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Health Care in Canada

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CANADA'S MEDICAL DEVICE TECHNOLOGY COMPANIES
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Tracking your health dollars – CIHI reports to Canadians

An overview of the Health Care in Canada 2007 Report

By Elsa Koutsavakis

In response to stakeholder feedback, the Canadian Institute for Health Information (CIHI) has released a newly formatted *Health Care in Canada* report that incorporates information found in other CIHI and Statistics Canada reports as well as studies from other sources (e.g. Patented Medicines Price Review Board (PMPRB).

The report covers health care financing, human resources, quality of care, outcomes, access and population health as summarized below.

TOTAL HEALTH EXPENDITURE

	Current Dollars ($' 000,000)			% GDP	% Public Sector	By Use of Funds (Percentage Distribution of $' 000,000), 2004				
	Actual 2004	Forecast 2005	Forecast 2006	2004	2004	Institutional Services	Professional Services	Drugs	Public Health	Capital and Other Health
N.L.	2,124	2,192	2,268	10.9	76.8	50.5	19.2	16.1	4.5	9.6
P.E.I.	536	562	586	13.3	70.4	47.1	20.2	16.9	6.1	9.8
Nova Scotia	3,726	4,009	4,304	12.5	69.6	46.2	22.4	17.5	2.1	11.8
New Brunswick	2,984	3,144	3,330	13.0	71.1	46.2	20.7	17.4	3.3	12.4
Quebec	27,592	29,051	30,381	10.4	71.7	43.1	21.2	19.7	2.8	13.3
Ontario	53,298	56,740	60,360	10.3	67.0	37.2	24.8	17.0	6.6	14.4
Manitoba	5,226	5,509	5,798	13.1	74.6	43.0	21.6	13.5	6.7	15.3
Saskatchewan	4,121	4,378	4,693	10.3	75.4	39.8	21.7	15.0	8.8	14.7
Alberta	13,832	15,225	16,225	7.4	72.0	37.5	24.1	14.1	8.1	16.2
British Columbia	17,165	18,205	19,232	10.9	71.5	38.9	28.3	14.0	4.6	14.2
Yukon	169	201	207	11.9	79.0	37.0	18.9	11.2	16.3	16.6
N.W.T.	299	308	318	7.2	89.9	47.2	17.3	6.9	7.9	20.7
Nunavut	309	312	311	29.3	95.5	35.4	13.5	4.5	8.2	38.4
Canada	**131,380**	**139,836**	**148,014**	**10.2**	**70.1**	**39.7**	**23.9**	**16.6**	**5.5**	**14.3**

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Tracking your health dollars – CIHI reports to Canadians

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Where Our Health Dollars Go

- Health care spending in Canada represents 10.3 per cent of GDP.
- Increased health care expenditures are attributed to population growth, inflation and a rise in real public and private spending on health care.
- Per capita health care spending is highest in Alberta and Manitoba at $4,900 and lowest in Quebec at $4,000. Variations are attributed to population size and geography, as well as demographics and the difference in costs of care.
- Canada is ranked sixth in total health spending per capita among 30 Organization for Economic Co-operation and Development (OECD) countries (less than the U.S. and Switzerland and more than Denmark or the U.K.)
- In 2006, the public sector accounted for 70 per cent of all spending, the balance was private sector spending.
- The hospital sector represents the largest category of health care spending and in 2006 it grew 5 per cent over the previous year.
- The proportion of expenditure spent on hospitals and physician services is decreasing over previous years; the proportion spent on prescribed and non-prescribed drugs is increasing.
- The report cites the PMPRB report that relates increased drug spending to the high volume of existing drug use and the entry of new, patented drugs into the market. The report quotes the PMPRB:

  "The study found that the fact that Canadians are using more drugs more often to treat diseases has contributed more to the rise in total drug spending than increases in the price of drugs themselves. In fact, PMPRB suggests that drug prices in Canada have remained relatively stable over the past decade.

  The increasing use of newer patented drugs is a second factor that helps explain the rise in total drug expenditures. Even though the prices of new patented drugs are regulated by PMPRB's Guidelines, there may still be incremental costs as new drugs are introduced. For example, the price of a break-through drug or of a drug that is a substantial improvement over an older medication can be higher than that of existing drugs."

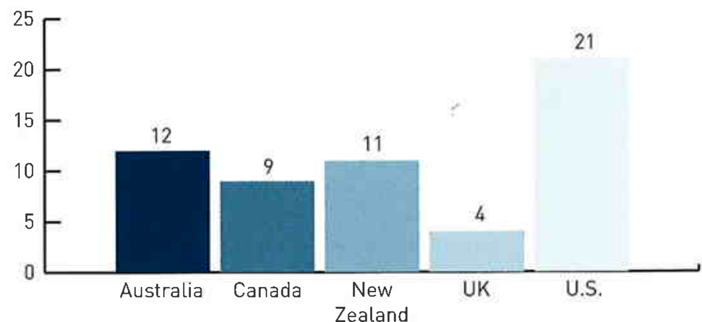
Health Human Resources in Canada

- 1 in 10 Canadians works in health and social services (1.5 million people).
- The total number of health care professionals is growing. From 2001—2005, the number of physicians and registered nurses grew respectively by five and six per cent. In the same period, the number of pharmacists grew by 15 per cent, and medical radiation technologists by 10 per cent.
- The increasing age profile of many health professionals will contribute to resource shortages in the future.

