

Pre-Budget Submission to the
House of Commons Standing Committee on Finance
August 6, 2014

Driving Innovation and Service Excellence in Healthcare

HealthCareCAN, formed from the merger of the legacy organizations, Association of Canadian Academic Healthcare Organizations (ACAHO) and the Canadian Healthcare Association (CHA), is the national voice of healthcare organizations across Canada. We foster informed and continuous, results-oriented discovery and innovation across the continuum of healthcare. We act with others to enhance the health of all Canadians; build the capability for high quality care; and help ensure value for money in publicly financed, healthcare programs.

Executive Summary

HealthCareCAN commends the government for putting Canada back in the black in terms of the projected fiscal surplus. This is necessary if we are to steer the economy in what continues to be a fragile, uneven recovery. The government is right to focus on jobs, innovation and the creation of new opportunities. To that end we are very pleased that the federal government has identified the health and related life sciences and technologies sector as a key strategic area that warrants additional focus and investment.

HealthCareCAN supports additional strategic investments as it relates to the role of the federal government in relation to:

- **Leveraging our health research effort**

It is time to re-establish the target for Canadian Institutes of Health Research (CIHR) at 1% of total public healthcare spending to close the gap between Canada and other countries. We invite the government to restore the funding of basic and pre-clinical science to a success rate of 30% and use the incremental funding to expand signature initiatives such as Strategic Patient-Oriented Research (SPOR). This would help rebalance investments across the four pillars of research, and support successful commercialization programs such as the Proof of Principle Program at CIHR.

- **Driving innovation and spreading service excellence for vulnerable Canadians**

It is time to establish a targeted Healthcare Innovation Fund over five years that could include a National Action Plan for Dementia; a ten year extension of the Mental Health Commission and doubling of its budget; attention to vulnerable Canadians such as the frail elderly and Aboriginal mothers and children in their first two years; support for the work of the Naylor Panel which will report key initiatives to spread innovation; and investment for Canada Health Infoway to complete the interoperability and interconnectedness of Electronic Health Records and Electronic Medical Records.

- **Building organizational capacity**

It is time to rebuild capacity in the system. This is not just about bricks and mortar although conditions of infrastructure funds, such as the Canada Build Fund & the Canada Research Excellence Fund, should clarify that healthcare organizations have access.

Building capacity is also about investing in people. It is time for a pan-Canadian action plan to develop the leaders we need to drive the change that Canadians want in their healthcare system.

HealthCareCAN, on behalf of healthcare institutions across Canada, thanks the Committee for the opportunity to provide input into the Pre-Budget Consultation. We would also respectfully request to appear before the committee.

HealthCareCAN commends the government for putting Canada back in the black in terms of the projected fiscal surplus for 2015-16. This has not been painless, but it is necessary if we are to steer the economy through what continues to be a fragile and uneven recovery. The government is right to focus on jobs, innovation and the creation of new opportunities. To that end we are very pleased that the federal government has identified the health and related life sciences and technologies sector as a key strategic area that warrants additional focus and investment. The sector employs some 1.5 million Canadians (direct and indirect).

The time is right to re-invest in the Health/Life Sciences, to bolster term economic prospects and address the most pressing health challenges of vulnerable Canadians. **HealthCareCAN** supports additional strategic action as it relates to reframing the role of the federal government in relation to:

- A. Leveraging our health research efforts;
- B. Driving innovation and spreading service excellence for vulnerable Canadians; and
- C. Building organizational capacity.

HealthCareCAN's submission is centred on these themes in addressing the committee's questions.

A. Leveraging our health research efforts

We agree with the Council of Canadian Academies in its report 'Paradox Lost' that there is a "need for a fundamental change of paradigm away from the preoccupation with R&D supply-push and toward a firm-centric perspective emphasizing demand pull."ⁱ Any country that does not develop an integrated eco-system of research and innovation that produce 'value' – in this case improving the health of its citizens, the functioning of the health system and the vibrancy of its economy – will have diminished access to the great minds in the global race for talent. Without strategic investments in people and more innovative process, Canada will continue to slide down the international league tables in terms of health system performance and health outcomes.

What do we need to achieve this? On the investment or input side, we need to protect the base budget of CIHR to keep a healthy research and innovation pipeline from basic science to clinical research, to research with health systems and at the population health level.

It is crucial that CIHR have the capacity to retain world class health researchers and nurture new generations of researchers, innovators and entrepreneurs. The next two years are the key. The careers of many emerging researchers are at risk as CIHR introduces important new programs within an overall budget that is shrinking in real terms. Layoffs are now happening.

The answer is not simply a matter of pumping money into research, although some investment is urgently required. When CIHR was created, the intention was to reinvest 1% of public health care spending through health research at CIHR. Despite targeted increases in recent federal budgets, CIHR's overall investments have remained relatively stable since 2007-2008, resulting in an erosion of 'purchasing power' in real terms, and a growing gap as a percent of GDP.

