THE CANADIAN WAY

Accelerating Innovation and Improving Health System Performance

A Consensus Statement by the Health Action Lobby

December 2014
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30. Canadian Society for Medical Laboratory Science
31. Canadian Society of Nutrition Management
32. Canadian Society of Respiratory Therapists
33. Catholic Health Alliance of Canada
34. College of Family Physicians of Canada
35. Dietitians of Canada
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39. The Arthritis Society

Observers
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INTRODUCTION

The Health Action Lobby (HEAL) is a coalition of 39 national health organizations dedicated to improving the health of Canadians and the quality of care they receive. Our members are organizations of health-care providers, institutions and facilities, along with several health charities, that provide a range of health-care services across the country.

Created in 1991, and representing more than 650,000 providers and consumer of health care, the major focus of HEAL’s activities has been on the federal role in health and health care. HEAL’s work in 2014 is to contribute to the sustainable solutions and health system transformations that will have a lasting impact on the health and well-being of Canadians – today and into the future.

As we move closer to the 2015 federal election, HEAL has developed a Consensus Statement, which is the result of more than two years of research, review and reflection.1

This Consensus Statement reflects an unprecedented level of agreement among health sector professionals and delivery organizations about the role of the federal government in improving the health of Canadians and the care they receive. It addresses many of the structural, demographic and financial challenges associated with the delivery of health care in Canada, and represents a call to action to all levels of government and our country’s political leadership.

Our health-care system and the health of Canadians needs urgent attention and should be a priority concern for our country’s leaders. Timely access to care, our aging and diverse population, the need for more community-based care to keep Canadians well and out of hospital, the rising number of Canadians living longer with chronic disease, and the financial constraints being experienced by all governments demand innovative and sustainable solutions. In particular, these challenges require a steadfast commitment to a national collaborative effort involving all levels of government.

HEAL’s recommendations are intended to encourage collaboration between governments and providers, while proposing new accountability and performance measures, and other targeted and strategic investments that would improve overall system effectiveness and contribute to positioning Canada as a top performing country.2

HEAL’s Consensus Statement is inspired by six pivotal questions:

1. How can we promote ongoing dialogue and collaboration?
2. What could be a vision for the federal government in health and health care?
3. What is the performance framework that can drive the innovations that will improve health and health care for Canadians?
4. How can we improve the financial relationship for health care among the federal, and provincial and territorial governments?
5. What specific roles can the federal government play?
6. How can we improve overall health system accountability, sustainability and performance?
HEAL is confident that the solutions and options proposed will stimulate a national discussion about the expectations of Canadians and the roles and responsibilities of the federal government when it comes to the future of health and health care in Canada. The Consensus Statement also makes a compelling case for a return to the Canadian Way of compassion, consensus, and collaboration.

**A CALL TO ACTION**

HEAL believes that federal leadership is essential to advancing the health of Canadians and to transforming the health system. While provincial and territorial governments have lead responsibilities in delivering health care, there is only one government that represents the interests of all Canadians.

The federal government is already accountable for the delivery of health-care services to First Nations and Canadian Forces’ populations, for example. It is the predominant funder of health research and contributes key policies, programs and investments that address our country’s health and social service requirements. And, it can provide further leadership by collaborating with the provinces and territories with the common purpose of accelerating innovation and improving health system performance.

A sustainable health system that delivers care effectively makes for healthier Canadians. And healthier Canadians make for more productive workplaces and a more prosperous economy and stable society.

Through this Consensus Statement, HEAL is calling on:

- All levels of government, but particularly the federal government, to commit to a renewed and sustained working relationship with the provinces and territories that is focused on improving Canada’s health system, now and into the future.
- All federal political parties to articulate their positions on how to improve the health of Canadians and the care they receive.
- The federal government to re-engage its efforts to work with the provinces and territories to ensure that our health system supports health and well-being for individuals, families and communities.

**THE NEED FOR ONGOING FEDERAL, PROVINCIAL AND TERRITORIAL DIALOGUE AND COLLABORATION**

HEAL believes that all levels of government must work together to transform our health system so it can deliver better health and better health care to Canadians. It makes sense to combine efforts and to bring leading practices and available resources to the task of managing a complex health system and improving the health of Canadians. It’s the Canadian Way. Compassion, consensus and collaboration have served our country well for decades.
While HEAL believes that there are direct leadership opportunities for the federal government to fulfill its own roles and responsibilities in health care, a close strategic collaboration with the provinces and territories, and an alignment of policies and programs across all levels of government, will advance the health of Canadians and improve health system performance and sustainability overall.

