



HALIFAX CHAMBER
OF COMMERCE

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HEALTH MONITOR



A HEALTHY WORKFORCE, A HEALTHY FUTURE

A healthy workforce is the necessary underpinning of a strong business community. From the Health Care Task Force in 2001 to the vital awareness building activities of our earlier Health Action committee, the Chamber has been a strong advocate for improvements in health service delivery and for changes that will make our workforce healthier. Health and health care remains important to individual Chamber members. In 2005, Chamber members ranked health as an important priority area. And in recent years, recognizing the importance of workplace health programs has improved. In a 2007 survey, 57 per cent of Chamber members indicated that they had established a formal workplace health program – an increase from 47 per cent in 2006.

However, the outlook for Nova Scotians and the health care system remains uncertain. Financial pressures on the health care system continue to mount: pressures from poor health; an aging population; poor and worsening health habits; increasing costs for new technology and new drugs, and from replacing and upgrading infrastructure. Without thought and decisive action, what is now an apprehension could become an emergency.

THE COST IMPERATIVE

There are serious and significant concerns that the Province cannot afford to continue to fund the healthcare system, given its growth at a rate that outstrips the increase in provincial revenues. When the consequences of an aging population are added into the mix...even massive infusions of money would not provide the services needed, were the status quo maintained.

- *Provincial Health Services Operational Review Final Report. Corpus Sanchez, 2007. Presented to NS Department of Health, Dec. 2007*

Between the 2001-2002 and the 2005-6 fiscal years, health care expenditures grew 52.9 per cent. That is more than a 10 per cent increase per fiscal year for that time period. Recent measures at the Department of Health seem to have abated this rapid growth. Current spending estimates in the Department of Health point to a decrease of 3 per cent in one year. One year of decreased spending may or may not denote increased spending. But it must be said that the trend in health care expenditures is generally increasing. At the same time, provincial revenues have grown at widely varying rates. These rates are particularly driven by significant changes in federal transfer payments whether to support health care spending directly or as an impact of changes in the fundamentals affecting transfer payments under the federal/provincial equalization program.

The fact is that in the long term provincial revenues will be constrained by economic growth. One must assume that growth rates in provincial revenues from all sources will be limited by the growth rates in the Canadian and Nova Scotian economy. Generally, recent estimates have predicted growth rates from around 1 to 3 per cent respectively for the provincial and federal governments respectively. These growth rate estimates may be overly generous, in light of the evolving global economic crisis.

If we were to assume the most optimistic view of the increases in Nova Scotian revenues at 3 per cent and the most conservative view of health care spending increases at 4 per cent per annum over the

coming decades, we can foresee a troubling imbalance as time passes.

In addition to this simple analysis, it is an accepted fact that the draw that an individual makes on the health care system is directly proportional to the age of the individual. In the earliest years of life, an infant draws heavily on the system due to the potential of complications during birth and contraction of childhood diseases. Once an individual enters adolescent and teen years, system usage drops dramatically until their latter years. It peaks in the last five years of life. Canadians over the age of 65 consume over 50 per cent of all health care spending.

As we know, Canada has an aging population – as does Nova Scotia. At present, Nova Scotians draw from the system at the following per capita rates per annum¹:

- Those under the age of 65, \$1787 per individual
- Those between the ages of 65 and 74, \$5858 per individual
- Those between the ages of 75 and 84 \$11009 per individual
- Those 85 and over, \$21,224 per individual.

If we assume a very modest increase per year of 4 per cent in the costs associated with health care (taking into account both basic inflationary increases and increases associated with increased costs of new pharmaceuticals, diagnostic imaging, equipment improvements, impact of increased genetic testing, etc.), these rates will increase to \$3,916, \$12, 836, \$24,122

¹ Based on “National Health Expenditure Trends, 1975-2007.” Canadian Institute of Health Information. Accessed online at: http://secure.cihi.ca/cihiweb/products/NHET_1975_2007_e.pdf

and \$48,364 respectively over the next 20 years.

