Back to Basics: understanding why health care costs in Canada just continue to spiral

Two weeks ago, Prof. Herb Emery published a commentary calling for the return to the original concept of Medical Necessity in funding and managing health care. This would open up the opportunity for enterprising professionals to offer services that are desired and needed by the public but outside the bounds of the restrictions of the Canada Health Act.

This discussion typically brings out strong positions in opposition that suggest there is no room for a Two Tier Health System and that all must be treated equally, if in mediocre fashion, in the system.

When the Health System regulations and legislation were being drafted in the 1950's, the planners and legislators had no concept of what was to happen to the health system. It seemed so simple to devise a system that would pay for services that are required by the population. In those days, the range of services was pretty limited; technology had not taken over as it has in the last 50 years.

The services to be covered by government were based on the concept of Medical Necessity and that was written into regulations that governed the system well into the 1980's. That term simply said that government would cover the cost of services required to sustain life and the normal functioning of the human body. Planners envisioned things like appendectomy, hernia repair, chest surgery for preserving life, care of those with stroke, heart attack, fractures, trauma and such like.

Care was limited to in-hospital care; out patient care was not covered except for life threatening emergency (defined as imminent danger to life or limb). It was pretty basic; the health system was pretty basic. No frills, no high tech but good quality for the most part.

In those days health costs amounted to no more than 15% of provincial expenditures compared with the nearly 50% that we see today.

So what has caused it to soar away uncontrollably?

The technology revolution has caused massive change, massive expansion of what medical science can do. Simultaneous with the introduction of government sponsored health care in Canada, the international competition for supremacy in space was really moving forward. Remember JFK's commitment to put a man on the moon!

This initiative has spawned an enormous revolution in technology. Suddenly we had the technology to communicate over distances of hundreds of thousands of miles, both audio and visual. And suddenly we could monitor body functions and manage systems that were hundreds of thousands of miles in the air.

Ken McGeorge, BS,DHA,CHE is a career health care executive and now consulting, based in Fredericton, NB, Canada. Please visit www.KenMcGeorge.com to learn more.

With humans in spacecraft, it was necessary to continually monitor heart function, neurological functions, body temperatures, oxygen levels. And this also required the ability to intervene at huge distances by remote control. Space exploration and requirements of modern warfare have been the genesis for much of the technology that we now take for granted in hospitals up to and including Robotic Surgery!

So now, less than 10 years after the introduction of Canada's health system based on Medical Necessity, we saw the explosive growth of ICUs, CCUs, NICUs. Neonatal Intensive Care, for instance, commenced with a few major teaching hospitals like IWK having such a unit in the early 1970's to the point that within a few years virtually each regional hospital had such a unit.

Prior to the development of such units, babies born through complicated deliveries were cared for in the nursery with additional staff being called. Then if the baby looked fragile, he or she would be flown to Halifax to the Childrens Hospital were they had staff with advanced training.

Vascular Surgery would be another illustration. Originally, surgery involving major blood vessels was performed in teaching hospitals in Halifax, Toronto, Montreal, Kingston and such. But then as techniques became perfected and more surgeons were trained, vascular surgery moved out to all regional hospitals which meant five centres in New Brunswick.

As each of these specialized services is demanded and developed outside the central teaching hospitals, a huge demand for costly infrastructure is placed on the regional hospital. Vascular surgeons require access to sophisticated diagnostic equipment and that equipment needs skilled technical staff to manage and perform tests. Then they need access to Intensive Care Beds in which the daily operating cost is estimated to be $2-3000 per day.

Then the organ transplantation movement gained much traction and became wildly popular in the press, with drug companies, and with disease-oriented advocacy groups. Kidneys, cornea, bones, liver, heart, now facial transplants. There is apparently no end to where transplantation will go, this having been given a huge international boost by some highly publicized surgery by Dr. Christian Barnard in South Africa in the 1970's.

Transplantation of organs is an important life-sustaining process and has given thousands of families a new lease on life. But it is incredibly expensive often well into six figures.

There is a range of procedures that were never foreseen by the planners of the Canadian system. As families got the number of children they wanted, tubal ligations became popular and that still is the case. And with men the fairly simple Vasectomy procedure became popular a few years ago.

But then some have changed their minds so Tubal Reconstructions started to emerge along with Vasovasotomy, which are terms used to denote reversal of these birth control methods. Not as expensive as transplants but money from the public purse once again.

Ken McGeorge, BS,DHA,CHE is a career health care executive and now consulting, based in Fredericton, NB, Canada. Please visit www.KenMcGeorge.com to learn more.

Then there has been the explosion in Cancer treatment with new drugs and forms of radiation that have, again, given hope to thousands of Canadians with justification. With the growth in the incidence of cancer in the population, the cost of cancer treatment has grown well beyond any inflationary adjustment that might be applied to hospital budgets. Costs have centred around drugs, radiation, and specialized and highly skilled medical and nursing staff.

So a return to the concept of Medical Necessity would require a re-definition of what the public system should and should not fund and what would be acceptable for a non-governmental system to provide. Our system will collapse unless someone has the courage to at least open the debate. But probably not in an election year!

Ken McGeorge,BS,DHA,CHE; retired health care CEO, part time consultant, and Telegraph Journal columnist

Wally Waller, RT; retired health and civil service executive with particular skill and training in Diagnostic Imaging.

August 20, 2019

Ken McGeorge, BS,DHA,CHE is a career health care executive and now consulting, based in Fredericton, NB, Canada. Please visit www.KenMcGeorge.com to learn more.