

CMA's Response to Questionnaire From the  
House of Commons Standing Committee on  
Finance:

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2012-2013 Pre-Budget Consultation

August 3, 2012



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

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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 76,000 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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## **Question 1: Economic recovery and growth (What federal measures are required for sustained economic recovery and growth?)**

The health sector has an important role in sustaining Canada's economic recovery and enhancing economic growth beginning with supporting a healthy and productive workforce and providing over one million high value jobs, representing about 10 per cent of the labour force.

Despite the importance of the sector, there is general agreement that Canada's health care system is no longer a strong performer when compared to similar nations. While the OECD's 2011 Health Data ranks Canada 7th highest of 34 member states in per capita health care spending, the performance of Canada's health care system continues to rank below most of our comparator countries.

Health spending accounts for an increasing proportion of provincial and territorial budgets, and many warn of increasing future demands on the overall system. In his Economic and Fiscal Outlook Report of May 17, 2012, the Parliamentary Budget Officer stated that "the provincial-territorial long-term fiscal situation has deteriorated." Taken together, these issues highlight significant potential for the health sector, through efficiency improved gained by health care transformation, to support long-term economic recovery and growth in Canada.

While the provinces and territories have initiated positive steps to collaborate on sharing best practices, there are key responsibilities under federal leadership that would contribute to these efforts by addressing the overall performance of the health care system in Canada. The CMA recommends that:

- The federal government recognize the relationship of the social determinants of health on the demands of the health care system and that it implement a requirement for all cabinet decision-making to include a Health Impact Assessment (see Question 5 for more detail).
- Further to the comments by the Health Minister following the new fiscal arrangement announcement, the federal government should prioritize federal-provincial-territorial engagement focused on accountability and undertake a consultative process with the aim of identifying pan-Canadian metrics and measurement that will link health expenditures and comparable health outcomes.

## **Question 2: Job creation (What federal actions should be taken to promote job creation in a context of enhanced internal and international trade?)**

A high performing health care system across the country will help support labour mobility and job creation. An effective, comprehensive public health care system provides an important international competitive advantage. The contribution of Canada's health care system to the international competitiveness of our economy has been repeatedly demonstrated in KPMG's Competitive Alternatives report.

However, there are several signs that indicate health care services and coverage are not keeping up with Canadians' needs and vary depending on where one lives in Canada. For instance, long wait times for medical care can be found in smaller provinces, while drug coverage and services for seniors are particularly poor in Atlantic Canada. Wide variation in access to pharmaceutical treatments remains the most glaring example of inequity in our health care system—all Canadians should have a basic level of drug coverage. These variations are growing and will hinder job creation in some regions, serving as barriers to labour mobility for Canadians wishing to seek work elsewhere in the country. We believe that Canadians would be better served if federal health care transfers came with specific guidelines ensuring that the system provides care of comparable access and quality to Canadians across the country, regardless of their circumstances.

Recognizing the contribution of the health care system to Canada's international competitive advantage, improvements in Canada's health care system would further support job creation. The federal government should focus its efforts towards supporting the transformation of our health care system to better meet the objectives of better care, better health and better value. The CMA recommends that:

- The federal government, in consultation with provincial, territorial and other stakeholders, 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 drugs.
- The federal government, together with the provinces and territories, develop and implement a pan-Canadian strategy for continuing care which would integrate home care and facility-based long-term, respite and palliative care services fully within health care systems.

### **Question 3: Demographic change (What federal measures should be implemented to help address the aging population and skills shortages?)**

The CMA remains concerned about the status of Canada's retirement income system and the ability of Canada's seniors to adequately fund their long-term and supportive care needs. Steps need to be taken to ensure that Canada is prepared to handle the long-term care needs of its citizens, including the funding of necessary infrastructure and additional support for both health care providers and informal caregivers.

The availability of long-term care facilities has an important role in the efficiency of the overall health care system. For example, in its most recent report, the Wait Time Alliance noted that dementia is a key diagnosis related to the rise in alternate-levels-of-care (ALC) patient stays in hospitals. This is yet another issue facing all provinces and territories for which the federal government is well positioned to coordinate a pan-Canadian strategy. In addition, as part of the next long-term infrastructure program, the federal government should include a targeted health sector infrastructure fund for long-term care facilities as part of a pan-Canadian strategy to redirect care from the hospitals to homes, communities and long-term care facilities, where better care is provided at a lower cost.

