



Health Care Cost Drivers in Canada During the Last Decade

Presentation to the 2012 CAHSPR Conference

May 29, 2012



Canadian Institute
for Health Information

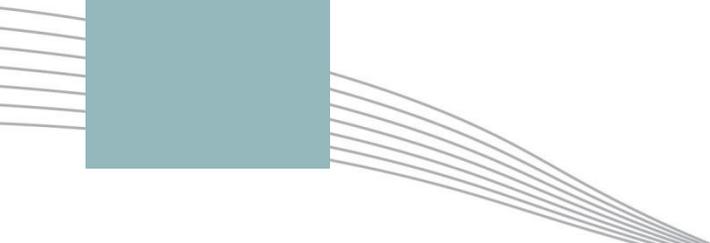
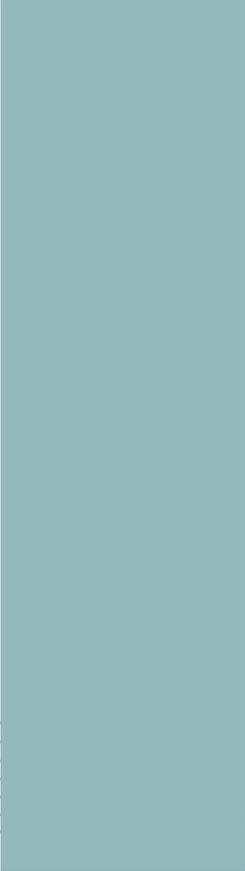
Institut canadien
d'information sur la santé

Objectives of the Analytical Project

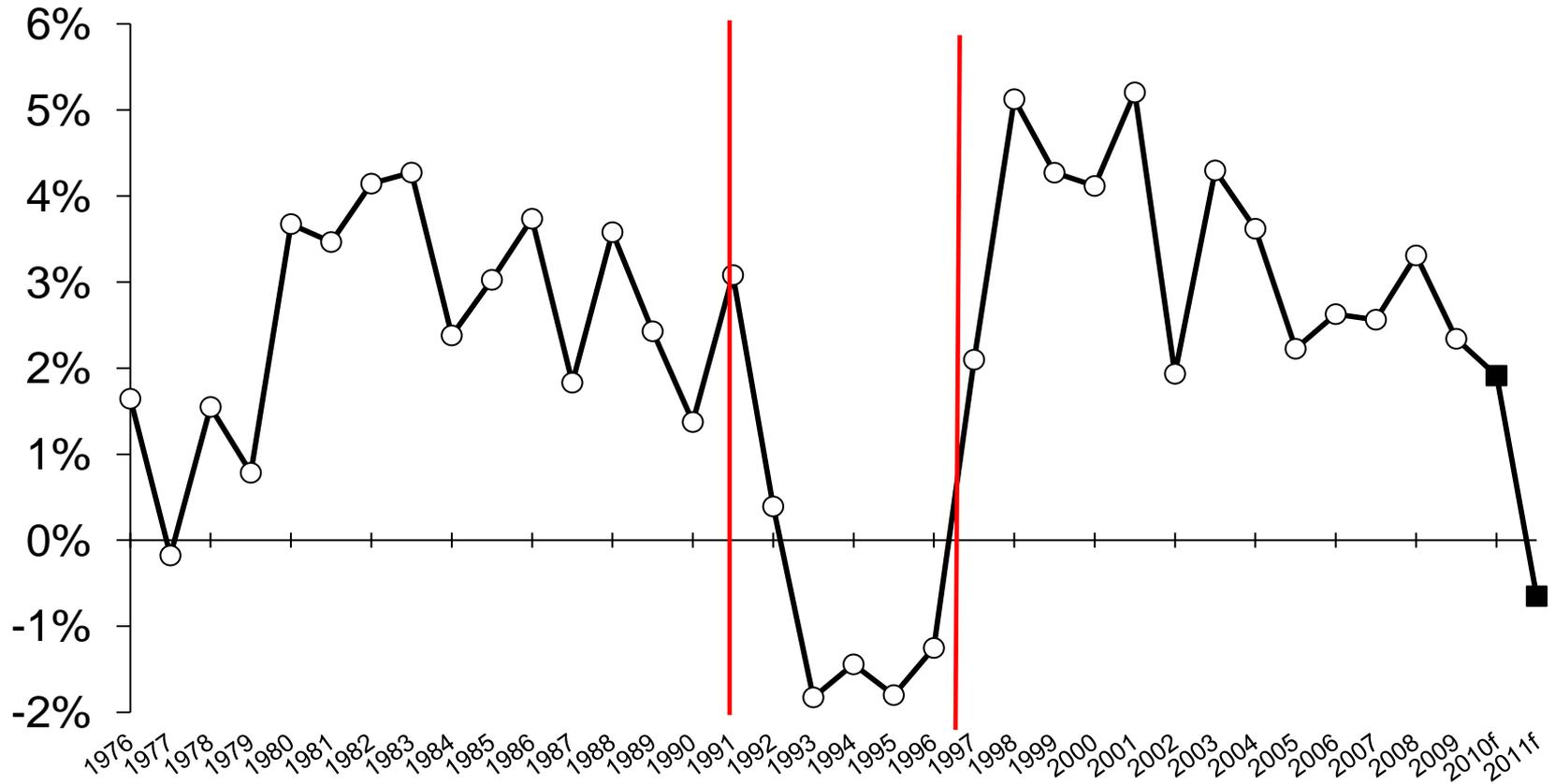
- Using a common analytical framework, including population growth, aging, price and volume effects, this analysis:
- Provides key findings on the cost drivers of public-sector health spending in the last 10 years:
 - Physicians
 - Drugs
 - Hospitals
 - Other (long-term care, technology, etc.)
- Documents Canada's situation compared with other OECD countries
- Provides insight into future considerations.



