Managing the costs of cancer care:

A view from two health care systems

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Objectives

- Why is cancer care less expensive in Canada than in the US?
- Why is cancer care more expensive in Canada than in Europe?
- What are the tradeoffs associated with different funding models?

Canada

Political Regions

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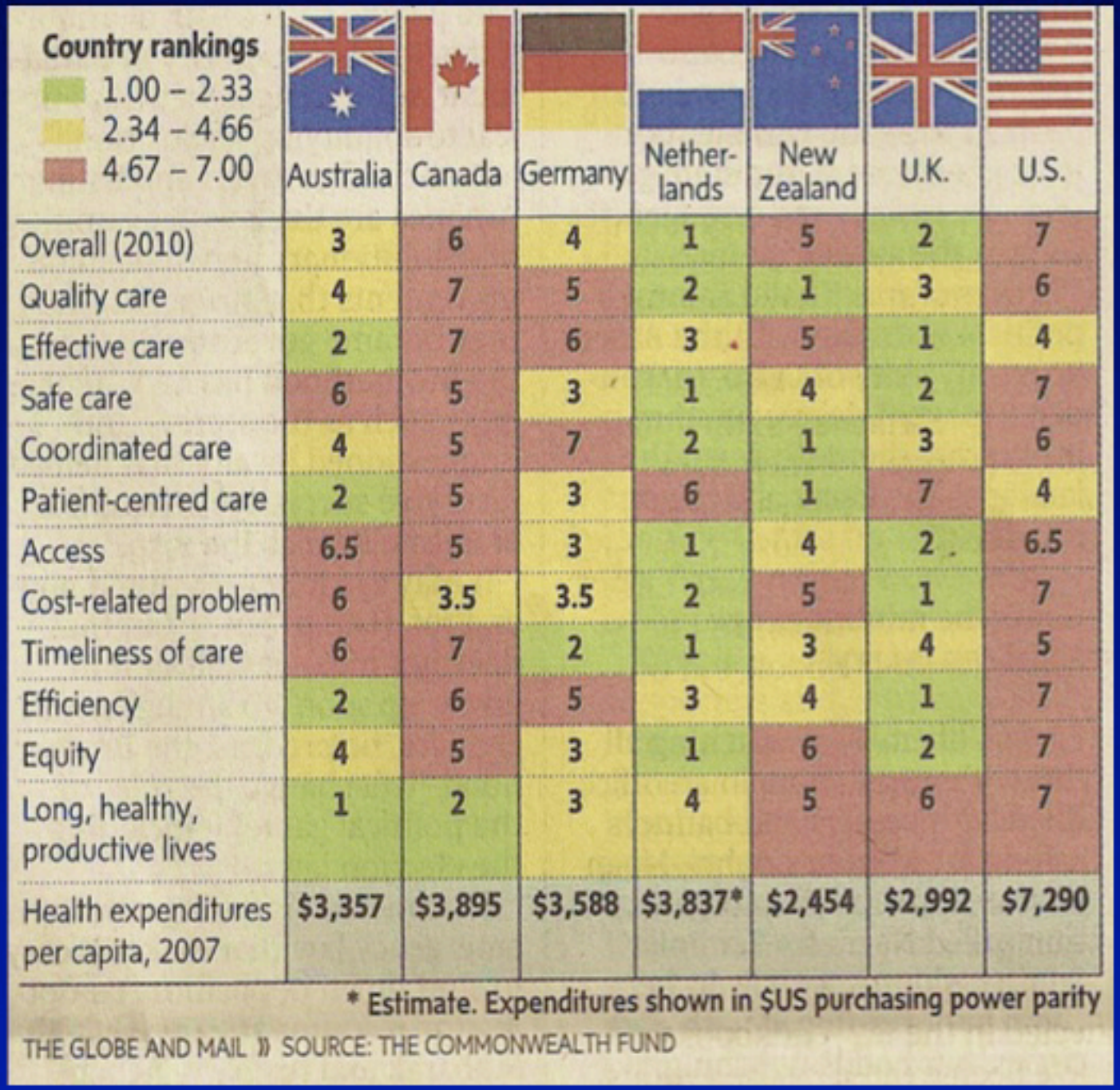
Federal Role

- Canada Health Act
  1. Publically-administered, general tax revenues
     - Free at the point of care; no co-pays or user-fees
  2. Portable
  3. “reasonable access to necessary care”
- Drug & Device approval/regulation (not funding!)
- Public health surveillance
- Federal $ transfers (~ 15%)

Provinces deliver and pay for care

⇒Important differences in implementation

- Some regional structures (NS), some centralized (AB), some in between (ON)
- oral drug coverage
- individual drug funding
- Home Care services
- MD reimbursement



Country rankings
1.00 – 2.33
2.34 – 4.66
4.67 – 7.00

	Australia	Canada	Germany	Nether-lands	New Zealand	U.K.	U.S.
Overall (2010)	3	6	4	1	5	2	7
Quality care	4	7	5	2	1	3	6
Effective care	2	7	6	3	5	1	4
Safe care	6	5	3	1	4	2	7
Coordinated care	4	5	7	2	1	3	6
Patient-centred care	2	5	3	6	1	7	4
Access	6.5	5	3	1	4	2	6.5
Cost-related problem	6	3.5	3.5	2	5	1	7
Timeliness of care	6	7	2	1	3	4	5
Efficiency	2	6	5	3	4	1	7
Equity	4	5	3	1	6	2	7
Long, healthy, productive lives	1	2	3	4	5	6	7
Health expenditures per capita, 2007	$3,357	$3,895	$3,588	$3,837*	$2,454	$2,992	$7,290

* Estimate. Expenditures shown in $US purchasing power parity

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Why are costs less in Canada?

- Single payer
  - Administrative burden 3.5% vs 15-30%
- Global funding of hospitals
  - Procedure and scan incentives
- Drug costs & incentives & control
  - Provider is not the pharmacy
- Test incentives & control
- Malpractice insurance costs/defensive medicine

Shared problems

- Waste
- EMRs
- Prevention
- Lack of incentive alignment

Present, but to a lesser extent

- Self-referral
- Consumer demand

Why are costs more in Canada than Europe…

…despite less consistent drug and home service coverage?

- Drug costs
- MD reimbursement
- Lack of premiums, copays, deductibles
- ?Lack of competition
  - private care within a public system
  - Activity based funding (PPS/DRGs)

What Canada can learn from the world to limit cost

- Transparent coverage decisions
  - Defined basket + value based cost-sharing + supplemental private pay/insurance
- Health professional payments
- Increase use of non-MD providers

What Canada can learn to improve quality

- Introduce more competition
  - Accept private providers within a public system (not a parallel private system)
  - Activity-based funding
- Integrated healthcare systems/ACOs
- Pharmacare
- Home Care/ hospice

What the U.S. can learn from other countries to reduce costs

- Single-payer
- Drug and test costs
  - Negotiate price (support research some other way)
  - Chemo at cost (support practices some other way)
  - Rational decisions with oversight/control
- Medical liability reform
- Health professional payment/alignment

Cost containment ideas that may adversely affect quality

- Defined contribution Medicare
  - The market is health insurance, not health or health care
- Incentivizing patients to make market-based decisions
  - Limiting Medi-Gap
    - ⇒the poor opt not to get care
  - Health Savings Accounts
    - Cost distributions are skewed

Reasons for optimism

We're all converging on the features of high performing health care systems:

- Universal coverage
- A mix of public and private
- Integrated delivery/aligned incentives