

## HEALTH POLICY AND ECONOMICS

# Canadian Health Care at a Crossroads: A Review of the "Romanow Report"

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### ABSTRACT

Since its release in November 2002, the report entitled, *"Building on Values: The Future of Health Care in Canada,"* otherwise known as the "Romanow Report," has sparked much debate. The following article will outline the impetus, methods, and recommendations of the Report. It will identify how the First Ministers used this Report to reach a new health care accord. Finally it will summarize reactions from a number of well-known, national health care stakeholders including: the Honourable Gary Mar, Minister of Health and Wellness Alberta; Sharon Sholzberg Gray, President of the Canadian Healthcare Association; representatives from Merck Frosst Canada Ltd., one of Canada's leading research-based pharmaceutical companies; Dr. Alan Bernstein, President of the Canadian Institutes of Health Research; and, Dr. Dana Hanson, President of the Canadian Medical Association.

### INTRODUCTION

Over the past six years, Canadians have been presented with eight reports on Canada's health care system. Five reports were written from the perspective of a single province: Alberta, Quebec, Ontario, New Brunswick, and Saskatchewan.<sup>4</sup> Three reports were truly national in character: a 1997 report completed by the National Forum of Health, a 24-member assembly gathered to advise the federal government on innovative ways to improve the health system and the health of Canadians; a six-volume Senate report, completed in October 2002, which is often colloquially referred to as the "Kirby Report;" and finally a report entitled *"Building on Values: The Future of Health Care in Canada,"* completed in November 2002 by Roy Romanow of the Commission on the Future of Health Care in Canada.<sup>3,4</sup>

Why so much recent discussion? During the 1990s, public support for the Canadian health care system declined substantially. In a 1991 Angus Reid poll, 61% of respondents rated the system as "excellent" or "very good." By 1995, this support had declined to 52% of respondents. In 1999 support had declined further to 24%.<sup>1</sup> Many reasons could explain this decline in public confidence, ranging from perceived concerns about access to medically necessary services to public debates about health human resource shortages.

### A TUNNEL AND A LIGHT?

In April 2001, Prime Minister, Jean Chrétien, formed The Commission on the Future of Health Care in Canada led by Commissioner Roy Romanow. Its mandate was similar to that of other commissions and task forces: to review Canada's health care system and make recommendations to enhance the system's quality and sustainability. However, one main difference was evident. The mandate of this Commission included, "...emphasizing dialogue with the Canadian public and interested stakeholders..."<sup>3</sup> regarding the future of health care in Canada.

The Commission's work was divided into two phases. The first phase, called the "fact finding" phase, involved consultations with key health care system stakeholders, provincial and territorial governments, and Aboriginal organizations to narrow the Commission's focus and priorities. The second phase, called the "consultations/national dialogue" phase, began in March 2002 when the Commission provided Canadians with the opportunity to participate in discussions about the future of health care. Romanow explained: "...I want Canadians to tell us what they want and expect their health care system to provide, and what they believe they and their elected representatives must do to give expression to their objectives. I also want the expert policy and advocacy communities to come forward

with options and solutions for strengthening our health care system.”<sup>3</sup> In November 2002, after 18 months of fact-finding and discussion, the final report, entitled “*Building on Values: The Future of Health Care in Canada*,” was submitted to Canada’s Prime Minister.

### ROMANOW’S VERDICT

In his final report, Roy Romanow made 47 detailed recommendations to ensure the long-term sustainability of Canada’s health care system. These suggestions were based on three overarching themes: improved governance; efficiency and accountability; and, short-term priority investments.

Romanow’s recommendations for improved governance and accountability included a call for a Canadian health covenant that would express Canadians’ collective vision for health care and the formation of a “Health Council of Canada,” a national advisory board that would serve as a focal point for public and stakeholder input into the health system. This Council would include public and provider representatives as well as federal and regional appointees. Part of its mandate would be accountability – to collect and analyze data on the performance of the health care system.

In terms of efficiency, Romanow acknowledged that what matters to most Canadians is access to needed services. Among Romanow’s proposed solutions were the development of five priority investment funds, each aimed at ameliorating a challenging “access problem.” These funds include: 1) a rural and remote access fund of \$1.5 billion to, among other things, attract and retain health care providers and expand telehealth projects; 2) a diagnostic services fund of \$1.5 billion to purchase equipment such as MRIs and train people to use them; 3) a primary health care fund of \$1.5 billion (\$1 billion in 2003/04 followed by a further \$0.5 billion the following year which would be matched by provincial and territorial funding) which would be used in part to train health-care providers to work in multi-disciplinary teams; 4) a home care transfer of \$2 billion to address imminent home care needs; and, 5) a catastrophic drug transfer of \$1 billion to begin in 2004/05, which would cover 50% of the cost of provincial and territorial drug insurance plans above \$1,500 per person per year.

