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## **Premier's Advisory Council on Health releases comprehensive report on health reform**

Edmonton, Alberta: The Premier's Advisory Council today released its report on *A Framework for Reform*.

The report provides a comprehensive package of recommendations designed to put the health system on a sustainable foundation for the future. After months of listening to various groups, organizations and individuals, reviewing related reports, examining trends in other places around the world, and considering options, the Council concluded that Alberta's health system is not sustainable unless we are prepared to make major changes in how we fund and deliver health services.

"The answer doesn't lie in further rationing health services for Albertans," said Council Chair Don Mazankowski. "Instead, we strongly believe the answer lies in examining new ways of funding the health system and delivering health services. Our report talks about opening up more opportunities for health authorities, doctors, nurses and other health providers, putting the patients first, and giving Albertans more control and more responsibility for their own health. First and foremost, we believe the best long-term answer lies in encouraging Albertans to stay healthy and well."

The Council also stressed that its report is not about quick fixes to the current fiscal challenges in the health system. Instead, the report looks at the best ways of sustaining the system over the longer term.

Council's report includes a series of recommendations in the following ten key areas:

- The first reform is to stay healthy.
  - providing a strong commitment to education, setting clear health objectives and targets, providing better information to Albertans and taking steps to encourage Albertans to stay healthy
- It's time to put "customers" first.
  - including a 90-day guarantee for certain health services, establishing centralized booking and posting waiting times on a website, and implementing new models of care
- Redefine what we mean by "comprehensiveness."
  - establishing an expert panel to make decisions on what health services are publicly insured in addition to those required under the Canada Health Act
- Invest in technology and establish an electronic health record.
  - implementing electronic health records, establishing a debit-style electronic health card and providing long-term funding for technology
- Re-configure the health system and encourage more choice, competition and accountability.
  - setting distinct responsibilities for government and health authorities, establishing multi-year contracts between health authorities and government, encouraging service agreements with a wide variety of providers, and integrating mental health services with regional health authorities
- Diversify the revenue stream. Instead of rationing health services, we need to find better ways of paying for the health services Albertans want and need.
  - ensuring government continues to fund the majority of health care costs, implementing a "made in Alberta" approach for funding health care services tied to Alberta Health Care premiums, and

working with other provinces to manage and contain increasing drug costs

- Put better incentives in place for attracting, retaining, and making the best use of health providers.
  - developing a comprehensive workforce plan, improving workforce morale, implementing alternative ways of paying physicians, and encouraging health providers to implement new ways of delivering services
- Make quality the top priority for Alberta's health system. Set standards, measure results, and hold people accountable for achieving better outcomes in health.
  - establishing a permanent, arms length Outcomes Commission to measure results, track outcomes and report to Albertans
- Recognize and promote Alberta's health sector as a dynamic, powerful asset to the provincial economy.
  - continuing to support research, maintaining support for education programs for health providers, and sustaining Alberta's reputation as a leading centre for health and medical research
- Establish a clear transition plan to drive the process of change, oversee implementation of recommendations, consider options and monitor the impact.
  - designating an individual responsible for overseeing and driving the transition process

Mr. Mazankowski added that, "Albertans have an opportunity to lead the rest of Canada in establishing a sustainable health system for the 21<sup>st</sup> Century. Our goal should be nothing short of building one of the best health care systems in the world."

The Premier's Advisory Council on Health was established in August 2000. Its mission is to provide strategic advice to the Premier on the preservation and future enhancement of quality health services for Albertans and on the continuing sustainability of the publicly funded health system.

Attachments:

Highlights of Council recommendations

Key themes

Profile of Council members

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### Council Recommendations

- **The first reform is to stay healthy.**
  - Specific recommendations stress
    - the importance of education for children and youth
    - supporting children who live in poverty
    - setting clear provincial health objectives and targets
    - providing better information for Albertans and providers about how to stay healthy
    - taking the lead in updating Canada's food guide

- strengthening health education in schools
- providing better incentives for people to stay healthy
- strengthening support for actions to reduce tobacco use.

- **It's time to put "customers" first.**

Specific recommendations include:

- providing all Albertans with a 90 day guarantee for access to selected health services
- reducing waiting times through centralized booking, posting waiting times on a website, and allowing people to access services from any physician or hospital
- providing Albertans with more choice in the health services they receive and where they receive them
- implementing new models of care such as primary health care and disease management approaches.