Key Findings



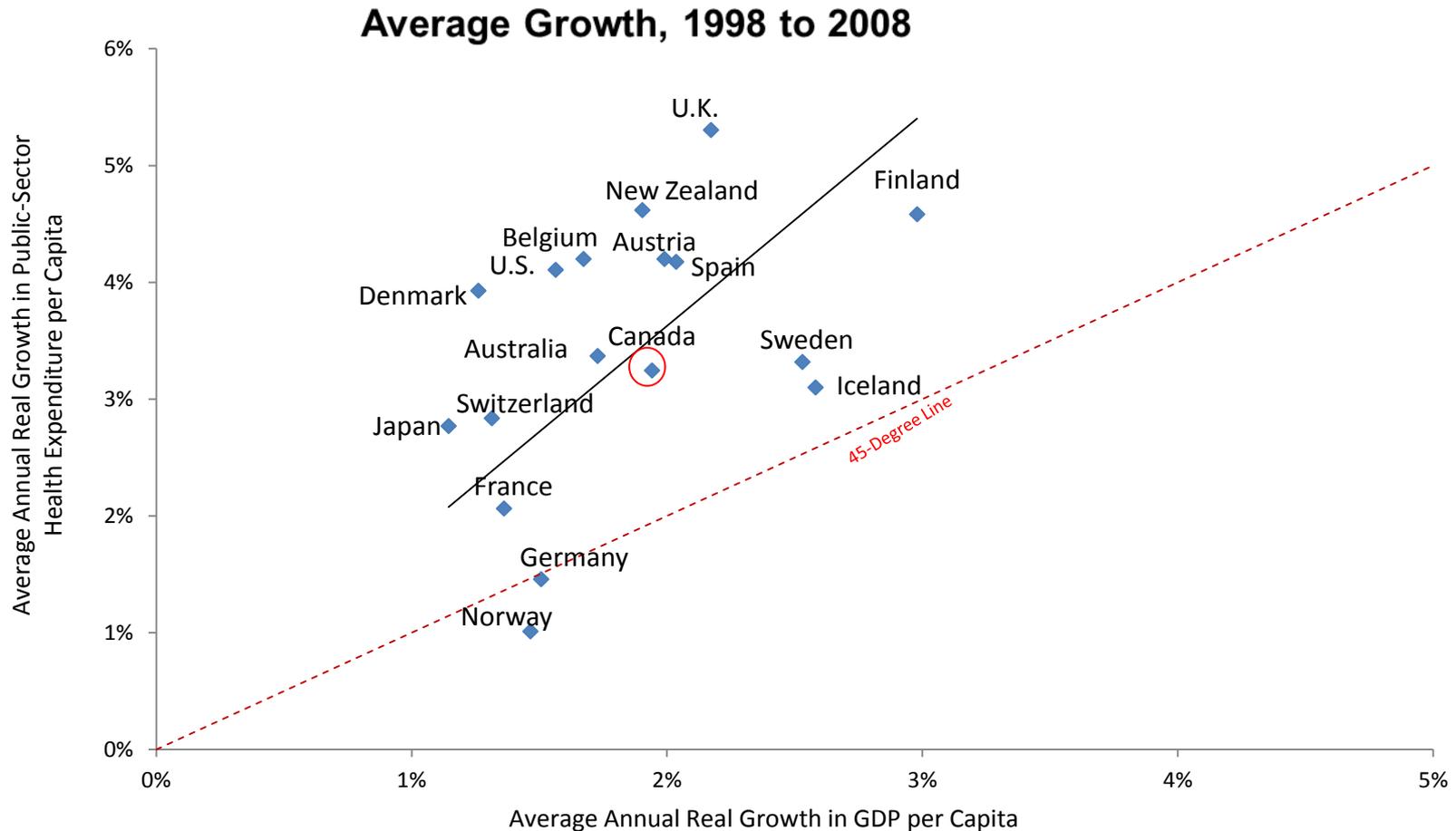
Public-Sector Health Expenditure per Capita, Three Phases, Annual Growth Rate in Constant 1997 Dollars, Canada, 1976 to 2011



○ Real per Capita (Inflation and Population Adjusted)

