

Medicare in the Canadian & American Health Care Systems



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Overview



Canadian versus America HC Systems

Guest Speaker: Dr. Susan McDaniel

Guest Speaker: James Sakaea

Last Hour - Medicare in historical context

- Medicalization & health care system development
- Values & ideology conflict
- Health as a social right of citizens vs. a commodity
- Demographic change & sustainability

Guest Speaker



Dr. Susan McDaniel

Canada Research Chair/
Director Prentice Institute
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Economy,
Professor Sociology,
Fellow of the Royal Society
of Canada

See:

http://www.uleth.ca/research-service/research_profiles/dr-susan-mcdaniel
|

Research Interests:

- ▢ Life course
- ▢ Demographic aging
- ▢ Generational relations
- ▢ Family change
- ▢ Health & Health Care
- ▢ Social impacts of technology

Dr. McDaniel's et al. (2013) research



- ▮ The US suffered a significant economic crisis in 2008 (the Great Recession) including high unemployment, housing foreclosures and bankruptcies.
- ▮ Canada experienced lower unemployment and few bankruptcies.
- ▮ A study by McDaniel, Gazso & Um (2013) highlighted some differences between Canadians and Americans at midlife.
- ▮ See the reading by McDaniel et al (2013) posted in Moodle.

Dr. McDaniel's et al. (2016) research



□ **Key findings of a recent study:**

Feb. 23 2016

- Middle-aged Americans still have faith in the American dream (for their children) despite the adversity following the “Great Recession” of 2008.
- Canadians are worried about their children's future.

- A change in assumptions/direction of inter-generational support

- ! In the past it was assumed that adult children would support their parents in old age
- ! Now older adults are often supporting their adult children/grandchildren.


i>clicker Question #1



Based on studies by Dr. McDaniel et al. (2013, 2016), middle-aged Canadians differed from middle-aged Americans in several ways **except**:

- a) Americans were more uncertain about retirement and more worried about health care expenses.
- b) Americans were more worried about bankruptcies and losing their homes due to health care costs.
- c) Canadians were less worried about their children's future than Americans.
- d) Americans were more optimistic about their children's future than Canadians.
- e) a and b

Differences in Canadians & Americans at Mid-Life (McDaniel, 2013)



Qualitative study of 50-64 year olds in Canada & the US identified differing expectations for the future (McDaniel, 2013).

Experiences in old age could be very different in the US.

Canadians

- ▮ Less worried about their future retirement.
- ▮ Thought some things may be more difficult due to the economy
- ▮ Have access to health care
- ▮ Less worried about health related bankruptcy

Americans

- ▮ Most are worried about their retirement & some were near to a state of panic
- ▮ Health care was a major concern
- ▮ Fear of losing their health insurance

<http://www.sciencedaily.com/releases/2010/06/100602090325.htm>

Historical Context: Hospital Care

(Feldberg, Vipond & Bryant, 2010, p. 267)

1700 – 1900 - Hospitals were:

- Run by religious orders
- For the destitute & dying

1867 – The BNA Act

- Focus on public health measures

1867 – Robert Koch & TB Bacillus

1900s – Allopathic medical care & hospital care becomes dominant



The Origins & Development of North American Health Care Systems

(Feldberg, Vipond & Bryant, 2010, p. 267)

Tommy Douglas :

- ▮ The **Father of Medicare**
- ▮ “No private plan can take cognizance of the family’s ability to pay. Only a government can levy taxes on that basis” (Douglas, 1962 cited in CBC, 2004)

Voted “the greatest Canadian of all time”



“Medicare is one of Canada’s best-loved social programs and a matter of national identity” (Armstrong & Armstrong, 2008, p. 25)

Timeline: Health Care in Canada

(Feldberg, Vipond & Bryant, 2010; Picard, 2009)



- 1945 - Post WWII - EU governments established national health care insurance programs
- 1947 - Tommy Douglas - Medicare (Hospital Insurance Plan) Saskatchewan - all citizens covered
- 1961 - All provinces have a Hospital Insurance Plan
- 1962 - Tommy Douglas - Medicare

