Health Care Spending

Spending on health care was a contentious topic during the Conversation on Health. The sustainability and the amount of health care spending, spending pressures and accounting for health care costs, were areas that were highlighted in many discussions and submissions. Here is a selection of what British Columbians had to say on the subject of Health Care Spending.

Sustainability of Health Care Spending

There is a great deal of debate about the sustainability of the health care system. Some British Columbians are concerned that health care spending is consuming an increasingly large portion of the provincial budget. Many of these participants feel that current expenditures cannot be sustained and that some services will have to be reduced or eliminated if we are to preserve the health care system for future generations.

Other participants feel that the sustainability issue is not as dire. They point to tax cuts and reductions in spending elsewhere to account for the increasing percentage of the provincial budget consumed by health care. Many participants argue that health spending as a proportion of Gross Domestic Product is sustainable. They feel that the Government has a number of options available to increase provincial revenues if that is what is required to adequately fund health care and other programs British Columbians depend on.

*I think one of the reasons why Canada is so concerned about sustainability of costs is because we have so many governments involved. We have a federal system, which means that 14 governments have this as a preoccupation instead of one, which is the case in non-federal systems. So we seem to be unusually preoccupied with this.*

- International Symposium, Vancouver
Health Care Spending

The opinions of British Columbians on the appropriate level of health spending are diverse and conflicting. Many participants are concerned that current spending levels are not sufficient to deliver the health care system that British Columbians want. Others feel there can never be enough money to fund health care and that the recent infusions of funds have resulted in little, if any, improvement. Some argue that the health system is sufficiently funded, but that those funds are not being spent as wisely and efficiently as they could be. Many feel the changes required to improve the health care system and the health status of British Columbians will require short term infusions of funds in order to achieve long-term results.

…all health care systems will absorb all the money they can get near, and all societies or governments… have to find ways of keeping some constraint on that total.

- Focus Workshops on Delivery Models, Vancouver

Spending Pressures

Participants in the Conversation on Health point to a wide variety of causes for spending pressures experienced by health care. Many participants feel that prescription medications are over used. They believe that alternate treatments and lifestyle changes are not explored adequately before a prescription is offered. Other participants discuss increased public awareness of health issues, and the expectations that awareness creates, as important factors in increasing health care demands. For some, the aging population is seen as a source of pressure on health care spending. While most British Columbians agree that the need for health care is greatest near the end of life, there was no consensus that the aging of the population alone leads to increased spending.

There are a number of options presented by participants to reduce health care spending. Some participants recommend increasing home and community care services to address the potential for increased demands arising from an aging population. Administration is another area where participants suggest that savings could be realized through improved accountability, restrictions on compensation for executives and limiting administrative staffing. Others feel that increasing the effectiveness of primary care could help address spending pressures, especially in terms of treating and managing British Columbians with chronic illnesses.
Accounting for Health Care Costs

Most British Columbians believe it is vital that the health care system be able to better account for costs and spending. Many feel that without a clear understanding of costs there is no way to achieve accountability, find efficiencies or improve quality. The current budgeting practices are seen as a contributing factor to this lack of accountability. Participants suggest ending block or silo funding and zero-based accounting. Some participants think that improved accountability could also be achieved through increasing public awareness of costs by providing patients with an invoice listing the costs of services provided.

*Every health authority and every medical care facility within it must be accountable for demonstrating the costs of providing care. Every operation, every procedure, every bed and every person involved should be fully costed so that we can begin to have a clear picture of the value of our health care system.*

- Web Dialogue, Pitt Meadows

Conclusion

Health care spending is a contentious issue for many participants. Some are sceptical that the sustainability situation is as dire as has been suggested, but most agree that changes must be made in the manner that health care funds are spent and accounted for. British Columbians are seeking accountability and measurable results in return for their current and future investments in the health care system. Participants are aware of many of the challenges facing health care, but believe that focused spending and long-term planning will lead to solutions.
Health Spending

This chapter contains the following topics:

**Sustainability**

**Pressures on Health Care Spending**

**Administrative Costs**

**Efficiencies**

**Health Spending**

**Spending Priorities**

**Capital Costs and Technology**

**Accounting for Health Care Costs**

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Related Chapters

Many of the topics discussed by participants in the Conversation on Health overlap; additional feedback related to this theme may be found in other chapters including: Health Care Models and Innovation and Efficiency.

Sustainability

Comments and Concerns

Sustainability as a Value or Concept
Sustainability of Health Care Spending
Lack of Sustainability of Health Care Spending

- Comments on sustainability as a value or concept:
  - Much is being said about how the system is not sustainable but little is being said how we define sustainability as a society.
  - Sustainability should mean planning today to meet the needs of future generations.
  - Sustainability is a characteristic of a process or a system that can be maintained at a certain level indefinitely.
  - Sustainability is about how much we value something and not about economics.
  - I think the reasons why Canada is so concerned about sustainability is because we have so many levels of government involved. We have a federal system and a
provincial system, which means that 14 governments have sustainability as a preoccupation instead of just one.

- There is evidence that financial sustainability is not the issue this conversation needs to focus on. There are also sustainability issues around service delivery and human resources.

- Sustainability can be a code word for cost control, user fees, private surgical centres, delisting of services and increased Medical Services Plan (MSP) fees.

- Sustainability is a poor foundation for any system if there is no way to ascertain measure or guarantee that efficiency is part of the equation.

- If we fail to achieve sustainability, our generation will be looked back upon as being so selfish that our lack of responsibility may have led to the downfall of Canadian society.

- The health care system must be socially, economically and environmentally sustainable.

- It is unfortunate that much of the discussion on sustainability is based on personal opinion and political bias. Unless we can move past uninformed or illogical statements of supposed fact the discussion becomes a shouting match.

- There is an enormous amount of inertia resisting change in the health care system. It appears that a sustainability crisis is being created in health care to encourage a sense of real urgency for change.

- This focus on sustainability needs to apply to everything that we do as our resources are finite and will be depleted if we do not find a way to sustain them.

- The fundamental issue is not a growing government health ministry budget but the growing overall cost of health care, regardless of where the revenues come from to pay for that growing cost.

- We need a Medicare renaissance in Canada where we go back to the roots of the Medicare system and re-examine whether we have achieved the goal of insuring families against catastrophic financial loss across the board. Has the system devolved or evolved over time to become what it is today? What is it that we are trying to sustain?

- **Comments on the sustainability of health care spending:**
  - The claim of health care spending approaching 70 per cent of government revenues is based on an unsubstantiated estimation of future health care expenditures increasing at eight per cent and an under-estimation of government revenues by three per cent. If the Government had developed its projection
based on the average rate of increase in both government revenues and health expenditures over the last ten years, health care spending would be at only 40 per cent of the provincial budget in 2017.

- The Finance Minister’s assertion that by 2017 health care will consume over 70 per cent of the provincial budget is not based on a measurement of the correct data. What matters are the share of our total income or Gross Domestic Product that we spend on health care and not the share of the provincial budget.

- The estimate of eight per cent annual increases in health spending is effectively a three per cent annual enrichment rate, which is almost double the historical rate.

- Provincial spending on health care is under eight per cent of the Gross Domestic Product. This is the same range as consumer spending on bars and restaurants, which no one characterizes as out of control.

- If future economic growth rates are consistent with those over the past quarter-century they will lead to health care expenditures falling as a share of the Gross Domestic Product. In medium- and high-growth scenarios there is scope to further expand the coverage of public health care.

- We had the Health Accords of 2000, 2003 and 2004 and an escalator clause built in that goes way past 2011. We have guaranteed that health spending would rise because we said it would. We have decided collectively as a society to put a whole lot more money into health care at much higher than the rate of inflation. It has nothing to do with an inexorable trend in health costs. It has to do with a conscious decision negotiated by governments.

- Viewing recent increases in health care spending that resulted from new federal-provincial agreements to restore health care funding, after cutbacks in the mid-1990s, as unsustainable is questionable methodology. Taking this as its starting point to project further unsustainable increases in spending is unrealistic and ignores longer-term trends.

- According to Roy Romanow, we're not spending more real dollars on health care than we did 25 years ago despite the perception that we are.

- The Organization for Economic Co-operation and Development (OECD) averages about four per cent real growth in spending and we are at three per cent. We are trailing the pack in growth of health spending. There is no obvious reason that we should be so concerned with the sustainability of the rate of increases in health spending.

- Canada has kept costs reasonable as a percentage of the Gross Domestic Product of just under ten per cent, which is comparable with Switzerland, France and Germany, and much less than the United States where they spend 15.3 per cent.
• The argument that the health care budget is rising unsustainably is faulty. The budget set by the Government is a representation of public priorities and health care is a top priority.

• The measure of health care spending as a percentage of the governmental budget is not objective.

• Statistics are being misused in the sustainability debate.

• Government is trying to mislead and frighten people with the use of global health care costs instead of per capita costs.

• Health costs only $8.14 per day per British Columbian. It is affordable to increase the cost to ten dollars per day to keep the health care system public. Per person costs are sustainable.

• Business groups are suggesting that our health care system is unsustainable by exaggerating projections of large increases in health care costs to convince the public to privatize the health care system.

• The health care system is sustainable because it is funded with tax revenues. Tax revenues are a sustainable source of funding.

• Health spending consuming 42 per cent of the provincial budget is a reflection of reduced revenues due to tax cuts and lower spending in other ministries and not unsustainable increases in health spending.

• Slashing education and social services expenditures results in the health care portion of the budget to appear to be rising.

• British Columbia has the third lowest health spending in Canada.

• Government should stop closing hospitals and long-term care facilities and then telling the public the health care system is unsustainable because there are not enough beds to meet the demand.

• Sustainable, universal health care is possible and with proper engagement and utilization of our resources British Columbia can provide a leadership model for the rest of Canada.

• The health care system is providing a broader range of services than it did in the past. The possibilities offered by new technology have to date been accommodated by the public system. While some cracks are apparent, it is important to note that the health care system has expanded a great deal from its early days.

• Health Care in British Columbia is being delivered adequately in spite of media buzz and the occasional disgruntled individual who does not understand the
complexities of delivering health care in a rapidly changing environment where costs, services, demands and technology interplay to create a challenge beyond anything faced before in the health care milieu.

- There is a difference between affordability and value. The value this system may bring to society would not only lead to a better quality of life for people but ultimately it may end up saving money elsewhere. You have to look at it more holistically rather than at the system itself.

- The Minister of Finance is concerned about how much health care costs but at the end of the day there still has to be a coherent, comprehensive and cogent health care system.

- Comments on the lack of sustainability of health care spending:
  - Our health care system costs too much and is not sustainable.
  - Since 2001/02 our population has increased by approximately four per cent. Our health care costs have increased at ten times that rate.
  - There is no question that health care costs are increasing. Between 1990 and 2005 British Columbia’s provincial health care expenditures increased by 138 per cent. Inflation over that period was only 36 per cent.
  - Health spending has doubled every decade for the last 30 years. The share of budget has gone up to 42 per cent. If we continue on this track, 70 per cent of British Columbia’s budget will be going to health care. That is not something the province can afford to do.
  - The cost of health care is increasing relative to the cost of living.
  - Some have suggested that health spending has not changed as a percentage of the Gross Domestic Product but the Gross Domestic Product is not revenue and governments cannot invest Gross Domestic Product.
  - To suggest that health spending can be maintained as a percentage of the Gross Domestic Product is to suggest that the status quo is sufficient.
  - British Columbian doctors believe that the health care system is presently unsustainable in all aspects. To address these inadequacies will require a concerted effort to stabilize the publicly funded health care system in terms of quality, infrastructure and human resources, while simultaneously ensuring its ongoing financial stability.
  - Growth in the economy has not kept pace with growth in health expenditures.
• British Columbia cannot afford the current health expenditures and when the baby boomers pass through the health care system it will create a debt that future generations will have to pay.