■ Forecast

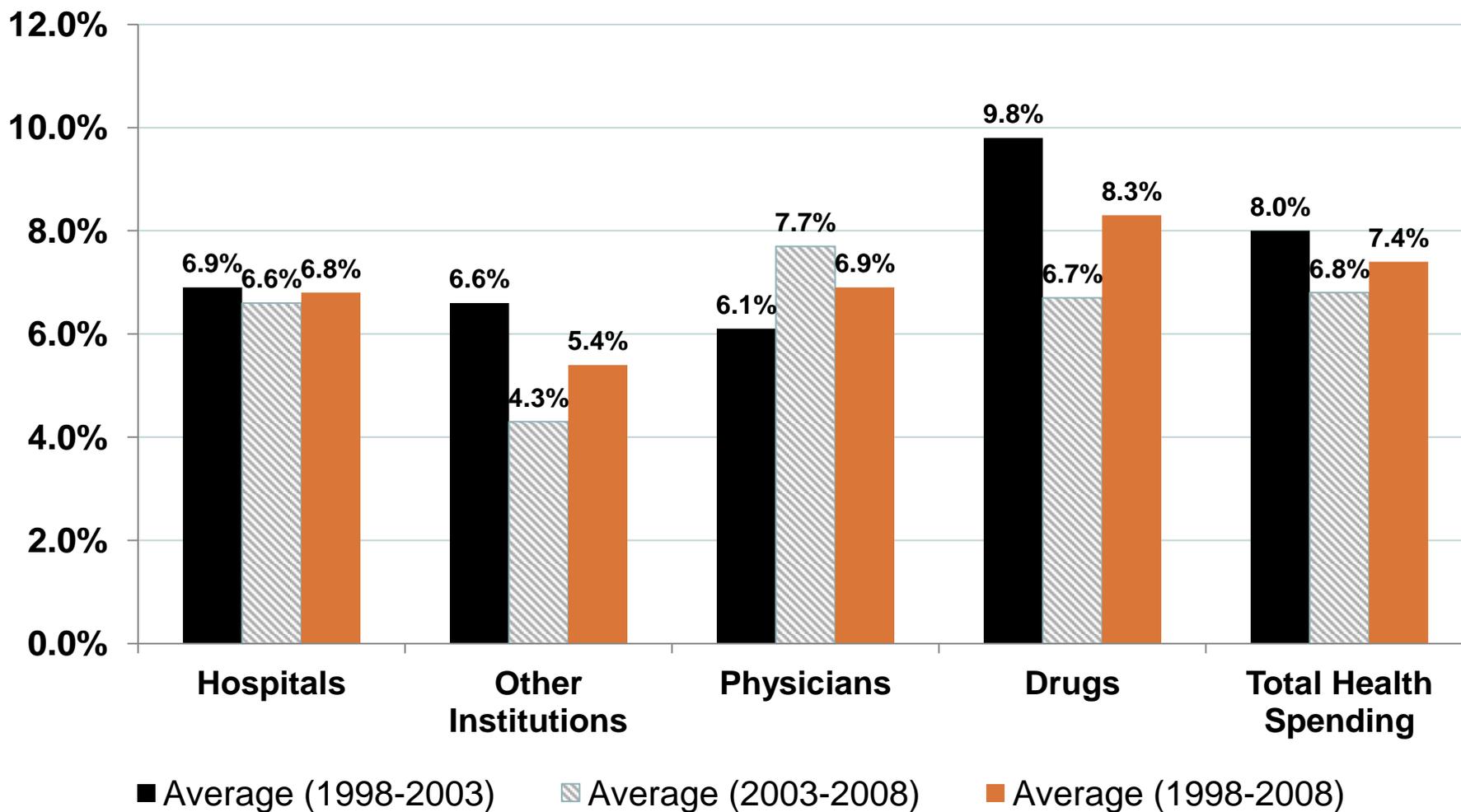
Positive Correlation Between GDP Growth and Public-Sector Health Expenditure Growth



Growth in Public Sector Health Spending Lower in the Second Half of the Decade, Except for Physicians



Average Annual Growth on Selected Categories (Nominal)



