

Strategic recommendations for Health Canada

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*“In 2023, it doesn't work anymore... We have to change the way we deliver health care in Canada”*.<sup>1</sup>

The Honourable Jean-Yves Duclos, Minister of Health, Government of Canada, 5<sup>th</sup> February 2023.

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(1) INTRODUCTION

Minister Duclos' statement leaves no doubt that Canadian healthcare is under significant strain and must adapt. There are major problems – emergency department closures, long elective wait lists and citizens without a family doctor – and an ageing population will increase the severity of these issues.

In the context of current issues and ongoing policy developments, this note offers three strategic recommendations for Health Canada. Implementation, risks and caveats are also considered.

(2) CONTEXT

Major issues

The federal government faces three main issues with respect to healthcare. These issues pose risks to the welfare of Canadian citizens from a deteriorating healthcare service, and to the federal government around long-term financial sustainability and political reputation.

Firstly, universal healthcare coverage, free at the point of delivery, is economically extremely challenging. Supply is constrained by resources, whilst demand is effectively unlimited. Governments are continuously growing healthcare expenditure relative to GDP², which bolsters life expectancy and creates a cycle of ever-increasing demand as ageing populations have higher co-morbidities.³ Funding cannot grow indefinitely, so potential trade-offs likely await, including longer waits, higher taxes, rationing, or trimming other public services.⁴⁵

Secondly, provinces have primary jurisdiction for healthcare delivery⁶, but the federal government cannot remain a bystander if essential public services stop functioning effectively. Federal spending power creates some influence, as per recent agreements around data sharing, but it is limited⁷.

Thirdly, there is a risk of needing to renegotiate or top-up the recent federal-provincial funding agreement⁸⁹ within the 10-year period, for service reasons and/or political pressures. Expert reports¹⁰¹¹ estimate that funding growth of at least 5% per annum (nominal) is needed to manage demographic and inflationary pressures, so the agreement is unlikely to materially reduce wait lists. Politically, provincial Premiers anchored the previous 35% federal healthcare funding contribution in the media during the prelude to negotiations¹², then initially expressed some disappointment at the offer¹³. This consistent narrative gives the provinces a foundation to seek renegotiation if the current healthcare crisis deepens. As an example, the UK agreed a long-term funding settlement in 2018¹⁴ but this has since been topped-up multiple times, both due to covid¹⁵ and service deterioration¹⁶.

Existing policy initiatives

Before offering recommendations for Health Canada, this section summarises the considerable work underway to support and improve the healthcare system.

(i) Accountability and data modernisation. Recent federal-provincial negotiations delivered a major step forward in terms of public accountability for provincial service delivery.¹⁷¹⁸ Modernisation through better data systems will – if implemented successively – generate provider efficiencies, deliver higher quality, joined-up care for patients, and raise accountability of system performance. However, there are constraining factors, meaning that further system change is required:

- Health metrics are only partially controllable if service demand continues to rise;
- Financial incentives (e.g. withholding funding for poor performance) are unlikely to be practical as they would harm the provinces in greatest need of improvement;
- Federal jurisdiction in healthcare is limited, which restricts intergovernmental accountability;

- Problems within the healthcare system have been framed by the federal government as “long term challenges”¹⁹, which offers some softening of short-term accountability.

(ii) Ongoing policy developments. The recommendations in this paper are framed within the context that healthcare is a large, complex sector and there is considerable expertise and passion already employed to improve it.

Significant current policy developments (in addition to data improvements) include: Workforce investment and support²⁰²¹; Digital transformation (e.g. virtual care, electronic patient records)²²²³; Integrated primary care delivery models²⁴; Expanding non-hospital services (e.g. community care, specialist clinics)²⁵; Improving accessibility to reduce health inequalities²⁶; Payment models (e.g. modified activity based costing)²⁷; Reviewing the scope of universal coverage (e.g. dentistry, pharmacare)²⁸; and strengthening Long-term care.²⁹³⁰

(3) RECOMMENDATIONS

Recommendation 1: Become an ‘innovation cheerleader’

Limited federal jurisdiction in healthcare offers a significant opportunity as the federal government can *support and encourage* provinces, without constitutionally needing to *monitor or judge*. By effectively offering to serve the provinces with respect to innovation, it would invert the traditional intergovernmental ‘hierarchy’, offering greater freedom and collaboration.

Healthcare innovation – which can include policies, service configuration and digital infrastructure – presents a significant opportunity for the following reasons:

- The current economics of healthcare are not sustainable and therefore innovation is crucial.
- Provinces are responsible for day-to-day healthcare delivery and may find innovation and/or transformation squeezed out by short-term crises, so support is needed.
- The federal government is best-placed to forge relationships with other countries.
- By working across provinces, the federal government can offer advice on what works best.
- Federal spending power can incentivise partnership working with provinces and can support lumpy investments with high upfront costs.

Recommendation 2: A strategic federal approach in the interest of Canadian citizens

If the healthcare system remains in its current state or deteriorates further, pressure to renegotiate funding could arise (discussed above). Healthcare jurisdiction creates an information asymmetry in negotiations between federal and provincial governments, particularly around delivery models and costings. A strategic approach would involve *proactively seeking to understand the details* of health service operations and financial parameters, to become as well-informed as possible, in anticipation of any future discussions.

This proposal is an outworking and an extension of recommendation 1 (above). By becoming an ‘innovation cheerleader’ and supporting analysis of potential innovations, the federal government can better understand what does and/or does not work, and can provide more informed, evidence-based judgements around funding requirements at future negotiations.

Ultimately, the benefit is for Canadian citizens, as the federal government will be better-equipped to critically evaluate the level of healthcare funding required to provide high quality, universal healthcare. It will increase the Ministry of Finance’s confidence in its allocation to healthcare services, which supports the optimisation of taxpayer value for money.

Recommendation 3: Key opportunities for innovation

Within the context of provincial jurisdiction and a potential federal role in *supporting* innovation (recommendation 1), two potential opportunities are set out below, relating to current major healthcare challenges.

(a) Artificial intelligence (AI) to mitigate staff shortages

Clinicians are burdened with significant administrative tasks. This reduces patient-facing time, increases stress and erodes morale.³¹³²³³ Opportunities for using workforce-related AI include:

- Supporting patient notetaking by clinicians, e.g. an advanced form of voice recognition software could automatically convert clinicians' dictated notes into an electronic patient record format, ready for the next clinician or provider.³⁴
- Suggesting diagnoses³⁵, which could be used to support a clinician's judgement.
- Extracting key patient data and presenting a summary to clinicians before patient visits so they are well-prepared.³⁶
- The advent of ChatGPT³⁷ shows that AI can be extremely user-friendly.

Overall, AI has the potential to increase patient-facing time for staff, improve morale and efficiency, increase staff productivity, help ameliorate staffing shortfalls, and improve continuity of care as patients are increasingly seen by multi-disciplinary teams.

(b) Wi-Fi drones to improve rural access and reduce inequalities

Expanding digital services in rural areas provides an opportunity to reduce inequalities in access.³⁸ Whilst a key constraint is limited internet coverage, pilot studies have shown that drones can provide a Wi-Fi signal.³⁹⁴⁰ This is emerging technology: Drones need to be tethered to a power source, and internet access is not the only barrier to access, e.g. some individuals may not use digital health services. Nonetheless, it offers potential to improve access.

(4) ADDITIONAL CONSIDERATIONS

Implementation issues

Healthcare is a large sector with numerous interacting organisations, so implementation is a critical factor. Key considerations include:

- The 'innovation cheerleader' role (recommendation 1) would likely sit best within Health Canada to maintain focus on actionable innovation, although working closely with the Canadian Institutes of Health Research (CIHR) and the forthcoming Canadian innovation and investment agency.⁴¹
- Provinces may be sensitive to jurisdictional overreach so any innovation teams within Health Canada should be clearly separate from any of Health Canada's accountability functions.
- Federal-provincial cost-sharing would incentivise innovation partnerships. Provisions could be included within bilateral agreements or separate Memoranda of Understanding (MOUs).
- A strategic federal approach (recommendation 3) could feature a working group across Health Canada's Strategic Policy Branch and Chief Financial Officer Branch.⁴²

Risks

- Given provincial jurisdiction in healthcare, federal support needs to be offered sensitively.
- Innovation is risky and AI technologies need refinement to be implementable at scale⁴³.

Caveats

- The recommendations offered above are broad ideas that require further discussion, testing and feasibility analysis. For example, further consideration is needed to understand the precise practical capabilities of artificial intelligence.

(5) CONCLUSION

Minister Duclos states: “*We have to change the way we deliver health care in Canada*”.⁴⁴ While there may not be a ‘silver bullet’⁴⁵, this paper offers strategic recommendations for Health Canada: (1) To become an ‘innovation cheerleader’ for the provinces; (2) To anticipate future intergovernmental negotiations by becoming increasingly well-informed around funding requirements; and (3) To consider specific opportunities for innovation within the context of provincial jurisdiction.

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