In 2006, Nova Scotia was the second-oldest province, with the second-highest percentage of citizens 65 and over. Additionally, health care cost increase estimates vary, but most range from 60 to 66 percent of total government program revenues by 2013². A large piece of the remaining budget would be required for debt servicing. Obviously, this would marginalize every other area of program spending including transportation, education and social services.

This is a bleak picture indeed. Something must give, and we believe that a step in the right direction is a focus on improving the health of Nova Scotians. In a supply-demand analysis, we must improve our ability to control the demand side of the equation.

COST TO BUSINESS

A 2001 Chamber health care report recommended that the Chamber commit to ongoing involvement in the health care system debate as well as in monitoring health and health care and healthy workforce promotion.

Business has a vested interest in this issue. Healthy workplace initiatives are proven to have a good return on investment through improved productivity. Improvements to the health of Nova Scotians improve the economic outlook for Nova Scotia by reducing the increasing burden that health care spending represents to the province. Businesses also pay the costs of illness – in the higher amounts and proportion of taxes going to health care costs, in higher costs

² Corpus Sanchez Report, 2007. Accessed at: http://www.gov.ns.ca/health/phsor/PHSOR_Integrated_Report_Dec07.pdf

such as private health care,³ insurance premiums, benefits paid and in decreasing productivity. Based on workdays lost, one estimate of loss in gross domestic product (GDP) to Nova Scotia due to illness is \$1.173 billion. That works out to a \$1410 loss for each employee or almost \$42,560 for every business in Nova Scotia.

HEALTH MONITOR

HealthMonitor will identify three groups whose actions influence our level of health:

- Government
- Business
- Individuals

Within each group, key metrics have been identified to track progress as we move closer to better health. Statistics are used to establish a baseline, and to set out recommendations that should improve our overall health.

GOVERNMENT

The Canada Health Act states that "...the primary objective of Canadian health care policy is to protect, promote and restore the physical and mental well-being of residents of Canada and to facilitate reasonable access to health services without financial or other barriers." It is the role of the federal government to encourage the development of health services by assisting the provinces in meeting the costs of health care. The provinces must manage the provision of health care services.

³ This amount has hovered near 30 per cent, with no marked increase, since 1997. Source: "National Health Expenditure Trends, 1995-2007." Canadian Institute for Health Information, 2008. Accessed online at: http://secure.cihi.ca/cihiweb/products/NHET_1975_2007_e.pdf

While patient satisfaction levels with our health care system are high⁴, there are other indications that our system is not as efficient as it could be and that the population does not use the system efficiently. For example, higher than national average numbers of Nova Scotians are hospitalized for conditions where appropriate ambulatory care would prevent the need for hospitalization.⁵ The number of Nova Scotians who report that their last visit to a health care professional or treatment for injury was at an emergency room is also higher than the national average.⁶

At the same time, Nova Scotia health care spending represents 43 to 46 per cent of program spending: higher than the national average of 39 per cent. Obviously, barring a substantial increase in provincial revenues, per capita expenditures cannot increase without consuming an unreasonably large percentage of total expenditures. The resources at our disposal must be used to greatest effect in not only addressing our short term needs but also stemming the demand for health care services.

In the 2008 provincial budget, Finance Minister Michael Baker extended the healthy living tax credit to all Nova Scotians

⁴ 86.8% of those who received health services in the past 12 months surveyed rated services received as excellent or very good. Source: Statistics Canada, Canadian Community Health Survey, 2003, Patient satisfaction with any health care services received in past 12 months, by sex, household population aged 15 and over, Canada, provinces and territories, 2003, http://www.statcan.ca/english/freepub/82-221-XIE/2005002/tables/html/31117_03.htm

⁵ Health Indicators 2008. Canadian Institute for Health Information. Accessed online at: http://secure.cihi.ca/cihiweb/products/HealthIndicators2008_hr_en.pdf

⁶ Understanding Emergency Department Wait Times, Canadian Institute for Health Information, 2005. Accessed at www.cihi.ca

in January 2009. Additionally, he boosted the budget of the Department of Health Promotion and Protection. Currently, its budget is estimated at 2.7 per cent that of the Department of Health. While this is a vast improvement over past low funding, it nonetheless indicates the relative weight placed on health promotion and protection as opposed to the treatment of illness.