Canada will get the best result when all levels of government and the health sector work together in pursuit of common goals. Strong leadership, collaboration and clarity of roles, responsibilities and expectations at every level of funding and service provision are the hallmark of a high performing health system. HEAL believes that a shared health performance framework and indicators could ground and integrate the efforts of everyone involved – governments, health professionals and delivery organizations – and would incent cost-effective, innovative and evidence-based solutions.

More specifically, and as a first step, HEAL believes that there is significant value to be gained by having the federal government participate in the Health Care Innovation Working Group (HCIWG), in addition to other federal, provincial and territorial fora on health.

Additionally, there are other ways in which the federal government can provide value to ongoing provincial/territorial collaborations via the federal health agencies that focus on overall system performance and the dimensions of quality. 3

A VISION FOR THE FEDERAL GOVERNMENT IN HEALTH AND HEALTH CARE

HEAL is an advocate for a strong federal role in Canada’s health and health care. We believe it is important for the federal government to develop a vision that clarifies the role it can and should play when it comes to the health and health care of Canadians.

In addition to clarifying roles, responsibilities and the expectations Canadians have of the federal government when it comes to health, a federal vision could help identify opportunities for stakeholders to collaborate better.

HEAL proposes the following vision statement for the federal government in health and health care:

“To advance the health and health care of Canadians, working collaboratively with the provinces and territories, health-care providers and the public to ensure the promotion and delivery of appropriate, integrated, cost-effective, and accessible health services and supports.”

This vision statement recognizes that there are areas where the federal government has a direct leadership and fiduciary role. At the same time, it allows for opportunities to work in strategic partnerships with the health sector’s many stakeholders to secure the future sustainability of our national health system.
A FRAMEWORK FOR PERFORMANCE IMPROVEMENT AND INNOVATION

HEAL believes that it is important to identify a performance framework that will guide the transformation of our health system and inspire a common approach.

Building on the work of the Canadian Medical Association, Canadian Nurses Association and over one hundred and thirty signatories, HEAL recommends a performance framework that is consistent with the Triple Aim approach that has been developed by the Institute for Healthcare Improvement (IHI). The Triple Aim has been adopted around the world by countries looking to introduce quality improvement measures that enhance system performance and sustainability, while promoting patient-focused care and population health goals.

The Triple Aim articulates a systemic approach to performance management in three dimensions:

1. Better Health for All with a focus on health promotion and illness prevention, equity, shared decision-making and inclusivity.
2. Better Care for All with the patient at the centre of the health system with a focus on access, quality and appropriateness.
3. Better Value for All while focusing on system sustainability, efficiency, accountability and performance.

FUNDAMENTAL FEDERAL FISCAL FAIRNESS

Federal financial transfers to the provinces and territories via the Canada Health Transfer (CHT) and the Canadian Social Transfer (CST) support Canada’s capacity to deliver much-needed health and social programming.

HEAL is concerned that the unilateral changes to the CHT funding formula announced in December 2011 destabilized the system, eroded trust and increased the challenge faced by the provinces and territories to meet the changing health needs of an aging and diverse population. Of particular concern are:

1. The CHT will increase by a three-year moving average of nominal gross domestic product (GDP), with a minimum of 3% per year, effective April 1, 2017.
2. The formula will change from an equal per capita entitlement to equal per capita cash, effective April 1, 2014.

 Declining Federal Share of Health Funding to the Provinces

While HEAL is sensitive to current economic conditions and the need to be prudent with scarce public dollars, the reality is that recent changes that limit growth in the CHT funding formula will see federal cash, as a percentage of total provincial and territorial public health spending, decrease over time. Projections indicate that the financing level will decline from 20.4% in 2010/11 to 18.6% in 2035/36. Over the following 25 years it will dip a further 13.8%. 
Framed another way, the CHT will average 17.7% of provincial and territorial health spending from 2011-12 to 2035/36, and will then slide to 13.3% over the next 25 years. Cumulatively, the Premiers estimate that they will receive $36 billion less in federal transfers from 2014 to 2024 compared to the former transfer formula.

