

“A NEW VISION FOR HEALTH CARE...

THE NEED FOR CHANGE”



A Report By The British Columbia Chamber Of Commerce

Prepared: February 2002

“A New Vision for Health Care... The Need For Change”

Overview

The British Columbia Chamber of Commerce is a province-wide organization representing more than 26,000 businesses, mostly of small and medium size, and 120 local chambers. Our key mandate as an organization is to advocate a policy framework that promotes a healthy and vibrant economy in which all British Columbians can grow and prosper. Given the importance of a viable, effective and efficient health system to the economy of the province, we take seriously our responsibility to provide reasoned and meaningful recommendations on this most important issue.

The members of the British Columbia Chamber of Commerce have raised a number of issues and concerns with respect to our health system. To address those concerns and to be proactive in providing specific recommendations to government, a discussion forum was held on January 14, 2002 at which knowledgeable business leaders engaged in discussion with respect to the fiscal, human resource, legislative, political and structural challenges facing our health system.

As a result of those discussions, and in consideration of the input of our Health Committee and individual members, the Chamber has formulated specific recommendations that we believe will enhance the effectiveness and viability of our health system.

British Columbia currently expends approximately 40% (\$9.5 billion) of the provincial budget on health. The rate of growth in health expenditures quite simply cannot be sustained. Alternatives must be identified that result in patient/resident/client centered care while at the same time are based on sound business principles. We believe that both results are achievable. We believe both results are absolutely critical.

This report will summarize the wide-ranging discussions the BC Chamber has organized and facilitated on health policy issues and provide recommendations to government. The business community has a legitimate role in engaging in policy debate and discussion on health issues. We feel it our responsibility to take a leadership role in engaging such debate and discussion to the benefit of all British Columbians. This report is prepared and submitted in keeping with that responsibility.

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Executive Summary

Few issues evoke as much passion among Canadians as our health system. Some view our health system as a fundamental part of who we are as a society. Clearly, Canada's reputation has been enhanced internationally by what is perceived to be a strong social fabric that cares for all societal groups. That positive reputation has benefited Canada as a place to invest and to conduct business.

The members of the British Columbia Chamber of Commerce have expressed grave concerns about the "health" of our health system. The ability of communities to attract investment, create employment and maintain a positive economic climate is being eroded by the apparent deterioration of health services throughout the province.

While approximately 40% of provincial expenditures are on health and health related services, the demand seems insatiable. A different approach must be identified to enhance the likelihood that our health system not only survives - but also thrives. Quite simply, the current model will not survive the changing demographics of our population, the explosion of technology, public expectations and current economic realities.

The business community has a legitimate role in influencing the policies and direction of our health system. It is our responsibility to advocate for a policy framework that promotes a healthy and vibrant economy. We take that responsibility very seriously. The importance of a viable, effective and efficient health system to the economy of British Columbia cannot be overstated.

The British Columbia Chamber of Commerce has formulated specific recommendations that we believe are constructive and meaningful. Our recommendations are intended to build on the positive aspects of our health system as well as to provide suggested changes where we believe they are required.

The Chamber's key message to government can be summarized as follows:

- Establish the overall strategic direction and priorities for our health system
- Seek out greater efficiencies in the provision of health services,
- Identify revenue generating opportunities within our health system,
- Prioritize health services based on a patient/resident/client basis – "treat the patient, not the disease".

Our specific recommendations in support of these messages will be captured under the headings of Fiscal, Human Resource, Legislative, Political and Structural Issues in the body of the report.

There is no "quick fix" or a single panacea to immediately remedy the ills of our system.

Inaction is not an option. Reaction is dangerous. Strategic action is required.

Introduction

A healthy economy depends on attracting investment. Investment in our health system can, and does, increase the quality of life and ultimately economic growth. British Columbia works within a highly competitive world marketplace for attracting investment. If we are to be successful in attracting and retaining investment and investors, we must be able to offer competitive advantages of which our health system is certainly one.

