Unleashing Innovation—Synopsis of a Recent Policy Report

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The Advisory Panel on Healthcare Innovation reported in July 2015, identifying five broad themes for reform. To enable progress on these themes in partnership with stakeholders, provinces and territories, the panel also recommended creation of an arm's-length national health innovation agency. The new agency would consolidate three existing organizations, and oversee a new federal fund with a target annual outlay of $1 billion per annum to support the development, evaluation, and scaling of sustainable healthcare innovations.

In June 2014, federal Health Minister Rona Ambrose launched an advisory panel to identify the five most promising areas of healthcare innovation in Canada and internationally, and recommend ways that the federal government could accelerate innovation in these areas across the nation. After wide consultation and extensive research, the panel's 126-page report was released in July 2015. This synopsis accordingly has a greater than 500 to 1 compression ratio, but does offer readers a snapshot of the panel's framing of the issues and findings.

Several observations shaped our thinking about innovation themes and policy options.

a) Canada's provincial and territorial healthcare systems have many strong points. However, the totality of evidence and opinion left us with a strong sense that Medicare is aging badly (see, as an example, Exhibit 1 next page).

b) Healthcare everywhere is changing in response to aging populations, the revolution in information technology, greater engagement by patients in their own care, and unprecedented advances in medical technology, most notably the emergence of data-intensive 'precision medicine'.

c) Canada has excellent healthcare providers. However, in the current set of poorly integrated systems, these committed professionals often struggle to deliver the consis-

Exhibit 1: National Summary Scores on Health Systems Performance

	AUS	CAN	FRA	GER	NETH	NZ	NOR	SWE	SWIZ	UK	US
OVERALL RANKING	4	10	9	5	5	7	7	3	2	1	11
Quality Care	**2**	**9**	**8**	**7**	**5**	**4**	**11**	**10**	**3**	**1**	**5**
Effective Care	4	7	9	6	5	2	11	10	8	1	3
Safe Care	3	10	2	6	7	9	11	5	4	1	7
Coordinated Care	4	8	9	10	5	2	7	11	3	1	6
Patient-Centered Care	5	8	10	7	3	6	11	9	2	1	4
Access	**8**	**9**	**11**	**2**	**4**	**7**	**6**	**4**	**2**	**1**	**9**
Cost-Related Access Problems	9	5	10	4	8	6	3	1	7	1	11
Timeliness of Care	6	11	10	4	2	7	8	9	1	3	5
Efficiency	**4**	**10**	**8**	**9**	**7**	**3**	**4**	**2**	**6**	**1**	**11**
Equity	**5**	**9**	**7**	**4**	**8**	**10**	**6**	**1**	**2**	**2**	**11**
Healthy Lives	**4**	**8**	**1**	**7**	**5**	**9**	**6**	**2**	**3**	**10**	**11**
Health Expenditures per Capita, 2011*	$3,800	$4,522	$4,118	$4,495	$5,099	$3,182	$5,669	$3,925	$5,643	$3,405	$8,508

Adapted from Davis K. Stremikis K, Squires D, et al. *Mirror, Mirror on The Wall: How the Performance of the U.S. Health Care System Compares Internationally*. New York (United States): The Commonwealth Fund; 2014. Available from: www.commonwealthfund.org/~/media/files/publications/fund-report/2014/jun/1755_davis_mirror_mirror_2014.pdf

tently high-quality care that Canadians deserve. Several professions are also constrained from using the full range of their skills by, variously, Medicare's deep but narrow scope of coverage, misaligned incentives, and outmoded regulations.

d) The Panel was informed repeatedly about impressive innovations in healthcare at the local or regional level that were not scaled up province-wide, let alone across Canada.

e) As is true across the OECD, provinces and territories have been making real progress in cost containment since the global financial crisis of 2008-09. However, Canada's spending remains well above the OECD average. The panel was struck by an emerging consensus that a shortage of operating funds is not the primary cause of our middling performance.

f) Notwithstanding a number of promising initiatives by the Council of the Federation, Canada's subnational jurisdictions lack catalytic funding and in some cases a critical mass of expertise to make substantial changes in the way their healthcare systems work.

The panel's overall diagnosis was therefore sobering: Without concerted action on several fronts, Canada's healthcare systems, including the federal government's programs focusing on First Nations and Inuit health services, were likely to lose more ground in the years ahead.

These considerations also led the panel to delineate five themes for promotion of innovation and policy reform. Detailed recommendations for advancing each theme can be found in the report.

1. Patient Engagement and Empowerment

We found many promising initiatives in patient engagement across Canada, but these tended to be local or regional in scope. A clear gap accordingly persists between the rhetoric of patient-centred care and the reality for many patients and families—and must be closed with improvements in mobile health technology, patient portals for record access, and involvement by patients in co-designing healthcare at all levels—clinical, institutional, and system-wide.