As a consequence, the declining federal share will compromise the ability of the provinces and territories (and municipalities) to meet the growing demand for health-care services. It is the consensus opinion of HEAL’s membership that it is reasonable for the federal government to provide a stable proportion of funding that stands at no less than 25% of total provincial and territorial spending on health services. In other words, one out of every four dollars spent on health care by the provinces and territories should come from the federal government. Based on the most recent publicly available information, the current formula stands at 22.8%. To move to a 25% federal share of provincial and territorial health spending in 2014 would require the CHT to increase by $3.1 billion to $35.2 billion.

Federal funding for both health care and social services is the bedrock upon which we can build and sustain our future success as a nation. The federal government’s commitment to a stable CHT is an investment in the continued economic prosperity of Canada. Improved health within the population and more cost-effective health care can net considerable savings over the medium- to longer-term.

Clearly, more can be done to improve the performance of the health system and its overall cost-effectiveness. More funding alone is not the cure that our system requires. We need stable and reliable funding, and the appropriate share of federal funding to the provinces and territories, and political leadership.

**Distributive Impact of the Canada Health Transfer**

In addition to the changes to the proportion of funding flowing from the federal government for health care, HEAL is also concerned about the change to the CHT funding formula that changed how the amount of federal cash to be distributed to the provinces and territories.

The unilateral change that now distributes CHT cash based on an *equal per capita entitlement* formula instead of an *equal per capita cash basis* has a significant impact on how federal dollars are distributed to the provinces and territories.

Based on estimates for 2014-15, the CHT will increase by $1.8 billion year-over-year. Of that total, Alberta will receive $1.028 billion (or 56%, year-over-year increase of 38%), while the remaining $420 million (or 44%) will be distributed amongst the provinces and territories as follows: Newfoundland ($0); Prince Edward Island ($3 million, or 2.3% increase); Nova Scotia ($17 million, or 2%); New Brunswick ($15 million, or 2.2%); Quebec ($243 million, or 3.4%); Ontario ($410 million, or 3.4%); Manitoba ($42 million, or 3.7%); Saskatchewan ($42 million, or 4.3%); British Columbia ($16 million, or 0.4%); Yukon ($2 million, or 6.5%); Northwest Territories ($12 million, 44.4%); and Nunavut ($0).

As a result, while Alberta, the Yukon and the Northwest Territories gain from the shift to equal per capita cash, all other provinces and territories will receive less (or no increase) than they would have under the previous formula. Clearly, the shift to equal per capita cash will present a significant challenge to these jurisdictions.
The change to the CHT formula does not take into consideration the unique circumstances and needs of each province, particularly those with older populations and the extra costs and system strains associated with their health-care needs.

To address this inequity, HEAL recommends that the federal government explore the concept of a Demographic Top-Up Transfer that would be allocated based on the combined weight of the age-sex composition of a province’s population compared to the average age-sex specific health expenditure profile.\(^{19,20,21}\)

Finally, HEAL also has concerns about the unilateral renewal of the Canadian Social Transfer (CST), which will increase 3% per year over the same timeframe as the CHT. As with the CHT, there is a decided lack of accountability or even an appropriate assessment of the capacity of this financing to meet the evolving needs of its residents on an equitable basis.\(^{22}\) Provinces and territories use this funding to shore up their social service infrastructure and the delivery of core programs such as education, housing, and employment and community programming. It is not a leap to see that these programs affect the social determinants of health by giving people the components they need – jobs, a home, an education – to build healthy lives.

While HEAL is proposing changes to the level of federal funding via the CHT and how dollars are allocated to the provinces and territories, how these resources should be invested remains in question.

One option is that the funds could flow to the provinces through the CHT and a Demographic Top-Up Transfer. Another option is that these resources could be invested by the federal government in identified strategic national priorities that facilitate the transformation of the health system while improving its performance. These options are discussed in the next section.

**THE FEDERAL ROLE IN HEALTH & HEALTH CARE**

HEAL recognizes that the federal government plays a number of important leadership roles in advancing the health of Canadians. The health of Canadians will depend on investments in publicly-funded health care and health promotion and illness prevention as well as an effective and accountable system of health care delivery. HEAL encourages the federal government to work with the country’s health care providers to ensure the delivery of health promotion and illness prevention initiatives and that Canadians receive services that are evidence-based and cost-effective.

