SASKATCHEWAN AND MANITOBA

Bending the Cost Curve in Health Care Conference, Saskatoon, Sept. 27-28, 2012

Gregory P. Marchildon, Canada Research Chair and Professor
Johnson-Shoyama Graduate School of Public Policy

FLIGHT PLAN – 20 MINUTES

- Justify why lumped together
- Review some differences
- The other health system in both provinces
- Spending on human resources: doctors + nurses
- Strategies to Bend Cost Curve
  - Structural
  - Process efficiencies
  - Sector specific reforms

COMMON FEATURES

- Demographic profiles
  - Median age: < Canadian average in 2011 and 2031
  - Aboriginal population: size, distribution and health status
- Health system structures
  - RHA organization, roles and responsibilities
  - Federal direct role - FNIHB
- Health spending patterns
  - Government spending as % of provincial revenues (≈37% in 2009)
  - High cost structure for delivery – rural and remote (but FNIHB…)
  - LTC facility expenditures among highest in country
  - Lower than average drug plan and capital spending

A FEW DIFFERENCES

- Dependency ratio in SK much higher (2011)
  - 48.6 compared to 44.2 (MB) and 44.5 (CA)
- Health spending as share of GDP much higher in MB
  - 9.3% compared to 6.8% (SK) - 2009
- Spending per capita in health sectors (2009)
  - Hospitals (MB): $ 1,655 compared to $1,424 (SK) and $1,406 (CA)
  - Public health (SK): $398 compared to $252 (MB) and $265 (CA)
  - Administration (SK): $26 compared to $42(MB) and $44 (CA)

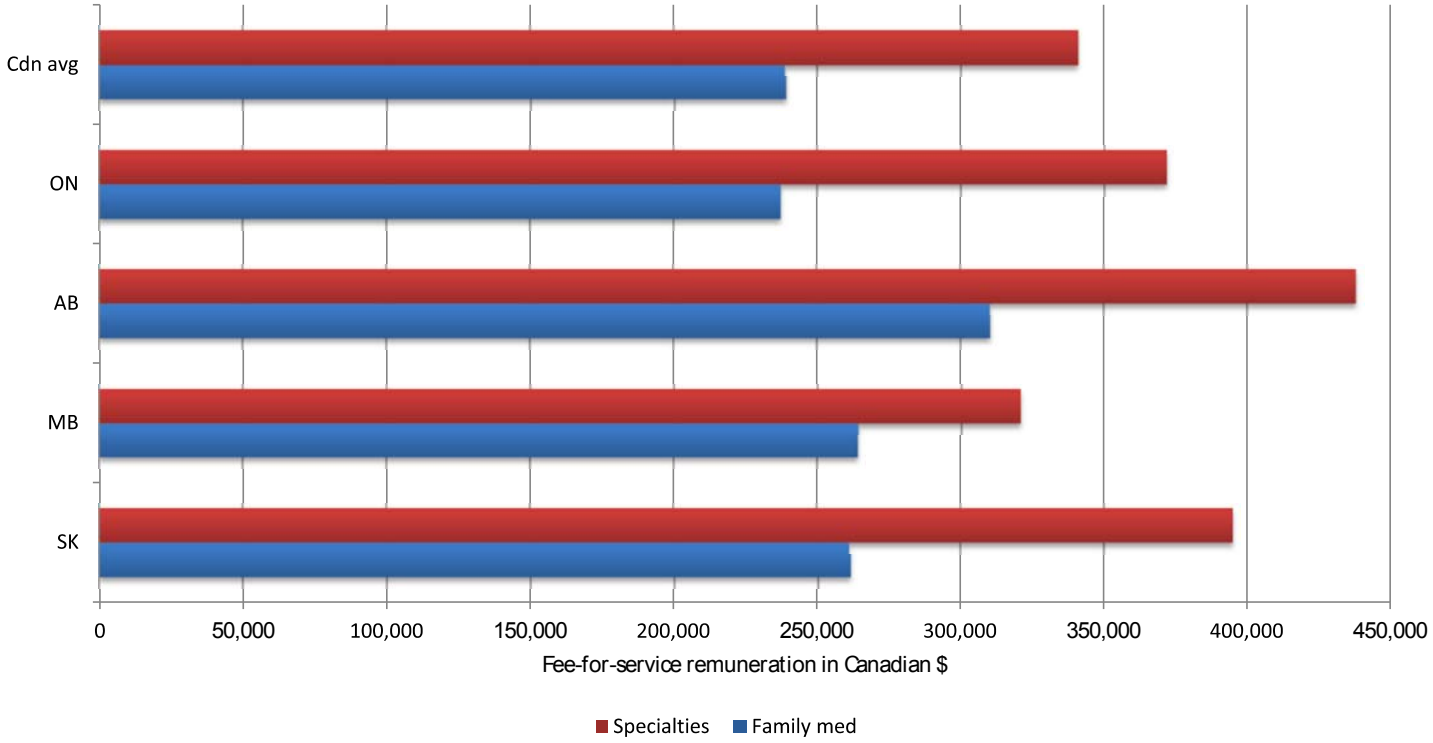
NON-INSURED HEALTH BENEFITS

- SK + MB = 1/3 of eligible population in Canada (32%)
- SK + MB = $360.8 million (2010-11) or 35% of total
- Three main categories of expenditures (SK + MB)
  - Pharmacy (70.6 + 76.5) = $147.1 million
  - Medical Transportation (41.9 + 94.9) = $136.8 million
  - Dental (35.3 + 29.4) = $64.7 million

HEALTH CANADA-FNIHB DIRECT SPENDING

	Primary health care	Health infrastructure
Saskatchewan	$104.4 million	$26.2 million
Manitoba	$102.4 million	$25.7 million
Total	$206.8 million	$51.9 million

Figure 4: Average gross FFS payment per physician, earning minimum of $60,000, 2009-10



BASE AND MAXIMUM SALARY FOR NURSES: FOR CONTRACTS ENDING MARCH 31, 2012

	SK	MB	AB	QC
Base	$66,746	$62,508	$63,147	$42,276
Maximum	$86,644 (plus 2%)	$73,692	$82,881 (plus 2%)	$62,966

STRUCTURAL REFORMS: SCALE AND SCOPE

- Consolidation of health regions
  - SK – 2003 (from 33/32 to 13/12)
  - MB – 2012 (from 11 to 5)

- Centralization and specialization
  - SK – Shared Services – back office functions (ITC, payroll, laundry, HR)
  - MB – RHAs mandated to keep administrative costs below 3%

PROCESS EFFICIENCIES AS PART OF QI

- IHI and application of LEAN methodologies
  - SK – inserted into recent SUN contract
  - SK – by 2013, application of LEAN to all surgical services, continuous improvement offices, 800 managers, staff (and clinicians?)
  - MB – LEAN Six Sigma training of doctors, nurses, and managers
- Strategy of Substitution
  - SK – sparing in its use
  - MB – leader among provinces in introducing physician assistants
  - MB – QuickCare Clinics: nurse-based primary care clinics

POSSIBILITIES FOR SECTOR SPECIFIC INITIATIVES?

- Prescription drug plans?
- Facility-based long-terms care?
- Hospital (MB)?
- Primary health care (substitution)
  - Governance + Payment = experimentation (Ministry to RHAs)
  - Ghost of 1962

MIDDLE EARTH