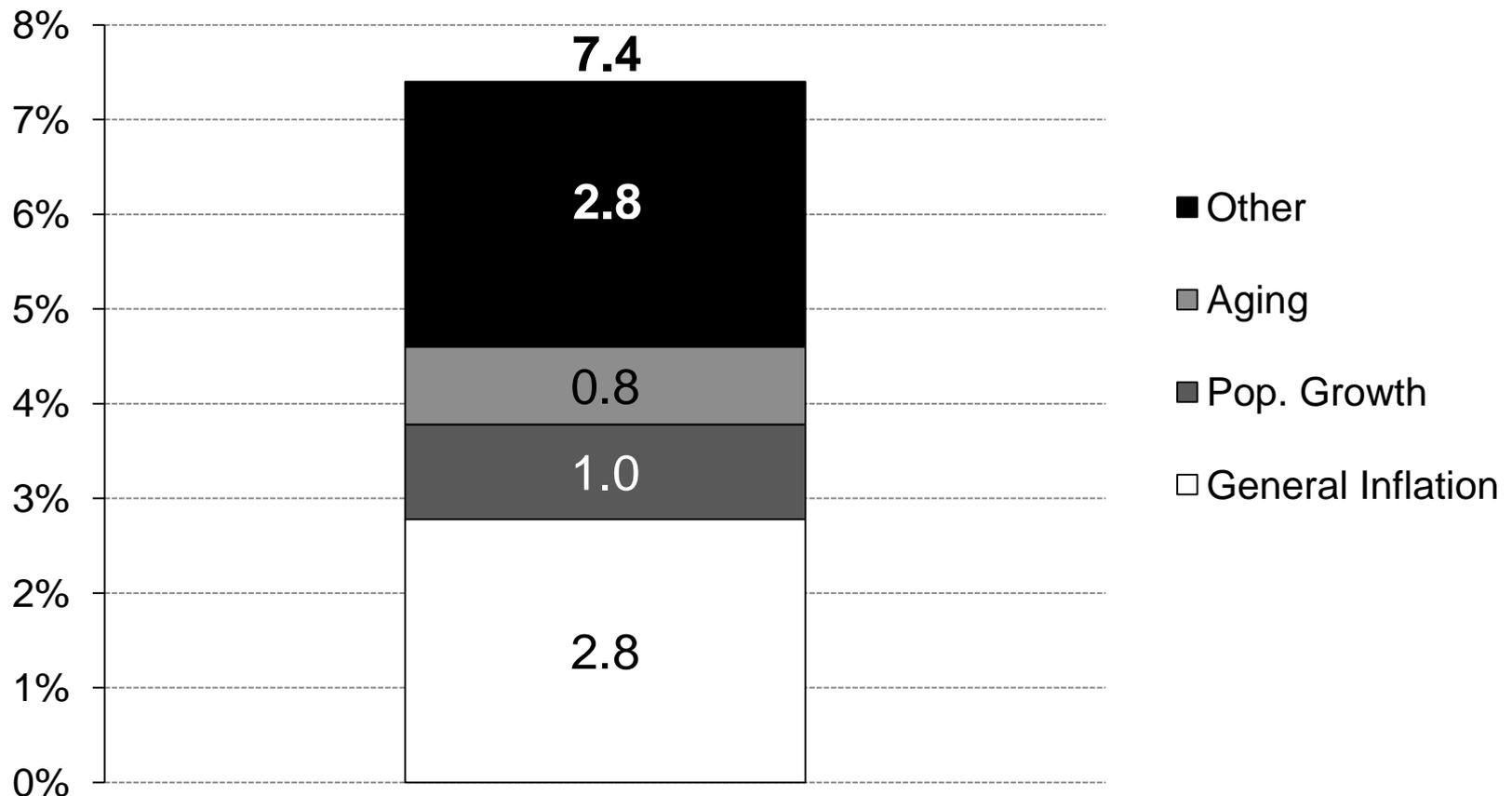
Sources

National Health Expenditure Database, CIHI; Statistics Canada

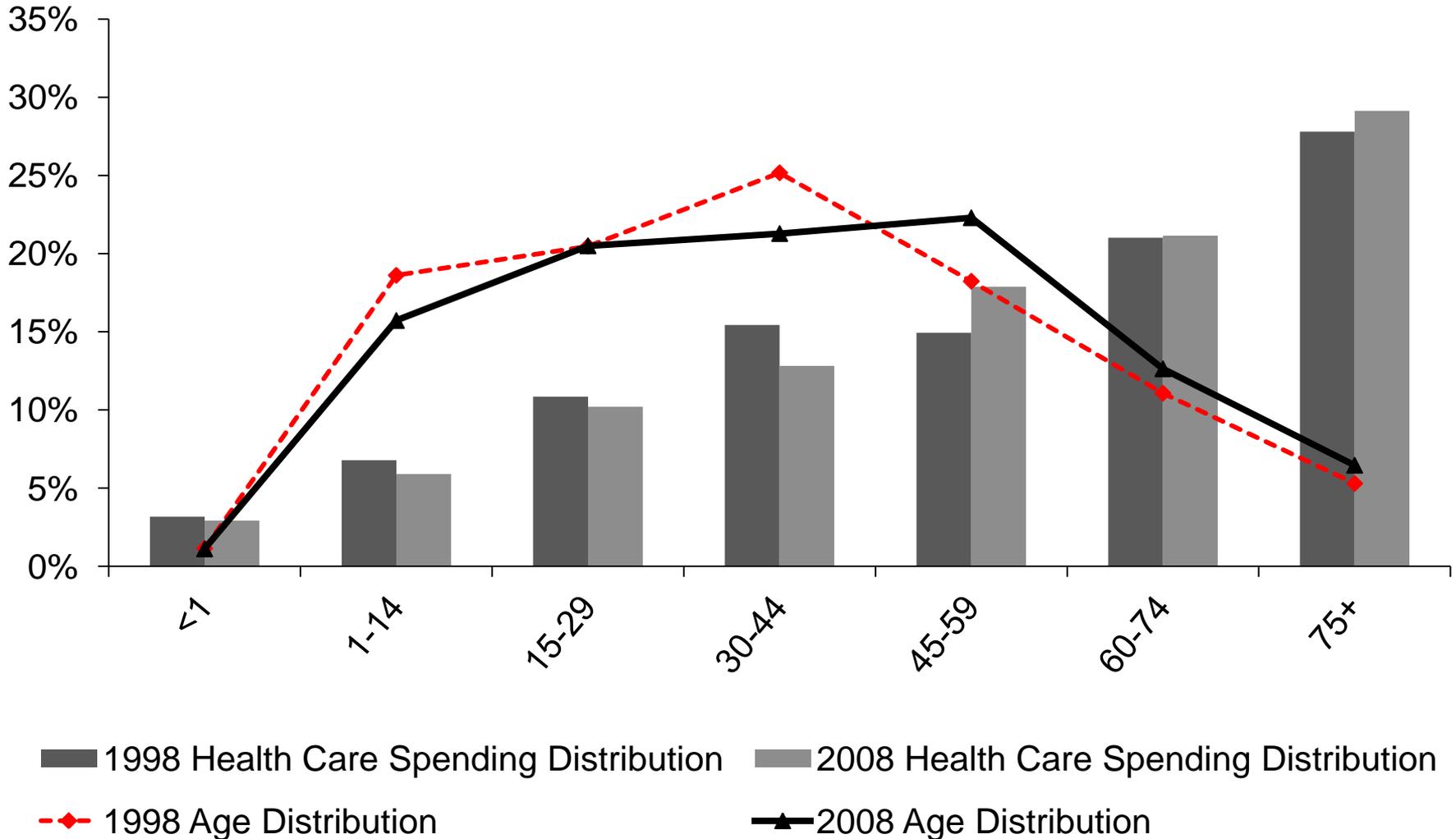
Aging Account for Less Than 1% of the Growth in Total Public-Sector Health Spending



