



# The Future of Health Care in Canada

A decade of complexity and opportunity ahead

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Prepared by Aon Hewitt  
Health and Benefits

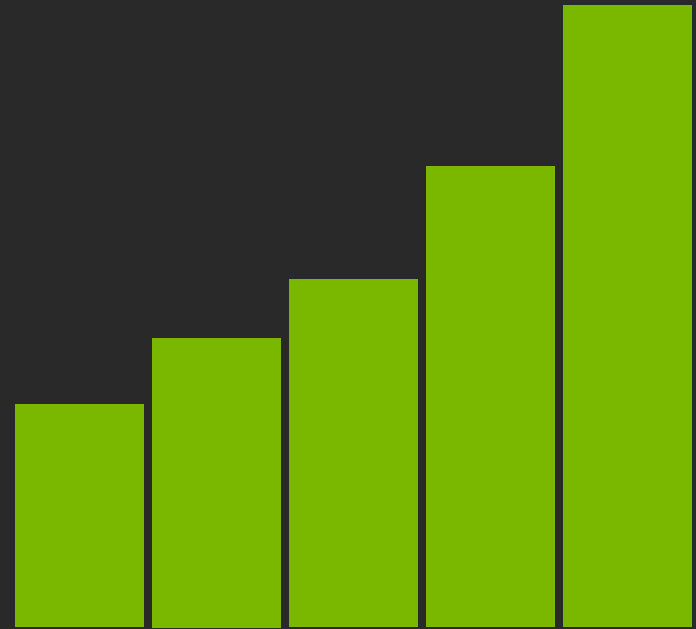


# The Business Context for Health

Why is the health of your employees important?



People



Business results

# 4 key factors leading the way to 2025

1

Demographics:  
Finding,  
Developing  
and engaging  
talent

2

Public health

3

Lifestyle

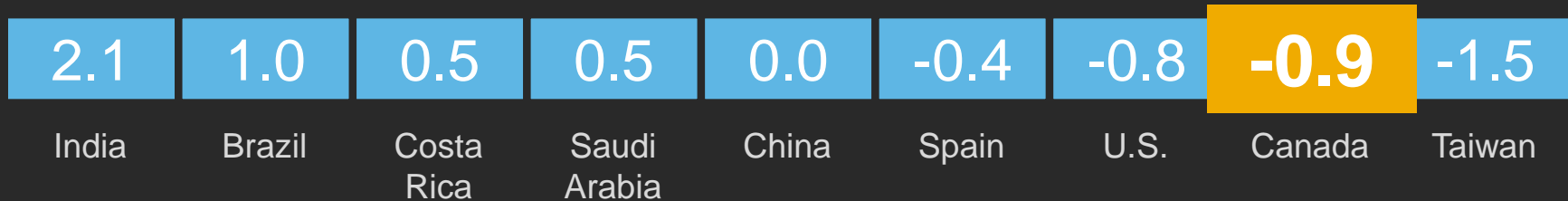
4

Technology

## Growing Competition for Talent

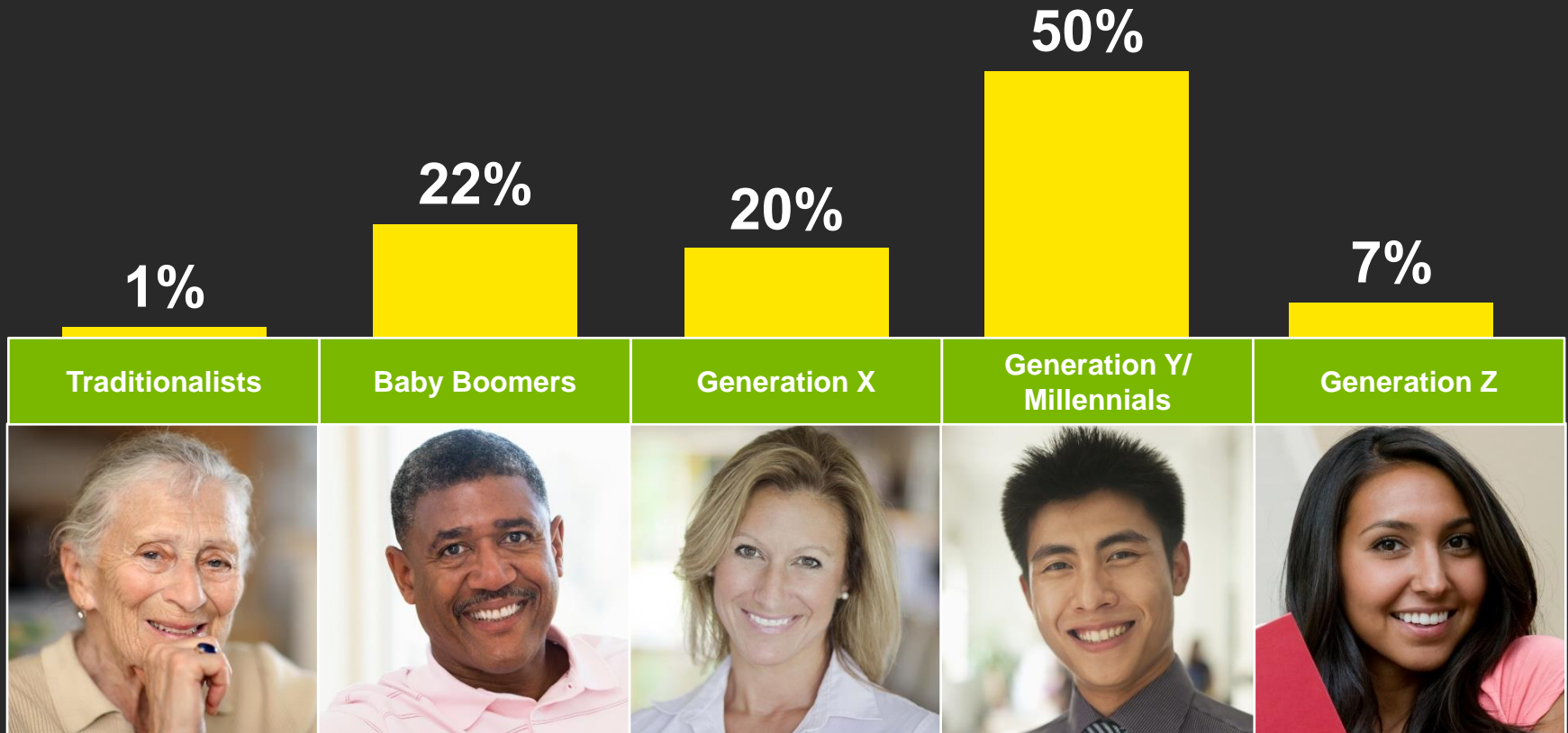
### The mismatch between supply and demand for talent in 2021