Strong federal leadership and commitment is also necessary to encourage and facilitate system-wide innovation and capacity building that will advance the health of Canadians and secure the system for the future.

HEAL believes that there is a strategic role for the federal government to develop and introduce national measures that advance the health of Canadians and complement provincial and territorial programs and initiatives.

HEAL has identified three areas - aging population, prescription drugs, and innovation - where there is a significant leadership opportunity for the federal government. By working closely and strategically with the provinces and territories in these areas, the federal government could accelerate the pace of innovation, improve the health and health care of Canadians, and strengthen the overall performance of the health system.
Canada’s Aging Population

Canada’s demographic profile is changing dramatically. Across the country, governments are grappling with the realities of an aging population and a growing number of seniors. Never has it been more important for governments to ensure that the health system adopts the right mix of health policies, programs and investments to promote overall quality of life and access to care. HEAL believes that the federal government can play an important role in two ways.

First, it should explore the introduction of appropriate tax-based policies and programs so Canadians will not be placed in financial jeopardy if they require home care and/or long-term institutional care.

Options to support seniors and cover the cost of home care and long-term care could involve a social insurance program approach, along the lines of the Canada Pension Plan, or the creation of a tax sheltered vehicle such as Long-Term Care Savings Account that would allow Canadians to save specifically for their long-term needs.

Second, HEAL believes that the federal government should assist the provinces and territories in building the necessary long-term care infrastructure required to ensure that Canadians are cared for in appropriate settings as they age. We recommend that the federal government introduce and fund a strategically targeted, time-limited National Community-Based Health Infrastructure Fund. The Fund would help the provinces and territories accelerate the building of much-needed facilities for those whose needs and quality of life would be better served in communities rather than in hospitals.

Access to Prescription Drugs

There is an opportunity to build on the collaborative work of the Council of the Federation’s Health Care Innovation Working Group (HCIWG) in the area of prescription drugs. The federal government can play a leadership role to ensure that all Canadians have access to safe and effective prescription drugs without suffering unnecessary financial hardship.

Various national and parliamentary studies have urged the federal government to introduce a prescription drug program to help Canadians facing extraordinary drug costs. This program could be integrated with existing public and private plans, wherever possible, but would also prevent the undue financial hardship associated with the catastrophic costs of necessary medications.

As well, building on the work of the National Pharmaceuticals Strategy, which already involves all levels of government, consideration should be given to the efficiencies that can be gained from additional federal, provincial and territorial partnership and collaboration.

Supporting the Spread of Applied Health Innovations

While the term “innovation” is often overused, many successful on-the-ground health delivery programs and services exist that improve the care Canadians receive on a daily basis.

HEAL is of the view that the federal government can play a transformational role, working in strategic partnership with the provinces and territories when it comes to accelerating the spread of evidence-based innovations that provide better health, better care and better value for all.
To assist with the spread of proven innovations that would improve health outcomes and overall system performance, HEAL recommends that the federal government introduce a time-limited fund – a National Health Innovation Fund – that is strategically focused in three priority areas, each with specific goals in mind:

I. **Primary Health Care** – to accelerate the implementation of evidence-based, community-based primary health care, with inter-professional delivery models at the local level.

II. **Mental Health and Addictions** – to target resources to specific outcome-based provincial and territorial programs to improve access to evidence-based, inter-professional mental health services and community supports.

III. **Health Human Resources** – to create a Health Human Resources organization that promotes inter-provincial and territorial discussion on leading practice and the sharing of policies, perspectives and information to improve the way the health and education system manages the supply, mix and distribution of health providers, including leadership development and continuing education.

**HEALTH SYSTEM ACCOUNTABILITY & PERFORMANCE**

An improved, high-performing health system will deliver better health outcomes and better care, while delivering better value for Canadians. In order to improve the way we measure and evaluate health system performance, Canada needs a common set of national performance indicators that covers the full continuum of care. These indicators will help inform the public about how well the health system is working, accelerate the adoption of innovations and best practices, and highlight where better management is making a difference.

HEAL believes that the federal government, working closely with the provinces and territories, and providers could accelerate the development of a common set of indicators. This process should take no longer than three years to complete and implement if all levels of government commit to it. In that short time, our governments could build a solid foundation for system-wide improvements and ongoing collaboration to meet the needs of Canadians.

