

## Medicare reform

## The bog, the fog, the future: 5 strategies for renewing federalism in health care

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*This is the first in a series of essays in which notable Canadians give their perspectives on the future of medicare. In the next issue Judith Maxwell, President of the Canadian Policy Research Networks, asks "Should health care reform be shaped by values?"*

Federalism in health care is a fearsome and foggy bog, an inky reservoir surrounded by slow-footed constitutional guardians; fed by the erratic springs of federal spending power; seething with undercurrents of tax points and transfers; and fiercely contested by the conspiracy-minded battalions of intergovernmental affairs. The battles are muddy, long and loud, and, aside from the bleat and the howl, the weapon of choice is the finger — usually the pointed index, but not infrequently the raised middle. Though all warriors claim to have suffered mortal wounds at the hands of devious enemies, no one ever dies, and the front is rarely silent. To the public, the bog is a stinking and poisoned theatre of ritualized combat in which neither side is championing the public's cause. For governments, this sport is of endless and sustaining fascination, an addictive diversion from the irritations of their underappreciated tending of the common weal.

Many who want to "fix" medicare are tempted to detour around the bog altogether, avoiding the foul gases of conflict and decay. For these tacticians, federalism in health care is not merely damaged but irreparably broken: a fundamentally unsound idea, an artifact of nation-building whose mechanics worked well in the 19th century but are outmoded in the 21st. Where both levels of government are accountable, ultimately neither is. Because the Constitution Act clearly assigns health care to the provinces (albeit with some well-defined exceptions), Ottawa should cede the bog, completing the withdrawal begun when it reduced its contribution from 50¢ of every dollar spent to 30¢ (Ottawa's version) or 14¢ (the provinces' version).

In this version, health care is Ottawa's Vietnam and, like the Americans evacuating the last soldiers off the rooftops of Saigon, the federal government should admit, if not outright defeat, an irreversible lack of commitment to the cause. Toss the provinces a few more tax points and leave to them the financing, direction, management and delivery of health care. Concentrate Ottawa's efforts and resources on its constitutionally unavoidable responsibilities for Aborigi-

nals covered by treaties, the armed forces and public health surveillance. Peace, order and good government, yes, but no more flexing of the spending-power muscles, and no more talk of "national" beyond "cooperative interprovincial."

Those who find the terms of this armistice appealing should read no further. They are unlikely to be persuaded that, bog though it may be, health care federalism must be dredged for durable solutions. There is no detour: all roads lead there. Moreover, there is reason for hope: it is possible through politics properly and honourably conducted to reclaim the bog as a lively and peaceful habitat. Politics is an imperfect and changeable activity, fraught with misunderstandings, asymmetries and betrayals. But it is also how people address their collective concerns and transcend their parochial and contingent preoccupations. If there is no political solution to medicare, there is no solution to medicare.

Neither the constitution nor tradition is fatal to the restorative enterprise, which should begin with 5 major initiatives. First, Ottawa should furnish, more or less *unconditionally*, something of the order of 25%–33% of total public spending on health care — a fraction incontestably large enough to confer status as a serious player. Because a major purpose of federal involvement is redistributive, poorer provinces should get more per capita, and so should those with demonstrably greater health care needs.

A second, essential element, tied to the first, would be the negotiation of a national, multiyear framework for health care spending. We must end, by agreement, the destabilizing pattern that alternates between depressive (1993–1997) and manic (1998–2002) funding. A national framework would attenuate the destructive competition among provinces for scarce resources that drives up costs and creates a loser for every winner. It would also discipline expectations and collective bargaining, and focus energies on the cost-saving innovations that have hitherto stalled.

Third, Ottawa should use its *conditional* spending power to foster and sustain a truly cooperative approach to innovation and reform. The Health Transition Fund — a mere \$150 million spent over 3 years — produced a great deal of creativity, unprecedented partnerships and some landmark projects.<sup>1–4</sup> It was a superb example of federal–provincial collaborative planning, review and oversight, worked out in a remarkably short period. Already there is a new \$800 mil-

lion fund to accelerate the halting progress toward primary care reform across the country. Put a few billion dollars on the table and the possibilities magnify. Imagine, for instance, the potential inherent in cooperative national strategies to improve waiting-list management, negotiate cultural change with medical associations and coordinate the supply and distribution of personnel. Such agreements can and should, within reason, be flexible and sensitive to local circumstances, and provinces could conceivably opt out or defer participation — an unattractive option if there is enough cash on the table.

Fourth, Ottawa should vigorously expand its leadership role in creating a knowledge-based health system. Comprehensive performance measurement and public reporting — not coercion, rhetoric or even the principles of the Canada Health Act — will fuel a genuinely national, first-rate health care system. Quality will improve when people realize they are getting substandard goods. Care will become more standardized when people are aware of the consequences of variations in practice. Evidence-based innovations will travel faster when their superiority becomes known to all. And efficiencies will proliferate when the price of waste is reported with precision on the front page of the newspaper.

Fragmented provincial efforts, intrinsically laudable as they may be, produce systems and data that resist consolidation and meaningful comparison. The electronic health record is eons away. The provincial initiatives are left to bargain on their own with a bewildering array of vendors and suppliers, just as provincial formularies are besieged by the pharmaceutical giants. Cost overruns and unfulfilled promises are the norm. Only Ottawa can sustain a unifying vision, because it has the money and is for the most part insulated from the daily pressures of here-and-now health care. And only a nationally led initiative can create the standards and comparability that underlie progress.

There are thus logical and experiential reasons for renewing federalism in health care. But success is contingent on a fifth — perhaps it is the first — element: a sea change in attitude and comportment. Ottawa must prove itself a reliable, nonpartisan and supportive partner, and avoid the unilateralism and posturing that have occasioned violent allergic reactions and deep-seated mistrust. In some instances, it must have the authority and leverage to maintain principles and engineer change, but it must use brute force sparingly, and pay for this privilege besides. Likewise, the provinces must tone down their rhetoric and cooperate to overcome the diseconomies inherent in running 10 (13 in-

cluding the territories) stand-alone policy development and delivery systems. The discourse must be civil, and the temptation to score easy points must be resisted.

Why should the provinces buy this plan? They are all staggering under the health care burden and neglecting their other duties. They are out-negotiated, whipsawed, blackmailed by interests and perplexed. They could hardly do worse under a renewed federalism and are bound to do better. And why should Ottawa pay to play in this game? Because health is fundamental to the national interest. The federal government has increasingly little contact with the programs that affect the daily well-being of the citizenry; here is an opportunity to get closer to the ground.

Canadians are fully aware that, in the end, they are the “single payer” for health care regardless of how it is organized. They own both levels of government and expect them to work cooperatively in the public interest. Putting health care federalism back together might produce an important side effect: kick-starting the long, arduous process of democratic renewal so sorely needed in a society where politics is held in contempt, voter turnout is in decline and citizens expect, and therefore all too often receive, little that inspires and unites.

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