Throughout this report we will refer to “patient/resident/client focused care”. In so doing, we recognize that care can be provided in a number of settings. Individuals receive care as a patient of a hospital, as a resident of a long-term care facility or as a homecare and/or community care client.

This report provides our recommendations on how these objectives can be met. In support of our key messages to government, issues will be defined and recommendations identified under the following headings:

- Fiscal
- Human Resource
- Legislative
- Political
- Structural

Fiscal Issues

In fiscal 2000/2001 British Columbia expended \$9.5 billion on health. This represents just less than 40% of provincial expenditures. In the last year, health expenditures increased by \$1.2 billion or 15% (see Appendix). Recent government announcements indicate that health funding will be held at current levels for three years. Given the cost drivers within the system, as it is currently defined, something will have to change. The three available options are to increase revenue, decrease service or improve efficiency.

Increasing revenues would be a significant challenge. Primarily because the British Columbia economy has been adversely affected by the softwood lumber dispute, the near collapse of the United States technology market into which we sell a significant percentage of our exports, as well as the impact of September 11th.

Also in regards to revenue, much debate has occurred with respect to the role of the federal government versus the provincial governments relating to health. Transfer payment reductions are identified as a major cause of the current crisis in healthcare. The fact remains, however, that there is only one taxpayer. Whether channeled from the federal or provincial coffers, the source of funds is the same – the taxpayer.

➤ Cost Effectiveness

It is clear that increase in funding cannot be sustained. Focus on cost reduction must be a priority.

In a system that expends \$9.5 billion annually, there must be areas of improved efficiency and effectiveness. Evidence based health care, defined performance indicators and improved outcomes measures must be pursued. Opportunities for revenue generation should be identified and acted on. While much attention is focused on the growth in Pharmacare expenditures, not much is said about the degree to which surgical interventions or other more costly treatments are delayed or eliminated because of the utilization of the pharmaceuticals. This is but one example of where overall system impact must be considered rather than budget impact on one program area. The Chamber believes a more holistic view of return on health dollars expended may well create a different set of priorities.

RECOMMENDATION

That Health Authorities adopt a renewed focus on cost reduction rather than funding increases.

RECOMMENDATION

That in assessing cost impacts, a more holistic view be taken as to the overall impact on the health system rather than on an individual program area.

➤ Role For The Private Sector

The term privatization of health services has been an anathema to many British Columbians. The reality is that many health services are already privatized. Physician services are perhaps the best example of privatized health service delivery. The legitimate role of the private sector in health service delivery must be recognized. Private health services have demonstrated that they can improve access and provide high quality patient care. Public/Private partnerships have existed for a number of years in the development and management of long-term care facilities. Publicly funded does not necessarily mean publicly delivered health services.

RECOMMENDATION

That the legitimate role of the private sector in the development, provision and management of health services be recognized and encouraged.

➤ Cost of Labour

Unquestionably, labour costs are the largest single health expenditure. Maximizing the utility of the human resource component and ensuring a fair return on that investment is required. This topic will be addressed in more detail under “Human Resource Issues”.

RECOMMENDATION

That a value for money approach be taken in assessing any compensation adjustment within the health sector.

➤ Impact of Medical Services Plan Premiums

There are options available to the province to improve the fiscal outlook for health. British Columbia is one of only a few jurisdictions that require its citizens to pay health premiums. While some would argue this payment should be eliminated, the payment of such premiums serves as a reminder to citizens that there is a cost to providing health services. The Chamber believes that most British Columbians would prefer paying higher premiums to a reduction in health services.

It must also be recognized, that when health services are de-insured, private health plans typically are forced to extend coverage for those services. As a significant number of British Columbians have employer paid health benefits, the increased premium costs devolve to employers. Off loading of costs as a policy of government cannot be seen as the panacea to meeting the escalating demand for health resources.

RECOMMENDATION

That Medical Services Plan premiums be reviewed to determine whether a modest increase would result in the protection of health services that might otherwise be eliminated or de-insured.