Average annual percent change in the talent deficit/surplus



## Workforce 2020

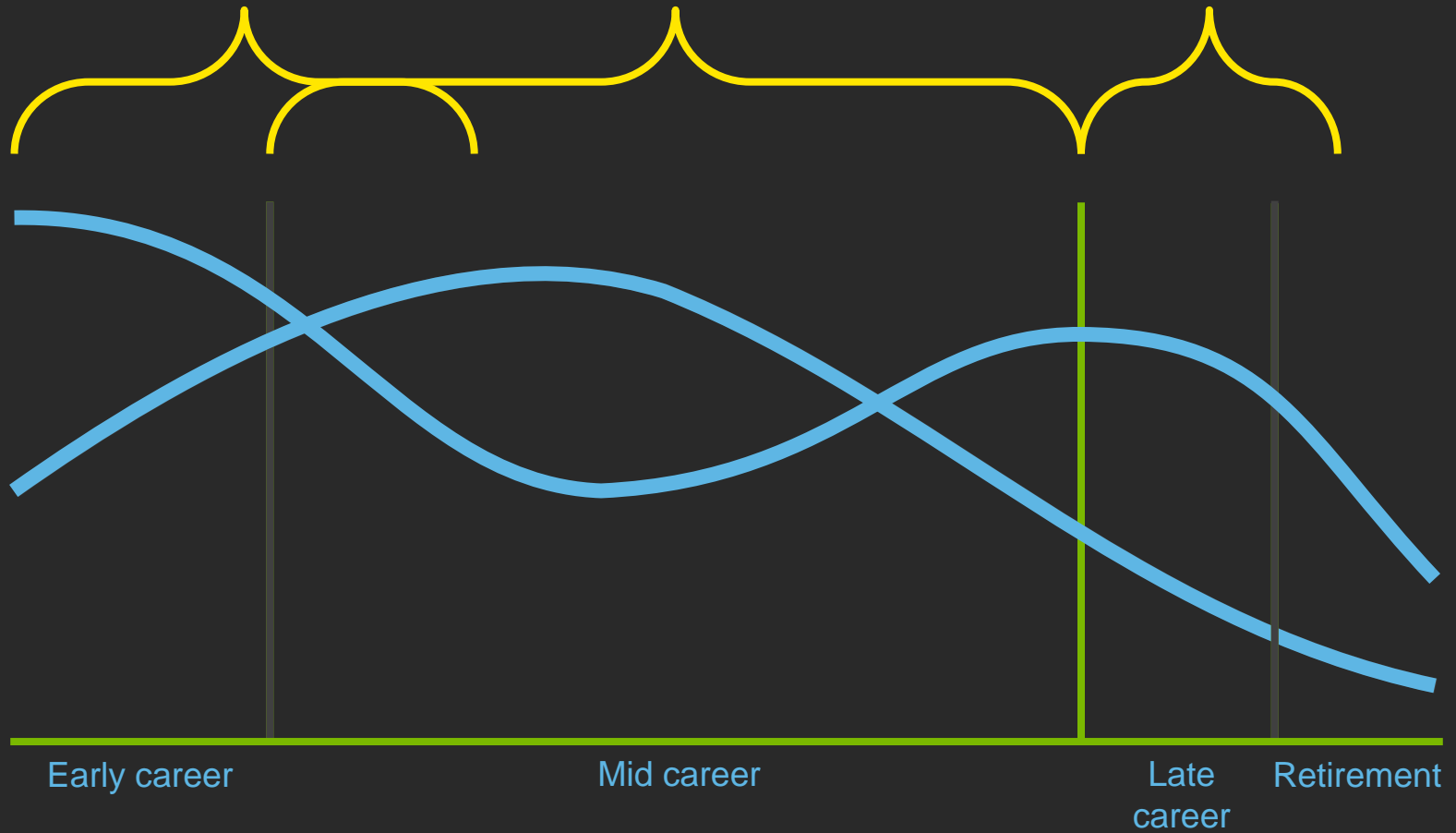
By 2020 there will be five generations of employees working together



