Share of health spending on doctors increases

After years of erosion, doctors' share of health spending has rebounded to levels last seen in the 1980s, according to the Canadian Institute for Health Information's (CIHI's) annual release of national health expenditure data. But it comes from a pie that is slowly shrinking, as health spending has not kept pace with inflation and population growth.

Figures compiled in CIHI's database over 40 years show the share spent on physicians hit an all-time high in 1988, then slowly declined until 2007, when it turned around, growing at about 2.2% annually. It now accounts for 15.5%, comparable to levels seen in the late 1980s. Hospital spending has decreased from 45% of total health spending in the mid-1970s to just under 30% today, whereas drug spending has been increasing since the mid-1980s to account for just under 16% of spending.

"The guild has done a great job of protecting our income," Dr. David Naylor said, referring to medical associations' success in negotiations with governments. "But wouldn't you expect [the share of spending on physicians] to drop a little?" Naylor, past president of the University of Toronto and chair of the Advisory Panel on Healthcare Innovation, spoke at a panel discussion on the CIHI findings, held Oct. 29 in Ottawa.

He said the "constancy of focus on doctors, drugs and hospitals … speaks to the stasis in the system. If anything, it's in a state of arrested development."

While overall health spending has gone up in dollar terms, amounting to $6105 per capita in 2015, it has declined as a proportion of gross domestic product (GDP). After the 2008–2009 recession, health spending fell from 11.6% of to an estimated 10.9% of GDP today. When inflation and population growth are taken into account, health spending also shows a decline.

"The first half of this movie seems similar to what happened in the 1990s," said Don Drummond, an economist at Queen's University. He said that in the 1990s, government austerity led to a decline in health spending, but a return to a good economy resulted in health spending growing "much faster than economic growth."

In regard to the similar spending decline after 2011, Drummond asked "did we create efficiencies or just cut off the money and create pressure?"

Drummond and Naylor clearly think that efficiencies are lacking. The solution, said Naylor, is integrating services, including home care and virtual care. "There's not a single province that has taken steps in that direction."

CMA President Cindy Forbes agreed. "We need integrated, appropriate and high-quality care." She gave the example of a patient in an acute care hospital discharged to community care and later moving to palliative care. "The patient goes through three different systems. They all have their own budgets and caregivers. These silos have to be broken down so it's one system."

She stressed the need for a national seniors' strategy to address a population that is aging and living longer, often with complex, multiple diseases. Integrated services could address the patients needing an alternative level of care who currently occupy 20% of beds in acute care hospitals, she said. "They are not 'bed blockers,'" she said. "They are waiting for long-term or home care."

Naylor also thinks changing the way physicians are paid is part of the solution. "The fee schedule is full of perverse incentives. It doesn't create 'integrative quarterbacks.' There should be rewards for good prescribing and shorter hospital stays."

Wide variations in the price tag for health care among provinces and territories also stood out in the data. Costs in Canada's provinces range from $5665 per person per year in Quebec to $7036 in Newfoundland and Labrador. (In the territories, costs are much higher.) Seven provinces devote more than 40% of their budget to health, of which two devote more than 45%.

Demographics and geography account for some of the variation, according to Brent Diverty, CIHI's vice-president of programs, especially costs to transport critical cases from remote areas. However, panellists expressed concern about inequalities in quality of care and access.

"People who are covered for a drug in one province are not covered in another," pointed out Forbes. "Especially cancer drugs, which are expensive."

Naylor added, "There's a huge challenge for the [federal/provincial/territorial ministers] to understand this variation. We need to unbundle why these disparities occur. How do we get to a common higher ground as Canadians?"

— Carolyn Brown, Ottawa, Ont.

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