- **Redefine what we mean by "comprehensiveness."**

Specific recommendations include:

- establishing an expert panel to review categories of services currently covered
- giving the expert panel ongoing responsibility for establishing criteria and determining whether new treatments, services or drugs should be approved as insured services.

- **Invest in technology and establish an electronic health record.**

Specific recommendations include:

- developing and implementing an electronic health record
- starting with a debit-style electronic health card to track and improve outcomes in health
- providing long-term funding and setting standards for information technology
- supporting the work of the Alberta Heritage Foundation for Medical Research in assessing new technology.

- **Re-configure the health system and encourage more choice, competition and accountability.**

Specific recommendations include:

- setting clear and distinct responsibilities for government and regional health authorities
- establishing multi-year contracts between government and regional health authorities
- facilitating cooperation among regional health authorities
- encouraging health authorities to establish service agreements with a wide variety of providers
- encouraging centres of specialization
- implementing new models of care
- encouraging an innovative blend of public, private and not-for-profit organizations and facilities

- encouraging groups of health providers to establish "care groups" to offer a range of services to health authorities and individual Albertans.

- **Diversify the revenue stream. Instead of rationing health services, we need to find better ways of paying for the health services Albertans want and need.**

Specific recommendations include:

- ensuring that government continues to fund the majority of health care costs, but that increases are affordable
- setting clear principles to guide decisions on new sources of revenue to support Alberta's health care system
- exploring and implementing a "made in Alberta" approach to funding health care services based on options outlined by the Council and tied to Alberta Health Care premiums, combined with a recommendation that Health Care premiums should be increased to cover about 20% of the costs of insured health services
- working with other provinces to manage and contain increasing drug costs
- allowing regional health authorities to raise additional revenues.

- **Put better incentives in place for attracting, retaining, and making the best use of health providers.**

Specific recommendations include:

- developing a comprehensive workforce plan that sorts out the roles of various health providers, anticipates future demands and guides decisions about post-secondary education
- encouraging regional health authorities to take action to improve workforce morale for all health providers
- implementing alternative approaches for paying physicians
- encouraging and empowering health providers to explore and implement a number of different approaches to organizing and delivering health services.

- **Make quality the top priority for Alberta's health system. Set standards, measure results, and hold people accountable for achieving better outcomes in health.**

Specific recommendations include:

- continuing to support research through a variety of sources and organizations
- establishing a permanent, independent "Outcomes Commission" to measure outcomes, track progress and report results to Albertans.

- **Recognize and promote Alberta's health sector as a dynamic, powerful asset to the provincial economy.**

Specific recommendations include:

- continuing to support research under the Alberta Heritage Foundation for Medical Research and take steps to sustain Alberta's reputation as a leading centre for health and medical research
- maintaining and enhancing support for education programs for health providers and providing stable funding for Alberta's medical schools
- supporting the development of multi-disciplinary, integrated, provincial centres of excellence in health research

- identifying and promoting private/public partnerships for expanding research support
  - promoting commercialization of new products and services developed through health and medical research.
- **Establish a clear transition plan to drive the process of change, oversee implementation of recommendations, consider options and monitor the impact.**  
Specifically, the Council recommends an individual be designated to:
    - flesh out details of implementation
    - coordinate further studies and develop an Alberta approach to funding health care services based on options suggested by the Council
    - prepare and manage a detailed implementation plan
    - manage public expectations and keep the public informed
    - identify and address barriers to implementation
    - ensure the system functions adequately throughout the transition phase
    - manage and report progress on implementing alternative payment plans for physicians.

# Background

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## Key themes

- This report is not about quick fixes. We're looking at the best ways to sustain the system over the longer term not necessarily to reduce costs in the short term. Nor is our report about broad general ideas or approaches. It provides practical ideas and solutions to address problems and ensure sustainability of the health system for years to come.
- Our approach is built on the fundamental assumption that all Albertans should have fair and equitable access to health services. No one should be denied access to essential health services because they are unable to pay.
- The best long-term strategy for sustaining the health system is to encourage people to stay healthy. If we rely on simply treating people when they get sick, the increasing costs of new treatments and technology could bankrupt the system.
- The answer doesn't lie in rationing health care services. People are concerned about access and rightly so. All Albertans should have access to the very best health care when they need it. And it should be available to everyone on equitable terms.
- The burden of health care on the tax system is growing and will continue to grow with new treatments, new cures, new drugs and growing demands. We know what we want from the health system. Now we need to explore new ways of paying for it.
- It's time to think carefully about what can and should be covered by Medicare. The system was never designed to cover all aspects of health services, but people have come to expect that it will - and at no

cost to individuals.