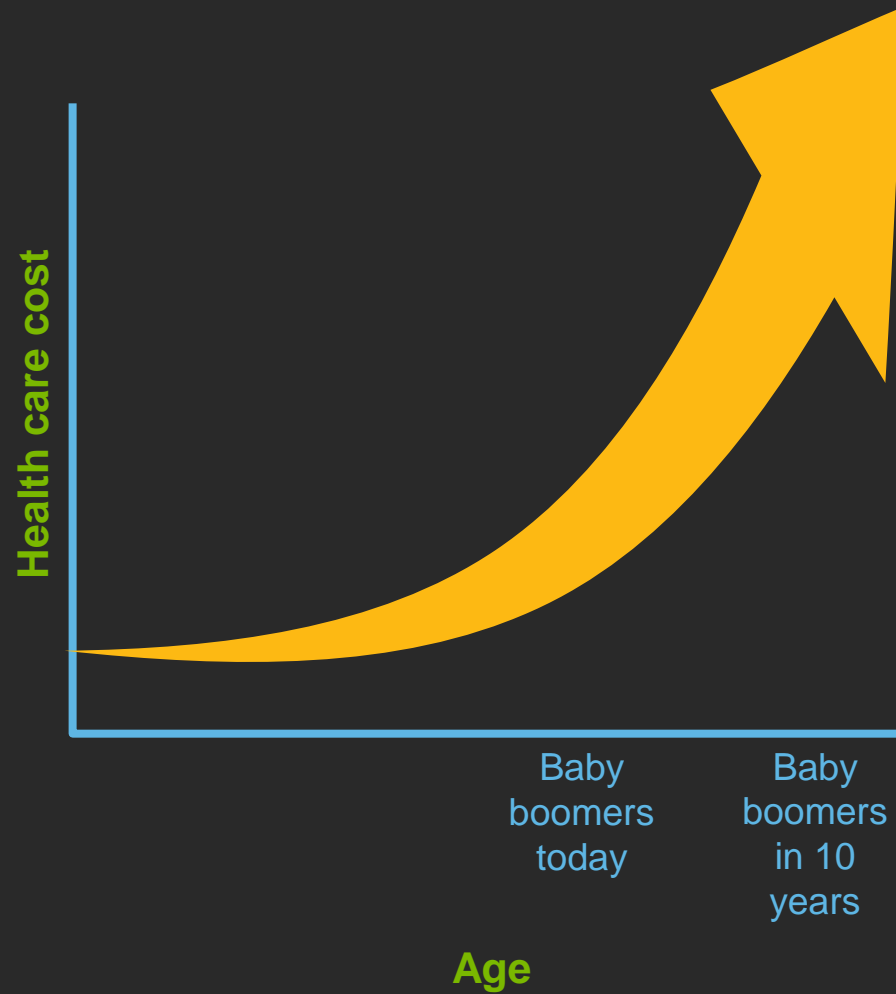
Source: Future Workplace Survey

# Changing Workforce Demographics

Your workforce ~~is~~ <sup>is</sup> ~~20 years~~ <sup>20 years</sup> ~~ago~~ <sup>ago</sup>



# Aging Baby Boomers



Delivering Healthcare to

# Millennials... and Generation Z

## Health Care Delivery

- Expectations
- Technology
- Preferred practitioners

## Employer Health Delivery

- Health vs. benefits
- Flexibility
- Access to information

## Engaging Millennials

- Benefits?
- Health
- Experience!