Access to Care

- In 2002 and 2003, 32 per cent of Canadians cited "waiting for care" as a barrier to access.
- Other factors named were: cost, cultural differences, language barriers, geographical distance and resources.
- The report examines Canada's current wait time situation for access to services and care such as surgery or tests (p.23 - *Access and Wait Times*).
- The report also discusses availability and affordability of health services as barriers to access, especially in terms of drug therapy, dental and vision care. Place of residence, age, income and employment are listed as factors affecting access.
- Drug coverage varies by province and territory and a Statistics Canada survey found 79 per cent of Canadians aged 12 or older had some public and/or private drug insurance coverage in 2003. Prince Edward Island had the lowest coverage rate at 67 per cent, Quebec the highest at 89 per cent.
- The report also sampled results from the 2004 study "Primary Care and Health System Performance: Adults' Experience in Five Countries" by C. Schoen et al. that compared Australia, U.K., New Zealand, Canada and the U.S. This study found only 9 per cent of Canadian adults do not fill prescriptions or skip doses as a result of the cost of prescriptions. The findings in Australia and New Zealand were 12 and 11 per cent, respectively. The highest rate of unfilled prescriptions or skipped doses was 21 per cent in the U.S.

Did Not Fill Prescriptions or Skipped Doses



Quality and Safety of Care

- The report explores patient safety and adverse events in the hospital setting and found that events vary across Canada, yet the number of surveyed medical mistakes were similar to those in other countries such as the U.K., Australia, New Zealand and Germany.
- The survey showed the results of the recent *Commonwealth Fund International Health Policy Survey of Adults with Health Problems* that found the percentage of Canadian adults who reported experiencing wrong medication/dose in 2005 was five per cent lower than those reporting medical mistakes and 36 per cent lower than those reporting medical mistakes that caused causing a very/somewhat serious health problem.
- Note that the Health Committee of the House of Commons this past spring, expressed interest in studying the number of drug-related adverse reactions. If this problem is being addressed, and the number of adverse drug reactions declining, the Committee's appetite to study this issue may also diminish.

Tracking your health dollars – CIHI reports to Canadians

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Medication and Medical Errors (% of adult Canadians reporting)

Population Health

- The report emphasizes the variation of health and illness across the country. It lists key factors that influence health including: socio-economic status, social environment and support network, physical environments, personal health practices, health child development, biology and genetic endowment, and gender.

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Diabetes Committee grapples with supply management issue

MEDEC's Diabetes Committee has been actively managing a contentious issue in B.C. since July. A plan by *B.C. Pharmacare* to restrict diabetes patients to a choice of two pre-approved vendors of blood glucose meter test strips may put diabetes management at risk for many patients. Unable to get the government agency to change its plan through direct consultation, the committee is now pursuing a new strategy of stakeholder and political engagement.

About 269,000 people in B.C. live with diabetes and about 60 per cent of those who use blood glucose meters currently receive reimbursement for the purchase of test strips from *B.C. Pharmacare*. Pharmacare has announced it will conduct a competitive bid process to establish supply arrangements with up to two strip vendors. The new supply arrangement would likely take effect in 2008.

The Diabetes Committee believes this plan is extremely ill-advised and will result in a negative impact on diabetes management for patients throughout the province. Blood glucose meters and test strips are not commodity products. Each brand uses different technology, and different models offer different features meeting the special needs of differing patients. Restricting patient choice to just one or two brands eligible for reimbursement means as many as 175,000 diabetes patients may be forced to change products.

Aside from having to throw out their existing, perfectly functional products, these patients may be forced to buy new devices to "fit" the mandated strips. They would have to learn to use these new devices and may require training from their pharmacists, doctors or local diabetes clinics. The disruption and inconvenience associated with switching products and testing regimes could have a negative impact on diabetes management for many patients.

A savings of less than four tenths of one per cent of the healthcare budget seems insufficient to warrant the potential risks to diabetes patients in B.C.

The effects on the meter manufacturing industry, as well as other stakeholders, will also be serious. Manufacturers whose products are not selected by the tender process will effectively be shut out of the B.C. market. With their departure from the market, millions of dollars worth of in-market support, no-cost patient education materials, research funding and corporate philanthropy may also disappear from B.C.

In the current competitive marketplace, meter manufacturers reimburse pharmacists for their time when training patients on new devices. It is highly doubtful that voluntary pharmacy reimbursement will be included in bids submitted to the Pharmacare competition. If they are not reimbursed, many pharmacists may not be able to freely offer their time to train patients. This would then push the onus for patient education back onto doctors, nurses and clinicians who have already very limited capacity to provide this service. A sudden increase in demand for education from patients forced to change devices may create serious diabetes management implications.

This competitive bid process might save the province about $5 million within its $13.1 billion healthcare budget, but a savings of less than four tenths of one per cent of the healthcare budget seems insufficient to warrant the inconvenience and potential risks to diabetes patients in B.C. The Diabetes Committee has had little success in trying to persuade *B.C. Pharmacare* to reconsider their plan. The committee's strategy has now shifted to enlisting support from other stakeholder groups and lobbying political decision-makers before the process is launched.