Given the above:

- Government must spend more efficiently;
- Government must invest in keeping Nova Scotians well.

RECOMMENDATIONS:

1. To do this we are calling on the government to establish and publish an integrated long-term plan for:
 - a. human resources,
 - b. capital requirements, and
 - c. information systems.
2. The government must also increase its investment in evidence-based health promotion. This should include:
 - a. Tax incentives for workplace wellness initiatives;
 - b. WCB Rate incentives for companies with workplace wellness programs.

TARGETS:

Within 5 years, reduce health care spending as a percentage of total program spending to national average.

By 2009, Nova Scotia should have a comprehensive long-term health care plan that speaks to the sustainability of the health care system and addresses human and capital resource requirement and integrated information systems. (The Nova Scotia government is now engaged in system

transformation through adoption of the 2007 Corpus Sanchez healthcare report. The Chamber of Commerce will continue to monitor this developing situation.)

Within two years, tax credits should be extended to make reasonable amounts spent on elements of workplace wellness initiatives such as gym memberships a non-taxable benefit, reduced taxes on health food lines etc.

BUSINESS

In 2007, Nova Scotia experienced the highest number of days lost per worker due to illness or disability at 9.9 days versus the Canadian average of 8.1 days.⁷ With the exception of one year in the last five, this number has been consistently higher than the Canadian average in the last five years. As noted above, this represents a significant loss to the provincial economy and to individual businesses.

The business case for healthy workplace is a strong one. Regular participants in work activity programs have 22 per cent fewer sick days per person, per year, and incur 34 per cent fewer costs. Additionally, physically active employees report 14 to 25 per cent fewer disability days than those who are inactive.⁸ Managing workplace stress has a major impact on employee's ability to carry out duties and spills over into employee's home lives. Fostering respect and self-esteem in the workplace and placing value on employees' mental health and well-being are also important

⁷ Source: Statistics Canada, Days lost per worker due to illness or disability, by sex, by provinces. Accessed online:

<http://www40.statcan.ca/101/cst01/health47a.htm>

⁸ Public Health Agency of Canada. The Impact of Active Living at Work Initiatives. Accessed at:

http://www.phac-aspc.gc.ca/pau-uap/fitness/work/impact_e.html

components of a successful workplace wellness program. In 1998, Health Canada estimated that the economic burden of mental health problems was \$14.4 billion a year. Canadian research indicates that for every dollar spent on supporting and improving employee health, there is a \$4 to \$8 return on investment.⁹

According to the Buffett Taylor Tri-Annual Wellness Survey, 11.8% of Nova Scotian businesses have a comprehensive wellness program, this compares to 17.5% nationally. To be considered a comprehensive program, a program would have to include a number and variety of services addressing physical and mental health, for example: smoking cessation programs, physical activity, weight management, information about responsible alcohol use, medical self-care, attention to work-life balance issues, help for employees on personal financial management and an ergonomic environment.¹⁰

RECOMMENDATIONS:

Halifax businesses should be encouraged to:

1. Initiate a workplace wellness program (such as the NQI's program).
2. Integrate health and wellness in their business strategy.
3. Recognize the importance of the mental and spiritual health of employees and integrate this into wellness programs and business planning.

TARGETS:

⁹ Evidence for Healthy Workplace Action. The Graham Lowe Group and the Healthy Workplace Council, 2007.

¹⁰ Buffet Taylor Tri-Annual Survey, 2000.

Decrease in income lost due to productivity loss in Nova Scotia by 2.5 per cent per year.