- 1965 - US Medicare/Medicaid (coverage for vulnerable populations)
- 1967 - Medical Care Act - Canada - (National Hospital Insurance)
- 1972 - All provinces cover both hospital & physician services
- 1984 - Canada Health Act (National Principles for Medicare)
- 2010 - US - Patient Care & Affordable Care Act

Medicare & the Physician Lobby

Hornosty, 2012



Saskatchewan

▮ 1960 – Saskatchewan Medical Association – campaigned to defeat the Co-operative Commonwealth Federation (CCF)

▮ 1962 - Saskatchewan Doctors' Strike

▮ Public Issues:

- ! Professional autonomy
- ! Patient care concerns

▮ Hornosty, 2012, p. 259)

Canada

▮ Canada Health Act

▮ Strongly opposed by the CMA

“..the act would ‘destroy the fundamental freedoms of all Canadians’ (Rich, 2008, cited in Hornosty, 2012, p. 263)

Why? Doctors were protecting their financial interests.

Canada Health Act

(Feldberg, Vipond & Bryant, 2010; Picard, 2009)

The Five Principles

Public administration

Comprehensiveness

Universality

Portability

Accessibility

1. Health insurance plans are provincially administered
2. “Medically necessary” hospital and physician services covered
3. All citizens of a province are entitled to coverage.
4. All Canadian citizens are entitled to treatment in any province.
5. Reasonable access & reasonable compensation are provided.

Clash of Values: Canada's Health Care System (cited in Hornosty, 2011)



Canadian Values & Medicare

- ▣ **Equity (or Equality)**
- ▣ **Fairness**
- ▣ **Solidarity**

Health care is viewed as a fundamental right of citizenship.

Unalienable human rights
= the inherent rights of all human beings

Market Values & Political Ideology

- **Individuality**
- **Competition**
- **Privatization**

Health care is viewed as a **commodity** to be purchased by individual citizens as they can best afford within the market place.

Impacts: Medicare & Canada Health Act

(Feldberg, Vipond & Bryant, 2010)

Pros

- Virtually universal coverage
- Prohibited extra-billing
- Reduced inequities in access
- Canadian population health indicators improved
- US health care costs rose & funding for Medicare & Medicaid declined
- US population health indicators declined

Cons

- Entrenched
 - ! private service & public payment
 - ! provincial versus federal jurisdictional battles
 - ! Medicine and medical care dominance
- Failed to support a shift to:
 - ! Integrated care & multiple health care disciplines
 - ! Alternate payment plans
 - ! A focus on “health” rather than health care

Public versus Private



Canadian Health Care System:

- ! Canadian parliamentary system
 - ▮ sets limits on corporate lobbying
- ! Provides a non-partisan review of the evidence
- ! Senate Committees:
- ! Royal Commissions:
 - ▮ Hall Commission &
 - ▮ Romanow Commission

Evidence supports that
“a universal program is
administratively cheaper”

(Hall Commission, 1980, cited in
Armstrong & Armstrong, 2008, p. 25)