- We can't regulate to perfection. It's time to open up the system, take the shackles off, allow health authorities to try new ideas, encourage competition and choice, and see what works and what doesn't.
- We need to develop a patient-oriented system that encourages empowerment, accountability, and continuous quality improvement.
- We don't have to choose between the status quo and American-style, Swedish-style, or United Kingdom-style health care. We can and we must create our own alternative - one that preserves the best of what we have but also makes sure we can sustain it for the future.

## Backgrounder

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### Biographical sketches of members of the Premier's Advisory Council on Health

Donald Mazankowski (Chair): The Right Honourable Donald Mazankowski served as Canada's Deputy Prime Minister from 1986 to 1993. Representing the federal constituency of Vegreville for 25 years, he held several Cabinet positions. Since retiring from federal politics, Mr. Mazankowski has remained an active community member. He currently serves as chairman of the Institute of Health Economics, an Edmonton-based research centre, chairman of the Canadian Genetic Diseases Network and sits on the boards of several businesses and agencies. He recently completed a six-year term as a member of the Board of Governors of the University of Alberta. He was named chair of the Premier's Advisory Council on Health on January 31.

#### **Muriel Abdurahman:**

Mrs. Abdurahman, of Sherwood Park, is a nurse and long-time health advocate in Alberta. She served as an MLA from 1993 to 1997, following two terms as Mayor of Fort Saskatchewan. She has also chaired many health bodies, including the Health Unit Association of Alberta and the Board of Alberta Hospital Edmonton, and served as Vice Chair of the Alberta Public Health Advisory and Appeal Board.

#### **Dr. Larry Bryan:**

Dr. Bryan, a professor emeritus at the University of Calgary, is a former president of the Foothills Hospital in Calgary and also served as the first-ever Chief Executive Officer of the Calgary Regional Health Authority. He holds a medical degree and a Ph.D in Microbiology, and has recently authored two books on health care.

#### **Lynda Cranston:**

Mrs. Cranston is currently the President and Chief Executive Officer of the Fraser Health Authority in British Columbia. Prior to assuming this position, Mrs. Cranston was the first Chief Executive Officer of Canadian Blood Services. Mrs. Cranston has held a variety of positions in health care across Western Canada, including the Children's & Women's Health Centre of British Columbia.

#### **Dr. Brian Lee Crowley:**

Dr. Crowley lives in Halifax and is the founding President of the Atlantic Institute for Market Studies, Atlantic Canada's public policy think tank. He obtained a Ph.D. in political economy from the London School of Economics. Dr. Crowley also served as a member of the editorial board of The Globe and Mail

from 1997 to 1999. He has written extensively on health economics.

**Dr. Lillian Douglass:**

Dr. Douglass is former Associate Dean, Academic Planning and Undergraduate Nursing Programs at the University of Alberta. She is currently Adjunct Professor in the Faculty of Nursing at the University of Alberta. She is past President of the Alberta Association of Registered Nurses and a recipient of prestigious teaching and service awards. She earned her Ph.D. at the University of Arizona and her professional interests lie in oncology and parish nursing.

**Dr. John Evans:**

Dr. Evans, MD, Ph.D., was the founding Dean of the Faculty of Medicine at Hamilton's McMaster University. He has also served as President of the University of Toronto and Director of Population, Health and Nutrition for the World Bank. He is a Master of the American College of Physicians and a past chairman of the Ontario Health Review Panel.

**Jean Graham:**

Mrs. Graham lives in Rocky Mountain House and has been the Chair of the David Thompson Health Region since 1994. She is the past Chair of Alberta's Council of RHA Chairs and is past president of the Canadian Healthcare Association. She is currently a member of the Canadian Council on Health Services Accreditation, the Alberta Patient Safety Committee, the Alberta Heritage Foundation for Medical Research Health Research Advisory Committee and Canadian Healthcare Association. Mrs. Graham also chairs the Legislative Review Committee of Regional Health Authorities.

