dear Minister:

On behalf of the Canadian Medical Association (CMA), I am pleased to present you with our pre-budget submission for your government's consideration. The CMA appreciates the opportunity to provide input into this government's first budget and to identify strategic investment opportunities for the long term health of Canadians.

While Canada's health system faces many challenges, we believe that immediate action by the federal government in four key areas will offer both short term and long term benefits. They are: (1) the establishment of a Canada Health Access Strategy to support a patient wait-times guarantee; (2) a proposed Visa position buyback program and a repatriation program to immediately address shortfalls in health human resources; (3) a strengthening of Canada's public health infrastructure; and (4) a remedy for GST-induced distortions in the health care system. We believe these proposals fit well with the government's stated priorities. While information on each of these recommendations is attached for your information and consideration, I would like to provide you with an overview of each.

1. CANADA HEALTH ACCESS STRATEGY

The CMA has been advocating for the implementation of maximum wait time thresholds or care guarantees for a number of years and is pleased that the government has included this as one of its top five priorities. As a first step, the CMA worked with six other specialty societies as part of the Wait Times Alliance (WTA) to develop a set of pan-Canadian wait-time benchmarks or performance goals released last August. We believe this work served as a catalyst for the provincial and territorial governments to move some way toward meeting their commitment in announcing pan-Canadian wait-time benchmarks last December. We must continue to work with governments and the academic community to improve access to medical care beyond the five priority health issues identified in the First Ministers' 2004 10-year health care plan.

The second step in implementing patient wait-time guarantees is the issue of honouring the commitment and providing for patient recourse. As a member of the WTA, the CMA strongly supports accelerating the timetable to reduce wait times nationwide. However, the federal government needs to do its part to assist provinces in advancing the timetable by stepping up the flow of funds earmarked for the last four years of the accord. Our proposed Canada Health Access Strategy is comprised of three components directed at making this happen: supporting provinces to expand capacity and to handle surges in demand; supporting the creation of regional and/or national referral networks; and establishing a Canada Health Access Fund for a "safety valve" to help Canadians access care elsewhere

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when necessary. Details on how this Strategy would work are attached. The point is that this Strategy is necessary to assure Canadians that they get the care they need when they need it.

Recommendation

1. The federal government advance the remaining \$1 billion from the 2004 First Ministers Accord that was originally intended to augment the Wait Times Reduction Fund (2010-2014) to support a Canada Health Access Strategy by:

(a) expanding provincial surge capacity : \$500 million to be flowed immediately to provinces on a per capita basis in return for agreement to accelerate the timetable for bringing down wait times, as was promised in the recent federal election campaign;

(b) improving national coordination of wait time management: \$250 million to support creation of regional and/or national referral networks, a more coordinated approach to health human resource planning, expansion of information technology solutions to wait time management and facilitation of out-of-country referrals; and

(c) establishing a Canada Health Access Fund: \$250 million initial investment in an alternative patient recourse system or “safety valve” when and if clinically-indicated maximum wait time benchmarks as agreed to by provinces/territories last December are exceeded.

Addressing Shortfalls in Health Human Resources

As identified by Minister Clement in a recent speech at the “Taming of the Queue III” wait-time conference, addressing shortages in health human resources is a key element of any strategy for reducing lengthy wait-times. Unfortunately, we face serious physician shortages, starting with family physicians. The bad news is that it can take several years to educate and train the necessary professionals. The good news is that there are some strategies that can be undertaken to address the situation in the short term.

2. VISA POSITION BUYBACK FUND

One such strategy is our Visa Position Buyback proposal that would eliminate the backlog of 1,200 qualified international medical graduates (IMGs) over the next five to seven years. Currently, these qualified IMGs, who are either Canadian citizens or landed immigrants, are unable to access the necessary residency training. One existing source for training capacity exists with the positions purchased by foreign governments for visa trainees. We estimate that there are over 900 current visa trainees at all rank levels. By implementing the Visa Position Buyback program, the government is able to take an immediate step that will produce tangible results as soon as a two to four years from now. This initiative would be part of a longer term plan to fully address the shortages in health human resources and help the government meet its commitment to implement a properly functioning patient wait-time guarantee.