INDIVIDUAL HEALTH PICTURE

Ultimately, the onus is on the individual to change his or her lifestyle. Nova Scotia has a poor health record. Compared to other provinces Nova Scotia has the:

- Highest incidence of cancer,¹¹
- Second highest incidence of diabetes,¹² and
- Third highest rate of high blood pressure.¹³
- Above average mortality rates due to major cardiovascular disease.
- Above average percentage of smokers.¹⁴

Not surprisingly, we also have poor health habits compared to national averages:

- Less physically active population¹⁵
- A significantly higher percentage of obese persons¹⁶
- Eat fewer fruits and vegetables¹⁷

¹¹ 2008 Health Indicators, Canadian Institute for Health Information.

¹² 2008 Health Indicators, CIHI.

¹³ 2008 Health Indicators, CIHI.

¹⁴ Nova Scotia Statistical Review 2007. Nova Scotia Department of Finance. Accessed at: http://www.gov.ns.ca/finance/publish/statsrev/2007/NSSTATS_Review_2007.pdf

¹⁵ Leisure-time physical activity, by age group and sex, household population aged 12 and over, Canada, provinces, territories, health regions and peer groups, 2005. Canadian Community Health Survey Data table 105-0433. Accessed at: www.statcan.ca

¹⁶ Body mass index (BMI), by sex, household population aged 18 and over excluding pregnant women, Canadian Community Health Survey data table 105-4009. Accessed at: www.statcan.ca

¹⁷ Fruit and vegetable consumption, by age group and sex, household population age 12 and over, Canada, provinces, territories and selected health regions, 2005. CCHS table 105-0449. Accessed at: www.statcan.ca

The direct and indirect economic costs of physical inactivity in HRM have been estimated at over \$68 million p.a.¹⁸

The key determinants of a healthy society are directly related to economic indicators with the most dominant determinant of health being average income level. Average income is affected by a wide range of factors such as employment rates, growth in GDP, productivity levels, rates of taxation and levels of education among others. The great danger we face is that if we do not see an improvement in the health of our population, levels of taxation may have to rise to compensate for increased health costs. In turn, less money may be available to spend on education which is necessary to improve one's own earnings potential and quality of life.

However, individuals are not powerless to act and must still be challenged to react to the looming crisis. The missing piece is that individuals must assume greater responsibility for maintenance and improvement of their personal health.

RECOMMENDATIONS

1. Individuals need to take active responsibility for their own health and:
 - a. Increase physical activity,
 - b. Follow the Canada Food Guide
2. Employers should initiate wellness programs at work that include physical and mental health.
3. Individuals should lobby elected officials for more emphasis on health

promotion and protection and long-term planning for health care.

TARGETS:

As a province, we should aim to decrease the rate of physical inactivity in Nova Scotia to the Canadian average within two years.

We should aim to reduce the rate of obesity, which hovers at approximately 4 per cent above the national average, down to the national average within 5 years.

We should aim to reduce the rate of smoking from its current rate of approximately 22 percent of the population to 15 per cent within 5 years.

CONCLUSION

For many years, we have benefited from a health care system that is now unsustainable. Even as costs have been steadily increasing, so have our expectations of the system. We must understand the costs that drive our health care system and work to modify these costs to a more realistic level. It is only with a concerted effort by all parties involved that we make our health care system sustainable, efficient and effective.

CHAMBER ADVOCACY WORK

More information about the Chamber and its advocacy work can be accessed by contacting the office or visiting the Chamber web site:

Halifax Chamber of Commerce
656 Windmill Road, Suite 200
Dartmouth, NS B3B 1B8

Ph: (902) 468-7111
Fax: (902) 468-7333

info@halifaxchamber.com
www.halifaxchamber.com

¹⁸ Ron Colman and Sally Walker, The Cost of Physical Inactivity in HRM, August 2004. Accessed at: <http://www.gpiatlantic.org/pdf/health/inactivity-hrm.pdf>

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