

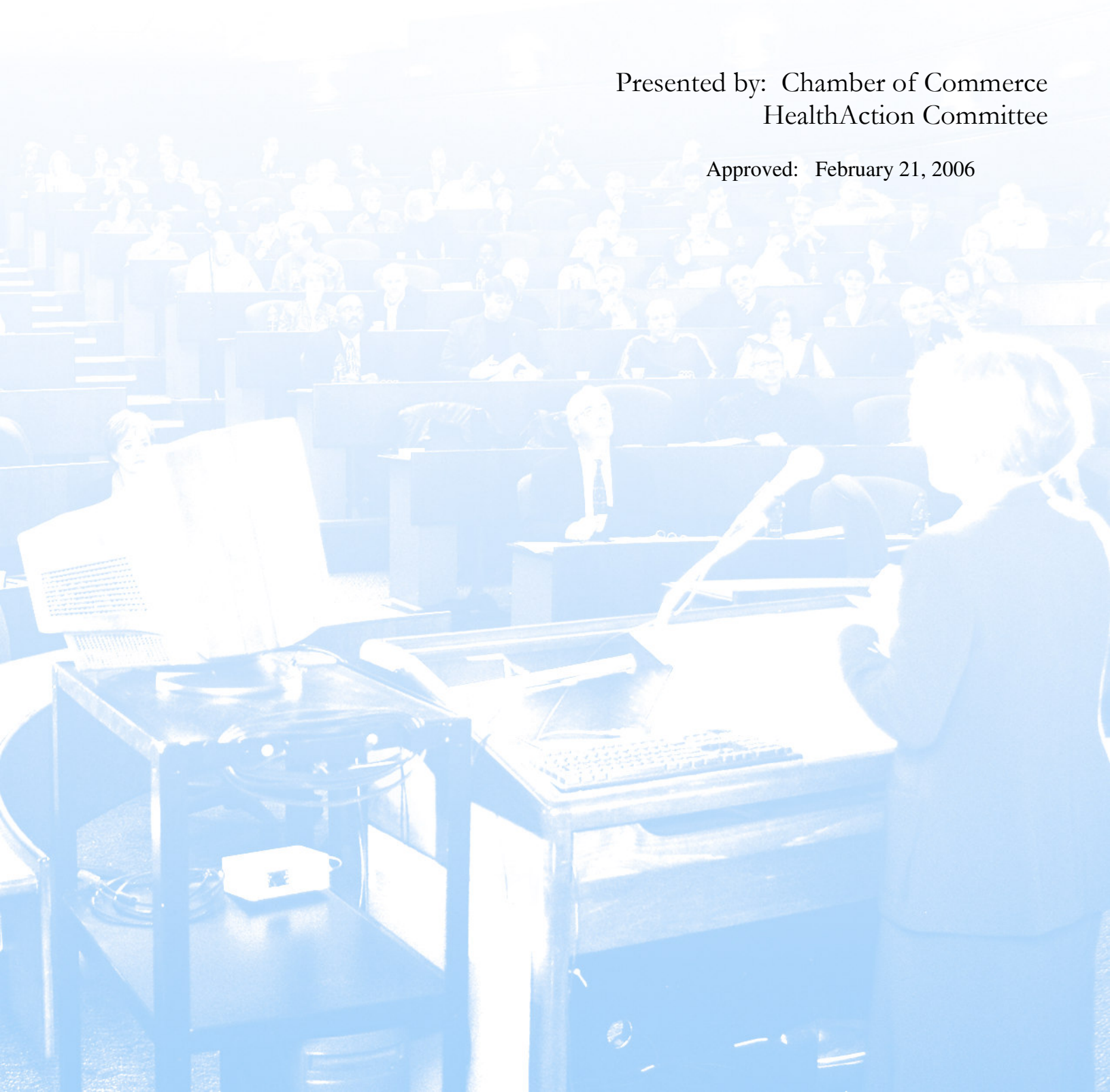


HALIFAX CHAMBER
OF COMMERCE

HEALTH MONITOR

Presented by: Chamber of Commerce
HealthAction Committee

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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 awareness building activities of the Chamber's Health Action committee the Chamber has been a strong advocate for improvements in the way health care services are delivered and for changes that will make our workforce healthier. Health and health care are equally important to individual Chamber members - in a 2005 survey, Chamber members ranked health care as the third most important priority area for the Chamber to work on. Furthermore, in the same survey almost half (47%) of Chamber members indicated they have a formal healthy workplace initiative at work. However, the outlook for Nova Scotians and the health care system is concerning. The financial pressures on the health care system are mounting: pressures from poor health and an ageing population, from poor and worsening health habits, from increasing costs for new technology and new drugs, and from replacing and upgrading infrastructure. Without serious thought and decisive action what is an apprehension now will grow into an emergency.