10-Year Trends

Public health care insurance

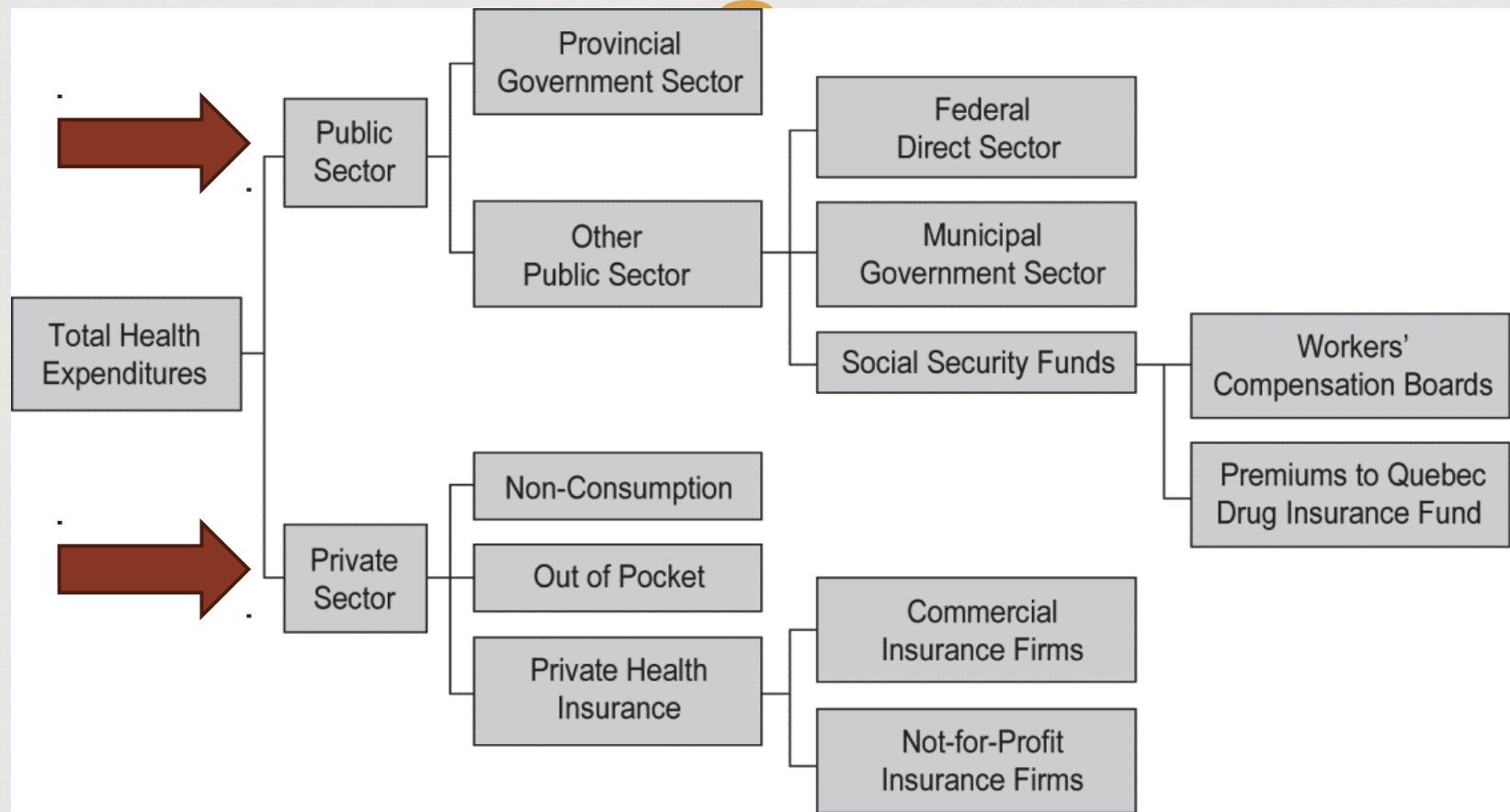
↑ 40%

Private health care insurance

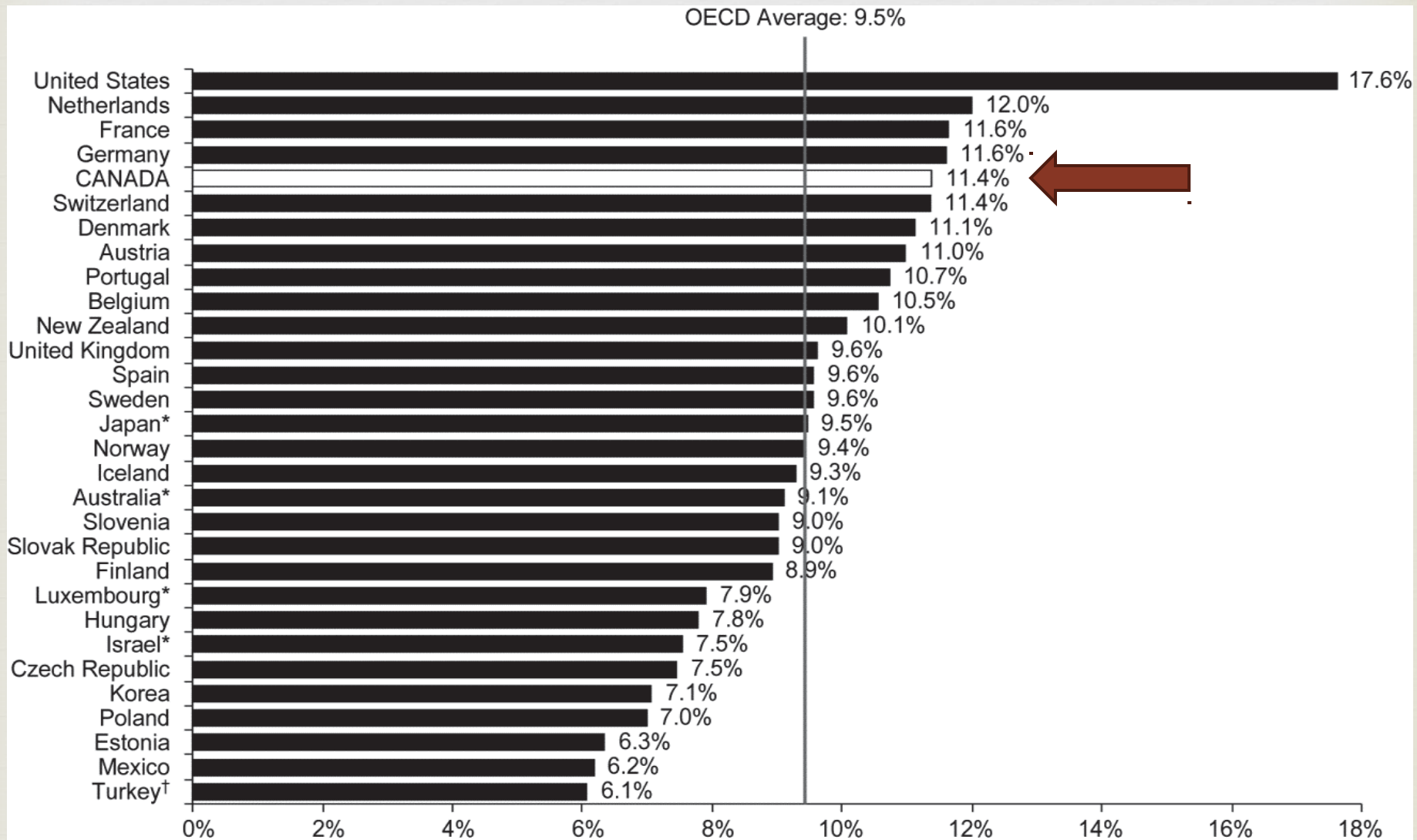
↑ 145%

(Scott, cited in Horne & Abells, 2004)

Canadian Health Care System Sources of Funding CIHI 2012



International Comparisons Total Health care Expenditure as a % of GDP 2010 (OECD 2012, cited in CIHI 2012)

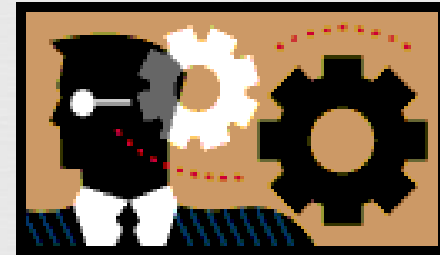


Are you worried about the future of the Canadian health care system?



Turn to your neighbour

□ What worries you about our health care system?