# 4 key factors leading the way to 2025

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Demographics

2

Public health:  
Public health  
delivery

3

Lifestyle

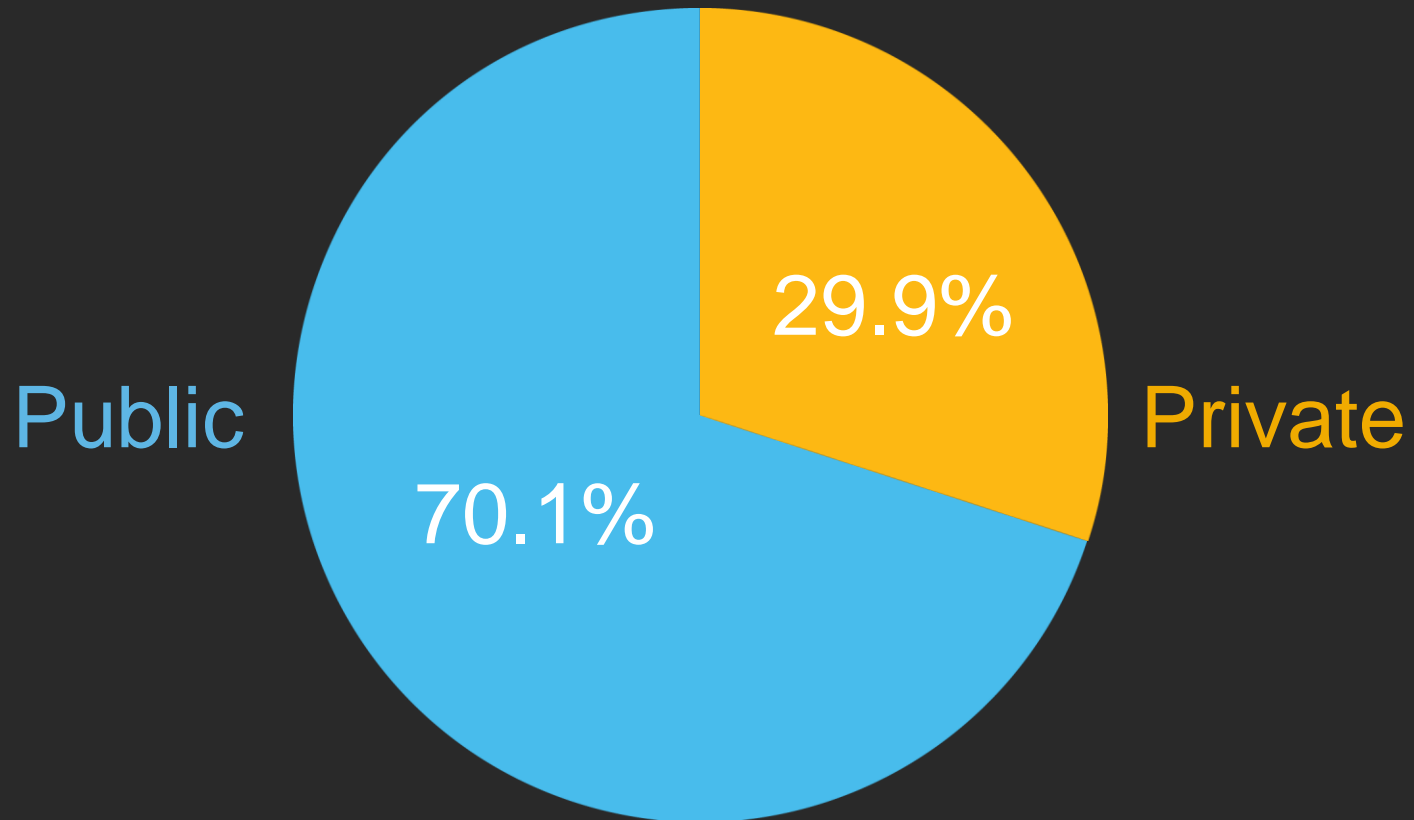
4

Technology

# Historical role of public healthcare in Canada

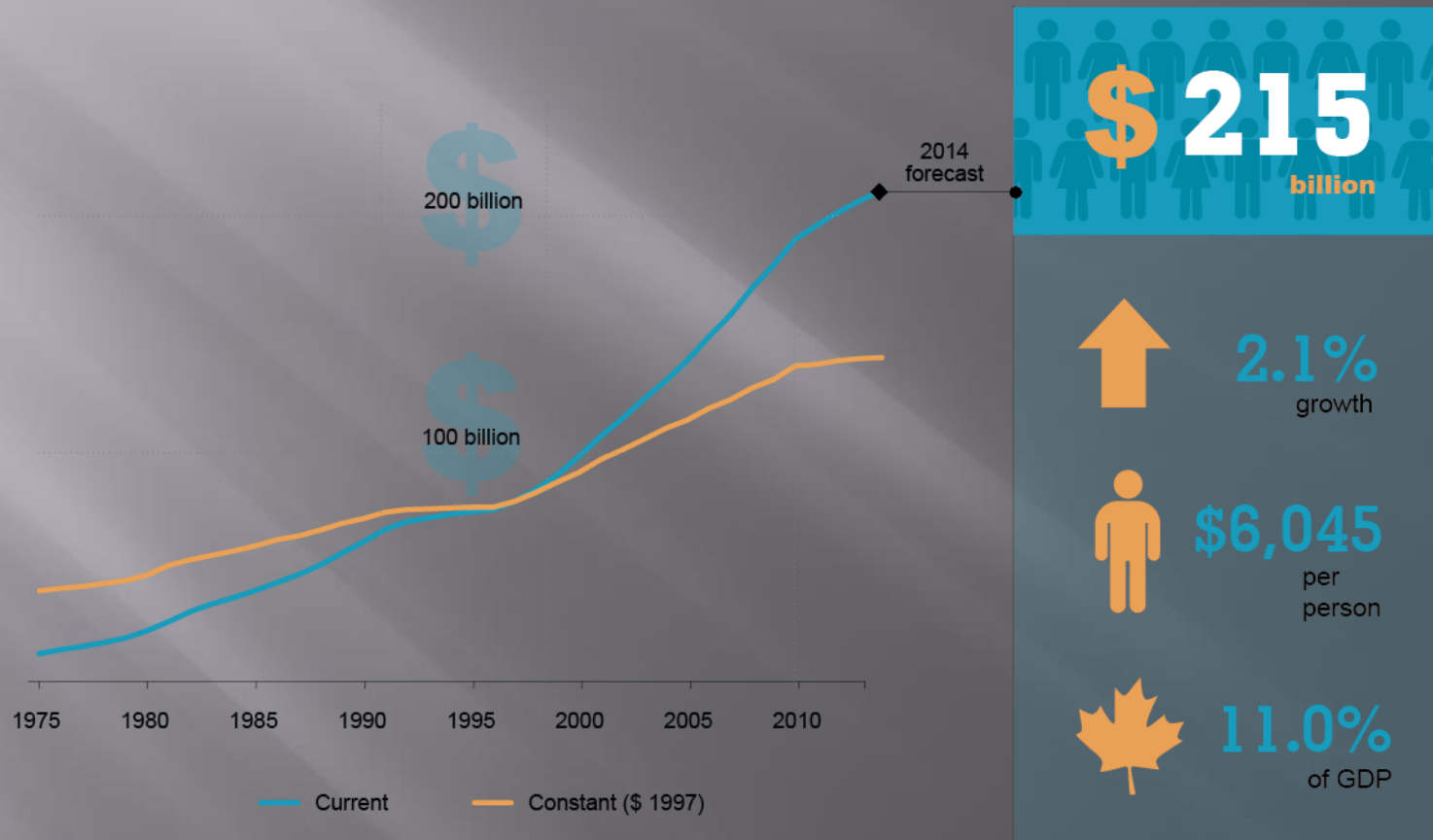
- **As outlined in the Canada Health Act (CHA)**
  - Comprehensive
  - Universal
  - Publically administered
  - Portable
  - Accessible
- **Defining comprehensive**
  - “All insured health services provided by hospitals, medical practitioners or dentists”
  - Leaves significant range for debate on definition
- **Federal versus provincial**
  - Some (declining) federal funding
  - Balance of funding is provincial
  - Provincial delivery within CHA guidelines
- **Canada Health Transfer**
  - Health Accord expired March 15, 2014
  - Future funding increases based on Gross Domestic Product (GDP) growth