While Romanow acknowledged that changes are necessary to Canada’s health care system, he affirmed that the values on which it is predicated are widely supported by Canadians. “In their discussions with me, Canadians have been clear that they still strongly support the core values on which our health care system is premised – equity, fairness and solidarity.” Furthermore, Romanow argued that the evidence for more radical health care reform, including medical savings accounts, user fees, greater privatization, or a parallel private system, is lacking. “There is no evidence these solutions will deliver better or cheaper care, or improve access (except, perhaps, for those who can afford to pay for

care out of their own pockets).”<sup>3</sup> As such, Romanow called for the optimization of the delivery of health care services as the goal of the proposed changes to Canada’s current system.

**Table 1.** A taste of Romanow’s recommendations

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#### Five Priority Investment Funds

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1. Rural and remote access fund of \$1.5 billion.
  2. Diagnostic services fund of \$1.5 billion.
  3. Primary health care fund of \$1.5 billion (\$1 billion in 2003/04 followed by a further \$0.5 billion the following year to be matched by provincial and territorial funding).
  4. Home care transfer of \$2 billion to address imminent home care needs.
  5. Catastrophic drug transfer of \$1 billion, to begin in 2004/05, which would cover 50% of the cost of provincial and territorial drug insurance plans above \$1,500 per person per year.
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### WHAT NOW?

When the Commission on the Future of Health Care was convened, no commitment was made – provincially or nationally – to implement Romanow’s recommendations. Nevertheless, shortly after the presentation of the final report, the Prime Minister and provincial premiers held a First Ministers’ meeting to discuss next steps. It was at this meeting that Canadians were given a taste of how Romanow’s recommendations would be implemented.

At the First Ministers’ meeting, an accord for health care renewal was reached. The Government of Canada agreed to increase their investments in the health care system by \$17.3 billion over the next three years and by \$34.8 billion over the next five years. Part of this money will be used to create a 5-year, \$16 billion Health Reform Fund targeted to primary health care reform, home care and catastrophic drug coverage; information technology and diagnostic/medical equipment. Furthermore, the Prime Minister agreed to create a health council that will report regularly to Canadians on the quality of their health care system.

### CANADIANS RESPOND

No change comes without public debate. The “Romanow Report” and the *Accord for Health Care Renewal* reached by the First Ministers has brought forth a great deal of discussion. The remainder of this article provides excerpts from responses to these events, solicited from some of the most influential Canadian health care stakeholders.

### **The Honourable Gary Mar, Minister of Health and Wellness, Alberta**

“As an expression of shared Canadian values, the ‘Romanow Report’ is eloquent. As a blueprint for the future of public health care, it lacks flexibility and originality. As a proponent for increased federal control over provincial and territorial responsibilities, it is ambitious.



“It is unreasonable to expect this latest report to explore new territory. Previous reports by Michel Clair, Ken Fyke, Don Mazankowski, Michael Kirby, and others were thorough. All advocated primary health care reform and greater accountability. All sounded the alarm

over rising drug costs, and called for innovation to address wait lists. All emphasized the need to focus on disease prevention to manage future demand.

“Mr. Romanow’s report differs from others, however, in its heavy reliance on two options: a greater federal role, and more federal money. In effect, he offered just one health reform basket and relied on a single goose to fill it with golden eggs. Decades of reduced federal funding for health care seems a poor foundation for that kind of optimism. February’s First Ministers’ meeting and the more recent federal budget highlighted the danger of relying on federal largesse and concepts of innovation. The disappointment is palpable.

“In the days after the First Ministers’ meeting, confusion reigned over how big the federal commitment was. Numbers ranged from \$17 billion, to \$35 billion, to a \$70 billion package. Now we know the provinces will receive \$10 billion in the first three years, while collectively spending as much as \$240 billion. Ottawa’s commitment to health care falls well short of Romanow’s recommendations, and far short of what the provinces and territories need to sustain health care. Alberta’s share in year one is \$250 million – enough to run our health system for about 13 days.