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Recommendation

- 2a. The federal government allocate \$381.6 million toward the training of up to 1,200 IMGs through to practice over the 2007/08 to 2015/16 period. Funding would be made available in two installments: an immediate investment of \$240 million and the remaining \$140 million subject to a satisfactory progress report at the end of five years.

Repatriate Health Professionals Working in the United States

Fortunately, another short-term source of health professionals exists that Canada should pursue. Thousands of health care professionals are currently working in the United States including approximately 9,000 Canadian trained physicians. We know that many of the physicians who do come back to Canada are of relatively young age meaning that they have significant practice life left. While a minority of these physicians do come back on their own, many more can be repatriated in the short-term through a relatively small but focussed effort by the federal government led by a secretariat within Health Canada.

Recommendation

- 2b. The federal government should establish a secretariat within Health Canada that would provide funding to national professional associations to conduct targeted campaigns to encourage the repatriation of Canadian health professionals working in the United States, and act as a clearinghouse on issues associated with returning to Canada (e.g., citizenship, taxation, etc.).

3. PUBLIC HEALTH INFRASTRUCTURE RENEWAL

The CMA remains concerned about the state of Canada's public health system. Public health, including the professionals providing public health services, constitutes our front line against a wide range of threats to the health of Canadians. While there is much talk about the arrival of possible pandemics, Canada's public health system must be ready to take on a broad range of public health issues.

The CMA has been supportive of the Naylor report which provides a blue print for action and reinvestment in the public health system for the 21st century. While this will take several years to achieve, there are some immediate steps that can be taken which will lessen the burden of disease on Canadians and our health care system. These steps include establishing a Public Health Partnership Program with provincial and territorial governments to build capacity at the local level and to advance pandemic planning. In addition, we call on the government to continue its funding of immunization programs under its National Immunization Strategy.

Recommendation

- 3a. The federal government should establish a Public Health Infrastructure Renewal Fund in the amount of \$350 million annually to establish a Public Health Partnership Program with the provincial/territorial governments for the purposes of building capacity at the local level and advancing pandemic planning. In addition, the \$100 million per year for immunization programs under the National Immunization Strategy should be continued.

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4. A REMEDY FOR GST-RELATED DISTORTIONS IN THE HEALTH SYSTEM

The CMA and many other national health organizations are concerned about the increasing, unintended and negative consequences the GST is having on health care. For example, the 83% rebate originally provided for under the so-called "MUSH" formula is no longer tax neutral and is acting as a deterrent in some cases toward increased use of ambulatory care services such as day surgeries. Over the past 15 years the physicians of Canada have faced a large and growing unfair tax burden due to the GST. Since physicians' services are tax exempt under the law, physicians are unable to either claim input tax credits or pass on the tax because of the prohibition under the Canada Health Act of billing patients directly. This puts physicians in a unique and patently unfair catch 22 that now amounts to over \$65 million per year, which further acts as a deterrent to repatriating or retaining Canadian physicians.

Recommendation:

- 4a. That the federal government, in the course of reducing the GST from 7% to 5% further to its campaign commitments, remove the large and growing deterrent effects of the GST on the efficient and effective delivery of health care in Canada.

In summary, the CMA is providing you with recommendations on strategic investments to help your government honour its commitment to timely access to care and to improve the health of Canadians. Our recommendations are financially reasonable, making good use of Canadians' tax dollars.

We look forward to meeting with you on April 19 to discuss our proposals with you.

Sincerely,

Ruth L. Collins-Nakai, MD, MBA, FRCPC, MACC
President

c.c. The Honourable Tony Clement, Health Minister