Notes for Remarks by Roy Romanow

Allan. J MacEachen Lecture

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Introduction

Ladies and gentlemen, it is a true pleasure to take the lectern before you tonight.

Having recently completed my work as Commissioner on the Future of Healthcare in Canada, the chance to address a gathering in the name of Allan J. MacEachen is indeed both an honour and privilege, and an invaluable opportunity to talk a little bit about the highly principled quest of bringing greater social justice to Canadians everywhere.

Allan J., as he is affectionately known among friends and admirers, must harbour a special devotion for this never-ending mission. As Minister of Health in the Pearson and Trudeau governments of the 1960s, he was instrumental in bringing to life the national and thus *universal* aspect of insured medical coverage in Canada. The commitment of those governments to implement a more just and equitable healthcare system has proven to be a defining moment in Canadian history.

As a parliamentarian, Mr. MacEachen's legacy is one of fairness, of relentless commitment to justice, and of deep respect for the democratic process –values that I hope will be associated in time with my Royal Commission. Allan J. has called the implementation of medicare the most cherished contribution to citizen well-being under his tenure, and the passage of time and continuing allegiance of Canadians to our healthcare system has reinforced this sentiment. In addition to being among the best medical systems in the world, Canadian medicare is (and always has been) emblematic of the possibility of infusing politics with compassion, of sustaining a long-term commitment to each other as fellow citizens.

The scrutiny of healthcare today is carried out in appreciation of the precious inheritance handed down by a great generation of progressive leaders, a generation that understood the pragmatics of bringing about monumental social change. Mr. MacEachen, you stand at the forefront of those progressive leaders.

But, as Mr. MacEachen himself wrote in Tom Kent's anthology *In Pursuit of the Public Good,* "Policy conception is one phase, final implementation is another." And so it is today, with the task before all Canadians and their governments to modernize medicare.

Keeping those words in mind, it won't surprise you therefore that the topic I wish to address this evening is the implementation of reforms to achieve a 21st century Canadian healthcare system.

It's now less than 24 hours since the Budget speech, two-weeks since the National Health Accord and just under 80 days since I submitted my Commission's Final Report to the Prime Minister. As Allan knows better than most, time in politics is a relative thing. A day can seem like a lifetime, a month an eternity.

And so when attempting to assess the greater significance of political decisions made- or the consequences of those not made- perspective is everything. Grand gestures can ultimately seem inconsequential, while small incremental steps forward can prove the precursor to dramatic, lasting change.

So how can or should we assess the significance of these very recent events for the future of our country's health care system? Do they herald a new era of positive transformation, or the continued erosion- through indifference and neglect- of one of our country's great national achievements?

In my remarks today, I'll try and answer these questions. I'll start by examining the 2003 Health Accord and its congruence with my Commission's report. I'll also comment on some of the specific elements of yesterday's budget meeting before offering some suggestions for next steps.

What Canadians Were Seeking

As most of you are aware, last year I had the privilege of leading perhaps the most comprehensive, inclusive and exhaustive effort ever to engage Canadians in a national dialogue on the future of their health care system. Tens of thousands of Canadians participated, speaking passionately, eloquently and thoughtfully about how to preserve and enhance the system. I am proud that respect, transparency, objectivity and breadth of perspective have been hallmarks of this process.

Having served on the front-lines my sense is that Canadians wanted several results from the First Ministers' meeting beyond the obvious goals of timely access to quality care on the basis of need.

First, Canadians wanted closure on the increasingly divisive debate about Medicare's sustainability and future. They wanted to know that the system would be there for them when they needed it, what it would cost, what insured services they could count on regardless of where they were in Canada, and whether user-fees or two-tier health care were inevitable.

Second, Canadians wanted the policies and programs that define Medicare to reflect collective values and for the system to be more accountable to them as its shareholders. They wanted a window into the decision-making process and the ability to monitor results across the system.

Third, Canadians wanted decisive action to stabilize Medicare and to address the immediate concerns that were eroding their confidence in its future- especially timely access to quality care, health professionals and advanced diagnostic services.

Last, Canadians wanted the system modernized to better reflect the realities of today's health care needs and challenges. They wanted 24-7 access, within their own communities and preferably under a single roof, to an integrated basket of primary care services. They wanted more emphasis on prevention and on wellness. With one in five Canadian families now caring for someone at home, with advanced diagnostic services like MRIs increasingly available from private providers, and with prescription drug costs the fastest growing component of overall health spending, they wanted progress on these fronts.

