



HALIFAX CHAMBER
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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

“The recent economic downturn across the country and worldwide forces government to deal with short-term funding challenges while looking at longer-term structural changes to make health care sustainable and effective.”) – Department of Health 2009-2010 Business Plan

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. But it must be said that recent estimates show a year-over-year increase in health care program expenditures.¹ 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. And of course, both provincial and federal economic growth rates have stalled due to the recent worldwide economic crisis. The most recent estimates have predicted real GDP growth rates of -.0.5 and -0.3² for the provincial and federal governments respectively in 2009. And although provincial GDP growth is scheduled to bounce back to 2.8 per cent in 2010, that expected growth is totally dependent on an upswing in the American economy. Locally, provincial revenues are estimated to remain flat while costs are expected to rise.³

With health care costs still rising and with uncertain revenues and economic growth, 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

¹ Comparison of 2008-2009 and 2009-2010 estimated program expenses, at www.gov.ns.ca/finance

² Conference Board of Canada. Metropolitan Outlook 1, Spring 2009.

³ 2009-2010 Nova Scotia Financial Outlook. At: <http://www.gov.ns.ca/finance/en/home/budget/fiscaloverview/default.aspx>

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 annum⁴:

- Those under the age of 65, \$3,274 per individual
- Those between the ages of 65 and 74, \$6,039 per individual
- Those between the ages of 75 and 84, \$12,527 per individual
- Those 85 and over, \$26,003 per individual.

If we assume an extremely modest increase per year of 4 per cent in the costs associated with health care program expenses (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 \$7174; \$13,232; \$27,448 and \$56,976 respectively over the next 20 years.

As of July 1, 2008, Nova Scotia had the highest percentage of senior citizens and has the second-oldest median age in the

⁴ Calculated using “National Health Expenditure Trends, 1975-2008.” Canadian Institute of Health Information. Available at: www.cihi.ca

country.⁵ Additionally, health care cost increase estimates vary, but most range from 60 to 66 percent of total government program revenues by 2013⁶. 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

⁵ “Population, age distribution and median age by province and territory, as of July 1, 2008.” Accessed at:

www.statcan.gc.ca/daily-quotidien/090115/t090115c1-eng.htm

⁶ Changing Nova Scotia’s Healthcare System: Creating Sustainability through Transformation, 2007. Accessed at: http://gov.ns.ca/health/transformation/transformation_Integrated_Report_Dec07.pdf

the higher amounts and proportion of taxes going to health care costs, in higher costs such as private health care,⁷ 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 \$1.37 billion. That works out to a \$1628 loss for each employee or almost \$48,331 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.

⁷ This amount has hovered at or near 30 per cent since 1997. Source: "National Health Expenditure Trends, 1995-2008." Canadian Institute for Health Information, 2008. Accessed at: www.cihi.ca

While patient satisfaction levels with our health care system remain high⁸, 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.⁹ 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.¹⁰

At the same time, Nova Scotia health care spending represents 43 per cent of program spending¹¹: higher than the national average of 39.2 per cent.¹² 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

⁸ 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

⁹ Health Indicators 2009. Canadian Institute for Health Information. Accessed online at: http://secure.cihi.ca/cihiweb/products/HealthIndicators2008_hr_en.pdf

¹⁰ Understanding Emergency Department Wait Times, Canadian Institute for Health Information, 2005. Accessed at www.cihi.ca

¹¹ Nova Scotia Department of Finance, Budget Estimates, 2008-9.

¹² Canadian Institute for Health Information. National Health Expenditure Trends, 1975-2008. Accessed at: http://secure.cihi.ca/cihiweb/products/nhex_2008_en.pdf

short term needs but also stemming the demand for health care services.