Incremental increases over the next five years to the CIHR funding envelope would help us maintain a healthy and coordinated research ecosystem and commercialization pipeline by: ensuring sufficient budgets to keep high performing researchers and their intellectual capital in Canada; investing in basic science –to keep the source pool of the innovation and commercialization pipeline available; maintaining a commitment to SPOR; and enhancing successful commercialization programs (e.g. Proof of Principle Program at CIHR).

With an integrated, sector specific approach, we believe there is an opportunity to bring more products to market that can revolutionize the way we address disease, disability, and quality of life issues; provide a mechanism for bending our healthcare cost curve; and generate wealth for decades to come. Canada must move from innovation by accident to innovation by design.

B. Driving innovation and spreading service excellence for vulnerable Canadians

As the federal Minister of Health recently recognized, “Canada continues to lag other leading industrialized countries on key health system performance metrics of access and quality.”ⁱⁱ

HealthCareCAN believes that the best pathway forward involves strategic investments in healthcare innovations that help vulnerable Canadians. Increased attention needs to be focussed on: (1) the frail elderly and those with dementia; (2) Aboriginal mothers and children in their first two years of life; and (3) Canadians with mental health problems in their recovery.

We strongly support the Health Minister’s establishment of the Health Innovation Panel, chaired by Dr. David Naylor, who will identify the five most promising areas of innovation in Canada and internationally that have the potential to sustainably reduce growth in health spending while leading to improvements in the quality and accessibility of care. Financial and policy support will be necessary to ensure the spread of innovations to improve care and health outcomes for this group.

I. Frail elderly

Canada’s older population is projected to double over the next twenty years, while its population aged 85 and older is set to quadrupleⁱⁱⁱ. Although most Canadian seniors are healthy and aging successfully, there are a number of frail seniors who suffer from complex and multiple medical and psychosocial problems. This vulnerable group of patients are falling through the cracks of our health care system. Building on excellent federal initiatives such as the Canadian Employers for Caregivers Plan, supports to help families and seniors stay in their homes and expanded tax relief for personal care services, we further recommend: tax-based policies and programs to address growing long-term care needs such as a RESP-type savings vehicle targeted at long term care costs; or tax incentives for the purchase of long-term care insurance. Other approaches include: the implementation of a social insurance approach along the lines of the Canada Pension Plan; a national plan or strategy on dementia; and, measures to speed-up the spread of innovations to improve care and health outcomes for the frail elderly.

II. Aboriginal mothers and children in their early life

HealthCareCAN commends the Canadian government for its leadership through its Muskoka Initiative and other global actions to reduce maternal and child mortality, and improve the health of mothers and

children in the world's poorest countries. This has resulted in declining, global maternal mortality rates and millions more children around the world celebrating their fifth birthday.

It is now time for the government to show the same leadership at home, and take concerted measures to improve the maternal health of Aboriginal women and children in their first two years of life.

Canada can and must return to one of the world's top five countries for infant mortality. Given our high infant mortality rate compared with our OECD peers (ranking 27th in 2011), our Aboriginal infant mortality, with up to four times the overall Canadian or non-Aboriginal rate, equivalent political will is required at home. The adoption and spread of innovative strategies from other countries that outperform Canada in this area provide evidence that such action will result in significant economic and health benefits at the individual, community and national level.

III. Develop a national action plan or strategy on dementia

HealthCareCAN applauds the government's leadership in the area of dementia, including its decision to co-host (with France) a G8 gathering in 2014 on research related to dementia. As Minister Rona Ambrose pointed out at the December 2013, G8 Dementia Summit in London, 1.4 million Canadians will have some form of dementia by 2036.

We support the Finance Committee's recent recommendation that "the federal government move expeditiously on the creation and implementation" of a national plan to address dementia. Canada is one of the few G8 nations that do not have a national plan or strategy on the subject, and **HealthCareCAN** strongly supports the adoption of the recent Finance Committee recommendation.

C. Building Capacity – Leadership and Infrastructure

As a founding partner of the Canadian Health Leadership Network, we support the proposed call for a Canadian Health Leadership Action Plan. Recent studies point to leadership as the number one enabler of organizational and overall health system performance. **HealthCareCAN** members, concerned about the large and growing leadership skills gap, calls for an action plan based on their study of how different forms of leadership are shaping health reform in Canada and the complex array of factors that make leadership of large scale reform very challenging. Results highlight the need for a more coordinated strategy for leadership talent management and succession planning and a more robust, systematic and comprehensive approach to research and knowledge mobilization on best practices of leadership. We need to develop the leaders and managers that have the capacity to drive the change Canadians want.

It is not just about more bricks and mortar but infrastructure funds, such as the Canada Build Fund and the Canada Research Excellence Fund, should be structured to ensure that healthcare organizations have access as do universities.

In closing, health and healthcare are important to Canadians and to our economic prosperity. It is opportune for the Federal Government to demonstrate leadership through evidence-based investments.

Endnotes

ⁱ Council of Canadian Academies, Innovation and Business Strategy: Why Canada Fall Short June 2009

ⁱⁱ 2013 Commonwealth Fund International Health Policy Survey; 2012 Commonwealth Fund International Survey of Primary Care Doctors

ⁱⁱⁱ Sinha, HealthcarePapers, 2011