Debates on Reform & the Canadian Health Care System



- ▢ System performance & wait times
- ▢ System Sustainability
 - ❗ Public Private Mix
 - ❗ Population Growth
 - ❗ Population Aging
 - ❗ Physician Compensation
 - ❗ Drug Costs
- ▢ See Health Council of Canada (2013) Report – Disappointing results on wait time reductions
- ▢ See notes posted in Moodle
- ▢ See CIHI (2011) Report

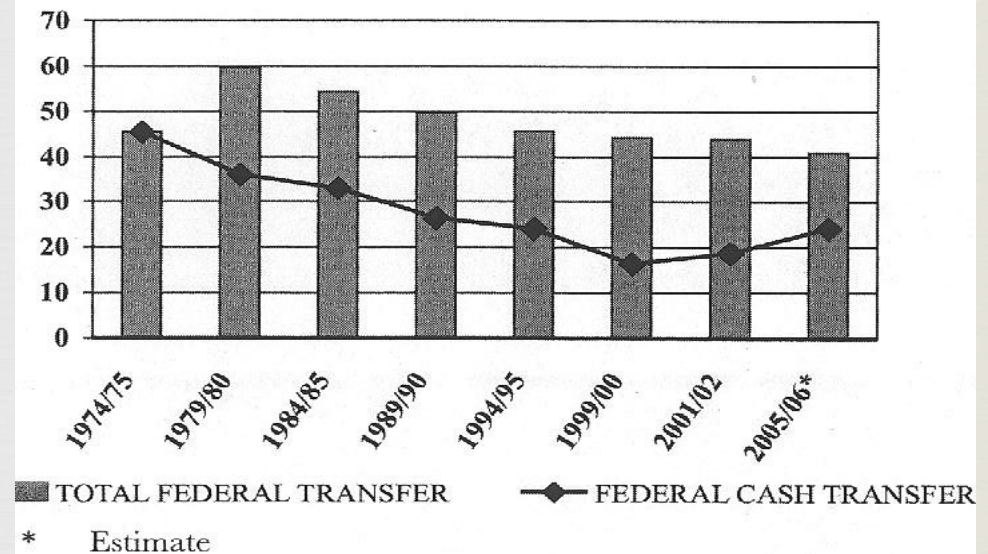
Cracks in the Canadian Health Care System

(Feldberg, Vipond & Bryant, 2010, p 279)

□ Challenges:

- ! Equity, Access & Quality of care
- ! Decline in federal transfer payments
- ! An emphasis on market mechanisms (two-tiered) to ensure financial sustainability

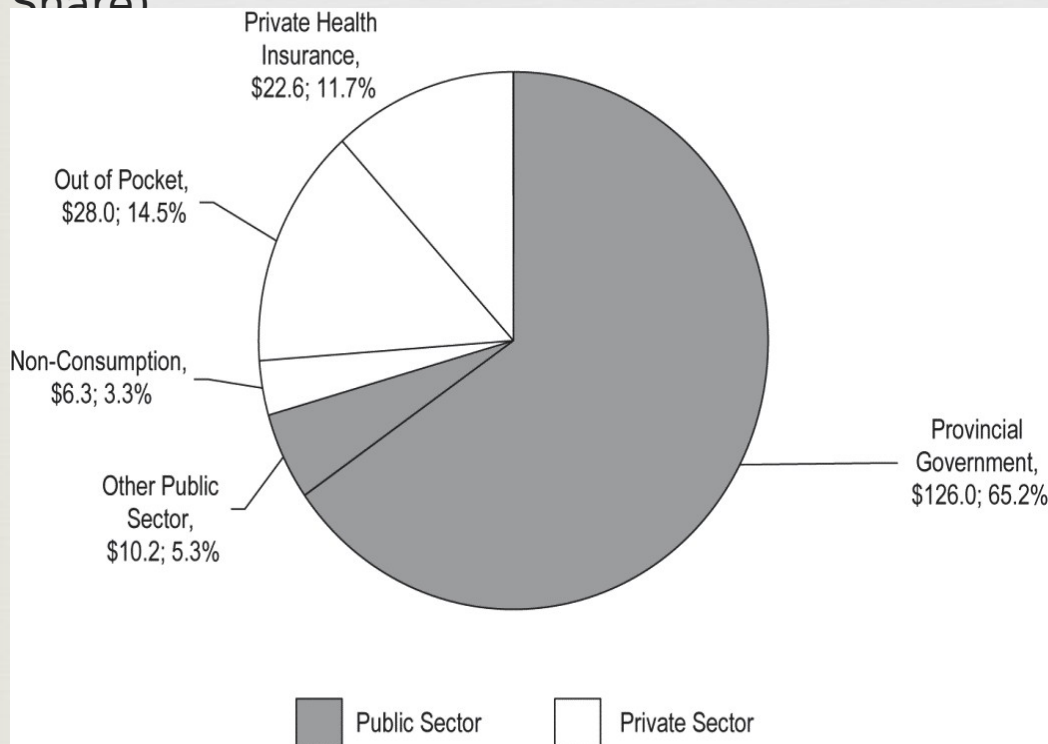
Total Federal Health Transfers as a % of Provincial Health Expenditure for Hospitals and Physicians, 1968/69–2005/06



