

NS health budget up 6.2 per cent in 2010-11

The budget for 2010-11 was tabled in Nova Scotia Tuesday, increasing health expenditures to \$3.6 billion which is 6.2 per cent above what was in last year's budget.

This is a significant increase given the government is projecting a \$222 million deficit in the new fiscal year, and has a challenging four-year goal to balance its books.

On Wednesday, Opposition Leader Stephen McNeil said the NDP government, elected in June 2009, has avoided dealing with growing health costs.

"If we believe we can continue to increase the health care budget by six or seven per cent every year and it's not going to cripple us, we're living in a dream world," he told Canadian Press.

Health Minister Maureen MacDonald insisted that the government is serious about trimming health spending, but it will take time. "You can't turn this ship around quickly," she remarked.

The health sector will also be part of an expenditure control program announced in the budget. The government will be looking for opportunities to streamline health services, reduce drug costs and get the nine district health authorities (DHAs) to share some services.

The DHAs currently consume some 43 per cent of the health budget, and in the new fiscal year they are getting a bare bones increase of just 2.1 per cent over what was in the budget last year. It is even lower when allowing for a combined \$17.6 million deficit they are ex-

(See "Nova Scotia" on page 2)

Ontario goes after pharmacy earnings in new drug reforms

The Ontario government has taken direct aim at pharmacy profits in an attempt to lower its drug bill. It announced Wednesday that it will be abolishing a key source of pharmacy

revenues, a move which the pharmacy community warns will see some services traditionally offered to customers disappear.

The government's two-prong strategy will abolish rebates the province's 3,306 pharmacies receive from generic drug manufacturers to stock their products, and lower the prices of generic drugs to 25 per cent of the brand.

It had taken similar but far less drastic action in 2006, recasting rebates as "professional allowances" that had to be used to fund patient services and limiting the amount collected to 20 per cent of the cost of the product. The price of generic drugs was also capped at 50 per cent of the brand.

These measures were implemented just for drugs reimbursed by public drug programs in the province, and the private sector ended up paying more as a result.

Of the \$750 million which generic drug companies paid to Ontario pharmacists in 2009, over \$600 million was applied to products purchased by cash-paying customers and through private drug plans. Instead of a 50 per cent price cap, they paid an estimated 70 per cent of the brand.

This is now changing. The measures are being instituted in the public sector as soon as legislation can be passed, and are being phased in for the private sector. By 2014, everyone will be paying the same.

The savings will be significant – (See "Ontario" on page 2)

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Provincial-territorial health spending over \$121 billion

With Nova Scotia's budget this week, all provinces except Prince Edward Island have revealed their spending intentions for the new fiscal year.

The running total of provincial spending on health care in 2010-11 is \$120.4 billion exclusive of capital. This is 7.2 per cent more than in 2009-10 although the increases have literally been all over the map — from over 18 per cent in Alberta to 2.8 per cent in Saskatchewan on a budget-over-budget basis.

The three territories are putting a combined \$732 million into health and community services, and they have tended to be more frugal than the provinces in terms of their spending increases for health care.

PEI does not expect to table its budget until the third week of this month, at the earliest. Finance Minister Wes Sheridan told the *Charlottetown Guardian* this week he is still wrestling with the impact of a \$26 million drop in federal transfer payments. PEI health spending in 2009-10 was budgeted at \$445 million. **HE**

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the public sector alone expects to re-coup over \$500 million.

The government is offering pharmacists \$150 million in funding to offset their loss in professional allowances, to be used for counseling and other direct services provided to customers.

Some of this money will be specifically earmarked for pharmacies in small communities who are likely to be the hardest hit by the new policies. Dispensing fees will also be bumped up a dollar from \$7 currently and increased annually; they will go up \$4 in rural and underserved areas of the province.

Health Minister Deb Matthews says all of this will give pharmacies \$246 million in relief – well short of the revenue that will be lost – but she underlined the government's determination to weather the inevitable backlash.

"I have a simple message for big pharmacies – the days of artificial high drug prices paid on the backs of patients and taxpayers are gone, and they are gone for good," she told Canwest News.

In media interviews Wednesday, she said the current system is being abused by pharmacists and suggested some people would call professional allowances "kickbacks."

The reporting mechanism the government set up for how professional allowances were being used revealed that 70 per cent have gone to "fringe benefits, overhead costs and boosting profits instead of patient services as was the intent."

However, the Canadian Pharmacists Association said professional allowances have been an established part of pharmacy funding for many years and the government has used them to subsidize services and minimize dispensing fees (which are the lowest in the country).

(See *"Drugs"* on page 4)

Hansard Highlights

Debates in provincial legislatures and House of Commons

Like most other legislatures, **Quebec's** National Assembly is in recess this week. However, before it adjourned there was heated debate on measures in the new budget to institute a health premium and consider the idea of a "deductible" (possibly \$25) for each medical visit.