# Who Pays for What in Canadian Healthcare?



Source: National Health Expenditure Database, CIHI, 2013

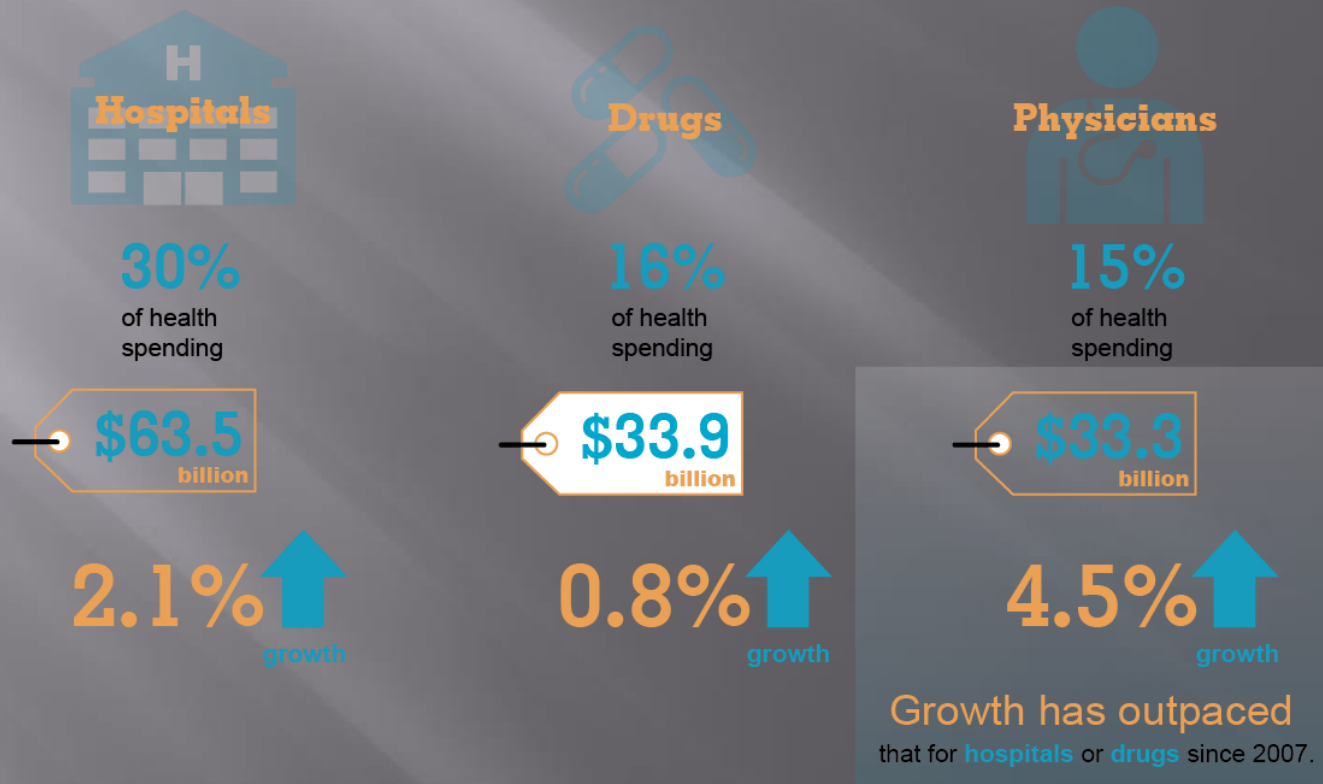
# Total Health Expenditure: Public + Private



Source  
Canadian Institute for Health Information, *National Health Expenditure Trends, 1975 to 2014*.

# Total Health Expenditure: Public + Private

- About 60% of total health expenditure in 2014 will be directed to hospitals, drugs and physicians



# How does Canada compare internationally?

## 2012

(year of most recent available data)



Per person (\$US)

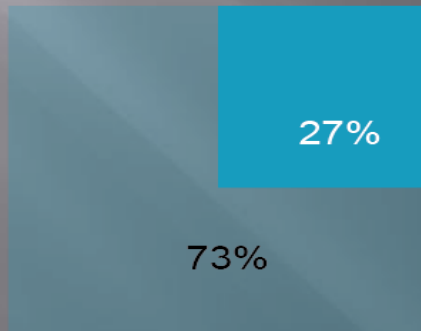
Public

Private

## OECD Average

9.4% of GDP

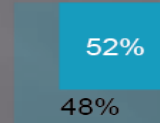
\$3,590



United States

16.9% of GDP

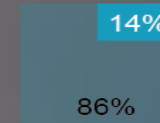
\$8,745



Netherlands\*

12.1% of GDP

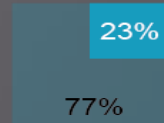
\$5,219



France

11.6% of GDP

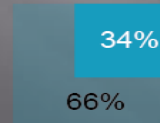
\$4,288



Switzerland

11.4% of GDP

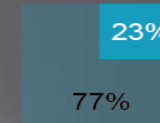
\$6,080



Germany

11.3% of GDP

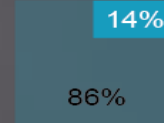
\$4,811



Denmark

11.0% of GDP

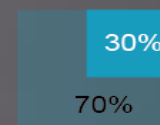
\$4,698



Canada

10.9% of GDP

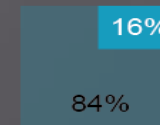
\$4,602



United Kingdom

9.3% of GDP

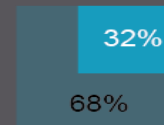
\$3,289



Australia\*

9.1% of GDP

\$3,997



Source

OECD Health Statistics 2014.

\* 2011 is the latest year available.

