

**TPG International Health Academy  
Canada Executive Trade/Study Mission  
May 4-9, 2019  
Executive Summary**



## **Introduction**

From May 4-9, 2019, the TPG International Health Academy and our delegation of 20 senior, United States based healthcare executives visited Toronto, Canada to embark on an immersive journey to understand the Canadian healthcare system. This mission marked the second trip the delegation has made to Canada over its history.

Over the four days of study the delegation learned that Canada has a more complex system than they may have previously assumed, with a number of challenges similar to the US healthcare system. The delegation met with a variety of professional perspectives including economic experts, insurance experts, primary and specialty care physicians, hospital administrators, industry association leaders, and regulatory and pharmaceutical industry experts to get to the bottom of the challenges and opportunities presented by the Canadian healthcare system.

## **Overview of the Canadian Population and Healthcare System**

Healthcare in Canada is delivered through the provincial and territorial systems and is a universal, publicly-funded healthcare system guided by the provisions of the Canada Health Act of 1984.

The total population of Canada is 37 million, with 90% of the population living within 100 miles of the southern border. The population has an average life expectancy of 81.1 years, in comparison to the United States at 78.7 years. For Canadians, a publicly-funded health system shines as a fundamental value for all residents to gain access to care and this sense of pride was evident throughout our visit.

Even with a mostly public system in place (approximately 70%), private coverage is still relevant as approximately 30% of Canadians' healthcare is paid for through the private sector. About two-thirds of Canadians have private drug insurance (and it was viewed as a strong system) and approximately 65% to 75% of Canadians have some form of supplementary health insurance related to more

specialty care (such as optometry). Many receive such coverage through their employers or secondary social service programs.

There are 14 different healthcare systems in Canada but universal drug coverage for those over 65 years of age is standard. Even with some success at the public healthcare level, we heard that Canadians are struggling to maintain a truly 'public healthcare system' due to budgetary restraints and demand.

## **The Economics of the Canadian Healthcare System and Funding**

In 2017, the Canadian Institute for Health Information reported that healthcare spending reached \$242 billion, or 11.5% of Canada's GDP. An analysis conducted by the Fraser Institute indicated that "although Canada ranks among the most expensive universal-access health-care systems in the OECD, its performance for availability and access to resources is generally below that of the average OECD country, while its performance for use of resources and quality and clinical performance is mixed." Most government funding (94%) comes from the provincial level and 40-50% of provincial budgets are healthcare related.

Pharmaceutical costs are set at a global median via government price controls. Traditional physicians receive a fee per visit which is negotiated between the provincial governments and the province's medical associations. Hospital care is delivered by publicly funded hospitals in Canada. Most of the public hospitals, each of which are independent institutions incorporated under provincial Corporations Acts, are required by law to operate within their budget.

To give this context, comparative to other countries, Canada's health spending per person in 2017 (CA\$6,082) was similar to spending in France (CA\$6,177), Australia (CA\$5,725) and the United Kingdom (CA\$5,373).

## **Pharmaceutical Overview**

The delegation received a briefing from Dr. Nigel Rawson on the state of the pharmaceutical industry in Canada.

In 2018, total drug spending comprised of the second-largest share (15.7%) of health expenditure in Canada, at \$39.8 billion, or \$1,074 per capita. Prescribed drugs represent approximately 84% of total drug expenditure. Non-prescribed drugs, which include over-the-counter drugs and other medical non-durables account for 15.4%.

Multiple payers are involved in financing drugs. In the public sector, these payers include provincial/territorial programs (\$12.2 billion, \$330 per capita), federal direct drug subsidy programs (\$0.83 billion, \$22 per capita) and social security funds (\$1.3 billion, \$36 per capita). In the private sector, payers include private health insurance (\$12.3 billion, \$333 per capita) and households or individuals paying out of pocket (\$13.1 billion, \$354 per capita).

Conclusions from the discussions on the Canadian pharmaceutical system included:

- Canadian prescription drug insurance processes will face several challenges over next few years and potential reform.
- High prices are threatening sustainability of both public and private insurance systems.

- Proposed changes have potential to decrease Canada’s attractiveness for pharmaceutical manufacturers.
- There is a potential for delays in, and denial of, patient access to new innovative medicines that can provide life-changing outcomes.

In comparison to the US, the delegation learned the pharmaceutical system faces a number of similar challenges when it comes to pharmaceutical policy, including:

- Federal regulatory approval lag time
- Complex health technology assessment processes
- Price controls and negotiations
- Drug plan reimbursement
- Proposed system changes

### **Government Drug Programs in Canada**

Government drug programs offer some coverage to about 25% of Canadians. Complex systems of deductibles, copayments and premiums and, for many drugs, special or restricted access criteria exist.