Commission Recommendations/Health Accord Response

So how well does the 2003 Health Accord address these issues? Overall, quite well! Let me deal with each one in turn, beginning with the desire of Canadians for closure on the debate over Medicare's sustainability and an end to inter-governmental bickering.

Building FPT Consensus on Medicare

One of the key objectives of my recommendations was to try and change the dynamics of the increasingly dysfunctional federal-provincial relationship by eliminating from the inter-governmental battlefield as many things as possible for governments to fight over.

As a first step, I proposed a Health Covenant, a consensual, non-legislated document by all levels of government that would allow them to publicly reaffirm their commitment to Medicare and to work together on its national dimensions. The goal was to make progress toward a cohesive and viable national health care system, not 14 separate systems of uneven quality and capacity.

The Covenant would also have defined the respective entitlements and responsibilities of individual citizens, health care providers and governments in regard to the health care system. My hope was that the Covenant might come to serve as a de facto preamble or interpretive clause for the Canada Health Act.

The good news is that the 2003 Health Accord reaffirms the commitment of First Ministers to the five principles of the Canada Health Act, to the values of Canadians and to enhancing transparency and accountability. It also includes more general statements of intent in regard to ensuring all Canadians have timely access to high quality, effective health services based on need.

More significantly, it states, and I quote:

> *"Our health system is sustainable and affordable and will be here for Canadians and their children in the future."*

While additional precision would have been welcome, this is nonetheless an extremely positive development. More importantly, there is a golden opportunity for First Ministers to give real expression to the spirit and intent of the Covenant through the Health Council of Canada they have agreed to create. I'll have more to say on this front shortly.

Clarifying the Private-Public Debate

While the reaffirmation by First Ministers of the CHA principles has brought some closure to the debate over the single-payer system, the Accord does little to clarify the related debate about the role of the private sector in health care delivery. In fairness to First Ministers, this contentious issue was never formally on the agenda. But it will need to be resolved sooner, not later, and in a comprehensive way.

As Canadians know, at every stage of my Commission's work, throughout the fact-finding, research and public hearings, I expressly and repeatedly encouraged those advocating a greater private sector role in the delivery of health care services to bring forward the evidence that doing so would help to reduce waitlists, make the system more affordable or improve its quality and outcomes. That evidence remains notable by its absence.

First Ministers must keep in mind that in today's era of complex multilateral agreements, decisions taken in one province can have implications across all of the provinces. And they must also remain cognizant that Canadian view health care as a moral enterprise, not a business opportunity.

Accountability & Values

Another of the problems in the existing dynamic of delivering health policy is that the different levels of government, and sometimes different provincial governments, begin from very different starting points on simple issues of fact. Hence, my report suggested the creation of a Health Council of Canada to bring together under a single roof a number of existing advisory structures and agencies.

This streamlined entity would resolve such disagreements and misunderstandings, and also to give patients and providers a say in how the system operates and the means to monitor its performance. The purpose of the Council would be to foster collaboration among governments and improve accountability to the public as the users and owners of the system.

My vision was for the Council to serve as a focal point for gathering health information, for setting common health data and informatics standards, and for interpreting and reporting to Canadians on health outcomes. In time, the Council might also assist in fact-finding and in resolving disputes between governments over the interpretation of the Canada Health Act. To reinforce the right of Canadians to monitor the health system's progress, I also proposed that Accountability be included as a new CHA principle.

The language of the 2003 Health Accord gives reason for guarded optimism. I have already mentioned the general commitment by First Ministers' to "…enhancing the transparency and accountability of the health care system…"

I note, too, the statement in the Accord that:

> *"First Ministers recognize that Canadians want to be a part of the implementation of this Accord. Accordingly, they agree to establish a Health Council to monitor and make annual public reports on the implementation of the Accord, particularly its accountability and transparency provisions."*

The Accord commits governments to establish such a Council within three-months. Obviously, the Council's eventual terms-of-reference and governance structure, and the autonomy and quality of those selected to serve on it, will determine its effectiveness.

At this stage, it is not entirely clear whether the Council is intended to monitor all key aspects of the health care system- as I envisage it should- or merely new spending referenced in the Accord. I thus encourage First Ministers to seek input from concerned Canadians and health care providers in designing an effective and inclusive Council.