Average Annual Growth Rate, 1998 to 2008



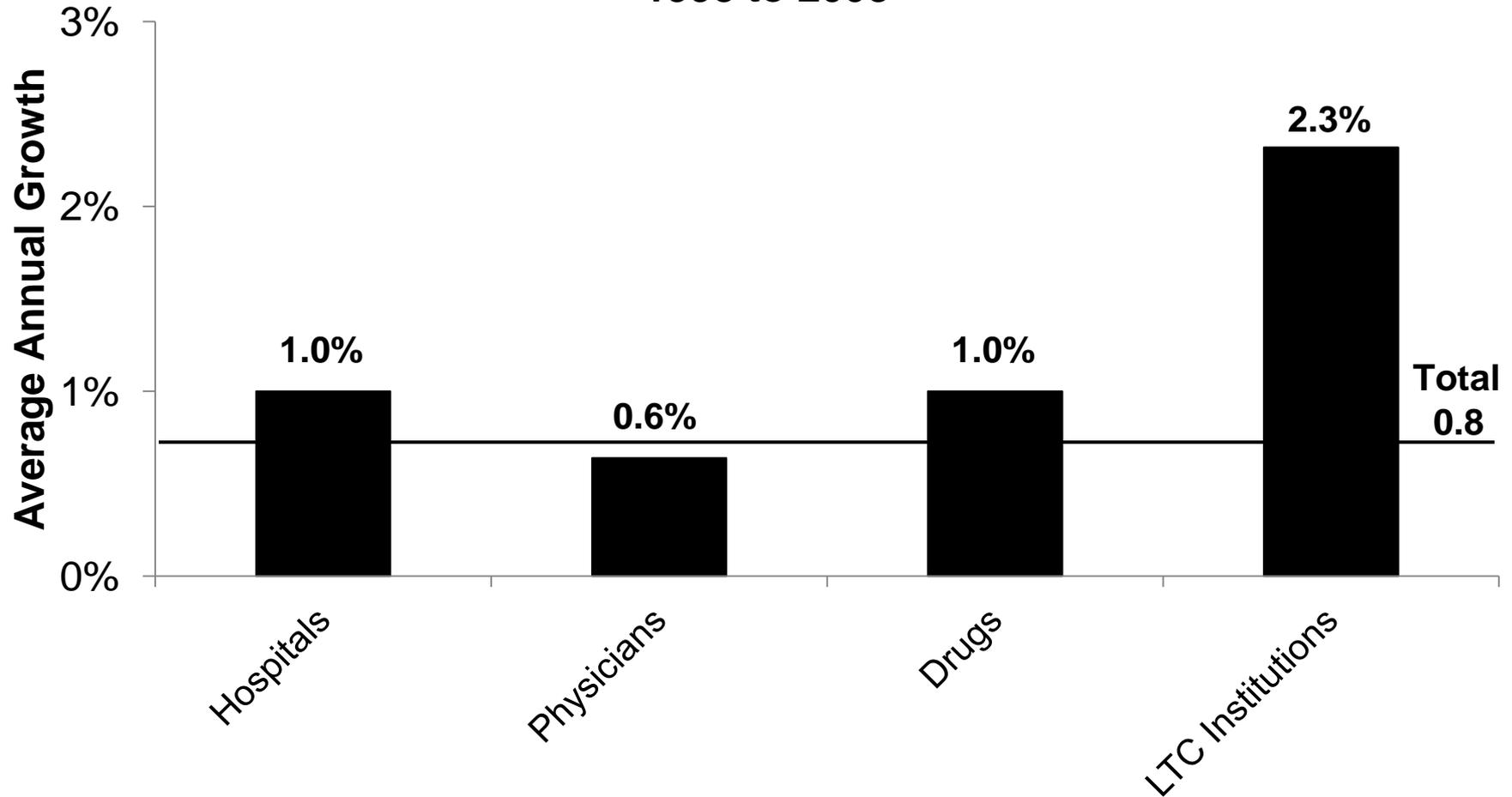
P/T Government Health Care Spending Highest on Seniors, But Impact of Population Aging Minimal Over Time



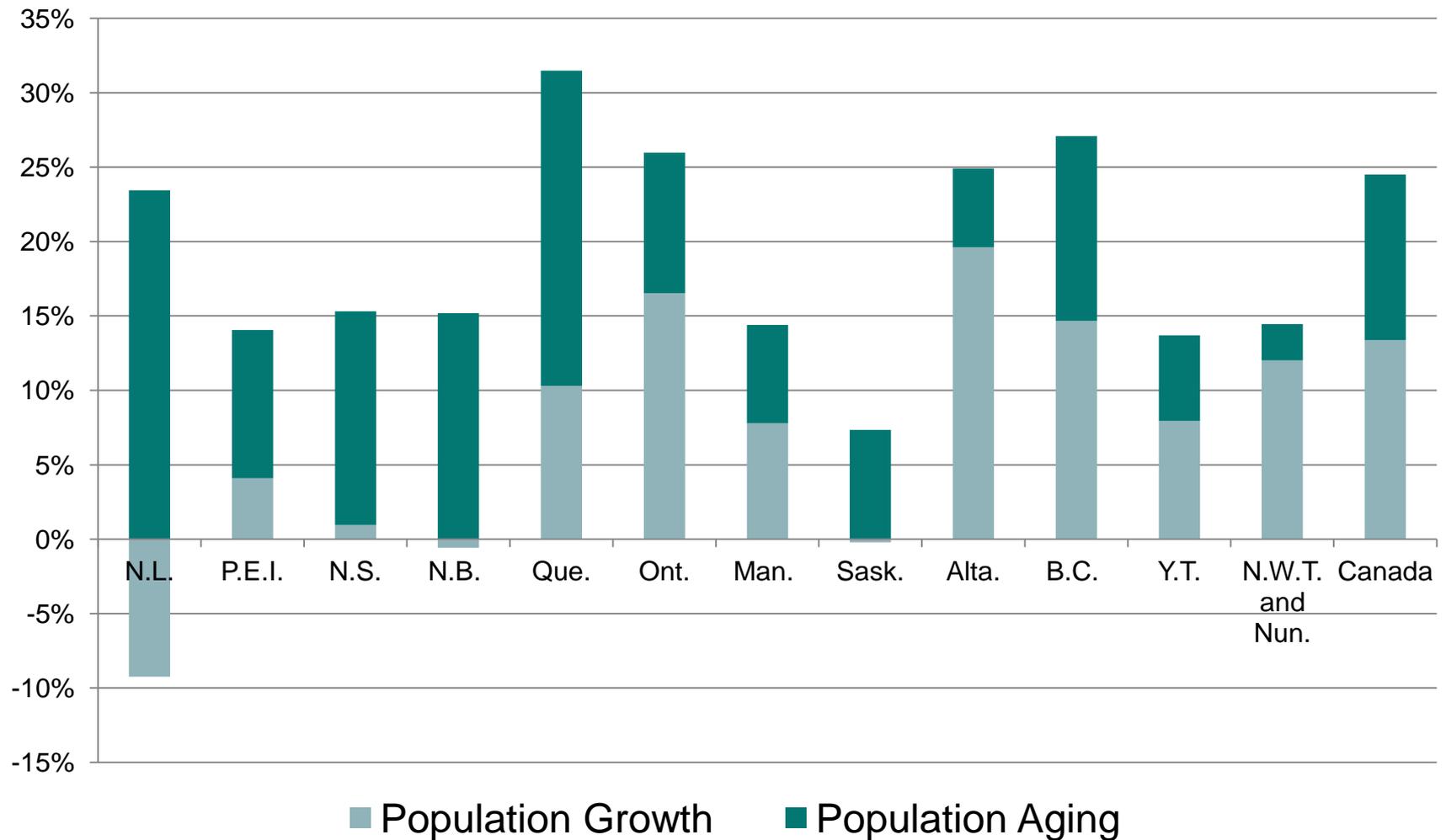
Population Aging: Greater Effect in LTC Institutions