“With the federal commitment to health care well short of everyone’s expectations, and with finite provincial resources, the need for flexibility in health care delivery is imperative. Alberta will continue to work within our own province and with our colleagues across the country to make use of innovative and practical solutions that do not diminish our responsibilities to our citizens or our commitment to Medicare.”

### **Sharon Sholzberg-Gray, President of the Canadian Healthcare Association**



“It’s hard not to be cynical about Royal Commissions. Too many past reports have gathered dust. So what is the fate of the ‘Romanow Report?’ The Report stated that our publicly funded health system is sustainable given adequate and predictable public funding and appropriate system change. This is important since some maintain that private money is the solution to challenges facing

our health system. Yet public and private health funding both come from Canadians’ pockets. If we can’t afford a public system, we can’t afford it privately either.

“The Canadian Healthcare Association (CHA) called on First Ministers to move swiftly concerning primary health care reform, home care, pharmaceutical coverage, medical and diagnostic services, health human resources issues, a pan-Canadian health information system, and accountability. CHA asked for immediate funds to stabilize the existing medicare system plus targeted funds to achieve health system renewal. (Romanow was willing to delay increasing the medicare transfer for several years in order to focus new funds solely on the health renewal agenda). For CHA, both are important right now.

“In an open letter to First Ministers, CHA expressed concern about the Premiers’ reluctance to link new funding to pan-Canadian objectives and to be accountable for achieving those objectives. Prophetically, CHA also observed that ‘The Prime Minister’s reluctance to provide adequate federal funds for health bodes ill for federal-provincial cooperation and will result in Canadians having less, not more, accessibility to needed health services.’ (Open Letter, January 29, 2003)

“CHA advocated that First Ministers agree to a comprehensive plan with sufficient federal funds to both stabilize the existing acute care system and to facilitate change and ensure access to a broader continuum of care. But the Health Accord of February 5, 2003 does not provide sufficient funds to do both, and Canadians cannot continue to wait for needed services.

“Canadians stated unequivocally through the Romanow Commission that access to health services based on need, not ability to pay, is a core Canadian value. This must not wither on the vine of intergovernmental wrangling.

“Despite our disappointment, CHA welcomed new federal funds for primary health care reform, home care, and catastrophic drug coverage. CHA also lauded federal direct investments in health and the broad determinants of health in the 2003 federal budget. And CHA is committed to working

with governments, health providers, and the public to implement the important health initiatives announced in the Health Accord and the budget.”

**Terrence Montague, Vice-President, Patient Health; Jean-Pierre Gregoire, Director, Health Economics and Outcomes Research; Laureen MacNeil, Manager, Health Policy Planning; Merck Frosst Canada Ltd.**



“Investment in the innovative pharmaceutical industry has resulted in the discovery of new life-prolonging and life-enhancing medications for many diseases. These investments, and the new technology they spawned, have also contributed to improved health system efficiencies through reductions in emergency room visits, hospital admissions and lengths of stay, and physician

visits. As members of an innovative pharmaceutical company, it was encouraging to recognize, throughout the ‘Romanow Report,’ the importance of prescription medicines, particularly the value new medicines bring to improve patient health outcomes.

“While the report highlighted the many benefits associated with pharmaceutical therapies, two critical deficiencies were identified. The first was the need to improve the rapidity and equity of patient access to new medications, especially in light of Canada’s currently disparate system of public and private drug coverage. The second issue was the need to integrate prescription drugs into the health care system through a comprehensive medication management program linked to primary health care. Broader partnerships and greater measurement, as drivers of improved accountability, could positively assist both of these key issues in our health system.

“For example, as provincial premiers support the influx of new federal dollars for prescription drugs, they should be encouraged to recognize that careful measurement of the appropriate use of the drugs, and the associated improvements in patient outcomes, will provide graphic evidence to citizens of the value of improved medication access. If this increased investment in access is also coupled with increased choice of more available therapies, measurements will also disclose improvement of patient and prescriber satisfaction.

“We encourage the provincial governments to confront the disparities in drug coverage highlighted by Commissioner Romanow and to facilitate the public-private partnerships that can lead to their most effective management.”

