

## Pharmacy battle in Ontario heats up

There are suggestions the Ontario government may be prepared to put more money on the table to help pharmacies deal with sweeping drug reforms it proposed last week.

This follows strong reaction from two big pharmacy chains to the government's recent decision to abolish rebates pharmacies receive from generic drug companies for stocking their products. The price of generic drugs is also being capped at 25 per cent of the brand.

On Monday, Shoppers Drug Mart announced that it was reducing operating hours at seven of its stores in London which also happens to be the area represented in the legislature by Health Minister Deb Matthews. As of next Monday, these stores will also be implementing a fee for delivery services.

On Tuesday, the Rexall chain announced that it too would start charging for deliveries next Monday. It is also instituting a hiring freeze for its head office including the cancellation of its pharmacy student and intern programs in Ontario.

Ms. Matthews has responded to these measures by accusing "Big Pharmacy" of holding patients hostage in its battle with government. She has also accused pharmacy groups of spreading misinformation designed to "worry patients unfairly."

However, there are signs that the government may be willing to reach a compromise. Shortly before the Rexall announcement, Ms. Matthews said the government may increase a \$100 million fund it has promised to compensate pharmacies for profes-

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## Patient-based funding for B.C.'s largest hospitals

British Columbia is bringing in patient-based funding this year for 23 of the province's largest hospitals. Within three years, 20 per cent of the acute care budget will be allocated through this approach which some critics suggest rewards volume not necessarily quality of care.

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### Ignatieff clarifies user-fee comments

Federal Liberal Leader Michael Ignatieff has been forced to clarify remarks he made after the Quebec budget that indicated his party's support for the proposal to charge user fees for medical visits.

He said at the time that it was a matter of details, but the Liberals believe the Quebec proposal is in keeping with the *Canada Health Act*.

On Wednesday, he told reporters that if any province were to introduce user fees it would be in contravention of the Act "and we would oppose it."

Reports this week suggest many rank-and-file Liberals were concerned his comments undermined the party's strong historical ties to the creation of medicare. Mr. Ignatieff took steps to assuage these concerns with his caucus on Wednesday and in his comments afterwards.

"I want to make it very clear that our party, and I personally, am a passionate defender of the *Canada*

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The pay-for-performance system will provide hospitals with financial incentives if they can provide certain volumes of surgeries for a given price and also reduce wait times for patients. In the first year of the program, the focus is also on increasing the use of same-day surgeries and improving patient throughput in emergency departments.

The hospitals involved will be bidding on \$250 million in incentive payments that will be available over the next two years, \$80 million in 2010-11 and \$170 million in 2011-12. This money will be disbursed through a new government agency – the B.C. Health Services Purchasing Organization.

The government first piloted the use of incentive payments in 2007 for some emergency departments in the Vancouver area to achieve certain targets for patients being treated and either discharged or admitted.

For example, for each patient needing to be admitted and who got into a hospital bed within the 10-hour target, the hospital would receive \$600. Within a year, there were 62 per cent more patients being admitted within this timeframe.

The government has also funded the creation of a Centre for Surgical Innovation at the University of British Columbia that has been able to not only increase the number of hip and knee replacements, but cut operating room time by 16 per cent and costs by almost 10 per cent per case.

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Health Services Minister Kevin Falcon says patient-based funding is a better approach to the current method of block funding which encourages hospital managers to look for ways of protecting their budgets from being overspent.

"Every patient coming in the door is looked at as an expense and something to be avoided. So this (patient-based funding) really flips that on its head. Because it says the better job you do in dealing with those patients, the more revenue you receive," he told the *Vancouver Sun*.

However, not everyone is convinced that the government's new approach will result in better care. In the U.K. and Europe, where it is in common use, some studies have suggested that it puts too much emphasis on volume and not enough on quality. Hospitals may also be tempted to avoid taking on complex cases that take up too much time and resources.

This is also a concern for Reid Johnson, the president of the B.C. Health Sciences Association, the union representing allied health professionals. He says there are still a lot of unanswered questions about how the B.C. program will be run.

"If funding will be structured to reward performance based on volume, hospitals will be forced into competing for funding based solely on their ability to push patients out the door. And that's not good health care," he said in a news release.

The head of the B.C. nurses' union, Debra McPherson, is also worried about the possible future expansion of the program to allow private clinics to compete for the patient business.

The government news release announcing the program indicated that this may be a possibility down the road. It said it may eventually include

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## Hansard Highlights

### Debates in provincial legislatures and House of Commons

In the **Alberta** legislature Tuesday, Liberal Leader David Swann said Alberta Health Services handed out executive bonuses last year although letters outlining them to recipients acknowledged that many of the performance indicators used were difficult to measure. He called for "an immediate halt" to the AHS bonus system. Premier Ed Stelmach responded that AHS is overhauling its approach in executive compensation, but later added that contract negotiations are a matter for AHS. "That's why we have appointed the board." On Wednesday, Dr. Swann raised the issue again and asked if the government will refuse to sign off on bonuses due for 2009-10 given that "the performance of the health care system in the last year has been nothing if not appalling." Kevin Taft, the Liberal health critic, also pointed out that some executives are also earning premiums on top of bonuses, something which Health Minister Gene Zwozdesky later noted was part of pre-existing contractual arrangements. However, he promised that "no bonuses will be paid unless specific performance targets are met in accordance with the recently revised standardized contracts that Alberta Health Services has now put in place."