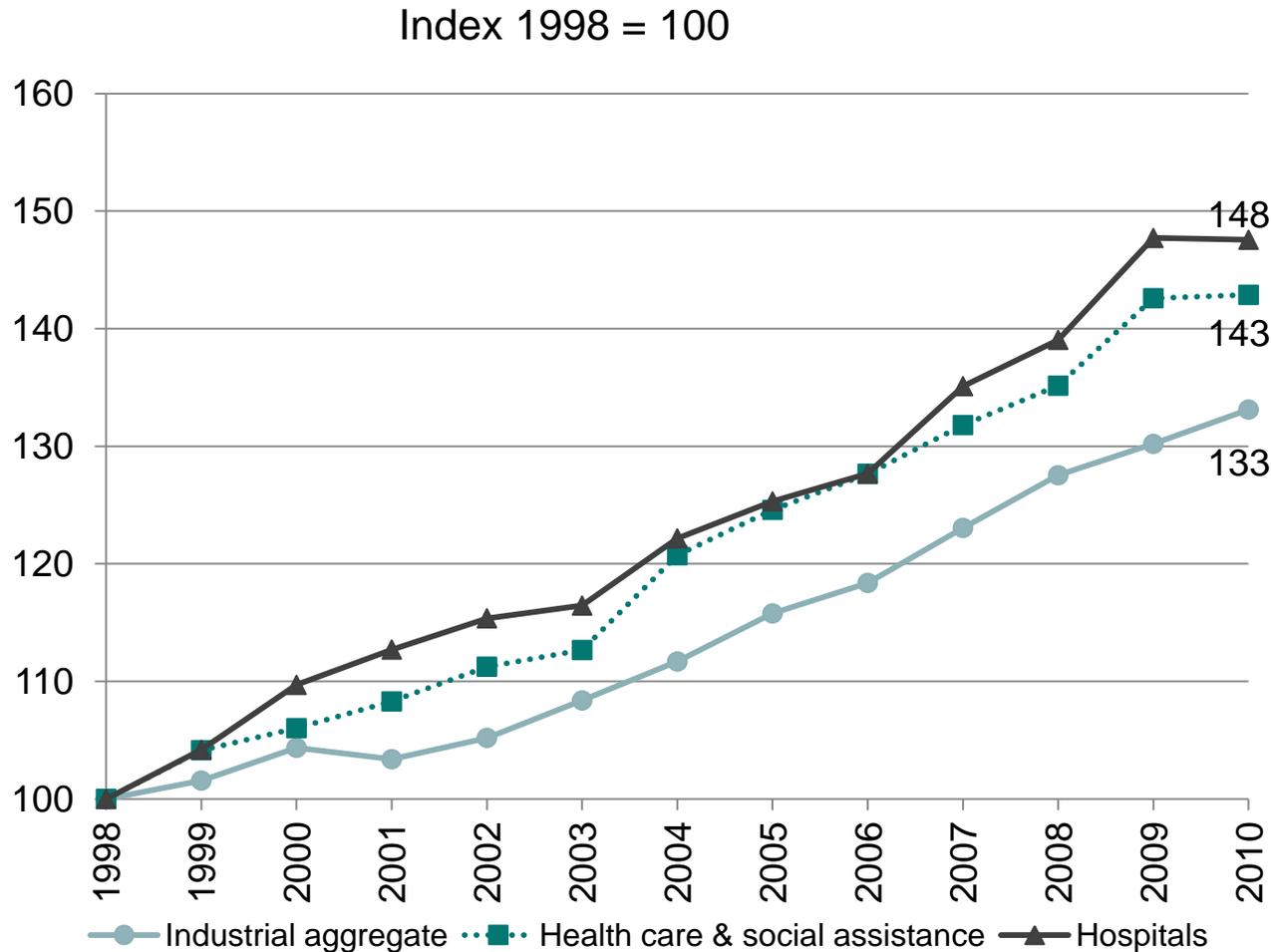
**AAG in Spending Attributable to Population Aging:
1998 to 2008**



Contribution of Population Growth and Aging to Growth in P/T Gvt Health Spending, by Jurisdiction, 1998 to 2008