In the 2009 provincial budget that was defeated, former Finance Minister Jamie Muir suspended the healthy living tax benefit that had been extended to all citizens.¹³ Additionally, the budget of the Department of Health Promotion and Protection is now estimated at 2.7 per cent that of the Department of Health.¹⁴ 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 call upon 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;

¹³ 2009 Nova Scotia Budget Address. Accessed online at: http://www.gov.ns.ca/finance/en/home/budget/budget_speeches.aspx

¹⁴ NS Department of Finance Budget Assumptions and Schedules. Accessed at: http://www.gov.ns.ca/finance/site-finance/media/finance/09_assumptions.pdf

- 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 2011, 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. (Before the recent provincial election, the previous Nova Scotia government had been engaged in health system transformation through adoption of the 2007 Corpus Sanchez healthcare report. With the election of a new government, the future of this process is uncertain but the Chamber of Commerce will continue to monitor the 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 2008, Nova Scotia experienced the highest number of days lost per worker due to illness or disability at 9.7 days; the average Canadian loss was 7.9 days.¹⁵ 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

¹⁵ Source: Statistics Canada, Days lost per worker due to illness or disability, by sex, by provinces. Accessed online at: www.statcan.gc.ca

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.¹⁶ And while it is sometimes difficult to quantify results because of differing programs, the cost benefit ratios for workplace health and wellness programs has ranged from \$1.05 to \$6.15 for every dollar invested.¹⁷ 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 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.¹⁸

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

¹⁶ 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

¹⁷ Industrial Accident Prevention Agency. "The Business Case for a Healthy Workplace." At: http://www.iapa.ca/pdf/fd_business_case_healthy_workplace.pdf

¹⁸ Evidence for Healthy Workplace Action. The Graham Lowe Group and the Healthy Workplace Council, 2007.

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.¹⁹

RECOMMENDATIONS:

Halifax businesses should be encouraged to:

1. Initiate a workplace wellness program (such as the NQI's program).
2. Integrate health and wellness into their business strategy, if they have not already done so.
3. Recognize the importance of the mental and spiritual health of employees and integrate this into wellness programs and business planning.

TARGETS:

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

INDIVIDUAL HEALTH PICTURE

Nova Scotia has a dismal health record. Compared to other provinces, Nova Scotia has the:

- Highest incidence of arthritis or rheumatism and asthma¹⁷
- Third highest incidence of diabetes,²⁰

¹⁹ Buffet Taylor Tri-Annual Survey, 2000.

²⁰ Canadian Institute for Health Information. "2009 Health Indicators." At: www.cihi.ca

- The highest incidence of cancer in women; the second-highest incidence of cancer in men²¹
- Highest death rate from cardiovascular disease²²

The province also has a percentage of smokers higher than the national average.²³

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

- A more physically inactive population²⁴
- A significantly higher percentage of obese persons²⁵
- Nova Scotians eat fewer fruits and vegetables than average Canadians.²⁶

The direct and indirect economic costs of physical inactivity in HRM have been estimated at over \$68 million per year.²⁷

²¹ “Canadian Cancer Statistics 2009,” Canadian Cancer Society. Accessed at: http://www.cancer.ca/canada-wide/about%20cancer/cancer%20statistics/~/_media/CS/Canada%20wide/Files%20List/English%20files%20heading/pdf%20not%20in%20publications%20section/Stats%202009E%20Cdn%20Cancer.ashx

²² Heart and Stroke Foundation of Nova Scotia Fact Sheet (2005 statistics).

²³ 2009 Health Indicators, CIHI. Accessed at: www.cihi.ca

²⁴ 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.gc.ca

²⁵ 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.gc.ca

²⁶ 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.gc.ca

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. They must still be challenged to react to the looming crisis. The missing piece to the puzzle is that individuals must assume greater responsibility for maintenance and improvement of their personal health to abate further growth in public health costs.

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.

²⁷ 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>

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 down to the national average within 5 years.

We should aim to reduce the rate of smoking to the national average within 5 years.

CONCLUSION

For many years, we have benefited from a health care system that is now unsustainable. As costs have steadily increased, 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 wide-ranging advocacy work can be accessed by contacting the office or visiting the Chamber web site:

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