(Commission on the Future of Health Care in Canada, 2007, cited in Armstrong & Armstrong, 2008, p. 22)

Total Health Expenditure by Source of Finance (Canadian Institute of Health Information [CIHI], 2012)

Figure 9: Total Health Expenditure by Source of Finance, 2010 (Billions of Dollars and Percentage Share)



Highlights

Total health care expenditure in Canada in \$207.4 billion (estimated for 2012)

Adjusted for population changes & inflation:

Rates of increase =

➤ 0.3% in 2011

➤ 0.4% in 2012

Health Care Sustainability

(Horn & Abells, 2004; Hodgson & Conference Board of Canada, 2011)

Can the Alberta economy afford our health care system?

➤ Health care spending versus

GDP 1% of GDP in 2004
(Horne & Abells, 2004, p. 24)

http://www.conferenceboard.ca/Libraries/CASHC_PUBLIC/may2011_presentation_hodgson.sflb



Will Aging Bankrupt the Health Care System?

Horn & Abells, 2004

Impacts of Aging:

- ▢ ↑ Health Care Spending
- ▢ ↓ GDP growth

In 2012, total health expenditure as a percentage of provincial GDP forecast:

- 8.6% for Alberta
- 23.2% for Nunavut

(CIHI, 2012)

But what about
the impact of the
global economic
crash?