**Dr. Alan Bernstein, President of the Canadian Institutes of Health Research (CIHR)**



“We are in the midst of a golden age of discovery – a true revolution in health research. There are actually two revolutions taking place. The first is the revolution in science, which is transforming our understanding of human biology and disease. This revolution in health research is characterized by convergence – the convergence of virtually every academic discipline from

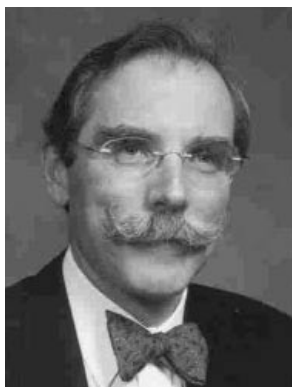
the biological, clinical, natural, social, and informatic sciences to engineering and the humanities – around the exciting and important challenges and opportunities presented by human health and disease, health economics, and the health care system itself.

“This new science will lead to profound changes in how medicine is practiced. Instead of being largely reactive, our health system will become increasingly proactive, taking measures to prevent disease (changing lifestyle, drug therapy, etc.) in those at high risk of acquiring disease. Disease diagnosis and patient stratification will become increasingly individualized as we acquire the ability to define precisely the gene(s) and actual mutation or polymorphism(s) in an individual.

“The second aspect of this revolution is the sea change in government support for research. Over the past seven years, the federal government has invested in the indirect costs of research and has established the Canada Foundation for Innovation, the Canada Research Chairs Program, Genome Canada, and the Canadian Institutes of Health Research (CIHR) – Canada’s lead agency for health research. In establishing these new programs, the federal government has invested literally billions of dollars of new money in health research. For example, CIHR’s annual budget has grown from \$360 million in 2000 (the year CIHR was launched) to \$617 million for 2003-2004.

“These are indeed exciting times for health research and health researchers in Canada. I am very optimistic that we are well on the way to building a health research community in this country that will be a model for the world: a community built on excellence, public engagement, true partnership, and commitment to transforming research into action and breaking down the silos between disciplines and sectors to improve the health of Canadians and people everywhere.”

### Dr. Dana Hanson, President of the Canadian Medical Association



“Over the past two years, Canadians have been engaged in an unprecedented debate on health care. There have been two major national reviews – the Romanow Commission and the Senate Standing Committee on Social Affairs – as well as four comprehensive studies of provincial health systems. In the weeks leading up to the tabling of the ‘Romanow Report,’ expectations were

indeed very high.

“Fast forward to February 5, 2003 and all of a sudden we are brought back to the reality of health care in Canada. The federal government and the provinces have struck a political deal that will move the yardsticks forward in health care renewal...not as far as many would have wanted, but nonetheless a step forward.

There are certainly many positive developments to note in the Accord, which was heavily influenced by the conclusions of the Romanow Commission. However, similar to the ‘Romanow Report,’ the Accord falls short in a number of areas. It does not address the dire shortage of health care providers – the number one crisis plaguing the system. It does not call for the development of care guarantees that would provide Canadians with real options when the system fails to deliver timely care. Moreover, the services that lie at the heart of the system remain under-funded, while new programs are created.

“Viewed in isolation, the 2003 Health Accord clearly does not solve all the problems facing Canada’s health system. Taking a somewhat longer view, however, there is some cause for optimism. In the early-to-mid 1990s, deficit-fighting at both the federal and provincial levels had led to unprecedented cuts in health care funding, reductions in medical school enrolments, and rationalization of services across the board. Many feared this might be the death-knell of medicare. Less than a decade later, federal transfers to provinces have been restored to earlier levels, medical school enrolments have increased (albeit not adequately), there is a national consensus to move forward on home care and pharmacare, and system-wide accountability has taken root through performance measurement and reporting.

“In a typically Canadian way, the 2003 Health Accord is the latest installment in what is now shaping up to be an era of renewed commitment to medicare. It is not perfect, but it does add flesh to a framework that should lead us in the right direction. Of course, the ultimate success of the Accord will lie in its details and implementation. That is why we, as

Canadians, all have a keen interest to keep all elected officials accountable for their decisions and their impact on health outcomes.”

### IN SUMMARY

The “Romanow Report” does not provide definitive solutions to the longstanding debate over the future of the Canadian health care system. It does, however, represent a historical landmark by reaffirming that Canadian values remain consistent with the principles of the Canada Health Act. As a result, the future of the debate will likely be in the direction of a universal, publicly funded health care system. †

### ACKNOWLEDGEMENTS

The authors would like to thank their staff advisor, Dr. John Lavis, for his exceptional support and guidance.

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