• Some British Columbians will continue to pretend there is enough untaxed money out there to pay for an increasingly expensive health care system. They would rather we all suffer together than find a solution.

• The design of the health care system is a recipe for an unsustainable system. Those who consume the service do not pay for it. Those who provide the services do not charge for it. Those who finance it do not control it.

• The expectation of full government funding for all health care services is as unrealistic as it is unachievable.

• Statistics suggest we are facing a crisis as our population ages. If we do not make some dramatic changes to the way we deliver health care the system will collapse.

• Quality of human life has an economic value. No one wants anything less than the most advanced care. However, British Columbia cannot continue to increase the health budget year after year. This is a road to bankruptcy.

• The public has to accept that the status quo is not sustainable. We have to determine what we are willing to forego in order to ensure access to health care for life threatening illness and injury.

• It is clear that the current health care system cannot meet the needs of the population and the Government cannot keep on increasing spending.

• There is a sustainability crisis in health care but it is not due to increasing health care expenditures. The crisis was created by a failure of effective government leadership to enact necessary reforms to meet changing health care needs of British Columbians.

• Our present healthcare system is financially unsustainable and as such endangers our ability to provide acceptable universal healthcare. The entire health care system is trapped in a series of segregated budgeted functions that need to be cross-linked in not just planning but also cause and effect outcome budgeting.

• The health care system is unsustainable due to:
  o the growing demand for hip and knee surgeries;
  o the aging population;
  o organ transplants;
  o increased spending for mental health;
  o substance abuse;
- Increasingly expensive technology;
- Increasing administrative costs, and
- Facilities that are at and above their capacity.

- We cannot continue to pour all our resources into one sector of our society. If we do not make changes now, we will end up with free health care for everyone but access for no one.

- The health care system cannot afford all of the services it is providing. We need to look at what should be covered under Medicare and what should be paid for by the patient.

- There is no way to have sustainable health care unless we stop taking our personal health and our public health system for granted.

- Health care should be sustainable because it meets one of our basic needs and makes it possible for people to contribute to society. Given the current trend of cutbacks, waiting lists and bed shortages the current system is not sustainable enough to be a reliable resource for future generations.

- The health care system cannot help but collapse as long as people are not supported in maintaining healthy lifestyles.

- When universal health care was introduced it was never anticipated that it would be used to fund ever-more-expensive ways of keeping people alive.

- I do not think people understand that sustainability, in the sense of affordability forever, is a completely insoluble problem. We are on treadmill and will not get off until it collapses as a result of our resources being exhausted.

- We absolutely should build our health care system on a foundation of sustainability.

- Innovation is critical to the preservation of a sustainable healthcare system in British Columbia as this may be the first generation in 100 years who can expect worse health outcomes than their parents. We need to adopt a new business model for healthcare which incorporates innovation and focuses on chronic disease prevention and management. Innovation is one of the foundations of a sustainable system and there needs to be an environment where the Government both values innovation and embraces partnership with industry.

- If we want to achieve the goal of sustainability, the greatest challenge we face is the need for innovation in expectations and attitudes toward the health care system and what we expect from it in the future. That will require changes in behaviour and in thinking. Our challenge is how to address that and to build into the system a new kind of environment that supports people sustaining change.
behaviour in how they use the health system and how they think about health for themselves.

- By introducing a culture of accountability, re-engaging doctors in the system, re-aligning the public's expectations for health services and introducing additional payer sources we may find our way clear to a sustainable and more robust system for today and into the future.

**Outstanding Questions**

- What do we mean by sustainability?
- What is driving the unsustainable nature of our health care?
- Why should cost escalation be a reason for shifting costs from public to private budgets?
- Do health care costs become more sustainable if paid by patients themselves, rather than from public budgets?
- Would health care be more sustainable if we went in the direction of preventing disease rather than treating it?

**Pressures on Health Care Spending**

**Comments and Concerns**

- **Pharmaceuticals**
- **Social Determinants of Health**
- **The Aging Population**
- **Demand Management**
- **End-of-life Care**
- **Chronic Illnesses**
- **Medical Practitioners and Practices**
- **Technology and Equipment**
- **Private Health Care Delivery**
- **Lifestyle Choices**

- Comments on pharmaceuticals:
  - The medicalization of everyday life and the drive to diagnose disease early create pressure on the health care system. Illnesses are being identified in patients with no symptoms. The definitions of diseases are expanding. This epidemic of diagnoses has in turn led to an epidemic of treatments. Diagnoses mean more
money for drug manufacturers, hospitals, physicians and disease advocacy groups. The key contributor is the pharmaceutical industry.

- Over-prescription and inappropriate prescriptions are a source of costly hospital admissions.
- The health care system is being burdened by medical and pharmaceutical costs that could have been avoided.
- Drug costs and unnecessary use of technology are increasing costs.
- Drug company’s excessive profits are driving up the costs of health care.
- Pharmaceutical expenditures across Canada are rising faster than the rest of the health care sector. Pharmaceuticals are not covered entirely under Medicare but split between public funds, private insurance and out-of-pocket payments. This parallels the American pattern of health care funding and yields the same uncontrollable cost escalation one finds in the American health care system.
- Medications that only maintain and do not cure increase costs.
- New and better drugs and vaccines are a cost effective means to ensure the overall sustainability of the health care system. Thanks in part to new drugs, hospitalization rates have dropped dramatically.
- Pharmaceuticals and vaccines, when used effectively and appropriately, are not simply commodities to be positioned as cost drivers or barriers to a sustainable health care system. The public investment in this area is a key contributor to improved treatment of patients and improved health outcomes.

- Comments on social determinants of health:
  - Poverty directly affects the health system.
  - It is estimated that the health care costs that result from violence against women are approximately $1.5 billion per year. Abused women use a higher proportion of health care services compared to non-abused women.
  - The police are using the health care system as a means of policing. The public deserves to know the real cost of health care and police practices are pushing up those costs.
  - The primary determinants of health and the health care system demand lie outside the health care system. Health care has a great deal to do with caring for, and sometimes curing, people who have become ill or injured but it has much less to do with why they became ill or injured in the first place.
  - While it is expensive to build and staff prisons, it is even more costly to deal with substance abuse related illness and injury both in financial and social terms.
• **Comments on the impacts of an aging population:**

  • An aging population and people living longer are increasing costs on the health care system.

  • The use of the health care system as a comfort service by the elderly is increasing costs.

  • Senior immigrants create pressure on the health care system. People are admitted to Canada each year that will never contribute to our medical infrastructure through taxes, yet they use the health services.

  • In 2003, British Columbia seniors over age 65 accounted for 13.5 per cent of the population but were responsible for 44 per cent of the total public health care budget.

  • Over the next 25 years the population of British Columbia that is greater than 65 years of age is going to go up by 100 per cent. The population itself is going to go up only 30 per cent. These population shifts are going to put incredible pressure on the health care system.

  • Stop blaming senior citizens as the reason for an unsustainable system. Actual usage costs are only $550 more per year for people over 40 years of age.

  • It seems to me from the literature that the aging of the population is one fairly moderate, modest component in the increase in costs.

  • Older people, on average, use more health care and generate more expenditures than younger people. All else being equal, an aging population will generate increasing use and costs per capita. This myth arises from the presumption that this process explains the past escalation of health care costs and that a future acceleration will make public health care unsustainable. The argument is logically flawed and empirically erroneous.

  • The aging of the population is a great Canadian health care success story. It is amazing that we have enabled so many Canadians to live long, healthy and active lives.

  • Population aging is a contributor to rising cost pressures in the health care system but a relatively small one. Based on current projections there is little to suggest a demographic time-bomb about to go off.

  • Injuries to seniors who are trying to stay active should not be included in the statistics as part of the high costs of services to seniors but as part of the cost of services to a community with active lifestyles.

  • The baby boomers are being unfairly blamed for rising costs when it was their generation that paid the lion’s share of Medical Service Plan Premiums and taxes.
• The baby boomers are living healthier lives than their parents and will not cost the health system as much as has been estimated.

• **Comments on health services demand management:**
  - The quantity and quality of information available to the public drives patients to demand the best and most expensive care and treatments medicine has to offer.
  - British Columbians think the health system is free and use it accordingly.
  - The lack of cost born by the individual for health care allows people to act irresponsibly and increase costs for the entire system.
  - The public's expectation that all new treatments that come along will be available to them for free creates pressure on the health care system. Many new treatments are very expensive and beyond our ability to fund.
  - Everyone believes it is their right to be treated, no matter how old they are, how futile the treatment is or how expensive the treatment is.
  - Some women are abusing the health care system by seeking abortions for the second and third time.
  - People are not aware of the costs for emergency services or doctor visits.
  - The presumption that significant amounts of care are being used by people frivolously, simply because it is free, is false. Studies of actual use patterns show that care is heavily concentrated on a small number of people, people who are in fact quite ill. They are typically elderly and/or chronically ill and suffering from several different illnesses.

• **Comments on end-of-life care:**
  - Keeping patients alive who have little or no hope of recovery is a great expense for the health care system.
  - A large proportion of health care expenditures occur in the last year of life. What is important is the impact on the margin of additional health care dollars spent. For example, billions could disappear into extremely expensive end-of-life treatments that prolong life by days or weeks but do little to restore health or enhance quality of life. This raises some deep ethical questions about opportunity costs. This money might be better spent, from a population perspective, on prevention and public health measures or on public dental.
  - The implication for future health care expenditures is different if high costs of dying are predominant. If expenditures increase as a matter of course as people get older, there will be upward cost pressures associated with an aging
population. If people live longer and healthier lives and the big costs are really associated with dying, the real issues relate to end-of-life care options.

- **Comments on chronic illnesses:**

  - Chronic disease affects 34 per cent of British Columbia's population and accounts for 80 per cent of the health care budget.

  - The Ministry of Health estimates the direct cost of providing health care services for people with complications related to diabetes at approximately $776 million each year. By 2016, predicted direct health care costs to treat patients with diabetes in British Columbia will increase by 78 per cent to an estimated cost of 1.38 billion dollars. It is highly likely that the indirect costs of diabetes to British Columbia's Gross Domestic Product will increase at a similar rate.

  - An estimated 1 in 100 Canadian babies (about 4,000 per year) is born with Fetal Alcohol Spectrum Disorder. The 2003 Provincial Fetal Alcohol Spectrum Disorder Strategic Plan for British Columbia states that, "Each child affected by Fetal Alcohol Spectrum Disorder may require an estimated $1 million to $2 million over the course of their lifetime to support remedial medical, educational and social costs. Pregnancy Outreach Programs work with at-risk women to reduce/eliminate alcohol intake during pregnancy and thereby lower the rates of Fetal Alcohol Spectrum Disorder.

  - Arthritis and musculoskeletal diseases cost the Canadian health care system 16 billion dollars per year and represent the nation's second most costly group of diseases.

  - Greater value for money will require improving the effectiveness of care for the chronically ill with multiple co-morbidities, through better application of evidence on what works and what does not. Shifting costs from the public to patients will simply penalize the sick financially, thus adding to the burden of illness itself.

  - Evidence-based care and practice are not fully maximized. A Danish study demonstrated that evidence based care in Type II diabetes can have a significant impact on costs and savings.

  - The prevention of cancer has the greatest potential to reduce the burden of cancer, which will help reduce the incidence of chronic disease and lead to a healthier population and a sustainable health care system.