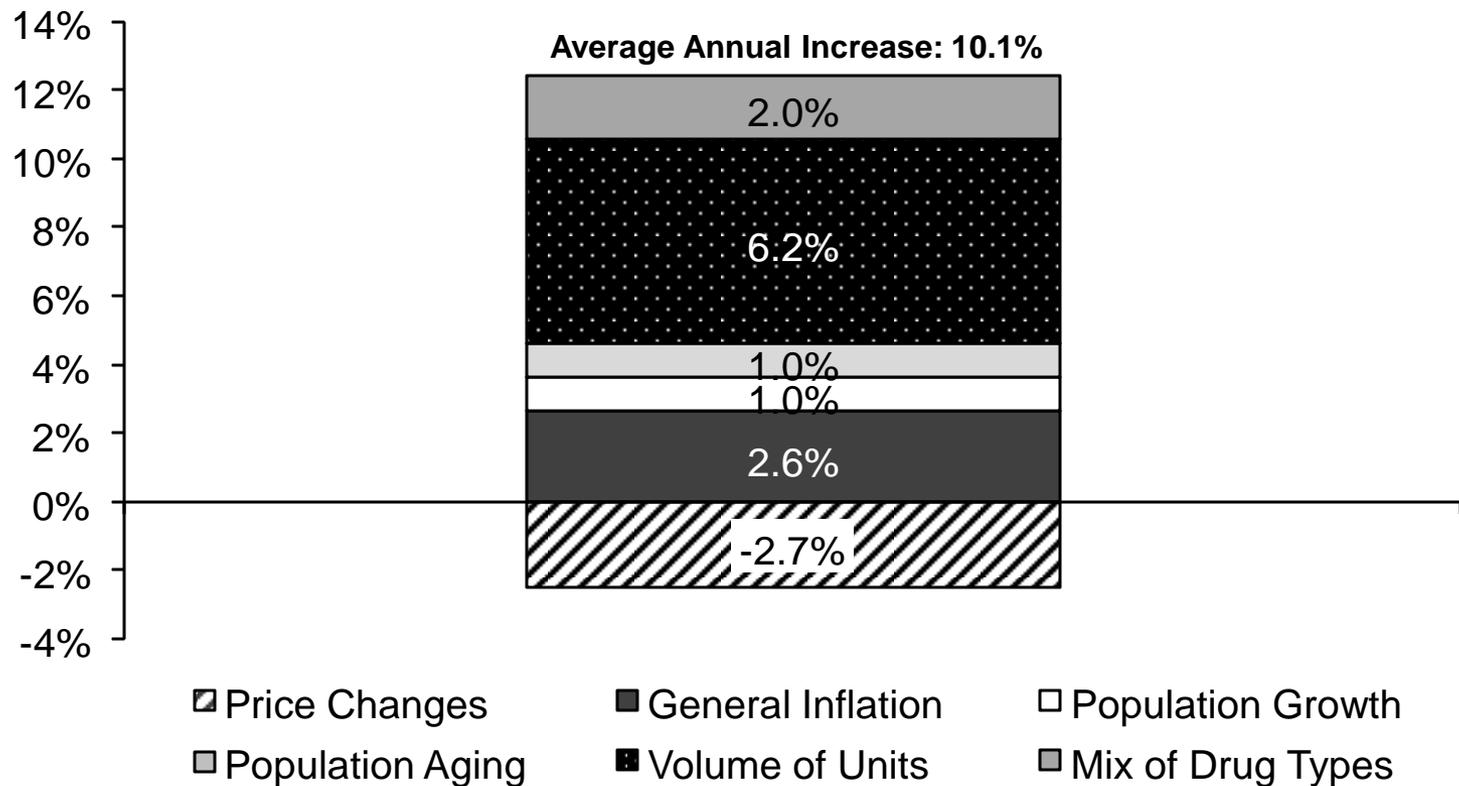
Growth in Hourly Wage in the Health Sector Relatively Higher Than in the General Economy



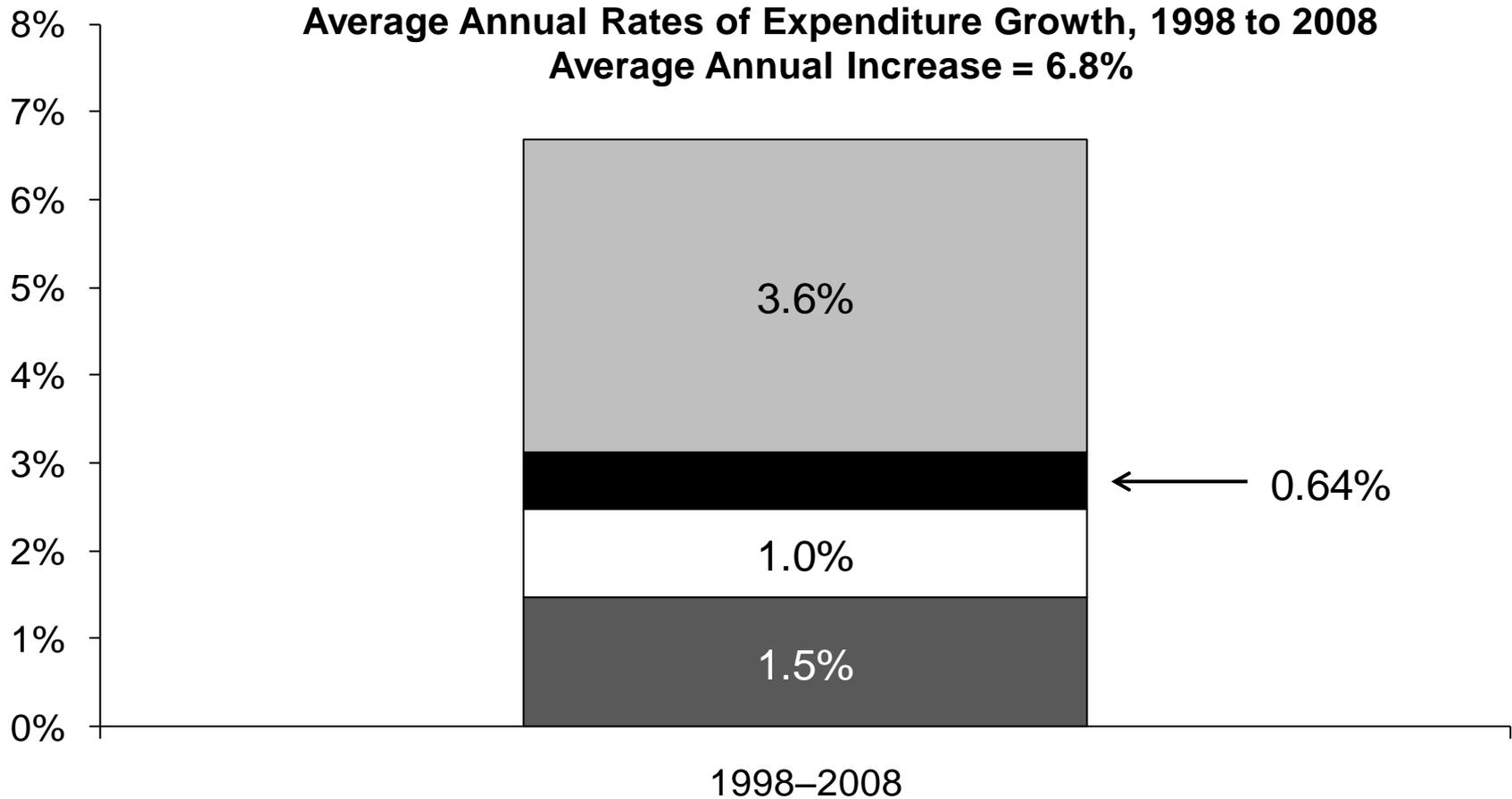
Changes in Volume and Mix of Drugs Used Were Major Drivers of Drug Costs in Canada Over Past Decade