THE COST IMPERATIVE

It is important to remember that health care costs are increasing at a faster rate than general government revenue. Should current trends continue future health expenditures will exceed available resources by a significant and substantial amount. The historical practice of increasing health expenditures at the expense of other important public services is not a feasible practice or desirable approach

Kenneth Fyke: Commissioned by then Premier Roy Romanow to assess Saskatchewan's health care system in 2001

Health Care spending in Nova Scotia has been increasing at a rate in excess of 7% per annum in each of the past 5 years. At the same time provincial revenues have grown at widely varying rates 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 of the matter 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 these have run at rates in and around 2 to 3% the past 5 years.

If we were to assume the most optimistic view of the increases in Nova Scotian revenues at say 4.5% and the most conservative view of health care spending increases at say 7% per annum over the coming decades we can foresee an imbalance as time passes that will be troubling. If we were to plot a straight line of these two growth rates, provincial spending on health care would move from 38% of total expenditures as forecast in 2004/05 to 61% of total spending in 20 years.

In addition to this simple straight-line 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 an infant draws heavily on the system due to the potential of complications during birth and contraction of childhood diseases. Once an individual enters their adolescent and teen years their usage of the system drops

dramatically until their latter years, peaking in their last five years of life. Canadians over the age of 65 consume over 50% of all health care spending.

As we know Canada has an aging population and Nova Scotia is no different. At present Nova Scotians draw from the system at the following average rates per annum¹:

- Those under the age of 65 \$1,550 per individual
- Those between the ages of 65 and 74 \$6,598 per individual
- Those between the ages of 75 and 84 \$12,738 per individual
- Those 85 and over \$23,512 per individual.

If we assume an increase per year of 7% in the costs associated with health care (this would take into account both basic inflationary increases and the increases associated with increased costs of new pharmaceuticals, advances in diagnostic imaging, impact of increased genetic testing, etc.) these rates will increase to \$6,002, \$25,534, \$49,293, and \$90,984 respectively over the next 20 years.

If we lay these rates over the changing age demographic as anticipated in Statistics Canada analysis the percentage spent on health care would increase to 83% of total government revenues by 2026. A large piece of the remaining budget would be required for debt servicing. Obviously this would marginalize every other area of program spending.

This is a bleak picture indeed. Something must give, and we believe that a step in the

¹ Based on: "Health Expenditures in Canada by Age and Sex, 1980-81 to 2000-01," Health Canada, accessed on the internet, hc-sc.gc.ca/English/care/expenditures/exp_age_sex.html

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 on-going 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 such as insurance,² higher costs of benefits and in decreasing productivity. Based on workdays lost, the loss in productivity to Nova Scotia due to illness is \$1.138 billion That works out to almost \$1200 per person or almost \$36,000 for every business in Nova Scotia.

HEALTH MONITOR

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

- Government
- Business
- Individuals

² Private spending on health represented approximately 30% of health expenditures in Canada in 2004. Source: CIHI, Health Expenditure, by Year, by Source of Finance, by Province/Territory and Canada. Accessed via internet at: http://secure.cihi.ca/cihiweb/dispPage.jsp?cw_page=home_e

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, "...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.

While patient satisfaction levels with our health care system are high³ there are other indications that our system is not as efficient as it could be, and that the population is not using the system as they should be. For example, higher than national average numbers of Nova Scotians are hospitalized for conditions where appropriate ambulatory care would prevent the need for hospitalization.⁴ The number of Nova Scotians who report that their last visit to a health care professional or treatment for

³ 85% of those who received health services in the past 12 months rates the services received as excellent or very good. Source: Statistics Canada, Canadian Community Health Survey, 2000/01, Patient satisfaction with any health care services received in past 12 months, by sex, household population aged 15 and over, Canada, provinces and territories, 2000/01,
http://www.statcan.ca/english/freepub/82-221-XIE/2004002/tables/html/31116_00.htm

⁴ Canadian Institute for Health Information, Health Indicators 2004,
http://secure.cihi.ca/cihiweb/dispPage.jsp?cw_page=prtwg_2004_e

injury was at an emergency room is also higher than the national average.⁵

At the same time health care spending represents 43.3% of program spending: higher than the national average of 39%. 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.