- Variation in patient eligibility, out-of-pocket expenses, and which drugs are covered
- There are significant inequalities between and within provinces.

Our experts shared that there is a good deal of dissatisfaction with government plans and they anticipate reform on the horizon.

### **Digital Health and Innovation**

During the program, the curriculum shined a spotlight on digital health innovations and the impact on the Canadian healthcare system.

Sarah Hutchison, Chief Executive Officer, OntarioMD spoke about Ontario’s experience in primary care digital health integration and how they are building partnerships to help physician practices advance electronic medical records (EMRs), products and services with the goal of enhancing the delivery of patient care.

Dr. Darren Larsen, Chief Medical Officer, OntarioMD, followed up on Sarah’s presentation by digging into how data will be the route to quality in Ontario. Specifically, Dr. Larsen shared data on the EMR Quality Dashboard— a tool that will greatly increase practice insights, enable effective translation of health system priorities to the practice level, and support measurement of integrated care delivery.

He shared his first-hand experience of how their work has demonstrated OntarioMD’s ability to advance primary care quality improvement through the adoption of the dashboard and by delivering practice change management support. The program is gaining support for future provincial expansion.

## Recap of Canadian Healthcare Site Visits and Contact Information

During the mission, the delegation had the unique opportunity to visit four different health care institutions, including:

- Kensington Health
- Mountainview Residence
- Pack4U Ontario
- Women's College Hospital

### Kensington Health

Kensington Health is a unique, non-profit, health and community care organizations in Canada. The facility provides a diverse range of services including long-term, hospice and community care, cancer screening, ophthalmology, and eye tissue processing for transplant.



**Contact:** Donna Punch, Vice-President, Ambulatory Services, **Kensington Health**  
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### Mountainview Residence

Mountainview Residence is owned and operated by the Summer family who not only work there but live right on the property. Seniors are able to enjoy an independent lifestyle with comfortable accommodations, personal care, and other supportive services.



**Contact:** Christoph Summer, Administrator, Mountainview Residence  
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## Pack4U Ontario

Pack4U is an adherence solution provider, spencer accelerator, and pharmacy network company located in Ontario. The delegation received a behind the scenes tour of the onsite medication packaging facility.



**Contact: Teresa Pitre, BSc, BScPharm, RPh, General Manager, Pack4U Ontario**  
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## Women's College Hospital

**Women's College Hospital** is a teaching hospital and maintains a focus on women's health, research in women's health, and ambulatory care. The discussion focused on innovation in research and care delivery.



**Contact: Kyla Pollack Behar, WIHV Manager, Women's College Hospital**  
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## General Impressions and Conclusions

The Canadian healthcare system is a single-payer system with some challenges when it comes to healthcare wait times (estimated that there's only one physician per roughly 1,000 people) as well as public coverage not truly covering all visits, with a good deal of private insurance being utilized, and drug costs on the rise.

- **How did Canada measure up to the US?**

The comparison of Canada with the US showed that the Canadian health system has many similarities to the US including an aging population causing stress on its system, and on the ability to reduce cost and improve quality across the system. The change they are seeking was steeped in the opportunities presented by digital health innovations.

- **What is the overall mindset of local Canadian healthcare experts when it comes to change?**

The Canadian outlook was positive and receptive to change. As an example, while there, we heard from our experts that there is a current plan in the works for a reformed system that will see the current fragmented sectors come together under the oversight authority of a single super agency known as Ontario Health to eliminate care silos that currently exist.

- **What is the government's current and future focus in healthcare?**

A major emphasis will be placed on improving digital health so that patients will have easier access to primary-care providers, such as family doctors and nurse practitioners. Patients will be able to make appointments online, have "virtual" appointments, and get computer access to their own health records. This was clearly a theme from both the Ontario MD speech and the Women's College Hospital site visit.

- **What's the overall sentiment about the hospital system?**

Overall sentiment was that the Canadians are banking on transformational technology to be a key driver to enable better patient care in hospitals, which will come at a price and will need support from already constrained government healthcare budgets. Lastly, while Canadians support their care model, there is no denying the wait times to see physicians are extraordinarily high in comparison with the US. It is not uncommon to see people move to new provinces to seek different coverage when suffering from difficult-to-manage, or severely expensive, diseases.

In closing, we are very appreciative of the time our Canadian healthcare neighbors took to share their best practices and challenges with our group. We hope you enjoyed learning about the Canadian healthcare system and culture as much as we did!

Until next time in Stockholm, Sweden from October 12-17, 2019, here's a group picture from the May 2019 Toronto, Canada Trade/Study Mission:

