

Press Release, April 16, 2014

“Ontario’s performance in health care is uncompetitive among international peers”

Institute for Competitiveness & Prosperity report calls for a re-think of how Ontario delivers and finances health care.

Toronto – In Working Paper 20, *Building better health care: Policy opportunities for Ontario*, the Institute for Competitiveness & Prosperity examines how the performance of the Ontario health care system compares internationally on dimensions of efficiency and equity, and analyzes what drives health care costs. The Institute finds that, overall, Ontario could get better value for money from its health care spending. Ontario is among the jurisdictions with the highest total per capita health care spending in the OECD, with spending 33 percent above the OECD average. Yet despite exceptional resources, Ontario trails international peers in overall health care performance. Countries that spend less on health care have comparable or better health care outcomes, higher quality care, and more extensive public coverage than Ontario.

Ontario cannot afford to maintain the status quo of its health care system. Although spending on health care has recently slowed, over the last decade public expenditures on health care have continuously outpaced the province’s economic growth rate and its ability to raise revenue. If major changes are not made now, rising health care expenditures could lead to further deficit financing, rationing of health care, and higher tax burdens on the working age population.

To have a health care system that is affordable, yet provides high quality care, Ontario needs to tackle the main cost drivers. Institute research shows that population aging is a contributor to rising health care cost, but its significance may be exaggerated. There is a need to control age-specific cost increases, and attention related to end of life care is critical. Advances in technology, primarily drugs, increased service utilization, and physician compensation growth are more influential causes behind rising health care spending, but that remain largely unaddressed in current policy initiatives, even when these factors, unlike aging, hold significant potential for policy intervention.

The Institute offers eight policy opportunities for Ontario to make headway in realizing greater efficiency and equity in health care. These include strengthening primary care, engaging physicians to drive change, accelerating the deployment of IT, implementing a pharmacare program, and scaling up policy focus on end of life care, as well as strengthening the revenue base by introducing a savings plan for prefunding drugs, implementing a co-payment model, and abolishing the tax subsidy for employer health insurance benefits.

The Institute urges Ontarians to consider what we give up in spending more on health care. More money for health care means less money available for investment in education, infrastructure, and other pressing societal needs. Neglecting these areas is a huge challenge to the province’s future prosperity. Ontario will not be able to afford the cost of its public services unless it prioritizes spending on areas that will drive economic growth and, in turn, revenue.

“Our research shows that Ontario could be getting considerably more bang for its buck in health care, and new priorities are needed to make our health care system work smarter,” says Roger Martin, Chair of the Institute for Competitiveness & Prosperity. “This Working Paper is the first in a series of research papers on health care, and our goal is to contribute to the discussion of strategies that can be used to raise the performance of Ontario’s health care system.”

BUILDING BETTER HEALTH CARE: POLICY OPPORTUNITIES FOR ONTARIO

Questions:

- How does the performance of the Ontario health care system compare internationally on dimensions of efficiency and equity?
- What drives cost in health care in Ontario?

Findings:

- Ontario is among the top spenders on total per capita health care spending in the OECD with spending 33 percent above the OECD average.
- Ontario's overall performance on key health care outcomes and quality indicators trails that of international peers.
- Population aging is a contributor to rising health care costs, but its significance may be exaggerated, while cost related to end of life care may be underestimated. Advances in technology, including drugs, increased utilization of health care services, and physician compensation are more influential causes behind rising health care spending.

Opportunities:

- **Strengthen primary care.** A strong primary care system is the backbone of a high performing health care system, but Ontario has yet to identify an effective model.
- **Engage physicians to be leaders for change and renew the payment model.** Enabling physician leadership and heightening accountability is crucial to system efficiency.
- **Accelerate the deployment of IT in health care.** Ontario needs to take better advantage of IT, and use peer performance data to stimulate healthy competition among providers.
- **Implement an Ontario-made pharmacare program.** A major reorientation of pharmaceutical policy is needed to tackle issues of cost control and inequity in access to drugs.
- **Scale up policy focus end of life care.** Developing a system-wide end of life care strategy is necessary to meet patient preferences and reduce unnecessary costs.
- **Introduce a savings plan for prefunded drugs.** Saving up for future health care costs, just like Ontarians do for retirement, could ensure a stable financing model and raise intergenerational equity.
- **Build the case for co-payment.** A co-payment model could create greater cost awareness and allow for other areas of health care, including drugs and home care, to be included in the public package.
- **Abolish the tax subsidy for employer provided health benefits.** Ontario could set a new standard for Canada by ending the subsidy for employer health benefits, which is both expensive and regressive.

About the Institute

The Institute for Competitiveness & Prosperity is an independent not-for-profit organization established in 2001 to serve as the research arm of Ontario's Task Force on Competitiveness, Productivity and Economic Progress. The Institute is supported by the Ontario Ministry of Economic Development, Trade and Employment.

The complete report can be downloaded directly from:

http://www.competeprosper.ca/work/working_papers/working_paper_20

For more information contact Jamison Steeve, Executive Director of the Institute for Competitiveness & Prosperity at 416.946.7585.