## Provincial Health Funding

How the bottom line is changing Canada's balance of power;  
While Ottawa is on the right road to financial stability,  
growing health care costs are going to leave  
provinces in a precarious position

By Andrew Coyne, Vancouver Sun. 28 September 2013

Managing the Costs of  
Healthcare for an Aging  
Population: Good – and Bad –  
News About Saskatchewan's  
Fiscal Glacier

CD Howe Institute, December 19, 2014

Health Care Costs Will  
Eat 97% of Provinces'  
Budgets As Canadian  
Population Ages

Canadian Medical Association.  
15 October 2013

Ottawa's overhaul of  
health-care funding has  
left enormous 'fiscal gap'  
for provinces,  
PBO warns

By Jason Fekete,  
Postmedia News, 26 September 2013

# Public health: How to balance future costs and funding

## Efficiency in delivery

- Shift to less expensive delivery

## Increasing funding

- Taxes – increasing taxes and/or increasing the allocation of tax revenue to healthcare
- User fees – can be used to support overall system funding issues
  - Cost effective care = Free / More expensive care = User fee (e.g. Emergency Rooms vs Doctors Offices)

## Rationing of services

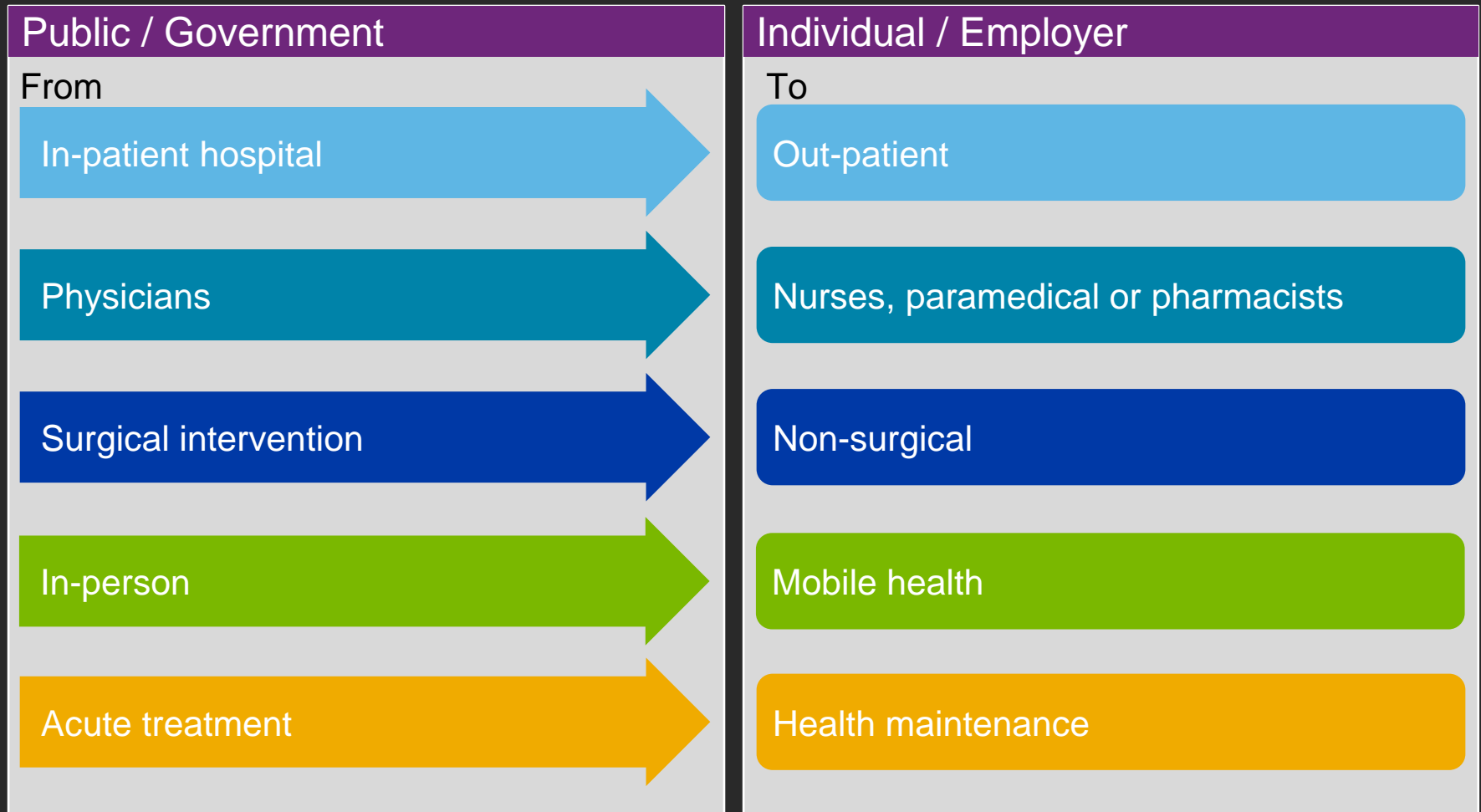
- Income testing – may go against universality of CHA but may be politically acceptable
- Limiting eligibility – 70 has become the new 65