  - The incidence of cancer is expected to increase 60 per cent over the next 20 years due to our aging and growing population. This will place added strain on our health care system and result in the loss of productivity of British Columbians.
Comments on medical practitioners and practices:

- Improper diagnosis often leads to unnecessary surgeries, which contribute to making the Medicare system too costly.
- Surgery is an over utilized solution when problems could be easier and better treated through alternative care.
- Doctors who make errors are not accountable for their mistakes.
- There are no cost controls placed on doctors by the primary payer for services, the Government. Doctors are therefore in a position to recommend increased utilization and are guaranteed payment by the Government.
- The fee for service structure is not efficient and creates incentives for increased utilization.
- If clinical guidelines are rigorously rooted in evidence from clinical trials, and are in fact followed by clinicians, they are a powerful tool for improving value for money. However, when clinical guidelines are significantly influenced by current practice and convention rather than trial evidence they become a floor from which clinical practice expands.
- Growth in servicing intensity is being driven not by patients asking for more interventions but by physicians recommending them. The majority of these recommendations are undoubtedly based on the belief that patients will benefit but these beliefs often lack a secure base in evidence.
- The increases in intensity of servicing that are the major drivers of cost escalation have several sources. One of these is changes in formal and informal clinical guidelines, which significantly re-defined the proportion of the population in need of treatment. Expanded diagnostic capacity and use leads to the discovery of an increasing degree of clinical abnormality that is treatable but that treatment may have little or no impact on health.
- Doctors are not the cause of rising health care costs. Many other factors are contributing to the rising costs including an aging population, a greater need for expensive investigations and treatments, the consumption of cigarettes, expensive drugs that are not that effective and too many bureaucrats.
- Government has signed a $400 million contract with the physicians to address primary health care. I think that is the biggest waste of money I have ever seen. Physicians in general practice alone will not provide good primary health care. They are not conscious of the population or society and all this contract would do is allow doctors more billing. It is not multi-disciplinary nor is it spread evenly across the province because of the way physicians are distributed.
• The current specialist referral system is inefficient, very expensive and needs to be addressed.

• Family doctors and emergency rooms are the main entry points to the health care system for most British Columbians and both are very costly.

• The lack of a family doctor leads many British Columbians to over utilize the health care system.

• The Government should take a more active role in discouraging double doctoring. They used to write letter to people who did this but not any more. The costs of this practice should be better explained to the public.

• Non-professional overtime is where all our money is going.

• **Comments on technology and equipment:**
  • Missing, lost or stolen wheelchairs and other equipment is a great expense to the health care system.
  • Between 2001/02 and 2005/06, the number of diagnostic machines in British Columbia available increased at a pace much faster than population growth or aging would require.
  • While some innovations will save money, technology can also create cost pressures. In a constrained budget environment there is a risk that new technological innovations will crowd out other services.
  • Medical knowledge, procedures and equipment have developed to such an extent that we now have the technology to bankrupt ourselves, unless we are willing to put limits on that spending. Rather than avoiding the question by allowing private care, I believe we should take the responsibility of making these decisions.
  • It must be recognized that new and innovative medical devices are not a cost driver to the system. There is a significant body of evidence internationally to show that the use of innovative medical devices can substantially reduce requirements for pharmaceuticals, reduce emergency room visits and reduce hospitals stays.

• **Comments on private health care delivery:**
  • Walk in and private clinics cost the health care system a great deal and there are only so many dollars to go around.
  • Treatment centres are draining the health care budget.
• It is a concern that the proliferation of private facilities will increase capacity for service delivery past the point where it is affordable for the taxpayer.

• The pressures facing the public health care system would equally challenge the sustainability of private health care.

• The areas where health costs are growing fastest are those with the most private involvement, such as pharmaceuticals, medical technologies and private health care premiums.

• Private sector suppliers are driving up the costs, not the public facilities.

• Privatization increases cost because of the need for profits. Profit will result in escalating the costs of health care.

• Comments on lifestyle choices:
  
  • Preventable car accidents are a huge cost to the health care system.
  
  • It is estimated that the cost of smoking and unhealthy eating amounts to double the annual cost of the average otherwise-healthy individual's health care costs.
  
  • There is an upward trend in childhood obesity-related health care costs burdening the health care system.
  
  • British Columbians whose lifestyles include unhealthy eating and smoking are estimated to cost the health care system double that of a healthy individual.
  
  • If we could convince the population as a whole to quit smoking, to lose weight, to walk to work, to bicycle where appropriate, to eat proper foods, avoid trans fats, to not drink alcohol, to not use other substances of abuse, to not get into cars and race, to not take up paragliding and all the things that we all do or many of have done in the past and think that simply by focusing on prevention and health care promotion that we are going to lower health care costs we are mistaken. All we would be doing is delaying the inevitable. Instead of getting into congestive heart failure at age 70 and having a five year life expectancy, you are going to live 7 or 10 years longer but at the end of the day our health care system is still going to be faced with the same problems. All you are going to have done is shifted the problems five to ten years down the road but you are still dealing with the same subset of people who need lots of medical care in the last years of their life.
  
• Our health care system has been enriched and expanded by the addition of new surgical procedures, new pharmaceuticals and the public coverage of services of additional health care sectors.

• More surgeries are done today than a few years ago. However, hospitals must live within global budgets when they are paid a fixed annual amount unrelated to the
volume of services delivered. With this system of funding, hospitals have no incentive to become more productive as increased work volumes simply bring greater costs with no corresponding increase in revenues. Every year hospitals in British Columbia cut costs by reducing production, for example, by closing operating rooms. As a consequence, waiting lists continue to grow.

- I think the evidence is pretty clear that if we make a strong investment in the primary care system you can decrease overall system costs because health outcomes go up for the entire population.

- Ambulance costs are increasing due to the closure of so many hospitals.

- The health care unions are attempting to continually raise the ante in salary and benefits. This is a major factor in the escalating costs of health care. I do not think the rising cost of salaries and benefits is sustainable.

- Resources are wasted because British Columbia purchased an ambulance dispatch system that sends fire trucks and two ambulances to far too many calls for assistance when clearly they are not needed.

- There is inflation in health care costs, that is, an ongoing rise in the price of purchasing the same level of health care services. This includes the rising salaries of professionals and other workers and higher costs for supplies and equipment.

- The biggest cost driver is inflation, with increases averaging 10.7 per cent per year, if you include the period of high inflation from the mid-1970s to the mid-1980s. If we look just at the 1995 to 2005 period, the impact of inflation is less at 2.4 per cent per year. Population growth is responsible for increases of 2.3 per cent per year over the 1975 to 2005 period and 1.2 per cent per year over the 1995 to 2005 period. However, it is notable that increases in population are generally offset by increases in economic activity and thus increases in tax revenues to fund services. Population aging is the smallest factor of the three, responsible for increases of only 0.7 per cent per year between 1975 and 2005 and rising to 0.9 per cent per year for 1995 to 2005. Projecting cost pressures forward, aging adds 1.1 per cent per year to the cost of maintaining the status quo of health care services.

- I am concerned over refugee families entering Canada and the potential costs to the Canadian health care system.

- Patients who catch infections while in the hospital add to our health care costs.

- Feedback loops are pushing the system in wrong directions. Methods of payments, amounts paid for various procedures and drugs and the constant lack of evaluating system measurements all result in increased costs.
• The lack of warnings on products containing sunscreen result in a cost to the health care system because of doctor visits and medications for those who have allergies.

• Too many caesarean births are performed in British Columbia at a great cost to the health care system.

• The health care costs that are rising in comparison to the Gross Domestic Product are diagnostics and medications.

• In some areas, Aboriginal people are provided with three meals a day free of charge at the hospitals. That creates a real drain on the hospital budgets and allows less funding for meals for the people who are admitted for care. Hospitals are not restaurants.

• Off-site storage for patient records, that can no longer be destroyed, must cost an absolute fortune and the costs will rise with every successive year.

• WorkSafe uses their legal system to get you off benefits and into the public health care system, thereby saving WorkSafe money.

• Health human resource shortages translate into high rates of increase in pay packets.

Ideas and Suggestions

Alternative and Complementary Health Care
Home and Community Care
PharmaCare
Spending on Technology
Prevention and Health Promotion
Social Determinants
Health Care Delivery
Education and Personal Responsibility

• Ideas about alternative and complementary health care providers:

  • If naturopathic medicines were fully covered under the Medical Services Plan a significant burden would be taken off the mainstream system.

  • Dental assistants can play a key role in improving the sustainability and accessibility of health care but not under the current regulatory framework.

  • The health care system must be cost efficient if it is to be sustainable. It seems we must intelligently investigate and implement the use of less costly alternatives to an increasingly expensive, technological and drug-oriented approach to health care.
Massage therapy can contribute by providing a therapy for many soft tissue conditions that is safe, effective and cost-effective.

- Look for the most effective and economical way to deal with disease or illness, including natural remedies.

- Chiropractic care has been shown to be more cost-effective for the health care system than medical management of back problems thus saving the Government and tax-payers money.

- British Columbia must adopt and administer medical cannabis distribution and licensing. This will generate a great deal of revenue for the health care system.

- We should look for alternate care availability before surgery is offered. Build in a second opinion in serious cases concerning the ways to help the patient

- The British Columbia Association of Optometrists (BCAO) strongly urges the Government to recognize the benefits of preventive eye care in minimizing costs to the health care system by permitting timely intervention to prevent acute and devastating disease.

- The Government discontinued coverage of chiropractic, massage therapy, naturopathy, physiotherapy and podiatry. People willingly paid user fee to access these services. When coverage was discontinued, people went to their general practitioner for treatment. This resulted in the Medical Service Plan covering the full cost of the visit plus drug costs in many instances.

- **Ideas about home and community care:**
  
  - Support community-based wellness programs that involve fitness programs, education and counselling enable older British Columbians to remain independent in their homes for as long as possible. Wellness programs also help to ensure a sustainable health care system by keeping seniors healthy and out of institutions.

  - We must focus on supporting people in their own homes as long as is medically safe to do so. Over the next twenty years, the system will have an expanding need for enhancing care that is provided in the communities and in patients' homes. How we manage the increase in chronic diseases among our growing population and aging seniors will be a critical factor in ensuring that the system functions effectively.

  - The cost of caring for each resident in long-term care can be in excess of $10,000 per month. I feel many family members would be willing to take a leave of absence from their work to care for an elderly family member for half of what it is
costing the health care system. Even if some respite care and home nursing support was provided to these families it would still result in large savings.

- Keeping seniors in their homes saves the system a great deal of money.
- We should do more outreach and monitoring of frail seniors in their residence. This is likely to reduce costs and overloading of beds in the acute care system.
- To respond to the changing needs and demands in this province and to sustain the health care system more consideration must be given to expanding the role of home and community care, integrating all sectors within the health system and innovations that ensure fiscal sustainability of the British Columbian health system.
- Community workers prevent numerous hospital trips that would have cost millions.

**Ideas about PharmaCare:**

- Moving to first-dollar public coverage through a national Pharmacare program would deepen incentives for cost-control. A national PharmaCare program would cost between three billion and four billion more than existing public expenditures. A recent report for Health Ministers under the National Pharmaceutical Strategy set additional costs to the public sector for a catastrophic drug coverage plan as ranging between $1 billion and $4 billion, depending on the formula used.

- Numerous policy initiatives could be implemented to better control drug costs as part of a coordinated national pharmaceutical plan. The federal government could restore compulsory licensing to enable greater generic drug production for the Canadian market, enhance funding for new drug development that would be put in the public domain, engage in bulk purchasing and determine a common formulary that would be covered in all provinces. It could also limit the challenges posed by direct-to-consumer advertising of drugs.