**Dr. David Low:**

Dr. Low is from Lethbridge. He obtained two degrees at Queen's University before completing a Ph.D. with Honors at the Baylor College of Medicine. He has earned many awards and distinctions, including being named the first holder of the Senior Medical Scientist Award by the National Medical Research Institute of France and the Medical Research Council of Canada. He served as President and Chief Administrative Officer of the University of Texas, Houston Health Sciences Centre for 11 years from 1989 to 2000. Currently Dr. Low is Professor and Rockwell Chair in Society and Health in the University of Texas School of Public Health, and Professor of Neurology in the UT Medical School at Houston. He also serves as Director of the UT-Houston Center for Society and Population Health.

**Dr. Ken Nickerson:**

Dr. Nickerson is the Chief Medical Officer at Syncrude Canada Ltd. in Fort McMurray and currently sits on the board of the Northern Lights Regional Health Authority. He is past member of Provincial Health Ethics Network board of director and past chairman and current board member of the Arthritis Society for Alberta and the Northwest Territories. Dr. Nickerson was a family practitioner for 19 years, and a founding member of the Nova Scotia Drug Dependency Commission. He was also the Chief Medical Examiner for the City of Halifax.

**Al O'Brien:**

Mr. O'Brien retired as Deputy Provincial Treasurer for Alberta in 1999. He has served as Secretary of the Treasury Board, and Director of the Alberta Municipal Finance Corporation. He is a Fellow of the Institute of Public Economics at the University of Alberta and a senior Fellow of the C.D. Howe Institute.

**Dr. Eldon Smith:**

Dr. Smith received his medical education in Canada, the UK and the USA. In 1980, he was attracted to Alberta to become Head of Cardiology at the University of Calgary where he subsequently became Dean of the Faculty of Medicine. He has published over 150 scientific papers and has served as President of the Canadian Cardiovascular Society and the Association of Canadian Medical Colleges. He is currently editor of a medical journal, a trustee of the Alberta Heritage Foundation for Medical Research and President of the Lougheed Medical Research Foundation. He provides consulting services to Universities, the health care system and to industry, and serves as a Director of a number of publicly traded companies.

# Backgrounder

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## Questions and answers

1. Why did your Council decide that Alberta's health care system isn't sustainable without major changes?

Based on the financial information we reviewed, combined with trends and a number of factors driving costs in the health system, our conclusion is that the health system is not sustainable in the longer term without major changes in how we fund the system. If we continue to rely almost exclusively on provincial and federal general revenues, health care will crowd out other essential services like education, infrastructure, housing or security. At the same time, we don't think further rationing of health services is the answer. Instead, we're suggesting new ways of funding health services, new ways of organizing and delivering services, and careful decisions about which services are publicly insured and which are not in the future.

2. Are you saying there aren't ways of streamlining and reducing costs in the health system?

No. We believe it is essential to get the maximum value out of every dollar spent in health care. That means streamlining services and continuing to search for the most effective and efficient ways of delivering services. But we're not convinced that those measures alone will be sufficient to make the health system sustainable in the longer term given increasing pressures, growing expectations, and the cost of new treatments and tests.

3. Are you saying that because costs are continuing to increase, Albertans have to be able to pay more?

Yes. There's no doubt that health care costs will continue to increase. And while those costs have been going up, Alberta Health Care premiums have not kept pace and provincial income taxes have gone down. We believe it is reasonable for Albertans to pay more through Health Care premiums, but in return, they should expect to see improvements in the system and in their ability to access the services they need. That's why we've recommended a 90 day guarantee for certain health services, better access to services through centralized booking services and being able to check a website for waiting times for certain services. We think Albertans should have more control over how their health care premiums are spent. And we think they should have better access to new models of care like primary health care or disease management approaches.

4. If health care premiums increase as you've recommended, won't that mean an added burden for poor people and seniors?

We believe health care premiums should be increased to reflect increasing costs. But at the same time, we strongly believe that protection must be built in for lower income Albertans. Provisions for exempting people from paying health care premiums would continue to be in place so that people who could not afford to pay would be exempt. That would apply to all lower income people, including seniors.

5. You've recommended further study into two options - medical savings accounts and variable premiums. What advantages would those options provide to Albertans?