## De-listing of non-essential services

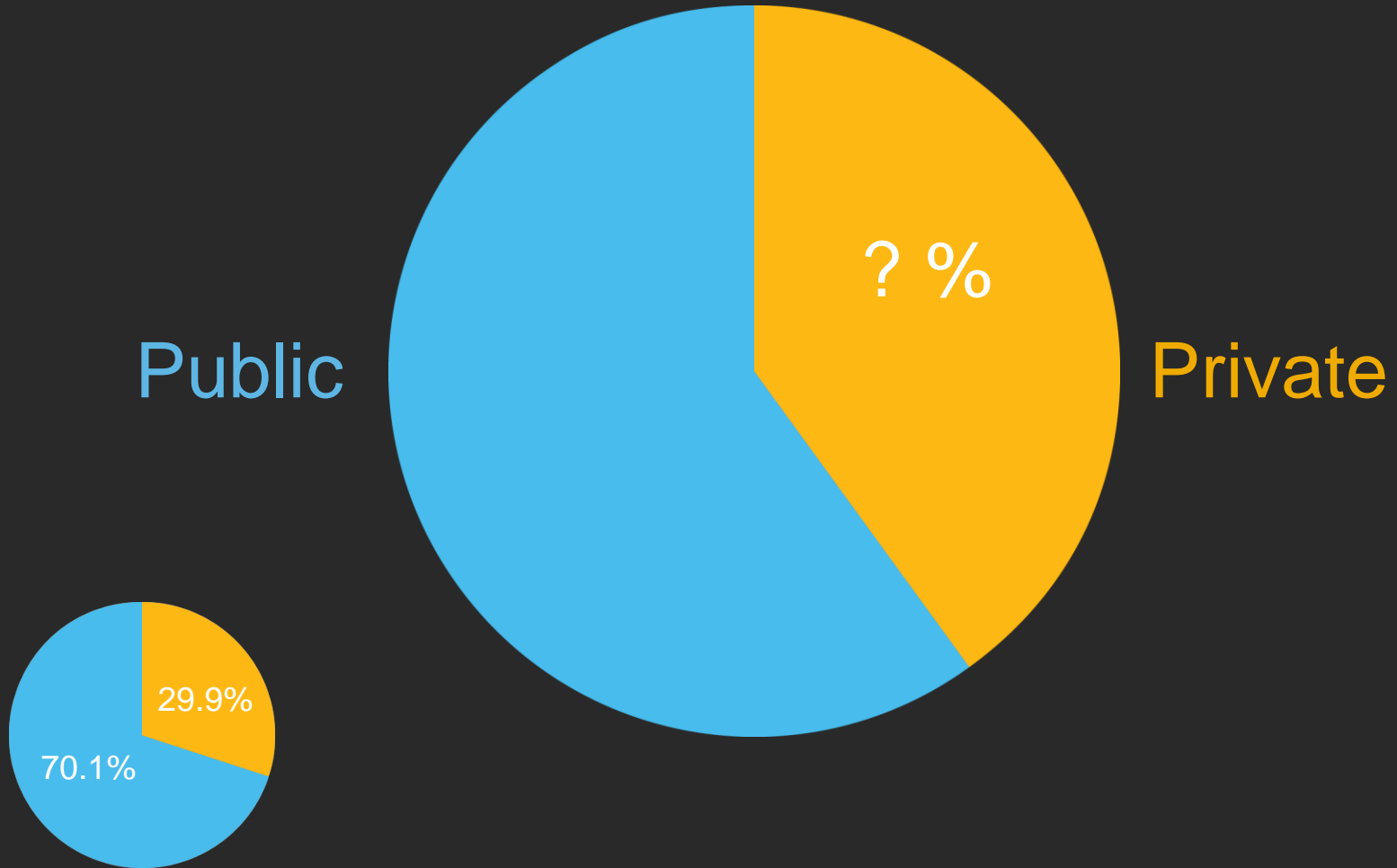
- Expect a growing list of private health services
- Recall that services such as dental care, chiropractor and physiotherapy were once part of provincial programs (now absorbed by employer plans)



# Shifting Delivery of Healthcare and the Canada Health Act



# Who Pays for What in Canadian Healthcare?



# 4 key factors leading the way to 2025

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Public health

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Lifestyle:  
Behaviour,  
lifestyle  
and  
behaviour  
change

4

Technology

# Lifestyle-based Health Challenges



Diabetes  
Coronary artery disease  
Hypertension  
Back pain  
Obesity  
Cancer  
Asthma  
Arthritis

**drive 15 chronic conditions**

Allergies  
Sinusitis  
Depression  
Congestive heart failure  
Lung disease (COPD)  
Kidney disease  
High cholesterol