Human Resource Issues

In excess of 75% of the typical operating budget of a health organization is comprised of wage and wage related costs. Our health system employs more than 75,000 full time equivalents or 100,000 people. It is of great concern that for an investment of dollars of this magnitude, there is no mechanism in place that measures what return we are getting for that investment.

For the majority of British Columbians who interface with our health system, they view healthcare workers as dedicated individuals who are really trying to do their best to meet patient, resident and/or client needs. We do have a workforce that generally strives to maximize health outcomes within a sometimes-difficult working environment. It is not so much the individuals themselves as much as the regulatory, contractual and/or procedural constraints that cause less than optimum utilization of our most important resource.

➤ **Regulatory Issues:**

In British Columbia there are restrictive scopes of professional practice that are constraining the more effective utilization of human resources. There are a number of self-regulating professions and related statutes that define in very specific terms who may do what within the realm of health services. While acknowledging that these have evolved with public safety as key criteria, the realities facing our health system are such that the barriers created can do more harm than good by constricting the available supply of “qualified” individuals to provide health services to our citizens. This takes on a heightened level of importance in the northern and rural areas of our province. While the term “labour substitution” that is so common in business environments may not be well received by health professionals, it is vitally important that such issues be addressed within the health system context.

RECOMMENDATION

That the various regulatory and licensing bodies of health professionals examine their current policies and practices to identify mechanisms that both protect the public safety while providing flexibility in the provision of health services.

RECOMMENDATION

That the provincial government undertakes a review of the relevant health regulatory and licensing statutes and government policies in order to achieve greater flexibility in the provision of health services by health professionals.

➤ Levels of Compensation

Meeting the health needs of British Columbians requires the utilization of a significant number of workers in a large number of job classifications. In order to be competitive in our ability to recruit and retain such a workforce we must be competitive with the workplace for such jobs. It is appropriate to pay for market value based on market conditions.

Unfortunately in British Columbia that equation is out of equilibrium. For most job classifications we are paying more than for comparable work in other jurisdictions. As examples, we are currently paying 16% more than the Canadian average for Technicians/Professionals (non-nursing) and 28% more than the Canadian average for support workers (see Appendix). Disparities of this magnitude result in significantly more dollars being expended on compensation that more appropriately should be directed to direct care. While we must maintain a competitive position, does a differential of 28% make sense? The Chamber thinks that it does not. Options such as skills based compensation should be explored.

RECOMMENDATION

That any compensation adjustment for health workers takes into consideration the “marketplace” for such services. That where disparities exist that mechanisms be identified to bring into line compensation levels and related provisions.

➤ The Working Environment

Working to meet the health needs of British Columbians is challenging. Whether it is in the provision of clinical services, maintaining a clean and safe environment or struggling with the administrative/financial issues facing our system, those working in our health system are under stress. In many cases, what appear to be outrageous wage demands are a sign of desperation rather than greed. The sentiment that “if I am going to have to work in these conditions it is going to cost you,” signals the level of health, or lack thereof, of the working environment. Compensation is but one part of the employment relationship. Creating a more positive working environment is of equal importance. Creating opportunities to enhance the working environment must be a priority. These need not be based on significant financial expenditures.

RECOMMENDATION

That through an appropriate provincial organization or association, in collaboration with key stakeholders, a forum be established to identify and develop mechanisms to implement programs, initiatives and/or services to improve the working environment within our health system.

➤ Retention Of British Columbia Educated Health Professionals

In British Columbia we educate and provide training in a significant array of health professions. The cost of such education is borne to a very significant degree by the public purse. Tuition fees are not reflective of the true investment we are making as a province in the education and training of these professionals. Terms such as “Brain Drain” and others are used to describe the phenomena of BC educated professionals departing the province at, or soon after, graduation to work in other countries. It is incongruous that we are experiencing such a shortage in these professions when we are not retaining those that we are educating. The Chamber believes that the province must receive a return on the investment we make in this education proportionate to that investment.