Currently the budget of the Office of Health Promotion is less than 1% of the budget of the department of health. While it must be acknowledged that this is not an accurate representation of the amount spent on all health promotion activities it is nonetheless an indicator of the relative weight placed on health promotion versus 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

⁵ Understanding Emergency Department Wait Times, Canadian Institute for Health Information, 2005. Accessed at www.cihi.ca

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 2007 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.

Within two years, tax credits should be established making 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

Nova Scotia experiences the second highest rate of days lost per worker due to illness or disability at 9.1 days versus the Canadian average of 7.5 days.⁶ This number has been consistently higher than the Canadian average and has worsened every year but one since 2000. 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% fewer sick days, per person, per year, and incur 34% fewer costs. Furthermore physically active

employees report 14-25% fewer disability days than those who are not active.⁷ 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.⁸

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.⁹ While data has not been collected on Chamber members with a comprehensive wellness program, almost half (46%) of Chamber members surveyed indicate they have a formal workplace wellness program and of this group two thirds offered subsidized healthy activities such as gym memberships or sports fees and one third had an awards program for achievement.

RECOMMENDATIONS:

⁶ 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>

⁷ Health Canada. The Impact of Active Living at Work Initiatives.

⁸ Source: Healthworks Canada.

⁹

Halifax businesses should be encouraged to:

1. Initiate a workplace wellness program (such as the NQI).
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:

5% annual increase in the percent of Chamber members self identifying that they have established a formal workplace wellness program. Next year we expect 55% of businesses to identify as having wellness programs.

Decrease in revenue lost due to productivity loss in Nova Scotia by 2.5 per cent per year – this translates into \$28 million in recovered revenues and is achievable with a decrease in the number of worker days lost by ½ day per worker per year.

INDIVIDUAL

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

- Highest incidence of cancer,¹⁰
- Second highest incidence of diabetes,¹¹ and

¹⁰ All invasive primary cancer sites (including in situ bladder), age-standardized rate per 100,000 population and confidence interval, by sex, three-year average, Canada, provinces, territories and health regions, 2000
http://www.statcan.ca/english/freepub/82-221-XIE/2004002/tables/html/1211c_00.htm

¹¹ Diabetes, by sex, household population aged 12 and over, Canada, provinces, territories, health regions and peer groups, 2003

- Highest rate of high blood pressure.¹²

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

- Less physically active population¹³
- Significantly higher percentage of obese persons¹⁴
- Eat fewer fruits and vegetables¹⁵

The direct and indirect economic costs of physical inactivity in HRM have been estimated at over \$68 million p.a.¹⁶

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 impacted 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

http://www.statcan.ca/english/freepub/82-221-XIE/2004002/tables/html/1248_03.htm

¹² High blood pressure, by sex, household population aged 12 and over, Canada, provinces, territories, health regions and peer groups, 2000/01,

<http://www.statcan.ca/english/freepub/82-221-XIE/2004002/tables/html/1266.htm>

¹³ Leisure-time physical activity, by sex, household population aged 12 and over, Canada, provinces, territories, health regions and peer groups, 2000/01,

<http://www.statcan.ca/english/freepub/82-221-XIE/2004002/tables/html/2166.htm>

¹⁴ Body mass index (BMI), by sex, household population aged 18 and over excluding pregnant women, Canada, provinces, territories, health regions and peer groups, 2003,

http://www.statcan.ca/english/freepub/82-221-XIE/2004002/tables/html/1228_03.htm

¹⁵ Dietary practices, by sex, household population aged 12 and over, Canada, provinces, territories, health regions and peer groups, 2000/01,

<http://www.statcan.ca/english/freepub/82-221-XIE/2004002/tables/html/2186.htm>

¹⁶ 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>

rise to compensate for increased health costs, and less money will be available to spend on education which is necessary to improve one's own earnings potential and hence quality of life. However individuals are not powerless to act and must still be challenged to react to the looming crisis.

RECOMMENDATIONS:

1. Individuals need to take active responsibility for our 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 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 5% 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 twenty percent of the population to 15 within 5 years.

For many years have enjoyed a level of health care that is not sustainable – even as costs have been increasing so have our expectations of the system. We need to understand the costs that drive our health care system and work to modify these costs to a realistic level. It is only with a concerted effort by all players 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:

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