**CONCLUSION**

The proposals in this Consensus Statement are designed to strongly encourage more collaboration between governments and providers, introduce new accountability and performance measures, and identify a combination of strategic investments to improve overall system efficiency.

Compassion, consensus and collaboration - the Canadian Way - is the way to advance the health and health care of Canadians. HEAL is calling on the federal government to recommit to the Canadian Way. Our members urge the federal government to articulate its vision, and work with other levels of government collaboratively to implement a performance framework that will inspire innovation and deliver quality results. HEAL, and its member organizations of health providers and health service organizations, is poised to contribute to this work.

2. Over the past two decades, Canada’s position as an international leader in health outcomes has declined. In 1990, Canada ranked 4th among the 34 member countries of the Organization for Economic Cooperation and Development (OECD) in terms of total life expectancy at birth. By 2011, Canada had slipped to 13th. In the case of infant mortality, the decline is even more concerning. Canada’s position dropped from 5th in 1990 to 29th in 2011. These declines are even more striking given Canada’s high level of health expenditure which, in 2011, places it 6th among OECD countries in terms of total per capita health spending. In 2000, the World Health Organization ranked Canada’s health system performance at 30th out of 191 countries (WHO, *World Health Report 2000: Health Systems – Improving Performance*). This has since been corroborated in composite rankings developed by other organizations. In 2009 Canada ranked 23rd when included in 32 European countries on the Euro-Canada Health Consumer Index, based on a composite index of 32 indicators covering topics such as patient rights, outcomes and range of services offered (Eriksson & Bjornberg. *Euro-Canada Health Consumer Index 2009*. Health Consumer Powerhouse and Frontier Centre for Public Policy, 2009). In 2010 the Commonwealth Fund ranked Canada 6th out of 7 high-income countries on the basis of a multi-dimensional assessment that included quality of care, efficiency and equity (Davis, Schoen, Stremikis. *Mirror, Mirror on the Wall: How the Performance of the U.S. Health Care System Compares Internationally*. 2020 Update). In its 2013 assessment of health reform in Canada since the 2003 and 2004 Health Accords, the Health Council of Canada concluded that improvements in health and health care had been modest at best and that Canada’s overall performance lags behind that of other high-income countries (Health Council of Canada. *Better Health, Better Care, Better Value for All...Refocussing Health Care Reform in Canada*. 2013). Recently, the Health Council of Canada reported that based on the 2013 Commonwealth Fund International Health Policy Survey, Canada experienced the worst performance with respect to timely access to medical appointments and emergency departments among the 11 countries surveyed (Health Council of Canada. *Where You Live Matters: Canadian Views on Health Care Quality*. 2014).

3. These national agencies (known as “C” Agencies) have a integral role to play when it comes to focusing on the dimension of quality and improving the performance of the health system. They include: the Canadian Institute for Health Information (CIHI), the Canada Institutes of Health Research (CIHR), the Canadian Patient Safety Institute (CPSI), Canadian Agency for Drugs & Technologies in Health (CADTH), Canadian Foundation for Healthcare Improvement (CFHI), Mental Health Commission of Canada (MHCC), and the Canadian Partnership Against Cancer (CPAC).


7. Patients referred to in this document include both patients and clients.

8. The dimensions of quality are identified as follows: (1) accessibility; (2) effectiveness; (3) safety; (4) efficiency; (5) appropriateness; (6) provider competence; and (7) acceptability. Source: MacIntosh AM, McCutcheon DJM. *Stretching to Continuous Quality Improvement from Quality Assurance.* Canadian Journal of Quality in Health Care, March 1992, Vol. 9, No. 2. It is important to note that the Institute for Medicine identifies 6 dimensions of quality: (1) safe; (2) effective; (3) patient-centred; (4) timely; (5) efficient; and (6) equitable. Accreditation Canada identifies 8 dimensions of quality: (1) population focus; (2) accessibility; (3) safety; (4) worklife; (5) client-centred services; (6) continuity of services; (7) effectiveness; and (8) efficiency.

9. The Canada Health Transfer (CHT) provides funding to the provinces for health and health care. The Territorial Financing Formula (TFF) is a separate cash transfer for the Territories to provide health and health care services to their populations.