- The cost of nutritional treatments is much lower than the cost of drugs and has long lasting effects which can only benefit our health system while also reducing costs.

- Consider buying out the major drug companies in conjunction with other countries who have similar health plans and support new drug research in the universities of the countries that participate.

**Ideas about spending on technology:**
• The increasing cost of new technological interventions must be weighed against their benefits. Not every new technology will be justified and there may be significantly diminishing returns to advances in technology. This discussion quickly becomes one of ethics because how much does society expend on an individual's care when the sky is the limit? This topic is deserving of thorough public discussion and debate.

• The Romanow report concludes that health technology assessment is a comprehensive and systematic assessment of the conditions for and the consequences of using health care technology. It provides relevant information to managers, decision makers and health care providers on the safety, economic efficiency, clinical effectiveness, as well as the social, legal and ethical implications of using new and existing technologies. Indeed, health technology assessment should be about what is best for the patient, both medically and economically and not about technology for technology's sake.

• A review of new technology for the Romanow Commission argued for an enhanced health technology assessment and a renewed federal role in technology regulation to ensure the appropriate application of new technologies and to shape the development of new technologies at an early stage. This approach is common in European health care systems.

• We rather uncritically buy new technologies before their time. There are a whole lot of new technologies implemented, particularly drugs that are no better than the older effective products, at twice, triple and quadruple the cost.

• The challenge will be to ensure that new money in the system is directed to areas with the highest marginal benefit. While new technologies are sexy, in many cases we have little empirical data on whether they are effective or whether they justify their cost. The capacity to come up with new technological innovations may be limitless, although only a few may prove to be worthwhile additions.

• There are also important ethical and social considerations with regard to new technology that must be considered. This context will be important in the future in order to balance innovation with cost-containment.

• Technology that quickly leads to diagnosis will reduce pressure on the system.

• **Ideas about prevention and health promotion:**

  • Increased health care spending has been attributed, in part, to poor coordination of patient centred care and lack of attention to preventative care. Physicians note that many of their patients have had multiple visits to multiple specialists, expensive diagnostic tests, often repeated by different specialists over a long
period of time and still have no clear diagnosis or improvement in health. Multidisciplinary clinics would save the system a lot of money in this regard.

- Preventative health care, which includes disease prevention, is about needing to get to the root causes around health determinants. It is not effective to invest all of our money in the acute health care system. Both preventative and acute health care need to be funded but continuing to short shrift prevention is not the way to go.

- There should be a graduated shift to more money into promotion and prevention, from three to six per cent. It is not so much just rewarding primary care teams as it is recognizing that if you are going to change the numbers on the back end of how many people are accessing the health care system, at some point you have to invest more money on the front end. The whole range of services, including media campaigns, Act Now, and primary care teams need to be more broadly funded. You cannot flip the switch overnight because there are people just waiting longer in the emergency room. We need to deal with wait-lists first before you start shifting people's behaviours because you need the trust in the system.

- When engaged in public debate about health care we tend to focus on the high cost items that preoccupy institutional administrators, while overlooking the powerful forces that preserve our health, including healthy living environments and workplaces, primary prevention (for example, nutrition education, childhood immunization, ante-natal care, physical activity and smoking prevention) and social policies (affecting literacy, employment, crime, housing quality and community wellbeing). These are the upstream factors. We also become so preoccupied with acute care issues, which are crisis-prone and sometimes glamorized, forgetting not only the upstream factors but also the downstream ones (for example, long-term care and home care) whose availability determines the speed with which acute care patients may move on to more appropriate levels of care.

- Consider the costs of education on healthy lifestyles as way to offset to costs.

- We should encourage people to buy cars with electronic stability control systems. These can reduce accidents by 30 per cent and automobile accidents account for a large amount of health spending.

- We have generations of people who already have cancer and have had heart attacks and they are still going to need care. Also, everybody has an end to their life so we are always going to need end-of-life care and we are always going to need birthing care. So we cannot cut the acute system into nothing because we will always need it, even if we have a healthy population and a model of healthy communities and health promotion.
• We need to invest in healthy pregnancy care and health care for young children in order to save future costs that result from the increasingly poor health of children.

• Encouraging hand washing is inexpensive but will save the health care system over time.

• Medicare costs could be saved if more people knew about and used things like the NurseLine and the British Columbia Health Guide.

• Provide new money to support prevention, which in the long run may decrease the need for acute care and result in savings.

• Educate chronic disease patients on the cost of services they receive to encourage them to better manage their conditions, which will save the health care system money.

• **Ideas about addressing social determinants:**

  • Increase the funding for housing and raise the welfare rate to reduce chronic disease. Dieticians should help set tax policy guidelines.

  • We need to increase awareness and begin to address the social issues that lead to health problems. We need to invest across the board to help the overloaded health care system.

• **Ideas about health care delivery:**

  • The goals of the health care system need to include sustainability and timely access to quality healthcare interventions. In order to achieve these goals it will be mandatory to continue to invest in health care interventions that provide the most value and improve both the quality of care and patient outcomes. At this time, the structure and incentives in the health care system need to be modified so that value and quality of health care interventions can be measured. Once relative value is understood, it will be clear which health care interventions should be funded in order to deliver high quality that can be sustained into the future.

  • The private sector can bring core competencies that will generate service innovation, process excellence and cost savings to the challenge of solving the health care puzzle.

  • High quality health care systems cost about 30 per cent less than poor quality systems. The cost of a re-admission is huge. The cost of an avoidable infection that ends up in hospitalization or an extended stay in hospital is huge. The cost of an adverse drug reaction that sends an elderly frail person to the hospital for two weeks is huge. We can do things on quality improvement that should blow a big
hole in whatever you think the sustainability debate is. I think we can crank back the baseline rate of health spending if we had a quality revolution.

- High quality care should be less costly but how do you get to high quality? You get high quality by examining every process in the same way you get to lower cost. Experience shows that in health care, high quality and low cost go together.

- A principal focus for efforts to improve the effectiveness of care for the chronically ill with multiple co-morbidities has been the restructuring and strengthening of primary care. It is widely accepted, on the basis of good supporting evidence, that a strong and well-coordinated primary care system both improves patient outcomes and saves costs.

- If we are effective at the primary care level the result is a cheaper health care system. With more investment in primary care you are going to reduce the cost of overall health care. That is why the systems that are built on sound primary care have lower health care costs. For some populations it may actually increase health costs because it brings more vulnerable groups into the health care system.

- The Primary Health Care Charter, recently released by the Ministry of Health, is a welcome attempt to formulate a long-term vision for a strong and sustainable primary health care system.

- Set up working groups that span different health authorities and other organizational entities, specifically charged with identifying areas where investments in one area will result in substantial improvements in quality of care and cost effectiveness in other area.

- I think the centralization of acute care facilities is a good idea and good for cost saving.

- Evidence and experience show there are many concrete, practical solutions to deal with problems in public health care delivery. And while some of these solutions cost more, others will actually control the rate of cost increases over time because they shift care to the community and away from the most expensive part of the system, in-patient acute and emergency services. Leading health policy analysts, researchers and economists have been putting these solutions forward for years. They are at the core of the latest national commission on health care, which was headed by Roy Romanow in 2002.

- Learn from small non-profit social service agencies that are in more contact with their community and also make the most of limited funds.

- Managing costs in isolation not only leads to cost shifting, it creates a downward spiral. It de-emphasizes quality and shifts costs from the near term to the long term. The emphasis on short-term cost containment provides incentive to delay
aggressive, proactive treatment. The objective quality care goes down. The delay in treatment can multiply the overall costs to our society of the patient's illness, resulting in lower productivity for our society.

- Re-open rural hospitals which were closed as cost-cutting measures. The closure of rural hospitals does not save costs in the long run because severe winter road conditions and distances also need to be factored into the costs. People unable to access a hospital become more seriously ill and end up costing the system more.

- Billing surgeons appropriately for the use of public operating rooms and other facilities for elective operations could generate revenue for the health care system. The rates charged currently are below cost and below market rates.

- Re-allocate resources into services such as home care, long-term care facilities and mental health so that more expensive acute care and emergency care resources are not used when other solutions could have been available.

**Ideas about education and personal responsibility:**

- Penalize people for taxing our health care system if it can be proven that they are directly responsible for their illness.

- Educate the public and professionals about what health care costs on a per person basis.

- Construct a list of examples of unnecessary procedures and health system usage to educate the public and health care providers.

- Users should receive an annual statement of what services they used in the health system and their costs.

- The public should have their expectation of service lowered to better match the system's ability to deliver services.

- Once a year publish the cost of all types of surgeries and treatments to bring public awareness to health care costs.

- We all have a role to play in reducing health care spending.

- I think that hip and knee surgeries for the chronically obese are a poor use of tax dollars. The replacement joints have a very limited life which is negatively impacted by excess weight. Instead, public fitness memberships could be provided free of charge to those who need to lose weight and do not have the funds to pay for access. If there is no weight loss over the course of six months the passes would be revoked and no surgery booked.

- The focus should be on value for patients, not just cutting costs.
• We should direct science to focus on developing our abilities to do things faster and cheaper without the objective of generating profits.

• Seven Oaks Hospital found motels and hotels that offer three meals a day for $130 per day to house patients. Compare that to keeping people in a full care facility at $1500 per day.

• The federal government allowed corporations and sole proprietors to deduct all of their employee's expenses by utilizing a third party trust. This arrangement would greatly reduce the ongoing financial strain on the public system, while allowing the employer to switch from costly group plans to a cost controlled internal system. This will benefit both the corporation and the government. Unfortunately, I do not find this information on your Public Health Timeline (Conversation on Health website). If we are going to be able to provide a viable medical system for those who need it, while still retaining our care professionals, we must urge all Canadian companies to switch from a private sector group insurance plan to a government entitled health care solution.

• Increased democratic participation in health care based on more participatory models from other countries could be applicable to health care in British Columbia and could lead to reduced costs.

• The combination of health benefits and economic savings provide powerful incentives to set targets for risk factor reduction, all aimed towards improving the chronic disease profile in the province. Focused implementation is the key to success. Setting targets is one thing but achieving them is another.

• Better utilization and funding of non-profit groups, with some accountability, can relieve pressure on the health care system.

• Institute a province-wide procurement system, which hospitals have the option of joining. This would result in savings for the institution, the government and ultimately the taxpayer.

• If we were able to provide kidney transplants to most of the people on dialysis we could save billions.

• In order to begin acceptable reform in our health care system, I think it is critically important to stop using terms like single-payer or publicly-funded, which are too abstract, and to start correctly identifying them as tax-payer funded services.

• Staff should not be burdened with having to consider the bottom line but be reassured that there is good management at each level with all participants in the system having the same objective of a competent, efficient and caring medical system that respects the public's demand for a public health system.
• Maybe limits should be placed on how much we spend on each person. The people expect too much.
• Re-direct funding to areas with more positive outcomes.
• As the population of working people decreases and retired persons increase, look at increasing the number of working, tax paying people through increased immigration.
• Increase the fees for practitioners in private practices and then re-invest the money into the public system.
• Developing cost sharing teams to deliver common services with WorkSafe and the Insurance Corporation of British Columbia.
• Re-open facilities that were closed.
• Employ health care economists to better describe the true costs of health care and where to achieve efficiencies.
• We must have the political will to begin a process to define limitations on what services can be provided.
• The Insurance Corporation of British Columbia (ICBC) must be responsible for the medical treatment of injuries caused by vehicular accidents.
• Allow corporations and disability insurers to pay for medical procedures in both the public and private systems to bring more money into the health care system.
• Look for lots of small savings at the front-line instead of large program cuts.
• Treat conditions early and rapidly. Regular screening and monitor trends will help to catch problems early.