RECOMMENDATION

That the provincial government implement a series of initiatives and/or incentives that will result in graduates wanting to remain in British Columbia to pursue their profession. Elimination of interest on student loans, forgiving of loans based on service criteria, improving the working environment, enhanced professional educational opportunities are some examples.

➤ Human Resource Planning

Despite the fact that the health system employs over 100,000 individuals, there does not appear to be an overall strategic plan for human resources. While this is a significant flaw in the current system, it can become a fatal flaw in the not too distant future given the demographics of our population. This takes on added significance in our northern and rural areas. Studies have identified that when students in health programs study and perform their practicum/internship in northern or rural areas they are far more likely to establish their professional practice in those areas. Efforts such as those currently underway between UBC and UNBC in this regard in the education and training of medical students should be recognized and supported.

The percentage of our population that will be entering the workforce over the next thirty years is decreasing at a steady rate. There quite simply will not be the “labour pool” from which to draw our future human resource requirements. The traditional manner in which services are defined, jobs are described and tasks completed will no longer be viable in the workplace of the future. Innovation and entrepreneurial approaches must be identified and implemented.

Options such as “Clinical Ladders” should be explored to allow excellent clinicians to progress within their profession as clinicians rather than having to move into managerial/administrative roles as the only options for promotion. Our colleges and universities must know what the health human resource requirements will be in order to

educate the new workforce. What might appear to be cyclical skill shortages now will become chronic in the near future. Issues such as mandatory retirement may need to be reassessed.

RECOMMENDATION

That the Ministry of Health Planning set as a priority the establishment of a Health Human Resource Strategic Plan. The geographic diversity of British Columbia be a key criteria in the formulation of such a plan.

Legislative Issues

There are a variety of statutes, both federal and provincial that in some manner direct, define and/or ensure health services. A number of these statutes were enacted within different economic and political environments. As we look to the future our health system will be defined in a different way, the criteria to assess effectiveness will be based on different elements and the role of government may well be based on new assumptions and principles.

The Canada Health Act is the statute that was established to enshrine within the health system the principles of comprehensiveness, universality, portability, accessibility and public administration. There have never been commonly agreed nor understood definitions of these terms. The services envisioned under the Act are identified as those that are “medically necessary”. Although this has generally been understood to be physician and hospital services, there is no agreed upon definition of what the term “medically necessary” actually means. There clearly is a need to prioritize health service delivery. A purely elective procedure should not be allowed to take priority over a more urgent health need. Focus on our children and youth must be a priority in this regard.

One option identified in a recent report tied “medically necessary” to a timeframe. If a service had to be performed within a specified timeframe it was deemed medically necessary.

Over time, the five principles have been eroded. Various provinces have different definitions and coverage provisions for homecare, long-term care, pharmaceuticals and other health services. While at one time physician and hospital services comprised the overwhelming proportion of health services, the introduction of new procedures, technologies and health service delivery protocols have resulted in a far different health system today than at the time the Canada Health Act was enacted. Unquestionably, the health system of five, ten, twenty years in the future will again be significantly different from what exists today. We do not have a national health system in Canada. We have a framework of principles to guide us. While that framework is not perfect, and is in need of updating, the Chamber believes that the Canada Health Act should be retained.

RECOMMENDATION

That the provincial government urges the federal government to review the Canada Health Act to make it more contemporary and to better define the roles and responsibilities of government with respect to health matters.

Political Issues

No issue evokes more emotion from the electorate than access to health services. Unfortunately, the demand has outstripped our ability to provide services. Innovative and entrepreneurial approaches must be adopted to address this problem. Difficult decisions must be made to ensure not just the sustainability of our health system, but to allow for improvements and better outcomes.

The demographics of our population certainly point to an aging citizenry with the attendant health issues relating thereto. At the other end of the age continuum, however, technology and expanded clinical knowledge has allowed for the viability of newborns that historically would not have survived. One result of these advances is that a measurable number of these newborns emerge with lifelong chronic conditions that our health system must address.