In the **Saskatchewan** legislature Monday, Health Minister Don McMorris was questioned about the government's recent decision to amend regulations allowing health authorities to provide hospital foundations with the names of former patients for fundraising purposes. Opposition Leader Dwain Lingenfelter pointed to a week-end poll that showed 92 per cent of the public are against the idea. Mr. McMorris said the protection of patient privacy is "paramount" for the government, and patients can get their

names off the list if they choose.

In the **Nova Scotia** legislature last Thursday, Liberal Health Critic Diana Whalen queried the health minister about certain statements made by the provincial emergency services advisor, Dr. John Ross, in his interim report tabled that day. Ms. Whalen noted one passage in the report that said night visit rates at some ER locations are so low "service hours could be safely reduced." She was unable to get the minister to reveal the names of five hospitals referred to in the report which average less than one patient per night. On Tuesday, Progressive Conservative Interim Leader Karen Casey asked the premier if the government will keep its election promise to keep emergency rooms open. Premier Darrell Dexter said the government will do as it said, and "We believe that the job that is being done by Dr. Ross will lead us to sustainable emergency care services right across the province."

In the **British Columbia** legislature Wednesday, NDP Health Critic Adrian Dix questioned Health Services Minister Kevin Falcon about \$45 million in cuts to population and public health programs. He asked the minister to "think twice and not slash the very programs that keep British Columbians healthy." Mr. Falcon insisted that "There will not be one nickel cut from public health in any health authority." He said they have been asked to reallocate 10 per cent of their public health budgets "into an effective public health program that will deliver results on issues from childhood obesity to health promotion to disease prevention." He said the public wants to know that the government is getting results, and that does not mean "how many different programs you have delivering the same thing."

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

**Ontario could shave \$2.2 billion off its health bill if it were to spend at the same rate per capita as in other provinces for physician services**, a new report released Thursday suggests. This would represent a drop of \$842 to \$672 per person. The report, *Ideas and Opportunities for Bending the Health Care Cost Curve*, was produced by the Ontario Hospital Association, Ontario Association of Community Care Access Centres and the Ontario Federation of Community Health and Addiction Programs. The report also says one per cent of the population accounts for 49 per cent of combined hospital and home care costs, and figures that every 10 per cent reduction on the \$8 billion in expenditures used by this group would equal \$800 million in savings. It recommends a comprehensive analysis of service utilization to select key priorities for initiatives to reduce these costs. Another idea is to set up a single organization to drive the province's Chronic Disease Prevention and Management Strategy. The report says every 10 per cent reduction in the \$12 billion attributed to major chronic illness equals \$1.2 billion in savings. The report also counsels the implementation of leading practices in targeted areas such as wound care and palliative care, as well as the management of drug expenditures and implementation of selected hospital human resource initiatives. The report can be found at [www.oha.ca](http://www.oha.ca) under What's New.

**Quebecers are firmly behind nurses' contract demands**, a Leger Marketing poll for the union has shown. Fully 80 per cent support the proposal that all part-time positions be converted to full time, and the same margin agrees with the proposal to cut nurses' work-week from five days to four but with the same number of

hours. Even more (83 per cent) are in agreement with the nurses' position that an improvement in working conditions is likely to improve the health system overall. An expert on stress in the workplace, psychologist Simon Dillon, who has spent 20 years studying the Quebec hospital work environment, believes that stress levels are higher for those in full-time jobs because they have less opportunity to balance their work and personal lives. Dr. Dillon, who now teaches in Barcelona, has recently co-authored a book that says every dollar invested by employers in managing stress results in \$15-20 in savings from reduced sick leave, absenteeism and workplace accidents. (News release; *La Presse*, Apr. 10)

**Newfoundland and Labrador physicians are continuing to call for binding arbitration to settle their contract dispute with the government.** The premier has flatly refused to consider the idea, but the head of the province's medical association (NLMA) says that after 15 months of negotiations it has lost confidence in being able to reach a fair and meaningful outcome. It has now resorted to media information sessions to give their side of the story, including that ER wait times are three times longer than the Canadian average because there are too few physicians. The government says it is still considering the NLMA's letter requesting binding arbitration. (*St. John's Telegram*, Apr. 13,14) ... **Newfoundland and Labrador's health minister says the province is performing well in reducing wait times.** The latest statistics, released last week, show almost 86 per cent of patients are getting radiation therapy in 30 days and around 90 per cent are receiving bypass surgery within the prescribed period of time for different levels of urgency. However,

there are variations between regions. In Western Health, for example, 100 per cent of patients get knee replacements within 26 weeks while this only applies to 40 per cent of patients at Eastern Health in the St. John's area. (News release; *St. John's Telegram*, Apr. 9)