**Outstanding Questions**

• Is malpractice insurance a cost that is indirectly borne by the public health system?
• Seniors are cited as a primary cause for medical expenses but how much is being spent on children’s medical and hospital expenses?
• What factors control demand for health care services?
• Is there any evidence that smokers or obese people actually cost the health care system more over their lifetime than healthy people?
• What is the biggest cause of health expenditures?
• The American Academy of Orthopaedic Surgeons projected that within the next several years that knee replacement surgeries are going to rise by 670 per cent. How are we going to pay for this?

**Administrative Costs**

**Comments and Concerns**

• Twice as much is being spent on administration by the health authorities as is being spent on public health and prevention and 75 per cent more than on mental health and addictions.

• Too many people in government are involved in deciding how to spend money.

• The Ministry of Health suggests that ten per cent of all health care operating costs are allocated to administration. Being Canada's largest service sector, employing 2.6 per cent of the total population, ten per cent could be considered excessive.

• In a single-payer system, ten per cent administration costs may be average but that represents $1.29 billion in administrative spending.

• I recently paid the Goods and Services Tax (GST) on the administrative portion of my annual physical performed at a private clinic. Based on the amount of tax, it appears that administration costs are 37 per cent of our overall health care costs. If this is correct, it seems very high.

• Far too much money has been thrown at health care without much meaningful progress. Part of the problem stems from the fact that too large of a percentage is spent on administration at the expense of the actual provision of health care.

• We can afford health care but we cannot afford the current level of administration.

• Too much money is wasted on bureaucracy and propaganda. There is no accountability at the highest corporate levels.

• The cost of the administration of our health care system is out of control.

• Management should not receive any bonuses if health regions forecast deficits, make cuts or reduce programs or services to stay within budget.

• If you look at the amount of meetings that managers have then you can see at once the waste in the system.

• Managers are managing to budgets and not to best care practices.
• A recent Fraser Institute report indicated that the number of hospital workers in Ontario earning over $100,000 per annum has tripled since 1996, with executive pay growing twice as fast as non-executive pay. The report indicates that only three per cent of the recent billions of dollars that has flowed into health care have actually been spent on you and me. The balance has gone to wages and salaries.

• They keep closing beds, losing nurses and hiring more administrators.

• We certainly need no more paper work, committees and quality assurance departments with all of the accompanying administration costs.

• There are administrators with huge salaries who are pointing out that we need a review of the system. It is not hard to see that the system is too expensive.

• Regional health management costs eat up all sorts of money that should be spent on special equipment and trained providers.

• My perception of the health care system is that there is a huge duplication in administrative and professional positions. We seem to have departments at the federal, provincial and regional levels and in the hospitals themselves. Surely some of these positions or departments could be eliminated to reduce costs without compromising the efficient operation of our health care system.

Ideas and Suggestions

• The health care system can save dollars by trimming the top heavy administration.

• There is no crisis in the health care system. The problem is with management and the unwillingness of politicians to act in the public good.

• The managers should be compensated based on the facility's service and efficiency.

• Reorganize finances so spending benefits the patients and is not focused on administration and bureaucracy.

• Reduce huge payouts to administrators for severance.

• Understanding the costs of service would allow us to judge the efficiency of our administration.

• Administration of hospitals and health authorities must be reduced and should not exceed six per cent of the total health expenditures, which would create a potential savings of $516 million.
Outstanding Questions

- How much do we spend on administration as compared to delivery?
- Where can I find figures on the salaries and perks of the administrators?
- What percentage of the funds spent on health care is spent on administration?

Efficiencies

Comments and Concerns

- It is a waste to purchase expensive equipment when cheaper equipment is available. Other areas of wasteful spending include disposable supplies, underutilization of equipment and facilities, and duplicate testing.

- The use and cost of health care supplies in hospitals are rising at a rate in excess of the national inflation rate. In the average public operating room, every item which could potentially be required in a surgical case is brought into the operating room and opened. This means that single use disposables are opened and ready for use, regardless of their need. This is wasteful.

- Supplies from Canada are the same quality as those in India but at a much higher cost.

- There is a lack of competitive pricing in health care purchasing.

- The health care system wastes money on the inefficient use of electricity, equipment and supplies.

- Supplies and equipment are purchased by non-accountable employees. It is not their money! Chairs for the ward took six months to arrive, cost $180 each and broke very quickly. Replacements took another three months to arrive. These chairs could have been purchased locally for $90 each. Budgets are being used up quickly to retain next year’s funding.

- The present health care system is cumbersome, costly and fragmented.

- We are getting poor value for the money spent.

- Canada is not getting our money’s worth. We are ranked 30th in the world.

- No amount of money will ever fix our health care problems. We must reduce the tremendous waste we now have.

- Large amounts of money are going into health care with a relatively low efficiency on its return.
• Information technology projects and contractor wages are two sources of wasted spending.

• Cost control is a low priority for doctors, nurses and administrators.

• The budget process is politicized, short-term and restricted in silos. This leads to inefficient spending.

• There is no accountability of how money is spent.

• If you cannot follow how the money's used, you cannot question if you are using the money in the most appropriate way. That lack of accountability has to do a lot with the way that we fund health care.

• Budgeting rules are forcing health organizations to spend money unwisely, such as spending before year end.

• There is too much targeted, one time money and not enough consistent and stable funding.

• There is no financial encouragement to do more. It is easier to get 50 surgeries out of a budget than 70.

• There is no incentive or alternative means to resource or benefit from innovation in the current health care system.

• Compartmentalization of health care funding is an issue creating barriers to innovation throughout the system.

• We are wasting tax payers' money and patients' energies by not recognizing naturopathic doctors' skills and training.

• Ignorance, biases, prejudices, political philosophy and in house thinking are resulting in unwise expenditures.

• We have two ministries: one pays for education and the other pays for health. The Ministry of Advanced Education gives you money for educational seats but if Vancouver Coastal asks for money for practicum seats the Ministry of Advanced Education cannot give it to them. Money for practicum seats must be approved through the Ministry of Health. We have this dichotomy of reporting structures. We have a health human resource crisis that has been identified that needs inter-ministerial cooperation, funding and dialogue.

• Tests are often reordered because the results of the last test are not readily available because we do not have an efficient means of sharing results.

• Doctors are paid by the number of patients visits, which is an incentive is to have a large patient turnover each day to cover overhead costs and to spend as little time as possible with each patient.
• Governments and taxpayers have no idea how much of their money is wasted hourly by the present system that has become too union driven, administratively heavy and incredibly poorly organized. The costs of covering one’s posterior against liability and accountability have become more important than the patient who we are there to care for.

Ideas and Suggestions

• Wind power holds the possibility of saving the health care system a great deal of money. The technology exists and can be implemented for a short-term cost, with long-term savings. Purchase and install wind turbines as alternative power sources, mounted at the highest points of the hospital or on a tower on the grounds. Electricity from the city grid would be considered the backup uninterrupted electricity if the wind is too weak.

• We should create self-contained energy sources for hospitals, such as wind power and solar power, and negotiate with suppliers and manufacturers to create lower voltage devices for use in hospitals.

• Institute a mandatory discount system for all suppliers to only allow a certain percentage of profits on hospital contracts.

• Province-wide bulk purchasing of medical supplies would save a great deal of money.

• I feel by making better use of telephone, e-mail and other on-line services it would streamline the process for patients and doctors and save money in the long run.

• Change the law to allow hospitals to destroy records rather than having to ship and store them.

• While it is essential that many tools, instruments and bandages be sterile to reduce the possibility of infections, I have noticed that many hospital products are extremely over-packaged.

• A recycling program for rehabilitative tools, such as neck braces, should be established because they are easy to sterilize and expensive to replace.

• We could reduce hospital expenditures by not contracting out food services and laundry and by making our own dressing trays.

• We need a health professions council to make sure that what is promised is actually getting delivered.
• Ensure that accounts receivable gets the money from Worksafe and other insurance providers. Too much money is lost by not getting bills paid by the responsible insurer.

• It would be great to find the motivation to build a more effective and efficient public system.

• Recent experience in England has shown that a fee-for-service approach for hospitals effectively improves productivity as hospitals strive to do more work more efficiently that results in significant decreases in wait times. British Columbia should consider a few pilot projects to see if similar improvements in productivity can be achieved here by delivering more services without corresponding increases in costs.

• Physicians should be given a finite budget for costly investigations and tests. They should only be conducted where there was already a tentative diagnosis established and where the outcome of the test would clearly influence the pattern of treatment.

**Outstanding Questions**

• Are we getting the maximum efficiency out of our hospitals in terms of productivity and health care delivery?

**Health Spending**

**Comments and Concerns**

**Increasing Public Health Care Spending**

**Limiting Public Health Care Spending**

• Comments on increasing public health care spending:
  • There are never enough health care dollars to spend effectively.
  • The current health care funding is inadequate to maintain the health care system.
  • The will of Government is not there to adequately fund public health care.
  • We may not be paying enough individually for health care.
  • Too much money has been diverted to other programs away from health. The health budget must be increased in correlation with population growth and the age of the population.
  • If public health expenditures are adjusted for population growth, aging and inflation, then the remainder is for enrichment. There has been a continual
expansion of health care services in British Columbia over the past three decades. The total increase in spending due to enrichment in 2005 is 48 per cent above 1975 levels. That means the average British Columbian receives almost one and a half times more health care services as their equivalent did 30 years ago. Enrichment is beneficial in the sense of more nursing homes, more comprehensive drug coverage and new technologies but health care services are not a typical economic good. They are a response to ill health. More health care services are only good if they lead to improved health outcomes.

- The health authorities are running deficits at a time when we have a robust economy and are throwing billions of dollars at the Olympics. The overruns on the RAV-line, are ten times what our health care overruns are and yet we think we are in a health care funding crisis.

- Over the last 20 years we have seen health ministry spending almost quadruple. The demographic and other cost pressures that we face are only going to increase and that is going to be something that we all have to deal with.

- Everywhere in the developed western world, as individuals, provinces and countries become more affluent and people live longer, more is spent on health care.

- We can expect total public health care spending to rise by more than three times current levels by 2031. This is a convenient end-point as this represents approximately the peak year of seniors as a share of the population. Long-run demographic projections suggest a period of declining share of the population over 65 after 2031.

- It is important to look at health spending on the whole and not just to focus on public health spending.

- Health care in British Columbia costs every person $8.40 per day. Most of our government representatives spend twice that on their espresso cappuccino coffee every day.

**Comments on limiting health care spending:**

- We talk about things being under-funded but we have never examined what that funding was intended for and whether the original scope of that funding was realistic or not. You cannot just throw money at a problem if you do not know what you are trying to achieve.

- The most difficult future policy choice will be the determination of what proportion of expenditures the public is prepared to support with the general tax base versus an increase in co-payments.
• Increasing funding will not resolve the issues facing the health care system.

• There is no relationship between huge expenditures on health care and the health status of society.

• Throwing billions of dollars at our health care system will not solve the ongoing problems. The real problem is the Canada Health Act and the totally uncontrolled and obstructive health care bureaucracy.

• There has been billions poured into the medical system over the last few years with no improvement and as of yet I have not heard anyone, be they politician, administrator, health care authority or private provider give a good explanation of how it has been spent without producing any positive results.

• Trying to manage demand by rationing is not working because it just causes cost to escalate. We need to try something different.

• I recommend that you abandon the idea of health services for everybody, funded from general taxation, regardless of personal circumstances.