2. Health Systems Integration

Better integration of care around the needs of patients has had a transformative effect on quality, continuity, and efficiency of care in US health plans such as Kaiser Permanente or Inter-Mountain Health. Various 'Obamacare' reforms, such as bundled payment models and Accountable Care Organizations, provide models for incremental integration. Adoption of models of integrated care and budgeting is urgently needed in Canada, not least to deal with fragmentation of First Nations care or to cope with the aging of the general population.

3. Technological Transformation

Digital health and data-driven care hold great potential, but Canada is still lagging most peer OECD nations in standardization and uptake of information technology for healthcare. Moreover, the reliance on data-driven care is accelerating with the emergence of 'precision medicine' based on detailed biological characterization of individual patients. The panel accordingly made a number of recommendations aimed at addressing these two important and inter-related domains of technological transformation.

4. Better Value from Procurement, Reimbursement & Regulation

The panel concluded that, in general, Canada's healthcare systems do not have a strong value-for-money orientation. At the same time, in-

novative companies of all sizes are frustrated by a multi-tiered system for regulatory approval and fragmented purchasing arrangements in healthcare. A comprehensive suite of recommendations accordingly addressed issues ranging from collective purchasing and improved pricing of drugs to lay the foundations for pharmacare, to greater transparency in regulatory processes.

5. Effective Partnering with Industry

Many European nations, led by Denmark and the UK, have developed policies and processes to partner with industry for mutual benefit in healthcare delivery. Canada has lagged in this regard, but now has unrealized potential to punch above its weight in the development, commercialization, adoption and export of innovative healthcare products and services. The panel recommended federal leadership through a single organization mandated to drive opportunities for partnership of mutual benefit to industry and Canadians.

The panel heard repeatedly from stakeholders who favoured the creation of an arm's-length national innovation centre and an innovation fund as a means of breaking the current multi-jurisdictional gridlock and enabling innovation.

An innovation fund can be seen as a bookend to the 2011 decision by the federal government to slow the rate of growth in healthcare transfers to provinces and territories. These funds could support initiatives to break down structural barriers to change and accelerate the scale-up of promising innovations. In contrast to past practices and accords, monies would not flow on a formulaic basis to all jurisdictions. Funds would instead support initiatives leading to sustainable and scalable innovations in healthcare delivery, proposed by 'coalitions of the willing'—jurisdictions, institutions, providers, patients, industry and committed innovators of all backgrounds. The target outlay for the fund was benchmarked at $1 billion per annum, fiscal circumstances permitting. The panel also emphasized the need for staged growth towards this level of spending, with rigorous selection criteria, performance parameters, and measurement of milestones for any projects. This target reflects the fact that Canada spends about $220 billion a year on healthcare. Moreover, spending on health-related research and development in Canada is modest, with very little indeed directed to turning R&D into value-generating innovation. Last, in the latest federal budget, after eliminating debt-servicing costs, Ottawa spent $265 billion on programs and people—against which the proposed maximum outlay of $1 billion per annum amounts to less than 0.5 per cent.

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The new innovation agency would be supported from the fund, and also oversee its external allocations. The agency would draw on staff from the Canadian Foundation for Healthcare Improvement, the Canadian Patient Safety Institute and, after a transition period for completion of existing projects, Canada Health Infoway, consolidating the mandates of these agencies, and creating a centre of expertise to support sustainable improvements in healthcare delivery.

Two other cross-cutting foci for federal action were identified by the panel. The first is consensus building across jurisdictions on ethical and social issues, or, where applicable, passage of relevant federal legislation, e.g. patient protection against potential genetic discrimination. The other is a new refundable health tax credit to mitigate the effect of rising out-of-pocket spending on healthcare. These costs bear differentially on the elderly and those of any age with low incomes and chronic diseases. The tax revenue foregone would be offset by taxing employer-funded health benefits, as already occurs in Quebec.

Canada's healthcare systems remain a source of national pride, providing important services to millions of Canadians every week. Nonetheless, the scope of public coverage is narrow, our overall performance by international standards is middling, and serious pressures on the system can be anticipated in the next fifteen to twenty years.

The panel was well aware of the recurrent inter-jurisdictional tensions that have arisen around Medicare, and the appeal of disentanglement. On the other hand, the reality is that Canada's national set of medicare programs was effectively created by Conservative and Liberal governments through three landmark pieces of legislation in the 1950s, the 1960s, and 1980s. Moreover, the proposed model for re-engagement by Ottawa seeks to side-step the pitfalls of conditional fiscal federalism in the mutual interests of all jurisdictions.

The panel understands that this model depends on an ethos of partnership, and a shared commitment by all governments to scale existing innovations and make fundamental changes in incentives, culture, accountabilities, and information systems. While this may seem to be a tall order, the stakes are high. Absent concerted action of this nature by the federal, provincial and territorial governments, there is every probability that Canada's healthcare systems will continue to lose ground relative to international peers. **P**

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