Government finds itself in a very difficult position. The Chamber believes that while difficult, a different approach to health service delivery and funding must be adopted. The overarching principle for our health system must be that it exists to meet the health needs of the citizens of British Columbia. Public policy must be formulated on that basis.

RECOMMENDATION

That the provincial government embarks on a course of patient/resident/client centered, reasoned and accountable health delivery for the citizens of British Columbia and resist the pressures of special interest groups that might impede that objective.

Structural Issues

How our health system is governed and managed has changed a number of times over the past decade. Given their interdependent nature, both the governance and management of our system must be addressed. We have seen consolidation, merger, amalgamation, regionalization, redefinition and many other iterations of change.

The business case for such changes has in many cases been unclear. The criterion to assess the effectiveness of such changes seems absent. In discussion with many within the health system, there is an absence of either the collection or the utilization (or both) of sound data on which to base such significant decisions.

The Chamber suggests that there are not effective information system infrastructures in place that allow health organizations to accurately track real costs for services provided. In other business environments such shortcomings would cause the enterprise to fail.

➤ Governance

Recent announcements by the provincial government appear to indicate that individuals with sound business experience will chair the newly defined health authorities. The Chamber supports this approach. We acknowledge and applaud the volunteer efforts of previous health trustees and their service to British Columbia and their communities. We are now seeing multi-million dollar businesses emerge in the form of the new health authorities. Given the complexities of such enterprises, sound business principles and acumen must prevail in the governance model.

RECOMMENDATION

That the provincial government continues its recent practice of appointing individuals with sound business skills and experience to the boards of health authorities. The Chamber further recommends that consultation with the Chambers of Commerce within the boundaries of the health authority would assist in identifying such qualified individuals.

➤ Information Systems

There have been many advances in technology within the health system. On the clinical and diagnostic side, MRIs CT Scans, laproscopic surgeries have added value. A gap seems to exist in the management decision-making tools in comparison to clinical technology. As stated in an earlier Canadian report on health systems, there is a lot of data but not a lot of information. The utilization of Case Costing models must be a priority in order to realistically understand what individual health services actually cost to deliver. Performance criteria and comparative analysis of cost, quality and outcomes should be undertaken utilizing such technology. Greater focus must be placed on

ensuring timely, accurate and usable information is available to support decision-making, facilitate strategic planning and improve effectiveness.

RECOMMENDATION

That Health Authorities set as a priority the identification, assessment and implementation of information systems and technology to enhance management decision-making.

➤ Capital and Physical Plant

In most health organizations minor capital purchases are funded through donations and foundations. This is also the case for some major capital acquisitions such as CT Scans. The Chamber is concerned with the chronic shortfall in the funding for capital projects.

In identifying the need to attract more specialists to parts of the province, the human resource success can be negated by lack of available facilities such as Operating Room time. The deterioration of physical plant has a significant impact on patient satisfaction, employee morale and other quality outcomes. Lack of attention to physical plant maintenance and repair will result in higher costs overall in the longer term. A particular focus on northern and rural needs is important in this regard.

RECOMMENDATION

That capital development and replacement plans be continually updated and that sufficient funds be allocated to maximize the utilization of physical plant and equipment.

➤ Appropriate Care Settings

Providing the correct health intervention at the right time in the most appropriate care setting is of fundamental importance. Using Emergency Rooms as neighborhood health clinics is not an appropriate use of the resource. Maintaining an individual in an acute care bed at a cost of in excess of \$1,000 per day is not appropriate when a long-term care placement would result in more appropriate care at one third the cost. Allowing individuals to remain in their homes while receiving health services is generally more cost effective and therapeutic than many facility placements.

A more seamless approach to health delivery should result in more appropriate care settings. This can only be accomplished however, if such settings are available and appropriate staff can respond.