The CMA recommends that:

- The federal government establish programs to encourage Canadians to save for their long-term care needs by pre-funding long-term care, including private insurance, tax-deferred and tax-prepaid savings approaches, and contribution-based social insurance, such as an RESP-type savings vehicle.
- That a targeted health infrastructure fund be established as part of the government's long-term plan for public infrastructure. The purpose of this fund would be to address infrastructure shortages in the health sector that prevent the optimization of health human resources and exacerbate wait times.

The CMA has supported the federal government's efforts to expand retirement savings options by establishing the Pooled Retirement Pension Plans. However, as highlighted by federal, provincial and territorial finance ministers, this is only one component of a larger pension reform framework to address the retirement income adequacy needs of Canadians. The CMA encourages the federal government to continue working with the provinces, territories and stakeholders to implement all elements of this framework.

#### **Question 4: Productivity (What federal initiatives are needed to increase productivity in light of labour market challenges such as the aging of Canada's population?)**

An effective and comprehensive health care system supports the productivity of the Canadian workforce. Failure of our health care system to respond to workers' health needs, on the other hand, leads to loss of productivity and high costs both in terms of lost income for Canadian families as well as foregone tax revenues for governments. Numerous studies have pointed out the enormous cost of waiting (in the billions of dollars per year) affecting both individuals and the economy.

Another related issue that has the potential to increasingly affect productivity is the burden of providing care to family members. Without adequate provision of long-term care resources and support for home care, Canada's labour force may experience a productivity drag through increased leaves and absenteeism to care for elderly relatives.

The 2011 federal budget took a first step at providing tax relief for informal caregivers through the Family Caregiver Tax Credit. However, this credit of a maximum of \$300 per year by no means provides sufficient support for informal caregivers.

A 2004 Canadian study estimated that the annual cost of a caregiver's time at market rates for moderately to severely disabled home care clients ranged from \$5,221 to \$13,374 depending on the community in which they reside. An increase to the Family Caregiver Tax Credit is positive for the development of one aspect of the necessary support informal caregivers require but the CMA believes other enhancements will also be needed in the coming years.

In order to meet the needs of our country's aging population, the CMA recommends that:

- The federal government expand the relief programs for informal caregivers to provide guaranteed access to respite services for people dealing with emergency situations, as well as increase the Family Caregiver Tax Credit to better reflect the annual cost of family caregivers' time at market rates.
- That a targeted health infrastructure fund be established as part of the government's long-term plan for public infrastructure. The purpose of this fund would be to address infrastructure shortages in the health sector that prevent the optimization of health human resources and exacerbate wait times.

**Question 5: Other challenges (Who is facing most challenges, what are they and what federal action is required?)**

Despite significant investments in health and improvements in medical treatment and technologies, health outcomes in Canada have not been moving in the right direction. Chronic diseases such as diabetes and the corresponding risk factors, among them obesity, continue to rise. These negative outcomes can have a significant impact on the prosperity of the country as health is necessary for individuals to lead a prosperous and autonomous life. Research suggests that 50 per cent of population health is determined by our social and economic environment. While a strong health care system is vital, changes to medicare alone will not improve health outcomes or reduce the disparities that currently exist in disease burden and health risks.

What is needed is a process to address the social determinants of health that can be barriers or enablers to health, a process to ensure healthy public policy for all Canadians. A Health Impact Assessment (HIA) is a systematic process for making evidence-based judgments on the health impacts of a policy and to identify and recommend strategies to protect and promote health. HIA is used in several countries, including Australia, New Zealand, Norway, the Netherlands and the United States. HIA is also used in Canada, most extensively for policy appraisals in Quebec.

HIA is necessary for ensuring that all government departments are able to consider the health impacts of their work. Such a tool would have been very beneficial in assessing cuts to program spending to ensure the impact on health would not be counterproductive (i.e., lead to higher overall costs to society once the health impact is taken into account). The adoption of an evidence-based HIA is one way in which the federal government can play a leadership role in health care. The CMA recommends that:

- The federal government include a Health Impact Assessment as part of its policy development process to ensure that the health of Canadians is a key factor in every policy decision it makes.
- The federal government recognize the relationship of the social determinants of health on the demands of the health care system.