• The public system rations service and payments to practitioners and hospitals. If the Government opened the purse strings and allowed the backlog to clear itself as quickly as possible, it would be fascinating to see how quickly that would happen and how much it would cost you and I in taxes. We would have all our medical issues addressed but we might not have schools.

• The United States demonstrates perfectly that satisfying the public demand for health care is impossible.

• Containing costs in the health care sector is a permanent, bruising, nasty business that every government has to be involved in. It is not the case however that we are running beyond our ability to pay.

• I think there should be a cap on health care spending in British Columbia. The cap should be a percentage of provincial revenues. The rest of the money for health care would have to come from premium payments. If people want more hospitals, more specialists and more surgeries, then they should be willing to shoulder more of the costs.

• The current funding methods are unsustainable.

• The solutions being brought forward are always about providing more money or arguing that costs will come down somewhere else later. Only they do not ever come down. If we just found a way of getting more money from the public through user charges, higher taxes or whatever, then we would not have to worry about the problems of allocation or management. Well, no you would not, until next year. Then you would be back into the same old cycle. I think a lot of what is
suggested here is in fact thinly disguised ways of asking whether we can get more money out of somebody else to get ourselves off the hook? The answer is no.

- The simplistic solution is more money. Anyone involved in health care can attest to the fact that although money can purchase beds, it does not solve the problem of the physical lack of trained staff, an aging population, the dramatic rise in obesity and its affect on health and the myriad of other issues that must be addressed.

- It really is a zero-sum game because if you move more money to education then it is out of the health care budget. If you move it to health care it is out of the education budget.

- We ought to not celebrate adding more money to the health budget but instead celebrate if we need less money in the budget.

- Putting more money into sick care is robbing other areas like schools and forestry.

- The Government cannot afford to just keep on pumping money into the health care system. To continue to do so would require a raise in the tax rates which is a no-win situation for any party.

- It would be worse and cause a greater deficit in our overall budget if the recommendations to expand the system to include other therapies were to be followed through. The solution to health care is not to put more money into it or to expand it.

- What is measured and what is paid attention to is the only thing that gets done and in our system for some valid reasons, at least in health, we are mainly concerned with cost. Often our concern with cost will outweigh our concern for outcomes, so we are in a situation where we have lots of evidence and lots of great business cases that are focussed on saving money in the long-term and improving outcomes. However, if we only focus on saving money you could close a number of acute care beds in one year, but that can never happen when our acute care facilities have all the hallways and lounges and the ambulances in the driveways filled with people waiting to get in. If you empty 13 beds there are 13 people just waiting to fill them up. So what we are measuring needs to change and the priorities need to change or at least be weighted differently.

- The law of medical money is that all health care systems will absorb all the money they can get near. All societies and governments have to find ways of maintaining some constraint.

- First Nations are getting crumbs compared to the billions that everyone thinks they are getting.
• The spiralling costs of health care certainly afflict the First Nations community more since we have fewer resources to deal with all of these terrible statistics.

• Government is de-listing services to save money but many of the cuts are to preventative services and will increase costs over time.

• 55 per cent of spending goes to acute care versus only five per cent to prevention.

Ideas and Suggestions

Increasing Health Care Spending
Value of Health Care Spending
Limiting Health Care Spending

• Ideas about increasing health care spending:

  • Health spending is an expression of our concern for and support of our fellow citizens. It is not and should not be money siphoned off in profits to the businesses most inventive in misleading us through advertising or fleecing us through sharp practices. So, let us celebrate every tick of the Health Care clock as an indication of our intent to improve the lives of our fellow citizens, both those who work in the health care fields and those who have need of health services.

  • Voters in Kamloops do not mind sharing the cost for public health care, education and prevention.

  • We should increase the percentage of Gross Domestic Product/Gross National Product committed to the public health system.

  • If the system needs more money, and if people value the system, then they should be willing to pay more taxes to support the system.

  • If everybody helps pay, it is a lot less per person than if we all tried to do it by ourselves.

  • Sometimes the only way to get costs under control is to spend more upgrading an inefficient system and to do that takes foresight, dedication, risk and guts, especially when politics enter the mix.

  • We do not often look at the long-term assessment of costs but sometimes when you invest it costs a bit of money upfront to get long-term benefits. Unfortunately the system is not set up to appreciate that. We often look only at short-term numbers and efficiencies. For example, early diagnosis would mean greater costs in the short-term but in the long-term better outcomes for the patient.
• We need to get over the notion that we are spending too much already and start to think about strategic investment in change. And that is where we are going to produce the most for the money.

• Government needs to balance spending on health care with other needs.

• Allocate surplus money to health care where it is needed most.

• None of the money used in the system should be allowed to leave the system for profits and shareholders.

• Tell us what the increased cost will be to maintain our present health care system and I can guarantee it will still be less than the same standard of private health care in the United States. I am willing to pay the cost of not seeing our old and sick dying in the streets, as they do in other third world countries, including the one south of our border.

• The health budget should be based on the cost of what we need.

• Create health budgets that are realistic and related to performance measurements.

• The health care system required consistent core funding based on the client need not statistics.

• Consistent sustainable funding is needed to allow for longer-term planning and reforms.

• We should not always have to be competing for little pots of money. Core funding and the need for consistency of core funding is a priority for all the health communities.

• The Province should set funding levels but allow the option for communities to raise extra money for local projects and services.

• We should determine a level of basic spending for health care.

• There is a willingness among Canadians to pay more for health care as long as the money is used to answer challenges like lengthy waits, crowded emergency rooms and staffing shortages.

• The World Bank published a Report providing an estimate of the net worth of Canada's hard natural resource base such as gold, copper, nickel, zinc etc. The net worth at raw state at 1997 market value was estimated at $2,500 Trillion. That works out to over $83 billion per person in Canada. We are definitely the most resource rich country in the world and that was before the rising price of oil made extraction from the Tar Sands viable. There is 70 trillion barrels of oil available there. Yes, I said trillion twice in this paragraph, so what possible excuse could
there be for denying people their right to a functioning health care system and a just society?

- **Ideas about the value of health spending:**
  - Every dollar that is spent anywhere in this system becomes a dollar of somebody’s income. When we are talking about savings always ask yourself, corresponding to these savings, whose income is going to be reduced.
  - When you look at the expenditures on the health care system, what is the best measure of tracking how provincial spending on health care has changed over the years? The best way to track it is the relationship with the amount of money that federal governments have provided. When they increase the money, then the provincial governments spend more money. That is not a good thing because when you increase spending you should be putting money into the system so that you can make changes in the future, not just because more money is available to spend.
  - The money we put into health care does not just end up in some black hole north of Dawson Creek never to be seen again. The dollars we invest in health care pay for infrastructure and salaries, equipment and new technologies. Many businesses are health care suppliers and thrive through health care dollars. Doctors and other health care practitioners and staff spend much of their salaries locally and in doing so support businesses that pay taxes. Just because it is public does not mean the health care system is not a huge source of revenue for the economy.
  - We should note that a great deal of the costs of health care are recycled immediately into the economy. This is limited by foolish attempts to farm out services to other providers outside the province. We want our dollars to be used in support of our own citizens.
  - Lots of money is being poured in but it is being put into things that in actual fact do not add value.
  - I think the challenge that we have only begun to address seriously is value for money. We talk a lot about total spending and we talk much less about what we are getting for that total spending.
  - The issue is not how much we spend but what value we get. The reality is that all high spending countries experience, in gross terms, severe diminishing returns at the margin. Our assumption that all service is essential and value added, I think, is quite definitively disproved by the data. The lesson here is that we have to shift the focus from how much we are spending to what for and to what end.
• The medical system should become a crown corporation not unlike the Insurance Corporation of British Columbia (ICBC). Crown corporations are far better at controlling costs than the general government or the private sector. ICBC has given British Columbia the lowest automobile insurance rates in Canada for equivalent coverage. Why not do the same for our beloved medical system?

• **Ideas about limiting health care spending:**

  • Allowing private payments for services would free up money from the health budget to pay for other services.

  • Canada's single-payer, tax-based public health care system is remarkably efficient. We spend about half as much on health care, per capita, as our American cousins. Americans pay almost three times as much in administration costs as we do in Canada. The so-called spending problem in Canada has less to do with a lack of funds as it does with how those funds are used.

  • Some cost cutting decisions have been good for health care, such as earlier discharge and home care. Not all cost cutting measures result in worse health care.

  • Instead of more money there should be more incentives to find solutions in the community.

  • Foster ingenuity and creativity in the delivery of services. This does not mean more money but the ability to allocate funding at the health authority and hospital level to areas they feel it is most needed.

  • Financing is not the problem but how that money is being used. I do not mind paying taxes for a publicly funded health care system but I do mind that money is being wasted.

  • There must be limits on spending established, such as an average health budget per person.

  • I would recommend the Government put a cap on health spending of 45 per cent of the total budget. This would send shock waves through the system and demonstrate the serious leadership necessary to tackle these problems.

**Outstanding Questions**

• We really need to ask why we pay more per capita than citizens of most countries that have similar health systems and yet our service levels rank at the bottom?
Spending Priorities

Comments and Concerns

- **Olympics and Sports**
- **Budget Reductions**
- **Prevention and Health Promotion**
- **Youth**

- Comments on spending for the Olympics and sports:
  - Stop pumping money into the 2010 games.
  - Government has higher priority for the Olympics and roads than health care.
  - We should not be hosting the Olympics when we cannot even look after the basic needs of our citizens.
  - The Government knew the population was aging so why did it not plan for it instead of squandering tax dollars on things like the Olympics and high salaries for elected officials?
  - I resent the way in which child services, education, medical access, beds and services have been cut in favour of roads to Whistler, the Olympics, endless expensive dialogues and the RAV Line (Canada Line, formerly known as the Richmond-Airport-Vancouver Line) going to the airport instead of into the places where people now live and to which they commute by car as a necessity.
  - I was afraid that the 2010 Olympics would jeopardize Health Care in British Columbia and it already has.
  - It is really painful to see the money spent in government advertising and the 2010 Olympics while our Government displays a callous, uncaring attitude toward its own people with regard to health care funding.
  - The first thing the Government needs to understand is that there needs to be better priorities when it comes to spending money. Giving money to sports venues is not an essential part of life because no one ever died from not playing or watching sports.
  - They are spending all the money in all the wrong places. The working people pay for the Olympics but only the rich can afford to go. Spend the money on health and education instead.
  - British Columbia would have money to put into the health care sector if it was not giving it away to sports. British Columbia lotteries were started 30 years ago to help with the money problems the health care sector was having. When it was
deemed that health care was on track the money was then diverted to sports. What a big mistake.

- **Comments on budget reductions:**
  
  - Slashing publicly funded services, such as vision exams, physiotherapy and chiropractic treatment only shift the costs away from prevention and treatment onto private insurance and private individuals.
  
  - Out-patient cuts are short sighted and often create a domino effect.
  
  - We must acknowledge the impact of cuts and how the current system has become unresponsive to the needs of British Columbians.
  
  - Health care will be a bigger burden to families as they are required to do more for themselves and their members in all aspects of health care.
  
  - There is a lack of awareness and understanding about what the family responsibility is going to be in light of the withdrawal of services.
  
  - The Government should stop cutting funding and the manufacturing of wait-lists.
  
  - I believe that these cuts have been pre-meditated, forcing British Columbians to choose private care out of frustration due to the lack of services.
  
  - The only reason our public system looks flawed at this time is because of strategic funding misallocations to make the public think the system cannot work without private health care.
  
  - Government has withdrawn resources that used to assist primary care givers, such as integrated medical teams, social services, support workers and respite.
  
  - Most seniors and disabled patients cannot afford to pay out-of-pocket for services there were provided by home support, so they live at risk, in filth and without the ability to shop for healthy food and attend necessary appointments.
  