**Capital Health district in Halifax is negotiating a one-year extension with a private clinic to perform hip and knee replacements.** It has been given the go-ahead by the NDP government in Nova Scotia which was adamantly opposed to the contracting-out idea when it was in opposition. The health minister told the legislature this week that it does not make sense to repatriate the surgeries back to the Queen Elizabeth II Health Sciences Centre when it is trying to get wait times down for more serious surgeries. (*Halifax Chronicle-Herald*, Apr. 13)

**A trauma system hotline will be in place in New Brunswick next month**, Health Minister Mary Schryer said this week. It will give emergency room physicians 24/7 access to trauma specialists. The government has been under fire for the time it is taking to get the new trauma system in the province up-and-running. In the legislature, Ms. Schryer explained that the province's trauma system director has been busy working with hospitals and the government has had to upgrade ER facilities in different locations. "We needed to revitalize them in order to put the trauma system in place." (*Fredericton Daily Gleaner*, Apr. 15; *Hansard*)

**A lawsuit has been dropped in New Brunswick** by advocacy group Egalité Santé en français NB the day after the government announced that it would make French the official working language of one of two health regions in the province. (*Moncton Times-Transcript*, Apr. 9)

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incentives for health authorities “to increase day surgeries in hospital and surgical clinics,” and Mr. Falcon acknowledged the possibility Wednesday in an interview with the *Globe and Mail*.

He said private clinics would have the same opportunity to compete as public hospitals, although he expects “they will continue to be a pretty small piece of the pie.”

B.C. is not the only province that is interested in new approaches for funding hospitals to encourage innovation and efficiency. Alberta is starting activity-based funding for long-term care facilities this year that is based on the case-mix of residents. It will be expanding this to the acute care sector next year.

The recent Throne Speech in Ontario also signalled the government’s intention to implement a patient-based approach for funding hospitals where the “money will follow the patient.” Ontario has employed pay-for-performance as a part of its Wait Times Strategy to get hospitals to perform more procedures and drive down wait times.

Ontario is also planning to overhaul its method of compensating hospital CEOs, basing their pay on how well their institutions attain certain performance benchmarks. **HE**

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*Health Act*,” he told reporters.

In the House of Commons Wednesday, NDP Leader Jack Layton was the first MP to question the federal government about its reaction to Quebec’s proposal.

He asked if the government is committed to enforcing the Act “or is it preparing to amend it?”

“The *Canada Health Act* is the law of the land and this government has indicated that it expects the provinces to follow the law,” Prime Minister Stephen Harper replied. **HE**



## Editorials & Commentary

### Lowering generic drug prices

The *Halifax Chronicle-Herald* (Apr. 11) notes the Nova Scotia government’s interest in measures being taken in Ontario to lower the price of generic drugs. It says Nova Scotia has recently expanded pharmacists’ scope of practice and this “can be seen as a necessary step to create revenue streams to replace part of what would be lost if professional allowances were eliminated here.” The *Chronicle-Herald* says that although the transition needs to be handled carefully, it’s the right thing to do. “What consumers pay should more transparently reflect the value of the goods and services they receive.”

### B.C.’s hospital funding plan

The *Victoria Times-Colonist* (Apr. 14) comments on the British Columbia government’s plan to replace block funding for hospitals with a patient-based approach. It says the Health Services ministry will be setting the prices it is prepared to pay for given

procedures. As such, the *Times-Colonist* reasons, the ministry hopes “to impose economies that physicians would never accept voluntarily.” The editorial suggests that allowing ministry staff “to dictate levels of care is dangerous” and the government’s plan deserves scrutiny. “The government’s enthusiasm for its new model must be balanced by some form of third-party oversight,” it says, as the U.K. did by appointing a health service ombudsman when it implemented a similar approach. “If bureaucrats rather than physicians are now the gatekeepers in B.C., something similar will be needed here.”

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sional services they provide customers, like vaccinations and counseling for conditions like diabetes.

“Because they’re taking pressure off our family doctors, if they’re taking pressure off emergency departments, we want to compensate them for that,” she told the *Toronto Star*.

In addition to the \$100 million fund, the government is providing \$140 million for the MedCheck program which pays for people to have their prescriptions reviewed by a pharmacist. Dispensing fees are also going up a dollar to \$8 and will increase by 2.5 per cent a year.

However, this falls well short of the \$750 million which pharmacies stand to lose with the abolition of profes-

sional allowances from generic drug companies.

On Wednesday, Premier Dalton McGuinty acknowledged that the government’s new policy may hurt small pharmacies more than those which have diversified product offerings including groceries and cosmetics.

“That’s something we want to keep our eye on, of course, but remember the responsibility of our government is not to ensure that we have a particular kind of pharmacy industry in place,” he told Canadian Press.

Mr. McGuinty said the government’s job is to ensure Ontarians have affordable, quality drugs and as many pharmacies as are necessary to ensure they have access to these drugs. **HE**