Stabilization and Transformative Change of the Health System

Let me now turn to the question of whether enough additional resources have been invested into the system to make headway on their priority concerns and to facilitate transformation. I want to begin by applauding the decision of First Ministers to replace the Canada Health and Social Transfer with a dedicated Canada Health Transfer, a decision confirmed in yesterday's budget announcement.

This is a very important first step toward making the system more transparent. But the next step must be to go further than that. In addition to replacing the CHST, the need for adequate, stable and predictable funding is essential. I therefore recommended that by 2005/06, the federal government cover a minimum of 25% of provincial health spending for CHA expenditures and that this be provided in the form of a dedicated cash-only transfer. I also proposed an escalator clause within the transfer to allow the federal share of health spending to track inflation and adapt to changing patterns of provincial health care spending.

Taking account of tax points that were permanently transferred to the provinces in 1977, the 25% cash transfer would restore the federal government's share of CHA-covered health spending to historic levels.

What would this new funding mechanism achieve? First, it would remove yet another possible irritant from the already volatile inter-governmental relations mix, while simultaneously improving transparency and accountability. The federal and provincial governments would be working from the same numbers, and they would not be continually negotiating the size or growth of the federal transfer. In short, funding would be adequate, stable and predictable.

I also linked the 25% federal funding floor by 2005-2006 to targeted funding in a number of specific areas over the next two years and to the creation of the Health Council of Canada to monitor spending. This targeted funding was designed to address some of the short-term challenges were eroding the public's confidence in the system's future, and to provide a structural foundation for "kick-starting" the process of transforming Medicare. Transforming it by revitalizing primary health care delivery and recognizing the reality of home care and prescription drug treatment as integral components of a modern health care system.

To entrench these changes, I also recommended that the Canada Health Act should be amended to include priority home care services and, over time, prescription drug coverage. In my view, this would acknowledge that health care today is more than just about doctors and hospitals. Keeping in mind that prescription drug coverage and

homecare are the fastest growth areas of health care spending, this would ensure the federal government was financially responsible for paying its share of the system's expansion.

While yesterday's Budget notes that federal funding for health care will increase from $15.5 billion in 2000 to a forecast $31.5 billion by 2010, it is unclear what the base will be for calculating the new Canada Health Transfer. For example, the Budget calls for an immediate $2.5 billion cash infusion to the provinces through the CHST and it confirms the $16 billion over five years for the Health Reform Fund agreed to by First Ministers.

The $2.5 billion can be used by the provinces to spend as they see fit, ostensibly for health care, but there is no effective guarantee of this- other than hard public scrutiny. It would appear, though that the $16 billion will be rolled into the CHT base.

But the reality is that while there is significant money on the table, the total amount of federal dollars for the CHT, today and in the future, will fall short of the historic medicare bargain. This ultimately means that top-ups of variable amounts will end up having to be negotiated on an ongoing basis to ensure continued progress in areas like home care and prescription drugs - with all of the concomitant risks of inter-governmental squabbling. This is hardly a way to build a health care system, let alone a country!

In future meetings, First Ministers must recognize the benefits of a fixed, indexed federal funding share and of changing the CHA to ensure all levels of government are paying a fair share of the health system's natural expansion.

<u>Adequacy of Funding</u>

Now let me turn very briefly to the specifics of the Health Accord and try and address the issue of whether sufficient money has been allocated to stabilize the system and bring much needed change.

First, as I have noted, the Accord provides for an immediate $2.5 billion contribution that provinces have committed to use to shore up the existing system. This will presumably be used to address issues relating to waitlists, to timely access to care, including advanced diagnostic services. To be sure, the absorptive capacity of the health care system can be infinite, but the additional dollars on the table will make a difference.

Second, I am heartened by the willingness of First Ministers to proceed beyond the simple focus on hospitals and physician services and to embrace a reform agenda. Establishing ambitious and explicit targets for primary health care goes beyond my Report's more general recommendations and the precision in regard to 24/7 access to frontline care is exceedingly important and a welcome development.

I am also glad to see a collective commitment to set certain national objectives in regard to homecare, especially for community mental health services. Again, this is a praiseworthy step forward, as is the recognition by First Ministers of the need for action to provide catastrophic prescription drug coverage.