  - Downloading and de-listing not only changes who pays, it means poorer people do not get these services that may result in higher costs to the system when they go to the emergency sicker.
  
  - The problem is that cuts were made without determining the problem and possible solutions.
  
  - The cuts to acute care beds and home support services since 2001 were a mistake.
  
  - Under funding leaves the weak, poor, disabled and mentally ill behind.
  
  - Inadequate home support funding is a false economy.
  
  - The increased reliance on charities for service delivery is not a solution.
• It is now beyond the ability of any provincial jurisdiction to meet all those demands and to cover all possible health care costs. Tough but informed, fair and open decisions about what should be universally available and what should be discretionary must be made.

• **Comments on prevention and health promotion:**

  • This province has got it backwards by cutting measures which would aid in prevention and then whining about the money you have to spend at the back end in curing.

  • Governments have ceased funding the Society for Clinical Preventive Health Care that has developed preventive-health care programs that, if implemented, could save the Government and the taxpayer millions of health care dollars.

  • We need to continue the relative emphasis on both health services and health promotion in our spending. If we shift all of our money to providing services then the stress on nurses and family caregivers will create more health problems. If we do not put sufficient emphasis on health promotion then health problems will again increase.

  • The majority of our health care dollars and our own focus is more reactive than proactive and this is going to bankrupt the entire health care system.

  • It makes sense to do everything possible to reduce demands on health care services through preventive measures and strategies. It is ridiculous that government funding for the Therapeutic Activation Program for Seniors (TAPS) has been discontinued. Seniors who participate in this program make fewer demands on medical and hospital services than others in their age group.

  • If the focus is on prevention, then the other end of the care scale will lose out. Critically ill people will miss out of funding that may extend their lives.

  • Government is going to use our tax dollars in the amount of $22 million to educate already intelligent people about issues such as smoking, exercising and healthy eating. This is not a good use of tax dollars.

  • We have observed Vancouver Coastal Health spending substantial sums supporting Insite, a safe injection site, and leaving non-profit prevention programs with nothing. This leaves the impression that drug addicts receive more attention and assistance than regular citizens and that is not fair.

  • If I look at how large our health care expenses are relative to preventative expenses, it leaves a lot of room for improvement.
• **Comments on youth:**
  
  - The Board of Directors for the Children’s Hospital Foundation requests that child health be a key priority emerging from the provincial government's Conversation on Health. Our specific concern is that the health demands of our aging population, though urgent and substantial, must not divert resources and funding from paediatric care and that demands of the aging population should not supersede the needs of future generations.
  
  - Do not forget about the youth, the young adults, the families, the children and the middle-aged adults who carry this society on their shoulders. Their needs must also be considered for the future.
  
  - Funding for urban Aboriginal health services and resources needs to match the younger Aboriginal demographics.
  
  - My issue is with the phenomenal amount of money spent on translating brochures.
  
  - Stop using public funds for research by private drug companies.
  
  - Government should not be giving themselves raises when they are unable to maintain health care services.
  
  - Get away from fancy corporate offices that waste our money.
  
  - Too much money is spent on slick public relations campaigns about how well we are doing, when the average citizen of this province knows it is not the case. Stop this abuse of public funds.
  
  - Eye care for those who cannot provide it financially for themselves will reduce the need for expensive care for the blind or sight impaired further down the road.
  
  - We should not have a surplus when there are health and environment problems. The surplus should go into increased health care and cleaning up the environment.
  
  - Balancing the budget is a good thing to do but not at the expense of the health of thousands of people.
  
  - There must be an increase to pay for crisis intervention and grief counselling.
  
  - With an aging population and a slightly increased average life span, we are going to have to make decisions about how and when we spend our precious health care dollars. If British Columbians do not take the opportunity the Conversation on Health provides to offer some direction, the decisions will be made for them. Take the de-listing of services such as physiotherapy, chiropractic and massage care as an example. All of these services were uninsured during one of the last health care realignments in the 1990's.
• Health Care does not mean everyone is treated regardless of cost. We have to make hard choices about who receives what treatment, something our doctors will not do, so the state must do it for them.

• Conditions and illnesses which do not cause a disability or suffering should be only partially funded.

• Establishing a number that represents a clear financial threshold for British Columbians for spending on core health care services is problematic. The proportion of public health expenditures reflects funding allocations based on public priorities and policy choices, which include taxation policy. Health care is consistently ranked at or near the top issues for public concern. Yet, there is some notional level above which health care spending begins to crowd out other expenditures in which the public also has an interest.

• Stop talking about giving the public more choices unless you are prepared to talk about how much those choices are going to cost and who will be able to afford the preferred services.

• Governments should not waste the taxpayers' money on Associations like the Canadian Cancer Association and the Canadian Diabetic Association.

• It is no wonder the Government is broke from paying all the bills of court cases and giving money to foreign governments for relief.

• New technologies cost a lot of money, so maybe we have to decide what is important.

• Our pattern of funding by crisis is not the way to determine health care spending priorities. Right now, knees are the flavour of the day.

• The way that funding is structured makes it difficult for the Health Authorities to predict what the consumer wants and needs.

• It is absurd to duplicate efforts to test new drugs when it has already been done in other countries.

• Nurses with a Bachelor of Science in Nursing (BSN) do not improve productivity and cost much more to employ than diploma Registered Nurses (RN).

• We manage the health industry in the interest of business. Until we get off this road we will never balance the health budget and become healthy.

• It is estimated that less than 35 cents out of every health care dollar actually go to patient care.
Ideas and Suggestions

Establishing Criteria for Spending

- Ideas about establishing criteria for spending priorities:
  - There needs to be discussion on government priorities across British Columbia.
  - Funding directives must be evidence-based, research-based and based on the knowledge of actual front-line workers’ issues and experiences.
  - Funding priorities should be targeting key groups that you want to make a difference to initially. That means some of the dollars that would have gone to broader uses would be more focused.
  - Fund projects of small to medium sizes that have immediate tangible results and strive to create independence and self-reliance in patients.
  - According to many leading economists, the value of human life is $10 million. This means that if a stop-light were to be installed on a road to save just one life, it should be installed as long as its cost is less than $10 million. A costs-benefit analysis in medicine would have to determine whether or not the Government should subsidize the expensive alternative treatment, based on this formula.
  - Set priorities for spending, such as innocent accident victims first and drug, alcohol and tobacco users last. Do not worry about the these cases going to court because users of these products will be dead before their case is heard.
  - Spending needs to be balanced between supporting research-based medicines and social programs. We must realize that the health care system does not exist in a vacuum and requires more support.
  - Measure the social value and impact of limited funding within the health care budget. Are we getting value for our spending?
  - I think we have to be honest with British Columbians and tell them, this is where we are at right now, this is where we want to go and this is how much money we are going to invest in the system to get us there.
  - Greater collaboration is needed between health, education and the Treasury Board. The Treasury Board must be part of the conversation and part of the solution. There needs to be consensus between the funders, the suppliers and the users.
  - We need to be spending money on making sure children have the best possible chance to be healthy socially, emotionally and physically.
- We have to limit the amount of money spent on premature infants. Considerable resources are dedicated to premature infants who have little chance of survival without serious birth defects.

- We spend lavishly on people in the last moments of life, yet the most efficient and effective place to invest is early in life.

- We cannot let the demands placed on the health care system of the aging population take away from paediatric care.

- Continue funding patients’ rights, workshops, education and advocacy work done by non-profit organizations like the Vancouver Women's Health Collective.

- Fund non-profit care centres.

- Adequately fund non-profit health care organizations.

- Develop financing strategies to ensure that Aboriginal people are able to access resources according to need.

- There must be adequate funding for home care and hospice in all communities.

- A second level of care, covering life enhancing and life prolonging services could be funded through private health insurance plans.

- For every $1 million net increase in operating revenue there will be an estimated additional 1,000 surgical and other procedures to be performed each year.

- Increase funding for prevention and public education.

- We should re-institute funding to crisis services and mental health centres in order to expand the Assertive Case Management model.

- The funding for mental health should not be lower than funding for cancer research.

- British Columbia should spend more on cancer treatment than other provinces.

- The Government should help fund successful religious treatment centres for addicts.

- Public financing of Insite, where illegal drugs are administered safely to drug addicts, should be stopped.

- Money should be put into the health system instead of going to tax cuts.

- No elected officials should receive increases in pay or benefits until the health system is fixed.

- Covering a wider range of services is not necessarily going to raise the cost to the public because if you are actually covering the most effective range of services you may reduce your aggregate cost, even though people have more options.
• Politicians need to be educated about the actual cost of traditional and alternative health care methods, versus the Government approved method.

• We have got this dynamite ambulance service at the bottom of the cliff. What we need is a fence at the top of the cliff but you know what, you cannot do away with the ambulance service until you get the fence built. So you will have to double fund for a while.

**Outstanding Questions**

• What percentage of the total health budget is spent on prevention?

• What does the Government do with the money from the lottery?

• How do we decide which procedures and treatments the tax dollar will fund?

**Capital Costs and Technology**

**Comments and Concerns**

**Spending on Technology**

• Comments on spending on technology:

  • Medical equipment is very expensive and those who make purchasing decisions lack the qualifications and experience to make these decisions, resulting in the purchase of major equipment before ready for it coupled with insufficient staff training or a shortage of personnel and resources to operate it. Group buying saves money but most are not happy with what they get.

  • Computed tomography (CT) machines are being purchased and installed which are inferior to Magnetic Resonance Imaging (MRI) and produce 1,000 to 10,000 the amount of radiation that an MRI emits.

  • It is the role of government to pay for things like Computerized Axial Tomography (CAT) scans. It should not be left to the public to raise the monies for these needed machines on their own.

  • 3-D ultrasound technology produces a higher resolution image for monitoring fetal development that most parents would presumably want over a traditional ultrasound. However, in most situations, 3-D imaging would provide sufficient additional information to justify the higher cost.
While technological developments will almost surely be more costly, they may not provide more information that older technologies and may be used more widely than specific cases that would actually benefit most from the new technology.

While greater availability of Magnetic Resonance Imaging (MRI) machines and Positron Emission Tomography (PET) scanners opens up new possibilities in assessing disease, which is a positive development, it is also another case of technology driving demand for services previously unavailable or much harder to access.

The potential for a whole new suite of genetic testing and screening technologies raises additional ethical as well as economic and health issues about how the public system needs to address technological advances.

We assume that the price that is offered is the price that we ought to accept and we rather uncritically buy new technologies before their time.

Our medical equipment is old and in need of repair at all levels.

Increasingly expensive machines and physical structures associated with them are a large drain on the budget.

Operating equipment donated by private individuals can only lead to those individuals seeking treatment at public hospitals.

Capital spending on new equipment and hospitals is a major issue affecting service delivery. After years of restraint, recent new spending on diagnostic imaging has increased the number of scanners in British Columbia. However, we still have far fewer than the Organization for Economic Co-operation and Development (OECD) average, ranking 18th among 20 countries.

People want access to new health technology but refuse to face the realities of the increased costs. Canada is lacking in every one of those tools because it has only public funds to pay for them and not private funds as well.

We continue to expand facilities yet the monies could be spent better in other areas.

Stop spending money on old hospital when a new one is coming.

The health care system promotes expensive (and potentially unnecessary) capital redevelopment as the effectiveness of facilities is measured solely on physical, quantitative comparators and fails to recognize the quality of life indicators that can exist regardless of the surroundings.

There is a disconnect between capital and operating budgets.

Capital budgets do not take into account amortization of the building, the hotel costs and the amortization of equipment.
• There is a lack of opportunity for philanthropic fund-raising except for capital assets.