On Thursday, Parti Quebecois Health Critic Bernard Drainville asked if a pregnant woman goes to her doctor 10 times in the course of her pregnancy whether she would be required to pay this fee each time. "It will be the same thing for people stricken with cancer, people stricken with diabetes. The sicker you are, the more you pay," he said during Wednesday's oral question period.

Premier Jean Charest accused the health critic of being unnecessarily alarmist and twisting the facts. He also said this detracts from the main issue. "Why is the PQ unable to engage in an adult and mature debate on the future of the health care system in Quebec?" he asked.

Despite the Premier's assertions in the legislature that the government is only studying the advisability of a deductible, in media interviews Thursday

he said the government is determined to move ahead.

"The decision has been taken," he said, adding that the government will start with a public debate on the methods for doing it.

Quebec's deductible idea has attracted a good deal of attention across the country. Some commentators have suggested that Quebec has been clever in suggesting that it be collected at Income Tax time based on the number of medical visits made in the course of the year. This way it is not something charged at each visit which would be a direct violation of the *Canada Health Act*.

In the legislature Friday, Mr. Drainville made the comment that "The fact that you pay at the end of the year in your tax return does not change anything. You are still paying each time, for each visit."

So far, the federal government has refused to comment on what Quebec is doing. A spokesperson for the Prime Minister told Canadian Press simply that the "*Canada Health Act* is the law of the land" and the government expects it to always be respected.

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pected to have in 2009-10.

Measures to deal with emergency room overcrowding in Halifax and keep rural ERs open, a major part of the government's election platform, were also highlighted in the budget.

A \$4.8 million investment will be used to open a Rapid Assessment Unit in Halifax and add beds in city hospitals for patients stuck in ERs. The government will also be putting \$3 million in an ER Protection Fund to implement initiatives identified by the province's Emergency Care Advisor to improve services and access.

Another measure to improve access, costing \$1.3 million, is the creation of "prehabilitation" teams to work with patients on diet and exercise to get them ready for orthopedic surgery, and ensure they recover quicker. Such a program is already in place at Capital Health in Halifax.

Nurses were pleased that the budget announced a \$454,000 investment to place nurse practitioners in nursing homes. The government expects this will improve care and relieve pressure in other areas of the health system, as well as save money. **HE**

.. Briefly .. News Shorts .. Briefly .. News Shorts .. Briefly

The federal government has rejected the idea of building a new nuclear reactor to produce medical isotopes. This had been a suggestion of an expert panel established by the government last December. However, the government says it would cost about \$1 billion for a new reactor and this would never be recovered by the sale of isotopes. Instead, Ottawa is putting \$35 million into research of the production of isotopes using other means, and \$13 million on how to make the best use of using the existing supply. The supply of isotopes worsened in recent weeks when the three remaining nuclear plants in the world producing the isotopes temporarily went offline. Canada's Chalk River plant has been out of service since last May due to a leak in the reactor, and there is still no firm date for when repairs will be completed. (Canadian Press, Mar. 31)

New Brunswick has decided to designate one of the two regional health authorities in the province as officially operating in French. The government is acting on the recommendations of a report it commissioned last December to look at francophone health services. While Regional Health Authority "A" in the northern and largely francophone portion of the province will have French as its working language, both regions will deliver services in the official language of choice of patients. The government will also make amendments to existing legislation so that half the board members of the two regions will be elected by the general population by 2012. This is an abrupt reversal in policy for the government that opted for competency-based appointed boards. These changes may not be enough to head off a constitutional challenge by French-language groups that are unhappy the government

abolished the only officially francophone region when it shrank the number from eight to two in 2008. (News release)

Health care providers are less inclined to move from one province or territory to another. From 2001 to 2006, migration rates decreased to their lowest levels in two decades for some occupational groups. This decline was particularly apparent for physicians, interprovincial migration rates declined by fully one-third between 1986 and 2005, according to a new study by the Canadian Institute for Health Information. The report can be found at www.cihi.ca.

There is not enough oversight of the electronic health record program in Prince Edward Island, provincial Auditor General Colin Younker says in his 2010 report. The government has spent more than \$33 million in capital costs on the EHR program up to the end of this March, but ongoing operating costs are not known. He says the health department did not have an integrated delivery plan for the initiative but managed things on a project-by-project basis. The auditor's observations largely mirror those in other provincial auditor reports on EHR initiatives. (*Charlottetown Guardian*, April 8; Report at www.gov.pe.ca/photos/original/ag_report2010.pdf)

British Columbia is looking for a 10 per cent cut in public health spending by the province's health authorities. This represents \$45 million on a combined budget of about \$450 million. The savings are to be re-deployed in "core health services." Health Services Minister Kevin Falcon says vaccination programs will not be affected. "Health authorities will be looking at administrative overhead, duplication of services and contracts with outside agencies and redirect those savings to important programs,"

he said in an email response to an inquiry from the *Globe and Mail*. (April 7)