Sources of Growth in Retail Spending on Drugs, Canada, 1998 to 2007



Increases in the Prices of Physician Services Have Been the Major Cost Driver of Physician Expenditures Over the Last 10 Years



■ Utilization per Capita (Adjusted) □ Population Growth ■ Population Aging ■ FFS Prices

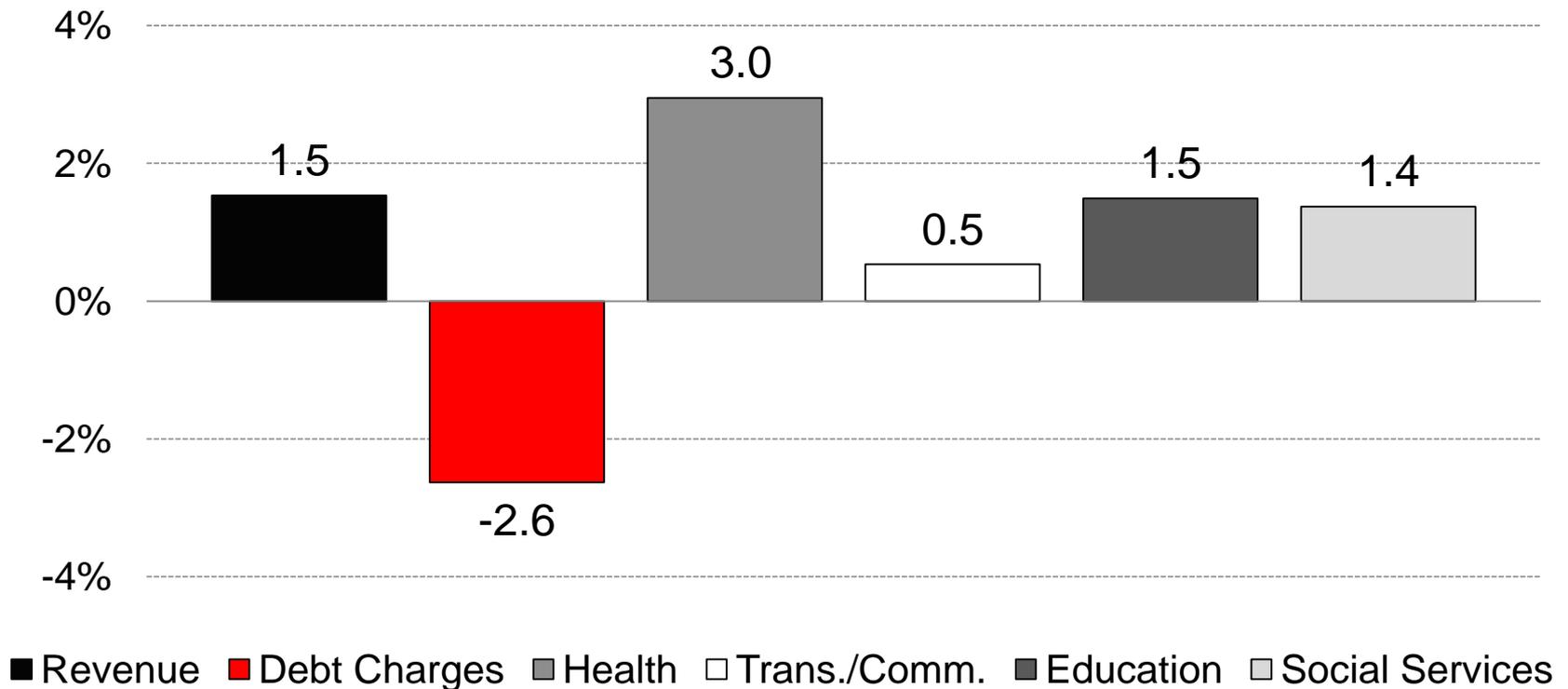
Technology in Health Care

- Medical technologies may include
 - Robotic devices that facilitate delicate surgical procedures
 - Computers that help clinicians in decision-making
 - Medical devices (including imaging equipment)
 - Pharmaceuticals
 - Electronic health records and electronic medical records
- Technological change consists of
 - Innovation:
 - New products and techniques
 - Utilization:
 - Changes in clinical practices and demand due to pharmaceuticals and non-pharmaceutical products

In the Last 20 Years, Public-Sector Health Spending Growing Faster Than Revenues; Still Some Increases in Other Government Programs



Average Annual Real per Capita Expenditure Growth, 1989 to 2009



Future Issues to Keep an Eye On

- Growth in health care spending similar to the rate of GDP growth
- Population aging having a modest impact on health expenditures
- Fewer savings from debt service charges and government deficits having a moderating influence on the growth of health care spending
- Growth in physician spending.



www.cihi.ca

For more information: Please email Ruolz Ariste at:
rariste@cihi.ca



Canadian Institute
for Health Information

Institut canadien
d'information sur la santé