To be sure, I would have preferred to see more focused funding for rural and remote communities, and at least some funding distributed on a population-needs formula. But in fairness, I must also acknowledge that the $1.3 billion that has been allocated for First Nations health goes beyond what my report suggested. Indeed, we are still at the early stages of a longer-term reform process, and we should not diminish the very positive steps that have been taken.

Third, on the broader issue of the adequacy of the funding, the federal government has provided for less than the provinces were seeking, and somewhat less than what I and the Senate Committee Report recommended- albeit with fewer strings attached. Moreover, as yesterday's budget announcement makes clear, the pace of change will be significantly slower than I would have hoped for.

While $16 billion is being invested in the Health Reform Fund over the next 5 years, most of the money will be back-loaded, and very little money will actually flow this fiscal year. More to the point, in the absence of clear measurable objectives or performance criteria, it is very difficult to glean from yesterday's Budget how these new funds will be spent or what improvements they will produce. As I keep repeating, the issue isn't just more money, but how to ensure new money achieves transformative changes that make the system better and more sustainable.

But here too there is reason to guarded optimism, for the Finance Minister took great pains to emphasize the need for greater transparency and accountability to Canadians for how tax-dollars are spent. Presumably, the same principle extends to health spending, and this will help to ensure Canadians obtain an effective Health Council of Canada.

More sobering is that some provinces have already dismissed the money in the Accord as inadequate. Inadequate both in terms of the quantum, and inadequate in terms of meeting certain outcome targets to which they have agreed. They may be right. Their parting

shot, that they will be back at the table next year with new money demands, emphasizes the need to change the basis on which our health care system is funded.

We need a CHT that provides for stable, predictable and adequate funding. We need changes to the Canada Health Act to modernize our health care system. And we need a new Health Council that provides Canadians a say in setting health priorities and provides a clear picture of who is paying for what in our health care system, and with what results. These three objectives are an integrally linked package; they are not ad hoc recommendations.

The Path Ahead

And so where to from here?

I am well aware that First Ministers' did not, and realistically could not, give full consideration to all of the issues affecting Medicare. The focus of this session was on money, setting broad policy directions, taking preliminary steps on the path toward reform and accountability. This in itself was a substantial and ambitious agenda for a 1-day meeting.

But I would be remiss if I did not at the very least mention other important health policy issues that require the attention of policy-makers. A priority must of course be placed on bringing the territorial governments into the fold, and my hope is that the meeting scheduled for tomorrow between the Prime Minister and Territorial Leaders will yield positive results. We must also work to resolve the murky and confusing jurisdictional issues that are impeding progress on aboriginal health. There is a need to experiment with population needs-based funding formulas and for a new partnership with aboriginal peoples and for decisive action to improve the health of their communities.

To contain rising prescription drug costs, governments should consider the creation of a new National Drug Agency, a review of some aspects of drug patent legislation and the integration of medication management within the primary care system. It is essential that First Ministers delegate to Ministers of Health responsibility for addressing these issues on a priority basis.

A broader focus on population health issues must also be an integral component of a comprehensive wellness agenda designed to make Canadians the world's healthiest peoples. I firmly believe the strengthened primary care system Health Ministers are envisaging can play a pivotal role in advancing this agenda. There has already been much progress on this front, but more needs to be done, especially in light of the financial

commitments and specific targets established by First Ministers to expand primary care delivery.

As I stated when I tabled my Commission's final report, I am acutely aware that the support of Canadians for their health care system is not given freely. It is given in exchange for a commitment that their governments will ensure that high quality care is there for them when they need it.

Canada's First Ministers have made strides toward upholding their part of the bargain, and the 2003 Health Accord is an important milestone on a much longer journey. The Prime Minister and the Premiers deserve credit for acting so quickly, and yesterday's Budget reinforces this.

But this is not the end of the story, only the beginning. In the coming weeks and months, concerned Canadians will need to be vigilant to ensure their elected leaders implement not only the spirit and letter of the Accord, but that they go further wherever necessary to refit the system for the 21st century!

The goal must be nothing less than a modern, responsive, affordable and effective heath care system that respects our values and strengthens our collective citizenship.

I will close by citing once again the words of Allan J. MacEachen, whose thoughts in an interview several years ago speak to today's challenge of renewal and meaningful reform. Our special guest once said:

"Helping those who need help most was, and still must remain, a government principle of action.... It constitutes a beacon in the shifting sands of public taste and we ought to always keep it in mind in assessing the legitimacy of public policy."

Thank you very much.