RECOMMENDATION

That a series of incentives and disincentives be developed and implemented to maximize the likelihood of effective utilization of health services.

RECOMMENDATION

That the planning model for health facilities and other service delivery locations be visionary in anticipating, identifying and realizing the needs of a changing patient/resident/client base.

**BRITISH COLUMBIA CHAMBER OF COMMERCE
SUMMARY OF RECOMMENDATIONS**

Fiscal Issues

RECOMMENDATION

That Medical Services Plan premiums be reviewed to determine whether a modest increase would result in the protection of health services that might otherwise be eliminated or de-insured.

RECOMMENDATION

That Health Authorities be encouraged to identify mechanisms to increase revenues from external sources by service provision, facility utilization or other means.

RECOMMENDATION

That in assessing cost impacts, a more holistic view be taken as to the overall impact on the health system rather than on an individual program area.

RECOMMENDATION

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RECOMMENDATION

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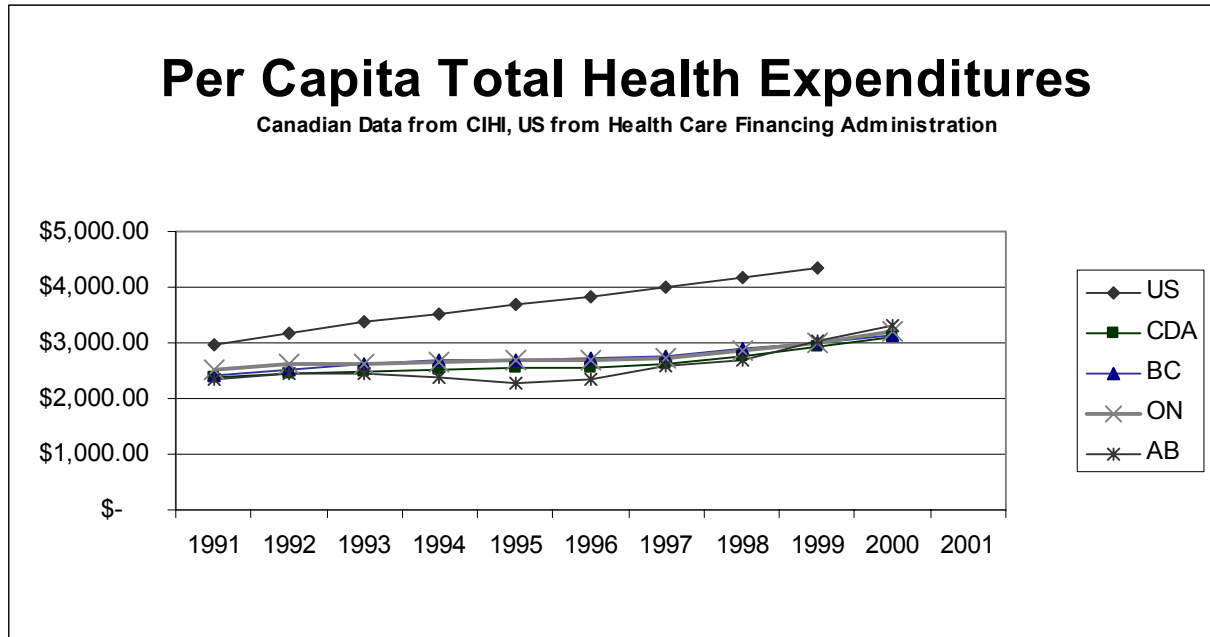
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Appendix A – Charts and Data



HEALTH CARE LABOUR COSTS

Cost of Labour	BC vs. National Average	\$ payroll	\$ payroll as % of Total	Weighted Average %
Interns/Residents	+12%	36.3 m	1%	.12%
Nurses	+9%	1300.0 m	34%	3.06%
Technicians/Professionals	+16%	565.0 m	15%	2.40%
Support	+28%	1903.5 m	50%	14.00%
Total		3804.8 m	100%	19.58%