CMA Submission

A New Vision for Health Care in Canada: Addressing the Needs of an Aging Population

2016 Pre-budget Submission to House of Commons Standing Committee on Finance

ASSOCIATION MÉDICALE CANADIENNE
CANADIAN MEDICAL ASSOCIATION

The Canadian Medical Association (CMA) is the national voice of Canadian physicians. Founded in 1867, the CMA's mission is helping physicians care for patients.

On behalf of its more than 83,000 members and the Canadian public, the CMA performs a wide variety of functions. Key functions include advocating for health promotion and disease/injury prevention policies and strategies, advocating for access to quality health care, facilitating change within the medical profession, and providing leadership and guidance to physicians to help them influence, manage and adapt to changes in health care delivery.

The CMA is a voluntary professional organization representing the majority of Canada's physicians and comprising 12 provincial and territorial divisions and over 60 national medical organizations.

The Canadian Medical Association (CMA) is pleased to provide this submission to the House of Commons Standing Committee on Finance for consideration as part of its pre-budget consultations.

In this brief, the CMA outlines seven recommendations for meaningful federal action to ensure Canada is prepared to meet the health care needs of its aging population. The CMA's recommendations are designed to be implemented in the 2016-17 fiscal year in order to deliver immediate support to the provinces and territories and directly to Canadians.

Immediate implementation of these recommendations is essential given the current and increasing shortages in seniors care being experienced across all jurisdictions in Canada. If implemented, the CMA's recommendations will contribute to the federal government's strategic commitments in health, notably the commitment to the development of a new Health Accord.

1) Federal Health Measures to Support the Middle Class

A) Federal Action to Help Reduce the Cost of Prescription Medication

The CMA strongly encourages the federal government to support measures aimed at reducing the cost of prescription medication in Canada. The CMA supports the federal government's recent announcement that it will partner with the provinces and territories as part of the pan-Canadian Pharmaceutical Alliance. **Given that the majority of working age Canadians have coverage for prescription medication through private insurers[1], the CMA recommends that the federal government support inviting the private health insurance industry to participate in the work of the pan-Canadian Pharmaceutical Alliance.**

Prescription medication has a critical role as part of a high-quality, patient-centred and cost-effective health care system. It is an unfortunate reality that the affordability of prescription medication has emerged as a key barrier to access to care for many Canadians. According to the Angus Reid Institute, more than one in five Canadians (23%) report that they or someone in their household did not take medication as prescribed because of the cost during the past 12 months.[2]

As a step toward comprehensive, universal coverage for prescription medication, the CMA recommends that the federal government establish a new funding program for catastrophic coverage of prescription medication. The program would cover prescription medication costs above $1,500 or 3% of gross household income on an annual basis. Research commissioned by the CMA estimates this would cost $1.57 billion in 2016–17 (Table 1).

Table 1: Projected cost of federal contribution to cover catastrophic prescription medication costs, by age cohort, 2016-2020 ($ million)[3]

Age Cohort	2016	2017	2018	2019	2020	Share of total cost
Under 35 years	113.3	116.3	119.4	122.5	125.2	7%
35 to 44 years	177.2	183.5	190.5	197.8	204.3	11%
45 to 54 years	290.2	291.9	298.0	299.2	301.0	18%
55 to 64 years	383.7	400.6	417.6	433.1	444.6	25%
65 to 74 years	309.2	328.5	348.4	369.8	391.6	21%
75 years +	303.0	315.5	329.8	345.2	360.1	20%
All ages	**1,566.8**	**1,617.9**	**1,670.5**	**1,724.2**	**1,773.1**	**100%**

B) Deliver Immediate Federal Support to Canada's Unpaid Caregivers

There are approximately 8.1 million Canadians serving as informal, unpaid caregivers with a critical role in Canada's health and social sector.[4] The Conference Board of Canada reports that in 2007, informal caregivers contributed over 1.5 billion hours of home care – more than 10 times the number of paid hours in the same year.[5] Despite their tremendous value and important role, only 5% of caregivers providing care to parents reported receiving financial assistance, while 28% reported needing more assistance than they received.[6]

It is clear that Canadian caregivers require more support. **As such, the CMA recommends that the federal government amend the Caregiver and Family Caregiver Tax Credits to make them refundable.** This would provide an increased amount of financial support for family caregivers. It is estimated that this measure would cost $90.8 million in 2016–17.[7]

C) Implement a new Home Care Innovation Fund

The CMA strongly supports the federal government's significant commitment to deliver more and better home care services, as released in the mandate letter for the Minister of Health.Despite its importance, it is widely recognized that there are shortages across the home care sector.[8] **To deliver the federal government's commitment to increasing the availability of home care, the CMA recommends the establishment of a new targeted home care innovation fund.** As outlined in the Liberal Party of Canada's election platform, the CMA recommends that the fund deliver $3 billion over four years, including $400 million in the 2016-17 fiscal year.

2) New Federal Measures to Support the Provinces and Territories Providing Seniors Care

A) Deliver Federal Investment to the Long-term Care Sector as part of Social Infrastructure

All jurisdictions across Canada are facing shortages in the continuing care sector. Despite the increased availability of home care, research commissioned for the CMA indicates that demand for continuing care facilities will surge as the demographic shift progresses.[9]

In 2012, it was reported that wait times for access to a long-term care facility in Canada ranged from 27 to over 230 days. More than 50% of ALC patients are in hospital beds because of the lack of availability of long-term care beds[10].