We've outlined many of those advantages in our report. In our view, both of these approaches would give Albertans more control over their health care spending. While there are clear differences in the two options, both would provide Albertans with an account they could use for their health care

services and both would allow them to save money from year to year if they don't use up all of their account. Under both approaches, Albertans would be able to see how much their health services cost and make decisions about how to make the best use of funds in their account. Because of the merits of these approaches, we've recommended that government study the options further and come up with a "made in Alberta" solution.

6. Government is facing some serious financial challenges in the upcoming year. How will the Council's recommendations help address those challenges?

We've made it clear that our report is not about quick fixes. Our recommendations are designed to ensure long term sustainability. Some of the Council's recommendations about implementing contracts between health authorities and government, introducing more choice and competition, and opening up the system to new approaches may help in the short term but our emphasis has been on longer term sustainability. At the same time, we don't believe that the current financial challenges should prevent government from moving ahead with the changes we suggest.

7. Your mandate was to propose a framework for health and health services consistent with the Canada Health Act. Are any of your recommendations inconsistent with the Canada Health Act?

We believe our recommendations are fully consistent with the Canada Health Act. The two areas where there has been a lot of discussion involve defining comprehensiveness (deciding what services are publicly insured and which are not) and looking at new ways of paying for health services. In the case of comprehensiveness, Medicare was never designed to cover the full range of health services currently available. Beyond essential hospital and physician services, provinces currently make decisions about the services that are covered and there is considerable variation across the country. We're recommending an expert panel be established to make these decisions and we don't believe that is inconsistent with the Canada Health Act. In terms of paying for health services, our recommendations involve new ways of using health care premiums that are allowed under the Canada Health Act. We do not support user fees or taxable benefits that may be interpreted as contravening the Canada Health Act. Nor do we support a parallel, private health care system which clearly would be a contravention of the Act.

8. Does your report open the door for more private health care?

It's important to be clear on what we mean by private health care. Our report says clearly that we do not support privately funded, privately delivered health care services and we believe there are better solutions for Alberta. At the same time, we support publicly funded, privately delivered health services. We believe more options should be opened up for delivering health services in the province, provided they are publicly funded and meet the same standards as publicly delivered services. In fact, as long as services are publicly funded under service agreements with regional health authorities, it should not make a difference whether those services are provided in privately owned or publicly owned facilities.

9. Why are you suggesting new ways of paying physicians?

This is an issue that is being explored in every province across the country. The problem with the current fee-for-service approach is that it does not allow physicians to be paid appropriately for providing comprehensive care for their patients. And it is a barrier to implementing approaches like primary health care or disease management where teams of health and other providers work together to meet the needs of patients. In Alberta, there have been some pilot projects on alternative ways of paying physicians but they are not widespread and the administrative burden is significant. We're advocating more choice for physicians. While some may prefer to maintain the current fee-for-service approach, we believe many physicians, especially family physicians, would opt for alternative payment approaches if the right blend of services and payments were developed. We're suggesting more needs to be done to make these options available for physicians.

10. How would a 90 day guarantee be implemented and which services would it cover?

We're not in a position to determine how this guarantee would be implemented but we certainly believe it can be done and done with a minimum of administration. A debit-style electronic health care card along with centralized booking agencies and waiting lists posted on a website would certainly make this feasible. In terms of which services would be involved, the Council did not make that determination but it likely would involve the most pressing treatments such as heart surgeries, cancer treatments, etc.

11. Why did the Council stop short of recommending that certain services be de-listed?

The Council had neither the time nor the expertise to do a detailed review and decide what, if any, services should be de-listed. Nor are we recommending that any services should necessarily be de-listed at this time. We believe decisions about which services are publicly insured and which are not should be made by a team of experts. This approach sets clear guidelines and takes the process out of the political arena. With new and ever more costly treatments and tests coming on stream almost daily, it will be increasingly important for an expert panel like this to be in place to make the difficult decisions about adding new services to the list of what is covered and perhaps deleting others that are no longer necessary or critical.

12. Why are you recommending an independent outcomes commission to measure results?

We make a strong point in our report that health care operates as a monopoly. Government decides what services are covered, pays for all insured services, provides insurance and forbids people from getting private insurance for insured services, directly or indirectly administers the system, and collects information to assess its own performance. We think it's important to break up that monopoly. In the case of the outcomes commission, it would be established as an arms length, independent body responsible for measuring results, tracking outcomes against the goals that were set, and reporting regularly to Albertans. It would operate something like an Auditor General with the same degree of independence and ability to assess outcomes and report publicly.

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