Population Aging

CIHI 2012

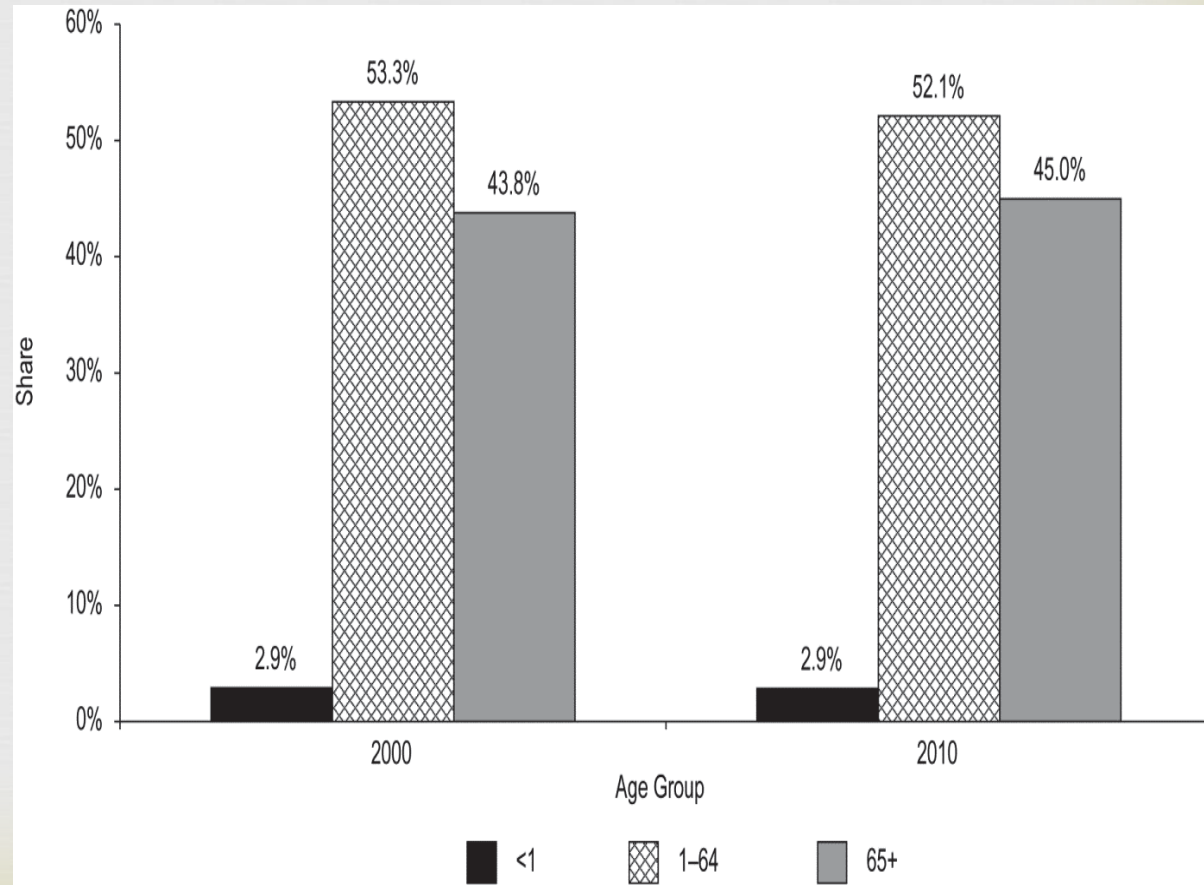


Share of Provincial/Territorial Government Health Expenditure, by Age Group, Canada, 2000 and 2010

Population aging is having a moderate effect on health care costs.

Population growth and aging =

▮ 1.6% of increase in total health care costs



Physician Costs are Rising

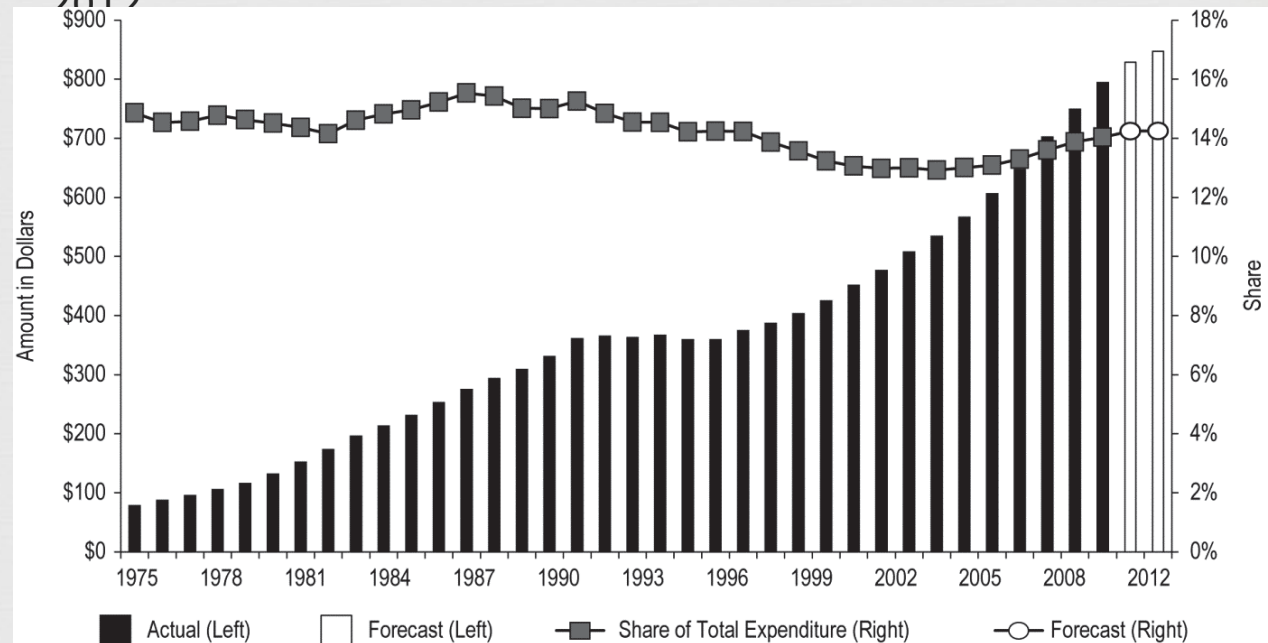
Canadian Institute of Health Information, 2012