The CMA recommends that the federal government include capital investment in continuing care infrastructure, including retrofit and renovation, as part of its commitment to invest in social infrastructure. Based on previous estimates, the CMA recommends that $540 million be allocated for 2016–17 (Table 2), if implemented on a cost-share basis.

Table 2: Estimated cost to address forecasted shortage in long-term care beds, 2016–20 ($ million)[11]

	Forecasted shortage in long term care beds	Estimated cost to address shortage	Federal share to address shortage in long term care beds (based on 1/3 contribution)
2016	6,028	1,621.5	540.5
2017	6,604	1,776.5	592.2
2018	8,015	2,156.0	718.7
2019	8,656	2,328.5	776.2
2020	8,910	2,396.8	798.9
Total	**38,213**	**10,279.3**	**3,426.4**

In addition to improved delivery of health care resources, capital investment in the long-term care sector would provide an important contribution to economic growth.[12]

B) Deliver new Funding to Support the Provinces and Territories in Meeting Seniors Care Needs

Canada's provincial and territorial leaders are struggling to meet health care needs in light of the demographic shift. This past July, the premiers issued a statement calling for the federal government to increase the Canada Health Transfer (CHT) to 25% of provincial and territorial health care costs to address the needs of an aging population.

It is recognized that as an equal per-capita based transfer, the CHT does not currently account for population segments with increased health needs, specifically seniors. However, rather than adjust the transfer formula, the CMA has developed an approach that delivers support to jurisdictions endeavoring to meet the needs of their aging populations while respecting the transfer arrangement already in place.

To support the innovation and transformation needed to address the health needs of the aging population, the CMA recommends that the federal government deliver additional funding on an annual basis beginning in 2016–17 to the provinces and territories by means of a demographic-based top-up to the Canada Health Transfer (Table 3). The CMA commissioned the Conference Board of Canada to calculate the amount for the top-up to the CHT using a needs-based projection. For the fiscal year 2016–17, this top-up would require $1.6 billion in federal investment.

Table 3: Allocation of the federal demographic-based top-up, 2016–20 ($million)[13]

Jurisdiction	2016	2017	2018	2019	2020
All of Canada	**1,602.1**	**1,663.6**	**1,724.2**	**1,765.8**	**1,879.0**
Ontario	652.2	677.9	692.1	708.6	731.6
Quebec	405.8	413.7	418.8	429.0	459.5
British Columbia	251.6	258.7	270.3	270.1	291.3
Alberta	118.5	123.3	138.9	141.5	157.5
Nova Scotia	53.6	58.6	62.3	64.4	66.6
New Brunswick	45.9	50.7	52.2	54.1	57.2
Newfoundland and Labrador	29.7	30.5	33.6	36.6.	46.1
Manitoba	28.6	30.6	33.5	32.5	36.6
Saskatchewan	3.5	4.9	7.3	12.7	15.4
Prince Edward Island	9.1	9.7	10.6	10.9	11.5
Yukon	1.4	2.6	2.1	2.5	2.5

3) Maintain Tax Equity for Canada's Medical Professionals

Among the federal government's commitments is the objective to decrease the small business tax rate from 11% to 9%. The CMA supports this commitment to support small businesses, such as medical practices, in recognition of the significant challenges facing this sector. However, it is not clear whether as part of this commitment the federal government intends to alter the Canadian-Controlled Private Corporation (CCPC) framework. The federal government's framing of this commitment, as released in the mandate letter for the Minister of Small Business and Tourism, has led to confusion and concern.

Canada's physicians are highly skilled professionals, providing an important public service and making a significant contribution to our country's knowledge economy. In light of the design of Canada's health care system, the majority of physicians are self-employed professionals and effectively small business owners. As self-employed small business owners, they typically do not have access to pensions or health benefits. In addition, as employers, they are responsible for these benefits for their employees.

In addition to managing the many costs associated with running a medical practice, Canadian physicians must manage challenges not faced by many other small businesses. As highly-skilled professionals, physicians typically enter the workforce with significant debt levels and at a later stage in life. For some, entering practice after training requires significant investment in a clinic or a practice. Finally, it is important to recognize that physicians cannot pass on the increased costs introduced by governments, such as changes to the CCPC framework, onto patients, as other businesses would do with clients.

Given the importance of the CCPC framework to medical practice, changes to this framework have the potential to yield unintended consequences in health resources, including the possibility of reduced access to much needed care.

The CMA recommends that the federal government maintain tax equity for medical professionals by affirming its commitment to the existing framework governing Canadian-Controlled Private Corporations.

Conclusion

The CMA recognizes that the federal government must grapple with an uncertain economic forecast and is prioritizing measures that will support economic growth. The CMA strongly encourages the federal government to adopt the seven recommendations outlined in this submission as part of these efforts. In addition to making a meaningful contribution to meeting the future care needs of Canada's aging population, these recommendations will mitigate the impacts of economic pressures on individuals as well as jurisdictions. The CMA would welcome the opportunity to provide further information and its rationale for each recommendation.

References

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