



2008 ALBERTA CHAMBERS OF COMMERCE RESOLUTION

Renewal of Alberta's Health Care System

Alberta's publicly funded health care system is integral to the competitiveness of Alberta businesses. Employees and their families need timely and efficient ways to access the system. However, Alberta's health care system is increasingly challenged to provide Albertans with timely access to quality care in a cost-effective manner.

Timely access to quality care

With an aging population and advances in health care technology, governments have struggled to meet demand for health care services. In 2007, the lost productivity costs to employees of waiting for medically necessary services exceeded \$63 million in Alberta, and \$793 million in Canada.¹ The situation has become severe, as is noted in the landmark Supreme Court of Canada case:

"The evidence in this case shows that delays in the public health care system are widespread, and that, in some serious cases, patients die as a result of waiting lists for public health care. The evidence also demonstrates that the prohibition against private health insurance and its consequence of denying people vital health care result in physical and psychological suffering that meets a threshold test of seriousness." (Supreme Court of Canada, *Chaoulli vs. Quebec*, June 9, 2005).

Following from the *Chaoulli* decision, in September 2006, Calgarian Bill Murray launched a similar charter lawsuit that challenges Alberta's ban on private health insurance. Murray was denied the opportunity to receive a Birmingham hip replacement due to his age and ended up going out of the province for one of his two surgeries, paying for the procedure out of his own pocket. Alberta is one of six provinces that does not allow private insurance for publicly funded services.

Moreover, in a comparison of OECD country health systems based on universal access and public funding, it was found that Canada spends more than any other industrialized country, with the exception of Iceland and Switzerland, yet ranks near the bottom on several key measures such as wait-times and access to technology.² The study concludes that the Canadian model "produces inferior age-adjusted access to physicians and technology, produces longer waiting times, is less successful in preventing deaths from preventable causes, and costs more than any of the other systems that have comparable objectives."

¹ Fraser Forum. 2008. *The Cost of Being Canadian*. January.

² Fraser Institute. 2005. *How Good Is Canadian Health Care?*



Fiscal sustainability

Public health care encompasses an increasing proportion of the provincial budget. Alberta Health and Wellness' real per capita expenditures have increased by nearly 75 per cent in the last 10 years. With ministry allocations increasing by 12 per cent in 2007/08 alone, health care now comprises 37 per cent of the province's budget (\$10.3 billion). Alberta already spends the most per capita on health care of any province in Canada and, based on these expenditure patterns, health care will constitute 50 per cent of Alberta's total revenues by 2017.

Research conducted by the Alberta Chambers of Commerce and Certified General Accountants Association of Alberta finds that real per capita health expenditures in Alberta increased by 2.2 per cent per year on average between 1980/81 and 2003/04, while real GDP per capita only grew an average of 1.5 per cent per year between 1982 and 2003.³

The Alberta Chambers of Commerce recognizes that more spending is not the solution. In a 2008 survey of Calgary and Edmonton Chamber members, 70 per cent of respondents agreed that current health care spending is unsustainable. The looming demographic shift will continue to put pressure on the health care system, particularly since the amount spent per patient increases with age.

Additionally, 79 per cent of respondents support the idea of a health care system that charges reduced premiums or provides tax incentives for individuals who make healthy lifestyle choices, and 66 per cent thought that a greater private sector role in health care delivery would reduce costs and improve services.

It is essential that government, private industry, and the health care community collaborate to build a health care system that offers a competitive advantage, is fiscally sustainable, and builds and supports a healthy population.

Labour shortages in the health care field

The Alberta government estimates that the province will experience a shortfall of 109,000 workers over the next 10 years.⁴ This shortage is felt acutely in the health care sector where the average age of nurses in Alberta is 45 years old and Alberta has only about two doctors per 1,000 people – one of the lowest doctor-population ratios in the OECD.

The government has recognized that these rates are unacceptable and has taken action. The Alberta Chambers applauds the recent announcement of \$5 million to go towards the recruitment of registered nurses and the Health department's initiative on the International Medical Graduate Program. ACC also commends the government on its

³ See: Vision 20/20 Demographic Impacts on Alberta's Provincial Budget until the year 2026.

⁴ Alberta Employment, Immigration and Industry. 2006. Alberta's Occupational Demand and Supply Outlook 2006-2016. November.



decision to fund more post-secondary spaces for health care providers and hopes to see continued commitment to these types of initiatives. As the competition for qualified medical personnel is global, one of the best ways to ensure an adequate supply of doctors is to educate them here.

The Alberta Chambers of Commerce recommends the Government of Alberta undertake a renewal of the health care system focused on four key objectives:

- Simplified and empowering legislation
- Timely and efficient access to care
- Wellness incentives
- Addressing labour and skill shortages

Simplify the legislative framework and align it with principles of flexibility in delivery and improved choice in access:

1. Establish a clear and ongoing process for defining what services are offered by the publicly funded health care system, i.e., a “core basket.”
2. Simplify the existing legal framework to enable
 - i. Alternative delivery of services to increase access
 - ii. Contracting out of public services
 - iii. Private delivery and competition within the public system
3. Ensure that public and private facilities meet common standards of quality and care.

Pursue strategies that demonstrably improve access and reduce the cost of health care delivery:

4. Recognize choice by allowing patients to purchase health care services including upgrades beyond the basic levels funded by government (e.g., Birmingham hip instead of a regular device), similar to other provinces.
5. Investigate innovative financing options, such as internal competition from within the public health system, and the use of public-private partnerships and smart debt (i.e., financed over the useful life of the asset) for health care infrastructure.

Focus on increased wellness and incentives for healthy lifestyle choices (personal accountability):

6. Investigate incentives to encourage healthy behaviour to help individuals become more personally responsible for their health decisions.
7. Develop a savings plan option to enable Albertans to self-cover their future long-term care expenses.



Improve transparency and accountability in both the regional health authorities and Alberta Health and Wellness:

8. Work with health regions to develop financial, program and service data, capable of providing consistent accurate, comprehensive and transparent accounting of all costs, including the recognition of capital and operating expenditures.
9. Accelerate the development of primary care networks of the health regions and primary care physicians.
10. Introduce baseline measurements as to cost-effectiveness, efficiency, quality and access.

Labour and provider shortages:

11. Work with the professional associations and health regions on strategies to address the critical shortages in health care professions and homecare providers so that Alberta becomes self-sufficient in nurses, physicians, therapists, technologists and other health care professionals while maintaining Canadian standards.