Physician fee
increases

=

3.6%
annually

Figure 23: Public-Sector Physician Health Expenditure per Capita, Share of Total Health Expenditure, Canada, 1975 to 2012



Drug Costs are Rising

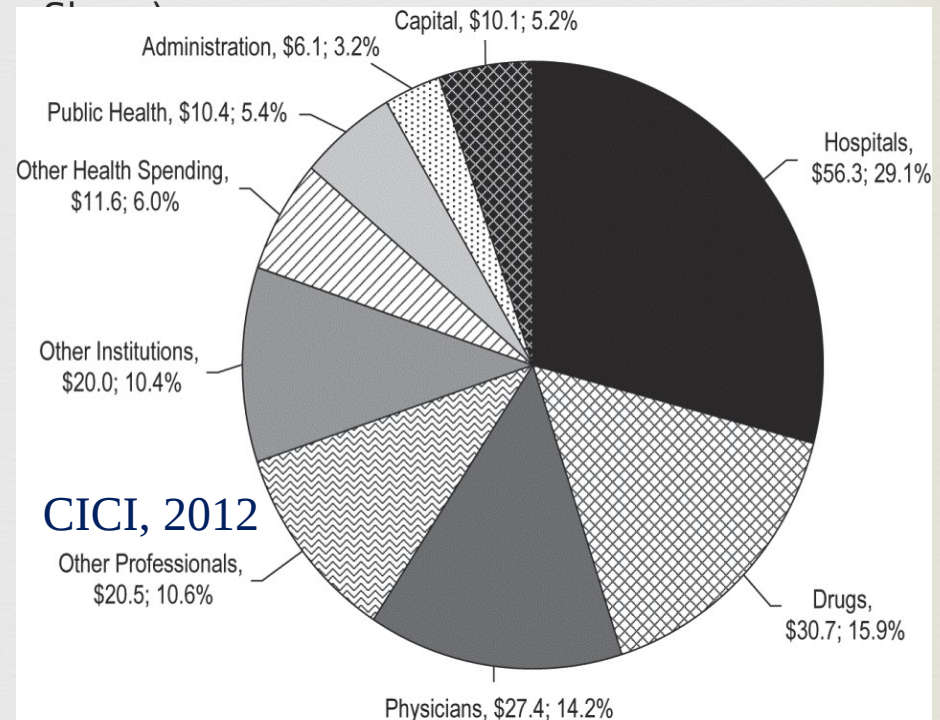
Canadian Institute of Health Information, 2012

Drug costs: % of total health care expenditures

- 5.9% in 1993
- 8.9% in 2003
- 15.9% in 2010

Canada provided the third lowest level of public spending on drugs among OECD countries (CIHI, 2004, cited in Horne & Abells, 2004)

Total Health Expenditure by Use of Funds, Canada, 2010 (Billions of Dollars and %)



Health Systems in Transition (Marchildon, 2013)



- F/P/T & First Ministers meetings to reform the health care system have had mixed to poor results.
- Innovations to improve the health care system are more likely to come through provincial health care reform.
- Politically – the federal government does not have jurisdiction to over health care services

i>clicker Question #2



Based on trends in health care spending in Canada (CBC, 2011), the largest driver in increased HC costs was:

- a) Population aging and population growth have resulted in the largest increase in HC costs
- b) Drug costs and physician costs account have resulted in the largest increase in HC costs.
- c) The drop in the federal government's share of HC costs.
- d) The increase in the provinces' share of HC costs.
- e) Health care costs have decreased in Canada as a share of GDP.

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