Alberta Health Services has received some negative feedback from its staff in an internal survey. Only 29 per cent of employees are optimistic about the future of the organization which was created by the government in 2008 to replace 12 provincial health boards and regions. The proportion drops to 19 per cent for physicians. The survey was conducted from late January to mid-February when AHS was openly discussing service and staff cuts to balance its budget, and CEO Stephen Duckett speculates that the results may be different now that the government has topped up its funding. (*Calgary Herald*, Apr. 7) ... **The two medical schools in Alberta have threatened to cut medical school enrollment because of budget cuts.** This affects 50 of 190 places at the University of Alberta and 40 of 180 places at the University of Calgary. However, Doug Horner, the Minister of Advanced Education of Technology, says the warnings are premature because the universities have not received their grant letters yet. This week, he rejected applications from the universities for tuition hikes for medical students. (*Edmonton Journal*, Apr. 7,8)

Clear provincial standards are a critical first step to improve emergency care in Nova Scotia, Dr. John Ross, the province's advisor on emergency care, says in his interim report released Thursday. He also identified problems with consistent, reliable data on emergency care, and staff and compensation issues. He will continue to work on emergency care centre standards in advance of his next report due this summer. The interim report can be found at www.gov.ns.ca/health/emergencycarereport.

Alberta postpones new seniors' drug program

The Alberta government has delayed the introduction of a controversial new seniors' drug program due to start on July 1.

The current system charges every senior a co-payment of 30 per cent on each prescription cost to a maximum of \$25. In December 2008, the former health minister had proposed doing away with the co-payment and instituting an income-based deductible on each prescription.

There was stiff opposition to this idea from more well-off seniors who would be paying more, and they were still not happy when the government proposed modifications in April 2009 that provided a break for those in the middle-income bracket.

They would pay a 20 per cent co-payment up to \$15. But single seniors earning more than \$24,000 and couples making more than \$48,000 would be charged the co-payment plus a monthly premium depending on taxable income. This could be as much as \$118 for couples.

Health Minister Gene Zwozdesky says the program is now under review, and he is not ruling out the prospect of the current system remaining as is. **HE**

(**"Drugs"** from page 2)

Pharmacists are painting a grim picture of what will happen as a result of their revenue loss.

"For neighbourhood pharmacies, the government's cuts will mean reduced hours of operation, less staff, and fewer patient services," Ben Shenouda, a community pharmacist in Brampton and president of the Independent Pharmacists Association of Ontario told reporters.

The government's news release and background materials can be found at www.health.gov.on.ca/en/news/release/2010/apr/nr_20100407.aspx. **HE**



Editorials & Commentary

User fees

The *National Post* (Apr. 6) says Canadians who are after more choice in health care should welcome Quebec's decision to look at introducing user fees for doctor visits since such fees are necessary "to break the government monopoly" on health care. The *Post* reasons that when patients are forced to pay a fee for each visit to a doctor, they will "begin to demand more private delivery choices to ensure value for their dollars." The *Globe and Mail* (Apr. 1) says the idea of user fees is worth considering, but "should focus on the impacts on the most vulnerable, and must look at the full range of costs in the system." The *Globe* says the Quebec "experiment" may be short lived if it prevents the poor from getting care and ends up costing the health system more because people put off getting care for their medical needs. "Yet Canadians cannot shy away from the question. It will take reform at every level, not just new impediments on accessing the system, to put health-care funding on a sustainable path."

Performance pay

The *Toronto Star* (Apr. 8) comments on a speech this week by Ontario Health Minister Deb Matthews outlining the government's plans to rein in health spending. This includes creating an independent expert advisory board to provide clinical practice guidelines, and patient-based funding for hospitals. The government intends to proceed with these and other ideas in the coming year, but the *Star* speculates that with an election due next year it may miss this deadline. "But at least it is starting to tackle the problem," it concludes. The *Globe and Mail* (Apr. 8) examines another aspect of Ontario's plans for health care: pay-

for-performance for hospital executives. The *Globe* says there are fundamental differences between public and private sector managers, and bringing this concept to the public health sector could be problematic. "The specific measures chosen are an implicit statement about what matters. They cannot be perfect, and could tempt hospital executives to divert resources that are already being well used." Furthermore, it says the things that will make things better in terms of cost and efficiency may be outside the control of executives. It suggests that to make pay-for-performance work better everyone involved in delivering health care "should be able to share in the benefits."

Soliciting donations

The Saskatchewan government is amending health privacy regulations to allow the limited use of the names and addresses of former hospital patients for fundraising by health foundations. The change comes into effect next month. The *Saskatoon Star-Phoenix* (Apr. 8) says the government "must put a quick stop to its ill-advised decision to make it easy for health foundations to put the squeeze on discharged hospital patients for donations." It sees this as an invasion of patient privacy "and raises questions about the potential future uses of the electronic health records the government is developing."

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