**accounting for 80% of total costs for all chronic illnesses worldwide.**

## Lack of Knowledge?

**19.3%**  
smoke

Statscan, 2013

**60%** of men  
**45%** of women  
overweight or obese

Statscan, 2012

**14.4%**  
exceeded the  
amount of alcohol  
that leads to  
chronic effects

Canadian Alcohol and Drug  
Use Monitoring Survey, 2011

**46%**  
inactive

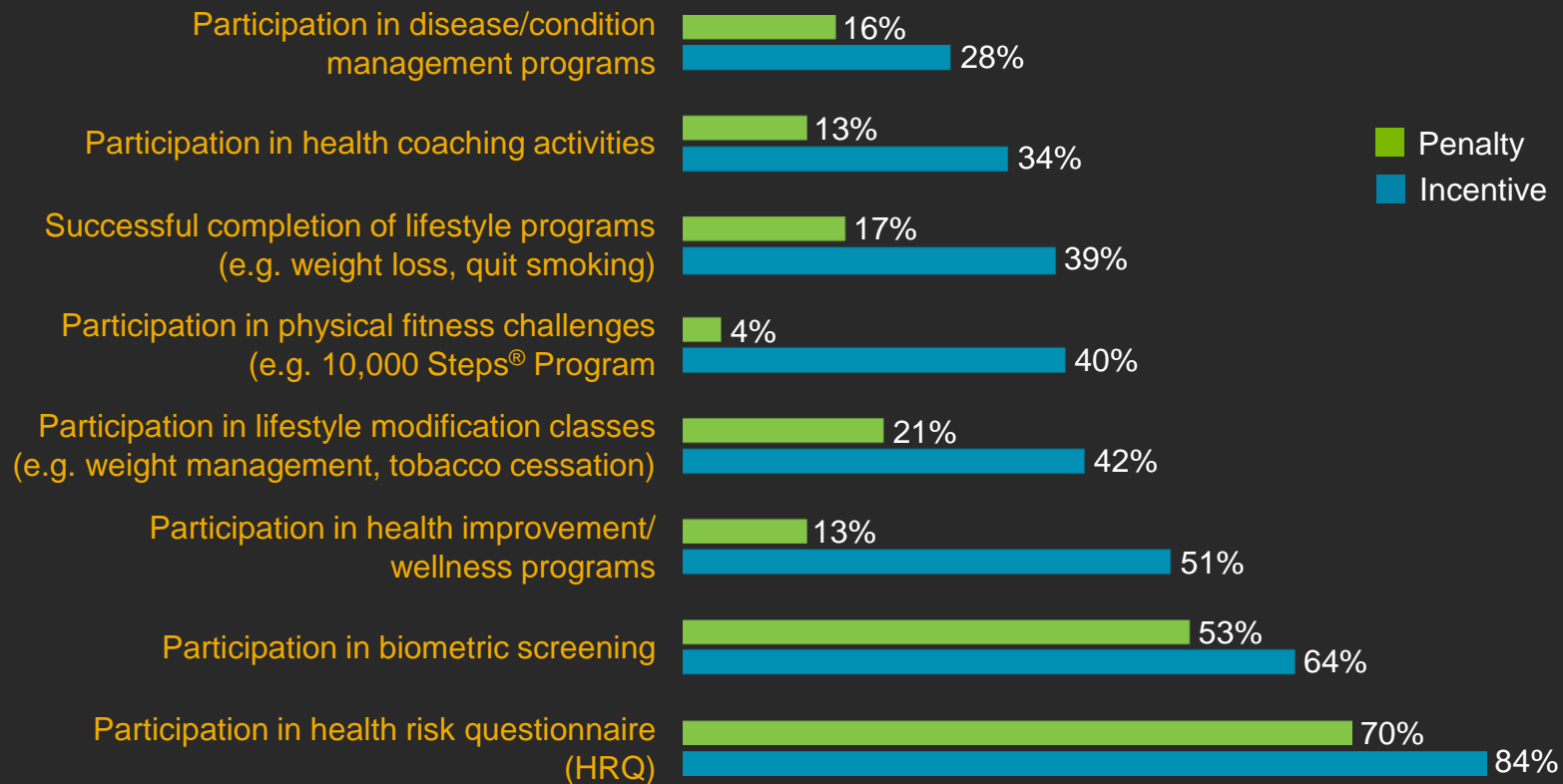
Statscan, 2011

**Misjudged risks**

59% who indicate at least  
good health are actually  
overweight or obese

Aon Hewitt, 2014

# Influencing Behaviour Through Incentives



- 37% approve of employers charging higher premiums if no participation
- 21% approve of higher premiums if health goals not met

– Kaiser Health Tracking poll, June 2014

# 4 key factors leading the way to 2025

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Technology

Changing everything

Medical advances

How individuals access  
the health system

How employers  
support health

Data and analytics







# Navigating the Future

Prepared by Aon Hewitt  
Health and Benefits



# Private plan sponsor's role

Covering what governments don't

- Prescription drugs
- Dental care
- Vision care
- Paramedical services
- Private duty nursing

Supplementing what governments cover

- Prescription drugs for seniors
- Semi-private hospital room
- Medical services & supplies

Choosing not to cover

- Long-term care
- Physician supplemental charges

Moving away from covering

- Retirees
- “Non essential services”
- Anything covered by someone else

Debating coverage for

- Health promotion / “wellness”

# How are you going to navigate this future?

- Should government cuts flow into employer plans?
  - Employer impact not high on government radar
- Likely greater variations between provinces as our 10+ health systems evolve
  - Greater challenges in managing plans across multiple provinces
- Demographic (increased demands of aging boomers) and government (cut backs to balance budgets) trends will mean cost shifting to either employers or individuals
- Balancing employer cost and employee health
  - Maximizing the value for the dollars spent
- We have a bit of time.....But not much

# Navigation Plans – Charting Your Course

**Effective plan  
management**

**Strategy and  
prioritization**

**Communication to  
all stakeholders**

**Being informed  
and prepared**

# Effective Plan Management means ...

## Managing the plan today

- You've focused on provider mgmt ... not as much on cost mgmt
- Do the basics right – take advantage of cost management strategies

## Managing the employee's health

- Increasing focus on pre-claim activities
- Beyond basic education to behaviour change

## Managing your data

- Integration of data:
  - Drug, disability, EFAP, HRA, engagement, etc.
- Understand drivers of health and health-related costs
- ROI can't be measured without a baseline

## Managing risk

- Employer large claim risk: large amount pooling
- Individual large claim risk: out-of-pocket maximums

If you could spend  
a dollar to:

- Pay a claim or;
- Prevent a claim

Which would you  
rather do?

# Health Strategy & Prioritization

If we can't afford to pay for everything for everyone,  
then  
we need to prioritize what our health plans provide

## Why do we assist employees with their health?

- Healthy, happy, engaged, productive employees

## What do we cover?

- Drug selection and prioritization
- Benefits plan design prioritization
- Separating wants from needs
- Separating insurance from cash flow management

## Who pays?

- Maximizing government coverage
- Pharmaceutical patient assistance programs
- Employers as the payor of last resort

If you had the option  
of paying for cancer  
treatment for one  
employee or  
eye glasses for 100  
employees, which  
would you choose?

# Communication to all stakeholders

Does your organization know that change is coming?

Do your employees? Union and non-union?

## What can you prepare them for today?

- Funding realities of public healthcare
- Interconnected role of public and employer health
- Your strategy toward health
- Shift from benefits to health
- Shift in role of employers in individual health
- Expectation that changes will be coming

No one likes  
change.

But people like  
surprises even  
less.

# Be informed and prepared

- Many of our underlying assumptions in Canadian healthcare are in flux
- Several changes in society playing a part:
  - Social
  - Demographic
  - Financial
  - Health

## Your survival guide

- Stay informed
- Start preparing now
  - Preparing yourself, your organizations and your employees
- Think about health, not benefits
- Embrace change
- Partner with advisors that can help

If you want to be prepared to navigate a storm, be sure to at least look at the weather forecast.





**Thank You**

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