• It is ludicrous to suggest that government can provide all health care services plus the capital costs of hospitals.

• One thing that has always bothered me from a taxpayer perspective is concerning capital equipment purchases. Every year come February or March I would get phone calls from purchasing saying they needed to buy this piece or that piece of equipment before March 31st because they would lose those capital funds if they waited. I have always thought there was something wrong with a system that worked that way. In other words their next year’s budget would be affected if they did not show they needed X amount of dollars to run the hospital. They may not have even really needed that additional equipment.

**Ideas and Suggestions**

**Standardization**

**Spending on Technology**

**Funding Technology Purchases**

• **Ideas about standardization:**
  
  • British Columbia and Canada could save hundreds of millions of dollars by creating a standard hospital design and using construction products that have proven to be durable and require low maintenance. Standards of care should be established for infrastructure design. Processes must be developed that understand needs and match needs with capacity.

  • Standardize equipment across the province so everyone knows how to use it and then purchasing could be done province wide.

  • Joint purchasing of common items would save the system a great deal of money.

• **Ideas about spending on technology:**

  • The high costs of hi-tech equipment should be thoroughly reviewed.

  • We should closely examine the costs and benefits of technology spending.

  • When considering new technology we should demand evidence of its efficiency before committing funds.

  • The abundance of new machines entering hospitals appear to be very similar to existing machines. They may be faster or have sharper images but the existing machinery is already adequate. Eliminating this buying could save funds.

  • Multi-year capital funding would encourage better use of public money.
• I would rather see a hospital rewarded for coming in under budget by providing them with additional funding for the next year for equipment or projects they feel are needed in their situation instead of hospitals spending to ensure they do not lose their capital funds.

• Claims that the system cannot keep up with all the new technologies is nonsense.

• There must be more local participation in the buying decisions. Purchasing decisions should be made by people who understand the needs and understand the equipment.

• We need better public accountability for federal capital funding given to the province.

• There should be better training for those people involved in capital purchasing and more consultation between the buyers and the users.

• The capital budget should be spread out over more, smaller projects.

• Do not buy equipment without providing a 24 hour operating budget.

• Health care equipment funded by communities should be exempt from taxes.

• Ideas about ways to fund technology purchases:
  
  • Issue a bond to British Columbians to fund the purchase of money saving diagnostic machines.

  • We should repair equipment rather than replace when it is possible.

  • Magnetic Resonance Imaging (MRI) equipment can and is leased. Leasing saves the high cost of capital and would allow more equipment to be obtained.

  • We should look at borrowing money to buy machines that in the end save the system money.

  • We should purchase the very best equipment, just like a private provider would, and sell all of our old equipment.

  • Innovations and technology tend to increase costs in the short-term and reduce costs long-term.

  • Find ways to make Computerized Axial Tomography (CAT) scanners and Magnetic Resonance Imaging (MRI) machines less expensive. Communities have to raise millions to buy a CAT scanner; surely in this day and age they can be built for less money.

  • New hospitals should be built by the private sector and leased back to health authorities. Hospitals would not pay taxes on top of the lease and would have clear, transparent and fixed construction costs, with the only variable being interest rates.
• We can not build our way out of this mess but if we prevent the influx of seniors in
the first place we may be able to keep the facilities open for those who really need
them and it will cost less too.

**Accounting for health care costs**

**Comments and Concerns**

**Health Care Budgeting Practices**

**Determining Costs**

• Comments about health care budgeting practices:
  
  • Budget for seven to ten year funding allocations. Short-term funding is not
    working.
  
  • There is too much secrecy in health care budgeting.
  
  • There has been a four decade breakdown in the satisfaction of health care in
    Canada and 25 years of erosion here. The source of this erosion can be traced
    back to when line-by-line budgeting was replaced with global budgeting.
  
  • Twenty years ago the hospitals were given a budget and required to report
    monthly on the number of patient days that had occurred every month. We
    managed the money. Now, when there is a surplus in some section of health
    authority's activities you never see the money. A new service is started or the
    money disappears into a black hole. We need to go back to managing the money.
  
  • The project based funding for only new programs is not effective. You cannot
    sustain ongoing services with this formula.
  
  • Sufferers of respectable illnesses organize effective lobby groups that attract
    unreasonable proportions of the health budget pie not linked to the amount of
    disability or suffering caused.
  
  • When the public hospitals exceed their case expectation for the year and do
    better than expected they get penalized by the Government for over spending
    and not congratulated for trying to decrease the waiting list.
  
  • The official process of budgeting is to go by last year’s expenses. It is common
    knowledge that the hospitals and other publicly funded institutions spend every
    last cent, especially at the end of their fiscal year-end. Often these expenditures at
    year-end are on trivial items in an effort to spend every last cent and to prove that
    they need that large a budget next year.
• **Comments on determining costs:**

  • What does it actually cost to provide a service? How much does it cost for a General Practitioner visit, in a global sense, not just per visit but, generally speaking? How much does it cost to fund a hip operation? How much does it cost to fund on a case-mix basis, taking into account various factors that might surround an average case of surgical or medical treatment? We need to understand this with a view to defining really how much it costs so that you can start to weed out the variation in costs that might be happening across the system and finding out where various services might be under funded and therefore quality impacted.

  • We do not know the costs of procedures in hospitals.

  • Before health care can be reformed, we need to determine the cost of procedures, health professionals and even medical supplies.

  • There is lack of transparency on what our tax dollars are purchasing in health care.

  • The budget analysts do not know what an hour of operating room time costs or the cost of a hospital bed for a day.

  • It is useless to discuss our health care system if we do not know where the costs come from.

  • We do not know the costs of medical mistakes.

  • There is a lack of understanding of the full costs of any service in the health care system.

  • There are no priority indicators and no relationship on outcomes. We need to know what gets results and what those results are.

  • Health care costs are unclear to citizens.

  • We can tell you about some procedures and some cost. We know what we pay various medical practitioners for over three thousand different procedures but the total cost of it is something of a mystery and that makes managing it a lot more difficult. There are lots of hidden costs that we do not talk about.

  • We do not have an integration of costs.

  • There is no understanding of the total costs of service.

  • We artificially compartmentalize the costs. We actually pay health care costs in the policing budget, the social services budget and the correctional services budget.

  • There is no clear information on costs and a lack of communication between service providers on this issue.
• At St. Paul's we look at every dollar we get and we break it down based on the funding. Much of our funding goes to drugs, wages and supplies. It does not go into superfluous stuff. We have already outsourced security, housekeeping, and food services. If you said to me, "St. Paul's, we want you to reduce your budget by three per cent," I would have to cut service. I need guidance from the public. What do you want me to stop doing? Who do you not want me to see? So when the 15 mental health patients who require admission in our emergency room that we actually cannot put in a bed because we do not have enough beds and they are sitting in our emergency room for four days, what do you want me to do? I need some guidance from somebody to tell me what to stop doing.

• There is no relationship between cost per case or cost per capita and quality and outcome. Zero relationship. This is not a good thing. This relationship should be pretty linear in a system that actually takes quality and efficiency seriously.

• Our accounting system is really bizarre. For example, they decided to take capital expense out of the asset column and put it into the negative column, when most people consider capital assets as an asset. A building is an asset. Property is an asset. Somehow, in health care, it goes to the negative balance.

• There is no measure for accountability or effectiveness.

• Numbers get cherry-picked to meet an agenda.

• Funding needs to go directly to the communities to recognize the uniqueness and diversity of British Columbia.

• The system provides no invoice or receipt showing what their service has cost and no effort is made to give information on the extent of the service provided. Providers are totally unaccountable for any of the services they provide or the financial impact of their decisions. They have a budget to follow but they have no idea what the acceptable cost of their service is and make little effort to have performance based results.

Ideas and Suggestions

Budgeting and Accounting
Accountability

• Ideas about budgeting:
  • End of year spending must stop.
  • End zero-based budgeting.
• Get rid of block-funding to increase productivity and reduce costs.

• Budgets should be allowed to carry over from year to year to eliminate ridiculous last minute spending. This idea of use it or lose it needs to go. Let the health care system decide where the funds need to go.

• Activity based accounting and budgeting based on need rather than lobbying are two solutions to our current health care problems.

• We should use a zero based budget system.

• Budgets are annual but the solutions and the cost savings take years before we can realize them. That is the problem in dealing with budgets because you know that great things are happening but by the time it actually occurs it has been buried in additional cost elsewhere.

• We need to do a thorough and comprehensive report of how much procedures cost right down to the cost of cleaning the room afterwards and the electrical and cooling costs. This would allow for a real cost-benefit analysis to take place.

• Nobody knows how much anything costs in our health care system. This could be solved simply by providing doctors with a booklet with current costs for visits and procedures. This list could be updated annually or semi-annually using email or the internet.

• In Australia, there has been a long argument about actually having the allocation of Indigenous health occurring within the health portfolio and the health budget and not within the Aboriginal affairs budget. If you have it within the Aboriginal affairs budget then the relative importance of Aboriginal housing and Aboriginal education has to be assessed against Aboriginal health. It is far more important to actually have that question being addressed against the larger health budget process.

• Institute an independent audit on health care. The auditor would report on spending and waste and make recommendations.

• Use Generally Accepted Accounting Practices (GAAP) in accounting for health care system spending.

• Implement forensic accounting of the health system.

• Ideas about accountability in health spending:

  • Government spending needs to be monitored by a non-partisan watch dog. Maybe then we could begin to trust Government again.

  • The Government must have direct control over monies spent and knowledge that these funds are accountable.
• We must create incentives for measurable efficiency gains within the various health care departments.

• Health care contracts must be transparent and publicly accountable.

• The public health care system must be fully accountable so that it can be compared accurately against private delivery costs.

• Private facilities know their costs exactly. Public facilities need to be held to the same standard.

• Detailed financial statements need to be made public each year.

• There is a need for more transparency on public spending across the board.

• If private companies such as Air Miles can track every dollar we spend on gas or groceries then our CareCard should be able to provide us with similar details. Knowing that their usage was being tracked might make people use the system more responsibly.

• Our health care professionals need to be accountable for the dollars they spend.

• There needs to be more longitudinal data to assist in tracking the effectiveness of health interventions.

• Increase the capacity of the Medical Services Plan to analyze cost pressures so that solutions can be identified to save money and increase the focus on patient needs.

• The Medical Services Plan is able to provide a detailed listing of costs but that only covers the privately provided services, such as doctors and laboratories.

• We need a health care ombudsman to monitor health spending.

• The solution to fixing the public health care system is very simple: accountability and full disclosure. This can be achieved by having two separate public health budgets. One budget for all the administrative costs and a second budget for medical service delivery.

• Every health authority and every medical facility within it must be accountable for demonstrating the costs of providing care. Every operation, every procedure, every bed and every person involved should be fully costed so that we can begin to have a clear picture of the value of our health care system.

• A culture of accountability must become a cornerstone of public health care. An Accountability Office should be established to create system-wide changes.
• We have talked about needs-based funding for 25 years but never really done it. Nobody has gotten off the fixation with volumes being the measure of accountability and I think we have to get the off the volume stuff. In a goal-oriented system there should be some flexibility because the accountability is to the goals not to the instruments. So the requirement, then, is to meet the goals and not be volume based.

**Outstanding Questions**

- I would like to know why private clinics, doctors offices, dentists and other private services can state how much each surgery or other procedure they provide costs but our hospitals cannot?
- How can you prepare a hospital budget if you do not know your actual cost of service?
- What are the effectiveness measures in the health care system?
- Do we get what we pay for in health care?
- Who is auditing the accounts and financial transactions in the health care system?