11. The Canadian Institute of Actuaries and the Society of Actuaries estimate while health care expenditures will rise from 44.3 percent to 69.3 percent of provincial and territorial revenues from 2012 to 2037, the federal share will drop from 21 percent to 14.3 percent over the same time period. Source: Canadian Institute of Actuaries; Society of Actuaries. *Sustainability of the Canadian Health Care System and Impact of the 2014 Revision to the Canada Health Transfer.* September, 2013.


14. The July 2012 main report of the Council of the Federation Working Group on Fiscal Arrangements also notes the significant financial impact the change in the CHT formula will have on the provinces and territories.

15. In 2004, Premiers called on the federal government “…to provide sufficient funds to increase the federal share of provincial/territorial health and social program funding to 25 percent in 2009/10.” Council of the Federation Communiqué, February 24, 2004.

16. The Canadian Institute for Health Information estimates that Provincial-Territorial health spending in 2014 will be $140.772 billion. The federal government’s *Update of Economic and Fiscal Projections* (November 12, 2014) states that the Canada Health Transfer stands at $32.114 billion in 2014-15.

17. Up to 2013, the total CHT entitlement included a cash transfer and a tax point transfer (which corresponds to 13.5 percentage points of personal income tax and 1 percentage point of corporate income tax). Once the overall value of the tax transfer is calculated, it is added to the legislated total cash transfer to obtain the total CHT. The total CHT is then...
divided by total population to determine per capita total CHT. Each province’s per capita CHT cash is calculated as a residual (i.e., the province’s per capita share of total CHT less its per capita tax point transfer). CHT cash includes an equalizing component, since the per capita cash transfer is higher for provinces with relatively weak tax point transfers, and vice versa. In 2014, the calculation of the tax point transfer was removed from the calculation and replaced with federal cash. Thus, those provinces with a high value of their tax point transfer have received more federal CHT cash.


19. The data for this calculation is available from the Canadian Institute for Health Information.


23. HEAL recognizes that the federal government plays a number of important direct leadership roles in advancing the health of Canadians, including: (1) enforcing legislation, such as the Canada Health Act; (2) the 5th largest health delivery organization for a number of specific populations (Indigenous Peoples, Military & Veterans, Corrections); (3) investing in public health, health literacy, health promotion, illness and injury prevention programs; (4) overseeing food regulation and inspection process; (5) reviewing and approving drugs and medical & assistive devices, and natural health products; (6) implementing policies, programs and investments in health research; (7) introducing tax-based policies to address health issues (e.g., caregiver tax credit, medical expense deduction); (8) introducing national programs targeted to benefit certain groups of Canadians; (9) developing national strategies (e.g., mental health, housing, poverty, cancer); and (10) creating national health agencies (e.g., Canadian Institute for Health Information, Canadian Institutes of Health Research, Canadian Patient Safety Institute, Canadian Agency for Drugs & Technologies in Health, Canada Health Infoway, Mental Health Commission of Canada, Canadian Foundation for Healthcare Improvement, Canadian Partnership Against Cancer).

24. It is anticipated that such a Fund would be developed in close consultation with the Provinces and Territories, and would have clearly defined objectives, deliverables and outcomes within a fixed period of time. The Fund could be funded exclusively by the federal government, or it could be cost-shared between the two levels of government.

25. The Canadian Medical Association estimates that based on the difference between the average cost of care in a hospital versus long-term care, if alternate level of care (ALC) patients were moved from hospital to long-term care this would save the health care system approximately $2.3 billion a year. Source: Healthier Generations for a Prosperous Economy. 2013-2014 Pre-Budget Submission to the Standing Committee on Finance. November 6, 2013.
26. A recent Statistics Canada study has clearly documented the disproportionate burden of out-of-pocket spending on prescription drugs among low-income households. Between 1997 and 2009 annual expenditure on prescription drugs increase by 64% in the lowest income quintile; a figure three times as great as the 21% increase observed in the highest income quintile. Moreover, prescription drug spending was highest in the second lowest income quintile in 2009; at $388 this was almost 50% greater than the $268 observed in the highest quintile. Source: Sanmartin C, Hennessy D, Lu Y, Law M. Trends in Out-of-Pocket Health Care Expenditures in Canada, by Household Income, 1997 to 2009. Health Reports 2014;25(4):13-7.
